



LEGAL AFFAIRS AND SAFETY COMMITTEE

Members present:

Mr PS Russo MP—Chair
Ms SL Bolton MP (virtual)
Ms JM Bush MP (virtual)
Mrs LJ Gerber MP
Mr JE Hunt MP (virtual)
Mr JM Krause MP

Staff present:

Ms R Easten—Committee Secretary
Ms M Telford—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE CASINO CONTROL AND OTHER LEGISLATION AMENDMENT BILL 2022

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 8 JUNE 2022

Brisbane

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The committee met at 2.17 pm.

CHAIR: Good afternoon. I declare open this public briefing for the committee's inquiry into the Casino Control and Other Legislation Amendment Bill 2022. My name is Peter Russo, the member for Toohey and chair of the committee. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people, whose lands, winds and waters we all share. With me today are: Laura Gerber, the member for Currumbin and deputy chair; Sandy Bolton, the member for Noosa, via videoconference; Jonty Bush, the member for Cooper, via videoconference; Jason Hunt, the member for Caloundra, via videoconference; and Jon Krause, the member for Scenic Rim.

The purpose of today's briefing is to assist the committee with its examination of the bill, which was introduced into the Queensland parliament on 26 May 2022 and referred to the committee for consideration. Only the committee and invited witnesses may participate in proceedings. Witnesses are not required to give evidence under oath, but I remind witnesses that intentionally misleading the committee is a serious offence.

These proceedings are similar to parliament and are subject to the Legislative Assembly's standing rules and orders. In this regard I remind members of the public that under the standing orders the public may be admitted to, or excluded from, the briefing at the discretion of the committee. I also remind committee members that departmental officers are here to provide factual and technical information. Any questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House. These proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and are subject to the committee's rules and my directions at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. I ask everyone present to turn their mobile phones off or to silent mode.

CHAI, Ms Eunice, Principal Adviser, Office of Regulatory Policy, Department of Justice and Attorney-General

McKARZEL, Mr David, Executive Director, Office of Regulatory Policy—Liquor, Gaming and Fair Trading, Department of Justice and Attorney-General

CHAIR: I now invite you to brief the committee with an opening statement if you so wish. Then the committee will have some questions for you.

Mr McKarzel: Thank you for the opportunity to brief the committee today about the Casino Control and Other Legislation Amendment Bill 2022. I would like to start with an overview of the purpose of the bill. The bill has five main objectives. Its most important objective is arguably to strengthen Queensland's casino laws. The changes to the Casino Control Act 1982 proposed by the bill are aimed at increasing regulatory scrutiny over casinos and ensuring that meaningful action can be taken against casino entities that are found to have breached their obligations. The bill also contains a range of amendments aimed at modernising part of Queensland's gaming legislation, most particularly including to ensure cashless gambling systems can be evaluated and approved for use in gambling environments. The cashless amendments will discharge a government election commitment to investigate a transition pathway to safe cashless gambling in Queensland.

The third objective of the bill is to formalise a longstanding administrative policy that allows venues to offer gaming until 2 am on New Year's Eve regardless of the venue's usual hours of gaming. The amendment to the Gaming Machine Act 1991 will align New Year's Eve gaming trading hours with the extended liquor trading hours that already exist under the Liquor Act 1992.

Fourthly, the bill seeks to amend the Wagering Act 1998 to introduce a framework for the approval of wagering on simulated sports and race events. The amendments will allow the Queensland licensee Tabcorp to seek approval to offer a product known as Trackside. Wagering on simulated events will only be permitted from within Tabcorp's terrestrial retail outlets, and betting online or by

phone will not be permitted. Lastly, the bill will implement a cross-border recognition scheme designed to simplify the process for obtaining authorisation to conduct charitable fundraising under the Collections Act 1966.

