



Policy

Video Lottery Terminals

Disclaimer

This Policy is designed to provide information in regard to the subject matter covered, and with the understanding that the Gaming and Wagering Commission is not passing legal opinion or interpretation or other professional advice. The information is provided on the understanding that all persons undertake responsibility for assessing the relevance and accuracy of its contents.

Purpose

The purpose of this policy is to provide guidance on the issuing of video lottery terminal ('VLT') permits to sporting organisations/clubs, community/charitable organisations and local hotel based sporting/community associations.

Legislative Basis

A gaming equipment permit is issued under section 88 of the *Gaming and Wagering Commission Act 1987* ('the Act'). The matters pertaining specifically to VLT permits are prescribed in regulation 18AA of the *Gaming and Wagering Commission Regulations 1988* ('the regulations').

A fundamental basis of the Act is that certain types of gaming may be conducted under the authority of a permit (or deemed to be permitted gaming without the need to obtain a permit) provided it is not promoted or conducted for private gain or commercial undertaking.

Definition

Regulation 18AA of the regulations defines a VLT as:

'...a device which displays electronically on a video screen a depiction of a card displaying symbols, by reference to which prizes in the game played may be won.'

In essence, the concept of a VLT is an electronic version of the manual break open 'b-i-n-g-o' or 'beer' tickets in that the outcome is already determined and is not affected by the actions of the player.

VLTs must be designed not to dispense cash where a prize is won, but to issue a docket displaying the value of the prize (or value of cumulative prizes) which is exchanged for cash.

VLT Permits

A permit is required for the use of a VLT. The permit is valid for twelve months, is renewable and will stipulate the one game-type (only) to be played on the VLT.

A separate permit is required for each VLT and a copy of each permit must be kept on the premises where the VLT is located.

The Gaming and Wagering Commission of Western Australia ('The Commission') issues the permit and also a registration plate. The VLT is not to be operated without the registration plate affixed to the front of the machine.

Permissible Premises

VLTs can only be placed in premises approved by the Commission. Approved premises are usually licensed clubs, hotels, taverns and racecourses – however, this does not preclude unlicensed premises such as bingo venues from hosting VLT machines. VLTs are not permitted in liquor stores or restaurants.

A VLT permit may be issued for fundraising purposes to sporting organisations/clubs, charitable/community organisations and hotel based sporting/community associations. For the purposes of this policy, a hotel based association is defined as an organisation/club or group of organisations/clubs or an association that operates from a tavern or hotel (eg dart association, pool club etc).

In regard to licensed premises, the licensee of either a hotel or tavern or a person deemed a licensee's representative (eg approved manager) is prohibited from being the permit holder of a VLT and from owning or operating a VLT. Clubs, licensed under the *Liquor Control Act 1988*, may be approved to hold a permit to operate a VLT on their own premise and they may also be approved as owner/operator of a VLT should it elect to purchase the VLT from a licensed supplier.

In all cases where a VLT is proposed to operate on a licensed premise, the licensee's approval to operate the VLT must be sought in the first instance.

Permitted Number of VLTs

The number of VLTs permitted at a premise will be determined by the Commission and the maximum allowable is five per premises – with an initial allocation restricted to two machines. This is to prevent 'parlour-like' gambling atmospheres in premises.

Further permit applications may then be considered, however, the approval of such will be based on the turn-over of the initial two VLTs. Additional machines will only be considered where the takings exceed \$2,000 per VLT per month – and is sustained over a 12 month period. This rationale provides a protection of the revenue base for those beneficiaries associated with the established VLTs.

After the end of each calendar quarter the Commission is to be notified of the turn-over of each VLT and the subsequent allocation of monies. This in turn will provide a basis should the Commission need to consider any future additional VLT applications for that premise. Generally, following the installation of the initial one or two VLTs into a premise, further applications will only be considered for one additional machine.

Allocation and Location of VLTS

In relation to the allocation of VLTs within a hotel or tavern, where there is more than one permit, the Commission requires that the number of machines be equally divided between charities and community/sporting organisations/clubs (see example below).

The distribution could be as follows:

1. The first VLT may be for either a charity *or* sporting/community/hotel organisation/club.
2. The second machine should be for the benefit of another body, for example, the hotel's darts club.
3. The third machine may be for either a charity *or* sporting/community/hotel organisation/club, for example the local football club.

4. The fourth machine should be for the benefit of another body, in this example, a charity.
5. The fifth machine may be for either body. For example, the local hockey club or another charity.

With regards to community and sporting associations based at a hotel or tavern, only one VLT may be operated by such an association at the premises and it must be operated on behalf of the community, sporting and charitable organisations affiliated with the association.

The location of each VLT will be endorsed on the permit. Further, it is a requirement that should a premise have two (or more) VLTs that they be located in groups of two – with the pair to contain, as an example, one machine for a sporting organisation/club and the other (alongside) for a charity – to neutralise any bias.

Use of Funds

A minimum of 10% of gross proceeds must be returned to the beneficiary organisation, with 70% returned to players by way of prizes. A levy of 3.25% is paid to the Commission and the balance of 16.75% may be divided between the organisation, the licensed supplier and the premises. Where a VLT permit is granted to a club and the club also operates the VLT as an owner/operator, the club would receive 10% of the gross proceeds plus the 16.75%.

The use of funds gained from a VLT must fall within the scope of an activity, as prescribed in section 51(2)(b)(i) of the Act, being:

‘...for the active promotion, support or conduct of any sporting, social, political, literary, artistic, scientific, benevolent, charitable or other like activity...’.

Funds raised under the permit cannot be used for private gain or any commercial undertaking.

**CHAIRMAN
GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA**