

Media Release

Minns Government announces Star Casino outcome

Friday, 11 August 2023

The Minns Labor Government will overhaul the former government's changes to casino taxes to prevent The Star Sydney turning into an unviable operation.

The new arrangement will see the introduction of a 'transitional' levy for the next seven years. Star will be required to pay more tax on its poker machines as its gaming revenue rises until the new duty regime commences from 1 July 2030.

Changes to the table game rates will proceed as proposed in December 2022.

Star will also be required to protect more than 3,000 jobs at The Star for the next six years as it transitions to a sustainable business model.

Under the revised approach:

- Transitional tax arrangements on poker machines will apply until 1 July 2030.
- The final poker machine duty rates will then be set to the same effective rates as in Victoria.
- If The Star's financial performance before 1 July 2030 is stronger than assumed in its forecasts, adjusted rates will result in the Government collecting more taxes.
- The Star will be legally bound to maintain more than 3,000 jobs between now and 2030.
- The Star will participate in the NSW cashless gaming trial, with 50 poker machines and eight gaming tables in high traffic areas to go cashless by 31 October, 2023.
- All gaming machines at The Star will be cashless by 30 August 2024.

The overall casino duty rates are expected to generate \$2.7 billion over 10 years from The Star, more than \$529 million than would be generated under the existing rates.

The increased casino duty rates are forecast to raise an additional \$54 million over four years compared to current casino duty revenue.

The NSW Government and The Star will finalise the agreement over the next few weeks. The agreed jobs guarantee will be overseen by the United Workers Union and monitored closely by the Government.

The Government will seek agreement with Crown to ensure parity on table gaming rates with The Star. If the Government is unable to reach an agreement with Crown, it has the option of legislating changes to table gaming duties.

NEGOTIATIONS

The Minns Government has been in talks with The Star since being sworn in after the March election.

The negotiations for this successful result have been led by Ron Finlay AM, one of Australia's leading infrastructure and governance specialists.

Mr Finlay has provided advice and services on major projects to the NSW, Tasmanian, Victorian and Federal Governments as well as to major private sector owners.

He also serves as the independent chair on the WestConnex board.

The former government had made the surprise announcement in December 2022 of a planned hike on poker machine duties at The Star to match rates applied in Victoria.

The Star said this posed a significant threat to its business.

It was later revealed Mr Kean had not consulted with The Star on the plan.

Subsequently, The Star announced a \$1.3 billion write down on 23 February 2023 indicating they were in financial difficulty.

As well, the former government failed to legislate the increases as required, despite writing an anticipated \$360 million in subsequent revenue into the budget.

Treasurer Daniel Mookhey said:

"The Government has listened to workers, unions and management and has negotiated an agreement that will protect the jobs of thousands of workers while also seeing The Star pay more duty.

"The previous government's casino duty hike was unrealistic, poorly developed and put thousands of jobs at risk. It was announced without consultation or consideration for the viability of the business and the thousands of workers they employ.

"The advice I received from NSW Treasury is that absent this agreement, if the Government proceeded with the announced rates, The Star would be unviable.

"The Star now also has an opportunity to demonstrate that it has an ongoing role to play in the NSW business community."

MEDIA: Stephen Fitzpatrick | Treasurer | 0459 992 525

New casino duty rates – The Star

Fact Sheet

On 11 August 2023, the NSW Government announced an in principle agreement with The Star.

Casino duty for non-rebate play will increase from 17.91 per cent to 20.25 per cent from 1 July 2023, while duty on rebate play will increase from 10 per cent to 12.5 per cent from 1 July 2023.

Between 1 July 2023 and 30 June 2030, the following electronic gaming machine duty rates will apply at The Star:

| Period | Duty |
|------------------|--------|
| From 1 July 2023 | 20.91% |
| From 1 July 2024 | 21.91% |
| From 1 July 2027 | 22.91% |

From 1 July 2030, the following marginal duty rates will be applied to electronic gaming machines at The Star:

| The part of Average Poker Machine Revenue that is: | Poker Machine Duty Rate (excluding GST) |
|--|---|
| Less than \$2,666 | 0% |
| \$2,666 or more and less than \$6,667 | 37.6% |
| \$6,667 or more and less than \$12,500 | 42.1% |
| \$12,500 or more | 51.6% |

The marginal duty rates for electronic gaming machines from 1 July 2030 will deliver the same effective tax rates after GST as in Victoria.

The agreement includes an additional levy of 35 per cent on total gaming revenue that exceeds \$1.125 billion in a financial year. This levy applies in addition to other duty rates and will operate during the period 1 July 2023 to 30 June 2030.

There is no change to the Responsible Gaming Levy (2 per cent). It will not apply to the additional levy.