

DRAFT SECOND READING SPEECH

Hon Michael Ferguson MP

Gaming Control Amendment (Future Gaming Market) Bill 2021

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Mr Speaker

Ahead of the 2018 State election the Government released its policy *The Future of Gaming in Tasmania*. The policy details a new way forward for gaming operations in the State. The Government's objective is to facilitate a sustainable gaming industry that offers freedom of choice, supports jobs and provides appropriate player protections.

Substantial changes will be made to the gaming market commencing on 1 July 2023, including:

- ending Federal Group's monopoly on electronic gaming machine (EGM) ownership;
- moving to an 'individual venue operator model' for machines in hotels and clubs; and
- ensuring returns from gaming are shared more appropriately across the gaming industry and with the Government (representing the community).

This Bill reflects the Government's policy intent and provides certainty to the industry about the future of gaming in Tasmania. Tasmanians voted for the Government's policy and they expect the Government to implement the policy.

As for all policy changes, there will be winners and losers. In this case, the winners will be Tasmanians through additional funds for Government services, the community through the increased Community Support Levy and pubs and clubs through an increased share of the return from the new licensing model for electronic gaming machines. The loser will be the Federal Group which is estimated to be \$20 million per annum worse off when its 50 year monopoly over gaming in Tasmania comes to an end on 30 June 2023.

Mr Speaker

The reforms are substantial, affecting casinos, keno, electronic gaming machines, high-roller casinos, network monitoring and the community support levy (CSL).

We have taken the time to get the legislation right. We have welcomed feedback received through two phases of public consultation, which has informed the development of the Bill.

Significant effort will be required of the industry, the Government and the independent regulator, the Tasmanian Liquor and Gaming Commission, to move to the new regulatory environment.

Mr Speaker

The State's existing harm minimisation framework will not be affected by this Bill, as the Government's policy is about the structure of the market rather than the way gaming services are provided.

Some might say that that harm minimisation provisions should be detailed in the Act. However, that would be to misunderstand how harm reduction measures are created, changed and enforced. In Tasmania, harm minimisation requirements are prescribed in the Mandatory Code, standards, rules and licensing conditions, which are developed and adapted by the Commission. This approach ensures that the harm minimisation framework remains agile and reflects best practice. The harm minimisation framework is a living document created, changed and enforced by the Commission, which itself is empowered by the law. It is in this framework the Minister and the Commission have roles and powers to improve harm minimisation in Tasmania.

The results of the 5th Social and Economic Impact Study into Gambling in Tasmania, published in July this year, shows that the per capita spend on gambling in Tasmania, the per capita spend on EGMs in hotels and clubs and the level of problem gambling all continue to fall and are the lowest of all jurisdictions with EGMs in pubs and clubs. This is useful evidence to support the current framework and approach.

It should be noted that the existing framework is extensive and mandates a variety of measures designed to minimise harm from gambling. It includes a statutory requirement for the Commission to review the Mandatory Code at least once every five years, with the next review due in 2022.

Measures to reduce harm will continue to evolve as new opportunities and technology become available and the next code review will take into consideration the structural changes that will occur under the future gaming market policy to ensure the measures in place to foster responsible gambling and minimise harm from gambling remain best practice. Naturally, the Government has been closely watching new measures being considered in other jurisdictions, such as facial recognition, to support its exclusion programs.

Although it is not part of the Bill, I can advise that I will be directing the Tasmanian Liquor and Gaming Commission to investigate options for the use of facial recognition technology and card-based gaming in Tasmanian casinos, hotels and clubs. I will also be asking, following consultation with relevant stakeholders for advice on pre-commitment models which could complement card-based gaming.

Without wanting to pre-empt the outcomes of the Commission's work, it is my expectation that the introduction of these measures in Tasmania will significantly improve harm minimisation through better identification of excluded players and the ability for players to set limits on their EGM gaming time and expenditure.

Mr Speaker

As far as possible, the legislation will be modernised and 'future proofed'. It will be amended so that it:

- Contains clearly stated high level regulatory objectives;
- Is principles-based and provides flexibility to achieve the regulatory objectives;
- Contains more prescriptive aspects in regulations;
- Uses plain language that accommodates ongoing technological and behavioural change;
- Allows for collaboration through national consistency and alignment with other jurisdictions;

and

- Provides greater agility for the Commission to adapt and respond quickly and appropriately to any matter.

