

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 8 August 2017
To: **Attorney-General and Minister for Justice
Minister for Training and Skills**
From: Office of Liquor and Gaming Regulation – Liquor, Gaming and Fair Trading
Subject: Proposed amendments – constitution of The Star Entertainment Group Limited
Requested by: Internally generated
Decision required by: **25 August 2017** – to allow The Star to include the amendments in its notice of Annual General Meeting for shareholder approval.

RECOMMENDATION

That you:

- (a) **approve** changes to The Star Entertainment Group Limited's (Star Group) constitution (**Attachment 1**).
- (b) **sign** the letter to Star at **Attachment 2**.

BACKGROUND SUMMARY

1. On 1 August 2017, Star Group, the ultimate holding company of the casino licensees for the Brisbane Treasury, the Gold Coast and the New South Wales (NSW) Sydney casinos, requested approval for proposed changes to its constitution.
2. The purpose of the amendments is to update the constitution to reflect a change of company names and to provide additional flexibility for it to determine certain timing requirements applicable to the sale of unmarketable parcels of small shareholdings.
3. On 7 May 2017, you approved the change of company names (**Attachment 3**).
4. The amendment also seeks to change the definition of the 'NSW Independent Liquor and Gaming Authority' with a new definition of 'NSW Authority'.

ISSUES

5. Rule 84(b)(i) of the constitution requires that prior written approval of the Queensland Minister be obtained for any alteration or amendment of the constitution of any type which has the effect of altering any 'Entrenched Provision for Queensland', contained in the constitution. Entrenched provisions are those clauses of the constitution which are considered to be important for the proper regulation of Star Group.
6. Clause 15(b) of the Echo Deed between Star Group (previously, Echo Entertainment Group Limited) and the State of Queensland also requires that prior written approval of the Queensland Minister be obtained for an amendment to the constitution which would amend the entrenched provisions.
7. Although these amendments do not directly amend any of the entrenched provisions, the amended clauses can be considered to be indirectly associated with the entrenched provisions due to the fact that the clauses deal with the transfer of shares, albeit unmarketable parcels of shares only.

8. The changes are considered to be largely administrative in nature and to have no material impact on the substance of the provisions in Star Group's constitution. A marked-up copy of the constitution has been provided (**Attachment 1**).
9. The Office of Liquor and Gaming Regulation has reviewed the provisions in question and find no reason to prevent the proposed amendments.

EMPLOYMENT IMPACT

10. Not applicable.

CONSULTATION WITH STAKEHOLDERS

11. Not applicable.

FINANCIAL IMPLICATIONS

12. Not applicable.

POTENTIAL MEDIA

13. Not applicable.

NOTED or APPROVED / NOT APPROVED Attorney-General and Minister for Justice Minister for Training and Skills Comments		
YVETTE D'ATH MP Attorney-General and Minister for Justice Minister for Training and Skills / /	Chief of Staff / /	Policy Advisor / /

Contact Officer:	Name: Craig Turner Position: General Manager, Licensing Phone: 3824 7911(ext 47911) Date: 4 August 2017	Approved by:	Name: David Ford Position: Deputy Director-General, LGFT Phone: 3872 0926 (NP_49-Sch4) Date: 7 August 2017
Approved by:	Name: Michael Sarquis Position: Executive Director, Phone: 3872 0800 (ext 20800) Date: 4 August 2017	Endorsed:	David Mackie Director-General / /
☐ Election Commitment ☐ CBRC / Cabinet related ☐ ECM related			

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 30 August 2018
To: **Attorney-General and Minister for Justice**
Leader of the House
From: Liquor, Gaming and Fair Trading
Subject: Increased shareholding in The Star Entertainment Group Limited
Requested by: Internally generated

RECOMMENDATIONS

That you:

- (a) **note** the intention of Chow Tai Fook Enterprises Limited (CTFE) and Far East Consortium International Limited (FEC) to increase their shareholding in the Star Entertainment Group Limited (The Star)

NP_73(2)

BACKGROUND SUMMARY

1.

NP_Sch3(3)(1)(e)
2. The Agreement between the State, the licensee, the associated holding company and each of the parent entities (The Star, CTFC (parent entity of CTFE) and FEC) was given the force of law by the *Queens Wharf Brisbane Act 2016* (QWB Act) on 27 May 2016.
3. On 27 October 2016, Destination Brisbane Consortium Integrated Resort Operations Pty Ltd was issued a casino licence subject to conditions.
4. CTFE and FEC recently advised the Office of Liquor and Gaming Regulation (OLGR) of an intention to increase their combined shareholding in The Star up to 19.9%. Since the casino licence was granted, both FEC and CTFE have acquired a combined interest in The Star of 9.9%.

