

Liquor & Gaming NSW

Review of Gaming Machine Shutdown Hours Framework

REPORT

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Executive Summary

In May 2003, a 6-hour shutdown of gaming machines between 4am and 10am was introduced. Venues may be eligible for three variations to the shutdown period:

- 3-hour shutdown on weekends and public holidays for venues in tourism and entertainment areas,
- 3-hour shutdown for venues experiencing financial hardship, and
- Shutdown variations for venues with a history of opening early.

Shutdown hours were introduced as a harm minimisation measure to minimise the risk of gambling harm.

Other Australian jurisdictions have shutdown requirements in place for harm minimisation purposes. These vary in length and form. Most jurisdictions do not allow hotels and clubs to vary their shutdown hours or access extended trading for gaming machines.

Various research reports have examined the proportion of late-night gaming machine gamblers who suffer gambling harm, including 1999¹ and 2010 Productivity Commission reports into gambling,² the *Shutdown Evaluation 2008*,³ *Shutdown Research 2019*,⁴ and *EGM Late Night Play Research 2023*.⁵ The findings of the various reports are consistent.

In particular, both the *Shutdown Research 2019* and *Late Night Play Research 2023* found that across all gaming machine gamblers, 11.6% usually gambled between 12am and 8am, and were classified as late-night EGM gamblers. The later into the early hours of the morning (i.e., after 2 am, and after 4 am), the higher the risk of gambling harm became, over 50% of gaming machine gamblers being at-risk between 12am and 2am, and almost 65% of gaming machine gamblers being at-risk between 2am and 8am.

Data relating to variations of shutdown hours in NSW examined for the purposes of this review demonstrates that:

- 20% of all venues with gaming machines hold a variation to the standard shutdown hours,
- Of the venues with a variation to the standard shutdown hours, 97% of their turnover is generated outside the standard shutdown hours (i.e. 10am to 4am) and only 3% during their varied hours,
- Venues with variation to the standard shutdown hours are more likely to be located in medium and high risk SA2s than venues without variations to the standard shutdown hours,
- Venues with tourism and entertainment variations are located in 44 different LGAs. 26% of these venues are located in Western Sydney LGAs in areas with higher risks of gambling harm,
- With respect to net gaming machine profit and hardship variations:
 - between 1 July and 31 December 2023 the highest ranked hotel with a hardship variation was ranked 82nd in NSW for profits and the lowest ranked was 1151st in the state out of 1173.
 - Between 1st June and 30 November 2023, the highest ranked club for profits that had a hardship variation was 2nd and the lowest was 220th out of 1011. Notably during this period, three club venues with a hardship variation were ranked in the top 10 for net gaming machine profit in the State.
- Most of the venues (89%) with an “early openers” variation maintain the 6-hour shutdown but close earlier in the evening and open earlier in the morning on all or certain days of the week. For example,

¹ Productivity Commission. (1999). *Australia's Gambling Industries. Summary*. Report No. 10. <https://www.pc.gov.au/inquiries/completed/gambling/report/summary.pdf>

² Productivity Commission. (2010). *Gambling*. Report No. 50. Volume 1 - Inquiry report - Gambling ([pc.gov.au](https://www.pc.gov.au))

³ Tuffin, A., & Parr, V. (2008). *Evaluation of the 6-hour shutdown of electronic gaming machines in NSW*. Prepared for the NSW Office of Liquor, Gaming and Racing.

⁴ Smith, C., Wolstenholme, A., & Duffy, C. (2019). *Shutdown periods for electronic gaming machines*. Commissioned by the NSW Responsible Gambling Fund.

⁵ Stevens, M. & Roy Morgan Research. (2023). *Impact of electronic gaming machine (EGM) late night play on EGM player behaviours*. Commissioned by the NSW Responsible Gambling Fund.

numerous venues have shifted their 6-hour shutdown to occur between 2am and 8am or 3am and 9am.

Based on an analysis of the research and data, the review makes the following findings:

1. A minimum 6-hour shutdown period, commencing no later than 4am, is effective at minimising gambling harm.
2. Non-standard shutdown periods between venues may allow at-risk gamblers to move to other venues and continue gambling which undermines the policy intent of the 6-hour shutdown hour period in the *Gaming Machines Act 2001*.
3. There are venues with variations (exemptions) to shutdown hours that may no longer meet the criteria for their variation, but these have not been reviewed since their introduction.
4. The vast majority (97%) of gambling turnover for venues with a shutdown variation is generated during hours outside the standard shutdown period, i.e. the hours from 10am to 4am.
5. There is no identified policy rationale for retaining a tourism and entertainment variation.
6. The policy behind the original hardship variation is no longer valid or relevant, however a contemporary time-limited hardship variation may be considered.
7. Criteria for the “early opener” variation is overly inclusive and may be open to misuse in the context of its intended function to cater to shift workers.
8. Variations to shutdown periods have not been formally recorded on venue licences.

Background

Introduction of shutdown hours in NSW

Provisions that mandate that venues shut down their gaming machines for a set period were introduced to NSW in stages under the *Gaming Machines Act 2001* (the Act). From April 2002, a 3-hour shutdown was introduced between 6am and 9am as a transitional measure before the full 6-hour shutdown was introduced. In May 2003, this provision was extended to a 6-hour shutdown between 4am and 10am.

Shutdown hours were introduced as a harm minimisation measure that was intended to minimise the risk of gambling harm. The measure was one of many that were introduced at the time to 'minimise gambling abuse and provide safety nets for high risk gamblers'.⁶⁷

When the 3-hour shutdown was introduced, two variations were also introduced. The first was an 'early openers' variation for venues demonstrating a history of continuous early trading since 1997 and the second was a variation for hotels and clubs in tourism focused areas.⁸

With the introduction of a 6-hour shutdown in 2003, a financial hardship variation was also introduced. This was based on preliminary data at the time that suggested a few 24-hour trading clubs appeared to experience a reduction in gaming machine profits since the beginning of the 3-hour shutdown. This variation was accompanied by Ministerial guidelines that encouraged venues to prove that they had experienced financial hardship because of the extended shutdown period.

Purpose of review

Since shutdown periods were introduced in 2002, research has continued to be undertaken in relation to late-night gambling on gaming machines. There has been no review of shutdown periods in this time. Similarly, many variations to shutdown periods were granted with no time limit and have not been reviewed. Therefore this review was undertaken in the context of new and updated research and having regard to contemporary policy settings and hotel and club financial circumstances.

Evidence

Timing of shutdown hours

The current 6-hour shutdown period of 4am to 10am was based on empirical research assessing the impact of a six-hour EGM shutdown on the behaviour of people who gambled on EGMs and the contribution towards harm minimisation, as well as taking reference from other jurisdictions.⁹ At the time of introduction in NSW, both the Northern Territory and Australian Capital Territory had their shutdown period starting at 4am.

The use of shutdown periods to limit EGM accessibility and gambling harm has been a focus of previous research.

⁶ Gaming Machines Amendment (Shutdown Periods) Bill, Second Reading Speech. <https://www.parliament.nsw.gov.au/bill/files/256/A1603.pdf>

⁷ Other measures included the number of poker machines in venues being frozen along with a statewide cap of 104,000; a requirement for venues to undergo a social impact statement before new machines could be installed; hotels and clubs with gaming machines being prohibited from being established in shopping centres; a primary-purpose test established for hotels to prohibit hotels being conducted as gambling dens and the provision of brochures that provide information on the chances of winning to patrons in gambling outlets.

⁸ <https://www.parliament.nsw.gov.au/bill/files/1815/Passed%20by%20both%20Houses.pdf>

⁹ Tuffins, A., Parr, V. (2008). Evaluation of the 6 hour shutdown of electronic gaming machines in NSW: A multi-method research report. Commissioned by the NSW Office of Liquor, Gaming and Racing. <https://www.gambleaware.nsw.gov.au/-/media/files/published-research-pdfs/evaluation-of-the-six-hour-shutdown-of-electronic-gaming-machines-in-nsw.ashx?rev=bc60960cc5df4b169353edb76f9afdc5&hash=6141AAE3E71490CC6967A45F66953A6F>

A 1999 Productivity Commission report into gambling¹⁰ identified a link between gambling harm and the accessibility of EGMs, including the hours that EGMs are available. A 2010 Productivity Commission report into gambling¹¹ discussed the causal link between gambling harm and the accessibility of EGMs. The Productivity Commission was satisfied by research conducted in the early 2000s that concluded a three-hour shutdown period has little impact on reducing harm for high risk gamblers, especially if it starts any later than 4am. It recommended that the EGM shutdown period should start no later than 2am and run for at least six hours.

