

On site

Site operators come under the spotlight this issue with features on site rentals and the role of site operators. Plus, there's an in-depth look at the various issues that came to light in the last round of renewal applications, with the aim of putting things right for next time.

With the Gaming Review well under way, a public consultation document has recently been released. Your views are important, so read on to find out how you can help to effect changes in gaming machine operations.

Talking of change, we've seen a few staff come and go in the last few months, and want to introduce you to the newest members on our teams around the country. In particular, we'd like you to meet Geoff Lawry, the new Senior Inspector of Gaming in Auckland.

There have been changes to our website, too, and we'll be filling you in with the latest updates.

Renewed vigour

The last renewal round was completed on target, thanks largely to the standard of your forms. Here, we focus on four problem areas that still need addressing

More than 80% of gaming machine licences are due for renewal on 30 September each year. As you can imagine, considering 700 or so applications and issuing renewed licences with new licence conditions is daunting, to say the least.

This year, with our new gaming database working well, we at Gaming Licensing optimistically set ourselves a goal of issuing 95% of those renewal applications before Christmas.

We're proud to report that we achieved our target on 23 December 2000, when we issued our 643rd renewal. We could then enjoy the Christmas break, knowing there would not be a huge pile of renewals to action on our return.

We're also pleased to report that most of the renewal application forms filed were of good standard and in most cases we didn't need to go back to applicants for more information.

Of the societies sent renewal application packs, 37 have been wound up, and 23 have been sent letters proposing to decline their renewal.

In the course of considering all the renewals, we did come across a number of problems that still need to be ironed out. Here's a list of the things you need to put right before the next round:

- 1) Many societies-often the smaller clubs-seem unsure about what is a gaming machine expense and what can be claimed as an authorised purpose. For example, a club with two gaming machines claims, say, \$5,000 for electricity as an expense. Since the expenses must only relate to the operation of gaming machines (and it's unlikely that two gaming machines would use \$5,000 of electricity), we have to go back to the club for an explanation.

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Often it transpires that the club's authorised purpose, as shown on its licence, is for the provision and maintenance of club facilities. As such, the club can use its gaming machine profits to cover these costs.

- 2) The same sorts of clubs often carry forward quite large amounts of gaming machine profits into the next financial year instead of distributing them regularly, as should be done. If a club has a large, long-term project to be funded, the money allocated should be transferred promptly from the gaming machine account into an account for the project.
- 3) Hotel-based trusts seem to have frequent misunderstandings of the required accounting standards. These problems are usually resolved satisfactorily, but can be time-consuming. Societies should contact Gaming Licensing if they are having difficulties in this area.
- 4) Societies that carry forward a deficit into the next financial year are of particular concern. A society cannot distribute more in grants than is available from profits once expenses have been met. However, some societies report this to be the case. Please take note that a society that achieves a minimum 33% return only by carrying forward a deficit will not have its licence renewed.

What's on the web

You may have seen the article about our updated website in the last issue of Gambits. Since then, we have continued to bring the site up to speed, adding a new set of gaming machine statistics, drawn from current licences as at 31 December 2000. We have also included the last issue of Gambits, and a new page featuring statistics on general gaming expenditure.

We have been working on the page containing contact addresses for societies that distribute grants, and we expect to publish a new version of this in the immediate future. The new page will be searchable, and will provide site addresses and society contact details, including the statement of authorised purpose.

We are always keen to receive your e-mails about the website. Perhaps you wish to point out errors we have made. Or maybe you have suggestions about what could be included, or improvements we could make to our general communications with you and the public.

Don't forget our website address: www.gaminglicensing.dia.govt.nz

Up for discussion

With the recent release of the Gaming Review's public consultation document, now is the time to make your views heard

You will no doubt be aware that in November 2000 the Minister of Internal Affairs released the terms of reference for the Gaming Review.

The next major step in the Review process comes with the recent release of the public consultation document, Gaming Reform in New Zealand: Towards a New Legislative Framework.

Here are some key points of interest from the document for those involved in operating gaming machines:

- The role of gaming in our society. At present, much of gaming is conducted for some form of community benefit. Should this continue?
- What are the particular risks of gaming that laws might need to address? The document suggests that these might include the possibility of unfair games, problem gambling, and offending (due to the fact that gaming is often cash based). Do you agree?
- How should problem gambling be managed? Should there be special requirements for continuous forms of gaming such as gaming machines, given their links with problem gambling?
- Are there better ways of regulating the entry of gaming operators to the industry, and players' access to gaming?

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- If the “community benefit approach” continues, are there ways of collecting gaming profits and redistributing them to the community that would be fairer and more efficient than the present system?

These are just some of the interesting issues raised in the document. Gaming machine operators are encouraged to take the opportunity to make their views known on the future of gaming in New Zealand.

Information about the Review, including an electronic copy of the consultation document, is available from the Department’s main web page at www.dia.govt.nz

Hello and goodbye

There have been some changes to our Gaming Compliance team.