NP_73(2)

ISSUES

6. The OLGR has been informed that the acquisition will be in the form of a Strategic Alliance Agreement between CTFE, FEC and The Star.
7. The QWB Act provides requirements about voting power and relevant interests. Under the Act, if an interest of greater than 10% is acquired by FEC and/or CTFE individually or collectively [redacted] NP_Sch3(3)(1)(e)
[redacted] As details of the actual shareholding acquisitions and arrangements are yet to be confirmed, OLGR is yet to determine the exact approvals required.
8. The proposed increase in ownership of The Star will see CTFE and FEC have greater control over The Star's operations. [redacted]

NP_73(2)

EMPLOYMENT IMPACT

16. Not applicable.

CONSULTATION WITH STAKEHOLDERS

17. Not applicable.

FINANCIAL IMPLICATIONS

18. Not applicable.

POTENTIAL MEDIA

19. Not applicable.

NOTED or APPROVED / NOT APPROVED		
Attorney-General and Minister for Justice		
Leader of the House		
Comments		
YVETTE D'ATH MP	Chief of Staff	Policy Advisor
Attorney-General and Minister for Justice		
Leader of the House		
/ /	/ /	/ /

Contact Officer:	Name: Ron Austen Position: A/Director, GSB Phone: 38720911 Date: 28 August 2018	Approved by:	Name: David Ford Position: Deputy Director-General, LGFT Phone: 387 20926 NP 49-Sch4 Date: 28 August 2018
Approved by:	Name: Craig Turner Position: A/Executive Director, OLGR Phone: 38720800 Date: 28 August 2018	Endorsed:	David Mackie Director-General
/ /			
☐ Election Commitment ☐ CBRC / Cabinet related ☐ ECM related			

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 9 October 2018
To: **Attorney-General and Minister for Justice**
Leader of the House
From: Office of Liquor and Gaming Regulation – Liquor, Gaming and Fair Trading
Subject: Notification of The Star Entertainment Group Limited's Financial reporting
Requested by: Attorney-General's office

RECOMMENDATIONS

That you:

- (a) **note** receipt of notice of The Star Entertainment Group Limited's (The Star's) upcoming annual general meeting (AGM) (**Attachment 1**) and 2018 Directors' Report and Financial Report (**Attachment 2**); and
- (b) **sign** the attached letter to The Star (**Attachment 3**).

BACKGROUND SUMMARY

1. The Star, formerly Echo Entertainment Group (Echo), own and operate The Star, Gold Coast and Treasury, Brisbane casinos in Queensland. In conjunction with their partners Chow Tai Fook Capital Limited (CTF) and Far East Consortium International Limited (FEC), collectively Destination Brisbane Consortium (DBC), The Star is also significantly involved in the ongoing development of Brisbane's Queen's Wharf precinct, including construction of The Star, Brisbane casino.
2. Clause 4 of Schedule 1 of the Echo Deed (Queensland) (Echo Deed), which sets out certain obligations for The Star as the casino licensee for the Brisbane and Gold Coast casinos, requires The Star to deliver to the Minister copies of all information that it has sent to its shareholders.
3. Clause 8 of Schedule 1 of the Echo Deed requires The Star to supply to the Minister a copy of its financial accounts.
4. On 24 and 26 September 2018 respectively, The Star submitted copies of the notice of the upcoming AGM distributed to shareholders by the Chairman, along with supporting documentation including the 2018 Annual Report, and a copy of its 2018 Director's Report and Financial Report in compliance with these obligations.

ISSUES

5. The AGM is set for Thursday, 1 November 2018, and all necessary supporting documentation, including a copy of the Chairman's letter and the voting and question forms have been enclosed with the letter as required. Accordingly, The Star has fulfilled its obligations under clause 4 of the Echo Deed.
6. The Director's Report and Financial Report contains information regarding the 'state of affairs' of The Star, including information pertaining to income, cash flow and equity statements along with balance sheets and key financial disclosures. The submission of this material satisfies The Star's obligations under clause 8 of the Echo Deed.

