



Speech by

**Mr M. HORAN**

**MEMBER FOR TOOWOOMBA SOUTH**

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Hansard 31 July 2001

### **GAMING MACHINE AMENDMENT BILL**

**Mr HORAN** (Toowoomba South—NPA) (Leader of the Opposition) (12.50 p.m.): This is a very important bill because it brings about some changes to the gaming legislation after a substantial period of this state having had the poker machines first of all in the club industry and then with a growing number in the hotel industry. At the outset I would like to go through some of the history of the introduction of the machines, and I use as reference for this the very good article that has been put out by the Queensland Parliamentary Library.

Prior to 1992 the only Australian jurisdictions that allowed such machines were New South Wales and the Australian Capital Territory. By 1997-98 Western Australia was the only state that did not have gaming machines in clubs, hotels, taverns and bars. Nationally, state government revenue from gaming activities is now heavily supported by revenue from taxation struck on gaming machine profits and levies applied to gaming machines across the nation. In 1997-98 poker or gaming machines of some type were the source of some \$1.7 billion, or 46 per cent of gambling taxes and levies for state and territory governments.

The Gaming Machine Act of 1991—and again I am referring to this article by the library—introduced gaming machines into Queensland after a long period of unsuccessful lobbying of successive governments on the part of organisations such as the Licensed Clubs Association, which declared in 1981 that many of its member clubs were in dire straits and would need interest-free government loans to remain solvent. A Morgan Gallup poll in 1981 suggested that over 60 per cent of adult Queenslanders were in favour of the introduction of gaming machines in the state.

A striking feature of the pro-machine lobby in Queensland was the estimated \$100 million in taxation that would be paid to the New South Wales government between 1980 and 1990 through Queensland residents playing machines in seven licensed clubs in the Tweed Heads area. That was the basis of a lot of the argument and debate that went on at the time.

On the one hand, there were those people in our community who were genuinely concerned about the introduction of poker machines. People could see the benefits of having a venue where people could go to enjoy family lifestyle and involvement in a good, safe and secure environment. On the other hand, there was also very serious concern about the effects of increased gambling and the effects an additional form of gambling would have on the community. Many people had seen what had happened in New South Wales—the deleterious effects as well as the beneficial effects. There were very genuine concerns about the effects of poker machines on our communities socially and also economically. Depending upon how much of the profits return to a community, gaming machines take a certain amount of money out of a community. That goes to the government of the day, and the concern is about how much of that is actually returned to the government of the day.

I often hear shopkeepers say that there is just not the money around to be spent in the shops these days because of probably two things: firstly, the proportion of people's weekly disposable income that they are actually spending on the poker machines or in the venue where those machines are located. That transaction money is being transferred from perhaps the purchase of clothes, food, furniture or other things for the household to spending on leisure. A portion of that spending on leisure—the part that is taken off in gambling taxes—goes back to government. Then the people have

to hope that they get their fair and equal share of that coming back to the community in the form of government services, infrastructure or particular grants. That has always been a concern.

I know that at the moment many communities are struggling with a lesser amount of money being spent in their areas because of the increased cost of petrol. People say that a certain amount of money used to be spent in their community two years ago, but with increased petrol prices that money is now going to Saudi Arabia, Indonesia or wherever the petrol is sourced from. Those are two of the effects on a community. There is also the effect on a community of the transfer of money. When poker machines were introduced no new money was printed. There was still the same amount of money to go round in the community, but the money that was fed into machines was diverted from a number of other areas of spending.

Some of the clubs have a wonderful environment. I would be the first to say that having poker machines has helped some of the clubs in my area. In other cases, clubs are really struggling. We can see it in town after town. Since the implementation of poker machines some clubs have been successful. A regional city will end up with one big megaclub and the other clubs a little bit below it fold or are forced into all sorts of circumstances to try to survive. Sometimes we see reasonably successful medium to smaller clubs that have been careful, that have not expanded their premises, that have understood their clientele and what their market niche is, and that have been able to use the poker machines prudently to improve their facility and to provide additional opportunity. Of course, most clubs have had to introduce poker machines because if they did not, then someone else down the road—say a competing bowls club—would introduce them and people would go there and not patronise their particular bowls club.

