

GAMBLING LEGISLATION AMENDMENT BILL 2024

Second Reading

Resumed from 14 August.

MR P.J. RUNDLE (Roe — Deputy Leader of the Opposition) [3.09 pm]: I rise today to speak briefly on the Gambling Legislation Amendment Bill 2024. I would like to point out that the bill has been discussed in the joint party room and the opposition supports the legislation.

I take the opportunity to ask some questions to get clarity during consideration in detail. I support the strengthening of the Gaming and Wagering Commission's enforcement powers. Obviously, we have to make necessary amendments while legislation is reformed as recommended by the Perth Casino Royal Commission. The bill will amend a number of acts: the Betting Control Act 1954, the Casino Control Act 1984, the Casino (Burswood Island) Agreement Act 1985, the Gaming and Wagering Commission Act 1987 and the Racing and Wagering Western Australia Act 2003.

The main features of the bill include increasing the penalty scenario across the board. I am sure the minister will point out during consideration in detail why some penalties have increased so substantially. Monetary penalties have increased for 118 offences. The bill also introduces 14 new penalties for offences. Some of the questions I look toward relate to adjustments for the administration arrangement for the special purpose accounts, which I assume will align with existing functional and operational practices. Also, the authorised officer part of the bill appears to be a sort of potential Mexican stand-off between an authorised officer and a police officer. How they interact is another question I have. I will also ask about penalties of imprisonment, which do not currently exist. A positive from this is probably that it will allow authorised officers to work with the Western Australia Police Force to appropriately manage those chance discoveries, whether it be drugs, firearms or other issues that may be seen during the execution of a warrant. This also helps with anti-money laundering and counterterrorism financing. I will also ask about the creation of the Henry VIII clause, which is fairly unusual in current legislation. I know it exists in certain other bills and legislation, but I am not a big fan of Henry VIII clauses. I am sure the minister and his advisers will enlighten me why it is required in this legislation. Also, I have some questions about what seems to have arisen in relation to running lotteries, permit holders and bank guarantees that appear to be part of this legislation. I am curious how that will work and who will be obliged to provide the bank guarantees, how much they will be and which lotteries or particular events they will relate to. They are some of the issues that I am concerned about.

I have a lot of respect for the Gaming and Wagering Commission. Its membership is a pretty good quality line-up. The new chairperson, Gary Dreiberger, is well respected. There is also the deputy chairperson, Katie Hodson-Thomas, and the other members—Colin Murphy, Deirdre O'Donnell, Michael Sarquis, Helen Creed and Sam Buckeridge. The Gaming and Wagering Commission's role has changed to some extent over the last couple of years. Once again, its objective is to make sure that, in relation to the gaming and wagering industry, it approves or withholds approvals for licences, permits, certificates and authorisations relating to gambling and the use of premises subject to those various acts that I mentioned earlier. Its broad objective is to take steps to minimise harm to the community or any part of the community caused by gambling and also to seek to receive, disseminate or publish information relevant to gambling and the incidence of gambling and its effect on the community. They are some of the objectives of the Gaming and Wagering Commission.

There is also the interplay of the department. As we know, this is one of the government's super departments, if you like, with the machinery-of-government changes, which we opposed, and still oppose, because there are too many different roles for one department, with different ministers overseeing one department. We could see two or three ministers trying to get a handle on what is going on in a particular department. I can only speculate on the challenges that the directors general in these departments have. This department is another one that has been blended in with the Department of Local Government, Sport and Cultural Industries and the like. Looking through the legislation, some of those responsibilities appear to have been transferred across from the Gaming and Wagering Commission to the department. They are some of the questions I will ask from my perspective.

I notice the legislation quite often uses the word "et cetera". It is used time and again, which I think is not ideal. I will ask on occasions what et cetera means. It is used quite often through the legislation and the explanatory memorandum. I think it is important. The word "et cetera" does not really give an explanation.

They are some of the details from my perspective that I am interested in. I would rather spend the time, quite frankly, on consideration in detail, than on standing and talking for any longer. I understand there may be another speaker from the other side. As far as I am concerned, I would rather use the valuable time asking questions of the minister and his advisers, so I leave my contribution here.

MS C.M. ROWE (Belmont) [3.17 pm]: I rise today to speak on the Gambling Legislation Amendment Bill 2024. I am really pleased to speak on this bill. I would like to take the opportunity to congratulate the minister for bringing

it to this place. It is the second tranche of legislative reform resulting from the Perth Casino Royal Commission. It follows on from the Casino Legislation Amendment (Burswood Casino) Act 2022.

The proposed reforms contained in this bill address a broader remit of the Gaming and Wagering Commission. In particular, it assists targeting interactive gambling services. The big players in interactive gambling services are sport betting sites and apps. This bill will strengthen the regulations and framework that they operate within.

I have felt very strongly about gambling for a really long time, probably much to the shock and horror of my parents, especially my dad, who grew up delighted to be able to go to Flemington Racecourse and place a bet as a kid and young man. I think for my eighteenth birthday, I remember my parents took me to Crown casino in Melbourne. It was relatively new. I remember being pretty horrified. We walked through the casino area where people were using the poker machines. That really had a lasting impact on me and influenced how I view gambling. As I was there during the day, it was quite apparent that people had been playing on those machines all evening.

Tim Costello, the chief advocate for Alliance for Gambling Reform, has been a very strong advocate in this space for a really long time. He claims that Australians lose the most money when gambling per capita of any nation in the world. That is quite a scary statistic. Last year the federal Labor government tabled a report of its inquiry into online gambling and its impacts on those experiencing gambling harm. It found that each and every year Australians lose approximately \$25 billion.

Roy Morgan Research recently conducted a poll. Quite frankly, it is shameful given some of the things that it promotes to encourage and assist gambling houses to target gamblers, especially problem gamblers. The results of the poll found that the number of Australians betting on sport doubled in the past five years—from about seven per cent of the population to around 15.5 per cent. Just to be clear, that equates to around 3.26 million Australians. It is estimated that one in 10 of those sports betters are problem gamblers. We are not talking about a small number of people. The poll also highlighted that one-third of the amount spent on bets is placed by problem gamblers.

