

CASINO LEGISLATION AMENDMENT (BURSWOOD CASINO) BILL 2022

Second Reading

Resumed from 10 August.

MR D.A.E. SCAIFE (Cockburn) [10.03 am]: It is a shame that there are no members of the opposition in the chamber at the moment because yesterday I was educating the member for Roe, in particular, after he raised some questions about this bill. I want to continue to do that now because the member for Roe made a series of claims in his contribution yesterday that, as I said in my contribution yesterday, suggested that he has not properly read or interrogated the bill. The first thing I want to address is the objection the member for Roe made about the independent monitor having links to a union. It was a really bizarre performance from the member for Roe. It is probably a good thing—in fact, it is undoubtedly a good thing—that the member for Roe is not the minister, because it would mean that a retired Supreme Court judge who was, say, a member of the Shop, Distributive and Allied Employees Association when they were 16 years old and working in retail, would be ruled out from appointment as the independent monitor because they have links to a union. He might also suggest that a retired senior public servant with experience in regulation who had been a member of the Civil Service Association at some point in their career, or who had a family member who had been involved in a union, had links to a union. In the eyes of the member for Roe, that would deem them to be a completely unsuitable person to be an independent monitor. The member for Roe's assertion was ridiculous and had nothing to do with the bill. It was just another opportunity for the member for Roe and his colleagues in the Liberal and National Parties to attack unions. That is all it was. They were essentially suggesting that if someone has links to a union, they cannot be a person of the highest integrity, which, frankly, is an attack on the personal integrity of everybody on the government benches, because we are all proudly linked with the trade union movement.

I think that there are greater questions to be asked about the integrity of the opposition than there are about the integrity of government members in this place.

Ms S.E. Winton: Where are they?

Mr D.A.E. SCAIFE: As the member for Wanneroo says, where are they? Opposition members have a lot of integrity and have made great criticisms of this bill but not one of them can even bother to turn up to listen to the education that they are being given about this bill. Unlike the member for Roe, I have read the bill. I have gone through the bill.

Ms S.E. Winton: It's a new concept for them.

Mr D.A.E. SCAIFE: It would be a novel concept, member for Wanneroo, for members of the opposition to read the legislation that they are interrogating. But why read the legislation when they can just read an article in the newspaper, which is what the member for Roe said yesterday. I think he said that all that he had done was lift an article from a newspaper. He is taking his writing instructions from *The West Australian*, which is not at all surprising even if it is disappointing.

Another thing that the member for Roe talked about were the powers of the independent monitor. He expressed all sorts of concerns about the powers of the independent monitor. One thing he said was that there would be a problem if the powers of the independent monitor were delegated to a member of the independent monitor's staff. That is surprising, because a very orthodox principle in public sector agencies is that powers can be delegated to members of staff. They are not just delegated generally to any member of staff. Serious powers are only delegated to senior officers, but clearly in the case of an independent monitor who needs to carry out investigations into the activities of the operator of Burswood Casino, that independent monitor, if it is a natural person, cannot be everywhere at once. They cannot look at absolutely every detail, so, of course, they will have to delegate power to enter premises, to attend board meetings and to require the production of information to members of their staff. It is important to understand that those delegated powers are not limitless; they are subject to the same guidelines, and implied and expressed restrictions, as they would be if those powers were exercised by the independent monitor. Also, specific provisions in the bill restrict the power of the independent monitor and any of his or her delegates. For example, proposed section 21Y will make it an offence to misuse any information that is gained in the course of exercising powers under the legislation for other purposes. That is an entirely orthodox protection and it means that any delegate of the —

The ACTING SPEAKER: Member for Roe, you have just walked in front of the Acting Speaker.

Mr D.A.E. SCAIFE: It means that any information acquired by a delegate or by the independent monitor in the exercise of these powers cannot be used for other purposes.

It is also the case that proposed section 21ZH will require a delegate, when exercising their powers—say, they are entering premises—to wear an ID card that has on it their name and a photo. That is another way of someone being able to verify that an authorised person is carrying out those delegated powers.

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

The member for Roe also made a claim about what would happen if an employee of the casino was put into a position of conflict. He described the example of the independent monitor, or one of their delegates, who wanders into the casino and, using their powers, tells a croupier, or someone who is working at the tables, to hand over certain documents, but the croupier then gets a direction from his or her manager to say that they should not hand over that information. Does that put the employee into a position of conflict? The answer is obviously no, because there is no conflict between the law and the directions of the employer. An employer cannot direct an employee to disobey the law. If an employee is obliged to hand over information and it is an offence for them not to do so under the act, then as an employee or agent of an employer, they must do so. They cannot be directed by their employer to not comply with the law. We have known for decades and decades that it is no excuse to turn around and say, “I broke the law because I was told by someone else to do so.” I thought that that was a pretty superficial challenge from the member for Roe. I find it very hard to imagine the circumstance that the member for Roe talked about occurring. It is not the case that the independent monitor, under this legislation, could wander in and demand information from any old person, because the relevant clause says that the information or record must be in the possession or control of the person. There would be no point in the independent monitor walking up to a croupier and saying, “Please hand over the minutes of the board meeting”, because plainly that is not a document that is in the possession or control of the croupier. However, if the independent monitor wanted to ask for documents that were relevant to the function of the croupier because the croupier was somehow involved in a money laundering scheme using the casino, I guess that would be a situation in which the independent monitor could demand that information from them, and rightly so. That is what we would expect the independent monitor to be able to do. I have to say that I am at a bit of a loss as to what the actual objection from the member for Roe was in that case. It seems to be a far-fetched example that did not actually take note of the provision in the act that the information or record has to be in the possession or control of the person from whom it is demanded by the independent monitor.

The member for Roe also made the claim that the independent monitor’s powers under this legislation will mean that they could ask for whatever they wanted at any time. That is just not the case. There are always implied restrictions around what an investigator who is exercising a legislative function can demand.

[Member’s time extended.]

Mr D.A.E. SCAIFE: For example, if an officer of the Australian Building and Construction Commission were to turn up to a business operator who was not involved in building and construction work and demanded from them records related to tax evasion or the like, even if there was not a provision in the act that specifically dealt with that circumstance, that decision would be amenable to judicial review and it would be up to the court to decide that application. But it would be extraordinary for the court to find that an investigator exercising a delegated power of the ABCC could just wander into any old business and demand any old item, because, clearly, the power is conditioned by the subject matter and purpose of the legislation under which that power is being exercised.

If we set aside the implied restrictions on the exercise of these sorts of powers, there are also express restrictions in the bill on the exercise of the independent monitor’s powers. This is what concerns me again, member for Roe, and I wonder whether the member has read the text of the bill because it is not the case that the independent monitor can demand any information at any time. A clause in the bill expressly states that they can demand information or records that are “likely to be relevant” to the independent monitor’s functions. They cannot just demand anything. That is the answer to the member’s question. With respect, he should not have to ask the minister to clarify the extent of the independent monitor’s powers to request information because it is in the bill.

The member for Roe also referred to the independent monitor having the power to impose a fine. He gave an example of the fines that can be attracted if somebody frustrates or obstructs the activities of the independent monitor. He said that the independent monitor had the power to impose a \$50 000 fine—not true. Anybody who understands how this works knows that the only body that has the power to impose a fine is the court. The independent monitor might, depending on their standing—I have not looked into their standing—prosecute themselves or they might be more likely to refer it to the relevant enforcement agency to take action in the court and to prosecute a person for the offence of obstructing their activities and seek payment of the fine. Ultimately, the decision to impose the fine will be made by the court. That is entirely orthodox in these situations and so that claim by the member is not true.

It is also interestingly the case that under proposed section 21X(4) those provisions do not even apply unless the independent monitor or their delegate has informed the person, in the course of doing so, that it may constitute an offence to hinder or obstruct their powers. That is actually quite an extraordinary protection because, normally, the police do not have to give someone a notice before they start speeding to tell them that if they speed, they might be breaking the law. Normally we do not have provisions to say that a person has to be told that they might be breaking the law in order for them to be guilty of an offence. As we all know, ignorance of the law is not an excuse. But in this case, if the independent monitor has not told a person that hindering or obstructing their activities may constitute an offence, that person cannot be guilty of the offence. That is another protection against the independent monitor’s exercise of their powers.

Extract from Hansard

[ASSEMBLY — Thursday, 11 August 2022]

p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

I will also say that the hindering or obstructing of activities of the independent monitor is a very significant thing. It should attract a significant fine. The bill provides for an independent monitor because a royal commission—in fact, several commissions of inquiry right around the country—exposed criminal activity being carried out through casinos around the country. The independent monitor is one of a number of regulatory agencies around the country that have been appointed to make sure that the licence holder—in this case, the Burswood Casino—is a suitable person to hold that licence. Hindering or obstructing their activities is a very significant thing. If a licence holder is warned that hindering or obstructing the activities of the independent monitor is an offence, it may very well be prosecuted for that offence if it decides to continue with that behaviour. In relation to the powers of the independent monitor, I was not at all convinced by the complaints made by the member for Roe. The minister will no doubt deal with the issues in more detail, but I hope that that goes at least some way towards allaying the member for Roe's concerns.

The third issue I want to talk about that was raised by the member for Roe is the need for checks and balances. He used a phrase that sticks in my mind when he referred to the minister and the independent monitor having limitless power, which is, as I explained, not the case. There are always implied restrictions on power when one looks at the purpose and subject matter of the legislation and there are, as I have gone through, express limits on that power. The member for Roe referred to the need for checks and balances, but there are many checks and balances. In fact, this bill is about establishing more checks and balances. That is what it is for. The bill will adopt a type of regulation that we refer to as network regulation because it does not set up just one regulator that tells people what to do; it sets up a series of regulators who have regulatory functions for not only the licence holder, but also each other, so they hold each other accountable as well.

One of the checks and balances, which I spoke about yesterday, that will be introduced in the bill is that the director general of the department will now be separate from the chair of the Gaming and Wagering Commission; it will have an independent chair. That is a good thing and that is another check and balance because those roles will be occupied by different people. It will get the director general out of the conflict of interest that they were put in under the previous regime.

There will be other checks and balances. The minister will appoint the chair and the independent monitor and in the process of appointing the independent monitor, under this bill, the minister will determine the terms and conditions under which the independent monitor is appointed; therefore, that is another opportunity for the minister to place protections and conditions around the independent monitor's position, which might be things like the length of the term. Obviously, the bill will provide for a length of term and reappointment but the minister will have that power. The minister will determine the remuneration of the independent monitor, but it will be on the recommendation of the Public Sector Commissioner, so it is not as though the minister will exercise that power in a vacuum.

The independent monitor will oversee the licensee and the remediation plan. Obviously, the independent monitor will be answerable to the minister. It is expressly required under this bill that the independent monitor will need to provide interim and final reports to the minister and the Gaming and Wagering Commission. As I have explained in several points, the powers of the independent monitor will be reviewable by the courts, the same way that the exercise of any executive power is reviewable by the courts. Of course, the minister is in this chamber and is accountable to this Parliament; therefore, a series of regulators will establish a criss-crossing network of accountability amongst them, which is a more robust regulatory framework than we had previously.

I hope that that has answered some of the questions and concerns of the member for Roe, but I am sure that the minister will answer those questions in greater detail than I can.

