

# New gaming laws - an overview

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This information sheet provides an overview of changes to the Gaming Machines Act and Regulation which came into force on 31 January 2009.

It provides general guidance to hoteliers and club secretaries so they can ensure their premises comply with these new laws.

Other information sheets covering specific topics such as the new Local Impact Assessment process are available from our website.

## Changes to hardship gaming machine arrangements

The opportunity to obtain poker machines on hardship grounds was established to assist those venues facing significant financial difficulties immediately following the government freeze on club and hotel gaming machine numbers in 2000 and 2001.

Hardship gaming machines may be converted, upon application, to a poker machine entitlement three years after the issue of the machine provided any conditions have been met.

The Act now allows the Casino, Liquor and Gaming Control Authority to notify a venue that all conditions on the approval of hardship machines for a venue have been met. Venues will have 12 months from the date of that notification to convert their hardship machines to poker machine entitlements. Where those hardship machines are not converted within the 12 months they will be automatically forfeited to the Authority.

## Concessional rates of poker machine entitlement forfeiture

Previous laws provide for exemptions from the forfeiture requirements when entitlements are transferred between related club premises within 1 kilometre, in metropolitan areas, and within 50 kilometres in the country.

Under the new laws, no forfeiture is required when poker machine entitlements are transferred between related clubs premises within the same Local Government Area (LGA). Transfers between related club premises outside the LGA are subject to a forfeiture rate of one entitlement for every two transfer blocks rather than the standard 1 in 3 forfeiture rate.

Similarly, the Act used to allow for an exemption from the forfeiture requirements when a hotel or club was removed within 1 kilometre of the previous premises. The Act has now extended this to provide that no forfeiture is required when hotel or club venues are removed within the same LGA.

A concessional forfeiture scheme on transferring gaming machines is also now in place to assist those clubs wishing to establish in development areas. This scheme aims to encourage clubs to move into new development areas, providing community facilities as well as a place of entertainment for the local community. See the Information Sheet on the LIA process for more details.

## Conversion of approved amusement devices into gaming machines

The Gaming Machines Act allows venues with approved amusement devices (AADs) to convert them to poker machine entitlements on a three to one basis. That is, one poker machine entitlement is issued for every three AADs surrendered. Country venues may convert AADs to poker machine entitlements on a two to one basis.

Now, a country hotel can join with a country club to form a block of AADs to exchange for a poker machine entitlement.

In addition, all venues will now have 3 years from the commencement of these amendments to exchange AADs for poker machine entitlements (that is, they have until 31 January 2012).

Those venues that do not convert their AADs within 3 years will automatically forfeit them to the Authority.

## 15% cap on multi-terminal gaming machines (MTGMs)

The number of MTGMs (as a proportion of all gaming machines) a club may install is now limited to 15% of the total poker machine entitlements held. Authorisation cannot be granted to keep an MTGM if the total number of terminals in the venue is over



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## Important things to know

15% or would be over 15% if the authorisation was granted. This authorisation limit only applies to new authorisations; a venue can update an authorisation for a current MTGM terminal.

Clubs that currently operate MTGMs over the 15% cap will have 5 years in which to reduce their excess MTGM holdings to comply with the 15% cap. The authorisation for any excess MTGM's held after this time will automatically be cancelled.

### Monthly meter reading

The legislative changes have removed many of the requirements for clubs and hotels to undertake monthly meter readings, as previously required by clause 18 of the Gaming Machines Regulation 2002. The Centralised Monitoring System (CMS) can provide information to satisfy the majority of these requirements.

Clubs are still required to provide some monthly information in relation to gaming machines, including

- cashflow analysis,
- a comparison of cancelled credit and jackpot wins meter readings with the corresponding entries in the club's payout sheets; and
- a comparison of the money out or cancelled credits payments meter readings with the value of gaming machine tickets, both redeemed and unclaimed.

This information must be reported to the club's board or committee.

### Abolishing free entitlements

There is no longer any allocation of free entitlements for new and small clubs. Any applications received but not granted prior to the commencement of the legislation have no effect.

Requirements for existing free entitlements held remain and cannot be transferred for 3 years from the date of allocation. Clubs must forfeit their free entitlements before any other entitlements can be transferred during that 3 year period.

A scheme has been introduced to assist new clubs wishing to establish in new development areas. See the information sheet on the LIA process for more details.

## The Community Development Fund, unclaimed prizes and the expiry of unclaimed gaming machine tickets

### Community Development Fund

The Community Development Fund was established in 2008.

