



Speech by

Dr Alex Douglas

MEMBER FOR GAVEN

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RACING AND OTHER LEGISLATION AMENDMENT BILL

Dr DOUGLAS (Gaven—LNP) (12.26 pm): This bill is presented as a *fait accompli*. We are getting it whether we like it or not. Nothing in this bill is progressive or enlightening for the future of racing in Queensland. Maybe it should have been called the 'day of the execution of racing as we know it'. The minister has claimed that he has not been provided with a copy of the draft constitution of QRL, yet he is pushing this bill through on a guillotine motion today. Such is life under Labor. Nothing is sacred, nothing is sentimental and the public will have to cop it because there is no alternative on offer.

In this legislation the minister proposes, firstly, increasing the tenure of directors of Queensland Racing Ltd up to 10 years with no industry input on director selection or appointment. Secondly, licensed clubs are prohibited from dealing with their own assets. Thirdly, these assets effectively become the assets of the control body for no cost, with an ability of the controlling body, Queensland Racing Ltd, to direct how those assets, tangible and intangible, will be used. Finally, the minister is proposing to abolish all country racing associations and the Queensland Country Racing Committee from legislative protection.

Other than QRL, everyone is a net loser. Horse racing is about winners and losers. Most participants are losers, but they dream big. This bill is about winners and losers, too. There are far too many losers. The minister will understand this: in betting terms, when nearly everyone is a loser there will be an adjustment that the winner might not like. Such will be the case here. Under the government proposal, the provincial and city clubs under the legislation are deemed irrelevant, their assets near worthless and their franchises up for grabs at the whim of an all-encompassing, all-powerful board of Labor appointees who have effectively voted themselves jobs for life. The country clubs are deemed finished, has-beens, washed up and are not even worthy of owning their own piece of real estate, and QRL ends up the majority owner of all club assets.

Far from being given any choices, this like-it-or-lump-it version of legislation has all the hallmarks of a draconian, out-of-touch government that merely sees this much loved spectacle or Australian folklore and dreams of it becoming another cog in the chain of state income from gambling and other vices. It does so on the basis that the government has sold its share of UNiTAB. Its own effective net take from horse racing, harness and greyhounds as a share of gaming revenue has fallen to five per cent of total gaming revenue. In 2009-10 total Queensland gaming revenue was estimated at \$1.006 billion, of which poker machines contributed \$550 million. The TAB contribution was only \$35 million and has been static for years. However, QRL is driven solely by TAB turnover and is short-term focused. In 2008-09, online betting saw Queenslanders lose \$1.83 billion, which is \$5 million a day. Poker machine revenue actually increased in an otherwise flat wagering year.

In this bill the government is actually saying that it has a lot in common with those often criticised for sending slow horses to the knackery, glue factory or an Eastern European dinner table. If it cannot make money out of it itself, it will kill it for everyone else, which is what this bill will achieve. This is the concept of loving nothing, standing for nothing and anything that the masses enjoy is merely allowed under the terms of the government's totalitarian ideals.

In the minister's second reading speech, he sums it all up in paragraph 1—

It is no secret that the racing industry's capital infrastructure has become run down and threatens the competitive ability of the industry going forward.

Do members know whose watch this occurred on? Labor's. Do members know where the money from racing went? It went on ridiculous schemes and bloated contracts to build nothing of any substance, things such as the takeover of the Caloundra racetrack. And do members know what this is really all about? Well, the minister does not really know either. He has told many in the industry at earlier times that 'this is not really necessary', yet the Leader of the House says that it is urgent legislation. So why is Labor doing anything at all?

Labor wants the assets of the racing clubs to appear on the ledger of its statement of assets and liabilities as it scrambles to prove to the bankers that it still has some family silver to sell. Queensland Racing Ltd has even set up a registered company called Queensland Racing Ltd Venue Management. But do members know who really owns these assets? The race club members do, and this bill takes their assets from them.

In the case of the Gold Coast, for allegedly investing \$60 million over four years—to be paid out of a levy on revenue raised—the Gold Coast Turf Club is to give up a majority of its equity in its own real estate. This is a property worth probably \$400 million, even in this market. The minister knows this number because he is a former board member of the Gold Coast Turf Club. This has occurred after the club's revenue from on-course TAB was reduced from 12 per cent to 4.9 per cent five years ago. Only a few days of the year does this revenue make racing at all possible. The balance sheets of all race clubs in Queensland since these changes have been under extreme pressure, whilst Queensland Racing Ltd's balance sheet should have improved from \$40 million to \$100 million cash at bank on close scrutiny. No other significant controlling racing body in Australia has more than \$10 million cash at bank.

