



Project:	Revenue from Licences Issued by NFP Public Sector Licensors	Meeting:	M166 (August 2018)
Topic:	Cover memo – Progressing the project	Agenda Item:	3.0
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		Decision-Making:	High
		Project Status:	Revised guidance and examples

Objective of this paper

- 1 The objective of this Agenda Item is for the Board to consider the revised guidance and illustrative examples in relation to the Revenue from Licences Issued by not-for-profit (NFP) Public Sector Licensors project. This Agenda Paper sets out the Staff analysis and rationale for the conclusions reached in the updated guidance and examples.

Attachments

- Agenda Paper 3.1 Revised illustrative examples: Revenue from Licences Issued by NFP Public Sector Licensors
- Agenda Paper 3.2 Alternative Approach

Background

- 2 At the June 2018 Board meeting, it was agreed that Staff would explore and provide updated examples of NFP public sector licencing arrangements that include:
 - (a) administration and activities to maintain exclusivity of the contract, which would not be performance obligations;

- (b) ongoing activities that support or maintain the value of the licence; and
 - (c) activities that are distinct services to the licensee, separate from the granting of the licence (for example, maintenance activities performed by the licensor that the licensee would otherwise engage a third party to do)
- 3 This paper sets out Staff's thinking and recommendations in relation to progressing the guidance and examples. The analysis in this paper would be included in the Basis for Conclusions of the final Standard. Staff recommend the Board reads this paper before reviewing the examples so that the Board understands the context of the examples.
- 4 Agenda Paper 3.1 sets out the revised guidance and examples that Staff have prepared.
- 5 Agenda Paper 3.2 sets out alternative approaches for progressing the project if Board members do not agree with the Staff analysis and recommendations set out in this paper.

Clarifying the guidance for IP licences in paragraphs B52-B63B has not being applied

- 6 At the June 2018 meeting, when discussing how the examples should be redrafted for the final Standard, Staff and Board discussed developing an example where a licensing agreement included requirements for the licensor to perform activities that essentially enhanced a 'brand' for the licensee.
- 7 In developing this example and reflecting on the Board meeting conversation, Staff found that the only way to achieve such objectives was to apply the specific requirements for licences of intellectual property (IP) in paragraphs B52-B63B of AASB 15, rather than applying the main principles of the Standard.
- 8 Paragraphs B52-B63B set out criteria for whether an IP licence is a right to use (and therefore satisfied at a point in time) or a right to access (and is therefore satisfied over time). The guidance requires an entity to make an assessment of whether the IP licence is 'static', or 'dynamic', based on criteria concerning activities that the contract requires the licensor to undertake, which would not transfer a separate good or service to the licensee but instead expose them to any changes to the underlying IP.
- 9 The guidance also notes in paragraph B59A(a) that one of the indicators that an IP licence would be a right to access would be 'the ability of the customer to obtain benefit from the intellectual property is substantially derived from, or dependent upon, those activities [that affect the underlying IP]. For example, the benefit from a brand is often derived from, or dependent upon, the entity's ongoing activities that support or maintain the value of the intellectual property.'
- 10 However, Staff note that this guidance is very specific to IP licences, and does not easily translate back to the general principles of AASB 15. Instead, as evidenced by the discussion in the Basis for Conclusions to IFRS 15 in relation to the development of the IP licence guidance, the guidance was developed because the IASB felt that the nature of IP licences was sufficiently different to warrant adapting and providing guidance on the principles of AASB 15. Staff also note that the reference to the benefits from a brand in paragraph B59(a)

(see above) was intended to apply when licencing a brand, for example a franchise¹. On this point, Staff consider that non-IP licences do not have an objective of licencing a brand, or anything like a franchise, but instead licence rights to perform activities (ie the nature of IP licences for which the requirements were developed is different to the nature of non-IP licences).

