



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

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TAB QUEENSLAND LIMITED PRIVATISATION BILL

Hon. P. D. BEATTIE (Brisbane Central— ALP) (Premier) (3.28 p.m.), in reply: I will start with the comments made by the member for Nicklin. I am happy to give an undertaking on the record today that I will make a detailed ministerial statement that will include a report from the probity auditor. Obviously, I have to make contact with him and, through the appropriate people, see what he is prepared to put in a report to the Parliament. However, I give an undertaking that I will make a ministerial statement and include either a report from him or table a report in conjunction with it. Either in the contents of the statement I make to the House or with the document, there will be some report from him.

I thank all honourable members for their contributions to the debate. The Leader of the Liberal Party, Dr Watson, and a number of other Opposition speakers have referred to delays associated with this Government's processing of the privatisation of TABQ. Obviously, I reject that assertion. In this regard, I point out to members that the coalition began its process of reforming and privatising the TABQ in March 1996. At that time, the coalition received the Macquarie Bank report recommending privatisation but was unable to deliver by the time of the 1998 election—over 15 months later. In fact, the coalition had not even achieved corporatisation let alone privatisation. We have done both. All that the coalition had achieved was the promise of a clumsy, complex and unworkable arrangement that was based on the Victorian model. It was a model that New South Wales found unacceptable and unworkable.

The Leader of the Liberal Party was quite wrong in suggesting that the Minister at the time, Mr Cooper, had resolved this issue. He had not. There was no Cabinet decision. The then Minister may have reached a view in his head, but there was no Cabinet decision.

Mr Cooper: The industry knows the truth.

Mr BEATTIE: There was no Cabinet decision on it and the member for Crows Nest knows it. I have checked and there was no Cabinet decision. The member may well have given undertakings, but no Cabinet decision was made and it had not been worked out. That is the end of the story.

This Government put in place a much more sensible, more commercial, less complicated commercial relationship between TABQ and the racing industry. It is a model that was voted on by all of the racing codes and ultimately supported by all of the racing codes, because it was a more workable arrangement and one which delivered a superior financial outcome for the industry to that which was proposed by the coalition. In terms of the coalition's delays in the restructuring of the TABQ, I also point out that the Wagering Act and Racing and Betting Act amendments had been passed in March 1998 but had to be proclaimed to commence by my Government.

Another salient point is that the coalition's plan for the privatisation of the TABQ did not have the support of one of the most important groups of stakeholders in this whole exercise—the employees of TABQ. The Labor Government's privatisation proposal has the support of TABQ employees and of the relevant unions representing workers in TABQ. We had discussions with those groups to achieve that. In particular, there has been close consultation with the unions on the provisions in this legislation about TABQ staff. Furthermore, preference in the float will be given to TABQ staff, with a special allocation reserved from applications by employees of TABQ.

Members opposite suggested that the timetable of the Labor Government has potentially caused a diminution in value of the TABQ business. This assertion does not sit well with the facts and is

untrue. Estimates of the gross sale proceeds under the coalition Government were \$80m to \$150m. Estimates of sale proceeds now are \$200m to \$300m. There has been a significant increase in the estimates of proceeds from the sale, despite a more generous funding package being provided to the QRI.

I find it quite extraordinary that the member for Crows Nest and the member for Toowoomba North should ask why the TABQ was not granted a monopoly Internet gaming licence to make up for its failure to give the Queensland TAB the monopoly that the New South Wales and Victorian TABs have in the area of gaming machine operations in their respective States. This is an extraordinary assertion. If any member here asked anyone in the racing industry what, in their view, was the single most disastrous decision for the Queensland racing industry, they would be told that it was the coalition's decision in respect of licensed machine operators. The people opposite stuffed it up.

