

Red tape reduction and other reform proposals for regulation of liquor and gaming

Discussion paper

(not Government Policy)

February 2013

CONSULTATION DRAFT

Making a submission

All licensed liquor and gambling operators, industry participants and members of the community are invited to comment on the issues identified and the proposals presented in this discussion paper. Your feedback is important as it will reveal whether the proposed changes will work well in practice or whether alternative changes would be more appropriate.

The closing date for submissions is **15 March 2013**. Submissions can be lodged by:

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All submissions received will be published on the Department's website unless clearly marked "Confidential".

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Contents

Foreword	5
Background	6
1. Reducing regulatory burden on industry	10
1.1 Removing the regulatory approval for approved managers of low risk venues	10
1.1.1 The issue	10
1.1.2 Policy objective.....	10
1.1.3 Background.....	10
1.1.4 Options and impacts.....	11
1.1.5 Discussion points / questions	13
1.2 Persons trained in Responsible Management of Licensed Venues (RMLV) taken to be trained in Responsible of Service of Alcohol (RSA)	13
1.2.1 The issue	13
1.2.2 Policy objective.....	13
1.2.3 Background.....	14
1.2.4 Options and impacts.....	14
1.2.5 Discussion points / questions	15
1.3 Adjusting the standard ordinary hours for takeaway liquor	15
1.3.1 The issue	15
1.3.2 Policy objective.....	15
1.3.3 Background.....	15
1.3.4 Options and impacts.....	15
1.3.5 Discussion points / questions	17
1.4 Re-examining liquor trading hours, lock-outs and drink safe precincts	17
1.4.1 The issue	17
1.4.2 Policy objective.....	17
1.4.3 Background.....	17
1.4.4 Options and impacts.....	21
1.4.5 Discussion points / questions	21
1.5 Removing regional boundaries under the club gaming machine entitlement reallocation scheme	21
1.5.1 The issue	21
1.5.2 Policy objective.....	22
1.5.3 Background.....	22
1.5.4 Options and impacts.....	24
1.5.5 Discussion points / questions	25
1.6 Amending the “high risk” glassing classification	25
1.6.1 The issue	25
1.6.2 Policy objective.....	26
1.6.3 Background.....	26
1.6.4 Options and impacts.....	29
1.6.5 Discussion points / questions	29
1.7 Reviewing online liquor sales	29
1.7.1 The issue	29
1.7.2 Policy objective.....	30
1.7.3 Background.....	30
1.7.4 Options and impacts.....	30
1.7.5 Discussion points / questions	31

CONSULTATION DRAFT

1.8	Reviewing laws relating to additional club premises (greenfield sites and amalgamations)	31
1.8.1	The issue	31
1.8.2	Policy objective	32
1.8.3	Background	32
1.8.4	Options and impacts	32
1.8.5	Discussion points / questions	33
1.9	Reducing State-imposed event costs	34
1.9.1	The issue	34
1.9.2	Policy objective	34
1.9.3	Background	34
1.9.4	Options and impacts	36
1.9.5	Discussion points / questions	36
1.10	Providing for the licensing of second-hand dealers of gaming machines	37
1.10.1	The issue	37
1.10.2	Policy objective	37
1.10.3	Background	37
1.10.4	Options and impacts	37
1.10.5	Discussion points / questions	39
2.	<i>Simplifying regulatory administration</i>	39
2.1	Streamlining gaming administration provisions	39
2.1.1	The issue	39
2.1.2	Policy objective	39
2.1.3	Background	40
2.1.4	Options and impacts	41
2.1.5	Discussion points / questions	42
2.2	Ceasing involvement of liquor inspectors in fire safety regulation	42
2.2.1	The issue	42
2.2.2	Policy objective	42
2.2.3	Background	43
2.2.4	Options and impacts	44
2.2.5	Discussion points / questions	44
2.3	Reviewing liquor and gaming subordinate legislation	45
2.3.1	The issue	45
2.3.2	Policy objective	45
2.3.3	Background	45
2.3.4	Options and impacts	46
2.3.5	Discussion points / questions	46
2.4	Reviewing the disciplinary provision under the Liquor Act	46
2.4.1	The issue	46
2.4.2	Policy objective	46
2.4.3	Background	47
2.4.4	Options and impacts	47
2.4.5	Discussion points / questions	47
2.5	Noise controls over liquor licensed premises	47
2.5.1	The issue	47
2.5.2	Policy objective	47
2.5.3	Background	47
2.5.4	Options and impacts	50
2.5.5	Discussion points / questions	50

CONSULTATION DRAFT

2.6 Providing local governments with a greater say in licensing decisions.....	51
2.6.1 The issue	51
2.6.2 Policy objective.....	51
2.6.3 Background.....	51
2.6.4 Options and impacts.....	52
2.6.5 Discussion points / questions	53
3. Reform proposals requested by industry.....	53
3.1 Background	53
3.1.1 Recent gaming machine taxation announcements	53
3.1.2 Concessions requested by industry in response to increased tax	55
3.1.3 Problem Gambling.....	55
3.2 Reviewing gaming machine maximum bet	58
3.2.1 The issue	58
3.2.2 Policy objective.....	58
3.2.3 Background.....	58
3.2.4 Options and impacts.....	62
3.2.5 Discussion points / questions	67
3.3 Reviewing cash input restrictions on gaming machines.....	69
3.3.1 The issue	69
3.3.2 Policy objective.....	69
3.3.3 Background.....	69
3.3.4 Options and impacts regarding the cash input restrictions.....	72
3.3.5 Discussion points / questions	80
3.4 Reviewing hours of operation.....	80
3.4.1 The issue	80
3.4.2 The policy objective.....	80
3.4.3 Background.....	81
3.4.4 Options and Impacts	82
3.4.5 Discussion points / questions	89
3.5 Moratorium on extended liquor trading hours.....	89
3.5.1 The issue:	89
3.5.2 The policy objective.....	89
3.5.3 Background.....	90
3.5.4 Options and Impacts	91
3.5.5 Discussion points / questions	99
3.6 Restrictive trading on days of cultural significance.....	99
3.6.1 The Issue.....	99
3.6.2 The policy objective.....	99
3.6.3 Background.....	99
3.6.4 Options and impacts.....	100
3.6.5 Discussion points / questions	101
Appendix 1	102
Appendix 2	104
Appendix 3	106

Foreword

The Newman Government is committed to reducing the red tape burden on businesses as it looks to grow a four-pillar economy and get Queensland's finances back on track. This commitment extends to the regulation of gambling and the sale and supply of liquor as part of our revitalisation of tourism in Queensland.



Since the election, a number of red tape initiatives have already been implemented to benefit Queensland businesses. On 1 January 2013, a single Commissioner of liquor and gaming replaced the Queensland Liquor and Gaming Commission. This has streamlined the decision making process and will encourage business investment in the state.

2013 will be the year of major red tape reform for the liquor and gaming industry. It is vital that growth is not stifled by inflexible requirements and businesses are not weighed down by the cost of regulatory burden.

As a player in the global economy, Queensland must continue to adapt to the threats and opportunities inherent in change and remove any impediments that may hinder this process. The purpose of this discussion paper is to obtain industry and community views on a regulatory framework for liquor and gambling that is:

- flexible enough to accommodate changing circumstances and expectations
- balanced, transparent and enforceable
- integrated and consistent with other laws
- cost effective and efficient and
- clearly understood by industry and the community

I want to ensure Queensland remains at the forefront of liquor and gambling regulation with a progressive regulatory model. The model must be best practice and provide the right level of oversight of the liquor and gambling industry.

Our regulatory environment must support productivity and economic growth, relevant to the twenty first century, for the benefit of all Queenslanders.

I look forward to receiving your views about how we can make this happen.

Jarrod Bleijie MP
Attorney-General and Minister for Justice

February 2013

Background

Introduction

The Government is committed to building a four pillar economy. In order to facilitate this commitment, it is important to support the development of a vibrant entertainment and tourism industry in recognition of the contributions that have been and are being made by the industry towards employment, leisure and community engagement. Flexible regulation for both the liquor and gaming industries, where appropriate, is critical to this support.

The Government has appointed an expert panel of industry, community and government representatives to review liquor licensing, gaming, trading hours and noise restrictions. The expert panel has contributed to the development of this discussion paper.

This paper aims to facilitate discussion about the strengths and weaknesses of the State's current liquor and gaming regulatory arrangements and processes. It seeks feedback on potential measures, which, if implemented, would reduce the regulatory burden associated with current liquor and gaming regulatory arrangements. One of the aims of the proposed reforms is to shift the regulatory pendulum away from prescription and inflexible regulation. The reforms should facilitate a broad range of regulatory strategies to allow the regulator to better tailor responses to particular issues as the circumstance requires and meet emergent risks. Comments are invited on any other opportunities to improve business efficiency and reduce compliance costs. It is hoped that the outcomes of this paper will provide a broad platform for meaningful regulatory improvement.

Gaming

Background

Under the *Criminal Code Act 1899*, all gaming is illegal in Queensland unless it is authorised by another Act. Before the first casino licence was issued in Queensland in 1985, the only legalised forms of gaming in the State were the Golden Casket, bingo, not for profit games (e.g. raffles, bingo and art unions) and wagering/bookmaking. Gaming opportunities were gradually expanded in the 1990s with the legalisation of gaming machine gaming outside of casinos in 1991, state-wide keno in 1996 and interactive gaming in 1998.

Queensland's prescriptive gaming legislation was developed in an era characterised by concerns about the legalisation and expansion of commercial gaming activities. Due to these concerns, the government of the day was intent on ensuring that Queensland's gaming industry was the cleanest in the world. In this regard, the New Jersey casino regulatory model was adopted for Queensland's first legal casino. This was a highly prescriptive regulatory model to ensure there was no corruption or illegality in the operations of the gaming activity. As a result, Queensland's gaming regulatory framework and enabling legislation revolves around formal precise rules, process control, and a compliance and enforcement culture that is based on distrust of the industry and its commitment to regulatory compliance.

The last major reform of Queensland's gaming regulatory arrangements was undertaken by the previous Liberal National Party Government in 1996 and was limited to gaming machine gaming. This resulted in significant reforms to the industry whereby government divested itself of ownership of electronic gaming machines and the operation of the centralised monitoring system. Clubs and hotels were then free to buy machines and games of their own choice rather than these being selected and allocated by government officials. Private third parties were also licensed to provide centralised monitoring services to clubs and hotels. While significant

CONSULTATION DRAFT

reforms were undertaken at the time, new regulatory controls were implemented that ensured the regulator still had significant control over many sites' gaming activities such as where a machine can be relocated, what games and machines could be purchased and when these can be installed. Despite the Government's clear policy intention at the time to position the industry "to meet the future demands and expectations that will be placed on it given its position in the broader entertainment and leisure industry"¹, an underlying micro-regulatory philosophy still prevailed and the potential for new and emerging technologies was under-utilised.

While there have been a number of amendments to various gaming legislation since 1996, most of these have imposed additional regulation to address specific issues without revisiting more general issues about the level of regulation in the gaming industry. For example, in 2001 a state-wide cap on hotel gaming machine numbers to address the rapid proliferation of gaming machines was imposed. This was followed by a cap on club gaming machine numbers in 2009.

In its July 2009 report, *Blueprint for Fighting Queensland's Over-Regulation*, the Queensland Chamber of Commerce, found the then Queensland Office of Liquor, Gaming and Racing was the state government agency with the highest level of red tape burden. Given the Government's commitment to reducing red tape for business, it is time to revisit Queensland's regulatory arrangements. There have been significant technological advances in the gaming industry since 1996 and many of the current regulatory controls are obsolete and/or do not adequately address new risks.

Proposed course of action

Like all industries, the gambling industry in Queensland needs to move with the times and explore new opportunities for growth and to consider the introduction of new initiatives. Of course, knowing the risks inherent in gambling and the impact that problem gambling can have on individuals and the community, there will always be a need for Government to ensure that appropriate harm minimisation measures are in place, and to scrupulously determine that any proposed new measures will not have a detrimental effect on the Queensland community.

The Government is intent on ensuring Queensland's gaming industry remains the cleanest in the world, and that gaming regulation protects the public by making sure games are honestly run.

The Queensland Government is also committed to cutting red tape and regulation that unnecessarily adds to business costs and reduces profitability and productivity. Removing overly prescriptive requirements will not lessen industry regulatory control but will allow for more flexible approaches for industry and government to better reflect the advantages and challenges of new technologies, a changing market place and increasing competition. The prescriptive enforcement approach in Queensland has been successful in starting new gaming operations however the gaming industry in Queensland today, as elsewhere, is now a mature industry. This Government's priority is to identify where there is duplication, overlap and differences across the myriad of State and federal regulatory requirements that are resulting in excessive compliance costs for business.

This paper does, however, recognise the state of current national debate around the harms of problem gambling, particularly in relation to gaming machines, and evidence produced by the Productivity Commission over the past decade.

Gambling does tend to bring an overall net benefit. In its 2010 report the Productivity Commission estimated that in 2008-09 the benefits from tax revenue and the enjoyment of gambling for recreational gamblers in Australia ranged between \$12.1 and \$15.8 billion while

¹ Queensland Government (1996), *Review of Queensland Gaming Machine Regulatory Arrangements*, p(i).

CONSULTATION DRAFT

the costs to problem gamblers ranged between \$4.7 and \$8.4 billion. Consequently, the overall net benefits of gambling ranged between \$3.7 and \$11.1 billion.

The Productivity Commission's work has played an important role in informing Australian jurisdictions about the nature, costs and benefits of gaming in Australia, and allows the Government to be fully informed as it seeks the best regulatory outcomes for industry and the community.

Liquor

Background

The *Liquor Act 1992* regulates the sale and supply of liquor in Queensland. The purposes of the Act include:

- regulating the liquor industry in a way that minimises harm or potential harm caused by alcohol abuse, misuse and associated violence and minimises any adverse effects on public health, safety or community amenity;
- regulating optimum development of the tourism, liquor and hospitality industries having regard to the welfare, needs and interests of the community; and
- to provide for a flexible, practical system for regulation of the liquor industry of the State with minimal formality, technicality or intervention.

Recent reforms to the Liquor Act in 2008 aimed to reduce red tape. For instance, trading hours were standardised across licence categories and 14 licence types were streamlined into two distinct licence categories (commercial and community) with subcategories for each based on the varying risk associated with the relevant licensed operations. Some innovation was also allowed with the introduction of the "small bar" licence subcategory in 2009. Both the 2008 liquor reforms and the later 2009 and 2010 reforms (which occurred against the backdrop of increased community concerns over alcohol-related violence) saw the introduction of a number of measures to minimise harm from the misuse and abuse of alcohol.

Some of these reforms were also informed by the bipartisan Law, Justice and Safety Committee's *Inquiry into alcohol-related violence*, which provided its final report in March 2010.

Although the reforms were intended to prioritise and strengthen the role of harm minimisation, some reforms may have also created additional red tape without sufficient regard for the actual potential risk of harm. These included:

- the introduction of risk assessed management plans as part of the liquor licensing process;
- the introduction of a manager's approval to ensure that managers of all licensed venues are responsible for ensuring compliance with the Act and conditions of the licence; and
- the creation of a "high risk" category to ban the use of regular glass in licensed venues.

Proposed course of action

The Queensland liquor industry is diverse with evolving sectors each with specific interests and demands. To assist the liquor industry in Queensland to continue to experience growth and contribute to Queensland's economy, the Government seeks to ensure the regulatory environment is conducive to growth and innovation.

To support the development of the industry and provide practical regulation while minimising harm, regulatory reform should be approached on the basis that by far the majority of licensees want safe and incident free premises.

CONSULTATION DRAFT

Compliance and enforcement activities should focus on rogue operators and those licensees who consistently do not do the right thing by their customers and the broader community. However, there are many small neighbourhood restaurants and cafés that may inadvertently breach the terms of their licence from time to time. While the regulator already adopts an escalated enforcement policy², regulatory strategies could be further enhanced to ensure that these hard working small business operators are assisted as much as possible to meet their regulatory obligations including reviewing whether the regulatory requirements are appropriate for this segment of the industry.

In assessing premises of higher risk, the Government needs to move beyond a crisis-management approach to determine sustainable approaches to regulation which provide for patron safety while recognising the limits of Government action.

There are also strong arguments that the culture of alcohol consumption needs to be addressed more comprehensively. For example, the Queensland Hotels Association points out that the majority of alcohol consumption occurs off-premises:

“Today, more than 70% of liquor consumption (by volume) in Australia, and Queensland, is undertaken away from licensed venues, in domestic, recreational or sporting environs. The actual figure for Queensland in 2012 is that 72% of alcoholic beverages are consumed away from a licensed venue, and 28% of consumption occurs in licensed environments.³ This pattern of alcoholic beverage consumption suggests that, for maximum effectiveness, harm minimisation strategies should extend well beyond licensed venues and into the homes and recreational venues where Queenslanders are consuming a majority of their liquor. Issues related to the misuse of alcohol are complex and suggest a holistic, multi-faceted approach including community education as it is the culture around alcohol use that needs to change for long-term success.”

The Queensland Hotels Association also points to research that demonstrates:

“Per capita liquor consumption in Australia has declined by more than 15% over the last 20 years, from more than 12 litres per adult to just over 10 litres per adult per annum.⁴ This long term trend towards lower per capita alcohol consumption suggests that social harm emanating from the misuse of alcohol in Queensland may relate predominately to the nature of consumption, not the quantity of consumption.”

However, it should be noted that the reduction in consumption referenced by the Queensland Hotels Association was achieved by 1995-96 when consumption reached 9.8 litres per person. Since then, consumption has very slowly *increased* to its current level.⁵

The current review process needs to assess the ongoing legitimacy of previous policy approaches and whether current regulatory approaches are achieving their objectives.

² Under which education, assistance and advice is provided in the first instance (except in the case of particularly serious offences).

³ Foundation for Alcohol Research and Education, 2012, *Annual Alcohol Poll: Attitudes and Behaviours*.

⁴ See Australian Bureau of Statistics, [Apparent Consumption of Alcohol, Australia, 2009-10 - Catalogue # 4307.0.55.001](#)

⁵ See Australian Bureau of Statistics, [Apparent Consumption of Alcohol, Australia, 2009-10 - Catalogue # 4307.0.55.001](#)

1. Reducing regulatory burden on industry

1.1 *Removing the regulatory approval for approved managers of low risk venues*

1.1.1 The issue

The Liquor Act applies the requirement for the retention of an approved manager to all licensed venues, regardless of the risk presented by the venue or type of venue. The approval requirement may be excessive for low risk venues such as restaurants and cafés, especially if the venue does not trade beyond 12am and if staff who serve liquor are trained in the responsible service of alcohol (as required by the Act).

1.1.2 Policy objective

The reform policy objective is to adequately scale the requirement for approved managers so that low risk premises are not subjected to unnecessary costs and over-regulation, whilst ensuring that liquor is still served responsibly at such venues.

1.1.3 Background

The Liquor Act requires that all persons involved in the service or supply of liquor must be trained in the responsible service of alcohol. Additionally, the Liquor Act requires that liquor licensees must⁶ employ at least one approved manager.

A liquor approved manager is the person in control of the licensed premises or premises to which a permit relates. In the conduct of business on the premises, the approved manager is responsible for ensuring that liquor is supplied or possessed on the premises only in accordance with the authority conferred by the licence or permit.⁷

An approved manager for the venue must be on site or reasonably available⁸ during ordinary trading hours and during extended trading hours between 7am and 10am. An approved manager *must* be on site (rather than reasonably available) during extended trading hours between 12am and 5am.

Part 5C of the Liquor Act regulates the approval of approved managers. Applicants must undergo probity checks and provide evidence that they are certified in the responsible management of licensed venues (RMLV) and responsible service of alcohol (RSA). In addition to the costs incurred in completing these courses, the applicant must pay a fee of \$415 to the Office of Liquor and Gaming Regulation (OLGR) to cover the costs of assessing the application. The approval must be renewed every five years, at the same cost (adjusted for consumer price indexing).

The number of approved manager applications lodged with OLGR in 2010-11 was 3,056. No application was refused on the grounds that the applicant was considered unsuitable.

Jurisdictional approaches to the approval of individuals in charge of licensed venues vary. In the Australian Capital Territory, Tasmania and Victoria, managers of licensed premises are not

⁶ An exception exists if the licensee is an individual who can be available to the premises on the same basis that an approved manager would be.

⁷ Approved managers replaced liquor nominees in this role from January 2009.

⁸ “Reasonably available” means that the approved manager must be readily contactable by venue staff and able to attend the venue within one hour of being contacted. The one hour period can be extended on application to the chief executive.

CONSULTATION DRAFT

approved by the regulator, although they must have successfully completed RSA training. Queensland, Victoria and Western Australia are the only jurisdictions that require training in RMLV.

1.1.4 Options and impacts

Significant red tape reduction activities have already been undertaken in relation to approved managers with the introduction of online application processes. Average processing times have been reduced from over 40 days to less than 10 days since July 2011. However, more can be done for the industry to reduce the regulatory burden.

In this regard, it is proposed to remove the requirement for an approved manager in respect of low risk venues (that is, restaurants and coffee shops that do not trade after midnight).

However, staff serving liquor in these venues will still be required to hold a current RSA certificate. Under this proposal, the chief executive would be empowered to require a venue to have an approved manager if adverse issues with the operation of the venue are identified (e.g. alcohol-related violence or instances of undue intoxication).

Approved managers will be retained for clubs, hotels and cabarets as consultation with industry associations for these businesses has indicated support for the continued licensing of approved managers.

Option 1 – accept the proposal (remove requirement that certain low risk venues retain approved managers)

Benefits

The proposal fulfils the policy objective by requiring that licensed premises are managed by people with appropriate training in RMLV and RSA, without requiring the outlay of \$415 by the relevant low-risk businesses. The removal of this regulatory approval requirement for lower risk premises will therefore result in significant cost and time savings for job seekers, current employees and industry.

In Queensland, 2,082 out of 6,633 sites are classified as restaurants operating under a “commercial other – subsidiary on premises” licence. Removal of the requirement that these venues retain an approved manager, if they do not trade beyond 12am, will remove an unnecessary process for approximately 31 percent of all these licensed venues, representing a real reduction in regulatory burden. Assuming that the vast majority of these venues do not trade beyond midnight, and that an equivalent percentage of approved manager applications arise proportionately from this sector of the industry (which would be a generous estimate⁹), the savings to restaurants, cafés and other low risk businesses based on 2010-11 approved manager application statistics (as quoted in 1.1.3 above) is \$0.39M.

Costs

For the industry sector, the future lack of Government “clearance” of these potential employees may be considered a cost. The existing approval process may be perceived to provide an indication that a person is of suitable character to run the liquor licensee’s business.

⁹ Other types of venues (such as hotels and nightclubs) are generally more likely than restaurants to remain open after 12am. Because approved managers must be on premises during trading between 12am and 5am, it follows that these late-trading types of venues would be more likely than restaurants to employ multiple approved managers for rostering purposes. The estimate that 31 percent of approved manager applications are associated with restaurants because 31 percent of licensed premises are restaurants is therefore a generous estimate.

CONSULTATION DRAFT

Subsequently, removal of the requirement may result in some concern amongst industry and the community that removing the approval of managers (at low risk premises) may result in unsuitable persons being involved in the management of some restaurants, cafés and other low risk venues. However, in response to these concerns, it should be noted that government approval is not required for the management of other hospitality businesses.

Additionally, given the purposes of the Act and precedents set by case law, it is difficult to refuse an individual's application on the mere basis of some adverse criminal history where there may be no direct relationship between the offence and the main purposes of the Act (which include minimising harm and the potential for harm from alcohol abuse and misuse and alcohol-related violence).¹⁰ Under section 142R of the Liquor Act, the relevant matters the chief executive may have regard to in deciding the application include the applicant's knowledge of the Act, and whether the applicant has a history of behaviour that would render the person unsuitable to hold the approval. As stated in 1.1.3 above, no applications have been refused on the grounds of unsuitability.

It should also be noted that the proposal still requires restaurant and café licensees to ensure their venues are supervised by a person trained and certified in the responsible service of alcohol and the responsible management of a licensed venue.

The proposal is limited to restaurants and cafés and it is not proposed that the regulatory approval process regarding approved managers should be changed for higher-consumption venues such as clubs and hotels. It could be argued that retention of an approved manager approval process for these higher-risk premises reflects the key role played by managers in ensuring a safe and responsible environment for liquor consumption in these premises.

The proposal may also reduce government revenue by an estimated maximum of \$0.39M in foregone application fees. However, this is offset by the fact that the service covered by the foregone fees will no longer be required (in regard to low risk premises) and resources can be allocated to other priorities.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none"> • Greater pool of potential employees • Savings of \$0.39M to low risk premises, though this is a generous estimate • Reduction in venue red tape as no longer required to have approved manager readily available. 	<ul style="list-style-type: none"> • Loss of any probity assurance provided through Govt approval of people responsible for management of service of liquor at low risk venues
Community	<ul style="list-style-type: none"> • Reduction in red tape for job seekers, who must still be certified in RSA and RMLV but do not need to seek licensing approval 	<ul style="list-style-type: none"> • Loss of any probity assurance provided through Govt approval of people responsible for management of service of liquor at low risk venues
Government	<ul style="list-style-type: none"> • Minor potential for reallocation of resources to other priorities 	<ul style="list-style-type: none"> • Loss in revenue of \$0.39M (at most)

¹⁰ Section 3(a)(i) Liquor Act.

Option 2 – reject the proposal (all licensed venues to continue to have approved managers)

Benefits

Foregoing the proposal may be considered to ensure that an absolutely robust, if heavy-handed, approach to the management of the responsible service of liquor by trained persons of suitable character continues to apply even at low risk venues.

Costs

The costs of rejecting the proposal are considered to be the foregone benefits of Option 1 and the continued red tape applicable to restaurant and café businesses in regard to retention of an approved manager.

1.1.5 Discussion points / questions

The Government is seeking views on:

- Whether respondents consider that there remains a need for Government approval of managers for low-risk restaurant and café premises that do not trade after midnight, given the continuing requirement that people in this role are trained in RSA and RMLV.
- Given consideration of the costs and benefits above, which option (1 or 2) is best for Queensland?
- Are there other options that might be considered?

1.2 Persons trained in Responsible Management of Licensed Venues (RMLV) taken to be trained in Responsible Service of Alcohol (RSA)

1.2.1 The issue

Section 142Q of the Liquor Act requires that an application for approval as an approved manager is accompanied by training course certificates demonstrating that the applicant is trained in RSA and RMLV. The Act currently requires approved managers to refresh their RMLV and RSA courses every three years. A problem exists in that a person who is trained in RSA may move on to a position in which they require training in RMLV (for example, a bar attendant who later becomes an approved manager). In this scenario, the person may likely find their RSA training expiring before the expiry of the three year term of their RMLV training. This would require the person to attend two courses in short succession. For example:

Susan was employed behind the bar of her local club in January 2010. In September 2012, she is promoted and requires an approved manager's licence. She completes RMLV training in the same month. In January 2013, her RSA certificate expires and she is required to undertake RSA training again – despite having recently completed a higher level of training in RMLV.

1.2.2 Policy objective

The reform policy objective is to reduce red tape related to the training pre-requisites for approved managers, without significantly impacting on the quality of training and the level of expertise provided to venues and the community by approved managers.

1.2.3 Background

The responsible service of alcohol (RSA) is a foundation of harm minimisation under the Liquor Act. The training framework provided under the Act requires that *all persons* involved in the service of alcohol at licensed premises are RSA trained and hold a current RSA certificate.

Additionally, approved managers for premises must undergo a higher level of training known as Responsible Management of a Licensed Venue (RMLV) – in addition to their being trained in RSA.

1.2.4 Options and impacts

It is proposed that persons trained in RMLV will be taken to have automatically completed RSA.

Option 1 – accept the proposal (accept that persons trained in RMLV are trained in RSA)

Benefits

Requiring persons who are charged with managing licensed venues to undergo one course rather than two would create efficiencies and, potentially, savings to industry businesses and employees. For example, in the example given under 1.2.1 above, Susan would be taken to have RSA training for the duration of the remaining term of her RMLV certification, and would not have to undergo further RSA training.

Costs

It is not expected that there will be significant community/social costs arising from the implementation of the proposal.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none"> Assurance that approved managers need only do one course every three years (if RMLV is the course) Trainers need only issue one certificate instead of two 	<ul style="list-style-type: none"> No obvious costs
Community	<ul style="list-style-type: none"> Increased clarity for job seekers 	<ul style="list-style-type: none"> No obvious costs
Government	<ul style="list-style-type: none"> Streamlined/simplified enforcement activity regarding mandatory training requirements for approved managers. 	<ul style="list-style-type: none"> No obvious costs

Option 2 – reject the proposal (maintain the status quo - persons trained in RMLV must also be trained in RSA)

Benefits

It is not considered that there are any benefits to rejecting the proposal.

Costs

The costs of Option 2 are basically the foregone benefits of Option 1.

1.2.5 Discussion points / questions

The Government is seeking views on:

- Is there any reason why the proposal under Option 1 should not be considered?

1.3 *Adjusting the standard ordinary hours for takeaway liquor*

1.3.1 The issue

Currently the standard hours for the sale of takeaway liquor entail a 10am opening time which is not aligned with community shopping hours and habits.

1.3.2 Policy objective

The reform policy objective is to remove a regulatory restriction whilst continuing to minimise alcohol-related harm.

1.3.3 Background

Under section 9 of the Liquor Act, ordinary trading hours are between 10am and 10pm. A licensee can apply to extend these hours (9am to 10am and 10pm to midnight) if a community need for the sale of liquor during the extended period can be demonstrated.

There are currently 789 takeaway liquor outlets or “detached bottle shops” in Queensland (excluding hotels and community clubs that sell takeaway liquor). A number of detached bottle shops are located within community shopping centre precincts and are therefore subject to the opening times of the centre. OLGR receives many extended trading hours applications for a 9am start. Currently, of the total 789 detached bottle-shops, 307 detached bottle-shops have approval to open prior to 10am and very few (if any) applications for 9am commencement are refused.

It is considered that there is little risk in extending the hours for takeaway liquor by one hour given the current prohibition on the consumption of takeaway alcohol in takeaway outlets and in public spaces. It is likely that a significant proportion of alcohol bought between 9am and 10am is likely to be consumed in domestic settings. This is because most of the trade is usually to shoppers who purchase their take-home liquor supplies when shopping for other food and household needs.

