



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 17 August 1999

INTERACTIVE GAMBLING (PLAYER PROTECTION) AMENDMENT BILL

Hon. P. D. BEATTIE (Brisbane Central—ALP) (Premier) (12.49 a.m.), in reply: I would like to thank all honourable members for their contributions in what can only be described as an exhilarating debate. I intend to go through a number of the contributions that have been made. However, before I do I want to make reference to a couple of what I would like to call unseemly remarks that were made by a couple of members opposite in relation to the fact that my wife came in here today. Some members opposite made some derogatory remarks about that. I simply make the point that I regard that as offensive. I am quite happy to be seen with my wife anywhere and I will encourage my wife to visit Parliament on every occasion.

Mr Seeney: It was a stunt.

Mr BEATTIE: That is just typical. That the member would attack someone's wife goes to show what sort of person he is. I think that that says everything about him. He ought to be ashamed of himself. I understand that the member for Western Downs was also one of the members involved. I expected a bit better than that from him. Frankly, I thought that he was a better person than that. One does not get any lower than that. At the end of the day, the members opposite can all be ashamed of themselves. Talk about scummy behaviour! There is nothing worse than that. If members want to get into the gutter like that, then they will be condemned in the electorates. The member for Callide should never come in here and talk about family values, because he does not stand for them. I do not want to hear ever again any hypocrisy and nonsense about family values from the conservatives in this place, because they do not stand for them.

The Leader of the Liberal Party, Dr Watson, made a number of points and I will go through them. Firstly, he asked whether Gocorp was given preference and was there first mover advantage. He also referred to the lobbying efforts of various parties. I reject totally the claims of fast tracking. The licence took eight months from application date to issue. As yet, Gocorp has not commenced operation. A draft brief to applicants was available for comment on the Queensland Office of Gaming Regulation web site from August. From 1997, there was widespread knowledge of the developments in Australia in relation to the national model as well as developments in Queensland. There has been no barrier to licence applications. No limit to the number of licences has been established.

The Leader of the Opposition said that a tender was given to a particular person. That is simply untrue, and he knows it. Prior to the commencement, the Queensland Office of Gaming Regulation dealt with numerous inquiries—at least 30—including international and interstate parties. The Queensland Office of Gaming Regulation was able to accept applications from the date of commencement of the legislation, which is 1 October 1998, while Gocorp did not lodge its application until 16 October. Currently, there are four other applications being processed. The first mover advantage is not transferred into first starter. Gocorp has not commenced yet and there is no guarantee that it will be the first to commence conducting interactive gaming operations.

The second point that was made by Dr Watson, the Leader of the Liberal Party, was that a licence should not have been granted, given the involvement of the various parties involved—the three Labor figures, and there were others—and their business credibility. I think that the Leader of the Liberal Party mentioned Wilson and Austin. The position is basically this: probity checks—

Dr Watson interjected.

Mr BEATTIE: No, I am just referring to those two to take up the member's point. Probity checks deal with those persons in a position of influence with the licence holder. To date, a benchmark of 5% has been used as a basis across all forms of gambling. As I told the House earlier, that was a benchmark that was established in the 1980s by the then conservative Government. The percentage holding is the level of holding in the licensee or if a director of a company has a holding of 5% or over.

There would be difficulties in practically enforcing a probity regime if every person, regardless of the level of shareholding or impact on the operations of company, is to be investigated. For example, if that was the approach that was followed, someone with a shoplifting offence at the age of 15 could not in theory hold shares in Jupiters. That is what it means. To date, the reality has stopped at a 5% interest in the actual licence holder or directors or executives who have a capacity to influence the operations of the company. We are not talking about silent shareholders. That is why there is the 5% point.

Dr Watson: And you had information that at least one of them had actually—

Mr BEATTIE: The point about this is very simple. This 5% is the previous Government's probity level.

Dr Watson: No, no.

Mr BEATTIE: The member cannot argue about the probity level. That is nonsense. It is a 5% probity level for people who own shareholdings. It is not talking about a directorship.

Dr Watson: No, there is no probity level in the legislation.

Mr BEATTIE: This is the position that the coalition accepted when it was in Government. It was determined initially by conservative Governments. The member cannot argue about it. It is a nonsense to suggest otherwise.

I turn to business or executive associates. This legislation does not include every shareholder directly or indirectly of the licence holder, but it targets those who are in a role that influences the management of the company. That is the answer to the member's question. That is a position that the previous Government accepted. If it did not accept that, why did not the previous Government have different aspects to its legislation? The member cannot have one standard then and have another standard now.

