



ACT
Government

Chief Minister, Treasury and
Economic Development

Freedom of Information Publication Coversheet

The following information is provided pursuant to section 28 of the *Freedom of Information Act 2016*.

FOI Reference: CMTEDDFOI 2018-0112/0113

Information to be published	Status
1. Access application	Published
2. Decision notice	Published
3. Documents and schedule	Published
4. Additional information identified	No
5. Fees	Waived
6. Processing time (in working days)	45
7. Decision made by Ombudsman	N/A
8. Additional information identified by Ombudsman	N/A
9. Decision made by ACAT	N/A
10. Additional information identified by ACAT	N/A

From: [REDACTED]
To: [CMTEDD.FOJ](#)
Subject: FOI Request - Aquis Casino
Date: Thursday, 17 May 2018 2:53:58 PM

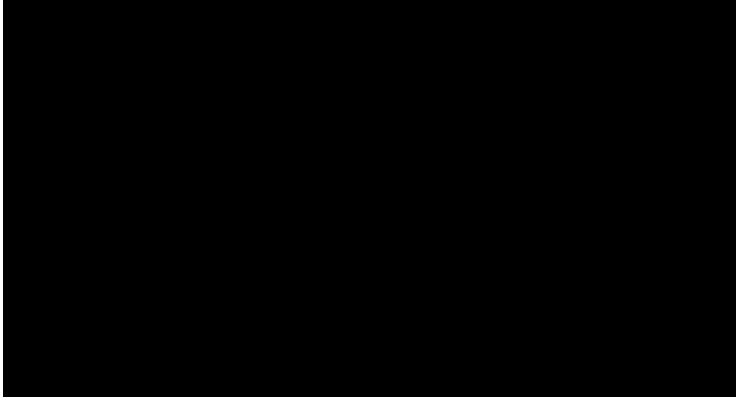
Good Afternoon

I write to request under the Freedom of Information Act 2016 correspondence and documents shared between the ACT Government and Aquis Casino from 1 December 2013 to 31 December 2015 relating to land surrounding Glebe Park or the expansion of the casino. These documents may include, but are not limited to, enquiries, meeting requests, briefings, presentations, and general correspondence.

If any Ministerial briefs or minutes have been created in relation to the Aquis Casino correspondence or proposals, I ask that these also be included in this request.

Documents and correspondence of a purely administrative nature may be excluded, along with any regular correspondence or reporting on general casino activities.

Kind regards,

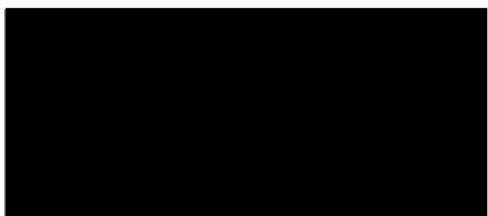





ACT
Government

Chief Minister, Treasury and
Economic Development

Our ref: CMTEDDFOI 2018-0112/0113



via email: 

Dear 

FREEDOM OF INFORMATION REQUEST

I refer to your application under section 30 of the *Freedom of Information Act 2016* (the Act), received by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) on 17 May 2018 in which you sought access to information under the *Freedom of Information Act 2016* (the Act).

Specifically, you sought access to:

- 1) "*Aquis Casino specific documents*" as listed in the table below; and

Document	Date
Gaming and Racing Commission Minute regarding Aquis Casino	11 Dec 2014
DRAFT - Casino Canberra Transfer of Ownership Suitability Report	Dec 2014
Minutes of the Gambling and Racing Commission	16 Dec 2014
Extract of Minutes of the Gaming and Racing Commission	16 Dec 2014
Brief to Minister for Gaming and Racing	16 Dec 2014

- 2) "*...correspondence and documents shared between the ACT Government and Aquis Casino from 1 December 2013 to 31 December 2015 relating to land surrounding Glebe Park or the expansion of the casino... If any Ministerial briefs or minutes have been created in relation to the Aquis Casino correspondence or proposals, I ask that these also be included in this request*".

Authority

I am an authorised Information Officer appointed by the Director-General of CMTEDD under section 18 of the Act to deal with access applications made under Part 5 of the Act.

Timeframes

The Act requires a decision and response within 20 working days of the access application being received. The deadline for responding to your access application is 23 July 2018.

Third Party Consultation

In making this decision, I completed consultation with a relevant third party in accordance with section 38 of the Act. The views of identified third party were taken into account in making this decision.

Decision on access

A search of CMTEDD records was conducted and resulted in 35 documents being identified that fall within the scope of your request.

I have decided to fully release 10 documents, partially release 10 documents and exempt from release the remaining 15 documents as I consider the redacted information would, on balance, be contrary to the public interest to disclose under the test set out in section 17 of the Act.

I have included as Attachment A to this letter the schedule of relevant documents. This provides a description of each document that falls within the scope of your request and the access decision for each of those documents. The documents released to you are provided as Attachment B to this letter.

In accordance with section 54(2) of the Act a statement of reasons outlining my decision is below.

Statement of Reasons

In reaching my access decision, I have taken the following into account:

- the Act;
- the content of the documents that fall within the scope of your request;
- the views of a relevant third party; and
- the *Human Rights Act 2004*.

Exemption claimed

My reasons for deciding not to grant full access to the identified documents and components of these documents are as follows:

Public Interest Test

The Act has a presumption in favour of disclosure. As a decision maker I am required to decide where, on balance, public interests lies. As part of this process I must consider factors favouring disclosure and non-disclosure.

In *Hogan v Hinch* (2011) 243 CLR 506, [31] French CJ stated that when 'used in a statute, the term [public interest] derives its content from "the subject matter and the scope and purpose" of the enactment in which it appears'. Section 17(1) of the Act sets out the test, to be applied to determine whether disclosure of information would be contrary to the public interest. These factors are found in subsection 17(2) and schedule 2 of the Act.

Factors favouring disclosure (Schedule 2 section 2.1)

Taking into consideration the information contained in the documents found to be within the scope of your request, I have identified that the following public interest factor in favour of disclosure is relevant to determine if release of the information contained within these documents is within the 'public interest'.

- (a) *disclosure of the information could reasonably be expected to do any of the following:*
 - (ii) *contribute to positive and informed debate on important issues or matters of public interest;*

The documents identified as being within the scope of the request provide information regarding the transfer of ownership of the Canberra Casino to Aquis Canberra Pty Ltd (Aquis) and their redevelopment proposal relating to the expansion of the casino. The Transfer of Ownership Suitability Report and associated briefs reveal the details of the probity investigation and outcomes. The proposal and presentation by Aquis provide the details of Aquis' proposed redevelopment of casino and surrounding precinct. I consider the issues related to the change of casino's ownership and its redevelopment is a matter of public interest and the release of the information identified may promote open discussion around the future development of casino. I am satisfied that this factor favouring disclosure carries significant weight. However, this weight is to be balanced with the weight of factors favouring non-disclosure.

Factors favouring non-disclosure (Schedule 2 section 2.2)

Taking into consideration the information contained in the documents found to be within the scope of your request, I have identified that the following public interest factors in favour of non-disclosure are relevant to determine if release of the information contained within these documents is within the 'public interest'.

- (a) disclosure of the information could reasonably be expected to do any of the following:
- (ii) prejudice the protection of an individual's right to privacy or any other right under the *Human Rights Act 2004*;
 - (viii) prejudice the economy of the Territory;
 - (xi) prejudice trade secrets, business affairs or research of an agency or person;
 - (xii) prejudice an agency's ability to obtain confidential information;
 - (xvii) prejudice the effectiveness of testing or auditing procedures;

When considering the documents and factors in favour of non-disclosure, I have considered the personal information of staff members contained in the documents. I am satisfied that the names, contact information and signatures of government employees should be released as these individuals were acting in their official capacity and the personal information being released is done so in relation to these individuals exercising their delegations in a work related capacity. I do not consider the release of this information is unreasonable or could prejudice their right to privacy.

However, I consider it is unreasonable to release the names and contact information of individuals that are not ACT Government employees as this is personal information that is not publicly available. I am of the opinion that release of these details may prejudice the protection of an individual's right to privacy or any other right under the *Human Rights Act 2004*. I am satisfied that this factor favouring non-disclosure should be afforded significant weight as it relates to individual privacy. Accordingly, I have decided to withhold from disclosure their personal information.

The second factor considered is in relation to the prejudice to the Territory's economy that could occur if the methodology of probity investigation and information related to the investigation process or detailed deliberations of the Gambling and Racing Commission (the Commission) were made public. The Commission should be able to conduct probity investigation to determine the suitability to transfer ownership of the casino. The release of the investigation methodology, process or the deliberation of the Commission could significantly undermine the effectiveness of these investigations if the businesses that may be involved in future investigations know what will be considered and how the businesses will be assessed. The reduction in the quality of probity investigation could affect the assessment of their eligibility which as a result could prejudice the economy of the Territory. I am satisfied that these two factors favouring disclosure carry very significant weight and I have decided to withhold from disclosure this information.

The third factor in favour of non-disclosure is in relation to the impact that disclosing the information related to Aquis' business affairs. In the case of *Re Mangan and The Treasury* [2005] AATA 898 the term 'business affairs' was interpreted as meaning 'the totality of the money-making affairs of an organisation or undertaking as distinct from its private or internal affairs'. Schedule 2 section 2.2 allows for government information to

be withheld from release if disclosure of the information could reasonably be expected to prejudice the trade secrets, business affairs or research of an agency or person.

The documents identified contain considerable amount of confidential business information provided by Aquis during the investigation to determine eligibility for transfer of ownership and the process to obtain government approval related to the redevelopment of the casino. The release of business information contained in the Suitability Report and associated briefs could provide competitors of Aquis with commercially valuable information obtained by Aquis through their research and the outcomes achieved by Aquis. Moreover, it could provide competitors with a key competitive advantage over Aquis as this information required significant investment to produce at first instance. The release of redevelopment proposal and associated documents could provide details in relation to the scope, timeframe, risks and costs of an innovative development proposed by Aquis. I am satisfied that this commercially valuable information is directly related to the money making affairs of Aquis and the release of it could prejudice business affairs of Aquis and may affect the ability of the Directorate to obtain similar information from Aquis or other businesses in the future. Accordingly, I have decided to withhold from release the information related to business affairs of Aquis. When making my decision, I note that an overview of Aquis redevelopment proposal is available from the brief on pages 176-179 which has recently been released in full by the Standing Committee on Public Accounts.

Noting the pro-disclosure intent of the Act, I am satisfied that redacting only the information that is not in the public interest to release, while releasing the rest of the documents will ensure the intent of the Act is met and will provide you with access to the majority of information held by CMTEDD within the scope of your request.

Additional Information

- The brief dated 20 May 2015 on pages 131-133 is an internal working draft that was not approved or circulated outside the division. The reason it did not progress was that it did not meet the timeframe for the meeting.
- The following pages have been removed from the document binder as they are fully exempt from release: 24-41, 60-77, 100-129, 140, 146-170 and 180-235.
- A brief from Mr Greg Jones to the Chief Minister dated 18 May 2015 falls within scope of your request. However, this brief is not included in the document binder as it is already released to you in full on 16 May 2018 (CMTEDDFOI 2018-0071).

Charges

Pursuant to *Freedom of Information (Fees) Determination 2017 (No 2)* processing charges are applicable for this request because the total number of pages to be released to you exceeds the charging threshold of 50 pages. However, the charges have been waived in accordance with section 107(2)(e) of the Act.

Online publishing – Disclosure Log

In accordance with section 28 of the Act, CMTEDD maintains an online record of access applications in the form of a disclosure log. Your original access application, my decision and documents released to you in response to your access application will be published in the CMTEDD disclosure log after 26 July 2018. Your personal contact details will not be published. The CMTEDD disclosure log is at <http://www.cmd.act.gov.au/functions/foi/disclosure-log>.

Ombudsman Review

My decision on your access request is a reviewable decision as identified in Schedule 3 of the Act. You have the right to seek Ombudsman review of this outcome under section 73 of the Act within 20 working days from the day that my decision is published in CMTEDD disclosure log, or a longer period allowed by the Ombudsman.

If you wish to request a review of my decision you may write to the Ombudsman at:

The ACT Ombudsman

GPO Box 442

CANBERRA ACT 2601

Via email: actfoi@ombudsman.gov.au

ACT Civil and Administrative Tribunal (ACAT) Review

Under section 84 of the Act, if a decision is made under section 82(1) on an Ombudsman review, you may apply to the ACAT for review of the Ombudsman decision. Further information may be obtained from the ACAT at:

ACT Civil and Administrative Tribunal

Level 4, 1 Moore St

GPO Box 370

Canberra City ACT 2601

Telephone: (02) 6207 1740

<http://www.acat.act.gov.au/>

Should you have any queries in relation to your request please contact me by telephone on 6207 7754 or email CMTEDDFOI@act.gov.au

Yours sincerely,



Daniel Riley

Information Officer

Information Access Team

Chief Minister, Treasury and Economic Development Directorate

23 July 2018



ACT
Government

Chief Minister, Treasury and
Economic Development

FREEDOM OF INFORMATION REQUEST SCHEDULE

NAME	WHAT ARE THE PARAMETERS OF THE REQUEST	Reference NO.
[REDACTED]	The Aquis Casino specific documents listed under Part 1, and correspondence and documents shared between the ACT Government and Aquis Casino from 1 December 2013 to 31 December 2015 relating to land surrounding Glebe Park or the expansion of the casino (Part 2).	CMTEDDFOI 2018-0112/0113

Ref No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
Part 1 – CMTEDDFOI 2018-0113						
1	1-3	Gaming and Racing Commission Minute regarding Aquis Casino Attachment A – see Ref No. 2	11/12/2014	Partial	Sch 2 s2.2(a)(viii)(xi)	Yes
2	4-20	DRAFT - Casino Canberra Transfer of Ownership Suitability Report	12/2014	Partial	Sch 2 s2.2(a)(ii)(viii)(xi)(xii)(xvii)	Yes
3	21-23	Attachment A to previous Report	undated	Full	n/a	Yes
4	24	Attachment B to previous Report	undated	Exempt	Sch 2 s2.2(a)(xi)(xii)	No
5	25-26	Attachment C to previous Report	undated	Exempt	Sch 2 s2.2(a)(ii)(viii)(xi)(xii)(xvii)	No
6	27-31	Attachment D to previous Report	undated	Exempt	Sch 2 s2.2(a)(viii)(xi)	No
7	32-41	Attachment E to previous Report	undated	Exempt	Sch 2 s2.2(a)(viii)(xi)	No
8	42-46	Minutes of the Gambling and Racing Commission – Version 1	16/12/2014	Partial	Sch 2 s2.2(a)(viii)(xi)	Yes
9	47-52	Minutes of the Gambling and Racing Commission – Version 2	16/12/2014	Partial	Sch 2 s2.2(a)(viii)(xi)	Yes
10	53	Extract of Minutes of the Gaming and Racing Commission - unsigned	16/12/2014	Partial	Sch 2 s2.2(a)(viii)(xi)	Yes
11	54	Extract of Minutes of the Gaming and Racing Commission - signed	16/12/2014	Partial	Sch 2 s2.2(a)(viii)(xi)	Yes

12	55-59	Brief to Minister for Gaming and Racing Attachment A – see Ref No. 20	16/12/2014	Partial	Sch 2 s2.2(a)(viii)(xi)(xvii)	Yes
13	60	Attachment B to previous Brief	17/12/2014	Exempt	Sch 2 s2.2(a)(xi)	No
14	61	Attachment C to previous Brief	17/12/2014	Exempt	Sch 2 s2.2(a)(xi)	No
15	62-66	Attachment D to previous Brief	undated	Exempt	Sch 2 s2.2(a)(viii)(xi)	No
16	67-76	Attachment E to previous Brief	undated	Exempt	Sch 2 s2.2(a)(viii)(xi)	No
17	77	Attachment F to previous Brief	17/12/2014	Exempt	Sch 2 s2.2(a)(xi)	No
18	78	Attachment G to previous Brief	12/2014	Full	n/a	Yes
19	79	Attachment H to previous Brief	12/2014	Full	n/a	Yes
20	80-117	FINAL - Casino Canberra Transfer of Ownership Suitability with attachments	12/2014	Partial	Sch 2 s2.2(a)(ii)(viii)(xi)(xii)(xvii)	Yes
Part 2 – CMTEDDFOI 2018-0112						
21	118-119	Email from Aquis	3/2/2015	Exempt	Sch 2 s2.2(a)(xi)(xii)	No
22	120-129	Attachment to previous email – Canberra Casino redevelopment and related restructure	undated	Exempt	Sch 2 s2.2(a)(xi)(xii)	No
23	130	Email - CONFIDENTIAL - Proposed Ownership Restructure by Aquis Canberra	14/4/2015	Partial	Sch 2 s2.2(a)(viii)(xi)	Yes
24	131-133	Brief to Head of Service <i>Please note this is an internal working draft that was not approved or circulated outside the division. The reason it did not progress was that it did not meet the timeframe for the meeting.</i>	20/5/2015	Full	n/a	Yes
25	134	Meeting invitation - Tony Fung - Casino Development - Aquis Canberra	21/5/2015	Full	n/a	Yes
26	135	Attachment to previous email – Email - RE: Casino Presentation - 21 May	17/4/2015	Full	n/a	Yes
27	136-137	Email - FW: Aquis / Discovery Resources	9/6/2015	Partial	Sch 2 s2.2(a)(ii)	Yes

28	138-139	Attachment 1 to previous email – DIS announcement Attachment 2 is available at https://www.asx.com.au/asxpdf/20150610/pdf/42z33tpgy64w6g.pdf	10/6/2015	Full	n/a	Yes
29	140	Letter to Aquis	21/9/2015	Exempt	Sch 2 s2.2(a)(xi)	No
30	141-145	Brief to Chief Minister - draft	undated	Full	n/a	Yes
31	146-170	Attachment A to previous brief	undated	Exempt	Sch 2 s2.2(a)(xi)(xii)	No
32	171-175	Brief to Chief Minister - draft	undated	Full	n/a	Yes
33	176-179	Brief to Chief Minister	7/11/2015	Full	n/a	Yes
34	180	Letter to Aquis	22/12/2015	Exempt	Sch 2 s2.2(a)(xi)	No
35	181-235	Presentation by Aquis	undated	Exempt	Sch 2 s2.2(a)(xi)(xii)	No
Total No of Docs						
35						



ACT
Government



GAMBLING
AND
RACING
COMMISSION

COMMERCIAL IN CONFIDENCE

MINUTE

Date: 11 December 2014

To: Chairperson, Members

From: Assistant Manager, Casino, Racing and Wagering

Subject: **Casino Licensee Transfer of Ownership Suitability Report –
Aquis Canberra Pty Ltd**

Through:

Chief Executive

Supported - G. Jones 11/12/2014

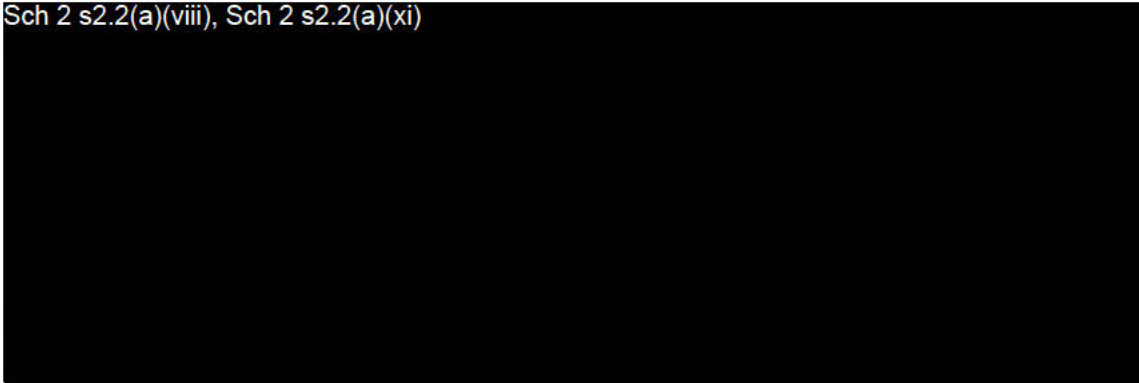
Purpose

To submit for the Board's consideration the Casino Licensee Transfer of Ownership Suitability Report on Aquis Canberra Pty Ltd.

Background

1. Aquis Canberra Pty Ltd entered into discussions with Casinos Austria International Limited (CAIL) in late 2013 to negotiate the terms of an offer to purchase CAIL's interest in Casino Canberra Limited.
2. CAIL formally wrote to the Minister for Racing and Gaming on 31 March 2014 in order to seek approval for the proposed transfer of ownership of the casino licence held by Casino Canberra Limited to Aquis Canberra Pty Ltd. The current licence issued to Casino Canberra Limited was for the term of 97 years commencing in 1992.
3. Casino Canberra Limited was initially intended to be sold as part of a joint package involving the Reef Casino in Cairns, Queensland.
4. As the proposed sale arrangement involved two jurisdictions, a Memorandum of Understanding (MOU) was developed between the Queensland Office of Liquor and Gaming Regulation (QOLGR) and the ACT Gambling and Racing Commission to undertake a joint probity investigation into the proposed licensee.