International research indicates that a reduction in closing times reduces intoxicated decision-making as late night purchasers are more likely to be people who wish to continue drinking after running out of alcohol supplies or after leaving licensed premises. These spontaneous purchasers are more likely to be engaging in unsafe drinking behaviours. In relation to opening times, however, it is less likely that takeaway liquor outlet customers are intoxicated or proposing immediate consumption in the morning. Customers are purchasing their alcohol as part of their regular shopping pattern and are less likely to engage in intoxicated decision-making.

1.3.4 Options and impacts

It is proposed that the commencement time for the sale of takeaway liquor be adjusted from 10am to 9am.

CONSULTATION DRAFT

Option 1 – accept the proposal (allow sale of takeaway liquor from 9am)

Benefits

Adjusting the ordinary trading hours for the sale of takeaway liquor by one hour will reduce the regulatory burden on those who wish to trade from 9am, often so as to align with local retail practices. Licensees who choose not to open at 9am will be able to maintain their current hours. An increase in ordinary trading hours would be expected to bring some increased revenue for bottle shops and increased convenience for consumers.

For government, administrative resources for the processing of extended hours applications for detached bottle shops will no longer be required, although this is anticipated to represent only a minor saving.

Costs

In its 2010 *Inquiry into alcohol-related violence*, the Law, Justice and Safety Committee noted that the proliferation of takeaway liquor outlets in recent years has assisted a culture of “pre-loading” (i.e. where patrons consume alcohol before going to licensed premises). It recommended that detached bottle shops should not be given an exemption from the 10am opening time and should close no later than what is considered a normal retail closing hour – 9pm.

Customers purchasing their alcohol as part of their regular shopping pattern in the morning, as opposed to late night purchasers, are less likely to engage in the type of intoxicated decision-making associated with a culture of “pre-loading”.

While most takeaway liquor outlet customers are not intoxicated or immediately consuming alcohol in the morning, earlier ordinary trading hours may exacerbate problems of public intoxication and homelessness, such as exist in the central business district areas of Townsville and Cairns. However, it should be noted that this issue can be addressed by conditioning licensees not to sell casks before a certain time rather than prevent them from operating their stores before a certain time.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none">• Reduces regulatory burden of having to apply for 9am commencement (for example to align with shopping centre hours)	<ul style="list-style-type: none">• None identified.
Community	<ul style="list-style-type: none">• Greater convenience and flexibility	<ul style="list-style-type: none">• Perception of possible increased harm
Government	<ul style="list-style-type: none">• Reduced processing workload	<ul style="list-style-type: none">• Minor revenue loss (application fees)

Option 2 – reject the proposal (standard hours continue to commence at 10am, with the ability to trade from 9am if approved by OLGR)

Benefits

The Local Government Association of Queensland is of the view that 9am starts should be considered on a case by case basis because shopping centres across Queensland do not have standard opening hours and “bottle shops are often located in strip-shops and in proximity to public spaces such as parks, recreation areas and schools”. The Association advises that:

“Councils across Australia have set up alcohol-free zones which include daylight hours to respond to measures to limit consumption of alcohol in public.

CONSULTATION DRAFT

Changes in the Queensland Planning Provisions mean that a detached bottle shop is not a defined use and falls under the definition of a shop. Shops are often code or self-accessible. This means that Councils do not have an opportunity to provide any conditions on bottle shops during the planning stages, including hours of operation. Often when the application comes through for a liquor license from the OLGR there are no grounds to object even if there is evidence of alcohol-related anti-social behaviour in the area.”

Costs

The costs of Option 2 are considered to be the foregone benefits of Option 1.

1.3.5 Discussion points / questions

The Government is seeking views on:

- Specific community/social costs that may arise from a change in standard ordinary trading hours for takeaway liquor and whether those costs outweigh the expected economic benefits.
- Any reason why Option 1 should not be considered.
- How the respondent would be personally affected by the sale of takeaway liquor from 9am as opposed to 10am.

1.4 Re-examining liquor trading hours, lock-outs and drink safe precincts

1.4.1 The issue

The issue is whether the current suite of measures and/or restrictions in place under the Liquor Act particularly to regulate late night liquor trading are the most effective and optimal mix to support the development of the industry, whilst appropriately minimising harm and protecting amenity.

1.4.2 Policy objective

The reform policy objective is to remove any unnecessary regulation or restriction to promote industry growth and innovation, whilst continuing to minimise both impacts on the amenity and alcohol-related harm impacts on the community.

1.4.3 Background

The night time economy provided through extended liquor trading hours creates jobs and provides for a vibrant and popular entertainment environment.

However, the benefits of this aspect of the night time economy must be balanced against a number of financial and social costs. Late night liquor trading has the potential to impact on the amenity of local residents who may be exposed to nuisance and noise. Late night liquor trading also represents the time in which the most harm from alcohol-related violence occurs.

Ordinary Trading Hours

Under section 9 of the Liquor Act, ordinary trading hours are between 10am and midnight. A licensee can apply to extend these hours (9am to 10am or 7am to 9am for a community club) if a community need can be demonstrated. Further, section 85 of the Act allows a licensee to apply for extended liquor trading hours between 12am and 5am. Applications under section 85

CONSULTATION DRAFT

are currently the subject of a moratorium, unless the venue is located within an extended trading hours precinct. There are currently 10 extended trading hours precincts which are generally located in central business areas rather than suburban areas. Licensees with approvals pre-dating the introduction of the moratorium are entitled to continue to trade for extended hours notwithstanding the moratorium.

Trading hours were most recently considered by the bipartisan Parliamentary Law, Justice and Safety Committee's *Inquiry into alcohol-related violence* in 2010. The Committee was of the overall view that liquor trading hours should be significantly scaled back, with the longest extended hours deemed acceptable for premises located in entertainment precincts.¹¹ The following table summarises the Committee's recommendations regarding trading hours:

Table 1.1 Parliamentary committee recommendations regarding trading hours

	Sun-Thurs	Fri-Sat
Entertainment precincts	10am – 2am	10am – 4am
Outside entertainment precincts	10am – 1am	10am – 3am
Bottle shops	10am – 9pm	10am – 9pm

The Queensland Hotels Association advises that the recommendations are contrary to Queensland's risk based approach to licensing, and that:

“All licensed stakeholders in the liquor industry are strongly opposed to any trading hours solution based on geography and different trading hours on different days of the week.”

The previous Government's response to this recommendation was not to change hours, but to trial Drink Safe Precincts (DSPs).

Late night liquor trading hours generally

Several research studies reveal that there is a link between increases in liquor trading hours and alcohol-related harm and violence.¹² In its final report into alcohol-related violence, the Parliamentary Law, Justice and Safety Committee expressed the view that appropriately controlled drinking environments would help to reduce alcohol-related violence.

The Local Government Association of Queensland recently advised that:

“Local Governments often respond to the effects of alcohol-related assaults, injuries, property damage and other forms of anti-social or illegal behaviour. The extension of hours has the ability to externalise the costs - to the police, Councils and broader community...”

The City of Sydney has undertaken extensive work around the late night economy. It includes a variety of initiatives that are broader than increasing access to alcohol. It identifies the need for supporting infrastructure and activities to attract residents and tourists. Further information, including a cost-benefit analysis, is available [in the report].”¹³

Lock-outs

Lock-outs are a crime prevention measure adopted in most Australian jurisdictions, with the primary intention of reducing the migration of patrons between licensed premises and affording greater control (primarily by police) over patron behaviour in the late night drinking

¹¹ The boundaries of which would be prescribed in the Liquor Regulation.

¹² Parliamentary Law, Justice and Safety Committee's final report into alcohol-related violence, p46.

¹³ The report, entitled *OPEN Sydney: Draft strategy and action plan 2012 - 2030*, is available from <http://www.cityofsydney.nsw.gov.au/business/CityEconomy/NightTimeEconomy.asp>. Further information on the report is contained in 3.5 *Moratorium on Extended Trading Hours* below.

CONSULTATION DRAFT

environment.¹⁴ Lock-outs encourage or require licensees to prevent patrons from entering licensed premises after a certain time, while those already in a licensed venue are permitted to remain and continue to drink until closing time.

The issue of lock-outs was also considered by the Parliamentary Committee. The Committee noted the lack of comprehensive evaluation and evidence about the effectiveness of lock-outs, but erred in favour of retaining the lock-out due to evidence presented by venue managers, police and other stakeholders who informed the Committee they believe the lock-out assisted them to effectively manage sites.

In its final report on the findings of the inquiry into alcohol-related violence, the Parliamentary Law, Justice and Safety Committee recommended that a 2am lock-out apply to all licensed venues. In its response to the report, the then Queensland Government did not support this recommendation. It reported that the development and implementation of place-based management plans (for the DSPs) were aimed at maintaining law and order, and would complement the lock-out policy in managing the safe movement of people in a precinct. On this point, the then Government felt that the 3am lock-out was adequate and provided a good balance between patron safety and the sustainable growth of the late night economy. The then Government also responded that *“as part of the evaluation of place-based management plans, consideration will also be given to evidence on the contribution of the lock-out to minimising harm in the local area and whether it is more appropriate for lock-outs to be considered as part of a suite of harm minimisation measures where measures are developed and adapted to suit local conditions.”*

Recently, there have been concerns raised in the industry that lock-outs increase the likelihood of violence on the streets, increase violence against security guards from intoxicated persons refused re-admittance after 3am and have the potential to contribute to escalating violence within a pub or nightclub.

The National Drug Research Institute (2007) review of alcohol restrictions in Australia concluded that current evidence for the efficacy of lock-outs is insufficient to conclude causality but requires and warrants further investigation. The report concluded that lock-outs:

- may be a viable short-term approach to reducing acute workload pressures on police during late night hours, especially for entertainment precincts with high levels of problems;
- should be regarded as a support strategy, secondary to other more effective mandatory restrictions;
- might rely on a level of ongoing police enforcement to be effective; and
- where voluntary, are unlikely to have long-term viability because they are likely to be undermined when not supported by, or inclusive of, all licences operating in a given area.

Lock-outs are only one of a suite of strategies that may be used to improve the late night drinking environment along with other strategies such as introduction of “soft closure” strategies, CCTV, improved lighting, greater police presence and improved transport.

A recent study based on statistical analysis of Queensland Police data found that the lock-out, while very effective in reducing violence inside licensed venues, has had no effect on the scale of violence outside licensed premises in entertainment precincts.¹⁵ It also creates peak late night demand for public transport, resulting in queues and increased potential for altercation. The Sunshine Coast Chambers of Commerce Alliance advises that:

¹⁴ Ministerial Council on Drugs, 2009

¹⁵ Mazerolle L., White G., Rasley J. and Ferguson P., 2012, *Violence in and around entertainment districts: A longitudinal analysis of the impact of late night lockout legislation*, Law and Policy, 34(1), p55–79.

CONSULTATION DRAFT

“3am lock-outs in Fortitude Valley (Queensland’s only Special Entertainment Precinct) are creating a range of challenges for stakeholders in the area. Namely:

- *There is an undersupply of toilet facilities to deal with the patrons locked out of venues*
- *Taxi ranks are becoming clogged with waiting times routinely exceeding one hour wait*
- *Violence results from unnecessarily frustrated revellers not being able to return to their friends, or get home*
- *Patrons find themselves without enough money for a taxi (dangerous particularly for women)*
- *Tourists enjoying Brisbane’s only real ‘late night area’ don’t understand the rules*
- *Patrons wanting to stay out partying on the streets are unsupervised*
- *Bad behaviour goes unsupervised*
- *The reputation of the area suffers, vandalism is more likely etc.”*

Drink Safe Precincts

The former Labor Government’s primary response to the Parliamentary Committee’s report was to trial DSPs for a two year period in three late night liquor trading areas in the State – Surfers Paradise, Fortitude Valley and the Townsville CBD. The trial has been extended until September 2013.

To date, the DSP pilot has proved it is delivering strong results in mitigating nuisance and harm arising from late night liquor trading, with the extra police presence having a major impact. During the first 12 months of the pilot, police have spent an additional 33,373 hours in the three precincts, arrested 4,524 people, conducted 8,304 walkthroughs of licensed premises and detected 799 licensing breaches. OLGR also conducted 519 compliance operations, and conducted an additional 221 investigations.

Support services established in each of the three precincts have assisted more than 18,067 patrons. Information regarding the presentation of clients to the Chill Out Zone support service within the Fortitude Valley and Surfers Paradise DSPs over the period 10 December 2010 to 20 October 2012 indicates that intoxication-related presentations peak in the hour between 1 and 2am (see Appendix 1).

Consideration as to whether the place-based approach should be continued and/or extended to other entertainment precincts in Queensland will be informed by the final evaluation of the pilot. Options for funding the continuation of the DSPs may include a user pays approach (i.e. cost burden on the patron through increased drink prices, door entry fees and taxi/public transport levies), increased licence fees (putting the cost burden on licensed venues), additional Government funding (both local and State) or a combination of these.

The interim evaluation of the Drink Safe Precinct trial concludes that, while definite conclusions will not be available until after the conclusion of the two-year trial, the analysis of the first 14 months of the trial has shown that:

1. The place-based DSP approach has improved the response to the high levels of violence and disorder associated with the dense concentration of pubs and nightclubs in the DSPs. The DSP model has ensured greater coordination of local level strategies, is well regarded by stakeholders and has improved perceptions of safety.
2. The introduction of the DSP trial is associated with positive signs suggesting a reduction in alcohol-related violence in the Fortitude Valley DSP, and especially in the Surfers Paradise DSP. However, in Townsville the introduction of the DSP trial is not associated with a clear reduction in alcohol-related violence and disorder.

1.4.4 Options and impacts

It is considered that there are three broad options that might be examined:

- a less restrictive approach;
- a more restrictive approach; and
- maintain the status quo, with an end to the current moratorium on applications for post-midnight trading outside of entertainment precincts.

Given that the night-time economy provides jobs and entertainment, a less restrictive approach to late night liquor trading is likely to result in significant economic benefits to traders and the tourism and hospitality sector more broadly. Consumers will also benefit from increased choice and competition, as well as utility.

The status quo would see the potential benefits of the less restrictive approach foregone.

Implicitly, a more restrictive approach to these issues would result in less benefit to industry than is currently derived.

1.4.5 Discussion points / questions

The Government is seeking views on:

- How would any removal of the 3am lock-out affect the respondent personally?
- How might the late night economy be bolstered by means not related to access to alcohol?
- What approach is best for Queensland in regard to late liquor trading, lock-outs and DSPs –
 - A more restrictive approach
 - A less restrictive approach
 - The status quo?
- What would the respondent's preferred approach entail (if more restrictive / less restrictive is the preference)?

Please note: views regarding the moratorium are requested at item 3.5 below.

1.5 Removing regional boundaries under the club gaming machine entitlement reallocation scheme

1.5.1 The issue

Gaming machine laws divide clubs into three geographical regions known as “entitlement regions”. Clubs are allowed to trade gaming machine entitlements only within their own entitlement region.

1.5.2 Policy objective

The reform policy objective is to remove any unnecessary regulatory restrictions to promote industry growth, having regard to appropriately equitable outcomes.

1.5.3 Background

On 16 April 2008, the previous government capped the number of gaming machines that may be operated by clubs in Queensland. The cap was eventually set at 24,705.

To administer the cap, the Government created 24,705 tradable gaming machine “entitlements” for clubs. These entitlements were allocated to clubs on the basis of one for each approved gaming machine granted to a club as at 16 April 2008. Legislation was subsequently passed to allow clubs to operate one gaming machine for each entitlement in their possession.

Subject to some transitional arrangements, clubs granted the approval to operate additional gaming machines¹⁶ after the introduction of the cap have been required to source their entitlements from the 24,705 existing entitlements already allocated to clubs (or from a small surplus held by the Government¹⁷). These arrangements ensure that the number of club-operated gaming machines in Queensland does not exceed 24,705 state-wide.

Clubs are only eligible to obtain entitlements if their *approved number of gaming machines* (as fixed on the licence) exceeds the number of entitlements already in the club’s possession. Despite the existence of the market-based reallocation scheme, the maximum number of gaming machines that an individual club may operate is still fixed individually for each club by the commissioner for liquor and gaming. Clubs may not obtain a number of entitlements that exceeds the number of approved gaming machines fixed for the premises by the commissioner. It follows that:

- Existing clubs who wish to acquire more entitlements in order to operate additional gaming machines must apply to the commissioner for an increase in the approved number of gaming machines at the premises.
- Clubs that do not hold a gaming machine licence must obtain a licence before they are eligible to acquire entitlements. If the commissioner grants the licence, the commissioner will fix an approved number of gaming machines for the premises (with consideration given to the number of gaming machines that the applicant has requested in the application).

Once the approved number of gaming machines for the premises exceeds the number of entitlements that the licensee already has, the club can obtain entitlements by either:

- negotiating a transfer of entitlements (on a permanent or temporary basis) from another club; or
- obtaining the entitlements from an authorised sale conducted by the Government.

¹⁶ A club is granted approval to operate additional gaming machines through either the approval of a licence application, an application for additional premises, or an application to increase the approved number of gaming machines for the premises.

¹⁷ The surplus is included in the total number of 24,705 and exists because a number of clubs surrendered their gaming machine licences between the announcement of the cap number in November 2008 and the actual allocation of entitlements to clubs on 30 November 2009. Clubs that surrendered their gaming machine licences in the year between the announcement and the allocation were not eligible for entitlements, and the relevant number was forfeited to the State.

CONSULTATION DRAFT

The *Gaming Machine Act 1991* sets out the rules under which clubs can trade entitlements amongst themselves. Amongst these rules is a requirement that entitlements may only be traded amongst clubs that are located in the same entitlement region.

There are three entitlement regions in Queensland, being the south-east, western and coastal regions as depicted on the map at Appendix 2. Supply and demand, and consequently the value of entitlements, varies considerably between the regions.

The regional boundaries were initially introduced to:

- ensure entitlements do not gravitate to the south-east region creating an increase in the number of gaming machines per capita in that region while denying other regions the entertainment option of gaming; and
- prevent clubs in the coastal and western regions from having to compete with clubs in the south-east.

However, mining and other developments since the introduction of the scheme have seen the coastal region (and not the south-east) present the greatest demand for entitlements. On 1 May 2012, the south-east region had a demand for 55 entitlements; the western region had a demand for 9 entitlements; and the coastal region had by far the largest demand, with the region seeking 70 entitlements.

Consideration of social and community issues

Approvals regarding the transfer of entitlements involve no consideration of social or community issues such as the number of gaming machines already located in a locality. This is because the pre-requisite licensing approval process referred to above considers social impact prior to the club obtaining entitlements.

The licensing process requires that the applicant prepare a community impact statement in relation to applications of significant community impact (defined, for relevant purposes, in the *Gaming Machine Regulation 2002* as an application for new club premises, or an application to increase the number of gaming machines at an existing club premises by 20 or more). Applications of this nature must also be advertised for community comment.

A licensing approval that is granted following the consideration of these matters allows the club to pursue the acquisition of entitlements in good faith, and there is no revisiting of the licensing decision when a club subsequently applies for the acquisition of entitlements. In this regard, the Gaming Machine Act prevents such a review by outlining the circumstances in which the commissioner *must* approve an entitlement transfer. It is not proposed to change this approach.

Respondents are therefore asked to keep in mind that the social and community costs of additional gaming machines at a specific venue have already been considered before a club is eligible to seek entitlements.

Review of entitlement reallocation scheme

The Gaming Machine Act requires the Government to commence a review of the club entitlement reallocation scheme within two years of the scheme's commencement.¹⁸ The review, which is currently underway, provides the opportunity to consider removal of the regional boundaries as they apply to the club reallocation scheme.

Jurisdictional comparison

Three states other than Queensland operate trading schemes (Table 1.2). Of these, two apply regional boundaries. South Australia does not.

¹⁸ Section 109ZJ.

CONSULTATION DRAFT

Table 1.2 Jurisdictional comparison of reallocation scheme¹⁹

Jurisdiction	Is there a club reallocation entitlements scheme? Are there regional boundaries in which the entitlements can be traded?
ACT	No trading scheme in operation. The number of gaming machines at each venue is identified as part of the licence. Any increase or application for a licence must be accompanied with a social impact assessment.
NSW	Yes, a trading scheme is in operation. Yes, regional boundaries exist within which entitlements can be traded.
NT	There is currently no reallocation scheme although such a scheme is being considered.
SA	Yes, a trading scheme is in operation. No, there are no regional boundaries.
Tas	No, a trading scheme is not in operation. There is a legislative cap on the maximum number of gaming machines allowed in individual clubs (40). The allocation of gaming machines is a commercial decision of the operator and not based on consideration of regional boundaries.
Vic	Yes, a trading scheme is in operation. Yes, regional boundaries exist within which entitlements can be traded.

1.5.4 Options and impacts

It is proposed that regional boundaries under the club gaming machine entitlement reallocation scheme be removed.

Option 1 – accept the proposal (remove the regional boundaries inherent to the club reallocation scheme)

Benefits

Removal of the regional boundaries will allow entitlements to be redistributed according to normal market supply and demand conditions. Clubs who wish to sell their entitlements and reduce the number of available gaming machines at their premises will have increased options to do so, as the removal of the boundaries will allow the club to supply entitlements to an assortment of other clubs currently located in the two other regions. This may have the effect of reinvigorating the reallocation scheme for clubs in the western area, where demand is currently low – and may allow non-performing clubs in this region to lease or sell their entitlements to clubs in other regions where the entitlements might be put to better use.

Costs

While the proposal will not result in any additional gaming machines being introduced into Queensland as a whole, the proposal may result in changes to the number of gaming machines in each entitlement region. This may mean that actual gaming machine numbers in high demand regions grow whilst numbers are slowly depleted in low demand regions. However, as the entitlement regions are very large (with the entire state divided into only three regions), it is considered unlikely that the increase would be noticeable in any particular community.

As stated in 1.5.3 above, the pre-requisite licensing process – and not the reallocation scheme – provides the mechanism for consideration of social and community issues, such as the impacts on a community from an increased number of gaming machines at a particular venue.

¹⁹ Western Australia is not included because it does not allow gaming machines in clubs or hotels.

CONSULTATION DRAFT

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none">• Able to better respond to supply and demand for entitlements• Greater potential for large clubs to assist and establish links with smaller clubs in other regions (through entitlement leasing provisions)• Potential rejuvenation of temporary transfer scheme via access to a potentially larger market	<ul style="list-style-type: none">• No obvious costs.
Community	<ul style="list-style-type: none">• No obvious benefits	<ul style="list-style-type: none">• Potential for greater number of gaming machines in high demand regions but regions are large
Government	<ul style="list-style-type: none">• No obvious benefits	<ul style="list-style-type: none">• No obvious costs

Option 2 – reject the proposal (retain the boundaries of the club reallocation scheme)

Benefits

It is not considered that there are any benefits to rejecting the proposal.

Costs

The costs of Option 2 are basically the foregone benefits of Option 1.

1.5.5 Discussion points / questions

The Government is seeking views on:

- Given that social and community costs of an application will still be considered during the licensing process, what is the respondent's view on the proposal to remove the boundaries?
- How clubs of any size in each region would view the change.
- Whether clubs would be more inclined to use temporary transfer provisions if the regional boundaries were removed.
- Whether there are any reasons why Option 1 should not be considered.

1.6 Amending the “high risk” glassing classification

1.6.1 The issue

The issue is whether the current “high risk” classification provisions under the Liquor Act for the removal of regular glass from licensed venues are the most effective, appropriate and optimal approach to minimise harm and appropriately address patron safety.

1.6.2 Policy objective

The reform policy objective is to remove any unnecessary regulatory restriction on the conduct of a venue's business, whilst continuing to minimise harm and adverse effects on public/patron safety.

1.6.3 Background

Part 4, Division 9 of the Liquor Act sets out requirements for banning the use of regular glass in certain licensed premises. A classification as a "high risk" premises under the glassing provisions places a total ban on the use of all regular glass containers (i.e. glass that is not tempered or polycarbonate). As an alternative to the glassing provisions, under sections 111 and 112 of the Act the chief executive has used licence conditions to impose less than a total ban on the use of regular glass in licensed venues.

The "high risk" glassing classification – the glassing provisions – were introduced by the previous government in 2009 in response to community concerns about increasing glassing incidents in licensed premises.

The glassing provisions in Division 9 of the Liquor Act provide a legislative basis for the identification of venues in Queensland where the risk of glassing assault is high, and to require that glass in these venues be replaced with safer alternatives. These legislative changes sought to establish consistent criteria to be applied to all licensed premises in order to minimise harm from "high risk" venues by banning the use of glass, and are used in addition to the application of specific licensing conditions.

A venue may be classified as "high risk" if it meets either of the following criteria:

- there has been one or more glassings at the premises in a 12 month period; or
- there has been an unacceptable level of violence during a 12 month period.

Up to 11 venues have been classified as "high risk" at any one time since 2009. In other cases where OLGR does not believe a "high risk" classification would be justified it has relied on licence conditions to impose partial glass bans (approximately 45 premises).

The Government is considering a number of options to address concerns previously raised by industry about the "high risk" glassing provisions. It is noted that common concerns have included:

- an official "high risk" categorisation has unreasonable commercial consequences for a venue including implications for its business reputation and insurance costs;
- there is a lack of appeal rights in the Liquor Act in regard to a "high risk" classification, with judicial review applications being the only review right; and
- the ability to classify a venue as "high risk" based on one single incident is unfair.

On the other hand, research conducted by the New South Wales Bureau of Crime Statistics and Research, while not specific to the issue of glassing, suggests that adverse publicity may have assisted to reduce assaults occurring in licensed premises. This research also identifies that increased liquor licensing enforcement activity may have also played a role in achieving these improvements.²⁰ Such results provide some support for having a public "high risk" classification scheme to help drive improvements in safety.

Using the results of research on glassings, the Government now has the opportunity to consider increasing the flexibility of the glassing regulations. The more flexible approach being

²⁰ Moffatt, Mason, Borzycki & Weatherburn (2009)

CONSULTATION DRAFT

considered would complement licensees moving to voluntarily remove regular glass, particularly in late trading venues where alcohol-related violence is most prevalent, and other ongoing use of related harm minimisation measures.

OLGR has completed a preliminary evaluation of the glassing provisions, using data from 2009 to 31 December 2011. OLGR's review of the glassing provisions shows that:

- The overall effect of the full and partial bans imposed by classification decisions and licence conditions has been a substantial reduction in violent incidents involving the use of regular glass in the affected venues.
- Based on incidents reported the venues have complied with the obligations of either total or partial glass bans imposed to date.
- To date, as a key harm minimisation measure introduced to help address alcohol-related violence through the phasing out of the use of regular glass the glassing provisions have not been as responsive and cost effective as envisaged.
- Whilst processes have been adjusted to ensure natural justice and procedural fairness is provided, this has impacted on the timeliness and costs (legal and staffing) of making a decision to issue a "high risk" classification.
- Notwithstanding the absence of detailed evidence-based research, there is some evidence that licensees are increasingly moving to non-regular glass voluntarily.

Further, it might be considered beneficial to amend the Criminal Code Act to provide for a specific offence against glassing, to better reflect the responsibility of individuals for their actions, as opposed to licensees who may feel unfairly penalised for the behaviour of the few.

The final report of the Parliamentary Law, Justice and Safety Committee's inquiry into alcohol-related violence emphasised the importance of individual responsibility in glassing assaults and community concerns about the need for the punishment to reflect the severity of the crime. The committee recommended that assault offences should recognise the use of a glass as a weapon as a circumstance of aggravation in order to increase the maximum penalty available.²¹

Different levels of harm may result from using glass – from a scratch, to more serious wounds. While there is no specific offence for glassing, Queensland has a number of offences with which offenders may be charged and these have different penalties available that can reflect the different degrees of harm that could result from a glassing. Potential charges and penalties for glassing include:

- Common assault: this charge has limited application for glassings as it may only arise in circumstances where the victim's skin was not broken and there was no identifiable bodily harm. Common assault can result in imprisonment for three years (s. 335 Criminal Code Act).
- Assault occasioning bodily harm: where an injury that interferes with the person's health or comfort is sustained. Ordinarily an offender may be liable for up to seven years imprisonment for assault occasioning bodily harm, however, the penalty may be increased to up to 10 years imprisonment where the offender is armed with a weapon, including glass (s. 339 Criminal Code Act).

²¹ Law, Justice and Safety Committee (2010)

CONSULTATION DRAFT

- **Wounding:** may be established where the attack caused the skin to break. Wounding attracts a maximum sentence of seven years imprisonment (s. 323 Criminal Code Act).
- **Grievous bodily harm:** can result where the victim is maimed or disfigured. Offenders who commit glassing attacks are frequently charged with grievous bodily harm as the nature of the injuries suffered by the victim can be quite serious, possibly resulting in permanent facial scarring. Grievous bodily harm is separated into two categories; grievous bodily harm (maximum penalty of 14 years imprisonment) and acts intended to cause grievous bodily harm (the offender must have had the intention of causing grievous bodily harm; maximum penalty is life imprisonment) (ss. 317 & 320 Criminal Code Act).
- **Manslaughter and murder:** are available where death results from a glassing. Both of these offences can see an offender put in prison for life (s. 300 Criminal Code Act).

Glassings are often dealt with by way of charges of wounding and grievous bodily harm.

Recent research on glassings has found that glassings are largely a spontaneous decision by offenders made according to the convenience and availability of glass in the situation. Glassing assaults are caused by the interaction of three types of factors: the effects of alcohol; personal variables such as behavioural tendencies; and environmental attributes of the licensed premises. Two key harm minimisation strategies identified are the rapid removal of glass, and the introduction of glass alternatives such as toughened glass or plastic.²²

However, measures to reduce glassings, including the “high risk” classification provision, cannot be solely relied upon to reduce the levels of violence that might occur at a venue. Further harm minimisation measures are already implemented throughout the state. The following provides a list of some of the security initiatives adopted in and around late night trading venues²³:

- security providers being employed in ratios which promote patron safety;
- professional requirements for security providers, including incident registers, and uniform dress codes to assist with identification;
- ID scanners capturing drivers licence information upon entry to the premises – matching this data to camera (CCTV) recordings has proved effective in promoting appropriate patron behaviour, removing perceptions of anonymity and identifying offenders for serious incidents;
- CCTV provides a safer environment for patrons, coerces compliance and also assists police in identifying offenders involved in incidents;
- security providers providing a visible presence in the vicinity of late night trading venues for a period of one hour after closing to deter and/or quickly diffuse problems;
- maintaining a police presence as a deterrent within precincts (e.g. Fortitude Valley, and Flinders Street East Townsville) also enhances perceptions of safety in the precinct and surrounding areas;
- responsible management at licensed premises, including trained managers with an understanding of their legislative obligations and responsibilities;
- providing “marshals” at taxi ranks and bus stations to ensure an orderly dispersal of patrons using public transport; and
- having good quality lighting within and outside licensed premises.

