Speech by

Dr DAVID WATSON

MEMBER FOR MOGGILL

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GAMING MACHINE AND OTHER LEGISLATION AMENDMENT BILL

Dr WATSON (Moggill—LP) (Leader of the Liberal Party) (12.27 p.m.): It is a pleasure to speak to this Bill. Gaming is a sector for which I took particular responsibility when I was Parliamentary Secretary to the then Deputy Premier and Treasurer, Joan Sheldon. That was an exciting and rewarding experience. I am sure that the current Parliamentary Secretary, Darryl Briskey, is also enjoying that experience. I particularly enjoyed writing and implementing the white paper.

Mr Hamill interjected.

Dr WATSON: I worked with David Ford. I see him in the gallery.

Mr Hamill: You didn't have to respond to that.

Dr WATSON: The member asked for it. He made a major contribution to it. I am sure that if the Government followed his advice, it would not get into as much trouble as it is getting into. As there have been some attempts by the Labor Party to rewrite history——

A Government member interjected.

Dr WATSON: I will get back to the member; do not worry.

I will recount in detail some of that experience later in the speech. Before doing so, I inform the House that the Opposition is broadly supportive of the amendment Bill. However, we do not support the retrospective nature of clause 113 of the Bill. We have a number of reasons, which I will outline later, as to why we do not support that clause. We recognise that there are some aspects of that that we consider reasonable. At the Committee stage of this Bill, I will be moving two amendments that I believe reduce the retrospective nature of clause 113. They reflect the original stated intentions of the changes to the gaming machine legislation that flowed from the white paper. They represent a reasonable compromise between the Government's stated concerns of protecting the interests of community-based clubs and commitments already legitimately made by a number of those community-based clubs.

We also acknowledge that this Government has belatedly recognised that its original position is patently unfair. We will propose some amendments at the Committee stage. It should be clearly understood that the Treasurer has been forced into this action as a result of the Opposition holding steadfast to principle and the likely defection, if there had not been changes, of some Labor backbenchers in the impending vote.

Government members interjected.

Dr WATSON: We listen to what goes on around the place and we know that some Government backbenchers are very concerned about the position that the Government had adopted.

It is interesting to consider the contrast between how the coalition developed the white paper and how the original amendments came into this House. The production of a white paper and the legislation that we introduced into this House were the result of the open and extensive consultation that we had with all participants in the industry. This Government got into trouble because when it introduced this legislation into the House—particularly clause 113—it had not consulted the industry in any detail at all. In fact, the opposite occurred. This Government misled the industry regarding what was

expected to go to Cabinet and to the Parliament. We have to contrast that with the coalition's open stance in developing the white paper and developing the legislation. We had significant disagreements during the process, but it was all in the open. When the legislation was brought to the House we had the support of the industry.

Mr Briskey: Ha, ha!

Dr WATSON: There is no question about that. I will get to that. Let us look at why we produced the white paper, why we introduced our amendments and how the negotiations took place. The purpose of the review was basically threefold. First of all, people involved with the industry had raised concerns before we even came to Government. These matters were raised with Keith De Lacy in the lead-up to the 1995 election. The concerns were recognised and a patchwork job was done in order to get over the 1995 election. However, the matters that were of particular concern to people involved in the gaming machine industry—namely the clubs and the hotels—were not addressed by the previous Labor Government.

On coming to Government, the coalition's first purpose was to try to address the concerns that have been raised. Our second purpose was to consider the problems raised by the Queensland Office of Gaming Regulation. The Queensland Office of Gaming Regulation and others in the industry were aware that rapid changes in technology were occurring in the gaming industry. Those changes included such things as the introduction of bill acceptors in poker machines, the development of player loyalty tracking systems, the enhanced graphics that were starting to become commonplace in gaming machines in other jurisdictions, and the continual recourse to capital that was required if one was going to ensure that the gaming machines available in clubs and hotels were the types of machines that patrons wanted to frequent. It was recognised within the Queensland Office of Gaming Regulation that it was becoming increasingly difficult for the Government, despite the expertise and dedication in QOGR, to meet the kinds of pressures that were coming from industry.