7. The Office of Liquor and Gaming Regulation (OLGR) maintains an ongoing monitoring regime to ensure the ongoing financial stability and reputability of all Queensland casinos, which includes reviewing the financial and reporting material provided by The Star. The OLGR has previously briefed you on a review that is being conducted of DBC's partnership arrangements (OGR-1751718).
8. You will be advised of any matters that arise of a serious or otherwise significant nature that may impact on The Star's suitability as a casino licensee in Queensland.
9. The OLGR has drafted an acknowledgement letter (**Attachment 3**) for your signature regarding The Star's ongoing compliance with its obligations under the Echo Deed.

CULTURAL IMPACT

10. Not applicable.

EMPLOYMENT IMPACT

11. Not applicable.

CONSULTATION WITH STAKEHOLDERS

12. Not applicable.

FINANCIAL IMPLICATIONS

13. Not applicable.

POTENTIAL MEDIA

14. Not applicable.

NOTED or APPROVED / NOT APPROVED		
Attorney-General and Minister for Justice		
Leader of the House		
Comments		
Yvette D'Ath	Chief of Staff	Policy Advisor
Attorney-General and Minister for Justice		
Leader of the House		
/ /	/ /	/ /

Contact Officer:	Name: Brigette Tilley Position: A/General Manager, Licensing Phone: 3224 7119 (ext 47119) Date: 3 October 2018	Approved by:	Name: David Ford Position: Deputy Director-General Phone: 3872 0926 NP_49-Sch4 Date: 4 October 2018
Approved by:	Name: Michael Sarquis Position: Executive Director, OLGR Phone: 3872 0800 (ext 20800) Date: 4 October 2018	Endorsed:	David Mackie Director-General
/ /			
☐ Election Commitment ☐ CBRC / Cabinet related ☐ ECM related			

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 20 February 2019
To: **Attorney-General and Minister for Justice**
Leader of the House
From: Office of Liquor and Gaming Regulation – Liquor, Gaming and Fair Trading
Subject: Mortgage approval for The Star Entertainment Group
Requested by: Internally generated

RECOMMENDATIONS

That you:

1. **approve** the casino licensee entering into a mortgage for the hotel-casino complex for The Star Gold Coast, pursuant to section 32 of the *Casino Control Act 1982*; and
2. **sign** the attached letter noting your approval (**Attachment 1**).

BACKGROUND SUMMARY

1. Section 32 of the *Casino Control Act 1982* (the Act) requires your approval prior to a mortgage being placed over any part of the casino-hotel complex to which a casino licence relates.
2. The Jupiters Casino Agreement (the relevant Agreement for The Star Gold Coast) states that the casino-hotel complex includes 'all land...on the site for a hotel, casino and other uses in accordance with the Agreement'.
3. The Star Entertainment Group Limited (The Star), as the casino licensee for the Gold Coast casino-hotel complex, has sought your approval for ANZ to place a mortgage over the land currently under development as part of Stage 1 of the Gold Coast Masterplan Redevelopment project (Lot 1 on SP289881) for the purposes of financing the necessary works.
4. The loan will be taken out by the consortium established between The Star and its Queens Wharf partners (Chow Tai Fook Enterprises and Far East Consortium), and apply to land within the casino-hotel complex.
5. You previously approved the relevant development works for Tower 1 of the Masterplan on 8 December 2016 (**Attachment 2**), and noted that further approvals would be required to facilitate the finance arrangements for the works.

ISSUES

6. The Star's correspondence indicates that the mortgage will be jointly sponsored by the Destination Gold Coast Consortium partners, and will also be guaranteed by each party through various means.
7. The mortgage is proposed to cover the cost of construction of Tower 1. Although the specific financial amounts are redacted in the mortgage term sheet provided due to commercial sensitivities, an ASX announcement (**Attachment 3**) indicates that the cost of construction is estimated at \$370 million. The maximum term of the relevant facilities subject to the mortgage is two years and eight months.

8. The proposed mortgage in no way encumbers the casino licence, and does not provide the relevant parties with any rights to the revenues or any other interests associated with gaming conducted at the casino premises.
9. The Office of Liquor and Gaming Regulation holds no concerns regarding the proposed terms of the mortgage, the mortgagor or the suitability of the parties obtaining the loan, and therefore recommends approval of the proposed mortgage over Lot 1 on SP289881 be provided.

EMPLOYMENT IMPACT

10. Not applicable.

CONSULTATION WITH STAKEHOLDERS

11. Not applicable.

FINANCIAL IMPLICATIONS

12. The Star is partly liable for the loan. However, there are no indications that they and their partners will experience any financial difficulties as a result.