The introduction of poker machines has had its pluses and minuses. The benefits for some clubs have included the opportunity for people to be able to go and have a meal on a Friday evening at a nice family club facility. Very often the meals are at a reasonable price, but we have to consider how much price discounting has gone into funding large facilities and how much actually goes back to the community to help, for example, junior clubs, sports clubs and various other community groups that need some assistance.

When the poker machines were brought onto the club scene, we certainly saw a large proliferation of poker machines and, as I said, some clubs moved fairly dramatically to build larger facilities. Some have been successful and, sadly, some have not been successful. It is quite sad to go to some towns and see that sporting clubs have not been able to continue to exist—they have been forced into liquidation—either as a result of expanding too quickly or because another major club has taken the bulk of the business.

With the introduction of poker machines we saw hotels going through a stage of uncertainty and financial downturn which was probably somewhat akin to the downturn that they suffered after the introduction of drink-driving laws. I think we all agree that drink-driving laws had to be introduced. The majority of hotels in Queensland are family-owned businesses. We must always remember and respect that these are people who have bought businesses on the basis of existing rules and existing risk. They are people who have had to put in a lot of hard work and long hours and days in order to, firstly, make the business profitable so that they can repay their loans and, secondly, to provide convenience and friendship to their customers. Like clubs, a hotel can provide a very important community benefit. A hotel is somewhere people can go to meet and talk to their friends and have an evening meal. Generally, clubs are an important part of the social infrastructure of our communities.

As the arrangements were put in place for hotels to be able to have more poker machines and poker machines of different coin denominations, we eventually saw that hotels were able to do something about refurbishment and about improving their actual structure. I do not think there would be a member of parliament who has not noticed that in the last two or three years, particularly in some of the CBD areas, hotels were becoming derelict and were in need of modernisation and improvement. They were not able to achieve that strictly on the basis of the sale of food and beverage. The increase in the number of machines that they could introduce and the denominations of coins that those machines could take enabled a large number of hotels to bring about improvements. It has been good to see that as a result many of our towns have been able to provide good, modern, first-class and, in many cases, world-class facilities.

The difference between hotels and clubs—and maybe the advantage that hotels have over clubs—is that people do not have to pay a membership fee to go into a hotel. People can walk into any hotel off the street without having to be a member or be signed in by a member, as is the case with clubs, and we all understand that that is part of the proper purpose of clubs.

That is where we are at the moment. It is probably fair to say—and I have some figures here that I will go through shortly—that in recent years there has been a relatively large increase in the percentage of poker machines in hotels compared with clubs. This legislation is really putting a cap on the number of machines in hotels and it is not doing the same in the club area. If people genuinely believe that there is a social problem, they would have to argue that there are enough machines in

Queensland, that there needs to be some rationalisation. After virtually 10 years of the usage and implementation of poker machines, it is time to take a breath and say, 'How big is the gambling problem? How much of people's family incomes is being used in this area?' Then it is time to look across-the-board at both hotels and clubs.

Sitting suspended from 1 p.m. to 2.30 p.m.

**Mr HORAN:** Prior to lunch I gave the House the history of the introduction of poker machines and their effect upon communities, which is the basis of this bill, that is, applying a reasonable handbrake on the number of poker machines so that gambling addiction, excessive use of poker machines and the community feeling that there are too many poker machines can be addressed. We need to ensure that we do not have a never-ending increase of poker machines. However, that issue is one of the fundamental flaws in this bill, because it provides that capping process on only one section of the industry, that is, hotels. If there was genuine concern that there are too many poker machines, then surely the capping process should apply across the industry. When summing-up the debate I ask the minister to explain why the capping is applied only to hotels and not other segments of the poker machine industry. If there is genuine community concern that there needs to be a handbrake applied to the number of machines, the growth of machines and the viability of both sides of the industry, we have to question why this measure applies to only one side of the industry.

