

[Act 1996 No 103]



New South Wales

Liquor and Registered Clubs Legislation Further Amendment Bill 1996

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.*

Overview of Bill

The object of this Bill is to amend the *Liquor Act 1982* and the *Registered Clubs Act 1976* for the following purposes:

- to change the basis on which duty on hotel gaming machines is calculated (ie from turnover to profit), and to provide for a new sliding-scale in respect of hotel gaming machine duty,
- to provide a revised gaming machine duty structure for clubs,
- to provide for inter-club, and inter-hotel, linking of gaming machines by way of authorised linked gaming systems that will be run by licensed operators,

* Amended in committee—see table at end of volume.

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- to provide for the removal of restrictions on the types of games that may be played on gaming machines in hotels and registered clubs, and in so doing, enable hotels to operate “poker machines”, and enable clubs to operate “approved amusement devices” that are currently restricted to hotels (ie interactive draw poker games),
- to increase the number of approved gaming machines that a hotel may operate from 10 to 30 so long as the hotel does not operate more “poker machines” than “approved amusement devices”,
- to provide for the operation by registered clubs of multi-terminal gaming machines (ie gaming machines designed to be played by more than one player at the one time),
- to make other miscellaneous and consequential amendments.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation, except for certain amendments concerning the *Liquor Amendment (Nightclub Licences and Trading Hours) Act 1996*.

Clause 3 is a formal provision giving effect to the Schedule of amendments to the *Liquor Act 1982*.

Clause 4 is a formal provision giving effect to the Schedule of amendments to the *Registered Clubs Act 1976*.

Clause 5 repeals Schedule 3 of the *Registered Clubs (Amendment) Act 1988* which contains uncommenced amendments to the Registered Clubs Act relating to inter-club linking of poker machines. These amendments will be superseded by the proposed amendments relating to inter-club linked gaming systems.

Amendments (Schedules 1 and 2)

Gaming machine duty structure changes

The Bill provides that the duty payable on hotel gaming machines will be calculated on the basis of profit (or player loss) derived from the machines, rather than on the basis of turnover. The rate of duty will be assessed on a sliding-scale (ie progressive duty rates) in accordance with the amount of

profits derived from the hotelier's gaming machines over a duty period (see **Schedule 1 [3]** and **[4]**). **Schedule 1 [23]** makes provision for the phasing-in of the new duty arrangements. **Schedule 1 [6]** and **[7]** are consequential amendments.

With respect to clubs, duty is presently calculated on the basis of profit. The Bill provides for new progressive duty rates to be applied with respect to a club's annual profits from gaming machines (see **Schedule 2 [5]** and **[7]**).

In the case of a multi-terminal gaming machine operated by a registered club, a flat 30% profit-based rate of duty will apply (see **Schedule 2 [6]**).

Linked gaming device systems (inter-club and inter-hotel)

Both Acts are amended to provide for separate licensing schemes to authorise the operation of linked gaming systems between registered clubs, and of linked gaming systems between hotels. A linked gaming system involves 2 or more gaming machines (eg "poker machines") at different venues being linked electronically to contribute a percentage of the money wagered on the machines to a separate jackpot pool (see **Schedules 1 [19]** and **2 [10]**). A person must be licensed to operate a linked gaming system, and the Minister will be the licensing authority.

The Bill provides for regulations to be made under both Acts with respect to linked gaming systems (see **Schedules 1 [10]** and **2 [3]**). Section 80 of the Registered Clubs Act, and section 163 of the Liquor Act, are amended consequentially to allow the sharing of receipts arising from the operation of gaming machines that are part of inter-venue linked gaming systems (see **Schedules 1 [17]** and **2 [4]**). **Schedule 2 [2]** makes it clear that linkage equipment for intra-club progressive jackpot systems does not include a linked inter-club gaming system.

Gaming machine reforms

The Bill provides that both hotels and registered clubs will be able to keep and operate "poker machines", and "approved amusement devices" (ie gaming machines which carry the draw poker game) on their respective licensed premises. The Bill also provides that relevant provisions of the Registered Clubs Act relating to poker machines will apply (subject to the regulations) to and in respect of hotels, and that relevant provisions of the Liquor Act relating to approved amusement devices will (subject to the regulations) apply to and in respect of registered clubs (see **Schedules 1 [18]** and **2 [9]**). The Bill makes a number of changes in gaming machine terminology in both Acts (the term "approved gaming device" will cover both approved amusement devices and approved poker machines), as well as a number of consequential amendments (see **Schedules 1 [1], [2], [5], [9], [11]-[13]** and **[15]**, and **2 [1]**).

Schedule 1 [14] increases the number of approved gaming devices (ie “poker machines” and “approved amusement devices”) that a hotel may operate from 10 to 30. However, it will be a condition of a hotelier’s licence that the number of poker machines operated in the hotel may not exceed the number of approved amusement devices, and that if more than 10 gaming machines are kept, then no more than 5 may be located in the general bar area with the balance located in a dedicated gaming room (or rooms) complying with the requirements of the regulations (see **Schedule 1 [16]** and **[18]**). Similarly, the number of amusement devices in a club may not exceed the number of poker machines in the club (see **Schedule 2 [9]**).

The Bill provides that registered clubs may operate multi-terminal gaming machines, and provides for the number of such gaming machines at any one club to be limited by the regulations (see Schedule 2 [8]). Provision is also made for each player terminal at a multi-terminal gaming machine to be treated for all relevant purposes under the Registered Clubs Act as a separate poker machine.

Miscellaneous amendments

Schedule 1 [8] prohibits the display outside of hotels of gaming-related advertising material that contravenes the requirements prescribed by the regulations.

Schedule 1 [22] amends the savings and transitional provisions inserted by the *Liquor Amendment (Nightclub Licences and Trading Hours) Act 1996* to make it clear that certain provisions of the Liquor Act that would allow an objection to the granting of an application for a nightclub licence on the grounds of public benefit are excluded. This exclusion is consistent with the existing transitional provisions inserted by that amending Act which provide that holders of certain existing licences are exempted from the operation of related provisions of the Liquor Act requiring the Licensing Court to be satisfied that the granting of the licence is to the public benefit. **Schedule 1 [20]** is a consequential amendment.

Schedules [21] and **2 [11]** enable regulations of a savings or transitional nature to be made as a consequence of the enactment of the proposed Act.