



HOSPITALITY | CLUBS | Issue No. 5 | Abolishment of the 'near rule'

March 2015

Amendments to the *Gaming Machine Act 1991* (Qld) have removed the requirement for an additional club premises under a Category 2 (Club) gaming licence to be approved only if it is *near* the club's existing premises.

The intention behind removing the 'near rule' is that it will facilitate larger clubs to establish new club premises in greenfield areas and provide sporting and other facilities to these new communities, and to takeover smaller struggling clubs to prevent their closure.

Existing provisions under the Act will continue to ensure that the Commissioner may only approve additional premises if the Commissioner considers the installation of gaming machines on the additional premises unlikely to adversely affect public interest. The Commissioner's consideration of the public interest will have regard to the commonality of interests between the clubs concerned, and will continue to assess the direct and indirect benefits provided by both premises to their immediate local communities.

"The amendments to the Act remove regional boundaries associated with the club entitlement reallocation scheme."

Additionally, the amendments to the Act remove regional boundaries associated with the club entitlement reallocation scheme, allowing clubs to source gaming machine entitlements from anywhere in Queensland.

Currently, clubs are able to apply for up to 300 gaming machines at a single premises. A club with two licensed premises may apply for a maximum of 450 gaming machines under its licence, while clubs with three or more premises may apply for 500 gaming machines

under its licence, as long as there are no more than 300 gaming machines at any one premises.

Previously, the legislation created three entitlement regions in Queensland and provided that gaming machine entitlements could not be transferred across the regional boundaries. The original intent of this scheme was to ensure equitable supply of gaming machines across all Queensland regions, in turn creating equitable access to gaming.

"These amendments may see more amalgamation of clubs throughout the State, as larger clubs investigate the prospects of acquiring smaller clubs."

However, after consulting with industry professionals, the Government identified that supply and demand had been vastly different between entitlement regions, with licensees in some regions unable to obtain entitlements due to overwhelming demand while licensees in other regions were unable to find buyers for their entitlements. The Government found that this restricted the ability of clubs to make decisions in their best interests and the interests of their membership.

Accordingly, the Act was amended to remove club entitlement regional boundaries to allow clubs that wish to sell their gaming machine entitlements to be able to supply entitlements to any licensed club in the State.

This amendment, in conjunction with the removal of the 'near rule', will allow clubs to be able to transfer gaming machine entitlements between their primary premises

and any proposed additional premises not located near the primary premises.

It is intended that these amendments will assist the ongoing financial viability of clubs in Queensland. Additionally, these amendments may see more amalgamation of clubs throughout the State, as larger clubs investigate the prospects of acquiring smaller clubs. This may, in turn, lead to an increase in the price of gaming machine entitlements.

Accordingly, these amendments are encouraging and should have positive ramifications for clubs in Queensland.



Ruth Sainsbury

Solicitor

Mullins Lawyers

t +61 7 3224 0382

rsainsbury@mullinslaw.com.au



Curt Schatz

Partner

Mullins Lawyers

t +61 7 3224 0230

cschatz@mullinslaw.com.au