



## Gaming Machines Amendment (Miscellaneous) Bill.

### Second Reading

**Mr McBRIDE** (The Entrance—Minister for Gaming and Racing) [10.55 a.m.]: I move:

That this bill be now read a second time.

The Gaming Machines Act, which commenced on 2 April 2002, introduced a wide range of gaming machine reform measures for the New South Wales club and hotel industry. The Act contains extensive harm minimisation and responsible gambling measures, and introduced a new scheme permitting the transfer of gaming machine entitlements between venues. The Gaming Machines Amendment (Miscellaneous) Bill contains a range of miscellaneous amendments to the Gaming Machines Act. These amendments have been identified as necessary to the proper functioning of the Act, as experience is gained in the administrative and operational side of administering this legislation. While many of the amendments are minor, they are worthwhile and achieve a greater clarity for the operation of the Act as a whole.

A number of clarifications are proposed to provisions relating to large-scale clubs. Eighteen clubs in New South Wales hold more than 450 poker machines and are referred to as large-scale clubs. Under the Act, these clubs must reduce the number of entitlements they hold by 10 per cent, or by such number as would result in the club not exceeding 450 entitlements, over a five-year period commencing in 2002. Due to refinements aimed at providing these clubs with flexibility in the annual reduction process, there is now a need to clarify an end date by which time all the required entitlements must be transferred, including those for which an additional short period of time has been provided under regulations. This time limit is proposed as three months after the end of the five-year period. The end date will be July 2007.

The bill also clarifies that the number of gaming machines held by each large-scale club once the reduction obligations are met is to be the maximum number of machines that may be held by each large-scale club from then on. The insertion of a specific limit for large-scale clubs is considered appropriate, given the special exemption already extended to the number of machines that may be operated in large-scale clubs and the strict limits imposed on all other gaming venues. The bill will amend the Act to clarify that the special arrangements put in place to ensure the efficient and appropriate reduction of gaming machine numbers in large-scale clubs will cease to apply once the club concerned has met its 10 per cent reduction requirement under the Act. This will allow equality in the transfer arrangements that apply to large-scale clubs and all other clubs once the specific requirements for large-scale clubs are discharged. It will also provide an incentive for large-scale clubs to meet the 10 per cent reduction target earlier than 2007.

The bill seeks to recognise the specific circumstances faced by non-metropolitan clubs. Parliament recognised this difference during the debate on the Gaming Machines Further Amendment Bill 2002. A proposal was passed that extended from 1 kilometre to 50 kilometres the distance within which two premises of a non-metropolitan club can be located in order to be allowed to transfer poker machine entitlements between the premises without forfeiture of any entitlements to the State. This bill proposes an amendment in the same spirit.

The Act currently requires a comprehensive social impact assessment to be undertaken if a club wishes to transfer gaming machine entitlements to another of its premises which is more than one kilometre away. While this distance may be appropriate in metropolitan areas, the one-kilometre restriction is considered inappropriate in relation to non-metropolitan areas, where the distances between two premises of the one club can be significantly greater. The bill will amend the Act to enable non-metropolitan clubs to undertake a more routine social impact assessment when transferring entitlements between premises, provided the club premises are within 50 kilometres of each other.

Clubs will still be required to do a social impact assessment, as that is an important part of the gaming machine control framework established by the Act, but this amendment will allow clubs to do a standard class one rather than a more onerous class two social impact assessment. This amendment will recognise the different geographical circumstances faced by non-metropolitan clubs and facilitate the management of gaming machine entitlements between relevant non-metropolitan club premises. The bill will make it clear that the pooling of video-style approved amusement devices—which may be exchanged for a poker machine entitlement at the rate of three approved amusement devices to one poker machine entitlement, in metropolitan hotels, and a rate of two approved amusement devices to one poker machine entitlement for country hotels—is to apply only when hoteliers are down to their last remaining approved amusement devices [AADs] and hold an insufficient number to form an appropriate block of machines for transfer by themselves.

