

CASINO (BURSWOOD ISLAND) AGREEMENT AMENDMENT BILL 2003

Consideration in Detail

Resumed from an earlier stage of the sitting.

Clause 1: Short title -

Debate was interrupted after the clause had been partly considered.

Mr C.J. BARNETT: Before question time we were discussing some of the circumstances that led to the title of the Bill. We established that former Labor Senator Hon Graham Richardson had represented Publishing and Broadcasting Ltd to the current minister Hon Nick Griffiths. Will the Treasurer confirm that the issue raised by Senator Richardson was the raising of the cap? I understand that was the discussion point we were at prior to question time.

Mr E.S. RIPPER: I was not present at that meeting. I have given my summary of that meeting and that is all I have to say on the matter.

On the question of raising the cap, Burswood sought removal of the shareholding limitation for the following reasons: to eliminate the discount at which Burswood shares were currently traded, given the limited ability of investors to trade freely; to enhance the interest and capacity of institutional shareholders to trade in Burswood shares; to decrease and normalise relative to other public companies the cost of equity applicable to Burswood; and to enable further growth by improving funding opportunities and, hence, strategic flexibility for Burswood consistent with that of other Australian publicly listed companies. In addition, the Government had the view that removing the 10 per cent shareholding limitation and exposing Burswood to the normal forces of capital markets, including potential takeover, would improve the accountability arrangements for management in the performance of Burswood. With the present 10 per cent limitation, management is in effect shielded from any takeover and therefore not subject to the normal market pressures to perform.

I do not have any objection to the performance of the current management of Burswood and I am therefore not having a go at the management of Burswood. The current management can take great credit for many developments there. However, it is usual for the management of a publicly listed corporation to be subject to accountability because there is always the possibility that the company might be taken over. Those reasons, put to us by Burswood, and the last reason I outlined in the Government's thinking led the Government to make the decision that it did. The finalisation of the agreement with Burswood involved a number of stages. The first Burswood presentation to the Government was made in July 2001. The first Burswood submission to the Government was made in October 2001. The Cabinet considered the issues in November 2001, May 2002, June 2002, July 2002, August 2002 and finally, as I indicated in my response to the second reading debate, on 23 September 2002.

Finally, the removal of the cap is not a circumstance in which people can now get more than 10 per cent, whereas previously they could not. The pre-existing arrangement could have led to someone going beyond 10 per cent with specific ministerial approval because it was possible for the minister to have given approval for an individual shareholder to go beyond 10 per cent. The Government did not exercise that option in favour of anyone. The Government has negotiated with Burswood for the removal of the 10 per cent cap. It would have been an invidious position for any minister to be in if he had been asked to make that sort of decision by a commercial operation.

The SPEAKER: Before I give the call to the Leader of the Opposition, I am a little confused about whether we are debating clause 7 or clause 1. Clause 1 appears to have absolutely nothing to do with what we have been debating, and clause 7 appears to have everything to do with what we have been debating.

Mr C.J. BARNETT: I do not mind how we proceed. I wish to raise the point. I am happy to deal with it during debate on the clauses. It might have been easier to deal with some general issues under this clause. However, if the Speaker wants to do it during debate on the clauses, it will take longer; that is all.

Clause put and passed.

Clause 2: Commencement -

Mr C.J. BARNETT: Part of the agreement with Burswood Casino relates to the removal of the cap as of September 2003. I understand that is still the current arrangement. Will the Treasurer comment on the priority of this Bill? I understand that the priority of this Government is the cannabis legislation in the upper House. Does the Government intend to give this legislation a higher priority than the decriminalisation of cannabis?

Mr E.S. RIPPER: Priorities in the upper House will be determined by the Leader of the Government in the upper House, depending on the way in which the debate proceeds. It may well be the case that by the time this Bill reaches the upper House and has been through its normal waiting period on the upper House Notice Paper,

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

the debate on the Bill to which the Leader of the Opposition referred will be finished. My advice is that Burswood would like the Bill to be endorsed by the Parliament before it has its annual general meeting, because at the annual general meeting it will need to alter the constitution, in line with the agreement and the legislation. However, if the Bill is not passed by that time, other arrangements will have to be made.

Clause put and passed.

Clauses 3 to 6 put and passed.

Clause 7: Sections 11 to 17 inserted -

Mr M.J. BIRNEY: This clause appears to be a fairly comprehensive clause that deals with a number of issues, not the least of which is the 10 per cent cap. Proposed section 13 deals with the 10 per cent cap. Was the decision to lift the 10 per cent cap on shareholding made by the Government before or after Hon Nick Griffiths met with Graham Richardson?

Mr E.S. RIPPER: As I have indicated already, the Government negotiated with Burswood on this matter; it did not negotiate with Mr Richardson. This legislation ratifies an agreement between Burswood and the Government; it does not ratify any agreement, and there is no agreement to ratify, with anyone else.

Mr M.J. BIRNEY: I am not sure that the Treasurer answered my question. It is a pretty simple question. Will the Treasurer tell me whether the decision to lift the 10 per cent cap on Burswood shareholding was made prior to the meeting between Hon Nick Griffiths and Graham Richardson or after it?

Mr E.S. RIPPER: The first presentation from Burswood was in July 2001. There was a submission in October 2001. There were cabinet discussions on the issue in November 2001 and in May, June, July and August 2002. Final approval to draft this legislation was given on 23 December 2002, and the matter was announced on the following day.

Mr M.J. BIRNEY: The Treasurer has just advised us that the decision to abandon the 10 per cent cap on Burswood shareholding was made on 23 December 2002. On what date did the meeting between Graham Richardson and Hon Nick Griffiths take place?

