



Queensland

# Gaming Machine Amendment Regulation (No. 1) 2012

## Explanatory Notes for SL 2012 No. 165

made under the

*Gaming Machine Act 1991*

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## General outline

### Short title

*Gaming Machine Amendment Regulation (No. 1) 2012.*

### Authorising law

- For section 51(3) of the *Gaming Machine Regulation 2002* - Section 312 of the *Gaming Machine Act 1991*.
- For section 53(2) of the *Gaming Machine Regulation 2002* - Section 316B of the *Gaming Machine Act 1991*.

### Policy objectives and the reasons for them

The policy objectives of this subordinate legislation are to—

- amend the *Gaming Machine Regulation 2002* (the Regulation) to reduce the threshold for the application of the health services levy on monthly taxable metered win granted for the hotel industry from \$140,000 to \$100,000 at a rate of 3.5%; and

- introduce an additional gaming machine tax bracket for clubs with a taxable metered win more than \$850,000 but not more than \$1,400,000 per month with a tax rate of 30.91%.

On 1 July 2012 the requirement for hotels with a monthly taxable metered win below \$140,000 to pay a health services levy was abolished. This was done to support the hotel industry in exchange for concessions made by it in relation to reducing from 20,000 to 19,500 the maximum number of gaming machine operating authorities. Previously a hotel licensee with a monthly taxable metered win more than \$100,000 but not more than \$140,000 was required to pay a monthly levy of 3.5%.

The health services levy was first introduced on 1 July 2006. The levy is funded by contributions from hotel gaming machine licensees with high gambling profit venues for the purpose of funding health-related services.

In June 2012 the Independent Commission of Audit's Interim Report found that an analysis of revenue activities from gaming activities across Queensland, New South Wales, Victoria and South Australia indicated that Queensland's per capita gambling revenue collections were below the weighted average in the other states. The Interim Report suggested that the State's broad revenue bases, such as gambling taxation, could form part of the Government's fiscal repair strategy.

In August Cabinet Budget Review Committee (CBRC) decided to reduce the threshold for the application of the health services levy from \$140,000 to \$100,000 at a rate of 3.5%, in effect a return to the arrangements in place prior to 1 July 2012.

CBRC also authorised that the taxable metered win band for clubs of more than \$300,000 but not more than \$1,400,000 be split in the middle creating two brackets. The first tax bracket of more than \$300,000 but not more than \$850,000 will retain the current tax rate of 25.91%. The second bracket of more than \$850,000 but not more than \$1,400,000 will attract an increased tax rate of 30.91%. The maximum rate, which applies to metered win above \$1,400,000, will remain unchanged at 35%.

### **Achievement of policy objectives**

The policy objectives are achieved by—

- amending section 51(3) of the Regulation to provide that the taxable metered win band for clubs of more than \$300,00 but not more than \$1,400,000 be split in the middle creating two brackets. The first tax

bracket of more than \$300,000 but not more than \$850,000 will retain the current tax rate of 25.91%. The second bracket of more than \$850,000 but not more than \$1,400,000 will attract an increased tax rate of 30.91%; and

- amending section 53(2) of the Regulation to restore the bracket requiring category 1 licensees with a monthly taxable metered win that is more than \$100,000 but not more than \$140,000 to pay a monthly levy of 3.5%.

### **Consistency with policy objectives of authorising law**

This subordinate legislation is consistent with the objectives of the *Gaming Machine Act 1991*.

### **Inconsistency with policy objectives of other legislation**

There is no inconsistency with the policy objectives of other legislation.

### **Benefits and costs of implementation**

The Department of Justice and Attorney-General (DJAG) has estimated that within a financial year the reduction in the threshold for the application of the health services levy would raise an annual revenue of \$9.70 million. DJAG estimates that the introduction of the additional tax bracket would raise an annual revenue of \$3.81 million.

### **Consistency with fundamental legislative principles**

The subordinate legislation is consistent with fundamental legislative principles.

### **Consultation**

The Treasury Department was consulted regarding these amendments.

### **Notes on Provisions**

Clause 1 sets out the short title of the subordinate legislation.

Clause 2 states that the subordinate legislation will commence on 1 October 2012.

Clause 3 states that the Regulation to be amended is the *Gaming Machine Regulation 2002*.

Clause 4 amends section 51(3)(e) of the Regulation to omit the monthly taxable metered win figure of \$1400000 and insert the monthly taxable metered win figure of \$850000. It renumbers section 51(3)(f) as section 51(3)(g) and inserts a new section 51(3)(f) which provides that the amount of taxable metered win to be paid by a category 2 licensed premises with monthly taxable metered win of more than \$850000 but not more than \$1400000 is 30.91%.

Clause 5 omits section 53(2) of the Regulation and inserts a new section 53(2) which provides that the amount of health services levy to be paid by a category 1 licensee with a monthly taxable metered win not more than \$100000 is nil, and the amount of health services levy to be paid by a category 1 licensee with a monthly taxable metered win that is more than \$100000 but not more than \$140000 is 3.5%.

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#### ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Justice and Attorney-General.