I want to finish by talking about the increase in the penalties under this bill. Penalties and coercive punishments under a regulation should in many cases be a last resort. That is how ascendant theories of regulation work. First, we want to educate people. We want to persuade people. We might issue warnings to them and we might have regulatory guidance. It is not the case that the regulator should go straight to penalties, but penal consequences should be available as a last resort for the purpose of deterring people from engaging in unlawful behaviour. In this case, under the previous legislation the largest penalty that could be imposed was \$100 000. That is chump change in the corporate world, particularly for the types of corporate entities that operate casinos and hospitality venues and the like. Quite frankly, \$100 000 is, disgracefully, the type of money that people get conned into spending, and losing at the casino let alone being a credible threat. In that respect, I want to say in closing that it is a very good thing that this bill will increase the penalty to \$100 million because that is a penalty that has some bite and some relevance to the people who are regulated by and participate in the casino industry. That penalty is in line with Victoria and I think it is important that we have a nationally consistent regime for that because we have the same casino operators, through different corporate entities, operating in different states.

This is a very good bill. It will do a number of important things, such as improving regulation in the casino industry, increasing penalties, and establishing an independent monitor whose powers are, I think, appropriate and conditioned.

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

I am certainly very confident that with this government and the minister that we have there will be strong oversight of this bill.

The ACTING SPEAKER (Ms M.M. Quirk): Is it age before beauty?

Mr M. Hughes: Yes.

The ACTING SPEAKER: I call the member for Kalamunda, then.

MR M. HUGHES (Kalamunda) [10.25 am]: Thank you very much, Acting Speaker. I will make a brief contribution to the debate on the Casino Legislation Amendment (Burswood Casino) Bill 2022. I thank the member for Cockburn for his explanation of those clauses and I hope the member for Roe has learnt a little bit today. As the member for Cockburn suggested, maybe his fears regarding the purpose of this bill will be allayed. The purpose of this bill is to implement the priority legislative amendments arising from the *Perth Casino Royal Commission: Final report*, which was tabled on 24 March this year. This bill is a direct response of the McGowan Labor government to the findings of the Perth Casino Royal Commission, which concluded that Crown Resorts was not suitable to hold a gaming licence but drew the line at recommending the licence be revoked. The general observation that I would make is that if we look at jurisdictions not just within Australia, but also around the world, where tens of millions of dollars are transacted across gaming tables, there always exists the chance of very dodgy behaviour. It behoves us to ensure that the checks and balances and accountability provisions that ensure that appropriate behaviours are undertaken in these establishments are put in place in an independent way. One purpose of this bill is to respond to a series of failures by Crown Resorts that the royal commission identified and, sadly, the numerous deficiencies found in Western Australia's gaming regulator, whose primary purpose is to keep Crown Resorts honest.

When Minister Buti tabled the report in March, he made it clear that the government accepted the royal commission's findings and that there had been clear and serious failings by both Crown and our state regulator. As I mentioned, the royal commission stopped short of calling for Crown to be stripped of its licence and instead pointed to the necessary remediation work that needed to be undertaken by Crown for it to become suitable, and called for an independent monitor to be established. Clearly, the central purpose of the bill before us today goes to addressing the issues identified by the royal commission. Members will remember that the commission made a total of 59 recommendations contained in its 1 000-page report. The government has set about considering them in detail. As I said at the beginning of my contribution, the purpose of this bill is to implement the priority legislative amendments arising from the report.

When tabling the report in Parliament, Minister Buti said that the government accepted the need to reform the regulation of Crown, including giving the minister improved powers. As we have heard from the member for Cockburn, the extent of the powers of the minister responsible for this area of legislation have been improved.

Members should remember that the royal commission specifically identified a number of failures by Crown Resorts. They are quite extensive and quite disturbing, but they include—I go to the principal issues of failure—facilitating money laundering through what was identified as the Riverbank accounts, failing to have effective anti-money laundering programs within Crown itself, permitting junkets with links to criminals to operate at the Perth casino, failing to minimise casino gambling-related harm and failing to be open and accountable in communications with the Gaming and Wagering Commission. Those are serious flaws. I would say that they are omissions, but in some circumstances, it is a cavalier approach to its responsibilities in this regard.

The royal commission acknowledged that Crown had taken steps to improve its conduct—during the course of the inquiry, one might add—which meant that the commission was dealing with a different set of situations from those identified by similar inquiries in New South Wales and Victoria. It acknowledged that a lot had changed, mainly for the better, even since the Victorian inquiry reported in October 2021. The commission noted that Crown's corporate and governance structure as well as Perth casino's risk management, gambling-related harm and money laundering programs all required attention. The commission also found that the regulatory framework to manage Crown was anachronistic and was designed without the experience or understanding of modern casino gaming operations and the risks they pose to the public. It was flawed from conception in that it failed to identify the legislative objectives of casino regulation and to clearly express the associated duties and powers of the regulator to meet those objectives.

The commission identified numerous deficiencies in the Western Australian gaming regulator, the Gaming and Wagering Commission, and found that the Department of Local Government, Sport and Cultural Industries had contributed to these deficiencies, I am sad to say. The commission found that neither organisation had an adequate or accurate understanding of its role in casino regulation. That was only added to by the GWC taking on increasing duties and functions without a corresponding or sufficient increase in expertise, numbers and funding.

The recommendations made by the report included overhauling the governance and structure of the casino and Crown Resorts, introducing mandatory limits on electronic gaming machine play, imposing conditions on membership

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p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

of the casino's Pearl Room, replacing the existing Casino Control Act, increasing penalties for regulatory offences and improving staffing and resourcing of the GWC. The government is setting about responding to each and every one of these recommendations. This bill is clearly an important priority and first step in that process of cleaning up the way the Crown casino operates and how it is held accountable.

I am pleased that the state government handed a copy of the report to the Corruption and Crime Commission; the Western Australia Police Force; the financial crime watchdog, the Australian Transaction Reports and Analysis Centre; and the corporate regulator, the Australian Securities and Investments Commission. To the extent that these referrals have been made, we may hear more, particularly regarding the close association between certain individuals within the regulatory body and about the operation of Crown itself.

We have to remember, as the minister reminded us in March this year, that it is a privilege to hold a gambling licence in Western Australia, and the royal commission revealed that Crown has abused that privilege. The first actions the government has taken include, as we have heard this morning, changing legislation to give the minister greater powers to direct the casino watchdog, the Gaming and Wagering Commission, to investigate casino operations and to appoint an independent chair of the GWC. The independent monitor will remain in place for two years, regardless of which company operates the casino, at which point the independent monitor's final report will be made. Interim reports will be made before the final report on the remediation programs that the casino will be required to implement and the extent to which those programs have been effectively implemented. I understand that other reforms recommended by the report and accepted by the government will be introduced in a staged approach.

The clear focus of the state government is on remediation, acknowledging that the casino brings significant social and economic benefits to Western Australia, as the minister reminded us in March, including the taxation revenue it pays to the Western Australian government, the number of people it employs and the fact that it is a significant attraction in our tourism industry.

Members, I think it is very difficult to shift away from what can be described as an entrenched culture developed over time at Perth casino. How successful Crown will be in changing its corporate culture remains to be seen. It has promised a lot, but—this is an important point for the member for Roe, who had some concerns about the independent monitor—the independent monitor will closely oversee the implementation of that remediation program. The member should not try to pull the rug of confidence from beneath that independent monitor, as he did in his contribution.

In statements made at the time of the release of the report, Crown Resorts said it acknowledged the report's findings and recommendations, would work cooperatively and constructively with the Western Australian government and was prioritising the delivery of safe and responsible gaming at Crown Perth. Again, let us hope that there is a solid corporate commitment to achieving those objectives.

The progress made by Crown's transformation program, the implementation of company-wide reforms and the establishment of the highest standards will be, member for Roe, a test of its resolve to clean up its activities. Crown has promised investment in people, systems, process and culture, a sharpened focus on responsible gaming and the prevention of financial crime, and espouses a commitment to continuous improvement across all facets of the business with its priority to deliver safe and responsible gaming across all resorts, including Crown Perth.

In concluding my brief contribution to this debate, the McGowan Labor government is clearly committed to bringing about significant reform to the regulatory framework for the Perth casino, regardless of the owner, to ensure that the Western Australian public can have confidence in the casino operator. This bill is an important step forward to achieving that objective.

Mr C.J. TALLENTIRE: Acting Speaker.

The ACTING SPEAKER (Ms M.M. Quirk): The member for Jandakot I think was next.

MR Y. MUBARAKAI (Jandakot — Parliamentary Secretary) [10.39 am]: Thank you, Acting Speaker. Apologies to the member for Thornlie, but I, too, wish to stand to make a very brief contribution. I promise the member that he shall have his fair share of time in the house to make his valid interpretations of this amendment bill. I apologise for the inconvenience.

Listening to the contributions of the member for Cockburn and the member for Kalamunda in many ways has given the opposition absolute clarity for its lead speaker's provisions and views on this bill that the Minister for Racing and Gaming brings into the house, the Casino Legislation Amendment (Burswood Casino) Bill 2022. My contribution will help provide further information to the opposition so that when we conclude our deliberations, there will be no reason for further clarification. We have identified the importance of the bill that the minister has brought to this place in order to address the issues that have been clearly identified by the Perth Casino Royal Commission.

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p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

As we have heard, this bill will amend the Casino Control Act 1984 and the Gaming and Wagering Commission Act 1987 to address the recommendations made in the interim report in June 2021, just over a year ago. The royal commission identified the relevant issues that needed to be addressed under the broad headings of regulatory delivery, legislative framework, the Gaming and Wagering Commission's governance structure, conflict of interest management, leadership, and problem gambling. In my submission, I will refer to the Gaming and Wagering Commission as "the commission" and the Perth Casino Royal Commission as "the royal commission".

Since the interim report was provided to the minister, the Department of Local Government, Sport and Cultural Industries and the commission have made some significant improvements to the casino regulations in regard to how the Burswood Casino has been operating for the past 37 years. I must add that Western Australia is fortunate in many ways; the member for Kalamunda alluded to the fact that the casino has a place in making significant social and economic contributions. In my experience, I have visited the Burswood Casino on many occasions and used the bars, the restaurants, the convention centre, the theatres and the casino itself with my family members and friends for many occasions and celebrations. I enjoy taking my family who visit from overseas there, and the reciprocation is that Western Australia is very fortunate. The royal commission has identified the lack of certain frameworks and regulations over 37 years that has created a pathway for this government, through the minister, to provide some mandatory changes so that we can rebuild the public's confidence in the casino as an establishment of Western Australia that has an impact on Western Australians.

I am very grateful to be a parliamentary secretary to Hon Dr Tony Buti, the Minister for Racing and Gaming, and to witness firsthand the many changes and measures that have already been implemented. Progress has been made in addressing the problems identified in the interim report. Importantly, we have introduced an executive director for racing, gaming and liquor, who also holds the statutory position of Chief Casino Officer. Recruitment has also been done for dedicated resources for the commission's secretariat. The conflict of interest policy has been thoroughly reviewed and updated. A review of the commission's delegation framework has commenced. The process of inducting new commission members has also been updated. I will describe the impacts of the minister delegating that authority and appointing some new members. A review of the problem gambling policy framework has been completed, including the roles and functions of the Problem Gambling Support Services Committee. A designated audit and risk committee has been established for the commission. The department fully supports personal development and training in the regulatory practices for its staff and the staff of the commission, and that will become a mandate.