Issues

5. An extensive investigation has been conducted into the suitability of Aquis Canberra Pty Ltd. The attached report (see Attachment A) outlines the background and extent of the investigation and describes the conclusions that have been drawn and the recommendations that have been made. The report is self-explanatory and addresses the necessary legislative requirements in that it provides advice to the Minister relating to the proposed new casino owner.
6. Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

- 7.
8. In relation to the casino licence fee, which is currently around \$900,000 per annum indexed, the Commission negotiated the payment of this fee for the next five years as an upfront amount. This means that a payment of around \$4.5 million would be made in early February 2015, the timing based on when the existing fee is paid up to. To implement this proposal that has been agreed by Aquis, a new licence fee Notifiable Instrument requires approval by the Minister.
9. As identified in disallowable instrument DI2014-108 relating to fees payable by the casino licensee, Casino Canberra is required to pay an ownership transfer fee of \$2,666 to the Commission.
10. To ensure appropriate flexibility and timeliness for providing the required approvals, delegation is being sought for the Chief Executive to Sch 2 s2.2(a)(viii), Sch 2 and any other necessary documentation and to make any reasonable decision necessary for the completion of the sale to facilitate the transfer of ownership. This, of course, is predicated on the Commission, and ultimately the Minister, agreeing to the proposed course of action to approve Aquis as suitable to operate the casino.
11. While the attached suitability report is considered final, there may be the requirement for minor amendments to be made that are not material to the fundamental conclusions and recommendations. It is therefore suggested that delegation to the Chief Executive be made to make such minor adjustments if necessary before the report is forwarded to the Minister for consideration.
12. If the proposed sale proceeds, it is expected that the Minister will issue a media release advising of the outcome of the probity investigation and announcing the proposed new casino owner.

Recommendation

13. It is recommended that the Commission:

- i) note the content and outcomes of the probity investigation report as provided at Attachment A and agree to the recommendations in the Report;
- ii) Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)
[REDACTED]
- iii) approve the Chief Executive to make minor non-material adjustments as necessary to the report;
- iv) agree for the Chief Executive to forward the suitability report to the Minister at an appropriate time; and
- v) Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)
[REDACTED]



Kim Brady

COMMERCIAL IN CONFIDENCE

DRAFT



ACT Gambling and Racing Commission

**Casino Canberra
Transfer of Ownership Suitability Report
Aquis Canberra Pty Ltd**

December 2014

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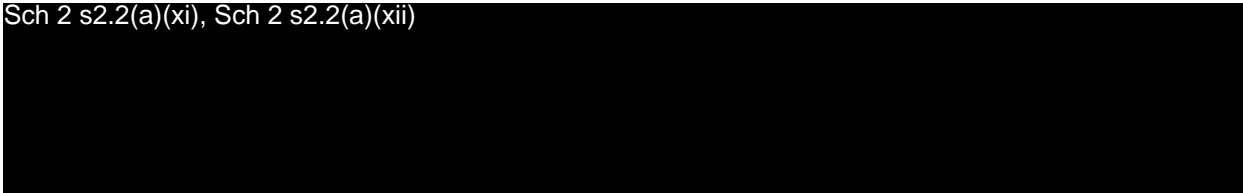
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Executive Summary


In October 2013, Casinos Austria International Limited (CAIL) as the 100% owner of Casino Canberra Limited entered into negotiations to sell Casino Canberra following an unsolicited offer from the Aquis Fung Group (AFG). The offer was part of a larger bid to purchase The Reef Hotel Casino in Cairns which was jointly owned by CAIL and Accor Casino Investments Pty Ltd (Accor). The purchase offer was conditional, amongst other things, that it completed by 31 October 2014, later extended to 28 November 2014.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



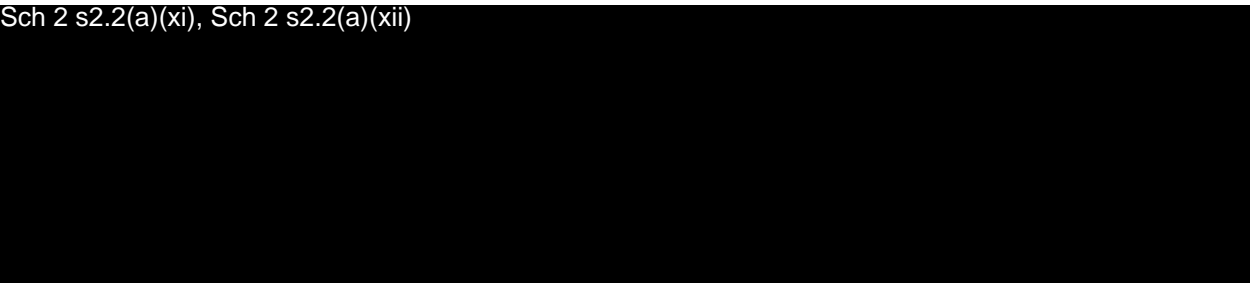
On the basis that the sale arrangement involved casinos in two jurisdictions, the ACT Gambling and Racing Commission and the Queensland Office of Liquor and Gaming Regulation (QOLGR) entered into a Memorandum of Understanding to undertake a joint probity investigation.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



The joint investigation involved the analysis of the AFG's financial history, business conduct in regards to operations, decision making, associations and affiliations including their ability to potentially support and operate a casino.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

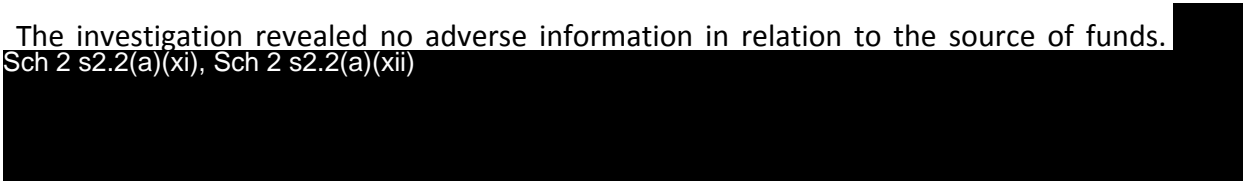


In relation to the Reef casino sale, the deadline of 28 November 2014 remained and subsequently passed with the sale offer lapsing.

It was revealed in the investigation that the AFG and Tony Fung had financial circumstances that would comfortably allow the acquisition of Casino Canberra within existing resources and as such would result in no financial encumbrance over the Canberra casino property.

The investigation revealed no adverse information in relation to the source of funds.


Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



COMMERCIAL IN CONFIDENTIAL

There were no adverse findings revealed in relation to the corporations, corporate structure, relevant key individuals or associates.

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)



A number of conditions on the licence are suggested to enhance the Commission's regulatory role, particularly in terms of information requests and being kept abreast of any adverse events relating to the licensee and associated entities.

Based on the information made available to the Commission, it has concluded that there are no eligibility objections to the applicant (Aquis Canberra Pty Ltd) operating a casino in the Australian Capital Territory.

In order to further protect the Territory's interest and ensure that the Commission has sufficient additional regulatory oversight capabilities, it is recommended that the proposed casino licence conditions Sch 2 s2.2(a)(viii), be implemented as part of any approval to transfer ownership. Aquis has been extensively consulted on these documents and is in agreement with their content.

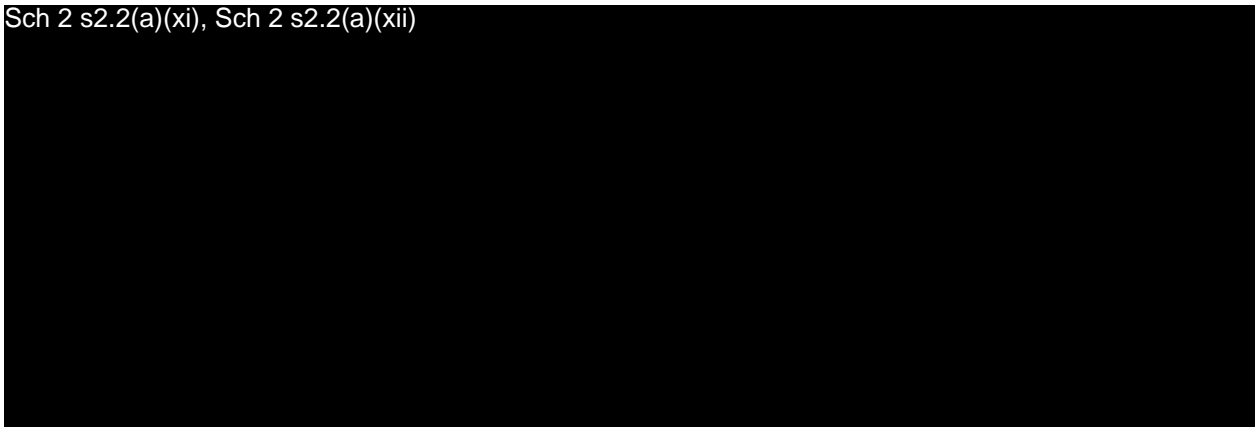
On the basis that the licence condition Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi) are adopted in full, the Commission advises that it has not identified any matter that would prevent the Minister from approving the transfer of the casino's ownership to Aquis Canberra Pty Ltd.

COMMERCIAL IN CONFIDENTIAL**1.0 Introduction and Background**

Casino Canberra is owned and operated by Casino Canberra Limited, a wholly owned subsidiary of Casinos Austria International Limited (CAIL). CAIL is also owner of The Reef Hotel Casino in Cairns jointly with Accor Casino Investments Pty Ltd through the Reef Casino Trust (RCT).

The RCT is an Australian Stock Exchange (ASX) listed entity. Reef Casino Services, an entity also jointly owned by CAIL and Accor Casino Investments Pty Ltd, is responsible for the RCT and holds all RCT assets on trust for RCT unit holders.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

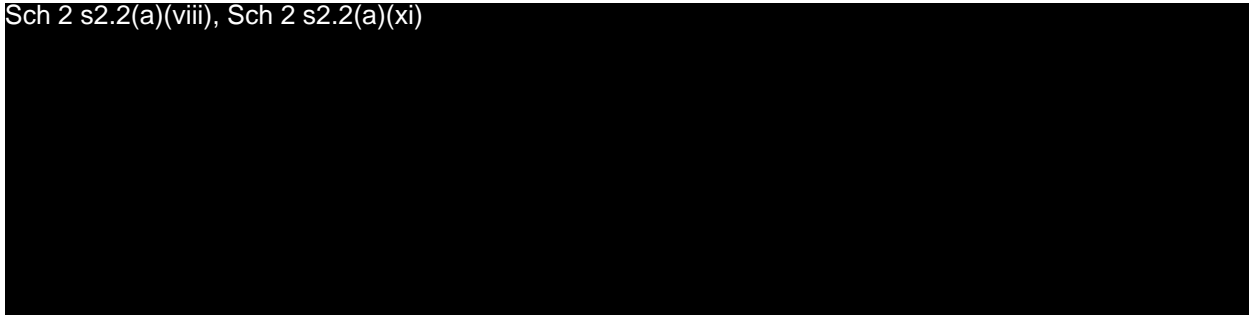


A key feature of the joint sale agreement was that settlement had to occur by 31 October 2014, later extended to 28 November 2014, or the sale offer would lapse.

On 31 March 2014, CAIL wrote to the Minister for Racing and Gaming pursuant to section 12 of the *Casino Control Act 2006* (the Act) seeking approval for the proposed transfer of ownership of Casino Canberra Limited

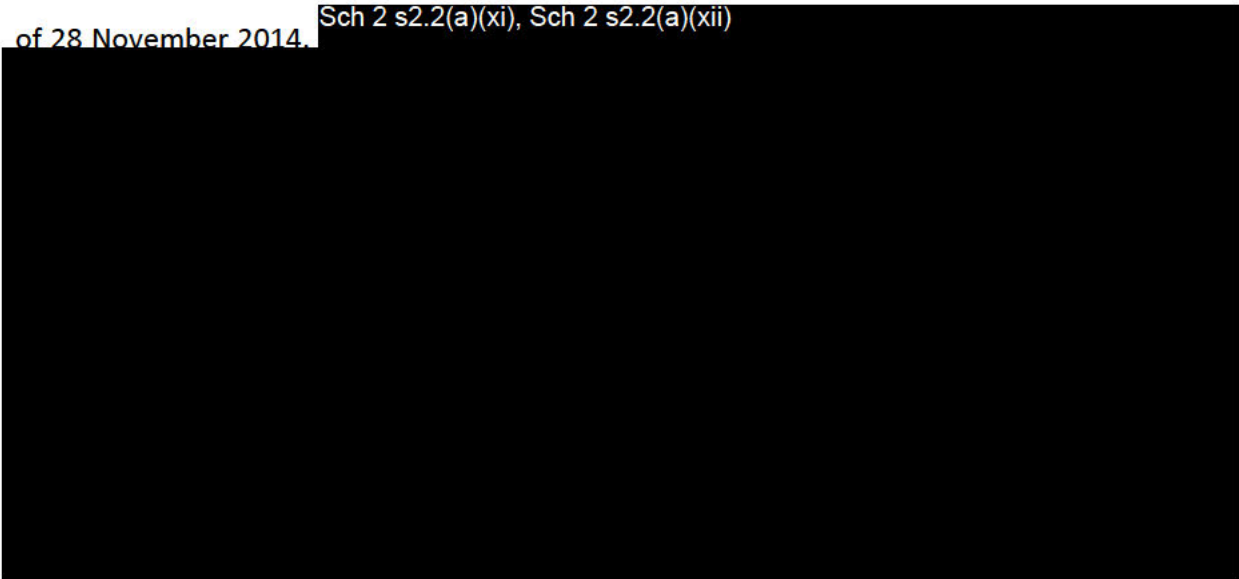
On the basis that the proposed sale agreement involved the transfer of ownership of casinos in both the ACT and Queensland, the ACT Gambling and Racing Commission (the Commission) entered into a Memorandum of Understanding (MOU) with the Queensland Office of Liquor and Gaming Regulation (QOLGR) to undertake a joint probity investigation into the proposed purchase arrangement. Given the relative size of the transactions in each jurisdiction and the availability of resources, it was agreed that the Queensland regulator would take the lead role in conducting the probity investigation.

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)



On 21 November 2014, RCT announced through the ASX website that Aquis was unlikely to satisfy the requirements under the share purchase offer by the revised completion deadline

of 28 November 2014. Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



This report outlines the results of the extensive investigations conducted into Aquis Canberra Pty Ltd (the applicant), all associated entities and eligible persons for the purposes of suitability to operate a casino in the Territory. It addresses the eligibility requirements in accordance with the provisions outlined in sections 7 and 8 of the Act. The Commission, under section 13 of the Act, can also provide any recommendations to the Minister on the proposed transfer of ownership.

The authority for the Commission to undertake the necessary suitability investigations is based on the provisions of the *Gambling and Racing Control ACT 1999* (GRC Act). Under the GRC Act the Commission is established as an independent statutory authority to regulate, control and supervise gaming and racing activities in the ACT, including that of the casino.

Under section 22 of the GRC Act, the Commission has the powers to obtain information as necessary to undertake its functions including through the conduct of interviews and from requirements to produce documents. If necessary, evidence can be obtained by the Commission through statutory declaration or under oath or affirmation as provided by section 22(3)(c) of the GRC Act.

2.0 Legislative Background

The sale proposal involves the transfer of ownership of the current casino licensee, Casino Canberra Ltd, to Aquis Canberra Pty Ltd (the applicant) pursuant to section 13 of the *Casino Control Act 2006* (the Act).

Under this section of the Act, the approval for a change of ownership by the Minister is subject to the proposed owner being an eligible person as defined in the Act and the Minister considering any recommendation made by the Commission about the sale. In this regard, the Commission has undertaken a detailed analysis of the purchaser's corporate structure, financial resources and management ability to operate a casino.

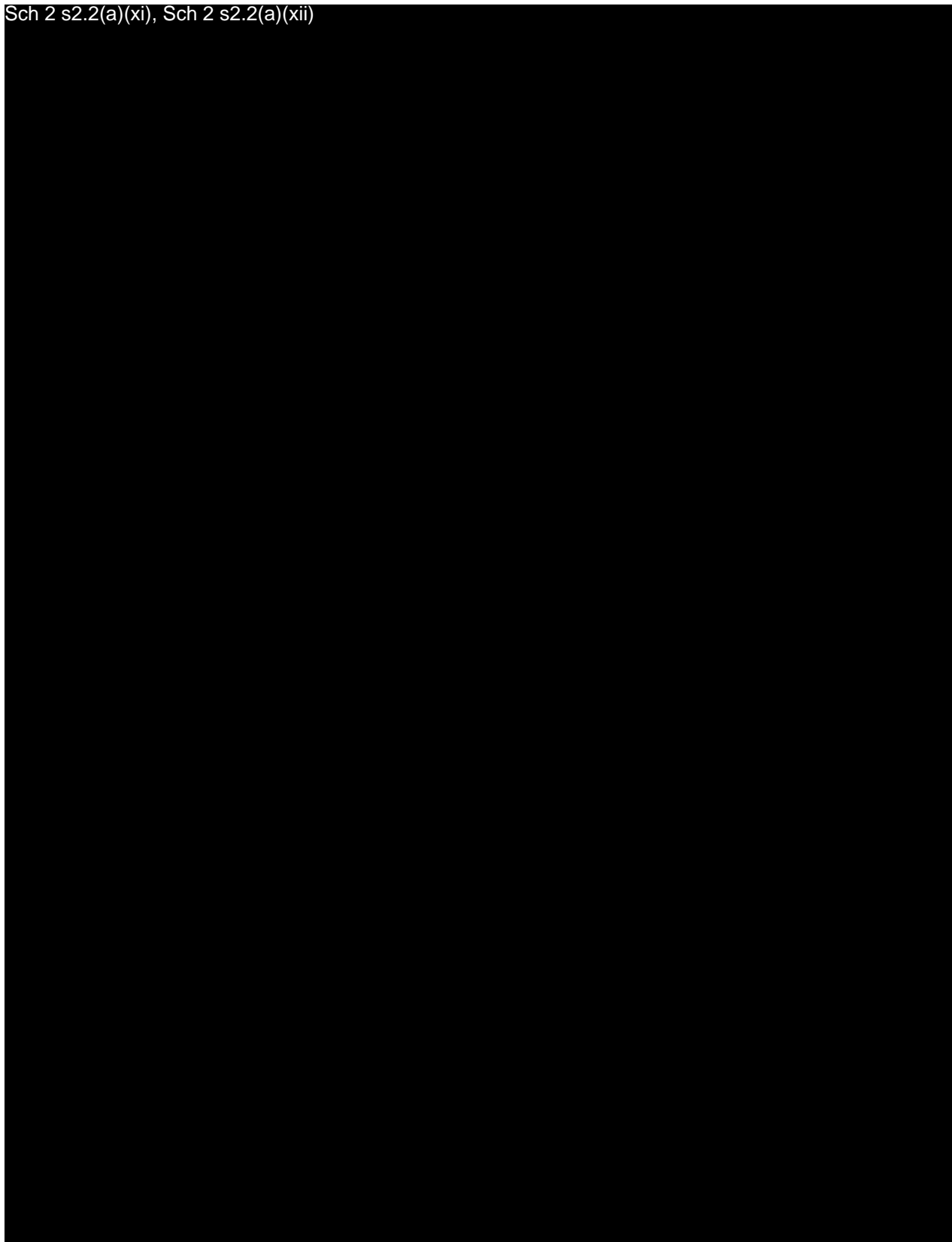
The eligibility criteria set out in sections 7 and 8 of the Act are determined separately for corporations and individuals. Within a corporation, each influential person (as defined in the Act) must be considered an eligible person by meeting the individual eligibility criteria.

Broadly, the statutory eligibility criteria for corporations is fairly basic in that it only covers significant adverse financial history, such as any winding-up orders or appointments of administrators. For individuals, the eligibility criteria covers criminal history as well as current and previous financial history.

The eligibility criteria is also applied to relevant associates and related entities connected with the applicant. The relevant legislative provisions are outlined in Attachment A.


3.0 Description of Purchaser

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



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Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



4.0 Investigation Methodology

On the basis that the original sale proposal involved casinos in both Queensland and the ACT, as stated earlier it was agreed that a joint probity investigation would be undertaken involving gaming regulators from both jurisdictions.


Sch 2 s2.2(a)(xvii), Sch 2 s2.2(a)(viii)



The Commission has the powers to investigate by obtaining information, instruments or records or require attendance for examination to undertake its statutory functions including through the conduct of interviews as stated under section 22 of the *Gambling and Racing Control Act 1999*. However, in the conduct of this investigation it was unnecessary to exercise the Commission's powers to require production of material as all information was obtained on a voluntary basis, including voluntarily attendance at interviews.

5.0 Investigation Outcomes

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xvii)



5.1 Individual Assessment

Section 7 of the Act relates to the eligibility of individuals, and accordingly each key person has been assessed against the criteria as defined under section 7.

