



Speech by

Hon. RUSSELL COOPER

MEMBER FOR CROWS NEST

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TAB QUEENSLAND LIMITED PRIVATISATION BILL

Hon. T. R. COOPER (Crows Nest—NPA) (11.33 a.m.): In common with many members of the Opposition, it gives me pleasure to take part in this debate on the TAB Queensland Limited Privatisation Bill, particularly as I was the Racing Minister who put together the package. I wondered whether it would ever happen. It has been a long 14 months. At the time I was Minister, I was always under the impression that it was a matter of urgency for the Queensland racing industry, because it was at risk of being left behind by the southern States. As we know, Victoria had already privatised its TAB and at the time we were told that we had to make sure that we got in before New South Wales did the same. We were prepared to do it. Of course, when the Government changed, privatisation seemed to drop to the very bottom of the list of priorities. Queensland now has to catch up, and it is certainly not going to be easy.

I acknowledge the comments of the previous speakers, the member for Moggill and the member for Toowoomba North. Of course, the member for Toowoomba North is the shadow Racing Minister and his knowledge of racing is second to none. Obviously, he will make an extremely fine Minister when that opportunity presents itself. It is indicative of the importance that this Government places on the TAB privatisation that the Racing Minister is not even present in the Chamber. I think he is already on leave.

As I have said before, this package took an enormous amount of putting together. We had to try to unite the racing industry, that is, harness racing, greyhound racing and the thoroughbred industry. Back then they were a pretty disunited group. However, when it came to focusing on a common goal, such as the TAB privatisation, to their credit they came together in the interests of their own codes. We put together an extremely comprehensive, useful, valuable package for the racing industry generally. It is very rare, if ever, to get that sort of unity, but we got it in a heads of agreement. All the work had been done. It is tragic that all of that work was then undone and virtually had to be started again.

I pay tribute to some of those people who were involved, especially the team, who were from all political walks of life but who came together to put that package together. Their knowledge of and expertise in the racing industry was so important. In that regard, I compliment Ian Brusasco and Kevin Seymour. They locked in together to make sure that the racing industry put together an acceptable package and one that was useful to the future of the industry. The Treasurer at the time, Mrs Sheldon, and her Treasury team worked extremely well with those two gentlemen. I also mention Dr Tony Fitzgerald from Esk, who has a great knowledge of racing, Bob Templeton and the board of the TAB. Everyone pulled together so well. I am not saying that it was easy; I am saying that very sustained negotiations were carried out in a friendly atmosphere. I also pay tribute to Mr Richard Roberts, who was my special adviser for the privatisation, as well as to all the stakeholders in the racing industry throughout Queensland. Kevin Hasemann, the CEO of the QPC, along with the Chairman of the QPC, Craig Black, played an enormous part. The knowledge that those people brought to discussions and negotiations was immense and invaluable.

We then went through the consultation process throughout the State—all the coastal cities and out into the west and the north-west to make sure that anyone and everyone who had an interest in racing was fully informed of their future. The member for Toowoomba North has pointed out very definitely the value of country racing to Queensland. The Government's attitude to looking after those

country race clubs is alarming. Even if those clubs hold only one, two, or three race days a year, it means everything to the social fabric of those communities. To tear that down and take it away would be an act of political nastiness.

I also want to mention Richard and Marianne Roberts. Recently, they have experienced a very tragic loss in their family. The thoughts and prayers of this Parliament are with them at this time. As we know, at this time there are committees in the racing industry and in many other areas that are considering events and initiatives for the year 2000. Although we recognise that there will be a lot of partying, a lot of fireworks, a lot of celebrations generally and ceremonies involving quite a bit of pomp and so on, it perhaps would be timely for this Parliament and others to consider long-term, innovative measures to combat youth suicide. I believe that facilities to handle these tragic occurrences should be considered. I believe that such an initiative would be of lasting benefit into the next century, given that the incidence of youth suicide in the city and in the bush is of alarming proportions. I commend that suggestion to the House.

The package that the coalition agreed with the Queensland racing industry was a good one. As I have said, it was ready to go. Unfortunately, when the Government took over that role, we saw a significantly delayed TAB privatisation Bill presented to the Parliament, and the package deal with the QRI is substantially less attractive for the many stakeholders in the Queensland racing industry.

Looking at TAB privatisation initially, the Labor Party has caused inordinate delays to this essential privatisation process. The Labor Government adopted an extremely difficult negotiating stance with the Queensland racing industry, which resulted in more rancour and disharmony—the rancour and disharmony that we had eliminated from the process. The Premier also adopted bullyboy tactics in negotiating with the QRI and gave it a much lesser deal than was necessary. Also, the Labor Party's own internal machinations have caused considerable delays. Time after time we learnt that there was enormous internal dissension within the Labor Party about this essential privatisation process that caused unacceptable delays in the process.