POTENTIAL MEDIA

13. Not applicable.

NOTED or APPROVED / NOT APPROVED
 Attorney-General and Minister for Justice
 Leader of the House
 Comments

Yvette D'ATH
 YVETTE D'ATH MP
 Attorney-General and Minister for Justice
 Leader of the House

11, 4, 19

Chief of Staff

Policy Advisor

/ /

/ /

Contact Officer:	Name: Michael Gilbert Position: A/Director, Gaming Services Phone: 3872 0911 (ext 20911) Date: 14 February 2019	Approved by:	Name: Michael Sarquis Position: A/Deputy Director-General, LGFT Phone: 3872 0926 NP 49-Sch4 Date: 19 February 2019
Approved by:	Name: Brian Bauer Position: A/Executive Director, OLGR Phone: 3872 0801 (ext 20801) Date: 15 February 2019	Endorsed:	David Mackie Director-General <i>[Signature]</i> 20, 2, 19
☐ Election Commitment ☐ CBRC / Cabinet related ☒ ECM related			



Honourable Yvette D'Ath MP
Attorney-General and Minister for Justice
Leader of the House

In reply please quote: 4707756; OGR-1809955

1 William Street Brisbane
GPO Box 149 Brisbane
Queensland 4001 Australia
Telephone +61 7 3719 7400
Email attorney@ministerial.qld.gov.au

11 APR 2019

Mr Geoff Hogg
Managing Director Queensland
The Star Entertainment Group Limited
PO Box 13348
George Street Post Shop
BRISBANE QLD 4000

Dear Mr Hogg

I refer to your letter dated 21 January 2019, seeking approval for a mortgage to be placed over part of the casino-hotel complex associated with The Star Gold Coast.

I note that the mortgage is proposed to cover the cost of construction of Tower 1 of the Gold Coast Masterplan Redevelopment project, and will not encumber the casino licence in any way, nor will it provide the parties any rights to the revenues or other interests associated with gaming conducted at the casino premises.

My approval is given under section 32 of the *Casino Control Act 1982* for a mortgage to ANZ to be placed over Lot 1 on SP289881 for the intended purpose.

It would be appreciated if you could please provide a copy of the signed mortgage agreement to the Office of Liquor and Gaming Regulation (OLGR) once executed for their records.

Should you have any queries regarding this matter, please contact Mr Brian Bauer, Acting Executive Director, OLGR, Department of Justice and Attorney-General, on (07) 3872 0800 or at: brian.bauer@justice.qld.gov.au.

Yours sincerely

YVETTE D'ATH MP
Attorney-General and Minister for Justice
Leader of the House

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 11 March 2019
To: **Attorney-General and Minister for Justice
Leader of the House**
From: Office of Liquor and Gaming Regulation – Liquor, Gaming and Fair Trading
Subject: Star Entertainment Group Limited – Half Year Financial Report for
31 December 2018
Requested by: Attorney-General's office

RECOMMENDATIONS

That you:

1. **note** receipt of notice of The Star Entertainment Group Limited's (The Star's) Half yearly report for 31 December 2018 (**Attachment 1**); and
2. **sign** the attached letter to The Star (**Attachment 2**).

BACKGROUND SUMMARY

1. The Star, formerly Echo Entertainment Group (Echo), own and operate The Star, Gold Coast and Treasury, Brisbane casinos in Queensland. In conjunction with partners Chow Tai Fook Capital Limited (CTF) and Far East Consortium International Limited (FEC) – collectively Destination Brisbane Consortium – The Star is also significantly involved in the ongoing development of Brisbane's Queen's Wharf precinct, including construction of The Star, Brisbane casino.
2. Clause 4 of Schedule 1 of the Echo Deed (Queensland) (Echo Deed), which sets out certain obligations for The Star as the casino licensee for the Brisbane and Gold Coast casinos, requires The Star to deliver to the Minister copies of all information that it has sent to its shareholders.
3. Clause 8 of Schedule 1 of the Echo Deed requires The Star to supply to the Minister a copy of its financial accounts.
4. On 21 February 2019, The Star submitted a copy of its half yearly report for 31 December 2018 in compliance with these obligations.

ISSUES

5. A review of the report has been undertaken. No immediate concerns exist regarding the Star's ability to meet its current financial commitments.
6. The Office of Liquor and Gaming Regulation (OLGR) has previously briefed you on a review that is being conducted of DBC's partnership arrangements. An investigation into this matter is continuing, with close examination of the association between CTF and FEC and those organisations obtaining a 19.9% interest in The Star being undertaken.
7. You will be advised of any matters that arise of a serious or otherwise significant nature that may impact on The Star's suitability as a casino licensee in Queensland.
8. The OLGR has drafted an acknowledgement letter (**Attachment 2**) for your signature regarding The Star's ongoing compliance with its obligations under the Echo Deed.

