

Second Reading

The Hon. PENNY SHARPE (Parliamentary Secretary) [10.25 p.m.], on behalf of the Hon. Ian Macdonald: 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 Casino Control Amendment bill 2009 contains a range of straight forward amendments to the Casino Control Act 1992. These amendments seek to achieve a number of aims:

To extend the casino licence review period from 3 years to 5 years

To extend the licence period for casino special employees from 3 years to 5 years

Implement better regulation principles to reduce the regulatory burden on Star City casino and the administrative burden on the Casino, Liquor and Gaming Control Authority (the Authority) while ensuring that the effective regulation of Star City is maintained and

Remove barriers inhibiting the Casino, Liquor and Gaming Control Authority the Authority from implementing better and more efficient ways of achieving its objectives.

This bill represents the first of two tranches of reforms that the Government intends to implement regarding the regulation of the Sydney casino.

The second tranche of reforms will be introduced later this year.

It is not the Government's intent or desire to change the 'single casino' arrangement approved by the Parliament.

Let me be clear also it is the Government's aim that the Casino Control Act and its enforcement will continue to ensure that the casino remains free from criminal influence or exploitation that gaming in the casino is conducted honestly and that the potential of the casino to cause harm to the public interest and to individuals and families is contained.

New South Wales has now had a legal operational casino since September 1995. The legislative and related licence arrangements have been successful in achieving the aims of the Government.

This does not however mean the law does not have to be refined and updated from time-to-time. A thorough review of the Act conducted jointly by the Authority and the casino operator has identified a range of amendments to the Act. These are needed to ensure New South Wales has current best practice for casino regulation and does not contain redundant administrative requirements.

Members should therefore note that the changes to the Act contained in the bill before them are refinements to the law. They do not constitute a major new regulatory regime.

The proposed changes will not have a significant impact on individuals the community or any specific sector of the community.

They will not have a significant impact on business by imposing large compliance costs. In fact it is intended that the proposals will result in a significant reduction in compliance costs.

They will not impose any greater material restriction on competition.

And finally they will result in a significant reduction of cost to Government and therefore taxpayers.

An important change introduced by this bill is to change the casino licence review period from every three years to a maximum of every five years.

Under section 31 of the Act, the Authority must investigate and form an opinion as to whether or not the casino operator is suitable to continue to give effect to the casino licence and the Act and it is in the public interest that the casino licence should continue in force.

These statutory investigations examine inter alia corporate structures associates and financial resources. They also involve the conduct of extensive checks with various law enforcement agencies and external regulatory bodies not only in New South Wales but interstate and internationally.

The last two such reviews conducted by the Authority in 2003 and 2006 found that Star City Pty Ltd the licensee has operated in a responsible manner consistent with the objectives of the Act.

These statutory reviews are extremely thorough but they are also extremely resource intensive for both the Authority and the casino operator. Therefore conducting reviews more often than necessary is an unjustifiable regulatory burden on both parties.

Given the Authority's long experience with these reviews and its continuous assessment of the casino's operations the Authority has advised the Government that extending the statutory licence review period from three to a maximum of every five years will not in any way compromise the objectives of the Act or reduce the degree of oversight of the casino's operations.

The Authority's inspectors maintain an on-site presence at the casino on a 24 hour 7 days a week basis. They ensure that the Authority has under constant review all matters connected with the casino.

The licensing by the Authority of "special employees" in the casino is another important facet of the casino's operational oversight. These "special employees" are identified under the Act as those who perform functions such as making decisions with respect to the casino's operations or engage in activities related to the conduct of gaming. Special employees may be involved in the movement of money or chips or the operation or maintenance of the casino's gaming equipment or security systems.

This bill seeks to extend the special employee licence renewal period from three years to five years.

Here again the Authority's long experience in licensing the casino's "special employees" indicates that any risk in extending the licence period is adequately covered by the mechanisms in place to monitor the ongoing suitability of licensed individuals. Such mechanisms include the requirement for the licensed employee to report specified changes in circumstance and flagging on the police database to alert the Authority of criminal charges brought against any licensed casino special employee.

The advantages of increasing the renewal period are:

Reducing the resources required for the processing of renewals

Maintaining the ability to determine whether the licensee continues to meet suitability requirements including financial stability

Continuing to enable the Authority to State with some assurance that its objective of keeping the casino free from criminal influence is being met through the casino employee licensing process

A five-year licence period for the casino's special employees, given the Authority's experience will still enable the Authority to State with assurance that a licensee continues to meet the requirements of the Act.

Members should note that the Act already provides for the automatic revocation of a licence when a special employee ceases to be employed by the casino thereby providing systematic security and certainty for the licensing system.

