

CASINO (BURSWOOD ISLAND) AGREEMENT AMENDMENT BILL 2023

Introduction and First Reading

Bill introduced, on motion by **Mr R.R. Whitby (Minister for Racing and Gaming)**, and read a first time.

Explanatory memorandum presented by the Minister for Racing and Gaming.

Second Reading

MR R.R. WHITBY (Baldivis — Minister for Racing and Gaming) [12.53 pm]: I move —

That the bill be now read a second time.

The *Perth Casino Royal Commission: Final report* was tabled in Parliament on 24 March 2022. It is a priority of the state government to give effect to the recommendations of the commissioners as supported by the state government response tabled on 16 March this year. With regard to the funding of the activities of the regulator, the Gaming and Wagering Commission of Western Australia, the report identified several key matters, which I will summarise.

The Casino Control Act commenced on 1 July 1984 and provides the legislative foundation for the state to enter into a casino complex agreement, a “state agreement”, to develop a casino, and operate a casino under a licence, in accordance with the terms of the state agreement. The parties to the agreement are the minister of the Crown for the time being charged with the administration of the Casino Control Act acting for and on behalf of the state of Western Australia, Burswood Nominees Ltd and Burswood Resort (Management) Ltd. The Gaming and Wagering Commission is not a party to the state agreement and so it is not able to directly influence the casino gaming licence fee. The Perth Casino Royal Commission concluded that this is an appropriate arrangement because the regulator should not be able to unilaterally determine the casino licence fee that funds the regulator, and nor should the regulator be involved in negotiating with Perth casino about that fee.

The Casino Control Act makes provision for the funding available to the Gaming and Wagering Commission to administer the act, which consists of “moneys from time to time appropriated by Parliament”, “casino gaming licence fees” and “all other moneys lawfully received by, made available to, or payable to, the commission”. It also provides that a public company entering into a state agreement with the minister must undertake to pay tax to the state, and that the agreement may provide for the review, by the minister, of both the rate of tax and the amount of the licence fee.

The act provides that the casino gaming licence fee is to be paid directly to the commission, to be used for its costs in administering the Casino Control Act and regulating the casino. The Casino Control Act does not specify the manner in which casino gaming licence fees and tax rates should be calculated, or the factors that should be taken into consideration when they are reviewed. The state agreement sets a base fee and provides for an annual increase of the fee in line with CPI. The Perth Casino Royal Commission found that this has resulted in an imbalance over time; that is, changes to the state agreement in the interest of growth and diversification of casino gaming, with corresponding increases to the casino’s gaming revenues and tax revenue have occurred. However, commensurate increases to the casino gaming licence fee to augment regulatory effort to match increased and evolving gaming activity and the associated risks have not occurred. The annual licence fee was last adjusted by the second supplementary agreement to the state agreement in 1990. At that time, the “base rate” of the annual licence fee, referred to as the “Annual Specified Amount” was increased from \$400 000 to \$1.4 million. In line with that fee and the CPI increase calculation, the annual fee payable in the coming year would be \$3 494 834.

The bill before Parliament today ratifies the seventeenth supplementary agreement to the state agreement contained at schedule 1 of the Casino (Burswood Island) Agreement Act 1985 which was agreed to by the parties and executed on 9 November 2023. The seventeenth supplementary agreement amends the state agreement to achieve two important outcomes. Firstly, it increases the “base rate” of the annual specified amount of the casino gaming licence fee to \$12 million from the next payment anniversary date, which is 24 December 2023. It is the government’s view that it is no longer appropriate for the significant shortfall in the costs for the Gaming and Wagering Commission to regulate the casino to be supplemented by consolidated revenue and that the casino gaming licence fee should be adjusted to achieve full cost recovery. This increase will allow the regulator to fund an uplifted program of regulatory activity for casino operations resulting from the findings and recommendations of the Perth Casino Royal Commission.

While the annual CPI calculation increases to the casino gaming licence fee continues to apply, the second significant outcome of the seventeenth supplementary agreement is that it provides for the minister, having regard to the reasonable cost of the commission, to adjust the casino gaming licence fee. This amendment reflects the findings of the Perth Casino Royal Commission that the funding of the regulator in a set amount adjusted by CPI may not ensure adequate funding for the regulator, where the nature of the operations at Perth casino is changing and increasing in complexity over time.

The Perth Casino Royal Commission concluded that there is a need for the periodic review of the casino gaming licence fee in order to ensure that it is sufficient for the purpose of casino regulation and that the regulator should advise the minister about its conclusion on the sufficiency of the casino gaming licence fee. This amendment is specifically provided for under the Casino Control Act and allows the minister to make appropriate changes to the casino gaming licence fee without the requirement for further negotiation with the casino operator.

Finally, the opportunity has been taken to make minor administrative amendments relating to outdated terminology and contact information for service of notices. Although these funds can be applied only to the costs of administering the Casino Control Act and regulating the casino, it is a substantial step in ensuring appropriate oversight of Perth's only casino.

The government is very proud to have achieved this important step in securing adequate funds for the Gaming and Wagering Commission to make significant improvements to its regulatory resources. I commend the bill to the house.

Debate adjourned, on motion by **Ms M.J. Davies**.