

1991

THE LEGISLATIVE ASSEMBLY OF THE  
AUSTRALIAN CAPITAL TERRITORY

GAMING MACHINE (AMENDMENT) BILL 1991

EXPLANATORY MEMORANDUM

Circulated by the Authority of the Chief Minister and Treasurer

Ms Rosemary Follett, MLA

## GAMING MACHINE (AMENDMENT) BILL 1991

### Outline of Amendments

The Gaming Machine Act 1987 provides for the taxing and regulation of gaming machine operations in the Australian Capital Territory. Under the existing legislation, the Minister responsible is required to determine the percentage payout rate which each gaming machine must return to players. This percentage rate must be determined within the statutory parameters of 80% and 90% and is presently set at 87% for all machines operating in the A.C.T.

The amendments contained in this Bill will allow gaming machine licensees in the Territory to choose the percentage return to player rate applicable to their gaming machine operations, on the condition that:

- . the percentage payout rate be not less than a statutory minimum of 85%, with no upper restriction; and
- . all gaming machines of a particular denomination and class be set at the same rate by any one licensee, within a tolerance of plus or minus one percentage point.

### Financial Implications

It is expected that the industry's expertise and knowledge of the market, coupled with a profit motive, will result in an optimum range of competitive payout rates that will over the long term increase gaming machine takings and therefore the taxable earnings of the A.C.T gaming machine industry. The Commissioner for ACT Revenue will liaise closely with licensees in the initial "experimental" period of implementation to satisfy himself that decisions on the appropriate player return rates are reasonable.

Details of the Bill are attached.

DETAILS OF THE GAMING MACHINE (AMENDMENT) BILL 1991

**Short title**

Clause 1 - Provides for the short title for this Act to be the Gaming Machine (Amendment) Act 1991.

**Principal Act**

Clause 2 - Provides that the 'Principal Act' is the Gaming Machine Act 1987.

**Application for licence**

Clause 3 - Amends section 14 of the Principal Act to require that an application for a gaming machine licence specify the coin denomination and percentage payout, as well as the class, number and type of each relevant gaming machine.

**Percentage payout**

Clauses 4(a) and (b)- Amend section 17 of the Principal Act to allow licensees to choose the percentage payout applicable to their gaming machine operations.

Clause 4(c) - Provides that the payout rate be not less than 85%.

Clause 4(d) -Specifies that all machines of the same denomination and class be set at the same rate, within a tolerance of plus or minus one percent. This tolerance allows for the practical problems of setting a number of machines at an identical percentage payout rate.

**Authority conferred by licence**

Clause 5 - Amends section 21 of the Principal Act to ensure that licensees only operate gaming machines of the coin denomination and percentage payout specified in the licence.

#### **Variation of licence**

Clause 6(a) - Amends section 22 to require a licensee to apply to the Commissioner for approval prior to changing the percentage payout and/or coin denomination of gaming machines to which the relevant licence relates. Licensees will also continue to be required to apply for approval to reduce the number or alter the type of gaming machines operated under the licence.

Clause 6(b) - provides for the Commissioner to allow licensees a period of time to make any approved changes which may involve gaming machines of the same denomination and class operating at differing percentage payout rates, that is, the newly varied rate or that existing prior to variation approval.

#### **Revocation of licence approval**

Clause 7 - Inserts section 22A into the Principal Act to provide that if approved changes to gaming machines are not completed in the period specified in the approval, the Commissioner may revoke the approval. Revocation would mean that it would be illegal to operate gaming machines already varied in accordance with the revoked approval.

Alternatively, the Commissioner may allow the approval to stand; in which case all machines yet to be varied in accordance with the variation approval would not be allowed to operate until varied.

Further, the Commissioner could extend the approved time for varying machines.

#### **Register of gaming machines**

Clause 8 - Makes a minor consequential amendment to section 32 of the Principal Act to refer to the percentage payout determined by the licensee, rather than the percentage payout determined by the Minister.

#### **Operation to be subject to correct percentage payout**

Clause 9 - Amends section 44 of the Principal Act to refer to the percentage payout rate determined by the licensee, rather than the Minister.

#### **Interference with gaming machines**

Clause 10 - Amends section 47 of the Principal Act to refer to the percentage payout determined by the licensee, rather than the Minister.

#### **Percentage payout of gaming machines to be displayed**

Clause 11 - Amends section 49 of the Principal Act to require licensees to display the applicable percentage payout rate, in a form and position approved by the Commissioner, on each gaming machine.

This section is also amended consequentially to refer to the percentage payout determined by the licensee, rather than the rate determined by the Minister.

#### **Review by Tribunal**

Clause 12 - Amends section 52 of the Principal Act to require the Commissioner to provide a licensee with written notice stating the reasons for refusal of an application for a variation under section 22(1) or revocation of a section 22 approval under section 22A, within 7 days of that decision.

Licensees would then be able to apply to the A.C.T. Administrative Appeals Tribunal for review of such a decision.

#### **Transitional - percentage payout rate**

Clause 13 - Provides that all licences in force immediately prior to commencement of the above amendments, will continue to have effect in accordance with the conditions approved in that licence. Therefore, all gaming machines will continue at the present 87% payout rate determined by the Minister until varied in accordance with the new arrangements introduced by the current amendments.