I am not arguing the merits or otherwise of Dr Watson's model for a competitive market in gaming machine monitoring. I am simply stating a fact about the perception of the racing industry that the coalition Government betrayed them through that decision. The member for Moggill acknowledged that the TABQ's initiative to acquire the gaming machine monitoring operation of the Golden Casket was a positive move that would add value to the TABQ and allow it to better service its clients in the clubs and hotels. He and other members opposite indicated that the TABQ should seek to acquire the businesses of other smaller and unviable LMOs.

Given that the TABQ is also already close to the 40% limit under the policy established by the coalition, I question whether they are suggesting that the 40% limit should be raised or removed. Is the coalition acknowledging that these arbitrary limits are inappropriate or unworkable?

Dr Watson: Are you going to keep 40%? I agree with it.

Mr BEATTIE: They are coalition limits.

Dr Watson: What are you going to do? Are you going to change it? No, you aren't going to change it!

Mr BEATTIE: The member should be patient; we will come to that. He is the one who suggested it. He cannot say that we should take over more if there is a limit. Spare me!

Dr Watson interjected.

Mr BEATTIE: I do, and that is the member's problem. The difficulty is that he does not. I have had enough of this.

In relation to granting a monopoly interactive gambling licence to the TABQ, as suggested by the member for Crows Nest, I point out that the TABQ already operates interactively and has done so for some years. It does not need an interactive licence for its race wagering or sports betting activities. And he was the Minister! In fact, clause 66 of the Bill clarifies this position and that clarification has been inserted on the advice of the Solicitor-General.

In terms of preferences to the shareholders—as in the case of the Suncorp-Metway legislation, there is no provision in this Bill in relation to the allocation of shares to Queenslanders or to anybody else. As in the Suncorp-Metway process, preference will be provided through the allocation process to Queenslanders and every opportunity will be given to ordinary Queenslanders—to the mums and dads—to participate in the float of TABQ. With this float, the big winners will be the mums and dads of Queensland.

A number of speakers, including the member for Gladstone, raised the issue of the level of ongoing funding to regional race clubs. As members would be aware, the responsibility for the distribution of funding to regional thoroughbred clubs was passed over to the racing industry some years ago. Accordingly, it is the responsibility of the Queensland Principal Club to determine that distribution in accordance with the strategic direction and priorities of the industry.

The claim has been made by a number of speakers that the QPC is dominated by the metropolitan clubs and that funding to the regional clubs will suffer. It is worth noting that the QPC board is not appointed by Government. The QPC is a regionally representative body. Its membership is laid down under the Racing and Betting Act 1980. The board of 11 members is in fact comprised of delegates elected by individual clubs or by regional racing associations. The position reserved for an industry representative, that is, a representative from the jockeys' or trainers' associations, is selected by the Minister from the two nominees elected and put forward by those two associations.

The two major Brisbane thoroughbred clubs, the QTC and the BTC, have one representative each—that is all. Ipswich, the Gold Coast, the Sunshine Coast and Toowoomba have one representative each. The four regional associations have one representative each. Those four regional associations are the Capricornia Racing Association, the Central-Western Queensland Racing Association, the Downs and South-West Queensland Racing Association and the North Queensland Racing Association. Finally, there is the trainers' or jockeys' representative.

The Chairman of the QPC, Mr Craig Black, comes from Chinchilla, and the Deputy Chairman, Mr Danny Bowden, comes from Ipswich.

Mr Healy: Another country area.

Mr BEATTIE: I hope that the member is not telling me that Chinchilla is not in the country. I might explain to him where Chinchilla is: it is on the other side of Toowoomba, where he comes from. I would have thought that he would at least know where Chinchilla is. The member for Toowoomba North is trying to argue that Chinchilla is not in the country. I do not know what members opposite have been on, but they have been on it since question time. I suggest that they get off it in the interests of their own health.

Clearly, the QPC is a democratically constituted body with a balanced representation covering the whole of the State. It seems to me that it is the body best placed to make decisions about the distribution of industry funding. Moreover, given the balanced geographic composition of the QPC board, one would think that it would be well placed to make decisions about funding distributions to the developmental clubs.

