



Speech by

GEOFF WILSON

MEMBER FOR FERNY GROVE

Hansard 23 March 1999

GAMING MACHINE AND OTHER LEGISLATION AMENDMENT BILL

Mr WILSON (Ferry Grove—ALP) (5 p.m.): It is with great pleasure that I rise to support the Gaming Machine and Other Legislation Amendment Bill. I do so because I wish to defend the long-term viability of local community-based clubs, such as the two clubs in my electorate of Ferry Grove—the Arana Leagues Club and the Gaythorne RSL Club. I wish to defend the club industry across Queensland, well represented as it is by those two clubs in my area. I wish to defend the way in which those clubs build and serve local communities. I wish also to defend the ability of those clubs to retain their autonomy in managing their affairs and the way in which the management committees of those clubs are answerable to the entire membership of those clubs, and no-one else, in respect of the way in which they are run. In particular, I support the amendments to section 189. In addition, I support the amendment to section 148 through the introduction of the proposed new section 148A, which is designed to make it more difficult for corruption associated with gaming machines to take root in clubs.

This legislation is passed against the backdrop of the types of organisations that exist in this industry. On the one hand, we have TABCorp, which is one of the eight licensed machine operators. I am advised that in the last financial year its capitalised value was approximately \$900m. I understand that the value of those two clubs in my electorate is less than \$10m. There is an extraordinarily disproportionate economic and commercial relationship between those two sorts of organisations. TABCorp, a publicly listed company and one of the licensed machine operators, probably well illustrates the economic and financial power that the other LMOs also enjoy. When they enter into negotiations with relatively small clubs, for example those in electorates such as mine, they have an extraordinary economic advantage over those clubs which can prove seductive. In fact, some clubs might feel that what they offer is too good to refuse. It is because of that sort of relationship that this legislation has sought to restore the balance between those organisations in their financial and business dealings.

We have to remember that our local clubs are very much locally based. They are not generally exposed to influences from larger corporations elsewhere in Australia or, for example, from organisations such as TABCorp which, by virtue of its being a publicly listed corporation, may have shareholders anywhere in the world. Additionally, these local clubs also often have an extraordinarily long and cherished history within their local communities. What they are able to achieve today is the product of the accumulated work by many hardworking volunteers who have never put out their hand for any financial recompense for the work they have put into their club. Taking a generous and charitable attitude towards their local communities, they have put in many hours of work and assistance to build up their clubs. Many years ago, the Arana Leagues Club started from a caravan on the land on which the club is now located. We now have an excellent club building and facilities within it. That is the product not only of the initiative and foresight of those early volunteers but also that of everybody who has been involved since.

The other thing that we need to remember about those clubs is that they encourage the active participation of local people in the community in not just the direct management committee affairs of the club but also the other activities in which it is involved. That is not something in which the TABCorps of this world are interested. They are purely profit driven organisations that seek to maximise their profit to maximise the dividends paid to their shareholders.

The other thing that we have to remember about these clubs is that in many different ways they contribute services not only directly to their immediate formal membership but also to many of the other

service, community and sporting clubs in their area. As has been said by many of the speakers on the Government side in support of this most necessary piece of legislation, the key point about the clubs is that they are not-for-profit organisations. Any profit they make must be directed back for the purposes dictated by the constitution of the club and for the benefit of its direct membership, unlike the LMOs, such as TABCorp.

As I said, the Arana Leagues Club in my electorate started many years ago—in fact, about 25 years ago. There are nine volunteers on the committee that runs that club. In 1996, under a Labor Government, as a result of the ability to have poker machines and the surplus in revenue that was generated by that activity, that club was able to complete a splendid new building that offers far more facilities than offered previously. The club has approximately 10,000 members, all drawn from the local community. I am proud to be a member of that club. About 90 to 100 employees work at the club. In a debate at the recent management committee meeting about the issue that this legislation was dealing with, they addressed the question of what the hierarchy of authority is within the club. At the end of the day, they agreed that the committee of management should not be at the top of the tree; the membership of these clubs should be at the top of the tree, followed by the committee of management, the paid manager of the club and the paid employees of the club. That is all about putting the hierarchy of authority on its feet, where it ought to be.

There are approximately 27 clubs, other than the Arana Leagues Club, located in my electorate which in the month of February used facilities at the Arana Leagues Club. That is a great contribution by the leagues club to the local community. The contribution is often by way of making facilities available either at no charge or at a reduced charge, by making a donation to the work of those other community organisations or by making the club available for the running of raffles and so on.

