



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 17 August 1999

INTERACTIVE GAMBLING (PLAYER PROTECTION) AMENDMENT BILL

All Stages

Hon. P. D. BEATTIE (Brisbane Central— ALP) (Premier) (2.42 p.m.), in reply: I have listened with some interest to the debate. There are a number of things that need to be clarified. The community of Queensland and the members of this Parliament have had more than two weeks' notice. The whole world has had at least two weeks' notice—probably longer—that I intended to introduce this legislation. More to the point, people had adequate and full notice of what was going to be in the legislation.

Dr Watson interjected.

Mr BEATTIE: There is a stark contrast between the Government and the Opposition. I heard the Opposition spokesman in silence. What we are seeing is a continuing attempt by those opposite, who have no respect for this institution, to disrupt this Parliament. I sat in silence and listened to both the Leader of the Liberal Party and the Leader of the National Party. What we are seeing this afternoon is an attempt to disrupt the Parliament.

Let us be clear from the outset. Everyone has had at least two weeks' notice that this Bill was going to be introduced and of the contents of the Bill. No-one has been surprised by this. More to the point, when I indicated that we were going to legislate I said publicly that we would seek to move the Bill through the Parliament on the one day. No-one can come in here and feign surprise. It is hypocrisy that we have heard from the Opposition, as usual, because I have said clearly what will be in the Bill and people have had more than two weeks' notice. That is the first thing.

Secondly, we have to ask why the Opposition is opposing this. Why is it trying to prevent the Government from taking Navari out of this equation? Why is it seeking to prevent Navari being taken out as a beneficiary? One has to ask oneself: why is the Opposition seeking to prevent the Government stopping three Labor identities benefiting under the issuing of the licence? I made it absolutely clear—

Dr Watson: Because you have the power to suspend the licence as it is.

Mr BEATTIE: I listened to the member for Moggill in silence. It would be appropriate that one day he develop some manners. We are seeking to set this right. Why is the Opposition acting as a road block? Why is it seeking to be an impediment to fixing this issue? We have to ask why. The answer is simply that it is not interested in the solution; it is interested in base politics. It is nothing more and nothing less. I say to the people of Queensland: do not be fooled by the dishonest half-truths and posturings we have seen from the Leader of the Opposition, the Leader of the Liberal Party and the Opposition today.

We have heard all this nonsense they have been throwing around about the Philippines or whatever, and I will come back to that. There is a simple way to resolve that. The individual referred to is a tiny shareholder in Navari. The simple way to resolve this is to get Navari out of the equation. Those opposite raised these issues. They protested them during question time and they protest them in this debate, yet they behave as a road block to removing Navari from the licence. Why? Because they are only interested in cheap politics.

A number of Ministers of the former Government were acutely aware of these issues. For example, Dr Watson was aware of the interest of these parties as far back as 1997. I tabled in the Parliament this morning—

Dr Watson: No, no. It was 1996.

Mr BEATTIE: He has admitted that it was 1996. I was being generous to the Leader of the Liberal Party. Let the record show that the Leader of the Liberal Party has admitted in the Parliament that he knew about the parties' interest in this licence as far back as 1996. I thank him for that. I tabled in the Parliament this morning a letter from Terry Ell of Navari to Joan Sheldon of 30 March 1998. The letter states—

"On behalf of Australian Online Entertainment Ltd (AOEL) we wish to apply for the issue of a licence to operate under Interactive Gambling (Player Protection) Bill 1998 Internet Gaming.

As you are aware we are well advanced with our technology and in a short period of time be ready to launch on the internet.

Please urgently provide your Governments requirements for a licence application for consideration and approval by the Government."

Clearly, the then Treasurer knew all about this licence application. So did Howard Hobbs. So did Kevin Lingard. So did Doug Slack. What feigned indignation we have had! Not only was Mrs Sheldon happy to receive correspondence; she also issued a news release on 18 March 1998. The then Deputy Premier, Treasurer and Minister for The Arts, Joan Sheldon, was out there not just trumpeting it but bragging about the coalition's legislation. The news release is headed "Net gaming protection—a Queensland first". The media release states—

"Deputy Premier and Treasurer Joan Sheldon said Queensland today achieved an Australian first with the passage of legislation which will protect consumers from unscrupulous gaming operators on the Internet.

Mrs Sheldon said Parliament's passing of the Interactive Gaming (Player Protection) Bill 1998 marked the beginning of a new era in consumer protection on the net.

'Queensland is the first Australian government, and probably one of the first industrialised democracies in the world, to realise the difficulties of regulating the net without throwing our hands up and saying "its all too difficult",' she said.

'We realise there are complex issues in trying to regulate net gambling—or nambling as they call it—but we believe the inherent limitations the technology imposes upon regulators can be used to the consumers' advantage if players use a bit of common sense,' Mrs Sheldon said."

Later it goes on—

"Players who decide to deal with unlicensed operators do so at their own peril—they have to use their common sense. We have provided a safe and scrupulous system for players, and they should take advantage of that before they themselves are taken advantage of,' said Mrs Sheldon."

That was reported in the Courier-Mail under an article headed "Queensland Makes Net Gambling Not Such a Gamble" by Peter Morley on 16 March.

The bottom line is that members on the conservative side of politics knew all about this right from the beginning, including Mr Borbidge. They all knew about it. They all supported it. They all endorsed it. And more to the point, they introduced legislation to make it possible. The legislation that we will be amending today is legislation introduced by the conservatives.