Further, the Australian Gambling Research Centre’s latest study revealed that two in three participants who regularly bet on sports online are classified as being at risk of gambling harm. It is really troubling that those at highest risk are those aged 18 to 34 years. This increase has to be seen in the context of the extent of advertising in which betting companies engage. According to Nielsen research, the gambling industry spent a huge \$310 million on advertising in 2022. It is estimated that last year alone, over one million ads bombarded our screens. The Alliance for Gambling Reform expressed its concern that the relentless wave of gambling advertising that inundates our community, whether it is on our televisions—mostly, people do not look at TV—or their laptop device or phone. Mobile phones normalise and conflate betting and sport as though they are interchangeable and synonymous with one another. The Alliance for Gambling Reform says it is akin to “grooming children and young people to gamble”. That is a real cause for concern, especially for legislators. For many children and young people, gambling has become synonymous with sport, as I said, especially major sports such as rugby league and Australian Rules.

Dr Livingstone, an academic at Monash University, has conducted research on gambling, and she warned that children are becoming so accustomed to the link between gambling and sport and it is such a normal practice in the community that they have come to accept that the two go hand in glove. Another academic, Dr Hannah Pitt from Deakin University, has also been researching gambling—in particular, how it impacts and influences children and young people. She warned that young people are being exposed to gambling almost everywhere they look. She identified that there is a direct link between an increase in the incidence of problem gambling in young people—the increase is massive—and the increase in spending on advertising by betting agencies. As part of her research, she interviewed a lot of young people and children. Some of the children were as young as eight years. They were able to recall different sports betting brands and identify which celebrities were associated with those betting brands—that is, which ones endorsed the betting companies. That is really troubling as it means they are exposed to that, presumably as a result of watching live sports shows and so forth.

Again, Tim Costello from the Alliance for Gambling Reform, observed —

“Our kids are being mainstreamed into gambling and sport, normalised—expecting that gambling and sport ... go together.

Of great concern is that through the research of Roy Morgan, betting companies can source or buy data—they probably have to buy. Its website states —

... the primary determinants of gambling spend, frequency and venue for poker machines, casino table games, wagering and sports betting, lotteries, scratchies and online gaming.

It boasts, and very much so, that, for a price, betting companies can access complete data on demographic identification of the gamblers, participation rates and the frequency and the amount they are spending. They can look at gaming behaviour by venue and also buy information on the comprehensive measures of venue loyalty, other activities that engage consumers to use products more and a whole bunch of other things. It is really plain

that they are exploiting gambling addiction. It is a huge industry. I am happy to provide these quotes to Hansard. Roy Morgan boasts —

No other ... market tool can help you compete more aggressively.

It is specifically referring to helping casinos, lottery companies and any kind of betting agency. That is really shameful.

As some members would know, Sportsbet is Australia's most popular gambling app. It is the official betting partner of the Australian Football League and the National Rugby League. I acknowledge that it provides critical sponsorship for those sporting codes. There is a real reluctance to move quickly away from or ban that association between advertising during sports events and banning them from sponsoring those codes because it would obviously potentially affect those codes. It is still worth noting that a lot of other countries have put really firm boundaries and restrictions in place in this space, especially when it comes to how children are exposed to betting.

I want to share an ABC interview, the transcript of which I have here. The man named is Callum. The ABC changed his name to protect his privacy. Callum has been struggling with gambling addiction for a number of years. He has recovered. He has not placed a bet for over a year. Troublingly, he said that Sportsbet still sends him text messages daily, sometimes multiple times a day, encouraging him to come back to their services. Callum said that Sportsbet sends messages offering a \$50 bonus bet if he completes a survey. The interviewer asked Callum whether he was aware that he can register to not receive correspondence from any betting agency. Callum was not aware of that. Clearly, there is a lot of work to do in that space around education.

Dr Livingstone, who I quoted earlier, explained that when there is a monetary incentive to complete a survey, for example, that is used to assist a betting agency to personalise the rewards they offer and their ads so that they are directed and tailored specifically to a gambler, it is absolutely predatory in nature.

Dr Livingstone, who wants such inducements to gamble banned, as they are in many other countries, warns —

“Gambling is not an ordinary commodity. It's not like buying soap powder—it's addictive. They know it's addictive, their best customers are people who are addicted to it.

His research also indicated that those with gambling addictions make up most of the revenue of gambling companies. Again, that reinforces the fact that those people who are in dire need of help provide all the money to those betting companies to keep doing what they are doing, which is preying on the misfortunes of others.

Professor Gordon, a lead researcher across five Australian universities, is looking into the experiences of 51 sports betting app consumers. His research has highlighted that participants are betting while on the train, the bus, at home, at work or in the pub because we all have a mobile casino in our pocket in the form of a mobile phone. It has become readily available.

I would like to take this opportunity to share with the house comments made in an ABC online news story in April last year. They were taken from an interview with a 35-year-old man with a gambling addiction. His name was removed from the article to protect his identity. I will read it because I found it quite impactful.

It states —

If I had to put a number on how much I've lost gambling, I'd say it'd be \$150,000 over the last 20-odd years. It started at a young age. My dad loved horse racing, but he wasn't a big gambler himself — the biggest bet he'd put on would be \$5.

On Saturdays, we'd go to the races together ... From the time I was about 16, bookmakers on the track were happy to take my bets ... When I was 18, I started with online betting.

As I got older, and the responsibilities kicked in, and I was earning more money, that's when the gambling picked up ...

I can have one or two drinks and know to stop, but as a gambling addict, I can't have one or two bets. It'll turn into me betting all day and night.

Five hours could go past in the click of a finger. I'd have friends messaging me or try to call me and I wouldn't take their calls because I was in that bubble.

I wouldn't eat during those days. I'd even forget about my children and what they were doing.

For me, all the gambling was done on apps on my phone ...

You're doing it on your own: you don't want anyone to know, because you know that what you're doing is wrong and you've got a problem. There's a lot of secrets and lies.

When I was losing, my mind went straight to how to find more money to win it back.

