

REDUCING GAMING MACHINE AUTHORISATIONS TO 3,500 BY 1 JULY 2025



Questions and Answers

In the *Parliamentary and Governing Agreement for the 10th Legislative Assembly (PaGA)*, the Government committed to target a further reduction in Electronic Gaming Machine (EGM) authorisations in the ACT to 3,500 by 1 July 2025 through the introduction of new incentives for clubs, including additional incentives to move to zero machines within a venue location.

On 21 March 2024, the ACT Government announced financial incentives for gaming machine licensees that voluntarily surrender gaming machine authorisations by 1 May 2025.

The *Gaming Machine (Compulsory Surrender) Amendment Bill 2024* was introduced in the Legislative Assembly on the same day and provides for a compulsory surrender of EGMs should the ACT not reduce the number of gaming machines to 3,500 by 1 May 2025.

Voluntary Surrender Scheme

Question: What is the 'Voluntary Surrender Scheme'?

The Territory has announced financial incentives for gaming machine licensees that take up the option to voluntarily surrender gaming machine authorisations.

The Voluntary Surrender Scheme includes the option for licensees to apply for the scheme, but defer surrender for a period of up to 12 months, with half of the surrender payment available after submitting an approved application form and entering into a binding agreement with the Territory, and the remainder available when:

- (1) all specified surrenders are complete; and
- (2) confirmation is received that the gaming machines associated with surrendered authorisations have been disposed of.¹

A "pokie-free" bonus is also available to licensees for ceasing gaming machine operations at a venue.

Question: How many authorisations need to be surrendered to reach the target of 3,500 by 1 July 2025?

Based on the number of authorisations held by licensees on 8 November 2023, 290 authorisations must be surrendered to reach 3,500 authorisations in the Territory by 1 July 2025.

¹ Confirmation may be a copy of an invoice detailing any sale transaction with an approved supplier or person who is authorised to possess a gaming machine under the *Gaming Machine Act 2004*, or other evidence of disposal suitable to JACS.

Question: What licensees are eligible for the Voluntary Surrender Scheme?

The Voluntary Surrender Scheme and the associated incentives are available to all gaming machine licensees, including clubs and hotels.

Question: When must authorisations be surrendered?

Surrenders made between 21 March 2024 and not later than 12 months from the date of the approved application, or 1 May 2025 (whichever is earlier) may be counted as surrenders for this Voluntary Surrender Scheme.

Surrenders made outside of these dates will not be counted as surrenders for this Voluntary Surrender Scheme, and therefore will not be eligible for an incentive payment under the scheme.

Question: Will club groups that voluntarily surrender authorisations be able to choose the number of authorisations they wish to voluntarily surrender from each venue?

Yes, if the club group operates under a single licence. Where a club group consists of more than one licensee, that group has the option of transferring the authorisation certificate/s (existing section 37E of the *Gaming Machine Act 2004*) so that all authorisation certificates are held under the same licence.

During the voluntary surrender period, a licensee with more than one venue can select as many authorisations as it would like, from any of its venues, to surrender. Authorisations voluntarily surrendered under this incentive will count toward a club's compulsory surrender obligation, if applicable.

Licensees will have up until 1 May 2025 to advise which authorisations they wish to voluntarily surrender and what incentives they want to claim.

Question: How will the voluntary surrender process work?

Licensees wishing to participate in the Voluntary Surrender Scheme are required to submit the *Application for Incentives* form fully complete in all particulars.

If the licensee is seeking deferred surrender, the licensee will also be required to enter into a binding agreement with the Territory.

Fully completed forms will be accepted until **11.59pm on 1 May 2025**. Late forms and forms that are not fully complete may not be accepted.

It is the responsibility of licensees to ensure a fully completed form is submitted on time, allowing sufficient time as may be required to address any issues that may arise, such as:

- (1) errors or omissions in the form that need to be corrected;
- (2) failure of internet connections;
- (3) multiple document uploads and long transmission times;
- (4) postal times and potential for delays; and
- (5) if the licensee is seeking deferred surrender, filling out and signing of the binding agreement.