Let me deal with other issues. One of the things that is important is that we understand the sections of the Act, section 44 and others. We have heard today a great deal of dishonesty from the Leader of the Opposition and the Leader of the Liberal Party in relation to the current Act. Let me clearly put this on the record, and let it clearly state exactly what the law says. What is being suggested by Mr Borbidge in relation to sections 44 and 48 is not legally correct. It is not correct! I know that the Leader of the Opposition would like to be able to interpret these laws, but he is wrong.

On 28 July, the Crown Solicitor's office provided legal advice. I have some aspects of that legal advice with me today. They were specifically asked the question as to whether this licence could be cancelled. The question was: "Can the State cancel the licence granted to Gocorp Ltd on 3 June 1999?" The answer is, "No." I quote the Crown Law advice of 28 July 1999. The answer is "No". Let me go to the end of the legal advice. It says—

"If the Government wished to cancel"—

members should listen very carefully to this.

Mr SPEAKER: Order! There is too much audible conversation in the Chamber.

Mr BEATTIE: This is the legal advice from the acting Crown Solicitor of 28 July. It says—

"If the Government wished to cancel, suspend or vary the terms of the licence, and to do so without running the risk of legal action seeking damages being brought against the State, the Act would need to be amended."

That is what the Government is doing today. It continues—

"It would also be possible to legislate in such a way that a licence could be cancelled"—

Mr Connor interjected.

Mr SPEAKER: Order! The member for Nerang!

Mr Connor interjected.

Mr SPEAKER: Order! The member for Nerang will cease interjecting.

Mr BEATTIE: It goes on to say—

"It would also be possible"—

Mr Connor interjected.

Mr SPEAKER: Order! I have just warned the member for Nerang. That is my final warning.

Mr BEATTIE: It states—

"It would also be possible to legislate in such a way that a licence could be cancelled if certain classes of persons have an interest in the holder of a licence."

That is what the Bill does, and I have said that publicly. I table page 15 of the acting Crown Solicitor's advice which says—

Mr Borbidge interjected.

Mr SPEAKER: Order! The Leader of the Opposition!

Mr BEATTIE: He is the most dishonest leader who has been in this Parliament in recent decades. I suspect that when it comes to issues of integrity, he is hardly in a position to make any comments.

Mr BORBIDGE: I rise to a point of order. It is a bit like the missing two pages on the fax. Why does the Premier not table the other 14 pages of that legal advice instead of selectively using legal advice to back up his dodgy argument?

Mr SPEAKER: Order! There is no point of order. The Leader of the Opposition will resume his seat.

Mr BEATTIE: Here we have "Mr Nasty". All he does is go out and seek to deride—

Opposition members interjected.

Mr BEATTIE: Here they go! They come in here and seek to disrupt the Parliament. I know what the people of Queensland think of them. "Mr Nasty" cannot say a positive word about anything. I am presenting the summary of the opinion. I will read it again—

"If the Government wished to cancel, suspend or vary the terms of the licence, and to do so without running the risk of legal action seeking damages being brought against the State, the Act would need to be amended. It would also be possible to legislate in such a way that a licence could be cancelled if certain classes of persons have an interest in the holder of a licence."

I table it. That legal opinion explodes the nonsense that Opposition members have been going on with all day

Dr Watson: Will you table it?

Mr BEATTIE: At the end of it I will. There will be no problem with that. Members opposite come in here and tell extraordinary stories. They misrepresent and distort the Act. They come in here and tell half-truths all the time. When I come in here and explode them and their nonsense, they do not like it; they squirm and carry on and interject. Everything that the Leader of the Opposition has been saying is simply wrong. Everything that he has been saying while interjecting in his usual rude style is wrong. He is wrong, he is wrong and he is wrong. That is the end of it. But let me move on to other things. And in case he missed it, he was wrong. Let me talk about some other dishonesty in this debate.

Mr Borbidge interjected.

Mr BEATTIE: Here he goes! I had the courtesy to listen to him in silence, but he is so rude that he does not want to do that. That is all right. People will make their own judgments about him.

The interesting thing about this is that we have heard a lot of comments made about probity checks. This morning we heard about the little incident in the Philippines, the gentleman and so on. At the time of the application the gentleman concerned owned about 8.8% of Navari. That meant that he had about 1% of Gocorp. Under the probity rules that operated during the Borbidge/Sheldon/ Watson days, if a person had a 5% shareholding and was not a director—and this person is not a director—that person did not go through the probity process. They were the probity rules of members opposite.

Dr Watson: Look at the legislation.

Mr BEATTIE: The Leader of the Liberal Party got caught out again. So he comes in here and makes outrageous statements. When did these 5% probity rules start? About the mid 1980s. The first casino to which they applied was Jupiters on the Gold Coast.

Dr WATSON: I rise to a point of order. The Premier is misleading the House. Let me just read the section of the Act.

Mr SPEAKER: Order! There is no point of order. The member will resume his seat.

Dr WATSON: He is misleading the House. He does not know what he is talking about

Mr SPEAKER: Order! There is no point of order.

Mr BEATTIE: The member does not like this being exposed. These 5% probity rules have operated since Jupiters Casino—under a conservative Government. Opposition members do not like it when we expose their dishonesty. After the questions that were asked about the Philippines this morning during question time and the comments made by the Leader of the Opposition, what do we find? Whose probity rules are they? They are the conservative Government's probity rules! Under which Government did these probity rules come in? They came in under a conservative Government! What was applied here?

Dr Watson: And you didn't apply them.

Mr BEATTIE: I think the member has made a big enough fool of himself today. Let us get to the heart of this. Who applied these rules from Dr Watson's party and the Leader of the Opposition's party? They were applied because they were rules that were in existence under conservative Governments. We have had enough nonsense and dishonesty in relation to all of this.