All members of this Parliament will recognise that the delay in privatisation has had an adverse impact on TAB Queensland and the QRI's position in Australian racing. We are now well behind the starting gates. The Government has allowed TAB New South Wales and TABCorp Victoria to stampede well ahead of us. Those are two giant organisations, and Labor has allowed them to obtain an enormous head start on Queensland. The market capitalisation of TABCorp Victoria is \$3.5 billion and the market capitalisation of TAB New South Wales is \$1.52 billion at this moment. This contrasts with an estimated value for TAB Queensland of about \$250m. To overcome the enormous size of these two southern organisations, TAB Queensland needed to be fleet of foot, but this has been impossible because of members opposite. Labor has dithered and delayed to the detriment of the Queensland racing industry and its many stakeholders.

I turn to the Labor Government's final proposal to the racing industry, which in many areas is extremely deficient when compared with the original package that was agreed between the coalition Government and the industry. We offered to pay the benefits to the racing industry effective from 17 March 1998. The racing industry would have benefited through the receipt of an additional \$3.7m. We offered the racing industry the opportunity to take up a 25% interest in new ventures the TAB undertakes. We also offered the industry the chance to purchase Deagon and Caloundra initially, with the opportunity to freehold several country race clubs. This would have allowed the clubs the ability to borrow and improve their public and training facilities.

We were conscious of the need to build growth into the industry's future income stream through the TAB and we therefore offered to index the fixed fee component to CPI increases. We offered a five-year guarantee to country race clubs on prize money, which at the time was about \$5.8m. We guaranteed that for five years the amount would be no less than that. The industry welcomed that guarantee, but it has been taken away. As the member for Toowoomba North said, 67 clubs are at risk of shutting down as a result of comments made by members opposite.

The Labor Government has failed to honour any of the abovementioned benefits that were proposed by the coalition. The racing industry knows that Labor has short-changed it. It knows that 24,000 jobs in all aspects of racing will be at risk in the medium term as revenue growth from the TAB is not indexed to inflation or growth in racing costs.

The member for Toowoomba North mentioned Oakey. Recently I made a speech in this place on the performance of the Oakey Race Club. I mentioned the fact that that club has overcome all odds and hurdles placed in front of it to prepare for a race meeting on 13 October. The club has raised the money, built the racetrack and the running rail, found the prize money and sponsorship, and organised the race date for the Festival of the Horse. We would be very appreciative if the Queensland Principal Club could assist that club a little further with prize money. That club's actions demonstrate quite clearly the backbone of the racing and breeding industries across the State. If the Government closes down

such clubs, it will take away aspects of the racing industry, such as breeding programs and the jobs that flow from that. The loss would be too enormous to contemplate.

In addition, the poor deal from Labor means that prize money in Queensland will remain well below the levels of southern States. Metropolitan galloping prize money in Queensland, at \$25,000 a race from January 2000, is well below Sydney's and Melbourne's levels of \$37,000 per race. Queensland will remain the poor cousins under Labor's poor deal for racing. The logical choice for many Queensland owners will be to campaign their horses down south to compete for better prize money, which may result in the relocation of horses and trainers. The normal weekly bread and butter prize money will do nothing to stimulate the Queensland industry. Labor does not or cannot understand that a vibrant breeding industry needs higher prize money levels to encourage new owners to enter the industry and to keep existing owners there.

I turn to the issue of the future of country racing. Racing in country and regional Queensland is a vital element in the economic and social life of those areas. The coalition incorporated specific provisions to protect and bolster the future of the industry in country and regional Queensland. This is in stark contrast to Labor which, as I have said, wishes to close many of the country clubs. What do we find? Salted away in the legislation is a provision in section 69(4) which gives the Queensland Principal Club the power to cancel or suspend the registration of a race club, direct or supervise the dissolution of a race club or appoint an administrator if the club does not comply with a Queensland Principal Club direction. I ask members from both sides of the House: why does this provision exist in the legislation and why does the Queensland Principal Club's power need to be extended in this way if it is not to facilitate the Labor Government's plan to close down race clubs throughout the State?

I turn to some of the specific matters in the Bill regarding the management and shareholding of TAB Queensland. I note that the head office and senior management of TAB Queensland is to be located in Queensland in perpetuity. There is a general provision disallowing a party from holding more than 10% of the capital of TAB Queensland, with this provision to expire after five years. Provision is allowed for a cornerstone investor of 20%, again with a five-year expiry date. A holder of 5% of TAB Queensland shares can be subject to a probity check. Employee entitlements will be protected. TAB staff and agents are to be given preference in the allocation of shares in TAB Queensland. All of the above measures are sound. The provision requiring the head office of TAB Queensland to remain in Queensland is similar to that incorporated by the coalition in the Suncorp/Metway legislation.