Mr E.S. RIPPER: That information has already been given to the House.

Mr M.J. BIRNEY: Was it prior to 23 December 2002?

Mr E.S. RIPPER: That information has already been given to the House.

Mr M.J. BIRNEY: It is quite interesting, is it not, that the Treasurer simply refuses to answer the question? I guess it leads one to be slightly suspicious. The question I asked the Treasurer, which he has managed to dance around, is whether the Government made the decision to abandon the 10 per cent cap on Burswood shareholding before or after the meeting between Hon Nick Griffiths and Graham Richardson.

The ACTING SPEAKER (Mr A.D. McRae): While the member for Kalgoorlie is on his feet, he might explain to me how that is relevant to this clause.

Mr M.J. BIRNEY: Have you read the clause, Mr Acting Speaker?

The ACTING SPEAKER: I am reading it and trying to understand. The member might explain that to me.

Mr M.J. BIRNEY: Sure. Proposed section 13 in clause 7 abandons the 10 per cent cap on shareholding. I am trying to find out the process that was undertaken prior to arriving at this proposed section, because it is the one that abandons the 10 per cent cap on shareholding. Members can call me suspicious if they like, but I suspect that the decision made on 23 December 2002 to abandon that 10 per cent cap was made after Hon Nick Griffiths had a meeting with Graham Richardson. I am becoming more suspicious by the minute, given that the Treasurer steadfastly refuses to acknowledge that point.

Perhaps I could ask the Treasurer another question. The Treasurer said that he was not privy to that meeting between Hon Nick Griffiths and Graham Richardson. However, he did advise the House that his adviser, Mr Sargeant, was at that meeting. Given that Mr Sargeant is with us in the Chamber today, will the Treasurer tell us specifically whether Graham Richardson requested that the 10 per cent cap on Burswood shareholding be removed?

Mr E.S. RIPPER: The Opposition is just playing a silly game. As I indicated in my second reading speech, whether a particular person outside the Government happens to support or not support a certain position should not be the basis on which the Opposition assesses something. I remind the member for Kalgoorlie that I have given the example of the constituent who came to my office and said that he was quite pleased that Hitler had supported annual leave. It does not mean that annual leave is a bad thing because Hitler was a bad man and he supported it. The matter must be examined on its merits. The member for Kalgoorlie has said that he thinks it is

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

silly for the 10 per cent cap to be maintained. If I went to my Caucus and said that we will adopt this position, and one of the arguments for it is that the member for Kalgoorlie thinks it is a good thing, I do not think members of my Caucus would find that persuasive. In fact, they might think that that was a reason to vote against the proposition. If I further said that the Leader of the Opposition had told the House that his party would vote for this, and therefore it was a good thing and we should do it, I believe there would be even more suspicion and opposition in the Caucus.

Of course, the member for Kalgoorlie, looking at the matter from the outside, would say that that is silly and there should be an assessment of the merits of the matter. That is exactly what the Government has done. It has not negotiated with anyone other than Burswood on this matter. The Government has reached an agreement with Burswood, and it has reached that agreement for the reasons I have outlined. It enhances the interests and capacity of institutional shareholders to trade in Burswood shares. It decreases and normalises the cost of equity applicable to Burswood. It enables further growth by improving funding opportunities and gives Burswood strategic flexibility consistent with that of other Australian publicly listed companies. It eliminates the discount at which Burswood shares are currently traded given the limited ability of investors to trade freely. As I have already indicated, all matters associated with the agreement were discussed at a number of cabinet meetings as early as November 2001 when Cabinet began discussing this issue. Lobbying or presentation of views by representatives of companies unconnected with Burswood has nothing to do with the decision.

Mr M.J. BIRNEY: I asked the Treasurer very clearly and succinctly did Graham Richardson, in that meeting with Hon Nick Griffiths, specifically ask for the 10 per cent cap to be abandoned. The Treasurer's adviser, who was at that meeting, is sitting right next to him. Why does the Treasurer not lean over and ask him the question and then put it on the public record? It is a very simple matter. The Treasurer has said to us very clearly that Mr Sargeant was at that meeting -

Points of Order

Mr R.C. KUCERA: I have a point of order on Standing Order No 97 dealing with repetitious or irrelevant debate. The Treasurer has answered the question on a number of occasions, including in his second reading speech and consistently to both the Leader of the Opposition and the member for Kalgoorlie. He has answered consistently and clearly what the situation is. Frankly, this is not relevant to the debate and, further, the answer has been given and the member is now becoming repetitious.

Mr M.J. Birney: Sit down, you clown!

Mr C.J. BARNETT: Further to that point of order, Mr Acting Speaker -

The ACTING SPEAKER (Mr A.D. McRae): Just sit down, please.

Mr C.J. Barnett: Very interesting.

The ACTING SPEAKER: I call the member for Kalgoorlie to order for the first time.

Mr C.J. BARNETT: I seek some clarification. You have just called the member for Kalgoorlie to order, Mr Acting Speaker. From my observation the member for Kalgoorlie was actually sipping a glass of water. I would ask that you inform the House on what basis you have called him to order.

The ACTING SPEAKER: I am not required to give that explanation, but so that the member understands what he cannot continue to do, I will: I will not tolerate it when a member is on his feet addressing a point of order to me, and he calls out, "Sit down, you clown", or words to that effect. If the member for Kalgoorlie wants to dissent, he is entitled to.

Mr M.J. Birney: Getting closer to that point -

The ACTING SPEAKER: I call the member for Kalgoorlie to order for the second time.

Mr C.J. BARNETT: I have a point of order, Mr Acting Speaker. You have not yet ruled on the point of order, and I would like to speak on the point of order.