Mr Hoolihan: How? You don't know.

Dr DOUGLAS: You obviously have not read anything, member for Keppel.

Mr DEPUTY SPEAKER (Mr O'Brien): Order! Member for Gaven! The Speaker this morning issued a statement about referring to members by the word 'you', which you have just done. I would counsel you to read the Speaker's statement this morning and desist from that activity.

Dr DOUGLAS: Thank you, Mr Deputy Speaker. Yet QRL claim they only have \$32 million. Is their balance sheet incorrect? Is it under pressure? Why does Queensland Racing Ltd need to raid all of the clubs' balance sheets for money? Do they have undeclared losses? The minister ought to be ashamed of what he is trying to do to the clubs. He goes on to say in his second reading speech—

The current multiple control body structure results in duplication of effort and prevents decisions being made in the best interests of the entire Queensland racing industry.

How is signing over the ownership of race clubs to Queensland Racing Ltd in the best interests of the Queensland racing industry? One needs to look no closer than in Toowoomba, where there are now 250 horses in training, down from 750 following Queensland Racing Ltd's decision to mandate a new synthetic racetrack. There has been a massive, unprecedented increase in injuries to racehorses. Owners and trainers have been left with little alternative but to leave. Was that in the best interests of racing? Some facts might assist: grass grows on treated effluent throughout the country, and on the Gold Coast they treat the wash down water and they use the lake water on the grass, too. Toowoomba's only problem was that they were not using it. That is why the grass was not growing in a drought. It was a stupid, ill-conceived stopgap measure by Queensland Racing Ltd in Toowoomba that has had disastrous consequences. That is the track record of Queensland Racing Ltd in recent times.

The very clear assessment of most racing people is that the chair of Queensland Racing Ltd believes he knows more than everybody else when the reality is that he does not. Queensland Racing Ltd invested \$60 million in Caloundra for a zero result and then \$6 million in Rockhampton for a similar result. Racing in both of those areas has been significantly degraded. The chair of Queensland Racing Ltd should be known as the 'race club terminator' for what is occurring on his watch as the chairman of racing in Queensland.

Horseracing is obviously not everyone's cup of tea. For some, it represents the worst of an admixture of horses, gambling and human entertainment. For others, it is about the love of horses, a mathematical challenge, and an afternoon with friends for many. For others, it is a job and, for a fortunate few, it is a very good living indeed. It is an Australian tradition, certainly one borrowed from others on foreign shores. The Italians, French and Chinese have embraced it and increasingly so have the Africans outside of South Africa, South Americans and those from the Middle East. For those who are not aware, Japan and the USA currently vie for the biggest prize money on offer which is four times that of the cumulative Australian sum, and both of those countries have the biggest amount of wagering revenue in the world. Gambling is a critical part of racing because the thrill of the win drives the competitive aspect.

For the successful owner, breeder, trainer, jockey, strapper, stablehand and punter, this is everything. In the US, there is \$1.5 billion in prize money on offer, and that is a significant incentive alone.

This bill's purpose, as explained in the explanatory notes, is not reflected in the legislative changes. It is an embarrassing gloss on critical changes that diminish this great industry. It fails to state the obvious, and there are the critical changes to the board of Queensland Racing Ltd, the selection of the board, the powers of the board and the length of time board members' appointments are for. Really only one person is appointed—the chair—for he has all the power. When this is added to the fact that the industry does not have the capacity to place members on the board and country racing is all but decimated, this compounds the critical changes to Queensland racing forever under this Labor plan.

I put it both to government members and the board itself, who have put this forward as their best efforts, that not only will the board last merely seconds after the declaration of the poll result with a change of government but the changes bring great shame on the administration of horseracing in Queensland itself. I am not being so childish as to suggest anything political has to be completely bipartisan, but this bill is a nonsense. The 'take it or leave it' approach demands a serious step once a change of government ensues. Whilst I do not deny that some of the board members are keen horse people, by their actions they are not representing the diverse interests of all of those involved in racing, supporters of and those who derive their income either in full or in part from thoroughbred, harness and/or dog racing.

The actions of Queensland Racing Ltd alone are unconscionable and they demand serious action. This is a big call but, mark my words, the board are drawing a line in the sand via the government's legislation which they falsely believe there is no coming back from. I fully endorse the statement made by the member for Mermaid Beach, the shadow minister. They are seriously wrong and they need to re-examine their individual decisions to support actions of this incumbent government. The LNP will change this legislation and will resuscitate both country and provincial racing. Beyond change to the board itself and the decrees that board members will be in place for 10 years, they are dreaming. Foolishly, the board members do not realise that, once they reach their use-by date, Labor will quickly give them the heave-ho well in advance of anything that the LNP may subsequently have to do. The retrospective elements in the bill absolutely demand this action by the LNP.