The third point is very important when we consider the changes that this Government is now introducing. The coalition believed that it was important that the gaming industry needed to be able to meet future demands and expectations that would be placed on it. In a speech I made to this House I indicated that the gaming machine industry is part of the broader entertainment and leisure industry. We have to look at the totality of changes in the industry. We have to look at what is happening in the computer and leisure industry. We have to look at the changes that are taking place with computer power and technology.

As we know, many young people visit gaming machine arcades. It is easy to see the complexity and interactive nature of the games being played in those arcades. We have a generation of young people who have grown up with powerful, interactive computer capabilities. We must recognise that gaming machines in the future must also go in that direction.

When we consider the entertainment and leisure industry we must remember that the demography of the country is changing. With smaller family units and an ageing population, the funds and the amount of time available for leisure activities are increasing. The coalition understood that the demand for leisure activities was going to increase in the future. With shorter working hours, more flexible working hours, and the trend towards part-time and casual employment, the amount of leisure time available to people was going to increase.

We also had to recognise the changing nature of the tourist industry and the part that clubs and hotels were going to play in that industry. Regardless of the fact that clubs are set up primarily for the benefit of their members, clubs and hotels are an increasingly important part of the leisure and tourist industries. For clubs and hotels to cater for bona fide guests and patrons they have to offer the kinds of services and facilities that tourists would find in other parts of Australia and in other parts of the world.

It was recognised that there was increasing competition for the leisure and gaming dollar. The leisure activities and the range of gaming options available to the community today are far more extensive than they were in the past. Each sector of the gaming industry will be competing for the same dollar. If the clubs and hotels were not going to be left behind in the chase for the gaming dollar they had to be in a position where they could provide services to their clients that were available in other places. It was also recognised that the change in technology continued to blur the distinction between gaming, entertainment and leisure environments. As I said at the time, there is almost a seamless transition from the traditional Golden Casket/lottery kinds of activities to what in the past had been thought of as traditional casino activities.

Since that time, some of the issues that we discussed as part of the white paper and some of the motivation for making the changes that we made have come to pass. I travelled throughout Queensland talking to the operators of clubs and hotels and told them that they had to look to the future, because interactive gaming over the Internet and through the television was going to become part of Queensland and Australian life. I kept mentioning the potential that Kerry Packer and Rupert Murdoch had in terms of where they would be in the new millennium. I continually asked the operators

of clubs and hotels: how are clubs and hotels going to compete with the kinds of activities that people such as Packer and Murdoch are going to be able to provide? Since that time, we in Queensland have passed the Internet gaming legislation, which is at the forefront of such legislation in Australia. In the past couple of months, Kerry Packer has also purchased the Crown Casino. In that regard, one of the things that Kerry Packer said in his press release was that he was going to use the Crown Casino as a base for his Internet gaming activities. That is the kind of real technological world that we are facing.

Mr Reeves: People still want to socialise.

Dr WATSON: Of course they want to socialise. That was one of the points that I made right throughout the process: if these kinds of activities could be obtained through the Internet or through the television, the competitive advantage that clubs and hotels had was that they provided a social environment. However, the clubs and hotels were not going to be able to remain competitive if at the same time as providing a social environment they could not the provide the appropriate leisure or gaming environment. If the member for Mansfield had listened to what I have said previously, he would have understood precisely that point that I was making when I was talking to the clubs and hotels.

However, the important thing about the white paper was that it was about preparing the industry for the future. It was not about providing some short-term fix, as Labor is wont to do. It was rather about a structure that the club industry and the hotel industry could use to change and to adapt as technology changed and as competitive pressures changed to enable them to remain at the forefront of part of the leisure and tourism industries. That is one of the things that has been missed in the debate that has taken place in this Chamber since the release of that white paper and which some members seem to want to ignore.

The white paper was not simply about addressing a short-term problem, although when we started the process, that was certainly the motivation of a lot of the participants in the industry. It was certainly the motivation that got Keith De Lacy to the point at which he tried to make some short-term fixes for the 1995 election. However, that was not the purpose of the white paper. The changes that we introduced following the white paper and discussions were about ensuring the long-term viability of clubs and hotels, not simply providing a short-term fix.

