

**CASINO (BURSWOOD ISLAND) AGREEMENT AMENDMENT BILL 2023**

*Second Reading*

Resumed from 29 November 2023.

**MR P.J. RUNDLE (Roe — Deputy Leader of the Opposition)** [12.19 pm]: I rise today to support the Casino (Burswood Island) Agreement Amendment Bill 2023. It is a relatively simple bill, but I will have a few questions for the minister. Right at the outset, I point out that the main question we had in the briefing was about the \$12 million to provide more resources for the Gaming and Wagering Commission to regulate the casino, which is obviously the crux of the legislation. The advisers told us in the briefing that they would provide me with that information. I have made several requests through three or four different pathways, but I am yet to receive it. Hopefully, I will receive that information from the minister in consideration in detail or the like. That is one thing that I wanted to point out that has been a little bit disappointing, quite frankly. Regardless of that, we will support the bill. Given the scenario that has played out over the past few years and, of course, the royal commission, it is understood that the regulation of casinos right around the world, not just in Australia, is very important.

The purpose of the bill is to ratify the seventeenth supplementary agreement, which in turn will amend the Casino (Burswood Island) Agreement in schedule 1 of the Casino (Burswood Island) Agreement Act 1985, as the principal act. Additionally, the seventeenth supplementary agreement will make amendments to clause 23(1)(b) of the state agreement to specify the minister's ability to determine a variation to the annual specified amount of the casino gaming licence fee. This amendment will provide the capacity for the minister to appropriately manage the recovery of costs related to the regulation of casino operations as they may change over time. The bill will make minor administrative amendments to outdated terminology, references to repealed legislation and the service address and method of delivery for notices.

I thought I would give a little bit of history of what is now Crown Perth casino. In 1984, the Western Australian government proposed, at the suggestion of Perth businessman Dallas Dempster, that a casino complex be constructed at Burswood Island on the Swan River. By early 1984, the government had decided to establish the casino and, of course, the foundation agreements and the state agreement for the development of the casino complex were executed in February and March 1985. Construction of the resort was approved by the Western Australian Parliament in March 1985 under the Casino (Burswood Island) Agreement Act 1985. Burswood Property Trust was listed on the Australian Stock Exchange on 30 May 1985. The winning bidder to build the complex was Tileska Pty Ltd, a joint venture between Dallas Dempster and Genting Berhad, a Malaysian casino operator.

When it opened on 30 December 1985, Burswood Island casino, as it was then known, was the largest in Australia and the third largest in the world. It was expected to receive two to three million visitors a year and have an annual gross profit of \$100 million. The public interest in the casino proved so much in its early months of operation that it posted a gross profit of \$A1 million a day for its first two months, which far outstripped expectations. Then, of course, Kerry Packer's Publishing and Broadcasting Ltd began buying shares in the business in 2003 and, a year later, had acquired full control. The Burswood name disappeared in 2012 when Kerry Packer's son rebranded the complex as Crown Perth. Of course, in 2022, the Federal Court of Australia approved US private equity giant Blackstone's \$8.9 billion takeover of troubled casino operator Crown Resorts. That gives a bit of a history about how the casino evolved since 1985.

Then we saw the Perth Casino Royal Commission's final report, which was tabled in Parliament on 24 March 2022. The report is roughly 1 000 pages and, obviously, has more detailed information about the overview of regulatory frameworks for casino gaming, corporate governance and regulation of the Perth casino. The royal commission certainly talked about governance, regulations and what should be done.

I will give a little bit of history on the tax and licence fees. The Perth Casino Royal Commission's report states —

In the five years ending 30 June 2019, the total Casino Tax paid was \$291.8 million, an average of \$58.4 million per year. In 2020, a year in which there was no trading for some time due to the COVID-19 pandemic, the figure declined to \$39.7 million. The comparable figure in the year ending 30 June 2021 was \$54.6 million.

The Perth Casino also pays an annual licence fee to the GWC to cover, or as a contribution to, the cost of regulating the casino ...

