



Queensland

Gaming Legislation Amendment Regulation (No. 1) 2013

Explanatory Notes for SL 2013 No. 121

made under the

Casino Control Act 1982

Gaming Machine Act 1991

Interactive Gambling (Player Protection) Act 1998

Keno Act 1996

Lotteries Act 1997

Wagering Act 1998

General outline

Short title

Gaming Legislation Amendment Regulation (No. 1) 2013.

Authorising law

Sections 51 and 127(2)(b) of the *Casino Control Act 1982*

Section 51A of the *Casino Control Act 1982*, which is omitted by section 13 of the *Liquor and Gaming (Red Tape Reduction) and Other Legislation Amendment Act 2013* (Red Tape Reduction Act)

Sections 109E and 322 of the *Gaming Machine Act 1991*, which are amended by sections 68 and 90 of the Red Tape Reduction Act, respectively

Section 314 of the *Gaming Machine Act 1991*, which is omitted by section 88 of the Red Tape Reduction Act

Section 116 of the *Interactive Gambling (Player Protection) Act 1998*, which is omitted by section 103 of the Red Tape Reduction Act

Section 113 of the *Keno Act 1996*, which is omitted by section 112 of the Red Tape Reduction Act

Section 99A of the *Lotteries Act 1997*, which is omitted by section 164 of the Red Tape Reduction Act

Sections 94, 96, 228 of the *Lotteries Act 1997*

Section 169 of the *Wagering Act 1998*, which is omitted by section 182 of the Red Tape Reduction Act

Policy objectives and the reasons for them

The policy objectives of the amendment regulation are to—

- amend the *Casino Control Regulation 1999*, *Gaming Machine Regulation 2002*, *Interactive Gambling (Player Protection) Regulation 1998*, *Keno Regulation 2007*, *Lotteries Regulation 2007*, *Wagering Regulation 1999* to repeal the operation of the Community Investment Fund (CIF); and
- amend the *Lotteries Regulation 2007* to remove agents selling fees from the calculation of lottery tax for declared lotteries and pools and increase the rate of lottery tax to 73.48% for declared lotteries and 67.6% for pools;
- amend the *Casino Control Regulation 1999* to apply the same tax rate that currently applies to table games to fully automated versions of table games.

Community Investment Fund

To improve financial management efficiencies Government decided to abolish the CIF, while retaining the community benefits funds.

The *Liquor and Gaming (Red Tape Reduction) and Other Legislation Amendment Act 2013*, which was passed by Parliament on 23 May 2013, includes amendments to the *Gaming Machine Act 1991*, *Casino Control Act 1982*, *Wagering Act 1998*, *Lotteries Act 1997*, *Keno Act 1996*, *Liquor*

Act 1992 and Interactive Gambling (Player Protection) Act 1998 to abolish the CIF.

The amendment regulation amends the *Casino Control Regulation 1999, Gaming Machine Regulation 2002, Interactive Gambling (Player Protection) Regulation 1998, Keno Regulation 2007, Lotteries Regulation 2007* and the *Wagering Regulation 1999* to make consequential amendments to remove references and operational requirements for the CIF.

The provisions which abolish the operations of the CIF commence on 1 July 2013 to enable all financial implications to be transitioned and reflected accordingly in the 2013-14 Budget.

Upon its abolition, all existing CIF commitments will be funded from the Consolidated Fund, including funding for the liquor and gaming regulatory and harm minimisation operations of the Office of Regulatory Policy and the Office of Liquor and Gaming Regulation (OLGR), and grant payments to the Gambling and Casino Community Benefit Funds.

There is also a further amendment to the *Gaming Machine Regulation 2002* to omit two provisions that prescribed the amount of gaming machine taxes that would be directed to OLGR as a controlled receipt. As all taxation will now be paid into the Consolidated Fund, all receipts will be administered.

Lotteries Taxation

Lottery agents are entitled to receive a selling fee for selling tickets in a declared lottery (which includes Saturday and Wednesday Gold Lotto, Oz 7 Lotto, Powerball and Super 66) or an approved lottery known as pools.

The objective of the amendments to the *Lotteries Regulation 2007* are to exclude selling fees for declared lotteries and pools from the calculation of the lottery operator's monthly gross revenue and to increase the lottery tax for declared lotteries and pools.

The amendments are sought as the way in which monthly gross revenue is currently calculated under the *Lotteries Regulation 2007* means that any increase in selling fees which arises from negotiations between the lottery operator and lottery agents is included as part of the lottery operator's monthly gross revenue that is subject to tax. This may deter the lottery operator from offering more generous selling fees to lottery agents.

It is therefore proposed to remove selling fees from the monthly gross revenue calculation defined in the *Lotteries Regulation 2007* and to offset

the resultant loss in tax revenue with an increase in the tax rate for declared lotteries and pools.