The ACTING SPEAKER: I was waiting for you to speak to that point of order.

Mr C.J. BARNETT: The whole purpose of this casino amendment Bill is the lifting of the cap. That is the reason that this Bill is here. It also makes some changes to taxation, which are of some substance. They are the two issues. I do not think there is any disagreement or issue about taxation rate changes. The issue of substance in this Bill is the lifting of the cap. It is quite proper for this Parliament to ask questions of a minister about the events leading to a government decision to lift the cap. That is the essence of this Bill, and I assure the House we will pursue that issue. I want to know on what basis the Government made a decision to overturn 20 years of policy relating to the Burswood casino.

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

The ACTING SPEAKER: The Minister for Small Business has a point, although I also recognise that, in the course of this debate, it is absolutely legitimate to pursue that question on the formulation of policy. I have no difficulty with that. However, the point of order goes to repetition and the tediousness of the debate, as well as its relevance. On the basis of relevance, it is probably absolutely appropriate to continue. It is a relevant part of the debate. However, the point having been made, from memory, at least three times since the end of question time, I wonder whether we are going to reach a conclusion.

Mr C.J. Barnett: And get an answer.

The ACTING SPEAKER: I will allow you to make that interjection, Leader of the Opposition, during the course of my explanation or reasoning. It is not for me to decide whether the minister has or has not answered the policy point that is being made. That is not at issue here. The question is whether it is tedious and repetitious. That is what the standing orders refer to and that is what I am obliged to enforce. Whilst the minister does not have a point of order on relevance, I think we have come to the end of the tediousness and repetition. The member for Kalgoorlie was on his feet. I ask him to continue and for the last time to make the policy point that he was attempting to make.

Debate Resumed

Mr M.J. BIRNEY: The policy point that I was trying to make was simply this: it would appear, at least on the face of it - and I suspect there is even more substance to it than that - that a very senior ex-member of the Labor Party has influenced the Government to remove that 10 per cent cap, which ultimately will benefit that person's current employer, or may benefit that person's current employer, and the Treasurer steadfastly refuses to give us that information. That information is available to him here and now through his adviser who is sitting on his right-hand side, because he was at that meeting. I ask the Treasurer one more time: will he lean over and ask Mr Sargeant if Graham Richardson requested that that 10 per cent cap on shareholding be removed? If the Treasurer is not prepared to do that and if he is not prepared to go on the public record here and now and give us the facts of the matter, I suggest that that smells and it looks suspiciously like Mr Richardson has influenced government policy, probably in a similar fashion to the way Mr Burke and Mr Grill have been influencing it for the past two years. The Treasurer should just give us the answer. Did Mr Richardson request that that 10 per cent cap be removed, or did he not?

Mr E.S. RIPPER: It would appear that while it is possible for ex-members of the Liberal Party, or current members of the Liberal Party who are ex-members of Parliament -

Mr M.J. Birney: Answer the question.

Mr E.S. RIPPER: It would appear that whilst it is possible for people who are associated with the Liberal Party to be involved in business and to approach the Government, whether it be a Labor Government or a Liberal Government, and have meetings and have those matters viewed as normal aspects of interaction between government and business, in the view of the Opposition it is not possible for a person who has formerly been a Labor member of Parliament to undertake that same role. It is apparently perfectly okay for Mr -

Mr M.J. Birney: We just want the answer.

Mr E.S. RIPPER: It is apparently perfectly okay -

Mr M.J. Birney: Give us the answer.

Mr E.S. RIPPER: Would the member for Kalgoorlie just let the debate continue?

Mr M.J. Birney: Just answer the question.

Mr E.S. RIPPER: You have two ears and one mouth -

The ACTING SPEAKER: Order!

Mr M.J. Birney: What are you covering up?

The ACTING SPEAKER: Order! If the Treasurer directs his comments to me and indicates that he will not take interjections or engage in unruly debate, I will give him the protection that he is seeking.

Mr E.S. RIPPER: It would appear that, in the view of the Opposition, a former Labor member of Parliament who is now representing a business cannot engage in any discussions with the Government. Former Liberal members of Parliament can do that; for example, Mr Barry MacKinnon, Mr Bill Hassell or any number of other former Liberal members of Parliament can do that, but if a person is a member of the Labor Party, in the view of the Opposition, he cannot engage in any discussions with government on behalf of a business without this absurd performance from the Opposition.

I was not at the meeting, so I have been cautious in my description of events. I am particularly cautious because I am a representing minister. The Opposition, if it wishes, can pursue this matter with the minister who was

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

present at that meeting. I have had discussions with the third person who was at the meeting, Mr Barry Sargeant, the director general of the Department of Racing, Gaming and Liquor. It is quite difficult to get an account of a meeting while parliamentary debate is ongoing. I have no doubt about where Mr Graham Richardson's interests lie. I am certain that PBL and Mr Richardson would have wanted the cap to be removed because they would probably regard that as being in their commercial interests. However, that is just my opinion of what Mr Richardson and PBL would have regarded their interests as being. I am advised by Mr Sargeant that at the meeting Mr Richardson outlined what he regarded as the benefits and synergies of Burswood becoming part of the PBL family. I am advised by Mr Sargeant that Mr Richardson did raise the question of the cap. However, in my investigations of this issue, which have taken place at the Table while the debate has been proceeding, I have not yet extracted from Mr Sargeant a transcript of the conversation. I know what Mr Richardson's point of view would have been because I know what PBL's commercial interests would have been. I have no doubt that if Mr Richardson had been putting a point of view to the Government about the cap, he would have been supporting the removal of the cap. I am advised that he supported the notion of Burswood being associated with PBL and he raised the question of the cap. However, I repeat that the fact that a person does not support the cap does not mean that the Government responded to that person. The Government responded to Burswood. Burswood was the party with whom we negotiated. Of course, if the minister had been motivated to provide some special advantage to a particular company that wanted to hold more than 10 per cent of Burswood shares, the minister would not have needed to negotiate with Burswood and have the agreement amended. The minister could have used the existing provisions of the agreement to provide an exemption.