I've manipulated people to loan me money; I've borrowed from banks; I've used those same-day loans where you borrow \$300 and you've got to pay back \$1,000. A couple of years ago, my partner and I were in the process of building our first home together and I was taking the savings to gamble.

You're not thinking about the consequences down the track. It's just, 'I need to do it and I'll do whatever it takes' ...

I've got a full-time job and I've never been unemployed. I was managing a team of people and I still found time to gamble all day, every day ...

I was gambling so much that I'd get offered box seats at football games and sporting events by the betting companies. They sell it to you, saying you're in the top five per cent or 10 per cent of customers this month, but it's just turnover — they just want you to keep coming back.

About a year-and-a-half ago, I tried to take my own life.

Thankfully this man has sought help and is in recovery, but it really highlights the severity of gambling addiction and how ruinous it can be to a person's life. It can affect many people. He was employed; he has never been unemployed. Because there is a lot of stigma around it, unfortunately people do not seek help. All the research points to people not seeking help when they have a problem with gambling addiction.

HealthDirect sums it up simply —

Gambling addiction can seriously affect all areas of life. Consequences of problem gambling can include financial losses, bankruptcy, losing a job, homelessness, mental health conditions and the breakdown of personal relationships. They can be serious not only for you, but also for members of your family and for your friends and associates.

The late Peta Murphy, who chaired the House of Representatives Standing Committee on Social Policy and Legal Affairs in federal Parliament, said —

There's a concern that we are producing, if we haven't already produced, another generation of Australians who see sport and betting as intrinsically linked, and sport almost as a vehicle for which betting can occur.

Ms Murphy said the inquiry heard devastating evidence from people who had suffered as a result of being hooked on online gambling. It prompted the committee's demand for a national gambling strategy to be developed. She said —

Instead of saying it's each individual's responsibility to not gamble in a way that causes themselves or others harm, it's acknowledging that in fact there's a collective responsibility and a public health issue.

Ms Murphy and the committee expressed the view that a national strategy should be developed with a focus on prevention, especially looking at education, early intervention, and measures that could make it easier for problem gamblers to seek help when experiencing harm due to their addiction.

In light of that report and some of the stories I have read—and there are so many more because it is a problem that affects many people in the community—I think we need to look at all the things that we can do to remove stigma so that people seek help. Further, I think there is a lot we can do, and are clearly doing, especially in this bill, to reduce the likelihood of people forming gambling addictions. Any reform that looks to strengthen oversight of betting companies is something I wholeheartedly support.

I commend the bill to the house.

MS M.M. QUIRK (Landsdale) [3.34 pm]: That was a valuable contribution, and we cannot ignore the adverse social impact that gambling has on so many in the community. I want to speak briefly on another matter. Firstly, I congratulate the minister for bringing on the Gambling Legislation Amendment Bill 2024 so quickly to Parliament after the Perth Casino Royal Commission. In my experience, legislation following these sorts of reports quite often lag for some time, so I commend the minister for his expedition in getting these important amendments to the house.

I want to speak briefly about money laundering. My experience is by its very nature historical. Members who have been in the house for a long time will know that I was regional counsel with the National Crime Authority for 10 years before entering Parliament; therefore, I have a lot of experience in various money laundering methodologies, and I maintain my interest. In the early days, the operators of casinos, in my experience, were notorious for facilitating money laundering. In fact, there was a casino squad from the Western Australia Police Force that was attached to the casino, and I think those officers were victims captured by the casino. I am aware of an occasion when we wanted to execute search warrants for instances of money laundering and the operators were tipped off by that squad before we could execute the warrant. I know things have changed. I welcome the fact that there is a new operator and it can incorporate these changes as part of its new operational regime.

As we know, organised crime is opportunistic. Offenders will identify loopholes in legislation and capitalise on them. This is why the amendments on structuring, which I will talk about shortly, are vital and important. There were

also issues in relation to junkets. Although junkets are a great tourism asset and an important part of the casino's business, it was certainly my experience that there was a tendency to turn a blind eye to irregular practices when they related to junkets. In some cases, those irregular practices were facilitated by casino management.

These amendments seek to narrow the gap where, as I said, organised crime can seize on these loopholes and go about its normal business. There is an important thing about this legislation. Under the AUSTRAC legislation, we all know about the requirement to report transactions over \$10 000; however, this also relates to what are known as suspects transactions. They can be substantially lower amounts of money. A common example might be someone who is asked by an organised criminal organisation to launder money. They go into the casino with as little as \$4 000, put \$2 000 on red and \$2 000 on black and effectively, although there is a bit of a discount, can go away with a receipt saying he has won close to \$4 000 from the casino. That was a very easy way to launder money. If such a person or a succession of people who looked slightly suspect were to do that now, and it was known to security and the casino through its various checks and balances, that conduct may well be subject to suspect reports under this legislation.

I welcome the change. I think the new operator can go into its operations knowing that it has to meet certain requirements by virtue of these new laws. In any event, I expect that it would be good corporate practice to insist on robust compliance because that should be part of any risk management scheme. If it is not undertaken in that robust manner, the shareholders would quite rightly be able to ask why the casino cannot comply with sensible legislation to protect the community from money laundering offences and even that of financing terrorism.

Congratulations, minister. This is an excellent development with these amendments that are being introduced in such a timely fashion. From the safe distance of retirement, I will watch the progress of this legislation with interest. Thank you.

MR P. PAPALIA (Warnbro — Minister for Racing and Gaming) [3.40 pm] — in reply: I thank members for their contributions. Hopefully the Gambling Legislation Amendment Bill 2024 will have passed before the member for Landsdale has retired and she will be able to witness and observe what happens.

Ms M.M. Quirk: Sorry, minister. I meant the implementation.

Mr P. PAPALIA: Yes, the implementation. That is a fair point. Beyond that, her very informed observations about money laundering and the potential benefit of this bill to address part of the risk associated with that is appreciated. I make the observation that this is not the only thing we have done. Previous ministers have already acted and a range of measures have already been implemented in response to the Perth Casino Royal Commission.

The member for Belmont's observations about the harm imposed or caused by gambling are fully acknowledged, and I appreciate her contribution.