Mr Speaker

I now turn to the reforms.

Ending the 2003 Deed between the State and Federal Group

The Bill introduces provisions to end the 2003 Deed between the State and Federal Group on 30 June 2023. The exclusive rights to Federal Group will end, and a new gaming market and licensing structure will commence on 1 July 2023.

All associated provisions are also amended.

Much has been made about formal advice of the termination of the Deed in 2023. The reality is that not just the Federal Group but all of us, all Tasmanians, have known since early 2018 that the monopoly position the Federal Group has enjoyed for many years will come to an end on 30 June 2023.

Hotels and clubs

Mr Speaker

As I indicated, the reforms affecting hotel and club electronic gaming machine operations are substantial.

The Bill provides hotel and club operators with a greater say in how they run the EGM component of their businesses. They will have the authority to purchase, sell or lease their own EGMs, and will have more choice in how machines operate, within the State's strictly regulated framework. While the Bill places greater responsibility on venue operators, it also provides hotel and club operators with a greater share of returns.

The current single gaming operator model for EGMs in hotels and clubs will be replaced by an individual venue operator model. Key aspects of the model are:

- A new state-wide EGM cap in hotels and clubs of 2 350 (a reduction of 150 from the current cap). Venue caps will remain at 30 for hotels and 40 for clubs.
- Responsibility for a number of EGM-related requirements will move from the current gaming operator, Network Gaming, to each hotel and club operator.

EGM authorities

- A new right to operate EGMs at a hotel or club will be created and will be known as an 'EGM authority'. One authority will be required to be endorsed on a venue licence for each machine a venue operates.
- EGM authorities are not a tradeable asset. They will not be purchased, but will be owned by Government and endorsed on venue licences.

- The Commission will allocate and endorse EGM authorities, including those that are relinquished by a venue or where a venue licence is cancelled. Venue licence holders will be able to apply for additional EGM authorities if they are available (within venue cap limits).
- Venues with the same operator or common operator group will be permitted to transfer authorities between their venues (subject to approval by the Commission and venue caps). If a venue has not previously operated EGMs or has not operated EGMs in the previous six months, the transfer will be subject to the legislated community interest test.
- A limit on the maximum number of EGM authorities that a common operator group can hold will be set at 25 per cent of the state-wide cap (that is, a maximum of 587 EGMs). This will prevent one owner/operator dominating the Tasmanian market.
- EGM authorities will remain at a venue for a period of up to six months following the sale of the venue or where the venue licence is cancelled or surrendered. This will allow the licence application process to proceed and for the EGM authorities to be endorsed for a new operator, without having to go through the full reallocation process.
- Some venue operators have indicated a level of caution about the move to the new licensing model. The reality is that those individual businesses will enjoy a larger share of the return from gaming but will also have a greater level of responsibility for those activities. I am advised that the Tasmanian Hospitality Association will be working to support its member venues during the transition and will ensure that venue employees are better trained to identify and address potential problem gamblers.

Leasing arrangements

- A venue owner who leases their premises to a venue licence holder, will be allowed to own or be in possession of gaming equipment, and to store equipment not installed in the venue. The venue owner may rent gaming equipment (including EGMs) to the venue licence holder. If the licence holder moves on, the equipment may remain at the venue should another lessee apply for a venue licence to operate EGMs.
- To ensure that venue owners that are not venue licence holders are suitable to own and supply gaming equipment, they will be required to apply for listing on the *Roll of Recognised Manufacturers, Suppliers and Testers of Gaming Equipment* and be approved by the Commission.
- Transitional provisions will protect both parties where a venue is under a lease that was entered into prior to 1 July 2023. Any changes to reduce the number of EGM authorities by a licence holder must also be agreed to by the owner of the premises. If agreement cannot be reached, the Commission will determine whether to allow a reduction in authorities.

Mr Speaker

Licensing arrangements

- Existing licence holders in hotels and clubs will be transitioned to new 'venue licences' on 1 July 2023, subject to a suitability assessment.