The legislation does not provide parliamentary endorsement of the licence but introduces a means by which the Gocorp licence will be terminated if the relationship with Navari, Topki and disqualified persons continues. At present, this is not the case. Legal advice states that the Government cannot suspend or cancel the Gocorp licence in the present circumstances. This legislation will allow this to happen if the offending parties are not removed.

This afternoon, I tabled one part of the legal advice that we received. It is a well-established convention that Crown Law advice is not tabled. Over the years, that has been a position accepted by conservative Governments as well as this Government. The nonsense that we have heard from various speakers about this is grossly untrue. I tabled one part of the legal advice, as I referred to that one part. The Borbidge Government did not table its full legal advice. Frankly, the convention says that Governments do not. I actually asked through one of my staff—

Mr Veivers: When we asked you, you wouldn't do it.

Mr BEATTIE: Why does the member for Southport not give it away? In fact, through one of my staff I asked the Solicitor-General whether he would object to me tabling part of the legal advice. He did not object. He made certain indications that it was not the preferred position, but he did not object and I tabled part of it. Those members who are informed and those who have been in responsible positions know that the convention is that legal advice is not tabled in this Parliament. I took the extraordinary measure of tabling part of it after, through my staff, receiving advice that it would be fine to confirm what I was saying to the House.

Mr Veivers: You asked me to table that bit about Lyn Staib.

Mr BEATTIE: The member is not being serious and I am not going to take him for anything other than being stupid about it. The basic point about this issue is that I tabled the relevant part of the document. I want to say again that the contributions that have been made by those who have been ill informed, misinformed or mischievous simply indicate that those members do not understand the convention.

The Leader of the Liberal Party referred also to the Premier's memorandum and alleged fast tracking of the licence. I released the memo as soon it was brought to my attention. I had nothing to hide. As I have said publicly, I have explained the full details of that in the public arena. I was unaware of the freedom of information application, which the Leader of the Liberal Party has made great reference to outside this House. I have explained this publicly already. All the details have been provided to the Auditor-General. I have no concerns or problems in relation to this issue—none at all. I

have provided the Auditor-General with a detailed statement in relation to this matter as well as all associated material. I have said all that I am going to say about this publicly; it is now in the hands of the Auditor-General. That is the end of it.

It took eight months between the lodgment of the application and the issue of the licence. All documents, including the memo, which has been referred to, have been made available to the Auditor-General. I should say that the memo referred to a Tasmanian news report. In relation to the question asked by the honourable member for Gladstone in particular—and I might say to the member for Gladstone that I was, in fact, listening to the debate and I should mention to her that I had staff in the Minister's office who were taking notes in relation to all of these matters and I will reply in detail to the points that she raised—I make the point again that the memo to which I have referred, which I have dealt with at length publicly and which I released the day that it was drawn to my attention, referred to a Tasmanian report in relation to Internet gambling. That is what it referred to. That is the context of it and it is nothing more than that.

The myth of the \$200m windfall—the success of which is yet to be proven—is refuted by Gocorp's own business plan. It is an inflated figure bandied about by the Opposition and the media. There are at least 250 sites currently operating and the first licence issued in Queensland will need to establish itself on a worldwide basis.

The fourth point that the Leader of the Liberal Party talked about was the legislation. The amendment does not require Parliament to endorse the licence. Rather, it provides for automatic cancellation if certain actions do not occur within 30 days. Those actions include if Navari, Topki or disqualified persons maintain a beneficial interest or continue as a business or executive associate. Changes relate to the involvement of elected officials and public perception, and are not intended to determine or influence the licence determination process or to pre-empt the outcome of the Auditor-General's inquiry or the CJC's inquiry. I think that I have covered most of the matters raised by the honourable member for Moggill. I will come to his amendments at the end of my reply.

The Leader of the Opposition claimed that I was involved because of the disclosure of the memorandum from the Premier's office and admissions in media interviews of brief discussions with Mr D'Arcy in Opposition. That is something that I have never denied. As soon as I became aware of the memorandum, I made it available publicly. I have already dealt with that issue. All documents relating to the Gocorp process have been made available to the Auditor-General, without exception. They include the so-called legendary extra two pages that the Opposition refers to. When this matter was released, there were a number of documents on my desk. When Opposition members made these comments publicly, I was not even sure what they were referring to. I went back and looked, and I can tell them that it is a pretty tame document.

An Opposition member interjected.