In 2012, OLGR released an online resource document known as *Towards Best Practice in Licensed Venue Safety*. This is an easy to follow guide that provides best practice tips and

²² Cassematis & Mazerolle (2009)

²³ Some of these initiatives are already legislative requirements

CONSULTATION DRAFT

reference material for a range of topics including patron banning, ID scanners and the use of CCTV. The document can be found at:

http://www.olgr.qld.gov.au/industry/liquor_compliance/best_practice_for_safety/index.shtml.

OLGR has also released an online self-audit tool, which is contained in the best practice document *No More Risky Business*. The document containing the tool can be viewed at:

<http://www.olgr.qld.gov.au/resources/liquorDocs/NMRBsafetyAuditLicVenues.pdf>

The occurrence of a glassing at a licensed venue has a range of obvious costs to the victim, as well as the industry and the community at large. It is minimising these costs to which the current relevant provisions of the Liquor Act are directed. Based on industry feedback, however, the “high risk” classification provisions carry a number of industry reputational costs which may be avoidable via the possible options mentioned below, whilst still satisfying the original harm minimisation objective.

1.6.4 Options and impacts

Industry concerns about the stigmatisation attached to the “high risk” classification, associated harm to the viability of the business, and concerns over the lack of procedural fairness in the application of the “high risk” classification, could be addressed by implementing a number of more flexible and responsive approaches to regulation in this area.

The following options are possible in relation to a review of the “high risk” classification glassing provisions under the Liquor Act:

- remove the “high risk” glassing provisions while retaining the discretion for the chief executive to place conditions on licences regarding the removal of regular glass;
- allow for “high risk” classification decisions to be reviewed based on procedural matters through the Queensland Civil and Administrative Tribunal;
- amend the definition for how a venue may be classified as “high risk”;
- phase out regular glass in late trading venues;
- encourage late trading licensees to voluntarily phase out regular glass through introducing a recommendation through a voluntary liquor Code of Practice; and
- amend the Criminal Code Act to provide for a specific offence against glassing.

1.6.5 Discussion points / questions

The Government is seeking views on:

- Of the suggestions above, which combination of proposals should Government consider?
- To what degree should a licensee be held accountable for glassings? Is the matter one of personal responsibility?

1.7 Reviewing online liquor sales

1.7.1 The issue

The Liquor Act does not adequately support online sales and therefore places Queensland suppliers at a disadvantage compared to interstate operators.

1.7.2 Policy objective

The reform policy objective is to remove any unnecessary regulatory restrictions to promote industry growth, having regard to appropriately equitable outcomes.

1.7.3 Background

Currently, the online sale of liquor is restricted to three types of licence under the Liquor Act and *Wine Industry Act 1994* – a commercial hotel licence, wine producer licence or wine merchant licence. However, the sale of online liquor through an agent acting on behalf of a licensee is not supported under existing legislation. Specifically, section 172(1) of the Liquor Act prohibits a licensee, including an agent of a licensee, from taking an order other than at licensed premises. This is despite other Australian jurisdictions having licensing regimes that facilitate such arrangements.

South Australia and Victoria have specific provisions for direct retail sales of packaged liquor without the need for licensees to have a shopfront. Western Australia has recently released a discussion paper on a similar proposal. Other jurisdictions, while not having a specific licence type that allows direct sales, permit these sales under existing packaged liquor licences such as stand alone bottle shop businesses.

1.7.4 Options and impacts

It is proposed that licensing arrangements be revised to permit direct liquor sales (including mail order and online sales by agents) without the need to establish new shopfronts or stand alone bottle shops. This would be achieved through a new licence category.

Option 1 – accept the proposal (create a licence category that would allow online liquor sales)

Benefits

The lack of ability to undertake direct liquor sales and/or for agents to offer mail order/online sales on behalf of Queensland licensees results in businesses in other jurisdictions obtaining the full benefit of sales into Queensland, while Queensland businesses are restricted from fully competing in the same market. A new licence category, or an expansion of an existing licence category, to permit direct liquor sales, including via mail order, online and an agent, would provide business opportunities for Queenslanders and be of benefit to Queensland consumers through increased competition with interstate operators currently operating into the Queensland market.

The existing lack of ability in this area also disadvantages those smaller Queensland wine producers and boutique beer producers that may not have the capacity to sell and distribute their products from online ordering. In this regard, allowing for online liquor sales through an agent may facilitate the wider distribution of Queensland-produced liquor products and may encourage some further investment and innovation in the Queensland liquor industry.

Costs

There may be some argument that facilitating direct sales of liquor is a further expansion of the availability of liquor, which in turn carries a social cost. However, given that a direct sales market already exists in Queensland (via interstate operators), it is considered more likely that the effect of the proposal would be to improve consumer choice in the existing market.

CONSULTATION DRAFT

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none">• Moves Queensland in line with interstate approaches• Suppliers on equal footing with other states• Greater market potential for Queensland products, including boutique beers	<ul style="list-style-type: none">• None identified
Community	<ul style="list-style-type: none">• Increased access to craft products	<ul style="list-style-type: none">• Some people may be concerned about expansion of availability of liquor
Government	<ul style="list-style-type: none">• Ability to establish appropriate online sales regime for at least those supplier operating from Queensland (as opposed to having no control over supply from interstate due to trade provisions of Australian constitution).	<ul style="list-style-type: none">• None identified

Option 2 – reject the proposal (do not allow online liquor sales from Queensland).

Benefits

It is not considered that this option presents any benefits except avoiding the possible but highly unlikely issue of increased availability of liquor.

Costs

The costs of this option are the foregone benefits of Option 1.

1.7.5 Discussion points / questions

The Government is seeking views on:

- Permitting direct online liquor sales (including by agents) in Queensland.
- What licensing requirements would the community expect to exist for such a business?
- To what extent is the respondent concerned about persons under 18 years of age obtaining liquor via the internet – now (from other jurisdictions), and possibly in the future from providers licensed in Queensland? How might such risks be mitigated?

1.8 *Reviewing laws relating to additional club premises (greenfield sites and amalgamations)*

1.8.1 The issue

The establishment of new clubs in greenfield areas requires significant resources and there are barriers to existing clubs establishing themselves in greenfield sites. There are also barriers to clubs that wish to assist smaller struggling clubs generally.

1.8.2 Policy objective

The reform policy objective is to remove any unnecessary regulatory restrictions to promote industry growth, having regard to appropriately equitable outcomes.

1.8.3 Background

The establishment of a new and successful club requires resources generally not available to fledgling community clubs. Large established clubs, on the other hand, have the resources to construct facilities in greenfield areas, thus providing entertainment options (and competition for hotels) for new communities. However, the ability of an existing club to establish itself in a greenfield or other location is hampered by laws that apply to additional club premises.

These laws are encapsulated in what might be referred to as the “single licence rule” and the “near rule”.

- The single licence rule: The Gaming Machine Act currently allows clubs to hold a maximum of *one* gaming machine licence. The licence may apply to more than one premises (known as “additional premises” in the Act). The total number of machines that may be operated under a club licence is 280, regardless of the number of additional premises under the licence. For example, if a club already operates a premises with 200 gaming machines, it can operate a maximum of 80 machines across one or more additional premises.
- The near rule: The Act provides that premises under the same club licence must be “near” one another. If the premises sought under an additional premises application is not considered to be near the club’s existing premises (or other premises proposed in the same application), the decision maker is unable to approve the application. The determination of whether the venues are “near” one another is left to the decision maker’s discretion and will vary in particular circumstances. These circumstances may include the objects of the club and other considerations such as its membership distribution and the fan base of any sporting team that the club is established to support.

The single licence rule (and the 280 gaming machine limit) therefore limits the scale of gaming operations that existing large clubs may envisage in regard to new additional premises while the near rule limits opportunities for expansion to locations within the club’s broader local area.

1.8.4 Options and impacts

It is proposed that the laws in relation to additional club premises be reviewed.

Option 1 – accept the proposal (review laws related to additional club premises)

Benefits

By removing these rules, the barriers to the establishment of new clubs in greenfield areas are lowered. Larger clubs would also be free to support struggling smaller clubs through, for example, amalgamation.

Removing the rules would also put clubs on a level playing field with hotels in terms of establishing themselves in greenfield areas. Hotels are not subject to the single licence rule or the near rule and an established hotelier is therefore able to obtain new premises anywhere in the State.²⁴ While hotels are limited to a maximum of 45 gaming machines per venue, some hotel chains hold more than a hundred licences and operate thousands of gaming machines.

²⁴ It should be noted that hotels, unlike clubs, are subject to a flat 35 percent gaming tax rate.

CONSULTATION DRAFT

Removal of the single licence rule would also present tax benefits to some clubs, with associated implications for Government. The calculation of gaming machine tax allows all club licensees a \$9,500 per month tax-free threshold. A sliding-scale taxation rate is then applied to remaining revenue, with the rate of taxation increasing as monthly revenue increases. The sliding scale applies to total gaming revenue *per licence*, rather than gaming revenue *per venue* – that is, revenue from all venues under the licence is totalled before the sliding scale is applied. If clubs were allowed multiple licences, the effect would be that taxation applies on a per venue basis, with the tax-free threshold available in respect of each premises under the licence.

The suitability of the existing per licence taxation arrangement might be reviewed regardless of whether the single licence rule is lifted.

Another benefit is the simplicity that might be added to the regulatory regime with the removal of the single licence rule. Unlike gaming machine licensing processes, liquor licensing processes do not hold clubs to a single liquor licence. A review of the laws applicable to clubs with additional premises may assist in aligning these two licensing processes, with the result that there is consistency in the licensing approach and increased simplicity for the regulator and industry.

Costs

Any new gaming machine venue presents potential social impacts on the community. However, this will still be a matter for consideration during the licensing process and it is expected that existing processes in this regard, including the requirement for a community impact statement, will not be changed by this proposal.

There would also be a potential revenue cost to the Government from the application of the tax free threshold, although this may well be offset by an increased number of greenfield site clubs operating.

Option 2 – reject the proposal (retain laws related to additional club premises)

Benefits

The benefits of the proposal are the retention of the existing restrictions that serve to limit the growth of clubs outside their broader local area. However, given the cap on club gaming machine numbers, the rigorous social and community impact assessments undertaken during the licensing process, and the fact that hotels are not similarly restricted from expanding to new venues and locations, these restrictions may be overly burdensome.

Costs

The costs of the proposal are the foregone benefits of Option 1.

1.8.5 Discussion points / questions

The Government is seeking views on:

- Reviewing laws regarding additional club premises (greenfield sites and amalgamations) as discussed above.
- Whether clubs should continue to be restricted to one licence, or whether they should – like hotels – be allowed to hold multiple licences for a number of venues across the state.
- To what extent do respondents think clubs should be able to expand, given that a club might be expected to be a facility for a defined and distinct community? What considerations should apply to the issue of additional club licences?

- How should the tax-free threshold on gaming revenue be applied if clubs are allowed multiple licences?

1.9 Reducing State-imposed event costs

1.9.1 The issue

The requirements for conducting major events can result in significant costs to industry.

1.9.2 Policy objective

The reform policy objective is to remove any unnecessary regulatory restriction to promote industry growth, whilst continuing to minimise harm and adverse effects on public/patron safety.

1.9.3 Background

There are two types of permits that apply under the Liquor Act to major (higher risk) events that involve the sale or supply of liquor:

- a commercial public event permit which may be granted to the holder of a commercial hotel licence or subsidiary on- or off-premises licence for the purpose of catering for a public event away from the premises; and
- a community liquor permit which may be granted to any unlicensed non-proprietary club or organisation that wishes to offer liquor on one-off or irregular occasions at a public or private event provided the chief executive is satisfied all the net proceeds from the sale of liquor under the permit will be used for the benefit of the community.

The application fee for a commercial public event permit is \$547.35 for the first day and \$55.15 for each additional day of the event. The application fee for a community liquor permit is \$55.15 for each day the permit is to operate.

The requirements applying to major events conducted by a licensee are more onerous than those applying to a non-licensed person requiring a community liquor permit. For example, before granting a commercial public event permit, the chief executive must be satisfied:

- the premises at which liquor may be sold, supplied and consumed at the public event are properly defined;
- the public event will not create any undue annoyance, disturbance or inconvenience to residents of the surrounding locality;
- the public event will not create an unsafe or unhealthy environment for persons employed at or attending the event or for residents in the surrounding locality; and
- appropriate planning for the event has been carried out with the police service and local government of the area.

Section 102(2) of the Liquor Act also requires an event management plan to be submitted with the application for a commercial public event permit. OLGR has issued a guide about the event management plan which requires, amongst a number of other things:

- a copy of the event management plan be provided to police (contact to be made with police at least six weeks before the event);
- planning meetings with key stakeholders be held at least before and after the event;
- a consultation log be kept;

CONSULTATION DRAFT

- a site plan be provided that outlines the location of an extensive range of things including toilets, first aid posts, fire extinguishers, and if those things are not included for the event, an explanation for why they are not;
- organisation of transport to and from the event; and
- contracting of security personnel.

Event managers must also obtain a number of other permits where relevant from local councils or other bodies including food vendor permits, road closure permits or fireworks permits.

The requirements under a community liquor permit are generally less onerous, depending on the nature of the event. In obtaining a community liquor permit, the applicant must make clear the area in which liquor will be offered. An event management plan may also be required to be submitted if requested by OLGR or if any of the following criteria apply to the event:

- estimated attendance throughout any particular day exceeds 2,000 people;
- estimated patrons consuming liquor throughout any particular day exceeds 1,000 people;
- the application includes a request to supply liquor between 12 midnight and 10am; or
- the application includes a request for liquor consumption area/s totalling more than 400 square metres.

There are a number of other requirements which OLGR may apply to an event, including:

- police endorsement if a permittee wishes to trade in liquor between 12 midnight and 10am;
- if the consumption area for liquor is to be located outdoors, then it should be defined by temporary/permanent fencing of at least one metre in height;
- if more than one consumption area is required, patrons cannot move between consumption areas while in possession of liquor unless the areas are joined;
- a supervisor holds a current responsible service of alcohol training certificate; or
- provision of security, with minimum security ratios recommended by OLGR being:
 - not more than 100 patrons – 1
 - more than 100 but not more than 200 patrons – 2
 - more than 200 but not more than 300 patrons – 3
 - more than 300 but not more than 400 patrons – 4
 - more than 400 but not more than 500 patrons – 5
 - more than 500 patrons – 5, plus at least 1 crowd controller for each 250 patrons, or part of 250, more than 500.

The above requirements and compilation of the event management plan can result in significant costs to industry to run a major event particularly when the event itself may not be primarily for profit but to attract visitors to a region.

The Sunshine Coast Chambers of Commerce Alliance advises that:

“Generally the current requirements under the Liquor Act are not all that onerous and are usually complied with by professional operators as a matter of course. For the supply of liquor at an event, the promoter must contract the services of a hotel (or similar).

“We recommend that consideration be given to permitting experienced event promoters to apply for a liquor licence or permit. In practice, little would change in that a promoter would probably still contract the services of a commercial liquor licensee to cater for an event for staffing reasons. The key difference would be that the promoter could negotiate

CONSULTATION DRAFT

this arrangement on a level playing field and not be “forced” into a less profitable arrangement.

“As an example, music festivals are a potential boon for Queensland tourism but they are expensive. According to an APRA (Australasian Performing Right Association) report from last year [2011], the average festival ticket price rocketed from \$54 in 2004 to \$119 in 2010... This legislative review provides the opportunity for us to encourage event organisers to invest in Queensland by securing for them an income stream previously unavailable, and without impacting adversely on current harm minimisation best practice.”

Additionally:

“We should not ignore the requirements for small events that currently attract high application fees and the need for event management planning. This compliance often makes events of a couple of hundred people commercially unviable.”

1.9.4 Options and impacts

It is proposed to reduce State-imposed event costs by revising the event management plan guidelines and considering the removal of some of the requirements for conducting major events involving the supply of liquor.

Option 1 – accept the proposal (review requirements for major events)

Benefits

Removing some of the requirements for conducting major events would result in time and cost savings to the industry. Establishing Queensland as a preferred host for major events may also present significant tourism benefits.

Costs

There would likely be a reduction in costs to business and to the tourism industry in general. Careful consideration will be needed regarding the removal of some requirements so as to ensure that increased social costs are not imposed on the community in the form of an unacceptable potential increase in net liquor-related harm.

Option 2 – reject the proposal (retain current requirements for major events)

Benefits

This option is only considered to provide benefits if current costs are justifiable.

Costs

The costs of this proposal are the foregone benefits of Option 1 above.

1.9.5 Discussion points / questions

The Government is seeking views on:

- What existing requirements might be removed or modified? How might State-imposed event costs be reduced generally?
- Issues that have been experienced by respondents who have been involved in the conduct of major events in Queensland, costs incurred, and how these may compare to experiences in dealings with other jurisdictions.

1.10 Providing for the licensing of second-hand dealers of gaming machines

1.10.1 The issue

There is currently no licence available or suitable for a small business wishing to trade exclusively in second-hand gaming machines.

1.10.2 Policy objective

The reform policy objective is to remove any regulatory restriction to growth in the industry, whilst continuing to ensure the integrity of gaming and the probity of the industry.

1.10.3 Background

There is currently no scope in the Gaming Machine Act to authorise the activities of a business that deals exclusively in second-hand gaming machines. While the Act provides for the licensing of “suppliers”, these are defined as licensed monitoring operators (LMO), licensed major dealers (gaming machine manufacturers, or LMDs), licensed testing facility operators and licensed secondary dealers (who are authorised only to manufacture, sell and supply restricted components).

Of these licensed suppliers, only the LMO and LMD licences actually grant the holder an authorisation to sell or supply gaming machines. The supplier’s licence may be issued after a probity investigation and the payment of significant application fees (\$14,410) and licence fees (\$172,895 for the LMD and \$345,790 for the LMO) that may be beyond the reach of a small business wishing only to trade in second-hand gaming machines.

However, the Act also allows an *approved financier* to supply gaming machines. Approved financiers are not licensed. An approved financier is defined by the Act as a financial institution under section 36 of the *Acts Interpretation Act 1954*, a registered entity under the *Financial Sector (Collection of Data) Act 2001* (Cth), or another entity prescribed under a regulation. The prescribed entities are listed at section 58 of the Gaming Machine Regulation.²⁵

As the licence fees pertaining to LMO and LMD licences are very high, small businesses that wish to deal in second-hand gaming machines have approached OLGR seeking to become prescribed as approved financiers in the Gaming Machine Regulation. After undergoing a probity process, a small number of businesses have been prescribed in section 58 of the Gaming Machine Regulation as approved financiers, in order to legitimise their business activities regarding second-hand gaming machines.

1.10.4 Options and impacts

It is proposed that second-hand dealers of gaming machines be licensed. The following options are under consideration:

- Option 1 – accept the proposal (provide for the licensing of second-hand dealers).
- Option 2 – reject the proposal (do not provide for the licensing of second-hand dealers).

²⁵ Entities that meet the definitions under section 36 of the Acts Interpretation Act, or are registered under the Financial Sector Act, are not listed and do not have to be prescribed.

CONSULTATION DRAFT

Option 1 - accept the proposal (provide for the licensing of second-hand dealers)

Benefits

Providing for the licensing of second-hand dealers would reduce red tape by providing a transparent and accessible process for businesses wishing to engage in this activity. Additionally, a licensing process would provide a significantly faster outcome for interested businesses than the current process.

It would also increase clarity regarding the role of these businesses in a manner that is consistent with the gaming machine supply process as it applies to other (licensed) entities.

Additionally, the Government would be able to prescribe a suitable application fee to cover the costs of the licensing process. This would allow the Government to recoup the costs of the licensing investigation, which is not possible under the current arrangement in which second-hand dealers are being prescribed as approved financiers. The fee is likely to be comparatively small when compared to LMO or LMD licence fees. Indicatively, if it can be assumed that the same licensing process currently employed in relation to testing facility operators and secondary dealers would apply (as expected), the fee would be in the vicinity of \$1,500.

Costs

This proposal presents no risks or costs to existing industry participants (though there may be increased competition for existing businesses that have already undergone the process of being prescribed as approved financiers under section 58 of the Gaming Machine Regulation. It is anticipated those businesses, if they so desired, could automatically be granted a licence at the same time that they are removed from the list of prescribed approved financiers at section 58).

The proposal does not affect the ongoing ability of approved financiers who meet the general definition within the Act (see 1.10.3 above) to possess, supply and lease gaming machines (to the extent that they are currently authorised to do these things).

Additionally, it is considered that there is little risk in providing clubs and hotels with greater access to second-hand gaming machines and it is unlikely that any significant additional community or social costs could be perceived to arise from the proposal. Gaming machines can only be acquired by clubs and hotels after the grant of a licence and after club gaming machine entitlements or hotel operating authorities have been obtained under whichever market-based reallocation scheme applies to the venue. Gaming machines can also only operate when connected to a network operated by a licensed monitoring operator by that licensed monitoring operator.

The government may incur very minor costs in developing a licensing process, however it is likely that existing processes applicable to testing facility operators and secondary dealers will be readily transferable.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none">• Transparency regarding entry requirements for businesses wishing to conduct this activity• Role of second-hand dealers recognised in Gaming Machine Act	<ul style="list-style-type: none">• Application fee would apply
Community	<ul style="list-style-type: none">• More efficient provision of gaming services	<ul style="list-style-type: none">• No perceived significant additional costs

CONSULTATION DRAFT

	Benefits	Costs
Government	<ul style="list-style-type: none">• Legislation would more appropriately apply to second-hand dealers• Costs of probity investigation could be recouped.	<ul style="list-style-type: none">• Minor costs to establish a licensing process (most likely mirroring existing processes for other industry participants)• Some resources deployed to processing small number of applications

Option 2 – reject the proposal (do not provide for the licensing of second-hand dealers)

Benefits

It is not considered that there are any obvious benefits to rejection of the proposal, except the avoidance of minor costs incurred in the establishment of a low risk, low volume licensing process. However, the proposal is likely to present cost advantages compared to the current process of prescribing entities as approved financiers.

Costs

The costs of not licensing second-hand dealers are the foregone benefits of Option 1.

1.10.5 Discussion points / questions

The Government is seeking views on:

- Whether second-hand dealers should be licensed in Queensland.
- Whether respondents would be interested in seeking a second-hand dealers licence, and whether they would prefer to undergo licensing or to be prescribed in the regulation.
- Whether the licensing of second-hand dealerships is likely to impact in any way on business conducted by the respondent.

2. Simplifying regulatory administration

2.1 Streamlining gaming administration provisions

2.1.1 The issue

There is duplication across the gaming Acts leading to inefficiencies and inconsistencies.

2.1.2 Policy objective

The reform policy objective is to ensure the most efficient, effective and transparently clear regulatory framework possible so as to minimise the regulatory burden on industry.

2.1.3 Background

Gambling in Queensland is regulated by seven Acts:

The Gaming Machine Act 1991

The Casino Control Act 1982

The Keno Act 1996

The Lotteries Act 1997

The Wagering Act 1998

The Interactive Gambling (Player Protection) Act 1998

The Charitable and Non-Profit Gaming Act 1999

The seven gaming acts cover a number of similar administrative matters including licensing, inspectorate powers, compliance, appeals, reporting and assessment. The duplication across the gaming Acts is inefficient and has led to inconsistencies between legislative provisions. For example, under the *Wagering Act 1998*, a claim for payment of a winning bet must be made within one year after the holding of the relevant event to which the bet relates while under the *Keno Act 1996*, a claim for a payment of a prize for a keno game must be made within five years after the day on which the game was conducted.²⁶

As another example, the *Wagering Act* and *Keno Act* prohibit the gaming operator from making a loan or extending credit to a person to enable the person to gamble but the *Lotteries Act 1997* is silent on the matter.²⁷

In order to remove discrepancies between gaming operators, it is proposed that a new Gaming Administration Act be enacted to consolidate the common administrative matters into one statute. Under this proposal, the seven gaming acts will be maintained albeit without the transferred administrative provisions. In addition, many of the details that are in the current gaming Acts will be removed under the Gaming Administration Act or transferred to a more flexible regulatory form such as regulations or quasi-regulations. A broad structure of the proposed legislation is outlined in Appendix 3.

Licensing plays an important role in managing entry into and compliance within the industry. However, a wide variety of employee and operator licence types are required for different forms of gaming which has led to a duplication of licensing requirements and inconsistent conditions across licensing types. Individual licences are, for instance, granted for various terms; some for a five year period and others indefinitely until the licence lapses. The terms for operator licences also vary (Table 2.1).

Table 2.1 Summary of current licence types by category

Licence types	Term of licence
Individual licences	<ul style="list-style-type: none"> Casino employee licence (in force until cancelled or expires 12 months after the date the licensee ceases to be employed) Casino key employee licence (in force until cancelled or expires 12 months after the date the licensee ceases to be employed) Provisional casino employee licence (in force until the casino key employee or casino employee licence is issued or the chief executive decides to refuse to grant the application, or is surrendered or cancelled) Key monitoring employee licence (5 years) Gaming employee's licence (5 years)

²⁶ Section 213 Wagering Act and section 144 Keno Act.

²⁷ Section 209 Wagering Act and section 148 Keno Act.

CONSULTATION DRAFT

Licence types	Term of licence
Individual licences (continued)	<ul style="list-style-type: none"> • Gaming nominee licence (5 years) • Key person licence – interactive (lapses if there has been no key relationship between the licensee and a licensed provider for a continuous period of 1 year) • Keno employee licence (lapses at the end of 1 year after issue if the licensee has not been employed or 1 year after the licensee last ceased to be employed) • Key person licence – lotteries (lapses at the end of 1 year after issue if the licensee has not been employed or the licensee ceases to be employed and is not re-employed within the following 3 months) • Key person licence – wagering (lapses at the end of 1 year after issue if the licensee has not been employed or the licensee ceases to be employed and is not re-employed within the following 3 months)
Operator licences	<ul style="list-style-type: none"> • Casino licence (in force until cancelled or suspended) • Bingo centre licence (1 year) • Category 3 gaming licence (1 year) • Special category 3 gaming licence (4 months) • Gaming machine licence (5 years) • Amalgamated gaming machine licence (specified on licence) • Keno licence (specified in keno agreement) • Interactive gaming licence (specified on licence) • Lottery licence (specified on licence) • Lottery operator’s licence (specified on licence) • Oncourse wagering permit (specified on permit) • Race wagering licence (specified on licence) • Sports wagering licence (specified on licence)
Other licence types	<ul style="list-style-type: none"> • Lucky envelop printer licence (5 years) • Gaming repairer’s licence (5 years) • Dealer’s licence (5 years) • Service contractor’s licence (5 years) • Testing facility operator’s licence (5 years) • Monitoring operator’s licence (10 years)

2.1.4 Options and impacts

This overly complex system can be simplified into a new Gaming Administration Act. The new Act would contain a universal gaming licensing system that was applicable across all gambling streams.

The new licensing system could feature, for major licensees (i.e. keno, wagering, casino, lottery licensees etc), one employee licence and one operator licence across multiple forms of gaming. Conditions could be included on the licence to differentiate the forms of gaming the holder has the authority to conduct or work in. To receive authority to conduct or work in each new gaming activity, it is expected that the holder will only need to meet additional criteria prescribed by regulation for that particular activity, if any. In addition to the employee licence and operator licence, there would be a provision for other licence types such as gaming repairer’s licence, service contractor’s licence and testing facility operator’s licence.

Accordingly, it is proposed that the gaming administration provisions be streamlined into one Act, with the gaming licensing framework reformed to one operator licence, one employee licence and one other licence.

Option 1 – accept the proposal (streamline gaming administration provisions into one Act)

Benefits

The benefits of the approach are perceived to be:

- greater clarity and consistency across gambling Acts;
- simplified and more user-friendly legislative framework for business and community to access, comprehend and use;
- potential for streamlining and consistency across OLGR licensing processes; and
- potential for licensed employees to transition to other gambling roles with minimal additional licensing requirements.

Costs

The costs of this approach are perceived to be:

- potentially significant legislative review and drafting work required from Government; and
- short term transitional costs to business and community users.

Option 2 – reject the proposal (do not streamline gaming administration provisions into one Act)

Benefits

The benefit of this proposal is that no legislative review work or drafting is required.

Costs

The costs of this approach are considered to be the foregone benefits of Option 1.

2.1.5 Discussion points / questions

The Government is seeking views on:

- Streamlining gaming administration legislative provisions.

2.2 *Ceasing involvement of liquor inspectors in fire safety regulation*

2.2.1 The issue

The issue is whether the liquor regulator (OLGR) should retain legislative powers in respect of fire safety at licensed premises.

2.2.2 Policy objective

The reform policy objective is to remove any unnecessary regulatory restrictions, particularly in the area of regulatory duplication, whilst continuing to appropriately minimise harm and protect public safety.

2.2.3 Background

Under the Liquor Act, the chief executive may issue an order to a licensee, permittee or owner about complying with fire safety laws for the licensed premises.²⁸ If the chief executive considers the safety or health of members of the public to be endangered or prejudiced because of the absence or inadequacy of fire prevention equipment on premises, the chief executive must give an order to the licensee and owner to close the premises until all orders in respect of the premises relating to public safety from risk of fire have been complied with to the chief executive's satisfaction.²⁹ These powers are delegated to liquor inspectors.

Since the Childers Palace Backpackers fire in 2000, laws have been introduced in Queensland which provide similar powers to the Queensland Fire and Rescue Service (QFRS). For example, section 69 of the *Fire and Rescue Service Act 1990* allows the commissioner for the QFRS to issue a requisition for an occupier of premises to take measures to reduce the risk of a fire occurring on premises.

The QFRS has, in the last decade, expanded and developed its role from a single focus reactive fire service to one that combines supervision with proactive preventative initiatives for community safety.³⁰ One of the key functions of the QFRS is to inspect buildings to ensure they meet required fire safety standards in compliance with the relevant fire safety legislation and to issue on-the-spot fines for breaches. The QFRS is also involved at the design, approval and construction phases of buildings to ensure appropriate fire safety requirements are implemented. The QFRS is thus the Queensland Government's expert on fire safety regulation and enforcement. In contrast, liquor inspectors are not formally trained in fire safety laws and standards and should not be expected to solely make decisions about whether a licensed premises has adequate fire safety prevention equipment or fire risk mitigation strategies in place.

Most interstate liquor regulators are not involved in regulating fire safety in licensed premises (Table 2.2).