I will now go into more detail about the amendments, and I will begin with those amendments aimed at strengthening casino integrity and regulation. The Australian casino industry has been under intense scrutiny over the last two years, particularly in relation to casinos operated by subsidiaries of Crown Resorts Ltd and the Star Entertainment Group. Both companies' casinos have been the subject of reports by the *Age*, the *Sydney Morning Herald* and *60 Minutes* regarding alleged unlawful and improper conduct, including allegations of enabling money laundering, organised crime, large-scale fraud and foreign influence.

In the case of Crown operated casinos, many of the media allegations were substantiated by the New South Wales Bergin inquiry, the Victorian Finkelstein inquiry and the Western Australian Owen inquiry, which found systemic compliance, governance and risk management failures. The inquiries ultimately concluded that Crown is not, without significant remediation, a suitable casino licensee for the new New South Wales Barangaroo casino, Crown Melbourne and Crown Perth respectively. The Crown inquiry subsequently triggered the Australian Transaction Reports and Analysis Centre's own civil action against Crown Melbourne and Crown Perth for 547 alleged breaches of Australia's anti money laundering and counterterrorism financing laws. Each alleged breach of the law, if proven, could attract a penalty of up to \$22.2 million.

The media allegations against Star are in the process of being investigated by various regulators and law enforcement agencies. Star, through subsidiaries, is the licensee and operator of the Star Gold Coast and Treasury Brisbane. Star also has a stake in the licensee for the new casino at Queen's Wharf and is due to operate the casino when it operates in 2023. In response to the allegations against Star the New South Wales Independent Liquor and Game Authority, ILGA, engaged Mr Adam Bell SC to review the suitability of Star to remain the licensee for the Star's Sydney casino. Mr Bell is expected to report by 31 August 2022. In addition, the Queensland Office of Liquor and Gaming Regulation and Austrac are also conducting investigations into the Star allegations. These investigations remain ongoing.

Together, these events indicate that stronger regulation is required for the casino sector. In fact, New South Wales, Victoria and Western Australia have committed to reform their casino industries. Queensland has an opportunity to take proactive action to enhance oversight of casinos and clarify how casino entities are expected to conduct casino operations in the state. In the development of the bill consideration has been given to the integrity issues identified by the interstate inquiries and the recommendations of the Victorian Finkelstein inquiry in particular. The amendments are considered by the government to be appropriate for general application to all Queensland casinos regardless of the outcome of the ongoing investigations into Star.

I will move to a couple of the amendments in the integrity space. These are amendments to enhance the regulator's powers and introduce obligations to cooperate. The Finkelstein inquiry found that Crown deliberately adopted a noncooperative, adversarial attitude in its dealings with the Victorian gambling regulator. Crown made a concerted effort to frustrate the regulator by failing to produce documents when required, providing inaccurate information and unnecessarily redacting information. The inquiry concluded that such conduct, if permitted to continue, would impede the regulator in carrying out its functions.

To discourage Queensland casinos in the future from adopting the same noncooperative attitude, the bill places a new duty on casino entities and their associates to comply with all reasonable requests made by the minister and the regulator under the Casino Control Act and self-report breaches of the Casino Control Act and particular agreements they may be party to and breaches of any directions given to them by the minister. The bill simultaneously enhances the regulator's information-gathering powers by introducing a broad information-seeking power which includes information that may be the subject of legal professional privilege. There will be now an ability to require a person to give information on oath or affirmation if required, a new broad prohibition on providing false and misleading information, and a power for the minister to direct a casino entity to engage an external adviser to report to the minister on a range of matters relevant to the casino and its operations.

The bill also seeks to ensure that appropriate action can be taken when casino entities engage in misconduct or are found to be not suitable. Currently, disciplinary action other than a letter of censure can only be taken if the ground for disciplinary action is of such a serious and fundamental nature that the integrity of the entire operation of the casino is jeopardised. The bill lowers this threshold to ensure that disciplinary actions, which will now include the imposition of a new pecuniary penalty, can be used effectively to curb misconduct or unsuitability as it emerges.

