

Gambling Act 2003: **Fact Sheet 26**

Venue Costs

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Section 116 of the Gambling Act permits the Secretary for Internal Affairs to limit and exclude class 4 venue costs. *The Limits and Exclusions on Class 4 Venue Costs Notice 2 September 2004* (Venue Costs Gazette Notice):

- Authorises the costs societies can pay in respect of venues, either directly to venue operators or indirectly.
- Places limits on these costs.
- Ensures societies do not pay other costs in respect of venues.

Limits on Costs

The Venue Costs Gazette Notice contains the following limits and the date from which they are to be enforced. The limits are the maximum amount a society can pay:

Limit	Amount and type of costs	In force from
Limit A	\$0.60 per gaming machine per hour of gaming machine operation in Hourly Operating Costs,	1 Dec 2004
Limit B	\$75 per gaming machine per week for Weekly Operating Costs	1 Dec 2004
Limit C	\$800 per venue per week for Venue Operating Costs	1 Dec 2004
Limit D	16% of a corporate society's class 4 turnover minus prizes (for all costs paid in respect of the corporate society's venues)	1 Dec 2005

The Venue Costs Gazette Notice defines the permissible costs for each category (hourly, weekly and venue operating costs) in relation to the operation of gaming machines:

Hourly Operating Costs

- Labour costs (e.g. hopper refills, customer service, clearing coin jams, cancelled credit payments)
- Electricity costs
- Fees, for managing the services of the above

Weekly Operating Costs

- Labour costs (e.g. starting up and closing down, bagging coins)
- Rent or lease payments
- Insurance costs
- Interest costs
- Fees, for managing the services for the above

Venue Operating Costs

- Labour costs (e.g. banking gaming machine proceeds, cleaning, staff training time)
- Security costs
- Developments, enhancements and/or maintenance of venue
- Fees, for managing the services of the above

Fees in each category must not exceed 25% of the sum of the other costs in that category. For instance, fees within limit A must not exceed 25% of labour costs plus electricity costs.

There are certain items that societies cannot legitimately pay as venue costs. A corporate society, when incurring costs associated with a class 4 venue, must not:

- Incur costs that are not Hourly Operating Costs, Weekly Operating Costs or Venue Operating Costs
- Incur costs that are not within the expense limits set out by Limits A – D
- Pay a venue operator costs that the venue operator is not liable for under the venue agreement or that are not actually incurred by the venue operator
- Incur costs simultaneously in more than one of the above cost categories, i.e. if a labour cost is included under Limit A, it cannot also be paid under Limit B.

Venue Agreements

The Gambling Act also requires that class 4 venue agreements contain an itemised list of costs associated with the operation of gaming machines. This should include, at a minimum:

- The categories (hourly, weekly and venue costs) and subcategories (labour, electricity, etc) specified in the Gazette notice.
- The amount to be paid for each category and subcategory.
- The particular duties that make up labour costs.

Further Information

For more information on the limits and exclusions on class 4 venue costs visit the Department of Internal Affairs website: www.dia.govt.nz. You can view the Guidelines on Venue Costs under the Gambling Act 2003, the Venue Costs Gazette Notice and other relevant documents.

While reasonable measures have been taken to ensure the quality and accuracy of the information contained in this Fact Sheet it does not replace information contained in the Gambling Act 2003 or the Racing Act 2003 or any provisions pursuant to these Acts. This Fact Sheet is for general information only and is not a substitute for independent, professional legal or financial advice.

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