



ACT
Government



BRIEF

Ref: BM15/974

**SUBJECT: MEETING WITH TONY FUNG – CASINO
DEVELOPMENT PROPOSAL**

To: Chief Minister

- A/g Director-General, Economic Development

CC: Minister for Racing and Gaming
Head of Service
Deputy Director-General, Access Canberra

From: Chief Executive Officer, ACT Gambling and Racing Commission

Date: 18 May 2015

Critical date and reason

20 May 2015 to provide a timely briefing for the 21 May 2015 meeting.

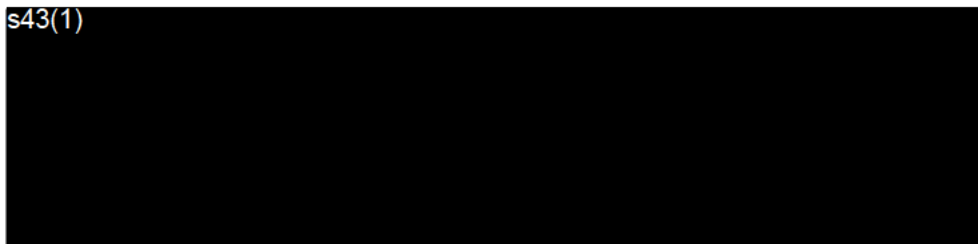
Purpose

To provide background information for the meeting with Aquis Canberra scheduled from 2:45pm to 4:00pm on Thursday 21 May 2015 in the conference room on level 4 of the Canberra Nara Centre (note the change from level 1).

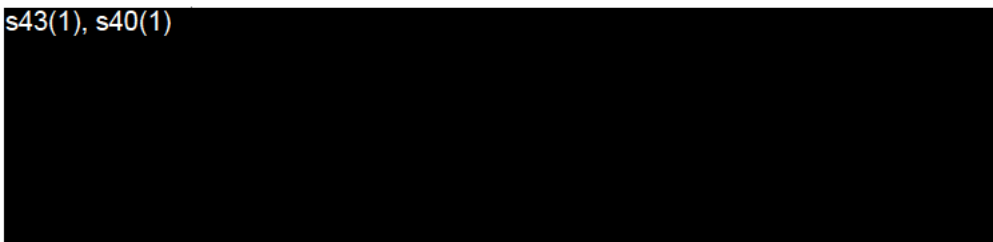
Background

1. Casino Canberra Pty Ltd, the casino owner and licensee, was sold to Aquis Canberra Pty Ltd in late December 2014. Aquis Canberra is part of the larger Fung Group of companies which are ultimately owned by Mr Tony Fung who is Hong Kong based. The Fung Group of companies is mainly involved with property development and property management in Hong Kong, mainland China as well as other areas of Asia.

2. s43(1)



3. Since taking over operations, Aquis Canberra has:
- actively promoted the casino in Sydney and inter-state and has increased business, particularly premium players;
 - recently appointed a new general manager, Mr Geoff Andres, from Macau;
 - proposed a new \$14m refurbishment for the Canberra Casino to be completed this calendar year;
 - increased staffing in management and on the gaming floor (25 additional staff since January 2015 with a further 20 by July 2015); and
 - sought a large number of approvals from the Commission for changes to gaming equipment and business operations.

4. s43(1), s40(1)
- 

Issues

5. Attendance at the meeting will include the following:
- Mr Tony Fung (Aquis owner, Chairman)
 - Mr Justin Fung (Managing Director, Casino Canberra)
 - Ms Jessica Mellor (Director, Casino Canberra)
 - Mr Geoff Andres (CEO, Casino Canberra)
 - Mr Neil Pathak (Aquis lawyer – Partner at Gilbert and Tobin)
 - Mr Ian Smith (Director, Cox Architecture)
 - Mr Chris Millman (Director, Cox Architecture)
 - Mr Gary Rake (A/g Director-General, Economic Development)
 - Mr Dan Stewart (Coordinator-General Urban Renewal)
 - Mr Dave Pepper (Deputy Director-General, Access Canberra)
 - Mr Greg Jones (Chief Executive, Gambling and Racing Commission)
 - Mr Jamie Driscoll (CM Chief of Staff).
6. Aquis Canberra will be proposing a significant development surrounding and incorporating the current casino site in City east. The proposal involves expanding the back of the existing Convention Centre, development of restaurants and cafes in the Glebe Park precinct, a high class hotel, high quality apartments and ultimately expanding the casino's floor space.
7. The meeting is largely for the Aquis Group to present to you their proposal for the redevelopment and will involve a video and slide presentation along with a discussion of their concepts. A similar presentation has been provided to myself and Senior Executives from Economic Development and a summary of the core elements of the proposal is provided at Attachment A.

8. It is anticipated that Aquis Canberra will outline that their full development proposal will only be commercially viable if gaming machines are approved for operation in the casino. As you are aware, the *Casino Control Act 2006* currently prohibits gaming machines from being operated on casino premises and therefore a legislative change would be required to allow gaming machines in the casino.

Community Gaming Model (CGM)

9. The Community Gaming Model (CGM) has operated in the Territory since 1 June 2001 and provides a framework to operate Class C gaming machines in the Territory. The CGM requires clubs to be not-for-profit and to allocate a prescribed minimum amount of revenue generated by gaming machines back to the community through the services and facilities provided by clubs to their members and more broadly through contributions to community organisations, otherwise known as community contributions. The principle underpinning this model is that the revenue from gaming machines must be returned to the community.
10. The model prevents certain commercial operators (namely hotels and taverns) from operating Class C gaming machines (they can however, be licensed to operate Class B gaming machines). Casino Canberra is prohibited from operating any type of gaming machine. These organisations are deemed to operate on a 'for profit' basis which differs from the 'community clubs' not-for-profit arrangements. Any divergence from the existing CGM would necessitate legislative amendments.

Gaming Machine (Reform) Amendment Bill 2015

11. The Minister for Racing and Gaming presented the above Amendment Bill into the Legislative Assembly on 14 May 2015. The Amendment Bill implements the second stage of the Gaming Machine Reform Package announced in October 2014 and introduces an open market trading scheme for gaming machine authorisations (for Class C machines only), underpinned by a new licensing and authorisation framework, and a phased reduction in the number of gaming machines operating in the Territory.
12. Trading will be based on an open market approach where Class C licensees can trade authorisations, with the value of an authorisation determined by the market. Trading will occur within maximum limits set through robust social impact assessment arrangements.
13. Any operator seeking to establish new club facilities to operate Class C authorisations in the Territory will need to buy authorisations from the market once requirements have been met to obtain a licence and an authorisation certificate.

City to the Lake project

14. Aquis has analysed a range of options that would allow an expansion of the current Casino, including the purchase of additional leased land abutting Glebe Park (behind Glebe Apartments). A portion of this land is also being considered by the City to the Lake (CtTL) project team for the relocation of the Coranderrk Filtration Pond - any expansion by the Casino will need to be compatible with this proposal.
15. Aquis is also considering an expansion of the current convention centre and has expressed an interest in assuming management of this facility when the current licence expires. Whilst work is currently under way on the reference design and business case for Australia Forum, the Aquis proposal may provide a short to medium term opportunity to expand convention space in the city and test the market uptake ahead of any decisions on Australia Forum.

Consultation

Economic Development was consulted in preparation of this advice.

Financial

Nil from this presentation.

Media

Nil from this presentation.

Recommendation

That you note the above information.



Greg Jones
Chief Executive Officer

Andrew Barr MLA.....21/5/2015

NOTED/PLEASE DISCUSS

Aquis proposal summary

s43(1)