Table 2.2: Jurisdictional comparison – involvement in fire safety regulations

Jurisdiction	Is the liquor regulator involved in regulating fire safety in licensed premises?
ACT	When granting a licence or permit, the Regulator will have regards to the suitability of the premises including fire safety. The Regulator will also consider fire safety when deciding the occupancy loading of a public area at licensed premises.
NSW	No – local councils are responsible for conducting fire safety inspections.
NT	The NT Fire and Rescue Service (NTFRS) undertakes inspections. Conditions attached to liquor licences require compliance with NTFRS fire safety requirements.
SA	No. However, when conducting inspections of premises for new licenses or significant redefinitions, it is policy that inspectors check that there are fire extinguishers and exits.
Tas	No.
Vic	No, but the chief officer may appoint a fire safety inspector.
WA	No. However, conditional grants of approvals can be cancelled if the licensing authority is not satisfied about the fire precautions taken by the licensee.

²⁸ Section 46(1)(d).

²⁹ Section 140 Liquor Act.

³⁰ <http://www.fire.qld.gov.au/buildingsafety>.

2.2.4 Options and impacts

Given that the Fire and Rescue Service Act, *Building Fire Safety Regulation 2008* and *Fire and Rescue Service Regulation 2011* provide a regulatory framework for minimum fire safety standards and the necessary inspection, audit and enforcement powers to ensure buildings in Queensland continue to remain fire safe, it is proposed that the fire safety provisions under the Liquor Act be removed to reduce duplication.

Regardless of whether the fire safety obligations of licensees are removed from the Liquor Act, the requirements of the Fire and Rescue Service Act go above and beyond those obligations. For example, section 104E of the Fire and Rescue Service Act requires an occupier of premises, excluding private dwellings, to have in place a fire and evacuation plan. In addition, section 104KF allows the commissioner to provide a maximum occupancy number for “high risk” premises which includes buildings at risk of overcrowding.

Option 1 – accept the proposal (remove fire safety provisions under the Liquor Act)

Benefits

It is considered that acceptance of the proposal will:

- remove duplicated regulations for industry; and
- promote clarity of appropriate regulatory responsibility, for industry and the community.

It is envisaged that liquor inspectors would continue to retain their general inspection role under Option 1. However, any observed fire safety issues would be referred to the QFRS.

Costs

Costs associated with the proposal are expected to be:

- minor transitional costs for OLGR and QFRS in raising awareness with industry as to streamlined responsibility.

Option 2 – reject the proposal (retain current fire safety provisions under the Liquor Act)

Costs and benefits for this option are the reversal of the costs and benefits associated with Option 1.

2.2.5 Discussion points / questions

The Government is seeking views on:

- Ceasing the involvement of liquor inspectors in fire safety regulation or continuing to duplicate powers with QFRS.

2.3 Reviewing liquor and gaming subordinate legislation

2.3.1 The issue

Section 54 of the *Statutory Instruments Act 1992* (SIA) provides that subordinate legislation (e.g. regulations) will automatically expire on 1 September first occurring after the 10th anniversary of the day of its making unless it is sooner repealed or expires, or a regulation is made exempting it from expiry. There are eight liquor and gaming regulations scheduled for expiry and requiring review before possible remaking.

2.3.2 Policy objective

The policy objective is to review gambling subordinate legislation to ensure the liquor and gambling regulatory framework is as contemporary, effective, efficient and user-friendly as possible.

2.3.3 Background

The purpose of the expiry provisions under the SIA are to reduce the regulatory burden on the people of Queensland without compromising law and order and essential economic, environmental and social objectives, and otherwise ensure the part of the Queensland statute book consisting of subordinate legislation is of the highest standard.³¹

The following liquor and gaming regulations are scheduled for expiry:

- *Casino Control Regulation 1999*
- *Charitable and Non-Profit Gaming Regulation 1999*
- *Gaming Machine Regulation 2002*
- *Interactive Gambling (Player Protection) Regulation 1998*
- *Interactive Gambling (Player Protection – Disqualified Persons) Regulation 1999*
- *Liquor Regulation 2002*
- *Liquor (Approval of the Adult Entertainment Code) Regulation 2002 and*
- *Wagering Regulation 1999.*

Industry feedback is sought on the current provisions of these regulations including issues and problems encountered. Additionally, suggestions for improvement to the regulations are also encouraged including how the regulations could be made more effective, and how the regulatory burden on business required under the regulations could be reduced.

For example, rule 7 of the Rules Ancillary to Gaming in Schedule 3 of the Gaming Machine Regulation states that a licensee is required to make a payment to a player for a cancelled credit or jackpot payout of more than \$250 in one of the following ways:

- \$250 in Australian currency and the balance of the payment by cheque; or
- if requested by the player – an amount less than \$250 in Australian currency and the balance of the payment by cheque or the entire payment by cheque.

The Gaming Machine Act provides that the cash payout limit can be increased for an individual venue on application to the chief executive. Amounts over \$500 are only approved in exceptional circumstances. An increase in the payment limit is generally approved if a site can prove high demand for gaming and that appropriate security for patrons is in place. The rule could be amended to allow players to be paid in cash of up to \$1,000 to improve the operational efficiencies of licensees.

³¹ Section 53 Statutory Instruments Act.

CONSULTATION DRAFT

Other potential regulation amendments include:

- removal of section 18 of the Casino Control Regulation, which prescribes that a casino operator must submit to the chief executive, once every six months, particular information about the nature of the work undertaken by licensees employed in the casino and whether the licensee is employed on a full time, part time or casual basis – it may be considered that this report is no longer necessary to effectively regulate the industry and is therefore, an unnecessary burden on operators; and
- amending section 21(3)(d) of the Liquor Regulation to reduce the number of copies of a plan (from two to one) that a licensee who is applying to alter their licensed premises is required to submit – a single copy is all that is required for OLGR to review the changes and the commissioner to make a decision on the application.

The regulations are available from the Office of the Queensland Parliamentary Counsel at www.legislation.qld.gov.au.

2.3.4 Options and impacts

It is proposed that a review be undertaken with respect to expiring liquor and gaming subordinate legislation. Because a review is required by the SIA, no options are put forth but input into the review is sought.

2.3.5 Discussion points / questions

Industry feedback is sought on the current provisions of these regulations including issues and problems encountered.

Additionally, suggestions for improvement to the regulations are also encouraged including how the regulations could be made more effective, and how the regulatory burden on business required under the regulations could be reduced.

The Government is also generally seeking views on:

- How might the regulations be modified to reduce red tape?

Respondents should be aware that the parent Acts define the matters that may be addressed in a regulation (for example, the *Liquor Act 1992* authorises that certain matters may be addressed in the *Liquor Regulation 2002*).

2.4 Reviewing the disciplinary provision under the Liquor Act

2.4.1 The issue

Industry is concerned that disciplinary action can be taken against a licensee even in relation to events that could not have been foreseen and thereby prevented by the licensee.

2.4.2 Policy objective

The policy objective is to remove any unnecessary restrictive or burdensome requirement on the conduct of a venue's business, having regard to the purposes of the Liquor Act.

2.4.3 Background

If the commissioner considers, on reasonable grounds, that there is a ground to take disciplinary action against a licensee, the commissioner is required under section 137 of the Liquor Act to give the licensee a written notice about the proposed action as well as the reasons for the proposed action. There is some concern from industry that the chief executive may still be able to undertake disciplinary action against a licensee even though the cause for the ground relied upon by the chief executive could not have been foreseen and thereby prevented by the licensee.

To provide an illustration, a licensee is required under the Liquor Act to provide and maintain a safe environment in and around the licensed premises. An unfortunate incident may occur at the licensed premises because of the licensee's gross failure to provide and maintain a safe environment. In this instance, disciplinary action should be taken in the appropriate case. However, an unfortunate incident may also occur despite the licensee having fulfilled the obligation to provide and maintain a safe environment. There is some concern that imposing disciplinary action in the second scenario would be inconsistent with the nature and purpose of a disciplinary action.

2.4.4 Options and impacts

It is proposed to review section 137 of the Liquor Act to determine whether a legislative amendment or other step is required to clarify the intent of the disciplinary action provision. Input into the review is requested from industry and the public.

2.4.5 Discussion points / questions

The Government is seeking views on:

- The disciplinary provisions of the Liquor Act as discussed above.

2.5 *Noise controls over liquor licensed premises*

2.5.1 The issue

Participants in the inaugural DestinationQ forum raised noise restrictions as a factor that was prohibitive to business development, with impacts on tourism.

2.5.2 Policy objective

The policy objective is to ensure that venues are able to offer live entertainment to patrons, whilst ensuring that impacts on local residents are minimised.

2.5.3 Background

Unreasonable Noise

Noise from liquor licensed premises is currently regulated under the Liquor Act and Liquor Regulation and is enforced by OLGR inspectors and police officers. Under section 187 of the Liquor Act, liquor inspectors are to investigate noise complaints if they deem noise coming from a licensed premise to be "unreasonable". Section 40 of the Liquor Regulation prescribes the decibel limit at which noise would be considered "unreasonable".

Additionally, section 4 of the Liquor Regulation allows the chief executive to request a report about the acoustic qualities of proposed premises if noise from any source is, or is likely to be,

CONSULTATION DRAFT

made at a level in excess of 75dB(C) fast response when measured about three metres from the source.

The Sunshine Coast Chambers of Commerce Alliance suggests:

“For meaningful and practical regulation, specific noise limits and decibel references should be removed from the legislation. Instead, consider an excessive noise definition relevant to the local standards.

“Knowing that OLGR retains the power to close a licensed premises if in breach, the industry will largely self-regulate to avoid complaints and only recalcitrant licensees will be affected. Advantages of abolishing mandatory acoustic reports and dB limits include:

- *significantly reduce application costs, encouraging new enterprise*
- *significantly lower compliance costs for most licensees, acoustic equipment etc.*
- *bring Queensland legislation in line with other jurisdictions*
- *reduce the risk of OLGR inspectors using this section unreasonably during site inspections^[32]*
- *reduce workload for OLGR*
- *will change the spirit of the legislation to reflect that a licensee is presumed innocent until proven guilty when it comes to adherence to acceptable noise control*
- *many licensees will commission acoustic reports voluntarily to validate reasonable noise levels and support their offering in the event of complaints*
- *allows a more level playing field – currently only the bigger operators can afford to comply and in turn apply for licence conditions relaxing the standard 75dB limit.*
- *deregulating and responsible self-regulating will increase the variety of music and entertainment available encouraging all age groups to enjoy the night economy, not just 18-25s*
- *restaurants and bars could (where the local authority permits) offer suitable entertainment, relevant to the local community/tourism offer. Note: This is currently the case with unlicensed cafés.*
- *a greater mix of age groups in venues has the potential to dilute the concentration of 18-25s and in turn assist in curbing anti-social behaviour. This may be a step towards long-term cultural change.*
- *due to the considerable variations in ambient noise levels around a licensed premises, it is too prescriptive, thus unreliable, to rely solely on this measure without reasonable consideration being applied to individual circumstances. Note: Licensees regularly cite instances where the noise level from patrons’ conversation exceeds 75dB. Also known are instances where the Regulator administers disciplinary action under such circumstances during routine site inspections.”^[33]*

Responsibility for noise complaints

There may also be an argument for the potential reallocation of powers regarding noise complaints. OLGR is currently the body responsible for noise complaints in relation to licensed premises. Complaints in relation to other (non-licensed) premises are the responsibility of the

³² [However, OLGR notes that inspectors follow a consultative process in addressing such matters and there are operational protections in place to mitigate the risk of unreasonable action.]

³³ [As above, OLGR notes that inspectors follow a consultative process in addressing such matters and there are operational protections in place to mitigate the risk of unreasonable action.]

CONSULTATION DRAFT

local authority. Liquor regulators in other jurisdictions have varying involvement in noise controls of liquor licensed premises (Table 2.3).

Table 2.3: Jurisdictional comparison – involvement in noise regulations

Jurisdiction	Is the liquor regulator involved in regulating noise in licensed premises?
ACT	When granting a licence or permit, the Regulator will have regard to the suitability of the premises including the level of noise likely to emanate from the premises.
NSW	Yes, there is provision for conditions regarding noise abatement to be imposed on a licence where a complaint has been received.
NT	Noise emanations from a premises must be considered in the context of public interest and must not be considered to be excessive.
SA	No.
Tas	Licence conditions may relate to the measures to be taken to suppress or limit noise and disturbances.
Vic	Noise levels and disturbance to occupiers of other premises may be taken into account in determining whether the grant, variation or relocation of a licence which would detract from or be detrimental to the amenity of an area.
WA	Yes, conditions may be placed on a licence regarding noise limits.

While OLGR has no responsibility for noise emanating from unlicensed premises, local authorities have some power to regulate noise in regard to licensed premises. Section 112B of the Liquor Act allows for a local government to declare a “special entertainment precinct”. This has the effect of allowing a local government to regulate noise emanating from liquor licensed premises within the precinct. So far, only the Brisbane City Council has declared a special entertainment precinct (Fortitude Valley).

Local governments may already place conditions on development approvals about noise abatement for new business premises or the new use of business premises depending on where the proposed liquor licensed premises is located (i.e. depending on whether the nature of the proposal is consistent with the area’s classification under the local government’s planning scheme).

The removal of blanket noise restrictions under the Liquor Act may ensure that local government town planning/development approvals remain paramount, as local governments will then be able to impose appropriate noise conditions on businesses to ensure the amenity of the area for the local community (without the involvement of the OLGR).

However, the Local Government Association of Queensland advises that:

“Moving the responsibility of noise conditions for licensed venues from the Liquor Act to local government will not reduce red tape but instead involves duplication and cost shifting. There is a large cost associated with investigating compliance issues and special equipment would be required (able to measure octave band) and this is often time consuming. Liquor licensing currently collect the licensing revenue to ensure compliance. Also, some planning schemes may not have appropriate noise criteria (not fit for purpose), for example, the noise from crowds and live entertainment require more specific criteria. It should be noted that Local Authorities ensuring compliance to noise is only cutting red tape to the state entity and not hotels or clubs themselves.”

The Sunshine Coast Chambers of Commerce Alliance holds similar concerns:

“Disadvantages with council regulation include foreseeable inconsistencies with ‘acceptable noise levels’ from council to council, resulting in industry confusion, higher

CONSULTATION DRAFT

costs of compliance and an inconsistent tourism offer. Firstly, it is important for tourists to enjoy the same high quality entertainment experience throughout the state. Secondly, industry needs one set of rules when looking to Queensland to invest.”

The Alliance suggests that noise complaints could most appropriately be dealt with by the Queensland Police Service (QPS), because:

- *“QPS are first response to noise complaints concerning a licensed premises*
- *QPS assess whether the complaint is reasonable considering the surrounding amenity*
- *QPS either negotiate an acceptable outcome with the parties, or if it is considered the licensed premises is a serious (or serial) offender, refer the matter to OLGR for investigation*
- *QPS have systems that ensure reliable records of events*
- *QPS are assured of representing only the unbiased facts of an incident*
- *QPS visibility is a deterrent to would-be offenders*
- *OLGR has trained staff with acoustic equipment to effectively regulate/discipline only those more serious breaches where police attendance hasn’t rectified the complaint.”*

The Alliance is of the view that regulation of noise complaints by police is preferable to Council for reasons that include:

- *“Both the community and venue operators trust the judgment of police to arbitrate complaints fairly. Complainants may think twice before calling the police for a trivial complaint*
- *Police know who the offenders in their local area are likely to be*
- *Police know the local amenity intimately and are well placed to gauge acceptable levels of noise Many regional town plans don’t consider noise from licensed premises as this has historically been State administered*
- *Councils are not resourced to adequately and consistently regulate for noise.”*

Recent preliminary officer-level advice from the Queensland Police Service is that the responsibility would represent an additional draw on resources that could otherwise be put to better use (for example, in community protection and responding to more urgent matters), especially given the excessive number of noise complaints that occur. Additionally, police are not equipped or trained to measure noise. Addressing this gap in equipment and training creates a significant financial and operational burden if all police officers are expected to be able to respond immediately to noise complaints. Police are of the view that this task is best left to a small specialised unit closely linked to the regulatory body that sets noise regulation standards, such as OLGR.

2.5.4 Options and impacts

It is proposed that noise restrictions under the Liquor Act and the enforcement of noise restrictions be reviewed. Because a review is proposed, no options are put forth.

2.5.5 Discussion points / questions

The Government is seeking views on:

- How is noise from licensed premises best regulated, particularly in regard to the current definition and methodology relating to the concept of “unreasonable noise”?

- Who is the appropriate body to deal with noise complaints in regard to licensed premises – police, local council, the Office of Liquor and Gaming Regulation, or another body?
- Are the currently prescribed decibel limits still appropriate?
- Should decibel limits and mandatory acoustic reports be abolished?
- How might the interests of residents and licensed venues be best balanced in regard to noise?

2.6 Providing local governments with a greater say in licensing decisions

2.6.1 The issue

While local governments are routinely consulted on significant liquor and gaming licensing applications, there is no obligation for the decision-maker to give any particular weight to the view of local government. This can be a source of frustration for local councils.

2.6.2 Policy objective

The policy objective is to allow local government a greater say in licensing decisions, consistent with local government being in a better position to judge the best interests of their local community.

2.6.3 Background

Under section 117 of the Liquor Act and section 55F of the Gaming Machine Act, local governments may object or comment on some liquor and gaming licence applications including applications for new liquor or gaming licensed premises, extended liquor or gaming trading hours and adult entertainment permits. The decision maker is required to have regard to the comments or objection of the relevant local government.³⁴ However, the decision maker is not required to give any weight to the comments or objections. This can often serve as a point of frustration for local governments which has led to some calling for greater input into the liquor and gaming licensing process.

It should be noted that the decision-maker is required to provide natural justice³⁵ to the applicant regarding any adverse issues that may result in the refusal of an application, including any concerns raised by a local authority. However, an applicant cannot be expected to be able to adequately respond to objections if insufficient grounds of objection are provided.

Under the Liquor Act, local governments may object on the grounds that the amenity, quiet or good order of the locality would be lessened.³⁶ The Gaming Machine Act, on the other hand, is silent on the grounds for objection.

It is to be noted that currently at least one local government (the Brisbane City Council) requires an applicant for a liquor licence to complete an *Investigation into Liquor Licence Application*

³⁴ Section 121 Liquor Act and section 58 Gaming Machine Act.

³⁵ Natural justice dictates that the decision maker must provide an applicant the opportunity to respond to any concerns regarding the application.

³⁶ Section 117(2).

CONSULTATION DRAFT

request and pay a \$575 fee for a request affecting a standard licence or \$315 for a one-off public event where OLGR requests comment from the local government.³⁷

2.6.4 Options and impacts

The Government is considering introducing a legislative amendment to ensure that the decision maker gives weight to local government comments or objections. The amendment will also prescribe the appropriate grounds for local government objection, taking into consideration the social and economic objectives of the legislation.

The following options are under consideration:

- Option 1 – accept the proposal (provide local government with a greater say in licensing decisions).
- Option 2 – reject the proposal (do not provide local government with a greater say in licensing decisions).

Option 1 – accept the proposal (provide local government with a greater say in licensing decisions)

Benefits

This option is consistent with the Government's policy to shift power back to local government, where appropriate, given local governments are in a better position to know what is best for their communities.

The practical effect of the proposal to give local governments a greater say is that they will be able to have better control over the future character and amenity of their local areas. However, in exchange, local governments must be prepared to give cogent reasons for their objections should they wish to object to a liquor and/or gaming application.

Another practical effect of the proposal to give local governments a greater say is that local governments will have to ensure their support or objection to any liquor and/or gaming licence application is consistent with local town planning schemes and zoning, particularly areas that have already been zoned to allow for entertainment venues and facilities. This provides greater certainty to businesses in the process of obtaining a liquor or gaming approval and ensures a consistent attitude from local government throughout the process, allowing the licensee to pursue the licensing requirement in good faith.

Costs

While some transitional costs may be incurred by local government, and potentially the Queensland Government, these are expected to be minimal as licensing processes already require consultation with local government. Local government may incur additional costs in investigating applications against proposed grounds for objection, and it is possible (from Brisbane City Council's approach) that these costs would be passed on to the applicant.

³⁷ Fees are accurate as at end July 2012.

CONSULTATION DRAFT

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none">• Local government inputs into application process are consistent with prior town planning approvals• Clarity around grounds for objection assists applicants in responding (aids natural justice)• Potential reduction in red tape from consistent policy approach of local government	<ul style="list-style-type: none">• Potentially subject to independent investigation by local government to assess grounds for comment.• May be charged for this consultation.
Community	<ul style="list-style-type: none">• Better alignment with local government policies	
Government	<ul style="list-style-type: none">• Local government has greater say in licensing decisions• Assists policy to transfer some power back to local government.	<ul style="list-style-type: none">• May affect local government resources, but probably not to a significant extent.

Option 2 – reject the proposal (do not provide local government with a greater say in licensing decisions)

Benefits

The benefits of retaining current arrangements are that additional financial and time costs are not incurred in the consideration of a liquor or gaming application.

Costs

The costs of the proposal are the foregone benefits of Option 1, and that the policy objective is not fulfilled.

2.6.5 Discussion points / questions

The Government is seeking views on:

- Giving local governments a greater say in liquor and gaming licensing decisions.

3. Reform proposals requested by industry

3.1 Background

The 2012-13 State Budget contains additional gaming taxes for high-earning clubs and hotels. In response, representatives of the industry have requested certain concessions to ensure the increased taxation is revenue-neutral to gaming venues.

3.1.1 Recent gaming machine taxation announcements

The 2012-13 State Budget announced by the Government on 11 September 2012 included the announcement that the Government was:

“... introducing an additional tier into the gaming machine tax rate structure that will increase the gaming machine tax payable by clubs where monthly metered win (player loss) exceeds \$850,000 per month. The Government will also rescind the previous

CONSULTATION DRAFT

Government’s decision to reduce the rate of the health services levy payable by hotels where the monthly metered win (player loss) exceeds \$100,000 per month.”

The announcements also included advice that the Government would be working with the casino industry to deliver additional contributions of an expected \$8M to the Budget. In total, the measures are expected to produce a \$16.5M increase in Government revenue from the gaming industry in 2012-13.

Additional tax bracket for clubs

In 2011-12, the State received gaming tax revenue of \$201.7M from clubs (under the existing tax structure).

Club gaming machine tax is collected on the basis of metered win (revenue) per month. The amount collected is determined by a sliding scale tax rate. The budget announcement entails the separation, into two brackets, of the tax rate currently applicable to monthly gaming revenue of \$0.3M to \$1.4M per month, effective from 1 October 2012. Monthly gaming revenue above \$850,000 but under \$1.4M is subjected to the new tax rate of 30.91 percent. Table 3.1 displays a comparison of the sliding scale tax rate applicable to monthly club gaming machine revenue prior to and after the change.

Table 3.1 Taxation rates applicable to monthly club gaming machine revenue

Tax rate prior to 1 October 2012		Taxation rate after 1 October 2012	
Monthly Metered Win	Tax rate	Monthly Metered Win	Tax rate
Up to \$9,500	Nil	Up to \$9,500	Nil
\$9,501- \$75,000	17.91%	\$9,501- \$75,000	17.91%
\$75,001- \$150,000	20.91%	\$75,001- \$150,000	20.91%
\$150,001 - \$300,000	23.91%	\$150,001 - \$300,000	23.91%
\$300,000 - \$1,400,000	25.91%	\$300,000 - \$850,000	25.91%
Over \$1,400,000	35.00%	\$850,000 - \$1,400,000	30.91%
		Over \$1,400,000	35.00%

The decision to insert the new tier into the tax rate is expected to result in additional revenue of \$3.8M for the State in 2012-13 (increasing to \$4.1M by 2015-16). The additional tax rate applies to approximately 25 of the largest (in terms of gaming revenue) clubs, who will be required to pay an additional 5 percentage points in taxation on monthly gaming revenue above \$850,000 but below \$1,400,000 (this represents a maximum additional tax payment of \$27,500 per club licensee, for those earning up to or over \$1.4M per month).

It may also be noted that taxation for clubs earning over \$1.4M per month was decreased from 35.91 percent to 35 percent from 1 July 2012 due to the commitments made by the previous Government.

Reinstatement of health services levy tier

Gaming machine tax revenue in hotels is taxed at a rate of 35 percent. Hotels are also required to contribute to the health services levy, which is additional to gaming tax, if they earn more than \$100,000 in gaming revenue during the month. The contribution to the health services levy is calculated using a sliding scale based on monthly metered win (gaming machine revenue), as displayed in Table 3.2.

CONSULTATION DRAFT

Table 3.2 Health Services Levy

Monthly Taxable Metered Win (\$)	Health Services Levy (% of Monthly Taxable Metered Win)
\$0 - 100,000	Nil
\$100,001 - 140,000	3.50%
\$140,001 - 180,000	5.50%
\$180,001 - 220,000	7.50%
\$220,001 - 260,000	13.50%
> \$260,000	20.00%

When it entered into an agreement with Echo Entertainment Group Limited (Echo) for the redevelopment of Echo's casino properties, the previous Government agreed to an increase of 500 gaming machines at casino premises. To limit overall growth in gaming machines in Queensland, the hotel gaming machine cap was reduced by 500 (and accordingly, 500 surplus hotel operating authorities held by the Government and scheduled for return to the industry via authorised sale ceased to exist). To offset the reduction in the hotel cap, the former Government agreed to a package of concessions for the hotel industry. The concessions included, amongst other things, removal of the lowest band of the Health Services Levy. This meant that hotels with gaming revenue of between \$100,000 and \$140,000 were no longer liable to pay the levy.³⁸

The September 2012 budget announcements rescinded this arrangement, and restored the lowest tier of the Health Services Levy. This arrangement is expected to increase Government revenue by \$5.3M in 2012-13, increasing to \$5.7M in 2015-16.

3.1.2 Concessions requested by industry in response to increased tax

Gaming industry representatives have requested a number of concessions from Government to help offset the Government's proposal to increase casino and gaming machine taxation. These are:

- increase the maximum bet on club and hotel gaming machines from \$5 to \$10;
- remove gaming machine note acceptor restrictions that prevent gaming machines in clubs, hotels and casinos from accepting \$50 and \$100 notes, and increase the maximum value that may be inserted into a gaming machine at a club or hotel from \$100 to at least \$250;
- remove the prohibition on gaming at clubs and hotels prior to 10am; and
- remove the moratorium on applications for post-midnight extended liquor trading hours prior to the scheduled expiry of the moratorium on 1 January 2014.

3.1.3 Problem Gambling

The Government accepts that the request to relax some gaming machine technical parameters (specifically those relating to maximum bet and the ways and extent to which cash can be inserted into a machine) may be of concern to some members of the community. The existing parameters acknowledge that some people have difficulty controlling their gambling expenditure when playing gaming machines. However, measures such as these are by no means a panacea for problem gambling, which occurs regardless of these limitations. The level of problem gambling in Queensland is fortunately very low, with the preliminary results of the Queensland Household Gambling Survey 2011-12 indicating a problem gambling prevalence rate of 0.48 percent.

³⁸ Queensland Government Ministerial Media Statements, *Million dollar makeover for Queensland casinos*, December 11 2010 <http://statements.qld.gov.au/Statement/2010/12/11/million-dollar-makeover-for-queensland-casinos>

CONSULTATION DRAFT

Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community³⁹.

At an individual level, problem gambling can give rise to significant psychological distress, give rise to legal and financial problems, and disrupt work and study. At a broader level, it can lead to breakdowns in important relationships, family disruption and neglect, and may contribute to criminal behaviour⁴⁰.

Delfabbro provides the following summary of the impacts of problem gambling⁴¹:

- The prevalence of negative psychological symptomology, including clinical depression, anxiety, and suicidal ideation is around 15-20 percent within problem gamblers identified in community surveys, but can be higher than 50 percent in help-seeking populations.
- Substance abuse and smoking rates are significantly higher in problem gambler populations. Some recent studies have suggested that 20 percent of problem gamblers experience substance abuse problems and that up to 60 percent smoke regularly.
- The important social impacts to arise from problem gambling include the breakdown and loss of relationships and neglect of family duties.
- The principal vocational impacts include a loss of productivity, job changes, and a loss of employment.
- The estimated rates of gambling-related crime tend to be very low if based on prevalence surveys (1%), but much higher (at least a third) in treatment samples. The prevalence of such behaviour is difficult to estimate because of concealment and because the cause of many crimes is not consistently listed in court records.
- Current data suggest that problem gambling rates are considerably higher in correctional populations (around 10+ times higher) as compared with the general population.

While it is not possible to be definitive about the costs of problem gambling, the Productivity Commission estimated that in 2008-09 the costs to problem gamblers ranged between \$4.7 and \$8.4 billion⁴².

3.1.4 The Prevalence of Problem Gambling

In Queensland, the prevalence of problem gambling is obtained from the Queensland Household Gambling Survey. This survey has been conducted in 2001, 2003-04, 2006-07, 2008-09 and 2011-12. On each occasion, the Office of Economic and Statistical Research was contracted to administer the survey. The 2011-12 survey had a sample of 15,000 persons making it one of the largest prevalence surveys to be conducted in Australia.

The Queensland Household Gambling Survey utilises the Canadian Problem Gambling Index to assign gamblers to one of four groups: recreational, low risk, moderate risk or problem gambling. The Canadian Problem Gambling Index is recognised as the measure of choice for all

³⁹ Neal, P., Delfabbro, P., & O'Neil, M. (2005). *Problem gambling and harm: Towards a national definition*. Gambling Research Australia, Melbourne.

⁴⁰ Delfabbro, P. (2010) A Review of Australian Gambling Research – Implications for Inter-jurisdictional Public Policy and Regulation, Gambling Research Australia, Melbourne, p87.

⁴¹ *Ibid.*, p8-9.

⁴² Productivity Commission (2010). *Gambling*, Report no. 50, Canberra.

CONSULTATION DRAFT

Australian prevalence research⁴³. The following table presents a time series of gambling group estimates for the Queensland adult population:

Table 3.3 gambling group estimates, time series

	2001	2003–04	2006–07	2008–09	2011–12
Non-gambling	15.1%	19.7%	24.7%	25.3%	26.2%
Recreational gambling	73.2%	72.4%	67.3%	68.0%	66.3%
Low risk gambling	8.2%	5.3%	5.7%	4.7%	5.2%
Moderate risk gambling	2.7%	2.0%	1.8%	1.6%	1.9%
Problem gambling	0.83%	0.55%	0.47%	0.37%	0.48%
Total	100%	100%	100%	100%	100%

In Queensland, the prevalence of problem gambling has not changed significantly over time. In particular, the small change from 2008–09 to 2011–12 was *not* statistically significant. Also, while there may appear to have been a slight overall decline in the problem gambling prevalence rate from 2001 to 2008–09, this change too was not statistically significant. However, when it examined these trends from Queensland, the Productivity Commission concluded that:

“While each of the discrete reductions may not be “statistically significant”, the likelihood of finding three successive falls when, in fact, none has really occurred, is low. At least for that state, the evidence for falling prevalence rates is plausible.”