Casinos are, as you know, highly lucrative businesses. To ensure penalties are not viewed simply as a cost of doing business, the bill enables, as a form of disciplinary action, the minister to issue a fine of up to \$5 million and the Governor in Council to issue a fine of up to \$50 million. There are also other ranges of offences or increases in penalty units, for instance for breaching an approved control system.

Finkelstein found that Crown Melbourne's approach to various regulator investigations was frequently obstructionist and aggressive. Although we are not suggesting that Star has been obstructionist or aggressive during current investigations in Queensland, there is arguably little in the Casino Control Act to discourage casino operators from behaving in a similar manner to Crown. The bill therefore provides that reasonable administrative costs for the chief executive in assisting the minister or the Governor in Council to carry out disciplinary action may be recouped from the casino entity. The change is intended to encourage casino entities to engage promptly and in good faith with disciplinary procedures.

There are a few other amendments specific to casinos. We propose to remove redundant requirements for applications for casino employee licences; that is, no longer needing an applicant's fingerprints or a photograph. The bill also addresses an unreasonable limitation on protected rights under the Human Rights Act by removing a section of the Casino Control Act. It is a detention power.

I now move beyond casinos to the gambling legislation more broadly. In fulfilment of the government's election commitment regarding cashless gambling, the bill makes amendments to the various gambling legislation to create a framework to transition to safe cashless gambling. The amendments do not mandate cashless gambling; nor do they make widespread cashless gambling immediately available when the provisions commence. Rather, the bill takes a measured approach to the introduction of cashless payment methods and systems by expanding provisions that limit the types of payments that may be used to gamble or to pay out winnings, to require cashless gambling technology to undergo technical evaluation to ensure its safety, fairness and security, and to require all payment systems and methods to be approved subject to conditions. The bill also reflects the rapid pace of technological development and innovation by the introduction of a harm minimisation regulation-making power under each gambling act. The power may be used to respond to harms that may arise from new developments and products.

In terms of gaming machine trading on New Year's Eve, as I said earlier, the bill amends the Gaming Machine Act to formalise an arrangement that has been administratively in place for 20 years. It will provide certainty for venues in terms of aligning the Gaming Machine Act and the Liquor Act.

In terms of the framework for wagering on simulated events, the bill amends the Wagering Act to allow Tabcorp subsidiary Ubet to apply for ministerial approval to conduct wagering on simulated race or sporting events. The approval may be granted under the authority of the exclusive sports wagering licence. The amendments will allow Tabcorp to apply for approval to offer a new product known as Trackside. Trackside depicts horse and greyhound races, with results solely determined by a random number generator. These are animated races. Accordingly, the amendments to the Wagering Act are necessary to ensure that Trackside can be authorised under the sports wagering licence, not the race wagering licence. As an additional harm minimisation measure, betting on Trackside, if it is approved by the minister, would only be available in TAB outlets and agencies, not online.

Finally, I refer to the cross-border recognition scheme for charitable fundraising. The bill amends the Collections Act to implement a cross-border recognition scheme, with the registration being referred to as deemed registration. Under the amendments, charities that are registered with the Commonwealth's Australian Charities and Not-for-profits Commission, the ACNC, may notify the Office of Fair Trading of their intention to conduct fundraising in Queensland to obtain deemed registration as a charity under the Collections Act. By essentially recognising ACNC registration as approval to fundraise in Queensland, the amendments will reduce the regulatory burden for charities and make online fundraising easier. As Queensland and not the ACNC, the Commonwealth entity, remains responsible for regulating fundraising, the bill applies the fundraising conduct requirements of the Collections Act to deemed registrants.

The bill also removes the ability for a member of the public to object to an application for local registration—this is the registration that you can still get within Queensland—as a charity. The outcome will be that charities will no longer have to wait for the 28-day advertising period to end before their registration application can be considered. A member of the public may still apply to have a local charity removed from the register of charities once it has been registered.

That concludes my opening remarks about the proposed amendments. We welcome the committee's comments and any questions about the bill.