Information provided by the independent consultants and confirmed by the Commission indicates the following influential persons:

Tony Fung, Director
Justin Fung, Director
Raymond Or, Director

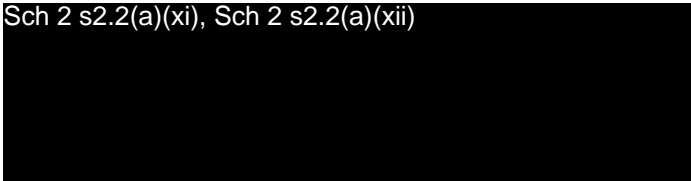
Mr Tony Fung is a very experienced businessman and is currently director of Sch 2 corporate entities.

Mr Justin Fung, Tony's son, has a law degree from the United States and is being introduced into the AFG corporate undertakings under the guidance of his father.

Mr Raymond Or is a very experienced and respected businessman and is currently director of 15 corporate entities. Some of his past directorships include Cathay Pacific Airways Ltd, HSBC Investment Bank Asia Ltd and The Hongkong and Shanghai Banking Corporation Ltd.

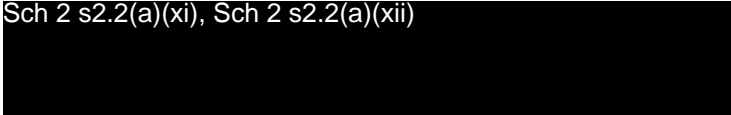
The influential persons identified above are the only directors for the following AFG entities as indicated at Attachment B:

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

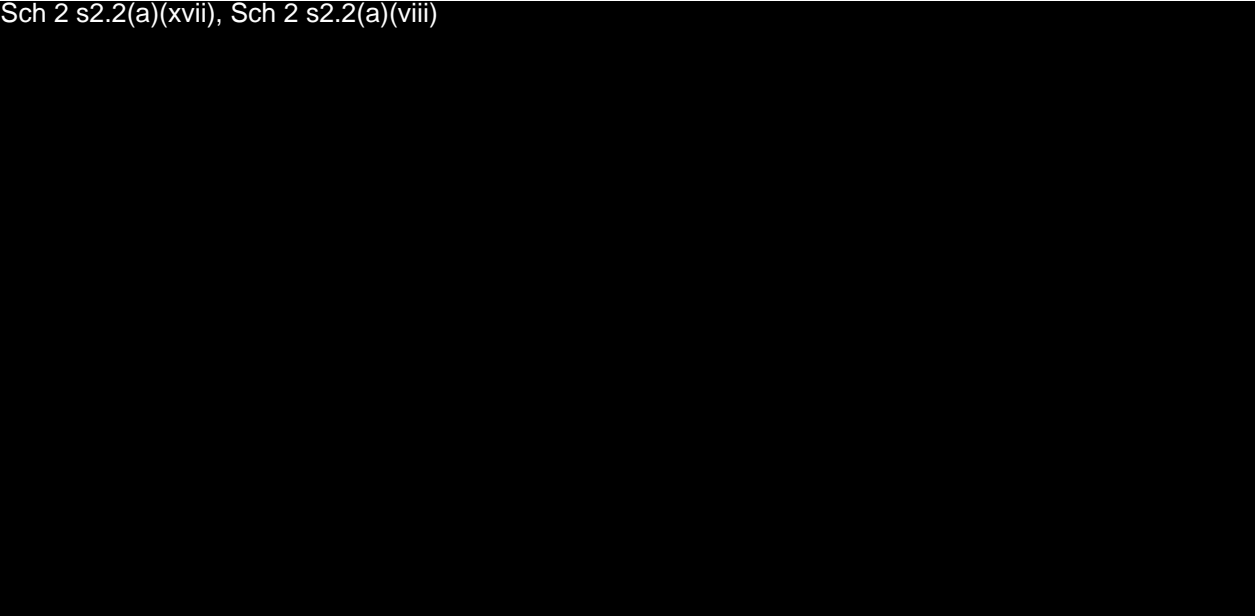


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Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)




Sch 2 s2.2(a)(xvii), Sch 2 s2.2(a)(viii)



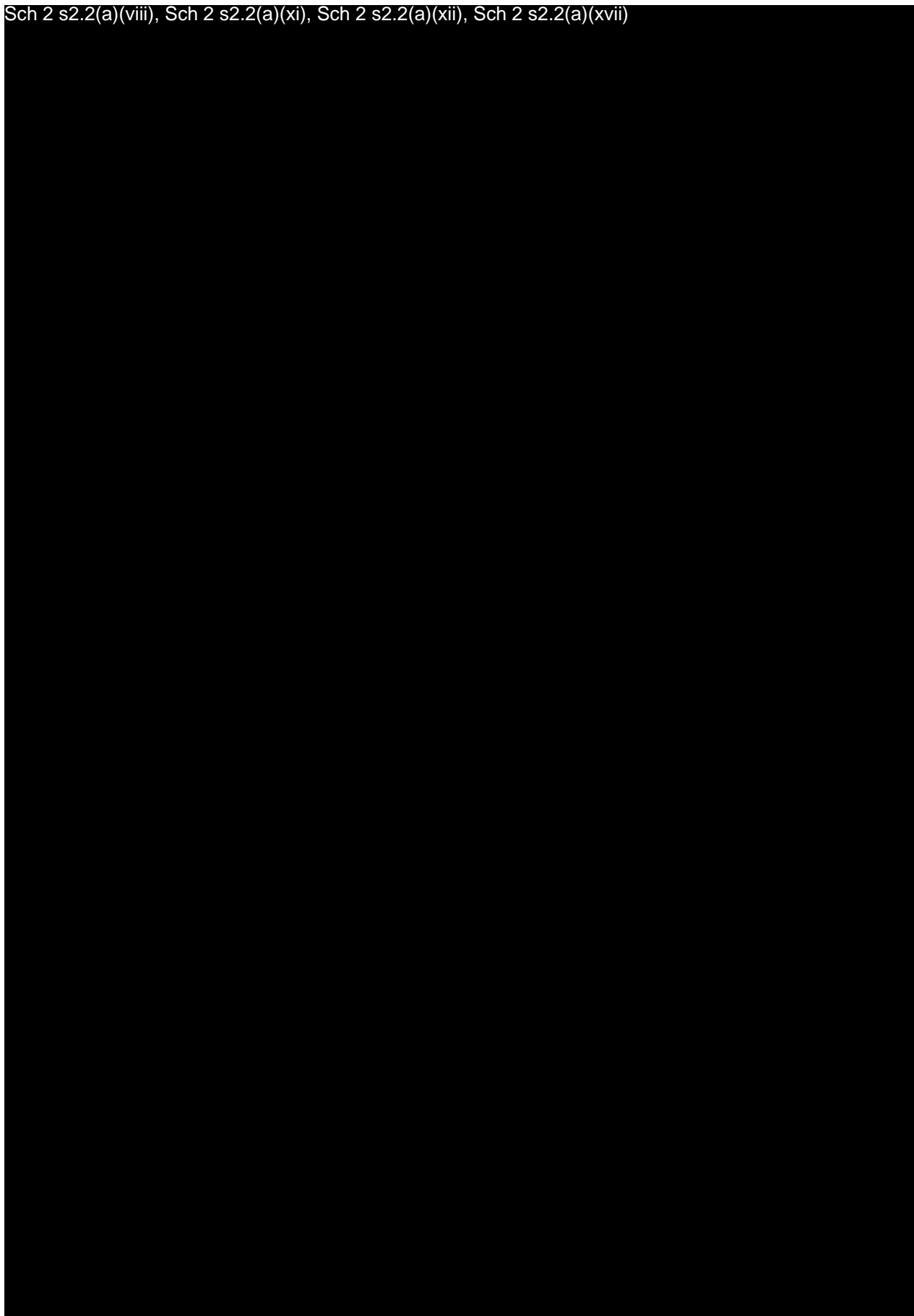
Nothing adverse on the three directors was identified from submitted individual probity forms, formal interviews, police checks, credit checks or ASIC and Dun and Bradstreet searches.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(ii), Sch 2 s2.2(a)(xvii)



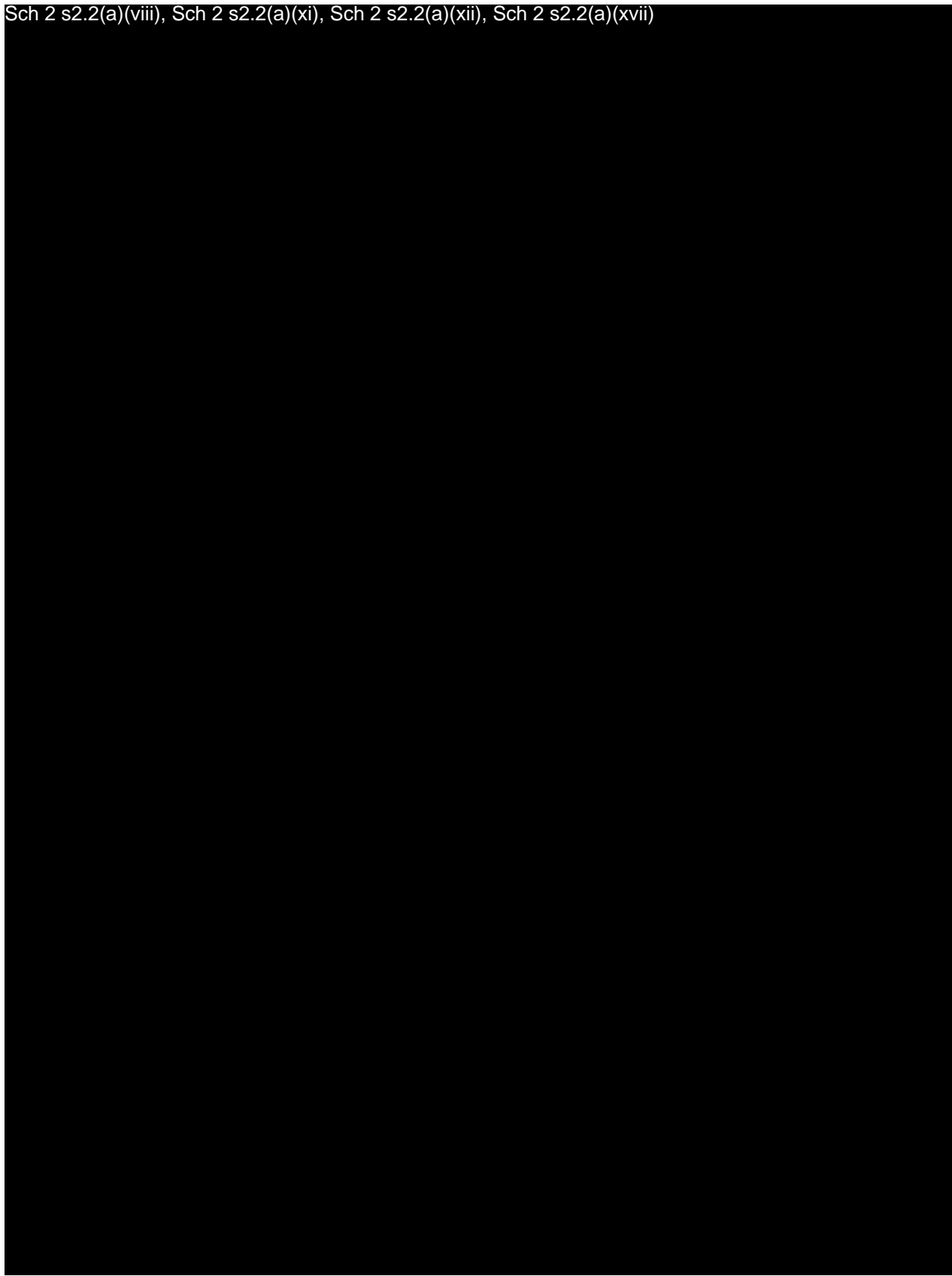
5.2 Corporation Assessment

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(xvii)



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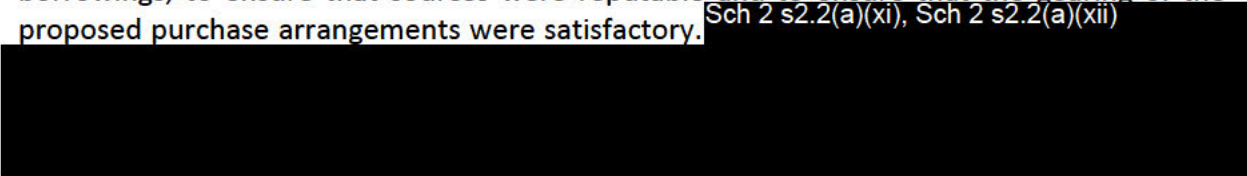
Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(xvii)



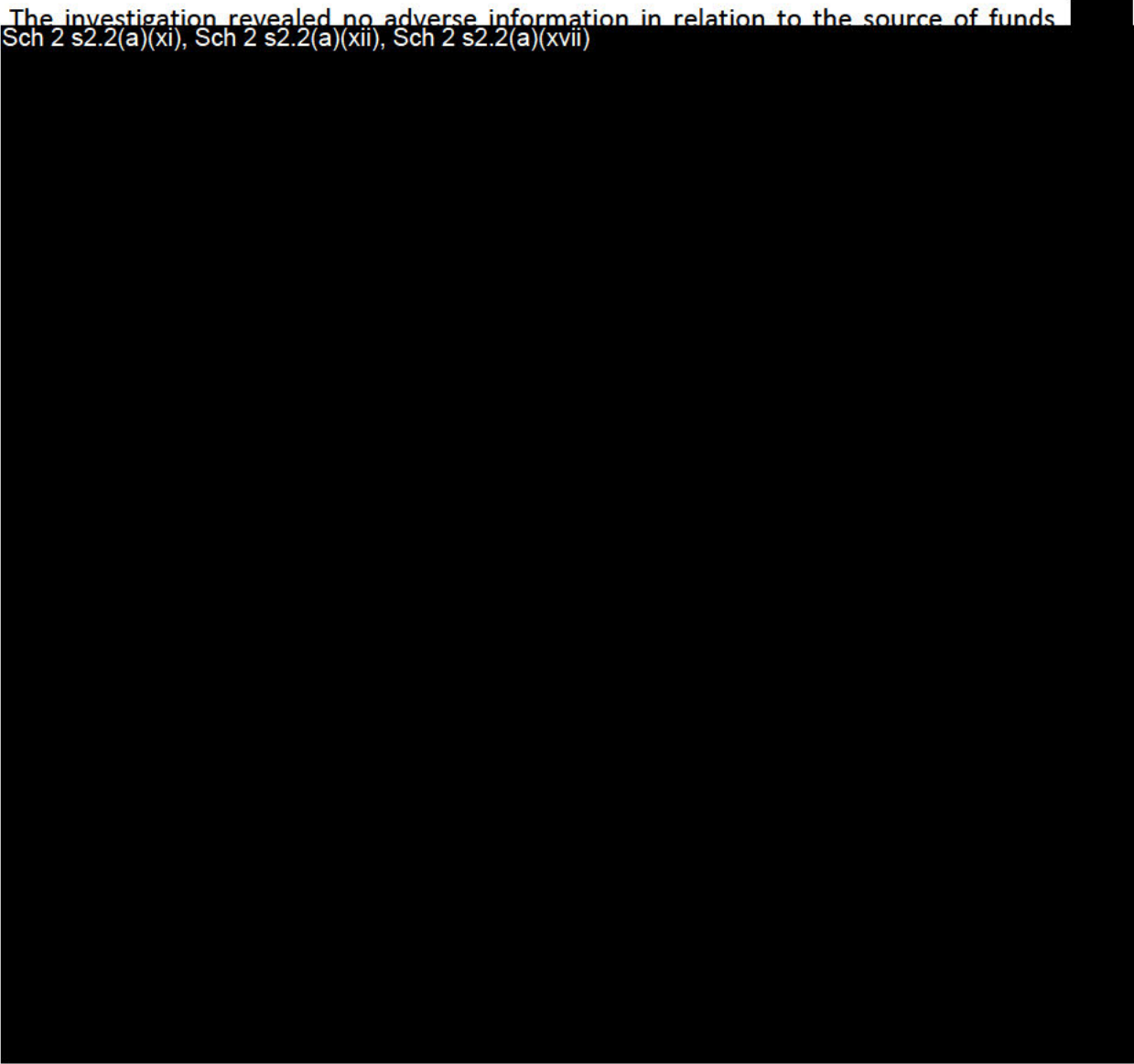
6.0 Conclusions

Extensive enquiries under the joint investigation arrangements with QOLGR produced a large amount of financial and corporate data that was analysed by both regulatory bodies with the assistance of the specialised contractors.

Much of the financial analysis focused on identifying the source of funds, both equity and borrowings, to ensure that sources were reputable and to ensure that the gearing of the proposed purchase arrangements were satisfactory. Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



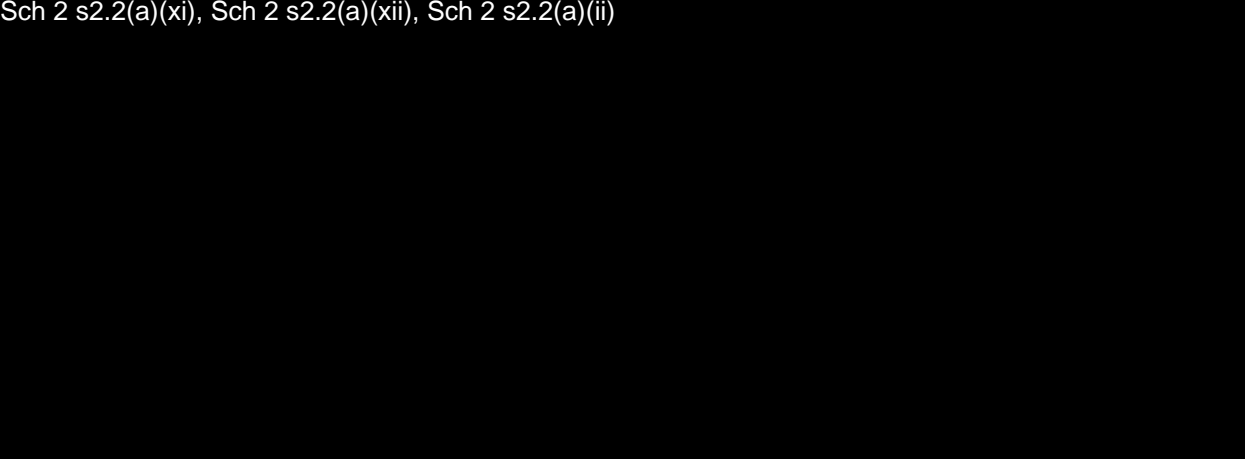
The investigation revealed no adverse information in relation to the source of funds. Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(xvii)



In relation to individual probity, police criminal history checks and credit checks revealed nothing adverse in relation to the directors.


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Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(ii)



In order to provide further protection for the Territory in relation to AFG's commitment to the Canberra casino, it is proposed that amendments to the existing payment obligation for the casino licence fee (currently \$891,877 per annum indexed) will require an upfront licence fee payment covering the next 5 years, totalling around \$4.5 million.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(viii)



The Commission's probity conclusions and its recommendations that follow are provided as an integrated package that includes all terms of the proposed conditions of casino licence

Sch 2
s2.2(a)(viii),

As such, the recommendations rely on the total package being either accepted or rejected as a whole.


7.0 Recommendations

A full analysis of available information relating to the corporation and all eligible persons was conducted to test Aquis Canberra Pty Ltd's eligibility to be a casino licensee.

Based on the evidence available at the time of this report, the Commission has determined that there are no disqualifying grounds whereby Aquis Canberra Pty Ltd or any of its eligible persons would be considered unsuitable.

The proposed corporate structure of the casino licensee and its associated entities is considered satisfactory along with its management structure.

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



Based on the information available, the Commission considers that Aquis Canberra Pty Ltd meets the eligibility requirements in relation to sections 7 and 8 of the *Casino Control Act 2006*. The Commission advises that it has not identified any matters that would prevent the Minister from approving the change of ownership of the casino licence to Aquis Canberra Pty Ltd.

The Commission recommends that if the Minister approves the change of ownership then the attached licence conditions be simultaneously applied which would also require the Commission to enter into Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi).

