




Speech By
Tim Nicholls

MEMBER FOR CLAYFIELD

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CASINO CONTROL AND OTHER LEGISLATION AMENDMENT BILL

 **Mr NICHOLLS** (Clayfield—LNP) (3.35 pm): I think I have heard it all. Here we have a government that has been forced, kicking and screaming, to conduct an inquiry into casino operations here in Queensland, and now we have the Attorney-General turning up today and dropping 27 pages of amendments at three o'clock this afternoon, half an hour before a debate is about to start. That is a sign of a government that is dysfunctional and an Attorney who has taken her eye off the ball. Then the Attorney jumps up and says, 'Oh, look, all we have been doing is fantastic and it has been approved by Mr Gotterson KC,' and proceeds to quote from his report. Here is what his report actually says—

In doing so, I owe a considerable debt to the extensive and in-depth work of the Bell, Bergin, Finkelstein and Owen Inquiries in particular.

We did not hear that from the Attorney-General. She made no comment about all the work that had been done by governments in Victoria, New South Wales and Western Australia. She made no comment about that. It goes on to say—

That body of work has informed not only my consideration of these matters—

so that body of work by those inquiries and those commissioners—

but also, evidently, the Queensland Amendment Act and the work of the Legal Affairs and Safety Committee of the Queensland Parliament. This Inquiry was able to benefit from that work.

This is from the work of Bergin, Finkelstein, Owen and Bell, not from the work of the Labor government in Queensland. It would be a cold day in hell if they waited for work from a Labor government in Queensland to address any of the issues! Just ask the people at the Forensic and Scientific Services laboratory how that is going. Just ask the people in the youth justice department how that report from Bob Atkinson is going. Just ask the people at the Mackay Hospital how that work is going. It is a farcical comment.

Ms KING: Madam Deputy Speaker, I rise to a point of order. I would ask you to bring the member back to the long title of the bill. He appears to be straying.

Madam DEPUTY SPEAKER (Ms Lui): Member, I ask you to come back to the long title of the bill.

Mr NICHOLLS: Let me then also reference some of the statements that the Attorney-General has made with regard to the amendments that have been dropped at three o'clock this afternoon, half an hour before debate starts—27 pages of them—going to some very serious matters that will not be now discussed by the Legal Affairs and Safety Committee and which will have a minimum of scrutiny by this place as a result of this government's dysfunction.

Let me refer then to the fact that the minister said that she has decided to increase the penalty from \$50 million to \$100 million. Let's have a look at the explanatory notes that came in when the bill was introduced back in May. Some of the affected businesses suggested there should be consistency between jurisdictions in terms of the penalty which may be imposed on a casino; however, this is not

possible as the maximum penalty permitted in other states and territories varies from \$1 million to \$100 million, yet we have just had the Attorney tell us that it should be the \$100 million, the same as New South Wales and Victoria. Guess what? It was \$100 million in New South Wales and Victoria on 26 May when this bill was introduced.

If anyone is looking for consistency, if anyone is looking for logic, and if anyone is looking for a proper response to gaming harm here in Queensland and the regulation of the industry, they will not be seeing it from this government, and now we have this mysterious second tranche of amendments. When was the second tranche ever announced? It never formed any part of Minister Grace's introductory speech when the bill was introduced back in May—no mention of it whatsoever. 'We do not need to do anything more than that.' No second tranche was ever discussed before, but now here on the day of debate we are told there is going to be a bunch of other amendments coming through in relation to the imposition of cardless pay and cashless gaming and those types of things, over and above what we already see in the bill. We await those with anticipation and we wonder if they will be consulted on in the same way that the amendments to this bill were consulted on with the Ville and the Reef Casino. These amendments were even consulted on directly with Star themselves and, of course, our friends at the United Workers Union. We all remember the United Workers Union.

It is a farce: this legislation is a farce, the response of this government is a farce and the management of casinos and gaming in this state by this government is a farce. Let's not forget that when the Queen's Wharf casino agreement was entered into by the then Palaszczuk government in 2016 they compelled Star casino to take an extra 400 gaming machines at a cost of \$40 million. Star did not want them. That was part of the deal forced on Star by this government.

Proper and effective regulation of casinos and gaming is essential to ensure Queenslanders can have confidence that crime is not being committed, money is not being washed through casinos and gaming harm is being minimised. Without that certainty and assurance, the community rightly asks whether casinos should operate legally here in Queensland.

