

The year in reflection

By Mike Hill, Director Gambling Compliance

As 2007 draws to a close it is useful to look back at what has been achieved and to indicate our priorities for 2008. The Department is on record that it wants to achieve maximum voluntary compliance by working with and assisting the sector. We believe we have done this in many ways and appreciate the input of so many. The Department continues to be concerned about non compliance and remains prepared to take enforcement action where appropriate.

Stakeholders

The Regulators' Forum proved to be a useful way to discuss gambling issues honestly and frankly. The Department and the Ministry of Health Expert Advisory Group was also maintained. The expert representatives thought it could be enhanced if the Department and Ministry defined a range of questions for the forum and sought advice on them.

The Department met regularly with service providers and gained a better understanding, from the providers' perspective, of the implications of gambling harm.

The Department also met regularly with an inter-agency group to develop broader responses to problems of crime and criminality that impact on the gambling environment.

We conducted a number of formal and informal presentations with societies and engaged with trustees during audits. All these meetings were useful in working better together and working through issues.

In summary, the Department appreciates the investment by key people across the sector into these forums. It all helps us to achieve better compliance with the Act.

Major investigations

The casinos certainly made the news this year, with allegations around crime and criminality and gambling integrity by former Christchurch Casino managers Peter Arbuckle and Stephen Lyttelton.

The Department responded by conducting thorough investigations into the concerns and also contracted BMM Testlabs to undertake an independent audit of the DACOM system in the Christchurch Casino. (see *Gambits* page 10)

While the specific allegations made by Arbuckle and Lyttelton were unfounded, the profile of these issues and media interest in alleged loan sharking in Auckland resulted in more engagement with casino executives and a greater willingness by casino operators to both understand and be more proactive around money laundering and crime related concerns. This is something the Department wants to see continue in 2008.

Across the Class 4 area there continues to be prosecutions for theft. The incidence of late banking has reduced in the wake of several infringement notices being issued. The Department is thankful that most societies are working with us on this issue but would like to see a concerted effort for the new year in eradicating it completely.

Continued on next page

CONTENTS

3	ALL GAMBLING	10	CASINOS
4	PUBS AND CLUBS	11	COURT CASES
8	LICENSING NOTES	12	MEDIA RELEASES

Index

December 2003 – December 2007
available on www.dia.govt.nz

Continued from previous page

Venue Costs Working Party

The sector and the Department invested significant effort into this working party and the recommendations have been finalised. While the outcome is helpful in moving things forward, it is an area that may require further work in the future.

Gaming Technology

The good news for the sector is that the Department's new Gaming Technology team is now turning around game approvals, mostly within three to four days. There have also been significant advances on the jackpot standard, EMS connectivity standard, and adopting National Standard 9. The Department is confident that these key pieces of work will be completed very early in the New Year.

Fees review

The outcome is quite close. (see *Gambits* page 3)

The Auditor General audit on the Department's controls on non-casino gaming machines

This was a useful exercise for the Department and we are working to implement each of the recommendations.

Gambling Commission

There were a number of interesting challenges for the Gambling Commission and we welcome the robustness of this process to better define the gambling environment.

EMS

This has proven to be a success and we are now able to better track actual spending on gaming machines. The Department is working to use EMS information to better inform its regulatory approach.

Integrated Gambling Platform (IGP)

The Department is building a business case to support E-Licensing and other electronic enhancements to advance service delivery.

Project Metos

This was a major study by the Department to better understand the nature and extent of crime and criminality around casinos. The Department is in the process of briefing key stakeholders on its findings.

Where do gaming machine profits go?

This survey presented information on the allocation to authorised purposes of non-casino gaming machine profits. It was well received by the sector and stakeholders and is to be repeated. (see *Gambits* page 5)

What we have tried to better understand this year:

- Financial viability issues around societies
- Management companies and the reasonableness or otherwise of their cost structures and how they fit as "key persons" under the Act.

GCG Review

We took on board sector and stakeholder feedback from the 2006 'gap analysis' and other forums and redesigned how we will deliver compliance services in the future. The Department is now moving to implement this structure and a programme of work that will better achieve our outcomes and hopefully assist gambling operators to comply with the Act. We intend to brief key stakeholders on these changes early in the New Year.

Looking ahead to 2008

The Department is focusing activity on:

- Ensuring the integrity of gaming
- Keeping gambling safe from harm and gambling-related crime
- Maximising benefits to the community.

