# Introduction of the Trading Scheme

What is the trading scheme?

As part of the gaming machine reform package, licensees will be able to trade their authorisations to operate individual gaming machines and the gaming machines themselves. This is known as the trading scheme. The trading scheme will allow licensees to readily respond to changing business environments and operational needs, as well as assisting those who want to move out of gaming, to trade their authorisations to operate individual machines. These changes also introduce a new licensing and authorisation framework (see *Fact Sheet 001 - New Licensing Framework*), and a phased reduction in the number of gaming machines operating in the Territory (See *Fact Sheet 004 - Reducing Gaming Machine Numbers*).

How does it work?

Upon commencement of the trading scheme, a licensee will be able to trade some or all of their authorisations with other licensees. A licensee will hold an authorisation certificate for each venue they operate, which will state the maximum number of authorisations allowed at that venue. The licensee can then 'trade' their authorisations with other licensees.

For example, Club B holds an authorisation certificate with a maximum number of 3 authorisations. Currently, Club B is only operating two authorisations and wishes to buy an authorisation from another licensee. Club A holds an authorisation that does not currently have a gaming machine operating under it and decides to sell this authorisation to Club B. Club B can now acquire a gaming machine from an Approved Supplier or from another licensee to operate under their new authorisation. The club now has the maximum number of authorisations allowed for its venue.
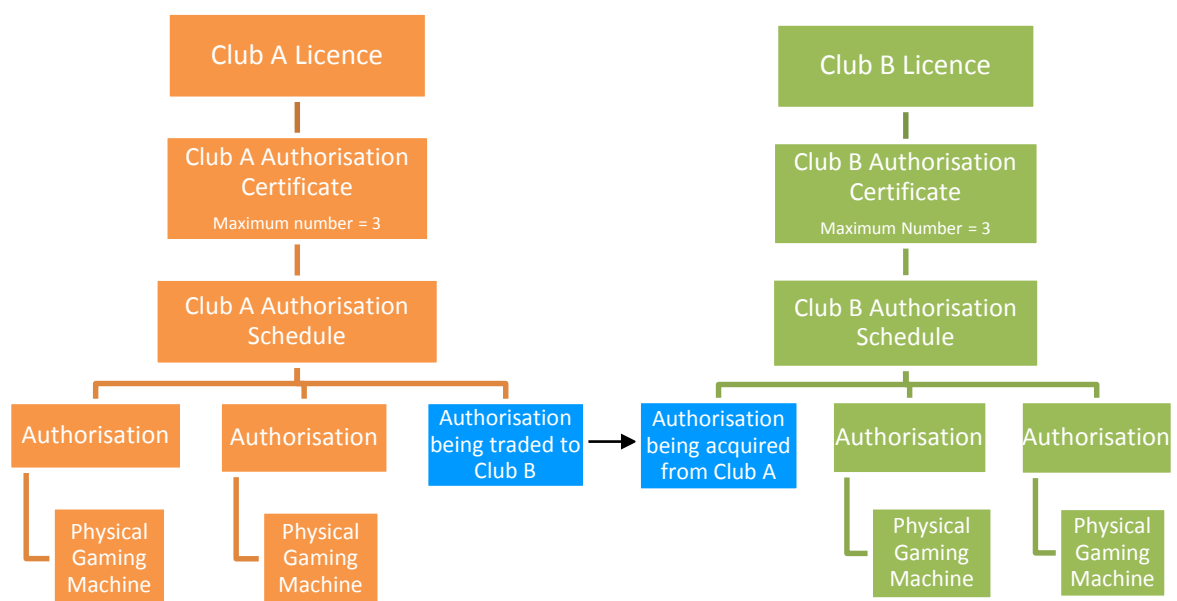
Hotels and taverns will be able to divest themselves of outdated Class B gaming machines by selling the gaming machine authorisations to clubs under the trading scheme, but will not be able to obtain authorisations to operate newer Class C machines. The physical Class B machines cannot be traded, only the authorisation.

A licensee can trade a gaming machine separately to an authorisation, but cannot acquire a machine unless they have an authorisation.

The trading scheme will be overseen and administered by the ACT Gambling and Racing Commission and administration fees will apply.

What does it mean for me?

Licensees can manage their gaming machines in a more flexible and responsive way. If a licensee wants to reduce the number of gaming machines in their venue, they can trade authorisations or machines without changing the maximum number allowed, and later re-acquire authorisations should their business needs change.

A licensee does not need approval from the Commission to trade authorisations or machines. The authorisation certificate states the maximum number of machines that can be operated in the venue, and licensees are able to trade authorisations for gaming machines within that number. The licensee acquiring the authorisation or gaming machine must notify the Commission of the trade.

How do I make a trade?

To acquire or buy an authorisation, a licensee must first source it from another licensee. During Phase 1, authorisations must be traded in groups of four, which can be sourced from different licensees. In Phase 2, authorisations may be traded in any number that doesn't exceed the acquiring licensee's maximum under their authorisation certificate.

The acquiring licensee, the one buying the authorisation, must notify the Commission of the trade not less than 10 days before it takes place. The Commission will provide both licensees involved with amended authorisation schedules that reflect the trade.

If a Class C licensee acquires a Class B authorisation, the Commission will convert it to a Class C authorisation. In this case, the Class B gaming machine cannot be traded, only the authorisation.

A licensee selling or disposing of a Class C authorisations doesn't need to notify the Commission. An amended authorisation schedule will be sent to the selling licensee after being notified by the acquiring licensee.

If a licensee sells the authorisation without the gaming machine, they cannot operate the machine. They must apply for an interim storage permit and dispose of the machine within three months.

Frequently asked questions

Do I have to have a gaming machine for every authorisation I hold?

No, an authorisation does not need to have a physical gaming machine attached to it. The Commission must be notified of any changes to the status of an authorisation such as acquiring a gaming machine, replacing or converting a gaming machine, or storing a gaming machine in accordance with a storage permit.

Can I have fewer authorisations than my maximum number?

Yes. It is not a requirement that a licensee hold the maximum number of authorisations as indicated on their authorisation certificate. This is simply a mechanism to allow licensees the flexibility to acquire authorisations from other licensees if they have not yet met their maximum. The maximum number of authorisations as outlined on their certificate cannot be exceeded.

If I am selling an authorisation do I need to notify the Commission?

Only the acquiring licensee is required to notify the Commission of the trade and pay the notification fee. Notification can be made by completing a *Notification – Acquisition of Authorisations and Gaming Machines* form and submitting it to the Commission with the correct fee.

If I want to open a new venue, how do I get authorisations?

An operator who wants to open a new venue will have to buy authorisations in the market once they have obtained a licence and an authorisation certificate. The Territory will not issue any new authorisations, keeping the number of authorisations across the ACT steady.

References

Trading of authorisations and gaming machines – Division 6.10
Storage permits – application and decision – Division 6.11
Issue of authorisation certificate for class C gaming machines – number of gaming machines to be operated – s25
Acquisition of gaming machines – amendment of authorisation schedule etc - s100