In Auckland, long-serving Senior Inspector Trish Wood has moved on to take up a position with United Gaming Ltd. Trish has been replaced by Geoff Lawry (see right). John Hennebry also joins the Auckland office as an Inspector.

In Wellington, Senior Inspector Kevin Coffey is leaving us soon to travel overseas. And in Christchurch, Gaming Inspector Chris Cracroft-Wilson has left to take up a position with the Southern Regions Charitable Trust.

The Gaming Licensing team welcomes Mary-Therese Nalder (pictured below) as its latest recruit. Mary-Therese started last December, bringing the team up to full strength again.



A team effort

Meet Geoff Lawry, the new Senior Inspector at Auckland’s Gaming Compliance Unit

After 29 years with the police, Geoff Lawry was ripe for change. For three years he was self-employed, doing building, landscaping and property maintenance work. “I took a break from compliance roles for a while, and when my brain started going to sleep I knew I was ready to return,” he says with a laugh.

Last December, Geoff joined the Auckland Gaming Compliance Unit as Senior Inspector. In his new role, he oversees five Inspectors, whose main role is to audit gaming machines and societies. “We also have to ensure that the correct amount of money goes to authorised purposes by way of grants,” he explains.

“One of my main aims is to build a better working relationship with the people operating sites and societies”

As well as addressing both internal and external problems, and assigning tasks accordingly, Geoff has been busy bringing himself up to speed with new legislation and procedures. “I was lucky to have been a team leader in the police for many years, so I was familiar with that aspect of the job,” he says. “However, the area of gaming was new to me, so I’ve had a steep learning curve.”

Geoff believes that establishing close links with those in the gaming industry is key to his role. “One of my main aims is to build a better working relationship with the people operating sites and societies. I believe that if our stakeholders can put a face to a name, it will help us work together to achieve better results.

“My ideal is to see both Gaming Compliance and Gaming Licensing heading in the same direction as our stakeholders. If we can all relate to each other, and learn from each other’s field of expertise, we’ll be able to bring about an improved working environment.”

At whose expense?

Concerns about excessive site rental payments led us to carry out some research. Read on for the results.

As some readers will be aware, the department has been researching the levels and scope of site expenses payments. This work was triggered by a complaint from one National Trust that sites were being lured away by the promise of high levels of site expenses. It was alleged that amounts as high as \$500 per machine per week were being offered by hotel-based trusts. However, in the case of the specific complaint, the allegations appeared to be without foundation.

The department has collected information about site expenses from societies and we have also investigated several cases where allegations were made, or where unusually high amounts were being proposed.

The research data is summarised in the chart:

The spread of typical payments is between \$0 and about \$250 per machine per week. There were found to be a small number of sites (16 out of 1,117) where the payment exceeded \$250, the highest being \$460, paid by a single site hotel-based trust.

The data suggests that, by and large, sites are not receiving excessive amounts to cover site expenses.

As a consequence of the research, we will be ensuring that any payments outside the typical range, that is in excess of \$250 per machine per week, will receive close scrutiny. It should be noted that even payments below \$250 must meet the standard requirements of being actual, reasonable and necessary.

Since the research was conducted the department has uncovered evidence of one society making site payments of unprecedented size. Our Gaming

Compliance unit is working with the society involved to rectify the situation.

In addition, the research has shown that there is confusion about the definition of site expenses and there is evidence of inconsistent practices in matters such as the content of site agreements. We plan to address these issues in the immediate future and will keep you informed about developments.

Fine print

Have you published your list of grants to authorised purposes?

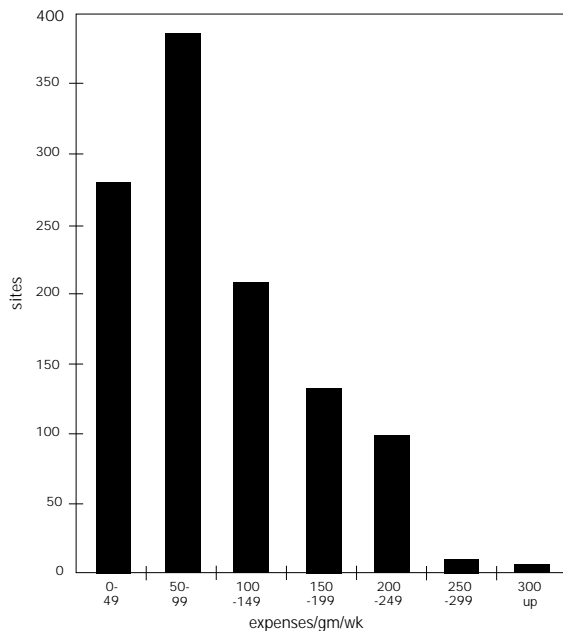
Congratulations to all those societies who have published their lists of grants. The effect of doing so has been noticeable to us in our routine work. The public has been made more aware of your activities as a result, and we get feedback on this. The major Community Funding supplement published in the Sunday Star Times of 10 December 2000 was particularly effective, and even brought one potentially serious case to light.

