

# Gaming Machine Amendment Regulation 2024

Explanatory notes for SL 2024 No. 114

Made under the

*Gaming Machine Act 1991*

## General Outline

Short Title

*Gaming Machine Amendment Regulation 2024*

## Authorising law

Section 109E and 366 of the *Gaming Machine Act 1991*.

## Policy objectives and the reasons for them

The objective of the *Gaming Machine Amendment Regulation 2024* (Amendment Regulation) is to extend an existing temporary trial period related to the authorised sale of gaming machine operating authorities by category 1 (hotel) licensees under the *Gaming Machine Act 1991* (Gaming Machine Act).

Queensland maintains long-standing caps on the total number of club and hotel operated gaming machines in Queensland. The caps are managed through the creation of a limited number of gaming machine operating authorities (for hotels) or gaming machine entitlements (for clubs). For hotels, the number of operating authorities is fixed at section 10A of the *Gaming Machine Regulation 2002* (Gaming Machine Regulation) at 19,500.

Hotel licensees with relevant prerequisite approvals are able to buy and sell operating authorities only via an authorised sale process administered by the Public Trustee of Queensland. The sale is conducted by a competitive tender process. Section 109E of the *Gaming Machine Act 1991* (Gaming Machine Act) provides that a percentage of the amount received from the sale of authorities is paid into the consolidated fund, with the remainder paid to the licensees whose authorities have been sold. Ordinarily, section 10B of the Gaming Machine Regulation sets the prescribed percentage at 33 percent.

In effect, hotel licensees who are successful in selling authorities via the authorised sale process receive, for each authority sold, the average sale price paid by successful purchasers, less 33 percent.

However, since 30 June 2022, section 10BA of the Gaming Machine Regulation has provided temporarily for a reduced payment into the consolidated fund of 15% of the amount received from the sale of authorities. The reduced rate is prescribed on a trial basis and is intended to reinvigorate the authorised sale process by potentially offering a better return to hotel licensees who elect to sell authorities. Prior to this Amendment Regulation, the trial period extended until 30 June 2024.

To provide further time and data on which to evaluate the trial, the operation of section 10BA is to be extended for another 12 months to 30 June 2025.

## **Achievement of policy objectives**

The amendments will provide an additional 12 months of dataset to enable a comprehensive evaluation of the effectiveness of the trial and the temporary measures.

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

The Amendment Regulation is consistent with the policy objectives of the *Gaming Machine Act 1991* which include regulating the sale of operating authorities.

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

The Amendment Regulation is not inconsistent with the policy objectives of other legislation.

## **Alternative ways of achieving policy objectives**

Extending the trial period may only be achieved by amending the subordinate legislation.

## **Estimated cost for Government implementation**

Any associated implementation costs will be met through existing budget allocations.

The impact of the extending the trial period will ultimately depend on the number of gaming operating authorities transferred and the value of the authorities. With the historic low number of transfers prior to the temporary reduction of the percentage, the risk of forgone losses to the consolidated fund is considered to be low.

The proposal will not increase the overall number of gaming machine operating authorities, the number of authorities available per region, nor the number of authorities approved by the regulator for any particular hotel.

## **Consistency with fundamental legislative principles**

The Amendment Regulation is consistent with fundamental legislative principles.

## **Consultation**

The proposal outlined in the Amendment Regulation simply extends the trial period for an additional 12-months without introducing any new regulatory requirements. Accordingly, no public consultation was undertaken.

A summary Impact Analysis Statement (IAS) has been prepared and advises that as the proposal relates to matters similar to the imposition of taxation or a royalty, no regulatory impact assessment is required under the Queensland Government Better Regulation Policy.