Club licensees that choose to take up the 'pokie-free' bonus incentive for ceasing all gaming machine operations at a venue will need to provide evidence satisfactory to JACS that a ballot of members has been conducted and that the majority of members have voted for the surrender of the venue's authorisation certificate. The ballot process is set out within Part 4 of the *Gaming Machine Regulation 2004*. For more information about the ballot process contact Licensing and Registration, Access Canberra on telephone 6207 0458.

Licensees will be required to make any gaming machines associated with the surrendered authorisations inoperable (i.e., switch off and secure the machine so it cannot be played), and submit a signed statement to Access Canberra (on behalf of the ACT Gambling and Racing Commission) within three business days, providing meter readings and confirming that the gaming machines are inoperable. Where a surrendered authorisation is replaced with a traded authorisation on the voluntary surrender day, the gaming machines do not need to be made inoperable.

To provide some flexibility for licensees to arrange disposal of gaming machines and, where necessary, reconfigure gaming floors during voluntary surrender, the gaming machines can be stored within a venue for up to three months after the voluntary surrender of the associated authorisation, as long as the machines comply with the requirement to be inoperable. However, incentives (or, in the case of deferred surrender applicants, final incentives) will not be processed until confirmation is received of the disposal of any gaming machines associated with surrendered authorisations.

Where a gaming machine associated with an authorisation to be voluntarily surrendered is to be sold, the licensee will need to provide a copy of an invoice detailing any sale transaction with an approved supplier or person who is authorised to possess a gaming machine under the *Gaming Machine Act 2004*, or other evidence of disposal acceptable to JACS.

Question: Can a club participate in the voluntary surrender of authorisations and then re-fill authorisations to the maximum number on its authorisation certificate by acquiring authorisations through trading?

Yes, as long as the club's authorisation certificate provides that the club has capacity to trade authorisations (i.e., the club has a maximum number of authorisations that exceeds the actual number of authorisation held, and can accommodate the parameters of the trade transaction).

As is currently the case, a trade cannot occur where it would result in a licensee holding more authorisations than the maximum number allowed under the authorisation certificate.

The one-in-four forfeiture provisions will continue to apply to traded authorisations, further reducing the number of authorisations in the ACT. The number of forfeited authorisations (not the total number traded) will be counted towards reducing the selling licensee's compulsory surrender obligation (if any).

Question: Will there be any costs to licensees who surrender authorisations under the scheme?

No, there will be no costs associated with the authorisation surrender for licensees. The Government has agreed to waive fees and charges associated with the Voluntary Surrender Scheme.

Incentives

Question: What incentives are available?

A cash incentive of \$15,000 (excluding GST) per authorisation voluntarily surrendered is available.

A 'pokie-free' bonus of \$5,000 (excluding GST) per authorisation voluntarily surrendered will additionally be available (on top of the general cash incentive) where a licensee elects to surrender a venue's authorisation certificate.

For clubs electing to go pokie-free, a ballot of voting members of the club must be conducted if a licensee intends to make a club venue 'pokie-free' and surrender its authorisation certificate. Evidence of the ballot and outcome must be provided. A ballot of members is not otherwise required for the voluntary surrender of authorisations; however the surrender of authorisations must be endorsed by the clubs board.

Question: When can clubs voluntarily surrender authorisations and access incentives?

If you are not deferring surrenders: After an approved form has been submitted, an invoice for 100% of the total incentive amount (GST exclusive) can be submitted by the licensee when:

- (1) all specified surrenders are complete;² and
- (2) if there are gaming machines associated with the surrendered authorisation(s), confirmation is received that the gaming machines have been disposed of (noting disposal must occur within 3 months of surrender).

If you are seeking a deferral of surrenders: After an approved form has been submitted and a binding agreement has been entered into, an invoice for 50% of the total incentive amount (GST exclusive) can be submitted by the licensee from the date that the binding agreement is signed. An invoice for the remaining 50% of the incentive can be submitted by the licensee when:

- (1) all specified surrenders are complete;³ and
- (2) if there are gaming machines associated with the surrendered authorisation(s), confirmation is received that the gaming machines have been disposed of (noting disposal must occur within 3 months of surrender).

Question: What if the voluntary surrender process is oversubscribed (i.e., more than 290 authorisations are voluntarily surrendered)?

In the event that the voluntary surrender results in a reduction of 290 or more authorisations, those licensees that surrendered authorisations will still be able to claim the incentives they are entitled to and will retain the maximum number of authorisations listed on their authorisation certificate.

² Surrenders must be completed between 21 March 2024 and not later than 12 months from the date of the approved application, or 1 May 2025 (whichever is earlier).

³ Surrenders must be completed between 21 March 2024 and not later than 12 months from the date of the approved application, or 1 May 2025 (whichever is earlier).

The incentive payment is available until the total allocated funding amount of \$5.145 million has been expended, or until 11.59pm on 1 May 2025, whichever occurs first. The Voluntary Surrender Scheme will operate on a first come, first serve basis (subject to deferral requirements) and therefore licensees are encouraged to apply for incentives early.

Question: What can licensees use the incentive payments for?

The only limitation on use of the payment is that funding cannot be used for:

- I. gambling-related activity, such as improvements to gambling areas, gambling equipment or gambling facilities; and
- II. payment of government fees, charges, taxes or fines other than land and planning-related payments, fees and charges.

Compulsory Surrender Scheme

Question: What is the *Gaming Machine (Compulsory Surrender) Amendment Bill 2024* and what do the amendments do?

Legislation for a Compulsory Surrender Scheme was introduced in the Legislative Assembly on 21 March 2024.

The *Gaming Machine (Compulsory Surrender) Amendment Bill 2024* (the Bill) will amend the *Gaming Machine Act 2004* to establish a Compulsory Surrender Scheme for electronic gaming machine authorisations in the Territory.

The Bill provides that the Minister for Gaming, must through a Ministerial Determination (a Notifiable Instrument), assess the surrender obligation for each licensee by 1 June 2025.

The following principles will inform the Ministerial Determination:

- The number of authorisations to be compulsorily surrendered will be rounded to the nearest whole number (up or down).
- No more than 20 per cent of authorisations held at each club venue on the census date will be subject to compulsory surrender.
- Licensees that held 19 or fewer authorisations for gaming machines are exempt from compulsory surrender requirements.
- The compulsory surrender obligation will apply proportionately across club venues with 20 or more gaming machine authorisations held (so that premises with the most authorisations have the largest surrender obligation, and premises with fewer authorisations have a smaller surrender obligation).
- Authorisations voluntarily surrendered will count toward a club's compulsory surrender obligation, and a licensee with more than one venue may nominate against which venue the authorisations should be counted to reduce the compulsory surrender obligation. Each voluntarily surrendered authorisation may be counted only once to reduce a compulsory surrender obligation.

- Licensees can continue to trade under the trading scheme until 2 May 2025. A licensee must pause trading activity from 2 May 2025 until 2 July 2025. Trading may resume from 3 July 2025. This is to ensure that the compulsory surrender may take place on a fixed number of gaming machine authorisations.
- The Determination will take into account all surrenders and forfeitures from clubs and hotels, including those exempt from a surrender obligation, and the excess authorisations surrendered by any clubs that voluntarily surrender more authorisations than their surrender obligation.
- A balancing adjustment may be required to reach 3,500 authorisations – in this event the surrender obligations will be adjusted to add any additional authorisation/s, starting from the licensee that holds the greatest number of authorisations and working down to the licensee holding the fewest.

Question: How will licensees know how many authorisations they are required to surrender?

Licensees can find out their surrender obligation by viewing the Notifiable Instrument on the legislation register if the Bill is passed by the Assembly.

This instrument may be remade if there is a change in a licensee's surrender obligation; for example, if their compulsory surrender obligation is reduced by the number of authorisations voluntarily surrendered. JACS will provide licensees with a copy of the instrument if it is remade.

Question: If passed, when will the compulsory surrender take place?

The compulsory surrender of gaming machine authorisations will occur on 30 June 2025.

If a licensee has a gaming machine associated with an authorisation surrendered under s 10N of the Bill, the licensee must take meter readings from the machine and render the machine inoperable.

