

Gaming Machine Amendment Regulation 2025

Explanatory notes for SL 2025 No. 62

Made under the

Gaming Machine Act 1991

General Outline

Short Title

Gaming Machine Amendment Regulation 2025

Authorising law

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

Policy objectives and the reasons for them

The *Gaming Machine Act 1991* (the Act) imposes separate State-wide caps on the number of gaming machines operable by clubs and hotels in Queensland. The cap relating to hotels is implemented and administered through a requirement that licensed hoteliers have one gaming machine operating authority (authority) for each gaming machine they operate.

Section 109A of the Act provides that the maximum number of operating authorities available to Queensland hotels is the number prescribed in a regulation. Section 10A of the *Gaming Machine Regulation 2002* (Gaming Machine Regulation) prescribes the maximum number of authorities, for section 109A, as 19,500.

Authorities may only change hands via an authorised sale process administered by the Public Trustee of Queensland. Hotel licensees with appropriate pre-requisite approvals may participate (as buyers or sellers) in the authorised sale, which is conducted by competitive tender.

Hotel licensees who successfully sell authorities through the authorised sale process receive, for each authority sold, the average sale price paid by successful purchasers, less a prescribed percentage of the average sale price that must be paid into the consolidated fund pursuant to section 109E of the Act.

The amount that must be paid into the consolidated fund is prescribed at section 10B of the Gaming Machine Regulation. Ordinarily, section 10B sets the prescribed percentage at 33 percent.

However, since 30 June 2022, the Gaming Machine Regulation has provided that the amount to be paid into the consolidated fund is temporarily reduced to 15 percent. The temporary arrangement is provided for at section 10BA of the Gaming Machine Regulation. The intent of section 10BA is to allow for a trial of the reduced rate of payment into the consolidated fund and an evaluation of its effect on the authority transfer market.

Section 10BA was originally to expire twelve months after its commencement (i.e. it would expire on 30 June 2023) but has been twice extended for 12 month periods and is currently due to expire on 30 June 2025.

The objective of the *Gaming Machine Amendment Regulation 2025* (Amendment Regulation) is to extend the existing trial period by three years to 30 June 2028. The extension will allow for further assessment of the effect of the reduced payments on the authority market, alongside other recent (non-legislative) adjustments to trial parameters.

Achievement of policy objectives

The amendments will provide a three-year continuous dataset by which to assess adjustments to trial parameters.

Consistency with policy objectives of authorising law

The Amendment Regulation is consistent with the policy objectives of the *Gaming Machine Act 1991*, which includes 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 extending the trial period will ultimately depend on the number of gaming operating authorities transferred and the value of the authorities. The increased availability of authorities as a result of the trial to date indicates that the risk of foregone losses to the consolidated fund is low.

The proposal does not increase the number of gaming operating authorities available within the Statewide cap, the number of authorities available per region, or 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 Amendment Regulation does not introduce any new regulatory requirements and consultation was undertaken with the Queensland Hotels Association. Queensland Treasury's evaluation of the trial included a survey of authority holders (hotels), with responses indicating broad support for the trial continuing in some form. 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*.