A growing body of NSW-specific evidence indicates that EGMs cause the most gambling harm when compared to other types of gambling¹² and that reducing accessibility to gambling products may reduce high risk gambling.¹³

Prevalence of EGM gambling and gambling harm in NSW

The NSW Gambling Survey 2019¹⁴ shows that of the NSW adult population, 16% play EGMs. Compared to the NSW total adult population of high risk gamblers (1%) and the population of gamblers in NSW who are high risk gamblers (1.9%), EGM players have a significantly higher prevalence of high risk gambling (5.4%) and moderate risk of gambling (11%)¹⁵. EGM play presents the greatest risk for gambling-related harm, being both far more prevalent, and having almost double the per-person impact than the next harmful gambling activity (online poker games).

Time of gambling among EGM players

The rates of gambling harm during late-night gambling on gaming machines is particularly evident in the *EGM Late Night Play Research 2023*,¹⁶ *Shutdown Research 2019*,¹⁷ and *Shutdown Evaluation 2008*¹⁸ findings.

Data from the *EGM Late Night Play Research 2023* showed that a little over a quarter of EGM gamblers usually gambled in the day/early evening (8am-7pm), while most usually gambled between 7pm and 10pm (43.7%), followed by 18.5% between 10pm and midnight, 6.8% between midnight and 2am, and just under 5% between 2am and 8am:

Across all EGM gamblers, 11.6% usually gambled between 12am and 8am, and were classified as late-night EGM gamblers. Late-night EGM gamblers (after midnight) exhibited a range of differentiating characteristics from other EGM gamblers.

- 46.1% of late-night gamblers gambled monthly or more often on EGMs in a pub, compared with 11.9% of daytime (8am-7pm) and 18.9% of evening (7pm-12am) EGM gamblers.
- 17.9% of late-night EGM gamblers were in two loyalty schemes and a further 19.7% were in three loyalty schemes, compared with 4.9% of daytime (8am-7pm) and 7.9% of evening (7pm-12am) EGM gamblers being in two loyalty schemes, and 2.9% of daytime (8am-7pm) and 1.7% of evening (7pm-12am) EGM gamblers being in three loyalty schemes.
- 28% of late-night EGM gamblers were late-night workers, compared with 8.4% of daytime (8am-7pm) and 13.2% of evening (7pm-12am) EGM gamblers.
- 5% of late-night EGM gamblers lived in the most disadvantaged locations, compared with 23.6% of daytime (8am-7pm) and 18.1% of evening (7pm-12am) EGM gamblers.

¹⁰ Productivity Commission. (1999). *Australia's Gambling Industries. Summary*. Report No. 10.

<https://www.pc.gov.au/inquiries/completed/gambling/report/summary.pdf>

¹¹ Productivity Commission. (2010). *Gambling*. Report No. 50.

[Volume 1 - Inquiry report - Gambling \(pc.gov.au\)](https://www.pc.gov.au/inquiries/completed/gambling/report/summary.pdf)

¹² Russell, A.M.T., Browne, M., Hing, N., Rockloff, M., Newall, P., Dowling, N.A., Merkouris, S., King, D.L., Stevens, M., Salonen, A.H., Breen, H., Greer, N., Thorne, H.B., Visintin, T., Rawat, V., & Woo, L. (2023). Electronic gaming machine accessibility and gambling problems: A natural policy experiment. *Journal of Behavioural Addictions*, 12(3), 721-732. <https://doi.org/10.1556/2006.2023.00044>

¹³ Stevens, M., & Roy Morgan Research. (2023). *Impact of Electronic Gaming Machine (EGM) Late Night Play on EGM Player Behaviours*. Commissioned by the NSW Responsible Gambling Fund. <https://www.liquorandgaming.nsw.gov.au/news-and-media/new-study-reveals-impacts-of-late-night-poker-machine-play>

¹⁴ Browne M, Rockloff M, Hing N, Russell A, Boyle CM and Rawat V (2019) *NSW Gambling Survey 2019*. Central Queensland University. Commissioned by the NSW Responsible Gambling Fund.

¹⁵ As defined by the Problem Gambling Severity Index (PGSI) Ferris J., & Wynne H. (2001). *The Canadian Problem Gambling Index: User manual*. Ottawa, Canada: Canadian Centre on Substance Abuse.

¹⁶ Stevens, M. & Roy Morgan Research. (2023). *Impact of electronic gaming machine (EGM) late night play on EGM player behaviours*. Commissioned by the NSW Responsible Gambling Fund.

¹⁷ Smith, C., Wolstenholme, A., & Duffy, C. (2019). *Shutdown periods for electronic gaming machines*. Commissioned by the NSW Responsible Gambling Fund.

¹⁸ Tuffin, A., & Parr, V. (2008). *Evaluation of the 6-hour shutdown of electronic gaming machines in NSW*. Prepared for the NSW Office of Liquor, Gaming and Racing.

- 63.3% of late-night EGM gamblers needed to gamble with larger amounts of money over time for the same excitement sometimes or more often, compared with 15.1% of daytime (8am-7pm) and 24.9% of evening (7pm-12am) EGM gamblers.

The report also found that late night EGM gamblers (i.e. people gambling on EGMs after midnight) are significantly more likely to be moderate risk and high risk gambling on the Problem Gambling Severity Index (PGSI). Similarly, late-night EGM gamblers are more intense gamblers. This means they gamble more money, more quickly, gamble on more days of the week, gamble alone and are likely to be a member of one or more club loyalty schemes.

The later into the early hours of the morning (i.e., after 2 am, and after 4 am), the higher the risk of gambling harm became, over 50% of gaming machine gamblers being at-risk between 12am and 2am, and almost 65% of gaming machine gamblers being at-risk between 2am and 8am:

The research findings support previous NSW evidence which found that there are risks associated with late-night EGM play. Key findings include:

- Late-night EGM gamblers were more intense gamblers (participation and behaviours) and significantly more likely to be experiencing high risk gambling. The later into the early hours of the morning (i.e., after 2am, and after 4am), the higher the high risk gambling risk became.
- Venue closures would limit access and reduce harm for late-night EGM gamblers, and gamblers at risk of high risk gambling, particularly for those experiencing high risk gambling, through having a break, allowing them to reassess their spending and time gambling on EGMs.
- Recreational EGM gamblers and late-night shift worker EGM gamblers would be very minimally affected by venue closures given their low demand for continued EGM gambling after venue closure.
- Most EGM gamblers who experienced venue closure and wanted to continue EGM gambling, did not go onto another venue. There were no recreational gamblers among EGM gamblers who went on to gamble at another venue, indicating no demand for late-night EGM gambling after venue closure for recreational EGM gamblers.
- There is a group of EGM gamblers who from a gambling behavioural and participation viewpoint are more intense EGM gamblers. That is, they gamble at more types of venues, gamble on EGMs more frequently, spend more money in a session, gamble more days of the week, are members of loyalty schemes across two or three venue types, and are more likely to gamble alone, and consequently, have significantly higher levels of high risk gambling risk. This group of EGM gamblers would benefit most from venue closures.

This research is consistent with previous reports including the *Shutdown Evaluation 2008* and *Shutdown Research 2019*¹⁹ data. In particular, it aligns with the 2019 report which found that high risk gamblers are the most likely to be impacted by gaming room shutdowns and are more likely than other EGM players to travel to another venue or out of the local area to continue play. The 2019 report also concluded that uniform shutdown time periods were critical to minimising gambling harm, and that late at night was the optimum period for a universal shutdown.

Late-night EGM gambling and late-night workers

The EGM Late Night Play Research showed that late-night EGM players were more likely to be late-night workers compared to non-late night workers, however most late-night workers (76%) do not gamble on EGMs. There was no evidence they suffered different rates of gambling harm compared to non-late night workers.

Displacement of EGM players to other venues

The *EGM Late Night Play Research 2023*, *Shutdown Research 2019*, and the *Shutdown Evaluation 2008* reports included findings regarding EGM player actions taken in response to a shutdown.

Most EGM gamblers who experience venue closure and want to continue EGM gambling will nevertheless go home, but those who move to another venue were experiencing high risk gambling or at risk of high risk gambling. There were no recreational EGM gamblers who went on to play EGMs at another venue, indicating no

¹⁹ Smith, C., Wolstenholme, A., & Duffy, C. (2019). *Shutdown periods for electronic gaming machines*. Commissioned by the NSW Responsible Gambling Fund. Review of Gaming Machine Shutdown Hours Framework | REPORT

demand for late night EGM gambling after venue closure for recreational EGM gamblers. There was no difference between late-night workers and non-late-night workers in the percentage of late-night EGM players who moved venue (*EGM Late Night Play Research 2023*).