The Board's decision to not apply the IP guidance

- 11 The Board considered applying the specific guidance for accounting for licences of IP set out in AASB 15 paragraphs B52-B63B in October 2017², and observed:
- (a) that it was difficult to apply many of the requirements in those paragraphs which require an assessment of whether the licensor's activities significantly affect the IP (i.e. the underlying asset), and in the case of most NFP public sector non-IP licences, there is no underlying identified asset; and
 - (b) in the case of some NFP public sector non-IP licences, the licensor may conduct a number of activities throughout the licence period that are performed more generally in the public interest. It is not clear whether these activities are undertaken to significantly affect the licensee's rights granted by the licence.
- 12 The Board decided that it would disregard the guidance in AASB 15 paragraphs B52-B63B for IP licences when accounting for revenue from non-IP licences, and instead apply the general principles of AASB 15.

For non-IP licences, the guidance should only incorporate the general principles of AASB 15

- 13 In light of the decision made at the October 2017 meeting, Staff considered that this paper should walk through how the principles of AASB 15 can be applied for non-IP licences, whilst disregarding the guidance in paragraphs B52-B63B of AASB 15 for non-IP licences. In particular, Staff have included detailed discussion on the application of the following requirements of AASB 15:
- (a) identifying the performance obligations, which includes:
 - (i) who the customer is (see paragraphs 17-18)
 - (ii) the identification of goods and services transferred (see paragraph 19-20)
 - (b) applying paragraph 35 to identifying whether a performance obligation is satisfied over time or at a point in time (see paragraphs 23-31). Staff consider this requirement a key

¹ IFRS 15 BC 414G states: If the activities do not significantly change the form or functionality, but the ability of the customer to obtain benefit from the intellectual property is substantially derived from, or dependent upon, the entity's activities after the licence is granted, then the activities are also considered to significantly affect the intellectual property (as long as those activities do not result in the transfer of a good or service to the customer). In these cases, it is not necessary for those activities to change the form or functionality of the intellectual property to significantly affect the ability of the customer to obtain benefit from the intellectual property. For example, in some circumstances (**eg many licences of brands**), the benefit of the intellectual property is derived from its value and the entity's activities to support or maintain that value.

² [See Staff Paper 3.2 from October 2018](#)

hurdle, as it determines the timing of revenue recognition for non-IP licences (and is what will be applied instead of the right to use/right to access distinction).

Identifying the performance obligations (AASB 15 paragraphs 22-30)

- 14 AASB 15 paragraph 22 states that ‘At contract inception, an entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (see paragraph 23).’
- 15 AASB 15 paragraph 25 states that performance obligations do not include activities that an entity must undertake to fulfil a contract unless those activities transfer a **good or service** to a **customer** (emphasis added). Hence, in determining the performance obligation(s) involved in a licence, an entity must first determine any good or service being transferred to the customer.
- 16 Staff consider that it is important to highlight these notions when redrafting the examples because it was not clear in submissions to ED 283 that these notions had been considered. Staff consider the distinction of when activities merely fulfil a contract versus transfer a good or service is an extremely important distinction as it underpins the core principles of AASB 15.

Identifying the customer

- 17 Staff observe that some respondents to ED 283 appeared to have misinterpreted who the customer³ was in the arrangements that were being demonstrated via the illustrative examples. For example, in some arrangements a licensor is required to respond to notifications of an unlicensed party performing without a licence, or is required to perform regular investigations to assess whether it is in the public interest that the licensee should continue to hold a licence. In these instances, the customer, being the licensee, receives no additional benefit from these activities (continuing to meet the eligibility criteria is under the control of the licensee and what they receive on day 1 of the arrangement is what they have before, during and after the investigations) and merely confirm that the licensee has not breached the licence, and therefore benefit the public more broadly.
- 18 A good or service (or other activity) undertaken for the benefit of the public, or anyone other than the licensee, is not considered when identifying performance obligations under the general principles of AASB 15.