ATTACHMENT A

Relevant Legislative Provisions

Casino Control Act 2006

Section 7 - Eligibility of individuals

Specifically, the relevant legislative provisions are as follows:

- (1) For this Act, an individual is an eligible person if –
 - (a) the individual is an adult; and
 - (b) there is not a disqualifying ground for the individual.
- (2) Each of the following is a ***disqualifying ground*** for an individual:
 - (a) the individual has been convicted, or found guilty, in the last 5 years, whether in the ACT or elsewhere, of an offence-
 - (i) involving fraud or dishonesty; or
 - (ii) against a law about gaming;
 - (b) the individual has been convicted, or found guilty, in Australia in the last 5 years of an offence punishable by imprisonment for at least 1 year;
 - (c) the individual has been convicted, or found guilty, outside Australia in the last 5 years of an offence that, if it had been committed in the ACT, would have been punishable by imprisonment for at least 1 year;
 - (d) the individual is, or at any time in the last 5 year has been, bankrupt or personally insolvent;
 - (e) at any time in the last 5 years the individual was involved in the management of a corporation when-
 - (i) the corporation become the subject of a winding-up order; or
 - (ii) a controller or administrator was appointed;
 - (f) at any time in the last 12 months the individual had-
 - (i) an application for a casino employee licence refused, on the basis that the individual provided false or misleading information, in the application; or
 - (ii) a casino employee licence cancelled under part 4.
- (3) Despite subsection (2), the Minister or Commission may decide that an individual is an eligible person if satisfied that-

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- (a) the operation of the casino would not be adversely affected if the Minister or Commission decided that the individual is an eligible person; and
- (b) it is otherwise in the public interest that the individual be treated as an eligible person.

Section 8 – Eligibility of corporations

(1) For this Act, a corporation is an *eligible person* if -

- (a) each executive officer and influential person of the corporation is an eligible person; and
- (b) the corporation is not the subject of a winding-up order, and has not been the subject of a winding-up order in the last 3 years; and
- (c) a controller or administrator has not been appointed for the corporation in the last 3 years.

(2) Despite subsection (1), the Minister or the commission may decide that a corporation decided that a corporation is an eligible person if satisfied that-

- (a) the operation of the casino would not be adversely affected if the Minister or the Commission decided that the individual is an eligible person; and
- (b) it is otherwise in the public interest that the corporation be treated as an eligible person.

Section 9 – Meaning of *influential person*

(1) In this Act:

Influential person, for a corporation –

(a) means any of the following:

- (i) an executive officer of the corporation;
- (ii) a related corporation;
- (iii) an executive officer of a related corporation;
- (iv) an influential owner of the corporation; and

(b) includes a person who, through not mentioned in paragraph (a), can exercise as much influence over the conduct of the corporation as someone mentioned in that paragraph.

(2) In this section:

Influential owner, of a corporation, means a person who, whether directly or through intermediary corporate ownership or nominees –

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- (a) can control at least 5 % of the votes at an annual general meeting of the corporation;
or
- (b) can control the appointment of a director of the corporation.

related corporation means a related body corporate under the Corporations Act.

Section 10 – Meaning of owner

(1) In this Act:

‘owner’, of the casino, means a person who, alone or jointly with others, is the lessee of land where the casino, or part of the casino, is located.

(2) A reference to the owner of the casino is a reference to all such people.

Section 12 – Application for approval for change of ownership

An owner of the casino may apply in writing to the Minister for approval to sell or otherwise dispose of the owner’s interest in the lease of the casino, or part of the interest, to someone else.

Section 13 – Approval of proposed owner

(1) On application under section 12, the Minister must approve, or refuse to approve, the sale or other disposal of an owner’s interest in the lease of the casino, or part of the interest, to the proposed owner.

(2) In deciding whether to approve the sale or other disposal, the Minister must consider any recommendation made by the Commission about the sale or disposal.

(3) The Minister must not approve the sale or other disposal unless satisfied that –

- (a) the proposed owner is an eligible person; and
- (b) if the change of ownership would require a control agreement to be in force under section 19, on transfer of ownership, the proposed owner will become a party to a control agreement.

**MINUTES OF THE
ACT GAMBLING AND RACING COMMISSION
TUESDAY 16 DECEMBER 2014**

Attendees: **John Haskins, Chairperson**
 Rebecca Vassarotti, Member
 Greg Jones, Chief Executive

Staff and others in attendance during the course of the meeting:

- Vicki Hagen (Secretariat)

Item 1: Apologies

Alice Tay, Member

Item 2: Conflict of Interest and Manager's Declaration

There were no conflicts of interest declared by members in relation to agenda items. The Executive and Manager Declaration by management staff was tabled and noted.

Item 3 - Minutes of previous meeting – 18 November 2014

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Members noted the status of the action items from the previous minutes.

Mr Jones provided members with an update on the gaming machine reform package. A meeting was held with Economic Development (ED) last week to discuss the proposed changes which will require a substantial re-write of the *Gaming Machine Act*. Mr Jones explained that there is two parts to the draft Bill which cover the trading scheme and revision of the licensing arrangements. A further meeting will be held this afternoon with ED to commence discussions on some of the detailed aspects of the licensing operations. It is anticipated that the draft Bill will be finalised by early February, possibly tabled in mid February and debated in March 2015, although there may be some slippage due to drafting complexities.

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Members noted a confidential briefing paper prepared by Mr Jones, Chief Executive, providing members with a list of significant matters covered by the CEO during usual business activity since the previous Commission meeting.

Mr Jones provided members with an update on the review of the note acceptor limits in the ACT. Mr Jones provided a brief overview of the background and current status of the review. The Minister has indicated her agreement to introduce the use of \$50 notes and investigate further the potential implementation of a cash input limit.

The Commission has made some initial enquires with NSW in relation to the cost of implementing a cash input limit. ACT gaming machines are all tested in NSW which currently has no cash input limits and allow the use of \$50 and \$100 notes. There would be significant costs to industry in relation to testing and obtaining approvals if cash input limits were introduced in the ACT. Economic Development has been requested to develop a proposal for the Minister on how this could be implemented with minimal cost. Mr Jones will keep members updated on this issue.

A half day planning session is scheduled for 21 January 2015. It was agreed that managers would be invited to the first half of the session and provide a five minute presentation on their current highlights and associated risks. The second half of the session would be focussed on setting the Commission's strategic direction for 2015.

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Members noted a briefing paper prepared by Ms Kim Brady, Assistant Manager Compliance and Investigations, submitting for the Board's consideration the Casino Licensee Transfer of Ownership Suitability Report on Aquis Canberra Pty Ltd.

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An extensive investigation has been conducted into the suitability of Aquis Canberra Pty Ltd. The Suitability Report outlines the background and extent of the investigation and describes the conclusions that have been drawn and the recommendations that have been made. The report addresses the necessary legislative requirements in that it provides advice to the Minister relating to the proposed new casino owner.

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

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After general discussion members agreed to the following resolutions:

- i) noted the content and outcomes of the probity investigation report and agreed to the recommendations in the report;

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

- iii) approved the Chief Executive to make minor non-material adjustments as necessary to the report;

- iv) agreed for the Chief Executive to forward the suitability report to the Minister at an appropriate time; and

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Ms Tay was an apology at the meeting, however she indicated her agreed to the recommendations contained in the brief to the Board via email to the Chief Executive on 15 December 2014. The Board acknowledged the contribution made by the Mr Jones and Ms Brady and the sale of casino will be a great outcome for the Territory.

Settlement is due to take place in Brisbane on 23 December 2014.

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Members noted a briefing paper prepared by Mr Paul Guinane, Assistant Manager Policy and Research, seeking agreement to provide up to \$15,000 from the Problem Gambling Assistance Fund to contribute to the funding of Gambling Help Online (GHO) for 2015-16 and for evaluation of Gambling Help Online's service delivery and client outcomes.

The project was endorsed by the Problem Gambling Assistance Fund (PGAF) Advisory Committee on 29 February 2012. On 20 March 2012, the project was approved by Commission members with expenditure up to \$40,000 over the period 2012-2015. Expenditure on the project over the period 2012-2015 will total \$24,116.

Representatives from all Australian jurisdictions met on 26 November 2014 to discuss the future of GHO after the current Memorandum of Understanding (MoU) expires on 30 June 2015. All jurisdictions expressed support for the continued operation of GHO.

It was proposed at the meeting that jurisdictions agree to continue funding GHO for 2015-2016 to allow an evaluation of GHO's service delivery and client outcomes to be conducted and considered before making longer term decisions about GHO's future service delivery.

Depending on the level of Commonwealth Government contribution to the funding of GHO and to the cost of the service evaluation, the ACT's commitment for 2015-2016 would be between \$8,000 and \$10,700.

On 9 December 2014 the PGAF Advisory Committee endorsed contributions to the funding and evaluation of GHO in 2015-16 as proposed. As at 10 December 2014, Victoria, NSW and Tasmania had confirmed their state's commitment to GHO funding as proposed.

Members approved expenditure up to \$15,000 from the Problem Gambling Assistance Fund to contribute to the funding of the GHO for 2015-16 and for evaluation of Gambling Help Online's service delivery and client outcomes.

Action Item: Mr Jones to advise the Victorian Responsible Gambling Foundation that funding has been approved.

Item 8: Gambling Research Australia research report – ‘Impact of Structural Characteristics of Electronic Gaming Machines’

Members noted a briefing papers prepared by Mr Shane Donohue, Graduate Administrative Assistant, providing an update on the findings of the recent ‘*Impact of Structural Characteristics of Electronic Gaming Machines (EGMs)*’ study by Gambling Research Australia.

Members noted the content of the brief and advised it was well written and easy to read. It was agreed that the secretariat would create a research page on Govdex and provide links to relevant research reports as they are published.

Item 9: ACT Gambling and Racing Commission – Financial Reports for November 2014

Members noted the information provided in the above reports.

Item 10: Board Correspondence

Members noted a letter from Mr Jeff House, CEO ClubsACT, thanking Mr Jones for his participation as a speaker at the 2014 ClubsACT Conference.

Mr Jones also tabled a copy of a letter that Mr House sent to Minister Burch in relation to the prevalence study currently being undertaken by the ANU Centre for Gambling Research. The Commission will prepare a response for the Minister and provide a copy to members for information. Mr Jones will also discuss this issue with Mr House at their next meeting in the early New Year.

Action Item: Members to be provided with a copy of the response to Mr House from the Minister in relation to funding arrangement between the Commission and the ANU Centre for Gambling Research.

Item 11: Other Business

Administrative Arrangements Orders

The new Administrative Arrangements Orders (AAOs) became effective on 13 December 2014 following a change of Chief Minister. It is expected that a 6th Minister will be appointed in February 2015 which will result in some further administrative changes.

The new Chief Minister has established a new ‘one-stop shop’ to cut red tape and better connect businesses and the community with government services. *Access Canberra* will bring together shopfronts and regulatory activities into a single service.

Access Canberra will be located in the Chief Minister, Treasury and Economic Development Directorate. Regulatory services will be split from their respective policy agencies. The Commission as a statutory agency will continue to function in its current form with no immediate changes other than to report to the Chief Minister. It is anticipated that the new service will be fully functional by June 2015.

Mr Jones will keep members updated on any changes as they become known. A formal announcement will be made by the Chief Minister this morning.

Action Item: Mr Jones to explore whether it would be worthwhile to invite a member of the Chief Minister's Directorate to the planning session in January 2015 to discuss the impact of the AAOs on the Commission

Mr Jones will be on leave from 24 December to 2 January inclusive.

Staff Communiqué – Meeting Outcomes

Members approved the Staff Communiqué be circulated to staff advising them of the meeting outcomes.

Item 11: Next meeting

The planning day was scheduled for 8.30am on Wednesday, 21 January 2015 and should conclude around lunchtime.

The members agreed that the next meeting will be held at 8:30am Tuesday, 17 February 2015.

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Members approved expenditure up to \$15,000 from the Problem Gambling Assistance Fund to contribute to the funding of the GHO for 2015-16 and for evaluation of Gambling Help Online's service delivery and client outcomes.

Action Item: *Mr Jones to advise the Victorian Responsible Gambling Foundation that funding has been approved.*

Item 8: Gambling Research Australia research report – ‘Impact of Structural Characteristics of Electronic Gaming Machines’

Members noted a briefing papers prepared by Mr Shane Donohue, Graduate Administrative Assistant, providing an update on the findings of the recent ‘*Impact of Structural Characteristics of Electronic Gaming Machines (EGMs)*’ study by Gambling Research Australia.

Members noted the content of the brief and advised it was well written and easy to read. It was agreed that the secretariat would create a research page on Govdex and provide links to relevant research reports as they are published.

Item 9: ACT Gambling and Racing Commission – Financial Reports for November 2014

Members noted the information provided in the above reports.

Item 10: Board Correspondence

Members noted a letter from Mr Jeff House, CEO ClubsACT, thanking Mr Jones for his participation as a speaker at the 2014 ClubsACT Conference.

Mr Jones also tabled a copy of a letter that Mr House sent to Minister Burch in relation to the prevalence study currently being undertaken by the ANU Centre for Gambling Research. The Commission will prepare a response for the Minister and provide a copy to members for information. Mr Jones will also discuss this issue with Mr House at their next meeting in the early New Year.

Action Item: *Members to be provided with a copy of the response to Mr House from the Minister in relation to funding arrangement between the Commission and the ANU Centre for Gambling Research.*

Item 11: Other Business

Administrative Arrangements Orders

The new Administrative Arrangements Orders (AAOs) became effective on 13 December 2014 following a change of Chief Minister. It is expected that a 6th Minister will be appointed in February 2015 which will result in some further administrative changes.

The new Chief Minister has established a new ‘one-stop shop’ to cut red tape and better connect businesses and the community with government services. *Access Canberra* will bring together shopfronts and regulatory activities into a single service.

Access Canberra will be located in the Chief Minister, Treasury and Economic Development Directorate. Regulatory services will be split from their respective policy agencies. The Commission as a statutory agency will continue to function in its current form with no immediate changes other than to report to the Chief Minister. It is anticipated that the new service will be fully functional by June 2015.

Mr Jones will keep members updated on any changes as they become known. A formal announcement will be made by the Chief Minister this morning.

Action Item: Mr Jones to explore whether it would be worthwhile to invite a member of the Chief Minister's Directorate to the planning session in January 2015 to discuss the impact of the AAOs on the Commission

Mr Jones will be on leave from 24 December to 2 January inclusive.

Staff Communiqué – Meeting Outcomes

Members approved the Staff Communiqué be circulated to staff advising them of the meeting outcomes.

Item 11: Next meeting

The planning day was scheduled for 8.30am on Wednesday, 21 January 2015 and should conclude around lunchtime.

The members agreed that the next meeting will be held at 8:30am Tuesday, 17 February 2015.

DRAFT

ACT GAMBLING & RACING COMMISSION

**BUSINESS ARISING FROM MINUTES OF 16 DECEMBER 2014
ACTION ITEMS**

Item	Subject	Decision	Action
5.	CEO's Activity Report	Draft agenda for January Planning Session to be circulated to members and managers early in the New Year.	
6.	Casino Canberra – Transfer of Ownership Suitability Report	Mr Jones to arrange for the suitability report to be considered by the Minister along with all other relevant sale documentation.	
7.	Request for Funding – Gambling Help Online	Mr Jones to advise the Victorian Responsible Gambling Foundation that funding has been approved.	
10.	Board Correspondence	Members to be provided with a copy of the response to Mr House from the Minister in relation to funding arrangement between the Commission and the ANU Centre for Gambling Research.	
11.	Other Business	Mr Jones to explore whether it would be worthwhile to invite a member of the Chief Minister's Directorate to the planning session in January 2015 to discuss the impact of the AAOs on the Commission.	

**EXTRACT OF MINUTES OF THE
ACT GAMBLING AND RACING COMMISSION
TUESDAY 16 DECEMBER 2014**

Attendees: **John Haskins, Chairperson**
 Rebecca Vassarotti, Member
 Greg Jones, Chief Executive

Staff and others in attendance during the course of the meeting:

- Vicki Hagen (Secretariat)

Item 1: Apologies

Alice Tay, Member

Item 6: Casino Canberra – Transfer of Ownership Suitability Report

After general discussion members agreed to the following resolutions:

- i) noted the content and outcomes of the probity investigation report and agreed to the recommendations in the report;

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

- iii) approved the Chief Executive to make minor non-material adjustments as necessary to the report;

- iv) agreed for the Chief Executive to forward the suitability report to the Minister at an appropriate time; and

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

Ms Tay was an apology at the meeting, however she indicated her agreed to the recommendations contained in the brief to the Board via email to the Chief Executive on 15 December 2014.

Certified Extract

Greg Jones
Chief Executive Officer
18 December 2014

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ACT GAMBLING AND RACING COMMISSION
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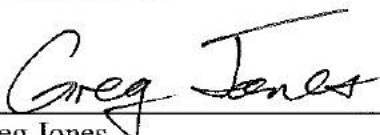
- iii) approved the Chief Executive to make minor non-material adjustments as necessary to the report;

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Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

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Certified Extract



Greg Jones
Chief Executive Officer
18 December 2014

BRIEF

ACT
Government



Date	16 December 2014	File No:
<hr/>		
To	Minister for Racing and Gaming	
	<ul style="list-style-type: none"> • Copy to Director-General, Economic Development 	
<hr/>		
From	Chief Executive, ACT Gambling and Racing Commission	
<hr/>		
Subject	Casino Canberra Transfer of Ownership Suitability Report – Aquis Canberra Pty Ltd	
<hr/>		

Critical date and reason

19 December 2014, to enable the proposed transfer of ownership for Casino Canberra pursuant to section 13 of the *Casino Control Act 2006* (the Act) scheduled to be completed on 23 December 2014.

Purpose

To submit for your consideration the Casino Canberra Transfer of Ownership Suitability Report on Aquis Canberra Pty Ltd as prepared by the Gambling and Racing Commission (the Commission) and to seek your agreement to the transfer of ownership, proposed new licence conditions and associated documents required for sale settlement.

Background

1. Aquis Canberra Pty Ltd entered into discussions with Casinos Austria International Limited (CAIL) in late 2013 to negotiate the terms of an offer to purchase CAIL's interest in Casino Canberra Limited.
2. CAIL formally wrote to you on 31 March 2014 in order to seek approval for the proposed transfer of the casino licence held by Casino Canberra Limited to Aquis Canberra Pty Ltd. The current licence issued to Casino Canberra Limited was for the term of 97 years commencing in 1992 which coincided with the opening of the casino at its current location.
3. Casino Canberra Limited was initially intended to be sold as part of a joint package involving the Reef Casino in Cairns, Queensland.

COMMERCIAL IN CONFIDENCE

COMMERCIAL IN CONFIDENCE

4. As the proposed sale arrangement involved two jurisdictions, a Memorandum of Understanding (MOU) was developed between the Queensland Office of Liquor and Gaming Regulation (QOLGR) and the ACT Gambling and Racing Commission to undertake a joint probity investigation into the proposed licensee.

Issues

5. An application to transfer the ownership of Casino Canberra Ltd from CAIL to Aquis Canberra Pty Ltd was made in accordance with section 12 of the Act. In deciding whether to approve the proposed transfer, the Minister must consider any recommendations made by the Commission in relation to the proposed transfer pursuant to section 13 of the Act.
6. In relation to the statutory eligibility criteria, the Commission has undertaken an extensive investigation based on the requirements of sections 7 to 11 and 13 of the Act.
7. The results of the Commission's investigation carried out jointly with QOLGR are outlined in the Transfer of Ownership Suitability Report included at Attachment A.
8. The report is self-explanatory and advises that there is no impediment to you agreeing to the change of ownership of the casino licence to Aquis Canberra Pty Ltd. Should your approval be granted, draft letters to CAIL and Aquis Canberra Pty Ltd have been prepared advising them of your decision to approve the transfer of ownership - Attachments B and C refers.

9. Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

9.

10. Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)

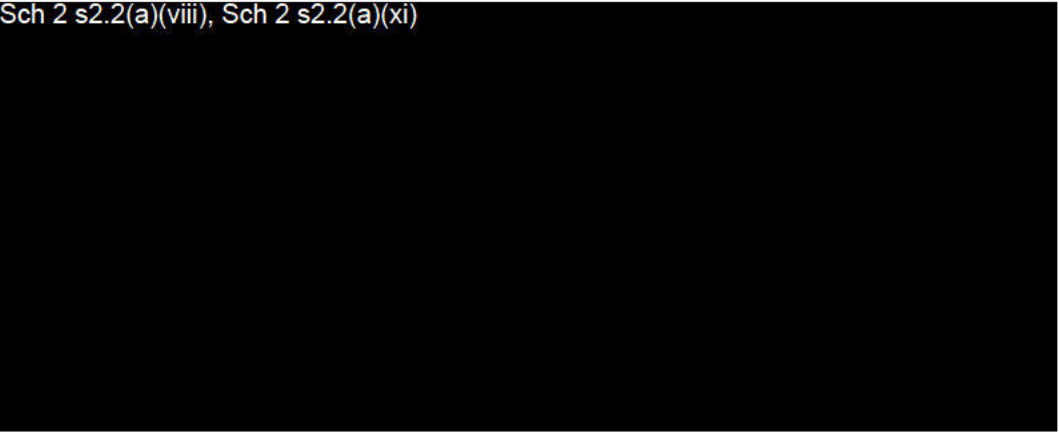
10.