We hope gambling operators can share this effort by accepting responsibility for making their operations comply fully with the Act.

The Department's priorities will certainly include:

- Maximising opportunities around the licensing process
- A focus on harm minimisation, particularly around exclusion orders at venues
- A focus on gambling related crime – particularly theft of money and late banking, and crime and criminality around casinos
- A particular interest in the safety from harm and crime issues as they relate to local communities
- Ensuring the integrity of gaming – both gaming operations and gaming machines
- Maximising returns to the community.

The Department looks forward to again working with the wider sector to best achieve the outcomes of the Act for 2008.

All the best for Christmas and the New Year.

New fees likely to take effect in February

Final decisions are awaited from the Government to amend fees under the Gambling Act 2003.

The proposed new fees were set out in the consultation document *Review of fees under the Gambling Act* on the Department's website: www.dia.govt.nz. Once approved, the new fees would take effect in February after publication in The Gazette.

The current fees were set in 2004 before much of the Gambling Act came into force. The proposed fees are based on actual experience and more fully reflect the Department's time and resources to undertake responsibilities under the Act. They also take into account cost increases in the support and service areas.

The new fees are designed to provide certainty for up to five years and to recover increased costs and achieve cost recovery from the industry by the end of that period. Following submissions from the sector, the position is likely to be reviewed in 2010 to ensure the process is on track.

All fees associated with the regulation of gambling are being consolidated into one set of regulations.

Holiday licensing and EMS support

Department of Internal Affairs offices will be closed between 24th December and 3rd January.

During this period the licensing unit will not be processing new licence applications or licence surrenders.

The EMS Helpdesk and the EMS website will be open and operating as usual.

Gambling Inspectors will be on duty to carry out usual compliance functions.

REMINDER: Player information displays

From the 1 July 2009 **all** New Zealand Electronic Gaming Machines must comply with the Gambling (Harm Prevention and Minimisation) Regulations 2004, which include a requirement that EGMs provide players with information about their net wins or net losses during their session of play.

Any EGM that does not comply with this requirement must not be used on or after this date.

The regulations were made on 30 August 2004 and have applied to new EGMs since 1 October 2005. They require machines to have a design feature that interrupts play at irregular intervals, not exceeding 30 minutes of continuous play, and informs the player of the duration of their session of play, the amount of money the player has spent as well as their net wins and net losses. Gaming machines must also display the current time while they are in use.

Also after 1 July 2009 non-downloadable or hand pay jackpot systems must not be used as this would result in a situation where the net wins or net losses display on the EGM is inaccurate. A proposed new jackpot standard will be available for consultation shortly.

It is most important that gaming operators achieve these requirements and plan to meet the deadline.

PUBS AND CLUBS

Competition by societies for venues to be addressed

The Department is aware of the competitive environment that has developed between societies for venues.

To help avoid concerns that financial inducements and overpayment of expenses might be involved, the Department will be seeking greater transparency when venue changes are registered. New requirements will be introduced next year to ensure there is no financial advantage or inducement offered beyond current venue payments.

Before issuing a venue licence the Department must be satisfied that all venue costs being claimed are actual, reasonable and necessary.

From 1 April 2008 the Department will require societies to provide documentary evidence to support the payments shown in venue agreements. Any increase in venue payments will be scrutinised closely.

In addition, the Department is considering requiring either the society's chairperson or auditor to sign off the venue payments schedule in the venue agreement.

This would be mandatory where venue revenue exceeds \$20,000 per week and the Department would obtain it from any other venue where circumstances warrant such scrutiny.

Maximising returns and minimising costs

Societies renewing their licences will be expected to state how they will maximise returns to the community and minimise costs. Many statements in the past have lacked detail.

The quality of the statements will be a key focus at licence renewal time and during audits, with societies expected to provide evidence when asked.

The statements need to include clear, practical examples supported by documentary evidence. For example, by:

- Demonstrating a cost/benefit analysis before committing to significant expenditure
- Tendering for goods and services

- Obtaining quotes for more goods and services
- Maintaining an efficient organisational structure
- Employing efficiencies through technology
- Using volunteers (in the club sector particularly).

Examples of maximising returns could include:

- Improving venue staff skills and training to operate the venue efficiently and safely
- Taking advantage of interest bearing, on demand accounts for cash that is banked.

