



Speech by

Hon. D. HAMILL

MEMBER FOR IPSWICH

Hansard 10 November 1998

PRIVATISATION OF TAB

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (6.19 p.m.): I rise to second the amendment moved by the Premier and, in doing so, I want to further outline some of the financial issues that surround this particular question of the TAB privatisation. It was very interesting indeed to hear the Opposition spokesperson say that the coalition's approach in this was to ask the industry what it wanted and then presumably say, "How shall we give it to you?" As the Premier has already outlined, given the extraordinary range of giveaways and concessions that were being proposed, there really was not much value being left in the TAB in Queensland—there was certainly not much value there for shareholders. Why would one invest in something which had such little value?

Whether one takes the optimistic valuation or the pessimistic valuation, at the end of the day, there is probably only between \$20m and \$60m of value left in the TAB under the terms of the proposals—the giveaway proposals—that were being put forward by the coalition on behalf of the racing industry, or some elements of the racing industry. When one looks at the revenue reductions which are a part of the whole package, one sees that the value that was left would be effectively all gone anyhow in but a couple of years of the significantly reduced revenues that would have flowed from the privatised TAB.

There are a few other issues that need to be canvassed here. The Opposition spokesperson talked about the value in the Victorian TAB and the value in the New South Wales TAB. After all, the market capitalisation of the New South Wales TAB was around \$1.5 billion. In the case of Victoria's TABCorp, it is about \$3 billion. How is it then that the Queensland TAB at best could have been valued at only around \$125m? The reason flows from a whole series of decisions which were taken in the time of the previous coalition Government in terms of the structure of gaming and wagering in this State.

The point is that, when the coalition compares TABCorp and the New South Wales TAB with the Queensland TAB, it is not comparing like with like; it is being intellectually dishonest. What is very different about those two other entities interstate is that both of them have a very significant role to play in relation to machine gaming in both of those States—something which the Queensland TAB does not have.

Dr Watson: Yes, they do. They have gaming.

Mr HAMILL: Here we go. The wizard speaks. The person whose white paper expressly prevented the Queensland TAB from having a role similar to that of its interstate counterparts now says, "The Queensland TAB is in gaming." The Queensland TAB, or at least a subsidiary of the Queensland TAB, is a licensed machine operator, but it certainly does not have the control over gaming that we see interstate, and that lies at the heart of the very significant difference in value that exists between the Queensland TAB and those interstate.

Dr Watson: Are you going to change it to let them have it?

Mr HAMILL: While the financial wizard is still trying to interject, perhaps we should look at a couple of other aspects of this which further detract from the value of the Queensland TAB. Under the heads of agreement, licences for on and off-course wagering are to be held by the Queensland TAB. That was a cornerstone of the Wagering Act which we supported here in the Parliament. The heads of

agreement states only that a separate payment will be made by the TAB Queensland to the racing industry in respect of on-course wagering. This amount was to be agreed.

Those advisers in Macquarie Corporate Finance were going to pick up \$2m—\$2m which supposedly the Queensland Government was going to pay to be belted up by Macquarie Bank for its success fee. They suggested that, had the TAB had that on-course wagering, it would have resulted in the TAB losing over \$2m a year on that business alone. In a letter dated 18 May, the previous Minister, Mr Cooper, agreed to take this position to Cabinet. However, that was another matter which was never considered by the Cabinet. It was never dealt with by the previous coalition Government.

Time expired.