Mrs GERBER: Thank you for your fulsome presentation—your written submission and your oral submission. I am interested in the removal of section 105 on human rights grounds. I note that the bill proposes to remove section 105, which relates to the detention of persons suspected of cheating or possessing unlawful equipment. Removing that means that casino operators and their employees will not be able to detain a person who is suspected of cheating or using unlawful equipment. There are links between those people and organised crime. Quite often the equipment will be used in money laundering. By removing the ability of the casino to detain that person, what other mechanisms are proposed to ensure public interest is maintained if someone is cheating or using illegal equipment in a casino?

Mr McKarzel: The casino floor is completely covered by a surveillance system as well as a CCTV system. The department also has onsite inspectors, and in the two southern casinos there is onsite police presence. You are right that in some cases it could be the case that cheating might have a relationship with crime, but a lot of the time it has a lot to do with somebody who moves a card or does something they should not. The issue we faced was that a person who is cheating, if they are involved in nefarious activities, is likely already under surveillance or is known. As part of the regulatory framework, if they are known they should not be in there. If there is behaviour that is not appropriate, that is why we have the inspectorate and the police there.

The issue is not whether or not they are cheating; the issue has always been whether or not an employee or a public servant can detain somebody. It has never been used. Given that in the two big casinos you have police available, the argument is that there would be a way to identify the person, stop them from cheating and then obviously interview them or consider whether an offence has been committed, without an inspector or an employee having to use a detention power. The analogy is, in the simple terms of cheating: if that person did grievous bodily harm to somebody and then ran out the front door, there is no power under the act for an inspector or an employee to stop them. It only relates to cheating.

The truth is that the objective 40 years ago was almost certainly the protection of revenue. There are mechanisms to identify people who may or may not be involved in nefarious activities. In terms of what you would have in front of you, which is somebody who is cheating—remember, that is normally picked up through the surveillance cameras—the question then is whether it is appropriate for a bureaucrat, an inspector or an employee to be able to physically restrain them, waiting for police to arrive, particularly when we have police in the two southern casinos. That is the rationale behind it. It is a balancing act in terms whether you leave it in not.

Mrs GERBER: The department is not aware of section 105 ever being used; is that right?

Mr McKarzel: Yes. We checked. There is no record of it ever being used.

Ms BOLTON: I refer to the simulated event. To address the potential risk of gambling related harm, the proposed framework allows bets on these events to be taken only from approved wagering outlets and agencies. Can you provide more information on how a gambling related harm will be minimised, especially with the introduction of cashless gambling? From everything we have been working on, including responsible gambling, that would actually make it easier.

Mr McKarzel: If I could go the main issue, the most harmful manner in which betting on simulated events could be conducted would be online, on your phone. The legislation completely and utterly prohibits that. That is the first issue. It is going to be in an outlet where somebody who has gone in to bet is also betting on real horses as opposed to animated horses, which is what the simulated event is. The definition of the simulated event is quite narrow: it is an event based on a random number generator. What you are talking about is a random number generator, which is a glorified electronic raffle, and the results of that are depicted graphically as an animated horserace or, possibly in the future, an animated sports game. The bets or the contingencies you can place are likely to mirror what you could do on a real event, which is what the outcome would be.

The other protections would be the same protections that exist for terrestrial wagering, for wagering when you go into a TAB. You still have the ability to self-exclude from the TAB. There is still a ban on credit. There is still a ban on credit cards. To the extent that the graphics may depict certain events in a way that may be offensive or may lead to further harmful gambling behaviour, the minister has the power—and so does the department in terms of the equipment—to either not approve it or to withdraw the approval. We have put in both provisions. Even after the event, if it turns out there is something in the animation that is not appropriate or that somehow encourages people to want to gamble further when they may not necessarily have done that, there is an ability to withdraw the product. The product would be fully evaluated. We are one of the only states in Australia that has its

own in-house technical lab that evaluates gaming equipment, gaming machines and gaming systems. If Trackside was put up by Tabcorp, once the bill went through, as the simulated event product they would like to introduce, it would be fully evaluated.