I think it is important to note that what I am saying is not controversial and it is not a new view. In fact, Mr Gotterson AO, KC, the commissioner who recently completed an inquiry into Star Entertainment Group's operations in Queensland, at paragraphs 43 and 44 on page 12 of his report repeats the wise words of the then deputy premier and treasurer, Sir Llew Edwards, in 1982 where he says—

It is clear to me that unless a casino licence-holder and those associated with the operation are persons of proven integrity, the Government will be faced with immense control problems in the future. It is therefore important that the Governor in Council be fully satisfied that such persons are suitable persons in all the respects laid down in clause 20.

He goes on to say—

He noted the very real risk of casinos attracting illicit and antisocial activities and behaviour:

'... A regulatory system that is initially above reproach may be corrupted over time without the application of a constantly vigilant, competent and honest control personnel and management staff. Any unsavoury seepage of this kind must be rejected if the public confidence and trust that are so essential for a successful operation are to be obtained and if the good reputation and honour of this Government are to be preserved. I do not want to labour to excess the point that the integral and essential element of the regulation and control of casino facilities by the State rests in the public confidence and trust in the credibility and integrity of casino operations and the control functions.'

The LNP members' statement of reservation in the committee report on this bill says—

The LNP supports legislation that is modern, informed by best practice and evidence and ensures Queensland's casino industry is above reproach, thwarts criminal activity and money laundering and meets community expectations.

It is apparent that the Labor government has been caught napping when it comes to supervision of casinos in Queensland. They have fundamentally forgotten the words of Sir Llew Edwards when the legislation was introduced in 1982. This bill is a rushed and half-baked attempt to address that deficiency.

The bill was rushed because it has taken so long for the Labor government to act in the first place. It failed to act despite media reports going back to 2019 and despite other investigations into casino operations in New South Wales, Victoria and Western Australia. It is self-evidently half-baked because we will now be discussing 27 pages of amendments to an amending bill that was introduced in May. It is half-baked because in its rush to be seen to be doing something the government did not consider it would have to do more.

We have to ask why. Why was there the rush in May to introduce this bill? What did the Office of Liquor and Gaming Regulation discover and report on in April this year that led to this bill? Mr Gotterson refers to that interim report. We have not heard anything about that report—not a word. Why has that OLGR interim report referred to by Mr Gotterson, carried out by the regulator, not been released? There has been not a word.

Again, why did the government resist a public inquiry for so long and only act after a series of articles in the *Australian* newspaper highlighting links between Star and the Labor government, and why the secrecy? It was only after the government was forced by those reports and increasing public concern to appoint the Hon. Robert Gotterson AO, KC and during the committee inquiry into this bill that OLGR officers acknowledged that if the inquiry recommended more changes, there would need to be even more changes. Why introduce a bill that even officers of the department acknowledged might need further amendment?

This bill and now the amendments to be moved to it by the Attorney-General during debate highlight the dysfunction and chaos of the Palaszczuk Labor government. The lack of proper ministerial supervision, the dodging of responsibility, the failure to uphold convention and the inability to separate the interests of Queenslanders from its own political interests are all hallmarks of this Labor government on display today. There has been review after review, as I have said, reports into youth justice, excuse after excuse, premiers making tax decisions without telling treasurers and completely contradicting him in doing so, ministers saying they will resign if hospital services that their own government cut are not reinstated, government whips taking on the health minister and hospital board reports by the score. Dysfunction is the word for this government.

Gambling in Australia and in Queensland is big business. According to the 36th and latest edition of the Australian gambling statistics compiled by Commonwealth, state and territory agencies, in 2018-19 total gambling turnover in Australia was more than \$225 billion. To put that in some sort of context, Queensland's gross state product is about \$350 billion. That turnover is bigger than Western Australia's gross state product. Queensland's contribution to that total is the third largest in Australia at \$38.7 billion. New South Wales is \$96½ billion and Victoria is \$47.8 billion. That is turnover, both money in and money out.

Let's talk about something much more important. Let's talk about what is called total expenditure, which we would say is the gambling losses. In the same period Australia-wide those losses were \$25 billion. That is in the one year, 2018-19, for which the most recent statistics at that national level are available. In Queensland in that same year it was \$4.29 billion. Over 84 per cent of that money in Queensland—that \$4.29 billion—is spent in casinos at 23 per cent and gaming machines at 61 per cent. It has been suggested in the Australian Institute of Health and Welfare gambling report from September 2021 that Australians are the largest per capita gamblers in the world.