If we took to a logical extension what the Leader of the Liberal Party was saying this morning—and if he defeated his own probity rules—with a company like Jupiters every one of the 20,000 shareholders in Jupiters, including Howard Hobbs, would be going through probity rules. That is exactly what would happen.

Mr BORBIDGE: I rise to a point of order. I refer the Premier to section 34 of the interactive gambling Act, which demonstrates that he is misleading the House. It deals with suitability of business and executive associates.

Mr SPEAKER: Order! There is no point of order. The member has had his opportunity. I call the Premier.

Mr BEATTIE: Let me come back to the point. When do those opposite jump up and down? When they are wrong! What happens when I come in here and tell the truth and expose their nonsense? They get caught out! Those opposite were caught out again because they know what would happen. Under the rules that the Leader of the Opposition and the Leader of the Liberal Party applied this morning, every one of the 20,000 shareholders in Jupiters would have to go through the probity process whenever the two-yearly audit came up. That means that Howard Hobbs would have to go through the probity process if his mates had their way.

Opposition members interjected.

Mr BEATTIE: Yes, but you want to turn this around and misrepresent it, and you cannot. The bottom line is that these are the probity rules which were introduced by the coalition. They are the probity rules supported by the coalition when it was in office. The rules were simply applied by Treasury in the way that the conservative Government intended them to be applied. Let us have no more dishonesty. I have never seen such dishonesty and such fraudulent, dishonest debate in my life.

Dr Watson interjected.

Mr SPEAKER: Order! The member for Moggill will cease interjecting.

Mr BEATTIE: The Leader of the Opposition was bandying around this politically corrupt argument. If ever I have heard a politically corrupt argument, I have heard one today from the Leader of the Opposition and the Leader of the Liberal Party. The argument was bereft of ethics, bereft of honesty and bereft of integrity. It was typical of the way that the coalition behaved when in Government.

Let me sum this up. The legal advice that I have tendered is clear. The Government cannot legally cancel the licence. We are acting on this advice to legislate. One has to ask oneself: what is wrong with legislation? What is wrong with making it law? One has to ask oneself: why are the Leader of the Opposition and the Leader of the Liberal Party afraid of making this law? Why do they want to drag it out? The answer is that they want to drag it out for base political reasons.

Dr WATSON: I rise to a point of order. While the Premier is being so helpful with respect to legal advice, could he also tell us whether he will revise the audit rules one day?

Mr SPEAKER: Order! I will not accept any further frivolous points of order. I warn honourable members now.

Mr BEATTIE: Let us sum this up, and sum it up very quickly—and I hope that there is some honesty in the reporting of this. In terms of the issues raised in relation to the gentleman from the Philippines, the Opposition has been caught out. The probity rules applied in this case were the same as those applied to Jupiters in the 1980s. They were the coalition's probity rules. Those opposite have misled the House and have been grossly dishonest.

In terms of whether this licence could have been cancelled, I now table the legal advice received from the acting Crown Solicitor which says that we could not do that without incurring damages. The Government has followed this legal advice in the legislation that we are introducing into the House. It is done.

Let me mention one further thing. I notice that the Leader of the Opposition sought to beat up the issue of the TAB. Is he not a hypocrite? I made it clear that no Government Minister and no Government backbencher would be able to participate in the issue of shares in the TAB. Does the Leader of the Opposition have the same standard for the Opposition? No! There are no standards at all for the Opposition. Greed is the order of the day for the Opposition. There are no standards—only greed.

Opposition members interjected.

Mr BEATTIE: It is a public enterprise going into the public sector. Greed dominates the day. Let me clarify—

Dr Watson interjected.

Mr SPEAKER: Order! I have warned the member for Moggill. This is my final warning.

Mr BEATTIE: Let me clarify a report that appeared in this morning's Courier-Mail in relation to what action the Government will take. The Government will not be legislating to prevent the Labor Party or the conservative parties from participating in the share issue because we do not need to. The legal advice we have is that the second approach requires the establishment of a process to review applications when they are received. The process would exclude from the allocation of shares any persons who fall within identified categories. That is what this Government will be determining. Identified categories will include political parties and they will be excluded. That is the way the Government will operate and that is the way in which this issue will be resolved.

I say to all members of the House that this Government has behaved appropriately. This Government has behaved properly. The Opposition has behaved shamefully, disgracefully and dishonestly—as usual. Those opposite have not sought in a genuine way to resolve this issue. All that those opposite have sought to do is play politics. I foreshadowed this legislation two weeks ago. This legislation will fix it. If those opposite vote against the legislation, let the record show that they have voted to retain Navari as one of the shareholders in Gocorp. They will also vote to retain the three Labor identities as shareholders in Gocorp. Those opposite will vote to retain them; this Government will vote to remove them. Let us be absolutely clear about that. One can understand why those opposite would do that when we see their performance in this House. It is about cheap political stunts. It is about yesterday's politics. It is not about a solution.

Let us be really clear about this. There is a community expectation that we will resolve this situation. The law can be passed by this Parliament tonight and assented to at a later stage. Any member who walks away from the opportunity to fix this tonight is simply supporting those who go to the lower standards. It is a matter that we need to fix, and I believe that this is the way to fix it.

Second Reading

Hon. P. D. BEATTIE (Brisbane Central— ALP) (Premier) (3.12 p.m.): I move—

"That the Bill be now read a second time."