The types of community organisations that the Arana Leagues Club assists include junior football, hockey, netball and soccer, just to name a few. If one looks at the club membership itself, one will find that it organises on a social basis cricket, golf, darts and fishing clubs. It runs raffles in that club for the local schools in the area. It has given assistance to the recently established local ambulance committee for the Grovely Ambulance Station. It has provided its facilities to the Ferny Grove Police Station to assist in the excellent work that Inspector Ross Gorrie is leading at that station directed towards youth and the issues associated with youth crime. It has also provided assistance to the Leukaemia Foundation. That is just to name a few.

If one looks at the Gaythorne RSL Club, a similar picture emerges. There are about 12 local people on the committee who have volunteered their time and effort over many years to run the club. Its membership is about 6,000—local people. About four years ago that club redeveloped, too. It is a massively expanded facility upon the previous building. Its original club was established in 1963, so it can rightly say that the facilities now available to the whole community in the north-western suburbs covered by my electorate have been built upon the backs of the hard work of all of the volunteers, the employees and the management committees over the years since 1963. It has about 86 poker machines; the Arana Leagues Club has about 90 or so. There are about 60 employees, many of whom are local people, at the club. They, too, assist local community organisations, particularly in the sporting area, and schools.

These are the organisations that back in the early 1990s with the introduction of gaming machines in Queensland we sought to assist in helping not only to stay on their feet rather than going under but also to rebuild. At the same time as we introduced that legislation in the early 1990s, we also introduced virtually an absolute prohibition against profit sharing arrangements by these organisations. In fact, if one goes to the original section, 10.4, which has now become section 189 of the legislation, one finds that it provides clearly that a licensee or any other person must not enter into or be a party to any agreement—and I will summarise—to furnish any service to the licensee in return for any direct or indirect interest in or percentage or share of the amount bet for the purpose of gaming or any moneys, revenues, profits or earnings from the conduct of gaming on the licensee's licensed premises.

That was a section in the Act that was adopted for the precise policy reason that the Government of the day quite rightly wanted to make sure that any financial dealings between the clubs carrying the gaming machines were conventional, arm's length financial and commercial relationships. It went further and said that if a licensee or any other person prior to the issue of the licensee's gaming machine licence entered into such an agreement then that agreement was void. So there is no great surprise in the amendments that this legislation is seeking to introduce in section 189(6) in that it is introducing a provision, albeit retrospective, that voids contracts such as these.

There was a provision also inserted in the original section 189 that provided that any person could approach the gaming commission for exemption of a contract from the application of this absolute prohibition. I have been advised that, prior to the amendments that the coalition introduced effective on 22 May 1997, there was only one application to the gaming commission for a profit sharing type of contract to be exempted by the commission under section 189(4), and that was rejected on public interest grounds, which is the test that the gaming commission had to apply. That original section

also provided that the absolute prohibition on profit sharing arrangements did not apply to linked jackpot arrangements.

Then in 1997 the coalition introduced an amendment which, as I said, was effective on 22 May 1997 that deleted the linked jackpot arrangement clause as the only exception to the absolute prohibition on profit sharing arrangements and introduced a new section that expanded the arena in which the prohibition did not apply, and that arena was to include profit sharing arrangements. What the coalition then lost sight of and what is now being retrieved by this Government is that the emphasis needs to be on the prohibition of any of these financial arrangements that have the potential of undermining and putting at risk the financial and management autonomy of these clubs. As I said, the coalition became preoccupied with expanding the exception to the prohibition rather than by building and defending the policy that underpinned the absolute prohibition that had been introduced originally in the early 1990s.

When we come now to the amendment that is being pursued by this legislation, in my view we are restoring the balance, as I said before, so that clubs are left free from the outside influence of what would become effectively equity owners of the clubs by virtue of profit sharing arrangements, and they are again going to be excluded and prohibited under the primary section 189, subject only to the period of grace, I suppose, that is going to be afforded to five or six clubs that entered into arrangements with TABCorp as it so happened so quickly before 19 November last year. Those arrangement are going to be capped at five years.

The other point that I addressed at the beginning, that is, the reason why I am supporting this legislation, is the anti-corruption provision of section 148(A). That is directed towards excluding any inducement that might be offered by any LMO to a club for acquiring equipment or services—any inducement whatsoever—except for the normal scholarships that have become a common feature of this industry. Again we support the tightening up of that provision.

Finally, I wish to say that I support the Treasurer's announcement of the gaming machine industry review that is to begin shortly. As I say, we are concerned about restoring the balance. As has been said by the Treasurer, it has been many years since gaming machines were first introduced and we need to review the negative social impact being felt in certain quarters of our community as a result of the way in which the gaming machine industry is functioning. We need to reconsider the way in which we might more adequately address the impact to alleviate the hardship that is experienced by some because of the gambling addiction they acquire through the gaming machine industry. We do not want to throw the baby out with the bathwater, but we need to establish a balance. I commend the Bill to the House.

Time expired.