The earnings potential of gaming is extraordinary. The Star Entertainment Group recently lodged its unaudited earnings in a media release with the Australian Stock Exchange. It reveals for the Star Entertainment Group total statutory gross revenue of \$1.534 billion and normalised gross revenue of \$1.532 billion; statutory earnings before interest, tax, depreciation and amortisation of \$239 million and the same figure normalised of \$237 million; and earnings before interest and tax of \$31 million and normalised at \$28 million. That is a lot of money. That was \$1.5 billion of gross revenue.

For its Gold Coast operations, Star reports strong domestic revenues when its casino and hotel are open on an unrestricted basis, with the June quarter 2022 domestic revenue up 48 per cent on pre-COVID levels. That is before COVID. Slots revenue was up 50 per cent, domestic tables revenue was up 23 per cent, their other revenue, non-gaming—so rooms, venues and food and beverage—was up 69 per cent. The normalised revenue for 2022 at the Gold Coast Star was \$424 million. For the Treasury here in Brisbane, domestic revenue in the June quarter was up 13 per cent on pre-COVID levels. Slots revenue was up 26 per cent and normalised gross revenue for 2022 was \$326 million, of which \$93 million came from the June quarter. That is a lot of money.

Further in the post-reporting period—this is the period from 1 July to 18 August—Star Entertainment Group's domestic revenue was up a further nine per cent, Gold Coast revenue was up 26 per cent and Brisbane domestic revenue was up 18 per cent. Consider that that revenue growth has occurred notwithstanding the controversy over Star's compliance or otherwise with legislation regulation and codes of conduct, and the big money does not stop there: total government revenue from gambling here in Queensland exceeds \$1.2 billion and a very substantial part of that \$1.2 billion and growing amount is made up of gaming machine taxes and casino taxes.

It also benefits those at board and executive level at Star, although no doubt this type of remuneration applies in other gaming and casino organisations. The 2022 annual report shows the former chair and sometime executive chairman and Olympics facilitator John O'Neill received benefits totalling \$857,000 for 11 months to 31 May, including \$370,000 for a seven-week tenure as executive chairman of Star. Each director—some of whom have quit; some of whom have said they will—who sat on the board while all of the things that we saw in New South Wales and in Queensland were going on who served a full 12-month term received over \$210,000 and senior executives received fixed remuneration of up to \$1.87 million and incentives, potentially adding hundreds of thousands and, in some cases, millions more to those packages.

I have no brook with the way organisations set their remuneration. That is entirely appropriate and entirely up to them to do that according to their best lights and the wishes and interests of their shareholders in how they think the company should be run, but it is important to understand and know the vast sums of money involved in casino operations in order to understand why strong and effective regulation is required and to understand why casino licensees and operators spend so much time and money to try and influence policy outcomes. There is a lot at stake. It explains in my view why former Star executive chairman John O'Neill tried to have the Bell inquiry in New South Wales held behind closed doors. In fact, in October last year he emailed a fellow director of Star, saying there was—

... overt and covert work underway with ... extreme urgency to achieve the number one objective/imperative at the moment of ensuring the Bell review remains in camera.

What did he want? He wanted a secret hearing. He did not want it in public. Do members think the \$875,000 might have had something to do with that? Do members think the \$1.5 billion in gross revenue might have had something to do with that? In the Bell inquiry when questioned about that email, Mr O'Neill said that 'covert work' referred to conversations between Star's government relations representatives and New South Wales ministerial chiefs of staff. Of course, Mr O'Neill resigned shortly thereafter. It is important to note the importance Star placed on government relations representatives and avoiding public hearings into its behaviour in New South Wales. Indeed, it would be surprising if Star in Queensland did not have similar thoughts, but we will never know the answer because Labor in Queensland failed to have a properly broad inquiry in the same manner that the Bell inquiry was conducted in New South Wales.