Again, these changes have already been implemented through the minister taking on the recommendations of the interim report before the final report was tabled right here in March 2022. The state government and the minister have fully supported and accepted the royal commission's findings and, as I said, put in appropriate regulatory changes so that the Perth casino may continue operating in the current situation.

Importantly, as one of his first measures and actions towards addressing the royal commission's recommendations, the minister will strengthen the Gaming and Wagering Commission's capacity to play a bigger role in implementing its responsibilities. Within the first month of the report being tabled here in Parliament, the minister has made several new appointments, amongst the first of many, to toughen the regulatory framework that governs WA's casino. The individuals who have been appointed to the commission board are of the highest calibre. I am delighted to hear that the new commission board has a refreshed and enthusiastic perspective as it undertakes the important work of addressing the royal commission's recommendations.

Colin Murphy is a newly appointed member of the board. Mr Murphy brings extensive knowledge and experience from his most recent role as commissioner of the Perth Casino Royal Commission, which obviously brings a very unique perspective. Mr Murphy was also WA's eighteenth Auditor General and has had a long career in state government leadership positions. Again, he has the perfect pedigree of experience and knowledge to be appointed. Dr Michael Schaper has also been appointed. Again, Dr Schaper is an experienced board chair, a company director and an economic policy and development consultant. He has a long history of work and academic accomplishments relevant to the role of the commission, including as a deputy chair of the Australian Competition and Consumer Commission. Helen Creed has also been appointed. Ms Creed has held a variety of executive and board roles in government and not-for-profit sectors. I know she will bring to the role an important focus on harm-minimisation measures as well as extensive experience as a regulator. Sam Buckeridge has also been appointed to the board. Mr Buckeridge is an experienced company director and has held numerous management roles across a very large and iconic company, BGC (Australia) Pty Ltd. He will bring his very experienced corporate knowledge to the role.

The key, as I said earlier, is that if the right people with the right experience are on the board, with the depth of their knowledge, they will be able to guide and advise the commission and help drive this reform that we hope will bring back high-quality standards into our regulation of the licence that has been provided to Burswood Casino. The board members' appointments again reaffirm the minister's intent and the McGowan government's commitment

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

to strengthening how the governance framework works around the casino and the priority given to the response to the commission's final report that was tabled.

On behalf of the government and the minister, I would like to acknowledge the outgoing members of the Gaming and Wagering Commission—Steve Dobson, Carmelina Fiorentino and Jodie Meadows—for their work during their time at the commission.

Furthermore, this bill as it has been presented and as we make our contributions to it during this debate, seeks to implement some important priority legislative amendments and reforms arising from the final report of the Perth Casino Royal Commission, which was tabled earlier this year. I will not go into too much detail because the members for Cockburn and Kalamunda have given a good explanation of the provisions in this bill. However, I wish to highlight to this place some of these important legislative amendments. The bill provides for an independent chair to be appointed to the Gaming and Wagering Commission, and for the members of the commission to elect their own deputy chair.

The bill provides also for the establishment of an independent monitor to oversee the remediation of Crown casino. We have heard at length about the role of the independent monitor to assist the casino on its pathway back to optimising good governance. The independent monitor will be appointed by the government. The role of the independent monitor will be to instruct the casino licensee on the scope, content and timing of a remediation plan; approve the remediation plan; and obviously monitor and watch over the implementation of the remediation plan.

Visitors — East Vic Park Seniors

The ACTING SPEAKER (Ms M.M. Quirk): Member, can I just interrupt for a minute. I welcome the seniors group that is up in the gallery, but I request that you sit down, and also remain silent if you can. Thank you.

Mr Y. MUBARAKAI: As the member for Jandakot, I also want to welcome the seniors to Parliament House. I hope you enjoy your tour. I see you have got Ben and Cherie up there to help you get around.

Debate Resumed

Mr Y. MUBARAKAI: I have been talking about the proposed amendments in this legislation, and the appointment by the minister of an independent monitor. The role of the independent monitor will be to not just approve and monitor the remediation plan, but also ensure that it meets the expectations of the minister of the day. The independent monitor will also be required to report to the minister and the commission about the progress and effectiveness of the remediation. The bill provides also that the independent monitor will be expected to produce their final report two years after their appointment. That is consistent with the recommendations in the royal commission final report. The other provisions in this bill seek to enhance both the power of the minister to direct the commission, and the power of the commission to direct Perth casino in carrying out its functions.

Members would have heard the further clarification that was provided by the members for Cockburn and Kalamunda before I rose to speak about the proposed increase in the maximum penalties under the Casino Control Act. I highlight that previously, the maximum penalty that could be imposed for any mishaps or inadequacies was \$100 000. That is proposed to be increased to \$100 million. The bill also proposes to increase the penalty for noncompliance with a direction issued by the commission to \$250 000 for a body corporate. The bill provides also that the independent monitor may issue similar penalties for noncompliance. In addition to these proposed immediate changes, there will be a full review of the penalty system. That will address another of the recommendations of the royal commission.

In conclusion, I, too, would like to say that this bill seeks to provide for significant reforms to the regulatory framework, restore good governance, and reinforce public confidence in the casino. This bill is definitely the right step in the right direction. Thank you.

The ACTING SPEAKER: The question is that the bill be read a second time, and I call on the patient member for Thornlie.

MR C.J. TALLENTIRE (Thornlie) [10.54 am]: Thank you, Acting Speaker. It is good to see that there is so much interest and competition to speak on the Casino Legislation Amendment (Burswood Casino) Bill 2022.

Mr P.J. Rundle: You finally got a go!

Mr C.J. TALLENTIRE: Thank you, member for Roe.

I am very pleased to support the Casino Legislation Amendment (Burswood Casino) Bill 2022. I want to begin my contribution by asking: how did we get to the situation in which there is a suspicion that money laundering has taken place at the Perth casino? That was one of the findings of the Perth Casino Royal Commission. That is a terrible thing. I think most Western Australians would be outraged to know that our Western Australian casino at Burswood has been the venue for any money laundering. It is an absolute disgrace. It is not acceptable at all. How did we get to that point?

We see in other areas that the casino has treated itself as an exception. A spirit of exceptionalism is always dangerous. The lesson for all of us across government is that we should not allow exceptionalism to justify actions on things that may sometimes seem relatively mundane. As an aside, I recall to members that back in 2006 when this Parliament was putting through some rigorous legislation about the right of people to smoke in public places, the people at Crown casino lobbied us that the Pearl Room at Perth casino, as it is officially known, or the high roller gaming room, should be treated as an exception to the rules that were sought to be imposed on every other public place in Western Australia and that smoking be allowed. That argument won the day. I am impressed and delighted to be able to report to the house that, fortunately, due to the wisdom of the former Minister for Health, that exemption was overruled in November of last year and it is no longer the case that smoking is allowed in the Pearl Room at the casino. This spirit of exceptionalism might seem relatively minor when we compare smoking with money laundering and other terrorism-related activities. However, I believe it is the same mentality—one leads to the other.

The final report of the Perth Casino Royal Commission refers to an amendment to the casino manual of operations. The casino manual of operations expressly provides that the casino must take responsibility for the nature of the financial transactions that pass through it. That recognises, of course, that various law enforcement agencies also have responsibility. Those agencies take that responsibility very seriously and do their best to maintain it. However, the Crown casino administration at the time decided that it could do away with this section of the manual of operations and just leave it to the official body, the Australian Federal Police. Section 3A of the casino manual of operations was deleted in July 2019. That decision was made by those with direct involvement at the casino. I quote from the royal commission final report —

This section of the manual is governed by [AUSTRAC] under the federal [AML/CTF Act].

That is the Anti-Money Laundering and Counter-Terrorism Financing Act —

As this is not regulated by the Commission we have removed these sections from the manual.

Because it was not being dealt with by the Gaming and Wagering Commission—one might well ask why not—they deleted it. There goes a key check on money laundering through the casino. That obviously indicated that the people who were managing the place at the time felt that things could be done differently; they could be an exception to the rule and they would leave it to others, which was a totally unacceptable arrangement. That is a very interesting example and one that the royal commission was quite clear on. The report of the royal commission was fascinating on this point. It states —

The effect of the GWC’s amendment to remove s 3A was to remove any regulation by the GWC of the management of the ML/TF risk. The PCRC observes that the consideration and approval of the amendment took place after the 2019 Junket Media Allegations ...

There was already talk in the public domain about malfeasance at the casino. It was also the time that the Bergin inquiry commenced, so by this time all members of the Gaming and Wagering Commission were aware of the money laundering risk at Perth casino, yet they were happy to discard section 3A. I am very mindful of the background to this, what has gone on and what has got us here. I am concerned we have a mighty task ahead of us to turn things around, so we get to what the royal commission notes as “the pathway to suitability”. Of course, this legislation is about bringing in that independent monitor so we get to that pathway of suitability. The royal commission also noted that the legislation, prior to its amendment, is not fit for purpose, which is a very important point as well.

I am not a particular fan of casinos; they are not my idea of recreation. I acknowledge that many people find them places for relaxation and amusement, with that enticement that perhaps some enrichment can occur and people might go home with more money in their pocket than they arrived at the venue with. I know that is something people find particularly attractive as a possibility. I know that people are also attracted to the general glitz and some might say the glamour of the venue, which in itself is something to ponder. Is it a good thing that people see all the bright lights, flashing machines and things as a particularly good form of recreation?

The information I have here is that the Crown Perth operation has more than 2 500 electronic gaming machines, 350 tables and, of course, three hotels on that site. I am taking that information from an investment journal, the *Morningstar Investor*. It is very interesting to see how investors view the whole sector of casino operations because, of course, many of us would be involved in ethical investing in funds and superannuation schemes that set certain parameters, such as environmental and social governance, around where our funds, your funds, can be applied, and many of us choose to eliminate from our portfolios or our superannuation funds, gambling operations. That is interesting because it is a growing trend. People see the damage that is caused by gambling operations. Some people might take the attitude that if people are stupid enough to go into a casino and lose their money, far be it for them to get in their way and maybe they should take advantage of that failing and profit at their expense. That is the attitude of some people.

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

I note the minister said in his second reading speech that the Blackstone Group, a New York-based investment house, is seeking to gain ownership and the government has given approval to that group to acquire Perth Crown casino. For members' information, the Blackstone Group has investments of \$US880 billion. The member for Cockburn, in his excellent speech, talked about the need for penalties to be increased. This is something that is much needed and is welcomed here. I am very pleased to see in this legislation that we are increasing those penalties. If we are dealing with entities worth \$US880 billion, the penalties have to be substantial. A hundred thousand dollars here and there is just not going to cut it. These are massive organisations and they are prepared to take financial risks. I again refer to the *Morningstar Investor* on this. It is interesting that at the moment Crown Resorts, and its hybrid securities business entities, is trading at \$102 or thereabouts. I have tried to see how various scandals such as the release of the royal commission report and other things have impacted on share prices. It is interesting that it has not affected it much over the last five years and, averaged out, the share price has been around the \$102 mark, but there were times when it dropped to \$85. After the announcement of one of these failings in the system, there was an immediate response by shareholders, a concern that perhaps there could be, after all, a removal of the licence to operate or something like that. That is an interesting aspect to it all that we see this growing trend in the investment community towards ethical investing, but there are those who are happy to take the profits anyway and will ride with the ups and downs as they come along.

