



Speech by

**PHIL REEVES**

**MEMBER FOR MANSFIELD**

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Hansard 10 November 1998

#### **PRIVATISATION OF TAB**

**Mr REEVES** (Mansfield—ALP) (6.30 p.m.): Tonight I rise to support the amendment moved by the Premier. The amazing aspect of this debate is that those opposite are trying to give the Government advice. To use a racing analogy, accepting the Opposition's advice would be like backing a horse that is racing up a class and the form guide reads its form as 999.

Let us look closely at the track record of those opposite. First, it gave the TAB too much weight on its back to ever be able to have an unhampered run to the line. Not even Might and Power could be guaranteed of a win under the huge weight forced on the TAB by the previous Government.

**Mr Lucas:** Is the shadow Minister Bold Personality or Fine Cotton?

**Mr REEVES:** I cannot work it out. He is probably Fine Cotton. Listening to the two previous speakers from the Opposition reminds me of the VRC making up its mind about which horses are going to run in the Melbourne Cup. First we heard the shadow Minister saying that it was a good deal because of New South Wales and Victoria. Then we heard the former Racing Minister saying that the then Government never agreed with it. Those opposite cannot even make up their minds.

In establishing a so-called competitive market for the gaming machine operators in Queensland, the previous Government denied TAB Queensland the opportunity of benefiting from similar arrangements to those in New South Wales and Victoria, where both businesses have access to significant benefits from monopoly arrangements. However, the coalition would not give the same rights over gaming machines to TAB Queensland.

TAB Queensland competes as a gaming machine operator with seven other licensed machine operators, including TABCorp, for a share of Queensland's gaming machine market. TAB currently has approximately only 14% of the gaming machine market in Queensland. This means that the ability of TAB Queensland to fund the racing industry and remain a profitable entity that could be sold by public float was compromised from the start of the privatisation process by the gaming machine legislation. Again, the previous Government was advised of this problem verbally by its advisers, ABN-AMRO, prior to the finalisation of the gaming regime.

ABN-AMRO advised that the failure to establish arrangements similar to those in Victoria reduced the value of a potential sale by between \$130m and \$170m. And we are supposed to be taking the advice of the coalition on this matter! The inclusion of this business in TAB Queensland would have not only enhanced the sale value and made a public float a more feasible option but also enabled a high level of funding to be available to the Queensland racing industry without jeopardising the financial future of TAB Queensland.

When in Government the coalition brought about a situation whereby the pokie players of this State are now funding the Victorian TAB via TABCorp. Those opposite want us to ensure that the Victorian racing industry has fine and fast conditions while our TAB has overcast and heavy conditions. In addition, in recent months one of these operators, TABCorp, has moved into the club industry in Queensland as a gaming machine operator, based on the previous Government's gaming machine policy. The irony of this situation is that our population is now supporting and contributing to the whole Victorian racing industry.

To use a racing term, TABCorp is involved in nobbling the gaming machine industry. It has been involved in very unsavoury tactics. Recently it has become 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 the club. The club rightfully went and sought legal advice from solicitors Rose and Jensen. It is my understanding that the club received advice that the deal should not be taken up.

The next venture TABCorp decided to take up was with the Ipswich Jets at the Hotel Cecil. It is my understanding that this was done after approaches to the hotel owners to get TABCorp involved. Lo and behold, the hotel owners just happened to be the firm of solicitors. If this is the way TABCorp and the unscrupulous people they wish to be involved with operate, warning bells should be sent to all of those clubs thinking of going with TABCorp, just to support the Victorian racing industry.

The activity TABCorp is undertaking is purely entrepreneurial, based on the way it is licensed to operate in Victoria. It is contrary to the white paper which led to the Gaming Machine Amendment Act 1997. The way it approaches the deal, the offer is to take 25% of machine revenue before any costs or taxes are taken out. Therefore, the club wears all the cost. TABCorp also wants 10% of the profit of gaming before interest and tax costs are deducted. Again, it is absolutely creaming the gaming income to support the Victorian racing industry instead of the Queensland racing industry. It was set up by the Opposition when in Government and it expects us to take advice from it.

Time expired.

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