Some measures in this bill will deal with interactive gambling. They are associated with a gap in the legislation at the moment. The commonwealth's Interactive Gambling Act 2001 defines "regulated interactive gambling service" and creates an offence for providing those services if they are not licensed in an Australian jurisdiction. However, the Western Australian legislation does not contain a mechanism to licence or regulate providers of interactive gambling services, such as internet-based betting platforms. This bill will address that omission and rectify the situation.

The member for Roe's concerns can be addressed in consideration in detail. I understand that he wants to go to that and I am comfortable that his concerns can be addressed then. I commend the bill to the house and I look forward to pushing on and addressing his questions.

Question put and passed.

Bill read a second time.

[Leave denied to proceed forthwith to third reading.]

Consideration in Detail

Clause 1 put and passed.

Clause 2: Commencement —

Mr P.J. RUNDLE: Is this priority legislation? Will it be treated as a priority in the other house; and, if so, when will its implementation take place?

Mr P. PAPALIA: It is our intention to get this legislation through both houses of Parliament as rapidly as possible. Obviously, there are competing interests in the other place, but my ambition is to get it passed and the law will come into effect as soon as it can.

Mr P.J. RUNDLE: Assuming that the bill is passed by the end of November, is there a prediction for when royal assent will take place and the act will come into being?

Mr P. PAPALIA: I am informed that a couple of elements of the bill require regulations to be drafted and that work has commenced. It is difficult to say exactly when the act will come into operation, but it will be as fast as possible. I anticipate it will be early in the new year, subject to passing through here and the other place and once those regulations are complete.

Clause put and passed.

Clauses 3 and 4 put and passed.

Clause 5: Section 4B amended —

Mr P.J. RUNDLE: I am working with the bill and its explanatory memorandum, which at times is more comprehensive than the bill. What is meant by the term “approved events or contingencies”?

Mr P. PAPALIA: I am informed that that refers to betting activities that might speculate who might kick the first goal of a football game—things of that nature. It refers to any range of contingencies around gambling on sports events.

Mr P.J. RUNDLE: With regard to the penalty, what will constitute a failure to comply with the requirements?

Mr P. PAPALIA: I am informed that a set of conditions, published online in the *Government Gazette*, details the terms and conditions for event betting. If someone breaches those conditions, they will be subject to that fine.

Mr P.J. RUNDLE: Can the minister articulate how someone reports a failure? How is it picked up, how is it reported and what is the process for identifying the infringement and applying the penalty? How does that all work?

Mr P. PAPALIA: This is a role and responsibility of the Gaming and Wagering Commission. It might identify a breach through its own oversight activities or a breach might be reported to it. There is probably a range of means by which a breach can be brought to its attention. The Gaming and Wagering Commission will then carry out its role, which is to enforce the law and potentially prosecute people who have breached it.

Mr P.J. RUNDLE: Is there a three-strikes scenario or something similar? For argument’s sake, if a betting website put up a bet on who is going to kick the first goal in that week’s first football match, would they get a warning and a strike, or two or three strikes, or would the Gaming and Wagering Commission implement the penalty straightaway?

Mr P. PAPALIA: I am told that the Gaming and Wagering Commission applies a compliance framework that gives a range of responses. However, there is discretion. It will not rigidly impose a penalty on an organisation for a breach; it will depend upon the circumstances. It will apply discretion, having regard to the circumstances.

Clause put and passed.

Clause 6: Section 11 amended —

Mr P.J. RUNDLE: Proposed section 11(6), to be inserted by clause 6, states —

A body corporate that holds a bookmaker’s licence must, within 7 days after a person becomes or ceases to be a person ...

How does someone cease to be a person?

Mr P. PAPALIA: There is no comma after “person”. It states —

... or ceases to be a person who occupies a position of authority in the body corporate ...

That is what it is referring to.

Mr P.J. RUNDLE: What will the reporting requirements consist of and when will they be scheduled for tabling?

Mr P. PAPALIA: Can the member tell me where the report that he is referring to is in the bill?

Mr P.J. Rundle: Sorry; I suppose we could say that it is a return. It is mentioned in proposed subsection (6A).

Mr P. PAPALIA: Which line is the member talking about?

Mr P.J. Rundle: It is the third line, where it states —

... lodge with the Commission a return in a form approved by the Commission.

Mr P. PAPALIA: Is the member referring to line 29?

Mr P.J. Rundle: No, line 14.

Mr P. PAPALIA: Proposed subsection (6A) states —

A body corporate that holds a bookmaker’s licence must, in the month of July in each year, lodge with the Commission a return in a form approved by the Commission.

That is when it will have to be done. The form will already have been approved by the commission.

Clause put and passed.

Clause 7 put and passed.

Clause 8: Part 2A inserted —

Mr P.J. RUNDLE: The explanatory memorandum lists a large number of interactive gambling services. What FTE will be required to monitor the various services that are listed? Is there some sort of prediction for the department?

Mr P. PAPALIA: What we are doing here will, in effect, address an omission. As I said in my response to the second reading debate, the commonwealth's Interactive Gambling Act 2001 recognises that online interactive gambling service providers must be registered in a state or territory of Australia. Our legislation at a local level—Western Australian legislation—does not enable that. The bill will enable any interactive online gambling service provider that is established in Western Australia to be registered. All the ones in the explanatory memorandum that the member referred to are recognised by the federal legislation at the moment, but they are not registered here. As I understand it, there is perhaps one particular operator that operates from Western Australia but is not registered in another state or territory; therefore, it is effectively not complying with the federal legislation. We will enable that operator to be registered here in Western Australia and to therefore comply.

Mr P.J. RUNDLE: The minister and I know that a couple of companies are registered in the Northern Territory, in relation to horseracing betting or whatever. Will they also be covered by, or drawn into, this legislation?

Mr P. PAPALIA: No. As I said, the federal legislation expects an operator to be registered in a state or territory in Australia. If they are already registered, they already comply with the federal law. I think the ones the member referred to are already registered in the Northern Territory. An operator in Western Australia has, until now, been unable to be registered in Western Australia. The bill will enable that operator to be registered. Other operators that are not registered in another state or territory and want to operate from Western Australia will be able to comply with the federal law by being registered here.