EMPLOYMENT IMPACT

9. Not applicable.

CONSULTATION WITH STAKEHOLDERS

10. Not applicable.

FINANCIAL IMPLICATIONS

11. Not applicable.

POTENTIAL MEDIA

12. Not applicable.

NOTED or APPROVED / NOT APPROVED		
Attorney-General and Minister for Justice		
Leader of the House		
Comments		
YVETTE D'ATH MP	Chief of Staff	Policy Advisor
Attorney-General and Minister for Justice		
Leader of the House		
/ /	/ /	/ /

Contact Officer:	Name: Nicholas Smyth Position: A/Director, Gaming Services Phone: 3872 0911 (ext 20911) Date: 1 March 2019	Approved by:	Name: Michael Sarquis Position: A/DDG, LGFT Phone: 3287 20926 Date: 5 March 2019
Approved by:	Name: Brian Bauer Position: A/Executive Director, OLGR Phone: 3872 0801 (ext 20801) Date: 5 March 2019	Endorsed:	David Mackie Director-General
		/ /	
☐ Election Commitment ☐ CBRC / Cabinet related ☐ ECM related			

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 19 September 2019
To: **Attorney-General and Minister for Justice
Leader of the House**
From: Office of Liquor and Gaming Regulation – Liquor, Gaming and Fair Trading
Subject: The Star – Maximum number of table games for casinos
Requested by: Internally generated

RECOMMENDATION

That you **approve**:

1. an unlimited number of table games for all Queensland casinos, consistent with the unlimited number approved for the Queen's Wharf Brisbane casino licence; and
2. associated amendments to the Casino Control Regulation 1999, to prescribe this as a particular that can be specified on a casino licence.

BACKGROUND SUMMARY

1. On 3 December 2018, The Star Entertainment Group Limited (The Star) wrote to the Office of Liquor and Gaming Regulation (OLGR) seeking to remove the limit imposed on the number of gaming tables that can operate at their Gold Coast and Brisbane casinos.
2. The Star Gold Coast has recently undertaken a significant redevelopment and expansion of the hotel-casino complex, including licensed gaming areas. The Star advises that removing the gaming table limit would provide the necessary flexibility to fully utilise this new space and operate additional tables in response to growing market demand and competition, particularly at peak times (e.g. Chinese New Year).
3. As a matter of government policy, the maximum number of gaming tables that can be operated in each casino has been determined at the time the casino licence was issued, with these approvals being amended on an as needs basis, balancing commercial requests by the operators and the government's policy/prerogative at the time.
4. The *Casino Control Act 1982* (the Act) does not provide for a limit on the maximum number of gaming tables to be operated in a casino.
5. The last amendment to approved gaming table numbers for a Queensland casino occurred in 2011 NP_Sch3(2)(1)(b)
This resulted in an increase of an additional 50 gaming tables being split between The Star Gold Coast and Treasury Brisbane casinos.

6. NP_Sch3(2)(1)(b) The concessions included:
- an increase in gaming machine numbers;
 - the replacement of a previous gaming machine to table game ratio policy with fixed caps for both products;
 - a reduction in tax for premium junket revenue; and
 - the reclassification of multi-terminal gaming machines from electronic gaming machines to 'electronic table games' (which also impacted tax).

ISSUES

7. The casino market has matured since limits on gaming table numbers were imposed. Other jurisdictions are of the view that the numbers of tables and mix of casino games is a commercial consideration for a casino operator. There is no limit placed on the number of gaming tables that can be operated at The Star Sydney, nor will there be any similar restrictions placed on Crown's Barangaroo casino or Queen's Wharf Brisbane once operational. However, Victoria's Crown Casino can operate no more than 440 gaming tables at one time, noting there is an exemption that allows up to a maximum of 100 additional tables to be operated for the playing of poker.

8. Most Queensland casinos are operating well under their maximum approved gaming table limit:

Venue	Approved tables	Operational (at 9 Sept 2019)
Treasury Brisbane	136	79
The Star Gold Coast	142	129
The Ville Resort Casino	37	21
The Reef Hotel Casino	50	37
Queen's Wharf Brisbane	Unlimited	N/A

9. The Star Gold Coast is the only Queensland casino at which the limit may cause issues, due to the recent opening of The Darling and its expansion plans under the approved Gold Coast Masterplan. The Star is reluctant to provide the precise additional number needed, as the preferred position is to have the cap removed – referring to the inconsistency across properties with Queen's Wharf Brisbane having no cap.