This is a small, but very significant piece of legislation. It is a piece of legislation which I am disappointed to have to present to the Parliament. It is a Bill which, in the best of worlds, would not have been necessary. It is a Bill which only a Government committed to the highest levels of probity and integrity would bring forward. It is not a Bill I could ever see those opposite even understanding, much less introducing. It arises from circumstances where public figures placed personal gain above their responsibilities to the community and their own political party. This is something which I believe no Queenslanders can condone, and I certainly do not.

Let me categorically place on the record my determination that the events which led to the introduction of this legislation will never happen again, certainly during my term as Premier. When a person enters public life, they gain much. In particular, they obtain the satisfaction of being a part of improving our community and the wellbeing of those within the community. That is how it should be, and that is how it will be in this Government.

Let me turn briefly to the events which led to the presentation of this piece of legislation. In the term of the previous Government, the Interactive Gambling (Player Protection) Act was passed through this House to allow for the licensing of persons to provide interactive gambling products. That legislation was, at the time, supported by the Labor Party, then in Opposition. It was supported on the basis that it placed Queensland on the leading edge of tackling the problem of Internet gambling head on. The legislation formed part—indeed, the first part—of a national cooperative scheme aimed at providing a framework within which those who chose to gamble on the Internet could do so in the confidence that the games were fair and they would be paid winnings. It is a recognition that Internet gambling is with us. It cannot effectively be banned. Like it or not, it takes only a mouse click from any computer connected to the Internet to be at an Internet gambling site. That is the reality. Estimates place the number of sites accepting real bets at between 250 and 300. Unfortunately, many of these sites are based in jurisdictions without any regulatory framework. They may be honest sites operating fairly, but who would know?

The Queensland Act, however, does more than just provide a secure environment for players. It has a strong focus on player protection and includes—

- a requirement for all players to register with the operator, with such registration including positive identification—rather like the 100 point check required to open a bank account;
- a prohibition on minors gambling;
- the establishment of betting limits for players which can only be altered with a period of notice;
- exclusion provisions for those with gambling problems, including self-exclusion and exclusion at the request of family members, etc. on application to the regulator;
- a ban on advertising by other than licensed sites;
- a prohibition on credit betting; and
- rigorous privacy requirements.

It has been recognised both in Australia and internationally as leading edge legislation which provides a creative approach to a significant potential problem. It is interesting that, in its recent draft report on Australia's gambling industries, the Productivity Commission, not known as a keen supporter of strong regulatory frameworks, saw considerable advantages in regulation of Internet gambling. They summarised their views—

"Regulation of online gambling under this 'managed regulation' model has mutual advantages for consumers and operators and creates a market which drives the unscrupulous operators—the 'lemons'—out of the market."

An essential part of this model is the application to the Internet of many of the same standards as are applied to more traditional forms of gambling. This means, of particular relevance to this Bill, the application of the same standards of probity investigation to those seeking to operate in the Internet environment as to the operators of traditional casinos, and so on.

In a practical sense, this involves checking the corporate history of those seeking licensing. It means tracing the ownership structure of those corporate entities in a position to influence the operation of the company to ensure that all involved are fit and proper persons. It involves analysis of personal and corporate data and, where necessary, checking police records and character referees. It is intrusive, time consuming and, especially where corporate structures are involved, often complex.

The Act provides the chief executive with wide powers to enable the necessary investigations to be carried out as a prelude to recommendations being made to the Minister responsible. These powers include access to police records. While the Act was passed in March 1998 under the previous Borbidge/Sheldon Government, preparation of the subsidiary regulatory framework, including the brief to applicants, the regulation and the technical requirements took some time and licence applications were only accepted from October 1998. This followed a period of some months where consultation occurred between the Queensland Office of Gaming Regulation and the industry on the formal licensing requirements. This process involved posting a draft set of documents on Queensland Office of Gaming Regulation's web site in August 1998 and reviewing these in the light of comments received from the many industry parties which had expressed an interest in the process.

This contrasts sharply with the ill-informed claims of the Leader of the Opposition that the documents were not available generally until after Gocorp had submitted its licence application. These claims, as usual, are just nonsense, dishonest and politically corrupt. I might also say that, again contrary to comments from the other side of the House, there was no secret about Queensland's moves to licence interactive gambling providers. The whole process, including the legislation, had been the subject of extensive discussions with individual prospective applicants in industry conferences and through relevant industry media, especially those on the Internet. Interested parties throughout the world were well aware of where Queensland was at.

The draft documents were revised and expanded and made available on 1 and 2 October 1998 for applicants to use. Some parts of the documents were still classified as draft but were substantially complete and certainly adequate for a potential applicant to submit an application. Refinement of the documents has continued since then and will continue, as it is necessary to ensure that the requirements continue to reflect the changing technological environment and that Queensland's framework remain abreast of the developments in the national arena.

Gocorp had been active supporters of the interactive gambling legislation and had approached members of the previous Government in meetings going back to 1996 seeking to advance their cause, and a number of key Ministers were approached, as is evidenced by the letters I tabled earlier today and an admission made by the Leader of the Liberal Party. Gocorp was the first applicant for an interactive gambling licence when the licensing regime was established. Their application was received by QOGR—the Queensland Office of Gaming Regulation—on 16 October 1998.

That application was subject to a complete and rigorous analysis by the Queensland Office of Gaming Regulation, which in turn provided advice to the Treasurer that the licence should be granted subject to conditions relating to the financial strength of the company and its meeting stringent technical requirements. A number of issues, including those related to Councillor Pisasale's much-publicised history, were effectively dealt with during this process. This process led to the issuing of a licence to Gocorp on 3 June 1999. The licence awarded to Gocorp was on a conditional non-exclusive basis for a limited 15-year term with a standard tax rate of 50% for interactive product. This compares with the exclusive unlimited term licence sought by the company.

