

# Licensed Monitoring Operator

## *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 to an individual venue licensing model, with EGM network monitoring services provided by a regulated Licensed Monitoring Operator (LMO).

### Current Arrangements

Under the current model, the monitoring of EGMs in hotels and clubs is undertaken by the Gaming Operator (Network Gaming). Network Gaming also performs a range of other functions relating to hotel and club EGM gaming, including:

- help desk services;
- EGM purchasing, delivery and storage;
- venue modification (non-structural such as wiring, bases, telecommunications);
- EGM installation, setup and conversion;
- EGM maintenance;
- EGM analysis and reporting;
- EGM tax and Community Support Levy (CSL) payments;
- venue signage, promotion and marketing;
- training of staff in EGM operations;
- preparation and management of Venue Operator Deeds;
- sale and destruction of obsolete EGMs; and
- investigation of EGM complaints.

Network Gaming charges fees for a number of these functions under private contractual arrangements with venues.

### WHAT WILL CHANGE?

In implementing the Government's *Future of Gaming in Tasmania* policy, it is intended that:

- A 20 year LMO licence will be put out to public tender. The LMO will be responsible for monitoring the network of EGMs in hotels and clubs, and providing information for regulatory and taxation purposes;
- the LMO will be licensed to undertake some of the other functions currently performed by Network Gaming;
- individual venues will have market choice for any remaining functions; and
- casino EGMs will be monitored separately.

### Functions of the LMO

The functions of the LMO are intended to be:

- 'Core Monitoring' functions - help desk services, basic reporting, tax verification, significant event monitoring, investigation of complaints, addition of EGM games, and preparation and management of contracts; and
- 'Regulated Fee' functions - these can only be performed by the LMO, with minimum service level standards, for a regulated fee. These include: venue modifications (non-structural such as wiring, bases, and telecommunications), installation, repair and maintenance of EGMs, jackpot monitoring and destruction of EGMs.

## Functions subject to venue choice

There will still be some other 'Market Based' functions for which venues will have a choice of provider. These will be able to be undertaken by the venue itself or a third party and include:

- training of venue staff in EGM operations;
- provision of EGM data analysis;
- selection and purchase of EGMs;
- transport and delivery of EGMs;
- storage of EGMs;
- sale of EGMs; and
- signage, promotion and marketing.

The LMO will be able to compete to perform some of these functions at a market based price.

## LMO Service Standards

To ensure that appropriate service standards are consistently applied to all venue operators, the functions performed by the LMO will be subject to regulated Service Level Agreements.

## LMO Core Monitoring Fee

Venues will be required to pay the LMO a core monitoring fee, on a per EGM per day basis, with the fee subject to CPI indexation each year.

The core monitoring fee will be determined following the completion of the LMO licence tender and will be subject to regulatory oversight.

## Paying taxes, levies and player wins

Venue operators will become responsible for the payment of all taxes, levies, fees and charges associated with EGM gaming in their venues. The LMO will calculate and advise the monthly State EGM tax and CSL liability.

Venues will also become responsible for paying all prizes won on EGMs in their venue, including

jackpots. A process for transferring existing jackpot balances as at 30 June 2023 is currently being developed.

## 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 to allow the LMO to commence a smooth transition process in 2022-23.