Under sections 50, 52 and 56 of the Gambling Act 2003 the Secretary for Internal Affairs must refuse to issue the licence if he is not satisfied the applicant complies with all relevant requirements.

Before issuing a venue licence the Department must be satisfied that all venue costs being claimed are actual, reasonable and necessary.

Annual reports required

Societies and clubs are reminded that under sections 107 and 108 of the Gambling Act 2003 they must submit an audited annual report to the Department no later than three months after the end of their financial year.

The Department expects to receive the annual report as one complete document, preferably as an unbound black and white document printed on plain A4 paper, or in a suitable electronic format.

The annual report must include:

- An itemised list of distributions to authorised purposes
- A set of financial statements
- An auditor's report on the information in the annual report
- Information regarding the conduct of Class 4 gambling.

Class 4 information involves, as a minimum, details of the society's legal and management structure, how the society functions and a list of venues with the number of machines at each venue. It is also important to comment on the society's approach to compliance and, in particular, initiatives to minimise harm.

Clubs need provide only the detail related to their gambling operations.

Reviewing the content of annual reports will also be a key focus for the Department to ensure the requirements of sections 107 and 108 of the Act are being complied with.

Grants survey to be repeated

The Department plans to repeat its survey of gaming machine grants as an interim measure pending the introduction of a better information collection system.

The last survey of Class 4 societies' authorised purposes grants covered 2005* and followed similar reports in 1996 and 1999/2000. The next survey will be in 2009 and cover the 2008 calendar year. Information will be requested under section 365 of the Gambling Act 2003.

Changes to venue licence application forms

The Department is keen to ensure that the written description of a venue's primary activity on a venue licence is accurate.

To this end, operators will be required to select a description of a venue's primary activity from several options when returning venue licence applications or amendments. These options include:

Non-commercial - usually a club venue

Commercial: Hotel - a venue whose primary activity is the provision of accommodation

Commercial: Restaurant - a venue whose primary activity is the provision of dining

Commercial: Tavern - a venue whose primary activity is the provision of alcohol

Commercial: Ten Pin Bowling - a venue whose primary activity is the provision of ten pin bowling

Commercial: Pool Hall - a venue whose primary activity is the provision of pool

Commercial: Other (please add detail)

- where the primary activity is not covered by the above descriptors.

The Department asks operators to complete this new section accurately and, if unsure, to contact the Department to discuss.

Further details will be sent shortly to operators so they can incorporate the collation of required information into 'business as usual' practices.

The Department recently consulted on several options for collating and distributing consistent Class 4 gambling information to stakeholders, including grants and exclusion orders. A report and recommendations are being finalised.

* see "More gaming machine money to the community" page 12.

PUBS AND CLUBS

Is your Help Desk call necessary?

When powering up electronic gaming machines (EGMs) at the start of business, venue staff are asked to wait five to 10 minutes before assuming there is a problem and calling the EMS Help Desk.

More than a thousand unnecessary calls a month have been made because venue staff are not allowing their gaming machines enough time to start up.

When a venue powers up its gaming room each day the site controller turns the machines on one at a time. Each machine then follows a series of checks and displays a sequence of screen messages, including "EGM disabled".

This is **not** a signal to immediately report a fault. If staff wait at least 10 minutes and ensure the EGM has completed its setup they will more than likely find the system works as it should. If it does not, switch the particular machine off and go through the same procedure again.

When a real problem occurs and a Help Desk call is necessary, staff are asked to have the following information ready when their call is answered:

- Venue ID (GMV)
- EGM serial number (all eight digits)
- Any messages displayed on the EGM.

More than a thousand unnecessary calls a month have been made because venue staff are not allowing their gaming machines enough time to start up.

GAMBLING COMPLIANCE KEY CONTACTS

0800 257 887

Open every day

0800 654 655

**Gambling
Helpline**
NEW ZEALAND

Should societies register under the Charities Act?

If you are involved in managing a gaming machine society, should you register under the new Charities Act? You may be wondering whether your current tax exemption status will be affected if you do not register.

Gaming machine societies have their own income tax exemption provision so there is no need for gaming machine societies to register to be eligible for a tax exemption. The Charities Act will have no direct impact on gaming machine societies.

Can gaming machine societies register anyway?

