



Speech by

HOWARD HOBBS

MEMBER FOR WARREGO

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TAB QUEENSLAND LIMITED PRIVATISATION AMENDMENT BILL

Mr HOBBS (Warrego—NPA) (2.41 p.m.): I am pleased to speak to the TAB Queensland Limited Privatisation Amendment Bill. There are a number of issues in this bill. The bill might be small in stature, but it is certainly big in importance to racing in Queensland and to the future financing of racing in Queensland.

I would like to take members back to the original privatisation of the TAB in Queensland. It is well recognised, except maybe by people on the other side of the chamber, that the TAB deal was a lousy deal for the racing industry overall—an absolutely lousy deal. I think that is recognised in the industry. The figures go roughly like this. I think the original TAB was sold for about \$320 million. After making some payments for the industry—paying off some debts—I think there was about \$280 million left in the Racing Development Fund. That went to Treasury and stayed there. That money was then used by the government for its own purposes; it was not used for racing.

There was then a 15-year contract with the TAB that is now called UNITAB. That was to go for 15 years to 2014. In that period the state government—the Treasury—was to get about \$50 million a year, which has now risen closer to \$60 million. I think that is what they got last year. When you combine what the state government got out of the TAB and consider the ongoing revenue for the balance of that 15 years, there is nearly \$1 billion going to Treasury from the TAB privatisation. From the Treasury's point of view it is a fantastic deal—an absolutely fantastic deal. The problem is that the deal which the racing industry got—the money going back to them—was very ordinary. That figure was about \$90 million and now it is up to about \$104 million or \$105 million. That is what the industry gets. It is worked out on a percentage. The member for Toowoomba South outlined the relevant formula.

A fixed amount changed after a number of years to a percentage. That percentage is now virtually floating; it is dependent on the turnover of the TAB in Queensland. It was not enough. It just was not enough to keep the industry going. When you compare the returns from the TAB equivalents in other states, the returns that those racing industries are getting are far in excess of what we are getting in Queensland.

The Labor Party in Queensland lament that we do not have the gaming portion included in that TAB deal that would have made it better, as other states have. This was a chance for the Queensland government to make up the shortfall that they were talking about. They did not do it. Even the business section of the *Courier-Mail* made mention of the fact that Crusty the Clown could have got a better deal out of this than the Premier did. They were talking about \$25 million-odd, whereas it appears as though we are getting up to \$10 million over the next three years and Treasury will get about another \$5 million. Again, the Treasury does not miss out. At the end of the day, the amount of funding that is required for the racing industry is far more than it is getting now, even with that additional money.

It seems to me that the Premier has gone for the headline rather than the bottom line on this one simply because he has all the things that are not really that important, such as the headquarters here in Brisbane. That is fine, that is great. How long will it be here for? They talk about increasing jobs. Can somebody on the other side of the House tell me of any big amalgamation like this where jobs have been increased? They have been reduced every time.

Look at the acquisitions that have been made by the banks involving companies of this size. When they get that big, they reduce jobs. There is no way in the world they are going to increase jobs in Queensland. Sure, the CEO will have a holiday home at the Gold Coast, and they will have their three meetings a year in Brisbane. They are all superficial things, media type things. There is no

substance to them. There is nothing there that is going to put money into Queensland. To me, something smells about this whole thing.

This morning the Minister for Primary Industries talked about the sale of Telstra and how bad that was. I presume he was saying that taxpayers' money was being sold off. While UNiTAB had already been sold off, we are here today with legislation. We still have control to a certain degree. In a way, we are selling off a state asset for a handful of silver. Sure, these are going to be great shares to buy. I would recommend that everybody go out and buy these TAB shares, because they will be good—thanks to the taxpayers of Queensland. They are giving a great gift to all those who have the shares. The Queensland Labor Party is giving the shareholders a dividend up front with this legislation before us today.

The racing industry is arguably the third or fourth biggest industry in Queensland. Whatever the case, it is damn big. There are a lot of people involved in the industry. We have a duty to ensure that that industry is run efficiently and smoothly. I have no problem with restructures or new boards and the like, and I have no problem with the Queensland Racing philosophy. But first of all it has to be set up right. We will not go into that long debate again. I do not believe it was set up correctly. If they can get efficiencies, that is great.

Any fool can sack people and slash races and then say that they have made a profit. That is not hard to do. Down the track the board still needs to be able to make that work, and its challenge will be to ensure that it keeps a lean machine. That is where the challenge lies, and let us hope that it can meet that. Earlier in the debate the member for Mansfield said that we on this side of the House believe that there needs to be support for the racing industry and the fact that we will put prize money into racing. It is not a matter of prize money; it is a matter of supporting the industry.

Mr Reeves interjected.

Mr HOBBS: That is not true. Incidentally, the government puts money into Indy. How much of the money that is put towards Indy is prize money? Tell me! How much of the money put in by the government for Indy goes towards prize money?

Mr Reeves: The money for Indy goes into infrastructure.

Mr HOBBS: So there is no prize money involved at all, is there?

Mr Reeves: No.

Mr HOBBS: There is, I am afraid, old mate. That happens elsewhere across-the-board. Arts funding goes into prize money. All sorts of things go into prize money.

Mr Reeves interjected.

Mr HOBBS: It does go into prize money. Of course it does at the end of the day. It is the same with racing. With that money the government can build infrastructure to make the facilities better. It is the same thing.

Mr Reeves interjected.