Between 48% (*Shutdown Research 2019*) and 68% (*Shutdown Evaluation 2008*) of high risk gamblers do, or would, go home should EGMs close at the venue of current EGM play.

NSW shutdown hours

The *Shutdown Research 2019* and the *Shutdown Evaluation 2008* explored the optimum time of day to shut down EGMs to reduce gambling by at-risk and high risk gamblers. The *Shutdown Research 2019* concluded that there is majority support from NSW gamblers (including high risk gamblers) for a shutdown period and that a uniform late-night shutdown period would have the most success at minimising harm and avoiding any likelihood of venue hopping. The *Shutdown Evaluation 2008* research found the shutdown period was an effective mechanism to reach those high risk gamblers playing before the start of the shutdown period, that it achieves a break in play and encourages most problem and moderate risk gamblers to go home. The report noted that the shutdown was considered necessary to prevent continuous gambling and as such, did not indicate support for reduction of the shutdown requirements.

In summary, the existing evidence suggests that venue closure would assist gamblers at risk of high risk gambling and reduce harms. It also shows that most EGM gamblers who were in a venue when it closed and wanted to continue EGM gambling, did not go onto another venue, late-night workers would be minimally affected by venue closures, and there is no demand for late-night EGM gambling by recreational gamblers after venue closures.

Most demand for late-night EGM play comes from people who gamble with high intensity and are at-risk of or experiencing high risk gambling and this cohort would benefit the most from venue closure. This would allow them to experience a 'break in play' and to reassess their spending and time gambling on EGMs.

EGM shutdown requirements in other Australian jurisdictions

Other Australian jurisdictions have shutdown requirements in place for harm minimisation purposes. These vary in length and form. Most jurisdictions do not allow hotels and clubs to vary their shutdown hours or access extended trading.

A summary comparison of the shutdown requirements across Australian jurisdictions is below. This comparison is specific to hotels and clubs and does not include other types of venues such as casinos.

Western Australia is not included in the jurisdictional comparison as it only allows gaming machines in the casino.

Table 1: Australian jurisdictional comparison as of February 2024

Venue policy	NSW	Victoria*	South Australia	Australian Capital Territory	Northern Territory	Queensland#	Tasmania
24-hour gaming	No	Yes (restrictions apply)	No	No	No	No	No
Shutdown duration	6 hours	6 hours	6 hours	5 hours	6 hours	6 hours	4 hours
Shutdown period	4am – 10am	4am – 10am	Not specified	4am – 9am	4am – 10am	4am-10am	Not specified
Continuous shutdown	Yes	Yes	No+	Yes	Yes	Yes	Yes

Venue policy	NSW	Victoria*	South Australia	Australian Capital Territory	Northern Territory	Queensland#	Tasmania
Variations/extended trading	Yes	No	No	No	No	Yes	No

*Victoria's shutdown provisions in this table come into effect from mid-2024. A more comprehensive overview is provided at Attachment A.

+ SA allows for the shutdown to occur in a 6-hour block, two 3-hour blocks, or three 2-hour blocks. However, currently, all venues with EGMs except casinos have a continuous 6-hour shutdown, typically in the late-night period.

#97% of Queensland club and hotel venues observe shutdown periods of at least 4am to 10am. 48% of club and hotel gaming venues must cease gaming by 12.31am. The Commissioner of Liquor and Gaming may fix hours of gaming that extend to a maximum of two hours beyond the time during which liquor may be sold on the premises.

Shutdown Framework

Legislative framework

The *Gaming Machines Act 2001* (the Act) governs the licencing, approval, and operation of EGMs, including the 6-hour shutdown period and variations. The objectives of the Act are to:

- minimise harm associated with the misuse and abuse of gambling activities
- foster responsible conduct in relation to gambling
- facilitate the balanced development, in the public interest, of the gaming industry
- ensure the integrity of the gaming industry and
- provide for an on-going reduction in the number of gaming machines in the State by means of the tradeable gaming machine entitlement scheme.

The Act specifies that due regard must be had to gambling harm minimisation when considering what is in the public interest.

The Act is supported by the Gaming Machines Regulation 2019. The Regulation does not contain provisions in relation to shutdown hours.

The legislative framework is administered by the Independent Liquor and Gaming Authority (the Authority) and L&GNSW.

Shutdown hours provisions

The provisions for the shutdown hours are in part 4, division 2 of the Act from sections 38 to 42. Part 4 of the Act is concerned with harm minimisation measures to minimise the risk of gambling harm for patrons who use gaming machines.

Section 38 was repealed from the Act from 1 July 2008, and was a temporary provision for the interim 3-hour shutdown period which expired on 1 May 2003.

Section 39 sets the general 6-hour shutdown period as 4am to 10am after 1 May 2003.

Section 40 – 41 contains variations from the general shutdown period, including variations for weekends and public holidays, hardship grounds and early openers.

Section 42 outlines some general provisions that:

- there is no requirement for clubs or hotels to close off an area where gaming machines are located during the period when EGMs are not to be operated; and
- the provisions relating to shutting down of gaming machines do not affect the operation of the *Liquor Act 2007* or any other law in relation to the hours that hotel or club is authorised to trade.

Section 42 further defines an approval by the Authority under division 2 which provides the Authority with a broad range of powers in relation to variation approval including specifying that an approval:

- is to be in writing;
- is subject to such conditions as the Authority thinks fit to impose; and
- may be revoked at any time by the Authority for such reasons as the Authority seems fit.

Interaction with liquor licensing in hotels

Section 68A of the *Liquor Act 2007* (Liquor Act) outlines when gaming machines can be operated in hotels and states that a hotel must not allow a gaming machine to be operated unless it is during the time when liquor is sold or supplied.

Gaming machines can therefore only usually be operated by hotels during the trading hours that are specified on their liquor licence.²⁰

However, section 15A of the Liquor Act provides provisions for hotels to cease the sale of liquor and continue to provide gambling when:

- an extended trading period is in effect; and
- during standard trading hours, when approved by the Authority.

When deciding on whether to make an approval, the Authority must be satisfied that the provision of gambling will not unduly detract from the character of the hotel and that all gambling is being carried out responsibly.

Clubs do not have a “primary purpose” test relating to the sale of liquor allowing them to always offer gaming machines and facilities to its members, without needing to sell liquor. The Liquor Act also allows clubs to retain their “unrestricted” liquor trading hours regardless of any other provision of the *Liquor Act 2007*. Therefore the operation of gaming machines in a registered club is only limited by the shutdown hours imposed on the licence by the Act.

The shutdown period effectively operates over the top of liquor licence trading hours. For example, if trading hours are 6pm to 6am then gaming machines cannot operate between 4am to 6am during trading, and when trading has finished.

Penalties and disciplinary action

All clubs and hotels must ensure their gaming machines are only operated in line with the legislated shutdown requirements.

Maximum penalties of up to 100 penalty units (\$11,000) can be imposed under the Act for operating an EGM during any hours that EGMs are required to be shut down.

The Authority may also take other disciplinary action including:

- cancelling or suspending the venue’s gaming machine authorisation for a period
- disqualifying the licensee from holding a gaming machine authorisation for a period
- imposing conditions on the gaming machine authorisation.

Variations

Overview of variations to EGM 6-hour shutdown period

There are three types of variations to the 6-hour shutdown period outlined in the Act through sections 40-41:

3-hour shutdown on weekends and public holidays (section 40)

A reduced shutdown period between 6am and 9am may be granted by the Authority under Ministerial Guidelines. The Guidelines specify that approval may be given if the Authority is satisfied that:

- the venue falls within an area that usually attracts tourists;
- the venue falls within an area where other hospitality and entertainment venues are open to 6am on Saturdays, Sundays or public holidays;
- prior to 2 April 2002, the venue had a history of remaining open past 4am on Saturdays, Sundays or public holidays.

Hardship grounds (section 40A)

A limited shutdown of 6am to 9am may be granted to a venue by the Authority where it meets financial hardship criteria in the relevant Ministerial Guideline.