If your society already qualifies for a tax exemption, there is no need to register with the Charities Commission to retain this exemption. However, any organisation that considers that it has *charitable purposes* and is established for “public benefit” may apply for registration with the Commission.

From July 2008, all organisations that wish to be eligible for a tax exemption from Inland Revenue on the basis of charitable purpose will need to be registered with the Charities Commission. If you are not sure whether you have a continuing tax exemption check with your solicitor or accountant.

What does “charitable purpose” mean?

“Charitable purpose” has a special meaning in law – to have a charitable purpose, the rules or governing document of an organisation must clearly say that its work is for either:

- the relief of poverty
- the advancement of education

- the advancement of religion, or any other matters that are beneficial to the community.

For an organisation’s purposes to be charitable, its aims must also provide a public benefit. The benefit must be available to a large part of the community and the activities must not result in the private benefit or profit of any individual.

Relevant tax legislation

Gaming machine societies that operate in accordance with the Gambling Act 2003 are exempt income tax by explicit statutory provision. They don’t need to register with the Charities Commission to retain their tax exempt status even if they have a charitable purpose.

See section CW 40B of the Income Tax Act 2004:

CW 40B Income from conducting gaming machine gambling

An amount of income derived by a person that is gross gambling proceeds from gaming machine gambling is exempt income if –

- the person is authorised to conduct the gaming machine gambling under the Gambling Act 2003 by a gaming machine operator’s licence and a gaming machine venue licence; and
- the person complies with the Gambling Act 2003 in applying and distributing the net gambling proceeds from the gaming machine gambling.

Further information

For more information about the Charities Commission or registration under the Charities Act, please see www.charities.govt.nz. You can also call the Charities Commission on free phone 0508 242 748.

Gaming machine societies have their own income tax exemption provision so there is no need for gaming machine societies to register to be eligible for a tax exemption. The Charities Act will have no direct impact on gaming machine societies.

LICENSING NOTES

Review of AP statements

The Department is reviewing the Authorised Purposes statements of all corporate societies. The process includes ensuring that content complies with the requirements of the Gambling Act 2003 and checking layout, grammar, spelling and syntax.

The Department will make any necessary changes to language and layout and incorporate changes into

all subsequent operator and venue licences as they are issued.

Where incorrect or inappropriate content is identified, the Department will contact a society and suggest suitable alternatives. No changes will be made without the agreement of the society involved.

Once agreement has been reached, the Department will action the change through an Internal Operator Amendment Application and issue a replacement licence at no cost to the society.

Definition of gambling area

Applications for a new Class 4 venue licence and to amend a Class 4 venue licence provide an opportunity for the Gambling Area to be defined. The actual area needs to be clearly delineated, for example, by way of bolded lines or cross hatched lines. Please do not use a highlighter as it fails to show up when copied.

The quality and completeness of the information varies and can lead to considerable delays in the processing of those applications.

It is important that the application includes the following:

- An A4 sized page showing the layout of the entire venue [if more than one floor then use an additional page(s)]
- A diagram containing a scale and dimensions of the gambling area
- The walls, doors and access
- The exact location of the gaming machines
- A statement that the plan is a true and accurate copy
- Be dated and signed by both the venue operator (or authorised representative, e.g. a director) and a trustee/officer of the society
- Both signatories to print their names and designations.

Gambits' Editor is Trevor Henry.

If you have any questions about articles in Gambits, would like further information or have comments about what information we could provide to make Gambits more useful to you, please contact: Trevor Henry

Ph: (04) 495 7211 or 0275 843 679

E-mail: trevor.henry@dia.govt.nz

Venue surrenders

The Department is aware of some practices around venue surrenders, prior to moving to a new society, that are in breach of section 67(j) of the Gambling Act 2003.

Category B corporate societies cannot operate gaming machines at a venue without a current venue agreement that meets requirements. When a society surrenders a venue so another society can pick it up, that surrender date cannot be later than the date the venue agreement expires. If the incoming society asks for a later/revised surrender date, the outgoing society may extend the date. However, it cannot continue to operate the gaming machines beyond the expiry date of the venue agreement unless it signs a new venue agreement with the venue operator. That new venue agreement may be short-term if both parties agree.

Review of application forms

We are currently reviewing forms used in the various applications submitted under the Gambling Act. These are regularly updated and placed on the Department's website. It is important when submitting an application that societies and clubs use the latest version, including the Personal Information form.