³ AASB 15 Appendix A defines a customer as: ‘A party that has contracted with an entity to obtain goods or services that are an output of the entity’s ordinary activities in exchange for consideration.’

Identifying what is a good or service

- 19 AASB 15 does not define what a good or service is, but does include many examples in paragraph 26. In relation to goods or services contained in a non-IP licence, Staff observe that the most common good or service ‘right to perform’ an activity. However some respondents to ED 283 argued that when a right to perform an activity is exclusive, monitoring and upholding the exclusivity of the right to perform that activity over the term of the licence would be a good or service (and thus a performance obligation) provided to the licensee. However, staff consider this promise would not be a separate good or service (and thus a performance obligation) as it does not transfer anything extra to the licensee than the original licence they receive on day 1. In other words, exclusivity is an attribute and within the boundary of the licence (the good or service) that has been promised to the licensee. Therefore any activities to set up or maintain these exclusivity conditions would be considered as (or akin to) administrative costs to fulfil or provide assurance that the right to perform the licenced activities meets the specifications that were promised to the licensee.
- 20 Another example of this would be an arrangement where a licensee needs to fulfil eligibility criteria prior to being granted a right to perform activities, where licensor is required to perform activities to ensure that the eligibility criteria have been met prior to issuing the licence and throughout the term of the contract. These types of activities performed by licensor also represent activities that a licensor must undertake to meet its promise of transferring the right to perform an activity to the licensee (i.e. specifically these activities help to ensure that the licensee has met eligibility criteria prior to being licenced and have not breached the criteria throughout the contract) – they do not transfer an additional good or service to the licensee. As noted in para 17, the licensee controls whether or not they meet the eligibility criteria, meaning that unless the terms of the contract are modified, there is no change to the nature of the licence offered as a result of the activities performed by the licensor to check that these eligibility criteria have been fulfilled.
- 21 Accordingly, staff continue to consider that exclusivity and eligibility checking activities are not separate goods or services. However, these activities also need to be considered again, when assessing para 35 requirements as to whether revenue is recognised over time (see paragraphs 23-31).

Identifying distinct goods or services

- 22 The licensor is required to identify whether goods or services promised to the licensee are distinct in the context of an arrangement. Staff consider that the requirements on this matter within AASB 15 are clear for a NFP public sector licensor to apply. The Board had previously discussed this matter at the October 2018⁴ Board meeting and Staff do not consider there are any new arguments to raise with for the Board regarding previous decisions.

Question for Board members

Q1 Does the Board agree with the Staff’s analysis that exclusivity and eligibility checking activities do not ‘transfer a good or service to a customer that is separate from the original licence?’

⁴ See Staff Paper 3.2 from October 2018

Satisfying the performance obligation of issuing a right to perform an activity

- 23 Staff considered the control principle which underpins the timing of recognising revenue under AASB 15. AASB 15 paragraph 31 which states that ‘an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. **An asset is transferred when (or as) the customer obtains control of that asset**’ (emphasis added). Further, Staff observe that paragraph 33 of AASB 15 states that ‘control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset’.
- 24 Staff also note that for a performance obligation to be satisfied over time **one of the requirements of paragraph 35 of AASB 15 must be met**. AASB 15 paragraph 35 states:
- ‘An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
- (a) the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs (see paragraphs B3–B4);
 - (b) the entity’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced (see paragraph B5); or
 - (c) the entity’s performance does not create an asset with an alternative use to the entity (see paragraph 36) and the entity has an enforceable right to payment for performance completed to date (see paragraph 37).’
- 25 Staff consider that a NFP public sector licence is generally just for a right to perform a specific activity throughout the licencing period. Staff also observe that in many of these cases the public sector licensor would not be able to change the way that the licensee can perform the licenced activity without modifying or terminating the contract. In these circumstances, the right to perform the licenced activity does not change over the licence term, because as soon as the licensor has issued the licence, licensee would be able to direct the use of and obtain substantially all of the remaining benefits from the right to perform the licenced activities (ie the licensee controls the same right to perform the licenced activities throughout the term of the licence). Hence, control would be passed on the day the licence is issued for the entire term of the licence, and there are no grounds (in these cases), under paragraph 35 for revenue to be recognised over time.
- 26 Staff did observe some circumstances where a licence to perform an activity may satisfy one of the criteria in paragraph 35 and hence qualify for revenue recognition over time (refer to analysis below). Staff note that this would only be true where the right to perform an activity is distinct from other goods or services in an arrangement (if the licence is not distinct, it should be bundled and accounted for as a bundle in accordance with AASB 15).

