



Speech by

# GORDON NUTTALL

MEMBER FOR SANDGATE

Hansard 27 August 1999

## TAB QUEENSLAND LIMITED PRIVATISATION BILL

**Mr NUTTALL** (Sandgate—ALP) (2.30 p.m.): In my contribution to the debate on the TAB Queensland Limited Privatisation Bill, I wish to touch on a couple of areas that I believe are extremely important. The privatisation of the Queensland TAB provides an opportunity for the people of this State to take a direct ownership interest in this important Queensland business enterprise. It is a business that Queenslanders know very well, having been established in 1962 and having a presence in most centres around this great State.

A clear objective of the Government in this exercise has been to provide the opportunity for Queenslanders, that is, the mums and dads, to be able to participate in the float of the TABQ. The Government is delivering on this commitment by ensuring that retail investors get the largest slice of the shares in the future float. Of course, there will also be an opportunity for institutions to invest, but this will be much more limited. Most importantly, however, the Government will ensure that all investors, in particular small investors, are given a fair go. In this regard, the public can have absolute confidence that the whole of the privatisation exercise, including the float, will be conducted with the highest levels of probity and accountability.

The preparation for the sale of the TAB Queensland Limited to the public has been subjected to the highest standards of integrity and probity—unprecedented in the history of Queensland public asset sales. The key principles underlying the Government's approach are as follows: firstly, the achievement of best value to the State; secondly, fair and transparent dealings with all parties; thirdly, open and effective competition; and, fourthly, clear accountability. In this regard, the TAB project team has observed the best practice guidelines issued by the Queensland Audit Office for the sale of material public assets, and these underpin the operation of the TABQ sales team. Senior members of the sales team representing the Government and advisers to the TABQ IPO meet regularly to brief the Auditor-General. The Queensland Audit Office guidelines cover a number of areas, including strategic planning, sale preparation, the conduct of the sale and the post-sale activities. There are a number of points in those guidelines. Rather than listing all of them, I move that they be incorporated in Hansard.

Leave granted.

The key QAO guidelines

Strategic Planning

1. Identify the rationale for the sale and the Government's sales objectives at the outset.
2. Clear definition of the assets being sold.
3. Determination of the sale method that promotes a competitive environment and the optimal outcome.
4. Undertake full risk assessment and evaluate alternatives.
5. Obtaining Government approval to proceed with sale.

Sale Preparation

1. Establishment of a sales team with the full responsibility and accountability to operate the sale.
2. The development of a detailed, well documented plan of action.
3. The development of a sales strategy which seeks to ensure that the sale is undertaken through open competition.

4. The examination of the regulatory environment and its impact on the sale.
5. Identification of the needs for any external assistance with the sales process.
6. The development of a detailed sales timetable.
7. Establishment of a sales budget.
8. Undertaking a detailed, independent valuation of the individual assets and the whole business.
9. Preparing the asset for sale in a way to ensure the best possible outcome is achieved.
10. Developing sale documentation, including sale objectives selection criteria, the sale process, sale timetable and bid conditions and the bid structure.
11. Establishing a documentation and records management system to establish a clear and accountable management trail.
12. Developing industrial relations strategies in consultation with employees and relevant trade unions.
13. Developing marketing and media strategies that encourage a competitive environment and provides equal opportunity to all potential bidders.
14. Developing strategies to identify and manage any potential conflict of interest.
15. Developing a strategy to manage confidential information.
16. Giving consideration to the appointment of a probity auditor to provide external scrutiny and ensure the integrity of the sales process.
17. Addressing any community service obligations.

#### Conduct of Sale

1. Determining selection criteria to be utilised in the assessment of the bids or proposals.
2. Developing an evaluation methodology consistent with the selection criteria.
3. Appointing an evaluation committee with the appropriate skills, knowledge and authority.
4. Establishing procedures for receipt of tenders which ensures confidentiality and even handed treatment of bidders.
5. Managing the due diligence process to identify all relevant information and ensure all prospective purchasers have equal access to information.
6. Fully documenting the evaluation of tenders.
7. Contact negotiation with investors and bidders been treated in an equal manner.

#### Post Sale Activities

1. Providing feedback to unsuccessful bidders.
2. Undertaking a full review of the sales process.
3. Developing systems to monitor and manage post sale implications and issues.
4. Preparing a sales summary which is reviewable by the Auditor General.

