

Questions taken on notice

Portfolio:	Consumer Affairs, Gaming and Liquor Regulation
Witness:	Ms Falkingham
Committee member:	Mr D O'Brien
Page of transcript:	3

Relevant text:

Mr D O'BRIEN: Okay. Another question—I am not sure whether to maybe Mr Batho or perhaps the Secretary. In 2014 the government announced a new arrangement with Crown that extended its licence. As part of that deal there was a \$250 million up-front payment, a \$250 million payment in 2033 and there was a \$200 million payment scheduled for this year, 2022. Is that agreement still valid, still accurate?

Ms FALKINGHAM: I might pass to Mr Batho.

Mr BATHO: Yes, I am happy to answer that. Thank you, Secretary. Thank you, Mr O'Brien. One of the things which the government did in the first tranche response to the royal commission recommendations last year was to remove the regulatory certainty provisions from the *Casino Control Act* to enable the government to implement the royal commission's recommendations. There were no other changes made to the agreements between the state and Crown.

Mr D O'BRIEN: Okay. So the agreement had those milestone payments, and there is a lump sum payment. Where is that payment in this year's budget, that \$200 million?

Mr BATHO: That would not be in the gaming and liquor regulation output budget.

Mr D O'BRIEN: I cannot find it anywhere.

Ms FALKINGHAM: It would be in previous contingencies, Mr O'Brien. But we will find it for you and take that on notice.

Answer:

The Management Agreement between Crown Melbourne and the State requires Crown Melbourne to make three payments to the State, including one due on 1 September 2022. The 2022 payment is conditional on Crown Melbourne achieving a specified compound annual growth rate of normalised gaming revenue from the financial year ending 30 June 2014 to the financial year ending 30 June 2022.

In acquitting the most urgent recommendations of the Royal Commission last year, this government abolished arrangements with Crown – introduced by the previous Coalition Government – that prevented the State from changing regulations without having to pay compensation. No changes were made to the payments required by the Management Agreement.

It is not expected that Crown Melbourne will achieve the growth rate required by the Management Agreement for the 2022 payment and it is therefore not reflected in the 2022-23 budget.

Reflected in the budget is up to \$30 million in additional tax payable by Crown, with changes to tax paid on Electronic Gaming Machines at the casino from July 2023, bringing the casino into line with other venues across the state.

Portfolio:	Consumer Affairs, Gaming and Liquor Regulation
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Committee member:	Mr Hibbins
Page of transcript:	6

Relevant text:

Mr HIBBINS: Thank you, Chair. Budget paper 5, page 18, refers to revenue from the casino. It is reporting that it is still significantly increasing. Has that factored in the introduction of harm minimisation provisions at Crown Casino that have been recommended by the royal commission?

Ms HORNE: I do not have budget paper 5 in front of me, I am sorry.

Mr HIBBINS: You have indicated things like precommitment and what have you for—

Ms HORNE: That is right. If I can talk just a bit around the precommitment, we will be introducing legislation later this year that acquits us of those remaining recommendations, and some of those are quite complex. If I can actually get back to you—or Rebecca, do you have that detail around—

Ms FALKINGHAM: Mr Hibbins, those reforms, as the minister said, because they are in the second half of this year, would not be factored into the budget papers yet, but you would see them in the budget update and budget next year.

Mr HIBBINS: Right, okay. Thank you. Is there a figure at the moment in terms of the impact that those reforms will have?

Ms FALKINGHAM: Not that we have with us today, but we are happy to take that on notice.

Answer:

The Victorian Government is currently undertaking a detailed analysis of the implementation of the Royal Commission into the Casino Operator and Licence’s recommendations relating to harm minimisation at the Melbourne Casino.

The forecast revenue from gambling taxes is forecast by the Department of Treasury and Finance using a model that is based on historical revenue.