Ministerial Guidelines (*Limited Shutdown Period Guidelines (Hardship)*), introduced in 2003, sets out the circumstances that hotels and clubs need to demonstrate for the Authority to be satisfied that the hotel or club is suffering hardship and is eligible for the variation, including:

- the financial trends over the last three years, including gaming machine profits, staffing numbers, hours and costs, other costs and direct and in-kind donations to charities;
- links to other clubs and hotels under the same ownership including how the other clubs impact financially on the venue applying for the variation;
- gambling and liquor harm minimisations in place including those not required by legislation;
- links with and contributions to gambling counselling services;
- refurbishment/renovation plans;
- trading hours and facilities offered before and after 2 April 2002;
- smoking policies and practices in the venue; and
- commitment to staff development and training.

The Guidelines state the circumstances under which hardship variations will be approved include:

- the financial viability of the business as a whole was seriously threatened;
- a clear loss of revenue could be demonstrated since the introduction of the 3 hour or 6 hour shutdown;
- significant downturn in revenue would continue;
- numbers of permanent staff and hours of part-time and casual staff had been reduced;
- there would be a downturn in the level of support given to the local community
- the venue had entered into a contract for significant building or refurbishment prior to 26 July 2001 based on cash flow estimates that relied on unchanged trading hours.

Further, approval will only be granted if the Authority is satisfied:

- that all harm minimisation measures required by the gaming and liquor legislation had been implemented;
- that the venue was participating in any local liquor accord and any CDSE local committee (the predecessor of ClubGRANTS);
- any decline in revenue or loss of jobs was a direct result of the shutdown requirement;
- the venue would have previously traded in the hours that variation is sought for.

Early openers (section 41)

Where a venue had a consistent history of opening early prior to 1997, this variation allows them to retain the same opening hours.

The history of early opening that a venue must demonstrate is that on a regular basis before 1 January 1997 they:

- Opened before 10am at least one day per week,
- Closed between midnight and 10am for a minimum of 3 hours at least one day per week, and
- Have continued to do so since that time.

These venues may apply for either a:

- different 6-hour shutdown period to the standard 4am to 10am period, or
- 3-hour shutdown during any specified period (i.e. it is not limited to the 6am to 9am 3 hour shutdown applied on hardship or tourism grounds).

Intent of the variations

The 3-hour weekend and public holiday variation and the early-openers variation were both introduced in the *Gaming Machines Act 2001* when the shutdown hours were first legislated. The second reading speech for the *Gaming Machines Act 2001* provides some information about the introduction of EGM shutdown hours and variations but does not adequately outline the purpose behind the variations.²¹

It is reasonable to suggest that the 3-hour weekend and public holiday variation was introduced to minimise the impact of the 6-hour shutdown period on venues in tourism focused areas in recognition that weekends and public holidays typically bring in greater patronage and potentially greater revenue.

The 'early openers' variation was introduced to provide flexibility in the six-hour shutdown period for venues that had consistently opened early prior to 1997 to cater for specific groups of patrons, such as shift workers in major local industries. It is important to note that hotels were only permitted to have poker machines from 1997 onward.

The financial hardship variation was introduced in 2003 to ease the transition to the six-hour shutdown by introduction of the *Gaming Machines Amendment (Shutdown Periods) Bill 2003*. In the second reading speech, it was noted that a preliminary review of the 3-hour shutdown period identified a small number of hotels and clubs that may have been experiencing genuine hardship. The financial hardship variation was introduced as a result. In particular, the second reading speech reads, "the Government is not prepared to back away from the introduction of the general six-hour shutdown. At the same time, it is important that a pragmatic approach be taken to the increased shutdown period, and that those venues that can demonstrate genuine hardship be given the opportunity to apply to retain the current three-hour shutdown."²²

Number of venues with shutdown variations, gambling

²¹ New South Wales. Parliamentary Debates. Legislative Assembly. 30 November 2001. <https://www.parliament.nsw.gov.au/permalink?id=HANSARD-1323879322-26230>

²² New South Wales. *Parliamentary Debates*. Legislative Council. 24 June 2003. <https://www.parliament.nsw.gov.au/bill/files/256/C1603.pdf>

turnover and locations

Breakdown of variations

Relevant data from L&GNSW's Central Monitoring System (CMS) was extracted to support the review. Notably, the reliability of data on shutdown hours variations is variable as formal records have not historically been kept regarding the specific type of shutdown variation a venue has been granted. In most cases the shutdown variation type must be inferred by cross-referencing venues' open and close hours for each day of the week against the legislative requirements. It is possible that in this process some of venues may have been miscategorised. The data rules used to infer the type of shutdown hour variation a venue holds can be found at Attachment B.

Figure 1. Proportions of different licence conditions for shutdown hours across all 3,260 hotel and club venues with the right to keep gaming machines.

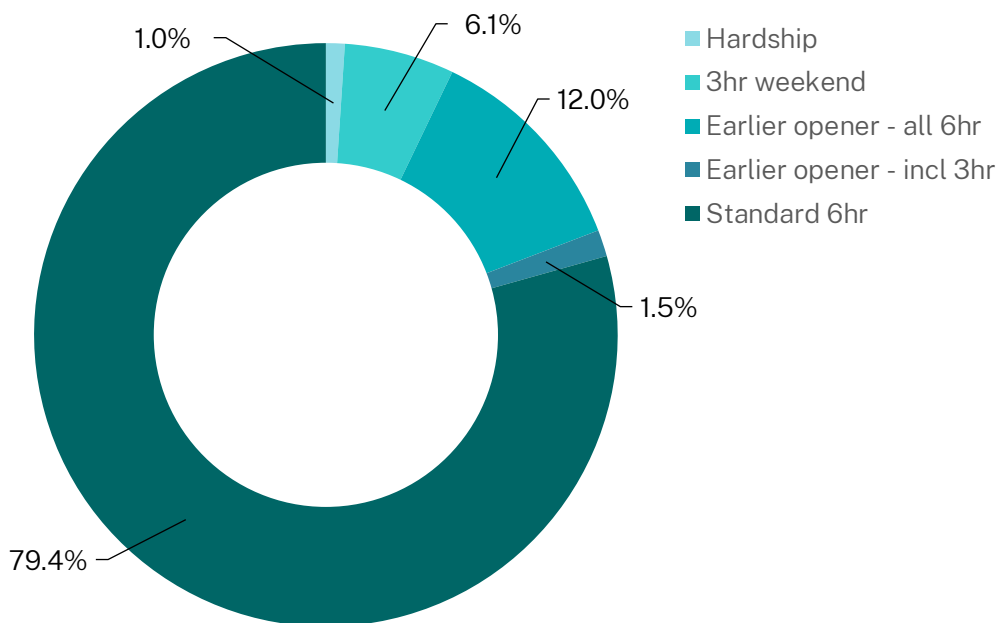


Table 1. Number of hotels and clubs with different types of shutdown variations that have the right to keep gaming machines

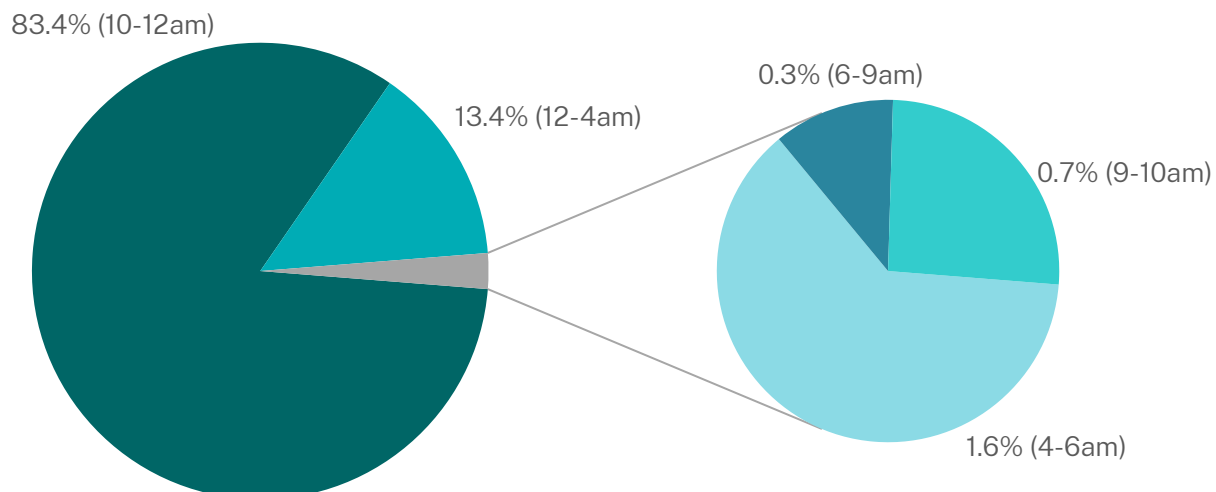
Venue type	Hardship	3-hr weekend	Early opener – all 6-hr	Early opener – incl 3-hr	Any varied shutdown
Hotels	15	158	146	27	346
Clubs	19	41	246	21	327
Total	34	199	392	48	673

Summary of variations turnover

Gambling turnover figures were analysed for the review over net profits because the former gives the most reliable indication of player activity at different periods of the day and is not impacted by jackpot winnings or similar variations that can occur in small time periods. Gambling turnover is by nature significantly higher than

net profit.²³ The data showed that \$128 billion in gaming machine turnover was attributable to venues with a shutdown hours variation between 01 June 2022 and 31 May 2024.

