

Hotel and Club Changes

The Future of Gaming in Tasmania

Prior to the 2018 election the Government released its *Future of Gaming in Tasmania* policy.

This policy will change the arrangements for monitoring Electronic Gaming Machines (EGMs) in hotels and clubs (venues) by moving from a single gaming operator to an individual venue model.

WHAT WILL CHANGE FOR HOTELS AND CLUBS?

Venues will retain a greater share of EGM revenue and have more choice in how they run their EGM gaming business. Venues will also become responsible for a range of functions currently undertaken by Network Gaming.

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) prior to its expiry.
- Venue operators will be able to purchase or lease their own EGMs and have more choice in how machines operate (eg game type, denominations etc), within the strictly regulated framework.
- Venues will require an EGM authority 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 held by each venue.

- EGM authorities cannot be transferred to other venues, but will be permitted (subject to approval and venue EGM caps) to transfer between venues under common ownership.
- Hotels and clubs will be subject to a statewide cap of 2 350 EGMs (with existing venue caps of 30 per hotel and 40 per club to remain).
- Any EGMs installed in hotels or clubs 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 statewide and venue EGM caps).
- Monitoring of the hotel and club 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.

What will venue operators be responsible for?

Under the 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;

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- 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 \$	Per EGM \$
0-5	0	1 000
6-10	5 000	1 300
11-15	11 500	1 600
16-20	19 500	1 900
21-25	29 000	2 200
26+	40 000	2 500

Licensed Monitoring Operator (LMO) 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 operators may choose to form a buying group, with the aim of securing better deals with EGM manufacturers and suppliers.

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.

FURTHER INFORMATION

The Tasmanian Hospitality Association will support hotels and clubs to transition to the future gaming market.

Ongoing updates on the future gaming market arrangements will be available at www.gaming.tas.gov.au.

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