18 March 2020

The Secretary
Department of Treasury and Finance
GPO Box 147 HOBART TAS 7001

Via email: future.gaming@treasury.tas.gov.au

Attention: Future Gaming Market Project

TCCI SUBMISSION REGARDING FUTURE OF GAMING IN TASMANIA CONSULTATION

Dear Secretary,

The Tasmanian Chamber of Commerce and Industry (TCCI) is the voice of business in Tasmania. We are the State's peak body representing businesses and employers, with a diverse membership base covering all industry sectors and businesses of all sizes.

The TCCI's policy advocacy is founded on the principle that freely competitive markets, subject to appropriate regulation, will maximise economic opportunities.

We welcome the opportunity to provide feedback as part of Future of Gaming in Tasmania consultation process.

With regards to Federal Group, it should be noted that over many decades it has been a major employer and investor in Tasmania. The Federal Group has been a fantastic corporate citizen and is an integral part of the local business community.

We note that the Government's proposed framework as outlined in the consultation paper is, for the most part, aligned with the policy it took to the 2018 Tasmanian election and on that basis, there is a clear mandate to proceed with that policy and introduce legislation for Parliament's consideration that would give effect to the policy.

The TCCI understands that the detailed arrangements (including taxation) are currently being considered and we ask that any arrangements are fair and reasonable to Federal Group and comparable with other regional casino and keno operators.

The main issue of concern to the TCCI is sovereign risk.

In 2003, the State Government and Federals entered into a Deed regarding the operation of electronic gaming machines in Tasmania.

Not only was the 2003 Deed agreed to by Federals and the State Government, it was also included in the *Gaming Control Act 1993* as an amendment, which was passed by both Houses of Parliament.

The 2003 Deed clearly states that after 15 years (ie 2018), the exclusive arrangement to operate electronic gaming machines in Tasmania would continue for a rolling five year period. The rolling five year period is to ensure that if the State Government chose to change or amend that arrangement, it would effectively give Federals a five year notice period.

The TCCI is concerned that the State Government is considering using legislation to override this aspect of the 2003 Deed.

Specifically, our concern is that this would be a clear example of sovereign risk. That is, the State Government and a private company have both voluntarily agreed to a Deed with very specific and well-articulated principles, which were then voted on and passed by both Houses of Parliament, and the State Government is now considering not honouring that agreement and using the Parliament to ignore the 2003 Deed.

The TCCI is concerned that if the State Government uses legislation to override contracts it will undermine the confidence of the business community when entering into contracts with the State Government in the future and create a dangerous precedent.

The TCCI understands that the policy the State Government took to the 2018 Tasmanian Election by very definition will require change to gaming legislation. However, there is no reason why that change cannot be pursued using the mechanisms already established in the 2003 Deed.

Using the existing mechanisms in the 2003 Deed will still enable the State Government to pursue its policy agenda. However, it will ensure that business confidence is maintained and that sovereign risk is avoided.

The TCCI respectfully asks that the State Government avoids creating a sovereign risk situation and ensures that the private sector can continue to engage with the State Government in good faith and without the risk that the State Government will not honour agreements.

Yours sincerely,

Michael Bailey

CEO, Tasmanian Chamber of Commerce and Industry