The Fund is administered by the Director-General of the Department of the Arts, Sport and Recreation. Money paid into the Fund will be used for sporting and other community benefits in regional and disadvantaged communities, and any other appropriate activities.

Unclaimed poker machine jackpot prizes and all monies relating to unclaimed gaming machine tickets will now be paid into this Fund.

### Unclaimed jackpot prizes

All unclaimed jackpot prizes won on any progressive gaming machine or system must now be claimed within 12 months. If they are not claimed within 12 months, venues have 3 months to pay the unclaimed monies to the Director-General, Department of the Arts, Sport and Recreation who will deposit the money into the Community Development Fund.

### Unclaimed gaming machine tickets

A gaming machine ticket will now expire 12 months after the date it was issued. The value of the ticket cannot be redeemed after it has expired. For the month preceding the expiration of the gaming machine ticket, a venue must display details of the ticket in a conspicuous area of the venue.

If the ticket remains unclaimed, venues have 3 months to pay all monies relating to the unclaimed ticket to the Director-General, Department of the Arts, Sport and Recreation who will pay the money into the Community Development Fund.

## Requirements for prize winning cheques

Prize winning cheques must not be issued unless:

- It is clearly identifiable as a prize winning cheque
- It is clearly marked with the words "Prize winning cheque – cashing rules apply".

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## Important things to know

### Linked and progressive jackpots

#### Location of jackpot prize monitors for linked gaming systems

Venues must ensure jackpot prize monitors are only located in restricted areas of venues i.e. bar and gaming areas where minors aren't ordinarily allowed. This applies to both in-house and state-wide linked systems

A monitor, such as a large plasma or LCD screen, being used to display the jackpot for a linked gaming system or an authorised progressive system is a gaming-related sign. (Note: the monitor is no longer classed as subsidiary equipment, so no longer technically considered to be a gaming machine for the purposes of the legislation). Therefore, it must not be displayed anywhere outside or in the vicinity of a hotel or club, or anywhere inside the hotel or club so that they can be seen from outside the hotel or club. Within the hotel or club they can only be located in a bar area (as defined by the *Liquor Act 2007*), or, in the case of a hotel, the gaming room.

Display of information on progressive systems (in-house links)

- Venues must ensure that all gaming machines connected to a link clearly indicate which link they are connected to
- Venues must also ensure that the correct house numbers are clearly displayed on each machine

#### Stand alone play on gaming machines that are part of a linked gaming system

A venue must not permit a gaming machine to be used if it is part of an authorised linked gaming system for any period that the linked gaming system is not in operation.

There are exceptions to this requirement in such circumstances as may be approved by the Minister.

If a gaming machine that is part of an authorised linked gaming system stops operating as part of that system, that machine must not be used (regardless of whether the linked gaming system is in operation or not).

### Recording work done by technicians

Records must be kept of work done by technicians when they:

- install an approved gaming machine
- service or repair a sensitive part of an approved gaming machine

- service or repair that involves resetting of the electronic meter of the gaming machine

These records must detail:

- the date the work was carried out
- the technicians name and licence number
- the name and serial number of the gaming machine on which the work was carried out

### Sending of promotional material

A registered club may now send promotional material that contains gaming machine advertising to its members but only if the following requirements have been met:

- the member has expressly consented to receiving the promotional material and that consent has not been withdrawn
- the promotional material contains a statement to the effect that player activity statements are available on request
- the promotional material contains a statement to the effect that the member may at any time withdraw his or her consent to receiving and further promotional material
- the promotional material includes information or advertising apart from gaming machine advertising
- the club keeps a written record of the members consent

Consent to receive material continues until the end of the membership period, this can be renewed if membership is renewed again.

### Transfer of entitlements where a registered club or hotel licence is surrendered or cancelled

A registered club or hotel which surrenders its licence, or has it cancelled, previously had 12 months to transfer any poker machine entitlements. Under the new requirements a venue may have a further 12 months to transfer entitlements if a levy of \$500 per entitlement is paid to the Authority.

For a registered club, the Authority may waive the levy if it is satisfied that the delay in transferring entitlements is due to circumstances beyond the clubs control. This is also the case for the transfer of Liquor Act Permits in the case of hotels.

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This fact sheet provides clubs and hotels with an overview of the new local impact assessment (LIA) process. Venues may need to complete an LIA if they want additional gaming machines.