Importantly, also—and this has not been reported nor understood in this debate, and I urge those in the media to give consideration to reporting it because it is important—the licence is subject to existing exclusivities in Queensland. This means, for example, that Queensland residents will not have access to casino games, lotteries, keno, sports betting and wagering products under the Gocorp licence. This contrasts with the 15 year exclusive, 99 year term wagering licence being provided to the Queensland TAB, which will enable TABQ to offer its product throughout Queensland, including via interactive means, at its proposed tax rate of 20%.

There are some four further interactive gaming applications currently before the Queensland Office of Gaming Regulation. Other States and Territories are expected to also issue licences to Internet gaming companies. Indeed, the Northern Territory already has licensed one site which is operational.

As already mentioned, there are many unregulated Internet gaming companies already operating internationally. Nevertheless, it has been claimed that Gocorp's licence could be worth as much as the proposed TABQ float scheduled for later this year. Internet gambling, like all e-commerce, is a new high-risk venture. There is no guarantee of profits. Any investment is speculative and to claim its value is comparable to an existing business such as the TAB with its \$1.3 billion turnover is simply nonsense, nonsense, nonsense, nonsense. In fact, Gocorp's own business plan provides for a much more modest public float than that proposed for the TAB.

Given that the licensing process and the Treasurer's approval are the subject of investigations by both the Auditor-General and the CJC, I propose to say no more about them save to say that I have every confidence that those inquiries will provide independent confirmation of the absolute integrity of the processes. However, I recognise that there are broader public policy concerns in this case.

It is important for all members of Parliament to allow the Auditor-General and the CJC to get on with their work of independently assessing these issues. I think the Leader of the Opposition is guilty of the greatest deal of thuggery possible by seeking to publicly intimidate both the CJC and the Auditor-General into going down particular areas of investigation. It is not his issue or his responsibility. It is a matter for those independent bodies. That was a practice he followed when in Government.

The issue we are addressing here today is one that was not envisaged when the Interactive Gambling (Player Protection) Act was drafted. It is one that has not been the subject of legislative dictate in connection with any other piece of gambling legislation in this State. This is because the issue is not really about the issue of a gambling licence. As I said at the beginning of my speech, it is about the exercise of responsibility by public officials. It is about the community's expectation that public officials will use their positions for the community good and not to feather their own nests. It comes about because three of those people showed a lamentable lack of judgment in seeking to make a mythical quick buck out of participation in the first licence to be issued under this new legislation. I have condemned this behaviour before and I do so again. This Government is absolutely committed to the highest standards of behaviour in public life. Where I see these standards compromised—as in this case—I will move swiftly and decisively to correct the position, notwithstanding the roadblocks that those opposite attempt to put in the way for cheap political gain.

Before addressing the specific changes made by this legislation, it is important to understand the corporate structure of Gocorp and the role played by the D'Arcy, Livingstone and Pisasale interests. At the time of licensing, Gocorp had six shareholders, which included four companies and two

individuals. Two of the companies were associated with the founders of the company and its management and the two individuals were the initial founders of the company. The other two companies involved were Topki Holdings Pty Ltd and Navari Pty Ltd.

At the time of the licensing of Gocorp, Topki Holdings Pty Ltd was a 14.5% shareholder in Gocorp. Its shares were held on behalf of some 40 superannuation funds, including one associated with the D'Arcy family. While the beneficial interest of each of those shareholdings was very small—less than 0.4% of Gocorp—this association was seen as unacceptable and Cabinet directed that Topki Holdings Pty Ltd should be included in the legislation.

Since that time, the Queensland Office of Gaming Regulation has been advised by Gocorp that it, Gocorp, has repurchased Topki Holdings Pty Ltd's shares—around 290 in all—at the issue price of \$1.00 and cancelled the shares. If this is verified within the next thirty days, it will mean that Topki Holdings Pty Ltd is no longer associated with Gocorp and that a part, at least, of the requirements of this legislation have been met.

At the time of the licensing of Gocorp, Navari Pty Ltd was a 12% shareholder in Gocorp. Its shares were held by a group of nine private investors, either directly or via private companies. Those private investors included companies associated with the D'Arcy family, W. D. Management Consultants Pty Ltd, which held 16.5% of Navari; the Livingstone family, Delrex Pty Ltd which held 9.4%; and the Pisasale family, The Ultimate Solution Pty Ltd, which held 17.6%. Those holdings translated into around 2%, 1% and 2% respectively of Gocorp. Despite the small size of the shareholdings, those associations were seen as inappropriate by Cabinet. The Queensland Office of Gaming Regulation has been advised by the solicitor for Navari that the shareholdings have therefore been sold to other existing Navari shareholders at a price that reflects the value of Navari without taking account of its investment in Gocorp.

At this point in time, Navari remains a shareholder in Gocorp, but, on the basis of the information provided to the Queensland Office of Gaming Regulation, Messrs D'Arcy and Livingstone and Councillor Pisasale hold no interest in the company. Despite this progress—and I stress that, on the basis of the information available to the Queensland Office of Gaming Regulation, the D'Arcy, Livingstone and Pisasale interests no longer hold any beneficial interest in Gocorp—the Government has resolved to proceed with this legislation. There are two prime reasons for this.