Satisfying paragraph 35(a) – customer simultaneously receives and consumes the benefits as the entity performs.

- 27 Staff consider that a right to perform an activity would be satisfied over time in accordance with paragraph 35(a), where the licensor has a substantive right to change the way that the licensee can perform at any time (ie the rights conveyed can be changed without consultation). This is because licensee would control the right to perform in the form that exists at any given point in time and this form is consumed by the licensor as it changes over the period of the licence (because the arrangement provides Licensor with a right to significantly change the nature of the right to perform granted to the licensee over the term of the licence, and the licensee’s ability to obtain benefits from the licence is dependent upon the licensor’s on-going activities throughout the term of the licence). The licensee will therefore simultaneously receive and consume the positive or negative effects of the changing right to perform the licenced activities as the licensor performs over the term of the licence.

Staff example (note – this is not an illustrative example, only an example for the purpose of this Staff paper)

Staff observe that in some licences, the licensor has an explicit right as part of the arrangement to change the way that licensee can perform (ie the licensor has the right to change the underlying intangible asset, the right to perform). For example, the legislation governing the casino licence in one Australian jurisdiction contains the following clauses that give rights for the licensor to change the underlying asset when it sees fit:

- (a) the licensor can direct the size, style and location of a casino and direct further development as and when it sees fit at any point in the licence term;
- (b) licensor may approve of gaming equipment for use in a casino and for that purpose may approve particular equipment or may approve equipment of a specified class or description, and may impose conditions on any such approval; and
- (c) the licensor may give a licensee a written direction that relates to the conduct, supervision or control of operations in the casino.

Staff consider that where agreements explicitly state that a licensor has such rights to change the way a licensee can perform at any time that the licensor sees fit, the licensor has the ability to significantly change the way in which the licensor can benefit from the licence. In this instance, it would appear that the licensee is not able to obtain substantially all of the remaining benefits from the licence when the licence is granted. Instead, the licensee’s ability to obtain benefits from the licence is dependent upon the licensor’s ongoing activities throughout the term of the licence. In other words, the nature of the promise is ‘dynamic’ as the licensee is not obtaining control of the same ‘right to perform’ over the term of the licence. The right to perform granted to the licensee could change over the term of the licence (for eg the venue for the gaming activities, the number of gaming machines and the type of gaming activities could change based on the activities and direction of the licensor - these activities directly impacts the cash flows that licensee can generate). The licensee will therefore simultaneously receive and consume the positive or negative effects of the changing right to perform as the licensor performs over the term of the licence, and revenue would be recognised over time in accordance with AASB 15.35(a).

Satisfying paragraph 35(b) – licensor’s performance creates or enhances an asset (for example, work in progress) that the licensee controls as the asset is created or enhanced

- 28 In Staff’s view, a right to perform an activity that the licensee controls would be enhanced if the licensor has agreed to perform activities that would significantly build on the attractiveness of the underlying right to perform the licenced activity as a whole, rather than for the direct benefit of the individual holding the licence. For example, this might be where a licensor is required by the contract to provide additional rights to the licensor over the period of the licence, or is required to perform activities that enhance the value of the licence. However, activities performed by the licensor that simply maintain the value of the licence would not be enough to recognise revenue over time, because this would just be confirming that the licensee is receiving what was promised. The activities would have to clearly enhance the value of the right to perform the licenced activity.