COMMERCIAL IN CONFIDENCE

11. Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)



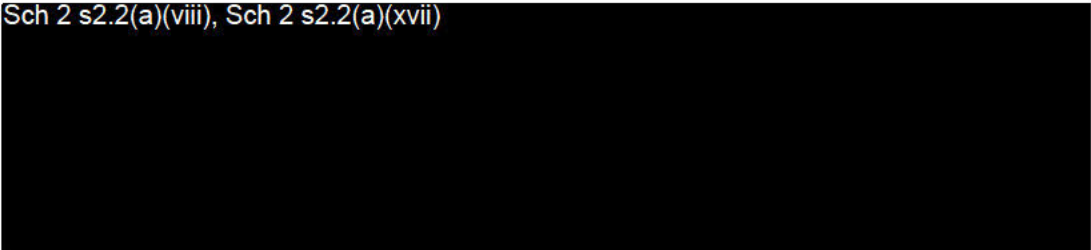
12. Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)



13. The casino licence fee is currently around \$900,000 per annum indexed. As part of the negotiations with Aquis Canberra Pty Ltd, the Commission has obtained agreement to the payment of this fee for the next five years as an upfront payment to the Territory, subject to your approval. This means that a payment of around \$4.5 million would be made in early February 2015, the timing based on when the existing fee is paid up to. To implement this proposal, a new licence fee determination which is a Notifiable Instrument is included at Attachment G for your approval and signature. The draft letter to Casino Canberra at Attachment F includes advice about the change in licence fee and encloses a copy of the determination for their information.
14. In relation to the above information and documentation, if necessary I can attend your office and provide you or your Chief of Staff a verbal outline of the contents of the suitability report, this brief or walk you through the various documents that are attached.

Consultation

15. Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xvii)



COMMERCIAL IN CONFIDENCE

Financial

16. There have been no substantial financial implications associated with the preparation of the Casino Canberra Transfer of Ownership Suitability Report; however the impact of a successful completion of the proposed sale of the casino is likely to be significantly positive for the Territory.

Risks/ Sensitivities

17. The Commission has undertaken an extensive investigation jointly with QOLGR to ensure that Aquis Canberra Pty Ltd meets the eligibility requirements under the Act.

Media

18. Significant media interest is expected to be generated by the proposed change of ownership.
19. A draft media release has been prepared at Attachment H for your consideration.

Recommendations

I recommend that you:

- note the content and outcomes of the Commission's suitability investigation as provided at Attachment A, titled Casino Canberra Transfer of Ownership Suitability Report – Aquis Canberra Pty Ltd;

AGREED/NOT AGREED/PLEASE DISCUSS

- agree to the recommendations in the Report to approve the proposed transfer of ownership of the casino licence from CAIL to Aquis Canberra Pty Ltd [REDACTED] Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi) [REDACTED] and letters to CAIL and Aquis Canberra Pty Ltd at Attachments B and C;

AGREED/NOT AGREED/PLEASE DISCUSS

- sign the letter to Casino Canberra Limited [REDACTED] Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi) [REDACTED] at Attachment F;

AGREED/NOT AGREED/PLEASE DISCUSS

COMMERCIAL IN CONFIDENCE

COMMERCIAL IN CONFIDENCE

- agree to the Notifiable Instrument determining a new casino licence fee by signing the Instrument at Attachment G; and

AGREED/NOT AGREED/PLEASE DISCUSS

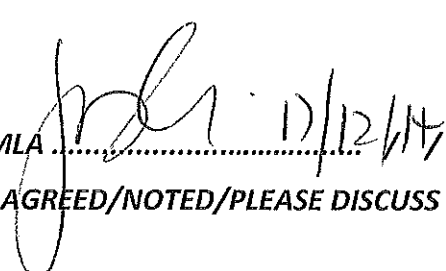
- agree to issue a media release as suggested at Attachment H once the casino sale has been completed on 23 December 2014.

AGREED/NOT AGREED/PLEASE DISCUSS



Greg Jones
Chief Executive

Action Officer: Kim Brady
Phone: 70340

 17/12/14
Joy Burch MLA
AGREED/NOT AGREED/NOTED/PLEASE DISCUSS

Australian Capital Territory

Casino Control (Licence Fee) Determination 2014 (No 1)

Notifiable Instrument NI2014-

made under the

Casino Control Act 2006, s 26 (Determination of casino licence fee).

1 Name of Instrument

This instrument is the *Casino Control (Licence Fee) Determination 2014 (No 1)*.

2 Commencement

This instrument commences the day after notification.

3 Determination

Under s 26 of the *Casino Control Act 2006*, I DETERMINE that the casino licence fee payable to the ACT Gambling and Racing Commission shall be:

- (i) the sum of four million four hundred and fifty nine thousand three hundred and eighty five dollars (\$4,459,385.00) payable on or before 7 February 2015; and
- (ii) the sum of eight hundred and ninety one thousand eight hundred and seventy seven dollars (\$891,877.00) adjusted by movements in the Consumer Price Index weighted average of Eight Capital Cities All Groups (published by the Australian Bureau of Statistics) for the preceding five year period ending on 31 December 2019 payable on or before 7 February 2020; and
- (iii) the sum payable on or before 7 February 2021 and for each subsequent 7 February of each year, will be calculated by adjusting the amount of the casino licence fee for the immediate preceding year by movements in the Consumer Price Index weighted average of Eight Capital Cities All Groups (published by the Australian Bureau of Statistics) for the period of twelve months to 31 December for that preceding year.

4 Revocation

I revoke NI2013-298 which was notified on the Legislation Register on 4 July 2013.

Joy Burch MLA
Minister for Racing and Gaming
December 2014



Joy Burch MLA

MINISTER FOR EDUCATION AND TRAINING
 MINISTER FOR POLICE AND EMERGENCY SERVICES
 MINISTER FOR DISABILITY
 MINISTER FOR MULTICULTURAL AFFAIRS
 MINISTER FOR RACING AND GAMING
 MINISTER FOR WOMEN
 MINISTER FOR THE ARTS

MEMBER FOR BRINDABELLA

MEDIA RELEASE

XX December 2014

Casino Canberra under new ownership

Minister for Racing and Gaming, Joy Burch today announced the transfer of ownership for Casino Canberra.

Following an extensive probity investigation undertaken by the Gambling and Racing Commission, in consultation with the Queensland Office of Liquor and Gaming Regulation, Canberra's only casino has a new owner, Aquis Canberra Pty Ltd.

"The decision to approve the transfer of licence for Casino Canberra was not taken lightly" said Ms Burch.

Under the Territory's legislative provisions, the results of the investigation did not reveal any findings that would prevent the transfer from occurring.

The sale of Casino Canberra by Casinos Austria International Limited is a clear demonstration of the interest being shown by overseas investors in Canberra. It is a vote of support for the Canberra economy and indeed the Canberra community.

The new casino owner led by Hong Kong businessman Mr Tony Fung has clearly demonstrated his delight at having the opportunity to invest in Canberra.

Preliminary discussions have already taken place at a high level on how Mr Fung and the Aquis Group can become an important element in the success of the Canberra economy.

Aquis Canberra Pty Ltd will provide a voluntary contribution to the Problem Gambling Assistance Fund to assist with research, self-help and promote education within the community to assist alleviate or prevent harm from problem gambling.

Statement Ends

Media Contact: Maria Hawthorne Ph: 6205 0145 Mob: 0402 970 449 Maria.Hawthorne@act.gov.au

ACT Legislative Assembly

Phone: (02) 6205 0020 Email: BURCH@act.gov.au



@JoyBurchMLA



www.facebook.com/joyburchmla





ACT
Government



ACT Gambling and Racing Commission

Casino Canberra Transfer of Ownership Suitability Report Aquis Canberra Pty Ltd

December 2014

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 Relevant Legislative Provisions 18

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(viii)



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Executive Summary

In October 2013, Casinos Austria International Limited (CAIL) as the 100% owner of Casino Canberra Limited entered into negotiations to sell Casino Canberra following an unsolicited offer from the Aquis Fung Group (AFG). The offer was part of a larger bid to purchase The Reef Hotel Casino in Cairns which was jointly owned by CAIL and Accor Casino Investments Pty Ltd (Accor). The purchase offer was conditional, amongst other things, that it completed by 31 October 2014, later extended to 28 November 2014.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

On the basis that the sale arrangement involved casinos in two jurisdictions, the ACT Gambling and Racing Commission and the Queensland Office of Liquor and Gaming Regulation (QOLGR) entered into a Memorandum of Understanding to undertake a joint probity investigation.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

The joint investigation involved the analysis of the AFG's financial history, business conduct in regards to operations, decision making, associations and affiliations including their ability to potentially support and operate a casino.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

In relation to the Reef casino sale, the deadline of 28 November 2014 remained and subsequently passed with the sale offer lapsing.

It was revealed in the investigation that the AFG and Tony Fung had financial circumstances that would comfortably allow the acquisition of Casino Canberra within existing resources and as such would result in no financial encumbrance over the Canberra casino property.

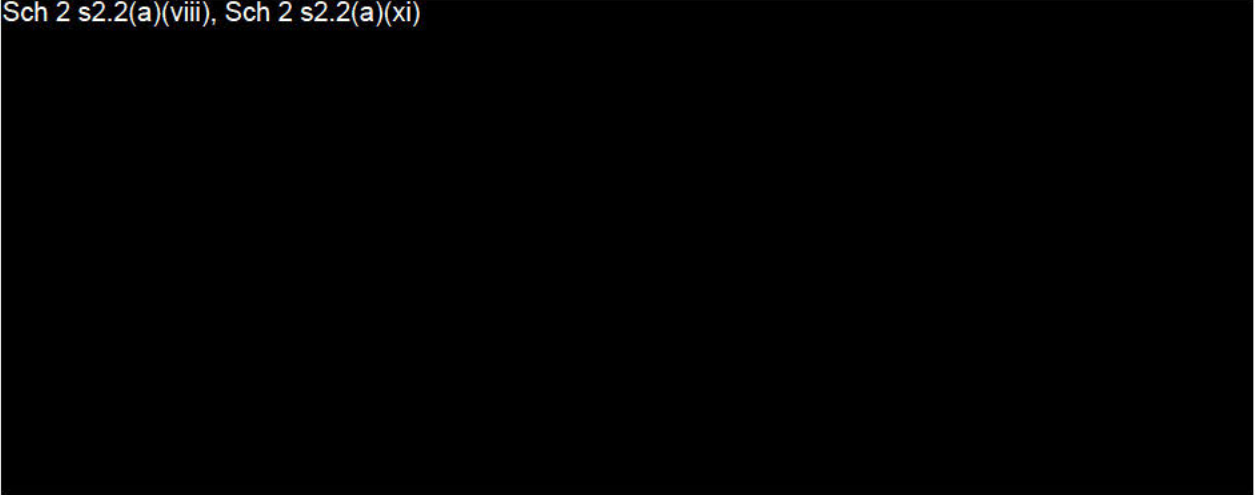
The investigation revealed no adverse information in relation to the source of funds.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

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There were no adverse findings revealed in relation to the corporations, corporate structure, relevant key individuals or associates.

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)



A number of conditions on the licence are suggested to enhance the Commission's regulatory role, particularly in terms of information requests and being kept abreast of any adverse events relating to the licensee and associated entities.

Based on the information made available to the Commission, it has concluded that there are no eligibility objections to the applicant (Aquis Canberra Pty Ltd) operating a casino in the Australian Capital Territory.

In order to further protect the Territory's interest and ensure that the Commission has sufficient additional regulatory oversight capabilities, it is recommended that the proposed casino licence conditions Sch 2 s2.2(a)(viii) be implemented as part of any approval to transfer ownership. Aquis has been extensively consulted on these documents and is in agreement with their content.

On the basis that the licence conditions Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi) are adopted in full, the Commission advises that it has not identified any matter that would prevent the Minister from approving the transfer of the casino's ownership to Aquis Canberra Pty Ltd.


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1.0 Introduction and Background

Casino Canberra is owned and operated by Casino Canberra Limited, a wholly owned subsidiary of Casinos Austria International Limited (CAIL). CAIL is also owner of The Reef Hotel Casino in Cairns jointly with Accor Casino Investments Pty Ltd through the Reef Casino Trust (RCT).

The RCT is an Australian Stock Exchange (ASX) listed entity. Reef Casino Services, an entity also jointly owned by CAIL and Accor Casino Investments Pty Ltd, is responsible for the RCT and holds all RCT assets on trust for RCT unit holders.

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

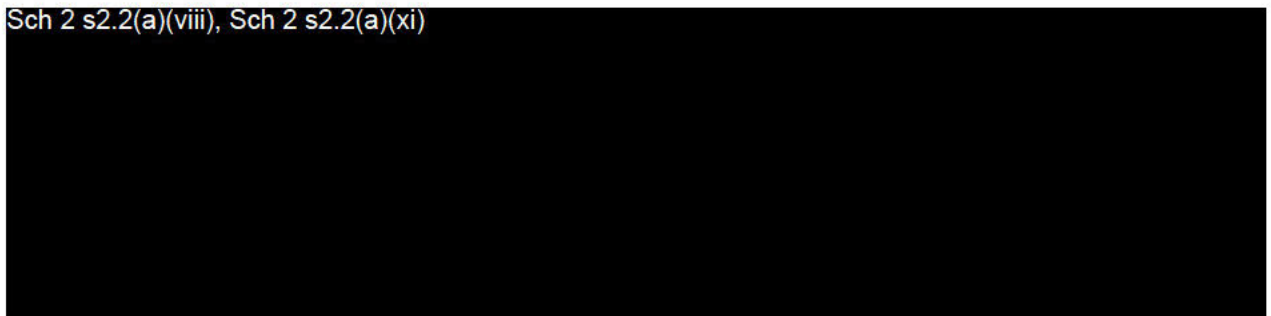


A key feature of the joint sale agreement was that settlement had to occur by 31 October 2014, later extended to 28 November 2014, or the sale offer would lapse.

On 31 March 2014, CAIL wrote to the Minister for Racing and Gaming pursuant to section 12 of the *Casino Control Act 2006* (the Act) seeking approval for the proposed transfer of ownership of Casino Canberra Limited

On the basis that the proposed sale agreement involved the transfer of ownership of casinos in both the ACT and Queensland, the ACT Gambling and Racing Commission (the Commission) entered into a Memorandum of Understanding (MOU) with the Queensland Office of Liquor and Gaming Regulation (QOLGR) to undertake a joint probity investigation into the proposed purchase arrangement. Given the relative size of the transactions in each jurisdiction and the availability of resources, it was agreed that the Queensland regulator would take the lead role in conducting the probity investigation.

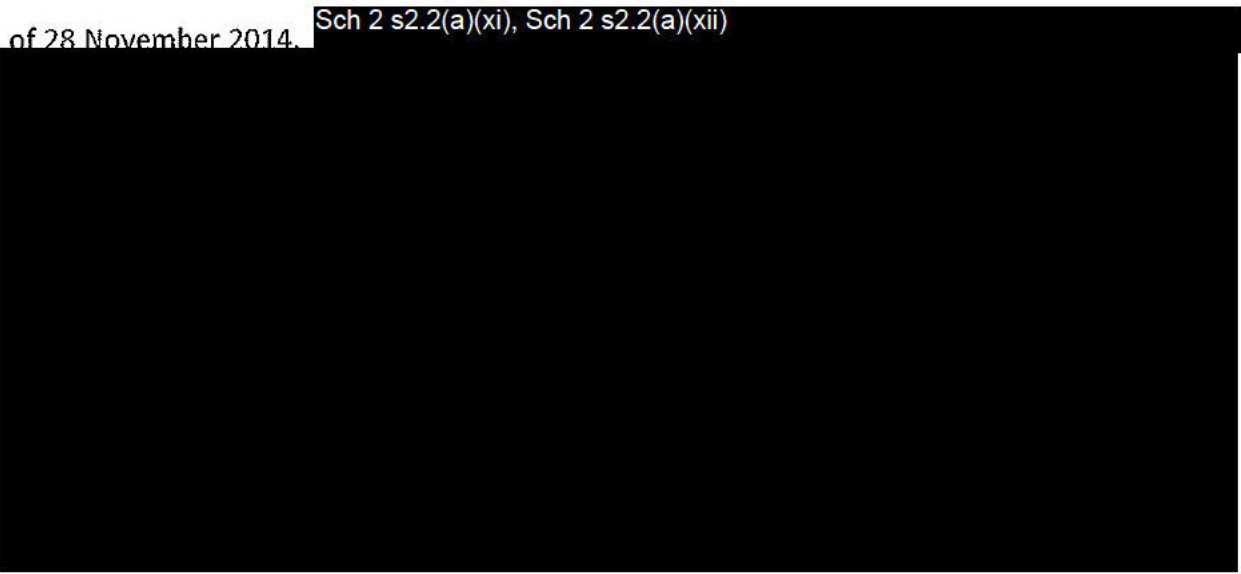
Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi)



On 21 November 2014, RCT announced through the ASX website that Aquis was unlikely to satisfy the requirements under the share purchase offer by the revised completion deadline

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of 28 November 2014. Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



This report outlines the results of the extensive investigations conducted into Aquis Canberra Pty Ltd (the applicant), all associated entities and eligible persons for the purposes of suitability to operate a casino in the Territory. It addresses the eligibility requirements in accordance with the provisions outlined in sections 7 and 8 of the Act. The Commission, under section 13 of the Act, can also provide any recommendations to the Minister on the proposed transfer of ownership.

The authority for the Commission to undertake the necessary suitability investigations is based on the provisions of the *Gambling and Racing Control ACT 1999* (GRC Act). Under the GRC Act the Commission is established as an independent statutory authority to regulate, control and supervise gaming and racing activities in the ACT, including that of the casino.

Under section 22 of the GRC Act, the Commission has the powers to obtain information as necessary to undertake its functions including through the conduct of interviews and from requirements to produce documents. If necessary, evidence can be obtained by the Commission through statutory declaration or under oath or affirmation as provided by section 22(3)(c) of the GRC Act.

CONFIDENTIAL**2.0 Legislative Background**

The sale proposal involves the transfer of ownership of the current casino licensee, Casino Canberra Ltd, to Aquis Canberra Pty Ltd (the applicant) pursuant to section 13 of the *Casino Control Act 2006* (the Act).

Under this section of the Act, the approval for a change of ownership by the Minister is subject to the proposed owner being an eligible person as defined in the Act and the Minister considering any recommendation made by the Commission about the sale. In this regard, the Commission has undertaken a detailed analysis of the purchaser's corporate structure, financial resources and management ability to operate a casino.

The eligibility criteria set out in sections 7 and 8 of the Act are determined separately for corporations and individuals. Within a corporation, each influential person (as defined in the Act) must be considered an eligible person by meeting the individual eligibility criteria.

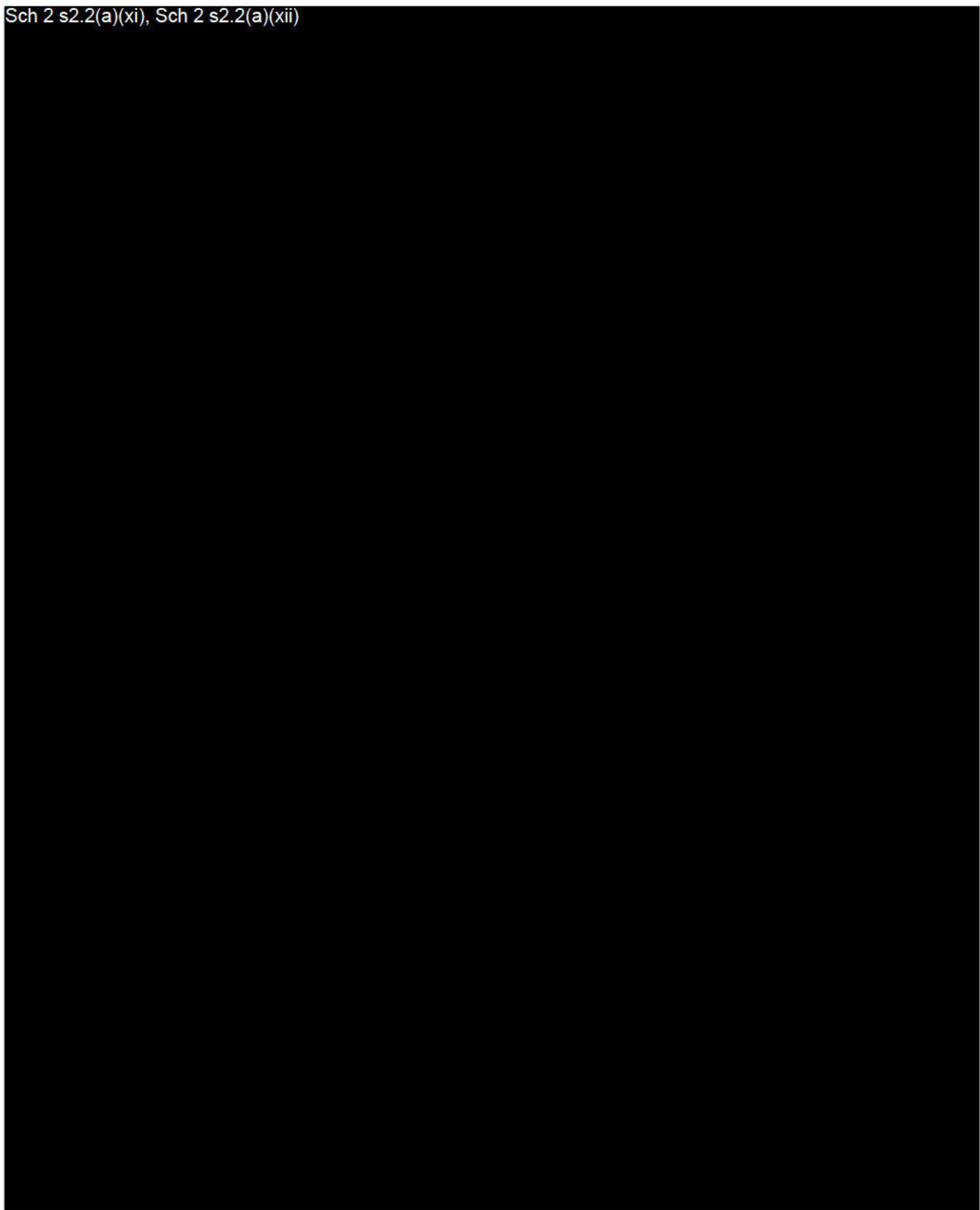
Broadly, the statutory eligibility criteria for corporations is fairly basic in that it only covers significant adverse financial history, such as any winding-up orders or appointments of administrators. For individuals, the eligibility criteria covers criminal history as well as current and previous financial history.

