



Speech by

Hon. Robert Swarten

MEMBER FOR ROCKHAMPTON

Hansard Wednesday, 1 March 2006

RACING (RACE FIELDS) AMENDMENT BILL

Hon. RE SCHWARTEN (Rockhampton—ALP) (Minister for Public Works, Housing and Racing) (7.30 pm): Mr Deputy Speaker—

Mr HOPPER: Mr Deputy Speaker, I rise to a point of order. I draw your attention to the state of the House.

Mr DEPUTY SPEAKER (Mr Wallace): Order! There is no point of order. There are 16 members in the House. I call the minister.

Opposition members interjected.

Mr DEPUTY SPEAKER: Order! The minister has the call.

Mr SCHWARTEN: The Racing (Race Fields) Amendment Bill has been put forward by the opposition and the opposition should have the numbers in the House to support it. That is the way it works. Nice try over there. The member made a fool of his shadow minister.

On 15 February 2006 the member for Surfers Paradise tabled in the House a proposed amendment to the Racing Act 2002, the Racing (Race Fields) Amendment Bill 2006. The honourable member's bill mirrors the Victorian Racing and Gambling Acts (Amendment) Act 2005.

This government is committed to the same goal as the vast majority of the Australian racing industry—that is, removing betting exchanges from the race-wagering landscape. However, exposing Queensland's racing control bodies to possible legal action by rushing through untested legislation is not the answer. The fact that betting exchanges allow punters to back a single horse to lose is a serious racing integrity issue. This ability to lay a single horse is a major change from traditional betting and has changed the face of punting. Previously, punters have focused on backing the winner and there was no potential gain in identifying that a single horse would not win other than to save one's money by not backing a loser.

Betting exchanges have now created a new type of betting contingency—the capacity to lay odds that a single horse will not win and for the punter to profit from this nonperformance of a horse. In the United Kingdom the integrity of the racing industry has been put under a cloud as a result of incidents in 2004 which resulted in 16 people being arrested for alleged conspiracy to defraud in connection with alleged race fixing and bets being placed with Betfair. In addition, a jockey was charged with deliberately losing eight races for financial gain on Betfair.

As a betting exchange punter can offer odds against a single result, it then requires, at a minimum, only inside knowledge that a result will not occur for the punter to benefit. It is far easier to fix the result of a single event and profit from it occurring than to predict the outcome of an event where there may be multiple outcomes.

While integrity is, and rightfully should be, the major concern of this government there is no denying that the threat betting exchanges pose is to the industry's revenue. The revenue the three codes of the Queensland racing industry receive from the agreement with UNITAB Ltd of \$118 million represents over 97 per cent of all industry revenue.

While the government supports the spirit of the amendment bill, it is yet to be shown that the approach contained in the bill will in any way be effective in preventing betting exchanges from operating.

Legal opinion suggests that the bill is likely to be ineffective. There would be difficulties in the detection of offences. There would be uncertainty as to whether a prosecution under any such legislation would be successful.

It is apparent that the bill is primarily aimed at limiting the operation of Betfair, which has been licensed by the Tasmanian government to operate a betting exchange from Tasmania from 7 February 2006. This bill places the onus on the Queensland racing control bodies—the Queensland Thoroughbred Racing Board, or Queensland Racing, the Queensland Harness Racing Board and the Greyhound Racing Authority—to grant approvals to a totalisator, betting exchange and bookmakers to publish race field information.

If the bill were to become legislation and Betfair made application for approval, I am advised that the relevant control body may very well be exposed to the risk of costly legal action if a decision was made to reject such application. I note that in a not dissimilar situation in Europe, where the Italian government has introduced measures to block access to gambling web sites, Betfair has announced publicly that it is giving consideration to legal action to protect its interests by continuing to offer its services to the Italian public.

