



Speech by

**Mr. R. CONNOR**

**MEMBER FOR NERANG**

---

Hansard 17 August 1999

**INTERACTIVE GAMBLING (PLAYER PROTECTION) AMENDMENT BILL**

**Mr CONNOR** (Nerang—LP) (10.26 p.m.): I rise to speak on the Interactive Gambling (Player Protection) Amendment Bill. I want to speak briefly about the prime purpose of the Bill. As I understand it—and I refer to the Premier's second-reading speech—one of the main purposes of the Bill is to effectively disallow the three Labor members of Navari, and their spouses, from having any involvement in the Gocorp licence. One recalls that we have the D'Arcy family, the Pisasale family and the Livingstone family.

The particular clause in question is the "disqualified person" clause. Part of the clause is of particular interest because of what it does not contain rather than what it does contain. The disqualified persons include a member of the Legislative Assembly, a spouse or child of a member of the Legislative Assembly, a councillor of a local government, a spouse or child of a councillor of a local government, and a staff member of a member of the Legislative Assembly—and that includes Ministers—but not a spouse or child of a staff member of a member of the Legislative Assembly.

According to the Premier, this legislation was specifically designed to disallow those three groups from having any involvement in the licence. However, this Bill only deals with two of the groups. As I said, it does not deal with Don Livingstone's spouse. One can argue that subsection (f) of clause 6 might cover the matter. That subsection reads as follows—

"a person, whether or not of a similar class to a person mentioned in paragraph (a) to (e) prescribed under a regulation."

The spouse of a staff member of a member of the Legislative Assembly has been left out. Don Livingstone is one-third of the Labor Party component of Navari. This legislation will not preclude Don Livingstone's wife, or any other spouse of a staff member of a member of the Legislative Assembly, from having involvement in licences in the future, nor in the past.

So if the prime objective of this Bill was to disallow the involvement of those three people and their respective spouses in Navari and, of course, the licence, this Bill does not achieve that. As I said before, it could be argued that the regulations could do that, but the clause that allows those regulations to be made deal only with a person of a similar class. However, the "similar class", meaning the spouse of a staff member of the Legislative Assembly, is specifically not mentioned. In that case, it could be argued very effectively that the regulations will not cover the spouse of Don Livingstone. Again, even under that clause, the Bill does not achieve the prime objective that the Premier has stated. As I said, if that is the case, either there has been a mistake in the advice to the Parliamentary Counsel, or the Parliamentary Counsel has made a mistake, or they have purposely left out the spouse of a staff member of a member of the Legislative Assembly or a Minister.

This morning, the Premier was not prepared to table legal advice in relation to this Bill. One could be forgiven for assuming that that legal advice had said that there was some reason why they could not deal specifically with a spouse of a staff member of a member of the Legislative Assembly. That begs the question: if this Bill is not achieving what the Premier has stated was the prime purpose of the Bill, what is it for? It is beyond belief that the Parliamentary Counsel, when he has mentioned specifically the spouse and child of a member of the Legislative Assembly, which deals with D'Arcy, and specifically mentioned a spouse or child of a councillor, which deals specifically with Pisasale, does not deal with Don Livingstone's circumstances. I ask the Premier in his reply to explain to this House why

the third aspect is not achieved by this Bill. The Premier has maintained publicly that the three components of Navari, the Livingstones, the D'Arcys and the Pisasales, would be dealt with. This Bill deals only with two of those three people.

As I said before, it is highly unlikely that the Parliamentary Counsel would have made that mistake. It is highly unlikely that he would be incorrectly advised and, if he were, I am sure that he would have picked up the fact that that part is missing. That then leaves only one conclusion: that he was advised specifically not to put in the legislation the spouse of Livingstone. Why was the Premier advised specifically not to put in the spouse of Livingstone? Would it have created a precedent? These people are effectively part of the Public Service. Would that mean that all spouses of members of the Public Service would somehow or another be affected? Would that create a precedent that would have unacceptable impacts on the Public Service? These are the only conclusions that I can make.

The Premier has maintained that that was the purpose of this Bill and the reason why he was, in his words, going to quite draconian lengths to deal with this issue. However, with this Bill he does not achieve what he says he will achieve. So the legislation is a farce; a total furphy. The Premier is not achieving what he claims to be achieving. I believe that I have demonstrated that quite clearly. Unless the Premier is prepared to deny that he has received legal advice that he cannot include that third factor in this Bill, I think that it is fair for everyone to assume that that is the case and that this Bill has not achieved its purpose.

Recently, some of the more authoritative online newspapers have picked up the issue of online casinos and online gambling. I would like to relate very briefly some of the things that they have had to say about online gambling. I table a story downloaded from ZDNet today titled "How safe are on-line casinos? What should we know about them before playing with real money?" It goes on to state—and I think that this is pretty relevant—

"There are a couple of problems with Internet casinos. First of all, how would you know if they were cheating?"

The article states further—

"Another reason to be very cautious about on-line gambling. It remains to be seen whether they're legal or not."

Another story appearing in ZDNet titled "FBI targets offshore betting sites", which was downloaded on 5 August, states—

"The FBI last week arrested two and issued arrest warrants for 12 other operators of 6 offshore Internet sports betting sites."

It goes on to state further—

"Federal law clearly prohibits anyone engaged in the business of betting or wagering from using interstate and international wire connections."

That article is referring to the United States. The point I make is that the US market, which would clearly be one of the major Internet markets for a global operator, is still very much in question. The Americans are still to determine their position on Internet casinos. In the meantime they are pursuing and prosecuting operators external to their boundaries who engage in online gambling that is being accessed by US citizens. This brings into question whether, in effect, the Queensland licence extended to Gocorp could entitle that company to break US laws. We move into a very murky area of international law and its repercussions.