The other point I would make is that there is a very similar product already available in TABs—it is certainly in clubs and pubs—called Keno Racing. It is not as advanced a product in terms of its presentation, but it is the same thing. It is an animated horserace. The random number generator is actually the Keno draw, so it is the Keno draw displayed as an animated horserace. It is not like a product like that is not already out there.

Ms BOLTON: Back to the cashless, does that not make gambling more easily accessible?

Mr McKarzel: You are right: it potentially does. The issue we have is that, particularly post the pandemic, cashless is becoming the norm. We have tried to examine what types of cashless mechanisms may come in the future and how we can mitigate the harm we have been mitigating through restrictions in terms of the use of cash. How can they be replicated in the cashless environment or are there alternatives if they cannot be replicated?

The main problem, as you probably realise, is that there is no circuit-breaker when you are gambling without cash. When you are handling money, there is a physical handling of money which allows for a circuit-breaker to stop and think, 'Do I want to continue to gamble?' Without that, gamblers could lose track of their spend. To counteract that, we have basically required that every payment method other than cash will have to be approved by the chief executive, and that will include approvals on conditions.

This does not relate to this bill, but the example I will give you was already in the Gaming Machine Act and is the kind of thing we would do. In a club, if you have a win above a certain amount you cannot get it in cash. The Gaming Machine Act says that you can go to the cashier and you can get a cheque. A cheque has a period of time before you can get access to it, so there is no chance of you going to the ATM, pulling out the \$5,000 you won and putting it back through the machine. Nobody is using cheques anymore.

The request we received was for electronic funds transfer. The problem with electronic funds transfer is that it can be very quick. You could, in a sense, then go to the ATM and gamble the lot in a scenario where you may not have done that if you had had a chance, using the cheque system, to think about it, because it is a matter of stopping and thinking. That was a regulation change in the Gaming Machine Act. Similar provisions do not exist in the other acts, but the bill is proposing that. By way of example with the electronic funds transfer issue, we ended up authorising electronic funds transfer but it could not hit the account for three days. It mirrored the scenario that you have with a cheque. The venues had to talk to their banks to sort out a process whereby the electronic funds transfer reflected that three-day wait.

In bringing in the bill and providing for an approval process, we will talk to our colleagues in other states and territories, we will look at research and we will talk to the technical people to try to work out ways that will minimise the harm that might re-emerge because it is no longer a cash based system or prevent additional or unexpected harm that might arise from the cashless system. It will not be an automatic process; it will be a process whereby you will have to apply to have the system evaluated. We will put out guidelines and standards so that the industry understands what is expected of them. There will be an onus on them, as well as us, to identify where the harm might be and what they are doing to mitigate it.

Ms BUSH: Will the cashless gambling system apply to poker machines as well?

Mr McKarzel: Yes and no. Currently we have a note acceptor system. You can put notes in, and the maximum is \$199. There are two cashless systems currently already in place. One is what is called TITO, which is ticket-in ticket-out. Under the Gaming Machine Act, that went through an evaluation and approval process. In terms of when you can use ticket-in ticket-out, the limits—except for a minor variation—mirror the maximum denominations you can use with cash in a gaming machine. We also have authorised card based gaming. Any card based system that we approve has to limit the amount of money you can transfer from the card—the equivalent of your wallet—to the machine at any one time. Again, it mirrors the overall cash limit of \$199 that you can put into the note acceptor.

In terms of gaming machines, I suppose in a sense what we are doing in terms of all the other acts is taking the experience we have had dealing with cashless systems for gaming machines and the ability to mandate harm minimisation requirements and we are transferring and replicating it across all the other acts. We have also made sure that the Gaming Machine Act is flexible enough so that, if in future there is another cashless system—I do not know the full technical details about the concept of a digital wallet. We are futureproofing all of the acts, including the Gaming Machine Act, so that when

the next cashless mechanism for payment comes along we can evaluate it and we do not cause the industry to have to wait forever to get a 'yes' or a 'no' but, at the same time, we can make sure that the harm is minimised as much as possible.