We recommend that each time a form is used, it is downloaded from our website. If copies of the form have been made, please check that the copy is the latest version. That can be established by accessing the website and checking the date on the right hand side at the end of the first page of the particular application. If the most recent form is not used it may result in the application being returned and an updated version of the application being required.

Amendments to gaming machines

Changes and updates to gaming machines, and replacement of old with new machines, require an amended licence before they can be operated. It is important that the change, update or replacement of the existing game or machine be implemented as soon as the updated licence is received. We consider that 20 working days is sufficient for this action to be carried out, otherwise the society or club will be operating gaming machines outside the term of its licence.

GAMBLING COMPLIANCE KEY CONTACTS

0800 257 887

CASINOS

Audit confirms integrity of casino system

An independent audit confirmed that there was no evidence of money being skimmed or misappropriated from Christchurch Casino's gaming machines.

Evaluating the reliability of the casino's DACOM system included checking the installation of the gaming machines, interface controllers, cashier's station, network hubs and cabling, assessing operational procedures, checking system behaviour under a range of conditions, reviewing security and access privileges to the IT infrastructure and verifying software.

BMM Testlabs of Melbourne, an independent, accredited testing company, was engaged to test the integrity of the casino's gaming machine monitoring system after the Department of Internal Affairs found no evidence to support allegations made by two former senior casino managers, Stephen Lyttelton and Peter Arbuckle.

Internal Affairs Minister, Rick Barker, said the audit confirmed the robustness of the Department's own extensive investigations.

"I asked for the further BMM audit to give absolute certainty to the public and provide further assurance

of the integrity of the casino's monitoring systems," Rick Barker said.

"BMM said money skimming is only possible when meter values reported by the system are adjusted to match the physical money stolen from the gaming machines. The company found no evidence of any such actions being performed.

"Mr Lyttelton and Mr Arbuckle were able to make their allegations through the media, unchallenged, and have been evasive ever since. They have steadfastly declined to co-operate with the Department or the Police or produce any hard evidence to support their claims, despite numerous attempts to contact them via their lawyers and at different addresses.

"The public can be reassured that the independent report confirms areas identified by the Department's own investigation of Christchurch Casino as well as other issues. BMM made several recommendations to improve the monitoring system's integrity and security.

"Such recommendations are welcomed and will further strengthen processes. The Department will be checking to ensure the casino implements all recommendations."

Work to combat crime in casinos on track

Internal Affairs Minister, Rick Barker, outlined the progress being made to combat undesired casino-related activity and crime.

Internal Affairs conducted a strategic assessment of the broader crime issues associated with casinos and set out a framework for limiting opportunities for crime and criminality in casinos.

"I am very pleased with the ongoing work in this area, across a number of departments, aimed at preventing casino-related crime," Mr Barker said. "We are involved in discussions with a number of organisations to create a more integrated approach to dealing with crime in casinos. This includes the NZ Police, Ministry of Health, Ministry of Justice, Commerce Commission, Gambling Commission and NGOs with an interest in the area.

"The Department is contributing to a policy process led by the Ministry of Justice relating to the development of anti-money laundering legislation that will meet the

international standard set by the Financial Action Task Force (FATF), of which New Zealand is a member.

"An Organised Crime Agency (OCA) framework has been developed and Internal Affairs contributed information to ensure criminal activity in casinos is considered in the establishment of the OCA.

"I am encouraged by the amount of progress in this area and would like to acknowledge all the Departments involved and the casinos themselves for their co-operation.

"There is still work to be done but I am confident, given the good levels of co-operation from both the public and the private sector, that we are taking the right approach to ensure casinos are safer and free from criminal or undesirable activity," Mr Barker said.

Clear warning over late banking

The Manukau District Court has sent a strong message to venue managers who bank late.

In the first legal challenge to an infringement notice, the court rejected an appeal by the manager of a local bar against a \$2500 fine. It reimposed the fine and added costs of \$480. The Department imposed the fine after the manager failed to heed warnings of the consequences of late banking.

The venue was owned by a Dunedin company that used a Nelson-based management company to deal with banking and accounting. Once a week, The Trusts Charitable Trust Foundation e-mailed the manager with the EMS-confirmed amount to deposit. Instead of depositing the GMP cash directly into TTCF's dedicated account through the nearest bank, he used the money for business purposes and once a week banked the remainder to his venue operator's account in Dunedin. The Nelson management company calculated the reconciliation and then sent him a cheque, which he deposited to TTCF's account on the Friday, the fifth working day.