- A venue licence will be granted for 20 years with renewal provisions to allow the licence to be reissued up to five years prior to expiry (again, subject to a suitability assessment). Licence renewals will be for a further 20 years.
- The Commission will have the ability to review a licence at any time for auditing purposes and to take action if an audit is not passed.
- The Bill extends the period of time from 14 to 28 days that a person has to object to an application for a venue licence that is subject to a community interest test and the period in which a person can request that the Commission makes available information relevant to that application. These provisions commence on Royal Assent.
- A new annual licence fee will be introduced, based on a sliding scale applied to the number of EGM authorities endorsed on a venue licence. It will range from \$1 000 to \$2 500 per authority. The Bill also introduces the ability to suspend a licence for non-payment of the licence fee.

Mr Speaker

EGM tax rates and CSL rates

- The Bill requires venue licence holders to be responsible for the payment of all taxes, the community support levy and EGM payouts, including jackpots. It introduces stronger provisions in the event of non-payment, giving the Commission greater capacity to take action, such as suspending a licence.
- Increased EGM tax rates are introduced at 33.91 per cent of monthly gross profit for hotels and 32.91 per cent for clubs. This returns a greater share of the gross profits to the Tasmanian community.
- Community support levy payments on EGM gross profits remain at four per cent for clubs, while the rate for hotels will increase to five per cent. The period of time for making levy payments will be extended from the 7th to the 14th day of the following month.

To ensure the integrity of gaming, the Bill introduces the requirement that only the venue licence holder or an approved associate can receive a share of the profits of gaming, with appropriate penalty provisions also applying.

Mr Speaker

These amendments provide hotel and club operators with greater control over their EGM operations. They enable suitability checks for venue licence holders to ensure they will meet the increased obligations required of them under the new model.

The greater share of returns that venue licence holders will receive from gaming activities will have positive flow on effects for employment and investment within their businesses.

Network monitoring of EGMs in hotel and clubs

Mr Speaker

The Bill establishes a new 'licensed monitoring operator' (the LMO), with responsibility for monitoring EGM operations in hotels and clubs across the State.

- To operate EGMs, venues must be connected to an approved 'electronic monitoring system' operated by the LMO.
- The LMO will ensure that machines are installed, maintained and repaired in an appropriate and consistent manner. It will charge venues a regulated fee for undertaking this work.
- It will ensure the integrity of EGM use in hotels and clubs by monitoring transactions, and providing data and information for regulatory and taxation purposes.
- The LMO will also be subject to service level agreements.

This model has been informed by the experiences in other jurisdictions, particularly those in New South Wales and Victoria which both operate with a single monitoring operator licence.

The grant of the initial LMO licence, with a 20-year licence term, will be put to public tender in early 2022. This will include appropriate probity and financial assessments. The Minister will direct the Commission to issue the initial licence to the successful tenderer, advising of any terms and conditions to be included in the licence. For subsequent LMO licences, the application, probity requirements and conditions will be determined by the Commission.

The LMO will be prohibited from holding any other prescribed licence (apart from a listing on the Roll that authorises the provision of ancillary gaming services). Any application for renewal will be subject to the Minister's approval. The LMO will have the ability to re-apply for the licence up to five years (and no less than two years) prior to expiry.

Mr Speaker

The Bill includes step-in provisions that enable the Government to take control of LMO operations and systems under extreme circumstances, such as bankruptcy, licence surrender or cancellation.

The Bill provides for the rights associated with 'electronic monitoring system information' to be vested in the Crown. It includes provisions enabling the Minister to authorise access to and the release of data, from time to time. The Bill subjects the LMO to strict secrecy provisions regarding information it has obtained in the course of undertaking its functions. Significant penalties will apply should the LMO breach the secrecy provisions.

The Bill requires that the core monitoring and regulated fee functions can only be performed by the LMO. The LMO will not be permitted to provide third party services (such as EGM supply or financing), averting a situation where the LMO would be monitoring equipment it has supplied. However, a party related to the LMO will be permitted to undertake third party services. The LMO may also contract a party to install, set-up and maintain EGMs. The previously mentioned secrecy provisions and service level agreements to be imposed on the LMO ensure a related party does not obtain any commercial advantage over other service providers.