Fully Automated Table Games

The State of Queensland has committed to delivering a package of regulatory concessions to casinos to secure significant investment (known as Project Icon) in the tourism and entertainment in Queensland. The State's position was captured in a non binding Memorandum of Understanding (MoU) between the State of Queensland and Tabcorp Holdings Limited (and Subsidiaries) (Echo Entertainment), operator of Treasury Casino, Jupiters Gold Coast and Jupiters Townsville, which was executed on 7 June 2011.

The current government supports the concessions to casinos agreed in the MoU and proposes to apply the lower tax rate to fully automated table games (FATGs) in response to the MoU which establishes that any obligation on Echo Entertainment to build its proposed hotel on the Gold Coast as part of Project Icon is contingent on amendments being progressed that would result in the application of the lower taxation rate to FATGs by 1 July 2013.

FATGs can be described as fully automated versions of conventional casino table games which can be played by one or more players via player participation points (or terminals) at the same time. FATGs do not have a human dealer or croupier and do not have the physical equipment associated with other casino games. A game played on a FATG generally complies with the rules for conventional table games and the return to player percentages for FATGs are substantially equivalent to that of their table game counterparts.

Tax rates that apply to casino gross revenue are specified in section 19 of the *Casino Control Regulation 1999*. Currently the *Casino Control Regulation 1999* prescribes two categories of casino gross revenue to which tax rates apply: 'gaming machine revenue' and 'other revenue'. Different tax rates apply to these two categories for each of the associated casino licence agreements made under the following Acts:

- *Brisbane Casino Agreement Act 1992*
- *Jupiters Casino Agreement Act 1983*
- *Breakwater Island Casino Agreement Act 1984*
- *Cairns Casino Agreement Act 1993*

Under the *Casino Control Regulation 1999*, table games are taxed under the ‘other revenue’ category and FATGs are taxed at the higher taxation rate applicable for gaming machines.

An amendment is required to the *Casino Control Regulation 1999* to specify that the lower tax rate applicable to table games is also to apply to FATGs.

It is not the intention to restrict innovation in emerging gaming technology or product innovation. In this regard recognition that FATGs may imitate table games approved for play in casinos in other jurisdictions is to be accommodated in the amendments.

Achievement of policy objectives

The policy objectives are achieved by–

- Amending section 19 of the *Casino Control Regulation 1999* to include a separate category of casino gross revenue derived from FATGs under each of the casino agreements and applying the same tax rate that currently applies to table games;
- Omitting section 19B of the *Casino Control Regulation 1999*, section 52 of the *Gaming Machine Regulation 2002*, section 9 of the *Interactive Gambling (Player Protection) Regulation 1998*, section 6 of the *Keno Regulation 2007*, section 11 of the *Lotteries Regulation 2007* and section 9 of the *Wagering Regulation 1999* to remove references to percentages of gaming taxation paid into the CIF;
- Amending sections 10B and 10C of the *Gaming Machine Regulation 2002* to refer to consolidated fund rather than CIF;
- Omitting sections 10D and 10K of the *Gaming Machine Regulation 2002*, which had prescribed the amount of gaming machine tax retained by the department as controlled receipts, based on the maximum amount of operating authorities and entitlements allowed; and
- Amending sections 7 to 9 of the *Lotteries Regulation 2007* to amend the calculation of lotteries tax.

Consistency with policy objectives of authorising law

The amendments in the regulation are consistent with the policy objectives of the authorising legislation, which is to ensure that on balance, the State and the community as a whole benefit from gambling.

Inconsistency with policy objectives of other legislation

The amendment regulation is consistent with the policy objectives of other legislation.

Benefits and costs of implementation

There are no significant costs associated with implementation of these amendments.

The amendment of section 19 of the Casino Control Regulation will provide Queensland casino operators with taxation savings and support the casinos' investment in Queensland's tourism and entertainment industry.

The lottery tax amendments will allow the lottery operator greater flexibility in negotiating remuneration arrangements with lottery agents for the sale of lottery tickets. The current inclusion of selling fees (i.e. commissions) in the calculation of monthly gross revenue for tax purposes may deter the lottery operator from offering more sizeable commissions to lottery agents.

Abolishing the CIF will simplify internal controls and strengthen the line of accountability in relation to government finances.

Consistency with fundamental legislative principles

The amendment regulation is consistent with fundamental legislative principles as it does not affect the rights and liberties of individuals and does not erode the institution of Parliament.

Consultation

Queensland Treasury and Trade was consulted regarding the financial implications of the proposals in the amendment regulation.

The Office of Best Practice Regulation was consulted in relation to the CIF and FATG tax amendments and has confirmed that a Regulatory Impact Statement (RIS) is not required. The Regulatory Reform Branch of QTT was consulted in relation to the lotteries tax amendment and has confirmed that a RIS is not required.

Consultation was undertaken with Golden Casket Lottery Corporation Limited and Lottery Agents Queensland on the amendments to the calculation of lottery tax who support the changes.

Lottery Agents Queensland and Golden Casket Lottery Corporation Limited support the amendments to the calculation of lotteries tax.

Echo Entertainment and Reef Corporate Services Limited support the proposal to apply the table game tax rate to FATGs.

ENDNOTES

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