I want to turn to another aspect of the royal commission report, which is the issue of money laundering. The Perth Casino Royal Commission concludes that the casino's approach to the regulation of money laundering risks at Perth casino to date has been inadequate and ineffective. That confirms the point I have been making that we had a serious problem there, but the managers of Crown thought they were exempt from things and that there was no cause for concern. I think other members have touched on this. Now, through the royal commission process, Crown concedes that between 2013 and 2019 the Riverbank accounts and Southbank accounts were engaged in money laundering through third parties. That is a matter that the royal commission has found. The royal commission report stated that Crown "inadvertently facilitated or enabled" money laundering. Interestingly, that is despite concerns raised by various bankers; from memory, ANZ and the Commonwealth Bank were amongst the banking community that were involved. They raised concerns with Crown and sent indications. The royal commission was perhaps being a bit gentle here—Crown "inadvertently facilitated". Crown got information from its bankers that there was cause for concern but it carried on, and the royal commission is saying that Crown inadvertently facilitated this. That is an interesting point as well. This is quite shocking news for many people that here in Western Australia we have seen money laundering happen at the Perth casino. It is something that I really did not expect to read about.

One ponders what form that money laundering might take. For some smaller organised crime operations it might be a matter of feeding coins into slot machines and laundering it that way. But it seems that there are many more sophisticated ways that use various financing operations, such as opening up accounts and cashing in chips. All sorts of procedures, well documented in the royal commission report, are enabling people with very substantial amounts of money to launder that money through the casino here in Perth. I am very pleased that we are bringing in legislation that is going to put us on a pathway to suitability. That will mean that we have an organisation, an entity and a structure. Other members have talked about the structure and how we are getting away from having the chair of the Gaming and Wagering Commission also be head of the department. We are moving away from that and putting in this independent monitor. That is very welcome, but I can well imagine how Western Australians would be outraged that we have had money laundering going on here. I get back to my original point: that it was because we had this idea of exceptionalism. Just as the casino could be treated differently, the owners of the casino argued that the Pearl Room, the high roller room, could be treated differently with something as relatively mundane as smoking regulations. They also felt that there could be something a bit different in the treatment of the casino's controls on money laundering. Exceptionalism does not work; it is not acceptable. There has to be consistency and we need good probity measures in place. I am very pleased to see this legislation come in, and I look forward to the day when we can all say there is no money laundering happening here in Western Australia.

MR S.A. MILLMAN (Mount Lawley — Parliamentary Secretary) [11.11 am]: I rise to make a brief contribution in support of this Casino Legislation Amendment (Burswood Casino) Bill 2022. As I do, I note that the pillars of a free society have combined to deliver the necessary reforms to make sure that the casino in Western Australia is operated appropriately. We have seen the work that was put in by the media, in particular *Four Corners* in its report in 2014. We see the work that has been put in by the judiciary, and in this regard I am speaking, of course, of Hon Lindy Jenkins, former Supreme Court judge, and Hon Neville Owen, a very experienced practitioner in royal commissions, who together with Colin Murphy, the former Auditor General, were the three royal commissioners appointed to inquire into the matters of Crown casino. This Parliament, and this government, the third pillar of a free society, is acting expeditiously on the recommendations of the royal commission in order to improve the regulatory oversight of the operation of the casino in Western Australia.

I rise to make a contribution, conscious of the quality and calibre of members of the McGowan Labor government. I make my contribution in the shadow of the contribution from the Member for Thornlie. I could not find one thing

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

that the member said that I disagreed with. I found I was in complete agreement with the entirety of his contribution, particularly his final point about tackling money laundering—the surprise of money laundering taking place in Western Australia and taking steps to tackle it. I also acknowledge, Mr Acting Speaker’s (Mr D.A.E. Scaife) contribution from yesterday, which continued today. I am conscious of the fact that when I sit down, the member for Landsdale will make a contribution. Members should be aware that the member for Landsdale is an incredibly experienced litigator and prosecutor with a long and illustrious career working for organisations such as the National Crime Authority, if I am not mistaken, and will bring to this debate a wealth of experience, the likes of which are incomparable. I think that speaks volumes to the capability and capacity of the members on the government benches. The parliamentary secretary earlier on made a brilliant contribution in support of the legislation. We can see the wealth of talent that is on this team.

It makes me sad, members, that the same cannot be said for the opposition, which is clearly conflicted and completely unprepared for taking on the roles and responsibilities of government. This legislation is a flexible and individual response, a timely and appropriate investment, and a well-constructed, legislative framework, prepared, introduced and delivered by a government that knows what it is doing and how to get on with the job of governing. This opposition is woefully unprepared for government. It has no coherent plan and no unified policy position. Its members are literally fighting amongst themselves. Conversely, we are a united team with an extensive legislative program and the experience to deliver that.

What has transpired at Crown has given everyone pause for thought and reflection. The circumstances that have been explored in the Perth Casino Royal Commission, which have been canvassed by many speakers already, require an urgent legislative response. They require a substantial and extensive legislative response. The time line of events is a great testament to this government and this minister, in that even though the royal commission reported so recently, we have already started the process of putting in place the legislative reforms required to give effect to the recommendations of the royal commission.

I should just give a shout-out to a couple of the members of counsel assisting the royal commissioners. In the report of the royal commission the commissioners paid acknowledgements to the people who supported them. Can I just quickly mention a couple of friends of mine: Adam Sharpe, who was one of the counsel assisting the royal commission, for the work that he put in; and David Leigh. I think that they are both constituents of mine, but they are also acquaintances of mine through the University of Western Australia. Congratulations to them for the work they put in. I am sure that the acknowledgement made by the commissioners at the start of the royal commission report is well deserved.

I want to turn to the time line. I am quoting here from the *Perth Casino Royal Commission: Final report* itself. The first thing that struck me as I was reading the report was just how many inquiries there have been into the gambling industry in Western Australia. On page 26 of the report we can see that we had the 1974 Royal Commission into Gambling in Western Australia; the 1983 advisory committee report; the 1996 Minister for Racing and Gaming’s review of the Gaming and Wagering Commission Act; the 1999 inquiry of the Productivity Commission into Australia’s gambling industries; the 2008 “Crown Resorts Limited Risk Management Policy”, dated 28 February, which was in force up to the time of the China arrests; the 2009 junket submission; the 2010 inquiry of the Productivity Commission into gambling; the Australian Transaction Reports and Analysis Centre report *Casino junkets campaign* issued on 14 July 2017; and the 2020 Joint Anti-Money Laundering and Counter-Terrorism Financing program for the Perth casino, Melbourne casino and Barangaroo casino.

One of the things that I am surprised about is the opposition’s inability to locate the debate in the broader context. What has transpired in Perth is not unique to Western Australia. We saw systemic issues across Crown operations in Melbourne and Sydney.

Mr P. Papalia: As identified by the Bergin inquiry.

Mr S.A. MILLMAN: Precisely, minister, as identified by the Bergin inquiry.

The problem for this opposition is that its horizon is so limited, its foresight is so constrained, that it cannot look beyond what is immediately in front of it, and it even struggles with that. The opposition cannot locate the circumstances that transpired in that broader context. It reminds me, in fact, of the criticism made of the Minister for Health and the current workforce challenge the WA health system is facing. Members opposite think that this is a uniquely Western Australian predicament. They talk about the COVID response as though this is a uniquely Western Australian predicament. I do not understand why, but they cannot see, particularly for COVID, that this is a global pandemic that has affected every single jurisdiction in the world, yet we stand as a beacon to every other jurisdiction on how to appropriately handle the response to the COVID pandemic. This minister, in the preparation and delivery of this legislation in response to this royal commission, has set an example for other jurisdictions on how to respond innovatively, efficiently and appropriately when confronted with the challenging circumstances that were identified by the royal commission.

Extract from Hansard

[ASSEMBLY — Thursday, 11 August 2022]

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Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

I have spoken about my friends in the legal profession and the incredible work of the royal commissioners, particularly His Honour Neville Owen and Her Honour Lindy Jenkins. I also want to talk about the importance of the free media, the free press, and particularly the work that the ABC's *Four Corners* program did. Two critical *Four Corners* episodes shone a light on what was going on in the casino industry in Australia. The first was the *Four Corners* episode that was broadcast in September 2014 entitled "High rollers—high risk?" about Australian casinos and the threat posed by organised crime. I cannot help but notice that that was right in the midst of the previous government, which did nothing; it was completely missing in action. Then there was the 2017 *Four Corners* report broadcast on 6 March, entitled "Crown confidential: Packer's losing hand". Those two *Four Corners* episodes together with the Fairfax junket allegations published in an article entitled "Gangsters, gamblers and Crown casino: How it all went wrong" in *The Age* on 27 July 2019 and "Crown unmasked", published in *The Sydney Morning Herald* and aired on *60 Minutes* on 28 July 2019, show members the combination of the legal profession and media working in concert in order to bring attention to the concerns about what was taking place in Crown's operations.

In the time I have remaining, I turn to the legislation. I want to pick out exactly where the royal commission recommendations stand and exactly how this legislation, typical of the McGowan government, is well crafted and specifically targeted to the issues that have been identified. This is no more and no less than precisely the right legislative response that we need. It is incredible because one of the things that I find confusing about the opposition is that we never really know what it stands for. Does it stand for free markets or for government intervention into every endeavour of human life? On the one hand, opposition members will say one thing and, on the other hand, then do another. Do they stand for higher taxes or lower taxes? Do they want to persist with the policies that we have introduced? We cannot get a straight answer from them when we talk about native logging. I think about our native logging policy. We do not know what the opposition's policy will be. One of the things we know about the Labor government is that we announce our policies and commit to them on the one hand and, on the other hand, when we are confronted with difficult problems that need to be resolved, we have the capacity, the ability, the intellect and the energy in order to deliver those solutions. One of the things I want to talk about is the way in which this well-crafted legislation responds with incision and precision to the royal commission.

Let us go through the key milestones in the Perth Casino Royal Commission. It was established on 5 March 2021. The interim report was released on 30 June 2021 and the final report on 4 March 2022. It was tabled in Parliament on 24 March 2022—less than six months ago. The legislation that comes before the Parliament has been produced expeditiously under the guidance of this minister. The terms of reference included the suitability of Crown Perth to hold a casino licence, the suitability of Crown Perth to operate the casino, the suitability of its associates, the adequacy of the regulatory framework and the exercise of the Gaming and Wagering Commission's powers and discharge of its responsibilities.

In the final report are 59 formal recommendations, additional informal recommendations and some key findings. Other members have gone through this in a bit more detail than I will; I just want to touch on them briefly. Crown Perth is not presently suitable to hold a casino game licence, and it is not presently suitable to be concerned in or associated with a casino's gaming operations. The regulatory framework can be improved, with independence of the GWC from the department. It is accepted that this challenge has been presented to the government by the findings of the royal commission, but a good government does not crack in the face of challenges. It steps up and tackles the challenge and formulates the appropriate legislative response. This government, a good government, accepted the royal commission's findings, is considering each of the recommendations in detail and will take a staged approach to the response to the recommendations with a full detailed response to be released in due course. However, that still provides us with the capacity to progress several priority reforms, particularly when they require legislative amendments.

