

1999

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

GAMING MACHINE (AMENDMENT) BILL 1999

EXPLANATORY MEMORANDUM

Circulated by the authority of the Chief Minister and Treasurer

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Gaming Machine (Amendment) Bill 1999

Summary

The *Gaming Machine (Amendment) Bill 1999* provides for a compulsory minimum level of community contributions by club gaming machine licensees from net gaming machine revenue. The level of community contribution is initially set at 5% of net gaming machine revenue increasing to 7.5% over a three year period. The Commissioner for ACT Revenue (Commissioner) may exempt clubs with an annual gross gaming machine revenue of less than \$200,000 from having to make all or part of the contribution.

There are two categories of acceptable expenditure for the minimum contribution, for which the Minister may issue guidelines. Where a club fails to satisfy the Commissioner that the determined percentage of net revenue has been applied as required to each category, the club will be required to pay the shortfall to the Commissioner. This will be transferred to the Community Services Grants Program, for allocation by the administering authority to community projects.

Non payment of the assessment will be a tax default and will result in the application of interest and penalty tax and may also result in the suspension of a licensee's gaming machine licence.

Revenue/Cost Implications

The Bill will not result in any additional direct revenue for the ACT Government and the additional administrative costs will be absorbed within existing resources.

Details of the Bill are attached.



Details of the Gaming Machine (Amendment) Bill 1999

PART I - PRELIMINARY

Formal Clauses

Clauses 1, 2 and 3 are formal requirements. They refer to the short title of the Bill, and its commencement date, and the definition of the Principal Act. The Bill commences on 1 July 1999.

Interpretation

Clause 4 amends the Principal Act by inserting definitions of important terms used in the Bill.

Suspension and cancellation of licences - general

Clause 5 inserts new paragraphs (ea) and (eb) in section 24 of the Principal Act to provide the Commissioner with the power to suspend for a period, or cancel a licence where a licensee fails to keep proper records of community contributions as required by new section 60C of the legislation, or fails to comply with the reporting requirements of new section 60D.

Suspension and cancellation of licences - community contribution shortfall tax

Clause 6 inserts section 25B which provides for suspension and cancellation of a gaming machine licence where community contribution shortfall tax levied under section 60I is not paid. It details the payment requirements for reinstatement of a suspended licence.

Notice of reviewable decisions

Clause 7 amends section 52 of the Principal Act by inserting two new reviewable decisions resulting from the amendments, being decisions of the Commissioner not to approve contributions as category A or category B contributions.

Insertion

Clause 8 inserts a new Division heading in Part VII of the Principal Act, "Division 1 - General"

Clause 9 repeals the following sections of the Principal Act:

- 54A, which sets the current requirements for a licensee's records of charitable donations;

- 54B, which contains the current requirements for a licensee's end of financial year report to the Commissioner on charitable and community contributions, including the proportion of a club's revenue from gaming machines;
- 54C, which requires the Commissioner to report to the Minister on charitable and community contributions; and
- 54D, which requires the Minister to table the Commissioner's report in the Legislative Assembly.

Insertion

Clause 10 inserts a new Division in part VII of the Principal Act, "**Division 2 - Community contributions**" - the main purposes of which are as follows:

- proposed new section 60A explains in general terms the types of activities which are excluded from qualifying as community contributions;
- proposed new subsections 60B (1), (2) and (3) outline the general requirements for contributions to qualify as category A and category B community contributions, and provide the Commissioner with the power to approve contributions as category A or category B contributions generally or in a particular case;
- proposed new subsection 60B (4) vests in the Minister the power to set, by disallowable instrument, guidelines for approving category A or category B community contributions to ensure that club licensees satisfy the requirements for appropriate expenditure;
- proposed new subsection 60B(5) sets the new requirements for a licensee's records of community contributions including the specification of category A and category B community contributions;
- proposed new section 60C sets the new requirements for a licensee's end of financial year report to the Commissioner on revenue received from gaming and category A and B community contributions;
- proposed new sections 60D, 60E, 60F set the new requirements for the Commissioner to report to the Minister on the extent to which licensees are complying with community contribution requirements, and the Minister to report to the Legislative Assembly;
- proposed new subsection 60G(1) provides that the required proportion of net gaming machine revenue for category A and B community contributions is set

out in Schedule 2 to the Principal Act, or allows the proportion to be set by determination by the Minister;

- proposed new subsection 60G(2) allows the Commissioner, on application from a club, to exempt that club, either fully or partially, from the requirement to pay where its gross gaming machine revenue is less than \$200,000 in a year and where it is just and equitable to do so;
- proposed new section 60H defines the concept of community contribution shortfall for club licensees which allows a licensee to expend more than the minimum determined percentage of net gaming machine revenue on category A, thus reducing the amount required to be expended on category B;
- proposed new section 60I imposes tax on the club licensee at the rate of 100% on any community contribution shortfall; and
- proposed new section 60K requires the Commissioner to pay any such tax to the Community Services Grants Program fund.

Clause 11 inserts Schedule 2 at the end of the Principal Act. This Schedule sets out the minimum required community contributions for club licensees for categories A and B increasing the rate of contributions from 5 % in 1999-2000 to 7.5 % from 2001-2002.