10. A policy shift regarding maximum table numbers will benefit The Star as it is the only property that has a corresponding demand for additional gaming tables.

11. The following three options are presented for your consideration:

Option 1 – remove the limit on table games for all Queensland casinos

12. This can be achieved as a policy decision and an 'unlimited number' of table games prescribed as a condition on each licence, as has occurred for the Queen's Wharf Brisbane casino licence.
13. An identical condition was imposed on the Queen's Wharf licence by the insertion of a new section 14A in the *Casino Control Regulation 1999* (Regulation) to prescribe this as a particular that could be specified on the licence. A similar amendment would need to be made to the Regulation for each other casino, or a blanket provision of this nature for all casinos prior to the conditions being imposed. This would provide the Minister with a regulatory safeguard to impose a fixed number in future, should an unforeseen issue arise in prescribing an 'unlimited' maximum.

14. The number of gaming tables in a casino is practically controlled through the physical constraints of the size of the casino gaming area, as the playing of games can only occur within this allocated section of the casino licensed area, which is subject to Ministerial approval under the Act.
15. There is also little risk in an exponential growth in gaming table numbers occurring as a result of a decision to allow an unlimited number of table games, as casino operators are not going to operate more tables than is commercially viable.
16. Should you support this option, the new limit could be applied administratively until amendments are made to the Regulation and the casino licence condition is imposed.
17. In accordance with sections 63(4) and (5) of the Act, Ministerial approval will continue for the maximum number of each of the games proposed to be played at a casino (e.g. roulette and baccarat). This requirement ensures a casino provides a reasonable mix of gaming products, and within the overall gaming table limit imposed.

Option 2 – increase the maximum number of gaming tables for The Star Gold Coast only

18. As The Star is the only licensee for which an imminent need for increased gaming table limits is being sought, you may prefer to support an increased maximum limit (as opposed to an unlimited number) for The Star Gold Coast only. This would address The Star's short and medium term capacity demands, and would not disadvantage any other casino given they are operating well under the maximum.
19. Allowing unlimited table games may be seen by the community, club and hotel sectors as supporting an unrestrained expansion of gambling products in casinos. However, an increased maximum table limit may be justified given:
 - The Star Gold Coast's new partnership with the World Poker Tour Series, which will see them host Australia's first event commencing 27 September 2019;
 - the increased licensed gaming area provided as part of the recent completion of The Star's Darling Hotel and its various private/VIP gaming facilities; and
 - the commencement of construction under the approved development plans for Stage 1 Gold Coast Master Plan 1. Although Stage 1 does not include additional licensed gaming areas, the development will attract a large number of permanent and temporary guests to the site, who in turn will be encouraged to make use of the available facilities.
20. Casino games played at gaming tables are generally considered to be lower risk than other gambling products such as gaming machines, due in part to their slower rate of play. As reported in the Queensland Household Gambling Survey 2016-17, the percentages of Queenslander's who participate in gaming table gambling (approximately 5%) is significantly lower than most other forms of legalised gambling, including keno, lotteries, raffles and race/sports betting. The survey also shows that a lower proportion of persons who gamble on gaming tables are likely to identify as problem gamblers in comparison to other forms of gambling.
21. A decision to increase the gaming table limit does not prevent a future decision to reduce or remove the limit altogether.
22. Should you agree to increase the limit, The Star would be requested to make a submission with details of the proposed numbers and justification (e.g. factors like available space and potential demand).

Option 3 – no change to the current position

23. Maintaining the status quo would have no impact on the northern casinos, which are operating well within their approved limits. However, this option would have an adverse impact on The Star Gold Coast. The Star's request is driven by the demand and capacity restraints now being experienced following the expansive refurbishment completed in the last 12 months, particularly the increase to the premium gaming area.
24. The recent \$375 million investment at The Star Gold Coast included the construction of The Darling hotel with premium gaming rooms and expansion of the main gaming floor of the existing property, which is now attracting increased visitation resulting in an increased demand for table games products, particularly through their VIP business.
25. This is evidenced through The Star's 2019 full year financial reporting, which confirms customers are continuing to respond strongly to the enlarged and upgraded offering at the Gold Coast, with the property reporting record domestic revenues and earnings that are being driven by their private gaming rooms. The performance of gaming machines and gaming tables in their private gaming rooms continues to outpace main gaming floor growth across all casino properties. The Star has also reported a corresponding increase in visitation from international VIP players, with rebate business volumes at the Queensland casino properties up 23.5% from the previous financial year.