This bill deals with an independent monitor, increasing penalties, the positions of the Gaming and Wagering Commission chair and deputy chair, the minister's powers to deal directly with the Gaming and Wagering Commission and the Gaming and Wagering Commission's powers to deal directly with Crown Perth. This is not a heavy-handed response. This is an appropriate, tailored and time-limited response. We are not imposing for all eternity a new level of regulation. We are responding in a time-limited way to a set of circumstances that we are presented with in order to provide Crown casino with an opportunity to get its business in order. That is the pathway to suitability time frame, which is a two-year time frame. It will give Crown the opportunity for remediation to improve its corporate and governance structure, and risk management of gambling-related harm and money laundering. There will be an independent monitor to report to the government and the Gaming and Wagering Commission.

There is no point having an independent monitor unless it has appropriate powers. The independent monitor will have the powers to direct the casino to prepare a remediation plan, access and approve the remediation plan and monitor the remediation plan. This will help, through government oversight, the discharge of duties imposed on the proprietors of the casino. The reports will cover the preparation and approval of the remediation plan, the

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

suitability and efficacy of the plan, and the implementation of the plan. Following the final report, the Gaming and Wagering Commission will provide advice to the minister on the suitability of the casino licensee and its associates.

As the member for Thornlie said, the casino might not be his cup of tea, but the Crown casino has been an important part of the cultural entertainment and hospitality landscape in Western Australia for a long time. It should be given a chance to succeed. It has done the wrong thing, but with proper oversight, regulations and controls in place, it should be given a chance to succeed. People in Perth want it to have that chance. This is a big employer. The remediation plan will give Crown casino an opportunity to get its house in order. That is the encouragement, but conversely we need to make sure that if it does the wrong thing, the penalties are proportionate and appropriate. The maximum penalties, according to the royal commission, are manifestly inadequate to support the proper regulation of the casino. Recommendation 20 of the royal commission states —

There be a review of the penalties ... and ... in most cases, those penalties should be increased.

It further states —

... for offences relating to the conduct of casino gaming and casino operations ... those penalties be increased very substantially.

What does “very substantial” mean? I think this is entirely appropriate. This minister increased the disciplinary penalty from \$100 000 to \$100 million. It is impossible to argue that that is not a significant penalty. The bill will increase the maximum penalty for noncompliance with a direction for an individual from \$2 000 to \$100 000. This behaviour is not part of the cost of doing business; this behaviour will attract a significant penalty that will act as a powerful disincentive. For a body corporate, the penalty will be increased from \$5 000 to \$250 000, and there will be penalties for providing false or misleading information to the independent monitor.

[Member’s time extended.]

Mr S.A. MILLMAN: I now turn to the Gaming and Wagering Commission chair. Recommendation 26 of the Perth Casino Royal Commission stated that the chair of the Gaming and Wagering Commission should be independent from the department, and the chair should be appointed by the minister—the same with the deputy chair. The current practice is that the director general of the department is the chair and the deputy director general is the deputy chair. The royal commission raised governance issues—namely, the lack of independence of the GWC from the department, and that the deputy chair should be elected by the members.

The minister’s powers are contained in section 6 of the Gaming and Wagering Commission Act. The minister may direct the GWC in a general manner. Within the Casino Control Act 1984, there will be a new power based on section 6 of the GWC act that provides for directions of a general or particular character. In terms of the royal commission, that power is one of the key means by which the GWC will regulate the operations of the casino. There are a number of deficiencies and uncertainties in the present scope of the power. The royal commission recommendation 15v. is that there be an expansion in the directions power. For each of the changes that are being brought forward as part of this legislative reform, there is a solid and sound foundation in the findings and recommendations of the royal commission. This is rolled-gold legislative implementation. This is a thorough inquiry into the circumstances as they pertained; an identification of what the risks and issues were; and then a deliberate, incisive and proportionate legislative response that puts in place the framework that will alleviate the chance of these transgressions happening in the future.

On any assessment, this is an outstanding piece of legislation—an excellent piece of legislation—but, better than that, it is done in a way that is flexible, innovative and expeditious, which is a hallmark of the legislative reform program that is being brought forward by the McGowan government.

That brings me back to the point at which I started. This opposition is woefully inadequate and woefully unprepared for the task of government. Members opposite could not be trusted to respond to, or deal with, issues like this as they arise, because they are incapable of casting their eyes above the horizon to see what other risks and concerns might be approaching them. For that reason, I condemn the opposition and I congratulate the McGowan government and the minister for bringing this legislation forward. With that, I commend the bill to the house.

MS M.M. QUIRK (Landsdale) [11.32 am]: Firstly, thank you to the member for Mount Lawley for his flattery; it is always gratefully received. I congratulate the government on its swift legislative response to the findings of the Royal Commission to inquire into and report on the affairs of Crown Casino Perth and related matters. The report was tabled in March this year, as we have already heard, and we already have substantive legislation before this house.

There are two elements of the findings that I want to focus on today. The first is the failure of corporate governance and the wilful blindness to address the very real risk of money laundering, and the second is the culture of Crown that facilitated money laundering by placing profit ahead of public interest. In canvassing these issues, I also make reference to the various conflicts of interest that were ignored, but exposed, in the royal commission. Also, I will

refer the conduct of high roller junkets and the downright dubious practices engaged in pursuing those gamblers. Finally, I will consider what other measures should be taken to ensure higher probity standards.

At the outset we need to ask: why is money laundering so odious and why is it that we should take every effort to combat it? Some say money laundering is victimless, so should we not focus on crimes of violence or against a person, for example? Some say that money laundering is just a form of asset management structures or tax beneficial schemes. In reality, the motivation for organised crime—be it drug or people trafficking, extortion, robbery, fraud, contract killing or smuggling—is a financial incentive. With the discovery of the location and source of illicit funds through money laundering investigations and proceeds-of-crime seizure, the incentive for those heinous crimes is certainly removed.

Money laundering is estimated to cost our economy five per cent of GDP. Putting that in context, the mining industry's contribution is 10.4 per cent. In the words of Enrique Nieto, former Mexican President, "Money laundering is giving oxygen to organised crime." It seems to have come as a surprise to some that casinos are particularly vulnerable to money laundering, but that is a notorious fact known by law enforcement for many years. In March 2009, the Asia/Pacific Group on Money Laundering and the Financial Action Task Force prepared a report entitled *Vulnerabilities of casinos and gaming sector*. FATF is an intergovernmental organisation founded in 1989 as an initiative of the G7 to develop policies to combat money laundering worldwide. Later its remit was extended also to include terrorism financing. Australia has always been an active and key player in FATF. In its report of March 2009, FATF identifies factors that make casinos particularly vulnerable in terms of money laundering. It is an extensive report. I refer to page 22 —

... Risk Assessments identifies factors that may influence the ML/TF risk in a country and suggests information to access when conducting a risk assessment.

These include —

- Legal and regulatory environment.
- Characteristics of the economy as well as the casino/gaming sector.
- Ownership structure, integrity, internal controls and corporate governance of casino/gaming institutions.
- Ownership structure, integrity internal controls and corporate governance of intermediaries and associated businesses (junket promoters, agents, gaming equipment, financial service providers)
- Types of products and services offered and clients served.
- Criminal activities and proceeds of crime generated domestically as well as generated abroad but laundered domestically.
- Financial services offered by casino/gaming institutions and by casino intermediaries (junket promoters, agents etc).

The report also deals at length with risks associated with junkets and the incentives provided to high rollers in insulating those individuals from law enforcement, regulatory scrutiny and attention and Australian Transaction Reports and Analysis Centre oversight. Page 47 of that same report notes —

... Casino junkets or casino-based gaming tours are derived from casino marketing programs. A junket is an organised gaming tour for people who travel to the casino primarily to gamble. The junket may include transport, accommodation, incentives to play at the casino and the movement of funds to and from the casino.

... Casino junkets may be part of the casino's in-house marketing operation or may be run by independent operators who have a contract with the casino. In jurisdictions where the role of junkets is limited, they may still operate in travel agent roles with an added service of moving funds to the jurisdiction. In such cases, junkets may have no direct connection to the casino, but just bring the players and their funds to the front door of the casino. Junket agents are persons or companies that have a role to sign up casino patrons to take part in junkets. Junket representatives work to organise the junket.

... In house marketing by casinos may include representative offices of the casino being located in foreign jurisdictions in order to organise gaming tours to the casino jurisdiction. In such cases, players can organise all aspects of their visit to the casino, including depositing funds into their casino account ...

... Junket representatives/agents serve as an agent between casino marketing departments and proven premium players. VIP junkets do not tend to be advertised. Region specific junkets often do not deal with

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

the general public, but rely on introductions from intermediaries. Junket representatives/agents rely on commissions or fees to support their business. These commissions vary, but may include:

- A percentage of front money.
- A commission on ‘dead chips’.
- A commission on ‘live chips’.
- A commission on players’ losses.
- A percentage of the casino’s theoretical win.

Now we get to the bottom line, the important thing —

... A vulnerability of junket programmes is that they involve the movement of large amounts of money across borders and through multiple casinos by third parties. Junket participants generally rely on the junket operators to move their funds to and from the casino. This creates layers of obscurity around the source and ownership of the money and the identities of the players. This is made more difficult if a junket operator is complicit in any money laundering activity by the players, or is solicited by criminals to blend illicit funds with the pool of legitimate funds.

It goes on. I make the point that this report came out in 2009. It was certainly well known and apparent that casinos were at significant risk of being targeted by money launderers.

It was in the context of an investigation of organised criminals in my previous occupation with the National Crime Authority—now two decades ago—that I became only too familiar with some of the issues that the Perth Casino Royal Commission addressed. We were investigating a junket operator and individuals travelling to Western Australia to gamble at the casino. These individuals were linked to organised crime. At that time, there was competition from interstate casinos for high-roller business and many incentives were provided. Star Sydney casino in particular was competitive, so the incentives to win the high-roller business ahead of Star were significant. Although I am precluded from disclosing the specific details of the investigation, I can say that it was clear that the casino at the time ran interference for those individuals. The Western Australia Police Force had a casino squad stationed at Burswood Casino and it had been captured, I believe, by the casino. It was the casino squad that gave notice to the casino and to the individuals under investigation that we intended to execute search warrants in relation to the investigation. I will talk a bit more about capture lately. But, as I said, that was 20 years ago and the conduct, which is referred to in the royal commission, was certainly front and centre decades ago. The bottom line in that case was that not so subtle attempt were made to frustrate our investigations.

Since the royal commission report was published, as well as the evidence coming out of the inquiry into Crown Melbourne and Star Sydney, there have been some discussion about why individual directors have not faced sanctions for their acts or omissions despite the findings that the corporate culture was concerned more with profit than with public interest, that a corporate culture existed that was wilfully blind to the vulnerability to money laundering and that due diligence was rarely conducted in a robust fashion. In Crown Perth’s case, its widespread weak risk culture drove the company to tolerate and even facilitate misconduct. It is gratifying that it appears Crown is taking steps to train staff and reinforce the need for this more robust approach that has taken place subsequent to these inquiries and the media attention. It is certainly the case that a number of Crown executives both here and in Victoria have departed, but the Australian Securities and Investments Commission does not intend to take any action. It firstly says that as the evidence secured by the royal commission was compelled, it cannot be used to incriminate individuals. Any corporate investigation would need to commence afresh. The sanctions are really those of public opinion and those addressed to the company as such. I make the observations that it is also corporate good practice 101 to have a risk audit committee that reports to the board, yet in a vulnerable environment such as a casino, that was not seen as necessary. As an aside, I also note that in terms of corporate good practice that I was extremely surprised to hear evidence of a director being paid to report back to an individual who was not on the board about board deliberations. I might be naive but I would have thought that director was in breach of a fairly fundamental duty to keep confidential the matters discussed at the board.