I think it is also very important to say what the white paper did not do, because that tended to get lost in the aftermath of the discussion. Firstly, the white paper was not about increasing the number of venues that were available for gaming activities. That came out time and time again. It arose from discussions that we had with the Break Even network. I assured Break Even that we were not about increasing the likelihood of new venues. If anyone remembers the discussion that I had and some of the things that were written in the Courier-Mail—and I am sure that the Treasurer does—they will be aware that that was a major concern. I know that the Treasurer now shares that concern because yesterday, or over the weekend, he announced a review——

Mr Hamill: Sunday.

Dr WATSON: Yes. On Sunday, the Treasurer announced another review of gaming activities in Queensland. However, it was pretty important that the white paper was not about establishing new venues. We were not in the process of trying to create new places for people to go and gamble. We were not trying to create mini casinos throughout the State. That point was made not only in private to organisations such as Break Even but also publicly in the presentations that I made throughout the State. The purpose of the white paper was not to expand the number of places where people could gamble; it was about enhancing the existing sites' ability to service their patrons, it was about allowing them to compete with gaming advances that were occurring because of technological change. It was not about expanding the number of gaming sites. In that respect, we happen to agree with the Government and the implications of some of their changes in the Bill.

As I said earlier, the purpose of the white paper was to allow clubs and hotels to stay current with rapidly changing technology—to enable them to give to their patrons the same type of gaming experience that they could get elsewhere in Australia and perhaps overseas and also, most importantly, the kinds of experience that they were going to get in the future as technology enabled interactive television and Internet gaming to become available. We considered three options as to how we would deliver this, and these were all canvassed in the white paper. The first option that we considered was simply maintaining the status quo, in other words, allowing the QOGR to maintain its monopoly on gaming machines and to continue monitoring those activities. We decided against that, because we were concerned about the ability of the QOGR to maintain that kind of role in a rapidly changing environment.

As I indicated previously, we were concerned about the ability, and perhaps even the use, of taxpayers' money to go into buying gaming machines and the continual amount of capital that was required to remain competitive in that area. We were also concerned about moving the QOGR into areas in which it was going to be a participant in gaming activities. One thing that has occurred and is continuing to occur is linked jackpots. We decided that we did not want the Queensland Office of Gaming Regulation to move into an area in which they were not only providing gaming machines but

also having to provide a gaming option with, say, the Golden Casket where they were, through linked jackpots, conducting the gaming activities. We did not think that that was an appropriate direction for the QOGR to take. We decided that, because of the changes that were going to take place through the demands of the customers of the clubs and hotels, we had to look at a different way of delivering those services.

The second option that we looked at was the single, independent operator. The other day, this was mentioned by the member for Mansfield, who said that the Queensland TAB should have the rights to gaming machines in Queensland. For the benefit of the member, I will explain precisely what happened. I have said it before, but he did not seem to listen; he seemed to be too worried about following a failed Minister for Tourism. Let me say that the clubs and hotels would not have a bar of it.

Mr Reynolds: Who is that? Is it Bruce Davidson you are referring to? Just repeat it.

Dr WATSON: The current, failed Minister. There is no question that as a single independent operator the TAB was simply unacceptable to clubs and hotels. Members opposite said that the Queensland TAB should have the rights to the gaming machines in Queensland—not a share of the rights, but the rights—and the club and hotel industry would not buy that. They did not want the TAB to be the sole operator because, as they expressed to me at the time, they were not happy with the way that the TAB was conducting PubTAB and ClubTAB, and they were not interested in the TAB holding the rights to the gaming machines as well. They said no to Tattersall coming in as a single operator and they said the same thing to Jupiters, because they did not want Jupiters, which many of them saw as a competitor to their gaming operations, acting as a single operator. They did not want a duopoly such as the one in Victoria. They actually wanted some choice. The idea that one could have a single operator or a duopoly as a part of the gaming machine amendments that we introduced was simply not on. The clubs and the hotels would not accept that.