Mr P.J. RUNDLE: I have a further question. If an operator wanted to swap, for argument's sake, from New South Wales to WA, would that be possible? How would that work? Would there be any advantage to it?

Mr P. PAPALIA: Yes, they will be able to do that. If they want to register themselves here, as opposed to another jurisdiction, then they can comply with federal law.

Clause put and passed.

Clause 9: Section 14A amended —

Mr P.J. RUNDLE: I note first dot point in the explanatory memorandum regarding proposed section 14A(2), which states —

- transfers responsibility for receiving returns lodged by bookmakers, and the function of approving the form of returns, from the Gaming and Wagering Commission to the Department.

Throughout the legislation there is reference to quite a lot of duties that are transferred from the Gaming and Wagering Commission across to the department. Once again, does the department foresee a large increase in full-time equivalents required to deal with this transference?

Mr P. PAPALIA: I am advised that this role is currently undertaken by the department anyway. It is under a service level agreement between the Gaming and Wagering Commission and the department, so this will just formalise the process that is currently extant.

Mr P.J. RUNDLE: Does the minister not foresee any changes in staff moving from one area to another or anything of that nature?

Mr P. PAPALIA: No.

Mr P.J. RUNDLE: Proposed section 14A(2)(b) states —

when the return is lodged with the Department, pay to the CEO the racing bets levy on the whole of the gross revenue or turnover reported in the return in accordance with the *Racing Bets Levy Act 2009*.

Can the minister explain what that levy will be? Will there be a percentage or a figure?

Mr P. PAPALIA: The member is talking about something in a different act. The racing bets levy is defined by that act and the details and specifications of rates and management are in the regulations of that act, not this bill. It is not really relevant to this bill.

Mr P.J. RUNDLE: I will ask a similar question on clause 10.

Clause put and passed.

Clause 10: Sections 14B to 14D inserted —

Mr P.J. RUNDLE: The minister said in his previous answer that the levy related to a different act, but proposed section 14B is “CEO may assess racing bets levy in certain circumstances”, and I refer to proposed subsection (1). For starters, who will be the CEO? Which CEO are we talking about? How will they make an assessment about that amount? Will it be off the cuff or will there be a formula? I am trying to get a bit more information.

Mr P. PAPALIA: To explain why this provision is in this bill yet the racing bets levy and all the detail associated with it are in another act, until now the Gaming and Wagering Commission was responsible for these processes. We will change that so the CEO of the Department of Local Government, Sport and Cultural Industries will assume the responsibility. That is why those references are in the bill. It is not really appropriate or relevant to explore the detail and operation of the racing bets levy because that is covered in a different act.

Mr P.J. RUNDLE: I hear what the minister is saying, but clause 10 lays it out quite comprehensively, so to the innocent bystander like me it appears as such.

Mr P. PAPALIA: Effectively, nothing will change with the racing bets levy and its management other than that the CEO of the Department of Local Government, Sport and Cultural Industries will now be responsible for all of the measures laid out, as the member says. They are already in place, but currently the Gaming and Wagering Commission is responsible. We are changing it to be the CEO of the department.

Mr P.J. RUNDLE: I thank the minister, I appreciate that. I refer to proposed section 14B(1)(b), which states —
the CEO has reason to believe or suspect that —

- (i) a return lodged or other information given by the betting operator is materially incomplete or inaccurate;
or
- (ii) the betting operator is liable to pay the levy, even though a return was not lodged ...

My question, which I have written down, is: how much and based on what? I know the minister says another act applies, but the proposed subsection lays out the CEO as having almost *carte blanche* to decide whether an operator has not paid the levy or lodged their return. Proposed subsection (4) states —

The CEO may require the betting operator to pay a penalty amount of up to 10% ...

It is mentioned quite often.

Mr P. PAPALIA: All the measures the member refers to are currently available to the Gaming and Wagering Commission as it applies the Racing Bets Levy Act. This bill will afford that responsibility to the CEO of the Department of Local Government, Sport and Cultural Industries. Identical powers to those currently afforded to the Gaming and Wagering Commission will be afforded to the CEO to apply. Nothing will change in the detail and practice associated with the racing bets levy other than the individual enacting that authority or power will change from the Gaming and Wagering Commission to the CEO of the department. That is all that will happen.

Mr P.J. RUNDLE: I have a final question about that. I know there has been experience in the GWC in all the goings-on. Will some other assistance be provided from GWC to help the CEO deal with what is quite a lot of information here?

Mr P. PAPALIA: Remember how the member was railing against the machinery-of-government changes? One of the changes that created this department was to move the Department of Racing, Gaming and Liquor into the Department of Local Government, Sport and Cultural Industries. All of the experience and corporate knowledge associated with that department now resides in the Department of Local Government, Sport and Cultural Industries. I am informed that sometime ago, prior to the royal commission—I should know that as the minister!—the department CEO was the chair of the Gaming and Wagering Commission. As a consequence of the recommendations of the royal commission, that has been separated. The Gaming and Wagering Commission has been beefed up and assigned different roles and the department has its roles. There is no concern about knowledge and experience inside the department; it is all resident there.

Clause put and passed.

Clauses 11 to 15 put and passed.

Clause 16: Section 27E amended —

Mr P.J. RUNDLE: I am going from the explanatory memorandum, which states —

The maximum fine remains at \$10,000 on the basis that it is deemed adequate. Relevantly, most people required to comply with section 27E are also covered by legislation governing misconduct in the public sector. A minor breach of this provision could be dealt with by the Public Sector Commissioner ...

Can the minister explain what would rate as a serious enough breach to get the maximum fine of \$10 000 in the context of this clause?

Mr P. PAPALIA: This clause refers to a penalty associated with a breach of confidentiality by a public servant, subject to the Public Sector Management Act. The Public Sector Commissioner would determine the extent of the breach. Subject to the severity of the breach, it might be referred to the courts for further action.

Mr P.J. RUNDLE: It seems as though the Public Sector Commissioner could handle it if it was a minor breach. If the Public Sector Commissioner decided that it was a major breach, will it be the role of the CEO or whoever to implement the maximum fine of \$10 000?

