



Victorian Commission for Gambling and Liquor Regulation

Gambling Information Sheet

Deferred payment terms for transferred entitlements

On 15 March 2012, the Minister for Gaming (the Minister) amended the Gaming Machine Entitlement Allocation and Transfer Rules to enable venue operators to transfer ownership of gaming machine entitlements on deferred payment terms.

Previously, entitlements acquired on the Entitlement Transfer Market (ETM) had to be paid for upfront and in full before the Victorian Commission for Gambling and Liquor Regulation (VCGLR) could record the transfer.

What are deferred payment terms?

'Deferred payment terms' refer to a schedule of regular interest-free instalments for entitlements.

These instalments are paid by venue operators for the outstanding balance owed to the State. Venue operators now have the option to pay the full amount for transferred entitlements upfront or they can acquire the entitlements on deferred payment terms.

Who is eligible for deferred payment terms?

All venue operators who acquire entitlements on the ETM are eligible for deferred payment terms.

How can venue operators obtain deferred payment terms?

Venue operators can enter into an approved Deed of Assumption with the Minister and the club or hotel transferring the entitlements.

The approved Deed of Assumption transfers the deferred payment schedule for the entitlements acquired from one venue operator to another, making the venue operator who acquires the transferred entitlements liable to the State for the full amount that remains.

What is the application process for obtaining deferred payment terms?

Where an agreement is reached between venue operators for the transfer of entitlements, the venue operator transferring the entitlements must

lodge an online application with the VCGLR via the ETM. The application will provide the VCGLR with details of the transfer including the intention for full, upfront payment of the entitlements or a request for deferred payment terms.

Where a request for deferred payment terms is made, the VCGLR will provide the venue operator with a Deed of Assumption. This document must be completed and signed by the venue operators involved in both the transfer and acquisition of the entitlements.

The Deed of Assumption must then be returned to the VCGLR, who in turn request approval from the Minister before a transfer of the entitlements on deferred payment terms can be finalised and recorded on the ETM by the VCGLR.

Any additional amount (to the amount owed to the State) included in the agreed transfer price, is to be paid to the venue operator transferring the entitlements at the time of the transfer, unless otherwise agreed between the parties.

Once the VCGLR records the transfer of entitlements on the ETM, the venue operator who has acquired the entitlements will be responsible for making all subsequent instalments to the State, as per the deferred payment schedule.

Example

Venue operator A acquires entitlements on the ETM from venue operator B who has already paid four instalments to the State.

Payment of these entitlements would commence with the fifth instalment owing to the State when the next scheduled instalment is due.

Venue operator A would then continue to pay the remaining instalments to the State, as per the deferred payment schedule until the entitlements have been paid for in full.

Where a venue operator acquires entitlements on the ETM but chooses not to enter into an approved Deed of Assumption, the full amount owing to the State, with respect to the entitlements transferred, must be paid to the VCGLR before the transfer can be finalised and recorded by the VCGLR on the ETM.

New gaming venue operators

The process of acquiring entitlements on the ETM is the same for existing and new venue operators. New venue operators who have not previously held entitlements will be required by the Minister to enter into an Entitlement Related Agreement for Venues as well as the approved Deed of Assumption.

The VCGLR will provide the Entitlement Related Agreement for Venues to new venue operators for completion as required.

For more information on the transfer of entitlements, please see the 'Transfer of a Gaming Machine Entitlement' fact sheet available at www.vcglr.vic.gov.au.

To access the Entitlement Transfer Market visit www.vcglr.vic.gov.au.

The purpose of this update is to provide general information and guidance only. The information provided is not in substitution of the *Gambling Regulation Act 2003*, the Monitoring Licence and Related Agreements issued under that Act, the Entitlement Related Agreements for Venues, the Venue Services Agreement or any other regulatory requirements. Venue Operators should seek appropriate professional advice as to their obligations.