On 2 July 2025, the Gambling and Racing Commission will then amend the authorisation certificate for each authorised premises to reduce the maximum number of authorisations a licensee may have by:

- a) the number surrendered for the premises on 1 July 2025; and
- b) the number surrendered for the premises under section 37F, during the period beginning on 1 April 2025 and ending on 30 June 2025.⁴

Question: How does this Bill intersect with the Voluntary Surrender Scheme?

The Voluntary Surrender Scheme will continue to operate regardless of whether the legislation for the Compulsory Surrender Scheme is passed.

The proportion of authorisations requiring surrender will be affected by voluntary surrender or trading resulting in forfeiture by exempt clubs (with 19 or fewer authorisations) and hotels. The

⁴ Section 37F of the Act provides the legislative basis for a licensee to surrender its licence, authorisations certificate or authorisation.

proportion of authorisations to be surrendered by clubs with 20 or more authorisations will be determined by a Ministerial Determination before 1 June 2025 in advance of the compulsory surrender date on 30 June 2025.

If the number of authorisations is reduced to 3,500 as a result of the voluntary phase of the scheme, the compulsory phase will not proceed and licensees that did not participate in voluntary surrender will not be required to surrender any authorisations.

Question: Will all clubs and hotels be required to surrender authorisations?

No. Hotels and clubs with 19 or fewer authorisations will be exempt from compulsory surrender requirements. These venues can, however, choose to participate in voluntary surrender of authorisations and receive incentives.

Question: Will club groups be able to choose the numbers they wish to surrender from each venue during a compulsory surrender?

Once a licensee has been notified of its final compulsory surrender obligation, a licensee will not be able to choose the number of authorisations they are required to surrender. Licensees will be required to tell the Commission which authorisations are subject to compulsory surrender (e.g., if a licensee has an unused authorisation, it may prefer to nominate that authorisation for surrender over one that has a gaming machine associated with it).

If a club licensee has not voluntarily surrendered sufficient authorisations to meet its compulsory surrender obligation and does not nominate which authorisations are subject to compulsory surrender, the Commission will select the authorisations to be surrendered, and advise the licensee accordingly.

In addition, the maximum number of authorisations on a venue's authorisation certificate will be reduced in line with the number of authorisations compulsorily surrendered for that venue. The maximum number on an authorisation certificate cannot be increased without undertaking a Social Impact Assessment and the Gambling and Racing Commission approving the increase.

Timeline

ATTACHMENT A

<u>Date</u>	<u>Action</u>	
	<u>Voluntary Surrender</u>	<u>Compulsory Surrender (If legislation passes)</u>
21 March 2024	Announcement and commencement of the Voluntary Surrender Scheme.	<i>Gaming Machine (Compulsory Surrender) Amendment Bill 2024</i> introduced in the Legislative Assembly.
11.59pm 1 May 2025	Fully completed <i>Application for Incentives</i> will be accepted until this date/time.	
	Meter readings taken and all gaming machines associated with the surrendered authorisations are made inoperable. Machines can be stored on premises in an appropriate way.	
2 May 2025	A licensee must pause trading activity from 2 May 2025 until 2 July 2025. Trading may resume from 3 July 2025.	
By 1 June 2025	The Minister for Gaming must through a Ministerial Determination (a Notifiable Instrument), assess the surrender obligation for each licensee.	
17 June 2025	Licensees to notify Access Canberra before this date of authorisations to be surrendered on compulsory surrender day.	
30 June 2025	Compulsory Surrender Scheme to occur. Licensees must have taken meter readings from the machine and rendered the machine inoperable by this date.	
1 July 2025	3,500 gaming machine authorisations in the ACT will have been reached.	

<u>Date</u>	<u>Action</u>	
	<u>Voluntary Surrender</u>	<u>Compulsory Surrender (If legislation passes)</u>
2 July 2025		The Gambling and Racing Commission will amend the authorisation certificates for each authorised premises to reduce the maximum number of authorisations a licensee may have.
31 July 2025	Gaming machines associated with voluntary surrendered authorisation to have been disposed of no later than this date (or three months after voluntary surrender if earlier).	