In Queensland the desirability of a full and broad-ranging inquiry was amply demonstrated by the myriad media reports about links between the now Labor lobbyist, founder of Anacta Strategies, Labor predecessor to the Attorney-General as member for Woodford, member of the Left faction and Labor Party donor—who am I speaking about?—Mr Evan Moorhead with Gary Bullock, the so-called Labor Left powerbroker from the United Workers Union—a union that stridently opposed Star being granted the Queen's Wharf development project and supported Crown, so imagine how well that would have gone; United Workers and Crown together, and Crown did such a fantastic job in Victoria and New South Wales, and Western Australia by the way—until, miraculously, he negotiated a union workplace agreement with Star and then all his opposition changed. Then there is Star's government relations executive and former Palaszczuk staffer and failed Labor candidate for Petrie, Corinne Mulholland, and there are also widespread reports of fundraisers hosted by Star for Labor ministers with actual control over Star's operations, including then attorney-general Yvette D'Ath.

The *Australian's* Michael McKenna and Sarah Elks reported on the ease of access to decision makers in the Palaszczuk government in an article of 18 June. The details of that article are available to one and all, but I think of interest it pays to read—

The Premier's announcement followed a report in the *Australian* that Star had secretly hired Labor lobbyist Evan Moorhead ...

It goes on to talk about that. It then says—

It can also be revealed that there was infighting within cabinet—

we know that happens on a daily basis; it happens outside cabinet as well on the Labor side—

and the upper echelons of the Public Service over Star ahead of the sweetheart deal it ultimately secured on the Gold Coast.

Sweetheart deal. It is nice to know there are sweethearts in the Labor Party! It continues—

At one stage the perceived easy access for Ms Smith, usually accompanied by Star boss Geoff Hogg, to government offices prompted then tourism minister Kate Jones to warn colleagues and bureaucrats about requirements to have probity officials present at any meeting.

'It seemed to be an open door policy,' one government source said of the pair's access to senior mandarins and ministers.

That is why the LNP has consistently said there ought to have been a full and broad-ranging inquiry by Mr Gotterson. In fact, Mr Gotterson, as he freely says in his report, had limited powers in relation to parts B and C of his terms of reference and no ability to make recommendations about Star's suitability to hold a licence. He did not have the power to make that recommendation—in New South Wales Adam Bell QC, now KC, did—and nor did he have powers of compulsion outside the specific terms of part A of his inquiry. He had no power to compel evidence. He had no power to call for statements. He had no powers to protect people. He could not look at allegations in relation to junket operations at other casinos—and we have seen how those have been exposed by *60 Minutes* on Channel 9 and by the ABC—and nor could he more broadly look at the exercise of influence by the gaming industry on government. Equally and importantly, he could not look—and this is very important—at the relationship between the regulator and the Office of Liquor and Gaming Regulation and the casino operator.

In this regard, as I have said on many occasions, this is a missed opportunity. Mr Gotterson had no power to compel documents or witnesses or hold public hearings into the relationship of the regulator and those it regulates. There was no power to provide for sworn testimony or to protect witnesses who might have provided vital information about this most important of functions. In that respect and because I was concerned about this, I table a letter I wrote to Mr Gotterson on 1 July after the terms of reference were issued and table Mr Gotterson's response and in doing so note from paragraph 4 of his response—

So too, the casino's relationship with the Regulator falls outside the statute's definition because the focus is the operation and conduct of the casino and not those charged with its regulation and control.

Tabled paper: Letter, dated 1 July 2022, from the member for Clayfield, Mr Tim Nicholls MP, to the External Reviewer, the Hon. Robert Gotterson AO KC, concerning the external review into the Queensland Operations of the Star Entertainment Group Ltd [1662](#).

Tabled paper: Letter, dated 5 July 2022, from the External Reviewer, the Hon. Robert Gotterson AO KC, to the member for Clayfield, Mr Tim Nicholls MP, concerning the external review into the Queensland Operations of the Star Entertainment Group Ltd [1663](#).

There it is. The Attorney-General comes in and says, 'Nothing to see here.' The reason there is nothing to see here is because no-one was given the power to look. You cannot open the door, pull aside the curtain and ask people what they see and what they are doing. No, but here is what Mr Gotterson says—

... the casino's relationship with the Regulator falls outside the statute's definition ...

That is not me saying it. That is not the shadow Attorney-General. That is not the LNP; that is the commissioner of inquiry himself who says it falls outside the terms.