Mr P. PAPALIA: No, the Public Sector Commissioner is the head of the public service. This penalty relates to the Public Sector Management Act. I am informed that, alternatively, the courts could decide on the penalty for a breach, up to \$10 000.

Clause put and passed.

Clauses 17 and 18 put and passed.

Clause 19: Section 28D amended —

Mr P.J. RUNDLE: This clause relates to “Publication of WA race fields restricted” and will increase the fine from \$10 000 to \$50 000. Can the minister explain what “WA race fields restricted” means and how that provision could be broken?

Mr P. PAPALIA: I think I will address the reason for the change because the member is delving into stuff that is related to betting and the like, which is not part of this bill. The member is talking about race fields and the like. The quantum of the penalty is being changed because it is a historical level and is not commensurate with the expectations in this modern environment. A penalty of \$10 000 back in 1954 when the penalty was established was a significant amount of money. It has been beefed up to reflect the current value.

Mr P.J. RUNDLE: I hear what the minister is saying but, with all due respect, when the minister says I am delving into things that are not applicable, the heading is “Publication of WA race fields restricted”. I am trying to get an explanation of what that even means. I do not understand what it means.

Mr P. PAPALIA: The member is talking about clause 19, which is headed “Section 28D amended”. That is the heading in the bill. That is what we are doing in the bill. The member is now referring to the content of the act. The bill we are addressing today is before the member. I have explained that the reason for the increase in the penalty is that it is a historical amount that does not reflect the expectations or environment of today and so it is being increased.

Mr P.J. RUNDLE: I will ask a further question. As I said, the explanatory memorandum refers to 28D amended. When I look for some detail in the explanatory memorandum, it has that as the heading. I cannot be blamed for looking for an explanation of that, I would have thought. It does not appear as though I will make any headway.

Mr P. PAPALIA: The explanatory memorandum is not the bill. It has headings to assist people to understand where the content of the bill came from, what it applies to and it explains the context, but the bill before us is clause 19 and it has three lines. I assume, because this is what the member referred to in his second reading contribution, that the member would like an explanation for why the penalty will be increased by the amount proposed. I explained that it is because the original legislation that established the penalty was written in the 1950s and we are updating it and making it more commensurate with today’s expectations around penalties for breaching the law.

Clause put and passed.

Clause 20: Section 32B inserted —

Mr P.J. RUNDLE: This clause talks about the delegation of power of the CEO. The explanatory memorandum states —

This provision has been inserted to support the transfer of responsibility for the administration of special purpose accounts to the Department and the CEO of the Department.

Can the minister tell me up to how many people within the department the responsibility could be transferred to?

Mr P. PAPALIA: Those special purpose accounts are currently administered by officers who are already resident within the department. Those roles are undertaken by delegation from the Gaming and Wagering Commission at the moment, but as I explained earlier, this is a similar transfer of authority to the CEO of the department. It

is administrative, really, because the officers already conduct the task on behalf of the Gaming and Wagering Commission; they are not part of the Gaming and Wagering Commission, they are part of the department. We are separating those things, and rightly assigning responsibility to the CEO as the line manager of authority.

Clause put and passed.

Clause 21: Section 33 amended —

Mr P.J. RUNDLE: Can the minister enlighten me about this clause, and perhaps clause 22, in relation to the Henry VIII clause? Which clause does that relate to?

Mr P. PAPALIA: We are establishing a head of power here that will allow regulations to be made to prescribe requirements relating to national frameworks and policies agreed to by the minister. Those types of things might include the national consumer protection framework for online wagering. The Western Australian government has entered into an interjurisdictional agreement with the governments of other Australian states and territories to address matters relevant to the operations of the rapidly changing gambling sector. The gambling sector is enterprising in pursuing new products and methodologies for attracting and keeping customers. The WA government from time to time unites with our jurisdictional counterparts for a regulatory position on gambling-related matters of public interest and safety.

The provisions of this head of power will give effect to the intent of the above practice, and ensure that regulations may be prescribed, as necessary, to compel gambling operators to comply with any nationally agreed framework, while the prescription of frameworks will be based on nationally agreed policies. It will give us a head of power to enable us to comply with agreements we make with other jurisdictions.

Mr P.J. RUNDLE: The minister said in his second reading speech —

... part 2A of the bill will insert a head of power in the Betting Control Act ...

...

Specifically, the new part will create a head of power for the making of regulations to allow, and require, interactive gambling service providers of a particular kind, whose base of operations is in Western Australia, to be licensed in WA.

This approach requires the creation of a Henry VIII clause.

I am just trying to get this in my head. Is there a Henry VIII clause; and, if so, which clause is it? I cannot seem to find it anywhere.

Mr P. PAPALIA: That was what we were talking about earlier, under clause 8, with regard to online interactive gambling. I talked about it in my response to the second reading debate. Essentially, it enables the making of regulations in the future to address challenges that we may not have foreseen.

Clause put and passed.

Clauses 22 to 24 put and passed.

Clause 25: Section 12 amended —

Mr P.J. RUNDLE: There is a massive increase in the fine, from \$10 000 to \$250 000. Can the minister enlighten me as to why that has gone up by such a large amount?

Mr P. PAPALIA: Again, the increase in the penalty is to reflect contemporary expectations. I am informed that the penalty for this offence relates to the casino not notifying the Gaming and Wagering Commission of a new shareholder or holder of a relevant interest. In the past, failure to do that incurred a penalty of \$10 000. The casino makes a fair amount of money in a year, so the intention is to increase the penalty substantially to reflect expectations.

Clause put and passed.

Clauses 26 to 29 put and passed.

Clause 30: Section 24 amended —

Mr P.J. RUNDLE: Clause 30(3) provides that the operator “must take all reasonable steps”. Can the minister give us some clarity on those reasonable steps?

Mr P. PAPALIA: I am informed that it refers to occasions when the Gaming and Wagering Commission might provide a direction to the casino. The casino operator is then obliged to take all reasonable steps to comply with the direction.

Clause put and passed.