It is vital that regulators have a well-developed sensitivity to what might be a conflict of interest. Most disappointingly, there are two instances in the royal commission’s evidence that are unacceptable and, frankly, I was appalled by. The first related to evidence surrounding Michael Connolly, who was Chief Casino Officer and deputy director general of the very department responsible for casino supervision. The royal commission found that Connolly and his department must take responsibility for their role in failing to manage the conflicts of interest that Connolly had as Chief Casino Officer and his personal relationships with officers at the Perth casino. Reports by the ABC online news details the extent of Mr Connolly’s conflict. An article by Rebecca Turner on 5 August 2001 states —

Extract from Hansard

[ASSEMBLY — Thursday, 11 August 2022]

p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

The royal commission heard in May about how Michael Connolly frequently went fishing with executives of the company he was supposed to be overseeing.

But the hearing on Thursday was presented with evidence of the extent of the personal relationship between the men.

The commission was told of a March 2014 email in which Mr Connolly called Crown Perth's general manager of legal and compliance ... "Gilligan" and Mr Marais called him "Skipper".

This email ... also included Crown Perth's legal boss, Joshua Preston, and manager of gaming and regulatory compliance, Paul Hulme.

The article outlines the banter and how they regularly went on fishing trips and were close friends. There were seven weekend fishing trips and, in fact, Mr Connolly called his boat in joking fashion, "The Good Ship Compliance". In any event, given the close nature of the relationship between these officers of Crown and the person charged with regulating the casino operations, it is particularly surprising that he could not discern that there might be some issues with that. In fact, he sold his boat to someone from Crown casino and made a small profit. Again, I would have thought that it was pretty obvious that those relationships were inappropriate.

The other issue that arose in the article related to Barry Sargeant who was an officer with the Gaming and Wagering Commission. Could I have an extension please?

[Member's time extended.]

Ms M.M. QUIRK: It was disclosed in the evidence that Crown had paid for a trip by Mr Sargeant, who oversaw the regulation of Crown for about 25 years, to help him better understand the Asian casino market as it sought to develop the Crown Towers hotel and the casino complex on the peninsula. If that was information that he needed to perform his job, I suggest the trip should have been paid for by the government. He justified it by saying —

"They just thought that people like I, in particular, didn't appreciate what their competition was up there, and I hadn't been there for many years, so they were keen for me to travel to Asia and look at their facilities."

I know Mr Sargeant and I am gobsmacked at the level of naivety with which he responded to the commission. This duchessing of key people is something that I have noticed Crown has been engaged in for many years. As I said earlier, I think the casino squad was captive of the casino. Frankly, I also think that the individuals whom I talked about were victims of the same practices.

The more conscientious who have read the royal commission report might have got to appendix O, which details responses provided by a focus group of Crown employees. It is clear from their comments, which are verbatim, that Crown was galvanised into action once the issues surrounding money laundering and its lax attitude to compliance became public. The comments by employees include that there was —

- "A lot of concern about privacy from our customers..."

Also —

- "... [patrons who have been asked to complete a Source of Funds] are usually quite resistant. They are quite hesitant to fill it in sometimes."
- "We need a better [AML reporting] system, I shouldn't have to open up four systems to do one transaction."

Another said —

- "We have to go through so many systems just to look at one patron...we've got 5-6 different places to go to look for information...it's just hours of trying to find data."

Another comment was —

- "On table games we've always been very-very strong on dobbing ourselves in, because surveillance more than likely are watching anyway."

Another said —

- "Easy and fast way to wash money. Its open 24 hours a day. Plenty of opportunities to do it with multiple people and across shifts so it's not noticed as much."

The comments go on. It is quite clear that there has been a change of attitude, but many employees complained that their awareness of the practices and the training they were given had been inadequate until recently. I am pleased to see that they now feel they are getting some level of assistance in being able to recognise money laundering. There were a number of comments that when they had pointed out possible instances of illicit activity in the past,

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

they had been dismissed by their superiors or supervisors. We hope that that is a thing of the past. I certainly commend the report to people to read and make reference to.

Where to from here? Given the preponderance of the New South Wales, Victorian and Western Australian evidence, no-one would be naive enough to suggest that the existing regime of self-regulation and reporting is adequate. This bill will set up a much more robust level of accountability and oversight.

It needs to be acknowledged that a casino licence is a privilege. Similarly, the monopoly on gaming machines is also a concession that Crown does not seem to value or appreciate, not that I am advocating the rollout of these machines elsewhere. The hard line taken by Gallop and successive Labor Premiers is appropriate. But with the privilege of being able to have gaming machines, there should be a willing acknowledgement that a limit on the amount that can be fed into those machines is in the public interest.

The Australian Transaction Reports and Analysis Centre is currently pursuing a civil action in the Federal Court against Crown. AUSTRAC has filed an 863-page statement of claim alleging more than 500 breaches of anti-money laundering and counterterrorism financing provisions. I have a summary of these, but I will refer to just a couple of them. The statement of claim alleges that there have been numerous contraventions of money laundering legislation and that neither Crown Melbourne nor Crown Perth had anti-money laundering programs that met the requirements of the act. It was noted that their noncompliance was —

... longstanding, systemic and reflective of wholly inadequate oversight by their Boards and senior management. This non-compliance exposed Crown Melbourne and Crown Perth to the risk of being exploited by organised crime.

The statement also notes —

In the face of known and serious ML ... risks, the Board and senior management of Crown ... failed to set any ML ... risk appetite ...

It also states —

The Crown Melbourne and Crown Perth Boards and senior management failed to establish appropriate AML ... capabilities and failed to invest in appropriate IT systems and automated solutions.

That is consistent with what the staff member said about having to access five or so sites to make a report. It continues —

In the absence of an appropriate framework ... Crown ... provided designated services through high risk channels that were not subject to appropriate risk-based controls—including through junket channels, Crown Patron account channels, overseas deposit services and the Hotel Card Transactions channel. In the absence of appropriate controls, Crown ... provided designated services to high risk customers in circumstances where concerns should have been raised as to the legitimacy of their source ...

The statement also lists the various services used. The final example I want to give states —

many engaged in large cash transactions and transacted with cash that appeared suspicious, including cash in plastic bags, shoeboxes or cardboard boxes, cash in rubber bands, small denominations of notes and counterfeit cash;

The statement also identified the various modes of money laundering that were engaged in, including structuring, cuckoo smurfing, cashing in chips or casino value instruments and quickly turning over chips or casino value instruments.

This proceeding is ongoing. I have to stress that it is not yet proven, but an 863-page statement of claim is certainly significant. The outcome of these proceedings and the quantum of any fine imposed will determine whether private equity firm Blackstone will need to renegotiate its takeover terms with Crown, but that is certainly ongoing. In the meantime, I believe it is a sensible and pragmatic outcome that the 500 employees of Crown can continue in their current roles, but will receive the necessary training to ensure a heightened understanding of anti-money laundering practices and their obligations. However, what is certain is that the casual attitude and wilful blindness towards money laundering and the facilitation of organised crime must be a thing of the past.

Finally, while we are talking about accountability, with the indulgence of the house, since I was unable to get a 90-second statement, can I pay tribute to David Mundy, midfielder for the Fremantle Dockers, who has announced his retirement. No-one is more accountable than David Mundy. He consistently performs among Fremantle's best. His leadership and experience is a great role model for emerging midfielders. His debut was in 2005 and he has had 370 career games. He has been an All-Australian. He has won the Doig Medal and the Ross Glendinning Medal, and he was an AFL Rising Star in 2005. I wish him well in his retirement, but remind him that he has a few crucial games left before he can rest on his laurels!

Mr P. Papalia: Extension of time, please!

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

The ACTING SPEAKER (Ms A.E. Kent): I will indulge the member for Landsdale, being a Fremantle Dockers supporter myself!

Ms M.M. QUIRK: In the spirit of bipartisanship, can I also congratulate Josh Kennedy on his fantastic career.

MS C.M. ROWE (Belmont) [12.01 pm]: I also rise today to make a contribution to the debate on the Casino Legislation Amendment (Burswood Casino) Bill 2022. Last year, the Perth Casino Royal Commission handed down its report. The terms of reference indicated that it was looking at the suitability of Crown Perth to hold a licence to operate a casino, and the suitability of Crown Perth's associates. In a nutshell, the report found that the Crown and Burswood entities were not presently suitable to be the Perth casino licence holder. It is also patently clear from the report that we need to dramatically enhance the regulatory framework that governs the casino here in Perth.

The royal commission made 59 recommendations. I take this opportunity to congratulate the Minister for Racing and Gaming. He has accepted and is diligently addressing a number of those findings and working really hard to make sure that, basically, the casino and its operations are rehabilitated to the level of integrity that is absolutely necessary. That is quite clear, as I indicated, from the report and from the royal commission more broadly.

The casino legislation that we are looking at today is one of the first steps towards making a number of priority reforms. Again, it is a response to the royal commission's findings. These reforms include providing an independent chair for the Gaming and Wagering Commission—that is a really important one; I will talk a little bit about that in a moment—establishing an independent monitor to monitor the remediation of the Perth casino; enhancing the powers of the minister to correct the commission; enhancing the powers of the commission to direct the Perth casino; and also vastly and radically increasing the penalties under the former act, which, as I will highlight in a moment, is really significant. I think that signposts how seriously the minister and our government is taking these findings from the royal commission. Again, I take the opportunity to congratulate the minister for really stating that to the casino. As the member for Landsdale just indicated, I do not think the casino quite appreciates that it is a privilege to hold this licence, and it has clearly not respected that. This reform signposts that it needs to be accountable and that we will be watching it closely through the measures outlined in the bill.

I refer to the independent monitor. The independent monitor will be appointed by the minister and will instruct the casino licensee on the scope, content and timing of the remediation plan. Their role is really designed to approve the remediation plan and then monitor the implementation of this plan. The monitor will then report to the minister and the Gaming and Wagering Commission on its effectiveness and progress. The independent monitor's final monitoring report is expected within two years. Consistent with the advice contained in the royal commission's final report, the bill provides for the costs associated with the independent monitor to be recouped from Crown.

As I mentioned, penalties are an important element of what we need to consider in the first tranche of our analysis and in taking on the recommendations of the commission. The royal commission found that the maximum penalties available under the current legislation were manifestly inadequate. For example, under the current act, the largest penalty that can be imposed is \$100 000. The bill that we are discussing today will increase that to \$100 million. Victoria recently set a precedent for this; following its royal commission it increased its maximum penalty to \$100 million, and we are now doing the same. It is a major signal to the casino that we are taking these reforms very seriously, as, indeed, it should be, too. The bill will also increase the penalty available under the Casino Control Act for noncompliance with a direction issued by the Gaming and Wagering Commission to \$250 000 for a body corporate. There will be a number of other small offences and penalties relating to false and misleading information to the independent monitor. Again, I think that is important so that there will be multiple avenues for recourse and multiple penalties.