Mr M.J. BIRNEY: I believe the Treasurer is attempting to misrepresent the Opposition. He is saying that the Opposition is of the view that former members of Parliament cannot lobby the current Government. In fact all we are trying to do is get an answer. We are simply trying to find out, for better or for worse, whether Mr Richardson asked the Government to remove the 10 per cent cap. If we could establish that, we would then give some thought to whether that is appropriate. To date we have not passed any comment on whether that is appropriate.

Mr E.S. Ripper: Yes you have. You have said you support the removal of the cap. You have said you think it is silly to have a cap.

Mr M.J. BIRNEY: We have simply asked whether that conversation took place. This discussion would have been over 20 minutes ago had the Treasurer come clean and told us that Mr Richardson did go to Mr Griffiths' office and ask for the cap to be removed. The fact that the Treasurer has chosen to dance around the subject makes me very suspicious, and I do not think anyone would blame me for that. However, I am happy to leave that point there for the time being and ask the Treasurer another question that is also related to this clause. The Treasurer mentioned that there is a provision in the Act for the minister of the day to approve a shareholding in excess of 10 per cent. Can the Treasurer tell me whether in his time in government anyone has approached the Government requesting that the 10 per cent cap be relaxed?

Mr E.S. Ripper: Neither Mr Sargeant nor I is aware of any such approach.

Mr C.J. BARNETT: I want to make one more comment on the Graham Richardson matter. It was well-known in the financial press of the time that PBL, which owns casinos including, as I understand it, Crown Casino in Melbourne, the largest casino in Australia, was interested in acquiring Burswood. That was reported in the financial press.

Mr E.S. Ripper: That is also the basis on which I made my judgments about what its commercial interests would be, because like you I read the financial press.

Mr C.J. BARNETT: There was no doubt that PBL was a potential acquirer of Burswood. However, PBL could not acquire Burswood if there was a 10 per cent cap on share ownership. There are provisions for exceptions, probably on a temporary basis only, under which the cap can be exceeded. My understanding is that the cap has been exceeded on a limited basis because of financial difficulties that Burswood has faced at various times. No-one will buy a shareholding above 10 per cent knowing that the law says it must be limited to 10 per cent and exceptions are made only in exceptional circumstances. That is not a permanent basis for acquisition. It certainly does not allow for a majority, if not a 100 per cent, acquisition.

Mr E.S. Ripper: It does not say in exceptional circumstances.

Mr C.J. BARNETT: No, but that is the reality, and when Burswood has been in financial difficulties because of the events with Victoria Co and the like the ownership has exceeded the cap. However, the intent of the law of this State has been and still is that shareholdings shall be limited to 10 per cent. Clearly former Senator Graham Richardson was doing his job as a lobbyist employed by PBL to get the cap lifted, because if the cap was not lifted Burswood would not be in the play and it would not be possible for PBL to increase its shareholding with a view to acquisition. PBL made it abundantly clear publicly that it was interested in buying Burswood. I have no doubt at all that the lobbying activity of PBL and Graham Richardson played a direct role in the decision of the

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

Labor Government to lift the cap. The reasons that the Treasurer gave for lifting the cap are pretty flimsy. He said it will allow more shareholder trading. Yes, it will. He said also that it will raise the price of Burswood shares. Yes, it will. The final reason is that it will be a check on the management of Burswood. If the Treasurer wants to add something to his vocabulary, the term that is used in economics is X-inefficiency. The theory is that management may become sloppy if there is not an external threat. However, that is hardly a reason for amending 20-year-old legislation. If the Burswood management was inefficient, I would think the current owners, whatever the rules on ownership might be, should be addressing that. It is not a reason for public policy on the part of a Government.

I want to remind members of what the cap is all about. The cap was put in place following the corporatisation of Burswood. When Burswood was established under legislation in this State, it was given a privileged position as the sole, monopoly casino operator in this State. Many people said at the time that it was given a licence to print money. It has in time proved to be a very profitable and successful tourism and business venture. However, the quid pro quo was that no single individual or group would control Burswood. That was put in place and controlled through a property trust. In 1997 Burswood was converted into a publicly-listed company through the issuing of shares - the trust holdings were swapped for shares. The cap was put in place to preserve the original intent, for two reasons: to disperse the ownership, and to prevent this State's casino from falling into the hands of a single person. There is an argument that the cap is a clumsy way of achieving that, as the member for Kalgoorlie outlined very well in the second reading debate. I agree that the cap is a clumsy way of trying to achieve a public policy objective. However, what this Government has done is throw away the cap at the lobbying of PBL and the Burswood owners, because they will benefit also from the removal of the cap because they will have a greater market for their shares and will make a capital gain, so why would they not lobby for it? However, what has been put in place of the cap? Nothing. The Government could have removed the cap and it could have ensured at the same time that Burswood remained a publicly-listed company in its own right headquartered in Western Australia. The only constraint on Burswood now is that it cannot have more than 40 per cent foreign ownership. I agree with that.

Mr E.S. Ripper: The other constraint is that it has to be headquartered in Western Australia.

Mr C.J. BARNETT: I have said that. That is not the point I am making. There are issues with regard to ownership.

Ms K. HODSON-THOMAS: I would like to hear more from the Leader of the Opposition.

