

**RACING ADMINISTRATION AMENDMENT (SPORTS BETTING NATIONAL
OPERATIONAL MODEL) BILL 2014**

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Bill introduced on motion by Mr George Souris, read a first time and printed.

Second Reading

Mr GEORGE SOURIS (Upper Hunter—Minister for Tourism, Major Events, Hospitality and Racing, Minister for the Arts, and Minister for the Hunter) [11.31 a.m.]: I move:

That this bill be now read a second time.

The Government is pleased to introduce the Racing Administration Amendment (Sports Betting National Operational Model) Bill 2014. The bill's object is to regulate betting on sporting events in line with the National Policy on Match Fixing in Sport agreed to by all Australian sports Ministers in June 2011. As part of the national policy, the same Ministers agreed to a national operational model for sports betting in September 2011. This bill implements that operational model. The model augments new match-fixing penalties and offences introduced by the New South Wales Government in August 2012. A maximum penalty of 10 years imprisonment applies for anyone found to have engaged in or facilitated conduct that corrupts the outcome of an event. The offences are based on a list of match-fixing behaviours endorsed nationally by the Standing Council on Law and Justice.

The operational model regulates the interaction between sporting organisations, betting service providers, and relevant State and Territory regulators in relation to integrity agreements and baseline requirements for betting on sporting events. The model was developed in consultation with State and Territory gambling regulators, a number of major betting service providers and major sporting organisations. Based on the Victorian regulatory model administered by the Victorian Commission for Gambling and Liquor Regulation, the operational model provides a framework for betting service providers to enter into integrity agreements with sports controlling bodies and contains the following key features: first, integrity measures used to prevent, investigate and assist in the prosecution of match fixing or corrupt behaviour; secondly, financial return to the sport; and, thirdly, information-sharing arrangements.

Under the model, sports controlling bodies also have a veto right on the type of betting that occurs, or whether any betting occurs at all, in respect of their sport. Importantly, this bill establishes a workable and appropriate framework to strengthen the capacity of sporting bodies to recognise and manage integrity risks associated with the betting that takes place on their sport. It also enables sporting bodies to receive a share of the revenues that accrue from approved betting, recognising both the value of the sporting product itself and the integrity-related costs incurred by sporting bodies as a direct result of evolving sports betting markets. These mechanisms will help to strengthen public confidence in the integrity of the sporting contests themselves, as well as the associated betting that occurs on these events.

I turn now to the main details of the bill. New section 1 changes the name of the principal Act from the Racing Administration Act to the Betting and Racing Act. This change was initiated by Parliamentary Counsel on the basis that it more accurately reflects the subject matter of the principal Act. New section 17B authorises the Minister for Sport and Recreation to prescribe, by order published in the Gazette, a person or body as a sports controlling body for a sporting event. A regulation-making power is included to allow an approval process to be prescribed, including but not limited to the making of applications, the provision of information and the prescription of fees. It is proposed that a process for mutual recognition of interstate sports controlling bodies be included in the regulations. The Minister for Sport and Recreation will have the administrative responsibility for this area.

New section 18 restates the existing provisions of the Racing Administration Act in relation to the power of the Minister for Tourism, Major Events, Hospitality and Racing to prescribe an event or class of events as a declared betting event. A provision has been added to require an application to be made to the Minister before making such a declaration by a licensed bookmaker who holds a declared betting event authority under the Act or by a licensee under the Totalizator Act 1997—that is, the TAB. The requirement for an application for new bet types reflects current practice and provides a necessary structure for the implementation of the operational model and the involvement of sports controlling bodies in the process. New section 18 (5) allows the Minister to remove a previously approved sporting event as a declared betting event upon application by the sports controlling body for the event. This provision gives effect to the sports controlling body's right of veto over betting on its sport, which is a key component of the national operational model. However, the Minister will have discretion to not approve the request if he considers that it is not in the public interest.

New section 18A directly follows the above application process and requires that a new sporting event may be prescribed by the Minister only in cases where a sports controlling body has been approved for the sporting event if an integrity agreement is in place between the applicant and the sports controlling body, and the sports controlling body does not oppose the making of the order. The proposed new section outlines the essential requirements of the integrity agreement, which include an outline of the measures used to prevent, investigate and assist in the prosecution of any match-fixing or corrupt behaviour; provision of financial return to the sport; information-sharing arrangements; and a consultation process for applications for new sporting events and bet types. A key feature of the bill, like the operational model and the Victorian regime, is that the details of the integrity agreement, including financial arrangements, are determined not by government but by the parties to the agreement. While the bill contains measures that actively bring the parties to the negotiating table, the outcome of the negotiations is left to the parties. It is considered that the parties are in the best position to reach agreement on these commercial matters at arm's length from government.

In circumstances where there is no approved sports controlling body for a sporting event, new section 18B requires the applicant to consult with key people or bodies involved in the administration of the event and convey their views to the Minister for consideration prior to

making an order. An offence provision is included in new section 18C prohibiting betting service providers whether in New South Wales or elsewhere from offering a betting service in relation to a sporting event unless an integrity agreement is in place with the sports controlling body for the event. The offence is based on a similar offence applying in Victoria under its Gambling Regulation Act 2003. Consistent with the Victorian offence, the proposed New South Wales offence has extraterritorial application and does not apply in the following circumstances: where there is no sports controlling body for the sporting event, to sporting events held wholly outside the State or during the six-month period following the approval of a new sports controlling body for an event.

The last exclusion provides betting service providers with a six-month transition period within which to reach an integrity agreement with a newly approved sports controlling body. The maximum penalty for the offence is a fine of \$11,000 for a corporation or \$5,500 or 12 months imprisonment, or both, for an individual. The penalty is consistent with those prescribed for similar offences in the Racing Administration Act 1998 and the Unlawful Gambling Act 2009. The offence provision provides further impetus to bring betting service providers and sports controlling bodies to the negotiating table to discuss and agree on integrity issues.

New section 19 essentially restates the existing provisions of the Act allowing the Minister to authorise licensed bookmakers to take bets on declared betting events. An offence provision is included to prevent a bookmaker from accepting or making a bet on a declared betting event unless they are licensed and hold a declared betting event authority. Any conditions to which the authority is subject must also be adhered to. The remainder of the bill contains matters of a transitional nature, including preserving declared betting events and declared betting event authorities in force prior to the amending Act, and consequential amendments to related acts included the Greyhound Racing Act 2009, the Harness Racing Act 2009, the Thoroughbred Racing Act 1996, and the Unlawful Gambling Act 1998.

In summary, this bill is an illustration of the Government's commitment to promoting integrity in sport and the regulation of associated sports betting. Sport has long been regarded as an integral part of Australian life. Australians are entitled to expect that the sports they watch or participate in are played honestly and in accordance with the ideals of fair play and good sportsmanship. Similarly, punters are entitled to expect that the sporting events upon which they wager money will be openly contested and free of manipulation. The bill is designed to give the public an increased level of confidence that these expectations will be met. A key aim of the national policy on match fixing in sport, upon which this bill is based, is to maximise public confidence in the integrity of sport and to ensure a level playing field.

The Government has already demonstrated its commitment to promoting a viable and successful racing industry through its successful race fields legislation. The principle that betting service providers should pay for the privilege of using racing information as a platform for their business applies equally to sport. The measures in this bill uphold that principle and demonstrate a similar commitment to promoting the integrity and sustainable

development of sport in this State. I commend the bill to the House.

Debate adjourned on motion by Mr Paul Lynch and set down as an order of the day for a future day.