



PREMIER OF TASMANIA

9 DEC 2020

[REDACTED]
 Federal Group
 410 Sandy Bay Road
 SANDY BAY TAS 7005

Dear [REDACTED]

Future Gaming Market Financial Model

I am writing to confirm the Government's intention to introduce legislation in 2021 to amend the *Gaming Control Act 1993* to implement the *Future of Gaming in Tasmania* policy.

These amendments will include the financial arrangements for casino and keno gaming in Tasmania under the future gaming market. The tax rates and licence fees that the Government intends to apply from 1 July 2023 are as follows:

Component	Fee / Tax rate (GST exclusive)
Casino licence (for two)	\$2.08 million per annum (20 year licence term)
Table game tax	0.91%
Fully Automated Table Games tax	5.91%
Casino Electronic Gaming Machine (EGM) tax	10.91%
Community Support Levy (on casino EGMs)	3.00%
Keno (casino) tax	0.91%
Keno (state-wide) tax	20.31%
Keno (state-wide) licence	\$500 000 per annum (20 year licence term)

In terms of the keno licence, should you not wish to accept the financial arrangements outlined, the Government will seek market offers for the state-wide keno licence.

A number of other amendments will be made to implement the full casino and keno model under the future gaming market, including changes to the types of casino games that can be offered. The details of the casino and keno model are attached.



I would appreciate your early advice in relation to the financial arrangements for the state-wide keno licence.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Gutwein'.

Peter Gutwein MP
Premier
Treasurer

Encl

Released under RTI

ATTACHMENT I

Casino and keno financial model from 1 July 2023

- Casino and keno tax rates and licence fees developed based on benchmarking against a single market. Regional Queensland casino market used as the comparator.
- Deed of Agreement (2003) that provides exclusivity to Federal Group will be ceased as at 30 June 2023.
- Two high roller, non-resident, casino licences will be made available that are separate to the two general casino licences referred to below.

Casino

Two general casino licences to be issued to Federal Group for existing operations at Wrest Point and Country Club.

Exclusivity: Two general casino licences will be available. Legislation around licence issue will be similar to current. The Tasmanian Liquor and Gaming Commission (TLGC) will be required to gain Ministerial approval prior to issuing a casino licence.

Licence Term: 20 years.

Licence Renewal: Licence can be renewed for another 20 year period up to 5 years prior to the licence expiration.

Licence Fee: Annual fee \$1 041 600 per casino (\$2 083 200 total), indexed by CPI. Payable in monthly instalments.

Casino Games: Fully Automated Table Games (FATGs) to be allowed with separate tax rate from the date of Royal Assent. A minimum ratio of Dealer staffed table games to FATGs to be agreed.

Premium EGMs (definition to be agreed) to be allowed, with use restricted to non-Tasmanian residents only. To be introduced following consideration of conditions by TLGC. Current tax rate of 25.88 per cent to apply to 30 June 2023, then 10.91 per cent.

Electronic Gaming Machines (EGMs) - total number of EGMs at both casinos to be reduced to 1 180.

Trackside will be removed from casino games and will be available for operation in hotels and clubs from the date of Royal Assent.

Community Support Levy: A CSL of three per cent will be applied to all EGM gross profit (standard and premium), payable monthly.

Goods and Services Tax: The Commonwealth Goods and Services Tax (GST) applies in addition to State taxes.

Tax Rates: As per table below, paid monthly on gross profit, GST exclusive.

Product	Tax (%)
Table Games	0.91
Fully Automated Table Games	5.91
Electronic Gaming Machines	10.91
Community Support Levy (all EGMs)	3.00
Keno (casino)	0.91

Keno (state-wide)

One Keno Operator licence to be issued to Federal Group for operation of keno state-wide in hotels and clubs.

Exclusivity: One Keno Operator licence will be available. The Tasmanian Liquor and Gaming Commission (TLGC) will be required to gain Ministerial approval prior to issuing the Keno Operator licence.

Licence Term: 20 years.

Licence Renewal: Licence can be renewed for another 20 year period up to 5 years prior to the licence expiration.

Licence Fee: \$500 000 per annum, indexed by CPI. Payable in monthly instalments.

Goods and Services Tax: The Commonwealth Goods and Services Tax (GST) applies in addition to State taxes.

Tax Rate: 20.31% of monthly gross profit (GST exclusive).