Mr Speaker

The Commission will be responsible for:

- regulating the LMO's compliance with technical standards and conditions;
- regulating the LMO's internal controls and procedures;
- investigating customer disputed EGM payouts and hearing written appeals relating to LMO functions;
- regulating contracts between the LMO and venue licence holders; and
- taking disciplinary action when required.

Mr Speaker

These amendments will provide certainty for any potential LMO tenderers as to their rights and responsibilities under the new structure. It will ensure the establishment of a sound LMO model, based on the most favourable aspects of those operating in other jurisdictions.

Some have expressed concern about the services and fee structure offered by the LMO. This is why the LMO is being subject to a competitive tender process. The Government will be progressing the tender as soon as reasonably possible to provide clarity about who will be delivering the core LMO service, other services they are offering to venues and at what cost. Hence the urgency in passing this enabling legislation. This will provide earlier certainty about the way forward and enough time for an orderly transition in the lead up to the 1 July 2023 end to the monopoly and existing licensing arrangements.

Keno

Mr Speaker

Keno in hotels and clubs state-wide will continue to be operated by Federal Group. However, the Bill introduces a new 'keno operator licence' and removes the current gaming operator licence held by Network Gaming.

The new keno operator licence will be granted for 20 years, with the ability to re-apply for the licence up to five years (and no less than two years) prior to expiry.

The operation of keno in casinos will continue under the general casino licence.

Mr Speaker

The new keno operator licence will be subject to terms and conditions required by the Commission. The issue of any future keno operator licence (that is, at licence renewal) will be subject to agreement by the Minister.

The amount of commission paid to venues will continue to be a commercial arrangement between the keno operator and a venue. However, contracts between them must be approved by the Commission.

The Bill introduces financial provisions that include an annual keno operator licence fee of \$500 000 and a state-wide keno tax rate of 20.31 per cent of monthly gross profits.

Mr Speaker

The Bill amends some of the existing keno provisions to be less prescriptive and moves other more detailed provisions to regulations.

These amendments will ensure a more appropriate tax rate is applied to keno, which will result in an increase in State revenue from state-wide keno operations.

General casinos

Mr Speaker

There will be no major change to the way that general casino gaming operates.

The Bill allows Federal Group to be granted two general casino licences, one each for Wrest Point and the Country Club. The licences will apply for a period of 20 years, with the ability to re-apply for the licences before they expire. These licences will be subject to terms and conditions required by the Commission.

The Bill details the procedure for the issue of any future casino licence on renewal, by allowing approval by the Minister.

The Bill allows fully automated table games (FATGs) to operate in general casinos and makes provision for new technology and gaming types to be considered by the Commission for operation in casinos. A separate tax rate is included for FATGs.

The Bill further allows for:

- Federal Group to operate its own dedicated casino EGM monitoring system;
- a three per cent community support levy on the gross profits of casino EGMs, noting that this is a new levy on casino EGMs; and
- a new EGM cap of 1 180 on machines that can be operated at casinos.

The Bill introduces the following financial arrangements for casino licences:

- a tax rate for keno in a casino of 0.91 per cent of monthly gross profits;
- a tax rate for table gaming and for games approved under section 103 of the Act, of 0.91 per cent of monthly gross profits;
- a tax rate for FATGs of 5.91 per cent of monthly gross profits;
- a tax rate for EGMs of 10.91 per cent of monthly gross profits;
- a CSL at a rate of 3 per cent of monthly gross profits from casino EGMs; and
- a casino licence fee of \$86 800 per month per casino.

New fees will apply to amend the conditions of a casino licence or change the boundaries of a casino premises (currently there is no fee for either). Both changes require application to the Commission and an assessment to be undertaken by Treasury staff to inform the Commission's decision. It is therefore appropriate for fees to be charged.