However, a number of issues come to the mind where the Labor Party has been deficient in the privatisation process for TAB Queensland. I refer particularly to the fact that TAB Queensland will have a very limited gaming element incorporated into its business. The move by the Labor Government to incorporate Golden Gaming, the gaming division of Golden Casket, into TAB Queensland is to be commended. However, why was the exclusive licence for Internet betting not incorporated in TAB Queensland to maximise the benefit of the sale of TAB Queensland for the people of Queensland? It could well be that mates of the Labor Party had other ideas and were able to influence the Premier and stood aside Treasurer Hamill to do otherwise. This Parliament needs an explanation—

Mr HAMILL: I rise to a point of order. The honourable member is misleading the House. He would know full well that his legislation did not provide for an exclusive licence for Internet gambling. The suggestion that I favoured mates I find offensive and I ask for it to be withdrawn.

Mr SPEAKER: The member will withdraw the comment.

Mr COOPER: I withdraw it. I reiterate that the Parliament needs an explanation as to why the Government did not allow TAB Queensland to have the exclusive Internet gaming licence.

It is noted that the Labor Government called for proposals for parties interested in being the cornerstone investor in TAB Queensland to hold the 20% level proposed. At short notice, the Labor Government has abandoned the idea of the cornerstone investor after undertaking this process. The Parliament needs a better explanation as to why this is the case.

In his second-reading speech, the Premier indicated that the process will be transparent at all times. In that case, we should be told who the groups were that applied to the Government to be the cornerstone investor. Unless we are told this, it is really just a ruse to allow the Labor Government to do a deal with some unknown party after the float of TAB Queensland. The people of Queensland are entitled to know. I say again that, especially in light of the Premier's promise to be transparent, we need to know this vital information. I expect the Premier to answer that point in his speech in reply.

Finally, I wish to raise another very important issue. We hear rhetoric from the Premier about looking after the mums and dads in the share issue when the TAB is floated. We in the coalition support any ordinary Queenslanders being able to participate in the float. However, it is clear that the Premier has conveniently overlooked making provision for the grassroots participants, that is, the trainers, jockeys and owners, in terms of an allocation of a percentage of the shares. Also, there is no provision in this legislation for Queenslanders to obtain a preference in float allocations.

Why is this Government being discriminatory? It is providing TAB staff with an allocation of shares, yet it is not making a similar allocation to stakeholders in the industry, such as owners, trainers and jockeys. These are the people putting on the performance for the public. They are the ones who have their capital and livelihoods at risk. But they have been left out in the cold by this Labor Government. The Labor Government will not win any friends in racing by adopting such a nasty attitude and neglecting racing industry stakeholders. After all, the owners, trainers and jockeys could be the TAB's best ambassadors if they had an opportunity to take up an allocation of shares similar to that which has been offered to TAB staff.

As I have said, the small investors in Queensland have also been neglected in this legislation. There is no provision in this legislation giving a preference to Queenslanders in the allocation of shares in TAB Queensland. Previous coalition Governments specifically provided in legislation for a preferred allocation to Queenslanders when the Jupiters and Breakwater Casinos were floated. That does not exist in this legislation, and the people of Queensland are entitled to an explanation. There is a chance that this float could be swamped with applications from around Australia and, accordingly, Queenslanders, without this preference clause, are likely to receive only a very limited number of shares in their own TAB, or none at all. This is particularly relevant given the small size of TAB Queensland compared with the float of the other two TAB organisations in the south.

This legislation highlights the poor management of Labor in Queensland. Government happens far too slowly under this Government. The processes get bogged down because of internal Labor Party machinations. When the Labor Party finally does put together packages, they are miserable and do not help to foster the industries with which those packages are concerned. In its final analysis, the Labor Party forgets the real parties in the industry: the stakeholders and small shareholders—the risk takers. We ask: where will the racing industry in Queensland be in five years or even fewer under this legislation? I can tell you, Mr Speaker, that under this Government's stewardship and its privatisation offer we will be racing's poor relation in Australia. There will be a downward spiral, with no income growth and rising costs for operators. It is a recipe for disaster. One can only conclude that this Government is not serious about protecting racing's 24,000 jobs.

I urge the Government to make sure that, wherever it possibly can, it makes amends under this legislation to provide the industry with long-term security and confidence. This is a great sport and industry for the people of Queensland. As I said, it is a tragedy that the industry virtually has to take what it can get. It had an extraordinarily good deal under the coalition, for which it had fought long and hard. I admired it for that. We wished it well. If we were going to turn the industry loose to run its own affairs and do well without Government interference, we felt that we needed to give it a good start, and that is what it was going to get under the coalition. Now it has had to accept this deal and it has to like it or lump it. The industry knows that. This Government has not gone down very well at all with Queensland's racing industry.