Mr BEATTIE: Members opposite will see them eventually. I made sure that they went to the Auditor-General, who knows exactly what is in them. When members opposite see them, they will realise that they have been making a lot of fuss about nothing. All it is is a report from the Office of Gaming Regulation in relation to the Tasmanian licence and the news report. That is all it deals with. There is hardly anything exciting in it. I could not work out what it was that members opposite were jumping up and down about. I thought, "Where is this mystery document?" It turned out that there was no mystery document at all. It is something about nothing.

Dr Watson interjected.

Mr BEATTIE: Yes, a couple of blank pages. I can tell the honourable member that what was on them was something about nothing. What I say in here is relevant to any inquiry, and I put on the record now that the memorandum that came back simply related to a response to the Tasmanian news release that I had sent down. It was the response and briefing of the Office of Gaming Regulation. My public statements are consistent with my recollection of events. As I stated, I had no involvement whatsoever in the Gocorp licensing process.

The second point made by Mr Borbidge was that the reason for the delay in accepting applications for interactive gambling licences relates to the delay between the passage of the interactive Act in March 1998 and the commencement of the Act in October 1998. The Leader of the Opposition is correct. However, the seven month delay between the passage of the Act and the accepting of applications does not lend credence to Mr Borbidge's conspiracy theory that the licensing process for Gocorp was fast-tracked. In addition, there was then an eight month delay between the application being lodged and the licence being granted in June 1999. The Leader of the Opposition has demonstrated not only that his fast-track conspiracy theory has considerable holes in it but also his ability to read and adequately interpret legislation is flawed.

The Leader of the Opposition has produced a scheme that he considers is a reasonable option to deal with the issue. His model is built on thin ice. I have already illustrated the fallacious reasoning

behind his argument that the Government has the ability to suspend the licence. The Crown Solicitor's advice clearly rules this option out.

As I have said, if the Auditor-General or the CJC found that there was something wrong with the process, under the Act the persons would not be fit and proper. That creates a different opportunity for the licence to be cancelled. I can only conclude that Mr Borbidge is playing politics in trying to devise an administrative solution to a complex matter, rather than supporting the only viable legislative solution, which is the one put forward by my Government.

Mr Quinn, the member for Merrimac, said that it was only very large and already successful companies that should have Internet gambling licences. I listened to what he said with some interest. Internet companies are, by their nature, small technologically based ventures with very small start-up capital and are new entities often without a proven track record. It was from very small beginnings that one of the most successful Internet companies, Amazon.Com, began.

The Government has recognised that the interactive legislation will attract both existing gaming players who are seeking to distribute their products through new technology and new technology companies which are seeking to use their technological expertise in a gaming market as opposed to a book or CD market. Notwithstanding the immature nature of Internet companies, the licence issued to Gocorp by the Treasurer contains a schedule of financial parameters which requires it to ensure that it has sufficient funds to meet its financial obligations. These parameters include minimum debt equity and fixed ratios and cash reserves.

I am heartened by Mr Quinn's comments regarding the deservedly high national and international regard in which Queensland's gaming regulation is held. The amendment is designed to ensure that this reputation is maintained and enhanced. Honourable members can understand my desire, as Premier, to protect our national and international reputation.

Mr Springborg, the Deputy Leader of the National Party, said that the Government is forcing the amendment through without sufficient time for proper review. The Bill itself is very small, containing only six sections. It is based upon the considered advice of the Crown Solicitor, as I have already advised Parliament. It has been well known to all concerned that this course of action was to be followed. I announced it publicly and it was given significant media exposure. The whole world knew what we were doing. It is significant to note that there has been no objection from Gocorp to this amendment, which is the party most affected by it. I should say to members opposite that I also indicated publicly, when this was first released, that we intended to move it through all stages on the one day. That was never hidden. It was never a surprise. Everybody knew about it two weeks ago.

Mr Springborg said that the definition of a disqualified person under the amendment is unnecessarily broad. The definition is deliberately very broad in order to ensure that all relevant parties cease to have an association with or shareholding in Gocorp. The application of the definition to future situations will depend on the issue being addressed at that time and how best to deal with it.

The Opposition has claimed that the amendment is unnecessarily harsh and will affect innocent parties. However, apparently the Opposition does not consider that any innocent party will be adversely affected by its proposed solution, which involves suspending and cancelling the licence, not to mention the damages involved. This stance does not acknowledge the technology loss to Queensland from such an option, nor does it take into account the employment opportunities and revenue potential from the licence.