The Productivity Commission’s conclusion of a plausible actual decline in Queensland’s problem gambling prevalence rate is based on the trend recorded by the four surveys conducted between 2001 and 2009. A single non-statistically significant increase in the prevalence rate, as reported in 2011-12, does not in itself indicate that problem gambling prevalence is now rising.

Overall, the results of the 2006–07, 2008–09 and 2011–12 surveys were actually very similar and there were no statistically significant differences between the 2011–12 survey results and the gambling group estimates from the previous two surveys.

Table 3.4 presents the prevalence of problem gambling in each jurisdiction based on that jurisdiction’s most recent published prevalence data.

Table 3.4 Jurisdictional comparison of problem gambling prevalence rates

Jurisdiction (year of survey)	Problem gambling Prevalence
Queensland (2011-12)	0.48%
NSW (2012)	0.8%
Vic (2008)	0.70%
NT (2005)	0.64%
SA (2005)	0.4%
Tas (2007)	0.54%
ACT (2009)	0.5%

⁴³ Delfabbro, P. (2010) A Review of Australian Gambling Research – Implications for Inter-jurisdictional Public Policy and Regulation, Gambling Research Australia, Melbourne, p56.

3.2 *Reviewing gaming machine maximum bet*

3.2.1 The issue

Clubs and hotels are disadvantaged against venues in certain other jurisdictions, and casinos, in terms of the maximum bet allowed on a gaming machine. Maximum bet is currently \$5 and has not increased since 1995. Had the consumer price index been applied since the last increase, the maximum bet parameter would now be \$7.76.

3.2.2 Policy objective

The policy objective is to ensure that, on balance, the State, industry and community as a whole benefit from gambling without unduly compounding the problems of the small percentage of people who cannot control their gambling expenditure.

3.2.3 Background

Defining Maximum Bet

Maximum bet refers to the maximum amount that can be wagered at the push of a button (that is, per *spin*) on a gaming machine. As most people will be aware, the general use of a gaming machine requires players to gamble on the appearance of symbols in consecutive order on a *pay-line*. Machines generally offer multiple pay-lines and players are allowed to bet a defined number of credits per pay-line. The amount actually wagered by the player is determined by the following three actions:

- the player's decision regarding the number of pay lines that he/she wishes to wager on;
- the player's decision regarding the number of credits that he/she wishes to wager on the outcome of each line (the *credit multiplier*); and
- the value of a credit on the gaming machine that the player has decided to play. The value of a credit represents the *denomination* of the game. This value is prominently featured on the machine above the note acceptor.

Gaming machine software determines the *maximum bet* for a game by specifying the number of lines that shall be available to bet on, and the maximum number of credits that may be wagered on the outcome of each line. In Queensland, for example, gaming machines are designed for the club and hotel market so that:

- the value of a credit may be fixed at 1c, 2c, 5c, 10c, 20c or \$1;
- the machine may offer a maximum of 50 lines; and
- the maximum bet possible if all lines are selected at maximum credits per line is \$5.

In the case of a game where the value of a credit is one cent, a \$5 maximum bet might be delivered through a configuration that allows a maximum of 50 lines for play at up to 10 credits per line ($(\$0.01 \times 50) \times 10 = \5). This configuration provides a scalable range of bet options, allowing the player to bet as little as one cent (one credit on a single line) to the maximum \$5 (all lines at maximum credits, as exemplified in the formula). A range of bet options exist between these two extremes.

The maximum bet for each gaming machine jurisdiction and market (that is, the club/hotel market or casino market) is reflected in the *Australian/New Zealand Gaming Machine National Standard*. The standard reflects Queensland's maximum bet of \$5 for clubs and hotels. Queensland has no bet limit for casinos. Consequently, the proposal applies only to clubs and hotels.

CONSULTATION DRAFT

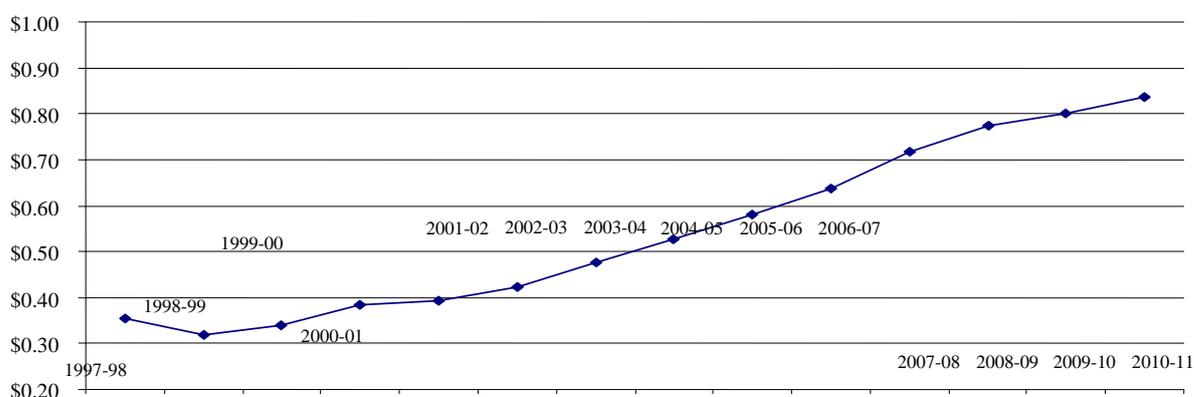
The \$5 maximum bet is the key strategy by which the gaming machine regulatory framework limits large spontaneous bets at Queensland clubs and hotels. The existing parameter has been in effect since 1995, when maximum bet was increased from \$2.50 in order to accommodate (then) new 25-line games that were being introduced in other Australian jurisdictions.

How players bet in Queensland

Evidence from Queensland (expanded below) is that players bet on average only \$0.89 per spin, which is well below the currently allowable maximum of \$5. The value is informed by both high and low value betting and the statistic cannot be used as evidence that increasing the maximum bet will have no effect.

As shown in Table 3.5, average bet on gaming machines in Queensland has grown consistently since the limit of available data in 1997-98, and the current figure is more than double the average bet per spin of ten years ago (\$0.39).

Table 3.5 Average EGM Bet, Queensland Clubs and hotels 1997 - 2011



An analysis of gaming machine play in Queensland over the 2011-12 financial year indicates that average bet increases based on the denomination of the gaming machine being played. This is not unexpected, as an increase in denomination increases the value of a credit exponentially. On machines where the denomination is the maximum allowable \$1, for example, average bet was \$3.82 per spin. This is shown in Table 3.6.

Table 3.6 Average bet by game denomination, Queensland 2011-12

Denomination	% play (% total stroke)	Average bet ⁴⁴	Metered Win (player loss)	% Metered Win
1c	69.22%	\$0.73	\$1,152,713,939	59.21%
2c	17.98%	\$1.06	\$391,792,497	20.12%
5c	10.15%	\$1.41	\$290,951,167	14.94%
10c	1.34%	\$1.42	\$38,334,733	1.97%
20c	0.58%	\$1.61	\$18,591,877	0.95%
\$1	0.73%	\$3.82	\$54,514,618	2.80%
<i>Overall</i>	<i>100.00%</i>	<i>\$0.89</i>	<i>\$1,946,898,829</i>	<i>100.00%</i>

National developments regarding gaming machine maximum bet

Maximum bet has been the subject of contention and national media attention since the release of the Productivity Commission's 2010 report of its inquiry into gambling. As discussed below,

⁴⁴ Calculated by *turnover* divided by stroke. Turnover is not presented in this table.

CONSULTATION DRAFT

the Commission recommended that gaming machines should be limited to a maximum bet of only \$1.

The Productivity Commission made this recommendation because it was concerned about the intensity of play allowed by current gaming machine design parameters across Australia, and the potential for harm that may arise from high intensity play. The Commission based its concerns on findings that expected player loss on a machine with a \$10 maximum bet could be as high as \$1,200 per hour (based on a 90 percent return to player and a spin rate of one game every three seconds). The Commission’s findings are shown in Table 3.7 below.

Table 3.7 Productivity Commission calculations of player loss

Max bet	Max spins per minute	Max spins per hour	Max hourly wager	Expected return to player at 90%	Expected player loss
\$1	20	1200	\$1200	\$1080	\$120
\$5	20	1200	\$6000	\$5400	\$600
\$10	20	1200	\$12000	\$10800	\$1200
<i>How calculated:</i>		<i>20 spins x 60 minutes</i>	<i>Max bet x 1200 spins</i>	<i>Max hourly wager x 90%</i>	<i>Max hourly wager x 10%</i>

By the same rationale, the Commission calculated that expected player loss on Queensland’s existing club and hotel gaming machines – with a maximum bet of only \$5 – was \$600.

However, in both cases, the figure applies only in extreme situations where players are betting maximum credits and maximum lines on machines configured to the maximum allowable bet for the jurisdiction, and hitting the buttons on the machine as soon as is humanly and technologically possible – for the entire hour of play.

Industry has therefore been extremely critical of the Productivity Commission’s use of these figures, as they represent a worst-case and highly unlikely scenario.

Operational gaming machine data collected by licensed monitoring operators indicates that gaming machines in Queensland take in, on average, a total of \$133 per machine *per day* (statistic is based on September 2012 metered win). Whilst players may spread their losses over a number of machines, the daily metered win figure would (in conjunction with the finding that average bet in Queensland over 2011/12 was \$0.89) appear to indicate that the majority of gaming machine patrons are not playing at an intensity that would see a machine take \$600 *per hour*.

Whilst the Queensland specific data presented in the previous section was not available to the Productivity Commission, the Commission noted similar results from other jurisdictions and formed the view that:

“If few players bet above \$1 per button push on average, and they are more likely to be problem gamblers, it becomes difficult to justify a bet limit much above that level, in view of the harm that problem gambling generates.”

National trends regarding gaming machine maximum bet

To date, no Australian jurisdiction has taken up the Productivity Commission’s recommendations regarding maximum bet. On 23 June 2010, the Australian Government announced the formation of a COAG Select Council on Gambling Reform to respond to the Commission’s recommendations. The Select Council has not yet considered the issue of maximum bet as it has prioritised consideration of the gambling reform matters identified in the

CONSULTATION DRAFT

now defunct gambling-related provisions of the Prime Minister’s agreement with Tasmanian Independent Andrew Wilkie MP, Federal Member for Denison.

Though the Productivity Commission’s 2010 maximum bet recommendation has not been accepted by any jurisdiction, the national trend is to reduce maximum bet:

- In 2008, the Victorian Government moved to reduce maximum bet from \$10 to \$5. Implementation was completed by 2010.
- In April 2010, the Tasmanian Government specified that the maximum bet for all new gaming machines would be \$5 (as opposed to the \$10 it was formerly), with a \$5 maximum bet limit to be applied to all existing gaming machines by 30 June 2013.

Both of these reductions were announced prior to the release of the Productivity Commission’s final report.

Since the release of the Productivity Commission’s report, maximum bet has been the subject of contention and national media exposure. The Australian Greens have also called for a maximum \$1 bet and the Australian Government Joint Select Committee on Gambling Reform (chaired by Mr Wilkie with the participation of South Australian Senator Nick Xenophon) has suggested that \$1 machines would not have to be part of a proposed national pre-commitment system for gaming machines. Additionally, a group of 210 Woolworths shareholders made national headlines on 26 June 2012 when they filed a request with the company’s directors for an amendment to the company’s constitution. The proposed amendment would allow Woolworths to operate gaming machines only if the machines were limited to a \$1 maximum bet. The resolution was overwhelmingly defeated on 22 November 2012 with 95.3 percent of Woolworths shareholders voting against it.

Jurisdictional comparison of maximum bet parameters

As they currently stand, gaming machine maximum bet parameters (and resultant expected hourly expenditure in extreme situations via the Productivity Commission methodology) for each Australian jurisdiction are listed in Table 3.8.

Table 3.8 Comparison of club/hotel gaming machine maximum bet by jurisdiction

Jurisdiction	Maximum bet/spin	Regulated spin rate	Expected cost of play at maximum bet / spin (a)
Queensland	\$5 (b)	3 seconds	\$600/hour
Victoria	\$5	2.14 seconds	\$840/hour
NSW	\$10	None	\$1200/hour
SA	\$10	3.5 seconds	\$1020/hour
Tasmania (b)	\$10 → \$5	3 seconds	\$1200/hour
NT	\$5	None	\$600/hour
ACT	\$10	None	\$1200/hour
WA	N/A	(no gaming machines in clubs and hotels)	

(a) Based on Productivity Commission methodology as discussed above – requires the player to bet maximum credits on maximum lines, on a machine offering the maximum bet allowable in the jurisdiction, and to press buttons as fast as technologically possible over the entire hour of play. Also requires the machine to conform exactly to return to a player return specification of 90 percent.

(b) In Tasmania, the \$5 maximum bet applies to all machines from 1 July 2013.

3.2.4 Options and impacts

The following options are under consideration:

- Option 1 – Increase maximum bet for club and hotel gaming machines from \$5 to \$10.
- Option 2 – Retain current maximum bet parameter of \$5.

Option 1 – increase maximum bet to \$10 on club and hotel gaming machines

Benefits

The additional gaming revenue to clubs and hotels arising specifically from an increase in gaming machine maximum bet cannot be readily quantified. The question is dependant on a number of determinants, for example:

- how the increase in maximum bet will manifest in Queensland;
- how the industry will engage with the new parameter; and
- how players will react.

How the increase will manifest in Queensland

A \$10 maximum bet would manifest in the form of games with increased lines, increased credit multipliers, increased denominations or a combination of all three.

In New South Wales, where a \$10 maximum bet already applies, a maximum bet of \$10 is achieved in a variety of ways and games may offer up to 100 pay lines. The policy of the regulator is, however, that 100 line games will only be approved for games of a one cent denomination (thus 100 lines x 10 credits per line at \$0.01 per credit = \$10).

Queensland currently regulates that a gaming machine may offer the player a maximum of 50 pay lines. If this parameter is not increased, a \$10 maximum bet might be achieved through an increase in allowable credits per line. This parameter (credits per line) is not currently set in Queensland, but is limited by necessity through the parameters defining maximum lines (50) and maximum bet (\$5), and the denomination of the game. Thus a game where the value of a credit is \$0.02 (that is, a two cent game) offering 50 lines would, in order to meet the current maximum bet requirement, allow a player a maximum of 5 credits per line (50 lines x 5 credits per line at \$0.02 per credit = \$5). A \$10 maximum bet could be applied to the two cent game by retaining a maximum of 50 lines for this denomination, but doubling the number of credits that may be bet on each line to 10 (50 lines x 10 credits per line at \$0.02 = \$10). Similar modifications of credits per line would apply to games of other denominations.

Alternatively, the parameter regarding maximum lines might be increased. Were this to occur, it is considered likely that the introduction of \$10 maximum bet gaming machines would then be spearheaded by 100 line one cent machines. This assumption is based primarily on the popularity of one cent machines in the Queensland market⁴⁵ and the fact that 100 line one cent games have already been developed for the New South Wales and Australian Capital Territory markets.

How the industry will engage with the new parameter

Contrary to what is apparently popular belief, a change in the maximum bet parameter cannot be instigated at the flick of a switch. In the case of a \$10 maximum bet, games conforming to the increased parameter have already been developed for other markets, but have yet to be approved for use in Queensland. Should such games (or new games) be approved for use in Queensland,

⁴⁵ In 2011-12, one cent machines represented approximately 66 percent of all operational gaming machines in Queensland, received 59.21 percent of metered win, and received 69.22 percent of total stroke. Stroke is a measure of the button-presses that result in a game being played.

CONSULTATION DRAFT

each gaming machine expected to provide the \$10 maximum bet would individually have to undergo a process known as a game conversion, in which the software conforming to the increased maximum bet parameter replaces the existing software in the machine. Generally, a game conversion cannot be done remotely and requires the presence of a technician to replace the machine's artwork and the program storage device in the machine.⁴⁶

A game conversion currently costs the gaming venue in the order of \$3,000 (in some cases, where games are operated on hardware that is no longer supported by gaming machine manufacturers, the licensee may have to replace the entire machine in order to avail themselves of an increased maximum bet). However, the proposal discussed in this document does not suggest that every gaming machine in Queensland will be required to conform to a \$10 maximum bet and it will be a commercial decision for the licensee as to whether these costs are taken on.

Additionally, it cannot be assumed that all new gaming machines or games will come with a \$10 maximum bet. Even in jurisdictions where a \$10 maximum bet is already in place, such as the Australian Capital Territory, new \$5 games are still submitted for approval and rolled out to venues. The number of gaming machines offering a \$10 maximum bet is therefore subject to some conjecture, which makes costing difficult. Player decisions and game popularity will ultimately inform the market.

How players will react

There is evidence that most players use a "maximin" strategy under which they play the maximum lines available, at minimum credits:

- An Australian Institute for Primary Care (AIPC) study, which analysed questions included in a Victorian telephone survey of almost 100 regular EGM gamblers, found that 82 percent of respondents preferred one, two or five cent machines, and 60 percent adopted a gambling strategy that involved gambling on maximum lines and minimum credits per line.⁴⁷
- A study of 220 players in the Star City Casino in New South Wales by Williamson and Walker (2000) found the most common strategy was the "maximin" betting strategy in which players preferred to gamble on the maximum lines available on the machine, but at the minimum bet (e.g. one credit on all 20 lines on the machine). This was observed in around 45 percent of players. By comparison, around 10 percent of players preferred betting using the maximum bet-size and number of lines, around 1-2 percent used a minimum bet and minimum lines strategy, and almost no players consistently bet on the minimum lines using the maximum bet.

Were the \$10 maximum bet to manifest through additional pay-lines, players using a "maximin" strategy (as discussed above) would find the number of pay-lines potentially doubled. Some players may continue to use the strategy because, as explained by AIPC:

"The desire to capitalise on the apparent regular appearance of winning symbols, and thus to avoid the "horror" of a big win on a line that has not been gambled is, in the

⁴⁶ Queensland has the capacity to remotely instigate the change only where approved alternate versions of the software, conforming to the desired new parameters, already exist in the machine's programming. Although Queensland is well positioned in regard to downloadable gaming, in which new games and video-display artwork can be remotely downloaded by the machine, this technology is available only on trial basis to a very small number of venues and, as discussed above, no \$10 games are yet approved for use in Queensland.

⁴⁷ Delfabbro, P 'A Review of Australian Gambling Research – Implications for Inter-jurisdictional Public Policy and Regulation' (2010) p115.

CONSULTATION DRAFT

researchers' view, a highly valid quasi-rational (if erroneous) explanation for the "maxi" element of this EGM gambling strategy."

On the other hand, a \$10 maximum bet that manifests through increased available credit multipliers (that is, the amount of credits that can be bet per line) is likely to present little impact as the majority of players will still be expected to continue to gamble a single credit on the maximum number of lines available.

On balance...

Taking into account all of the considerations above, it is reasonable to assume on balance that the effect of increasing the maximum bet to \$10 would be a small to moderate increase in overall player expenditure, with a proportional increase in gaming machine tax revenue. This increased revenue would assist in addressing the impacts of the increased taxation rates applicable to some clubs and hotels from 1 October 2012.

It should be noted that gambling tends to bring an overall net benefit. In its 2010 report the Productivity Commission estimated that, in 2008-09, the benefits from tax revenue and the enjoyment of gambling for recreational gamblers ranged between \$12.1 and \$15.8 billion while the costs to problem gamblers ranged between \$4.7 and \$8.4 billion. Consequently, the overall net benefits of gambling ranged between \$3.7 and \$11.1 billion.

Other benefits

As outlined above, increasing maximum bet to \$10 would place Queensland clubs and hotels on the same footing as their counterparts in New South Wales, South Australia and the Australian Capital Territory, each of which has a longstanding \$10 maximum bet. In this regard, Clubs Queensland is of the view that:

"Aligning the bet limit with NSW, SA and ACT will also enable gaming machine manufacturers to offer a greater variety of games in Queensland, as currently available in other jurisdictions. The availability of games is currently a major factor in encouraging Queensland players across the border into NSW, creating a tough trading environment for those venues situated on the Queensland border. Queensland's lack of variety and availability of games is currently a detriment to capturing the inter-state tourism dollar from recreational players who expect the same gaming conditions as in their home States."

An example of this game variety is the 100 line one cent machines available in New South Wales, which are not currently available in Queensland.

A \$10 maximum bet will also make clubs and hotels more competitive with casinos, where bet limits (in Queensland) are not specified and may be well above \$10. However, as casinos are destination gambling venues and are not located in suburbia, separate parameters for casinos are not inappropriate.

Clubs Queensland considers that increasing maximum bet may position clubs and hotels as key drivers in building tourism capacity through increased entertainment offerings. It also advises that:

"Increasing the maximum bet to \$10 would also place Queensland clubs, hotels in a better position to remain competitive against the rise of online gambling. There is a changing trend in consumerism towards online-purchasing, which has seen exponential growth in the global online gaming market. This is a market that is unregulated, unsupervised, with no credit and bet limits. In contrast, increasing the maximum bet to \$10 will be enforced within a licensed venue where gambling occurs in a social context under the supervision of trained staff, with tax revenues going to the state government."

CONSULTATION DRAFT

Costs

The costs of the proposal are equally unquantifiable, and are linked to the unknown effect that that proposal would have on the small proportion of the population who are problem gamblers.

Potential effect on problem gamblers

Research results into the actual effectiveness of maximum bet limits as a harm minimisation measure is mixed, largely because other harm minimisation measures work in combination with maximum bet limits.

There is, however, evidence that problem gamblers are more likely to gamble larger amounts than recreational gamblers. The Productivity Commission’s analysis of unit data from the Queensland Household Gambling Survey 2006-07 found that approximately 50 percent of the respondents classified as problem gamblers generally bet more than \$1 per spin when playing gaming machines (Table 3.9). This compared to only 31 percent of moderate risk gamblers, 22 percent of low risk gamblers, and only 12 percent of recreational gamblers. This is an indication that problem gamblers have a greater propensity to bet larger amounts and it might therefore be concluded that people in the problem gambler category would be more likely to place a \$10 bet on a gaming machine.

Table 3.9 Problem gamblers play more intensively (PC 2010 11.2)

	Recreational gambler	Low risk gambler	Moderate risk gambler	Problem gambler
Spends \$1 or more per button push	12%	22%	31%	50%
Spends less than \$1 per button push	88%	78%	69%	50%
<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
Session length 2 hours or more	11%	22%	48%	78%
Session length less than 2 hours	89%	78%	52%	22%
<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

In addition to demonstrating that problem gamblers have a greater propensity towards high intensity play, the Productivity Commission’s analysis also determined that a significantly greater percentage of problem gamblers (78%) are more likely to indulge in gaming sessions of greater than two hours in length than recreational gamblers (11%), as shown in the table above. This may imply that problem gamblers are more likely to spend long periods at gaming machines (as opposed to at jobs or with families), and it might be argued that lower bet limits may result in longer periods at gaming machines, thus compounding the gambler’s problems.

Problem gamblers are also more likely to play gaming machines of a higher denomination than one cent (“denomination” refers to the value of a credit on the machine). This is evidenced by data from the 2011-12 Queensland Household Gambling Survey. The survey found that, while 74 percent of recreational gamblers usually restrict their play to one cent machines, only 47 percent of problem gamblers limit their play to one cent machines. As discussed above, average bet increases with the denomination of the machine and this may be further evidence that problem gamblers are more likely to place higher bets than recreational gamblers.

Whilst the effect is again difficult to quantify, it might be assumed from the research referenced above that problem gamblers are amongst those more likely to bet at \$10 per spin.

Potential for negative public perception

Increasing maximum bet to \$10 in the environment that has existed since the release of the Productivity Commission’s report could be expected to result in significant negative publicity for the Queensland Government and the club and hotel industry, and would invoke the ire of

CONSULTATION DRAFT

anti-gambling groups, community organisations and possibly the Australian Government. This is a matter for the Government and the industry.

Summary of costs and benefits

The advantages of increasing the maximum bet to \$10 are considered to be:

- Unquantifiable additional gaming revenue to clubs and hotels, and Government in the form of taxation. The amount is likely to be small to moderate.
- Business impacts of additional gaming tax are addressed.
- Clubs and hotels are on equal footing with certain interstate venues.
- Maximum bet is adjusted for consumer price indexing since its last increase in 1995 (with the increase on CPI allowing the index to “catch up” and ensuring that the parameter remains relevant in the future).
- Availability of greater variety of games, which may have effect of rejuvenating gaming performance in Queensland.
- May allow clubs and hotels to remain competitive against online gambling.

The disadvantages of increasing the maximum bet to \$10 are considered to be:

- Potential for unquantifiable additional expenditure by the very small percentage of Queenslanders who are problem gamblers (with additional flow-on effects for counselling services, families etc).
- Potential for a small number of “at risk” gamblers to become problem gamblers through increased expenditure.
- Criticism from media, the public, anti-gambling campaigners and community groups.

A summary of these costs and benefits by sector is provided below.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none"> • Unquantifiable additional gaming revenue to clubs and hotels. • Business impacts of additional gaming tax are addressed. • Clubs and hotels are on equal footing with interstate venues. • Maximum bet is adjusted for CPI 	<ul style="list-style-type: none"> • Potential publicity backlash
Community	<ul style="list-style-type: none"> • Greater variety of gaming machine games for players 	<ul style="list-style-type: none"> • Potential for increase in expenditure by problem gamblers, and potential for increased expenditure by at-risk gamblers. • Problem gamblers account for around 40 percent of total gaming machine spending
Government	<ul style="list-style-type: none"> • Unquantifiable additional taxation revenue 	<ul style="list-style-type: none"> • Potential publicity backlash

Option 2 – retain maximum bet of \$5 on club and hotel gaming machines

This option envisages the retention of the \$5 maximum bet on club and hotel gaming machines.

Benefits

The primary benefit of retaining the \$5 maximum bet is that there is no risk for potentially increased problem gambling (including increased expenditure by existing problem gamblers, or the potential for at risk gamblers to tumble over into the problem gambling category) to the extent that might become apparent were maximum bet to be increased to \$10.

CONSULTATION DRAFT

Costs

The costs of retaining the maximum bet of \$5 are the foregone advantages of increasing maximum bet – that is, existing maximum bet remains well below CPI since its last increase, and the business impacts of the additional taxation on clubs and hotel gaming revenue are not addressed.

Summary of costs and benefits

A summary of benefits and costs is provided below:

Summary of the costs and benefits for Option 2

	Benefits	Costs
Industry		<ul style="list-style-type: none">• Clubs and hotels still stymied by greater variety of games and potentially more attractive parameters interstate.• Does not offset effects of tax increase for clubs and hotels.• Foregone additional revenue.• Maximum bet below CPI since last increase.
Community	<ul style="list-style-type: none">• Potential for increased harm to problem gamblers is not present.	
Government		<ul style="list-style-type: none">• Foregone taxation revenue.

3.2.5 Discussion points / questions

Harm minimisation measures – voluntary pre-commitment and \$1 machines

Should the \$10 maximum bet be increased, the Government could require additional harm minimisation measures from clubs and hotels. For example, the Government could require that any site operating machines that offer a \$10 maximum bet would be required to offer voluntary pre-commitment to its patrons. Voluntary pre-commitment allows players to set non-enforceable limits on their gaming losses if they so choose, and (unlike the model originally proposed by Mr Wilkie) does not require the mandatory registration of players who do not wish to enrol in the system.

However, voluntary pre-commitment does not prevent a player from continuing to play gaming machines outside the system once their limits are reached or exceeded. It should be noted that pre-commitment of any form is a player information and empowerment tool to aid responsible gambling, and not a measure to combat problem gambling.

On 29 November 2012, the National Gambling Reform Bill 2012 (along with two companion Bills, the National Gambling Reform (Related Matters) Bill (No. 1) 2012 and the National Gambling Reform (Related Matters) Bill (No. 2) 2012) was passed in the House of Representatives and Senate. The National Gambling Reform Bill proposes a package of measures to regulate gaming machines. Broadly, it requires that:

- by 31 December 2014, new gaming machines either manufactured in, or imported into, Australia be capable of supporting an approved pre-commitment system; and
- by 31 December 2018, gaming machines be linked together as part of a state-wide or territory-wide pre-commitment system and display electronic warning messages (with extended timelines for smaller venues).

CONSULTATION DRAFT

However, Commonwealth intervention in this space does not prevent Queensland from specifying that any venue installing a gaming machine or game with a \$10 maximum must have (at least) site-specific voluntary pre-commitment in place (especially if the installation of the \$10 maximum bet machine is to predate the commencement of the Commonwealth's voluntary pre-commitment scheme as it applies to the venue, or if the venue is exempt from the scheme).

Voluntary pre-commitment has been optionally available to clubs and hotels in Queensland since 2009 and approximately forty venues have elected to offer the service to their players.

Alternatively, a \$10 maximum bet might be introduced in conjunction with a ban on \$1 machines at clubs and hotels. Research⁴⁸ suggests that machines that operate on the basis of \$1 per credit are more likely to be played by problem gamblers, and an analysis of gaming performance in Queensland clubs and hotels over 2010-11 indicates average bet on \$1 machines was, at \$3.75, much higher than the overall average bet of \$0.84 for the same period (and much higher than the average bet of \$0.70 on the one cent machines usually played by recreational gamblers).

The combination of a \$10 maximum bet and the continued existence of \$1 machines might therefore be considered to present significant potential for harm. Alternately, the Government could simply retain the maximum \$5 bet in respect of games where the value of a single credit exceeds, say, 50 cents.

The Government is seeking views on the following matters:

- In consideration of the industry benefits and potential social costs above, what option is best for Queensland?
 - Option 1: increase maximum bet to \$10
 - Option 2: maintain the current maximum bet of \$5.
- Were the Government to increase maximum bet to \$10, what additional harm minimisation measures might be expected from clubs and hotels?
 - No additional harm minimisation measures are necessary
 - Voluntary pre-commitment should be installed at any venue offering games with a \$10 maximum bet
 - Other measures not currently required by legislation or already addressed within the Responsible Gambling Code of Practice should be introduced if the Government elects to introduce a \$10 maximum bet (please list measures).
- In relation to games where the value of a single credit is \$1:
 - \$1 is \$10 – there should be no distinction between these games and games of another denomination, as the same maximum bet limits and return to player parameters apply.
 - If a proposal to introduce a \$10 maximum bet is allowed, \$1 games should remain restricted to the current maximum bet of \$5.