The Queensland Audit Office guidelines recommend the appointment of a probity auditor for large, complex, sensitive or potentially controversial sales. On 26 July this year, Deloitte was appointed probity auditor for the TABQ sale following a competitive selection process. Deloitte has substantial experience, including the probity audit of the New South Wales TAB float and its current appointment as the probity auditor of the Telstra Mark 2 sale. Deloitte's experience, available resources and the quality of its staff dedicated to the TABQ sale project were key factors associated with its selection.

Since its appointment, the probity auditor has been responsible for monitoring the integrity, accountability and transparency of the selection of advisers on the TABQ privatisation. The probity auditor will be reviewing such matters as the appointment and management of consultants, information security, logistics management, the management of conflicts of interest, the project structures to ensure accountability and responsibility, the pricing of the TABQ public offer and the review of the institutional and retail share allocation process. The probity auditor reports fortnightly to the TAB steering committee, which consists of the Under Treasurer and the directors-general of the Department of the Premier and Cabinet and the Department of Tourism, Sport and Racing. In addition, the probity auditor will issue a final report at the end of this sale process. The appointment of the probity auditor and the establishment of competitive processes for the appointment of key advisers, such as the broking syndicate, has resulted in an open, transparent and accountable process that sets the standard for exercises of this type.

In addition, guidelines approved by Cabinet preclude active participants in the TABQ sale process from being able to acquire shares through the initial public offering. That is a very important aspect of this whole process. The active participants include the following: firstly, all Queensland Government staff who are members of the transaction team or the TAB steering committee; secondly, Queensland Treasury staff as determined by the Under Treasurer; thirdly, all advisers on the float; and, fourthly, other consultants and suppliers deemed at the discretion of the steering committee to be active participants and all of their staff who are members of the transaction team. This is consistent with a decision of Cabinet that members of Cabinet and other Government members of the Legislative Assembly, ministerial staff members and their associates as well as public servants and advisers

involved in the TABQ sale will be precluded from participating in this offer. To date the probity auditor has issued draft probity guidelines governing the actions of sale team members and certain Government employees.

In addition, the TAB project team, in conjunction with ABN AMRO, the Government's financial adviser, has issued a set of guidelines governing probity processes for the conduct of the various committees responsible for the TAB sale. The core probity principles for the TABQ sale process defined by the draft probity guidelines are as follows: accountability, integrity, probity, competitive process, equity, transparency of this process and, of course, effectiveness. The purpose of these types of guidelines is to help individuals engaged on this project to perform their duties in a way which is—and which is seen to be—fair, unbiased and not affected by any self-interest or personal gain.

As the honourable member for Clayfield mentioned, there are a number of racing facilities within his electorate. My electorate of Sandgate contains a very important racing facility, the old Deagon racecourse, which is now a major training facility in the State. Over the years, that facility has been placed under a fair amount of pressure from various sections within the community, because some people have felt that it should be sold off and the site used for housing and retail development. From my point of view as the local member, I do not support any such moves.

Today I place on the public record my strong support for the retention of the Deagon racecourse site as a training facility. A number of people within and outside my electorate have invested large amounts of money on stables and other facilities at the Deagon racecourse. A fair amount of employment is generated in my area by that important facility. Many people who take the opportunity to visit Sandgate would know that early most mornings a number of trainers bring their horses down to the foreshore for training.

**Mr Mulherin:** Mr Roberts was a trainer.

**Mr NUTTALL:** Yes, Mr Roberts was a trainer, but I have never seen him ride a horse down at Sandgate.

**Mr Mulherin:** I've seen a photograph.

**Mr NUTTALL:** I am looking forward to seeing that. He does not look like much of a jockey, though, does he? I have heard that he has had some success as a trainer. I am fortunate to be able to enjoy a cup of tea or coffee at my residence at Sandgate and watch the trainers and the horses down on the foreshore at Sandgate.

**Mr Mickel:** Do they give you any good tips?

**Mr NUTTALL:** Every once in a while I get a winner, but I think I get more losers than winners.

**Mr Schwarten:** The last one you gave me needed a hurricane lamp to find its way home.

**Mr NUTTALL:** I will be sure not to give the Minister any more tips.

Importantly, as I say, the racing industry is a large employer of people in my district. A lot of people have invested large amounts of money in those facilities at Deagon. That training facility, I believe, is one of the best in the State. I would encourage the industry to ensure that, once the TAB has been sold, Deagon is retained as one of the better training facilities in this State.

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