

Resubmission of Class 4 Venue Cost Schedules

This document explains the process for resubmitting class 4 venue cost schedules and notes some key points that are relevant to this exercise.

Filling out the Schedule

Societies should already have venue cost schedules that are accurate and supported by the necessary documentation and evidence. The Department does not expect societies to have to start from scratch and reassess the costs associated with class 4 venues.

For many of the categories, the move to the new form should simply be a matter of transferring current claims to the new schedule (e.g. rent/lease payments). For other categories, more consideration may need to be given.

A significant change in the venue costs schedule for many societies is the creation of a “start-up/close-down” category. This category covers all the labour tasks that occur at the beginning and end of each gaming day. Many societies have tasks associated with this period split out under many separate categories. For some societies, completing this category may simply be a matter of transferring these relevant costs. A description of what is included under this category can be found in the Reference Paper.

The venue costs schedule also contains a section for societies to list all the documentation and evidence it has to verify the costs incurred. Having evidence to verify these costs is a requirement of the Gambling (Class 4 Net Proceeds) Regulations 2004. By listing the documentation that the society retains, it provides transparency for the Department and its inspectors should there be an audit of costs. Please ensure that this section is completed.

The venue costs schedule also has a “workspace” section. This section provides space for societies to explain non-standard calculations that have been made in completing the schedule (for example how additional wage costs have been calculated or owner/operator wage rates). This is important as it also provides a mechanism for societies to “verify” the costs incurred.

Changes to the Reference Paper

The Reference Paper has been updated to reflect the standardised venue cost schedule. It explains what is captured by the various categories on the schedule. Please read this document carefully and take into account the explanations when assessing costs. There may be significant changes for some societies depending on categories currently used. For example, a distinction is made between the tasks associated with administering harm prevention and minimisation polices and supervising the gambling area.

The “Commonly Asked Questions” appendix to the original Reference Paper has been removed. This section now stands alone on the Department’s website so it can be updated more readily.

Please read both these documents carefully as they explain the Department’s expectations for the completion of venue cost schedules and how costs can be calculated.

Enhancements and Developments

Thank you for the comments received on the short discussion paper released last year on the treatment of developments and enhancements. The paper primarily invited discussion on whether there was a need to clarify the *Gazette* Notice around Limits C and D. The Department is still considering those responses and any decision on whether to clarify the *Gazette* Notice will be made at a later date.

However, the discussion paper also contained discussion aligned with the old guidelines on what constitutes “developments and enhancements”. This followed a Compliance Group request for information on Limit C costs which showed significant differences in treatment between societies especially with respect to CCTV and air conditioners.

In order to achieve consistency in the resubmission process around the treatment of CCTV and air conditioners under Limit C, it has been decided that CCTV is no longer to be considered as captured by the notion of a development or enhancement. It is apparent that CCTV has now become a universal chattel in gambling operations. Air conditioners will continue to be categorised as subject to Limit C. There are many reasons why air conditioners may be a *necessary* expense, but that alone does not distinguish it from being an enhancement. The Department expects all costs associated with air conditioners, irrespective of who incurred the cost in the first instance, to be listed in the venue cost schedules and accounted for by societies.

The Reference Paper contains a description of how to reflect development and enhancement costs in the venue costs schedule. This description is aligned with the practice set out under the old guidelines.

Implications of Amending Venue Cost Schedules

The societies will need to discuss the amendments to the venue costs schedule with venue operators. As the schedule is part of the venue agreement, it will need to be signed by both parties.

Once the venue cost schedule is amended, this is the basis on which societies should make venue payments from that point forward. The amended venue costs schedule in effect varies the contract between a venue operator and society. The old schedule becomes null and void as a basis for any payment.

The Department will be approving the new venue costs schedules that are submitted. If amendments need to be made to schedules as part of that process, any differences in payments to venue operators prior to that approval will need to be redressed.

Licensing Process

New class 4 venue license applications will require the standardised schedule to be used. There may be a slight lag for applications currently being prepared by societies. The Licensing Unit will accept old schedules for a period of time but it is in interests of societies to use the new schedule as soon as possible to avoid the need for a resubmission.

The Licensing Unit will not require supporting documentation to be sent in with every venue costs schedule during the normal class 4 licensing process. The venue costs schedule requires societies to attest to what evidence it has to verify the costs claimed and it is expected that documentation exists and has been accurately reflected in the schedule.

As a check, the Licensing Unit will periodically ask for all the supporting documentation to be submitted for an application it has received. If issues are identified as part of that process, it will likely result in further venue cost schedules being checked in the first instance and, if necessary, inspectors conducting an audit at the society office.

If there are integrity issues with venue cost claims, the Department may take sanction action against a society or venue as appropriate.

Process for Submission

A copy of the venue costs schedule can be found on the Department's website. This form has been created in Excel and contains formulas to simplify the completion process. It can also be printed out and filled in manually.

When resubmitting new venue cost schedules to the Department, please:

- send a hard copy of the amended venue cost schedule;
- attach a copy of the old venue cost schedule; and
- do not send in supporting documentation.

Please send the physical venue costs schedules to:

Class 4 Venue Costs
Operational Policy
Gambling Compliance Group
Department of Internal Affairs
P.O. Box 805
WELLINGTON 6140

If societies are completing the form electronically, we ask that an electronic version be retained and, in addition to the hard copy being sent to the Department, that electronic version be sent in batches (rather than one by one). If a society is able to also provide the information in that format, it will greatly simplify and speed up the data collection process.

Please send any electronic copies to: GCGRequests@dia.govt.nz

Once the Operational Policy team has collected the data from the venue cost schedules, the schedule will be placed in the Licensing files. The Operational Policy team will also collate that information as class 4 venue licences are approved.

Societies will be informed of the approval of the amended venue cost schedules in batches.

If you have any questions on this process or the new schedule, please contact Angus Hyatt, Senior Policy Advisor at: angus.hyatt@dia.govt.nz or directly on (04) 495 7271.