The eligibility criteria is also applied to relevant associates and related entities connected with the applicant. The relevant legislative provisions are outlined in Attachment A.

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3.0 Description of Purchaser

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



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Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)




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4.0 Investigation Methodology

On the basis that the original sale proposal involved casinos in both Queensland and the ACT, as stated earlier it was agreed that a joint probity investigation would be undertaken involving gaming regulators from both jurisdictions.

Sch 2 s2.2(a)(xvii), Sch 2 s2.2(a)(viii)

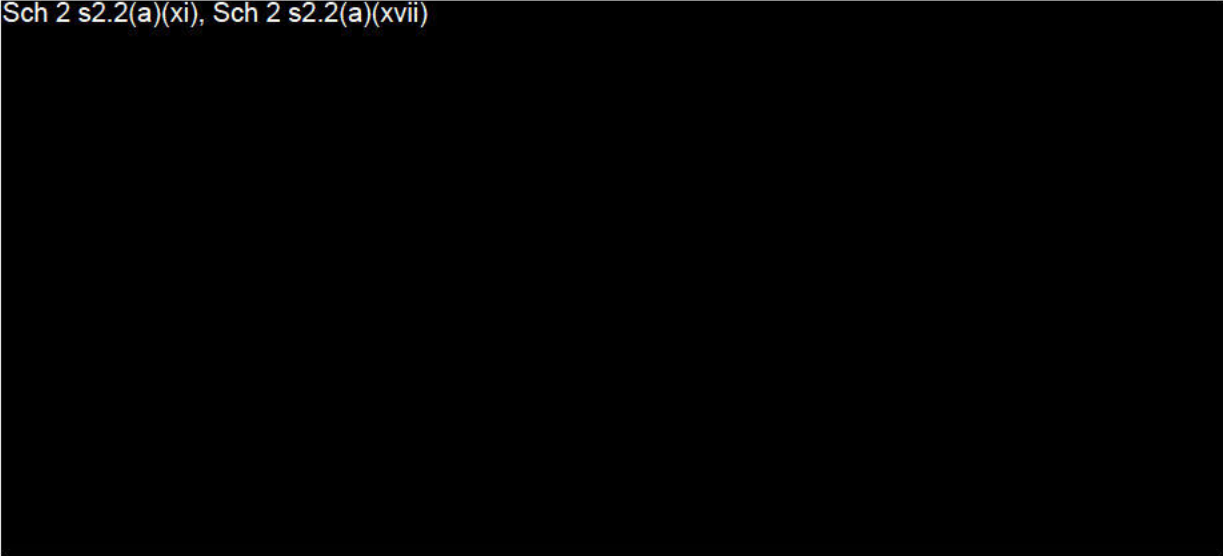


The Commission has the powers to investigate by obtaining information, instruments or records or require attendance for examination to undertake its statutory functions including through the conduct of interviews as stated under section 22 of the *Gambling and Racing Control Act 1999*. However, in the conduct of this investigation it was unnecessary to exercise the Commission's powers to require production of material as all information was obtained on a voluntary basis, including voluntarily attendance at interviews.

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5.0 Investigation Outcomes

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xvii)



5.1 Individual Assessment

Section 7 of the Act relates to the eligibility of individuals, and accordingly each key person has been assessed against the criteria as defined under section 7.

Information provided by the independent consultants and confirmed by the Commission indicates the following influential persons:

Tony Fung, Director
Justin Fung, Director
Raymond Or, Director

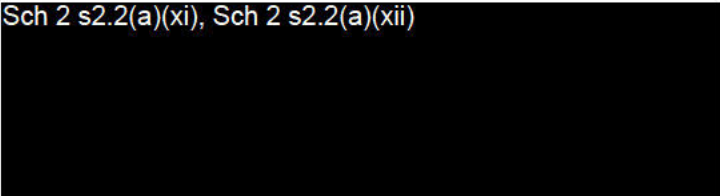
Mr Tony Fung is a very experienced businessman and is currently director of ^{Sch}₂ corporate entities.

Mr Justin Fung, Tony's son, has a law degree from the United States and is being introduced into the AFG corporate undertakings under the guidance of his father.

Mr Raymond Or is a very experienced and respected businessman and is currently director of 15 corporate entities. Some of his past directorships include Cathay Pacific Airways Ltd, HSBC Investment Bank Asia Ltd and The Hongkong and Shanghai Banking Corporation Ltd.

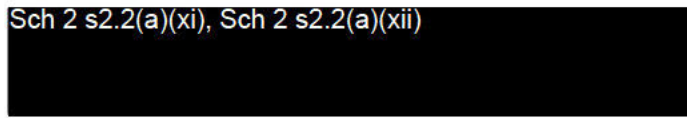
The influential persons identified above are the only directors for the following AFG entities as indicated at Attachment B:

Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

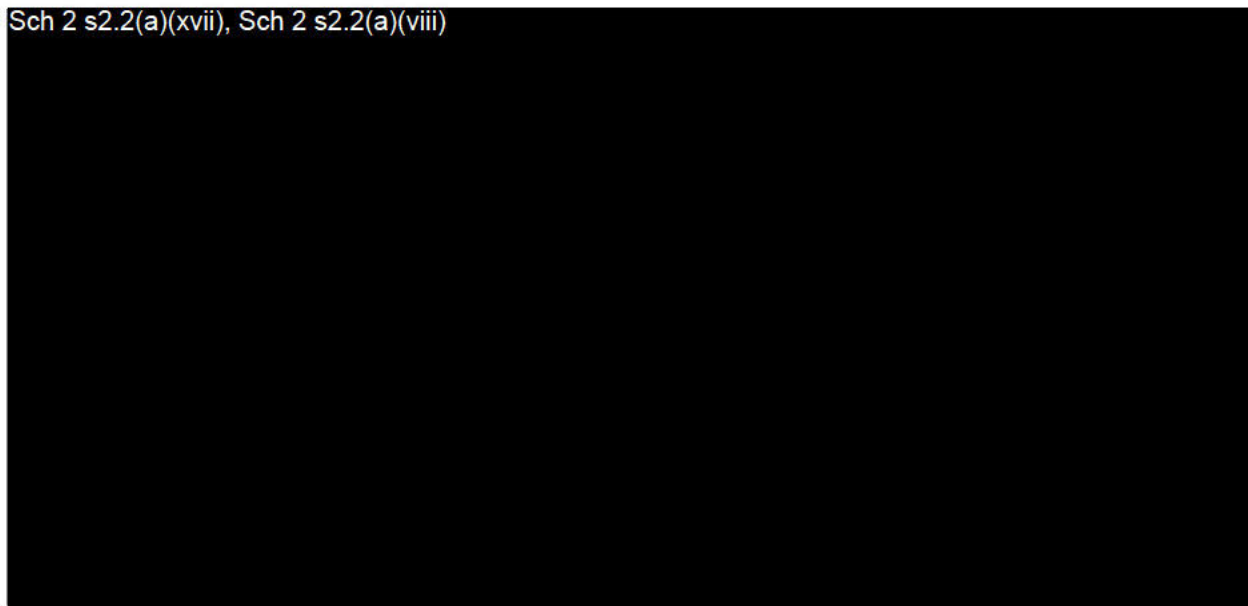


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Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)

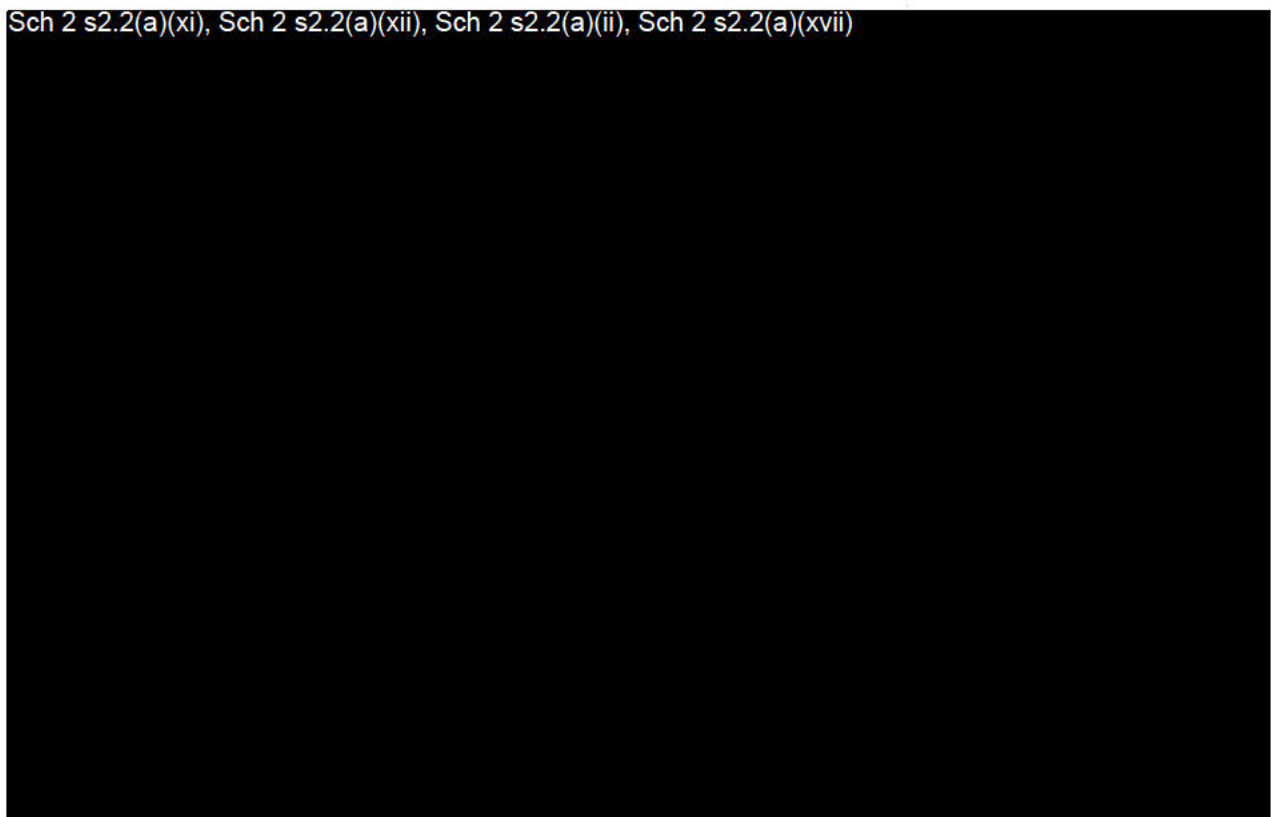


Sch 2 s2.2(a)(xvii), Sch 2 s2.2(a)(viii)



Nothing adverse on the three directors was identified from submitted individual probity forms, formal interviews, police checks, credit checks or ASIC and Dun and Bradstreet searches.

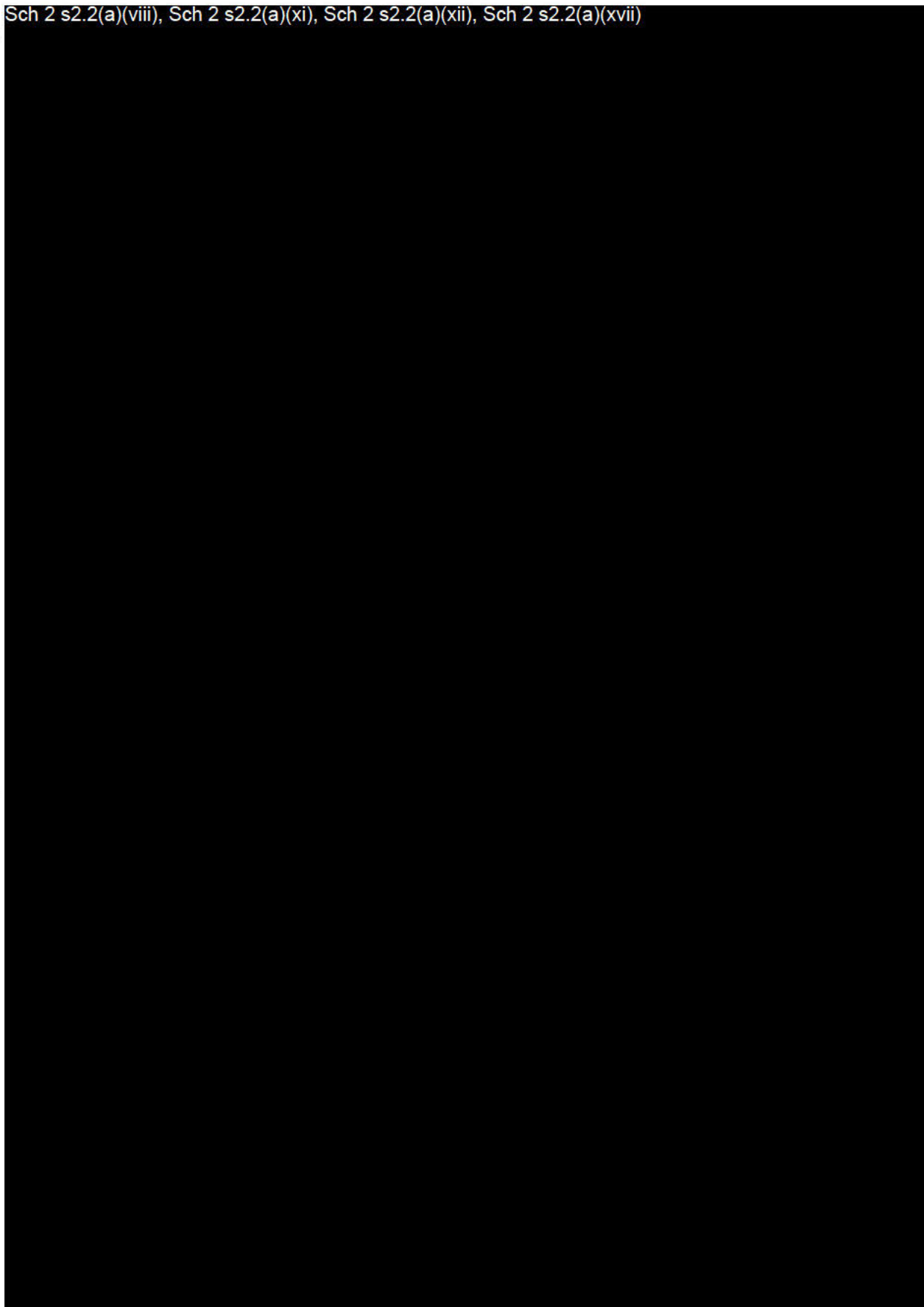
Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(ii), Sch 2 s2.2(a)(xvii)



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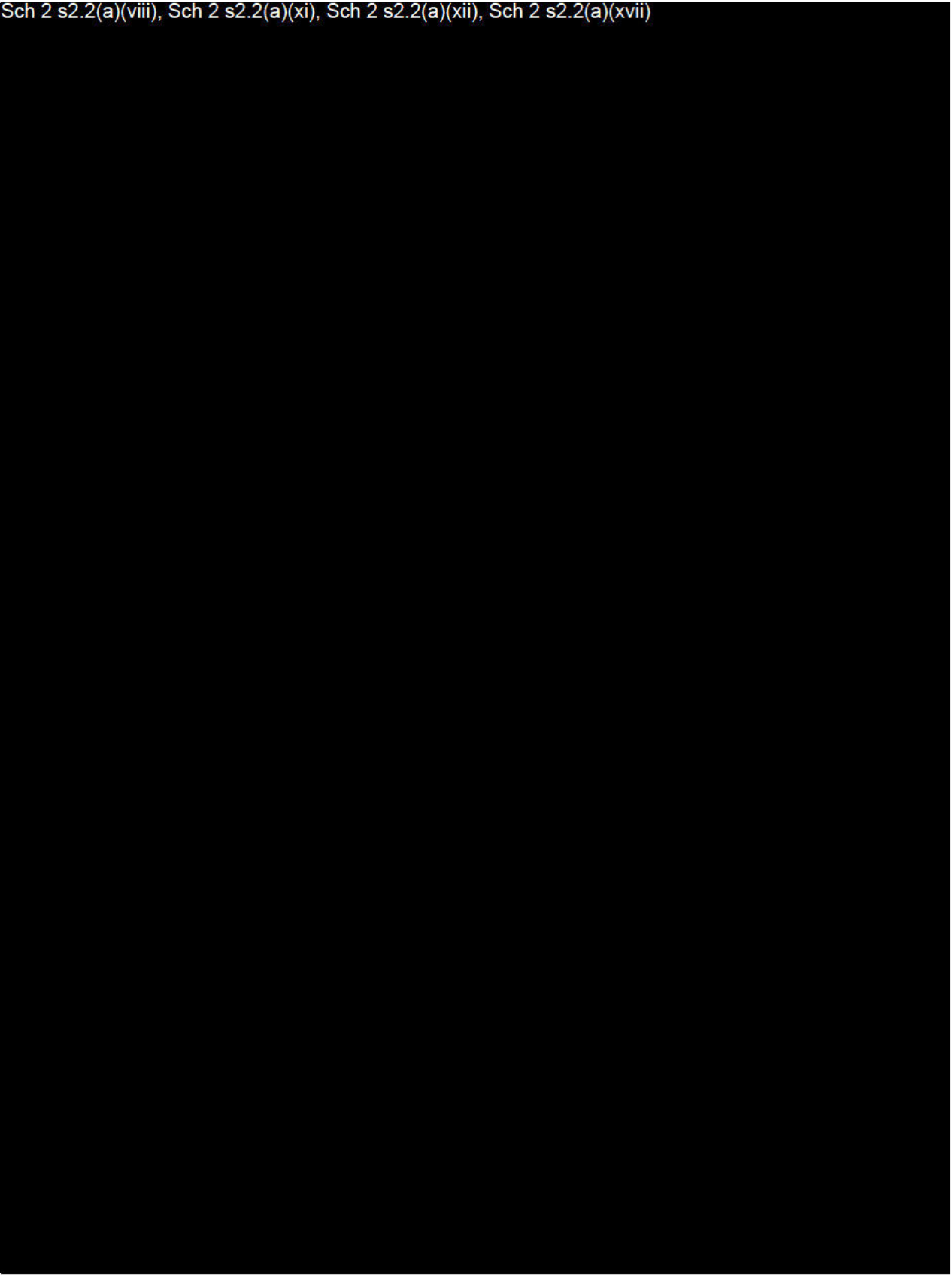
5.2 Corporation Assessment

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(xvii)



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Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(xvii)

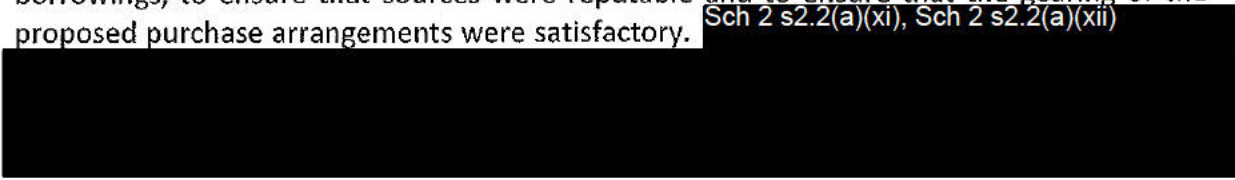


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6.0 Conclusions

Extensive enquiries under the joint investigation arrangements with QOLGR produced a large amount of financial and corporate data that was analysed by both regulatory bodies with the assistance of the specialised contractors.

