



Speech by

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RACING AMENDMENT BILL

Mr HORAN (Toowoomba South—NPA) (2.55 pm): This Racing Amendment Bill is a very important bill because of the importance of the racing industry throughout the state. It is a huge industry, often quoted as being perhaps the third biggest industry in our state. Certainly in my electorate of Toowoomba South, it is a massive industry, with some 600 horses in work, and the number of people who are employed directly and indirectly is huge—from track work riders and stable hands, to the produce and float carriers, to those who work in the gambling area, to those who work at the racetracks, to the huge breeding and stud industry on the Darling Downs. That is replicated throughout the state.

Racing provides a huge input into our economy. Racing provides a huge input into the social life and social structure of our communities, be it big city meetings or the bush meetings that occur only once or twice a year. Also, of course, racing provides income to the government—and always has done—through the percentages that are taken from gambling, from the TAB and so forth, and other associated taxes and charges.

Racing has had various systems of control that have evolved over a period of time. It began as a principal race club system and progressed through different systems. It then developed into, most recently, the Queensland Thoroughbred Racing Board. Today, we are considering a system that will take the Queensland Thoroughbred Racing Board to a company limited by guarantee.

The opposition has some very real concerns. For many of the reasons that I outlined at the start of my speech, there is a need for government involvement in racing in terms of checks and balances. Government needs to look after this huge, great and important industry. It needs to ensure that the probity is right every step of the way because of the huge amounts of gambling funds that are injected into the industry. Probity is important in maintaining the integrity and the confidence of the industry with everybody who is involved—not only those who are directly involved but also those who are indirectly involved through visits to the TAB or to the bookies.

Due to its unique importance, there has always been the need for some form of political checks and balances, and I suppose no more so than in recent years when one considers the hammering that country racing has taken. People in areas who have supported their race clubs with voluntary work on the committees, with voluntary labour, with raising of the necessary sponsorships and funds, were virtually wiped out overnight when almost 200 race meetings a year were culled off the program of Queensland country racing.

One might well put forward an economic rationalist's argument that if they cannot stand on their own feet or they are not viable for one reason or another, why should they continue? Well, all of racing is propped up by proceeds that come from the TAB. That is the basis, the fundamental foundation, of racing.

One could argue that some of the big clubs that provide TAB coverage earn the TAB income that comes to the racing industry. To use a Rugby League analogy, if not for junior, C-grade and country football, people would not come through to the elite levels. Country racing has always done that. It has provided some flow-through. It has also provided some flow-back the other way. If people get horses and they do not reach the expectations of the elite or high performance tracks, then they have some means of

sending those horses elsewhere so that they can continue in the industry. This provides a firm base for a broader stud industry, otherwise you simply end up with an elite stud industry. Therefore, they have been important.

We have other examples in Queensland of government support of what are seen to be very important sporting or industry events. One such example that I have mentioned previously is the approximately \$11 million that is provided to the Indy car race on the Gold Coast. That is a great tourist attraction. It is a great event that attracts many, many people. But, if we look at country racing across hundreds of meetings over the length and breadth of the state, the social benefit and importance of racing to many people—some of whom are isolated in the Gulf Country, in the cape or in western Queensland, central Queensland and south-western Queensland—should never be overlooked. Sometimes their one or two events in the year are the only events that they have in those areas, and it is very important to their social structure and to their sense of community.

I think there is a unique and important background to racing. As I said, the probity issue is very important. The economic base is important. The taxation base is important. The industry has always been based upon honorary committees which are there for the good of their club and their club membership. That is the core foundation of racing. All of those clubs—be they remote clubs, country clubs, regional clubs or city clubs—are composed of membership. The membership at its annual meeting elects people to be on that committee to give substantially of their time throughout the year as committee members, secretaries, treasurers, presidents and so forth for the running of that club.

In many instances I am talking about multimillion-dollar businesses which are run on an honorary basis. All of that energy and honorary work that goes into all of those clubs needs to be recognised and harnessed as we move to the overall control of racing to provide them with adequate input, because they are the whole foundation. They are the core—the whole basis of racing. As our shadow minister has pointed out, that is virtually cut off. That representation and that involvement right at the top in the controlling body under these arrangements is virtually gone.

I want to talk about the particular concerns that I have. I base these concerns on my argument about the need for some checks and balances and some political involvement. When the country race clubs got hammered, there was political agitation. There was agitation at the local level coming up to state members of parliament and a fight was mounted to try to save those clubs. The government got re-elected, so that fight was not successful. In 2004 we had a proposal to boost country racing. Not all of those 200-odd race meetings could have been resurrected because sometimes water cannot be poured back into the tap. But around about 150 of them could have been resurrected, and we were proposing a fund for that. That is an example of recognition of something that is worthwhile. It is recognition of an economic and a social base. It is recognition of the nursery of the industry which leads to the strengthening of the industry—those trainers or owners that move forward to regional areas. Without all of that, what will happen to the sport?