However, if the Labor Party, the Treasurer, the member for Mansfield and the Minister want to do that, they can. They have the numbers in the House—45. All they have to do is remove the LMOs. They may have to compensate them, but given the competitive nature of simple monitoring—and clause 113 already wipes out the other potential things—there will not be much left to compensate. If the Government wants to do that, it has the numbers and can do it. But I can tell members opposite that if they give the monopoly to the TAB, they will have a riot on their hands with the clubs and hotels. I do not want to hear any more nonsense from members up the back who never participated in or had any idea about what was going on. The fact of the matter is that if we had tried to introduce this legislation, the clubs and hotels would have been against us to the person.

Mr Reeves: You are a bit harsh.

Dr WATSON: It may be a little harsh, but sometimes that is the reality and the honourable member ought to know it. If the Government wants to pursue this, by all means it should do so. It has the numbers in the House and it can do it, but it will not because it knows, as I know, that the clubs and the hotels will not buy it, and for good reason—their experience with the TAB. That is not to say that today the TAB is not a good LMO, but the fact is that with ClubTAB and PubTAB they were not providing a satisfactory service.

We preferred and adopted the third approach, which provided greater flexibility and choice to the clubs and the hotels to select the package that would best fit their needs. We recognised that a small site may want only basic monitoring, but other sites might want to select a total package including monitoring, financing, marketing and linked jackpots. The important thing about our approach is that the choice is left to the sites, providing that any LMO met the minimum requirements for ensuring probity and that taxation was collected by the Queensland Office of Gaming Regulation.

We also thought that an independent operator would be able to offer associated services, such as management and marketing assessment, advice and training, as well as the sale or rental of machines. As I said earlier, in a new competitive environment, particularly where one is competing with Internet and television interactive gambling, it is important that clubs and hotels have available to them the potential expertise to compete with new forms of interactive gaming that are coming down the track.

Finally, we prefer multiple operators because the increased competition generated could actually deliver additional services at realistic prices. If one thing has come out of the reforms that we made to the gaming machine legislation, it is this: the prices in clubs and hotels are now tremendously competitive. None of them are complaining about the prices that they are being charged for facilities or services, whether it be basic monitoring or enhanced services. To ensure that there was competition and not a duopoly, we put a market limit of 40% of the available gaming machine market, which means that there have to be at least three operators in the system and we will not have a duopoly such as the one in Victoria.

That details, to some extent, some of the rationale that was used in developing the white paper. It explains why we took that particular line in terms of the multiple operators and the decisions that were

made as part of the gaming machine review process and, of course, the decisions that finally made up the legislative changes that we introduced.

I move now to some of the more detailed negotiations that we had and some of the expectations that were raised. I wish to address some of the concerns that we have with the legislation before the House. Firstly, the position of revenue sharing, which is the central plank of the legislation before the House, was always up front. Throughout the negotiation process, it was understood that revenue sharing was an option that was available to clubs and hotels. I held extensive public meetings with clubs and hotels across the State. We held three meetings here in Brisbane, two for clubs and one for hotels. Those were pretty exciting times, particularly the discussions with the hotels that were held at 111 George Street. I can see David Ford smiling, because he remembers them.

Mr Hamill: They speak well of you, too.

Dr WATSON: All's well that ends well. The three meetings that were held in Brisbane were lively and open discussions. We went through that process and we argued. We had meetings in Rockhampton, Townsville and Cairns, and both clubs and hotels from the surrounding districts were invited. I went to the Brothers Confraternity twice.

Mr Reeves: Great club, that.

Dr WATSON: They are great clubs; there is no question about that.

Mr Purcell: Don't say here that it's not a great club.

Dr WATSON: I went to the confraternity of all the Brothers Leagues Clubs across the State. There was a meeting in Brisbane and I attended the annual general meeting in Innisfail. I went through this process with them, and we also held private meetings at QOGR as part of the discussion process. I attended a public meeting at Mooloolaba with all the surf-lifesaving clubs from south-east Queensland and, I suspect, those from further north, and we went through these things in detail. As I said before, it was an open process. Representatives from the clubs association, the club managers association, the RLCA and the hotels followed me to every function and I can tell the House that they knew precisely what I was saying.