Firstly, it is critically important to ensure absolutely and completely that the ties between this group and Gocorp are completely and utterly severed now and for all time. This cannot be done in a week and the legislation will ensure that Gocorp and its remaining shareholders focus on ensuring that this occurs. Secondly, the Government's intention is wider than simply ensuring that public officials are never again exposed to the temptation to place private gain above public duty in regard to interactive gambling licences. The legislation therefore needs to have ongoing force and to provide QOGR, as the regulator, with the teeth to ensure that the Government's clear policy direction on this matter is enforced. The community demands nothing less and this Government will deliver nothing less.

The legislation is only short. It comprises two basic parts—amendments to section 261 and amendments to section 263 of the Interactive Gambling (Player Protection) Act. There are also consequential amendments to section 44 and to Schedule 3. The amendments to section 261 are also in two parts. The first part—261A—provides that Gocorp will lose its licence unless—

Navari and Topki both cease to hold a beneficial interest in Gocorp;

Navari and Topki both cease to be business or executive associates of Gocorp, which effectively means that neither can play any part in the management or operations of Gocorp, whether or not they hold any financial interest in the company;

no disqualified person holds a beneficial interest in Gocorp;

no disqualified person is a business or executive associate of Gocorp.

A "disqualified person" is defined as—

a member of the Legislative Assembly;

a spouse or child of a member of the Legislative Assembly;

a staff member of a member of the Legislative Assembly—and that obviously includes Ministers;

a councillor of a local government; or

any other person prescribed in a regulation.

If Gocorp can provide adequate evidence to the chief executive that these conditions have been met within 30 days of the commencement of this legislation, the chief executive must notify his satisfaction in the Gazette. Gocorp's licence will then stay intact.

Let me summarise that section. Unless those three parties—the D'Arcy, Livingstone and Pisasale interests—and the two companies, Navari and Topki, are absolutely and completely removed

from having any interest whatsoever in Gocorp, financial or managerial or operational, within 30 days of the enactment of the legislation, Gocorp will no longer have an interactive gambling licence. It is that simple.

Section 261B goes beyond this. It provides that, where any of the parties covered in section 261A—that is, Navari, Topki or a disqualified person—sells an interest in Gocorp prior to a date 30 days after the commencement of this legislation and makes a profit on that sale, the profit will be forfeited to the State. Where a corporate entity is involved, the liability for this payment is joint and several between the company and its directors. The chief executive has wide powers to seek information to make the determination of any amount to be forfeited and there are strong penalties—200 penalty units—for failure to comply. The chief executive also has recourse to seek repayment of this amount as a debt to the State. This provision will apply to transactions which have occurred prior to the commencement of this legislation as well as after and to payments made either before or after.

These amendments are a most unusual step in legislation. They could be described as draconian. However, they clearly illustrate the Government's determination to ensure that inappropriate people do not remain involved in this company. They also provide that, should any of these three individuals or their families receive any beneficial interest from this company, directly or indirectly, now or at any time in the future, that benefit will be subject to forfeiture to the State. I cannot accept, and neither can the public of Queensland, a situation where there is any chance for these people to sneak in through a back door and profit. It will not happen. The changes will not affect the rights of shareholders other than the three parties in either Gocorp or the other affected companies—Topki Holdings Pty Ltd and Navari Pty Ltd—from taking up shares in Gocorp either directly or via an alternative corporate mechanism at some time in the future provided, of course, that Gocorp retains its licence.

The second amendment is to section 263. This will provide the Government with the ongoing power to make regulations which may—

- prohibit disqualified persons from having a beneficial interest in an interactive gambling licence holder, or set limits on that holding;

- require interactive gambling licence holders to ensure that disqualified persons are not business or executive associates of the licence holder—aside from the penalties imposed by this provision, the amendments to section 44 also make this a ground for show cause action to be taken against the licensee;

- prohibit a disqualified person from holding either an interactive gambling licence directly or a key person licence as an employee of a licensee.

The regulation can be made so as to specify the disqualified person to whom it relates and when the beneficial interest came into effect, and it can require its disposal. It can also direct the forfeiture of the interest to the State or another person or, where the interest is by way of holding an office with the licensee, terminate the person's office and impose a disqualification on reappointment. The regulation can also—

- set the compensation for disposal of the interest; and

- forfeit any amount above this compensation.

It can also provide wide powers to the chief executive in seeking information to enable decisions to be made for the purposes of the regulation.

As I have previously indicated, it is my intention to move in the short term to ensure that members of Parliament and ministerial staff and their families are unable to purchase any significant interest in any interactive licensee by having an appropriate regulation drafted. That will happen. The powers conferred through this section are unusually strong. They encompass very wide discretions on both the Governor in Council in making regulations and the chief executive in making subsequent determinations. I make no apology for that. Without these extensive powers, I do not believe that we can have the necessary confidence that inappropriate action by greedy individuals can be avoided in the future.

Further, it is necessary to include these requirements via a regulation-making power rather than directly in the Act as it will be necessary to ensure that the Government has sufficient flexibility to deal with the many varied situations which may need to be dealt with. The alternative—potentially returning to Parliament every time a difficulty is encountered—is not acceptable because of the time constraints it would impose.

The amendments to both sections 261 and 263 also encompass provisions which remove the liability of the State for any action taken in implementing these provisions and provides for these sections—and any regulations made under the amendments to section 263—to override the Corporations Law. In the minds of some on the Opposition benches there seems to be some doubt as

to the effectiveness of these steps. A view seems to be held by the Opposition that these measures are able to be somehow avoided and that the benefits of their involvement will flow back to the D'Arcy, Livingstone and Pisasale interests. Perhaps that simply reflects ignorance of the actual contents of the legislation. If so, by now those doubts should have been allayed. Only the politically devious would want to continue to attack this legislation; the provisions in this Bill allow for those doubts to be fully allayed. If not, I should make the point quite clearly that QOGR will continue to monitor the share register of Gocorp, which is a part of its normal role, to ensure that this does not occur. Corporate investigations are an integral part of the role of QOGR's Compliance Division, and it has the tools and powers to monitor Gocorp's share register closely. And it will. Further, Gocorp is itself moving to amend its constitution to give it the power to remove shareholders who may jeopardise its licence. In this regard, I would reiterate the impact of the changes to section 44, which will allow for the institution of show cause provisions should any such activity come to light.