I turn now to some of the evidence to the committee and why a look at the relationship between the regulator and those it regulates is so important. Evidence to the parliamentary committee from former acting CEO Mr Hogg revealed Star had not been prosecuted or fined in the five years prior to the introduction of this bill and that evidence was never controverted. No statement was made by OLGR saying that that evidence was wrong. No-one came forward and said, 'Hang on! I can remember when this occurred'—not one fine, not one prosecution: amazing statistics!

Mr Hogg also gave evidence that of the action that was taken, it was in the main as a result of Star self-reporting and not as a result of actions by OLGR. What were OLGR doing? Maybe Star was exemplary, but I do not know whether Mr Gotterson's report of a couple of hundred pages would lend credence to that argument. That is an incredibly concerning statistic. It may have an explanation, but we will never know. It requires more explanation than we have received to date.

I also note that ABC state political reporter Rachel Riga sought information about prosecutions of casinos for breaches of liquor or gaming regulations or laws. While she could be provided information about the number of prosecutions against individuals who had broken the regulations or the laws, for example, under-age on a casino floor or a dealer in cahoots with someone in relation to gaming, the Office of Liquor and Gaming Regulation said that due to the confidentiality provisions—presumably in clause 14 of the bill—they cannot give any information about investigations or prosecutions of casinos. What did John O'Neill want? Secrecy.

What do we have from the Office of Liquor and Gaming Regulation to a valid request by a reporter about how many have you prosecuted and who were they? Radio silence. That is why in consideration in detail I will be moving an amendment to overcome that restriction. The test of this government and whether they believe in openness and transparency will be an amendment that simply allows the Office of Liquor and Gaming Regulation to provide information on the number of investigations and the outcome of those investigations. Queenslanders deserve nothing less.

I acknowledge that Mr Gotterson has looked at the regulator and has not made recommendations for significant change, but, in reality, how could he, given the limited terms of the inquiry? It is not just the opposition that has highlighted the shortfall in the inquiry. Others, including antigambling and gambling harm advocates, as well as experienced industry professionals both here in Australia and overseas, have all said the inquiry ought to have been broadened. All the Attorney offered by way of excuse was that if anyone had any allegations of misconduct into the OLGR they should report them to the CCC. We all know what happens when it goes to the CCC: it gets referred back to the department. We all know what happens when it gets referred back to the department: nothing. We know that because that is the experience. We know that because we have just seen what happened with Forensic and Scientific Services, where even the minister and the director-general of that department now claim they were not given any information so how could they know. It ignores reality. It defies reality.

The decision of this government not to broaden the terms ignores the opportunity offered by the Gotterson inquiry to make a substantial leap forward in casino regulation and regulatory supervision of a very large industry with significant resources and a significant interest in not having its operations scrutinised. Does anyone seriously think the regime in Queensland would not benefit from an inquiry into casino regulation across the board? This is a missed opportunity and it begs the question why the Attorney and this government are so opposed to clearing the air and shining sunlight into the operations of OLGR. What is the reason for their reluctance? It has never been sufficiently explained. No-one has ever put forward an alternative view as to why it should not have been done.

I do not want people to think that I am some sort of wowser. I want to make it clear that I support the concept of properly regulated casinos as part of a well-thought-out and planned tourist strategy that provides investment, jobs and entertainment to many in the community. For many people in the community they are terrific places to go, have dinner, enjoy celebrations, have a flutter, spend some money, stay overnight, really make a day, a night, a weekend, a week of it. They are great. We need to understand that those benefits also come with some dangers. On balance, in my view—others will have a different view—those benefits outweigh the undoubted dangers of casinos in terms of gaming harm and the potential for criminal and other unsavoury activities. Although not a regular gambler myself, like I am sure many people I occasionally enjoy a bit of a punt on the races—badly, because I take my advice from the member for Mermaid Beach and he only gives it to me after they have jumped.

Mr Hinchliffe: Big mistake. Don't follow anything he does.

Mr NICHOLLS: I learnt that lesson a long time ago, member for Sandgate. I also occasionally put a few dollars at a very low limit on black jack tables. My attitude to gaming stems from working for the concert promoters for ZZ Top at the old Gold Coast Raceway in 1986.

Madam DEPUTY SPEAKER (Ms Lui): Member, your time has expired.

Mr NICHOLLS: I am sorry I will not be able to regale you with that story. Time in consideration in detail beckons beautifully.