Ms BUSH: Thank you. Believe it or not, I do not go to casinos very often so I am trying to envision how this operates. When I first saw the proposals I thought it might be a chance to strengthen some of the safeguards around moving to cashless whereby you could limit cards not only on an individual poker machine but perhaps across a syndicate of machines as well. Is that something that will be explored as part of the reform or is that an option that could be explored in these proposals?

Mr McKarzel: That is a policy issue that would have to be put to the Attorney and we would obviously have to consult with a wide range of stakeholders. The answer goes back to the futureproofing issue I mentioned earlier. We are trying to introduce provisions that would allow us to do innovative harm minimisation at the same time as allowing the businesses that are licensed to provide the service with the ability to take advantage of the obvious cost savings that you get from not having cash—that is, obviously, the cash-handling costs. There are a range of things that can be done. It would be a matter of the government giving particular consideration to an idea such as that one and various other ones that may come up. We have a national regulators forum, where the commissioner regularly meets with her counterparts. There is a lot of sharing of information and ideas which allows us to see what may be coming or to assist our interstate colleagues in terms of what may be coming.

Mr KRAUSE: Is virtual racing just available to TAB or can other people access or apply to be a participant in that? Is that policy or in legislation?

Mr McKarzel: The bill will only allow the licensee, which is Ubet—there is only one formal Queensland licensed entity; the licensee's wagering manager, if they have an agreement with a wagering manager that runs the actual operations; and agents such as clubs and pubs. When you go into your pub TAB, they are technically acting as an agent for the wagering licensee.

Mr KRAUSE: I understand, but overall it is just Ubet—TAB?

Mr McKarzel: Yes.

Mr KRAUSE: That is in the bill?

Mr McKarzel: Yes.

Mr KRAUSE: Thank you. Do you or the department have any evidence of or allegations before you of illegal operations by the Star in Queensland?

Mr McKarzel: The best I can tell you—and this is public—is that there are ongoing investigations by both the OLGR, the Office of Liquor and Gaming Regulation, and Austrac into matters connected with the Star. If you recall the *60 Minutes* program before the last *60 Minutes* gambling program, there were allegations regarding matters to do with whether money-laundering systems were appropriate and whether or not the exclusion process was working appropriately. There are ongoing investigations into that, but they are not concluded.

Mr KRAUSE: Will the outcome of those investigations be made public in due course? Can you not say at this point?

CHAIR: I do not believe that Mr McKarzel is in a position to be able to answer that.

Mr McKarzel: I am probably not.

Mr KRAUSE: In relation to the new provisions about self-reporting in relation to breaches of the legislation, are there not already self-reporting obligations in the casino regulation in Queensland?

Mr McKarzel: There are self-reporting obligations within the internal controls. All of the control systems that the casinos in Queensland operate under have to be approved. Every one of them has to be approved by the Office of Liquor and Gaming Regulation. Within the control system there is a requirement in the internal controls that they should self-report, but a breach of internal controls—and you will notice that we are even increasing the penalty for breach of internal controls—

Mr KRAUSE: We will come to that.

Mr McKarzel:—is nowhere near a disincentive compared to what Finkelstein recommended, which was put to it in the act and make it a central—

Mr KRAUSE: So you are elevating it in the scheme?

Mr McKarzel: Yes, absolutely.

Mr KRAUSE: Can you tell us if individual criminal sanctions were considered, in relation to that matter, to breaches of the act? If not, why not? Did it not come out of the review?

CHAIR: Slow down. One question at a time would be helpful. What is your first question?

Mr KRAUSE: Were individual criminal sanctions considered as part of that process?

Mr McKarzel: The focus was on Finkelstein and those provisions that were clearly addressing the kind of behaviour that came out of the inquiry. What is in the bill I suppose is government's policy position. There are a range of other policy responses. If you look at the US, they have a different way of doing it.

Mr KRAUSE: On reflection, this might be a question going to policy.