Clause 31: Sections 24A and 24B inserted —

Mr P.J. RUNDLE: I refer to proposed section 24A, “Approved manuals”. Can the minister enlighten me once more as to who checks the manuals and how often they have to be revised et cetera?

Mr P. PAPALIA: I am informed that there currently are manuals that have been created as a requirement of the Gaming and Wagering Commission providing a direction. This provision will place that requirement into the legislation and the Gaming and Wagering Commission will approve the manuals.

Clause put and passed.

Clause 32: Section 27 amended —

Mr P.J. RUNDLE: I understand that this clause seeks to change the penalty for a first offence to \$1 000 and the penalty for a second or subsequent offence to \$2 000. According to the explanatory memorandum, I understand that children are not permitted in casinos except in some cases. Can the minister enlighten us on the definition of “in some cases”?

Mr P. PAPALIA: When the member asks for examples, we manage to come up with one. The provision would apply to someone under the age of 18. We are looking at the bill, as opposed to the act. The Casino Control Act 1984 states —

This subsection applies to a person under the age of 18 years who enters or remains in the licensed casino concerned for the purposes only of —

(a) employment in connection with the provision of amenities ancillary to the gaming therein;

That could be work as a chef or something like that. Or it could apply to a person —

(b) obtaining a meal, if that person is accompanied by another person who is over the age of 18 years and is —

(i) the spouse or parent of; or

(ii) a person in *loco parentis* to; or

(iii) the guardian of,

the person under the age of 18 years,

and the person under the age of 18 years does not participate in gaming in that licensed casino.

They can go there for a meal as long as they are in the company of a responsible adult.

Clause put and passed.

Clause 33 put and passed.

Clause 34: Section 30 amended —

Mr P.J. RUNDLE: It looks like this clause seeks to increase a fine. The explanatory memorandum states —

Fraudulent etc. practices in casinos or gaming operations

Can the minister explain what this clause covers?

Mr P. PAPALIA: I understand the “et cetera” that the member is concerned about in the explanatory memorandum is in a heading but it is not part of the bill itself. It will have no effect on the bill. Instances of “et cetera” appear only in headings, none of which have been amended by this bill. It is not really relevant.

Clause put and passed.

Clause 35: Section 30A inserted —

Mr P.J. RUNDLE: Obviously, the member for Landsdale referred to money laundering and the minister also expressed his concern about it. Why is the fine in clause 35 only \$50 000? I thought the fine would be at the upper end of the scale.

Mr P. PAPALIA: This is just a routine reporting obligation. It is conceivable that there may be an inadvertent omission or something of that nature. During earlier consideration, the member for Landsdale talked about measures to counter money laundering. A range of measures are in place to target that. This is above and beyond the obligations of the Australian Transaction Reports and Analysis Centre. This is just an additional reporting practice to provide the Gaming and Wagering Commission with a little more insight. The proposed penalty reflects the nature of this report.

Clause put and passed.

Clause 36: Section 31 amended —

Mr P.J. RUNDLE: Clause 36 states —

... delete the Penalty and insert:

... a fine of \$100 000.

Can the minister explain why the penalty of imprisonment has been deleted, according to the explanatory memorandum?

Mr P. PAPALIA: The decision to remove imprisonment penalties from the suite of gambling legislation was determined as appropriate for several reasons. There are 28 offences across the suite of legislation that include a penalty of imprisonment. I refer to section 6, “Principles of Sentencing”, of the Sentencing Act. Section 6(4) states —

- (4) A court must not impose a sentence of imprisonment on an offender unless it decides that —
 - (a) the seriousness of the offence is such that only imprisonment can be justified; or
 - (b) the protection of the community requires it.

Additionally, the removal of imprisonment penalties relates to the adoption of the infringement notice framework that relies on part 2 of the Criminal Procedure Act. Section 5(2) of the act provides that a modified penalty cannot be prescribed for an offence that is or includes imprisonment. The Gaming and Wagering Commission is not obliged to seek prosecution of a person suspected of committing an offence under the legislation it administers. Notwithstanding that, a prima facie case may exist. The prosecution must be in the public interest. When determining whether to commence a prosecution, the Gaming and Wagering Commission is required to take into consideration a number of public interest factors, such as the trivial or technical nature of the alleged offence in the circumstances, the availability or efficacy of any alternatives to prosecution, whether the offence is of a minimal public concern and the likely length and expense of a trial. There are no records to indicate that a term of imprisonment has ever been sought for breaches under these acts. Removing the imprisonment allows the Gaming and Wagering Commission to maximise the use of the enforcement tools at its disposal. The ability to issue an infringement notice with a modified penalty provides an effective administrative mechanism and deterrent to noncompliance to aid in regulating compliance with the law.

Clause put and passed.

Clauses 37 to 42 put and passed.

Clause 43: Section 3 amended —

Mr P.J. RUNDLE: The Minister for Sport and Recreation is even mentioned in this clause. Can the minister explain why this particular change of administrative responsibility is taking place?

Mr P. PAPALIA: This clause will insert definitions into the definitions part of the act.

Mr P.J. RUNDLE: I have to refer to the explanatory memorandum once again due to lack of detail. It refers to the preferred approach since the Machinery of Government (Miscellaneous Provisions) Act 2006. For argument’s sake, what will happen if there is a change of government in March 2025—I should say when there is a change of government in March 2025—and the new government decides to increase the number of departments rather than reduce them as this government has done?

Mr P. PAPALIA: The new government would have to write a new law because of consequential amendments to everything. If the coalition government wanted to split up the Department of Local Government, Sport and Cultural Industries, it would have to apply whatever new department name it has, and it would have to search through all different legislation to ensure consequential amendments are made following the changes. This is not really relevant to this provision. I already explained that the reason for the administrative change is the role of the CEO will take on those special purpose accounts, administration and the like; these are already undertaken by the agency under a service level agreement with the Gaming and Wagering Commission. This formalises that structure and enables the agency CEO to have the responsibility. That arrangement will not be required. It changes nothing really in terms of what currently happens other than assigning the responsibility for administration of those special purpose accounts and other activities that it currently undertakes to the department CEO.

Clause put and passed.

Clauses 44 to 48 put and passed.

