



Discussion Paper

Potential for the establishment of a casino on Christmas Island

Introduction

Stakeholders, including the Christmas Island community are invited to comment on issues relating to the potential for the establishment of a casino on Christmas Island. Comments received from stakeholders and the community will inform the development of a possible proposal for consideration by the Australian Government.

The Australian Government recognises the value of engaging with the community on issues relating to a casino, and seeks a diverse range of views to support better outcomes for Christmas Island.

The Government will also consult with State and Territory governments and subject matter experts.

This paper provides background information to inform discussion with the community, to be held on Christmas Island from 6 to 9 November 2018. It provides an overview of factors that may impact the possible establishment of a casino on Christmas Island and questions for consideration.

Written submissions regarding issues relating to a casino on Christmas Island will be accepted, using the attached form ([Attachment A](#)). Please email your submission to:

indianoceanterritories@infrastructure.gov.au

All submissions should be received by **14 November 2018**.

The outcomes of this initial consultation process will be documented and a report provided back to the community later this year.

1. Interest in a casino on Christmas Island

The Australian Government recognises the significant community interest in establishing a casino on Christmas Island. Since 2013, a number of Parliamentary Committee reports have recommended that a casino licence be reissued to support the local economy, including:

1. the Joint Standing Committee on Northern Australia in *Northern Horizons – Unleashing our Tourism Potential* (June 2018), and
2. the Joint Standing Committee on the National Capital and External Territories in *Governance in the Indian Ocean Territories – Interim Report: Economic Development* (June 2015).

In these reports, several community representatives advised that a casino on Christmas Island would provide employment, increase economic activity and improve tourism. Other representatives were concerned that a casino would not be consistent with the community's values.

2. Historical context of a casino on Christmas Island

A casino operated on Christmas Island from 1993 to 1998 at the premises of a resort known as the Christmas Island Resort. The casino resort catered for 'high rollers' (wealthy gamblers) visiting from South-East Asia. The Australian Government provided special short-term visas to visitors to Christmas Island to facilitate access for international clients.

The casino resort provided a boost to Christmas Island's economy, including:

1. employing approximately 350 staff (one-third were permanent residents of Christmas Island)
2. increasing the population (at the peak of operations, an estimated 2,600 people lived on island)
3. supporting on-island businesses, such as restaurants, supermarkets and tourism operators, and
4. regular air services to major South-East Asian cities.

In 1998, the casino ceased operations for commercial reasons.

In 2005, the Australian Government repealed the *Casino Control Ordinance 1988* (CI) and the *Gaming and Wagering Commission Act 1987* (WA)(CI) came into force. This prohibited a casino on Christmas Island and removed the regulatory and licencing regime.

Since the closure of the former casino on Christmas Island, a number of environmental factors have changed, including:

1. the emergence of a growing middle class in Asia
2. an increase in the number of casinos, including those targeting 'high-rollers', in Australia and South-East Asia
3. an increase in the supply of online gambling products, and
4. strengthened border controls due to an evolving regional security environment.

3. Economic context on Christmas Island

The economy influences all aspects of life in a community, from employment to education, population to infrastructure. When examining options for economic development, we must consider if they are realistic and sustainable, and their possible impact on the island's cultures, lifestyle and environment.

Christmas Island's local economy is currently dependent on two major industries: phosphate mining and government services.

- Phosphate Resources Limited, the mining company on Christmas Island, advises that it will maintain a viable mining operation to the late 2020s.¹
- The Immigration Detention Centre moved into 'hot contingency' (can be opened within 72 hours' notice) on 1 October 2018. A number of government staff have departed the island and related services, including the fortnightly IDC charter service, will soon stop.

There is a need to diversify the local economy and seek opportunities to develop alternative sustainable industries.

It is noted that significant consultation on diversification opportunities has been undertaken through the Christmas Island Strategic Plan process, due for release later this year.



'Diversification' of the Christmas Island economy means increasing the number of industries that support the local economy and create jobs. When there are many industries to support the economy, it reduces the negative effects of one industry closing.

4. Government responsibilities

If a casino was established on Christmas Island, the Australian Government would work in partnership with relevant State and Territory governments, the Christmas Island community and other partners to ensure that any risks are managed appropriately and minimised.

It is the responsibility of governments to ensure harm minimisation measures are implemented to protect the most vulnerable within a community. As part of implementing such measures, a casino licence could be subject to conditions which may require, amongst other things, contribution to a community-benefit fund.

5. Process and next steps for Australian Government consideration of a casino on Christmas Island

Your input will inform the development of a proposal for consideration by the Australian Government outlining the likely benefits and challenges associated with establishing a casino on Christmas Island. The proposal will also be informed by consultation with State and Territory governments and subject matter experts.

Factors to be considered include ensuring appropriate regulation for a casino is in place, the potential social and cultural impacts of a casino on the community, and how best to address these. A thorough examination of the supporting infrastructure needed for the establishment of a casino would also be undertaken.

¹ CI Resources, Annual Report 2018

While the decision to seek a casino licence is a matter for the private sector, work will also be undertaken to analyse the economic viability of a casino business.

If a proposal is supported, a new legislative and regulatory regime would be established to provide the basis for issuing a casino licence for Christmas Island. Legislation for this new regime would be passed through the Parliament.

An open market process by way of tender would be undertaken to issue a casino licence, with financial due diligence undertaken on all potential proponents to ensure the commercial viability and integrity of the proposed casino operation. Proponents would be required to include a comprehensive economic and social impact assessment in their proposal. The Department will assess the relative merits of proposals with input from independent experts and other Commonwealth agencies.

What do you think?

- 1. Generally speaking, do you support a casino on Christmas Island? Why? Why not?**
- 2. How could a casino benefit Christmas Island? How could these benefits be maximized?**
- 3. In your view what are best practice examples of casino developments?**
- 4. If a casino was established what type of facilities would you like to see included? Are there types of facilities/services that you think should not be allowed?**
- 5. If a casino was established do you think it will change tourism on Christmas Island? If so, how?**
- 6. What challenges or potential negative impacts would the community face if a casino operated on Christmas Island? Are you concerned about any impact on the environment and social fabric of the community? Are there measures that may alleviate your concerns?**
- 7. If a casino required contributions to a community-benefit fund, what would you like to see included as part of the community-benefit fund?**
- 8. If a casino was established what conditions (if any) do you think should be imposed on the operator of the casino?**
- 9. Are there any other comments you would like to make?**