

Future of Gaming in Tasmania Public Consultation Paper 2020

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Submitted to:

The Secretary
Department of Treasury and Finance
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Attention: Future Gaming Market Project

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ALH Group is pleased to respond to Future of Gaming in Tasmania consultation paper

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Preface

ALH Group

ALH operate 330 licensed venues and over 550 retail liquor outlets across Australia employing almost 16,000 people. In Tasmania ALH operate 5 hotels. These venues offer a diverse hospitality experience including, sports bars, bistros, restaurants, cafes, electronic gaming, retail liquor, accommodation, nightclubs and wagering. ALH venues are located in capital cities and urban and regional centres across Australia.

Responsible Gambling

ALH recognises that problem gambling is a serious community issue and takes its obligations to promote responsible gaming very seriously.

ALH believes the focus should be on keeping responsible players responsible and preventing patrons' gambling becoming harmful, while continuing to offer gambling for the vast majority who enjoy it responsibly.

ALH is committed to providing responsible gambling in our venues and we want to ensure that we provide a safe and supportive environment where our customers make informed decisions about gambling and where timely and appropriate assistance and information is available.

ALH complies with all applicable responsible gambling legislative requirements in each state and participates in many state and local government gambling working groups to assist in identifying and developing appropriate responsible gambling initiatives.

A report commissioned in 2017 by ALH was conducted by the Responsible Gambling Council of Canada (RGCC) to assess ALH's gaming operations against world best practice. This extensive review endorsed ALH's culture and commitment to responsible gaming, through training, communication and responsible practices. The RGCC made a number of recommendations to enhance ALH's responsible gambling practices, which ALH has adopted.

These commitments are underpinned by ALH's Responsible Gaming Charter and its Australia-wide voluntary customer pre-commitment program, which is aimed at helping customers to stay in control of their gaming. These measures will ensure that ALH continues to be the industry leader in the responsible service of alcohol and gaming products.

We believe there are enough responsible gambling measures in place in Tasmanian hotels and any further regulation or restrictions will impact the majority who gamble responsibly.

Future of Gaming in Tasmania

ALH support the creation of individual venue licences to operate EGM's in hotels and clubs notably the creation of individual venue licences to operate EGMs in hotels and clubs and a more appropriate distribution of returns.

Whilst ALH broadly support the majority of the key changes in the future model for hotels we submit that;

New licence period should be in-perpetuity

Instead of the proposed new 20 year licence period and new renewal provisions, licences should be issued in-perpetuity which will ensure an environment of investment confidence and offset increased levels of revenue risk and perceived tax and regulatory risk in the industry.

Gaming venues face stronger competition from other forms of gaming – e.g. mobile sports betting – than in the past, and are seeing declining participation rates and average spending.

More intense competition for consumer dollars raises the level of on-going investment required to provide an innovative product (e.g. via new machines and games) and a quality venue environment. The declining revenue outlook also lengthens the payback period on venue and machine investments, because investment costs remain fixed while annual incremental revenue from the investment declines.

The replacement cycle for gaming machines in Australia is trending between 9-10 years, down from the 15-year average seen up until about 2010. The shortening of the cycle illustrates the heightened need for investment in new product to remain competitive. However the overall replacement cycle remains relatively long compared to the current 10-year term, making machine acquisitions later in the entitlement term riskier investments.

Both of these factors raise the importance of an in-perpetuity licence to permit investments to be recovered and to give financiers confidence that venues will not be left with stranded venue assets but no entitlements from which to generate income.

Without confidence over investment returns, venue operators with interstate operations such as ALH may prioritise allocation of investments to jurisdictions where licences are issued in-perpetuity and thus investment risk is seen as lower.

ALH believe that the licences should be issued in perpetuity which would;

- Be in line with the other Australian States (except Victoria)
- Create an environment of investment certainty which has the flow on effect of capital investment in our properties and job certainty for our staff

ALH will focus its capital investment in the Australian states based on both return and where GME licences are issued in perpetuity

Technology changes

ALH believe the Government should allow the introduction of Banknote Acceptors (BNA's) and Ticket in Ticket out (TITO) technology.

Tasmanian Gambling prevalence rates are in line with other eastern seaboard jurisdictions and sit at less than 1% of the adult population and Victoria, New South Wales and Queensland have note acceptors and approved Ticket in Ticket out (TITO) technology and South Australia has passed legislation allowing for BNA's and TITO technology.

Ticket in Ticket out (TITO) is a solution for inserting, printing and redeeming tickets from machine to machine.

TITO provides:

- Increased customer service levels - reduced time at cashier stations and easy transition from one gaming machine to another or to break-out areas such as DOSA's (smoking areas) or toilet facilities
- Increased security - cash clearances from gaming machine are no longer required or minimal and OHS issues as a result of hopper refills are removed
- Reduction in cash handling errors
- Increased efficiency - manual processes such as hand pays are automated freeing up floor staff

Standard cheque payout rules would still apply to all payouts.

Networking Licence

ALH note the rights to operate the networking licence for EGM's in hotels and clubs will be put to a public tender overseen by Treasury.

Venue operators will also become responsible for paying a number of regulated fees such as the Licensed Monitoring Operator monitoring fee, EGM installation/maintenance fees and EGM jackpot monitoring fees

It is important that the issued networking licence does not allow for the network operator to price gouge for the implementation of yet to be introduced new technology rather a recovery fee for implementation and on-going costs be set by the Government.