

## Second Reading

**The Hon. PENNY SHARPE** (Parliamentary Secretary) [9.29 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

### Leave granted.

The main purpose of the bill before the House is to facilitate the implementation of a package of initiatives designed to assist the New South Wales racing industry, an industry which generates employment for a significant number of people and makes an important contribution to the State's economy.

Separately, the bill will strengthen the legislation as it relates to the provision of wagering services at public venues to ensure consistency with Government wagering policy.

Betting services are authorised to be conducted in New South Wales by licensees under the Totalizator Act 1997 and by bookmakers who are required to be licensed by a New South Wales controlling body of racing, namely Racing New South Wales, Harness Racing NSW and Greyhound Racing NSW.

TAB Limited, a wholly owned subsidiary of Tabcorp Holdings Limited, holds licences for the conduct of off-course and on-course totalisator betting in NSW. These licences include 15 year exclusivity periods which expire on 22 June 2013. All New South Wales race clubs also hold on-course totalisator licences on the same basis as TAB Limited.

The first part of this reform package will expand the types of events and contingencies on which New South Wales wagering operators may offer betting services. This will be facilitated by amendments to the Racing Administration Act 1998 and consequential amendments to the Totalizator Act 1997 and the Unlawful Gambling Act 1998.

New South Wales is the only Australian jurisdiction that restricts the conduct of betting by its wagering operators to racing and sporting events.

It is appreciated that the level of interest in betting on events such as reality television shows and film awards is not at the same level as betting on the traditional racing and sporting events. However, New South Wales wagering operators have expressed concern that they are disadvantaged in attracting clients as they are not able to offer the full range of betting products as their interstate counterparts. This impacts on their core racing and sports betting businesses.

Item [8] of schedule 1 of the bill replaces section 18 in the Racing Administration Act to extend the scheme under which bookmakers are authorised to take bets on sporting events so as to permit authorised bookmakers to take bets on any event or contingency declared by the Minister for Gaming and Racing.

Definitions and references to sports betting bookmakers, sports betting authorities and sports betting events within the Racing Administration Act are replaced with references to betting event bookmakers, betting authorities and declared betting events.

Minor consequential amendments are also made to the Greyhound Racing Act 2009, the Harness Racing Act 2009 and the Thoroughbred Racing Act 1996.

Most importantly, the amendments to the Racing Administration Act will carry forward the existing controls that apply to sports betting and will not enable wagering operators to have unfettered betting options. As with sports betting, the extended categories of events and contingencies on which New South Wales wagering operators will be able to operate will be restricted to those declared by the Minister for Gaming and Racing by order published in the *Government Gazette*.

Whilst the Government recognises the validity of arguments for the widening of the type of event that can be the subject of betting beyond racing and sporting events, it is not our intention to allow the conduct of betting on elections. The concerns of the Shadow Minister in this area are shared and the Government will not be exercising this power to include elections as one of the events that can be the subject of betting.

At the same time, concerns have been expressed on the possibility of the conduct of betting being allowed on cage fighting. The Minister already has the power to approve betting on cage fighting as this falls under the category of a sporting event. However again there is no intention to allow betting on this activity.

The Minister will also retain the power to place conditions on approvals to operate on a declared betting event; to approve of rules of betting; and to withdraw approvals if considered appropriate.

The second component of this package is designed to assist New South Wales bookmakers by making it easier and more cost effective for them to provide Internet and telephone betting services to their account customers.

Bookmakers are currently restricted to providing betting services from a racecourse location. This includes the conduct of face to face, Internet and telephone betting while fielding at New South Wales race meetings and, in the case of Internet and telephone betting only, at other times from a racecourse office.

The bill amends section 16 of the Racing Administration Act to enable bookmakers who hold telephone and electronic betting authorities, such as Internet betting authorities, to also accept or make bets at approved premises which are not on a licensed racecourse.

Item [6] of schedule 1 of the bill inserts a new section 16A to provide that a controlling body of racing, namely Racing New South Wales, Harness Racing NSW or Greyhound Racing NSW, may approve premises in New South Wales that are not on a licensed racecourse as premises on which a bookmaker may conduct telephone or electronic betting pursuant to an authority under section 16.

A consequential amendment is made to section 9 (2) of the Unlawful Gambling Act to clarify that bookmakers may only conduct betting while at a licensed racecourse when it is lawful for betting to take place, or in the case of telephone or electronic betting, as permitted under section 16 of the Racing Administration Act.

The existing legislative provisions that restrict bookmakers to offering face to face betting while fielding at race meetings or in a racecourse betting auditorium will be retained.

I should stress that there will be no lessening of the regulatory oversight of bookmaker operations under the new arrangements, as bookmakers will only be authorised to conduct Internet and telephone betting using systems approved by the relevant racing controlling bodies and the Office of Liquor, Gaming and Racing within Communities NSW.

The racing controlling bodies and the Office of Liquor, Gaming and Racing will retain their existing ability to monitor bookmaker Internet and telephone betting operations.

Item (15) of schedule 1 of the bill amends section 26I (4) of the Racing Administration Act to make it clear that the powers of the police and inspectors authorised under the Act to enter racecourses to inspect bookmaker records will extend to entering approved premises under section 16A.

Section 26I (7) is amended to expand the meaning of inspector to include a person designated by a controlling body to exercise the functions of an inspector under section 26 I in respect of bookmakers authorised by the relevant controlling body.

Bookmakers make a valuable contribution to racing in this State. The colour and atmosphere they provide at race meetings helps boost attendances and in turn, increases race club revenues.

This initiative will enable New South Wales bookmakers to provide telephone and Internet betting services to account customers on a more regular basis without the cost and logistical problems involved in setting up an office on a licensed racecourse.