In 1992 clubs had 3,730 poker machines, or 83 per cent, and hotels had 743, or 16.6 per cent. Earlier I spoke about how hotels were doing it tough in trying to compete against clubs with that percentage of machines. Over the last nine years it has now got to the stage where clubs have 18,536 machines, or 58 per cent of the total, and hotels have 13,360 machines, or 41.89 per cent of the total. There has been very substantial growth in poker machine numbers, but there has also been growth in the percentage of machines located in hotels as compared to clubs. Clubs still have the bulk of poker machines at 58 per cent. Now that hotels have 41 per cent or 42 per cent of machines, it is a lot more balanced than it was in 1992. That is the point I am making to the minister about the capping process. If we are genuine, it is about the total number of poker machines available throughout the state. There needs to be a balance between clubs and hotels so that each can have a fair go. Over the past 10 years poker machines have been located in both facilities. It was thought that not having machines in sufficient numbers or sufficient coinage denominations in hotels was detrimental to that industry. However, it has moved closer to a system of balance. I look forward to hearing the minister's comments in relation to that.

This bill gives force to the objective of the Gaming Machine Act 1991, which ensures that the state and community as a whole benefit from gaming machines. It establishes the Major Facilities Fund, which has been created to finance major sporting and cultural developments of statewide significance and associated infrastructure. That all sounds very nice until we move to the next part. The Lang Park redevelopment is the major public sporting development to benefit from the Major Facilities Fund. This is the facility that the community has been concerned about. This is the facility that has created this new tax, the major facilities levy. We were told at the last election that there would be no new taxes. However, this is a completely new and separate tax. There is the gaming machine tax—

**Mr Mackenroth:** It's not a tax; it's a levy.

**Mr HORAN:** Just the word has been changed. If people have to put their hands in their pockets to pay this levy to the government, what does the member think it is? Just because the word has changed from 'tax' to 'levy' the government thinks it can get away from saying it is not a new tax. Of course it is a new tax. It is a new tax altogether created for the purpose of the Major Facilities Fund.

**Mr Mackenroth** interjected.

**Mr HORAN:** This money will go to Lang Park. About \$110 million was spent in 1993 to build a magnificent grandstand on one side of the ground, yet the government wants to spend another \$280 million. Wherever one travels around Queensland people are asking why so much public money has to go into a facility in Brisbane that many people will not be able to utilise. Many people believe that that money should be shared around the state so that people are able to get decent facilities in their towns.

**Mr Mackenroth:** You were going to build one at Hamilton.

**Mr HORAN:** There was only a proposal. It was not going to cost any money, and we did not build it. So there you go. Wherever you travel people have concerns about the redevelopment of Lang Park. At a time when so many other things are needed which would provide jobs and ongoing work for people, particularly young people, this money will be spent on this major facility right in the centre of Brisbane. Communities that need roads, communities that would like to see their police have more cars and equipment, communities that want weirs or dams built which would provide real jobs in the area, communities that want to see improvements to schools or hotels, and communities that want decent facilities in their regional and suburban areas are asking why all of this money has to be spent on one facility when so many other things could be done with the money. The amount of money being spent

on the Lang Park redevelopment would probably put in place about 50 decent indoor facilities for young Queenslanders right around the state in suburbs, towns and districts and provide something that would be of lasting benefit to everybody around the state.

The Major Facilities Fund will be financed by the new levy introduced on the profits to category 1 licensed premises, that is, hotels whose profits on poker machines are above a certain amount. Amendments in this bill will also place a cap on gaming machines in category 1 hotels by removing the scope to accept applications for gaming machines. There are also amendments to decrease the number of approved gaming machines at premises where they have not been operating the approved number for a determined period.