Staff example (note – this is not an illustrative example, only an example for the purpose of this Staff paper)

An example that might be relevant is where a licence gives licensee an accreditation/right to perform work in a certain profession, and in issuing such a licence, the contract explicitly states that the licensor will conduct substantive activities to promote the accreditation and perform other activities that will affect the credibility of holding the accreditation. Staff consider that in these circumstances, the licensor’s performance would not transfer a separate good or service to the licensee (ie the licensee is not receiving specific advertising services, as the advertising activities are for the accreditation as a whole), but instead the licensor is enhancing the value of the underlying intangible right to perform, and a licensee would be able to direct the use of and obtain substantially all of the benefits from the licensor’s performance. In this instance, Staff observe that the performance obligation of transferring the right to perform might be satisfied over time in accordance with paragraph 35(b). As noted in AASB15 paragraph B5, enhancing an asset is not limited to tangible assets.

- 29 Staff note that exclusivity and eligibility criteria activities are also assessed to determine whether they create or enhance the underlying intangible right to perform to enable recognition of revenue over time. However, as previously noted, these activities do not change the original licence so are not considered to create a new or enhanced asset for the licensee.
- 30 In light of the above, Staff have developed two examples (Example 8 and 9 in Agenda paper 3.1), which demonstrate where AASB 15 paragraphs 35(a) or (b) have been satisfied. The examples also contrast circumstances where AASB 15 paragraphs 35(a) or (b) have not been satisfied using Example 10 (in Agenda paper 3.1), where the performance obligation is satisfied at a point in time.

Satisfying paragraph 35(c) – asset with no alternative use and an enforceable right to payment

- 31 Staff observe that licences for a right to perform an activity, the right to payment is when the right to perform the licenced activity is granted (ie at the start of the arrangement) and the activities of the Licensor during the creation of the licence are generally not limited. Hence, Staff do not consider paragraph 35(c) will generally be relevant for NFP public sector licensors.

Question for Board members

Q2 Do Board members agree with the Staff interpretation of the principles in AASB 15 paragraphs 31-35 as set out in this paper?

Q3 If the answer to Q2 is Yes, do Board members agree that the outcomes (as illustrated in the revised examples in Agenda Paper 3.1) are appropriate for the public sector?

Q4 If the answer to Q3 is No, then which option from paper 3.2 do you prefer for progressing the project?

Next steps

32 If the Board agrees with the Staff recommendation, Staff will revised ED 283 as agreed by the Board. Below is the timeline of the project, if the Board decides to issue a fatal-flaw review version of the Standard:

Meeting / Deliverable	Key objectives
14 August 2018	Board to consider revised guidance and examples, decide on project direction and whether a fatal-flaw review version of final Standard is necessary.
3-5 September 2018: Board meeting:	Board to consider ballot draft of fatal-flaw version of draft Standard and confirm that a fatal-flaw should be issued. Note: the Board will review the draft amendments, guidance and illustrative examples, but not the Basis for Conclusions. Staff will prepare the Basis for Conclusions after the September 2018 meeting and ask the Board to review the BC out of session.
6 September-16 September 2018	Staff to prepare fatal-flaw version based on Board comments
17 September 2018	Board sub-committee review fatal-flaw version of draft Standard.
19 September 2018: Issue Draft Standard for fatal flaw comments	Put Draft Standard out for fatal flaw comments – 3 weeks (if board proceeds with this option)
26 September – 5 October 2018	Board to review Basis for Conclusions out-of-session (during fatal flaw comment period)
10 October 2018:	Comments on Fatal flaw version of draft Standard due
10-22 October 2018:	Staff to collate fatal flaw comments, conduct targeted outreach with constituents who made significant comments on and update draft Standard
22-23 October 2018	Board sub-committee to consider Staff summary of Fatal-Flaw comments and review updated draft Standard

Meeting / Deliverable	Key objectives
12-14 November 2018: Board meeting	Board to consider fatal flaw comments and draft Standard updated for those comments. Staff intend this version to be a pre-ballot draft.
3 December 2018	Ballot Draft sent to Board for out-of-session voting
10 December 2018	Voting closes on ballot draft version of Standard
14 December 2018	Final Standard issued.