The new arrangements will not detract from bookmaker on-course operations, but rather will provide an incentive for bookmakers to stay within the industry and importantly, continue to provide betting services to the race going public.

The racing controlling bodies will be given the power under new, section 16A (2) of the Racing Administration Act to place conditions on approvals under the section. This will provide them with the ability to require bookmakers to field at race meetings on a minimum number of occasions. New section 16A (3) specifically provides that approved premises for telephone and electronic betting may not be open to the public.

As a further measure to reduce the administrative burden on bookmakers, Item [14] of schedule 1 of the bill deletes sections 26A to 26F of the Racing Administration Act. These sections provide for the constitution of a Bookmakers Revision Committee and the authorisation of bookmakers by that Committee.

The Bookmakers Revision Committee is comprised of representatives of the controlling bodies of racing, the NSW Bookmakers' Co-operative and Communities NSW.

Since the abolition of State bookmaker betting tax in 2002, the role of the committee has diminished, with its main responsibility now being the issuing of State bookmakers authorities. In practice, the committee meets infrequently to endorse bookmakers authorities issued from time to time under delegation by the Office of Liquor, Gaming and Racing.

As a bookmaker is unable to conduct business unless licensed by the relevant controlling body of racing, the need to obtain a separate State bookmakers authority is an unnecessary additional administrative burden on new bookmakers and on the Office of Liquor, Gaming and Racing. The bill sensibly removes that additional level of red tape.

The final component of the reform package relates to the TAB. Item [1] of schedule 3 of the bill inserts a new section 11 in the Betting Tax Act to enable a licensee under the Totalizator Act, namely TAB Limited, to receive a refund of betting tax paid on totalisator investments by certain categories of account customers.

The proposal involves reducing the totalisator commission tax from 19.11% to 10% in respect of bets placed by TAB Limited account customers with betting turnover of \$3 million or over in each financial year, and in respect of all bets placed by account customers residing outside of Australia. The tax refund will in turn be fully passed on by the TAB to these customers as an incentive to bet into the NSW totalisator system.

The payment of rebates to customers with high betting turnover, known as premium customers, is a widespread practice by TABs throughout Australia, including TAB Limited. This has driven significant growth in betting turnover from this segment of the market.

The tax refund proposal will not replace the existing TAB Limited rebate scheme, rather it will supplement the scheme.

Apart from attracting new business from this segment of the market, the scheme will foster loyalty from TAB Limited's existing premium and overseas customer base by reducing the risk of interstate TABs targeting NSW account customers with offers of larger rebates than those currently provided. Based on TAB Limited's projections, the scheme will generate additional investments that will more than compensate the Government for the reduction in the tax rate.

The bill includes a number of safeguards to ensure that New South Wales taxpayers are not disadvantaged by the scheme.

Firstly, the tax refund will apply for the 2010-11 and 2011-12 financial years only, with any extension to a later financial year to be prescribed by regulations. A formal review is to be undertaken in 2012 to assess the impact of the scheme prior to any extension being supported.

In addition, there is a requirement that the refund on the taxes paid on premium and international customer investments will not reduce the total tax paid on those investments to below \$11 million in each of the 2010-11, being on a pro rata basis in this first year as the scheme will not commence until the commencement of this part of the legislation, and the 2011-12 financial years. This arrangement will protect taxpayers if TAB Limited projections are not achieved.

Finally, the amount of the tax refund payable to TAB Limited is to be determined by the Treasurer. The Treasurer will have the power to request TAB Limited to provide such information considered necessary to establish the appropriate tax refund entitlement. The refund will be paid retrospectively, after the end of each financial year, when the full amount of investments made by eligible customers and the amount of rebates paid by TAB Limited can be verified.

The bill specifically provides that an eligible overseas account customer must reside overseas for at least 11 months of the year. TAB Limited will be required to validate the overseas residence status every 12 months by providing the Government with an audited listing of qualified overseas resident customers with applicable address and totalisator betting turnover details.

Separate to the wagering reform legislative proposals and other initiatives, the bill proposes to re-enforce Government wagering policy as it relates to the operation of retail betting outlets.

It has been a longstanding policy of successive State governments to oppose an expansion of off-course retail betting outlets beyond those provided by a licensed TAB. This position was most recently confirmed in September last year when the Government adopted the recommendation of the Alan Cameron wagering review to maintain the prohibition on off-course bookmaker retail outlets.

I am informed that computer terminals have been installed in a number of New South Wales venues through which the public can open betting accounts, deposit funds into existing or new accounts using credit/debit cards, and place bets with a wagering operator.

The view might have been taken that such a facility would not be unlawful on the basis that the activity of bookmaking is not considered to be taking place at the venue where the punter places the bet, but rather at the location where the bet is received.

Item [8] of schedule 2 of the bill inserts a new section 11A in the Unlawful Gambling Act which provides that a person must not make a remote access betting facility available in a public place for use by persons frequenting that place.

Under this new section, public place means a place that the public, or a section of the public, is entitled to use or that is open to, or is being used by, the public or a section of the public (whether on payment of money, by virtue of membership of a club or other body, or otherwise) and, without limitation, includes the premises of a registered club under the Registered Clubs Act 1976 and licensed premises under the Liquor Act 2007.

A remote access betting facility means any device (such as a computer terminal or telephone) that is for use primarily or exclusively for betting on any event or contingency or for facilitating betting on any event or contingency. The legislation does not capture, for example, computer terminals at Internet cafes or providing access to public telephones.

These reforms are evidence of the commitment of this Government to strengthening the viability of the New South Wales racing industry and to ensuring that racing and wagering regulation keeps pace with modern technology and with practice in other Australian jurisdictions.

I commend the bill to the House.