There are so many questions that develop as a result of just this one aspect. If it is determined that this US jurisdiction legislation is enforceable externally, then we could see the assets of companies such as Gocorp being seized both within the United States and externally and directors being arrested for their involvement. Does the licence specifically preclude operating within the US jurisdiction? Is the licence precluded from being accessible by any jurisdiction? How would we know, anyway? Once a gaming web site can be viewed from any computer in the world that is connected to the Internet, how could a company stop a US citizen or, for that matter, any other foreign citizen from playing its games? It is virtually impossible.

One could argue that as long as one does not accept payment from a US citizen, then one is not breaching any US law. However, according to the US attorney Mary-Jo White—

"Federal law clearly prohibits anyone engaged in the business of betting or wagering from using interstate and international wire connection."

So a company that simply makes the site available on the Internet, which in turn is using US interstate and international wire connections via the Internet, and which is then viewed by a US citizen, according to the US attorney Mary-Jo White is breaking US law. I am not aware of any technology that can limit the access of web sites to areas other than the United States. That means that if Gocorp puts up its

gambling web site and it is accessed by a US resident, the US has deemed that it has committed a criminal act.

Is it any wonder that under these circumstances the Borbidge/Sheldon Government did not issue a licence? While it is true that legislation was enacted by the Borbidge/Sheldon Government, the finer aspects of the legislation, the regulations, were not passed and as such had not been fully deliberated and determined by the previous Government. Nor was there licence issued. There was some hesitation in granting licences of this type because of the unknown elements of international Internet gaming. Is it any wonder that the Treasury Department and the Office of Gaming Regulation would have been hesitant in granting this licence? I return to the question: why was the Borbidge/Sheldon Government prepared to put in place legislation licensing Internet gaming?

I again raise the issue of revenue from domestic Queensland gaming for the State Government that currently benefits the community. Quite clearly, the previous Government wanted to send a message to potential Internet gamers that Queensland was at least prepared to progress the concept of licensing. As I have stated before, online gaming already exists. There are dozens of sites. The Northern Territory already has a Government licensed site in operation. There was a great threat to State revenue and clearly the Queensland Government had a responsibility to properly explore the feasibility of licensing online sites, and the best way to send a clear signal to the industry was through legislation. That being said, the regulations had not been finalised and no licence had been granted. To the contrary, there is significant correspondence to indicate that there was serious hesitation by the Borbidge/Sheldon Government in progressing the granting of a licence.

Rather than simply looking at the issue from our perspective, let us look at it from the international perspective. It is not just our revenue that is likely to be impacted upon by online gaming. Many other jurisdictions may be affected as well. For instance, the Las Vegas casinos in the United States would have similar concerns relating to their operational revenues should offshore gaming become popular. It should not be underestimated just how significant a lobby group existing non-virtual gaming is within the US. It employs many thousands of people, generates many billions of dollars in revenue and is a significant part of the entertainment scene within the United States. I am quite convinced that they would put all their efforts into ensuring that if they could be involved in the online industry then no-one else externally should be. Hence the activities of the FBI that I mentioned earlier and recent court action in New York that has convicted some of those offshore online gaming operators. Not only has the FBI come down very hard but also the judiciary is coming down very hard on this activity. Within the United States there is an economic imperative driving this move and there is also a significant lobby group that is absolutely opposed to this new form of gambling.

A recent CNN virtual newspaper article, which was downloaded today, is entitled Should online gambling be regulated. It states—

"College students are reportedly the fastest growing sector of gamblers and the internet provides an array of 'virtual casinos' willing to take bets."

It goes on to state—

"From the comfort of his dorm room this student and some of his peers wager as much as \$1000 a day on sporting events including college basketball games."

It goes on in great detail about the social dangers that online gaming has brought to the United States environment.

It would not take much for the US media to start forming the opinion that our licensing environment is not credible and is open to the worst excesses of gaming. The exploits of illegal gaming in the United States alone are legendary. There is also the very real perception that gaming could lead to various serious social consequences, not just because of the potential involvement of organised crime but because of all the associated impacts that gaming has on the community.

Is the net bet scandal sufficient to provoke sections of the US media to turn their focus on Australia, and Queensland in particular? A number of questions are going to be asked. Firstly, are the licences being awarded fairly? Secondly, are the security protocols secure? Thirdly, are there sufficient safeguards to ensure that only appropriate people are being licensed? I shall go through those three questions from the perspective of the US media. Firstly, has the licence been awarded fairly? The fact is that three well-connected Labor operatives with close personal connections gained the first and only licence in Queensland from a Labor Minister, without the licence being offered via a tendering process or a public call for expressions of interest. Clearly the facts would lead to the perception that the licence was not awarded fairly.

Secondly, we come to the question of whether the game is secure, whether it is operated fairly with appropriate odds and whether payouts will be made in an appropriate manner. We do not know much about those aspects because at this stage Gocorp is not operational, although it does have a web site under construction. There would have to be serious doubts in the minds of US administrators

and the US media as to the security of any gaming that was awarded under the circumstances of the net bet scandal. I believe that if Labor mates can manipulate the system sufficiently to be awarded a contract under these circumstances by a Labor Treasurer who has authority over the ongoing operation of their licence, surely those same people would be in a position to influence any future scrutiny in relation to the ongoing credibility and security of the system. It certainly would lead groups in the US to question that process.

Thirdly, we come to the question of safeguards. Let us look at the facts. We know that Councillor Pisasale, one of the three Labor operatives involved in the licence bid, had previous criminal convictions. We know that in the application process there was an attempt to cover up the previous criminal involvement of Councillor Pisasale. In addition, even though a criminal connection was established and the cover-up was revealed, the licence was still awarded even though Councillor Pisasale still had an interest in the operation.

Time expired.

---