Question for Board members

Q5 Would Board members like to issue a fatal-flaw review version of the draft Standard updated from ED 283?

Q6 Do Board members have any comments on the next steps/project timeline?

Appendix A - extract of legislation governing casino licence in one Australian jurisdiction

The licensor can direct the size and style of a casino and direct further development

7 Ministerial directions as to requirements for casino

(1) The Minister may from time to time give a direction in writing to the Authority as to any of the following matters:

- (a) the permissible location for a casino,
- (b) the required size and style of a casino,
- (c) the development required to take place in conjunction with the establishment of a casino, such as the development of a hotel or other complex of which a casino is to form part,
- (d) any other prescribed matter concerning the establishment of a casino.

(2) Before giving a direction on any matter to the Authority, the Minister is to call for a report on the matter from the Authority and is to consider the Authority's report.

(3) A direction as to the permissible location for a casino must not specify a particular site unless the site is vested in the Crown or the Crown has the exclusive right of occupation of the site.

(4) The Minister may vary or revoke a direction by a further direction in writing to the Authority.

(5) The Authority must exercise its functions under this Act in respect of the grant of a casino licence, the conduct of negotiations and the entering into of agreements in a manner that is consistent with the directions of the Minister under this section.

19 Authority to define casino premises

(1) The boundaries of a casino are to be defined initially by being specified in the casino licence.

(2) The boundaries of a casino may be redefined by the Authority:

- (a) on its own initiative, or
- (b) on the application of the casino operator.

(2A) The Authority is not to redefine the boundaries of a casino on its own initiative unless it:

- (a) notifies the casino operator in writing of the proposed change and gives the casino operator at least 14 days to make submissions to the Authority on the proposal, and
- (b) takes any such submissions into consideration before deciding whether to redefine the boundaries.

(3) The redefining of the boundaries of a casino takes effect when the Authority gives written notice of it to the casino operator or on such later date as the notice may specify.

(4) This section does not apply in relation to the Barangaroo restricted gaming facility.

Appendix A - extract of legislation governing casino licence in one Australian jurisdiction

Gaming machines must be approved by the licensor, the cost of investigating gaming machines prior to approval is paid by licensee

8 Gaming machines in casino

- (1) Before directing the Authority to invite expressions of interest under section 9, the Minister is to establish an inquiry into the likely effect of the availability of gaming machines in a casino on the operations and viability of the registered club and hotel industries.
- (2) The Minister may then give a direction in writing to the Authority as to whether or not and to what extent (if any) gaming machines are to be available in a casino.
- (3) The Minister may vary or revoke a direction by a further direction in writing to the Authority.
- (4) The Authority must exercise its functions so as to give effect to a direction by the Minister under this section.
- (5) In this section, gaming machine means any device the Minister determines to be a gaming machine for the purposes of this section.

68 Approval of gaming equipment

- (1) The Authority may approve of gaming equipment for use in a casino and for that purpose may approve particular equipment or may approve equipment of a specified class or description, and may impose conditions on any such approval.
- (2) An approval is to be in writing and may be revoked by the Authority by notice in writing to the casino operator.
- (3) The Authority may investigate or authorise the investigation of gaming equipment for the purpose of determining whether the equipment is suitable to be approved for use in a casino and may require the cost of such an investigation to be paid by a person seeking the approval.
- (4) Regulations may be made for or with respect to the manufacture or supply of gaming equipment for use in a casino.
- (5) Despite the provisions of any other law, the possession of gaming equipment is lawful if:
 - (a) the possession is for the purposes of an investigation under this section, or
 - (b) the equipment is identifiable in a manner approved by the Authority and it is in a casino with the approval of the Authority or the circumstances of its possession are such as have been approved by the Authority generally or in a particular case.