Much of the financial analysis focused on identifying the source of funds, both equity and borrowings, to ensure that sources were reputable and to ensure that the gearing of the proposed purchase arrangements were satisfactory. Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



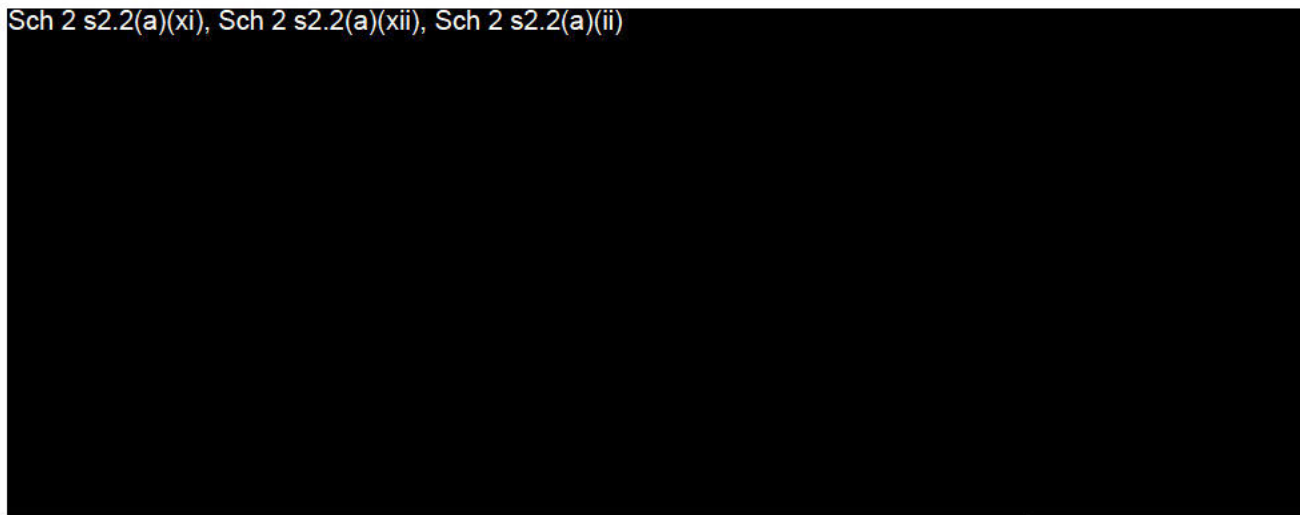
The investigation revealed no adverse information in relation to the source of funds. Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(xvii)



In relation to individual probity, police criminal history checks and credit checks revealed nothing adverse in relation to the directors.


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Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii), Sch 2 s2.2(a)(ii)



In order to provide further protection for the Territory in relation to AFG's commitment to the Canberra casino, it is proposed that amendments to the existing payment obligation for the casino licence fee (currently \$891,877 per annum indexed) will require an upfront licence fee payment covering the next 5 years, totalling around \$4.5 million.

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



The Commission's probity conclusions and its recommendations that follow are provided as an integrated package that includes all terms of the proposed conditions of casino licence

Sch 2 s2.2(a)
(viii), Sch 2

As such, the recommendations rely on the total package being either accepted or rejected as a whole.

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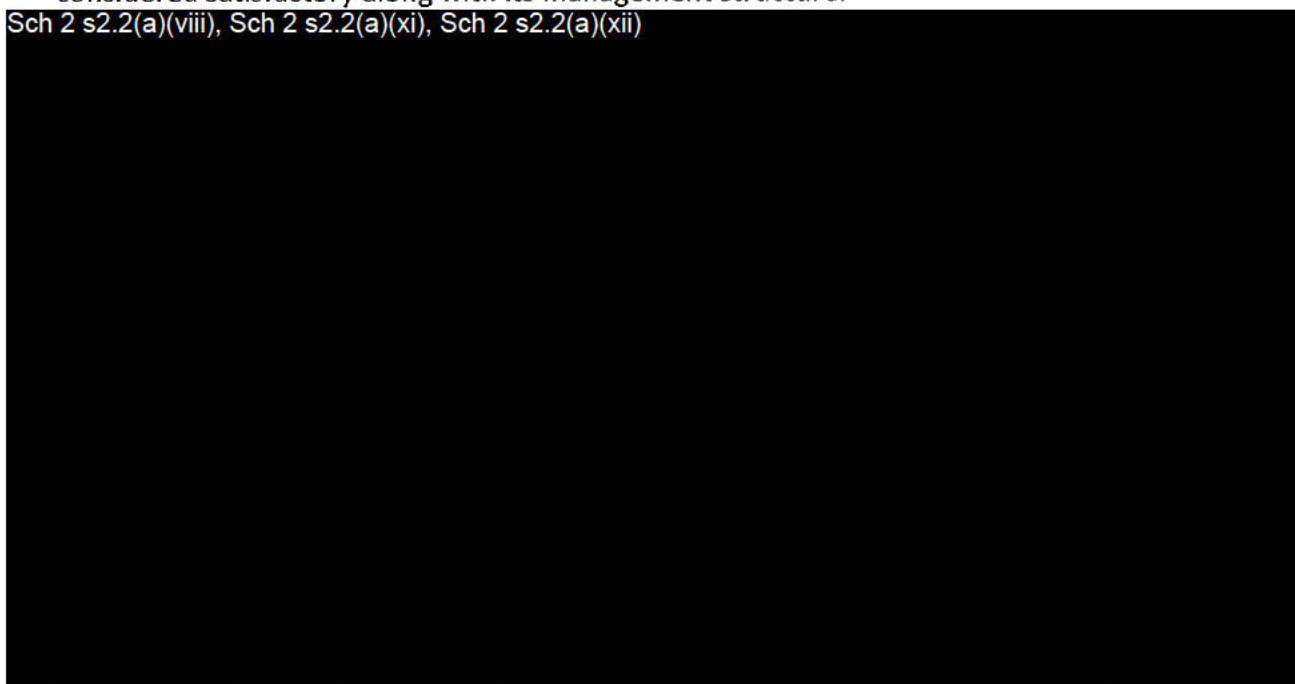
7.0 Recommendations

A full analysis of available information relating to the corporation and all eligible persons was conducted to test Aquis Canberra Pty Ltd's eligibility to be a casino licensee.

Based on the evidence available at the time of this report, the Commission has determined that there are no disqualifying grounds whereby Aquis Canberra Pty Ltd or any of its eligible persons would be considered unsuitable.

The proposed corporate structure of the casino licensee and its associated entities is considered satisfactory along with its management structure.

Sch 2 s2.2(a)(viii), Sch 2 s2.2(a)(xi), Sch 2 s2.2(a)(xii)



Based on the information available, the Commission considers that Aquis Canberra Pty Ltd meets the eligibility requirements in relation to sections 7 and 8 of the *Casino Control Act 2006*. The Commission advises that it has not identified any matters that would prevent the Minister from approving the change of ownership of the casino licence to Aquis Canberra Pty Ltd.

The Commission recommends that if the Minister approves the change of ownership then the attached licence conditions be simultaneously applied which would also require the Commission to enter into Sch 2 s2.2(a)(viii),

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ATTACHMENT A

Relevant Legislative Provisions
Casino Control Act 2006**Section 7 - Eligibility of individuals**

Specifically, the relevant legislative provisions are as follows:

- (1) For this Act, an individual is an eligible person if –
 - (a) the individual is an adult; and
 - (b) there is not a disqualifying ground for the individual.

- (2) Each of the following is a *disqualifying ground* for an individual:
 - (a) the individual has been convicted, or found guilty, in the last 5 years, whether in the ACT or elsewhere, of an offence-
 - (i) involving fraud or dishonesty; or
 - (ii) against a law about gaming;

 - (b) the individual has been convicted, or found guilty, in Australia in the last 5 years of an offence punishable by imprisonment for at least 1 year;
 - (c) the individual has been convicted, or found guilty, outside Australia in the last 5 years of an offence that, if it had been committed in the ACT, would have been punishable by imprisonment for at least 1 year;
 - (d) the individual is, or at any time in the last 5 year has been, bankrupt or personally insolvent;
 - (e) at any time in the last 5 years the individual was involved in the management of a corporation when-
 - (i) the corporation become the subject of a winding-up order; or
 - (ii) a controller or administrator was appointed;

 - (f) at any time in the last 12 months the individual had-
 - (i) an application for a casino employee licence refused, on the basis that the individual provided false or misleading information, in the application; or
 - (ii) a casino employee licence cancelled under part 4.

- (3) Despite subsection (2), the Minister or Commission may decide that an individual is an eligible person if satisfied that-

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- (a) the operation of the casino would not be adversely affected if the Minister or Commission decided that the individual is an eligible person; and
- (b) it is otherwise in the public interest that the individual be treated as an eligible person.

Section 8 – Eligibility of corporations

(1) For this Act, a corporation is an *eligible person* if -

- (a) each executive officer and influential person of the corporation is an eligible person; and
- (b) the corporation is not the subject of a winding-up order, and has not been the subject of a winding-up order in the last 3 years; and
- (c) a controller or administrator has not been appointed for the corporation in the last 3 years.

(2) Despite subsection (1), the Minister or the commission may decide that a corporation decided that a corporation is an eligible person if satisfied that-

- (a) the operation of the casino would not be adversely affected if the Minister or the Commission decided that the individual is an eligible person; and
- (b) it is otherwise in the public interest that the corporation be treated as an eligible person.

Section 9 – Meaning of influential person

(1) In this Act:

Influential person, for a corporation –

(a) means any of the following:

- (i) an executive officer of the corporation;
- (ii) a related corporation;
- (iii) an executive officer of a related corporation;
- (iv) an influential owner of the corporation; and

(b) includes a person who, through not mentioned in paragraph (a), can exercise as much influence over the conduct of the corporation as someone mentioned in that paragraph.

(2) In this section:

Influential owner, of a corporation, means a person who, whether directly or through intermediary corporate ownership or nominees –

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- (a) can control at least 5 % of the votes at an annual general meeting of the corporation;
or
- (b) can control the appointment of a director of the corporation.

related corporation means a related body corporate under the Corporations Act.

Section 10 – Meaning of *owner*

(1) In this Act:

‘owner’, of the casino, means a person who, alone or jointly with others, is the lessee of land where the casino, or part of the casino, is located.

(2) A reference to the owner of the casino is a reference to all such people.

Section 12 – Application for approval for change of ownership

An owner of the casino may apply in writing to the Minister for approval to sell or otherwise dispose of the owner’s interest in the lease of the casino, or part of the interest, to someone else.

Section 13 – Approval of proposed owner

(1) On application under section 12, the Minister must approve, or refuse to approve, the sale or other disposal of an owner’s interest in the lease of the casino, or part of the interest, to the proposed owner.

(2) In deciding whether to approve the sale or other disposal, the Minister must consider any recommendation made by the Commission about the sale or disposal.

(3) The Minister must not approve the sale or other disposal unless satisfied that –

- (a) the proposed owner is an eligible person; and
- (b) if the change of ownership would require a control agreement to be in force under section 19, on transfer of ownership, the proposed owner will become a party to a control agreement.

From: [Jones, Greg](#)
To: [Dawes, David](#); [Peffer, Dave](#); [Hawthorne, Maria](#)
Cc: [Driscoll, Jamie](#); [Curtin, Daniel](#); [Hodges, Tony](#); [Thompson, Bruce](#); [Sloane, Brenton](#)
Subject: CONFIDENTIAL - Proposed Ownership Restructure by Aquis Canberra
Date: Tuesday, 14 April 2015 5:13:54 PM

Hi everyone

As a heads-up, the Gambling and Racing Commission has been having discussions with Aquis Canberra Pty Ltd (owners of the Canberra Casino) concerning a proposed ownership restructure which will enable a public float to occur in Australia as a means of raising equity that will assist to fund proposed developments in the ACT, including a refurbishment of the casino.

Please note that there are very strict ASX disclosure requirements relating to these announcements and this information should NOT be passed on or made public until it is released by Aquis.

In close consultation with the ACT Government Solicitors Office, we have been liaising with Aquis's lawyers, Gilbert and Tobin from Melbourne, on the proposed restructure which is subject to ASX and our regulatory approval.

While the detail of the transaction is fairly complex, it will ultimately mean that a new company (currently listed on the stock exchange) will be taken over by the Aquis Group and introduced as new owner of Aquis Canberra Pty Ltd (which is the current owner of Casino Canberra Ltd, the casino licensee).

The new company will ultimately have its name changed to more closely reflect its role in 'entertainment' and its association with Aquis, and will be something like 'Aquis Entertainment Ltd'. The Fung Group will maintain a controlling interest in all companies, perhaps as high as 89% in the new company (subject to ASX approval) with the balance being available for purchase on the stock exchange.

The Commission will need to approve the new ownership structure, including any new directors (one new director is proposed) through a probity process as well as amending relevant documents **Sch 2 s2.2(a)(viii)**, **[REDACTED]** to ensure that the obligation for Aquis to advise of significant shareholdings (over 5%) is provided to the Commission in a timely manner and any unsuitable ownership is immediately disposed of. This will mean we will need to continually monitor their share register to confirm suitable ownership.

As part of the restructure process, a public announcement must be made through the stock exchange which is likely to happen in the next day or so (most likely late on Wednesday 15 April). While this may remain under the radar there may be some media interest if it is picked up.

Any questions (from yourselves or the media) should be directed to myself in the first instance on 70360.

Finally, please ensure confidentiality of this announcement until released through the stock exchange.

Regards

Greg

MINUTE



ACT
Government

Chief Minister, Treasury and
Economic Development

Date	20 May 2015	TRIM No: MIN:2015/00XXX
To	Head of Service	
	<ul style="list-style-type: none"> • Under Treasurer 	
From	Executive Director, Economic and Financial Group	
Subject	Casino Development proposal - additional information.	

Critical date and reason

20 May 2015 - This brief contains additional information for a meeting that the Chief Minister is attending with Mr Tony Fung, Chairman Aquis Canberra at 2.45 on 20 May.

Background

An information brief developed by the CEO of the ACT Gaming and Racing Commission was provided to you as background for the meeting. It provided details about the recent sale of Casino Canberra to Aquis Canberra and broadly outlined plans for redevelopment.

You have requested more information about some of the issues raised in the brief.

Issues

Gaming machines

- The brief indicates that it is likely that Aquis will seek changes to enable them to operate gaming machines.
 - This issue has been considered in the past with the former Casino owners making numerous representations to Government for ability to hold gaming machine licenses.
 - It would require changes to the *Gaming Machine Act 2004* and *Casino Control Act 2006*.
 - EDD has advised that any change to the current framework is unlikely.

The Casino sale process

- The sale was undertaken privately by the former casino owner and Aquis.
- A probity investigation is required for an organisation to be granted a license to operate a casino in the ACT.

- The probity investigation for Aquis was undertaken as a joint process by the ACT Gaming and Racing Commission (GRC) with the Queensland equivalent body as the Fung Group (of which Aquis is part) has also recently purchased a casino in the Gold Coast.
 - It was a comprehensive process that took nine months to complete.

Land Development

- Aquis are interested in purchasing additional land behind Glebe Apartments to enable an expansion of the casino.
- The land is owned privately by Amalgamated and the Territory are already in negotiations to acquire the site because it is required for a wetlands area to be established in Glebe Park following decommissioning of the Coranderrk Pond.
 - EDD advise that the Territory may need to compulsorily acquire the land if terms can't be negotiated with Amalgamated.
- EDD also advise that the wetland development has been deemed as necessary work that will be undertaken regardless of specific development proposals in the area (but will ultimately support development in the area).
- If the Territory becomes the future owner of the land, the Territory will be in a position to sell parts of the site that are not required to the pond/wetlands work.
 - There would likely be a number of potential parties interested in this land.
 - EDD advise that the method of sale would be determined by the LDA based on the method deemed to be most appropriate at the time and it would be a full and transparent process.

Consultation

EDD was consulted in the preparation of this brief.

Financial

Nil.

Risks/ Sensitivities

- It is important to note that as the land in question is owned privately, it is possible the Aquis are already in negotiations with Amalgamated for the site.
- There is also potential that the Territory requirements for the wetland site will conflict with Aquis plans for expansion of the casino.

Media

Nil.

Recommendations

That you **note** the information above.

Karen Doran

Action Officer: Kathy Goth

Phone: x50772

Kathy Leigh / /
NOTED / PLEASE DISCUSS

From: [Carter, Tania](#) on behalf of [Barr, Andrew](#)
To: [Driscoll, Jamie](#); [Morgan, Anneliese](#)
Subject: Tony Fung - Casino Development - Aquis Canberra
Start: Thursday, 21 May 2015 2:45:00 PM
End: Thursday, 21 May 2015 4:00:00 PM
Location: Nara Level 1, Conference Room (tbc)
Attachments: [RE Casino Presentation - 21 May.msg](#)

*Anneliese – meeting brief please.

17/04/2015 – meeting venue confirmed by Greg.

14/04/2015 – date confirmed with Greg.

26/03/2015 - Greg to confirm attendees/date/time. (18 May 1st option)

From: Jones, Greg
Sent: Wednesday, 25 March 2015 3:27 PM
To: Driscoll, Jamie; Dawes, David
Cc: Morgan, Anneliese; Peffer, Dave
Subject: Possible meeting with Tony Fung - casino developments

Hi Jamie

I am co-ordinating a formal presentation to the Chief Minister by Aquis Canberra (Canberra casino) on their re-development proposal for their current site incorporating the Convention Centre and the associated precinct. At this stage it will be an outline of their development proposal and their future plans for the casino and the precinct. I understand it could be up to \$200m but I am awaiting further details.

Tony Fung, who is Hong Kong based as you know, will be there. The dates they have in mind are the week beginning 18 May 2015. I appreciate that this is getting close to Budget time and that the CM's time is scarce, however I think to be respectful and allow discussion we should allow 1 hour.

I am in process of arranging with David Dawes and Dan Stewart a preliminary presentation over the next two to three weeks so that we can provide some feedback and enable a heads-up to be provided to you (and the CM) before the formal presentation.

Could you please let me know a suitable time during this week (commencing 18 May) that fits in so Tony Fung can make his arrangements from Hong Kong.

Happy to discuss

Regards

Greg

From: [Jones, Greg](#)
To: [Carter, Tania](#); [Driscoll, Jamie](#)
Subject: RE: Casino Presentation - 21 May
Date: Friday, 17 April 2015 2:54:30 PM

Hi again,

Sorry, the revised time should be 2:45pm rather than the 1:45pm I stated in my e-mail below.

Regards

Greg

From: Jones, Greg
Sent: Friday, 17 April 2015 2:52 PM
To: Carter, Tania; Driscoll, Jamie
Subject: Casino Presentation - 21 May

Hi Tania

I wish to confirm that the casino presentation to be attended by the Chief Minister on 21 May 2015 will be held in the level 1 Conference Room of Nara Centre.

As discussed, this venue was the only one available that would accommodate the numbers of attendees that had audio-visual facilities.

A short brief that includes attendees will be provided prior to the presentation.

Finally, due to the length of the presentation, could you please schedule the commencement of the meeting from 1:45pm rather than 2:00pm (based on your advice that the CM is available at this time).

Regards

Greg

From: [Jones, Greg](#)
To: [Williams, Peter J](#); [Sciicluna, Meagan](#)
Cc: [Curtin, Daniel](#); [Ingham, Alexander](#)
Subject: FW: Aquis / Discovery Resources
Date: Tuesday, 9 June 2015 5:09:20 PM
Attachments: [DIS announcement 10 June 2015 FINAL.docx](#)
[150610 DIS NoM and Dispatch.pdf](#)

Hi Peter, Megan

Notice of meeting and associated announcement for release tomorrow (Wednesday).

I don't have any further update on the draft Constitution but I will follow up.

Regards

Greg

From: Sch 2 s2.2(a)(ii)
Sent: Tuesday, 9 June 2015 5:01 PM
To: Jones, Greg
Cc: Sch 2 s2.2(a)(ii)
Subject: Aquis / Discovery Resources

Dear Greg,

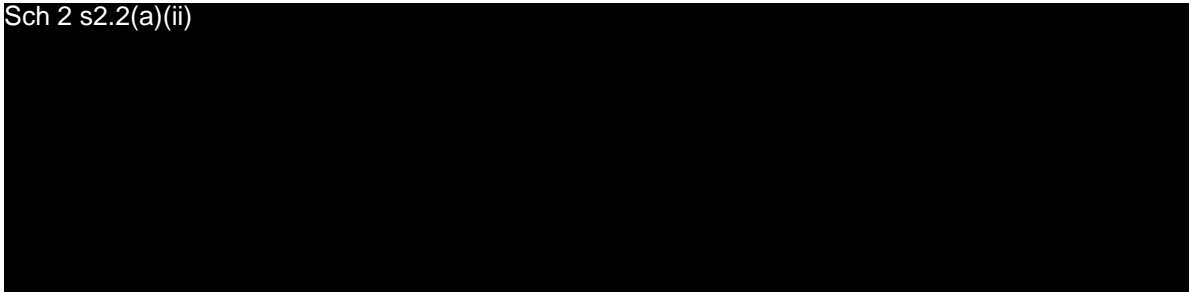
For your information, please see attached an announcement which is to be released by Discovery tomorrow morning, along with a notice of meeting to be sent to shareholders tomorrow calling the shareholders meeting to approve the transaction. As foreshadowed by **Sc** previously, the parties have agreed some minor changes to the terms of the proposed transaction. These amending documents will be executed overnight and the announcement and notice sent thereafter.