The minister's second reading speech revealed that the bill was to address community concerns about the recent rapid growth of gaming machines in Queensland. It also revealed that continued growth of gaming machine numbers and profits which occurred in hotels was contrary to community wishes. That is the point I made earlier. This legislation is discriminatory. It is discriminatory because it puts a handbrake on hotels. It virtually says that the community concern about poker machines is restricted just to hotels. It is not restricted to hotels; it goes to the availability and total number of poker machines. It seems so discriminatory to be doing this to the hotel industry alone, while the government does not seek to have the club industry take any responsibility for this social concern.

The National Party acknowledges that gambling has had a place in the Australian way of life. It is an enjoyed form of entertainment that most players undertake responsibly and within their means. The expansion of the tourism and hospitality industries has provided thousands of employment opportunities for young Australians and has generated considerable wealth for the benefit of the whole community. The government has been able to increase the supply of goods and services because of the revenue flowing from charges and taxes on all forms of gambling activities.

A large percentage of the adult population actively enjoys participating in one or more forms of gambling, and some do so on a regular basis. The fact that many people take part in gambling and do so in a responsible and enjoyable manner is a positive aspect of this important social issue. But there is another feature of the gambling practice that has been substantially ignored in Queensland by the Beattie Labor government.

From 1 July 1998 to 30 June 2000 the Labor government increased revenue from gambling machines by a huge 67 per cent or \$124 million. It was happy enough to cream off the substantial revenues generated from gambling, but was and is guilty of neglecting the casualties of the industry. The Beattie government's response was to allocate a mere \$1.8 million for issues associated with gambling, while the Productivity Commission estimated that 2.3 per cent of the adult population in Queensland had a gambling problem. Therefore, National Party policy reflected a commitment to a positive program to ensure responsible gambling in Queensland, to support family life and to strengthen personal relationships. That is why our policy also provided a commitment to allocate an additional \$14 million over four years to address this major social issue.

I will give some statistics on gaming machines in Queensland. In May of this year, 623 clubs had a total of 19,072 gaming machines, while 725 hotels had a total of 15,882 gaming machines. Those figures update some figures I gave earlier for 30 June 2000. Honourable members can see that there has been an increase in the number of gaming machines in Queensland at the end of June last year.

In 1999-2000, gross machine gaming revenue from clubs was \$516 million, in comparison with \$355 million for hotels. In 2000-01, the estimated actual gaming machine tax revenue totalled \$281.7 million. That is anticipated to rise next year to \$322 million. On the basis that 8.5 per cent of taxation goes to the community benefit fund, an estimated \$24 million was collected in 2000-01 for this fund. In addition, clubs with more than 50 machines must submit a community benefit statement. The first of these is due by October of this year.

I guess many members have a lot to do with the community benefit fund because of the support letters we receive and the various organisations that come to us for some supporting brief to assist them with their application. I think one of the successes of the fund has been that each grant is limited, which has resulted in money being made available to a larger number of organisations. The cap used to be \$15,000. Recently the cap was raised to \$30,000. Applications can be made for grants over \$30,000, but each grant being limited has enabled a lot of organisations to apply successfully.

Very often, for the average club or organisation that small amount of money—it might provide for a computer and some printing equipment, a course or a small asset—can make all the difference in the world, without making the club totally reliant on government money and enabling the club to keep its own particular ethos. I think it has been a great benefit indeed. The Gambling Community Benefit Fund is expected to receive about \$30.5 million in 2000-01. Between the first round of grants in June 1994 and June 2000 the fund has been used to partially finance 14,426 projects, at a total cost of more than \$111 million.

On top of the funds that come via the government through the community benefit fund there have been a lot of direct community contributions. I think particularly of the clubs association. It has given funds to major projects. The brief from the Parliamentary Library talks about funds given to the Royal Flying Doctor Service, the Central Queensland Helicopter Rescue Service and so forth. Likewise, the QHA has run particular fundraising programs for the Princess Alexandra Hospital Foundation.

I mention those hotels that have provided over the years for many sporting clubs. I think we all know of examples from our own electorates. They support the local cricket club, touch footy, netball, junior soccer or whatever. That has been a very important contribution to the community. When people talk about hotels being owned privately or by a company, they often forget what that facility puts into the community—those owners who are working to pay off their hotels but at the same time supporting their local communities.