Mr C.J. BARNETT: A subsidiary of a major group with its own board of management could notionally operate within Western Australia. Plenty of corporate structures have boards that are stationed around the world or in different States. Most of the oil companies of the world fit into that category. Many of the major international banking groups and major accounting and law organisations fit into that category. However, that is fundamentally different from what was intended when the cap was put in place. Is there anything to prevent another company, a third party such as Publishing and Broadcasting Ltd, from acquiring Burswood Casino, delisting it as a publicly listed company and effectively making it a subsidiary of that third-party group? Yes, there will still be a board of management in Western Australia, but what will it talk about - which colour roses to plant in the gardens? That will be about the level of it.

Mr E.S. RIPPER: There are a number of existing clauses. They will be relocated as part of this amendment Bill, but in essence they are what exists now. The head office of the company must always be located in Western Australia. For this purpose, head office means the place of business of the company where central management and control are exercised. The company cannot change its name. The company must not take any action to bring about a change in the company name under which the company is registered for the purposes of the Corporations Act to a name that does not include the word Burswood, unless the prior approval of the minister has been obtained. Any one shareholder must not nominate more than one of the directors unless the shareholder has probity approval for holding more than 10 per cent of the voting shares. At all times at least two-thirds of the directors must be Australian citizens. At all meetings of the board of directors, the director presiding over or chairing the meeting, however described, must be an Australian citizen. The company must not at any time take any action to become incorporated outside Australia. Those are essentially the pre-existing requirements for the Western Australian status of the operation. The Leader of the Opposition asked whether there was anything in the arrangements that would prevent a takeover of Burswood and Burswood becoming a subsidiary of another organisation. I am advised that there is nothing in the arrangements that would prevent that.

Mr C.J. BARNETT: That is the public policy point. The one thing that prevented that from happening was the cap. This Government has missed the whole point of the issue. The one thing that prevented a takeover of Burswood Casino was the cap. There is no issue about a local board of management and locally domiciled directors. The Shells of this world have their directors scattered all over the world, but everyone knows the decisions are made in London or The Hague. That is the reality. The management decisions made in Western Australia by the board will be to confirm the appointment of the chief executive officer or perhaps about the

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

layout of the function rooms - it will be pretty trite. Will all the big decisions about expansion, retention of profit, investment, where the international gamblers will be directed - whether they are directed here, to the Crown Casino in Melbourne, Jupiters Casino or wherever it might be - be made by the board of directors of a subsidiary? I do not think so. If it is PBL, those decisions will be made by PBL in Sydney.

I find it absolutely astounding that this Government missed the main issue. The Treasurer raved on about my reaction to Hon Nick Griffiths' announcement. Sure, I got the tax issue wrong; I had no information. However, I did smell a bit of a rat, and the rat turned out to be that the Government did not understand the fundamental agreement of the casino agreement Act in its original form and in its amended form of 1997. I did not think that would have been too hard. The removal of the cap is not about share prices. It is not about the efficiency of domestic management. It is not about whether the shares can be traded; they can be traded now. The issue of the cap is whether Burswood will remain as a publicly listed Western Australian company. Shares can be traded willy-nilly. Indeed, most major corporations do not have many shareholders who hold more than 10 per cent of the shares. People will go into more significant shareholding only if they are after the glittering prize of acquisition. I suspect we will see movement towards acquisition, whether it be by PBL or some other group. It may not happen in the next 12 months, but I suspect it will happen, and then this State will have lost Burswood Casino as a major Western Australian company. Sure, the casino will still make money, and we will have some local people on the board of directors, but it will be notional; it will be a nominal board of directors. It will not control the major decisions of the casino.

Incredibly, the Government missed the point. I cannot understand how a Government could miss the fundamental point of such a contentious issue with such a controversial history. The cap is a clumsy mechanism. I agree with Burswood; it is a clumsy mechanism. It lobbied me as well on the issue. However, the Government failed to put anything in its place. It gave away the one thing that kept Burswood as a Western Australian company. Does the Government not understand why young people have been leaving the State for the past three years? Does it not understand what is happening to Western Australia? There has been a hollowing out of the corporate sector in Western Australia. If members talk to people up and down St Georges Terrace, they will confirm it is happening. What is left in this State? Wesfarmers Ltd is probably the only truly large sophisticated organisation grown and operating in Western Australia now. Woodside is under threat. BankWest is under threat, and members can blame the previous Government because we privatised it. However, that is the problem. Why did the Labor Party throw out the one thing that kept gambling under Western Australian control? It threw out the one thing that kept gambling firmly under the control of not only government but also the Western Australian community through its share ownership and direct control through the board; it allowed this company to be acquired and controlled by a third party and moved out of the State. It has done what even Brian Burke would not have done. Brian Burke at least understood the importance of keeping the control of gaming in Western Australia.

Mr E.S. RIPPER: What a performance from the Leader of the Opposition! This is the man who sold AlintaGas to the Americans and BankWest to the Scots. Give me a break! Let us look at who owns Burswood now. I will list the top 20 shareholders and the locations of their offices. The information on the locations of the offices of the top 20 shareholders is Burswood information, not government information, but with that condition in mind, I will run through the list. It includes TPIC Ltd, Perth; RBC Global Services Australia Nominees Pty Ltd, Sydney; Chase Manhattan Nominees Ltd - now J.P. Morgan Nominees Australia Ltd - Sydney; Australian Mutual Provident Society Pty Ltd, Sydney; Queensland Investment Corporation, Brisbane; Citicorp Nominees Pty Ltd, Melbourne; Westpac Custodian Nominees Ltd, Sydney; Commonwealth Custodial Services Ltd, Sydney; National Nominees Ltd, Melbourne; Cogent Nominees Pty Ltd, Sydney; United Food Corporation Pty Ltd, Perth; BT (Queensland) Pty Ltd, Sydney; RBC Global Services Australia Nominees Pty Ltd, Sydney; Oceanfront Properties Pty Ltd, Perth; Hang Tat Enterprises (Australia) Pty Ltd, Sydney; Burswood Employee Share Nominee Pty Ltd, Perth; BB Nominees Pty Ltd, Melbourne; Argo Investments Ltd, Adelaide; UBSW Nominees Pty Ltd, Sydney; and Alter Nominees Pty Ltd, South Melbourne.