Mr Hamill: I thought it was your animal magnetism.

Dr WATSON: I am not quite sure that I want to get into that.

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

Dr WATSON: Prior to the luncheon adjournment, I spoke about the issue of revenue sharing with respect to licensed monitoring operators and clubs and hotels. I stated that we undertook extensive consultation with clubs and hotels right across the State, holding meetings in Brisbane, Rockhampton, Townsville, Cairns, Innisfail, Mooloolaba and a few other places. Accompanying me at those public meetings were representatives from the Registered Licensed Clubs Association, the Queensland Hoteliers Association—the QHA—and the Club Managers Association. They were well aware of the types of things that I was saying publicly and they knew what the expectations were.

A member representing the RLCA at the time was the secretary/manager of the Ipswich Golf Club. I read an interesting comment from the Ipswich Golf Club in the submission sent to the Treasurer on the draft public benefit test. In referring to the meetings that I held around Queensland, it stated—

> "At those meetings/forums various questions/scenarios were discussed and answered. It was also asked if revenue sharing options would be permissible. This too was answered with 'that it would be up to each club to best negotiate an appropriate arrangement that best suits the needs of the club, therefore revenue sharing was permissible.' "

That statement was made on behalf of a club that had a representative at every public meeting I held. It was always my intention that at some level revenue sharing would be possible, and that was also the understanding of the clubs and hotels. The issue of revenue sharing was also discussed in the private meetings that I, along with officers of the QOGR, held with various representatives of organisations, for example, the Queensland Hoteliers Association, the Registered Licensed Clubs Association, the Club Managers Association and various other organisations. At that time, some concern was raised by the clubs. Therefore, it was an issue that I explored in some detail.

Firstly, let me address the issue raised by the hotels. The Queensland Hoteliers Association indicated that it was fairly relaxed about the issue of revenue sharing with licensed monitoring operators. I think the QHA was more concerned about getting access to more machines than about whether it would need to undertake some risk sharing with licensed monitoring operators. The QHA thought that it could raise the required capital to remain competitive, provided that the tax rates were adjusted and that the numbers of machines were more appropriate to the type of competitive environment it faced. As I understood the view of the QHA at the time, it was neither for nor against that position; it was relaxed about it. However, this was a bigger issue with the licensed clubs. Some people from the Registered Licensed Clubs Association, particularly those from the RSL clubs,

represented by Tony Stokes, had significant concerns. I respected the arguments that they put forward. That was partly the reason for the hold-up when it came to the RSL clubs signing the agreement reached with the Registered Licensed Clubs Association and the QHA. I discussed that issue. As I said, I respect the position of Tony Stokes. He always maintained that position and put it forcefully. However, along with the Registered Licensed Clubs Association, he finally agreed to the package.

The package that we put forward was understood to include revenue sharing. The issue was raised explicitly on 14 February 1997, which was the date of the final meeting that we held to come to the agreement that the clubs and hotels signed. Again, the issue raised by Tony Stokes—and he did so in a way differently from the way it is raised today—was whether banks and licensed financiers would be able to obtain a share of the profits. I gave the explicit answer: no, only licensed operators.

Further, I believe that was also understood by the Registered Licensed Clubs Association when, subsequent to the legislation, it made arrangements with AWA Gaming Systems Queensland. We can look at part of the document put out by the Licensed Clubs Association and part of the document that AWA put out. AWA's document stated—

> "Fees based on success only—no gain, no cost. A current base revenue figure will be negotiated and a fee negotiated with each club based on increased revenues and profit."

That was from the AWA—the licensed operator that the Registered Licensed Clubs Association reached agreement with in respect of what is now called Clubs Queensland. At the time of the white paper and the negotiations with hotels and clubs, and subsequent to that, I believe there was general agreement such that, even if it was not their preferred position—and clearly it was neither the preferred position of the Registered Licensed Clubs Association nor the RSL—it was an accepted position that revenue sharing was part of the package that was agreed to and which the previous Government brought to the House.

