



Speech by

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RACING INDUSTRY

Mr LAWLOR (Southport—ALP) (12.13 p.m.): I draw to the attention of this House the effect that the GST has had and that the proposed ban on Internet gambling will have on the thoroughbred racing and breeding industry. Australian racing and, of most concern to us in this parliament, Queensland racing has been threatened by decisions made by the Howard coalition government in Canberra. The thoroughbred racing industry employs more than 100,000 people Australiawide, and many of those jobs will be lost as the industry loses viability.

An analysis of the effect of the GST on the racing industry in Western Australia by chartered accountants PKF has calculated that, for thoroughbred racing, the introduction of the GST has added \$3.9 million to the annual cost of racing activities and \$1.9 million to the breeding activities of Western Australian horse owners registered for GST. The Queensland industry is at least three times the size of the Western Australian industry, so it is reasonable to assume that the cost of the GST to Queensland racing amounts to over \$18 million per annum. This cost puts an additional burden on racing participants in Queensland and must contribute to the weakening, if not the demise, of this fourth largest industry in the state—an industry that employs 6,000 people directly and 24,000 people indirectly and is responsible for injecting \$700 million into this state's economy.

The Minister for Racing, Merri Rose, has previously alerted the parliament to the danger of the Howard government's proposal to prohibit Australians from accessing interactive gambling and wagering services, but this matter bears repeating because it is so important to the survival of the industry. Much of the information I have on interactive gambling comes from the Australian Racing Board, which is quite alarmed at the effect that a ban on interactive gambling would have on Australian racing.

Unlike most other sports, racing is heavily reliant upon large and consistent revenue from wagering turnover. At present, 70 per cent of the racing industry's total revenue is derived from TAB payments. Without this revenue, a severe reduction in the income flow to clubs, breeders, owners and industry workers would follow. The Howard government's concern that new interactive technologies have the potential to expand the availability of gambling in Australia and thereby exacerbate problem gambling shows a basic misunderstanding of the racing industry. The federal government and some sections of the community may have concerns about the proliferation of electronic gaming machines and casino games in homes via the Internet, but there is absolutely no basis for believing that wagering on the Internet will open the floodgates of problem gambling. Telephone wagering has been accepted in Australia since the 1960s. So the Internet wagering facilities add almost nothing to what has been available over the telephone for decades. The federal government's Productivity Commission itself agrees and said—

Internet wagering only represents a small technological step since people could already lodge bets remotely by phone.

Wagering on the Internet is no different from the existing TAB telephone betting service, but it costs less, and this is a direct benefit to the industry. Online gambling is different. It adds a new dimension as it enables what was previously impossible—access to gaming from the player's home.

There has been negative growth in wagering in Australia for many years. Increases in expenditure on gambling have been wholly attributable to increased gaming. So who benefits from the Howard government's ban on interactive gambling? It is obvious. The free-loading offshore-based

bookmakers, such as the ones in the tax haven of Vanuatu, taking bets from Australian citizens on Australian races. One of these Vanuatu operations alone has a turnover of over \$500 million. This operation has recently been sold to a UK company which is the seventh largest bookmaker in Europe and has telephone based operations in the Channel Islands and the Caribbean. It is vitally important that Internet wagering is with Australian licensed operators who are properly regulated, pay tax to the Australian government and make fair commercial returns to the Australian racing industry.

In an article in the *Australian* on the weekend of 14 and 15 April, Patrick Smith said—

The community has every right to fear the potential damage that is inherent with access to gaming facilities (poker machines, roulette etc) on the Internet. That is accepted. But gaming is not wagering. On the Internet, that is a powerful difference.

If it cares at all for the racing and breeding industry, the Howard government must exclude any ban on interactive gambling products offered by TABs, where clients place bets by Internet or direct link, and betting products are offered by licensed bookmakers, where clients place bets on the Internet.
