

HOTEL AND CLUB CHANGES

Under the Future Gaming Market policy, from 1 July 2023 the operation of keno and electronic gaming machines (EGMs) in hotels and clubs will move from the current single Gaming Operator model to an individual venue operator model.

This will require venue operators to be responsible for almost all aspects of EGM operations in their venue, with a Licensed Monitoring Operator to monitor the State-wide EGM network (Fact Sheet - Licensed Monitoring Operator).

Keno will continue to operate in the same manner as it does currently, however the game will be conducted under a Keno Operator licence instead of the current Gaming Operator licence.

Note: Diagrams of the current and future structure and relationships for keno and EGM gaming in hotels and clubs are provided at the end of this Fact Sheet.

From a customer perspective, the manner in which keno and EGM gaming operates under the new policy will not change.

However, under the new model, venues will retain a greater share of EGM revenue and have more choice in how they run their EGM gaming business.

EGM Functions

Venues will become responsible for various functions currently undertaken by the Gaming Operator.

The changes include:

- Venue operators will be licensed as individual EGM gaming operators. Licences will be granted to existing venues for their existing EGM numbers (subject to suitability assessment).
- A Venue Licence will be issued for 20 years, with a process to enable the licence to be reissued (subject to assessment) up to five years prior to its expiry.
- Venue operators will purchase or lease their own EGMs and have more choice in how machines operate (e.g. game type, denominations etc), within the existing strictly regulated framework.
- Venues will require an EGM authority to be endorsed on their Licence for each EGM operated. EGM authorities will be owned by the Government and will not be tradeable.
- Annual licence fees will reflect the increased regulatory costs associated with the venue operator model, and the number of EGM authorities endorsed on each Venue Licence.
- EGM authorities cannot be transferred directly to other venues, but will be permitted (subject to approval and venue EGM caps) to transfer between venues under common ownership.

- Venues will be subject to a State-wide cap of 2 350 EGMs (with existing venue caps of 30 per hotel and 40 per club to remain).
- Any EGMs installed in venues above the new statewide cap will be removed in 2023, on a 'last in, first out' basis. (EGM numbers are currently below the cap).
- Venues will be able to apply to the Tasmanian Liquor and Gaming Commission for any available EGM authorities (within the State-wide and venue EGM caps).
- Monitoring of the EGM network will be provided by a Licensed Monitoring Operator (LMO). The LMO will be appointed through a public tender to be conducted before 2023.

New venue operator responsibilities

Under the existing strictly regulated framework, venue operators will be responsible for:

- buying, leasing or financing EGMs and other gaming equipment;
- payment of all taxes (including GST), licence fees and the Community Support Levy (CSL);
- all EGM payouts (including jackpots);
- payment of the LMO core monitoring and regulated fees;
- EGM transport and storage;
- EGM analysis;
- staff training; and
- signage/promotion/advertising.

Venue operators may choose to use a third party or agent to assist in meeting these responsibilities.

Community Support Levy

The CSL on EGM gross profit will be five per cent for hotels and four per cent for clubs.

Tax rates and licence fees

EGM tax rates of 33.91 per cent (hotels) and 32.91 per cent (clubs) will apply to monthly gross profit.

Venues will pay a progressive annual licence fee between \$1 000 and \$2 500 per EGM:

Number of EGMs	Base \$	Plus marginal fee \$
0-5	0	1 000 per EGM
6-10	5 000	1 300 per EGM > 5
11-15	11 500	1 600 per EGM > 10
16-20	19 500	1 900 per EGM > 15
21-25	29 000	2 200 per EGM > 20
26+	40 000	2 500 per EGM > 25

Applying this produces the following licence fees:

No. of EGMs	Total Fee \$
1	1 000
10	11 500
20	29 000
30	52 500
40	77 500

Licensed Monitoring Operator payments

Venue operators will pay the LMO:

- a prescribed 'Core Monitoring' fee - for EGM monitoring and functions such as help desk services, basic reporting, tax verification, complaints investigation and significant event monitoring; and
- set fees for 'Regulated' functions that can only be performed by the LMO, with minimum service level standards, such as installation, repair and maintenance of EGMs, jackpot monitoring and disposal/destruction of EGMs.