Extract from response from Federal Group in relation to provision of 21 January 2021 consultation document:

7. Taxes and licence fees are as expected

The detailed tax rates, licence fees and machine numbers are all accurately reflected as per the correspondence received by Federal Group from the Premier and Treasurer.

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The Hon Peter Gutwein MP
Premier and Treasurer
Level 11, 15 Murray Street
Hobart TAS 7000

23 December 2020

Re: Future Gaming Markets Model

Dear Premier,

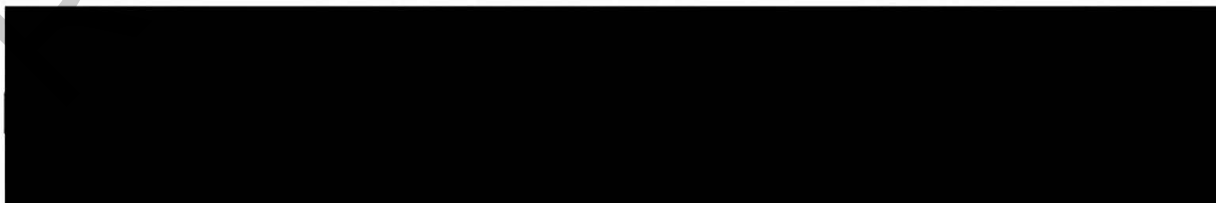
I refer to your letter dated 9 December 2020 regarding the future gaming market financial model that would apply to Federal Group's Tasmanian casinos and keno licence.

Your letter outlines the financial arrangements – including taxes, licence fees and term – that the Tasmanian Government intends to incorporate into amendments to the *Gaming Control Act 1993* that will be introduced in 2021.

Your letter also requests that the company advise whether the proposed financial arrangements for the state-wide game of Keno are acceptable. While the company holds a different position to the Tasmanian Government on the question of keno taxation, I can confirm that we will accept the arrangements outlined in the letter.

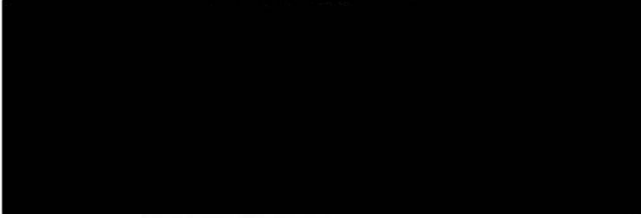
The Attachment to your letter also outlines the various changes to the future financial model for Federal Group's casinos and keno licence. I acknowledge receipt of this information and recognise that this Attachment defines the extent of the changes to the arrangements (from the current) that are intended to apply to Federal Group's future casino and keno licences.

I acknowledge that it is the intention of the Tasmanian Government to introduce legislation in 2021 to give effect to the future gaming market model; including these amended arrangements for Federal Group's casino and keno licences, and those that will apply to gaming in hotels and clubs. The arrangements for the future gaming market will be the subject of approval by the Tasmanian Parliament.



I am proud of the way that Federal Group has managed the responsibility of being the exclusive gaming licence holder in Tasmania since 1973, and we hope to be a strong part of the Tasmanian gaming, casino, hospitality and tourism sectors into the future.

Yours Sincerely,



Federal Group

Released under RTI



PREMIER OF TASMANIA

[REDACTED]
Federal Group
410 Sandy Bay Road
SANDY BAY TAS 7005

15 JAN 2021

Dear [REDACTED]

Future Gaming Market Financial Model

Thank you for your letter dated 23 December 2020, responding to my correspondence confirming the Government's intention to introduce legislation in 2021 to implement the *Future of Gaming in Tasmania* policy.

I acknowledge Federal Group's acceptance and confirmation of the financial arrangements for casino and keno gaming in Tasmania, as detailed in my letter to you dated 9 December 2020. In particular, I note Federal Group's acceptance of the proposed financial arrangements for the state-wide keno licence.

In progressing the legislation, Treasury will consult with you on issues as they arise, including relevant draft legislative provisions, and will continue to liaise with you in relation to transitional and implementation issues.

The Government intends to release an Exposure Draft of the proposed legislative amendments prior to their introduction to Parliament. This will provide a further opportunity for Federal Group to comment on the proposed regulatory provisions that will apply to casino and keno gaming under the future gaming market model.

Yours sincerely


Peter Gutwein MP
Premier
Treasurer