The critical change in the bill that unites trainers, owners and club members are the changes that decree that the clubs themselves are irrelevant—that is, they are not franchises as such anymore, and Queensland Racing Ltd is effectively the franchisee under this proposal. This franchisee, Queensland Racing Ltd—as the allocator of race scheduling, dates, types of races, prize money and distributor of funds—will determine where those races will be held. Queensland Racing Ltd is also the regulator-administrator of the integrity of racing. So, as a first, it is both the franchisee and the regulator. Does this not then raise the issue of Caesar judging Caesar, as has been raised already? The clubs are now entirely at the mercy of Queensland Racing Ltd. This is delivered by Queensland Racing Ltd demanding that the clubs will do what QRL says and will hold the sword of Damocles over their heads. Presently, clubs are dependent only in part on Queensland Racing Ltd. Thankfully this is the case because Queensland Racing Ltd is a hopelessly dysfunctional organisation and most clubs are not.

I seek leave to incorporate the remainder of my speech in *Hansard*, as agreed with the Speaker earlier.

Leave granted.

What is presently happening on the Gold Coast should be the best example in practical terms of what this might mean. This means a privately owned race club that is private property owned by a mutual of fee paying members of the Gold Coast Turf Club on receipt of a one page poorly drawn proposal regarding a realignment of the club's facilities and a vague announcement of \$60 million of a total of \$80 million available to the whole industry on offer from QRL over four years are to agree and hand over majority ownership of the club and all its assets to QRL. To intimidate, QRL's chair Bob Bentley has demanded an immediate forensic audit of the GCTC. This closely followed actions by the GCTC who dared to raise trainers' fees to ensure the club's own survival since the club is responsible for its own recurrent costs. QRL have said the \$80 million is for the whole industry, including trotting and greyhound racing. It also has to go to other clubs as well and the money is funded by the industry itself from a levy. The public statements of the chair of QRL and the Minister would lead everyone to believe the Gold Coast Turf Club is rejecting the \$60 million on offer. That's not true. These statements are misleading and border on fraudulent.

The resounding statements from the Minister, whose public utterances in recent weeks are meek and hollow, are that the board of the GCTC is recalcitrant and failing to progress forward by not agreeing to exchange over 50 percent equity in return for a vague promise of up to \$60 million for changes that are unclear. There would be a continuing obligation of the club to fund the running costs of the club under these new equity arrangements. Multiple press releases from QRL about Rockhampton and Caloundra repeatedly refer to the clubs having to manage these costs themselves. Honourable Members, the real estate of the GCTC alone is worth \$400 million in this market. Do you really think GCTC members are being offered a reasonable deal here? How would you react if, for example, Queensland Transport told property owners along the M1 that they must exchange over 50 percent of their property's equity in return for access not onto the M1 but onto surrounding parallel roads, they weren't going to be given any money but QT deemed that they might be allowed to have a minority share in their own property. Imagine if you were one of the owners, what would you do? Justifiably everyone rejects this nonsense. This is why resumptions are under the law mandated so as to secure property owners legitimate property rights. But this is what is occurring in racing on the Gold Coast because the government seeks to legislate changes that deny the legitimate property rights of a mutual ownership group, of their own property.

Do members think they won't stare down QR Ltd? Do members think racing people are not intelligent enough to look for alternatives? Do members think this won't go to the High Court just as the bikie consorting legislation is now in the High Court? I'll bet you five to one on that it will, the State Labor government loses every case and every appeal in the High Court on this issue. Remember, property rights under the Torrens title system are seriously protected under the constitution, as they should be.

There is a clear case in Townsville currently where a property that was surplus to the requirements of the race club was to be bought for \$10 million and QRL and the Minister sat on a decision for nearly two years. The chairman of QRL even apologised to the chair of the race club but do you know what is going to happen? Nothing, because the money under the new agreement goes to QRL for no net benefit to the club. The club needs that money and the members own the property. Every Labor Townsville and surrounding districts member needs to directly confront their own Labor minister and ask why is Townsville district racing been treated so badly.

Honourable Members, QRL needs the GCTC, Townsville Racing Club and all the other clubs more than they need QRL. This type of public grandstanding by QR Ltd via this legislation is non-productive. For a lazy government that pretends that horse racing is irrelevant, it needs to wake up to itself quickly and clean out the cobwebs. QR Ltd in this bill is not a partner with the clubs; it is delivered as a dictator, owner and vendor of sub franchises.

