



**ASX/MEDIA RELEASE
FOR IMMEDIATE RELEASE
2 May 2022**

PROPOSED CHANGES TO ELECTRONIC GAMING MACHINE TAX – FROM 1 JULY 2023

MELBOURNE: Crown Resorts Limited (ASX:CWN) (Crown) refers to the Victorian Government's announcement on 29 April 2022 regarding proposed changes to the tax rate for electronic gaming machines at Crown Melbourne.

The Victorian Government has stated that it intends to increase the tax rates for electronic gaming machines at Crown Melbourne from 1 July 2023, as set out in the attached media release and fact sheet.

The Victorian Government has stated that the change is expected to generate up to \$30 million per annum in additional revenue for the State.

Crown has held discussions with the Government since the announcement was released seeking to clarify aspects of the Government's proposal.

Based on those discussions, Crown estimates that if the proposed arrangements were in place during FY2019 (being the last financial year prior to COVID-19), the impact on the earnings of Crown Melbourne would have been approximately \$35 - \$40 million. The actual impact of the proposed arrangements on future earnings will depend on various matters including the final details of the proposed arrangements and the revenue generated from electronic gaming machines at Crown Melbourne.

Noting the Government is committed to the implementation of this measure, the Government and Crown intend to establish a working group to further consider the implications for Crown and the process for implementing the changes proposed by the Government, which will require legislation.

ENDS

This announcement was authorised for release by the Crown Board.

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COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available on Crown's website at www.crownresorts.com.au.

Media Release

The Hon Melissa Horne MP

Minister for Consumer Affairs, Gaming and Liquor Regulation
Minister for Ports and Freight
Minister for Fishing and Boating



Friday, 29 April 2022

UPHOLDING THE HIGHEST STANDARDS AT VICTORIA'S CASINO

The Andrews Labor Government is making sure Victoria's casino operator is held to the highest standards of probity and integrity – ensuring the failures uncovered by the Royal Commission can never happen again.

The *Victorian Budget 2022/23* will deliver \$55.6 million to implement the Crown Royal Commission recommendations – in a massive boost to casino and gambling regulation in Victoria.

It will support the work of the Special Manager, which has been given unprecedented powers to oversee all aspects of the casino's operations and report on whether they are satisfied Crown is suitable to continue holding the operating license for Melbourne's casino.

It also includes funding to strengthen oversight of the casino with the establishment of the dedicated Victorian Gambling and Casino Control Commission (VGCCC), which will hold the casino operator to account with specialised staff and dedicated casino commissioners.

This investment supports transferring and establishing the liquor regulation function within the Department of Justice and Community Safety.

We will also ensure Crown is paying its fair share with an electronic gaming machine measure that will generate up to \$30 million a year that will mean from July 2023, Crown's machines will be subject to the same tax rates as those operated by not-for-profit, community-based venues such as RSLs.

The first tranche of the Labor Government's response to the Royal Commission included the removal of arrangements with Crown – introduced by the previous Coalition Government – that prevented the State from changing regulations without having to pay compensation.

This change has paved the way for fairer taxation arrangements.

Legislation passed in 2021 means the VGCCC already has increased powers to hold Crown to account, including a duty for casino operators and their associates to comply with the VGCCC in a frank manner and do everything necessary to ensure the casino operations are conducted with integrity.

Since receiving the Royal Commission's final report, the Government has prioritised the most urgent actions necessary to provide stringent oversight of the casino operator, to ensure those who hold a casino licence in Victoria uphold the highest standards of probity and integrity – and are accountable for their actions.

The Government will implement further reforms this year to continue acquitting all the recommendations of the Royal Commission.

Quote attributable to Minister for Consumer Affairs, Gaming and Liquor Regulation Melissa Horne

"We're getting on with delivering the reforms and investments needed to strengthen oversight of Crown and the whole Victorian gambling industry, with a focus on harm minimisation."

Quote attributable to Treasurer Tim Pallas

"This is a fair and reasonable change that means Crown is paying the same tax rate on its pokies as smaller, community-based venues throughout Victoria. For too long, Crown has benefited from preferential tax treatment."

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Equalise gambling tax rates for all electronic gaming machine operators

Background

This initiative will see Crown pay its fair share of gambling taxes, which will be of benefit to all Victorians.

Currently, electronic gaming machines (EGMs) operated by Crown Casino are taxed at different rates to club venue operators.

- Crown Casino's EGMs are taxed at a flat rate of 31.57 per cent of machine revenue, plus a community benefit levy of 1 per cent of total machine revenue.
- EGMs operated by club venues are taxed on a sliding scale with progressive tax brackets. From August 2022, the maximum marginal tax rate for club venue operators will be 60.67 per cent.

Proposed changes

From 1 July 2023, Crown Casino's EGMs will be subject to the same tax rates as EGMs operated by club venues. These venues are often smaller, not-for-profit, community-based venues, such as RSLs.

The decision to tax Crown Casino at a higher rate follows the Government's response to the Royal Commission into the casino operator. This response has included the removal of the long-standing arrangements with Crown Casino that prevented the State from changing regulations without having to pay compensation.

Expected impacts

The change is expected to generate up to \$30 million a year in additional revenue for the State without increasing gambling expenditure.

New tax rates

Monthly net revenue (average per machine)	Current tax rate	New marginal tax rate
\$0 to less than \$2 666	31.57%, plus community benefit levy of 1%	\$0 plus community benefit levy of 1%
\$2 666 to less than \$6 666.67		46.7% plus community benefit levy of 1%
\$6 666.67 to less than \$12 500		51.17% plus community benefit levy of 1%
\$12 500 and over		60.67% plus community benefit levy of 1%