

## EXTENSION OF TERM FOR VICTORIAN GAMING MACHINE ENTITLEMENTS: UPDATE

The former Victorian Government committed to a Review of the Gaming Machine Entitlement Term (the “Review”) in response to a request on 26 August 2013 by the Australian Hotels Association, Clubs Victoria, the Returned Services League of Australia Victorian Branch and the Community Clubs Association of Victoria for Government to consider extending the term of gaming machine entitlements.

Accordingly, the Victorian Department of Treasury and Finance (“DTF”) issued a “Review of the Gaming Machine Entitlements Term Issues Paper June 2014” (the “Issues Paper”) providing some background and inviting submissions from interested parties by 30 June 2014. The Issues Paper set out a proposed timetable by which a final report would be submitted to Government in August or September 2014.

However, The Age (Melbourne) reported on Friday 16 January 2015 at page 6 “Pokies review put on back burner as election neared.” The report asserts that the Review to extend the current 10 year licence for Club gaming machines “was quietly put on the back burner by the former coalition government ahead of last year’s election”. The former government had indicated that it expected to implement any policy changes by the end of 2014.

The newspaper report states that it is understood the report was finalised but never released. New Gaming Minister Jane Garrett has requested a copy of the report from Treasury.

The arguments from industry are well known in that it is argued that a 10 year period is inadequate for financial planning and that financial institutions consider the licences inadequate for significant security to support borrowings to Clubs for developing their facilities.

The newspaper report asserts that issues were raised by Treasury concerning the development of an appropriate model to determine a fair mechanism for valuing entitlements “to avoid underselling licences like the previous Labour Government did.”

Community Clubs Victoria President Leon Wiegard was reported as saying members were disappointed by the lack of action by the last government. “It’s an impossible position for Clubs. They simply can’t borrow.”

Mr Wiegard was also reported as saying that the industry would continue to campaign for longer entitlements.

It is worth noting that in other jurisdictions electronic gaming machine entitlements have been granted in perpetuity.

New South Wales provides the greatest source of information on electronic gaming machines owned and operated by Community Not-For Profit Clubs over a sustained period. There have been a number of important reports quantifying the contribution of Community Clubs in New South Wales. It will be interesting to see whether the new Labour Government acts on the issue of entitlements to give Community Clubs greater certainty for planning and development.

See the Article on our website published 15 June 2014 entitled "Extension of term for Victorian gaming machine entitlements" which more fully details the Issues Paper.

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