

Cessation Reviews

Gaming machine societies may reach a point when they can no longer operate as a society. This may be because:

- The society no longer wishes to continue its involvement in gambling; or
- The Department refuses to renew the society's class 4 operator's licence; or
- The Department cancels the society's class 4 operator's licence; or
- The class 4 operator's licence has expired.

The society's obligation to apply or distribute the net proceeds from gambling is not affected by the surrender of their class 4 operator's licence (section 63 of the Gambling Act).

All societies are obliged to wind up their affairs in accordance with their rules (constitution) and the Companies' (Wind Up) Rules. When this occurs the society is required by the Gambling Act [section 111(1)(b)] to provide to the Department financial details relating to the sale of assets and the subsequent payment of funds to authorised purposes.

What is a cessation review?

A cessation review is an examination of the final financial transactions that occur upon the winding up of the gaming machine operation. In some circumstances it may be necessary for the Department to review both the calculation of the final distributable sum and a random selection of grant recipients to ensure the final distribution of net proceeds did in fact occur, and the recipients were genuine entities who could lawfully receive or apply grant funds.

Who will be reviewed?

All societies (including clubs) that wind up their gaming machine operation must provide the information set out in the "Cessation Pack". Depending on the detail set out in the Pack, the Secretary will determine what, if any, reviews should occur. However, it should be noted that potentially any society 'winding up' their involvement with gaming machines may be subject to a detailed review.

What documentation should be provided to the Department for the review?

The information required is set out in the 'Cessation Pack' and once completed, will contain all the information required by the Secretary. In the event that a review is undertaken all relevant supporting data may be sought

Orders regarding application or distribution of net proceeds

Section 112 of the Gambling Act allows the Department to seek a court order for the application or distribution of any money that is not applied or distributed when a group winds up. Gaming machine operators should bear in mind that this section also empowers the courts to make orders to recover money that has been improperly applied or distributed.