In the six years to December 2021, Perth Casino paid to the GWC licence fees of approximately \$17.3 million, an average of around \$2.9 million per year.

That gives a bit of a short history of some of the fees for the part that we are dealing with, which is the gaming licence fee. The Casino Control Act provides for funding to be made available to the Gaming and Wagering Commission to administer the act, which is decided by Parliament from time to time. Obviously, we are looking at that now with the seventeenth supplementary agreement. No doubt, due to the royal commission and what was laid out by

the commissioners, the Gaming and Wagering Commission is looking for a higher gaming licence fee to enable it to, I assume, provide more FTEs, provide more regulation and keep a closer eye on governance and the like.

We know that the licence fee has not really increased. The annual licence fee was last adjusted by the second supplementary agreement to the state agreement in 1990. At that time, the base rate, or the annual specified amount, was increased from \$400 000 to \$1.4 million in line with that fee. Of course, with the consumer price index increase, the annual fee payable in the coming year would have been \$3.49-odd million. The figure we are looking at now increases the base rate to \$12 million, which is what I referred to at the start of my speech. As we know, the cost has or will increase with the increased regulation. From my perspective, the opposition is comfortable with increasing the fee. As I said, I would like justification for the \$12 million as it is a very round figure that seems to have been plucked out of somewhere. We have certainly seen increases and the like in New South Wales, which is now looking at \$19 million plus the consumer price index. I understand the Victorian government has yet to set its fee.

I wanted to raise one other thing while in this forum, which is a slight aside from this legislation, but my understanding is that as a consequence of this legislation and the royal commission et cetera, the TAB, or Racing and Wagering Western Australia flowing on to the TAB, will be up for a \$1 million increase in fees. I imagine that those unexpected fees are quite concerning for RWWA as it will impact its operations in the years ahead. I do not know whether the minister would like to enlighten us on that and the flow-on effect from this royal commission and fee increases. It is a large increase, from my perspective. I do not think the TAB has any new challenges that we are not aware of. In fact, in other states and the Northern Territory, some operators are doing it a lot easier than is the case with WA's TAB. That is just a little sideline, minister, but I am curious to hear the minister's comments on it, because, as my understanding goes, it will affect the TAB and by extension the RWWA and the whole racing, trotting and greyhound industry in Western Australia.

I will wrap it up at that. As I said, I look forward to getting an understanding from the minister, either in his second reading speech in reply or in consideration in detail, of what makes up that figure of \$12 million. I leave my contribution there, but say that we support the improved regulation and more resources being put into it.

**MR P. PAPALIA (Warnbro — Minister for Racing and Gaming)** [12.32 pm] — in reply: I thank the member for his contribution and the opposition for its support of this bill. With respect to that last bit, I do not think it is appropriate to talk about the TAB. It is a completely different bit of legislation. Despite the member for Roe's reference to fee increases at RWWA perhaps being linked to this, it is not really salient. Another forum might be the best opportunity to raise and discuss that. I make the observation that it is not part of this legislation.

I extend an offer to the member to read across the chamber details of the fee breakdown he requested. Would that enable us to avoid going to consideration in detail? Does the member have any other elements he wants to interrogate or would that be satisfactory?

**Mr P.J. Rundle:** That might suffice. The only other question I had was the fact that the former Minister for Racing and Gaming is listed in the legislation.

**Mr P. PAPALIA:** What is he doing, sorry?

**Mr P.J. Rundle:** It is listed in the legislation that the seventeenth supplementary agreement is between Hon Reece Whitby and Burswood Nominees et cetera.

**Mr P. PAPALIA:** Is that in the legislation?

**Mr P.J. Rundle:** Yes.

**Mr P. PAPALIA:** That is interesting.

**Mr P.J. Rundle:** That was something I was going to ask about.

**Mr P. PAPALIA:** We might have to move an amendment. Perhaps we will go into consideration in detail and my advisers can sit with me and provide me with a response to that observation. Thanks very much. I will read this out when we go into consideration in detail.

Question put and passed.

Bill read a second time.

