

# Gambits

NEWSLETTER OF  
GAMBLING ISSUES

JUNE 2009

THE DEPARTMENT OF INTERNAL AFFAIRS

Te Tari Taiwhenua

## Licensing sharpens focus

The Department's licensing unit has sharpened its focus as gate keeper, proposing to suspend, cancel or not renew a number of operator and venue licences for breaches of the Gambling Act.

Six Perry Foundation venues have accepted licence suspensions for two and three days for late notification of changes in operators/managers. Eureka Trust accepted the cancellation of a venue licence over late banking and surrendered two more, in the face of proposals to cancel, for failing to notify the Department that no gambling had occurred for at least four weeks. Beneficial Trust surrendered its venue licences after the Department had concerns with compliance issues at the venue level. The Trust will be applying to surrender its operator's licence, winding up its gaming machine operations.

Appeals to the Gambling Commission against licensing decisions include:

- Eureka Trust, over the Department's decision to suspend several of its venues' licences for one or two days, imposed because the Trust failed to notify changes in venue operators/managers
- Pamrei (2009) Ltd, over the decision to suspend a venue licence for three non-consecutive days for failure by the previous operator to notify changes to key people
- Kiwi Community Trust is appealing a decision to refuse to renew its operator's licence. The grounds for the decision was that the society's gambling operation was not financially viable, having failed to make the minimum return to authorised purposes.

Licensing will now propose to refuse to renew a Class 4 operator's and/or venue licence if the Secretary cannot be satisfied that a key person is suitable. Licensing also advises that it has made a small change in the processing of incomplete applications. Licensing will now return an application to a society only if it is "technically insufficient" to be processed. If an application needs additional information, licensing will approach the society. If the information sought is not forthcoming then licensing will propose to refuse to amend or grant the licence.

### GAMBLING COMPLIANCE KEY CONTACTS

0800 257 887

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December 2003 – June 2009  
available on [www.dia.govt.nz](http://www.dia.govt.nz)

## PUBS AND CLUBS

# Court backs Department on late banking

The Department's legal authority to issue infringement notices under section 104 of the Gambling Act 2003 has been confirmed following a recent defended hearing over frequent late banking by a venue operator.

Due to a perceived lack of clarity in the drafting of section 104 the Department asked the Court to clarify that late banking was an offence.

Judge D J McDonald, in a reserved decision, said a failure to bank within the time specified by s104 (2) would create an offence of failing to bank within terms of s104 (1).

"The prompt banking of gaming machine profits into the account of a Class 4 licensed holder facilitates money from gambling being injected back into the community," Judge McDonald said. "Providing a 'time certain' for banking would also be a check to ensure that the gambling machine profits were not used for a period of time for some other purpose by the venue manager."

The Department reminds societies and venue managers that weekly gaming machine profits must be banked within five working days. Societies risk loss or suspension of licence for repeated transgressions. They must also see that their machines are disconnected where all the GMP has not been banked within the timeframe.

The Department knows that the sector generally supports the five-day banking requirement as a means of protecting societies' and the community's best interests from financial mismanagement and worse.

We also take this opportunity to commend to all societies internal procedures that at least one trust instituted, alleviating the need to chase up late banking venues. This trust gets its venues to bank mid-week, removing the temptation for managers to hold back proceeds until the following Monday.

## Venue managers' responsibilities

The Department has been asked about venue managers' responsibility for banking and supervising gambling and venue personnel at Class 4 venues.

Section 4 of the Gambling Act 2003 defines a venue manager as '1 natural person responsible for supervising the gambling and venue personnel at a Class 4 venue and for banking the proceeds of Class 4 gambling'. Section 104 states that venue managers 'must bank all gaming machine profits from Class 4 gambling into a dedicated account at a registered bank in the name of the holder of the Class 4 venue operator's licence'.

The venue manager does not need to physically supervise the gambling and venue personnel, but whoever is supervising the gambling must be responsible to the venue manager. The Department will expect venue managers to have robust processes in place to ensure adequate supervision is achieved. In order to comply with the Act every Class 4 venue manager must be the person actually banking the gaming machine profits into the relevant society's dedicated account.

If a Class 4 gambling operation is not set up in a way that meets these requirements then the Secretary must not issue a Class 4 venue licence for that venue, or must suspend or cancel a licence that has been issued.

The Department recognises that on a few occasions, for example due to illness or bereavement, the venue manager will be unable physically to do the banking. Such a deviation must be the exception, not the norm. In the vast majority of cases the venue manager will do the banking. In these very rare cases, exceptions to the norm, someone delegated by the venue manager may have to perform the banking instead. Whoever does the banking should be responsible to the venue manager, who will be subject to the sanctions under the Act. If a venue manager is taking an extended period of leave the Secretary should be notified, with a personal information form submitted for the temporary venue manager.

For safety and security purposes, it is acceptable for a contracted security firm, such as Armourguard, to collect the banking from the venue manager to take to the bank.

The Department considers it best practice for venue managers to bank gaming machine profits *directly* into the relevant society's dedicated account. This is reflected in clause 44 (1) of the Gambling Amendment Bill (No 2) that amends section 104 to require that venue managers bank gaming machine profits *directly* into the relevant society's dedicated account. The bill has had its second reading in Parliament.

