

GUIDELINES FOR SOCIETY CONFERENCE EXPENSES

Responsibility of Societies and Trustees

Trustees are required under the Gambling Act 2003 (the Act), to minimise expenses and maximise the return to authorised purposes in the community. This principle must be applied to all expenditure incurred by a society, including conference expenses. Society conferences to support the purposes of the Act must be – and must be seen to be – cost effective.

The Department's view is that not all conference costs in recent years have been consistent with the requirement to minimise expenses, and neither have they been consistent with acceptable notions regarding the operation of charitable trusts. Gaming Machine Societies should have minimal recourse to any practices that suggest a commercial intent. It has been difficult in some cases to reach a baseline with gambling operators on this issue.

The Department expects conferences, where held, to comply with the Act and these guidelines.

Proposed Guidelines

Conferences put on by societies for staff and venue operators should have a clear purpose that is substantially related to the lawful operation of gaming machines and other matters relating to compliance with the Act. The majority, if not all of the time spent at a conference by participants, must be related to these matters.

A conference, where held, should be a cost effective and efficient option for enhancing understanding and compliance with the duties and purpose of the Act.

A conference **cannot** be used to reward attendees for their loyalty to the society.

The Department proposes the following 'tests' to determine whether or not conference expenses are appropriate under the Act.

General

1. Societies must apply the 'maximise funds, minimise costs' principle to each line item in their budget.
2. Societies must weigh the costs and benefits involved in running a conference and consider alternative ways to keep venue operators informed of their requirements under the Act. Alternative means include (but are not limited to):

- Non-residential seminars
 - Regional events
 - Training using existing staff, or using ‘train the trainer’ schemes
 - Email or website updates
 - Telephone or video conferencing
 - Use of Societies’ existing compliance staff who regularly visit venues
3. The society is to keep detailed records of all expenses with receipts and other supporting documents, including competitive quotes. A record of the society considering all viable options is encouraged.
 4. Conference expenses will be subject to a DIA audit to assess whether they are actual, reasonable and necessary, and that Trustees have minimised costs.

Management Companies

5. A society must not pay for a representative of a management company to attend a conference unless that person is also a key person of the society involved in the society’s decision-making process. The society should check that the management contract allows for that representation.

Travel and Accommodation

6. Travel and accommodation costs have a significant impact on the overall costs of holding a conference. Societies should generally hold training seminars and conferences in a place where it is convenient and low cost for the majority of venue staff to travel. Wherever possible conferences should be held where the maximum number of attendees can attend without using air travel.
7. Conferences run by societies for staff and venue operators must not be held out of New Zealand.
8. The society is required to get quotes from no less than two providers to ensure it is getting the best value for money. The society may pay for one night’s accommodation, but no more, unless this is genuinely necessary to serve the training needs of those attending the conference. Travel and accommodation is to be booked well in advance to obtain the cheapest rates available.

Agenda

9. The conference agenda should be prepared well in advance of the conference. The purpose of the conference is to maximise compliance with and understanding of the Act. Conferences must be confined to the proper operation of gaming machines and matters relating to compliance with the Act.
10. If a venue operator is attending a conference relating to general hospitality management, then the society can only pay for the time that is allotted to compliance with the Act. If any component of a conference does not relate to this purpose it should not be paid for by the society.

11. Time allocated must not exceed that necessary to cover matters relating to compliance with the Act.

Attendance

12. Gaming machine funds can be used to pay for one person per venue to attend a conference. If a society wants two or more people to attend from the venue it must be able to demonstrate that their attendance is necessary in order to comply with the Act. For example, a society could, if necessary, pay for more than one person per venue to attend a non-residential training session, e.g. problem gambling awareness training.

Catering

13. Excessive costs for meals and alcohol are not appropriate. A society is a charitable body and its trustees must ensure that costs are minimised. It is not reasonable or necessary for these costs to be on the same scale as a commercial organisation. For instance, there is a distinct difference between supplying wine or beer with dinner and paying for an open bar.

Entertainment

14. A society cannot use gaming machine funds to pay for entertainment, extended leisure time, social activity or gifts for those attending the conference. Costs for these activities are not legitimate expenses for payment from publicly generated funds. In addition, it may be a breach of section 118 of the Act for a society to provide gifts to venue operators.
15. Free-time activities must be funded from sources other than gaming machine proceeds.

Sponsorship

16. A society cannot seek or receive any sponsorship from gaming machine manufacturers, distributors or service providers for conferences. The receipt of such sponsorship raises expectations (perceived or otherwise) from the providers about future business, notwithstanding any unconditional basis on which the sponsorship was accepted.

Other Useful Guidance

17. We refer societies to the general guidance on sensitive expenditure provided by the Office of the Auditor General on its website:

<http://www.oag.govt.nz/2007/sensitive-expenditure/docs/sensitive-expenditure.pdf>

This material applies to public entities and is used by the Department. We recommend it to societies as a useful tool when considering conference and other expenses that draw upon the proceeds of gambling. We strongly urge

societies to develop their own policies on sensitive expenditure to ensure they responsibly manage the funds they hold in trust for the community.