This Labor government falsely believes that the public attendance at race clubs is declining, that pub TAB is growing in revenue terms anecdotally. The Labor government that has shed its share of Unitab, now Tattersalls, leaves Labor as a winner and QRL as the nemesis. All pain and blame goes to the QRL which becomes a halfway entity between a GOC, a master football franchise and the fat controller.

I must correct some of the misinformation that Labor members have been fed either by their faction or the Labor machine itself. Racing has changed. Harness racing and greyhound racing have diminished due to lack of interest and availability of tracks. Horse racing of thoroughbreds continues to grow because of everyday racing, racing offshore, racing as an event—Golden Slipper/Melbourne Cup week, online gaming/sports betting, BetFair and the increased capacity for discretionary income spending by middle Australia. The TAB was introduced originally to weaken SP betting, deliver the government a return, weaken the power of bookmakers and stop people like John Wren who owned the racetracks.

Punters generally do care who owns the tracks nor who operates them. They also do care about their chances of fairly receiving their money wagered in return for risk. They do have interest in how races are run and who runs them to ensure that cheating does not occur. They also want good fields of horses so they can maximise their betting opportunities. The system we have developed over many years delivers these solutions. Pub TAB revenue is actually declining as online and telephone betting increases. Oncourse betting is declining as a proportion of overall betting that is \$200 million in Queensland of the \$1.87 billion wagered. Online wagering and cross-border wagering is increasing and may be 30 percent of total wagering. Wagering on racing has flattened during the economic downturn. The statistics are total wagering of \$1.78 billion in 2006/07, \$1.726 billion in 2007/08 and \$1.897 billion in 2008/09. Of this, \$1.1 billion accrues from thoroughbred wagering, harness, dog and sports betting yielded \$702 million in 2008/09.

But gambling, like alcohol consumption, increases in times of adversity and in recorded times has always done so. Horse racing is a big component of that gambling. The total wagering in Australia was \$21.94 billion in 2008/09, of which \$14.433 billion was wagered on horses in Australia. \$7 billion was wagered in New South Wales and Victoria alone. Horse racing fields in New South Wales and Victoria are better paying, more consistent and for punters better value for money. Of the \$14.2 billion, \$9 billion was wagered on the TAB, \$4.5 billion via bookmakers and 60 percent of the total amount came from NSW and Victoria alone.

Queensland risks becoming a back water for third rate runners and smaller fields with lower winning purses. The evidence for this is currently seen in the differences of the percentage increases of prize money between Queensland and the combined New South Wales-Victoria group. This decline in Queensland will continue until an external group such as a private equity group re-enters the field to offer a competitive package over and above that. The best example is set by the Magic Millions private company. This is what will happen under the plan of this Racing bill presented here today. This Labor government having sold Unitab don't care less what happens as long as some group ensures there is at least some racing, that income to it will continue and the public will shut up. So this is what will happen as a result of this near-sided bill. This is after denying property owners of their rights and being contemptuous of their rights to represent themselves in the administration of racing.

So if that is the impact of the bill, why is Labor proceeding in its present direction?

One, maybe it does not care. The minister, ex Gold Coast Turf Club board member, doesn't go to the races anymore and most Labor Government members have no interest in horse, harness or dog racing.

Two, maybe it does not understand. There will be job losses, there will be a lot of them. Most, not all of the clubs are going to be ruined forever.

Three, maybe it is bloody-minded, leaving a dictator in charge like the current chair of the QRL, maybe Labor feels that the race clubs deserve this.

Four, maybe it really wants to see the end of horse racing. In Queensland this would be a fairly good bet but one never knows what will happen when one group seeks to remove something of great pleasure from an aggrieved group for reasons associated with ideology.

Five, maybe Labor just thinks racing is like football and franchise controllers are the way of the future. They probably think a kind of nationally agreed salary cap will address everything. They have forgotten the lessons of super league. They also think the other states will play fair. I urge honourable members to grow up. Do members understand cross-border gaming?

Six, maybe Labor just does not think. I think that is the answer because this racing bill is not the answer to racing's real troubles at present.

The crux of those problems would sensibly be currently, there is miserable lowly percentage distribution back to the clubs by QRL for putting the races on week on week out. The clubs need to have their assets retained as their own and those funds withheld from 2005. Provincial tracks need to be supported for lesser quality horses. Industry representatives must by default be included in the management of racing. There must be an understanding that this is sport. It is a spectacle. People want to go to events, these are events. Jockeys are modern day superstar sportsmen, the horses are too. Trainers and their families are given star billing in newspapers. Just because a few journalists and some former jockeys want to see the end of race clubs, foolishly some believe this current bill will fix everything. Don't fool yourself, only the fool and his money are easily parted.