The QPC certainly understands the value of regional racing and the part that country race clubs contribute to the industry as a whole. The QPC is striving to improve the quality of racing throughout Queensland. The QPC has expressed a view that, as long as small country race clubs can conduct financially viable race meetings, there is a significant part for them to play in Queensland racing, and I agree. On that basis, the industry will maintain funding.

For 1999-2000, the QPC has budgeted for an allocation of approximately \$5.5m to developmental race clubs. On the basis of the TABQ being privatised prior to 1 January 2000, the QPC is proposing to inject a further \$250,000 into the development of another regional race series similar to those that currently exist. The Matilda and Fossil series of race meetings, successfully conducted in regional Queensland, are an example of this strategy. I think that that is the end of the story.

In addition, the QPC has developed an unplaced starters' rebate scheme that is to commence throughout Queensland from 1 January 2000. This scheme will enable a rebate of \$75 to be granted to each unplaced starter at country race meetings. For TABQ meetings, a rebate of \$150 for each unplaced starter will be granted. The total cost of this initiative throughout Queensland is estimated at \$4m.

Let us look at the powers of control bodies. The member for Gladstone said that she believes the powers of the Queensland control bodies to close regional clubs has been extended and that, as the control bodies are based in south-east Queensland, this will be to the prejudice of racing clubs. The member for Crows Nest made the assertion that clause 69 of the Bill was designed to give the QPC power to close regional clubs. This is certainly not the case. What this statement by the member for Crows Nest demonstrates is that he has quickly forgotten about the legislation that he put in place last year and it also demonstrates that he does not understand this simple piece of legislative drafting.

Clause 69 of the Bill merely clarifies the existing powers of the control bodies. In particular, the clause clarifies the interrelationship between the powers and functions of these bodies. The amendment was requested by both the legal advisers to the racing industry and by the TABQ to ensure that the commercial agreement between them can be enforced, thus creating commercial certainty for both parties. To make the point absolutely clear, there is no new power conferred on the industry control bodies by clause 69—end of story. I repeat that it merely clarifies the functions and powers of the control bodies as established by the previous Government. This provision is consistent with the racing industry's own strategic plan which was commissioned at the insistence of the previous coalition Government. Finally, it is a provision similar to one included in New South Wales legislation to provide the New South Wales industry with the same commercial certainty.

The member for Crows Nest also made reference to the cornerstone investor provisions. On this issue, I would point out that the cornerstone investor provisions are in the Bill for the benefit of TABQ. A cornerstone investor will only be brought in post listing if it adds value to the business and it will have to comply with the applicable shareholder restrictions. There is no new deal with anyone. Any cornerstone investor brought in would have to enjoy the support of the TABQ board. I think that is pretty clear. That is obviously an issue that has been discussed publicly. I think that answers it very clearly.

A number of members, including the member for Gladstone, asked: why can the State not operate a business as efficiently as the private sector? A number of Opposition and Government speakers have spoken about the special circumstances facing the TABQ. It is an increasingly competitive environment and is heavily based on expensive technology. The TABQ needs greater access to capital—something that Governments are reluctant to divert from core social services such as hospitals and schools. We are not talking about capital expenditure alone. It is the ongoing recurrent expenditure to make the TABQ competitive with Victoria and New South Wales.

We all know that out of Hong Kong and other places in China there will be a lot of opportunities for people to bet offshore. That is available from Vanuatu now. Phone betting has made this industry totally different. Unless we are competitive, Queenslanders will use phone accounts to bet in New South Wales and Victoria. That is happening right now. That is why it is absolutely essential to go down this road. It is a case of putting public funds where they need to be—in schools and hospitals—on a recurrent basis. That is why I think that putting money into a gambling institution such as the TAB, particularly on a recurrent basis, should be low on the list of the Government's priorities. That is my philosophy. I think money paid by the taxpayer used for recurrent expenditure should be going into the delivery of services. In respect of this matter, the money should be raised in the private sector. That is the philosophical answer to the question posed. Perhaps that shows my conservatism on this issue—I do not know—but that is my view about it.