We have now moved to this system of a private company limited by guarantee, so we will have racing in the total control of a private company. Gambling is in the control of a private company—UNiTAB. I think it is worthwhile canvassing some of the concerns and some of the potential problems that might occur without any form of political checks and balances. The current board was set up as a regulatory body. It is there to regulate racing. It is there to distribute prize money. It is there to ensure that there is justice in the dealings with licensees. It is there to ensure that there are fair rules, but it was never set up to own and run race clubs. That is potentially what we could face under this structure. I think we have to be very careful because it is a private company, and we are not privy in this debate to the aims, the objectives and the constitution of the club. We have not been given those, but I would presume that the aims and the objectives would be fairly broad. They will be to further the interests of racing or to promote the interests of racing. Under that, it could very well say, 'We are going to take over this club because this club is in some financial difficulty.' So we will have this company owning a club, getting right away from the whole system of membership, an elected committee, an AGM and so forth.

Under those circumstances we will have a conflict of interest. The company could own a race club. It could be more concerned that that club gets better deals than other clubs. There are no checks and balances to prevent that from happening, because the company could say, 'Under our constitution we are there to promote racing. We want to see this club go well. We have a vested interest in it.' It would then, in part, move from a regulatory body to a race club. It is entrusted with all the money for the industry. All the money for the industry is entrusted previously through the authority and now through this private company. As I said, I imagine that if a club is in trouble a company could bail it out. There may well be a price to that bailing out. The company may wish to take it over, saying that it does not have confidence in the wellbeing of the industry and that it needs to do that.

Let us say there are negotiations between the company and the TAB in the near future. There could be pressure from the TAB saying, 'We want more product from particular clubs.' Let us say it is the Gold Coast and the Brisbane club to the exclusion of other clubs. They may well be tempted to do that because they can see possibly some bigger earning capacity through doing that. At the same time, it is not beyond the realms of possibility that UNiTAB gets taken over by Tabcorp. So we could have this private

Queensland company that runs racing in Queensland negotiating with a Victorian company about product, because that is what it is about. It is about the product. Or it might be Sky Channel that says it wants to buy a share of this company or take over the company or put pressure on it.

Anyway, let us stick to my original example. Say the company is negotiating with Tabcorp, which has taken over UNITAB. So this Victorian company says, 'We are only going to provide certain racing for the best product that we can get to advance our product and to get a bigger return for the shareholders. That is Gold Coast racing and Brisbane racing, and we want more of that. We want more of your prize money to go there because we want more interest in that. We want more black type racing there. We are not really interested in regional racing. You have to divert more prize money there.'

In the meantime, as it is a company there are executives working for the company who are on key performance indicators and they have to deliver to the board. For example, a key performance indicator might be that they have to return a particular profit or they have to use product to its greatest advantage. So they say, 'That is the way to go because that is going to fit in with my key performance indicators. That will bring some more turnover into Tabcorp. They are going to provide more money to us.' They might have said that they will not cover this or they will not cover that, or somewhere in the negotiations Sky Channel says, 'We're not going to cover that because we only want to cover this stuff which gives good product to Tabcorp and we are not interested in some of the regional racing. There are only two or three things that we believe the punters really want, and that will lift our turnover by two or three per cent,' and that is worth so many million dollars. That is the sort of difficulty that we will face and they are the concerns that we have about this move to a private company.

The temptation of taking over a club could extend further. We are seeing many New South Wales' leagues clubs take over sports clubs in Toowoomba. It could well be that some of the race clubs have developed some form of a club which is not going so well or some form of development on their valuable land and the next thing we see this club take over. That is the real concern that we have. We have moved away from the whole ethos of an industry based on membership, honorary committee members, advisory committees or regional authorities running racing in their areas to a system of a statutory body which is now moving to a private company. That private company will have its objects. Within those objects it will be able to do certain things. It is changing racing to the point where we as members of parliament will have virtually zero influence whatsoever on behalf of all those people in our electorates who enjoy racing, are members of racing clubs, are directly or indirectly employed by a racing club and the racing infrastructure that is so important across every electorate of this state.

Because racing is such a unique part of our culture, our economy and our society, it deserves to have those checks and balances and links within the governmental system to ensure that it is protected, assisted and supported and does not break out or burst out from what it is, what it has been and what it should always be. Yesterday in this parliament we were debating a corporation sole for forestry plantations. Even in that legislation there were links to government because there were two shareholding ministers. There are many other ways of putting together a system that provides flexibility and the ability for racing to be run as a first-class business but at the same time listening to, adhering to and abiding by advice that is coming from all those people who have decades of involvement and experience in the racing industry as members of a committee, trainers, owners, jockeys and so forth.

The real issue with this bill is that we have opened up the racing industry to change which could be totally and absolutely against what people in our electorates want and there will be absolutely nothing that we can do about it. None of us will be able to stand up and advocate on behalf of country race clubs if another 200 race meetings are closed down. All those TAB clubs in south-east Queensland such as Gatton, Dalby, Kilcoy and Esk were an integral part of the racing system. At one time a trainer in Toowoomba had 10 horses: two city horses, four or five horses that could do the midweek TAB and another couple to do country racing. That has all gone because those meetings that were so important to the viability of the industry have all gone. That is a tragedy.

This legislation takes away any ability whatsoever for members of parliament to advocate on behalf of the industry. It takes away the ability, more importantly, for the industry itself to have a say in how it develops and for the industry itself to have its hands on the levers as the industry goes through change. It will be told what to do, where the product goes, who races when and where. Then the company that controls it will be negotiating with another private company and it will all be a matter of money. There will be no community service obligation whatsoever. It will be all about money and about companies. It will end up being like some of the takeover changes that we have seen in the higher corporate world and the racing game will be the worse off for it. We will have lost the checks and balances that are so important to this wonderful industry.