[Leave denied to proceed forthwith to third reading.]

*Consideration in Detail*

**Clauses 1 to 5 put and passed.**

**Clause 6: Schedule 18 inserted —**

**Mr P.J. RUNDLE:** As I highlighted towards the end of the minister's contribution, there is a question mark over the seventeenth supplementary agreement between Hon Reece Whitby, Burswood Nominees Ltd and Burswood Resort (Management) Ltd. Is that valid now that the new minister has been redistributed to this portfolio?

**Mr P. PAPALIA:** I do not think I have been redistributed, but I have been sworn in to the portfolio. At the time of that agreement, the minister was Hon Reece Whitby. The agreement is still valid because he was the minister at the time of the signing.

**Mr P.J. RUNDLE:** I am happy to accept that if the minister's advisers and parliamentary staff are comfortable that that is definitely the case, even with the new minister rolling on.

**The ACTING SPEAKER (Ms A.E. Kent):** I am happy to advise, yes.

**Mr P.J. RUNDLE:** Ok. Thank you. I will move on to clause 3(c) of the schedule and my question about the \$12 million and what that will provide.

**Mr P. PAPALIA:** I will read out the breakdown. The member is a little bit sensitive. I sensed a bit of sensitivity on his behalf during his contribution to the second reading debate and the request for additional detail. As he correctly identified, the Gaming and Wagering Commission of Western Australia will utilise these funds. To get the breakdown of how it will be apportioned or deployed took a bit of work. It was not from the Department of Local Government, Sport and Cultural Industries. The agency had to get it from the GWC.

With that aside, I will provide a breakdown for the member. The member will be happy to know that it is not a round figure of \$12 million. Salaries and superannuation comprise \$7 568 764.14; supplies and services, \$1 125 582.05; office accommodation, \$720 191.84; corporate costs/overheads, \$806 888.14; the Gaming and Wagering Commission remuneration, \$257 192; and other expenses, \$1 520 000. The other expenses included things like engagement of external expertise, such as forensic accountants, responsible gaming consultancy, harm minimisation research and research and training data analysis—the external specialists that are required to afford the GWC the ability to provide the additional oversight that the royal commission recommended.

**Clause put and passed.**

**Title put and passed.**

[Leave granted to proceed forthwith to third reading.]

*Third Reading*

**MR P. PAPALIA (Warnbro — Minister for Racing and Gaming) [12.41 pm]:** I move —

That the bill be now read a third time.

**MR P.J. RUNDLE (Roe — Deputy Leader of the Opposition) [12.42 pm]:** I confirm the opposition's support for the bill. I thank the minister giving me a comprehensive breakdown of the \$12 million in expenses that will be incurred.

**MR P. PAPALIA (Warnbro — Minister for Racing and Gaming) [12.42 pm] — in reply:** As fate would have it, I have a contribution to make! I would like to take a moment to reflect a little on the brief history lesson provided by the member for Roe. I appreciate his contribution in that regard. It was a reminder that he and I are both old enough to have lived through those times! I do not recall the actual opening of the Burswood Island Casino because I think I may have been interstate, serving in the military. I missed the fanfare and excitement with which that facility was no doubt greeted, but doubtless my predecessor in this portfolio was there, reporting on it—or was he old enough at that stage? Probably not!

**Mr R.R. Whitby:** Just!

**Mr P. PAPALIA:** It would have been a big moment. It is worth considering the contribution the casino has made to the vibrancy and economy of Western Australia. Despite the interesting stories around the casino over the years, it remains the biggest hospitality employer in the state to this day, and probably has been since it opened. That is no small thing; it has made a big contribution. Literally thousands upon thousands of Western Australians have gained their first employment in that place, and that continues to this day. I have met many of the current employees who have been there for their entire working lives—many, many years.

I thank the member for Roe for his support. I look forward to the passage of the Casino (Burswood Island) Agreement Amendment Bill 2023 and enhanced oversight of casino operations.

**Question put and passed.**

Bill read a third time and transmitted to the Council.