The Act does not currently specify this restriction for left-over or remnant devices, but the legislation has been administered this way in line with the intention as described in the second reading speech for the Gaming Machines Further Amendment Bill 2002. I stress that that is in line with the intention of the original bill. Several hotels have

approached the Liquor Administration Board to approve the exchange of approved amusement devices that are not remnant devices. The scheme permitting an exchange of AADs for poker machine entitlements was provided on the assumption that the total number of machines in a venue would go down. Through allowing non-remnant AADs to be exchanged, a significant number of additional poker machines would be moved into a venue but without an associated drop in the overall numbers of gaming machines, as was intended.

Equally importantly, through this proposed method of exchange, the hotelier would be able to increase the number of poker machines in the venue but avoid the established social impact assessment requirements usually needed for such an increase. To allow those approaches to be approved, when others have not exploited that loophole, would be to disadvantage hoteliers who have been involved in previous exchanges, done in the spirit of the legislation. The bill will ensure that all hoteliers with these devices are treated in an equal manner. The Act currently provides that new and small clubs that had less than 10 gaming machines at the time of the club freeze in 2000 can apply for a number of free entitlements that would bring their total number of entitlements to 10.

The bill will prevent new and small clubs from transferring entitlements to another venue then claiming more free entitlements to bring their total number back to 10. That will prevent exploitation of the free entitlement scheme for small clubs. The bill will insert a definition of public holiday for the purposes of the legislation. A reduction in the mandatory shutdown period for gaming machines can be sought for public holidays. For the sake of clarity, a definition of what is meant by public holiday will be inserted into the Act. The bill provides that if a registered club ceases to trade, the club will still be able to transfer its poker machine entitlements within 12 months, or any such longer time as approved by the Liquor Administration Board. This time limit will promote the reallocation of gaming machine entitlements from closed premises. It will also provide consistency with the requirement that clubs have 12 months to transfer entitlements if a club registration is cancelled or surrendered.

The bill enables a complaint to be made to the Licensing Court on the ground that an hotelier or club has not paid gaming machine tax, or a penalty or interest is due for late payment of any such tax. The bill provides that the disciplinary action the court can impose in relation to such a complaint includes cancelling, suspending or modifying the venues authorisation to keep gaming machines. It is important for the court to be able to impose disciplinary procedures for the non-payment of gaming machine tax, as compliance with such requirements is important in determining the appropriateness of a hotelier or club being allowed to operate gaming machines. The bill seeks to rectify an ambiguity in the legislation that treats gaming-related licences and work permits differently. The Act currently allows the board to cancel a gaming-related licence for the non-payment of a gaming-related fee and reinstate the licence on payment of the fee. The bill will make it clear that an interim work permit may also be cancelled for non-payment of a gaming-related fee and reinstated upon such payment.

The bill provides a regulation-making power that allows a time period to be stipulated within which the Liquor Administration Board must consider a social impact assessment. It is intended that such a regulation-making power will be used only if proposed administrative measures do not achieve the intended result. The bill proposes a number of minor miscellaneous amendments that deal with drafting errors, minor wording changes, or similar clarification. I will not go into the detail of all those amendments other than to note that they are important to the effective operation of the Act. I note that it is now the practice that all bills will be scrutinised by the Legislation Review Committee. The committee's obligations are set out in the Legislation Review Act 1987 and I believe that this bill does not contain any provisions that fall within the areas of interest to the committee.

The bill does not contain any provisions that trespass on personal rights or liberties. It includes a number of provisions which close loopholes. The closing of those loopholes may be seen by some, particularly those who seek to exploit them, as restricting their ability to act in a certain way. However, it is considered that closing those loopholes will ensure that the legislation applies in a more equitable fashion across those businesses that it affects. The bill contains only one regulation-making power; it is narrow and specific and, as such, it is not considered that it would inappropriately delegate legislative powers or insufficiently subject the exercise of legislative power to parliamentary scrutiny. The bill does not contain any provisions that make rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers or upon non-reviewable decisions. I commend the bill to the House.

---

[Your feedback](#) [Legal notice](#)

Refer updates to Hansard Office on 02 9230 2233 or use the feedback link above.