

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

CASINO CONTROL (AMENDMENT) BILL 1996

EXPLANATORY MEMORANDUM

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**Kate Carnell MLA
Chief Minister**

Casino Control (Amendment) Bill 1996

Outline

This is an amending Bill. It amends the Casino Control Act 1988, referred to in the amending Bill as the Principal Act. The Principal Act provides for the establishment and control of a casino in the Territory.

The amending Bill redefines junket gaming as prescribed in the Principal Act with a more modern interpretation of this type of gaming, now defined as commission-based gaming.

Commission-based gaming provides for a broader interpretation of this type of gaming activity and not only allows the casino licensee to negotiate directly with a promoter but also with a prospective player to offer concessions or inducements for their patronage at the casino. The amending Bill maintains the distinction between the taxation rate on commission-based gaming and the general taxation rate which applies to other gaming activities played in the casino.

Both these tax rates are set by notices published in the *Gazette*. The general tax rate is currently twenty per cent and the junket tax is currently ten per cent.

The amending Bill provides for the prescribed minimum monetary limit for commission-based gaming to be specified by regulation.

The Bill also provides for the removal of a sunset clause in the Casino Control (Amendment) Act 1994 that would otherwise discontinue the existing junket tax rate from 1 January 1997.

Revenue/Cost Implications

The amending Bill has the potential to increase the casino taxation revenue if the casino licensee can broaden its revenue base. A potential \$1.3 m taxation revenue is the estimated full year effect.

Formal Clauses

Clauses 1, 2 and 3 are formal requirements. They refer to the short title of the Bill, commencement and definition of the Principal Act. Sections 1, 2, 3 and 9 commence on the gazettal of the Bill and the remaining provisions commence on 1 January 1997.

Interpretation

Clause 4, in amending section 3 of the Casino Control Act 1988, has two main aims

- the removal of the definitions for junket, junket gaming and junket tax from subsection 3 (1) of the Principal Act [clause 4(a)]; and
 - the inclusion of new definitions in subsection 3 (1) of the Principal Act for commission-based gaming, commission-based player scheme, and commission-based player tax [clause 4(b)].
- Commission based gaming is a type of gaming activity conducted in the casino for players participating in a commission-based player scheme

- Commission-based player scheme is a negotiated arrangement between the casino licensee and a promoter or the casino licensee and a prospective player. The negotiated arrangement could include a commission for the promoter or players or other inducements for the players to enable the casino licensee to attract these types of players to gamble at the casino.
- Commission-based player tax is the tax which the casino licensee is required to pay the Territory on profits from a commission-based player scheme

General Tax

Clause 5 amends section 16 of the Principal Act by replacing relevant definitions used within the section which apply to the casino licensee's conditions of payment of the general casino tax.

Clause 5 (a) amends subsection 16(1) by replacing the reference to non-junket profit with the reference to non-commission-based profit. The casino licensee is required to pay general tax each month on the profit from all gaming activity except commission-based gaming.

Clause 5 (b) amends subsection 16(4) by replacing the references to junket gaming with commission-based gaming in the definition of chips; by replacing the reference to non-junket gaming with non-commission-based gaming and the reference to junket gaming with commission-based gaming in the definition of non-commission-based gaming; and by replacing the definition of non-junket profit with non-commission-based profit. This amends the definitions of terms used in section 16 of the Principal Act.

- Gaming chips do not include those supplied by the casino licensee for commission-based gaming.
- Gaming, which is not commission-based gaming, is defined by the term non-commission-based gaming.
- Non-commission-based profit is defined by giving the method by which the profit is calculated.

Commission-Based Player Tax

Clause 6 amends section 16A of the Principal Act by replacing the references to junket tax with references to commission-based player tax; and replacing junket profit with commission-based profit. Section 16A is also amended by replacing the existing definitions of completed junket with completed commission-based player scheme; completed junket profit with completed commission-based profit, junket chips with commission-based player chips; and redefines those new references in the definition of profit. Section 16A defines the conditions under which the casino licensee will pay commission-based player tax.

Clauses 6 (a) and 6 (b) replace references to the payment of junket tax in respect of completed junket profit with references to the payment of commission-based player tax in respect of completed commission-based profit in subsection 16A (1) of the Principal Act. This is a continuation of a provision for the casino licensee to pay commission-based player tax each month on profits from commission-based gaming.

Clause 6 (c) replaces the reference to the publication in the *Gazette* of junket tax rates with reference to the publication in the *Gazette* of commission-based player tax rates in subsection 16A (2) of the Principal

Act. This is a continuation of the requirement for the Minister to publish in the *Gazette* the taxation rate for commission-based player tax.

Clause 6 (d) replaces the reference to the manner of the payment of the junket tax as described by a notice in the *Gazette* with reference to the manner of the payment of commission-based player tax by notice in the *Gazette*. This sets out how the casino licensee will be advised to pay the commission-based player tax to the Territory

Clause 6 (e) replaces the definitions of junket chips with commission-based player chips; replaces completed junket with completed commission-based player scheme, replaces completed junket profit with completed commission-based profit, and redefines those new references in the definition of profit. This amends the following definitions of terms used in section 16A of the Principal Act.

- Commission-based player chips are supplied by the casino licensee for commission-based gaming.
- A completed commission-based player scheme is the commission-based player scheme completed during the specified month.
- The completed commission-based profit for a month is calculated from the profit gained from the commission-based player schemes completed during that same month.
- Commission-based player scheme profit is defined by giving the method by which the profit is calculated.

Liability for Fee and Taxes - Suspension of Licence

Clause 7 amends section 17 of the Principal Act by replacing all references to the word junket with the term, commission-based player. This makes the casino licensee liable for the payment of the licence fee and all casino related taxes (including commission-based player tax) in the event that the casino licensee's licence is suspended.

Regulations

Clause 8 amends section 133 of the Principal Act by replacing the word junkets with commission-based player schemes in paragraph (2) (q). Section 133 of the Principal Act provides for the Executive to make regulations. The amendment allows the Minister to regulate commission-based player schemes

Amendment - *Casino Control (Amendment) Act 1994*

Clause 9 amends subsection 2 (4) and repeals section 9 of the *Casino Control (Amendment) Act 1994*

Clause 9 (1) removes subsection 2(4) of the *Casino Control (Amendment) Act 1994*. The removal of subsection 2 (4) prevents the commencement of the general tax rate on commission-based gaming (previously junket gaming) on 1 January 1997. Commission-based gaming will continue to be taxed at a special rate distinct from the general tax rate

Clause 9 (2) repeals section 9 of the *Casino Control (Amendment) Act 1994*. Section 9 applied the general tax rate to junkets