

On Thursday the 22nd of May, following the release of industry reform proposals in 2013, the DIA announced the next steps in their plans to reform the pub based gaming sector. The proposed changes affecting venue operators are as follows;

1. **Enact the Gambling Amendment Bill #2** - a piece of legislation introduced in 2007 by the then Labour Government that was not passed into law at the time. This Bill has been resurrected and it is expected that it will be passed into law before the September election.

The major change for venue operators in the GA Bill # 2 is the requirement that **weekly GMP will be required to be banked directly into the Society's bank account** and cannot be deposited at any point into the business owner's bank account.

2. **Amend the Net Proceeds Regulations 2004** – Proposes an increase in the **minimum returns to authorised purposes** effectively raising the viability threshold for low turnover venues. The minimum return to authorised purposes for Societies will increase over 5 years from the current 37.12% to 42%, commencing with an increase to 40% for the 2014/2015 financial year.
3. **The Gambling Amendment Bill #3** – Includes the proposal to replace the current task and labour cost based venue payment system (VCS) with a **commission based venue payment structure**. The final payment format is yet to be determined by the DIA but it is likely to be the 5 tiered proposal previously circulated by them.

The commission structure has no facility to reimburse an operator for DEM (development, enhancement & maintenance costs) that are currently paid out under the VCS system and as previously communicated some venues will also see their payment reduce under the DIA's proposed commission structure. It is expected that any move to a commission payment structure will be vigorously opposed by anti-gaming lobby groups.

This GA Bill #3 also includes provision to make it an offence for a venue operator to seek or receive benefits, other than venue payments, from gaming Trusts, service providers, management companies and machine suppliers.

Commencement Timetable

As an existing piece of legislation the Gambling Amendment Bill #2 will be passed into law before the September election.

The changes to the Net Proceeds Regulations, increasing minimum returns to authorised purposes, will also occur before the election in time for the 2014/2015 financial year.

The Gambling Amendment Bill #3, as a new piece of legislation, will require full public consultation and as such will not happen until after the election. Should there be a change to a Labour/Greens Government it is unlikely a commission based payment structure will be supported.

I will have the draft of the Gambling Amendment Bill #3 put on our website and keep you informed as these changes are rolled out.

If you have any questions please call me Ph (0800) 42 64 64.

Martin Cheer
Chief Executive