⁴⁸ Productivity Commission 1999, Blaszyński et al 2001, South Australian Office for Problem Gambling 2006

- \$1 games should be banned if the proposal to increase maximum bet to \$10 is implemented.
- How an increase to a \$10 maximum bet would affect the respondent personally.
- Club and hotel representatives and peak bodies are invited to provide further justification as to why the increase is needed and how the potential for harm may be offset.

Please note: In each case above, respondents are asked to note that the Government is not considering: a ban on \$1 denomination games without the introduction of a \$10 maximum bet; an outright ban on gaming machines in clubs and hotels; the introduction of mandatory pre-commitment; or the introduction of a \$1 maximum bet.

3.3 Reviewing cash input restrictions on gaming machines

3.3.1 The issue

In Queensland, limitations apply to the ways in which gaming machine players may insert cash into a machine:

- All gaming machines in Queensland, including those in casinos, are prevented from accepting \$50 and \$100 notes (that is, they will accept a maximum banknote of \$20).
- Gaming machines in clubs and hotels in Queensland are prevented from accepting cash when the value of credits stored on the machine is above \$100 (accordingly, it is said that a “cash input limit” or “maximum load-up” of \$100 applies to clubs and hotel gaming machines in Queensland).

Together, these restrictions entail that a player may insert a maximum of 5 x \$20 notes into a gaming machine. The restrictions inconvenience patrons and disadvantage Queensland venues when compared to the parameters applicable to gaming machines in New South Wales and Victoria.

3.3.2 Policy objective

The policy objective is to ensure that, on balance, the State, industry and community as a whole benefit from gambling without unduly compounding the problems of the small percentage of people who cannot control their gambling expenditure.

3.3.3 Background

Like the existing \$5 maximum bet limit, the credit limit and the restriction on the use of notes greater than \$20 may prevent players from making large spontaneous bets on gaming machines in clubs and hotels. The credit limit and note acceptor restrictions also encourage breaks in play, and thus provide players with a decision point at which they must assess whether it is appropriate to insert more cash into the machine. Each break gives the player an opportunity to cease their play without further expenditure if so desired.

Limitations on the amount of cash that could be inserted into a gaming machine were the result of a 1999 Parliamentary Review of Gaming in Queensland. The Review Committee had regard to the findings of the Productivity Commission’s 1999 inquiry into gambling, which found that:

CONSULTATION DRAFT

- gaming machines with banknote acceptors have a higher level of player expenditure than those without; and
- players with a gambling problem make greater use of gaming machines with banknote acceptors than recreational gamblers.

Following the review, the Beattie Labor Government released its *Policy Direction for Gambling in Queensland* in April 2000. The Policy Direction declared that “by April 2001 banknote acceptors in clubs, hotels and casinos will be limited to accepting a maximum \$20 note”.

Implementation of the note acceptor reform was, however, delayed by technical necessity until December 2001, when the (then) Queensland Office of Gaming Regulation instructed licensed monitoring operators to remotely implement the change. At the same time,⁴⁹ the Government reduced the cash input limit for club and hotel gaming machines from \$199 to \$100.

An evaluation of the 2001 note acceptor limitations was released in July 2003. The evaluation concluded that the policy had been successful in adjusting the behaviour of people who were at risk of developing a gambling problem. The evaluation report stated that:

“While the majority of consumers reported no change to their gambling behaviours, a significant proportion of people reported harm minimising behaviours, especially in the high risk to problem gambling group.”

However, the evaluation found no long term impact on metered win from gaming machines (that is, gaming revenue taken from the machine by the venue).

The evaluation, based on 359 targeted interviews, found that approximately 30 to 40 percent in these at risk categories reported positive changes to their gambling expenditure as a result of the note acceptor and credit meter limitations.

Clubs Queensland suggests that harm minimisation can be addressed without the need for technical intervention of this type:

“The Responsible Gambling Advisory Committee (RGAC), a tripartite forum comprising of representatives from the Government, gambling industry and community service forms the cornerstone of Queensland’s responsible gambling framework. The mandate of this group is to balance the social and economic benefits and costs of gambling.

“The RGAC strives to achieve this goal through the Queensland Responsible Gambling Code of Practice that has unanimous support of all parties. The Code of Practice can be therefore seen as a more practical and pragmatic approach to addressing problem gambling behaviours, instead of the \$20 note limit and the \$100 credit-in limit.

“Clubs and hotels proactively comply with the Code of Practice and have an established history of being responsible gambling providers. As an industry, current harm minimisation strategies include:

- *free access to 24/7 counselling through Gambling Help, a government-funded service*
- *staff trained in responsible gambling and are equipped with the tools to offer assistance to problem gamblers*
- *credit cards – ATMs in clubs don't allow cash withdrawals and poker machines will not accept them*

⁴⁹ For simplicity, this information omits a five day period when the cash input limit was set to \$20.

CONSULTATION DRAFT

- no clubs and hotels advertising poker machines on television during football games or tennis matches
- clubs and hotels don't offer gambling 24hrs/day.”

Echo Entertainment advises that:

“Queensland Casinos also proactively comply with the Responsible Gambling Code of Practice. Current harm minimisation strategies include:

- *Employment of Responsible Gambling Liaison Officers ensuring 24 hour availability.*
- *Responsible Gambling Incident Register.*
- *Responsible Gambling promotion such as Responsible Gambling Awareness Week.*
- *Exclusion provisions including Self-exclusion and Venue-exclusion.*
- *ATMS are located outside the licensed gambling area and ATM receipts are printed with the phone number of Gambling Helpline.*
- *Winnings over a set limit are paid by cheque which can not be cashed until the next trading day or within 24 hours of the win.*
- *Pre commitment technology installed on EGMs in the Brisbane, Townsville and Gold Coast casino properties.*

“Voluntary pre-commitment, already implemented in Queensland casinos and a number of clubs, could be implemented across industry at the same time as note acceptor limits are changed, providing an additional Responsible Gambling measure.”

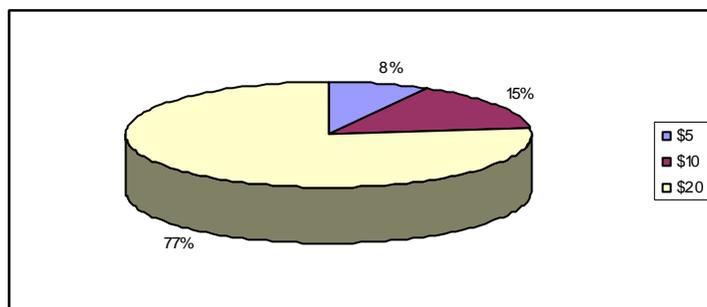
Natural response of venues

As a natural response to the restriction on the use of notes that exceed \$20, clubs and hotels have installed note breakers in their gaming rooms and generally provide ATMs that dispense only \$20 notes. These technological responses assist patron convenience and alleviate to some extent the demand on staff to break notes for patrons.

A brief examination (Table 3.10) of meters provided in respect of Maxgaming-monitored machines over August 2011 indicates that 77.04 percent of notes used in those machines were \$20 notes. This is not unexpected, due to the ready availability of note breakers and the logical preference of club and hotel venues to supply ATMs that dispense only \$20 notes. It might be noted that other notes accepted by gaming machines – that is, \$5 and \$10 notes – are generally not dispensed by ATMs *anywhere* (including ATMs not installed at gaming venues).

Table 3.10 note use, Masgaming-monitored machines August 2011

Note	Number used	%
\$5	1,898,782	8.00%
\$10	3,547,670	14.95%
\$20	18,280,123	77.04%
\$50	0	0
\$100	0	0
TOTAL	23,726,575	100.00%



Source: data files from licensed monitoring operators (net monthly EGM meters, Maxgaming August 2011)

It might also be argued that the availability of \$20 notes negates to some extent the effectiveness of the note acceptor limitations.

CONSULTATION DRAFT

Jurisdictional comparison

A comparison of the parameters relevant to this discussion is provided below:

<i>Clubs and hotels</i>			<i>Casinos</i>		
Region	Max banknote	Cash input limit	Region	Max banknote	Cash input limit
QLD	\$20	\$100	QLD	\$20	Not specified
Vic	\$50	\$1,000	Vic	\$100	\$9,949
NSW	\$100	\$10,000	NSW	\$100	\$10,000
SA	Coin only	Not stated	SA	Coin only	Not stated
Tas	Coin only	Not stated	Tas	\$100	\$9,899 → \$500
NT	Coin only	Not stated	NT	\$100	Not stated
ACT	\$20	Not specified	ACT	No gaming machines in casino	
WA	No gaming in clubs / hotels		WA	\$100	\$100

Queensland’s existing situation regarding club and hotel gaming machines may be considered advantageous (for industry) when compared to South Australia, Tasmania and the Northern Territory, which do not allow the use of note acceptors at clubs and hotels at all. Of the Eastern states, however, Queensland is the only jurisdiction that does not allow the use of \$50 notes. Additionally, Queensland has the lowest specified cash input limit of all Australian jurisdictions, though the cash input in the “coin only” states may be limited by practicality.

In regard to casinos, no other State prevents the use of \$50 and \$100 notes in casino gaming machines – except South Australia, which has a state-wide ban on note acceptors.

National developments

Recommendation 11.2 of the final report of the Productivity Commission’s 2010 inquiry into gambling proposed that gaming machines should be limited to accepting *a single* \$20 note, with no further cash able to be inserted until the credit meter falls below \$20 (entailing a theoretical maximum cash input limit of \$39.99 should a player insert \$20, gamble and lose one cent, and then insert a \$20 note).

Of specific importance in considering this proposal is the fact that the Productivity Commission singled out Queensland in its recommendation that maximum credit-in should be reduced. The Commission stated that the implementation of a cash input limit that allowed the insertion of a *single* \$20 note should be “*undertaken without delay in Queensland, where the capacity already exists.*”

The Productivity Commission’s estimation of Queensland’s technological capacity is basically accurate. Queensland has the general capacity to remotely effect a new global cash input limit for gaming machines, and to remotely define the types of banknote that a gaming machine can accept. This ability is provided via the QCOM gaming machine communications protocol developed by the Queensland Government.

Subsequent to the release of the Productivity Commission’s report, the Australian Government Parliamentary Joint Select Committee recommended that machines limited to accepting a single \$20 note need not be part of a mandatory pre-commitment system, provided the machines also conformed to a \$1 maximum bet and other parameters regarding winnings.

3.3.4 Options and impacts regarding the cash input restrictions

There are in fact a number of ways the Government could approach these issues. Ultimately, the Government wishes to make a decision on two matters:

CONSULTATION DRAFT

- whether the existing prohibition on the use of \$50 and \$100 notes in Queensland gaming machines remains appropriate in respect of club, hotel and casino gaming machines; and
- whether the \$100 cash input limit remains appropriate in respect of clubs and hotel gaming machines.

However, the Government is cognisant that casinos have a distinct and different purpose from a club or hotel, and operate in a different regulatory and competitive environment. For this reason, it is considered that the approach applied to casinos in relation to the prohibition on the use of \$50 and \$100 notes in gaming machines need not reflect the same policy applied to clubs and hotels. This multiplies the number of options that might be considered in dealing with the two questions above. Additionally, there is the question of extent in both cases – to what extent should the prohibition on the use of \$50 notes be lifted (if at all), and to what extent should the \$100 cash input limit be increased (if at all).

In the interests of simplicity, the options examined below are:

- Option 1 – lift the prohibition to allow the use of any Australian banknote in all Queensland gaming machines, and increase the cash input limit at clubs and hotels.
- Option 2 – retain all existing cash input limitations (including the prohibition on the use of \$50 and \$100 notes in regard to gaming machines at clubs, hotels and casinos).

However, a range of additional options, which will present a logically scalable set of the benefits and costs applied to Options 1 and 2, are listed under *Other Options* below.

Option 1 – lift the prohibition to allow the use of any Australian banknote in all Queensland gaming machines, and increase the cash input limit at clubs and hotels

Benefits

The proposal to remove the \$20 note acceptor limitation is expected to increase revenue and reduce cash handling expenses for Queensland clubs, hotels and casinos. The proposal will also put Queensland venues on par with venues in New South Wales and Victoria – which is especially important for casinos, as they compete at an interstate (and international) level. The potential impact on tourism, in this regard, is explained by Echo Entertainment:

“Governments in other jurisdictions nationally and internationally have recognised the significance of integrated casino resorts to grow international tourism. Casinos are destination venues that offer a range of dining, accommodation and entertainment options as well as major conference and convention facilities, many of whom are international and interstate visitors. The majority of casino customers tend not to play in the community venues. The casino industry invests heavily in tourism infrastructure with a number of properties in Australia currently or recently having invested in new hotels and extensive redevelopment.

“Chinese visitors represent more than AU\$3.2 billion to the Australian tourism industry and by 2020 that market will be worth up to AU\$9 billion, 60% more than the entire value of the tourism industry today.

“Australian casinos present an excellent tourism opportunity for the Chinese market. Asian investment analyst Dr Marc Faber has stated that 80% of Chinese travelling outside the country for the first time head for a casino, and 90 % of Chinese who travel to the US visit Las Vegas.

CONSULTATION DRAFT

“Providing a competitive casino product in terms of customer service initiatives, regulatory settings, gaming product offering and high-end hotel and dining facilities would attract this growing market to Queensland.”

Financial benefits

Again, the benefits to industry arising from the removal of the note acceptor restrictions are very difficult to quantify. A “ball park” estimate by club and hotel industry representatives arrives at a conclusion that turnover will increase by three to five percent if machines are permitted to accept \$50 notes. If \$100 notes are permitted in addition to \$50 notes, estimated turnover will increase by six to eight percent. The value of a three to eight percent increase in gaming revenue represents additional income of between \$58M and \$156M to the Queensland club and hotel sector.⁵⁰

Additionally, Echo Entertainment estimates that the removal of the banknote restriction will result in a one percent improvement in EGM market share, equating to an approximate revenue increase of \$11M for Treasury Casino and a comparable increase in revenue for the Gold Coast Jupiters Casino. Based on this estimate, the Office of Regulatory Policy assumes the two northern casinos would share an increase of approximately \$5.5M, for total benefits to the casino industry of \$27.5M.

Industry representatives consider that the proposal to allow Queensland’s gaming machines to accept \$50 and \$100 notes will result in administrative savings that result from labour reduction in physical cash handling, cash clearances and counting, stocking ATMs and banking and reconciliation processes. At the Gold Coast Jupiters Casino, for example, approximately 33 percent of all cashier transactions on the main gaming floor are note exchanges. This increases to over 50 percent of transactions in the premium gaming areas. Removing the note acceptor restriction would therefore assist in delivering efficiencies to casinos (as well as clubs and hotels) and provide greater patron convenience. Echo advises that:

“The added benefit of this would be freeing up staff so that less time was spent on transactions of this nature and more time spent interacting with customers, therefore improving opportunities for identifying those customers who may be experiencing problems with their gambling behaviour. All staff at casinos are trained in Responsible Gambling.”

The savings arising from administrative efficiencies alone are estimated at \$53.25M to the club, hotel and casino industry.⁵¹ Estimates of all financial benefits, as provided by industry, are broken down in the table below.

⁵⁰ These figures should be considered “ball park” estimates as actual impacts are unknown and extremely difficult to quantify.

⁵¹ Estimates for administrative savings are based on identification of the savings for a “typical” site but, as noted by Queensland Hotels Association and Clubs Queensland in providing the underlying assumptions for these calculations, there is significant variability between sites (structure, location, purpose etc) and as such the data is at best a rough estimate of reduced labour costs.

CONSULTATION DRAFT

Table 3.11 Anticipated financial benefits from removing note acceptor limit

Sector	Industry		Government
	Additional Gaming Machine Revenue	Estimated Administrative Savings	Estimated Additional Taxation Revenue ⁵²
Clubs	\$27M to \$72M ⁵³	\$21M ⁵⁴	\$6M to \$16M
Hotels	\$31M - \$84M ⁵⁵	\$31M	\$13M to \$34M ⁵⁶
Casinos	\$27.5M ⁵⁷	\$1.25M ⁵⁸	\$5.2M
<i>Total</i>	<i>85.5M to \$183M</i>	<i>\$53.25M</i>	<i>\$24.2M to 55.2M</i>

Other Benefits

Clubs Queensland advises that the proposal will also:

“... provide greater patron convenience. The improved player convenience of inserting one note (\$100) rather than five notes (5 x \$20) or one note (\$50) rather than three notes (2 x \$20 plus \$10) is significant. Many note readers reject notes and this results in a reduction in player amenity.

“Hospitality and tourism services are linked with convenience. The widely accepted business case is that the tourism dollar is likely to be lost if people perceive that there are too many obstacles between them and their recreational experience.”

In relation to increasing the cash input limit, Clubs Queensland advises that:

“Allowing an increase in the maximum cash input limit would account for some inflationary effects since this limitation was introduced and enable Queensland clubs and hotels to compete more effectively with NSW and Victoria. In relation to clubs and hotels specifically, the cash input limit and maximum note acceptor proposals will help to alleviate the financial impacts from the new gaming machine tax bracket for clubs with a monthly metered win of \$0.85 million to \$1.4 million and the reinstatement of the first tier of the Health Services Levy for hotels.”

Costs

Effect on Problem Gambling

The Productivity Commission’s 2010 report advised that gaming machine players may be pre-disposed to gamble money that is already deposited into the machine. Whilst the player retains the ability to choose whether they will insert \$1, \$20 or \$100 into a machine at one time, an increase in the maximum load-up and the denomination of banknotes accepted by the machine may result in additional gambling expenditure by players who chose to insert higher amounts of

⁵² Club and Hotel tax estimates are based on average tax rate data from 2011-12.

⁵³ Based on Clubs Queensland advice of anticipated increase in revenue of 3-8 percent

⁵⁴ Based on Clubs Queensland and Queensland Hotels Association estimates of 2.5 hours of labour per day, per site, 363 trading days per year, \$45 hourly labour costs (incl. super and “on costs”), 505 clubs and 759 hotels.

⁵⁵ Based on Queensland Hotels Association advice that a 3-8 percent increase in metered win would be reasonable.

⁵⁶ Includes Health Services Levy

⁵⁷ Based on Echo’s advice of anticipated increase in revenue of \$11M at each of the SEQ Casinos. Based on this advice, the Office of Regulatory Policy has assumed that the two northern casinos may share an overall increase of \$5.5M.

⁵⁸ Based on Echo’s advice of possible labour savings of \$500,000 across SEQ Casinos. Based on this advice, the Office of Regulatory Policy has also assumed that the two northern casinos may have total labour savings of \$250,000.

CONSULTATION DRAFT

cash for the purpose of gambling. This is, of course, only a negative if the person has a problem controlling their gambling expenditure. As the Productivity Commission said:

“Some stakeholders expressed concern that the availability of EGMs that accept large denomination notes may be detrimental to those wishing to control or limit their gambling. Note acceptors may lead to an increase in spending by allowing players to insert large sums into an EGM, reducing the time a player needs to be away from the EGM, allowing ongoing spending and avoiding breaks in play. And there may be an inclination by some to continue to play while credits are in the EGM, notwithstanding facilities for taking wins or recovering unused credits.”

Ultimately, the Commission formed the view that:

“... a cash input limit would have a useful role as a brake on high intensity play by preventing players from loading up EGMs with multiple high denomination notes, but should be set a level that does not hinder continual play for most players at their preferred betting style.”

The Commission finds that current cash input limits are set too high. Its assessment is that a \$20 limit would not impact adversely on most players, who do not have problems with gambling, and recommends, as stated under *National Developments* above, a cash input limit that would allow a player to insert a *single* \$20 note – in effect, a cash input limit of \$39.99.

The Productivity Commission considers that:

“Lower cash input limits would oblige those playing at sustained high intensities (often problem gamblers) to insert notes frequently. This would prompt them to think about whether they wanted to continue playing, and slow their rate of play, without affecting most recreational gamblers.”

The Commission also argues that a lower cash limit would more clearly indicate to the high-intensity player the value (or cost) of their expenditure. It considers that low cash levels represent irritation for players who gamble “at a frenetic pace”, and that this irritation should reduce the occurrence of such behaviour.

The Productivity Commission is of the view that there is enough evidence to support the notion that limiting gaming machine use to low denomination notes would be a useful harm minimisation measure.⁵⁹

A move to increase the cash input limitation and to increase the denomination of banknotes that may be accepted by gaming machines would be contrary to these views, and may result in unquantifiable additional expenditure by problem gamblers.

A summary of benefits and costs is provided below:

⁵⁹ Productivity Commission (2010). *Gambling*, Report no. 50, Canberra, p11.34.

CONSULTATION DRAFT

Summary of benefits / costs by sector – Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none"> • Increase revenue and reduce cash handling expenses • Will place venues on par with gaming venues in New South Wales and Victoria and particularly for casinos, assist with growing international tourism • Would account for some inflationary effects • Will help to alleviate the financial impacts of the new gaming machine tax bracket for clubs with a monthly metered win of \$0.85M to \$1.4M and the reinstatement of the first tier of the Health Services Levy for hotels 	<ul style="list-style-type: none"> • No perceived costs
Community	<ul style="list-style-type: none"> • Greater patron convenience 	<ul style="list-style-type: none"> • Gaming machine players may be pre-disposed to gamble money that is already deposited into the machine – this may be detrimental to at risk and problem gamblers • Using higher denomination notes would reduce the break in play between the insertion of notes • The Productivity Commission is of the view that the current cash input limits are set too high and recommended the use of low denomination notes as a harm minimisation measure – Option 1 would therefore, be inconsistent with the Commission’s recommendation
Government	<ul style="list-style-type: none"> • No perceived cost 	<ul style="list-style-type: none"> • May be viewed as supporting/allowing policies which are considered harmful to at risk and problem gamblers

Option 2 – retain all existing cash input limitations (including the prohibition on the use of \$50 and \$100 notes)

Benefits

The primary benefit of this option is that the harm minimisation benefits of the existing cash input limitations are retained.

Costs

The costs of this option are the foregone benefits of Option 1.

A summary of costs and benefits for this option follows.

CONSULTATION DRAFT

Summary of benefits / costs by sector - Option 2

	Benefits	Costs
Industry	<ul style="list-style-type: none"> • No perceived benefit 	<ul style="list-style-type: none"> • Not on an equal footing with interstate counterparts • Continued administrative costs arising from cash handling etc • Forgoes additional revenue
Community	<ul style="list-style-type: none"> • Retains a gambling harm minimisation measure 	<ul style="list-style-type: none"> • Patron inconvenience particularly for casino high rollers
Government	<ul style="list-style-type: none"> • Retains a gambling harm minimisation measure 	<ul style="list-style-type: none"> • Forgoes additional taxation revenue

Other options

As discussed above, there are a number of ways the Government could approach this issue. For clubs and hotels, a full suite of options (A1 to A5) are as follows:

- A1. Maintain the status quo (retain the \$20 note acceptor restriction and the \$100 cash input limit for club and hotel gaming machines).
- A2. Lift the note acceptor restriction to allow club and hotel gaming machines to accept \$50 notes, but maintain the \$100 cash input limit.
- A3. Lift the note acceptor restriction to allow club and hotel gaming machines to accept \$50 notes and lift the cash input limit to \$250.
- A4. Lift the note acceptor restriction to allow club and hotel gaming machines to accept \$50 and \$100 notes, and lift the cash input limit for club and hotel gaming machines to \$250.
- A5. Lift the note acceptor restriction to allow club and hotel gaming machines to accept \$50 and \$100 notes, and lift the cash input limit for club and hotel gaming machines to an amount higher than \$250 but not more than \$1,000.

For casino gaming machines, the following options (B1 to B3) are to be considered:

- B1. Maintain the status quo (retain the \$20 note acceptor restriction).
- B2. Lift the note acceptor restriction so that casino gaming machines can accept \$50 and/or \$100 notes.
- B3. Lift the note acceptor restriction so that casino gaming machines in high roller rooms can accept \$50 and/or \$100 notes.

The combination of club/hotel and casino options could create six options (options C1 to C6) for a package of reforms in this area. These are described in Table 3.12.

CONSULTATION DRAFT

Table 3.12 Option packages

Option package	Clubs and Hotels	Casinos
C1 Maintain status quo ⁶⁰	Option A1: <ul style="list-style-type: none"> Retain prohibition on use of \$50 and \$100 notes. Retain cash input limit of \$100. 	Option B1: <ul style="list-style-type: none"> Retain prohibition on use of \$50 and \$100 notes.
C2 Allow use of \$50 and \$100 notes at casinos (only)	Option A1: <ul style="list-style-type: none"> Retain prohibition on use of \$50 and \$100 notes. Retain cash input limit of \$100. 	Option B2: <ul style="list-style-type: none"> Allow casino gaming machines, or casino gaming machines installed in high roller rooms, to accept \$50 and/or \$100 notes.
C3 Allow use of \$50 notes at clubs and hotels, and \$50 and \$100 at casinos	Option A2: <ul style="list-style-type: none"> Allow club and hotel gaming machines to accept \$50 notes. Retain cash input limit of \$100. 	Option B2: <ul style="list-style-type: none"> Allow casino gaming machines to accept \$50 and/or \$100 notes.
C4 Allow use of \$50 notes at clubs/hotels and increase cash limit to \$250; as above for casinos ⁶¹	Option A3: <ul style="list-style-type: none"> Allow club and hotel gaming machines to accept \$50 notes. Increase cash input limit to \$250. 	Option B2: <ul style="list-style-type: none"> Allow casino gaming machines to accept \$50 and/or \$100 notes.
C5 Allow use of \$50 and \$100 notes at clubs/hotels and increase cash limit to \$250; as above for casinos	Option A4: <ul style="list-style-type: none"> Allow club and hotel gaming machines to accept \$50 and \$100 notes. Increase cash input limit to \$250. 	Option B2: <ul style="list-style-type: none"> Allow casino gaming machines to accept \$50 and \$100 notes.
C6 Allow use of \$50 and \$100 notes at clubs/hotels and increase cash limit to an amount over \$250; as above for casinos	Option A5: <ul style="list-style-type: none"> Allow club and hotel gaming machines to accept \$50 and \$100 notes. Increase cash input limit to an amount higher than \$250 but less than \$1000. 	Option B2: <ul style="list-style-type: none"> Allow casino gaming machines to accept \$50 and \$100 notes.

Another way to present these options would be as follows (with a grey circle representing the existence of a sub-option):

	Clubs and hotels						Casinos			
	Retain \$20 note limit	Allow \$50 notes	Allow \$100 notes	Retain \$100 cash input	Cash input limit \$250	Cash input limit >\$250	Retain \$20 note limit	\$50 notes	\$100 notes	High roller rooms only*
C1: A1 + B1	●			●			●			
C2: A1 + B2	●			●				●	●	●
C3: A2 + B2		●		●				●	●	●
C4: A3 + B2		●			●			●	●	●
C5: A4 + B2		●				●		●	●	●
C6: A5 + B2		●				●		●	●	●

* Proposal C2 might be modified to allow the use of \$50 and/or \$100 notes in casino high roller rooms only.

⁶⁰ Examined as Option 2 above.

⁶¹ Examined as Option 1 above.

CONSULTATION DRAFT

The options assume that a) the Government would not lift the limitations applying to clubs and hotels unless casino limitations were adjusted (to reflect the role of the casino as a destination gambling venue), and that b) the cash input limit for clubs and hotels would not be raised without some relaxation of the prohibition on the use of \$50 and \$100. Submissions are welcome to address these assumptions.

3.3.5 Discussion points / questions

The Government is seeking views on the following matters:

- How would the proposal to remove the note acceptor limitation and increase the cash input limit affect the respondent personally?
- Does the prohibition on the use of \$50 and \$100 notes in gaming machines remain effective given the ready availability of \$20 notes from ATMs in clubs and hotels, and the existence of note breakers?
- Are banknote restrictions (for example, the prohibition on the use of \$50 and \$100 notes in Queensland gaming machines) effective given the operation of a cash input limit? For example, if a player chooses to insert the maximum \$100 into a machine, does it matter whether the player inserts 2 x \$50 notes or should they be required to insert the current 5 x \$20?
- If the cash input limit for gaming machines in clubs and hotels is increased, what should it be increased to? What harm minimisation measures might be expected from clubs and hotels in response?
- In consideration of the industry benefits and potential social costs above, what option is best for Queensland (option 1 or options 2, or one of option packages C1 to C6)?
- Club and hotel representatives and peak bodies are invited to provide further justification as to why the increase is needed and how the potential for harm may be offset.

Please note: In each case above, respondents are asked to note that the Government is not considering a ban on note acceptors, a reduction in cash input limits, an outright ban on gaming machines in clubs and hotels, the introduction of mandatory pre-commitment, or the introduction of a \$1 maximum bet.

3.4 *Reviewing hours of operation*

3.4.1 The issue

Queensland clubs and hotels are not permitted to offer machine gaming before 10am. There is no exception to this rule and the prohibition applies regardless of community need. The majority of Queensland casinos however, are permitted to offer machine gaming before 10am.

3.4.2 The policy objective

The objective is to provide a more flexible gaming regulatory framework which takes into consideration harm minimisation measures and community need.

3.4.3 Background

Operating hours for gaming machines in Queensland clubs and hotels are “fixed” individually for each venue by the commissioner for liquor and gaming. The Gaming Machine Act requires the hours of gaming for a venue to be fixed when the commissioner grants a gaming machine licence in respect of the venue or approves an application to increase the hours of gaming.

Section 235(2) of the Gaming Machine Act prevents the commissioner from fixing hours of gaming that are outside the hours in which liquor may be *consumed* on the premises under the venue’s liquor licence. The period in which liquor may be consumed on the premises extends to half an hour beyond the hours in which liquor may be *sold*.⁶²

Additionally, section 235(1) of the Gaming Machine Act prevents a licensee from conducting gaming during prescribed periods, currently defined in the Gaming Machine Regulation as:

- before 1pm on Anzac Day;
- Good Friday and Christmas Day; and
- before 10am on any other day other than to the extent of any part of the period, that is part of the licensee’s hours of gaming, that started on the previous day.

While nothing obligates a licensee to conduct gaming during the full span of hours approved for the premises by the commissioner, the licensee cannot conduct gaming outside these hours except in circumstances where a temporary increase in hours is granted.