The differential rate for EGMs in casinos compared with pubs and clubs is reasonable and the EGM tax rates between casinos and other venues vary in all jurisdictions with EGMs in pubs and clubs. There are a range of factors which influence tax rates including compliance costs and the overall regulatory environment. Most importantly, the government has benchmarked rates in other jurisdictions, particularly Far North Queensland, but then imposed an additional Community Support Levy.

Mr Speaker

These casino-related amendments streamline a number of procedures, allow for future technology changes (such as allowing for server-based gaming equipment to be located off-site) and ensure that appropriate fees and tax rates are applied to the general casino licence holder, comparable to similar casinos in Australia.

High-roller casinos

Mr Speaker

The Bill allows for two new high-roller casino licences, with one venue to be located in the south of the State and one in the north. EGMs will not operate under these licences.

Only non-residents of Tasmania will be allowed to gamble in a high-roller casino. Tasmanian residents may be present in a high-roller casino, but they cannot participate in gaming. It will be an offence for a high-roller casino operator to allow a Tasmanian resident to participate in gaming.

The southern licence will be offered, in the first instance, to MONA in Hobart. The northern licence will be subject to an application and cost-benefit analysis, to ensure it is in the best interests of the community. In all cases, potential licence holders will be subject to the usual fit and proper person tests.

Mr Speaker

A high-roller casino licence will be granted for 20 years, with the ability to re-apply for a new licence up to five years (and no less than two years) prior to expiry.

The Bill requires the Commission to assess and determine an application for a high-roller casino licence. The Minister's approval is required for the grant of any new licence.

The Bill introduces an annual high-roller casino licence fee of \$200 000. Given the high level of profit volatility, high-roller casinos require greater regulatory scrutiny. In addition, with high-roller casino operations being new to Tasmania, the work required to establish and maintain the appropriate functions necessary to regulate this type of casino operation will be significant. This licence fee will recover a proportion of the regulatory costs.

The Bill provides for a sliding scale tax to be calculated on an annual basis, rather than monthly. This will allow for any losses incurred during one month to be offset against profits earned during another month within the 12-month period. It will result in a tax liability proportionate to the casino's overall profit and loss during the period. The sliding scale to be applied on annual gross profits will be three per cent up to \$15 million, then five per cent up to \$30 million, then seven per cent above \$30 million.

The Bill also allows for annual losses to be carried forward to one subsequent financial year. This offset approach, while different from the tax arrangements for other gaming products in Tasmania, caters for the month to month profit volatility that is likely to be associated with a small boutique high-roller casino operation. The ability to carry forward losses is critical to the viability of the high-roller casino model.

Mr Speaker

The Bill introduces a requirement for a bank guarantee of not less than \$1 million or one per cent of turnover, whichever is greater. A high-roller casino licence holder will be required to provide a guarantee from an authorised deposit taking institution that may be used by the Commission if the licence holder goes into receivership, or owes money to the Crown under the Act.

This type of requirement is currently in place for other 'Tasmanian gaming licence' holders.

Existing regulatory requirements for general casinos will be applied to high-roller casinos, except for the requirements for minimum bets, which are expected to be significantly higher than for general casinos. These will be prescribed in regulations.

The Bill enables the Commission to audit a high-roller casino at any time and to take action if the audit is not passed.

We have all observed issues experienced with high-roller casinos in other states. This has provided an ideal opportunity for our Government to learn from experiences in other jurisdictions and to ensure that the framework adopted in Tasmania minimises the risks while delivering benefits to our State.

Mr Speaker

The operation of small boutique high-roller casinos in Tasmania would create local jobs and offer choices to visitors to the State who enjoy gambling in an environment with significantly higher minimum bets.

The amendments recognise, and take account of, the differences between a traditional casino and a high-roller casino (including the greater risks). They establish greater regulatory scrutiny for the high-roller environment.

General amendments

Mr Speaker

I now turn to the reforms that apply more generally to all, or a number of, the prescribed gaming licence holders.