Please give me a call if any queries.

Kind regards

Sch 2

Sch 2 s2.2(a)(ii)



10 June 2015

Company Announcements Office
 Australian Securities Exchange (**ASX**)
 20 Bridge Street
 SYDNEY NSW 2000



TRANSACTION UPDATE AND DISPATCH OF NOTICE OF MEETING

Discovery Resources Limited (**Discovery**) (**Company**) is pleased to confirm that, further to the announcement made by the Company on 17 April 2015 “Discovery to become Aquis Entertainment Limited” (**Initial Announcement**), the Company today dispatched a Notice of Meeting (**NoM**) to shareholders of the Company to approve the acquisition of Canberra Casino and transition to becoming Aquis Entertainment Limited (**Transaction**). The shareholders’ meeting is to be held on 10 July 2015.

The Company is pleased to confirm that the Independent Expert engaged by the Company to consider the Transaction has found its terms are reasonable for shareholders of the Company. The full NoM and expert’s report are attached. All shareholders should read the materials in their entirety and all other announcements made by the Company in respect of the Transaction.

Further to the terms of the Transaction disclosed in the Initial Announcement, Discovery and Aquis Canberra Holdings (Aus) Pty Ltd have agreed the following variations to the Transaction, summarised as:

1. Mr Russell Shields will, subject to regulatory approvals, join the Board of Directors as a Non-Executive Director. Mr Shields has more than 35 years’ experience in financial services including 6 years as Chairman Queensland and Northern Territory for ANZ Bank. Prior to joining ANZ, Russell held senior executive roles with HSBC including Managing Director Asia Pacific Transport, Construction and Infrastructure and State Manager Queensland, HSBC Bank Australia. Mr Shields is currently also a Director of Eclipx Group Limited (ASX: ECX)
2. The terms of the existing shareholder loans provided by the Aquis Group to Aquis Canberra Pty Ltd and Casino Canberra Limited will be varied as follows:
 - a. **Term:** the term will be extended to the date which is 5 years from the date of the Company’s re-admission to the ASX (**Maturity Date**);
 - b. **Interest:** from the date of the Company’s re-admission to ASX, the debts will each bear interest at the rate of 8% per annum, accruing monthly;
 - c. **Repayment of Interest:** the interest will accumulate and be repaid when the loan is repaid;
 - d. **Conversion:** both the lender and the Company have certain rights to elect to convert the outstanding monies under the loans into shares in the Company at a rate of 20


cents per share, provided the lender may only convert if to do so means it will not have a greater than 89% voting power in the Company. If the Company elects to repay the loans rather than convert them, the Company is only required to make the repayment if and when the 30 day VWAP of the shares in the Company ending on the date immediately preceding the date of repayment is equal to or greater than \$0.25.

3. The obligation on the Company to issue the deferred consideration of 14,125,051 shares, as detailed in the Initial Announcement, will be varied so that they are issued:
 - a. on the date that the Company successfully submits its formal complete "Redevelopment Proposal" for the proposed redevelopment of the Canberra Casino, provided that the Company's shares' 30 day Volume Weighted Average Price, ending on the date immediately preceding submission of the Redevelopment Proposal is equal to or greater than \$0.25 per share; or
 - b. if, at the time of submission of the Redevelopment Proposal the Company's shares' 30 day VWAP is less than \$0.25, such later date on which Company's shares' 30 day VWAP is equal to or greater than \$0.25, provided such date is within 12 months of the date of submission of the Redevelopment Proposal.

4. The Director retirement fees of \$50,000 each payable to Tony Adcock and Thomas Pickett, and the \$200,000 transaction success fee payable to Josh Puckridge are now to be satisfied by the issue of shares in the Company at a deemed price of \$0.20 rather than cash payments, to be issued on the same date as the issue of the deferred consideration shares referred to above. These payments are subject to shareholder approval.

Full details of these variations are provided in the NoM, which together with the Independent Expert's Report shareholders should read in full to understand these matters in their entirety.

For, and behalf of, the Board of Directors,

A handwritten signature in black ink, appearing to read "Josh Puckridge". The signature is stylized with large, flowing letters.

Josh Puckridge

Executive Director

Discovery Resources Limited

Mobile: +61 (0) 452 440 100



ACT
Government

Chief Minister, Treasury and
Economic Development

Trim No:

To: Chief Minister

Subject: Aquis Entertainment Investment Proposal

Critical date and reason

1. To brief you on a proposal submitted to the ACT Government by *Aquis Entertainment* under the Investment Proposal Guidelines (IPG) process, for the redevelopment of Casino Canberra and surrounding precinct. A copy of the Proposal is provided at Attachment A.

Recommendations

2. That you:

- Note the contents of this brief;

NOTED/PLEASE DISCUSS

- Agree to the ACT Government undertaking further assessment of relevant issues relating to the development proposal such as land use, tax, gaming regulation and investment potential, prior to inviting *Aquis Entertainment* to progress to Stage 2 of the IPG process, which involves preparation of a detailed business case for consideration by the ACT Government.

AGREED/NOT AGREED/PLEASE DISCUSS

Andrew Barr MLA / /

Commercial in Confidence

Supporting Reasoning

Development overview

3. On 21 August 2015, *Aquis Entertainment* provided its proposal for redevelopment of Casino Canberra and integrated entertainment precinct - for local, interstate and international visitors. The proposal was submitted under the Investment Proposal Guidelines (IPG) program, for unsolicited private investment bids.
4. The proposal was formally presented to Senior ACT Government Officials on Thursday 27 August 2015, as per Phase 1 of the IPG process.
5. The proposal details a two stage, five year, \$336.2 million redevelopment plan involving overhauling and up scaling the casino; new restaurants, bars, retail boutiques and entertainment options, a new luxury hotel and expansion of the neighbouring National Convention Centre Canberra (NCCC).
6. Stage 1 (\$228.5m, 2 years) involves: new expanded casino with international standard VIP gaming; 6 900 m² of convention and pre-function space (a 3 300 m² extension improving flexibility and capacity for simultaneous events); changes to road access; 12 luxury six star villas; new forecourt featuring dining/cafes/bars; day spa and pool; relocated Parkes Way water retention pond; and extra car parking.
7. Stage 2 (\$107.7 million, mid 2018-2020) involves: a new 100 room 5 Star boutique hotel; expanded entertainment, food and beverage offerings; luxury retail shopping mall; nightclub and bars; and additional car parking.
8. The existing Casino will remain open during Stage 1 construction.
9. *Aquis Entertainment* claims the redeveloped casino, entertainment precinct and extended NCCC will bring substantial long term economic benefits to the ACT, including new full time jobs, increased domestic and international tourism, and jobs and opportunities for local businesses during the construction phase.
10. *Aquis Entertainment* cites Deloitte research indicating a contribution to Gross State Product of \$61 million per year once fully operational, creation of 200-300 full time jobs during construction, additional 458 000 visitors per annum and \$125 million ACT Government tax receipts (to 2030).
11. *Aquis Entertainment* expects the ACT Government may need to invest in some components of the NCCC refurbishment (for which the 2015 ACT Budget committed \$5.4 million).
12. *Aquis Entertainment* is seeking ACT Government support in the form of:
 - a. Changes to the ACT's existing gaming laws – including table games and slot machines – and exclusivity of its casino licence for 30 years
 - b. Revised gaming taxation rates (citing reference to other jurisdictions)

Commercial in Confidence

- c. Management rights for the National Convention Centre Canberra from 2018, under market terms, and
 - d. Property rights for Block 24 Section 65 City
13. *Aquis Entertainment* claims it will be a world class offering not currently available in Canberra.

IPG process

14. The IPG provides guidance and clarity to proponents when advancing proposals that do not have clearly defined established Government processes in place. It is not intended to duplicate or replace other existing Government processes.
15. The *Aquis* proposal was deemed to be suitable for progression through the IPG process and as a result the proponent was invited to make a presentation to relevant Directors-General in the ACT Government.
16. The objective in Phase 1 is to provide sufficient information for the ACT Government's to make an informed decision to proceed with consideration of a detailed investment proposal.
17. Should a decision be taken to progress the proposal, the proponent will then be invited develop a detailed business case (that is, enter Phase 2).
18. The objective of Phase 2 is to determine whether to in-principle:
- Make available the government support requested by the proponent; and
 - If not previously determined, decide whether the government support will be made available through exclusive negotiations with the proponent or through a competitive process.
19. In Phase 2, an Assessment Panel will be established. Assessment Panels will be chaired by the Director-General of Economic Development and comprise of senior executive representatives from other relevant directorates.
20. Following its establishment, an Assessment Panel will negotiate a non-binding Participation Agreement with the proponent.
21. The Assessment Panel will make one of the following recommendations to the Executive based on 'The Assessment Criteria' and, more specifically, its assessment of the business case in terms of any project-specific measures set out in the project's Participation Agreement:
- that the proposal should progress to Phase 3, including advice in relation as to which commercial relationship option should be used for the provision of Government support; or
 - to not proceed with the project.

Commercial in Confidence

Consultation and Communication

22. *Aquis Entertainment* presented the initial development concept to senior ACT Government officials including
- David Nicol, Under Treasurer
 - Gary Byles, Director-General, Territory and Municipal Services Directorate
 - Dorte Ekeland, Director-General, Environment and Planning Directorate
 - Greg Jones as CEO, Gambling and Racing Commission
 - Geoffery Rutledge, Executive Director, Strategic Policy and Cabinet
 - David Dawes, Director-General, Economic Development
 - Gary Rake, Deputy Director-General Arts, Business, Events, Sport and Tourism
 - Jonathan Kobus, Senior Manager, Invest Canberra
23. The ACT Government has not consulted with representatives of the Clubs sector in relation to the *Aquis Entertainment* Proposal.
24. *Aquis Entertainment* has conducted some initial stakeholder engagement outside of the ACT Government. This includes a meeting with the Shadow Minister for Racing and Gaming, Brendan Smyth MLA.

Financial

25. Nil for the purposes of this brief.

Management of Other Risks

26. The *Aquis Entertainment* development proposal requires consideration of a range of issues by multiple areas of Government. This includes gambling and gaming regulation, territory and municipal services, planning and land use, taxation, tourism and investment issues.
27. As a result, prior to inviting *Aquis Entertainment* to progress to Stage 2, further consultation will be managed with relevant Directorates to ensure that matters relating to tax, gaming regulation and planning are appropriately considered. Working groups may be established to discuss specific elements of the proposal, particularly where decisions are required to enable the project to progress.
28. The appointment of a probity advisor will be considered. The role of probity *advisor* will involve provision of advice and assistance before and during the implementation of the project and addressing probity issues as they arise.
29. It is also recommended that an independent evaluation is conducted to verify the economic and financial presented by *Aquis Entertainment* and associated benefits to the ACT resulting from the development.

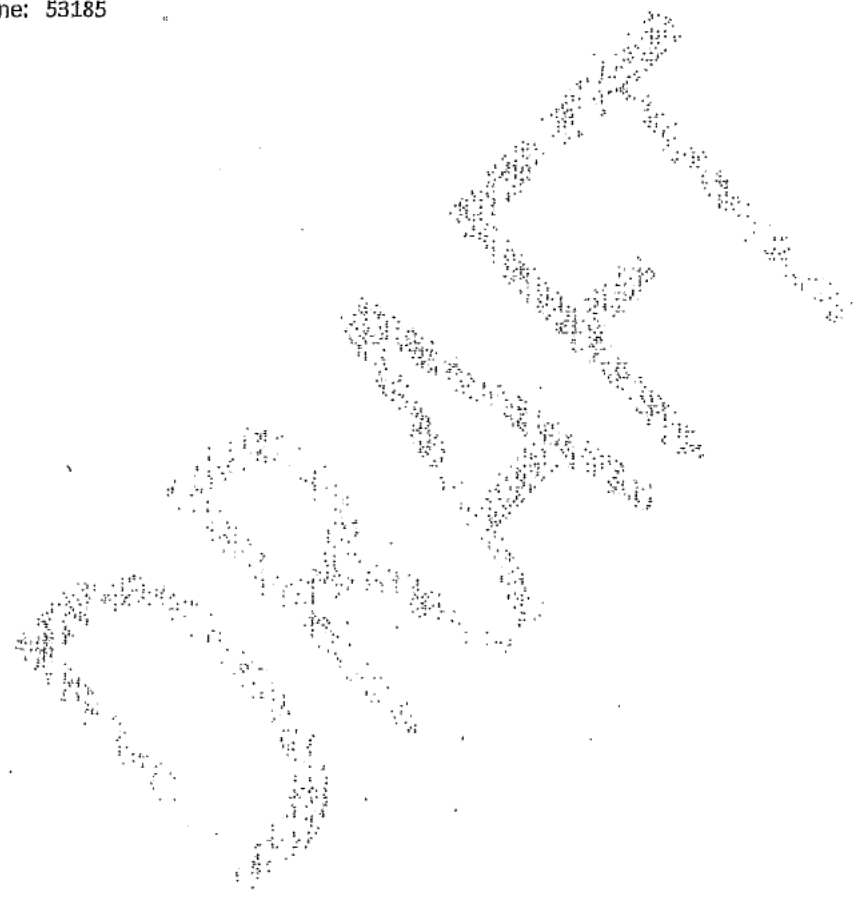
Commercial in Confidence

30. It should also be noted that the Director General of the Environment and Planning Directorate (EPD) has declared a conflict of interest in regards to the development. The Deputy Director General will manage matters relevant to EPD where delegation permits.

Senior Clearing Officer: Ian Cox

Action Officer: Jonathan Kobus

Phone: 53185





ACT
Government

Chief Minister, Treasury and
Economic Development

Trim No: BM15/2736

To: Chief Minister

Subject: Aquis Entertainment Investment Proposal

Critical date and reason

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AGREED/NOT AGREED/PLEASE DISCUSS

Andrew Barr MLA / /

Commercial in Confidence

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Development overview

3. On 21 August 2015, *Aquis Entertainment* provided its proposal for redevelopment of Casino Canberra and integrated entertainment precinct - for local, interstate and international visitors. The proposal was submitted under the Investment Proposal Guidelines (IPG) program, for unsolicited private investment bids.
4. The proposal was formally presented to Senior ACT Government Officials on Thursday 27 August 2015, as per Phase 1 of the IPG process.
5. The proposal details a two stage, five year, \$336.2 million redevelopment plan involving overhauling and up scaling the casino, new restaurants, bars, retail boutiques and entertainment options, a new luxury hotel and expansion of the neighbouring National Convention Centre Canberra (NCCC).
6. Stage 1 (\$228.5m, 2 years) involves: new expanded casino with international standard VIP gaming; 6 900 m² of convention and pre-function space (a 3 300 m² extension improving flexibility and capacity for simultaneous events); changes to road access; 12 luxury six star villas; new forecourt featuring dining/cafes/bars; day spa and pool; relocated Parkes Way water retention pond; and extra car parking.
7. Stage 2 (\$107.7 million, mid 2018-2020) involves: a new 100 room 5 Star boutique hotel; expanded entertainment, food and beverage offerings; luxury retail shopping mall; nightclub and bars; and additional car parking.
8. The existing Casino will remain open during Stage 1 construction.
9. *Aquis Entertainment* claims the redeveloped casino, entertainment precinct and extended NCCC will bring substantial long term economic benefits to the ACT, including new full time jobs, increased domestic and international tourism, and jobs and opportunities for local businesses during the construction phase.
10. *Aquis Entertainment* cites Deloitte research indicating a contribution to Gross State Product of \$61 million per year once fully operational, creation of 200-300 full time jobs during construction, additional 458 000 visitors per annum and \$125 million ACT Government tax receipts (to 2030).
11. *Aquis Entertainment* expects the ACT Government may need to invest in some components of the NCCC refurbishment (for which the 2015 ACT Budget committed \$5.4 million).
12. *Aquis Entertainment* is seeking ACT Government support in the form of:
 - a. Changes to the ACT's existing gaming laws – including table games and slot machines – and exclusivity of its casino licence for 30 years
 - b. Revised gaming taxation rates (citing reference to other jurisdictions)

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- c. Management rights for the National Convention Centre Canberra from 2018, under market terms, and
 - d. Property rights for Block 24 Section 65 City
13. *Aquis Entertainment* claims it will be a world class offering not currently available in Canberra.

IPG process

14. The IPG provides guidance and clarity to proponents when advancing proposals that do not have clearly defined established Government processes in place. It is not intended to duplicate or replace other existing Government processes.
15. The *Aquis* proposal was deemed to be suitable for progression through the IPG process and as a result the proponent was invited to make a presentation to relevant Directors-General in the ACT Government.
16. The objective in Phase 1 is to provide sufficient information for the ACT Government's to make an informed decision to proceed with consideration of a detailed investment proposal.
17. Should a decision be taken to progress the proposal, the proponent will then be invited to develop a detailed business case (that is, enter Phase 2).
18. The objective of Phase 2 is to determine whether to in-principle:
- Make available the government support requested by the proponent; and
 - If not previously determined, decide whether the government support will be made available through exclusive negotiations with the proponent or through a competitive process.
19. In Phase 2, an Assessment Panel will be established. Assessment Panels will be chaired by the Director-General of Economic Development and comprise of senior executive representatives from other relevant directorates.
20. Following its establishment, an Assessment Panel will negotiate a non-binding Participation Agreement with the proponent.
21. The Assessment Panel will make one of the following recommendations to the Executive based on 'The Assessment Criteria' and, more specifically, its assessment of the business case in terms of any project-specific measures set out in the project's Participation Agreement:
- that the proposal should progress to Phase 3, including advice in relation as to which commercial relationship option should be used for the provision of Government support; or
 - to not proceed with the project.

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Consultation and Communication

22. *Aquis Entertainment* presented the initial development concept to senior ACT Government officials including
- David Nicol, Under Treasurer
 - Gary Byles, Director-General, Territory and Municipal Services Directorate
 - Dorte Ekeland, Director-General, Environment and Planning Directorate
 - Greg Jones as CEO, Gambling and Racing Commission
 - Geoffery Rutledge, Executive Director, Strategic Policy and Cabinet
 - David Dawes, Director-General, Economic Development
 - Gary Rake, Deputy Director-General Arts, Business, Events, Sport and Tourism
 - Jonathan Kobus, Senior Manager, Invest Canberra
23. The ACT Government has not consulted with representatives of the Clubs sector in relation to the *Aquis Entertainment* Proposal.
24. *Aquis Entertainment* has conducted some initial stakeholder engagement outside of the ACT Government. This includes a meeting with the Shadow Minister for Racing and Gaming, Brendan Smyth MLA.

Financial

25. Nil for the purposes of this brief.

Management of Other Risks

26. The *Aquis Entertainment* development proposal requires consideration of a range of issues by multiple areas of Government. This includes gambling and gaming regulation, territory and municipal services, planning and land use, taxation, tourism and investment issues, impacts on future development demand in other locations priorities (Northbourne Ave, City to the Lake).
27. As a result, prior to inviting *Aquis Entertainment* to progress to Stage 2, further consultation will be managed with relevant Directorates to ensure that matters relating to tax, gaming regulation and planning are appropriately considered. Working groups may be established to discuss specific elements of the proposal, particularly where decisions are required to enable the project to progress.
28. The appointment of a probity advisor will be considered. The role of probity advisor will involve provision of advice and assistance before and during the implementation of the project and addressing probity issues as they arise.

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29. It is also recommended that an independent evaluation is conducted to verify the economic and financial presented by *Aquis Entertainment* and associated benefits to the ACT resulting from the development.
30. Community consultation will be important particularly with the residents in the nearby area and users of Glebe Park. In particular concerns by residents affected by Aquis rights to Block 24 Section 65.
31. It should also be noted that the Director General of the Environment and Planning Directorate (EPD) has declared a conflict of interest in regards to the development. The Deputy Director General will manage matters relevant to EPD where delegation permits.

Senior Clearing Officer: Ian Cox

Action Officer: Jonathan Kobus

Phone: 53185



ACT
Government

Chief Minister, Treasury and
Economic Development

Trim No: BM15/2736

To: Chief Minister

Subject: Aquis Entertainment Investment Proposal

Critical date and reason

- To brief you on a proposal submitted to the ACT Government by *Aquis Entertainment* under the Investment Proposal Guidelines (IPG) process, for the redevelopment of Casino Canberra and surrounding precinct. A copy of the Proposal is provided at Attachment A.

Recommendations

- That you:

- note the contents of this brief; and

NOTED/PLEASE DISCUSS

- note that assessment is being undertaken of relevant issues relating to the development proposal such as land use, tax, gaming regulation and investment potential, prior to inviting *Aquis Entertainment* to progress to Stage 2 of the IPG process, which involves preparation of a detailed business case for consideration by the ACT Government.

NOTED/PLEASE DISCUSS

process and
timelines from
here.

Andrew Barr MLA *Andrew Barr* 7/11/2015

Supporting Reasoning

Development overview

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- Yes
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