The current arrangements have certainly not resulted in the ownership of Burswood Casino, in a majority sense, by Western Australians. Most of the principal shareholders are in fact companies with offices outside Western Australia. I do not quite understand the point that the Leader of the Opposition is making. He might be making one point that is of interest; that is, a cap of 10 per cent on the shareholding that any company has prevents a circumstance in which someone can take over 100 per cent of the company, whereby it would cease to be a publicly listed company. I guess some stockbroking firms in Perth might be concerned if that element of trading went out of their market. The Leader of the Opposition might have a point about the cap and how it maintains the publicly listed nature of the company. However, the figures I have provided give the lie to the idea that the cap maintains the Western Australian nature of the company.

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

I was interested to hear the Leader of the Opposition indicate that he had been lobbied about these changes. Given the questions that I have been asked, I thought it would be interesting to ask the Leader of the Opposition whether he had been lobbied by PBL on this matter. Has he met with PBL on this matter?

Mr C.J. Barnett: I met with PBL.

Mr E.S. RIPPER: Has he met with Mr Graham Richardson on this matter?

Mr C.J. Barnett: No.

Mr E.S. RIPPER: Who from PBL did the Leader of the Opposition meet with?

Mr C.J. Barnett: I cannot remember his name.

Mr E.S. RIPPER: What did the Leader of the Opposition discuss with the person from PBL? Did he put to the Leader of the Opposition the proposition that the cap should be lifted?

Mr C.J. Barnett: Of course he did. It is the company's public position.

Mr E.S. RIPPER: Is this the reason the Liberal Party has now decided to support this agreement? Did the meeting with PBL occur before or after the Leader of the Opposition retracted his public opposition and criticism of the agreement? Is it the case that the change in the attitude of the Liberal Opposition is due to the fact that the Leader of the Opposition met with PBL?

Mr C.J. BARNETT: Everyone is excited. I met with PBL. I cannot remember the name of the guy but he was a nice young bloke.

Mr E.S. Ripper: Did you meet with Graham Richardson?

Mr C.J. BARNETT: Graham Richardson certainly did not meet with me. I do not mind PBL putting its point of view.

Mr E.S. Ripper: Would you rule out a meeting with Graham Richardson?

Mr C.J. BARNETT: Yes, I would.

Mr N.R. Marlborough: You would not.

Mr C.J. BARNETT: I have never met with Graham Richardson.

Mr N.R. Marlborough: Why not?

Mr C.J. BARNETT: I probably would not trust him.

Mr N.R. Marlborough interjected.

Mr C.J. BARNETT: Mr Acting Speaker, call him to order.

Mr N.R. Marlborough interjected.

Mr C.J. BARNETT: Are you all right, Mr Acting Speaker?

The ACTING SPEAKER (Mr A.D. McRae): Leader of the Opposition, continue.

Mr C.J. BARNETT: I have not met with Graham Richardson. I would not meet with Graham Richardson. I doubt he would seek to meet with me. As was reported in the Press, PBL made it clear that it was interested in acquiring Burswood International Resort Casino, and it wanted the cap lifted. There is no secret about that. Burswood made similar representations to me. I put to Burswood - the Treasurer might be interested in this - that I would find the removal of the cap acceptable if there were an alternative arrangement that ensured two things: first, that Burswood remained a separately publicly listed company and, second, that it remained in Western Australia. The Treasurer cited a lot of figures about ownership. PBL and Burswood understood my position. I find it incredible that it took me about 20 seconds to understand what the issue was. The Government clearly did not address the fundamental issue.

Mr E.S. Ripper: You are on record as saying that you see the core of issues more quickly than your colleagues and that is why you might be unpopular with them.

Mr C.J. BARNETT: Twenty seconds is not long. I would have thought that over several months the Government would have recognised the most fundamental issue. Brian Burke recognised it. It was implicit in the Casino (Burswood Island) Agreement Act. Max Evans recognised it, and that is why a cap was imposed.

Mr E.S. Ripper: I do not agree with your description of the issue.

Mr C.J. BARNETT: The Treasurer does not agree, and that is why I believe the Government was swayed by lobbying from Graham Richardson. I do not think there is any doubt at all about that. Burswood wanted the cap lifted. It was in the interests of the owners. A company that wants to sell a parcel of seven or eight per cent of shares would not find many buyers. A prospective buyer might already own three or four per cent of shares, and

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

that would rule it out. Companies might want an increased shareholding. Many companies now decide that unless they have a significant say in a corporation, it is not worth having any shares. I understand the way capital markets work, particularly in the modern era. I indicated to both Burswood and PBL that I would not object to the removal of the cap. However, if I were to agree to remove the cap, I would want alternative provisions put in place to ensure Burswood remained, most importantly, a publicly listed company domiciled in Western Australia and did not become a subsidiary of another group. That is what would be required. The provisions about local boards and the board of directors living in Perth are relevant only if there are other constraints. The Government agreed to remove the cap. It failed to determine how it would retain Burswood as a publicly listed company. I suspect it will not remain a publicly listed company in the long term. I think that is likely.