- The Bill amends the community support provisions to allow for greater flexibility and responsiveness in relation to the distribution of funds. The Bill creates a new 'Community Support Fund', which will comprise receipts from the levy applied to venues and casinos, as well as any additional contributions. The distribution percentages will be contained in regulations.
- The Act does not currently provide for the disbursement of jackpot prize pool monies. The Bill introduces provisions that will allow the Commission to approve the transfer of a jackpot balance on an EGM to other EGMs within the venue, or to approve alternative arrangements where such a transfer cannot be undertaken. This will ensure that the funds from any decommissioned jackpot will be returned to players in a timely and appropriate manner.
- The Bill amends the complaint provisions to allow a person to make a complaint in relation to the operation of gaming equipment. It includes requirements for operators to follow

when investigating and responding to complaints. The Commission will be able to investigate and determine the outcome of any complaint.

- The Bill increases a number of existing fines within the Act to further deter operators from breaching the requirements and to reflect the increased responsibilities of venue licence holders under the new market structure.
- The Act currently only allows infringement notices to be issued by police officers. The Bill amends the Act to enable infringement notices to be issued by authorised officers (that is, compliance inspectors) for certain minor offences. This provision will enhance gaming compliance and enforcement in the State and will align Tasmania with practices in other jurisdictions, such as Victoria, New South Wales and Western Australia.
- To ensure a gaming licence holder's continued suitability to hold a licence, the Bill introduces provisions to allow the Commission to investigate licence holders and their associates at any time.
- The Bill also includes provisions for the immediate suspension of a licence where the licence holder fails to pay a fee, tax, levy or other amount payable under the Act.
- The Bill amends the application of the grounds for disciplinary action to include a person on the Roll, where gaming equipment is manufactured or supplied and the equipment is unauthorised or non-compliant with standards.
- The Bill moves a number of the more prescriptive matters currently contained in the Act to regulations. These matters include: requirements for the installation, use, identification, maintenance, security, testing, service, repair and storage of gaming equipment; internal controls and accounting procedures for prescribed licence holders; operating hours for casinos; and the disposal and destruction of gaming equipment.

Mr Speaker

- The requirement to hold a special employee's licence to work in the gaming industry remains. However, competency certificates for special employees will no longer be issued and the requirement for an operator to notify the Commission whenever a special employee commences or ceases employment will be removed. Gaming operators will be responsible for ensuring that employees are competent in using gaming equipment before they are permitted to carry out duties.
- These provisions relate only to the use of gaming equipment. Provisions requiring special employees to undertake Responsible Conduct of Gaming training will remain.
- The Bill permits the licensed monitoring operator or keno operator and a venue operator, to conduct training in the operation of gaming equipment.
- The Bill introduces provisions that require someone to be listed on the Roll if they provide 'ancillary gaming services', enabling that person to enter into arrangements with prescribed licence holders to provide such services.

Mr Speaker

- The Bill amends the approval of certain contracts by the Commission to capture contracts

between the venue operator and the licensed monitoring operator, as well as any other contract prescribed as a 'relevant contract'.

- The Bill allows conditions to be prescribed that apply to all, or a class of, relevant contracts. Where there is an inconsistency between a relevant contract clause and a prescribed condition, the latter will prevail. These amendments will commence on Royal Assent.
- I have already spoken about our harm minimisation framework and the range of measures I have just described will make important positive contributions to our regulatory system to ensure that our gambling environment is even more robust and safe for participants and the broader community.

The Bill also includes provisions that:

- allow the Commission to recover the costs associated with conducting an investigation;
- prohibit the sale or supply of gaming equipment to a person that is not authorised under the Act;
- allow for unclaimed winnings to be payable on the 14th day of each month, rather than by the 7th day of the month, as is currently required; and
- allow the Commission to waive all or part of any fee or amount payable under the Act.

Transitional provisions

Mr Speaker

The Bill introduces transitional arrangements that facilitate and provide clarity around hotel and club gaming operations during the lead up to, and implementation of, the changeover.

- With the written approval of the Commission, or once a new venue licence is approved, venues will be able to purchase and possess their own gaming equipment during the 12 months prior to 1 July 2023.
- A person listed on the Roll will be able to sell or supply gaming equipment during this period, with the written approval of the Commission.
- Existing hotel and club operators will be able to apply for a new venue licence at least 12 months prior to the changeover day. Where the Commission grants a venue licence, the number of EGM authorities it endorses is to be the same number that the licence holder was authorised to operate prior to the grant of the new licence, or a lesser number if requested in the application. As noted earlier, where a venue is leased, arrangements are in place to ensure the intentions of both the owner and lessee are considered before authority numbers are reduced.
- The Commission will be able to refuse an application to operate EGMs prior to 1 July 2023 where the number of gaming machines will exceed the cap of 2 350 on the changeover day.
- An existing gaming licence for a hotel or club will continue where it is due to expire during the 12 months prior to the changeover day, and the licence holder has made an application to the Commission.

