

Gaming Machine Amendment Regulation (No. 1) 2014

Explanatory notes for SL 2014 No. 23

made under the

Gaming Machine Act 1991

General Outline

Short title

Gaming Machine Amendment Regulation (No. 1) 2014

Authorising law

Sections 2, 236, 237, 242, 366 and Schedule 2 (Dictionary) of the *Gaming Machine Act 1991* (Gaming Machine Act).

Policy objectives and the reasons for them

Cash Payment Limit

The primary policy objective of the *Gaming Machine Amendment Regulation (No. 1) 2014* (Amendment Regulation) is to amend the *Gaming Machine Regulation 2002* (Gaming Machine Regulation) to give licensees the ability to set their own premises cash limit under the rules ancillary to gaming to a maximum amount of \$5,000.

Section 236 of the *Gaming Machine Act 1991* (Gaming Machine Act) provides that activities ancillary to gaming are subject to rules known as ‘rules ancillary to gaming’ (rules). These rules are prescribed under schedule 3 of the Gaming Machine Regulation.

Item 7 of the rules provides that where a licensee is required to make a payment to a player for a cancelled credit or jackpot payout and the payment is more than \$250, a maximum of \$250 can be paid in cash and the balance paid by cheque.

The current cash limit (\$250) creates a compliance burden for clubs and hotels who are required to process a high volume of cheques. This not only imposes a costly administrative burden, but may also increase the likelihood of cheque fraud.

The current limit is also inconvenient for patrons, who want ready access to their winnings. In particular, interstate and overseas visitors may be placed in a situation where the issuing of winnings by cheque creates unnecessary complications and difficulties (for example, where they

Gaming Machine Amendment Regulation (No. 1) 2014

are leaving the State or country that day or the next day, or do not have an account with a financial institution in this country).

The Gaming Machine Act provides that the Commissioner for Liquor and Gaming may amend or approve an amendment to the rules as requested by the licensee. This means that licensees may request the Commissioner to amend the rules to increase the cash limit prescribed under the rules. Each request is assessed against a number of criteria including the number of cheques issued for a period, the premises' average daily turnover and security measures in place. However, this creates an unnecessary administrative burden for licensees and in turn the department.

As at 2 July 2013, only 380 of the 1,287 licensed gaming premises in Queensland had maintained the default \$250 limit. A total of 907 (70%) had sought and received approval to amend the rules by increasing the cash limit to amounts between \$250 and \$5,000.

The Government has flagged as one of its high priorities the reduction of the red tape on business, including liquor and gaming licensees, who play an important role in creating a vibrant tourism industry in Queensland. To reduce unnecessary regulatory and administrative burden, this amendment will allow licensees the discretion to set their own premises cash limit up to a maximum of \$5,000, without the need to seek approval. Allowing venues to set their own cash payment limit will provide sites with the flexibility to adopt a cash payment limit that best suits the size and model of their business.

The \$5,000 limit has been selected as the maximum limit as it is currently the highest cash payment limit approved administratively. This will also ensure that the policy is equitable across all licensed premises. Allowing licensees the flexibility to set their own limits up to a maximum will ensure that smaller clubs that might not carry large cash floats are not disadvantaged.

Removal of Approved Financier

The Amendment Regulation also has the objective of amending section 58 of the Gaming Machine Regulation to remove Club Gaming Financial Services Limited from the list of approved financiers.

The *Gaming Machine Act 1991* defines an 'approved financier' as a financial institution under section 36 of the *Acts Interpretation Act 1954*, a registered entity under the *Financial Sector (Collection of Data) Act 2001 (Cth)*, or another entity prescribed under a regulation.

Small businesses that wish to finance the purchase or lease of second-hand gaming machines can obtain the authority to do so through becoming prescribed as approved financiers. The prescribed entities are listed at section 58 of the Gaming Machine Regulation.

Club Gaming Financial Services Limited – ACN 096 223 497 is currently prescribed under section 58(a) of the Gaming Machine Regulation as an approved financier.

On 15 August 2013 Club Gaming Financial Services Limited advised the Office of Liquor and Gaming Regulation that it sought to cancel its approval as an approved financier.

Achievement of policy objectives

Cash Payment Limit

The policy objective is achieved by omitting item 7, Schedule 3 (rules ancillary to gaming) of the Gaming Machine Regulation and inserting a new item 7, which outlines how payments for cancelled credits and jackpot payouts can be made to players and provides for a new maximum cash limit and the setting and display requirements for premises cash limits by licensees.

Increasing the cash payment limit to \$5,000 may raise concerns from a harm minimisation perspective, particularly in terms of the potential for problem and at-risk gamblers to reinvest their winnings.

The potential risks from problem and at-risk gamblers to reinvest their winnings need to be viewed in context of the likelihood of a player being entitled to a payment over \$5,000. The department analysed cancelled credit data for one of the largest clubs in Queensland on a Saturday night. It was found that just 0.9 per cent of the payments were for amounts over \$1,000. Only 0.3 per cent were over \$2,000 and 0.2 per cent over \$5,000. This illustrates that payouts over \$1,000 are quite rare and as such the proposal to allow sites to set their own cash payment limit up to a maximum of \$5,000 presents relatively little risk to the community.

Any potential risks are appropriately balanced in the context of existing protections, which include:

- player and venue exclusions;
- staff to be trained in Responsible Service of Gambling;
- mandatory signage of gambling help services;
- voluntary pre-commitment (in some venues);
- a player can dictate how payments for winning will be made within the limit (ie a player will still be able to request that an amount less than the venue cash payment limit be paid by cash and the balance by cheque or, if they prefer, the entire payment by cheque); and
- a high level of commitment by licensees to the Queensland Responsible Gambling Code of Practice.

Removal of Approved Financier

The policy objective is achieved through omitting section 58(a) of the Gaming Machine Regulation.

Consistency with policy objectives of authorising law

The Amendment Regulation is consistent with the objectives of the Gaming Machine Act.

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 implementation costs associated with cash payment limit amendment. Rather, the purpose of the Amendment Regulation is to reduce unnecessary regulatory and administrative burden for licensees by allowing them to set a cash limit (to a maximum of \$5,000) that best suits

Gaming Machine Amendment Regulation (No. 1) 2014

the size, scope and model of their individual business without the need to seek approval from the Commissioner for Liquor and Gaming.

The Amendment Regulation will also reduce the department's administrative burden by removing the need to process and approve requests to increase the cash limit by amending the rules ancillary to gaming.

There are no costs involved with the removal of Club Gaming Financial Services Limited as an approved financier.

Consistency with fundamental legislative principles

The Amendment Regulation has been drafted with regard to fundamental legislative principles as defined in section 4 of the *Legislative Standards Act 1992*. The regulation is consistent with fundamental legislative principles.

Consultation

Cash Payment Limit

The Office of Best Practice Regulation (OBPR) was consulted in relation to Regulatory Impact Statement (RIS) requirements. OBPR advised that a RIS would not be required as the proposal is not likely to attract significant adverse impacts.

The Department of the Premier and Cabinet was also consulted on the proposal.

Removal of Approved Financier

OBPR advised that the amendment to remove Club Gaming Financial Services Limited as an approved financier was excluded from the RIS system as it was of a machinery nature.