In March this year the cheque did not arrive on time and the banking was late. The manager was warned and asked to change his banking systems. A month later, the same story happened again and an infringement notice was issued. He admitted liability but asked to make submissions on the penalty. He blamed the courier for being one day late.

The judge accepted the Department's submissions that, by deciding to bank GMP to the business account and not directly to the society's account, venue managers have no one else but themselves to blame when section 104 of the Gambling Act 2003 and Regulation 4 are breached.

The community is the ultimate beneficiary of pokie funds through grants from the trusts and it is the community that loses out when the system is abused.

Pokie money to be repaid

A 49-year-old Taumarunui company director has been ordered to repay almost \$44,000 to a gaming machine society after falsely claiming for work carried out at the Taumarunui Alpine Inn.

Judge Merelina Burnett in the Hamilton District Court convicted Garry Peter Crossman and sentenced him to 200 hours community service after he pleaded not guilty to four charges of dishonestly using a document.

The Crown prosecutor told the court that gaming machine proceeds must be banked within five working days of machine meters being read. Crossman had a history of late banking that continued after the Department of Internal Affairs proposed to cancel the venue licence held by Scottwood Trust. After Crossman failed to bank almost \$10,000 in August 2006, Scottwood disconnected the machines with a further \$20,000 owing. The licence was cancelled on October 20.

Another society, Caversham Foundation Ltd, was negotiating to take on the gaming machine operation when Crossman obtained money from Caversham in early October with false invoices. He then used the proceeds to repay Scottwood and other debts.

Judge Burnett dismissed three other charges of theft by a person in special relationship.

Internal Affairs' Director of Gambling Compliance, Mike Hill, said there are strict rules under the Gambling Act 2003 for the handling of gaming machine money.

"The community is the ultimate beneficiary of pokie funds through grants from the trusts and it is the community that loses out when the system is abused," Mike Hill said.

COURT CASES

Fined for illegal gambling

Two people have been convicted and fined over illegal gambling.

Peter David Barber, aged 47, a labourer of Paraparaumu, was fined \$1000 in the Wellington District Court for conducting illegal gambling at his home address, Main Road South, the club rooms of Satan's Slaves motorcycle club.

Judge Anthony Walsh also ordered the destruction of four gaming machines and the forfeiture of \$2236 dollars, seized when Internal Affairs gambling inspectors searched the premises.

Angelique Veroncia Cooper, aged 52, of Westown, New Plymouth, was fined \$1500 for permitting an unlicensed gaming machine to operate in her Hearts and Armour Massage and Escort Service premises in Brougham Street. Judge Robert Murfitt in the New Plymouth District Court also ordered that gambling proceeds of \$4422 be forfeited and the destruction of the machine.

Guilty plea to theft charge

A 39-year-old barman who managed a gaming machine venue is due to be sentenced in the Nelson District Court next month after pleading guilty to a representative charge of theft by a person in a special relationship and another of failing to bank GMPs. He originally pleaded not guilty to nine theft charges and three of failing to bank but changed his plea during his trial.

The Department told the court the manager had failed to bank a total of \$77,684.83 into the bank account of the

Trillian Trust, which operated the venue. The banking pattern suggested "teeming and lading" – where GMP generated later is used to cover the banking of money due earlier. The defendant told the Department he was unaware of the missing GMP and had no idea where the missing money had gone.

The Department sought repayment of the money to the Trillian Trust.

MEDIA RELEASES

More gaming machine money to the community

11 October 2007

The social and community services sector received a much larger share of gaming machine money in 2005 than in 2000, while sport and physical activities' proportion dropped.

But sport and physical activity remained the largest single category recipient of funds from societies that operate gaming machines in commercial venues, and all sectors received much more money in real terms in 2005 than they did in 2000.

Research into the allocation of gaming machine profits, released by the Department of Internal Affairs, shows that the social and community services sector's share of the funding from societies that operate machines in commercial venues was up from 29 per cent in 2000 (\$37.6m in 2005 dollars i.e. inflation-adjusted) to 40 per cent in 2005 (\$108.5m).