The origin behind the prohibition on gaming before 10am can be traced back to 2 December 2007 when the then Premier, the Honourable Anna Bligh MP, announced an overhaul of Queensland’s liquor licensing laws that would phase out the sale of liquor before 10am except in special circumstances. In making the announcement, the then Premier stated:

*“It was never the intention to simply provide hundreds of places across the State where people could start drinking and gambling at breakfast time. I don’t believe the present situation reflects what our society demands. There is more than ample opportunity to have a drink and a flutter in the 14 hours of trading from 10am until midnight.”*⁶³

Later announcements confirmed that while licensees could have recourse to serve liquor during earlier trading hours in special circumstances, no gaming could be conducted prior to 10am in any circumstances.⁶⁴ This meant that even those with the authority to serve liquor prior to 10am could not offer machine gaming before 10am. The prohibition on gaming before 10am was legislatively introduced on 1 January 2009 and was implemented via the gaming machine central monitoring systems operated by Maxgaming and Odyssey.⁶⁵

Prior to the prohibition, as many as 562 venues were authorised to commence gaming prior to 10am with up to 45 of these authorised to conduct gaming from as early as 7am:

⁶² Section 225 Liquor Act.

⁶³ Ministerial media statement 2 December 2007, *Breakfast pokies off the menu*
<http://www.cabinet.qld.gov.au/MMS/StatementDisplaySingle.aspx?id=55434>

⁶⁴ Ministerial media statements 1 January 2009 *Bligh: early openers gone*
<http://www.cabinet.qld.gov.au/mms/StatementDisplaySingle.aspx?id=62139>

⁶⁵ Since the commencement of gaming in Queensland, daily enablement and disablement of all gaming machines has been a function of the monitoring system.

CONSULTATION DRAFT

Table 3.13: Prior to prohibition on gaming before 10am - venues commencing at stated time

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
7:00am	42	42	42	42	42	45	45
7:30am	1	1	2	1	1	2	2
8:00am	260	258	258	257	258	275	286
8:30am	141	141	141	141	141	145	153
9:00am	69	69	72	69	70	74	76
9:30am	0	0	0	0	0	0	0
Total	513	511	515	510	512	541	562
10:00am	839	841	837	842	840	811	789

Source: LMO data files generated by OLGR corporate database on 11 December 2008 (qt001092.oh0).

Industry has proposed that gaming be permitted to commence prior to 10am.

3.4.4 Options and Impacts

The following options are being considered:

- Option 1 – Maintain the prohibition on gaming before 10am in clubs and hotels.
- Option 2 – Lift the prohibition on gaming before 10am for those clubs and hotels that can demonstrate community need and have adopted voluntary pre-commitment.

Option 1 – Maintain the prohibition on gaming before 10am in clubs and hotels

Benefits

In its 1999 inquiry report into gambling, the Productivity Commission found that the prevalence of problem gambling is related to the degree of accessibility.⁶⁶ Among the major forms of gambling, gaming machines and lottery products were deemed to be the most accessible.⁶⁷

Past community attitudes at least suggest there has been “too much” accessibility to gambling.⁶⁸ In Queensland, the following mechanisms have been used to restrict the accessibility of gaming machines:

- limiting the numbers of gaming machines across the State and on a venue basis;
- curtailing the hours for gaming;
- restricting the location of gambling venues; and
- prohibiting gambling by minors.

Option 1 is therefore, one mechanism to restrict accessibility by providing players with a sustained break in play so that they can pursue other activities and rest. In fact, Queensland has the longest theoretical gaming machine shutdown period of any Australian jurisdiction. An analysis of the hours of gaming currently fixed for venues in Queensland reveals that the majority of clubs/hotels are required to shut down by 12:31am on any night of the week, resulting in an average (mode) shutdown period of 9.5 hours when the prohibition on gaming prior to 10am is taken into account. The percentage of venues that must cease the conduct of gaming by 12:31am varies, depending on the day of the week, from 65.9 percent (Friday) to 87.8 percent (Sunday).

⁶⁶ Productivity Commission (1999). *Gambling*, Report no. 10, Canberra, p2.

⁶⁷ *Ibid.*, p37.

⁶⁸ *Ibid.*, p4.19

CONSULTATION DRAFT

Table 3.14: Shut down time for Queensland clubs and hotels

Day	Cease before 12:30am		Cease at 12:30am		Total % ceased by 12:31am	
	#	%	#	%	#	%
Monday	22	1.7%	988	76.5%	1,010	78.2%
Tuesday	21	1.6%	987	76.5%	1,008	78.1%
Wednesday	21	1.6%	968	75.0%	989	76.6%
Thursday	20	1.5%	945	73.2%	965	74.7%
Friday	12	0.9%	839	65.0%	851	65.9%
Saturday	12	0.9%	842	65.2%	854	66.2%
Sunday	29	2.2%	1,105	85.6%	1,134	87.8%

Source: Total venues 1,291. Data generated by OLGR corporate database on 16 November 2012. Reflects hours premises are approved to operate; venues may elect to cease gaming at an earlier time.

The number and percentage of venues that continue to conduct gaming as each weeknight progresses can be tabulated as follows:

Table 3.15: Venues continuing to conduct gaming at given time

	Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
12:01am	1269	98.3%	1270	98.4%	1270	98.4%	1271	98.5%	1279	99.1%	1279	99.1%	1259	97.5%
12:31am	281	21.8%	283	21.9%	302	23.4%	326	25.3%	440	34.1%	473	36.6%	154	11.9%
2:01am*	228	17.7%	232	18.0%	247	19.1%	268	20.8%	363	28.1%	361	28.0%	131	10.1%
2:31am	75	5.8%	77	6.0%	84	6.5%	93	7.2%	112	8.7%	112	8.7%	46	3.6%
3:31am	4	0.3%	4	0.3%	4	0.3%	4	0.3%	7	0.5%	7	0.5%	4	0.3%
4:31am**	4	0.3%	4	0.3%	4	0.3%	4	0.3%	7	0.5%	7	0.5%	4	0.3%
5:01am	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4	0.0%

* This is the number and percentage of venues that may conduct gaming beyond the 2am cessation time recommended by the Productivity Commission.

** This is the number of club/hotel venues that are not required to shut down for at least six hours as recommended by the Productivity Commission (given Queensland's prohibition on the commencement of gaming prior to 10am). All 4 to 7 venues (depending on day of the week) cease gaming at 5am.

Source: Data generated by OLGR corporate database on 16 November 2012.

By comparison, some other Australian jurisdictions permit clubs and hotels to trade longer and earlier:

Table 3.16: Restrictions on daily gaming machine operations in clubs and hotels

Jurisdiction	Restrictions on gaming machine operations	Shutdown period
New South Wales	Gaming machine operations prohibited from 4am to 10am. Venues can apply for a 3 hour shutdown period from 6am to 9am for Saturdays, Sundays and public holidays.	6 hours
Victoria	Gaming machine operations permitted for a maximum of 20 hours unless venue is approved for 24 hour trading.	4 hours
South Australia	Gaming operations prohibited for 6 hours continuously or in total within a 24 hour period.	6 hours
Western Australia	N/A - gaming machines are only permitted in casinos.	N/A

CONSULTATION DRAFT

Jurisdiction	Restrictions on gaming machine operations	Shutdown period
Tasmania	Hours of operation specified on gaming licence. Gaming machine operations prohibited for at least 4 continuous hours.	4 hours
Australian Capital Territory	Gaming machine operations prohibited from 4am to 9am.	5 hours
Northern Territory	Gaming machine operations prohibited from 4am to 10am.	6 hours.

In its 2010 inquiry report into gambling, the Productivity Commission noted that existing shutdown requirements for gaming machines across Australia were generally ineffective in addressing accessibility and gambling harms as they applied during periods of low demand. It found satisfactory evidence to support modifying the mandatory shut down period for machine gaming in clubs and hotels and, drawing on Queensland's approach, recommended a gaming machine shutdown period of at least six hours from 2am (Recommendation 14.1).⁶⁹

Option 1 would not require any regulatory change as all Queensland clubs and hotels will be subject to the same opening hours. As a result, there would be no disparity between regions over what community "demand" is considered sufficient to warrant earlier trading hours.

Costs

Although the Productivity Commission was of the view that reducing accessibility to gaming machines may be a useful harm minimisation tool, it acknowledged there are difficulties associated with isolating the impact of accessibility. This is because a range of factors may influence the development and maintenance of gambling problems with accessibility being just one factor. Other factors may include venue features, game features, consumer information and availability of help services. Accessibility itself also has many dimensions; each of which may affect problem gambling in different ways. The Commission identified some of these dimensions to include number of venues, opening hours, conditions of entry, location of venue, social accessibility, initial outlay and ease of use.⁷⁰ According to the Commission, the link between accessibility and gambling harms is weaker once a certain threshold of accessibility has been exceeded and may change over time and vary with different dimensions of accessibility.⁷¹ There is therefore an argument to reassess accessibility on a regular basis.

A New South Wales study⁷² which evaluated the impact of a six hour mandatory shutdown of gaming machines between 4am to 10am found that the most popular periods for gambling for moderate risk and problem gamblers was between 6pm to 9pm and 9pm to midnight.⁷³ This suggests that curtailing earlier gaming trading hours would not reach the vast majority of moderate risk and problem gamblers in any event.

⁶⁹ p14.35.

⁷⁰ 1999 report, p8.4.

⁷¹ p14.1.

⁷² Blue Moon Research 2008, *Evaluation of the 6 Hour Shutdown of Electronic Gaming Machines in NSW*, Multi-method research report, Prepared for the NSW Office of Liquor, Gaming and Racing.

⁷³ *Ibid.*

CONSULTATION DRAFT

Table 3.17: Periods during which gambling occurs

Time period	No problem N = 63	Low risk N = 57	Moderate risk N = 74	Problem gambler N = 78	Total N = 272
6pm to 9pm	27%	40%	35%	33%	34%
9pm to midnight	19%	23%	24%	23%	22%
Midnight to 4am	0	5%	8%	9%	6%
4am to 7am	0	2%	1%	1%	1%
7am to 10am	2%	0	4%	1%	2%
10am to midday	22%	11%	12%	14%	15%
Midday to 3pm	14%	7%	12%	8%	10%
3pm to 6pm	14%	12%	3%	8%	9%
Don't know/can't say	2%	0	0	3%	1%

Source: Blue Moon Research (2008, p 178)

The practical effect of the current prohibition on gaming prior to 10am in clubs and hotels means that a number of Queenslanders (particularly shift workers) can simply divert their play to casinos where gaming is offered over a longer period, resulting in a potential loss of revenue for clubs and hotels:

Table 3.18: Gaming hours for Queensland casinos

Queensland Casino	Operating hours for machine gaming
Jupiters Gold Coast	24/7
Treasury Casino Hotel	24/7
Reef Hotel Casino	Sunday to Thursday: 9am to 3am Friday to Saturday: 9am to 5am
Jupiters Townsville	Sunday to Thursday: 10am to 2am Friday to Saturday: 10am to 4am

The impact of this loss would likely be felt by those venues where there is sufficient demand to justify offering earlier gaming trading hours. This outcome is inconsistent with the Government's efforts to create a regulatory environment that is conducive to economic growth and tourism across the State.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<p><i>Equal playing field</i></p> <ul style="list-style-type: none"> Equal playing field for all clubs and hotels regardless of location and demand 	<p><i>Loss of business opportunity</i></p> <ul style="list-style-type: none"> Popular periods for gambling for moderate risk and problem gamblers are between 6pm and midnight, not earlier hours Due to inconvenience, players including shift workers may divert their play to casinos <p><i>Competitive disadvantage</i></p> <ul style="list-style-type: none"> Queensland has the longest theoretical gaming shut down period of any other Australian jurisdiction

CONSULTATION DRAFT

	Benefits	Costs
Community	<p><i>Accessibility</i></p> <ul style="list-style-type: none"> • The prevalence of problem gambling is related to the degree of accessibility – the option is one mechanism to restrict accessibility • In line with past community attitudes which suggest “too much” accessibility to gambling 	<p><i>Accessibility</i></p> <ul style="list-style-type: none"> • Difficulties associated with isolating the impact of accessibility • Accessibility should be reassessed on a regular basis as it can change over time • In certain areas, community need may indicate that there is a demand for earlier gaming trading hours
Government	<p><i>No action required</i></p> <ul style="list-style-type: none"> • No action is required saving time and money 	<p><i>Inflexible regulation</i></p> <ul style="list-style-type: none"> • Inflexible regulation is inconsistent with the Government’s efforts to create a regulatory environment that is conducive to economic growth and tourism

Option 2 – Lift the prohibition on gaming before 10am for those clubs and hotels that can demonstrate community need and have adopted voluntary pre-commitment

Benefits (including consideration of voluntary pre-commitment)

If Queensland was to adopt the Productivity Commission’s recommendation for a minimum six-hour shutdown period from 2am, gaming would be allowed to commence from 8am. There appears to be no real reason why gaming cannot commence prior to 10am if community need can be demonstrated and voluntary pre-commitment is in place. According to Clubs Queensland, the current prohibition on gaming prior to 10am impacts on the provision of “vital community services”. It argues for legislation to recognise changing needs:

“For instance:

- *golf and bowls clubs trade early because their sport tends to commence very early, mainly to avoid the heat of the day and to fit with scheduling requirements*
- *many clubs and hotels offer corporate breakfasts, host community and charity events (e.g. community breakfasts, weddings etc.) and organize bingo for their older clientele*
- *some clubs and hotels open early in response to members who are shift workers (such as in the mining sector) or work rotating shifts such as hospital workers.*

“Recognising these changing needs of our society and allowing for earlier opening hours when all facilities (including liquor and gaming) are available for patrons’ enjoyment would, on balance, benefit the community.”

Relaxing the outright prohibition on gaming before 10am would consequently provide some Queensland clubs and hotels the opportunity to trade according to demand. This would be particularly beneficial for clubs and hotels in areas where there is a large population of shift workers (e.g. in mining regions). Clubs Queensland states:

“...there is growing evidence that more and more people are working non-traditional hours in recognition of the convenience that comes with it (e.g. to avoid peak-time transport congestion, to fit in with family commitments etc). A case can be made that ‘dinner’ for shift workers, for example, is effectively their ‘breakfast’ and workers want to enjoy an alcoholic beverage at the end their working ‘day’. Allowing the ability for early trade with gaming facilities will help clubs and hotels respond to these trends and to remain relevant. The opening hours are not restricted for casinos.”

CONSULTATION DRAFT

Clubs Queensland also submits that earlier trading hours would benefit tourism and employment:

“It would contribute to Tourism Queensland’s effort to promote Queensland as a preferred destination where modern and safe recreational facilities are available, particularly as we now live in a 24/7 economy and expect availability of most things due to convenience and proven need.

“Additionally, the Australian Bureau of Statistics notes that clubs with gaming facilities employ, on average, just under three times more staff as clubs without gaming machines.”

In its 2010 report, the Productivity Commission acknowledged that mandatory shutdown times may not be necessary if other prevention and harm minimisation measures such as pre-commitment are implemented. There is therefore, a case to be made that earlier gaming hours could be permissible if a club or hotel also adopts voluntary pre-commitment.

It is impossible to quantify the expected revenue that clubs and hotels might derive from earlier gaming trading hours as it is not known, firstly, how many people would actually gamble during the earlier period and secondly, how much they would be gambling. Despite this, it is important to note that Option 2 does not advocate for earlier gaming trading hours for all clubs and hotels. Rather, it recommends that the current outright prohibition on gaming prior to 10am be replaced by a risk based approach towards venues which takes into consideration evidence of need and implementation of pre-commitment. As there are also other ways to restrict accessibility to gaming machines, Option 2 is considered to be appropriate.

The estimated prevalence of problem gambling in Queensland, as determined consistently by the Queensland Household Gambling Survey, is less than 0.5 percent (see 3.1.4 *The Prevalence of Problem Gambling*). In fact, the prevalence of problem gambling in Queensland is similar to other Australian jurisdictions where pre-10am gaming is conducted, which further suggests that allowing earlier gaming trading hours would, on its own, have little effect on the prevalence of problem gambling.

Costs

In its 1999 report, the Productivity Commission was of the opinion that increased opening hours are likely to lead to longer duration of play and greater expenditure by problem gamblers because “it removes a possible control mechanism for excessive gambling for people with incipient or current problems, who might otherwise have timed their gambling just prior to a venue closing”.⁷⁴ This view is challenged by the clubs industry. Clubs Queensland advises “...the appeal of early morning trading hours is more for recreational gamblers who want to benefit from the range of services offered by clubs and hotels”.

In this regard, the Productivity Commission did concede:

“...restrictions on opening time would probably have few significant positive social effects, unless made draconian by current standards. Most problem gamblers do not gamble every day of the week, nor for extremely long hours. Controlling hours of opening...would probably lead to some minor re-arrangement of the scheduling of gambling, without significant cuts in expenditure or total time played. Problem gamblers are more likely to still play, even at a marginally more inconvenient time, because they are unresponsive to price (either in a dollar form or as an intangible

⁷⁴ Productivity Commission (1999). *Gambling*, Report no. 10, Canberra, p16.52.

CONSULTATION DRAFT

cost). Recreational gamblers, on the other hand, would have their recreational options circumscribed.”⁷⁵

Nevertheless, it is estimated that problem gamblers account for around 40 percent of total gaming machine spending (the average of a range of estimates as high as 60 percent and, most conservatively, as low as 20 percent) with moderate risk gamblers accounting for a further significant share.⁷⁶ While it is impossible to quantify the expected revenue that may be derived by venues permitted to operate gaming before 10am, it is reasonable to expect that a proportion of the revenue would likely come from moderate risk and problem gamblers.

According to the Productivity Commission, about four percent of adults play gaming machines weekly or more often. Around 15 percent of this group would be classified as problem gamblers, with around an additional 15 percent experiencing moderate risks.⁷⁷ It should be noted however that by comparison, the latest Queensland survey found three percent of Queensland adults play gaming machines weekly or more often. Around six percent of this group were classified as problem gamblers.

It is likely that smaller clubs will be disadvantaged under Option 2 because they can neither demonstrate community need nor afford voluntary pre-commitment. Small sites are less prepared for pre-commitment and face proportionately greater implementation costs. The first year cost of implementing Queensland’s existing pre-commitment systems is estimated to be between \$27,080 and \$40,038 per gaming venue. These costs do not include staff training or staff time diverted to the management of the system. Furthermore, as research suggests that small gaming venues present less risk in terms of gambling harm compared to larger venues, the implementation costs of pre-commitment for small venues may not withstand a cost/benefit analysis.

Should Option 2 be implemented, it is expected that a large number of venues will apply to commence gaming trading hours earlier. This would necessarily entail an assessment of community need; requiring OLGR to balance additional workload with existing resources.

Summary of the costs and benefits for Option 2

	Benefits	Costs
Industry	<i>Impact on economy and tourism</i> <ul style="list-style-type: none"> • Opportunity for industry to trade according to demand • Would benefit tourism • Increase employment opportunities 	<i>Smaller clubs disadvantaged</i> <ul style="list-style-type: none"> • Unlikely to be able to demonstrate community need or afford voluntary pre-commitment
Community	<i>Recognition of changing needs</i> <ul style="list-style-type: none"> • Option would recognise that some clubs trade early for sport, corporate events or shift workers 	<i>Removal of control mechanism</i> <ul style="list-style-type: none"> • Increased opening hours are likely to lead to longer duration of play and greater expenditure by problem gamblers • Problem gamblers account for around 40 percent of total gaming machine spending

⁷⁵ Productivity Commission (1999). *Gambling*, Report no. 10, Canberra, p16.53.

⁷⁶ Productivity Commission (2010). *Gambling*, Report no. 50, Canberra, p5.36 (Finding 5.3).

⁷⁷ *Ibid.*, p5.30 (Finding 5.2).

CONSULTATION DRAFT

	<i>Benefits</i>	<i>Costs</i>
Government	<p><i>Consistent with Productivity Commission recommendation</i></p> <ul style="list-style-type: none">• Allowing earlier trading hours would still be consistent with the Commission's recommendation for a six hour shutdown period• Commission recognised that mandatory shutdown times may not be necessary if other harm minimisation measures are adopted <p>Risk based approach to regulation</p> <ul style="list-style-type: none">• A risk based approach to regulation allows for more flexibility	<p><i>Increased workload</i></p> <ul style="list-style-type: none">• Would have to balance increased workload with existing resources

3.4.5 Discussion points / questions

The Government is seeking views on the following matters:

- To what extent and in what circumstances should the Government allow gaming prior to 10am at clubs and hotels?
- How would the proposal to allow clubs and hotels to conduct gaming prior to 10am affect the respondent personally?
- Club and hotel representatives and peak bodies are invited to provide further justification as to why the increase is needed and how the potential for harm may be offset.

Please note: Respondents are asked to note that the Government is not considering an outright ban on gaming machines in clubs and hotels.

3.5 *Moratorium on extended liquor trading hours*

3.5.1 The issue:

The moratorium on applications for extended liquor post-midnight trading hours prevents current and prospective licensees from making a post-midnight extended trading hours application during the period of the moratorium, unless the application is made for a premises located in a prescribed extended trading hours precinct. Further, as licences are attached to the premises and not to the business of the licensee, relocating licensees who currently hold extended trading hours approvals are unable to apply for their current post-midnight hours of trade under their new licence unless they are relocating to premises located in an extended trading hours precinct.

3.5.2 The policy objective

The objective is to balance the need to create an equal playing field for all liquor licensees across the State with the need to ensure that the general amenity in suburban areas is not unduly affected.

3.5.3 Background

The current moratorium on applications for extended post-midnight liquor trading hours prevents existing or prospective liquor licensees from applying for permission to trade later than 12am unless the premises is located in an extended trading hours precinct.⁷⁸ A precinct is defined as an area that has a concentration of premises that have an extended trading hours approval between midnight and 5am.⁷⁹ Currently, 10 inner city areas are prescribed as precincts:

- Brisbane CBD, Valley and Caxton Street;⁸⁰
- Broadbeach CBD;⁸¹
- Bundaberg CBD;⁸²
- Cairns CBD;⁸³
- Ipswich CBD;⁸⁴
- Mackay CBD;⁸⁵
- Rockhampton CBD;⁸⁶
- Surfers Paradise CBD;⁸⁷
- Toowoomba CBD;⁸⁸
- Townsville CBD.⁸⁹

All licensees with extended trading hours approvals in place at the time of the moratorium's introduction have been allowed to continue to trade their approved extended hours.

The moratorium was first announced in Parliament by the then Premier on 16 September 2009 and was to be in place for 12 months (until 16 September 2010). Prior to its expiry, the moratorium was extended for a further three months by the then Minister for Tourism and Fair Trading, Mr Peter Lawlor. The moratorium was subsequently extended again in late 2010 until 31 December 2013 to allow for the completion of an evaluation of the current Drink Safe Precinct (DSP) trials in Fortitude Valley, Surfers Paradise and Townsville.

The moratorium was initially implemented as a temporary measure to place a freeze on new late night trading in the liquor industry outside of the 10 designated extended trading hours precincts and thereby, limit an increase in the associated amenity issues that accompany late night trading in suburban areas. The implementation was also intended to delay consideration of then currently lodged extended trading hours applications outside of precincts until the Parliamentary Law, Justice and Safety Committee finalised its inquiry into alcohol-related violence.⁹⁰

Industry has argued that the moratorium imposes an impediment to competition and creates an unequal playing field for licensees across the State. The differential trading hours application regime has created a disparity between licensees located within extended trading hours precincts and those located outside of these precincts.

⁷⁸ Section 90 Liquor Act.

⁷⁹ Section 89 Liquor Act.

⁸⁰ Schedule 2 Liquor Regulation.

⁸¹ Schedule 3 Liquor Regulation.

⁸² Schedule 4 Liquor Regulation.

⁸³ Schedule 5 Liquor Regulation.

⁸⁴ Schedule 6 Liquor Regulation.

⁸⁵ Schedule 7 Liquor Regulation.

⁸⁶ Schedule 8 Liquor Regulation.

⁸⁷ Schedule 9 Liquor Regulation.

⁸⁸ Schedule 10 Liquor Regulation.

⁸⁹ Schedule 11 Liquor Regulation.

⁹⁰ The Committee's final report was released in March 2010.

CONSULTATION DRAFT

The interim evaluation of the Drink Safe Precinct trial suggests that there is work to be done in terms of ensuring Queensland's planning and liquor licensing frameworks allow local communities to appropriately limit or promote growth in their night time economies. In this regard, the evaluation notes that the moratorium provides a short term solution to a proposed growth of late night trade that was thought to be at odds with community wishes. The interim evaluation also notes:

- the blanket application of the moratorium across the state (with the exception of entertainment precincts) does not allow new late night trade even in locations and circumstances where it may be appropriate
- the exclusion of entertainment precincts from the moratorium means that stakeholders in these areas where the moratorium does not apply, including local councils governing such areas, have only a limited ability to influence the growth of late night economies in accordance with community wishes, local plans, or to promote a healthy mix of night time activity in the long term.

The interim evaluation refers to some examples that suggest a more nuanced solution must be developed. For example, it states that for the Broadbeach area of the Gold Coast, which is currently excluded from the moratorium, there may be a desire to control or cap the growth in licensed premises in order to maintain that area's character and reputation as having a large al fresco dining market, for example. During consultations, concern was expressed that some 3am licenses in the area have recently been extended to late trading 5am licenses and that currently there is little that can be done at the local level to prevent the area from becoming increasingly dominated by late trading licensed venues, providing applications meet the current requirements.

The interim evaluation report suggests that steps should be taken to ensure that local councils and communities, in particular, have an appropriate degree of control over the long term planning and development decisions that affect the availability of alcohol in their local area. Section 2.6 of this discussion paper considers a proposal to provide local governments with a greater say in licensing decisions.

3.5.4 Options and Impacts

The following options are being considered:

- Option 1 – Extend the moratorium further.
- Option 2 – Allow the moratorium to end as scheduled on 31 December 2013 (status quo), or prior to this date.
- Option 3 – Allow the moratorium to end and consider a strategy to transform the night time economy to encourage a broader range of locations and a broader range of consumers.

Option 1 – Extend the moratorium further

Benefits

Several research studies reveal that there is a link between increases in liquor trading hours and alcohol-related harm and violence.⁹¹ In its final report into alcohol-related violence, the Parliamentary Law, Justice and Safety Committee expressed the view that appropriately controlled drinking environments would help to reduce alcohol-related violence. The current moratorium on extended post-midnight liquor trading hours has endeavoured to influence drinking environments by confining late night liquor trading hours to areas where there is already a concentration of premises that have an extended trading hours approval between

⁹¹ Parliamentary Law, Justice and Safety Committee's final report into alcohol-related violence, p46.

CONSULTATION DRAFT

midnight and 5am. In this way, the moratorium allows the State to retain its vibrant nightlife in precinct areas while preserving the amenity of residential areas and mitigating the harm from alcohol misuse.

Extending the moratorium will enable the Government to continue to concentrate late night trading in generally inner city areas. This makes it easier for place based management approaches such as drink safe precincts to be effective as they target particular areas with extra policing, greater coordination and planning of resources and better transport options.

Moratoriums on late night liquor trading have been implemented in other Australian jurisdictions. In response to evidence that there is a correlation between anti-social behaviour occurring in the early hours of mornings and the operation of licensed venues that supply liquor after 1am, the Victorian Government introduced a freeze on late night liquor licences in inner Melbourne areas in May 2008. The freeze meant no new applications could be granted for bar, pub and nightclub licences to operate after 1am in Melbourne (including Docklands), Port Phillip, Stonnington and Yarra unless the applicant can demonstrate exceptional circumstances. The moratorium initially applied until 31 December 2009 but was later extended to 31 December 2011. It has again been extended until 30 June 2013. Membership clubs and most restaurants and cafés are not affected by the freeze.

In 2009, the New South Wales Government amended the Liquor Act to impose a 12 month freeze on certain new liquor licences and related development applications in Darlinghurst, Kings Cross and parts of the southern Sydney central business district. As a result of the freeze, no new liquor licences for new pubs, bars, clubs, nightclubs or liquor stores could be granted for premises situated in identified freeze precincts. Applicants were also barred from applying for the grant of a permanent extension of trading hours. The NSW *Liquor Legislation Amendment Act 2010* subsequently extended the end of the application freeze from 24 June 2010 until 24 June 2011. In the second reading speech, the Minister stated:

“This extension will allow a more comprehensive assessment of the effectiveness of the liquor licence freeze to be undertaken. It will also allow Communities New South Wales to undertake a comprehensive review of the potential applicability of the liquor licence freeze in additional high risk precincts. If this review finds that a freeze is warranted in any additional locations Communities New South Wales will provide the Government with advice about the scope and extent of any proposed freeze on a location by location basis.”

The freeze was again extended by the New South Wales Government until 24 December 2012, though in November 2012 further legislative amendments were made to extend the freeze as it pertained to an expanded Kings Cross area until December 2015.

Costs

The results of the moratorium in Queensland are difficult to discern as it did not reduce the number of premises with late night trading outside of the designated precincts. Rather, the number of premises with late night trading outside of the designated precincts was effectively frozen. Any analysis is further complicated by the fact that while the moratorium may have prevented the growth of problems outside the designated precincts, it potentially may have inadvertently concentrated issues within these areas.

Due to the concentration of venues trading after midnight, large numbers of people (particularly those aged between 18 and 30 years old) gather in these entertainment precincts between midnight and 5am. For example, Fortitude Valley has the State’s most popular and densely packed nightclub and restaurant area. It is estimated that approximately 50,000 patrons frequent Fortitude Valley on an average Friday or Saturday night.⁹² In Surfers Paradise, more than

⁹² Twelve month snapshot: Fortitude Valley Drink Safe Precinct trial

CONSULTATION DRAFT

30,000 people visit the area on an average Friday and Saturday night, with these numbers increasing to at least 50,000 during major events such as the Gold Coast 600, Schoolies and New Year's Eve.⁹³ Particular challenges are, as a matter of course, presented when large numbers of people frequent licensed venues and adjacent public spaces.

For industry, extending the moratorium will continue to create a divide between licensed premises within precincts and in all other areas of the State. Licensees for premises located in precincts can apply for post-midnight extended trading hours while this is denied for licensees of premises located outside precincts. The moratorium will also continue to create a divide between those licensed premises outside of precincts that had post-midnight extended trading hours approvals prior to 16 September 2009 (as they retain this approval) and all other licensed premises outside of precincts, including new licensees, who are unable to apply to trade outside ordinary trading hours.

Additionally, those venues that do not currently have post-midnight extended trading hours approval will not be able to expand when opportunity or demand arises. This is inconsistent with the Government's commitment to facilitate a regulatory environment that is conducive to business growth.