I refer to the independent chair of the Gaming and Wagering Commission. The bill will provide for the appointment of an independent chair. It is one of the recommendations in the PCRC final report that will further enhance the regulation of gaming and wagering here in WA.

This bill looks to start the process of addressing the findings of the royal commission—principally, the very troubling culture and really scant integrity that has existed at the Perth casino to date. The public deserves greater scrutiny over the Perth casino, especially in light of the persistence of problem gambling in our community. I did a little bit of research for this bill, and I was really troubled when I learnt a bit more about problem gambling in our community. Evidently, Australians really do enjoy gambling. In fact, according to Lifeline Australia, 70 per cent of Aussies participate in some form of gambling, and that can be anything from a scratchy to pokie machines or putting a bet on a horse. Problem gambling does not mean that a person is completely out of control. Oftentimes, people do not themselves recognise that they are problem gamblers. According to Lifeline, problem gambling is any gambling behaviour that disrupts a person's life or the life of a loved one with debt or financial problems—that is a major one—relationship problems, loss of employment, poor mental health and addiction. Australian gambling losses per capita are amongst the highest in the world. Tim Costello from the Alliance for Gambling Reform has quite a bit to say on this, as members can imagine, given his title. He said —

Extract from Hansard

[ASSEMBLY — Thursday, 11 August 2022]

p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

“It’s less than 25 per cent of Australians that even play the pokies, but 50 per cent of those playing are addicted. As I said, that is Tim Costello in an ABC online article titled “Problem gambling spirals across Queensland after COVID lockdowns lift and poker machines turned back on”.

According to the Australian Institute of Health and Welfare, the country’s losses from legal gambling totalled \$25 billion in 2018–19. Remember that that is from pre-pandemic days, and the title of that article that I just read out would indicate that it has become a huge burgeoning problem since COVID. It is creating severe consequences for the finances and mental health and relationships of problem gamblers and their families right across our country. From July this year, more than 150 online betting companies must send monthly statements to their clients telling them their wins and losses, clearly showing what they spent, what they won and, importantly, what they lost. This is a long-awaited reform for a lot of people campaigning for such reform, including people like Tim Costello. It is also something that our federal Labor colleagues are really championing at the moment. I am really grateful to see that they are doing their part to address the horrific impacts of problem gamblers for many, many Australians.

A study by the Behavioural Economics Team of the Australian Government found that people who received activity statements were more likely to reduce the amount of their bets. A woman by the name of Lauren Levin, who is a policy director with Financial Counselling Australia, said in an online article from *The Guardian* from this year —

“We couldn’t imagine our banks not telling us how much we’ve spent in a month, but up until now gambling companies have withheld this critical information ...

“Keeping people in the dark is good for business. The people I talk to rarely know how much they have lost. It is always very much higher than what they thought.”

I would also like to share a story that I came across today in the same article. The person’s name has been changed for privacy purposes within the article. His name is John. It is just one example but I dare say it is indicative of what a lot of people who find themselves facing being a problem gambler experience; it starts out with one incident and then it spirals out of control and the flow-on effects then become truly unmanageable. Again, I will quote directly from this article in *The Guardian* titled “‘It’s self-harm’: What happens when online gamblers don’t know how much they have lost” —

For John, the trouble started with a redundancy. For more than 20 years, he had been a credit manager at a large construction company. It was his responsibility to make sure people paid their accounts on time—not easy, but he was experienced and professional. Then he was unexpectedly made redundant.

The redundancy came not long after a traumatic set of circumstances on the job, during which John started struggling with depression and anxiety. The payout was substantial—approximately \$175,000—but the sudden end to his career deeply affected his already declining mental health.

“One night after taking antidepressants, sleeping tablets and having a few beers, I decided to jump online and thought I’d have a go at online gambling,” John says. “I lost the whole of my redundancy in two weeks.”

This article then goes through what happened to John over a number of months and then years. In the first instance, he contacted the betting company and asked for his money back, and it gave it back to him. But he then went and spent it all again on betting within a matter of days. The following company basically said he could not have it back. It goes through his very sad example of down the track then getting an additional amount lump sum amount of money for his ongoing mental health problems, which were no doubt exacerbated by the fact that he lost his entire redundancy. He then received another amount of money that he then bet and lost; he got the money back because he spoke and, I suppose, asked for mercy from the betting company. The first one said it would give him the money back but then subsequently he betted again and lost it and was not successful in getting that money back. This had dramatic impacts, understandably, on his mental health. It further declined and it also affected his relationship with his adult children. Overall, his self-confidence just plummeted. He says in the same article —

“Basically, I was self-harming in a financial sense rather than a physical sense ... I was a credit manager, I spent my whole life looking after other people’s money, and then went and did this to myself,” he says.

They are very sad circumstances, and I read many others in my research for making this contribution, and they were equally sad.

I have some quotes here again from Tim Costello about the impacts of problem gambling. As I have just mentioned, 50 per cent of pokie players have an addiction. Thanks to Gallop Labor government, outside of Perth casino, we do not have broadbrush pokies, as are seen all over the rest of Australia pretty much. I am very grateful for that, and I hope we fight to protect that for a very, very long time, because they have dreadful implications. Tim Costello is pretty fierce with his advocacy here, and I think it is important to highlight some of his comments, because I feel it speaks to the severity of the problem. He is referring to gambling companies. The ABC article I quoted earlier states —

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

“They’re predatory when they say, ‘Gamble responsibly’. It’s this smarmy message of blaming the individual, like most of us are responsible and a few are irresponsible,” he said.

“It’s not the individual, it’s the machine, it’s the incentives, it’s the opening hours. That’s what’s irresponsible and damaging to community health.”

I absolutely agree with his comments. I will quote another article from ABC online this year, titled “Poker machine gambling is getting worse amid cost of living fears, say advocates who are calling for reform” —

Mr Costello said gambling messages adopted by major casinos and betting companies put the onus on the individual.

“No responsibility is expected of the industry,” he said.

“‘Gamble responsibly’ is like saying ‘use heroin responsibly’.”

Mr Costello likened the “gamble responsibly” strategies to America’s National Rifle Association (NRA).

He said the NRA philosophy was “guns don’t kill ... people kill”—“never blame the gun, blame the person”.

It is a deeply flawed approach.

[Member’s time extended.]

Ms C.M. ROWE: The minister has just reminded me—this shows that I do not actually gamble—that we do not have pokies in Burswood. We have only the electronic gaming machines in Burswood, if I could correct *Hansard*. I was getting carried away with my discussion.

I was also disturbed to discover that a study was done from Monash University on 10 August this year that made the correlation between gambling and homelessness. Some of us have talked in this place about this issue and the demographic of people becoming homeless. The older generation of Australians is the fastest growing homeless population in the country. There is an increase in the number of people from this demographic who are also struggling with gambling. Monash University’s Dr Brian Vandenberg has led new research alongside fellow researchers Associate Professor Charles Livingstone, Associate Professor Adrian Carter and Professor Kerry O’Brien. They investigated whether gambling leads to homelessness, or whether homelessness leads to gambling. Their investigation and analysis found that homelessness and gambling are interconnected—one often contributes to the other. Associate Professor Charles Livingstone said that the investigation found that many homeless people have problems with gambling, and it was concerning to learn that that problem is going largely unnoticed in this country. That is why I want to bring this to the attention of the house today.

In July this year, Australia topped the world with the worst average gambling losses at about \$1 000 per adult per year. That is 40 per cent higher than the second worst country, Singapore. That is incredibly troubling when we consider that based on a lot of global factors, we are also seeing an increase in the cost of living, and an increase in interest rates by the Reserve Bank. That will potentially have a greater impact on those individuals who gamble as we move forward.

Over the years, the number of electronic gaming machines at the Perth casino has increased from 200 in 1985 to 27 500 today. Financial reports released this week show that in the past year, gamblers spent more than \$306 million on Crown Perth electronic gaming machines. That is an increase of almost 50 per cent from the previous year. I want to impress upon members of the house that when we talk about casinos, we cannot shy away from the importance of also talking about the impact of problem gambling in our community. Although only a small proportion of people are impacted by problem gambling, the problems are significant and severe, and often long-lasting. In the instance of John, that had tragic flow-on effects for his whole life. That was the result of just one incident. He has had a traumatic experience with his work, and he had a go at online gambling, and that affected him from then on. We should keep at the forefront of our mind that we should do everything we can to protect the consumer every step of the way.

I would again like to acknowledge and thank the federal Labor government for its reforms in this area, in particular Hon Amanda Rishworth, who is spearheading that work. Closer to home, here in Western Australia, I also want to thank the Minister for Racing and Gaming, and our government, for being committed to making sure that we provide appropriate reform of this industry. Self-governance never works in any industry. This industry absolutely needs to have a light shone on it continually to ensure integrity in the casino’s operations, and that protective mechanisms are in place to protect potential problem gamblers. We do not want to be the ambulance at the bottom of the cliff waiting for people to jump. We want to protect people by putting barriers in place before they fall off the cliff. I commend the bill to the house.

MRS J.M.C. STOJKOVSKI (Kingsley — Parliamentary Secretary) [12.23 pm]: I rise today to make a brief contribution to the debate on the Casino Legislation Amendment (Burswood Casino) Bill. I believe I am the last in a long line of my colleagues who have spoken on this bill and who made very interesting, worthwhile and much more

Extract from Hansard

[ASSEMBLY — Thursday, 11 August 2022]

p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

informed contributions than I will be able to make. I mention in particular the member for Landsdale, who I sat and listened to, who has a wealth of experience. If I had even a fraction of that experience, I would be in good stead.

Obviously, this bill deals with the Perth casino and the Perth Casino Royal Commission that was held recently. We cannot shy away from the fact that Crown Perth plays an important role in the leisure activities of both locals and visitors to Western Australia, with theatres, bars, restaurants and hotels, and also, of course, the casino. In playing this important role, Crown Perth needs to acknowledge and understand that it has been given a social licence with Western Australians and visitors to Western Australia. A number of its operations are sensitive uses for our community, whether that be the bars and restaurants, or the casino. Unfortunately, what we are seeing both here in Perth and in the eastern states is a misuse of that social licence. The impact of those sensitive uses is not confined to the grounds of Crown Perth. It is felt intimately across the community, both in Perth, Western Australia, and across the world.

We also have to acknowledge that Crown Perth remains Western Australia's single largest private sector employer, with nearly 6 000 employees. Therefore, it is not a matter of shutting it down because it has been naughty. It is a matter of working with it to ensure that it does things correctly and that the livelihood of those 6 000 employees is not put in jeopardy.

When I read the report of the royal commission, one thing stood out to me, and I will quote it, because it was quite impactful. It states —

... we have focussed on the extant risk of gambling-related harm. That casino gaming operations may result in some patrons suffering harm as a result of spending more money or time on gaming than they can afford, is an obvious risk and one that was recognised by the Western Australian Parliament when the *Casino Control Act 1984* (WA) was passed.

This one statement has many impacts. There is obviously the harm that is caused when someone is spending more money than they can afford to spend. That may also be the case if people are spending more time than they can afford to spend. As a born and bred Western Australian, I remember growing up often hearing reports on the news of children who had been left in a car outside the casino and police or security staff having to break into the car to get those children out because their parents had just popped into the casino for a quick bet and had left them in their car for hours and hours at a time. The impact that gambling can have on families and communities is sometimes forgotten. That is just the direct impact of the act of gambling. That does take into account the ongoing impact on families. I will address that briefly later.