I do not think the Cabinet even understood the fundamental issue. I find that absolutely appalling. This whole issue is about the removal of the cap. It is not as though the Government went to Burswood and initiated an increase in taxation rates. People do not have to be geniuses to work out why there is an interest in removing the cap. It is not about the internal management and efficiency of Burswood. That is irrelevant. It is about who ultimately owns Burswood and whether Burswood becomes part of a larger casino group. That is what the issue is about. The Labor Party in government simply missed the issue. If the Government had the nous to recognise the bleeding obvious, it might have thought about how it could accommodate the removal of the cap and ensure that Burswood remained a Western Australian business. People in this State want to have shares in Burswood. They want the Government to have some regulatory role over Burswood, which will continue, and they want to feel that Burswood is part of their community. The current shareholding is widely dispersed, as the Treasurer said. Shareholders live all over the place - in WA, in the eastern States and overseas. So what? That is the case now. A cap or some other mechanism will ensure the company remains as a separately listed company in Western Australia. That is what is required. That has always been the spirit of the Burswood legislation, which goes back 20 years.

Mr M.J. BIRNEY: I would like to hear more from the Leader of the Opposition.

Mr C.J. BARNETT: Since 1985, the spirit of the Casino (Burswood Island) Agreement Act has been to provide a regulatory mechanism for the Government. That is because it relates to gambling and there is debate about the social ills and otherwise of gambling. The spirit of the legislation has been about keeping Burswood as an Australian company that is managed in Western Australia. That is the whole basis on which the Government established a casino and granted it monopoly status. This hapless group in government at the moment not only threw out the policies the Labor Party instituted in the early 1980s, but also did not even twig what the issue was. Had it twigged what the issue was, it could have accommodated the interests of current shareholders and prospective buyers into Burswood and retained Burswood as an independent company. It could have complied with the spirit of the legislation this Parliament enacted in 1985 and re-enacted in 1997. However, it threw it away without even understanding what the issue was. It takes a bit of nous to deal on commercial matters. The Government needs to understand the issue and work out something that is mutually advantageous to Burswood - it can be done - the owners and prospective owners and the people of this State. However, the people of this State did not get a thought.

The Government was essentially bought off by the promise of a notional increase in tax. The management of Burswood Casino said it would agree to that. I bet the idea came from Burswood Casino. It probably said that if the international gaming rate was reduced and the rate on gaming machines and tables was increased, the Government would get an extra \$1 million or so in tax. The casino probably then asked - by the way - if the cap could be removed. Graham Richardson was there in the Treasurer's ear. I bet he was also in the ear of Hon Nick Griffiths and several other people in the Labor Party and Labor organisations. He is an effective lobbyist and a smart man. No doubt he said to remove the cap because it was inefficient and its removal would allow the shares to be traded. I can imagine the line. The Treasurer went along with it because everyone was telling him the same thing. Burswood Ltd's current shareholders, its management and its prospective buyers all shared the same interest. There may have been another interest out there; that is, the interest of the people of this State in the sensitive issue of gambling. That was the one issue that the Labor Party did not consider. I have no time for Brian Burke, but I do not think that he would have been as silly on this issue as the Treasurer has been.

Mr E.S. RIPPER: One group of Western Australians about which the Government thought very carefully was the employees and the potential employees of Burswood. Burswood is one of the State's major employers. It is very important that we have arrangements that ensure that the Burswood Casino can be competitive in an increasingly competitive regional casino market. That was the Government's major objective. We want a thriving operation that continues to employ on secure conditions a large number of Western Australians. That is what we were concerned about. The Government had rights under the existing agreement to increase tax rates on Burswood Casino. It could have simply increased tax rates by exercising its rights. We also had other matters to discuss with Burswood. We had to discuss with Burswood its aspirations for future development on

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

the dome site. We had to reaffirm with Burswood its obligations with regard to the dome under the existing agreement.

I absolutely reject any notion that we have not properly protected the interests of Western Australians in our negotiations. We have a casino with a more competitive tax regime for its competition with other regional casinos. It will therefore be able to employ more Western Australians more securely. It will return more taxation revenue to the Government. We have arrangements that will provide proper accountability mechanisms for management, and some measure of assurance that the casino will be managed so that it performs well into the future. I believe that we have a good deal for Western Australia and Western Australians. I do not think that the Leader of the Opposition is right when he says that the Government has missed a major point. I do not agree that it is a major point, although he might think it is. I am amazed to hear him say that he supports the position that he says Brian Burke supported, because I thought that if anyone else took a position that Brian Burke took, somehow or other it would be horribly wrong and the person would be tainted in some way. I am therefore amazed that he has made that linkage.

Finally, I return to the question of Western Australian status. If the Court Government was so good at preserving the Western Australian status of organisations, why is the State facing a situation in which BankWest will become a wholly owned subsidiary of HBOS plc. The Court Government apparently missed the main point or, if it saw the main point, it certainly did not put in place institutional arrangements that would have secured that main point. Quite frankly, in an open economy in a world of more globalisation, to apply the Leader of the Opposition's argument to a State that is more open internationally simply does not make sense.

Mr C.J. BARNETT: The Treasurer concluded with the comment that I put forward a stupid parochial argument. I wonder what the people of this State will say if it comes to pass that Burswood is acquired by another casino operator and disappears from Western Australian business. Will they see it as stupid and parochial? Those words may well haunt the Treasurer.

Mr N.R. Marlborough: I do not think they will care.

Mr C.J. BARNETT: The member can make a speech later.

Mr N.R. Marlborough: I will tell you why they will not care.

