

# The Future of Gaming in Tasmania



## A MAJORITY LIBERAL GOVERNMENT WILL:

- Facilitate a sustainable industry that supports freedom of choice, minimises harm and supports jobs
- End the Monopoly - move to an individual venue licence model and ensure returns are shared appropriately
- Double the Community Support Levy fund to improve harm minimisation



## Getting the balance right

### A sustainable industry that supports freedom of choice, minimises harm and supports jobs

Gambling is a lawful form of entertainment for many Tasmanians, and a range of gaming products should be available to consumers that are fair, and which provide an acceptable average return to players.

The regulation of the gaming industry should be designed to create a sustainable industry with the highest standards of probity and harm minimisation.

The returns from the gaming industry should be shared appropriately among the industry, players and the Government representing the community.

The Tourism and Hospitality sector is a major employer in Tasmania, with around 37,000 people directly and indirectly employed. The gaming industry estimates that around 5,000 jobs are at risk if Electronic Gaming Machines are removed from pubs and clubs.

### End the Monopoly and move to individual venue licence model

The licence to provide a network service to monitor EGMs in pubs and clubs will be put to the market and the right to operate EGMs in pubs and clubs post 2023 will be licenced on an individual venue model.

This effectively ends the EGM monopoly in Tasmania.

The rights to conduct gaming in the existing casinos including EGMs and table gaming and the operation of Keno are to remain with the Federal Group.

### Ensure returns are shared appropriately

The distribution of returns from EGMs in pubs and clubs will ensure that both venues and the Government representing the community capture a greater share of returns. This will facilitate and enable greater investment in pubs and clubs across the State, lift economic activity and employment and also provide the Government with greater ability to address harm minimisation and invest in essential services.

Licensed venues will pay a fixed and progressive annual licence fee per machine (of between \$1,000 and \$2,500) and will be subject to a fair taxation scheme.

## Why Tasmania Needs This

Gaming is a lawful form of entertainment for many Tasmanians

The industry makes a positive contribution to the economy and is a major employer

The industry supports regional economies

Tasmania is widely recognised as having national best practice regulation and harm minimisation measures

This policy responds positively to the Future Gaming Committee Final Report, by –

- Ending the EGM monopoly
- Improving harm minimisation measures
- Re-distributing the returns more appropriately
- Tendering the network licence



## Getting the balance right

Specific fees and taxation rates will be finalised following expert advice and consultation with stakeholders. It is the Government's intention to bring the State into line with other comparable gaming markets interstate and retain around 48% of all revenue including the CSL (GST inclusive), whilst licenced venues will receive no less than 50% of the gross returns, with the monitoring network receiving the balance.

### Double the CSL fund to improve harm minimisation

Tasmania's harm minimisation framework is already widely recognised as national best practice. It includes the Responsible Gambling Mandatory Code of Practice (which was recently reviewed and updated on 30 November 2017) and the new Community Interest Test which commenced in September 2017.

Tasmania was the first jurisdiction to prohibit ATMs in pubs and clubs with gaming facilities. It was among the first jurisdictions to introduce a comprehensive player exclusions system and to restrict maximum bet limits to \$5 and the lowest number of lines that can be played per game. Other measures include:

- All Gaming staff must be trained and licenced
- A ban on credit card use and note acceptors on EGMs in pubs and clubs
- Compulsory player information displays on EGMs
- Limitations on advertising, inducements and player loyalty programs; and
- Proscribed limits on food and alcohol service at EGMs

A re-elected majority Liberal Government will effectively double the current CSL funding pool by increasing the rate and extending the CSL to cover EGMs in the casinos.

Pubs will pay 5%, clubs 4%, and the casino will now pay 3%. To the extent that these levies are not sufficient to double the funding pool from current levels the Government will provide a direct contribution to make up any shortfall. This recognises that the CSL has been declining and will prevent any further decrease over time.

In 2016-17 the CSL raised \$4.4 million whilst the new arrangements are expected to deliver around \$9 million.

The increased funding pool will allow for a greater investment in harm minimisation and preventative health, along with increased investment to support community sporting activities and venues.



## Future Industry Structure

The future structure of the Tasmanian Gaming industry incorporates the following key components:

### Casinos

The Federal Group will retain two casino licences, subject to negotiation on licence fees, tax rates and term (up to 20 years).

Federal Group to retain the Keno licence subject to negotiation on licence fees, tax rates and term (up to 20 years).

Federal Group to retain an EGM licence capped at 1,180 EGMs in its two casinos and operate its own network monitoring operations, subject to negotiation on licence fees, tax rates and term (up to 20 years).

The return to Government and therefore the community, through taxes, licence fees, and the CSL from the Federal Group's licenced gaming activities will be benchmarked against comparable casino operations interstate to ensure that the returns are competitive and fair for the community, players and the casino operator.

### High Roller Casinos

Two "high roller, non-residential" casino licences to be made available (one in the north and one in the south). These licences will not include EGMs.

One licence will be offered to MONA in the first instance in line with its proposal, subject to meeting all necessary requirements and negotiation on licence fees, tax rates and term (up to 20 years).

The second licence is to be offered in the north of the state, subject to, the outcome of a cost-benefit analysis demonstrating that it is in the States best interests and the successful proponent meeting the necessary licence requirements and subject to negotiation of licence fees, tax rates and returns.



## Future Industry Structure

### Pubs and Clubs

The rights to operate EGMs in pubs and clubs post 2023 will be licenced on an individual venue model with up to a 20 year term.

The rights to operate the network licence for EGMs in pubs and clubs will be put out to a public tender overseen by Treasury.

This effectively ends the EGM monopoly in Tasmania. The number of EGMs in pubs and clubs will be capped at 2,350 machines (30 for pubs and 40 for clubs).

To the extent that there are more EGMs installed in 2023, arrangements will be put in place to remove excess EGMs. Any excess EGMs will be removed on a "last in first out" basis. Subject to the foregoing and to provide certainty, existing venues with machines will be able to be licenced, subject to meeting the necessary licencing arrangements, for their machines up to their current cap.

The details of the individual licence model, transition arrangements and term will be developed following expert advice and consultation with stakeholders.

Licensed venues will pay a fixed and progressive annual licence fee per machine (of between \$1,000 and \$2,500) and will be subject to a fair taxation scheme.

Annual licence fees and taxation rates will be finalised following expert advice and consultation with stakeholders, but it is the Government's intention to bring the State into line with other interstate jurisdictions and to retain around 48% of all revenue including the CSL (GST inclusive), whilst licenced venues will retain no less than 50% of the gross returns (with the current differential in commissions paid to pubs and clubs to be maintained) and the network the balance.

The independent Liquor and Gaming Commission will continue to be responsible for regulating the industry, including the Mandatory Code of Practice and the Community Interest Test for the location of new EGMs.



## Future Industry Structure

### Online Gaming

The Government recognises the increasing prevalence of online gaming.

Revenues for online gaming are increasing nationally at around 15% per annum whilst revenue from EGMs is decreasing. The government recognises that currently there is no national framework in existence to regulate or provide harm minimisation measures for those who gamble online.

Whilst this is currently under development and the State has been playing a constructive role in the discussions, we believe that more needs to be done.

Therefore the increased pool of funds available from our new taxation model and the increased Community Support levy will enable us to develop a new suite of educational material designed to ensure that those who wish to gamble on online platforms are fully informed when they do so.

Furthermore we will continue to work collaboratively with the Commonwealth Government and the other states to address these emerging national issues, including regulation and revenue measures.