I want to spell out the implications to Labor members here today of this bill.

One, it will guarantee the end of race clubs as they are now and will ensure that future private clubs will arise and take away QRL's franchise as a legitimate competitor to that franchise.

Two, it will collapse provincial race clubs.

Three, it will collapse Queensland racing fields to metropolitan tracks with at best second-rate to third-rate horses—read slow horses. Only the trainers, owners and southern clubs will all be in the same place and it will not be in Queensland. Our major feature races of the winter carnival will become attractive only to group two and three horses. This is a great tragedy.

Four, the horse racing industry, stock suppliers, track staff, caterers, food suppliers, casual staff will all lose their jobs. I predict 50 percent will be gone within five years.

Five, QRL will not only be unable to maintain support costs, guaranteed prize money in line with other states, but it will be forced to ration what it has on offer already.

Six, punters will just bet on southern fields and increasingly online. If members think Sportsbet is big now, this is like giving it a hit of adrenaline, steroids and growth hormone as a super injection, all at once, for all online variations for it is the punters who really drive this industry. Cross-border gambling is already rising fast.

I have previously warned about online gambling and highlighted the interest of Labor Members and in particular the former Member for Greenslopes who was involved in Hippodrome and others in Gocorp. It would be unbelievable to assume they did not know what was to happen. Honourable Members need to stop fooling themselves and equating horse racing with poker machines. True gamblers chase odds that are in their favour or can be made so. Poker machines equate to anonymous gambling with no ability to shift odds in the favour of the wagering.

Within five years private equity will again own race tracks and will be allowed under competition rules. Most likely there will be more than one franchisee, obviously one being QRL, the other one private. The private one will have better fields, better facilities, be new, it will suck in both advertising spend and more importantly punter capital. The super league and NRL divide might, if members can recall those events, be the best example of why this will occur. These new entities will probably organise themselves in tracks that QRL ultimately abandon. There are a few of these and there's likely to be a few more. How do we know this? QRL is based at Deagon and it's a dead track with no racing. Look what Magic Millions has done in the last 12 months, they go where the money is, they take the lowest charges on offer and they give the most minimal return to the hosting club. What they do is to offer high prize money for horses linked to their sale where they derive commissions. They take a risk, they have paid equity for their franchise but in the case of the Magic Millions it is linked to the Gold Coast and may only work on the Gold Coast. There are plenty other examples that are not so lucky. We need to learn from what works and what doesn't work. The VRC earns \$20 million after everything, that is every possible cost over a full year, from the Melbourne Cup alone. At the Flemington track, which the VRC owns, it really doesn't have to have or make anything from racing for the whole year. But it does so as a service to members, trainers, owners and prepare the field for its huge spectacle. Every race club in Australia has Melbourne Cup as its biggest earning day and Flemington hosts two million people. All the gamblers largely lose but the income to the nation and states is huge. It is a good learning curve for everyone.

So what does Queensland Racing Ltd do under Labor? It attempts a backdoor change in control and gain ownership of at least one major club and probably all the other metropolitan clubs as well that have a future in a modern racing world. For a miserable 30 pieces of silver—read \$80 million—the public is supposed to think that QRL should be given the keys to the kingdom. Racing is truly biblical and the names of the horses, especially the best ones, are named in biblical terms. But there was only one true Judas and he was a slow runner and couldn't handle the barriers.

It would be too easy to lay all the blame of this debacle at the foot of the chair of QRL, Bob Bentley, and his QR Ltd board. No doubt this Labor Government strategy, especially if it all goes wrong, will blame someone else. I am sure we are going to hear that it was Bentley's dream and his failing, not the minister's, not Labor's for that matter.

This is cowardly, deceitful and grossly unsatisfactory, from a government that believes it is accountable. This sheer act of theft of the assets alone needs to be demonstrated as the work of the Queensland Labor Party who don't have the intestinal fortitude to fess up and admit their complicity at a time when their incompetent financial management of the state has led them to be at the mercy of their bankers. To destroy race clubs, club's ownerships of tracks and facilities and their right to exist after taking their assets is not even revolution. It is common theft. It is the lowest of lows. Sure Bob Bentley remains in charge but of what, really for how long and with bloodied hands. Most punters and many horse owners are average people, not millionaires as some honourable members may still believe. This is not a fair cop and they won't swallow it.

For the sport of kings there is nothing majestic about this legislation. It legitimizes common theft and disenfranchisement by an out of touch government. The bill is not supported—it is a disgrace.