- An application for an existing licence that has not been determined by the changeover day will be taken to be an application for a new venue licence.
- Where the number of EGM authorities endorsed on venue licences held by common operators exceeds 587 (that is, approximately 25 per cent of the state-wide cap), those venue operators must apply to decrease the number to 587 or less.
- Any CSL funds collected prior to the changeover day that have not been distributed, are to be paid into the new Community Support Fund on that day.
- The LMO will be able to progressively connect EGMs at each venue to its monitoring system, for up to 12 months after the changeover day.
- The current gaming operator, Network Gaming, will be able to hold a transitional monitoring operator's licence for up to 12 months after the changeover day. This will ensure that hotel and club EGMs will continue to be monitored beyond the termination of the Deed, if required.
- The tax treatment of jackpot special prize pools for EGMs currently held by a casino and Network Gaming (for hotels and clubs) will be adjusted to account for the new arrangements. Any amounts held prior to the changeover day will be included in the gross profits for EGMs for the month immediately following changeover day.

Mr Speaker

Everyone will appreciate that the changes required to implement the structural reforms required to end the monopoly and contemporise the State's gambling environment are significant. The transitional amendments will ensure a smooth changeover to the new arrangements and that financial obligations of the various licence holders are accounted for.

Miscellaneous amendments

I now turn to the miscellaneous amendments.

Federal Group's exclusivity to operate the simulated racing event (known as Trackside) as a casino game, will be removed. This will enable simulated racing events (that is, virtual horse and greyhound races) to be operated by the totalizator operator (UBET TAS Pty Ltd) in hotels, clubs and totalizator outlets (not online). To apply for a simulated racing event endorsement, the licence holder must hold, or concurrently apply for, a totalizator endorsement. The Bill includes a taxation amount of 15 per cent of the monthly gross profits for that activity. The amendments will commence on Royal Assent.

Mr Speaker

The Bill includes amendments to enhance business operations, strengthen compliance and enforcement provisions, correct oversights and improve administrative efficiency. These amendments represent ongoing efforts to ensure the State remains at the forefront in the regulation of gambling.

Mr Speaker

The Bill amends the Act to change the frequency of the independent social and economic impact study into gambling in Tasmania, from three years to five years.

These independent studies are substantial and their findings are highly anticipated by stakeholders. While their value is clear, three years between studies is too frequent. More time is required to fully consider findings, implement any new initiatives and capture measurable changes before the next study commences.

Considerable input is required from stakeholders through consultation, survey participation and data collection, as well as tender and contract management. Extending the requirement to five years will lessen the burden for stakeholders.

Studies are funded from the CSL and the new timeframe will result in savings (of around \$1 million for each study) that will be available for harm minimisation and other community uses. The Joint Select Committee Inquiry into Future Gaming Markets and the Commission supported this amendment. It will commence on Royal Assent.

Conclusion

Mr Speaker

The Gaming Control Amendment (Future Gaming Market) Bill provides the regulatory structure necessary to deliver a new way forward for gaming in Tasmania.

It gives effect to the Government's Future Gaming Market policy and objective to facilitate a sustainable gaming industry that offers freedom of choice and supports jobs.

The regulatory framework and Bill have been subject to two rounds of public consultation.

The Bill provides certainty to the industry about the future by:

- ending Federal Group's monopoly on EGM ownership in the State;
- giving hotel and club operators more control over the EGM component of their businesses; and
- ensuring returns from gaming are shared more appropriately across the gaming industry and with the Government (representing the community).

The Bill will also streamline processes and provide a more principles-based approach, with flexibility to achieve the high level regulatory objectives.

Mr Speaker

I commend this Bill to the House.