The member would also like to know what happened to the previously proposed five-year period of protection for regional racing clubs. This may have been a commitment from the previous Government. The Government officials who were advising the Government at the moment have indicated that any such commitment was not going to be legislated but would be a matter negotiated with the industry. This Government has delivered a significant increase in funding to the racing industry and this will be to the benefit of all clubs, including regional clubs. Earlier I mentioned the QPC's role and the increased funding in this regard.

The member for Gladstone also wanted to be assured that the State's decision not to proceed with a cornerstone investor prior to privatisation was not based on some hidden agenda. I covered that before, but I wish to stress it again so that there is no doubt in anyone's mind. As previously indicated by Government speakers and in my second-reading speech, the highest levels of probity have applied in this privatisation exercise and special guidelines were approved by Cabinet in relation to potential cornerstone investors. There is no basis whatsoever for concern about any hidden agenda, because there is none. I have given an undertaking now in relation to the matter raised by the member for Nicklin to provide the probity material to the Parliament, and I think that covers that point.

There was also reference to the situation of Suncorp-Metway staff following the privatisation of that entity. One honourable member said that once privatisation occurs political protection of employees' jobs is removed and they are at the mercy of the new stakeholders of the TABQ. In general, I am not a supporter of the privatisation of Government assets, but in this case I consider it essential and acknowledge the strong support of the industry and the TABQ itself. The TABQ needs additional funds to be adequately capitalised to compete. I would rather the private sector provide those funds rather than the alternative, which would have involved the Government providing additional funding from general revenue—something that I have covered already. The member for Gladstone noted that the Government is awaiting advice on the constitutional position on the headquarters position. This matter has been referred for advice. It was in the Suncorp-Metway Bill. We are confident that this issue has been handled appropriately.

There are some amendments. The only amendments that I am aware of are the ones that I have moved. These follow discussion and consultation with the Leader of the Liberal Party. He put forward a proposal that I was only too happy to accept. I made it clear in my detailed communications with the Leader of the Liberal Party that, if he had sensible amendments, the Government would accept them. He came forward with what I thought were sensible amendments and we have accepted them. I instructed Parliamentary Counsel to draft the appropriate amendments. I will be moving the amendments, but I acknowledge that these were in fact suggestions from the Leader of the Liberal Party.

I wish to deal with them now, because that will save dealing with them later. What we are putting into legislation by the amendments is my commitment that no-one associated with the Labor Party will derive any benefit from this privatisation. We are being absolutely clear about it. It is unequivocal. I am prepared to accept the amendments and put them in the Bill. As I have already indicated to this House, through the allocation process for the public offer this Government would have ensured that no-one associated with the Government would participate in the float. We would do that administratively so that no-one would get an allocation of shares. That was my intention to achieve it. I will be moving amendments, as agreed with the shadow Treasurer, which have a much broader application than I had initially indicated. The amendments extend the prohibition on ownership in shares of the TABQ to entities associated with any political party at all. These amendments will ensure that there can be no question of any political preference being given in the allocation or holding of shares in the TABQ. After the initial allocation process, shares in the TABQ will be traded on the Australian Stock Exchange. There will be no State Government interference in the market of TABQ shares after the allocation. The prohibition will extend until after the TABQ has presented its first post-privatisation financial results to its members at an annual general meeting. As such, the amendment will operate well beyond the time at which the TABQ shares have been appropriately priced by the

market. I think they are sensible and appropriate amendments and I will be moving them at the Committee stage.

I thank all honourable members for their contribution. I noted that there is general support from all sides of politics for the TAB privatisation. I noted the comments made by the Independents and I thank them very much for their contribution.