To those societies who have not yet published your list of grants, please note that the licence conditions require you to do so. You should also be ready to provide a copy of your published list of grants at renewal time, or when an Inspector of Gaming asks to see it.

If you have published your list but haven't yet sent us a copy, please do so now and remember that you must continue to publish this information at least once a year.

Chart 1 - All National Trusts and Hotel-based Trusts

Site payments	0-49	50-99	100-149	150-199	200-249	250-299	300 up
No. of sites	279	385	207	132	98	10	6



Notes:
Total number of sites included = 1,117

The data represented in this chart is taken from the financial statements of societies for the year ended 30 September 2000 and from more recent information supplied by societies in response to the letter of 13 September 2000.

The good, the bad and the ugly

We take a look at the role of site operators in the light of your feedback.

It has been suggested by some that we are being too tough on site operators, and we thought the issue deserved some comment.

Many, indeed probably most, site operators act reasonably with regard to the operation of gaming machines on their premises. However, as with any activity, mistakes can be made and there are always a few rogues about.

We have licence conditions which set out rules to ensure that the legislated principles for gaming are upheld. It is the gaming machine society's duty to manage its affairs-including its relations with its site operators-properly and in accordance with the Gaming and Lotteries Act and the licence conditions.

The licence conditions contain specific requirements relating to the relationship between societies and sites. These requirements include site agreements, banking of gaming proceeds and general gaming machine operation, and were found to be necessary because of persistent problems.

At the heart of the matter is the perception by many site operators that the gaming machine operations on their sites are, somehow, their property. This leads to the assumption that site operators have the right to dictate what happens to the proceeds from the gaming machines.

In some instances, this may mean site operators try to maximise the expenses claimed from the society. In others, they may seek to control who receives grants from the society. We have had reports of grant applicants being refused an application form by

the site operator, or being told that there were certain prerequisites, such as drinking in that pub, before grants could be obtained. In yet other instances, the site operator makes pledges to grant applicants for future support from the gaming proceeds.

The reason why these perceptions and actions are wrong is that they are at odds with the main, legislated principle for operating gaming machines. The principle is that gaming machines outside casinos may only be operated to raise funds for charitable and like purposes.

Site operators are entitled to be fairly reimbursed for the direct expenses of operating the gaming machines on their premises. The level of these expenses is the subject of ongoing research (see our article on Site Rentals).

Operators often provide useful advice about societies to potential grant applicants, and vice versa. That's great, and some societies would find life very difficult without this assistance. However, that doesn't mean site operators have any right to exploit or control the process.

Conference call

Representatives of Gaming Licensing will be at this year's Chartered Clubs conference in Rotorua on 18-19 March.

We will have a display, and staff will be on hand to discuss licensing issues with conference delegates. We look forward to meeting representatives of some of the many chartered clubs who hold gaming machine licences.

Ultimately, the behaviour of site operators is the responsibility of the societies. If everyone acts reasonably and cooperates to maximise the return to authorised purposes, then the system is working. However, we are aware that the problems with late banking and access to grants are widespread.

To curb these problems, societies must act more responsibly and, if necessary, the Department will have to act more stringently.

To all those site operators who are doing everything right, thanks for your support; the community is benefiting from your integrity. To those who are breaking the rules, watch out-things are getting even tougher and you stand to lose machines from your site if you are deemed to be unsuitable to operate gaming machines at site level.

Client survey

We have recently sent out a client survey form to all societies. We want to know what you think of our service, the forms we use and the licence conditions and guidelines.

Your survey form will be anonymous, so you can feel free to give us your real opinions and comments. Your feedback is important to us and it will help us improve our service to you, so please take the time to complete and return the form.

Gaming Machine Trusts Association formed

A number of major gaming machine charitable trusts have joined together to form an industry based Association, known as the Gaming Machine Trusts Association.

The trusts account for in excess of 50% of the gaming machine industry in New Zealand.

All members are charitable trusts raising much needed funds for amateur sport, community and charitable causes.

The Association says that, in the past, there has not been a uniform representative voice to represent the gaming machine trusts. With the Gaming Review it is timely that the hotel based trusts point of view is put correctly.

It is important the public is aware the trusts that operate gaming machines do so in a responsible way.

In the past there have been some unsubstantiated claims made about the industry.

The hotel industry is required to return a minimum of 33% to the community. This amounts to supporting a wide range of organisations at the grass roots level.

The new Association will be taking a responsible approach in the interests of the public, players and the community and will also be seeking representation as a full member of the Problem Gambling Committee.

Other major trusts are being invited to join the Association.

Meeting the makers

We are committed to consultation with those who have a stake in the operation of gaming machines. The people who make and distribute gaming machines and related equipment play an vital role in the gaming sector and it is important for us to get their input on issues. On 2 March, we met with representatives of the major manufacturing and distribution companies. (See picture below). We will report on the outcome of this meeting in the next issue of Gambits.

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