I should also mention briefly as an aside that I found it a little surprising that Treasury's draft public benefit test referred to alternatives for achieving the objectives of the Government. I wish to quote from it, because something needs to be corrected for the public record. As part of the argument for the Government's current position with respect to the amendments before the Chamber, the draft states—

> "In Victoria it is understood that, if a LMO decides the machines are likely to be more profitable to the LMO at another venue, they will be removed from the venue. This indicates the validity in the Government's concern that revenue sharing arrangements lead to LMOs taking a quasi-equity interest in a club which can subsequently lead to the club losing control of its management and can result in a lessening of benefits returned to the membership and the community."

Madam DEPUTY SPEAKER (Dr Clark): Order! I ask the member to pause for a moment while the House recognises the presence of students from Neustadt who are here as exchange students with Nambour State High School. They are very welcome to Queensland.

Honourable Members: Hear, hear!

Madam DEPUTY SPEAKER: Order! The member can continue.

Dr WATSON: I also welcome them. I hope they will enjoy listening to the debate.

Ms Spence: When the next speaker gets up.

Dr WATSON: I am sure that, if they listen to me, they might learn something. If they listen to the next speaker, the current Parliamentary Secretary——

A Government member interjected.

Dr WATSON: The member opposite just frightened them away in telling them that Darryl Briskey was coming on.

Having finished that quote, let me just say what is wrong with that statement in the public benefit test. It is quite clearly wrong. The statement in the public benefit test document depends upon the structure for licensed operators in Victoria. One of the things we did quite clearly was reject the structure for operators in Victoria, which is a duopoly; there are two LMOs—TABCorp and Tattersall's. They are given the machines and it is up to them to determine which venues those machines go to. So they actually have a requirement, if you like, to maximise the return to the LMOs because that is what they have been charged with doing.

In Queensland the structure is completely different. We made it quite clear that we were not providing to the LMOs the rights to have the machines operating on a gaming site. Those rights remain with the clubs and hotels. LMOs might be able to own or lease, but the right to actually earn gaming machine revenue resides with the clubs and the hotels, and they have to come up with a contract with the LMOs in order for the LMOs to be able to get anything.

The implication in the quote from the public benefit test that this somehow justifies what the Government is doing in this legislation because of the experience in Victoria is precisely incorrect. Not only was it incorrect, it was something that was guarded against quite explicitly in the arrangements agreed to with clubs and hotels. So I reject it outright. If this was meant to satisfy the ACCC or the NCC, it is a flawed argument and an argument which those bodies would rightfully reject.

Let me go on. I can refer also to other people who have put submissions to the Treasurer in terms of the public benefit test, and they come from a wide variety of clubs and organisations. The combined Gold Coast Chamber of Commerce has indicated that it wishes to reject clause 113 of the Bill because it would stifle the competition that exists in the Queensland clubs market. It suggests that the amendments will limit access to gaming to the large, well-established clubs and entrust them with a monopoly. It says—

> "Further, it is our firm view that the Queensland Government should refrain from enacting any legislative amendments to the Gaming Machine Act 1991 on a retrospective basis."

Other people—and I will mention some clubs in a moment—also reject the argument that was put forward in the public benefit test draft document by the Government. As I said, they come from a wide variety of organisations. The Gold Coast Chamber of Commerce was one. Another is the surf-lifesaving clubs, such as the one at Mermaid Beach. There are also others, such as the Deception Bay Sporting Association and the Seahawks Super Sports Club.

Each one of those submissions says a couple of things. First of all they reject the retrospectivity involved in clause 113 of the Government's legislation; and, secondly, they all indicate that, under their current arrangements with their LMO, they are each getting a better deal now for their club—for their members—than what they were getting when the Government ran it under the QOGR. That is pretty important. Each and every one of those submissions to the public benefit test gives specific figures indicating they are better off under the current legislation than they were under the previous legislation under which it was all run by the QOGR. Not only that, each and every one of them rejects the assertion that, because they reached a revenue sharing arrangement for their existing site for gaming machines and for a gaming machine venue, that was somehow endangering the independence of their clubs.

