



# Legislative Council

## Racing Legislation Amendment (Bookmakers) Bill Hansard - Extract

07/05/2002

### Second Reading

**The Hon. IAN MACDONALD** (Parliamentary Secretary) [5.10 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

#### Leave granted.

The object of the legislation before us is to amend:

- the Greyhound Racing Authority Act;
- the Harness Racing New South Wales Act; and
- the Thoroughbred Racing Board Act

to provide bookmakers with the option of structuring their operations as a proprietary company.

Previously, the three controlling bodies of racing could register or licence only individuals as bookmakers.

This proposal involves the provision of alternative operating structures for bookmakers and also represents the implementation of one of the recommendations resulting from the review of New South Wales racing and betting legislation in accordance with National Competition Policy.

The proposal continues the longstanding arrangements in this State whereby the three controlling bodies of racing are responsible for the registration or licensing of bookmakers.

If they so desire, persons who are licensed as bookmakers with one of the three racing controlling bodies will be able to apply for registration as a bookmaker company with that same controlling body.

This will enable bookmakers to take advantage of the considerable benefits which flow from operating a business as a company. These include more favourable rates of Federal income tax and economies of scale.

Importantly, inherent in the new corporate bookmakers structures to be permitted are several key measures to ensure that the integrity of bookmaking in this State is not compromised and that the interests of punters are protected.

These key measures include:

First, that only proprietary companies registered in New South Wales under the Commonwealth Corporations Act 2001 are eligible to be licensed or registered as a bookmaker company here.

Second, that every director of a bookmaker company is to be a licensed bookmaker in his or her own right with the relevant controlling body.

Third, that a shareholder must be at least eighteen years of age and must be either a director of the company or a close family member of a director.

Fourth, there are safeguards inherent in the proposal to prevent any overseas gambling interests capitalising on this legislative initiative to infiltrate the New South Wales bookmaker ranks.

In respect of the protection of the financial interests of punters, bookmaker companies will be required by the relevant racing controlling body to carry fully secured financial guarantees at least to the same level as individual bookmakers.

This proposed expansion in the range of operating structures available to bookmakers is the culmination of extensive consultation between the Department of Gaming and Racing, the three controlling bodies of racing and the New South Wales Bookmakers' Co-operative Limited.

At the heart of these amendments to the legislation which governs the three controlling bodies of racing is the desire to improve the viability and long term future of New South Wales bookmakers.

Honourable members will be aware from the significant media coverage of an announcement in early March this year that a decision has been taken to abolish the State turnover tax on bookmakers.

The abolition of this longstanding tax took effect from 31 March 2002 and applies across-the-board to bookmaker betting on both racing and sport. Needless to say, both the State's bookmakers and the racing industry generally have responded very positively to this latest initiative to boost the viability of bookmakers and hence underpin their future as an integral component of the State's racing industry.

It gives me great pleasure to emphasise the very particular impact these two initiatives of taxation relief and the option of operating as a company will have on the State's country bookmakers. The combined effect of these measures will greatly reduce the costs associated with running a bookmaker business and will likely encourage any bookmakers who have been experiencing borderline profitability of late to continue as part of the country racing industry.

I would be remiss not to flag at this point the relevance of this legislation to a matter of extreme gravity currently facing the State's racing industry.

This involves the threat posed by the Northern Territory and Australian Capital Territory corporate bookmakers who have established there with the sole purpose of plundering the wagering markets of the larger States. If this practice is allowed to go unchallenged, there is no doubt that the victims will be the racing industries of New South Wales and Victoria.

I am pleased to note that the New South Wales racing industry now appears to be responding to this threat in an unprecedented show of unity. The financial reality is that the racing industry in New South Wales is heavily dependent on tapping into a revenue stream from wagering turnover on its product. That revenue stream will diminish if there is a significant transfer of wagering turnover to corporate bookmakers in the Northern Territory and the Australian Capital Territory.

It is also pleasing that the efforts of my colleague the Minister for Gaming and Racing over the past several years in alerting the Racing Ministers of the other Australian States are finally bearing fruit. Recent statements in the media would suggest that some other States now appear to share the New South Wales concerns in this area.

Needless to say, the New South Wales corporate bookmaker regime proposed here does not pose the same threats to the racing industry. On the contrary, it will assist this State's bookmakers in competing against these corporate bookmakers setting up in the Territories and targeting New South Wales punters.

Finally, in terms of the detailed arrangements under this proposed regime, a precursor to the issue of any bookmaker company registrations or licences by the three controlling bodies of racing will be the inclusion of satisfactory provisions in their respective Rules of Racing and Betting to facilitate the authorisation of bookmakers to trade as corporations. Needless to say any such Rules will complement this draft legislation.

I am therefore pleased to be able to introduce the present proposal as an important measure in improving the viability of New South Wales bookmakers.

I commend the bill to the House.