Figure 2. Proportion of gaming machine turnover attributable to venues with any shutdown variation during different trading hour periods



The Figure above shows that the vast majority (97%) of gambling turnover for venues with a shutdown variation is generated during hours outside the standard shutdown period (i.e. 10am to 4am). The table below suggests that this finding is generally consistent across all shutdown variation types, which has may have implications for the level of financial impact to venues if shutdown variations were removed.

Table 2. Proportion of gaming machine turnover attributable to venues with different types of shutdown variations during different trading hour periods

Venue type	Hardship (\$18.9 Billion)	3-hr weekend (\$51.5 billion)	Early opener - all 6hr (\$35.8 billion)	Early opener - incl 3hr (\$22.2 billion)
Standard	73.8%	80.5%	92.2%	83.8%
12-4am	19.6%	17.8%	6.3%	13.4%
4-6am	5.8%	1.5%	0.0%	0.7%
6-9am	0.1%	0.0%	0.5%	0.7%
9-10am	0.8%	0.1%	0.9%	1.3%

Location of venues with variations

The breakdown of venue licences with different shutdown variations was examined according to the local impact assessment ranking (LIA) of their location (i.e., Statistical Area [SA2]). For licensing purposes, ILGA conducts a LIA review for each SA2 and classifies these as Band 1 (low risk – 50% of SA2s), Band 2 (moderate risk – 30% of SA2s), or Band 3 (high risk – 20% of SA2s), depending on gaming machine density in the area, gaming machine losses, and other socio-economic factors.

The data shows that a higher percentage of venues with shutdown variations in either moderate or high-risk areas compared to venues with standard shutdown hours (Table 4). This means that venues operating gaming machines for longer each day or during hours when the risk of gambling harm is highest are more likely to be

²³ Gambling turnover refers to the total value of bets on gaming machines, including bets made using credits won during play. It is simply the amount of money bet, regardless of whether that money is won or lost. Net profit is the excess of revenue from machines minus outgoings in relation to machines, including player winnings. Note that net profit is not exactly the same as player losses because some larger jackpots are “pooled” when machines are linked across multiple venues and LGAs (see for [Fact sheet FS3132 Gaming machine data](#) for further information).

situated in higher risk areas.

Table 3. Number of venues per shutdown hours variation classified under different Local Impact Assessment (LIA) bands for the relevant Statistical Area (SA2).

SA2 Band LIA	Hardship	3-hour weekend	6-hour early opener	3-hour early opener	Standard 6-hour shutdown
1 – Low Risk	11 (32%)	70 (35%)	96 (24%)	12 (25%)	997 (38%)
2 – Moderate Risk	14 (41%)	52 (26%)	164 (42%)	14 (29%)	891 (34%)
3 – High Risk	9 (26%)	77 (39%)	133 (34%)	22 (46%)	703 (27%)

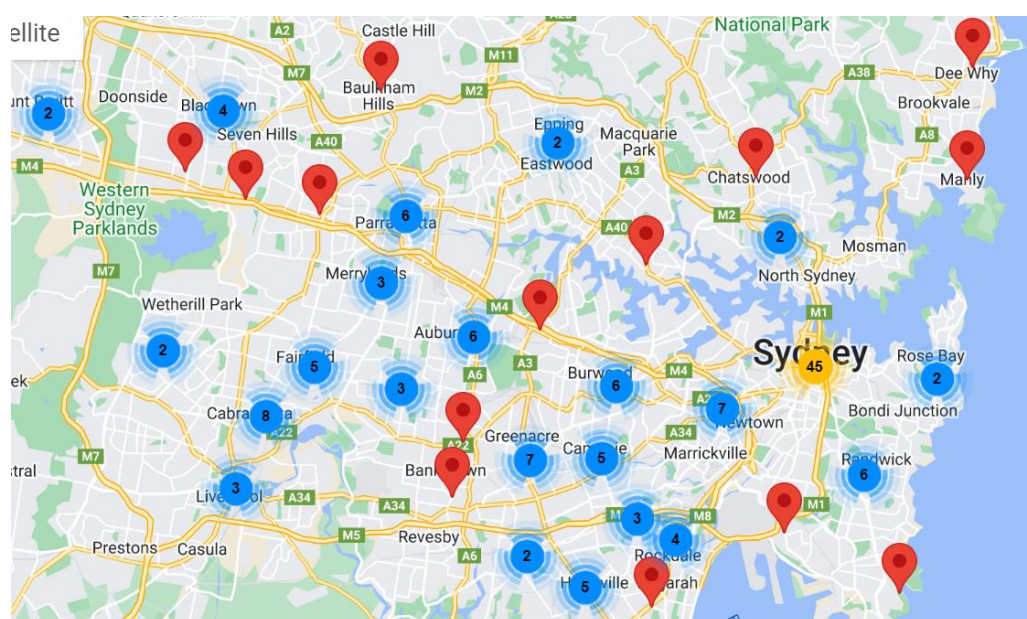
Weekend and public holiday variation

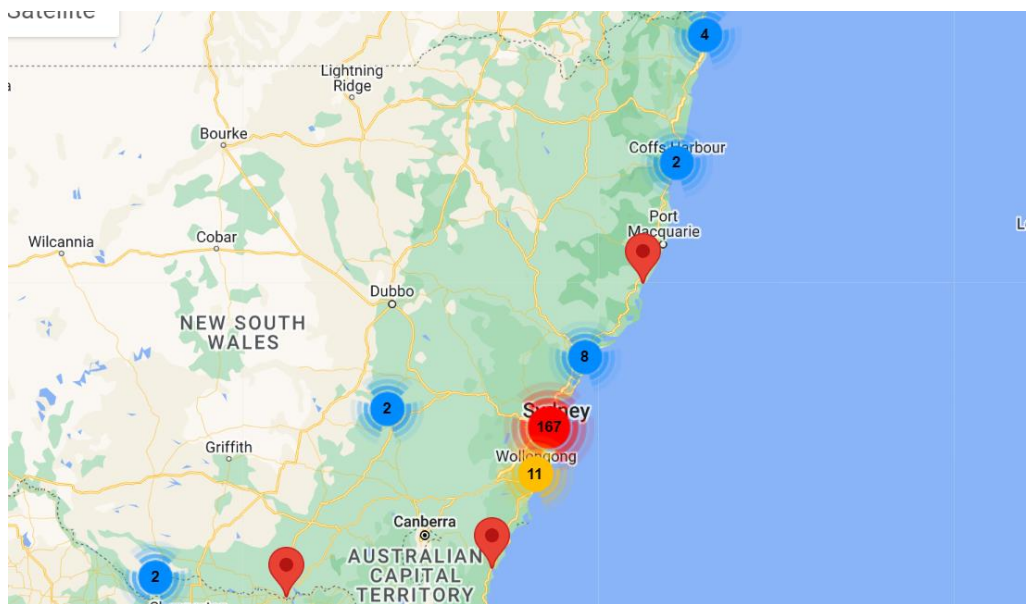
There are 199 venues with a weekend and public holiday variation including 158 hotels and 41 clubs. This variation allows a reduced shutdown period between 6 am and 9am on weekends and public holidays for venues located in an area that usually attracts tourists, or an area where other hospitality and entertainment venues are open until 6:00am on Saturdays or Sundays or public holidays, or before April 2002, the licensed premises remained open after 4:00am on Saturdays, Sundays or public holidays.

Venues with this type of variation were spread across 44 (out of 128) different NSW LGAs. The broad geographical disbursement of venues with this type of variation is visually depicted in the maps below, which raises questions about degree to which these locations could all be considered hotspots for tourism or entertainment. Unsurprisingly, the City of Sydney was the LGA with the highest number of venues with a weekend shutdown variation (23%), particularly as it encompasses both the Sydney CBD and Kings Cross. The next four highest LGAs are all located in Western Sydney (26% combined – see Attachment B) in areas with higher risks of gambling harm. It is also notable that 9% of venues with this variation are location in regional areas.