## Overview

From 31 January 2009, a new local impact assessment (LIA) process commenced, which replaced the existing social impact assessment (SIA) process.

The LIA process is similar to the SIA process, except applicants are no longer required to complete a cost-benefit analysis and provide their own data to support the application. This reduces the information burden on applicants.

Any pending SIA applications not determined by the Casino, Liquor and Gaming Control Authority by 31 January 2009 will be assessed as an LIA application accompanying a gaming machine threshold increase application.

## What is the gaming machine threshold?

As part of the new process, the SIA threshold will be replaced with the gaming machine threshold. For established venues, the gaming machine threshold will be set at the existing SIA threshold amount.

For new venues, where poker machine entitlements have not yet been allocated, the gaming machine threshold will be set at zero.

A separate fact sheet explains the gaming machine threshold in more detail, go to [www.olgr.gov.au](http://www.olgr.gov.au) - Home > Gaming > Fact sheets and guidelines.

## How do I increase my gaming machine threshold?

A venue can apply to the Authority to increase its gaming machine threshold by completing a threshold increase application form.

Depending on the classification of the local government area and the amount of the increase sought, a Class 1 or 2 LIA may need to be completed and be lodged at the same time as the threshold increase application.

If an LIA is required, the approval of the threshold increase becomes a two-step process:

### Step one

The Authority will assess the LIA in accordance with the information and consultation requirements set out as below.

### Step two

If the Authority supports the LIA, and the requirements have been met for the threshold increase application, then the threshold increase will be granted.

## Classification of local government areas

Each local government area is classified into Bands 1, 2 or 3 based on its gaming machine density, gaming machine expenditure and the Socio-Economic Indexes for Areas (SEIFA).

Band 1 LGAs are generally characterised by being low gaming machine density, low gaming machine expenditure and high SEIFA areas while Band 3 LGAs are high gaming machine density, high gaming machine expenditure and low SEIFA areas. Band 2 LGAs are generally moderate gaming machine density, moderate gaming machine expenditure and moderate SEIFA areas.

These classifications will be reviewed quarterly by the Authority and published on OLGR's website - [www.olgr.gov.au](http://www.olgr.gov.au) - Home > Gaming > Local Impact Assessment (LIA).

## When do I have to do an LIA?

No LIA required when:

- the transfer of poker machine entitlements occurs within the LGA; or
- the receiving venue is situated in a Band 1 LGA and the increase in the gaming machine threshold sought is no more than 20.



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## Important things to know

An LIA is required when:

### *Class 1 LIA*

A Class 1 LIA must be completed when:

- the venue is located in a Band 1 LGA and a mid range increase (21-40) in the gaming machine threshold is sought; or
- the venue is located in a Band 2 LGA and a low range increase (up to 20) in the gaming machine threshold is sought.

For a Class 1 LIA the applicant will need to demonstrate that the proposed increase in the gaming machine threshold will provide a **positive contribution** towards the local community.

### *Class 2 LIA*

A Class 2 LIA must be completed when:

- the venue is located in a Band 1 LGA and a high range increase (40+) in the gaming machine threshold is sought; or
- the venue is located in a Band 2 LGA and a mid range (21-40) or high range (40+) increase in the gaming machine threshold is sought; or
- the venue is located in a Band 3 LGA and any increase in the gaming machine threshold is sought.

For a Class 2 LIA, the applicant must demonstrate that the proposed increase in the gaming machine threshold will have an **overall positive impact** on the local community.

## What are the information requirements of a Class 1 and 2 LIA?

Two separate guidelines have been prepared to explain the Class 1 and 2 LIA process. Refer to these guidelines for detail on Class 1 and 2 LIAs.

## Clubs establishing in new development areas

An assistance mechanism has been established to help new clubs wishing to establish in new development areas, such as urban release areas, in Band 1 LGAs where the local community may not have the benefit of the facilities or services of the kind provided by clubs.

Clubs that wish to take advantage of this mechanism can apply to the Authority by completing a Class 1 LIA to acquire up to 150 poker machine entitlements over a five-year period.

If the application is successful, the initial 50 poker machine entitlements can be acquired at a reduced forfeiture rate of one entitlement for every six acquired rather than the standard forfeiture rate of one in three.

The venue will then have up to five years from the date of approval to acquire the additional poker machine entitlements, otherwise, at the end of the five years, the gaming machine threshold will be reduced by the unused amount.

