



South Australian Gambling Policy – Adelaide Casino Agreements

The South Australian Government has executed Variations to the Approved Licensing Agreement and Casino Duty Agreement with Adelaide Casino

Adelaide Casino operates in accordance with the *Casino Act 1997*. The Act provides that there will be:

- only one **casino licence** in force at the same time
- an **Approved Licensing Agreement** between the Minister for Business Services and Consumers and Skycity Adelaide about the operation of the casino, the terms and conditions of the licence, and the performance of Skycity Adelaide's responsibilities
- a **Casino Duty Agreement** between the Treasurer and Skycity Adelaide about the taxation arrangements.

On 11 October 2013 the Minister for Business Services and Consumers and Skycity Adelaide signed an agreement to vary the Approved Licensing Agreement, while the Treasurer and Skycity Adelaide signed an agreement to vary the Casino Duty Agreement. The variation agreements become binding when the following key conditions have been met:

- The *Statutes Amendment (Gambling Reform) Act 2013* is operational, except those provisions that were suspended by proclamation dated 29 August 2013 to commence after January 2014 – the Act commenced 31 August 2013.
- The Independent Gambling Authority approves the variations to the Approved Licensing Agreement in accordance with section 16 of the *Casino Act 1997* – the Independent Gambling Authority approved the variations to the Approved Licensing Agreement on 30 October 2013 and the variation agreement was tabled in Parliament in November 2013].
- SA Government provides in-principle agreement to granting, on mutually acceptable terms, the rights in relation to land required for SkyCity Adelaide to undertake its proposed \$350m casino expansion and hotel development project (Development Proposal) – the Government gave in-principle Agreement to Skycity about the land by letter dated 1 November 2013.
- Skycity Adelaide Pty Ltd notifies the Minister for Business Services and Consumers that it is satisfied with the final form of relevant regulatory instruments – this is yet to occur.

The Independent Gambling Authority approved the variations to the Approved Licensing Agreement on 30 October 2013. The variation agreements were tabled in Parliament in November 2013. The agreements provide Skycity Adelaide with some certainty about the regulatory and tax environment as it proceeds with the Development Proposal.

Casino Licence

The Governor issued a licence to Skycity Adelaide Pty Ltd on 27 November 1999. Under the Approved Licensing Agreement the term of the casino licence expires on 30 June 2085.

Key Points

- The Government has signed agreements with Skycity Adelaide Pty Ltd about the future regulatory and taxation framework for Adelaide Casino.
- The Approved Licensing Agreement provides:
 - An extension of exclusivity for casino gaming.
 - Premium gaming.
 - Account based cashless gaming and Ticket in-Ticket out.
 - An increase in gaming machines and table games.
 - SKC to make an up-front payment of \$20 million to the Government.
 - An annual payment of \$300 000 indexed to the CPI to the Gamblers' Rehabilitation Fund.
- The Casino Duty Agreement provides new taxation rates.
- Skycity Adelaide is to complete its \$350 million casino expansion and hotel development by 30 June 2019 at the earliest.

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Approved Licensing Agreement

The Approved Licensing Agreement provides Skycity Adelaide with certain exclusive rights regarding the provision of casino gaming in South Australia.

The exclusivity provisions currently expire on 30 June 2015. Once the variation to the Approved Licensing Agreement signed by the Minister for Business Services and Consumers and Skycity Adelaide on 11 October 2013 becomes binding, the exclusivity period will be extended to 30 June 2035.

Under the varied Approved Licensing Agreement:

- Adelaide Casino can offer premium gaming to international, interstate and specified local residents.
- Premium gaming is exempt from prohibitions applied to non-premium gaming, such as: prohibitions on offering inducements, and requirements for maximum bets, maximum prizes for linked jackpots, and maximum values that can be stored and transferred to a user account for account based cashless gaming.
- Adelaide Casino will have exclusivity over casino gaming (except for interactive gambling).
- Skycity Adelaide will make an up-front payment of \$20 million to the SA Government when the Agreement becomes binding.
- Account based cashless gaming and ticket-in-ticket-out (TITO) systems can be implemented.
- The number of gaming machines can be increased to 1500 (the *Statutes Amendment (Gambling Reform) Act 2013* provides for SkyCity Adelaide to acquire gaming machine entitlements for additional gaming machines by participation in the Approved Trading System).
- The number of gaming tables can be increased to 200, where 20 player positions on Automated Table Game Equipment are equivalent to one table.
- No gambling taxes other than the casino duty under the Casino Duty Agreement, and no additional charges other than as allowed under the current Act, will be paid by SkyCity Adelaide for the duration of the exclusivity period.
- Skycity Adelaide will pay \$300 000 per annum, indexed by the Adelaide CPI, to the Gamblers Rehabilitation Fund.

- The exclusivity provisions will have no further effect if Skycity Adelaide has not completed the Development Proposal by 30 June 2019 (or any later date agreed by the Government).
- If the exclusivity provisions are breached by the State, the State will be liable to pay compensation to Skycity Adelaide, with a maximum liability cap declining from \$150 million in 2015 to \$40 million in 2035.

Casino Duty Agreement

The Casino Duty Agreement currently expires on 30 June 2015.

Once the variation signed by the Treasurer and Skycity Adelaide on 11 October 2013 becomes binding, the Casino Duty Agreement, as varied, will provide a new taxation framework for the Adelaide Casino.

The new taxation rates are applicable from when the variations to the Approved Licensing Agreement and the Casino Duty Agreement become binding. The new rates will continue to apply until 30 June 2035.

However, if the Development Proposal has not been completed by 30 June 2019 (or any later date agreed by the Government), new taxation rates will not apply.

The new taxation rates, to be applied to net gambling revenue, are outlined in the table below.

Tax	Taxation Rate
Gaming machines	41%(a)
Table games	3.41%
Automated table games	10.91%
Premium gaming machines	10.91%
Premium table games	0.91%

(a) 41% is the maximum tax rate that may be payable in any given year during the period.