I raise a couple of issues regarding the caps that will be applied to hotels. I refer to developing areas. One such example is Highfields, to the north of Toowoomba. It is a growth area. A new tavern has gone in there. In a greenfield site, where totally new suburbs are being developed, it will be necessary in many cases, as part of that community social infrastructure, for a tavern or like facility to be able to apply to have gaming machines so that it can provide the range of entertainment and hospitality that hotels in the nearby town or suburbs would have.

The issue relating to high-growth areas needs to be addressed. While numbers may be capped, if an area changes dramatically—it may suddenly change to a high-density growth area which changes the population structure of the area; it may be a new subdivision or a greenfield area—these places will need to be able to apply for a gaming machine licence. I am quite sure things can be controlled and restricted. Completely capping numbers for hotels means that facilities will not be able to provide for a new growth area and their community amenity will be lost.

I refer to the comments of some of the people in the hotel industry which adequately describe the dismay of the hotel industry at discovering how the Lang Park redevelopment was to be funded—through this new levy, this new tax to be introduced on hotels that had a winning turnover of a certain amount. In the *Courier-Mail* of 9 May the general manager of the Hedley Liquor Group, which runs nine hotels in Townsville, Cairns and Innisfail, said that he would not be as angry if there was some benefit for north Queenslanders. He said that the irony was that the government seemed to be slugging hotels which were in some cases 2,000 kilometres away but leaving the sporting clubs alone, when they are the ones that will benefit from Lang Park most of all. That is the feeling of people in the north.

Jan Dooley, who runs Dooleys in Fortitude Valley—they are great sponsors of everything Irish—said that they do sponsor practically everything that is Irish and put a lot back into the community. She said that it would be interesting to see, in light of what Dooleys earns and what some of the clubs earn, which is putting more back into the community. They are examples of the way this tax has been levied on one part of the poker machine community and the way in which the capping process has been applied to one part of the poker machine community.

Look at the growth that has occurred over the past nine years. I read out those figures in relation to the percentage of machines at hotels—an increase from 16 per cent to just on 42 per cent by the end of June 2000. If there was a graduated way in which the restriction or the handbrake on the growth of poker machines could be applied to both—even if it was applied to one more than the other—that would be fair. It would be fair if the levy that will go towards Lang Park was contributed to by both sides of the poker machine industry, not just levied on the one. What has, in effect, happened is that the levy has been added to the tax that is already paid. So the full contribution to the Major Facilities Fund is being made by one section only of the poker machine community, namely the poker machine businesses.

**Mr Mackenroth:** Why don't you move an amendment?

**Mr HORAN:** Those are the facts. That is what is happening. The minister interjects, but he cannot run away from the fact that there is discrimination in these two areas.

The one thing about Lang Park and the one thing about the levy there is that this money is being used totally to fund the loan that is being taken out by the Lang Park Trust. The funding of \$280 million is being split into two amounts. One is \$45 million, for which the Lang Park Trust will be responsible and which it will repay from the proceeds or profits it makes from running the facility. That may be from sponsorship, food and beverages, gate takings, rentals and so forth. The other \$235 million, which will also be a loan taken out by the Lang Park Trust, will be repaid purely and simply from this new tax—the pub tax, the levy on the hotels. So this is being levied on one particular segment of the community; it is public money that will be going purely and simply to Lang Park. How many years we would have to wait to see that go to any other facilities nobody knows. But if in the order of \$14 million is raised each year, at best that will pay only the interest on the \$235 million that has to be

raised. So this could go on for decades before any funds are made available to any other organisation or any other major facility within the state.