Figure 3. Map of venue locations with weekend and public holiday variations.

Notes. Images show venue locations and numbers at different zoom levels. Red pins = single venue; Blue circles = 2-10 venues; Yellow circles = 11-100 venues; Red circles = >100 venues





Hardship variation

There are 34 venues in NSW that have been granted a hardship variation – 19 clubs, 15 hotels. Nearly 95% of these venues are in the metropolitan Sydney area (as defined in the *Gaming Machines Regulation 2019*). Four of these venues are not currently operating due to renovations and/or redevelopment. Two venues with a hardship variation, that are still operating, have zero gaming machine entitlements.

Most venues were granted the hardship variation between 2004-2006 and most did not include a period for expiry or review. The most recent approval for a hardship shutdown hours variation was in October 2018 to address concerns about access to a venue because of construction of light rail. That approval was for a period of two years and the venue has since returned to a standard shutdown period.

The number of gaming machine entitlements (GMEs) a venue holds and applications to increase its gaming machine threshold (GMT)²⁴ may be viewed as an indication that the venue is financially stable. Clubs and hotels with hardship variations have a median GMT of 312 and 30, respectively. This compares to clubs and hotels with standard 6-hour shutdowns that have a median GMT of 14 and 5, respectively. Since 2011, just under one-third (n=11; 31%) of venues with this variation have applied for an increased GMT (for up to 60 additional entitlements). Some venues submitted multiple applications during this period (up to five), all of which were approved.

With respect to net gaming machine profit between 1 July and 31 December 2023, the highest ranked hotel with a hardship variation was ranked 82nd in NSW for profits and the lowest ranked was 1151st in the state out of 1173. Between 1st June and 30 November 2023, the highest ranked club for profits that had a hardship variation was 2nd and the lowest was 220th out of 1011. Notably during this period, three club venues with a hardship variation were ranked in the top 10 for net gaming machine profit in the State.

The above data suggests that many venues in this category, clubs in particular, are not necessarily experiencing financial hardship in the true sense of the term and relative to other venues, despite at some point meeting the relevant criteria for this variation under the Ministerial Guidelines.

Early openers variation

There are 440 venues with this variation including 173 hotels and 267 clubs. Most of the venues (89%) with this variation maintain the 6-hour shutdown but close earlier in the evening and open earlier in the morning on all or certain days of the week. For example, numerous venues have shifted their 6-hour shutdown to occur between 2am and 8am or 3am and 9am.

The remaining 10% of venues with this type of variation also maintain earlier 6-hour shutdown periods during weekdays, but in addition have various reduced 3-hour shutdown periods during weekends. Two venues (1%) have an earlier 3-hour shutdown period between 3am and 6am on both weekdays and weekends.

²⁴ A gaming machine threshold (GMT) is the maximum number of gaming machine entitlements (GME) a venue is authorised to operate
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The early opener shutdown means that many of these venues will close earlier than 4am. The table below shows the number of early opener venues that restrict gaming past 12am, 2am, and 4am based on the venues' latest shutdown time. Note that all venues with either a hardship or weekend shutdown variation permit post 4am gaming trade on at least one day of the week.

Table 4. Number of hotel and club venues with early opener variations that restrict or allow gaming trade at different hours based on shutdown times.

Venue type	Restricts			Allows
	Post 12am	Post 2am	Post 4am	Post 4am
Hotels	2	8	141	22
Clubs	2	57	189	19
Total	4	65	330	41

This table demonstrates that 91% of early opener variations restrict gaming trade post-4am. As such, venues with this type of variation, particularly those with a varied 6-hour shutdown, pose the least risk of harm to gaming patrons relative to other shutdown variations.

Findings

Shutdown hours

The purpose of gaming machine shutdown periods is to enforce a break-in-play for gamblers, particularly those gambling late at night. As noted above, the time of 4am to commence the shutdown period was selected as it was, according to the evidence available in 2003, the time when gamblers were most likely to be experiencing harm. Similarly, a 6-hour shutdown was selected as the best available evidence suggested that this was the minimum period required to ensure a proper break in play for those experiencing gambling harm.

The general purpose of having a shutdown period is consistent with contemporary research regarding gambling harm from gaming machines and is consistent with the legislative purpose of the Act. Shutdown periods are also effective noting that no recreational gamblers move to another venue to keep gambling following venue closure and between 48% (Shutdown Research 2019) and 68% (Shutdown Evaluation 2008) of high risk gamblers do, or would, go home should EGMs close at the venue of current EGM play.

Numerous research reports since the introduction of the shutdown hours indicate that six hours is the minimum length for a shutdown period that provides a sufficient break in play for gaming machine patrons that are at risk for experiencing gambling harm. Three-hour shutdown periods have little impact on reducing the risk of harm from occurring and does not provide a sufficient break in play for those who are risk for experiencing gambling harm. Despite this, 281 out of the 674 (42%) licensed venues in NSW with a shutdown hours variation includes a 3-hour shutdown period. There is no evidence that suggests a break in gambling needs to be longer than six hours to have a significant impact on minimising the risk of gambling harm for late night gamblers.

Numerous pieces of research demonstrate that the later into the early hours of the morning, the higher the proportion of players that are experiencing harm. This evidence was first demonstrated by the Productivity Commission in 2010 which recommended that shutdown periods commence at 2am and no later than 4am.

Recent research indicates that people gambling on EGMs after midnight, and particularly after 2am, are disproportionately more likely to be at moderate risk of high risk gambling or be high risk gamblers. However there is no research on the proportion of at-risk gamblers that gamble on EGMs after 4am. Recent reforms including the introduction of Responsible Gambling Officers, incident registers and Gaming Plans of Management have been introduced to help address harm from gaming machines, particularly for those trading after midnight.

Given these recent reforms and other gambling reforms that are being introduced to minimise gambling harm, there is no evidence to suggest that altering the shutdown period from its current window would be a proportionate approach to minimise gambling harm. There is no research that suggests a shutdown period would be more effective if it commenced later than 4am.

Finding 1: A minimum 6-hour shutdown period, commencing no later than 4am, is effective at minimising gambling harm.

Evidence shows that at-risk patrons are more likely to move to other venues to continue gambling when a venue closes. Recreational gamblers are far less likely to do the same. Therefore, having non-standardised shutdown hours provides opportunities for at-risk patrons to move between venues and avoid a sufficient break in play, which undermines the policy intent.

Finding 2: Non-standard shutdown periods between venues may allow at-risk gamblers to move to other venues and continue gambling which undermines the policy intent of the 6 hour shutdown hour period in the *Gaming Machines Act 2001*.

Variations to shutdown hours

Overall, NSW and Queensland are outliers in relation to shutdown hours by allowing venues to vary their shutdown hours. Furthermore, compared to Queensland NSW has a far greater proportion of venues that trade later in the evening.

In NSW, 91% of venues are subject to some form of a 6-hour shutdown, with 79% subject to the standard 4am to 10am shutdown and 12% subject to an early opener variation to their 6-hour shutdown which typically commences earlier in the evening. In comparison, 97% of Queensland club and hotel venues observe shutdown periods of at least 4am to 10am. Furthermore, Queensland's guidelines recommend a shutdown period commencing 12.30am and specific approval is required for venues to allow gambling beyond this time. As a result, 48% of venues in Queensland cease gaming at 12.30am. In NSW, only early opener variations allow a shutdown to start before 4am, including 4 venues that shutdown at 12:00am, 65 that shutdown between 12:00am and 2:00am, and another 146 venues that shutdown between 2:00am and 3:30am (see **Table 4**).

As noted above, there was no time limit imposed on variations granted to shutdown hours and no review requirement imposed in the Act. As the analysis above of venues with shutdown variations has demonstrated, many venues that were granted variations may no longer meet the relevant criteria for those variations. In particular, there are three clubs in the top 10 clubs in the State for profit which have hardship shutdown hour variations.

The vast majority (97%) of gambling turnover for venues with a shutdown variation is generated during hours outside the standard shutdown period (i.e. 10am to 4am) (**Figure 2**) and this is generally consistent across all shutdown variation types (**Table 2**).

Finding 3: There are venues with variations (exemptions) to shutdown hours that may no longer meet the criteria for their variation, but these have not been reviewed since their introduction.

Finding 4: The vast majority (97%) of gambling turnover for venues with a shutdown variation is generated during hours outside the standard shutdown period, i.e. the hours from 10am to 4am..