With respect to the licensing of special employees, as it relates to the operation, maintenance, construction or repair of gaming equipment, this bill will see licensing focussed on special employees activities concerning "approved" gaming equipment. With this change the casino operator will avoid having to licence persons who repair non-critical gaming equipment, for example gaming furniture, which does not have any relevance to gaming integrity. A considerable saving in time and effort for the employees affected the casino operator and the Authority.

Together the proposed changes to the casino licence review and special employee licence period represent substantial reductions in administrative costs for both the casino operator and the Authority without, in any way, reducing the already high standard of regulatory oversight of the casino.

A goal of this bill is 'future proofing' the casino legislation drafting it to accommodate unforeseen change and innovation in the commercial and technical environment.

To this end the Government is proposing a number of changes to the Act.

The first of these is to re-define "chips" the main 'currency' on the gaming tables so as to make it clear that it includes virtual chips or any other representation of chips in addition to physical tokens for the purpose of gaming.

Looking at the future development of gaming it is envisaged that players could buy an electronic or stored value card and so use 'virtual' chips at any gaming point whether it be at a table game or gaming machine or to purchase food. Patrons could in this way move their money around the casino without needing to keep changing back to physical cash.

This bill will future-proof the Act with regard to the advent of new technology. For example new technology may make closed circuit television obsolete. The proposed changes in this bill will allow this to happen without the need to amend the Act further.

This bill proposes additional amendments to remove red tape and improve the efficiency and efficacy of the Casino Control Act.

The casino's internal layout needs to change to accommodate gaming trends and changes in surveillance technology. It is therefore proposed to amend the Act so as to simplify and clarify the approval process by making minor amendments to Section 65 of the Act.

The bill contains amendments that will allow the Authority to provide for more flexible layouts. Minor changes to the position of a table or machine will be able to occur without having to process the approval of a complete new layout.

It will also bring certain requirements up to date for example catwalks are no longer a feature of modern casinos.

With respect to the approval of casino layouts it is also proposed to remove a technical anomaly in the current legislation, which prevents the casino operator from applying to change the casino's internal layout. Currently a change can only occur with the approval that is the direction of the Authority. Clearly this is not sensible.

As I indicated in my opening remarks this bill removes some administrative anomalies and introduces efficiencies in relation to the regulation of the casino.

This bill updates the method of changing the casino's boundary so as to be consistent with the process for changing a condition of the casino licence. The proposed amendment gives the casino operator the opportunity to make a submission before an adverse change is imposed by the Authority. It is unfair and unreasonable to continue to allow a situation in which the Authority may reduce or increase the size of the casino on its own accord particularly given the capital investment required by the casino in extensions to the casino.

This bill also introduces amendments that bring the regulation of the casino into line with the other jurisdictions with respect to banking procedures and facilities and internal accounting controls.

Firstly the bill removes the restriction on the casino operator using banking institutions outside New South Wales thereby bringing New South Wales into line with Queensland. Having accounts with banks in other countries can be a competitive point of difference for international high rollers and the Sydney casino needs to be able to compete on an equal footing. Furthermore, this will enable Tabcorp Star City's parent company to operate more effectively in managing its banking arrangements as it is based in Victoria.

The second amendment changes the timeframe for banking cheques where the drawee bank is located outside Australia from within 20 days to within 30 working days. It brings New South Wales into line with Queensland legislation.

An example of the impact of this change can be seen in relation to Tabcorp which operates casinos in Queensland. Without making the proposed change the premium players and junket groups that Tabcorp attracts to Australia are likely to be more attracted to the Queensland casinos than to Star City due to the greater flexibility in their banking requirements in place in Queensland.

This change will also allow the New South Wales casino to remain competitive with Crown Casino in Victoria as there is an extremely competitive market for international gaming business.

It is also proposed to bring the regulation of the casino with respect to the advertising of gaming machines, and penalties for allowing access by minors and penalty notices generally into line with the Gaming Machines Act and Liquor Act respectively.

This bill will allow the casino operator to use more contemporary means of providing information on games played at the casino to its patrons. For example the casino operator will be able to print out a document when requested or display the information at a computer terminal or an electronic kiosk.

Amending the Act to increase penalties for offences concerning minors accessing the casino under section 93 and section 97 from 10 to 20 penalty units bring the laws governing the casino into line with the similar provisions under the Liquor Act 2007.

Finally this bill makes machinery amendments to the Act to clarify matters with respect to the functions of the Authority. This minor amendment removes any blurring the distinction between the Authority's role in regulating the casino and the casino operator's role in managing it. This blurring of responsibilities has at times been problematic.

In conclusion there is strong evidence to suggest that the Casino Control Act is achieving its objectives. The review of the Act conducted by the Authority in conjunction with Star City casino has identified ways in which the regulation of the casino can be made contemporary and more efficient and effective.

The Government believes that this bill makes fundamental improvements to the regulation of the casino to the benefit of its operator the Government and the wider community.

I commend this bill to the House.