That then, of course, brings me to the concerns that we have for the Bill as it currently stands. I recognise, of course, that the Treasurer is going to move some amendments. Our primary concern with this legislation is that it is retrospective. We believe that in general retrospective legislation is unacceptable unless, of course, it is legislation which reinforces a citizen's rights. We do not find retrospective legislation acceptable when it takes those rights away from people. Secondly, we have great difficulty with the proposed changes to the legislation because not only are those rights to be taken away, there is no suggestion at all of compensation. One has to understand that the clubs who have actually entered into some revenue sharing arrangements have done so under the following conditions——

Mr Lucas: It is standard practice in revenue legislation.

Dr WATSON: This is not revenue legislation, and the member knows it.

Mr Lucas: It is very much akin to it.

Dr WATSON: When the member moved from economics to law, he must have forgotten logic.

That has been done under the following conditions: firstly, at the time the clubs were obeying the existing law; secondly, they were acting within the understanding of the agreement reached with the clubs and hotels on 14 February 1997. So they were not only operating within the technical aspects of the law, they were also operating within the spirit of the law that was agreed to in negotiations with the clubs and hotels. Thirdly, as I have already suggested, they are doing far better financially under the current regime than they were under the previous regime of the QOGR; and, fourthly, their independence is not being jeopardised by the arrangements they have entered into. So there are four reasons that it was inappropriate to take away the rights of the clubs that have already entered into some agreements.

Just as importantly, however, I go back to where I started, and that is that the current legislation—even the amendments that the Treasurer is putting forward—simply ignores the challenge of the future. Clause 113 as it exists—even in its proposed modified form—is simply too narrow for future arrangements in which I believe clubs and hotels will find themselves. The amendments ignore the competitive pressures that will come from the Internet and interactive gaming. As I said, as we go down the technological road, we are going to see interactive television and Internet gaming. We are going to see a much broader range of activities, such as sports betting, being delivered to consumers via the Internet or interactive TV. If the clubs and hotels want to provide a gaming environment together with the social environment, they must be able to adjust to those kinds of changes.

It does not take too much imagination to understand that that is simply not being achieved through current delivery methods. By the time we get to satellite transmission, probably in the early part of the next century—certainly by around 2003 or 2004—voice, video and data will be able to be delivered anywhere in the world. That will open up tremendously the kinds of competition clubs and hotels will face. Even today, a bridge tournament with 1,000 participants right around the world can be held over the Internet. Those kinds of activities will become more prevalent.

As we seek to have clubs and hotels remain competitive in this environment, the question has to be asked: who will bear the cost of that change? Does the Government expect individual clubs to bear the cost? That may be okay for large hotel chains and for large clubs, but many small and medium-sized clubs simply will not have the expertise or financial ability to bear those costs.

One of the things we saw as a result of the white paper was licensed monitoring operators being the vehicle by which clubs and hotels could remain competitive in a technologically competitive world. As I said from the beginning, the white paper and the legislation were about trying to place the industry in a position where it could cope with a much more demanding future. A mechanism to address that future was the ability of clubs and hotels to risk share and revenue share at existing sites for their gaming activities.

The Opposition believes that Labor's amendment is too restrictive. It will restrict the ability of clubs and hotels in the industry here in Queensland to adapt to change. Our amendments—they were passed by this Parliament—were about preparing us for the future competitive process. I will always believe that Governments have a leadership role, not simply a reactive role. We should try to act in a way which will facilitate rather than inhibit change in our community, particularly that which is occurring as a result of the rapid change in technology.

While I understand some of the concerns of the Government and we agree on some level about the ability of new venues to be established and so on, the Opposition finds clause 113 disappointing. Based on my understanding of the way the Government intends to address the concerns we have about retrospectivity, I believe that in the longer term this legislation will restrict rather than enhance the ability of hotels and clubs to adjust to a future competitive environment. As I indicated, the Opposition generally supports the Bill. We will look at the individual clauses during the Committee stage.