



THE STAR

## ASX Announcement

11 August 2023

### NSW CASINO DUTY RATES UPDATE

As previously advised, the former NSW Treasurer in the lead up to the NSW 2023 election announced without prior consultation with The Star, a proposed increase in NSW casino duty rates originally intended to take effect from 1 July 2023.

The Star has consistently maintained that the former Treasurer’s proposed duty increase was not sustainable, flawed in its design and, if implemented as originally proposed, would significantly challenge the economic viability of The Star’s Sydney business putting the jobs of thousands of NSW team members in jeopardy.

The Star today announces it has reached an in-principle agreement with the NSW Treasurer, The Honourable Daniel Mookhey MLC, to amend its duty arrangements with the State. The amendments once formalised are designed to deliver a sustainable outcome for The Star and to protect the jobs of thousands of NSW team members at The Star. A summary of the key duty rate amendments (agreed in-principle) with the State is set out in **Annexure A**. The process to complete long-form binding agreements will now commence with Treasury to fully document the duty arrangements and ancillary matters (including a jobs commitment by The Star<sup>1</sup>).

Commenting on the in-principle agreement The Star’s CEO and Managing Director Robbie Cooke said:

*“The formal consultative and structured approach implemented by the Government has enabled an in-principle agreement to be reached which protects our Sydney team’s jobs and the viability of The Star Sydney.*

*While the in-principle agreement will result in an uplift in duties payable to the State, it has due regard to the circumstances of our Sydney business and as such helps to create a sustainable path forward for The Star Sydney. The expected additional duty payable in FY24 is circa \$10 million.*

*It is also designed to provide employment certainty for team members in arrangements agreed with the United Workers Union. In addition, it will see The Star Sydney introduce a trial of its cashless gaming machine technology in October this year on 50 gaming machines and 8 gaming tables.*

*The arrangements enable us to continue working at pace to implement the significant reforms required to restore The Star Sydney to suitability, earn back the trust of the community, and ensure we remain a valuable contributor to the NSW economy.”*

The resolution of uncertainty regarding NSW casino duty rates will also help facilitate The Star’s previously foreshadowed plans to refinance its existing debt funding arrangements. The Star intends to provide an update on the refinancing process in the coming months.

**Authorised by:** Board of Directors

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<sup>1</sup> The Star has provided commitments to maintain its NSW headcount at specified levels subject to certain permitted adjustments, and force majeure and material change events. Page 1 of 2

## Annexure A

### Duty Rate Amendments (Agreed In-Principle)

#### 1. Duty Rates - Rebate Play

- **Rebate Play** – from 1 July 2023 this duty rate increases from 10.0% to 12.5%

#### 2. Duty Rates - Table Games

- **Non-Rebate Play** – from 1 July 2023 this duty rate increases from 17.91% to 20.25%

#### 3. Duty Rates - Poker Machines

- **Non-Rebate Play - until 30 June 2030** the current poker machine duty rates continue unchanged namely:
  - **Currently:** 20.91% (excluding GST)
  - **From 1 July 2024:** 21.91% (excluding GST)
  - **From 1 July 2027:** 22.91% (excluding GST)
- **After 30 June 2030** – the duty rates in the table below will apply to the average poker machine revenue (**APMR**) attributable to poker machines in use at The Star Sydney:

<b>That part of APMR that is:</b>	<b>Poker Machine Duty Rate (exclusive of GST)</b>
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%

On or after 1 July 2030 but before 30 September 2030, The Star may request a good faith review of the Poker Machine Duty Rate and/or the associated thresholds having regard to the trading conditions and EBIT for The Star Sydney in the period 1 July 2023 to 30 June 2030.

- 4. **Additional Levy** – in the period 1 July 2023 to 30 June 2030, an additional levy will apply equal to 35% of all Star Sydney gaming revenue above \$1.125 billion for each financial year.
- 5. **Responsible Gaming Levy** – there is no change to the Responsible Gaming Levy (2%). It will not apply to the Additional Levy in paragraph 4.