Clause 49: Section 36 replaced —

Mr P.J. RUNDLE: Can the minister explain the roles of an authorised officer and a police officer in proposed section 36(3)(b) and the reference in proposed section 36(4) and how they will interact? Who would be an authorised officer? If a police officer came into the picture, how will they interact? Who will have the ultimate authority et cetera?

Mr P. PAPALIA: Firstly, I am informed that there is no change regarding authorised officers and police officers. They already exist and conduct their roles, potentially at the casino. An authorised officer can employ their powers and infringe people, and so can a police officer. They might do it independently of each other or they might do it

in collaboration. They often collaborate. The Western Australia Police Force works with the Gaming and Wagering Commission quite collaboratively. As the member observed, a former senior police officer chairs the Gaming and Wagering Commission, so they are very familiar with each other's practices.

Clause put and passed.

Clauses 50 to 55 put and passed.

Clause 56: Section 101 amended —

Mr P.J. RUNDLE: Can the minister explain the compliant guarantee, for argument's sake, with standard lottery applicants and permit holders having to provide a bank guarantee? What are its workings? What sort of lottery? Is there some sort of threshold as to the value of a lottery et cetera?

Mr P. PAPALIA: I provide a layperson explanation because that is what I am! At the moment, the Gaming and Wagering Commission can call for a bank guarantee in the event of a raffle having a prize of \$30 000 or more. It is a policy decision. It is not necessarily the rigid level or obligation that would be imposed by the Gaming and Wagering Commission. It means that if someone conducts a raffle, they might be required to have a bank guarantee to confirm that they can deliver the prize.

Mr P.J. RUNDLE: We are talking about payments and so forth. Along the same lines, regarding the likes of, say, the poker leagues and other activities that require a standard permit, I understand, from the department—that is, they generally generate a profit that goes partially to a sporting club et cetera. I imagine they would not be caught up by this legislation.

Mr P. PAPALIA: The issue the member raised is not relevant to this part of the bill. I do not think the bill even addresses it at all. It is not a requirement. The member talks about policy that Gaming and Wagering Commission might develop. It has nothing to do with this bill.

Mr P.J. Rundle: Is the bank guarantee in relation to \$30 000 and more with lotteries and events?

Mr P. PAPALIA: It is just in relation to standard lotteries.

Clause put and passed.

Clauses 57 to 59 put and passed.

Clause 60: Section 109C amended —

Mr P.J. RUNDLE: This question relates to the community trust account. Once again, I understand the transfer of responsibility for the gaming community trust account from the Gaming and Wagering Commission to the Department of Local Government, Sport and Cultural Industries. Can the minister explain what the account does and roughly how much happens to be in it or what the purpose of the account is?

Mr P. PAPALIA: I was the minister for four years when this was probably a much more substantial account than it will be in the future. It is unclaimed winnings from electronic gaming machines. I understand that we are going towards carded play soon; therefore, the likelihood of there being much unclaimed winnings will diminish. We are grasping here in terms of scale—from memory, it was something like \$150 000 a year at the most. It might have been a lot less than that, but the grants would have gone to a wide spectrum of community activities. I recall things like men's sheds and other grassroots community activities. That will be unchanged but the amount will probably change because I expect there will be less unclaimed money.

Clause put and passed.

Clauses 61 to 64 put and passed.

Clause 65: Section 109K amended —

Mr P.J. RUNDLE: The penalty that can be imposed on Racing and Wagering Western Australia will increase from \$100 000 to \$1 million. Can the minister explain why that has increased so much and what environment that would be applied to?

Mr P. PAPALIA: The penalties have been elevated to address historical inconsistencies. It is a legacy penalty. By way of example, the equivalent penalty for the casino in matters of this kind will be increased to \$100 million. The increase to RWWA is significantly less, but there is still a substantial increase from what it was. It reflects a more contemporary penalty.

Mr P.J. RUNDLE: If that took place and the penalty were applied, would there be any personal responsibility for members of the RWWA executive et cetera, or will it be paid for by the RWWA institution or department?

Mr P. PAPALIA: It is a penalty to RWWA.

Clause put and passed.

Clauses 66 to 74 put and passed.

Clause 75: Section 115 replaced —

Mr P.J. RUNDLE: Proposed section 115 states —

- (1) A person must not obstruct, impede or otherwise interfere with the doing of a thing required or authorised to be done under this Act.

Penalty for this subsection: a fine of \$100 000.

Can the minister explain the “doing of a thing”?

Mr P. PAPALIA: It is anything the person may be required to do under the act. An authorised officer may want to conduct an oversight or inspection activity. If it is impeded or interfered with, it will potentially result in a penalty.

Clause put and passed.

Clause 76: Section 121 amended —

Mr P.J. RUNDLE: Does this clause have any retrospective offences attached to it? Are past directors or employers captured in this clause?

Mr P. PAPALIA: No, it will be from when the bill comes into effect.

Clause put and passed.

Clause 77 put and passed.

Title put and passed.

[Leave granted to proceed forthwith to third reading.]

Third Reading

MR P. PAPALIA (Warnbro — Minister for Racing and Gaming) [4.56 pm]: I move —

That the bill be now read a third time.

MR P.J. RUNDLE (Roe — Deputy Leader of the Opposition) [4.57 pm]: I thank Donna, Clare and Kelly briefly for their advice. As I said earlier, the opposition and I generally support legislation that will tidy up and improve enforcement in relation to the multitude of recommendations made by the royal commission. This is obviously another stage and I think it is important that it continues, regardless of which government is in place. From our perspective, we support it. The Gaming and Wagering Commission and the department have an important role working closely together because a lot of duties will be transferred across. Hopefully they will be resourced in the right way to carry out those duties. I leave my contribution there and say that we support the bill. Thank you.

MR P. PAPALIA (Warnbro — Minister for Racing and Gaming) [4.58 pm] — in reply: I thank the member for his contribution and for his support of the bill and I look forward to it passing rapidly through the other place and bolstering our defences against the threat of money laundering and, potentially, terrorism. I look forward to affording the ability to comply with some of the recommendations of the royal commission.

Question put and passed.

Bill read a third time and transmitted to the Council.