Sport and physical activities' share was down from 60 per cent in 2000 (\$78.8m in 2005 dollars i.e. inflation-adjusted) to 47 per cent in 2005 (\$127.3m).

The amount gaming machine societies allocated to authorised purposes increased from more than \$151 million in 1999-2000 (the equivalent of over \$169 million in 2005 dollars i.e. inflation-adjusted) to more than \$317 million in 2005. Around 85 per cent was from societies with gaming machines in commercial venues. Clubs accounted for the remainder, with almost all their money used for the benefit of members such as meeting club operating costs. Because clubs are community organisations, these purposes are community purposes.

The report, *Where Do Gaming Machine Profits Go? A Survey of the Allocation for Authorised Purposes of Non-Casino Gaming Machine Profits in 2005* is available at: www.dia.govt.nz

Spending on pokies up again

31 October 2007

Gaming machine expenditure in 1600 pubs and clubs around the country rose almost two and half per cent to \$243.5 million in the three months to Sept 30 2007, compared with \$237.7 million in the previous quarter, according to figures from the electronic monitoring system (EMS).

The Department's Director of Gambling Compliance, Mike Hill, said the latest figures continue the trend shown in the June quarter but the September quarter had more 'trading' days. The June quarter included Easter, Anzac Day and Queen's Birthday.

"We would expect this increase to be translated into more money being returned to the community in grants from licensed societies," Mr Hill said.

EMS became fully operational last March and enables the Department of Internal Affairs to track and monitor

gaming machine operations, ensuring the integrity of games and the accurate accounting of money.

The biggest spending areas in the September quarter were Auckland City with \$25.8 million (10.6 per cent of the total), Christchurch City \$22.8 million (9.4 per cent) and Manukau City \$19.9 million (8.2 per cent).

Non-club venues accounted for almost 87 per cent of the expenditure at \$211.6 million, with chartered clubs registering eight per cent (\$18.7 million), RSAs four per cent (\$9.2 million) and sports clubs (\$3 million) the remainder.

The September quarter gaming machine statistics fluctuated marginally on the previous quarter indicating that numbers have stabilised with the introduction of EMS. Licence holders dropped on the June 07 quarter, from 439 to 435, venues from 1598 to 1593, while gaming machines increased from 20,120 to 20,163.

LICENSED GAMBLING OPERATIONS IN PUBS AND CLUBS

DATE	LICENCE HOLDERS	VENUES	GAMING MACHINES
30 SEP 2007	435	1593	20,163
30 JUNE 2007	439	1598	20,120
31 MARCH 2007	444	1607	20,302
31 DECEMBER 2006	476	1666	20,518
30 SEPTEMBER 2006	481	1676	20,571
30 JUNE 2006	496	1701	20,739
31 MARCH 2006	513	1721	21,026
31 DECEMBER 2005	526	1747	21,343
30 SEPTEMBER 2005	535	1770	21,684
30 JUNE 2005	553	1801	21,846
31 MARCH 2005	568	1838	22,159
31 DECEMBER 2004	584	1850	22,231
31 DECEMBER 2003	672	2031	22,734
30 JUNE 2003 ¹	699	2122	25,221

¹ Machine numbers peaked in the quarter before the Gambling Act was passed.

Continued on next page

MEDIA RELEASES

Continued from previous page

GM SPENDING BY SOCIETY TYPE – JULY TO SEPTEMBER 2007

SOCIETY TYPE	TOTAL GMP QUARTER	% OF TOTAL
NON-CLUB	\$211,608,640.31	86.9%
SPORTS CLUBS	\$3,031,710.40	1.2%
CHARTERED CLUBS	\$19,668,670.98	8.1%
RSAs	\$9,220,746.22	3.8%
TOTAL CLUB	\$31,921,127.60	13.1%
TOTAL ALL	\$243,529,767.91	100.0%

Further information, including numbers of venues, machines and expenditure by territorial authority and changes in the quarter, is available from the Department's Gaming Statistics web page at: www.dia.govt.nz

Funding for community groups, visit www.dia.govt.nz

The Department's website provides extensive information about the gambling sector, including details of gaming machine societies that make grants to community groups.

Click on "gambling" for
funding for community groups • gambling statistics • relevant law
application forms for licences, including housie and raffles • and much more

Click on "resources" for press releases.

Click on "what's new" for new additions to the website.

