



Speech by

Mr R. QUINN

MEMBER FOR MERRIMAC

Hansard 17 August 1999

INTERACTIVE GAMBLING (PLAYER PROTECTION) AMENDMENT BILL

Mr QUINN (Merrimac—LP) (Deputy Leader of the Liberal Party) (5.54 p.m.): The decision of the member for Ipswich, when he was Treasurer, to grant an interactive gaming licence to Gocorp Limited ranks as one of the most inept exercises in ministerial discretion in recent Queensland history, and that is a kind interpretation of it. The Interactive Gambling (Player Protection) Act 1998, which the coalition Government introduced, is quite specific about the duties imposed on both the Minister and his department when determining whether such a licence should be granted. The Act is not deficient. What was deficient was the manner in which the specific probity and public protection requirements of the statute were either ignored, downgraded or obscured.

There is a fundamental point about this licence which is sometimes overlooked. The Queensland statute is not a stand-alone regulatory regime. It is part and parcel of a national regulatory model for interactive home gambling products. It was agreed as early as September 1995, when Labor was in Government in this State, by all State and Territory Treasuries that a nationally cooperative approach to interactive gambling be produced. All State and Territory Ministers agreed to the release of a discussion paper on this topic in May 1997. In March 1998, when the coalition introduced the Act into the Legislative Assembly, it was agreed that it would be used as a guide by other Australian States and Territories.

Section 3 of the Act deals with its objects. Importantly, object (c) states—

"... to provide a basis for implementing an inter-jurisdictional regulatory scheme for—

- (i) the reciprocal recognition between participating jurisdictions of licences, authorisations and other administrative acts;
- (ii) the regulation and control of interactive gambling in the participating jurisdictions on a cooperative basis; and
- (iii) the sharing of tax derived from interactive gambling on an equitable basis."

The Act allows for the declaration of participating jurisdictions and corresponding laws. Queensland was the first State to legislate, and shortly afterwards the ACT adopted that model according to the national regulatory regime.

The implications are enormous. It means that once an entity is licensed in this State and given authorisation to conduct various games, it has the capacity to operate in any other Australian jurisdiction that has been declared as a participating jurisdiction. At the moment, Queensland is the gateway into Australia for any person or entity that wants to engage in legally sanctioned Internet gambling. Anyone licensed by the Treasurer of this State is given a platform to start operating not just in Queensland but also in any other participating jurisdiction. The implications both in terms of potential profits and the risk of undesirable elements getting a foothold in this country should be all too apparent to anybody with any cognitive capacity and moral backbone.

Over the years, how many times have there been inquiries, investigations and prosecutions of undesirable criminal elements making windfall profits out of gambling activities? Concerns regarding criminal elements defrauding consumers, laundering money and getting huge amounts of black money from Internet gambling and gaming was central to the Australian jurisdictions agreeing to legislate and have rigorous point of entry probity checks on people wanting to get involved in the industry.

The Act requires that the Treasurer can only grant a licence if he is satisfied, firstly, that the applicant is a suitable person and that each business associate of the applicant is a suitable person. The term "business associate" is defined to include any person whom the Minister believes is associated with the ownership or management of the applicant's operations or will, if a licence is granted, be associated with the ownership or management. Honourable members should note that the Act requires the Minister to look not just at the management team but at the shareholders. This is also commonsense, because at the end of the day it is the shareholders who control the operation of a company.

Section 33 of the Act sets out at great length and with unmistakable clarity the factors that the Minister has to take into account in determining the suitability of an applicant. Included among them are the applicant's character or his business reputation, the applicant's current financial position and background, when the applicant is a company, whether its ownership, trust or corporate structure is satisfactory, the business ability of the applicant and other matters. The Minister is specifically required to take into account whether the applicant has a business association with any other entity and, if so, the business reputation and character of that entity as well as their current financial position and background. Section 34 sets out the matters that the Minister has to take into account in assessing business associates of the applicant. Once again, the clear probity and ethical duties imposed upon the Treasurer are clear beyond doubt. The Act gives extensive powers to Treasury officers to carry out investigations into the suitability of persons.

I recommend that anyone who is interested look at the Internet site of the Queensland Office of Gaming Regulation, which contains a brief to applicants for interactive gambling licences. There is a 16 page general requirements document followed by a control system outline, technical functionality requirements, audit requirements, data requirements and the actual two page application form, together with two documents that have to be completed and attached to the application, namely a company history pro forma and a personal history and suitability of person pro forma. I make the point that the two pro formas are just that: they are used for all manner of gaming applications and have not been purpose drafted for interactive gaming. I believe that that in itself is less than satisfactory. Nevertheless, together those two documents are almost 40 pages in length and seek information on a range of matters anyone would regard as critical to whether a licence should or should not be granted.