Mr C.J. BARNETT: The member can speak later.

Mr E.S. Ripper: I can remember another business that the Court Government sold out of Western Australia; that is, the SGIO. It sold AlintaGas to Americans, BankWest to Scots and SGIO to people from New South Wales.

Mr C.J. BARNETT: The Treasurer has picked two interesting examples.

Mr E.S. Ripper: You sold the pipeline to Americans with great success.

Mr C.J. BARNETT: Both organisations the Treasurer mentioned were almost technically insolvent after a previous Labor Government. It had corrupted those organisations and their finances to such an extent - Several members interjected.

Mr C.J. BARNETT: Members should read the report of the Royal Commission into Commercial Activities of Government and Other Matters. If the Treasurer wishes to raise the pipeline as an example, it is a good example because public policy issues are involved.

Mr E.S. Ripper: Public policy issues that you stuffed up comprehensively.

Mr C.J. BARNETT: That is charming language, and another example of good Labor Party standards in the House. You missed that one, Mr Acting Speaker (Mr A.D. McRae).

However, if the Treasurer wishes to talk about the pipeline, there was one public policy issue of importance with the pipeline, and that was the natural monopoly. What was the natural monopoly? It was not the pipeline but the easement.

Mr E.S. Ripper: I will say that you made a good decision on the easement.

Mr C.J. BARNETT: That was the issue. In any privatisations or corporate matter there is invariably one key issue of public policy, and the easement was the key issue with the pipeline.

I believe that Western Australians want to see the corporate sector in this State strong and independent. As I remarked at a Sustainable Energy Development Authority luncheon about a month ago, if we are not careful in this State we will go the way of Adelaide, and Perth will be a large country town and outpost. Talk to anyone who, like I am, is proud to be Western Australian and they will say the same. When there are opportunities to see businesses grow and develop here and be managed and developed here, we should grab them and not hand them away. Sometimes we cannot do the impossible. It is an open world economy, but the Treasurer should

Mr Colin Barnett; Mr Eric Ripper; Speaker; Mr Matt Birney; Acting Speaker; Mr Bob Kucera; Mr Rob Johnson

travel the world and see what happens. Look at Asia and America. Try to take a business out of America and see what happens. They believe in developing their economies and their regional States.

This Government has a policy that does not even get the point. I would not mind it so much had the Government debated the issue and come to a public policy decision that it did not matter, but it is clear from the comments of the Treasurer today that he did not recognise that the issue would most likely be the disappearance of Burswood Ltd as a publicly listed, domiciled Western Australian business. Everyone in the corporate sector knew that was the play. The Treasurer, who negotiated the deal, did not know it was the play. I would suggest that he thought he had a good deal for the State and its people because he obtained a small increase in the rate of gaming tax. He thought it was a clever deal. I put it to him that he should not be negotiating matters for this State if this is the sort of deal that he strikes for the people of this State.

Mr E.S. Ripper: Let me get this right: you are voting for this legislation, are you not?

Mr C.J. BARNETT: This will be a long debate because I want to understand what it is. The previous Labor Government was corrupt - the most corrupt Government in the history of Australia. You, Treasurer, were a member of that Government.

Points of Order

Mr E.S. RIPPER: I regard it as personally offensive for it to be said that I was a member of a corrupt Government. I was a member of the Lawrence Government, and I do not regard that Government as in any way corrupt. I take it as an extremely personal insult that the comment be made.

Mr R.F. JOHNSON: There is no point of order. The Leader of the Opposition said that the previous Labor Party was a corrupt Government. He did not say, which would be unparliamentary, that the Treasurer was a corrupt person or a corrupt minister. He said that he was a member of that Government. The Leader of the Opposition was referring to the previous Labor Government in toto as a corrupt Government, not the Treasurer himself.

The ACTING SPEAKER (Mr A.D. McRae): Does the Leader of the Opposition recall whether his statement suggested that the Treasurer was a part of the most corrupt Government in Australia?

Mr C.J. BARNETT: I said that the previous Labor Government was a corrupt Government, and I said that the Treasurer was a member of that Government. That is a matter of fact.

The ACTING SPEAKER: I sought to understand whether the Leader of the Opposition said that the minister was a part of the most corrupt Government in Australia's history. That is the particular condition.

Mr C.J. BARNETT: I did not say that. I said that the previous Government was corrupt, and that this minister was a member of that Government. It is a matter of fact.

The ACTING SPEAKER: The Leader of the Opposition is sailing close to the wind. When he talks about decorum in this Chamber, he does himself no service, quite frankly, by running the line he has just run. There is no point of order. I advise the Leader of the Opposition to get out *Hansard* tomorrow. If he finds that he made the allegation that the Treasurer was a member of the most corrupt Government in Australia's history, he might wish to clarify that statement.

Mr C.J. BARNETT: I seek to comment on that point. I certainly said that the previous Labor Government was without doubt the most corrupt Government in Australia's history. We had a very expensive royal commission in this State that found that that Government was corrupt.

Several members interjected.

The ACTING SPEAKER: Order, members! I have taken the Leader of the Opposition's word.

Mr C.J. Barnett: I have stated my word.

The ACTING SPEAKER: I have taken the Leader of the Opposition's word. I have advised him to check *Hansard* tomorrow because what he said he said is not what I thought I heard him say.

If the member for Nedlands wants to dissent, she should do it openly and not sotto voce!

Ms S.E. Walker: I was speaking to the member for Kalgoorlie.

The ACTING SPEAKER: The member should not look at me and shake her head when she is making those comments while I am trying to give a ruling and advice to the House.

Debate Resumed

Debate interrupted, pursuant to standing orders.