I should also make the point most strongly that, should either the Auditor-General or the CJC find that there has been any action on the part of other shareholders in Gocorp which places doubts on any person in that company being a fit and proper person to be associated with interactive gambling in this State, I shall have no hesitation in invoking the existing powers of the legislation with regard to their ongoing suitability to be licensed.

Further, Gocorp's licence will be conditional until after the current reviews by the Auditor-General and the CJC are completed. If there are serious adverse findings against Gocorp, action will be taken to cancel their licence. I say it again: further, Gocorp's licence will be conditional until after the current reviews by the Auditor-General and the CJC are completed. If there are serious adverse findings against Gocorp, action will be taken to cancel their licence.

This is difficult legislation. It runs against the grain in many ways to see it introduced. It does, however, clearly set the standards that this Government believes ought be accepted as the norm in public life. Accordingly, I make no apology for its stringency. The community deserves no less.

During the past few weeks the people of Queensland have witnessed the greatest level of hypocrisy seen in this State since the days when some of the members opposite sat in the most corrupt Government in Australian history. History shows that the National Party Governments of the 1980s were the most corrupt administrations in Australia's history. My Government, however, is widely acknowledged as honest, open, accountable and one of unquestioned integrity. Today I am introducing new legislation that reinforces my Government's commitment to the highest standards of public administration. In essence, the Interactive Gambling (Player Protection) Amendment Bill reflects community expectations—

Mr Horan interjected.

Mr DEPUTY SPEAKER (Mr Reeves): Order! The member for Toowoomba South.

Mr BEATTIE:—that people in public life should not be involved in profiting from companies holding interactive gambling licences. The Bill will ban certain companies and individuals from retaining beneficial interests in Gocorp Limited, the holder of an interactive gambling licence issued by the Queensland Government. It will have the effect of disqualifying three people—the member for Woodridge, Bill D'Arcy; State Government ministerial staff member Don Livingstone; and Ipswich councillor Paul Pisasale—and their families from benefiting from any interest in Gocorp.

The Bill provides that Gocorp's licence will be cancelled unless it delivers evidence to the State Government within 30 days that the disqualified people have disposed of their interests without making a profit from their disposal. So the disqualified people have to dispose of their interests without making a profit from their disposal. For the benefit of honourable members opposite, I will repeat that: Gocorp's licence will be cancelled unless it delivers evidence that the people concerned have sold without making a profit. This will preclude any secret handshake deals whereby the shares could be warehoused with a willing person.

The Bill also provides for regulations to prohibit people such as members of Parliament and their families from holding interests in any other companies holding interactive gambling licences. There are a number of other important measures that can be dealt with when we move to consider the clauses, but there is one initiative I wish to stress to honourable members. As I said, the three people and their families specifically mentioned must dispose of their shareholding without making a profit. The Bill, in fact, provides for any profits to be taken by the Crown. In fact, this Bill will close any perceived or real loopholes in existing Internet gaming legislation. Honourable members should compare that with the record of those opposite who signed the infamous memorandum of understanding with the Queensland Police Union or who sat blissfully unaware as Queensland suffered under a putrid Government riddled by political corruption.

I think it will also benefit all honourable members if I place on the official record a chronology of recent events plus some enlightening comments made by some honourable members opposite. Let us start with Tuesday, 27 July, the day that the Courier-Mail carried a story on page 1 relating to the issue

of an Internet gambling licence to Gocorp. The issue was the fact that three Labor Party identities and their families held shares in Gocorp through other companies, namely Navari Pty Ltd and Topki Pty Ltd. I also note that on the same day as the initial newspaper article, the deputy leader of the coalition, the Leader of the Liberal Party, said during an interview on the Carolyn Tucker program on 4QR that—

"I'm not aware of anything illegal here."

Later he said—

"It's been well known, including to myself, that Bill D'Arcy's had an interest in Internet gaming for some period of time."

Again I quote—

"I think this is a question of perception."

I happen to agree with the honourable Leader of the parliamentary Liberal Party: there was nothing illegal done by the Treasurer and it is a question of perception. Nevertheless, my response to this matter was immediate. On the same day as the article appeared, the Treasurer and I jointly wrote to the Auditor-General calling on him to provide advice on three matters. We wanted the matter investigated. Firstly, we sought the Auditor-General's view on whether the existing processes for the assessment of applications for Internet gambling licences were sufficiently rigorous in terms of probity and other matters. Secondly, we also asked whether the current arrangements were applied appropriately in the assessment of recent or current applications for licences. That means the Gocorp licence. Thirdly, we sought the Auditor-General's advice and, if necessary, recommendations for changes to existing guidelines. As honourable members would be aware, we are awaiting the Auditor-General's report on those issues.

Let me say that referring this matter to the Auditor-General is not the action of a Government engaged in a cover-up; it is the action of a Government doing the right thing. As I said, I agree with the views of the leader of the parliamentary Liberal Party expressed on Tuesday, 27 July. It is worth recording here that the member for Moggill revealed just two days later that, when he was the Parliamentary Secretary to the Treasurer, he became aware of the interest in Internet gambling by one of the members concerned. Let me just repeat that: while the member for Moggill was Parliamentary Secretary to the Treasurer, he became aware of the interest in Internet gambling by one of the members.