Let us not forget that, at the end of the day, the Treasurer is given the job of deciding whether or not a licence is granted and not his department. The department does the legwork, but the buck stops with the Treasurer. At the end of this process, who gets not just Queensland's but Australia's first Internet gambling licence? Who gets a licence warranting some fee of approximately \$200,000 to the Treasury? Who gets a licence that would have generated, to one minor Labor stakeholder, profits of some \$20m alone? Who gets a licence to print money? A company that is not an existing casino or a large enterprise with a national or international reputation in gambling! It is none of those. It is not an existing casino or large enterprise with a national or international reputation for gambling. It is not even a company with well-known and respected directors with a large asset base and a track record of operating ethically and professionally. It is none of those.

The first licence was granted to Gocorp Ltd—an unlisted public company registered on only 30 June 1998. Where is both the registered and principal place of business of this thriving company? Level 14, 344 Queen Street, which is an accountant's office! Who are the directors of this company? Bradley McCosker, Geoffrey Koo, Allan Farrar and Paul Appleby—all New South Wales residents, none of whom could be described as major players in the world of Australian gambling. Its registered office is an accountant's office. The place of residence of the principals is New South Wales. They are unknown in the gambling industry in Australia. Who owns this company? It has just 200 shares. Up until a few days ago, Geoffrey Koo owned 10; Brad McCosker, 110; Navari, 40; and Topki Holdings, 40. Of most concern from an ethical point of view is Navari—a company which had a stake of some 20% in Gocorp, but which has now reportedly been sold down. Navari, the registered office of which is that of an accountant in Toowoomba, has three directors—Mrs D'Arcy, Mrs Livingstone and James Wilson. Paul Pisasale was a director from 21 October 1994 until 7 May this year. The member for Woodridge and Don Livingstone were also directors during 1994.

Who owns this company? It seems to be a bit of a moving feast, but up until a few days ago, of its 750 shares Mr D'Arcy had 80 and his company W. D. Management Consultants had a further 60; Pisasale's company, the aptly named The Ultimate Solution, had 150; and the Livingstone controlled company Delrex had 80. It then became apparent that Councillor Pisasale did not disclose his previous criminal history on the personal history form. It then became apparent that Mr Reg Austin, another business associate of Gocorp and McCosker's uncle, was convicted in 1996 of defrauding a client of some \$90,000.

Here we have an application by a newly formed company with a ragbag collection of shareholders—a company with apparently little experience in the key areas, a company without a huge asset base, a company without even a proper head office or staff in Queensland, a company

associated with a range of Labor politicians and people with criminal convictions. Those are just a few of the details that we know about it at the moment. The associates of the company were known by the member for Ipswich and were in his own Labor Unity faction—one of whom held the neighbouring seat of Ipswich West from 1989 until last year and the other a serving councillor on the Ipswich City Council. He knew of their involvement with the application. He even admitted discussing it with David Ford, the head of the Office of Gaming Regulation. Yet in spite of that, he granted the licence. As I said, it is a licence to print money and potentially a licence to operate throughout Australia and to get a toehold overseas. All of this defies belief.

Are we to believe that this company with a raft of Labor identities on it, one of whom bragged that he would make \$20m in profits, was being treated no better than anybody else? The coalition simply does not buy it. We are not going to be a party to supporting this licence of Gocorp. There are simply too many unanswered questions. The Premier, as the acting Treasurer, has the power to suspend the licence. That is what he ought to do. The Act is clear. The Leader of the Opposition made that plain earlier. He has the power in his hand at the moment to act to suspend the licence. That ought to be done until the investigations are carried out by the Criminal Justice Commission and the Auditor-General. Once the reports and findings are known, further action can be taken on the licence. But the proper and most appropriate action at this stage is to suspend the licence now and await the outcomes of the inquiries.

The Opposition will not be a party to reaffirming the licence that has been given to Gocorp. We will not be a part of that, because there are too many unanswered questions. Until those questions are answered, it is more appropriate to suspend the licence. I will be opposing this Bill. Tonight we should not be considering this special piece of legislation. It is not needed. The current powers reside within the Act and it is simply a matter of having the political will to use them—not duck the issue and put up some sort of front so that the Government can be perceived in the media as doing something. As I said before, the current Act is sufficient. The Opposition does not agree with this legislation.