Three-hour shutdown on weekends and public holidays

As noted above, this variation applies:

- Where a venue is in an area that usually attracts tourists, or an area where other hospitality and entertainment venues are open until 6:00am on Saturdays or Sundays or public holidays, and
- For venues that, before April 2002, remained open after 4:00am on Saturdays, Sundays or public holidays.

It is unclear to what extent tourists value the opportunity to use gaming machines during shutdown hours. L&GNSW has been unable to identify any data that suggests being able to gamble on gaming machines at late night hours is a priority for tourists that visit NSW. Furthermore, the legislative frameworks in place that permit gaming, do so as a secondary feature of a venue rather than a primary purpose which may be undermined if a venue is being permitted to operate gaming machines solely for the purpose of catering to tourists.

Furthermore, looking at **Figure 2** and the proportion of turnover venues experienced during specific hours, it is not clear that venues are receiving enough revenue during this time to cross-subsidise late night entertainment options. Very little turnover is experienced by these venues between 4am and 6am.

Similarly, there is no policy rationale that L&GNSW has been able to identify whereby a variation to gaming machine shutdown requirements should be granted because other surrounding entertainment venues open until 6am. This equates gaming machines with "entertainment" which is contrary to existing policy regarding gaming machines.

Furthermore, such a policy creates a mutually reinforcing cycle whereby a venue is granted a variation because of 6am trade of surrounding venues which allows other surrounding venues to similarly apply for a variation which allows more surrounding venues to allow apply for a variation.

This is evident in the maps of venues that have been granted this variation. The vast majority of these venues are not located in areas that could reasonably be considered "tourist" locations or "entertainment" areas (i.e. outside the major metropolitan centres such as Sydney, Newcastle and Wollongong CBDs or significant coastal tourist locations such as Byron Bay). Indeed the top areas for this variation outside the Sydney LGA are

Canterbury-Bankstown, Fairfield, Blacktown, and Cumberland which coincides with the areas with the greatest number of gaming machines and greatest gaming machine profits.

Notably, there is no evidence to suggest that tourists or patrons in areas with late-night entertainment venues are less susceptible to gambling harm. In contrast, the findings from the CMS data show that approximately two-thirds of venues with a 3-hour weekend or public holiday variations are in moderate- or high-risk areas. The dispersal of venues with this type of shutdown variation across multiple locations in NSW (see **Figure 3**), many of which are not renowned for being tourist or entertainment precincts, suggests that the variation may not always be used as it is intended.

Finally, the general requirement that any venue with a history of remaining open past 4am on Saturdays, Sundays or public holidays is also difficult to maintain, noting that many clubs that had unrestricted trading automatically meet this requirement. Noting that **Figure 2** demonstrates that very little revenue is generated past 4am, there appears to be little link between the availability of gaming machines and this variation for “tourism and entertainment purposes”.

Therefore, there is no policy reason to suggest that the 3-hour variation for hospitality and entertainment should be retained.

Finding 5: There is no identified policy rationale for retaining a tourism and entertainment variation

Hardship variation

Given the disproportionate harms that have been identified during late-night gambling on EGMs the availability of the hardship variation is a question of competing policy intentions: ensuring venues are financial stable and viable against minimising gambling harm from EGMs.

As noted above, the hardship variation was introduced as a transitional arrangement to assist venues to move towards the 6-hour shutdown period. There are only 34 venues with a hardship variation and most were granted in 2004-2006 after the introduction of this transitional measure in 2003. As we are now 21 years beyond the introduction of the hardship variation, the original intent is no longer relevant.

However, it is noted that as a policy principle, providing for a contemporary financial hardship variation could be warranted, particularly given the example of a variation provided to address concerns about access to the venue due to construction of the light rail. This time-limited approach recognises that financial hardship provisions should be temporary.

CMS data shows a significant proportion of gambling turnover from venues with a shutdown variation is generated from the relative few venues with a hardship variation, including three clubs that ranked in the top 10 for gaming profit during the latter half of 2023. Further, almost a third of venues with this variation have been approved to increase their GMT at least once over the past decade. Taken together, these findings indicate that clubs with a hardship variation have reasonable financial security.

Finally, venues experiencing financial hardship are able to access other schemes including the gaming machine tax deferral scheme, GME leasing schemes to increase cash flow, and other tax concessions related to live entertainment and liquor licensing.

Finding 6: The policy behind the original hardship variation is no longer valid or relevant, however a contemporary time-limited hardship variation may be considered.

Early opener variation

The original rationale behind the “early openers” variation was to allow venues that particularly catered to shift workers to continue operating as normal.

However, the “history” of “early opening” that a venue must demonstrate is that on a regular basis before 1 January 1997 they:

- Opened before 10am at least one day per week,
- Closed between midnight and 10am for a minimum of 3 hours at least one day per week, and

- Have continued to do so since that time.

Given the standard liquor trading hours commence at 5am, opening before 10am does not necessarily indicate that a venue was previously an “early opener”. Furthermore, merely having previously opened before 10am for 1 day per week is a low threshold for a venue to be regarded as an “early opener” for shift workers. It is therefore not surprising that early opener licences are the most common variation type, used by two-thirds of venues with non-standard shutdown hours.

Finally, the early opener shutdown hours variation is applied variously itself. Most of these venues (393 out of 441) have early opener variations that maintain a six-hour shutdown, but open and close anywhere between 10am and midnight, respectively. Almost all the remaining venues also have a range of 6-hour shutdowns on weekdays but extend this to various 3-hour shutdown periods within a 3am to 9am window. This indicates that:

- the “early opener variation” may not be being utilised to legitimately cater to shift workers, and
- there is no necessity for a 3-hour shutdown for “early openers”.

Finding 7: Criteria for the “early opener” variation is overly inclusive and open to misuse in the context of its intended function to cater to shift workers

Other

As noted earlier in the report, variations to shutdown periods have been inferred from gaming machine and venue trading hours. This is because variations to shutdown periods have been recorded in internal government documents rather than formally on venue licences.

Finding 8: Variations to shutdown periods have not been formally recorded on venue licences

Attachment A – Australian jurisdictional overview

Victoria

Victoria currently has a mandatory 4-hour shutdown period for approved venues. The time for this shutdown period is not specified, but instead, the four-hour continuous shutdown must occur after every 20 hours of gaming. Hotels and clubs can apply to have 24-hour gaming operations on some or all days of the week if they have 24-hour liquor trading and are in metropolitan Melbourne.

Gaming operations are only permitted during liquor trading hours. (For example, if a venue's liquor trading hours are 10am-12am, gaming machines would only be allowed to be operated during the same time period).

Currently the only variation to the 4-hour shutdown period in Victoria is to trade 24-hours a day.

In July 2023, the Victorian Government announced that, by mid-2024, mandatory standardised closure periods will apply between 4am and 10am across Victoria, excluding the casino. Hotels and clubs will not be permitted to operate gaming machines 24-hours a day.

The new requirements were introduced in the *Gambling Legislation Amendment Bill 2023 (Vic)* and passed on 8 November 2023. These changes were introduced to target gambling harm and create a longer 'break in play'. The new shutdown hours will commence by at least 3 October 2024.

South Australia

South Australia has a mandatory 6-hour gaming machine shutdown. The legislation allows for the shutdown to occur in a 6-hour block, two 3-hour blocks, or three 2-hour blocks. However, currently, all venues with EGMs except casinos have a continuous 6-hour shutdown, typically in the late-night period for example 2am to 8am. A hotel or club's gaming hours is specified on its gaming licence.

There are no extended gaming hours available.

The only variation that a venue may apply for is to vary how it observes the 6-hour shutdown.

Gaming is not restricted to liquor trading hours.

Australian Capital Territory

The Australian Capital Territory imposes a mandatory five-hour gaming machine shutdown period between 4am and 9am. The operating hours for gaming machines are aligned to the venue's liquor trading hours.

There are no variations or extended hours available.

Northern Territory

The Northern Territory imposes a shutdown period of six hours between 4am and 10am, however EGM operating hours are aligned to liquor hours.

There are no variations or extended trading hours provided for in the Act or Regulations.

Queensland

In Queensland, the Commissioner for Liquor and Gaming sets the gaming hours for each licensed club and hotel individually. The recommended shutdown period of 12.30am to 10am is prescribed under a guideline issued by the Commissioner.

The legislation requires that gaming cannot commence before 10am. Under current varied arrangements in

Queensland for clubs and hotels, the minimum mandatory gaming machine shutdown period is 4.5 hours.