CHAIR: Yes, it is. Are you finished, Jon?

Mr KRAUSE: I do have another question. It relates to a different matter. Are there any additional restrictions in the bill being placed on people who work in casinos, either on the floor or in management? Obviously, some of the issues identified interstate related to individuals in management. Are there any additional restrictions being introduced in the bill for vetting people's character, past criminal history, past history of insolvency or other bad corporate behaviour or anything like that?

Mr McKarzel: It is a good question. Almost all casino employees are either what we call casino employees or key employees under the Casino Control Act. All of them have to be licensed and all of them go through probity. There is an ongoing tracking of their probity over time as well. We have systems where we can find out whether somebody has been charged or convicted of something. Those remain in place.

The kind of behaviour you are referring to, I think, is some of the stuff that came up in the inquiry that was not necessarily in breach of the law but goes to the direct issue of the probity, integrity and environment that a casino creates which may allow other individuals to breach the law. It is the self-reporting provision; 'If we ask you something, you have to tell us.' It is those provisions that are aimed at the behaviour of management to make sure we can find out where that behaviour is going on, because it is not going to show up as a charge by the police or an offence or anything that goes to the formal probity process that we make them go through before they can work in the casino.

Yes, the probity process for individuals remains in place, but this is about what happens under the pressure of operations: what are they required to tell us, what can we ask them and what do they have to reply to? It is sort of coming at it from the other end, because the probity issue is knocked out either through self-selection—you preselect yourself out—or we find out that you have this offence, that offence, you were bankrupt or whatever.

Mr KRAUSE: Some people do get excluded from time to time?

Mr McKarzel: Refused, yes. Because it is so rigorous and it has been there for so long, most people say, 'I'm not going to get a licence because I'm going to get found out.'

CHAIR: Or refused.

Mr McKarzel: Refused, yes.

CHAIR: When they apply, most people would realise halfway through the process or at the beginning of the process that they are not going to make the benchmark.

Mr McKarzel: That is right.

Mr HUNT: I am seeking a little more reassurance about the transition to safe cashless gambling. You were talking about building the system in such a way that you can futureproof it in relation to some of the examples Jonty raised. In the immediate aftermath of this, what is going to be in there for the actual here and now to ensure that cashless gambling does not run away from us? I understand the long view, but in that transitional phase what is going to be immediately apparent? What will I notice straight off the bat that makes cashless gambling safer and less dangerous for those who may have a problem?

Mr McKarzel: I think the thing you will notice is that nothing changes immediately. What we are doing is providing for a framework, an application process, where manufacturers of these systems will need to come to us with them—when I say 'us' I mean the regulator—and those systems will be assessed against a variety of criteria, some of which may derive from standards that we adopt from elsewhere; some may very well be from standards that we work through ourselves.

This is not a matter where venues can buy, or manufacturers can just start selling, cashless gaming systems and they can be implemented directly into the venues. It is now, and it will be, an offence to use a system that has not been approved. We have a lab. As I said, I think we are the last state and/or territory in the country with its own internal lab. The lab will take however long it takes to make sure that it meets the required standards, and that is not just a matter of ticking boxes. If we think

there is something there that as a matter of principle we are uncomfortable with, we will go back to the applicant and ask them to consider a change or tell them to come up with some other way of doing it; otherwise it will not be approved.

That process has gone on with gaming machines for a very long time. It has also gone on with the introduction, if you remember, of online systems for Lotto and online systems for TAB. What we are doing is implementing the same kind of framework so that we can look at it and do the best we can to mitigate. In some cases where harm is not able to be mitigated you are left with two choices: refusal or some offsetting harm minimisation requirement. You might say, 'This is marginally harmful because there is no longer a particular characteristic of it that used to be in place when it was just cash, so we will condition you or we will introduce a regulation that will require you to do something else that we know is proven to reduce harm,' so it would then be a whole-of-venue approach to the reduction of harm. It is just as likely or possible that the commissioner could decide that if the particular cashless system gives rise to harm that is not tolerable, that is not minimised, then it would be refused.