Fees charged by the LMO will be determined following the LMO public tender process.

Venues will have market choice for any other functions.

Who will own EGMs?

Venue operators will own or lease EGMs in their venues. They will be responsible for buying and financing their EGMs and gaming equipment. Venue owners that are not Venue Licence holders will be permitted to purchase and lease EGMs if they become listed on the Roll of Recognized Manufacturers, Suppliers and Testers of gaming equipment in Tasmania.

Venue operators may choose to form a buying group, with the aim of securing better deals with EGM manufacturers and suppliers.

Third Party Service Providers

A venue operator will be permitted to engage third party service providers to undertake some of the EGM functions that it will be responsible for under the new model. This includes functions such as buying, leasing or financing EGMs, transport and storage of EGMs, EGM analysis and EGM signage/promotion/advertising. Third party service providers will be required to be listed on the Roll of Recognized Manufacturers, Suppliers and Testers of gaming equipment in Tasmania before undertaking some of these functions.

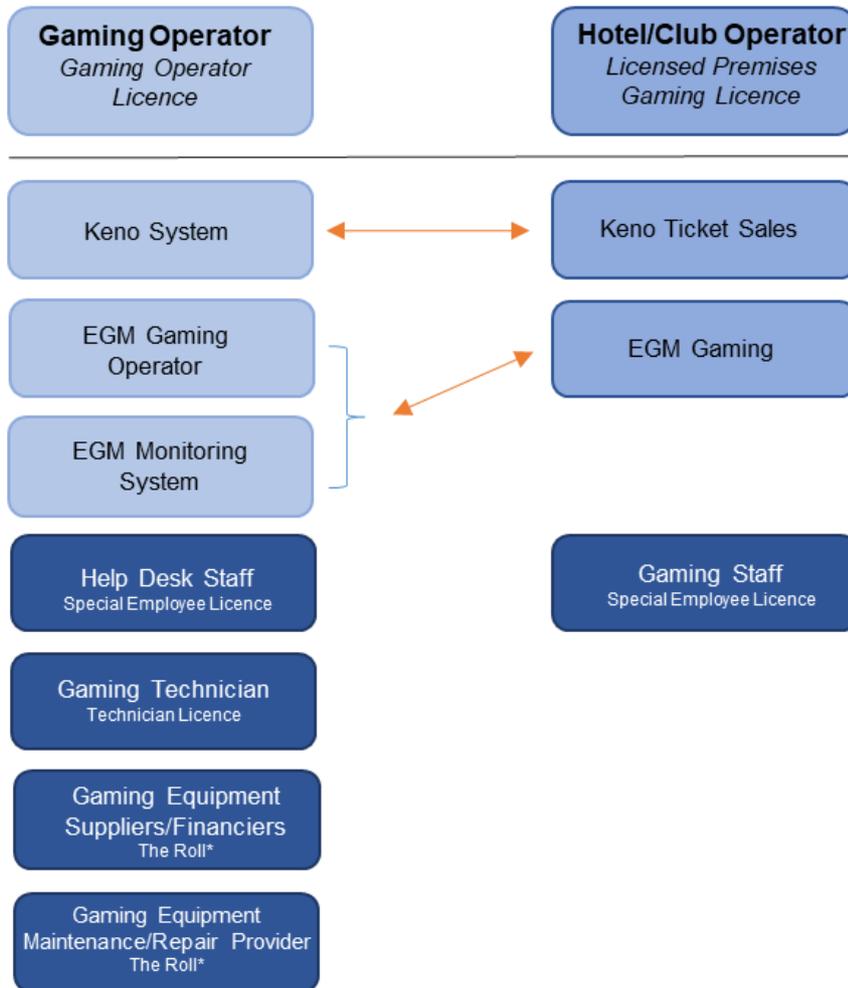
When?

The changes will take effect from 1 July 2023. However the tender for the LMO licence will be conducted following the passage of legislation, allowing the LMO to commence a smooth transition process in 2022–23.

The process to issue new Venue Licences to take effect from 1 July 2023 will be undertaken in the 12 months prior.

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Current Hotel & Club Gaming Structure



* The Roll is the Roll of Recognized Manufacturers, Suppliers and Testers of Gaming Equipment

Future Hotel & Club Gaming Structure