Under Option 1, consumers will remain limited in their choice when it comes to late night venues.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<p><i>Appropriate direction of resources</i></p> <ul style="list-style-type: none"> Allows for appropriate direction of place based management resources to those areas that cater for late night trading 	<p><i>Unequal playing field</i></p> <ul style="list-style-type: none"> Creates a divide between those premises located in precincts and those located outside of precincts Also creates a divide between those premises outside of precincts that were granted approval to trade late and those premises outside of precincts who would remain unable to apply for extended trading hours <p><i>Limits opportunity to expand</i></p> <ul style="list-style-type: none"> Venues that do not currently have extended trading hours approval will not be able to expand when opportunity or demand arises
Community	<p><i>Mechanism to preserve amenity of residential areas and mitigate harm</i></p> <ul style="list-style-type: none"> Research reveals there is a link between increases in liquor trading hours and alcohol-related violence Mitigates the harm from alcohol misuse and abuse by confining late night liquor trading to designated precincts 	<p><i>Affect consumer choice</i></p> <ul style="list-style-type: none"> Consumers will remain restricted to certain areas if they want to enjoy liquor late in the night Punishing the majority for the actions of a few <p><i>Overcrowding</i></p> <ul style="list-style-type: none"> A large concentration of people in a few designated areas can contribute to anti-social and unsafe behaviour

⁹³ Twelve month snapshot: Surfers Paradise Drink Safe Precinct trial

CONSULTATION DRAFT

	<i>Benefits</i>	<i>Costs</i>
Government	<p><i>Enable the concentration of late night liquor trading</i></p> <ul style="list-style-type: none"> • Easier to deploy and manage place based management resourcing (e.g. transport, police and emergency) to target areas 	<p><i>Legislative amendment required</i></p> <ul style="list-style-type: none"> • Option requires legislative amendment to extend moratorium period <p><i>Actual effectiveness of moratorium unknown</i></p> <ul style="list-style-type: none"> • Option extends the moratorium without actually identifying the effectiveness of the moratorium in Queensland

Option 2 – Allow the moratorium to end on 31 December 2013 as scheduled (or prior to this date)

Benefits

Allowing the moratorium to end will accelerate growth in the night time economy outside the current exempt precincts and fast track opportunities for businesses to operate in a more open and competitive market. Ending the moratorium will effectively remove a restriction on industry and promote positive economic impacts such as increased employment in the liquor, hospitality and tourism industries. Increased consumer demand will also likely bring late night trade to local operators such as food outlets and taxi drivers.

Another possible advantage of ending the moratorium is that it will enable growth in the industry in a dispersed way. There is an argument that this may possibly help to reduce the risk of a cumulative impact reaching an unacceptable level in the designated precincts where there is already a concentration of venues that trade late into the night.

Ending the moratorium would mean that all licensed premises across the State will be able to apply under section 85 of the Liquor Act to trade between midnight and 5am. It would reinstate equity for all current and prospective licensees and allow licensees to apply for extended trading hours to meet consumer demand and increase competition. This is consistent with promoting competition, regulatory efficiency principles, and red tape reduction strategies, all of which are priorities of the Government.

It should be noted that upon the end of the moratorium, applications for extended trading hours will still be considered and assessed by the decision maker in accordance with the Liquor Act. In this regard, lifting the moratorium will not lead to automatic approvals of venues trading during extended hours in suburban areas without scrutiny.

The Liquor Act incorporates a community consultation process that relates to specific applications for extended trading hours. A licensee applying for extended trading hours is required to undertake a period of community consultation by publicly advertising the existence of the application. As part of this process, the community is entitled to object to the granting of the extended trading hours approval on the basis of adverse impacts on the amenity of the community. Formal objections help inform the deliberations of the decision maker (the chief executive under the Liquor Act or the Queensland Civil and Administrative Tribunal on appeal) on such applications. This is particularly so in regard to the conditioning of an approval which is by far the most common outcome for these applications.

Costs

It is likely there will be negative impacts associated with allowing the moratorium to end. As stated in the Parliamentary Committee's 2010 final report, international research reviews have concluded that increases in hours and days for which alcohol is available for sale are consistently related to increases in levels of problems. Other researchers have also concluded

CONSULTATION DRAFT

“the balance of reliable evidence from the available international literature suggests that extended late night trading hours lead to increased consumption and related harms”.⁹⁴ Longer trading hours have an impact on the amenity of local residents particularly in suburban areas. On this basis, many community members may be highly opposed to allowing the moratorium to end.

Policy tensions naturally exist between the need to foster competition in the liquor and tourism industry and the need to address the negative social, health and community impacts associated with the misuse of alcohol. In this regard, the operation of the liquor industry during extended trading hours draws on additional support from the police, security guards, transport providers, paramedics, hospital staff and other community service providers. Granting extended trading to liquor licensees outside of the currently designated precincts will place additional demand on these services. A related key issue with allowing extend trading hours for licensed premises in residential areas outside of concentrated precincts is that many transport options are not available to patrons and policing resources may be too spread out to be effective.

It should be noted that at the time of the moratorium’s introduction, there were 105 applications on hand, many of which will likely be reactivated by the applicants. This will in turn create a resource issue for OLGR if timely approvals are to be made.

Summary of the costs and benefits for Option 2

	Benefits	Costs
Industry	<p><i>Accelerate growth in night time economy</i></p> <ul style="list-style-type: none"> • Option will create opportunities for business to operate in a more competitive market • Will likely create increased employment in the liquor, hospitality and tourism industry as well as other local businesses such as food outlets and taxi drivers • Will disperse growth across the State, rather than concentrating in a few select areas <p><i>Reinstate equity among liquor licensees</i></p> <ul style="list-style-type: none"> • All licensees will have the opportunity to apply for late night liquor trading 	<p><i>Resourcing will be stretched</i></p> <ul style="list-style-type: none"> • Resourcing (e.g. policing, community services etc) will need to be shared among other areas not classified as designated precincts
Community	<p><i>Will have a say</i></p> <ul style="list-style-type: none"> • Community will continue to have a say in extended liquor trading hours applications through the Liquor Act 	<p><i>Link between increased trading hours and alcohol harm</i></p> <ul style="list-style-type: none"> • Research indicates that late night trading hours can lead to increased alcohol consumption and related harms <p><i>May affect amenity of suburban areas</i></p> <ul style="list-style-type: none"> • Longer trading hours may affect amenity of suburban areas

⁹⁴ Stockwell and Chikritzhs, (2009) “Do relaxed trading hours for bars and clubs mean more relaxed drinking? A review of international research on the impacts of changes to permitted hours of drinking.” Crime Prevention and Community Safety. Vol. 11, No. 3, pp.153-171.

CONSULTATION DRAFT

	Benefits	Costs
Government	<p><i>Consistent with Government priorities</i></p> <ul style="list-style-type: none"> Option is consistent with promoting competition and regulatory efficiency principles 	<p><i>Additional resourcing demand</i></p> <ul style="list-style-type: none"> Regard for support from police, transport providers, hospital staff and other community service providers will extend to other areas as late night trading is approved Office of Liquor and Gaming Regulation will likely receive a number of applications for extended late night trading creating a resource issue

Option 3 – Allow the moratorium to end and consider a strategy to transform the night time economy to encourage a broader range of locations and a broader range of consumers

Benefits

Option 3 encourages the night time economy to be embraced; rather than feared or condemned. The night time economy is a key economic contributor to the wider Queensland economy. It is a significant generator of jobs as well as alcohol, food and retail sales. A study conducted by AEC Group Economic Consultants and commissioned by Surfers Paradise Alliance showed that the night economy of Surfers Paradise delivers an output of more than \$3.5 billion annually with a gross value add of \$1.6 billion.⁹⁵ The night time economy was also found to contribute 19,038 full time equivalent positions.⁹⁶ Research commissioned by the City of Sydney similarly found that there are substantial benefits to the night time economy. The contribution of Sydney’s night time businesses in 2009 was estimated to include:

- a \$2.7 billion turnover for core businesses (e.g. drink, entertainment and food businesses);
- a \$12.4 billion turnover for non-core businesses (e.g. retail, accommodation, transport); and
- the generation of 27,115 jobs by core night time economy businesses.⁹⁷

Most consumers of the night time economy are young people. However, the larger disposable income of people in their 40s to 60s means that there is a sector of the market which is creating demand for wider and more varied range of licensed premises, dining, theatre and other cultural activities. Unfortunately, the presence of large scale street drunkenness can deter other consumers from going out and enjoying the night life.⁹⁸

Many cities are now using a multi-faceted approach to encourage and manage the growth of their night time economies so that there is diversity in the tourism, leisure and cultural offerings which will appeal to a wider range of age and social groups. Internationally, Brighton and Hove’s (UK) vision for managing its night time economy is “linked to the many strategies, structures, wider partnerships and relationships that support the city to grow and thrive”.⁹⁹ Some of the strategies that have been implemented include:

- transforming a number of spaces to encourage a better social mix and an improved feeling of safety;

⁹⁵ Economic impact assessment of night time economy report.

⁹⁶ Economic impact assessment of night time economy report.

⁹⁷ Discussion paper: Open Sydney – Future directions for Sydney at night, October 2011, p11.

⁹⁸ Hadfield, P, Night Time Economy Management: International Research and Practice – A review for the City of Sydney, September 2011, p80.

⁹⁹ Background to Brighton and Hove and our approach to managing the night time economy.

CONSULTATION DRAFT

- arresting drug dealers and then immediately offering support and treatment to users before they are able to source a new dealer;
- renovating and improving lighting in certain areas to attract more restaurants and businesses; and
- introducing the NightSafe scheme.¹⁰⁰

The NightSafe scheme is open to all businesses involved in the night time economy who pay a small membership fee in return for:

- use of a SafetyNet radio;
- access to a full time dedicated manager (funded by council);
- a city-wide yellow card scheme (members and police can issue a yellow card to someone displaying anti-social behaviour – if person receives two yellow cards, they are automatically banned from all member establishments);
- National Business Information System profiling of prolific offenders; and
- access to secure website giving real time intelligence-based information about people carrying out anti social behaviour.¹⁰¹

In Australia, the City of Sydney has identified 11 key directions and options for action by 2030 to manage its night time economy:

- better and more transport;
- more diverse choices (e.g. later trading for retail, cultural institutions and pop up culture; more entertainment options; and late night dining and outdoor dining options);
- better public space design (e.g. creative and functional lighting; activation of “dead” spaces; and quality architecture and improved street frontages);
- more public services (e.g. public toilets and online connectivity);
- sustain growth (e.g. by capping growth in key locations; encouraging diversity; mitigating residential impacts; and managing noise);
- reduce red tape (e.g. improve and streamline existing development application processes);
- better planning, licensing and the regulatory environment (e.g. improved complaint making processes and more effective regulation and compliance);
- encourage tourism and packaging experiences (e.g. by putting in place interactive and interpretive tourism information; and engaging city ambassadors);
- support village precincts (e.g. by establishing guidelines to preserve and enrich the individual character of each precinct; and manage precincts similar to events);
- address drinking culture (e.g. by commissioning research to understand intoxication levels in late night areas; and supporting public health approaches to educate at risk drinkers about safer drink levels); and
- governance and benchmarking (e.g. measure and monitor pedestrian volumes, congestion, antisocial behaviour and transport usage patterns to understand the impact of changes in the night time economy; create a form group to ensure better compliance and regulatory coordination between agencies).¹⁰²

Option 3 proposes that Queensland consider and adopt some of these international and national approaches to manage its own night time economy instead of implementing a one size fits all solution (i.e. a moratorium on liquor trading hours) which necessarily hinders development opportunities and restricts consumer choice. If successfully managed, a thriving night time economy will enhance the State as a major tourist destination and contribute to visitors’

¹⁰⁰ <http://www.brighton-hove.gov.uk/>

¹⁰¹ <http://www.brighton-hove.gov.uk/index.cfm?request=b1155684>

¹⁰² City of Sydney, Open – Options.

CONSULTATION DRAFT

experience. Option 3 is, in this regard, consistent with the Government’s commitment to grow a four pillar economy.¹⁰³

Costs

A major predictor of violent incidents in density studies is the proximity of on-licensed premises to each other. In his review of international research and practice into the management of night time economies, Hadfield states:

“The ‘bunching’ of bars, pubs and nightclubs, in particular, within a small geographical area has been linked to the promotion of heavy sessional drinking, and is associated with alcohol-related injuries, violence, and other short-term consequences related to concentrated drinking during discrete occasions. The culture of ‘circuit drinking’ is inherent to such bunching, with patrons progressing from venue-to-venue in the course of a night out. Offences have been found to occur particularly in the public spaces surrounding bunched clusters of licensed premises.

Recent research analysing data relating solely to clusters of licensed premises in the Sydney Local Government Area (LGA) found assaults to be highly concentrated around licensed premises in George Street in the central business district (CBD), Darlinghurst Road in Kings Cross, Oxford Street in Darlinghurst, King Street in Newtown, and Glebe Point Road in Glebe. The highest concentrations of recorded assault were in Kings Cross, Oxford Street in Darlinghurst and along George Street in the CBD. More than half of the assaults recorded by NSW police in the Sydney CBD occurred within 50 metres of a liquor outlet. Only 3 percent of the Sydney LGA is within 20 metres of a liquor outlet, yet 37 percent of assaults in Sydney LGA occurred within spaces with this profile.”¹⁰⁴

For residents in areas with a large concentration of late night trading businesses, overcrowding, pedestrian traffic and noise can also become an issue.

Option 3 can be fairly cost prohibitive. The cost to the City of Sydney in managing and servicing the night time economy in 2009 was estimated to be approximately \$125M including \$24.8M in policing costs, \$4M in health costs, and \$64.8M in transport costs.¹⁰⁵ The estimated cost to council was \$30M.¹⁰⁶ If the Government was to promote the extension of the night time economy to other areas outside the current designated precincts, then the costs would be significant.

Finally, achieving a sustainable night time economy will take time. Industry will not be able to reap the benefits for several years.

Summary of the costs and benefits for Option 3

	Benefits	Costs
Industry	<p><i>Attract a larger number of consumers</i></p> <ul style="list-style-type: none"> • Leads to increased revenue <p><i>Greater competition</i></p> <ul style="list-style-type: none"> • The night time economy will attract more businesses and therefore, greater competition. 	<p><i>Results will take a long time to achieve</i></p> <ul style="list-style-type: none"> • Achieving a sustainable night time economy will take years – industry will not be able to reap the benefits immediately

¹⁰³ The four pillars are tourism, agriculture, resources and construction.

¹⁰⁴ Hadfield, P, International research and practice – a review for the City of Sydney, September 2011, p20.

¹⁰⁵ Sydney’s Night Time Economy – Cost Benefit Analysis, A report for the City of Sydney Council.

¹⁰⁶ Sydney’s Night Time Economy – Cost Benefit Analysis, A report for the City of Sydney Council.

CONSULTATION DRAFT

	Benefits	Costs
Community	<p><i>Greater choice</i></p> <ul style="list-style-type: none"> • More entertainment and dining variety for consumers 	<p><i>Issues with overcrowding and excessive noise</i></p> <ul style="list-style-type: none"> • For residents in areas with a large concentration of late night trading businesses, overcrowding and noise can become an issue <p><i>Densely spaced venues</i></p> <ul style="list-style-type: none"> • Can promote a culture of circuit drinking or pub hopping • Associated with alcohol-related injuries, violence, and other short-term consequences
Government	<p><i>Consistent with commitment to grow a four pillar economy</i></p> <ul style="list-style-type: none"> • Option will likely enhance tourism which is one of the pillars 	<p><i>Can be cost prohibitive</i></p> <ul style="list-style-type: none"> • Managing several night time economies can be cost prohibitive

3.5.5 Discussion points / questions

The Government is seeking views on the following matters:

- What option is best for Queensland in relation to the current moratorium on applications for post-midnight extended liquor trading hours?

Respondents please note: the Government's consideration of this matter will also be informed by its separate evaluation of the DSP trial.

3.6 Restrictive trading on days of cultural significance

3.6.1 The Issue

DestinationQ participants suggested a review the trading restrictions that apply to licensed venues during religious holidays or other days of historical significance. These restrictions impact on industry's ability to service the needs of tourists and residents.

3.6.2 The policy objective

The policy objective is to strike an appropriate balance between observance of days of national/religious significance and the impacts arising from trading restrictions on these days.

3.6.3 Background

Under section 9 of the Liquor Act, trading is generally prohibited on Good Friday and Christmas Day except when it is served in conjunction with a meal in an area that is set aside for dining. Trading before 1pm on Anzac Day is also generally prohibited except for RSL and Services Clubs.

Further, under section 15 of the Gaming Machine Regulation the following trading restrictions apply:

- for Anzac Day – before 1p.m.;

CONSULTATION DRAFT

- for Good Friday – all day; and
- for Christmas Day – all day.

The above restrictions may be impacting on the industry’s ability to service the needs of tourists and other visitors on these holidays.

3.6.4 Options and impacts

The following options are under consideration:

- Option 1 – remove the trading hour restrictions to allow normal trading on Anzac Day, Good Friday and Christmas Day.
- Option 2 – retain the trading hour restrictions.

Option 1: Remove the trading hour restrictions to allow normal trading on Anzac Day, Good Friday and Christmas Day.

Benefits

One factor in favour of considering change is that today’s modern multicultural society means that not all traditional western cultural or religious days are observed by a significant proportion of the population. This is particularly so for tourists from emerging markets such as China and other Asian countries. Benefits of removing the trading hour restrictions are:

- industry benefits from the ability to trade on these public holidays (including for functions);
- tourists from other cultures can be catered for;
- increased entertainment options for people wishing to get out on these public holidays; and
- the Government may receive additional taxation revenue from increased trading.

Costs

The costs of the proposal are significantly the impacts on tradition. There are only three days of the year to which trading restrictions apply, and these are days that, for the majority of Australians, are traditionally associated with remembrance (or observance of a sacrifice) or family.

For Anzac Day in particular, there is also a risk of potential disruption to dawn services and morning marches by people leaving late-trading venues, with possible impacts on the solemnity and dignity of proceedings.

Summary of the costs and benefits for Option 1

	Benefits	Costs
Industry	<ul style="list-style-type: none"> • Ability to trade on these public holidays • Ability to cater to tourists from other cultures 	<ul style="list-style-type: none"> • Penalty rates would apply.
Community	<ul style="list-style-type: none"> • Increased entertainment options on these public holidays 	<ul style="list-style-type: none"> • Impact on tradition. • Potential for disruption of dawn services by people leaving late-trading venues
Government	<ul style="list-style-type: none"> • Increased tax revenue from additional trading. 	

Option 2: retain the current trading hour restrictions on Anzac day, Good Friday and Christmas day.

Benefits

Maintaining the status quo regarding these trading restrictions may be seen as continuing with long-observed traditions, which began as a mark of respect for the reason behind the particular religious or cultural day. Additionally, the current arrangements minimise the risk that Anzac Day dawn services are impacted by people leaving late-trading venues.

Costs

The costs of retaining the current trading hour restrictions are the foregone benefits of Option 1.

3.6.5 Discussion points / questions

The Government is seeking views on the following matters:

- Should the Government relax the restrictions? If so, to what extent?
- How would the implementation of Option 1 impact on the respondent personally?
- Should any relaxation of the current restrictions apply to the conduct of gaming as well as the supply of liquor?

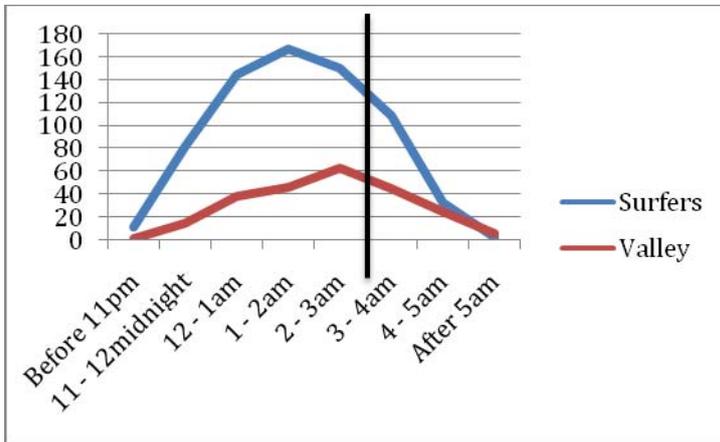
Appendix 1



INFORMATION REGARDING PRESENTATION TIMES OF CLIENTS IN DSP SUPPORT SERVICE (CHILL OUT ZONE ONLY)

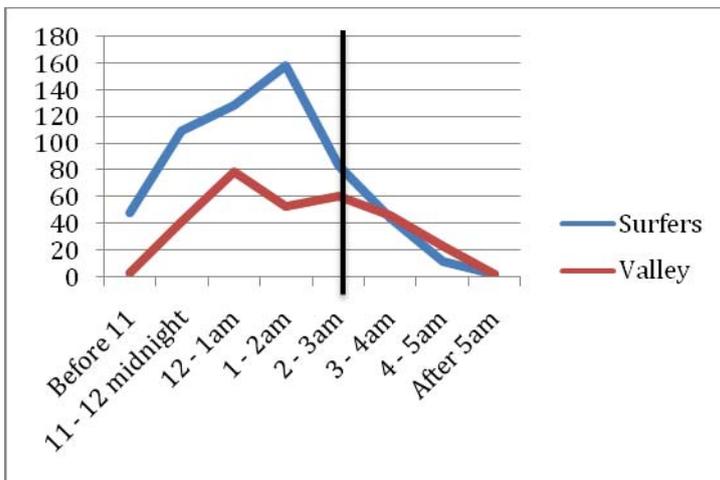
Assisted Client totals for whole period: Fortitude Valley: 2298
Surfers Paradise: 3330

ASSAULT RELATED INJURY PRESENTATIONS:



	Surfers	Valley
Before 11pm	11	1
11 - 12midnight	82	14
12 - 1am	145	38
1 - 2am	167	46
2 - 3am	150	63
3 - 4am	109	45
4 - 5am	32	25
After 5am	2	6

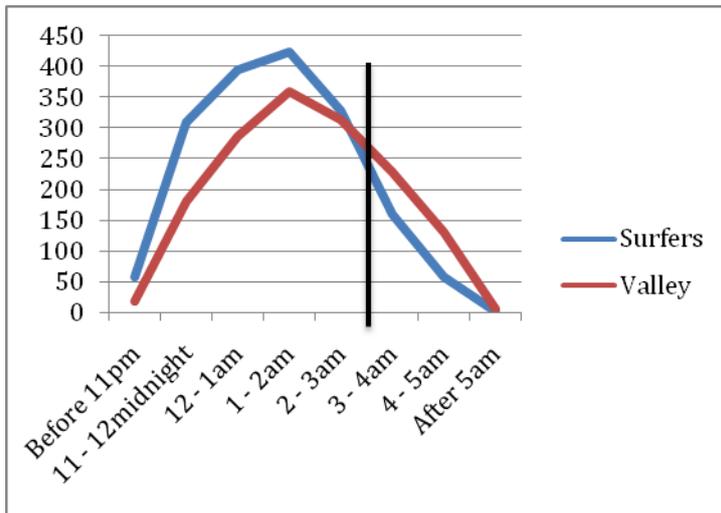
ACCIDENTAL INJURY PRESENTATIONS



	Surfers	Valley
Before 11	48	3
11 - 12 midnight	109	41
12 - 1am	128	79
1 - 2am	158	53
2 - 3am	83	61
3 - 4am	44	46
4 - 5am	12	23
After 5am	2	2

CONSULTATION DRAFT

INTOXICATION RELATED PRESENTATIONS



	Surfers	Valley
Before 11pm	59	19
11 - 12midnight	308	181
12 - 1am	394	287
1 - 2am	423	359
2 - 3am	327	314
3 - 4am	159	228
4 - 5am	58	131
After 5am	2	6

Location of Assaults*

	Surfers	Valley
Street	335	117
Venue	275	88
Unspecified	89	32
Total	699	237

QPS Known Involvement**

	Surfers	Valley
Total	699	237
QPS Involved	359	80

Accompanying notes:

Black vertical line represents approximate lockout time.

These figures are drawn from the DSP Trial period (December 10, 2010 to October 20, 2012)

Surfers Paradise service commences at 10.30pm, and ceases at 3.30am (Thursdays) 4.30am (Fridays) and 5.30am (Saturdays).

Thursday night service in Surfers Paradise operates for only three – six months per year. 433 clients in Surfers Paradise presented on Thursday nights.

Fortitude Valley service operates from 11pm to 5am Friday and Saturday nights.

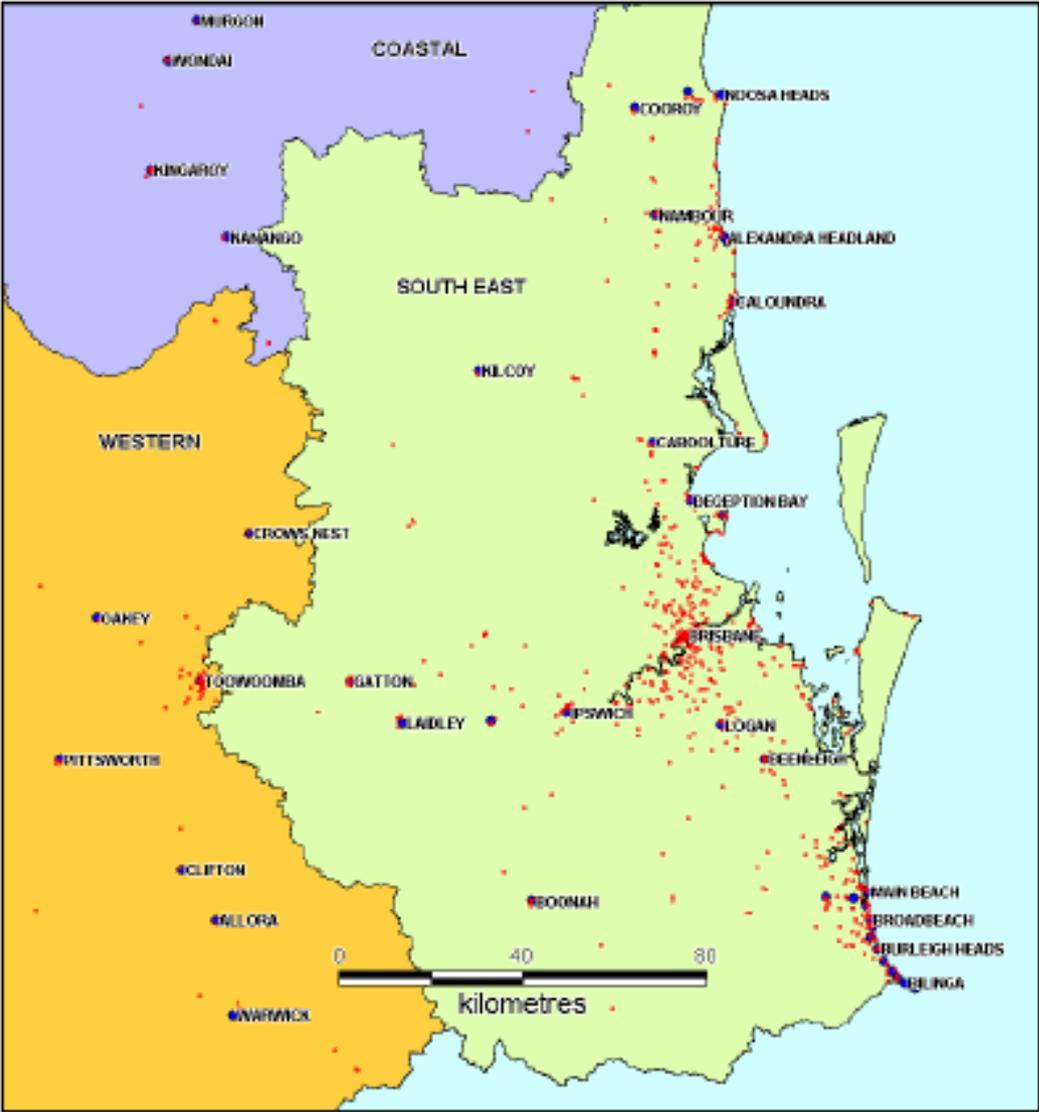
Presentations outside these times are generally when staff attend a client on their way to work, or a client presents to the service after closing.

An additional foot patrol service is offered in the Valley through Nightwatch Chaplaincy service. Their data is not included here.

* This information is generally as reported by the client, not witnessed by staff

** QPS Involvement is considered to be when QPS refer the client, or are in attendance at the event. This data is as recorded by the staff. QPS may have involvement after more incidents, unbeknown to staff.

South-east region boundaries



Appendix 3

Potential legislative structure for the new Gaming Administration Act

Part 1 – Preliminary	Sets out introductory matters such as commencement, legislative object and interpretation of key phrases.
Part 2 – General administration	Deals with general administration matters including delegations, confidentiality of information, approval of forms and issue of guidelines and standards.
Part 3 – Gaming licences	<p><i>Div 1 – Gaming operator’s licence</i> Covers the application process; probity and investigation of licensees; and issue, dealing, suspension and cancellation of the licence. The gaming operator’s licence will specify the type of gaming activity the operator may conduct.</p> <p><i>Div 2 – Additional requirements relating to gaming machines</i> Deals with matters relating to gaming machines generally including applications for replacement licences and additional licensed premises and maximum number of gaming machines and hours of gaming.</p> <p><i>Div 3 – Other general licence</i> Covers the application process; probity and investigation of licensees; and issue, dealing, suspension and cancellation of the licence. The other general licence is for suppliers, repairers and service contractors. It will specify the type of activity the licensee may conduct.</p> <p><i>Div 4 – Individual licence</i> Covers the application process; probity and investigation of licensees; and issue, dealing, suspension and cancellation of the licence. The employee licence will specify the type of work the employee may undertake.</p>
Part 4 – Financial	Prescribes the licence fees, gaming taxes and health services levy payable. There is a penalty for late payment and the State may recover amounts owing through court action. Provisions relating to the casino community benefit fund will also be placed in this part.
Part 5 – Compliance requirements	Provides for the following matters – rules; control systems; casino operation (e.g. gaming equipment, security devices and credit wagers); player accounts; financial accounts, statements and reports; records; audit; prizes; tickets; regulated equipment; advertising; gaming offences; and complaints.
Part 6 – Investigation and enforcement	Defines the powers of inspectors.

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Part 7 – Legal proceedings

Covers provisions relating to evidence, proceedings and review by tribunal.

Part 8 – Self exclusion program and responsible gaming practices

Covers provisions relating to self exclusion and minors.