Mr Cooper, the member for Crows Nest, said that there should be a fair inquiry into the issues with no political witch-hunt. I thank him for his comment that there should be no political witch-hunt. I thought that the Opposition was calling for a witch-hunt. I am also pleased to note Mr Cooper's comment that there should be an inquiry. It is unfortunate that he has come to this conclusion about two weeks after the Government had requested the Auditor-General to conduct such an inquiry and had supported the inquiry which the CJC announced it would undertake.

Mr Santoro, the member for Clayfield, said that the Government is made up of a group of political cowards. The Government has shown that this is patently false. My Government has acknowledged the need to ensure that elected officials and associates do not have an interest in interactive gambling licences. Today my Government has taken the courageous stance of addressing this issue. It is the Opposition that appears to lack the moral fibre to support strong legislation in relation to public officials' involvement in interactive licences. No Government in the history of the State has taken a stronger ethical position on this sort of issue than we have. The historical record will show that. We were prepared to go back into minority Government to do the right thing. No Government in the history of Queensland has been prepared to do that.

Mr Horan said that \$200m is available to the first interactive gambling licence. The Opposition is repeating the media claim about the value of the Gocorp licence, which I have already demonstrated is nonsense. In fact, Gocorp's own business plan provides for a float value of less than 25% of the so-

called windfall lotto win. Further, all of the parties who sold their interests have placed a nominal zero value on the Gocorp shareholding, recognising the speculative nature of the investment.

Mr Horan went on to talk about changes in the corporate structure of Gocorp. Mr Horan seems to assume that licensed gaming entities remain rigid and unchanged throughout their operating life. The reality is quite different. It was always accepted that the corporate structure of Gocorp would undergo substantial change in the period leading up to its operational start due to the need for a major public float. This will see substantial changes in shareholding and there will be a dilution of the interests of the initial proponents.

The ongoing probity review process that the Queensland Office of Gaming Regulation will conduct as a matter of course will ensure for Gocorp, as with all other gaming licence holders, that the corporate and ownership structures remain appropriate. It was also quite untrue to argue that the remaining corporate structure of Gocorp without Navari and Topki has not been subjected to a full and complete probity investigation. The remainder of the company has been thoroughly investigated and, on the information available, no doubts are held about its probity.

The member for Western Downs, Brian Littleproud, asked: why was the interactive licence not included in the float of the TABQ? It will be. The TAB is able to conduct interactive gambling under its sports wagering and race wagering licences on an exclusive basis to Queensland residents. Gocorp will not have that capacity under its conditional licence.

The member for Nerang, Mr Connor, stated that the legislation does not deal with the spouse of a staff member of a member of Parliament. Technically, Mr Connor is correct in this premise, although not in his conclusion. The list of disqualified persons needed to end somewhere in terms of the list of specified persons. However, Mr Connor should note that the list provides that a regulation can be made prescribing any person to be a disqualified person, irrespective of whether they were included on the list. The Opposition—and this is the answer to the point he raised—can be in no doubt of my intentions that Messrs D'Arcy, Pisasale, Livingstone and their spouses and children will have no involvement in Gocorp. I make that point very clear. Instead of unnecessarily complicating the legislation, this intention will be achieved via a strong regulation. That is how we intend to do that.

It was claimed by Mr Connor that the development of regulations did not occur during the term of the Borbidge/Sheldon Government. Although the regulation was not introduced until this Government came into power, work had already clearly commenced on the regulations and on the ancillary technical and briefing documents during the coalition Government. There was no evidence of any hesitation on the part of the previous Government to commence this regime. Indeed, every statement by the then Treasurer indicated her enthusiasm to be the first to issue a licence. I am not nitpicking about that. That was simply what was going on.

Dr Watson interjected.

Mr BEATTIE: The member for Moggill did not, but the member for Nerang did. I am just clarifying that.

I have already responded to a number of matters that the member for Gladstone raised. The first point she raised concerned why this Bill was so urgent. The Government believes it is of critical importance for all parties associated with this licence and other licences currently under consideration by the Queensland Office of Gaming Regulation for this matter to be dealt with in the earliest possible time frame. Gocorp has 30 days from now to resolve its position and its shareholders. We wanted that 30 days to start as quickly as possible so as to resolve this issue. To have gone through the full parliamentary process would have meant that the legislation before us today would not have been finalised until the Budget session in September. In my view, that was simply too long. The 30 days had to start running as quickly as possible. It is not reasonable or commercial for the community or the participants to endure a delay of such a length.

The second question raised by the member for Gladstone was: what does the clause regarding limits on the interest of disqualified persons mean? Are they not totally disqualified from holding any interest? The legislation allows the Government considerable flexibility in dealing with interests of disqualified persons through the making of regulations. It is important to recognise that the drafting of regulations under this legislation will need to be very carefully considered because of the very severe impacts it can have on innocently held shareholdings, often via legitimate intermediary investment companies and even managed trusts.