Responsible gambling

26. The Star has confirmed that should the proposal be supported, they will continue to deliver upon their commitment to responsible gambling through their Responsible Gambling Policy and practices. In anticipation of further gaming growth, The Star has increased resources in its Responsible Gambling team, including appointing a Group Responsible Gambling Manager earlier this year. Additionally, The Star has introduced a Guest Support Centre at each of their casino properties in recent months to provide a more private environment for individuals who may be experiencing gambling related problems to interact with a Patron Liaison Representative, trained to provide Responsible Gambling support, information and referrals.

EMPLOYMENT IMPACT

27. Should The Star be granted an increase to gaming table numbers, it is expected that there would be increased employment opportunities for table game dealers and floor staff.

CONSULTATION WITH STAKEHOLDERS

28. The OLGR has consulted with The Star and the Office of Regulatory Policy.

FINANCIAL IMPLICATIONS

29. Not applicable.

POTENTIAL MEDIA

30. Unlikely.

NOTED or APPROVED / NOT APPROVED Attorney-General and Minister for Justice Leader of the House Comments		
YVETTE D'ATH MP Attorney-General and Minister for Justice Leader of the House / /	Chief of Staff / /	Policy Advisor / /

Contact Officer: Name: Brigitte Tilley Position: A/General Manager (Licensing), OLGR Phone: 3738 8533 Date: 16 September 2019	Approved by: Name: Michael Sarquis Position: A/Deputy Director-General, LGFT Phone: 3738 8353 NP 49-Sch4 Date: 17 September 2019
Approved by: Name: Brian Bauer Position: A/Executive Director, OLGR Phone: 3738 8568 (0409 578 400) Date: 16 September 2019	Endorsed: Jennifer Lang A/Director-General / /
☐ Election Commitment ☐ CBRC / Cabinet related ☐ ECM related	

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 8 October 2019
To: **Attorney-General and Minister for Justice**
Leader of the House
From: Office of Liquor and Gaming Regulation – Liquor, Gaming and Fair Trading
Subject: Notification of the Star Entertainment Group Limited's 2019 Annual Report
Requested by: Internally generated

RECOMMENDATIONS

That you:

1. **note** the Star Entertainment Group Limited's (The Star) 2019 Annual Report (**Attachment 1**); and
2. **sign** the attached letter to The Star acknowledging these documents (**Attachment 2**).

BACKGROUND SUMMARY

1. The Star owns and operates The Star Gold Coast and Treasury Brisbane casinos in Queensland and is also significantly involved in the ongoing development of Brisbane's Queen's Wharf precinct, including construction of The Star Brisbane casino.
2. Clause 4 of Schedule 1 of the Echo Deed (Queensland) (Echo Deed), which sets out certain obligations for The Star as the casino licensee for the Brisbane and Gold Coast casinos, requires The Star to deliver to the Minister copies of all information that it has sent to its shareholders. Clause 8 of Schedule 1 of the Echo Deed requires The Star to supply to the Minister a copy of its financial accounts.
3. By letter dated 18 September 2019, The Star submitted a copy of its 2019 Annual Report and Chairman's notice of Annual General Meeting in compliance with these obligations.

ISSUES

5. A review of the Annual Report has been undertaken. The information in the Report pertains to all of the business activities, income, cash flows, equity statements, along with balance sheet and key financial disclosures of The Star. No immediate concerns exist regarding The Star's ability to meet its current financial commitments.
6. Key points in the Annual Report include an increase in net profit after tax to \$198 million for the financial year ending 30 June 2019, which is an increase of 33.7% from the previous financial year. This was achieved as a result of 'continued above-system growth in domestic gaming, with market share gains at all properties' and despite 'a decrease in International VIP Rebate business volumes of 30.7% on the prior comparable period'.
7. A draft letter is at **Attachment 2** for your signature acknowledging The Star's ongoing compliance with its obligations under the Echo Deed.