It used to be that, in Queensland, we were able to build major facilities without a new tax. We were able to develop facilities like the Gabba. We have been able to raise funds, like the \$110 million that went into Lang Park during the 1990s. That was all able to be done from within the capital works funding of this state and within the existing taxation levels of this state. But here we have a government—

**Mr Mackenroth:** You're the mob that went around the state whingeing—

**Mr HORAN:** The minister will get his turn later. Here we have a government that cannot do it. It is already reducing capital expenditure in the state. Last year, \$286 million did not get spent. This year, the capital works budget of the state has been reduced in order to build this facility. Previous governments have been able to build facilities such as art galleries, lyric theatres, roads, railways and other important facilities around the state. Whether it was the foreshore of Townsville or any other facilities around the state, previous governments were able to fund them without a new additional tax. But here we have a tax-and-spend government, and it does not have the money to do it.

**Mr Reynolds:** The foreshore of Townsville was funded by this government. The Strand was actually done by this government—\$15 million worth.

**Mr HORAN:** The people who put in the money for the foreshore at Townsville were the coalition government. We put that into the 1998 budget. It is probably one of the greatest things that Townsville has ever seen—thanks to the foresight of the coalition government to put that in the budget in 1998.

**Mr Cummins** interjected.

**Mr HORAN:** I hear members saying that they want capital infrastructure taxed more. My point is that we have been able to have capital infrastructure without more tax. This government is spending and spending and spending without being careful enough to leave in the right compartment enough money for capital works spending. Every other previous government has been able to build all the necessary facilities time after time without new taxes. But suddenly, with this tax-and-spend government, the money is not there; so it just whacks on another new tax. So I guess that every time someone comes up with another idea there will be another new tax whacked on something else.

**Mr Cummins:** Because we're not taking it out of hospitals and schools, are we?

**Mr HORAN:** We were able to build hospitals. We were able to double the amount available for hospitals. We doubled it from \$1.2 billion to \$2.4 billion, because the money provided previously was not adequate. But we did not have to impose a tax like this.

This is an issue that I believe everyone wants to address, namely the issue of social responsibility regarding the number of poker machines. How do we get that balance whereby we can provide for adequate entertainment and hospitality? How do we get that balance whereby there are enough machines so that clubs can run in a satisfactory way and provide the necessary amenities and facilities for their members? How do we provide enough machines so that hotels can maintain their facilities with refurbishment or rebuilding so that they are of the type acceptable to their communities? It is important to be able to do that while maintaining a handbrake on the growth in number of machines so that we do not see a proliferation of machines and a proliferation of spending on poker machines at the expense of things on which people should be spending their family budget.

So that is one aspect of this issue. And it is happening in a discriminatory way, because only one segment of the industry is being affected by the capping, that is, the hotel industry. And any particular pain is not being shared around. Even if it had to be shared around on a relative basis, that would be fair. Bear in mind, of course, that hotels are restricted to a maximum of 40 machines, and the restriction on clubs is 280 machines.

The final aspect of this issue is the new tax—the pub tax—that will provide for the reconstruction of Lang Park. I doubt that this tax would ever have been introduced except for the fact that the government came up with the idea of the redevelopment of Lang Park. It had no idea how to fund it, and there was no money available to fund it. It had made the decision to redevelop it, but it did not have the cash or the wherewithal to go ahead with it. It even made stupid statements such as that it was not going to cost the public one cent. Of course it is. This is taxing a segment of the Queensland industry. So it whacked on this new tax to tax the publicans. It is a discriminatory tax, without the burden being shared around by all those involved in the industry.

There are some components of this bill that we support. We do think it is time to look very responsibly at the social issue of the number of poker machines. I doubt that there is one member of parliament who would not want to look at that issue in a careful way to try to ensure that people in our community are spending money where they should spend it and that they are spending it responsibly. But the way in which this bill addresses some of those issues in a discriminatory way is completely wrong. That is one of the very important aspects of this particular bill.

But the thing that we really object to is the levying of the new pub tax—the new levy—just to pay for the redevelopment of Lang Park when any other government would have been able to put in place proper capital works funding mechanisms that would have seen that particular project—or better still, projects all around the state—go ahead. So this is a tax-and-spend government that has no idea where the money is coming from. So it is going to whack on a new tax. That is our major objection to this bill.

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