Further, if a control body granted an approval to Betfair to use its race field information this would likely impact on UNITAB's wagering revenue and could result in the control body breaching the terms of the product and program agreement. An approval granted by a control body to Betfair could also impact on not only the value of UNITAB's exclusive off-cost licence but also the value of UNITAB's share price. These later issues are issues which Victoria does not have to deal with. The Victorian legislation is yet to be proved effective in restricting the operation of Betfair on the Victorian racing product.

If Betfair does use Victorian race field information, how is Victoria going to enforce its legislation on a Tasmanian licensed operator? Even if it can, which is a highly debated legal point, I doubt the imposition of 80 penalty points is going to be much of a deterrent to multimillion-dollar company.

Other states are currently looking at different ways of dealing with the issue of betting exchanges and I see no point in Queensland rushing in, legislating and hoping that it works. This is not this government's approach. Queensland is hosting the 2006 Australasian Racing Ministers Conference in Brisbane on 16 May 2006. The issues relating to the different legislative options adopted by the states and territories in addressing the operation of betting exchanges will be discussed at this conference. The most effective way of prohibiting the operation of betting exchanges in Australia is through the enactment of federal legislation. The Commonwealth has advised that its position is not to do so.

The Queensland government—and I hope all other states—will continue to lobby the federal government to enact the necessary legislation. If Queensland were to legislate now it would run the risk of passing legislation that will not be effective, cannot be enforced and could place the control bodies in a position where they have to run the risk of costly litigation and/or breach contractual arrangements with UNITAB required as part of the TAB privatisation.

Our government will continue to monitor legislative developments in other states and continue to lobby the federal government for more effective legislation. When legislative provisions are shown to be effective in the prevention of the operation of betting exchanges, this government will be very prompt to act and will immediately put the necessary legislation before this parliament.

The government will not support the private member's bill on the basis that it is likely to be ineffective. I say in summing up that if I thought this would work then I would have done it before now. I congratulate the shadow minister for having a go at this and actually getting policy debate on this issue. It is something that has applied the minds of every minister in Australia.

South Australia has already sought to amend the legislation that it put forward because it fears there will be serious ramifications for the government financially if it does not amend it. I do not intend to put the control bodies of this state at risk in that regard. I point out that this is simply legislation that has been borrowed from another state. It is not new stuff.

It is the view of crown law and others we have consulted that the enforceability of this legislation is problematic, to say the very least. It is worth noting that nobody has been charged with any offence under this act in Victoria or South Australia, where they have such legislation. New South Wales has not gone down this path at this stage.

If I could find a silver bullet to kill Betfair I would use it. I believe the silver bullet rests with the federal government. The Australasian ministers, with the exception of Tasmania and I think the Northern Territory, at the time agreed to lobby the federal government. The Howard government is not interested in legislating this out under the telecommunications legislation. Perhaps those opposite might have more pull with the Prime Minister than I do in that regard. If they are sincere about trying to stop this, that is where it needs to be stopped.

As I said, the late news that has only come in the last day or so is that Betfair is going to take the Italian government on. It is going to take the Italian government on over the legislation it has put in place to try to ban it. So we are not dealing with something that can be just simply legislated away. The Howard

government's view is that it does not want to know about it. Whatever reason that binds it to do that I do not know. Perhaps it thinks it is unenforceable as well. But the bottom line is this: the Tasmanian government stands condemned as far as I am concerned—I have said this before, and I will say it again—for doing this. It is a leech on the Australian racing industry. It provides very little in terms of the racing industry. Betfair is a parasite on the back of the racing industry in Australia. There is no question about that. It is not putting anything into racing in Australia. If allowed to continue the way it is, over a period of time it will in my view sound the death knell of racing in Australia. It will not care whether people bet on football or anything else on Betfair, as long as people can have a bet.

With regard to this legislation, the best advice that I can get tells us that it will not work, that it is unenforceable and indeed can put at risk the cash flows of the three control bodies in this state, and I do not intend to do that. As a result, we will be voting against this legislation.