Venues can apply to extend their gaming hours, although these are not available as fixed 'variations'. In an application to extend gaming hours, venues must demonstrate a demand for each additional hour and, if requested, provide a social and economic profile of the local community.

Generally, a shutdown start time of 12.30am is considered appropriate, due to its association with the hours in which liquor may be consumed. However, with the Commissioner's approval, venues may offer gaming for up to two hours after liquor trading hours cease. Liquor trading may be extended from 12.30am to 2am or 3am depending on venue location. Therefore, it is possible for gaming to be offered until 4am or 5am, if the Commissioner approves.

A small percentage of venues commence their shutdown from 5.30am, under grandfathered approvals.

Tasmania

Gaming machine operation in Tasmania is subject to a continuous four-hour shutdown period. Tasmania does not specify a set period for the shutdown, leaving this up to the discretion of the venues. Gaming is only allowed during liquor trading hours.

There are no variations to the shutdown period or provision for extended gaming hours.

Attachment B – Data regarding shutdown hours and variations

Data Inference Rules

3-hour weekend and public holidays shutdown (section 40)

- A. 3-hour shutdown period between 6-9am on a Saturday, Sunday, or on public holidays; AND
- B. Standard 6-hour shutdown period between 4-10am on Monday to Friday

Hardship grounds (section 40A)

- A. 3-hour shutdown period between 6-9am on all or some days from Monday to Friday
- B. 3-hour shutdown period between 6-9am can also occur on weekends/public holidays IF A. is also met

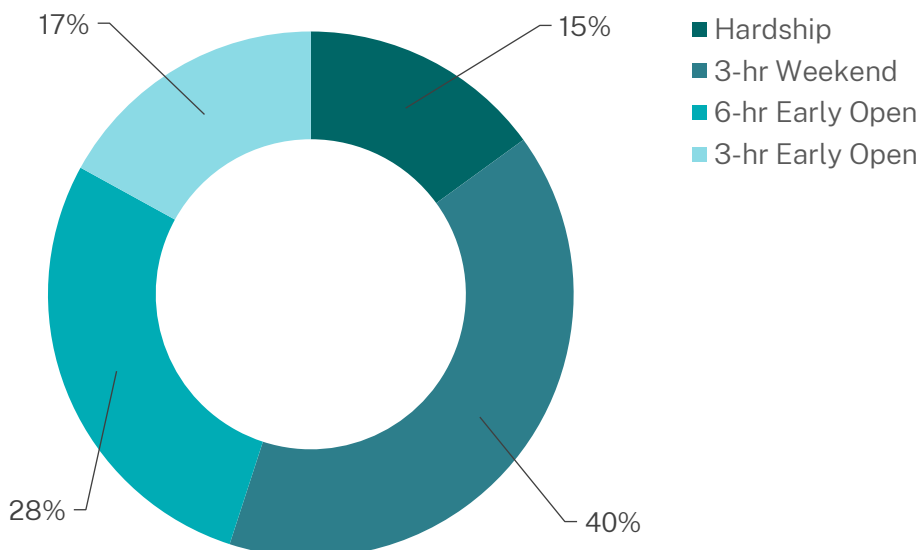
Early openers (section 41)

- A. Different 6-hour shutdown period to the standard 4am to 10am period on all days of the week, including on weekends/public holidays; AND/OR
- B. 3-hour shutdown during any specified period that is not 6-9am on all days of the week, including on weekends/public holidays.

Additional data analysis.

Variations turnover

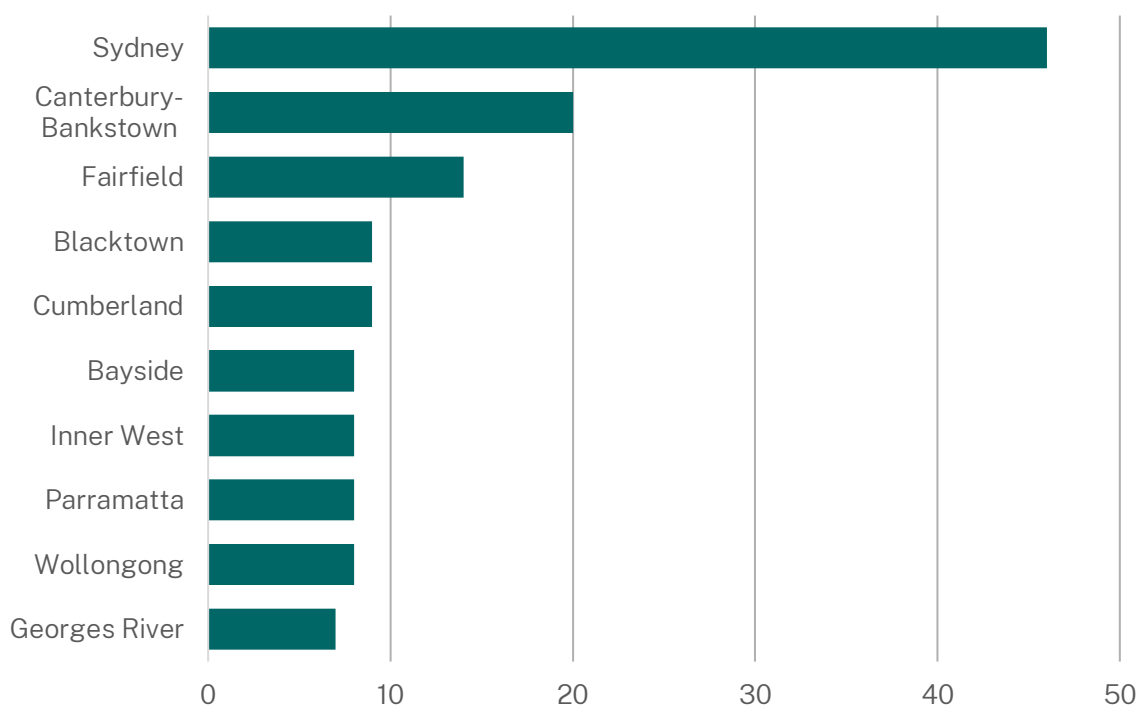
Figure B1. Proportion of \$128 billion in gaming machine turnover attributable to venues with different shutdown variations during all trading hours over a two-year time frame between 01 June 2022 and 31 May 2024.



Relative to the percentage breakdown of shutdown variation types, venues with hardship and 3-hr early opener variations accounted for disproportionately higher gambling turnover, while venues with a 6-hr early opener variation accounted for disproportionately lower gambling turnover.

Location of weekend variations

Figure B2. Top 10 LGAs with the highest weekend shutdown variations



Number of gaming machines by variations

Compared to the 2,587 venues with a standard 6-hour shutdown (see table below), the 673 venues with a shutdown hours variations have approximately an equivalent GMT (n=47,635), number of GMEs (n=46,239) and EGMs (43,870)

Table B1. Total gaming machine threshold and entitlements, and the number of gaming machines in venues with different shutdown hours variations.

Machines	Hardship	3-hour weekend	6-hour early opener	3-hour early opener	Standard 6-hour shutdown
GMEs	6,457	12,143	20,664	6,975	46,972
GMT	6,553	13,084	20,927	7,071	48,038
EGMs	5,768	12,398	19,055	6,649	43,760

Variation closures and amalgamations

Three venues with hardship shutdown hours have ceased operating since 1997, which represents an 8% portion of venues that are currently operating under this type of license. Of venues with non-standard shutdown hours, those that hold a 6-hour early opener licence, especially clubs, appear most likely to have ceased operating.

There have been 282 club amalgamations since 1997. Almost three quarters of amalgamated clubs are still operating (n=187; 74%), while the remaining licenses have been cancelled, surrendered, or suspended. Over a quarter (n=78; 28%) of amalgamated clubs hold a shutdown variation, of which 14 (18%) with a 6-hour early opener shutdown variation have either been cancelled or surrendered.

Table B2. Number of venues that have ceased operating under each category of shutdown hours since 1997.

Venues	Hardship	3-hour weekend	6-hour early opener	3-hour early opener	Standard legislated 6-hour shutdown
Hotels	1	5	10	1	206
Clubs	2	0	33	1	256
Total	3	5	43	2	462

Table B3. Number of club amalgamations per type of shutdown hours variation since 1997.

Amalgamations	Hardship	3-hour weekend	6-hour early opener	3-hour early opener	Standard legislated 6-hour shutdown
Current	2	7	51	4	123
Not current	0	0	14	0	81
Total	2	7	65	4	204