Other members of the coalition were also aware, and I will repeat this for the record. The Minister for Families, Youth and Community Care, Mr Lingard, knew because he received a letter from the member for Woodridge on 15 December 1997. That letter was attached to a letter to the member for Woodridge from Mr Reg Austin, a representative of Australian Online Entertainment Ltd, a company obviously pursuing an Internet gambling licence.

In Mr Austin's letter, it is revealed that the company had a meeting on Thursday, 27 November 1997 at Parliament House with "representatives of the Queensland Government". That is the then conservative coalition Government. Just who those representatives were the letter did not say, but it is worth repeating that Mr Austin refers to a meeting with Government representatives, who were members of the conservative Government. Mr Austin refers to meetings he had with departmental heads and senior officials dating back to June 1996. Let me just repeat that date: June 1996—four months after the coalition was sworn in as the Government.

Let me make a couple of observations. First, it would be unusual for departmental heads and senior officials to hold meetings in relation to such matters without referring those discussions to the relevant Ministers at least at some time or at the very least to their senior ministerial advisers. Second, I find it extraordinary to say the least that the coalition is expressing surprise and dismay when their department heads and senior officials started holding meetings with the people concerned in June 1996. In other words, the issue was well known to the former Government at the highest level, and this feigned indignation is nothing more than a political fraud. Yet here we have the spectacle of the coalition now trying to cry foul. What hypocrisy! What gross hypocrisy!

It gets worse. On 29 July, the Leader of the Opposition called for the Criminal Justice Commission to launch a full inquiry into the issuing of an Internet gaming licence to Gocorp. He sought to bully the CJC down a particular course of action. The new-found love of the Leader of the Opposition for the CJC makes St Paul's conversion on the road to Damascus look like a simple change of mind.

Let us compare the current views of the Opposition Leader on ministerial responsibility and accountability with those he held when this House passed the no-confidence motion in his then Attorney-General. The Leader of the Opposition has called for the resignation of the Treasurer, yet the investigations by the Auditor-General and the CJC have not even been completed. When this House passed a no-confidence motion in the member for Indooroopilly, did the then Premier sack him? No. He did not even get him to stand aside.

The member for Ipswich, on the other hand, did the honourable thing. The member for Ipswich stood aside when there was just a perception of something wrong—just a perception, not a reality. I applaud the honour and the integrity of the member for Ipswich, and I am confident that he will be completely exonerated by the Auditor-General and the CJC. The member for Ipswich has demonstrated his integrity. The member for Surfers Paradise has demonstrated his hypocrisy.

In further reference to the calls by the Leader of the Opposition for the Treasurer to resign or face a censure motion, let me simply say "Connolly/Ryan". Did the Leader of the Opposition stand aside or resign when he as Premier signed the infamous MOU with the Police Union? The answer is no. Did the member for Crows Nest, the then Police Minister, stand aside or resign over his role in the MOU? The answer is no. Did the member for Caloundra, who was the then Deputy Premier and Treasurer, stand aside or resign over her role in the MOU? The answer is no.

Let us also look at what the Leader of the Opposition said in this House on 26 August 1997 when, as Premier, he revealed Crown Law advice on why the then Attorney-General should not be sacked following the no-confidence motion a week earlier. That Crown Law advice states—

"While the Government enjoyed the confidence of this House, the selection of the Ministry was a matter for the Premier."

I assure this House that my standards and those of the member for Ipswich are much higher than those of the member for Surfers Paradise, the member for Crows Nest and the member for Caloundra by a long way, and are particularly higher than those of the member for Indooroopilly.

Before asking the House to support this legislation, I highlight just one more example of the hypocrisy of the members opposite. The Bill will prevent three members of the Labor Party from owning shares in an Internet gambling company. This week Cabinet approved that legislation. It also made a decision that all Ministers, all Government MLAs, their families and ministerial staff cannot buy shares in the upcoming TAB float. In light of the comments in recent weeks by the Opposition, I suspect that the TAB Bill will be supported by the coalition. In fact, yesterday I issued a challenge for the Leader of the Opposition to apply the same standards to members opposite—that is, prohibit them from buying shares in the TAB float. He has declined. He has declined to provide leadership on that issue. I think Queenslanders will continue to show their disappointment in this man, who has shown no demonstration of integrity at all.

Mr BORBIDGE: Mr Deputy Speaker, I rise to a point of order. There is a longstanding convention in this place that the second-reading speech of a Minister details the provisions of the legislation that the House will be debating. We can have a debate about the TAB tomorrow. There is a longstanding convention, but I know that the honourable member for Brisbane Central has no respect for the conventions of this House.

Mr DEPUTY SPEAKER (Mr Reeves): There is no point of order.

Mr BEATTIE: The Explanatory Notes are very clear. Here we have from the Leader of the Opposition a continuation of the nastiness and negativity that we see every day. "Mr Nasty" is at it again.

I have set out an overwhelming case not just to support this legislation but to support it today. It is important for us to ensure that this issue is fixed. All we have seen today from the Opposition—let the record show it—is attempts to prevent or to roadblock moves by the Government to set this right. The only reason it has done that is for cheap political purposes—nothing more. This Government is an honest Government. It is a Government of integrity. It is a Government that is providing leadership on issues such as this. When these issues have come to our attention, we have fixed them. While we have fixed them, those opposite, who were members of the most corrupt Government in the history of Australia, have opposed us at every turn.