EMPLOYMENT IMPACT

8. Not applicable.

CONSULTATION WITH STAKEHOLDERS

9. Not applicable.

FINANCIAL IMPLICATIONS

10. Not applicable.

POTENTIAL MEDIA

11. Not applicable.

NOTED or APPROVED / NOT APPROVED		
Attorney-General and Minister for Justice		
Leader of the House		
Comments		
YVETTE D'ATH MP Attorney-General and Minister for Justice Leader of the House	Chief of Staff	Policy Advisor
/ /	/ /	/ /

Contact Officer:	Name: Nicholas Smyth Position: A/Director, Gaming Services Phone: 3738 8374 (ext 98374) Date: 3 October 2019	Approved by:	Name: Michael Sarquis Position: A/DDG, LGFT Phone: 3738 8353 (ext. 98353) Date: 4 October 2019
Approved by:	Name: Brian Bauer Position: A/Executive Director, OLGR Phone: 3738 8569 (ext 98569) Date: 3 October 2019	Endorsed: David Mackie Director-General	_____
/ /			
☐ Election Commitment ☐ CBRC / Cabinet related ☐ ECM related			

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL BRIEF FOR DECISION/ACTION

Date: 20 February 2019
To: **Attorney-General and Minister for Justice**
Leader of the House
From: Office of Liquor and Gaming Regulation – Liquor, Gaming and Fair Trading
Subject: Mortgage approval for The Star Entertainment Group
Requested by: Internally generated

RECOMMENDATIONS

That you:

1. **approve** the casino licensee entering into a mortgage for the hotel-casino complex for The Star Gold Coast, pursuant to section 32 of the *Casino Control Act 1982*; and
2. **sign** the attached letter noting your approval (**Attachment 1**).

BACKGROUND SUMMARY

1. Section 32 of the *Casino Control Act 1982* (the Act) requires your approval prior to a mortgage being placed over any part of the casino-hotel complex to which a casino licence relates.
2. The Jupiters Casino Agreement (the relevant Agreement for The Star Gold Coast) states that the casino-hotel complex includes 'all land...on the site for a hotel, casino and other uses in accordance with the Agreement'.
3. The Star Entertainment Group Limited (The Star), as the casino licensee for the Gold Coast casino-hotel complex, has sought your approval for ANZ to place a mortgage over the land currently under development as part of Stage 1 of the Gold Coast Masterplan Redevelopment project (Lot 1 on SP289881) for the purposes of financing the necessary works.
4. The loan will be taken out by the consortium established between The Star and its Queens Wharf partners (Chow Tai Fook Enterprises and Far East Consortium), and apply to land within the casino-hotel complex.
5. You previously approved the relevant development works for Tower 1 of the Masterplan on 8 December 2016 (**Attachment 2**), and noted that further approvals would be required to facilitate the finance arrangements for the works.

ISSUES

6. The Star's correspondence indicates that the mortgage will be jointly sponsored by the Destination Gold Coast Consortium partners, and will also be guaranteed by each party through various means.
7. The mortgage is proposed to cover the cost of construction of Tower 1. Although the specific financial amounts are redacted in the mortgage term sheet provided due to commercial sensitivities, an ASX announcement (**Attachment 3**) indicates that the cost of construction is estimated at \$370 million. The maximum term of the relevant facilities subject to the mortgage is two years and eight months.

8. The proposed mortgage in no way encumbers the casino licence, and does not provide the relevant parties with any rights to the revenues or any other interests associated with gaming conducted at the casino premises.
9. The Office of Liquor and Gaming Regulation holds no concerns regarding the proposed terms of the mortgage, the mortgagor or the suitability of the parties obtaining the loan, and therefore recommends approval of the proposed mortgage over Lot 1 on SP289881 be provided.

EMPLOYMENT IMPACT

10. Not applicable.

CONSULTATION WITH STAKEHOLDERS

11. Not applicable.

FINANCIAL IMPLICATIONS

12. The Star is partly liable for the loan. However, there are no indications that they and their partners will experience any financial difficulties as a result.

POTENTIAL MEDIA

13. Not applicable.

NOTED or APPROVED / NOT APPROVED		
Attorney-General and Minister for Justice		
Leader of the House		
Comments		
YVETTE D'ATH MP Attorney-General and Minister for Justice Leader of the House / /	Chief of Staff / /	Policy Advisor / /

Contact Officer:	Name: Michael Gilbert Position: A/Director, Gaming Services Phone: 3872 0911 (ext 20911) Date: 14 February 2019	Approved by:	Name: Michael Sarquis Position: A/Deputy Director-General, LGFT Phone: 3872 0926 NP_49-Sch4 Date: 19 February 2019
Approved by:	Name: Brian Bauer Position: A/Executive Director, OLGR Phone: 3872 0801 (ext 20801) Date: 15 February 2019	Endorsed:	David Mackie Director-General / /
☐ Election Commitment ☐ CBRC / Cabinet related ☒ ECM related			