



Speech by

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Hansard 20 October 1998

TABCORP

Mr REEVES (Mansfield—ALP) (7.08 p.m.): I rise to bring to the attention of the House a burning issue which threatens to corrupt the club industry throughout Queensland. For years we saw club after club go broke because we did not have pokies in Queensland. We saw the northern New South Wales clubs get richer by having Queenslanders spending money in their clubs. Why was this allowed? Because the Bjelke-Petersen Government complained about the corruption that would occur if pokies were played in Queensland.

All of this changed when the Goss Labor Government introduced pokies into Queensland. That Government also put in place the most stringent checks and balances to ensure that the fears of corruption would never be realised. However, this has all changed. We now have a piece of legislation presented and passed by the coalition Government. So we had one coalition Government saying, "Let's not have pokies because of corruption", and we had the most recent coalition Government violating the Goss Labor Government legislation and opening the door for corruption within the industry.

The introduction of license monitoring operators commenced in August 1997. Recent developments have seen many of the club industry's worst fears realised. The coalition Government's love of following "Kennett's Kingdom" has resulted in starting a process which could see the total destruction of the club industry as we know it. The legislation, and now the Machine Gaming Commission, allows the licensed operators to enter into contracts with clubs, which includes taking a large cut of their income. These operators, instead of being the protectors of the industry, are now the predators. I should say that, at the moment, there appears to be only one that is giving the rest a bad name, that is, TABCorp—the publicly listed company which is owned by the Victorian TAB. This company has offered clubs what appears to be the deal of a lifetime when, in reality, it will turn out to be the club con of the century. TABCorp offers organisations a club which TABCorp controls, apparently through its own directors and own managers. Clubs will be required to pay a large percentage of income back to TABCorp.

I shall summarise my concerns. The activity that TABCorp is undertaking is purely entrepreneurial, based on the way it is licensed to operate in Victoria, and is contrary to the white paper which led to the Gaming Machine Amendment Act 1997. The way it approaches the deal, the offer is that it takes 25% of machine revenue before any costs or taxes are taken out. Therefore, the club wears all the costs. TABCorp also wanted 10% of profit from gaming before interest and tax costs were deducted. Again, it is absolutely creaming the gaming income from the operation.

Anyone with any knowledge of the operation of clubs will recognise the basic fact that gaming is what makes the most profit. Other operational areas like food and entertainment are subsidised by gaming. Profits from gaming allow clubs to maintain their commitment to support community facilities and sport, as well as charities and local bodies. Normally, a new club will offer facilities in which the local community can participate. In normal cases, function rooms and entertainment areas are used by charitable and community organisations for activities such as bingo. There are no plans in any of TABCorp's developments for any function facilities which would be available for this type of activity. This whole scenario is very scary for the future of the industry. If this predator, motivated by profit and profit alone, is allowed to get a foothold in Queensland using these tactics, then the public's perception of clubs will suffer immense damage.

TABCorp has been involved in—to put it kindly—unsavoury tactics. Recently, it became involved with the Ipswich Jets at the Hotel Cecil site. It is my understanding that TABCorp first approached another Ipswich sporting organisation regarding the building and managing of a club. The club rightfully went and sought legal advice from a firm of solicitors, Rose and Jensen. It is my understanding that the club received advice that the deal offered should not be taken up. The next venture TABCorp decided to take up was the Ipswich Jets at the Hotel Cecil. It is my understanding that this was done after approaches by the hotel owners to get TABCorp involved. Lo and behold, the hotel owners just happen to be the solicitors firm, Rose and Jensen. If this is the way TABCorp and the kind of unscrupulous people they wish to be involved with operate, warning bells should be sent to all those clubs thinking of going with TABCorp.

We as a Government need to ensure that this ability of licensed machine operators to become investors, managers and profiteers in the club industry—and the hotel industry for that matter—ceases. Failure to do so will leave us open for corruption in the club industry. If we allow this to continue, members of the hotel industry will rightfully ask the question: why should they not get the same consideration as the licensed machine operators and have the same amount of pokies as clubs do? The community benefit we presently get from the club industry is threatened if we allow this privateering to continue. The short-term benefit will result in long-term destruction.