Open every day

0800 654 655

**Gambling
Helpline**
NEW ZEALAND

GAMBLING COMPLIANCE KEY CONTACTS**0800 257 887****Keith Manch**

Deputy Secretary, Regulation and Compliance Branch

The Regulation and Compliance Branch encompasses all the roles where the Department is, in effect, the regulator of a sector of the economy.

In addition to gambling, this includes censorship compliance, local government services, fire service policy, identity services policy and civil defence and emergency management policy. For the sake of simplicity, the functions outside the gambling sector are not included on this page.

For gambling regulation this includes the management of Gambling, Censorship and Racing Policy and Gambling Compliance.

John Markland

Manager Gambling, Racing and Censorship Policy

This team is responsible for policy advice to the Government, especially in relation to Acts and Regulations. This Policy team is in the same branch as the Gambling Inspectors and other Gambling Compliance staff. This means that policy and operational staff can benefit from each other's knowledge and experience.

Mike Hill

Director Gambling Compliance

This position is responsible for the Inspectors and other staff working with the gambling sector to bring about compliance with the law. The Director works closely with the Manager Gambling, Racing and Censorship Policy so that there is a constant flow of information between the staff involved in applying the law and those who develop the law.

Jannette Farley

Acting Manager Operational Policy

Operational policy provides support and advice to the Gambling Inspectors and other staff working in the sector. It develops standards, game rules and other "deemed regulations". In broad terms, its role is to develop the Department's policies about how the law will be turned into the work done in the field.

Gregory Crott

National Manager Licensing and Compliance

This unit is responsible for licensing and compliance of all gambling outside of casinos. This includes gaming machines in pubs and clubs, lotteries, housie and other games of chance. Staff make decisions on licence applications, carry out audits, conduct investigations and receive public complaints.

- Northern Regional Manager (based in Auckland), Geoff Lawry
- Central Regional Manager (based in Wellington), Neove Christoforou
- Southern Regional Manager (based in Christchurch), Kevin Owen
- Licensing is carried out by a team in Wellington

Debbie Despard

National Manager Casino Compliance

The Department has Gambling Inspectors working in each of the country's six casinos. They carry out audits, ensure ongoing suitability of casino staff, investigate incidents and gamblers' complaints and ensure that the casinos comply with the Gambling Act.

- Northern Regional Manager (based in Auckland), Maria Bradshaw
- Southern Regional Manager (based in Christchurch), Dennis Petersen

Geoff Owen

Manager Investigations Unit

The Investigations Unit is responsible for undertaking significant (complex, cross group, lengthy and sensitive) investigation projects involving criminal, legal and financial issues related to the governance and operation of gaming sector people and organisations. It also provides expertise and support to investigations and audits across the group.

CONTACTS

All gambling compliance staff can be contacted by phoning the Department's tollfree number

0800 257 887

E-mail: gaming.compliance@dia.govt.nz

Web: www.dia.govt.nz

Postal address and fax numbers:

CASINO COMPLIANCE

PO Box 805, Wellington, Fax: (04) 494 0624

GAMBLING LICENSING

PO Box 10-095, Wellington, Fax: (04) 494 0656

GAMBLING COMPLIANCE

Auckland

PO Box 2220, Auckland, Fax: (09) 362 7945

Wellington

PO Box 10-095, Wellington, Fax: (04) 495 7214

Christchurch

PO Box 1308, Christchurch, Fax: (03) 353 8309

GAMBITS

The Department of Internal Affairs produces Gambits quarterly. Copies are distributed in March, June, September and December.

Gambits provides information about the Department's recent work and significant issues in the gambling sector.

It is intended for sector organisations and the community in general, to increase understanding of and compliance with the law.

Editor: Trevor Henry

Telephone: (04) 495 7211, 0275 843 679

E-mail: trevor.henry@dia.govt.nz

Do you want to receive Departmental media releases and Gambits?

If you would like to have your organisation added to the Department's distribution list for media releases about gambling issues, or want to receive Gambits but are not currently on the mailing list, please fill out this form and return it, or e-mail the information to:

Department of Internal Affairs, PO Box 805, Wellington. Communications Advisor Trevor Henry, telephone (04) 495 7211, fax (04) 495 7224, e-mail trevor.henry@dia.govt.nz

Organisation name: _____

Contact person: _____

Media releases: _____

e-mail: _____

Gambits postal address: _____