The report of the royal commission found also that the Perth casino had failed in a number of ways. It states that those failings include —

- a. facilitating money laundering through the Riverbank accounts;
- b. failing to have an effective anti-money laundering program to ensure that financial transactions which were suspicious of money laundering were detected, reversed and reported to relevant authorities;
- c. permitting junkets with links to criminals to operate at Perth Casino;
- d. failing to minimise casino gambling-related harm in many ways including by seeking changes to the speed of play of electronic gaming machines without adequate investigation of its effect on harm; and
- e. failing to be open and accountable in communications with the Gaming and Wagering Commission about various matters, including allegations made in the media about the arrest in 2016 of China-based staff.

This is what I mean when I talk about social licence. As a Parliament and as a community, we have given Crown Perth a licence to operate a casino within the community of Western Australia. In doing so, we are essentially allowing something to occur that we know has the potential to cause harm to individuals and families in our community. In addition to its impact on the community, it has a wider impact on our state budget because of the things that we need to do to look after people who end up with gambling problems and who because of those problems cause harm to themselves and their families.

I congratulate the minister for bringing in this legislation in quite a timely manner. I have been here five years now and I know that legislation can sometimes take more time than we think it should to bring to the Parliament. I acknowledge that this minister and the previous minister understood this is such an important issue that we needed to bring in this legislation in a timely manner. That is not to say the legislation was rushed in any way, but it addresses the most important points first and legislating around those, while acknowledging there is still work to do not only for Crown Perth, but also the community and us as a Parliament in addressing this impactful organisation and

Extract from Hansard

[ASSEMBLY — Thursday, 11 August 2022]

p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

impactful way of leisure in our community. This legislation demonstrates the commitment of the minister, the previous minister and the McGowan government to bring about significant reform to the regulatory framework for the casino.

The main points of the legislation are to make provision for an independent chair for the Gaming and Wagering Commission and to establish an independent monitor to monitor Crown's implementation of the remediation plan who can also direct the casino on the scope, content and timing of the remediation plan. It is great to have a plan, but it is also important that we are held to account on the plan. That goes for governments and the casino as well. It enhances the powers of the minister to direct the commission, and also to enhance the powers of the commission to direct the casino.

Importantly for me, and something I found slightly gobsmacking when I read it, was that the maximum penalty under the act currently is \$100 000, which is a lot to me, personally as an individual, but I cannot imagine it is a lot of money or a deterrent to Crown. Acknowledging that is probably not a good amount to be used as a deterrent, the minister, in bringing in this legislation, is looking to increase that to \$100 million. If we look at that on face value, a jump from \$100 000 to \$100 million is massive, but it is directly proportionate to the amount of money we see going through casinos. As I said, \$100 000 is a lot of money to me. When I occasionally go to the casino, I never go primarily to the facilities to go to the casino; I am usually going to a show or dinner. If we happen to be there for some reason and we think we will go in and have a bet at the casino—I quite like playing blackjack—I take my \$50 to play, and if I lose that in five minutes, that is the end of my gambling for the evening. I do that because I do not like to lose. I cannot get around the mentality, “If I just spend another dollar, I can win it back.” I know that a lot of people do have that mentality, and although I do not understand it myself, because I do not feel that way, I know they feel it very strongly. We need to put in place some support for those people. I feel this is potentially where Crown has not lived up to its end of the social licence.

Not to be so harsh on Crown, it is not orphaned in this issue; it is not solely a problem for Crown. It is something that governments and casinos around the world are grappling with. I remember a study tour to Singapore a number of years ago. At the time we were looking at the new, at the time, Marina Bay Sands, which has a casino in its facility. I was one of the older members of the study tour, so I would have been allowed to go in. We were told that local citizens and residents of Singapore cannot enter this casino without paying a levy. A tourist over the age of 21 is allowed to enter and bet in the casino, but a local Singaporean citizen or resident had to pay an entry levy. The annual levy is S\$3 000 or a daily levy of S\$150. This is aimed at ensuring that only people who can afford to lose the money can attend the casino and gamble. The biggest problem I see with gambling is that quite often it is the people who can least afford to lose the money who end up gambling at the casino or on the pokies.

I was interested listening to my colleague the member for Belmont when the minister advised that we do not have poker machines at the casino. This shows how little I know about gambling, because I also thought they were poker machines, but we have been informed they are electronic gambling machines. I will get back to those a little later. Singapore has been grappling with issues with gambling and it has chosen a particular way to deal with it, which is to prove that someone can afford to lose the money. That S\$3 000 annual levy is a fee people pay for the privilege of gambling there. They never get that back. It is levied on people to enter either annually or as a daily charge of S\$150. That will ensure that people who are a gambling can afford to gamble. I can see why Singapore has done that.

Canada is also having some issues with gambling. It has just held a regulatory inquiry into money laundering in British Columbia that has investigated whether acts or omissions by regulators or individuals contributed to money laundering in the province, and has now resulted in calls for increased security not just in British Columbia but across Canada. Now Canada is grappling with the best actions to address money laundering risks in its gaming industry. It is definitely not unique to Crown or Australia; it is happening across the world. We increasingly understand that to operate a sensitive use like this there has to be a level of responsibility and social licence, and the operators have to understand that they are running a high-risk organisation that impacts on individuals, families, communities and, as I said earlier, governments.

I was quite shocked to find that Australia has the highest rate of gambling per capita in the world. That in my mind comes down to the accessibility of poker machines in other states in Australia. The Australian Institute of Health and Welfare estimates that Australians lost approximately \$25 billion on legal forms of gambling in 2018–19, representing the largest per capita losses in the world. Now, 2018 and 2019 were obviously pre-pandemic and I am sure if they did comparisons while everything was closed during COVID lockdowns, there would have been a different result, although I understand the incidence of gambling has returned to pre-pandemic levels. The institute's estimates suggest that 35 per cent of Australian adults aged over 18, which is 6.5 million people, spent money on gambling each month. It defined regular gambling in a typical month, which could be getting a scratchy, a lottery

Extract from Hansard

[ASSEMBLY — Thursday, 11 August 2022]

p3465b-3486a

Mr David Scaife; Mr Matthew Hughes; Mr Yaz Mubarakai; Acting Speaker; Mr Chris Tallentire; Mr Simon Millman; Ms Margaret Quirk; Ms Cassandra Rowe; Mrs Jessica Stojkovski

ticket or using a pokie in the eastern states or going to the casino here, and found that 35 per cent of the population was spending money on one or more gambling activity in a month.

When you first read that, you think, “How could that possibly be?” Then you think, “Well, I actually go and buy a lotto ticket every couple of weeks, and I’m hopefully going to get rich when we win the \$30 million or the \$80 million or whatever it is that week.” However, that is not something that I feel I have to do and it is not something that I plan to do regularly; it is usually the fact that I am tempted by the big amount and think, “This time it’s going to be me”. It is quite shocking to think that someone might spend their hard-earned money on gambling every month. Australia is home to less than half of one per cent of the world’s population, yet we have 20 per cent of the world’s pokies, and 80 per cent of them are located outside casinos. That is phenomenal. Obviously, that is not the case in Western Australia, thanks to the good work of the Gallop government and successive governments since then.

[Member’s time extended.]

Mrs J.M.C. STOJKOVSKI: I am very proud of our non-electronic gaming machine policy in Western Australia, and I am very proud that that has been the policy of both sides of politics.

[Quorum formed.]

Mrs J.M.C. STOJKOVSKI: For those colleagues who are still in the chamber, I was saying that Australia comprises less than half of one per cent of the world’s population, but, astonishingly, has 20 per cent of the world’s pokies. I said I was very proud of the fact that Geoff Gallop and successive governments have maintained the policy of not having electronic gaming machines outside Crown casino. That has held us in good stead with a lot of the impacts that these machines can have on individuals, families and communities.

As most members here know, I am of Irish descent, and often when I have returned back to Ireland or visited family in England, I have gone out to a pub or a local bowling club for dinner or a game of bowls with the family, and I have turned around and found that family members have gone missing: “Where are they? We’re here to have a nice dinner together, or play a game together”, and individuals have gone missing. It took me quite a while to realise that they were out in the foyer of the pub or club putting money into these machines. That was such a foreign concept for me, because I have grown up in Western Australia, where this is just not something that is done. We do not go out for dinner and then get up from the table in the middle of a conversation to go and put money into a machine in the hopes of winning more money. Just from that family unit perspective, it was very disruptive. As an adult, having seen the impact that gambling can have, I can see that my little irritation at not having family members sitting at dinner is quite a minor impact compared with what can happen when gambling problems get out of hand.

Another interesting statistic I found is that New South Wales has almost as many poker machines as the whole of Canada, and the population of Canada is nearly five times that of New South Wales. Tragically, around half of the state’s roughly 90 000 pokies are in greater Sydney, and the vast majority of those are in the city’s working-class western and south-western suburbs. This really says to me that the people who have a licence to run these machines have ignored the fact that they also have a social obligation to the community. These harmful machines are being deliberately placed in places where they will do the most damage to individuals and families. Again, I am very glad that we do not have pokies or electronic gaming machines outside the casino here in Western Australia, and every day that I am here as a member of Parliament, I will fight to maintain that.

That leads back to Crown’s social licence with the Western Australian public, and how it has apparently, according to this report, abused that social licence. That is why we should be looking at how we can change the way it operates, while supporting it to make those changes. As I said, gambling problems can have a significant impact on families and communities. It impacts mostly on intimate partners and children, but it can also impact on extended family members such as parents, grandparents and siblings. Those impacts can often go unrecognised, despite the far-reaching consequences of problem gambling, with implications for individuals, families and society. It is often associated with mental health issues and substance abuse disorders, and can result in family breakdowns, family conflict, intimate partner violence, financial stress, high rates of bankruptcy and a reduced quality of life.

Given the knowledge that its operations could potentially have these impacts on people, I think it is important for Crown as an organisation, and for us as members of Parliament, to understand that we have a responsibility to people. We should not cut gambling off as a leisure activity because there are a lot of people who can gamble in a responsible and reasonable way, as I do when I take my \$50 to the blackjack table, lose it, and then walk away because I cannot bear to lose any more than \$50. But this is not aimed at people like me who can walk away; it is aimed at the people who cannot walk away. How can we put in place some support systems to ensure that the most vulnerable people in our community will not be adversely affected?

I am not suggesting that we go down Singapore’s route and start charging a levy to access the casino; that would probably not go down well. What we are suggesting through these reforms is the right first step. I commend the

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p3465b-3486a

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minister for bringing this legislation to the house, and the previous minister, who is taking a keen interest and whose presence in the chamber I acknowledge. I think these are the right steps. We need to acknowledge that Crown is a massive employer in Western Australia, and as attractive as it may be for people to say, “We just need to shut them down; they’ve done the wrong thing”, that is not the solution to this really complicated question. We need to put in a framework to ensure that it is doing the right thing in its operations so that it does not adversely impact on people and trade its social licence with the Western Australian people. I think it was the member for Thornlie who said he was shocked, and most Western Australians would be shocked to read, that money laundering was happening at the casino. We expect casinos to have a higher level of organisation that does not allow that type of thing to occur.

Debate interrupted, pursuant to standing orders.

[Continued on page 3499.]