Speech by

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MEMBER FOR SANDGATE

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GAMING MACHINE AND OTHER LEGISLATION AMENDMENT BILL

Mr NUTTALL (Sandgate—ALP) (4.32 p.m.): I rise to speak to the Gaming Machine and Other Legislation Amendment Bill. I support those in our community who oppose the establishment of the so-called super clubs which are being promulgated by TABCorp. This Victorian predator is seeking to take over many clubs in Queensland.

In his second-reading speech on 19 November last year, the Minister stated that it was necessary to conduct a public benefit test in respect of clause 113 of the Bill. The clause was identified as having a possible anti-competitive impact on the market for gaming machine monitoring and ancillary services between licensed monitoring operators, better known as LMOs—and TABCorp, as we know, is one of the LMOs.

The Queensland Treasury called for submissions under the National Competition Policy review of the prohibition of certain gaming machine revenue sharing agreements by inviting written comments on the draft report from organisations and individuals to assist in finalising the report. That closed on 15 March this year, and the report has now been completed.

The Bill ensures that clubs maintain control over their own destiny and are not captured by entrepreneurial schemes that threaten the clubs' central responsibility, which is to provide benefits to their communities through funding sporting activities, cultural activities or social services. The sharing of gaming revenues can be seen as a way in which a party other than a club can share in the club's profit. In these circumstances, these moneys are going to the profits of the third party—the TABCorps of this world.

TABCorp is not a charitable organisation. It exists purely to profit from gambling. Queensland clubs exist for their members and their local communities. This legislation is aimed at preventing clubs from being used for individual gain. These changes place the LMOs in a similar position to other financiers in that, subject to the Act, they cannot provide finance where repayment is linked to gaming profits or turnover. If the start-up costs or expansion of the 13 venues affected are commercially sound, one would think that they should be able to proceed under conventional financial arrangements, similar to the other 99% of gaming machine venues in this State.

Representations to me are overwhelmingly against the likes of TABCorp coming to Queensland with the ulterior motive of taking control of our mums and dads and children in sport and, more importantly, their clubs throughout the State. The Government, too, is concerned that, if the 1997 revenue sharing amendment is retained, there is scope for an LMO to develop a strong quasi-equity position and gain effective control of certain clubs. This would substantially reduce the capacity of the clubs to provide the services to members for which the clubs were originally established. More importantly, the real danger is that the licensed monitoring operator would demand, for example, changes in the club's gaming policies and/or managers and approval of the new manager. Any such demand would be backed by the threat— whether spoken or unspoken—that failure to comply would result in the removal of the LMO's gaming machines to the financial disadvantage of that club.

The Government regards the agreements by which a share of gaming machine revenues is directly assigned to a profit-making third party as contrary to the non-profit status of clubs and therefore a threat to the principle of mutuality under which clubs are not required to pay tax on their revenues.

The key groups directly affected by the amendment are one of the eight LMOs, the 13 existing gaming machine venues which have entered into revenue sharing agreements and, of course, Surf Life Saving Queensland, which has entered into an agreement with an LMO to establish a number of supporters clubs. I will address that issue later in my speech.

The revenue sharing agreements in place with the 13 existing venues will be protected by the amendment proposed by the Treasurer. Agreements with respect to the "potential" clubs are more difficult to comment on as they apply to non-existent venues for which there is no guarantee that gaming machine licences will be issued by the Queensland Gaming Machine Commission. It is recognised that the prohibition of revenue sharing agreements may make it more difficult for some clubs to expand. Such expansion is not necessarily considered to be in the community's interests if it is accompanied by some sacrifice of the clubs' independence, and the sporting, cultural and other community services provided by the clubs.

It is my view that we need to maintain the ethos of clubs in Queensland. No alternative to the proposed amendment has been identified to achieve the Government's objective of maintaining the clubs' ethos by prohibiting revenue sharing agreements. I understand that in Victoria it is understood that, if an LMO decides that the machines are likely to be more profitable to the LMO at another venue, they will be removed from the venue and local club members can suffer accordingly. As I said earlier, ordinary members lose control of their clubs.