69 Unsatisfactory gaming equipment

- (1) The Authority may direct a casino operator to rectify to its satisfaction, or to destroy, gaming equipment that it has directed the operator to cease to have available for use on the ground that it is unsatisfactory.
- (2) It is a condition of a casino licence that the casino operator must forthwith comply with such a directio+B6n.

Appendix A - extract of legislation governing casino licence in one Australian jurisdiction

The licensor controls which gaming machines and equipment are to be used and how money and chips are dealt with

70 Conduct of gaming

(1) It is a condition of a casino licence that the following provisions are complied with in the casino and the casino operator is to be considered to have contravened that condition if they are not complied with:

- (a) gaming equipment (except secondary gaming equipment) is not to be used for gaming in the casino unless there is an approval in force under section 68 for the use in the casino of that equipment or of the class or description of equipment concerned, and it is used in accordance with any conditions to which the approval is subject,
- (b) all playing cards dealt in the course of gaming in the casino are to be dealt from a card shoe or by using any other device or method that may be required or allowed under the rules of the relevant game (as approved under section 66 (1)),
- (c) chips for gaming in the casino are not to be issued unless the chips are paid for in money to the value of the chips or by chip purchase voucher that, on payment of the amount shown on the voucher, was issued by or on behalf of the operator unless the game rules require or provide for another method,
- (d) gaming wagers are not to be placed in the casino otherwise than by means of chips unless the game rules require or provide for the placing of wagers by any other means,
- (e) all wagers won in the course of gaming in the casino are to be paid in full without deduction of any commission or levy other than a commission or levy provided for in the game rules,
- (f) all wagers won in the course of gaming in the casino are to be paid in chips unless the regulations or the game rules specifically permit payment by cash, cheque, non-monetary prize or other means,
- (g) a person who is at or in the vicinity of the casino and is an agent of the casino operator or a casino employee must not induce persons outside the casino to enter the casino or take part in gaming in the casino,
- (h) a person must not be required to pay any deposit, charge, commission or levy (whether directly or indirectly and whether or not it is claimed to be refundable) to enter the casino or, except as may be provided by the game rules or as may be approved by the Authority, to take part in gaming in the casino,
- (i) during the times the casino is open to the public for gaming the requirements of subsection (2) are complied with in relation to the exchange and redemption of chips and chip purchase vouchers issued by the casino operator.

(2) The requirements for the exchange and redemption of chips and chip purchase vouchers are as follows:

- (a) chip purchase vouchers are to be exchanged for chips at the request of the patron,
- (b) chips are to be exchanged for other chips at the request of the patron,
- (c) chips or chip purchase vouchers are to be redeemed for a cheque at the request of the patron (if the patron requests a cheque), or wholly or partly for money (with a cheque for any balance) if the patron so requests and the casino operator concurs,
- (d) a cheque in payment for redeemed chips or chip purchase vouchers must be made payable to the patron and drawn on a

Appendix A - extract of legislation governing casino licence in one Australian jurisdiction

bank, building society or credit union approved by the Authority,
(e) any exchange or redemption of chips or chip purchase vouchers is to be for their full value without any deduction.

Appendix A - extract of legislation governing casino licence in one Australian jurisdiction

The licensor has the right to direct the operations of the Casino

29 Directions to operator

- (1) The Authority may give a casino operator a written direction that relates to the conduct, supervision or control of operations in the casino.
- (2) It is a condition of a casino licence that the casino operator must comply with such a direction as soon as it takes effect.
- (3) The direction takes effect when the direction is given to the casino operator or on a later date specified in the direction.
- (4) The power conferred by this section includes a power to give a direction to a casino operator to adopt, vary, cease or refrain from any practice in respect of the conduct of casino operations.
- (5) A direction under this section is not to be inconsistent with this Act or the conditions of the casino licence.