## Arrangements for Liquor Act permits

A threshold increase application does not need to be accompanied with an LIA if the application is made for the acquisition of Liquor Act permits and the following applies:

- The receiving hotel and the hotel from where the permits are being transferred are in the same LGA.
- The receiving hotel is situated in a Band 1 LGA and the threshold increase application, if approved, would not result in the gaming machine threshold being increased by more than 20 within a 12-month period.

A threshold increase application is not required to be accompanied by an LIA if:

- The Authority is satisfied that the proposed increase relates only to the use of Liquor Act permits which are held in a dormant capacity.
- The hotel is situated in a Band 1 LGA.
- The approval of the threshold increase application will not result in the gaming machine threshold for the hotel being increased by more than 20 over a 12-month period.

A threshold increase application is not required to be accompanied by an LIA if:

- The gaming machine threshold has been decreased as a result of the transfer of poker machine entitlements from the hotel.
- The Authority is satisfied that the proposed increase in the gaming machine threshold relates only to the use of Liquor Act permits which are held in a dormant capacity.
- The approval of the threshold increase application will not result in the gaming machine threshold for the venue being increased by more than the number by which the threshold was decreased as a result of the transfer of poker machine entitlements from the venue.

Local Government Area  
**BANDS**

January 2009

# All LGA's by band

LGA	Band
Albury	2
Armidale Dumaresq	1
Ashfield	3
Auburn	3
Ballina	1
Balranald	3
Bankstown	3
Bathurst	1
Baulkham Hills	1
Bega Valley	3
Bellingen	2
Berrigan	3
Blacktown	2
Bland	1
Blayney	1
Blue Mountains	1
Bogan	3
Bombala	1
Boorowa	1
Botany Bay	2
Bourke	2
Brewarrina	2
Broken Hill	3
Burwood	3
Byron	1
Cabonne	1
Camden	1
Campbelltown	2
Canada Bay	1
Canterbury	3
Carrathool	1
Central Darling	3
Cessnock	3
Clarence Valley	2
Cobar	3
Coffs Harbour	2
Conargo	1
Coolamon	1

LGA	Band
Cooma-Monaro	1
Coonamble	3
Cootamundra	1
Corowa	3
Cowra	1
Deniliquin	3
Dubbo	1
Dungog	1
Eurobodalla	3
Fairfield	3
Forbes	2
Gilgandra	2
Glen Innes Severn	1
Gloucester	1
Gosford	1
Goulburn Mulwaree	2
Great Lakes	3
Griffith	2
Gundagai	2
Gunnedah	2
Guyra	1
Gwydir	1
Harden	1
Hawkesbury	1
Hay	3
Holroyd	3
Hornsby	1
Hume	1
Hunters Hill	1
Hurstville	2
Inverell	1
Jerilderie	1
Junee	1
Kempsey	2
Kiama	1
Kogarah	2
Ku-ring-gai	1
Kyogle	1

## Local Government Area bands

LGA	Band
Lachlan	3
Lake Macquarie	1
Lane Cove	1
Leeton	1
Leichhardt	1
Lismore	1
Lithgow	3
Liverpool	1
Liverpool Plains	2
Lockhart	1
Maitland	1
Manly	1
Marrickville	2
Mid-Western Regional	2
Moree Plains	3
Mosman	1
Murray	3
Murrumbidgee	2
Muswellbrook	2
Nambucca	3
Narrabri	2
Narrandera	3
Narromine	2
Newcastle	3
North Sydney	1
Oberon	1
Orange	1
Palerang	1
Parkes	2
Parramatta	2
Penrith	3
Pittwater	1
Port Macquarie-Hastings	2
Port Stephens	1
Queanbeyan	1
Randwick	2
Richmond Valley	3
Rockdale	2
Ryde	1
Shellharbour	1
Shoalhaven	2

LGA	Band
Singleton	1
Snowy River	1
Strathfield	1
Sutherland	1
Sydney	3
Tamworth	1
Taree	2
Temora	1
Tenterfield	2
Tumbarumba	1
Tumut	2
Tweed	3
Unincorporated	1
Upper Hunter	1
Upper Lachlan	1
Uralla	1
Urana	1
Wagga Wagga	1
Wakool	3
Walcha	1
Walgett	3
Warren	3
Warringham	1
Warrumbungle	1
Waverley	2
Weddin	1
Wellington	2
Wentworth	3
Willoughby	1
Wingecarribee	1
Wollondilly	1
Wollongong	2
Woollahra	1
Wyong	3
Yass Valley	1
Young	1