



The Hon Barry O'Farrell MP

Premier of NSW

Minister for Western Sydney

MEDIA RELEASE

Thursday 4 July 2013

CROWN PROPOSAL MOVES TO STAGE 3

NSW Premier Barry O'Farrell today announced the NSW Government has conditionally accepted the recommendation of the independent steering committee to progress to Stage 3 Crown Limited's unsolicited proposal to develop a VIP gaming facility at Barangaroo.

The NSW Government received unsolicited proposals from Crown Limited and Echo Entertainment.

An independent steering committee, chaired by former chair of the Future Fund David Murray AO, was appointed to assess both proposals, with the assistance of Deloitte Access Economics, to ensure rigorous and comprehensive appraisal of each.

The committee was supported by the Hon Ken Handley QC, a retired judge of the NSW Court of Appeal, who provided probity supervision and advice.

The assessment process has included 20 meetings with each proponent.

The NSW Government has agreed to accept the recommendation of the independent steering committee to progress the Crown Limited proposal to Stage 3 with an upfront licence fee of \$100 million and the following additional conditions:

- Non-rebate gaming to be taxed at 29% (including GST and the responsible gaming levy) not 27.5% as proposed by Crown;
- The total of licence fee and gaming tax payments to NSW over the first 15 years of full operation must exceed \$1 billion (nominal), a guarantee Crown proposed for its alternate option;
- Licence fee and tax would be independently reviewed after 20 years of operation, having regard to market conditions, financial viability and competitiveness, and the licensee earning a fair return on capital. Timing for the review of both casinos will be aligned and include licensee consultation; and,
- Local VIP membership criteria must include a 24 hour cooling off period for applicants who cannot demonstrate a track record of VIP gaming at other casinos, rules to ensure that guests are bona fide, and regular reviews of members' gaming to ensure they should remain as members.

The independent steering committee determined that while both proposals offer value for NSW, the decisive factor was the opportunity to introduce competition into the market.

The independent steering committee found a competitive casino market would deliver increased tourism and broader economic benefits for NSW.

Mr Murray's assessment found Sydney was falling short of its potential share of the growing international gaming and tourism market and has underperformed compared with Melbourne.

The economic assessment observes that Crown's contribution to Gross State Product and tax are 26% higher and 31% larger than Echo's respectively.

It found the Crown project would result in an estimated 1,250 additional jobs after construction, increased international tourism and an increase in Gross State Product of \$442 million per annum in 2025.

The NSW Government reiterated the Crown proposal would not be permitted to include poker machines and no low limit bets on table games.

The Crown proposal will cater for VIP gaming only. VIP gaming as proposed by Crown means a casino with no poker machines, no low bet tables and members only requirements. Acceptance and review of membership will involve consideration of playing history and membership at other VIP facilities internationally. The NSW Government has applied additional conditions on VIP gaming as outlined above.

Mr O'Farrell again reiterated the process was not complete and an agreement has not been reached.

If an agreement is reached, planning, regulatory and legislative approvals will be required, including the usual opportunity for public consultation.

The NSW Government will request the Independent Liquor and Gaming Authority to investigate a system of third party exclusions to protect families at casinos in NSW, as has been adopted in ACT, South Australia and New Zealand.

HOW UNSOLICITED PROPOSALS ARE HANDLED BY THE NSW GOVERNMENT:

Stage 1 - Initial submission and strategic assessment: a comprehensive initial assessment of the proposal to identify the potential benefit to government of further consideration and development with the proponent. The outcome is advice to the proponent of progression to Stage 2, or that the government does not wish to proceed.

Stage 2 - Detailed proposal: requires the proponent and government to work cooperatively in the development and assessment of a detailed proposal. The outcome is advice to the proponent of progression to Stage 3, or that the government does not wish to proceed.

Stage 3 - Negotiation of final binding offer: involves the finalisation of all outstanding issues with a view to entering into a binding agreement, if the government decides to accept the final offer.

Website: <http://www.nsw.gov.au/unsolicitedproposals>