The next question raised by the member for Gladstone was: will there be repercussions for the Audit Office or the CJC arising from the reviews? I can assure Mrs Cunningham that there will be no repercussions as a result of the reviews. This Government has an unparalleled respect for these bodies and has committed itself to fully cooperating with the reviews. The member for Gladstone asked: did Gocorp get a jump on the other applicants? The answer is: no. As I indicated this morning, there was no question of Gocorp having gained any particular benefit from having the first licence issued. Licences are not limited in number. Applications have been received since October 1998 and are still

being received. In fact, two have been lodged in the past week. Having the first licence does not necessarily mean that Gocorp will have the first operational site in Queensland. It still has many technical and financial issues to resolve before operations can commence. Importantly, it certainly does not give Gocorp any exclusivity or privilege.

The next issue was the timing and meaning of my office memo to the Treasurer's office. That has previously been explained. I wish also to mention two other brief points. The member for Gladstone, Mrs Cunningham, made some reference to what had happened when we were in Opposition in relation to inquiries and motions of no confidence. I refer the member to page 2095 of the Hansard for 19 August 1997. She will note that none of these no confidence motions were moved until the Supreme Court of Queensland had struck down the Connolly/Ryan inquiry on the basis of political bias. So the inquiry had finished before that motion was passed. In terms of the next item, I refer the member to page 3725 of Hansard for 31 October 1996, where she will see that a motion of no confidence was moved only after the shock resignation of Mr Kenneth Carruthers. In essence, both of those were moved after the inquiries had concluded.

I turn to the amendments. The member for Nicklin raised some issues in relation to local authority councillors. In relation to the issue of the application of the provisions of these amendments to local authority councillors, the situation is very clear. It has been necessary to include local authority councillors within the ambit of the Act to ensure that Councillor Pisasale's interest in Gocorp is disposed of once and for all. The consequence of this is that local authority councillors are included in the list of groups to whom the provisions of the legislation apply. However, to actually have an ongoing effect on councillors generally the Government would have to pass a regulation applying the provisions to them. I can assure all honourable members that that is not this Government's intention.

In terms of natural justice, a point which has eluded the Opposition in its cries for the suspension or cancellation of Gocorp's licence is that the approach ignores the natural justice provisions of the legislation. The Act provides for a mechanism for dealing with difficulties with licence holders, giving them a fair chance to present their case before a determination is made. I draw the attention of the House to sections 44 and beyond, which set out a clear process. To move as the Opposition has proposed would be to penalise all investors in Gocorp, including those who are not the subject of any allegations. Our solution avoids the undesirable consequences of that action.

Mrs Pratt's amendments seek to add an additional element to the regulation-making power by adding an arm's-length requirement. Presumably this is to prevent benefits flowing back to a disqualified person. It is not necessary, as the existing legislation prevents any disqualified person gaining a profit from their interest. Where a transaction takes place at less than arm's length and a profit, monetary or otherwise, is conveyed to the disqualified person, the regulation making powers provide for the forfeiture of that benefit. In other words, the spirit of what the member is doing is already included in here and therefore is not necessary. I would certainly oppose that.

In terms of the amendments moved by the honourable member for Moggill, having had a look at them I feel that they do not add a great deal to the debate, because in reality they are covered by the legislation. Since they deal with this particular matter, I cannot see anybody who would be caught by them. However, I do not have any objection to the spirit of what the member is trying to do. I have noted the amendments circulated by the honourable member. As I said, I must say that I see little benefit arising from these amendments. Insofar as they affect the present situation, the amendments would mean that any present shareholders in these categories would need to relinquish their shareholdings. There are no known entities affected, so it is not clear what impact the changes would have. As far as the future is concerned, the changes add nothing to the powers currently available under the provisions of proposed new subsection (f) of the Government's amendments. However, while I see little that this change adds to our changes, I am willing to accept them to encourage those opposite to show their commitment to dealing with the real issues involved here and to put their support behind the amendments as a whole. In the spirit of some consensus, I am happy to accept the amendments foreshadowed by the Leader of the Liberal Party.

Mr Beanland asked whether legal advice has been sought on this legislation. The answer is yes. The Solicitor-General has confirmed that the legislation is a valid constitutional exercise of parliamentary powers.

I have gone through every issue of substance that has been raised by every member in this House. Over the past 30 minutes I have answered every question that has been raised. There are no outstanding questions.