Mr HOBBS: It is not a matter of putting money into prize money. It is a matter of having a better structure so that prize money is increased. Increased prize money will attract trainers, owners and their horses and as a result people will go to the races. It will be a far better structure. What the government has done is compressed it, and it will take many years to rectify itself. The government had the opportunity.

Mr Reeves: People in the country don't go just because of XYZ horse; they go there to have a good day out regardless of the horses that are racing.

Mr HOBBS: That is right. What is the member saying: that there are lesser class races in the west?

Mr Reeves: What I'm saying is you don't need the money.

Mr HOBBS: So how are we going to attract owners and their horses there? After having to travel 200 or 300 kilometres to take a horse to a race meeting and feed it for a month, they would come for \$10 prize money! The member has to be kidding. Obviously he has never owned a racehorse. I have a few, and there is a need to get prize money at times otherwise it is just costs money. The government's present plan of giving clubs up to \$5,000 to hold a race meeting is an absolute joke. Some clubs have been in a position of having some money up their sleeves and have used that money to try to increase the prize money, but as soon as that is gone it will all be over. They will not be able to keep going. That is the disappointing part of it. This is an opportunity for the government to give the industry money instead of giving it to the shareholders. Why does the government want to boost the profits of the shareholders of the TAB based in southern states when it could put it into Queensland? Why? Can somebody explain that to me? I just do not understand why the government is doing this. I think those opposite have been taken with the Premier's headline; as I said before, they have not had a good look at the bottom line.

As the member for Toowoomba South adequately pointed out, the whole structure of racing in Queensland at the moment is changing with Sky Channel and the TAB. Basically it is the tail wagging the dog. It is not the racing industry which will work out where it races, how it races and when it races. At the end of the day, that will be dictated by people from Victoria and New South Wales and maybe a token representative from Queensland. I have no doubts that having a bigger pool is good. I have no problem with the overall concept; rather, the structure of the deal does not seem to me to be as good as it could have been. We have had access to limited information. I have to say that we have been limited with our information. Obviously having a bigger pool will create additional funding. I am not opposed to the sale per se, but I am certainly opposed, from what I have seen at this stage, to the freebies that this government, through Queensland taxpayers, is giving to the shareholders of the TAB who live in Victoria.

Mr Reeves: What are you talking about?

Mr HOBBS: I am not going to repeat it again. That is exactly what the government is doing.

Mr Reeves: They are two private companies.

Mr HOBBS: That is right. Basically we are here today to debate legislation in Queensland that we have some control over. If we did not approve this—

Government members interjected.

Mr HOBBS: No, we do not. That is not the case at all. If we have some control over this, we have a bargaining chip. I just do not believe that there is a good enough deal in this. What the government is basically doing is virtually handing over taxpayers' money. It complains about Telstra being no good. This is exactly the same thing.

Mr Livingstone: Rubbish!

Mr HOBBS: No, it is not. It is exactly the same thing.

Mr Reeves interjected.

Mr HOBBS: Telstra is already half privatised.

Ms Nolan interjected.

Mr HOBBS: That is okay. The government has already sold this, and it is selling it twice. It has already sold it once and got \$280 million.

Mr Reeves: You supported the sale of the TAB. You voted for it.

Mr HOBBS: I have no problem with that. But let me clarify that: we supported the sale of the TAB. However, what members have to remember is that the deal at the end was no good, but it was the only option left.

Mr Reeves: The deal would have been a whole lot better if the member for Moggill had done the pokie machines properly.

Mr HOBBS: I take the member's point. But the point is this: this is a chance for the ALP to fix that problem. If it says that it is a problem, this is its chance to fix it. So it is giving it away for 10 million lousy dollars. For heaven's sake, man! Can't you see the wood for the trees! This creates the third or fourth biggest company in Australia, yet this government is handing it over. For God's sake, there has to be a bit of reasoning. All it is looking for is a headline. It cannot even see what is happening to its own people. No wonder the state is going broke all the time. The other day Mr Mackenroth—

Mr Reeves interjected.

Mr HOBBS: Of course they are broke. No-one really believes what the Treasurer said the other day. Members opposite would have to be kidding if they think that people really believe it.

Let us look at where we are going. Racehorses and trainers are heading south. Why are horses and trainers leaving Queensland? Because the prize money is no good. They are going down south because there is more prize money. I know that we are trying to make some changes to the racing industry to improve that, but the government is not going to fix it all and has thrown away the last lifeline it had. It has been caught entirely out. It is quite extraordinary, quite frankly. This was a good opportunity. Earlier I said—and this is important—that the bigger pool would be better, but the government should have got a better deal out of it, and it could have got a better deal out of it. That to me is very simple. Overall, we should look—

Mr Reeves interjected.

Mr HOBBS: We will wait to see. Those in the chamber can look back in time after a few days, weeks and years to see just how good this deal is. I want to remind members about the good deal the Premier talked about with AMC. Do members remember Gladstone? Do they remember that one? He handed over \$150 million—150 big ones—from state Treasury. Guess what? It is lost! All gone! Some \$50 million came from Queensland taxpayers and was lost, because he was more interested in a headline than the bottom line. In this case he is more interested in a headline than the bottom line. He

is more interested in getting the headquarters here for three years and for the CEO to have a holiday house on the Gold Coast than getting a real deal for racing.

Mr Reeves: What have you got against the Gold Coast?

Mr HOBBS: Clearly, the member has not read the bill. As the member for Toowoomba South said, we will be supporting this legislation on the basis that it will give us a bigger pool. However, we are disappointed that a better deal was not made.