Mr HUNT: To reinforce these requirements, the idea is to elevate penalties for noncompliance and non-collaboration?

Mr McKarzel: No, sorry, that is under the Casino Control Act where we are asking for information from the casino about the conduct of gaming more broadly. That would also include table games. In terms of offences relating to systems, I have to double-check whether the penalties for those have been increased.

Ms Chai: No, they have not.

Mr McKarzel: The penalties are still the same. What we are providing for is that it is approved on conditions, so on the condition that it does this, that and the other thing. If we find through inspections and audits that the equipment is no longer configured to do what it was approved to do, then what you will have is an offence for using unapproved equipment and also an offence for breach of the condition. There are two constraints on the use of the equipment. It is an offence, from memory, to install the equipment if it is not approved.

CHAIR: Dealing with the cashless issue, it is really driven firstly by the industry and what is commercially happening everywhere, which is that people are not using cash anymore; they are using their card or their phone. The second thing is: it is my understanding that it also has a bearing on money laundering. That came out of one of the inquiries, did it not?

Mr McKarzel: Yes. From memory, Finkelstein actually made encouraging comments to the Victorian casino saying, 'You need to transition to this.' There were at least commitments in principle given by both Crown casino in New South Wales and Crown casino in Victoria that they would ultimately transition to cashless. Finkelstein, yes, did think there was an advantage on the money laundering front to not having cash, and all the evidence does point to that.

As the committee has raised, cash has an inherent harm minimisation benefit because you have to go back to your wallet. When you see the cash, there is a brake in place and you think, 'Do I want to continue or do I want to go home or do I want to go and have a meal?' When you are not seeing it, it is a lot easier to continue to bet when under parallel circumstances with cash you would not.

CHAIR: There can be mechanisms put in place that prevent you. The machine will lock you out.

Mr McKarzel: Yes.

CHAIR: That is just an example.

Mr McKarzel: Yes, there are electronic and software options.

CHAIR: That make you go and have a cup of tea.

Mr McKarzel: Absolutely. It is not out of the box, Chair, to say that some of those solutions are contested in terms of both their efficacy and differing views.

CHAIR: According to the clock, we have two minutes. Does anyone have a burning question?

Mrs GERBER: Only one question, Chair?

CHAIR: Only one, please.

Mrs GERBER: The bill introduces a duty on casinos to comply with reasonable requests made by the chief executive, inspector or minister. I am just interested to understand whether or not that duty already exists under common law. I am pretty sure it probably does, but I am just after an explanation from the department as to whether there is already a duty on casinos to comply with requests under common law.

Mr McKarzel: It is an interesting question. I suspect that if there is a duty that exists we would still have preferred legislation because there is far less argument over case law and what it actually means and how it applies to particular circumstances. With Finkelstein effectively saying he thinks there should be a statutory duty, there is an assumption that, given the length and breadth of that inquiry, a recommendation like that is likely to be best practice. Our own internal view was that if you put it up in lights it is there, it is in the statute and there is no argument.

CHAIR: That concludes this briefing.

Mr McKarzel: I am sorry, Chair, but may I just clarify one answer?

CHAIR: Yes, of course.

Mr McKarzel: I ran away with my description of electronic funds transfer for gaming payments. I think I said that if you have winnings over \$5,000 you would have to get a cheque and now it has moved to electronic funds transfer. Then I think I said that it is three days to get the money. It is not; it is the next gaming period. What we ended up doing was: whatever period you are in—what we call a gaming period, so if everything closes at midnight—you could access money the next day, the idea being as long as you had an opportunity to go home. I just wanted to clarify that.

CHAIR: Thank you. That concludes this briefing. Thank you to everyone who has participated today. Thank you to Hansard reporters and thank you to the secretariat. A transcript of these proceedings will be available on the committee's webpage in due course. There were no questions taken on notice. I declare the public briefing closed.

The committee adjourned at 3.16 pm.