

## Reducing Gaming Machine Numbers in the ACT

### How will the Trading Scheme reduce gaming machine numbers in the ACT?

The number of machines will be reduced in two phases. In Phase 1, of every four authorisations traded, one will be forfeited to the Territory and taken out of operation. These provisions will apply to either Class C or Class B machines. Licensees will also be required to 'quarantine' a number of gaming machines and their authorisations from use (See *Fact Sheet 009 – Storage of gaming machines*).

Phase 1 is planned for three years after commencement of the legislation, to give the industry time to adjust to the new framework and to gradually reduce the number of authorisations and gaming machines in the ACT.

The total number of authorisations allowed in the ACT cannot exceed the number notified by the Commission on the day the legislation commences. This number will go down as authorisations are surrendered, cancelled or forfeited.

This means that the maximum number of authorisations will already be allocated to existing venues. To facilitate trading, licensees will be able to make a one-off increase to the maximum number of authorisations under an authorisation certificate (See *Fact Sheet 005 - One-off increase to maximum number*). This will allow licensees to acquire authorisations through the trading scheme.

In Phase 2, the forfeiture and quarantine requirements will no longer apply, and an open trading scheme will be in effect. A maximum ratio of 15 authorisations per 1,000 adults in the ACT will be introduced, and the maximum number of authorisations will be reviewed by the Minister every two years. If the number of machines held by all licensed venues in the ACT is more than this ratio when Phase 2 commences, compulsory surrender may be required.

### What does it mean for me?

Small and large scale relocations will no longer be allowed under the new legislation. Instead, trades of authorisations and gaming machines will be able to take place within the maximum number permitted under an authorisation certificate.

Applications for an increase to the maximum number, other than the one-off increase, will be subject to Social Impact Assessment requirements, as will applications for new authorisation certificates.

#### During Phase 1:

The purchaser (the *acquiring licensee*) acquiring the authorisation will be required to forfeit one of every four authorisations acquired to the Territory. If the authorisation is attached to a physical gaming machine, the machine will need to be disposed of by the seller (the *disposing licensee*).

Trades are to occur generally in bundles of four. However, fewer than four authorisations may be acquired if the buyer purchases the authorisations from a seller who intends to surrender their authorisation certificate, or has fewer than four authorisations to dispose of. This is particularly

relevant for Class B licensees selling their authorisations, as they may operate fewer than four machines.

The one in four forfeiture requirement does not apply to trades between venues operating under the same Class C licence.

#### **During Phase 2:**

In Phase 2, a ratio of a maximum 15 gaming machine authorisations per 1,000 adults in the ACT will be introduced. If the number of machines held by all licensed venues in the ACT is more than this ratio when Phase 2 commences, clubs with 20 or more authorisations will be required to surrender authorisations on a pro-rata basis to the extent needed to meet the maximum number (See *Fact Sheet 013 - Compulsory surrender of authorisations*). Class B authorisations will not be included in the compulsory surrender.

The one in four forfeiture arrangements will not apply, and trading will take place on an open market. Licensees will be able to apply for increases to an authorisation certificates maximum number, and will be subject to Social Impact Assessment requirements.

### **How do I forfeit authorisations during Phase 1?**

During Phase 1 trades are to occur (where possible) in bundles of four. The acquiring licensee must notify the Commission of the trade by completing a *Notification – Acquisition of Authorisations and Gaming Machines* form and providing the appropriate fee. The details of the Authorisation to be forfeited must be completed on the form.

If the authorisation is forfeited or traded without the physical gaming machine, the selling licensee must apply for an interim storage permit and dispose of the machine during the term of the permit. For more information on storage permits see *Fact Sheet 009 – Storage of Gaming Machines*.

### **Frequently asked questions**

*When will Phase 2 commence?*

Phase 2 is scheduled to commence three years after the commencement of Phase 1. The Gambling and Racing Commission will review progress during Phase 1 to ensure that satisfactory reductions are being made. If not, the Minister for Racing and Gaming has the discretion to bring forward the commencement of Phase 2 and implement the new ratio of 15 gaming machine authorisations per 1,000 adults in the ACT. This will result in the compulsory surrender of some authorisations (see *Fact Sheet 013 - Compulsory surrender of gaming machines*).

*I hold two Authorisation Certificates under my Licence. Am I still required to forfeit one in four Authorisations when I trade between my venues?*

No. The one in four forfeiture requirement does not apply to trades between venues operating under the same Class C licence.

*If I buy three authorisations from one licensee and one from another licensee do I still have to forfeit an authorisation?*

Yes. Except in certain circumstances, the acquiring licensee must acquire authorisations in bundles of four and can source the four authorisations from more than one licensee. One authorisation of every four must be forfeited.

## References

Authorisation certificate amendment—increase maximum to not more than relevant number – s37A

Gaming machine numbers – 2-yearly analysis – Schedule 1, Part 2A, s10A

Acquisition of gaming machines – amendment of authorisation schedule - s100

Trading authorisations – forfeiture requirement - s127F

Trading authorisations – disposal of gaming machines - s127J