Under the Gaming Machine Act 1991 the only clubs entitled to apply to have gaming machines are those whose memorandum and articles of association, rules, constitution or other incorporation provide that, firstly, the income, profits and assets of the club are to be applied only in the promotion of its objects and, secondly, the payment of dividends to, or the distribution of income, profits or assets of the club among its members is prohibited. The Act is therefore based on the principle that the clubs exist for the benefit of the club membership as a whole and the community. They are non-profit organisations which benefit from a special standing in the economy in recognition of their unique nature.

Let me now turn to the effects of the provisions on key affected groups. The revenue sharing agreements already in place with the 13 existing venues will be honoured by the amendments, but there will be a sunset clause. It is possible that new agreements could be renegotiated by the parties involved using conventional financial arrangements.

Ultimately, it will be a commercial matter between the respective venue and the LMO to decide on the level of services and financial conditions appropriate for that particular club. I am yet to be convinced that this particular LMO did anything other than to plot to exploit the spirit of the current gaming legislation and try to access club cash boxes through the advent of super-clubs. As it is understood that the venues participating in the revenue sharing agreements have increased their revenue following the provision of gaming machines and ancillary services, it seems likely that alternative arrangements will be financially viable in most cases. More importantly, the amendments do not prevent LMOs or, indeed, any financiers from entering into contracts with clubs or hotels to provide services on a fee-for-service basis or loans on a commercial basis. They merely preclude the taking of a share of gaming revenue as consideration in such contracts.

It is all very well for honourable members opposite to talk about rejecting the changes to the gaming legislation. However, I have written support from a well-known surf-lifesaving club on the Sunshine Coast that unanimously opposes the proposal of TABCorp and the State body of surf-lifesaving to establish the so-called super-clubs in Queensland. The point made by this leading Sunshine Coast club is that, with the advent of sporting club licences, the club has become self-sufficient and does not require financial assistance by any outside source. The club also makes the point that a lot of other clubs in Queensland are in the same position with more clubs following and, hopefully, within the very near future all clubs will be self-funding and not require Government assistance, let alone a takeover by TABCorp from Victoria. Of course, the club I speak of is the Mooloolaba Surf Life Saving Club. It receives no financial assistance from its controlling body. In fact, the opposite applies, with 12% of the Government's subsidy being retained by the State body, that is Surf Life Saving Queensland, towards its own running costs.

The good name of surf-lifesaving is on the line to establish these super-clubs and at the same time put at risk the viability of supporters clubs within surf clubs up and down the Queensland coast. The club should use the club's gaming revenue; it should not be channelled into the coffers of a large outside corporation in return for financial support. As to the Surf Life Saving Queensland and the TABCorp agreement, for months the club industry has been advising all of its members on the dangers of this proposal. I note that Surf Life Saving Queensland has chosen to change its accountants, and one must ask: why?

I have been an active member of Surf Life Saving Queensland for a number of years, and I am still an active member of that association. I take great offence at the letter that I received recently from

Surf Life Saving Queensland. I know a number of honourable members in this Parliament have received correspondence from Surf Life Saving Queensland. However, on page 3 of its latest letter to us dated 16 March, it states—

> "The bottom line is that the proposed legislation, particularly relating to the issues of revenue sharing and retrospectivity, is a tragic mistake. In the context of Surf Life Saving, it is inevitable that this mistake will ultimately cost lives."

I say that that is a great affront to most people in this Parliament. Not one of us in this Parliament wants to pass legislation that will cause the loss of lives, and to say that is simply untrue and unfair. If one looks at the commitment not just of this Government—and I will give credit where credit is due—but since 1938, one will find that all Governments in this State have supported Surf Life Saving Queensland. This year, it received an extra $600,000. Its funding from this Government is now $3.1m—more than any other Government has given to any surf-lifesaving association throughout this country. Yet it still complains. Of that funding, $250,000 was to be spent on equipment for clubs, including the upgrading of oxygen resuscitation equipment, jet skis, inflatable rescue boats and general maintenance. The rest of the money, approximately $350,000, was to be used to subsidise newly accredited clubs, to provide training for members in the wider community, and to pay for active members' WorkCover contributions. I understand that two of those newly accredited clubs are at Mudjimba and Bowen. Today, I call on the Minister to have Surf Life Saving Queensland confirm that that money has actually gone into those areas where it was to be spent.

