



CASINO LEGISLATION AMENDMENT BILL 2022

STATEMENT OF PUBLIC INTEREST

Need: Why is the policy needed based on factual evidence and stakeholder input?

The Bergin Inquiry established by the Independent Liquor & Gaming Authority (ILGA) was asked to investigate potential misconduct at Crown Melbourne and Crown Perth. The Inquiry uncovered extensive misconduct at Crown Melbourne and Crown Perth, primarily related to a failure to prevent money laundering from occurring at the casinos, as well as extensive corporate governance failures. These failures were sufficient for ILGA to conclude that Crown was not a "suitable person" to hold a casino licence.

However, the Bergin Inquiry was also asked to make recommendations regarding changes that could be made to the casino regulatory framework to enhance the casino regulator's capability and ability to respond to an environment of growing complexity of both extant and emerging risks in the gaming and casino sector.

The final Bergin Report dated 1 February 2021 made 19 recommendations for regulatory reform, primarily aimed at addressing risks of money laundering in casinos, as well as improving casino operators' compliance with regulatory requirements and improving the process of considering and approving the probity of individuals and companies associated with casinos.

Finally, evidence given to the Bell Review into The Star Sydney established by ILGA indicates that The Star may have also failed to prevent money laundering from occurring in its casino, may have experienced similar governance failures to Crown and may have also exhibited a pattern of noncooperation with the regulator.

Objectives: What is the policy's objective couched in terms of the public interest?

The objective of the Bill is to strengthen the regulatory framework for casinos to achieve the following outcomes which are in the public interest:

- increased scrutiny of casino operators;
- harsher penalties for non-compliance with laws;
- prevention of money laundering in casinos
- improved compliance with relevant laws
- better proactive disclosure and remediation of non-compliance by casino operators
- greater flexibility in the regulatory framework to respond to emerging risks and evidence regarding regulatory effectiveness
- greater independence for the casino regulator.

These outcomes will ensure that casinos are free from criminal influence.

Options: What alternative policies and mechanisms were considered in advance of the bill?

No alternative policies were considered. Failure to implement the recommended policies would likely result in continued regulatory and governance failures by casino operators as well as continued infiltration into casinos by criminals.

Some reforms could be implemented through casinos' internal controls. However, the majority of the reforms must be implemented through amendments to the *Casino Control Act 1992* and cannot be implemented in any other way.

Analysis: What were the pros/cons and benefits/costs of each option considered?

As noted above, no alternative policies were considered and the majority of the reforms must be implemented through amendments to the *Casino Control Act 1992*.

Pathway: What are the timetable and steps for the policy's rollout and who will administer it?

It is proposed to commence the Bill (aside from the proposed player card and limit on cash transactions provisions) on 5 September 2022. This will allow approximately 3-4 weeks for administrative matters to be settled between passage of the Bill and its commencement, including the appointment of members to NICC to enable them to commence on 5 September 2022.

Further administrative arrangements will be administered by the Department of Enterprise, Investment and Trade within the first 2 months following commencement of the Bill, including creation of staff agencies for NICC and ILGA and the transfer of relevant staff to those agencies.

Due to technology constraints, the proposed player card and limit on cash transactions will be commenced either 3 years after passage of the Bill or on proclamation, whichever is sooner.

Consultation: Were the views of affected stakeholders sought and considered in making the policy?

Both NSW casino operators were given an opportunity to comment on a draft version of the Bill. Their feedback was considered before the Bill was finalised.

NSW Government and Commonwealth agencies affected by the reforms were also consulted both as the policy proposals were developed and on the content of the Bill once it was prepared.