At times, I have grave concerns about the behaviour of the members of Surf Life Saving Queensland. They are well aware of my views. On a number of occasions, we have been in conflict. However, with due respect to the executive of Surf Life Saving Queensland, I say that, on this issue, they are wrong and they are at fault. Quite often, I have heard from Surf Life Saving Queensland that, unless it receives additional revenue, lives will be lost. In that regard, one has only to look at the issue that I raised in this Parliament a number of years ago about the fixed-wing aircraft that Surf Life Saving had at that time. That aircraft has now gone, because it was not necessary.

At the moment on the Sunshine Coast we have a duplication of the helicopter rescue service. I know that they would not agree with me on this, but anyone who visits the Sunshine Coast and enjoys the beaches on the Sunshine Coast will see the Energex helicopter fly up and do its patrol and then see the Surf Life Saving Queensland helicopter fly up and do its patrol. That is simply because there is a conflict between people. I say to Surf Life Saving Queensland that we should be focusing on the core issue, which is white water and people bathing between the flags on the beach. I know that they will not agree with me on that, but I think it is important that surf-lifesaving focus on that. Unfortunately, in that regard I believe that at times surf-lifesaving has lost its way. The last time I criticised Surf Life Saving Queensland in this House, I came under a severe attack by both the media and Surf Life Saving Queensland. I say to them that they should take my comments today in the good faith in which they are made.

The amendments that the Treasurer has put forward to this Chamber will look after six surf-lifesaving clubs that have entered into agreements with TABCorp. They are the Kawana Surf Life Saving Club, the Maroochydore Surf Life Saving Club, the Peregian Surf Life Saving Club, the Coolum Surf Life Saving Club, the Mermaid Beach Surf Life Saving Club and the Ayr Surf Life Saving Club. Those surf-lifesaving clubs that have entered into those agreements with TABCorp under the amendments being proposed by the Treasurer and put forward will be protected and looked after. So it is false for Surf Life Saving Queensland to stand up and to attack this Government—and that is what it has done; it has continued to attack this Government—over this issue. I say to them that it is time that they got their own house in order.

I am aware that for a number of years there has been some internal conflict within Surf Life Saving Queensland. I accept that that is a matter for Surf Life Saving Queensland to sort out among its own members. However, I do not think it is proper that active members of Surf Life Saving Queensland who speak out against the executive should be criticised in the way that they are by Surf Life Saving Queensland. I will repeat what I said earlier: it should concentrate on its core work. Its core work is about protecting lives on the beach, not having an air fleet or any other matters; it is simply about protecting lives on the beach in the white water. Surf Life Saving Queensland needs to ensure that the right sort of people are recruited into the lifesaving movement. It needs to get out there and assist those clubs that are struggling in terms of their membership. It needs to get out there and spend the money on inflatable rescue boats, resuscitation equipment, jet skis and first-aid equipment. It needs to ensure that those people are trained adequately. It needs to give them support, to give support to the struggling clubs and to give support to the newly accredited clubs. I can honestly say that when I travel throughout this State and talk about the issue of surf-lifesaving, that is the issue that is raised—that those people believe, rightly or wrongly, that they are not looked after by Surf Life Saving Queensland or by its executives.

I am tired of the executive continually writing letters to members of Parliament saying that they are so hard done by. As I said, in anyone's language a record budget of $3.1m is an outstanding contribution by any Government. I know that lives are lost on our beaches and that is a tragedy, but we will never eliminate drowning totally. We need to look at the issues of how lifesavers can do their job better and how we can assist them to do that. I understand that some seven or eight clubs were being proposed by TABCorp and Surf Life Saving Queensland. In round figures, that would mean roughly 1,500 extra poker machines. It is not right to place another 1,500 poker machines in communities throughout the State. At the end of the day, TABCorp would reap a profit from that and surf-lifesaving clubs and supporters clubs would suffer as a result.

I say to Surf Life Saving Queensland: take these amendments in the spirit that they are offered by the Government and take my comments in the spirit that they are given so that surf-lifesaving in Queensland can be improved. I honestly believe that the work of the Minister and the Parliamentary Secretary on this legislation has been outstanding. The Bill has the support of the club industry and the Queensland Hotels Association. These amendments have my total support also.