## Management fees in spotlight

Societies that employ management companies to service their gaming machine operations have a responsibility to establish that the fees they are charged are actual, reasonable & necessary.

A society must be able to establish that a management fee is reasonable and necessary to their gaming machine operation so that the Department can be satisfied that the trust is maximising its returns to the community and minimising its expenses.

An operator with in-house administration can produce invoices, broken down by the supplier, showing actual costs paid. An operator employing a management company must provide more than a bald invoice stating that it is for 'services provided' for a specified period of time. The Department is concerned where 'nominal costs' per gaming machine per month are charged with no supporting evidence that any of those tasks charged for each month are actually carried out. It is the society's responsibility to ensure that any arrangement or agreement for goods or services relating to the conduct of Class 4 gambling is:

- in writing and
- specifies the particular good or service and itemises their cost.

The requirement to keep relevant data and documents in a specified form can be found in Regulation 5 Gambling (Class 4 Net Proceeds) Regulations 2004.

The Department is concerned that it still finds examples of service agreements where there is limited information about goods or services being provided by management companies, in particular an itemised breakdown of their costs. It is also incumbent upon societies to ensure that these service agreements are up to date and accurate and the costs are commensurate with the level of engagement carried out by the service provider (e.g. a reduction or increase of venues operating with the society).

The Department will pay close attention to the role of management companies when auditing society accounts to ensure that societies have service agreements that are sufficiently specific about goods or services provided and that there is an itemised list of costs associated with those services.

### Who goes there?

Venue operators, trusts and other gambling promoters should be vigilant and ensure that they verify the identity of all gambling inspectors prior to audits and unscheduled inspections.

The Department was told recently of a known fraudster who had claimed to be contracted by Internal Affairs to audit gaming machines.

There's no indication that he carried out such a subterfuge but it serves as a reminder to societies and gambling operators that they ask any gambling inspectors who visit a venue to produce their warrant cards.

## New Minister of Internal Affairs

The new Minister of Internal Affairs is Nathan Guy, MP for Otaki and former Government Senior Whip. He replaces Dr Richard Worth, who resigned as minister on 3 June.

Apart from Internal Affairs, Mr Guy will also be Associate Minister of Justice and Transport and have responsibility for Archives New Zealand and the National Library.

A Horowhenua District Councillor for eight years, Mr Guy entered Parliament in 2005.

Before he resigned Dr Worth spelt out his priorities for gambling during question time in Parliament.

"My two key priorities in the gambling arena are, first of all, to maximise community funding from non-casino gambling machines in commercial venues and, second, to resolve dubious grant-funding practices in the sector," Dr Worth said.

"I am keen to see gambling trusts address real community needs and provide long-term benefits through their funding decisions. In the current economic downturn, when gaming machine revenue is declining just as demand for community funding is rising, I believe that this is a critical issue."

## PUBS AND CLUBS

# Funding for community groups

The Department is actively engaged in the community to ensure compliance with the Gambling Act and increase the amount of money returned through the distribution of gaming machine profits (GMP).

It has challenged and motivated societies to increase returns to the community by minimising their expenses and operating more efficiently.

Several initiatives have been implemented to facilitate a greater focus on return to the community. The community engagement activities and closer monitoring of society and venue expenses will result in more money for community groups. The Department has a strong focus on ensuring that societies maximise return to the community by minimising cost, as required by the Act. A number of cases are being investigated where societies have not adhered to the requirements of the Act and costs are not actual, reasonable and necessary. These matters are being progressed.

The Department is also keen to engage with communities to effect greater returns and to inform and educate those in the community and the sector about compliance and funding. An example is in the lower half of the North Island where Compliance Community Outcomes Manager, Neove

Christoforou, and six gambling inspectors have been working with operators to adopt best practice in compliance, local government, community groups who look to gambling societies for funding, and groups that deal with gambling's social effects.

The team operated a stall at this year's Central District's Field Days in Feilding where they distributed information about funding for community groups.

"We're trying to engage and facilitate community involvement in decisions about the provision of gambling. Getting involved with communities at ground level makes a huge difference. People should be informed, know the criteria and who to apply to for gambling funds," Neove said.

The team explains in some detail the meaning of authorised purposes and advises groups on how to apply for funding. The information is also available on the Department's website: [www.dia.govt.nz](http://www.dia.govt.nz)

## Community profile

The impact of gambling in Christchurch East is revealed in a snapshot of the community taken as part of the Department's Gambling Compliance Unit's development of a community approach to monitoring\*.

The GCU is taking a collaborative approach to addressing gambling-related issues at a local level, building networks within local communities and better understanding gambling concerns from a community perspective.

A pilot for the Community Engagement Model was conducted in the Shirley/Papanui and Burwood/Pegasus wards during the period 1 October 2008 and 18 March 2009.

Gaming machine profit or player losses (GMP) between 1 October 2007 and 30 October 2008 equated to \$238 for each resident of Christchurch East. There were 569 gaming machines operated by 11 societies across 39 licensed venues (including seven chartered or sports clubs), generating \$533,649 profit a week. Monthly losses averaged \$2.1 million or \$54,733 per venue – a total of \$27.7 million for the 13 months. The area also had 21 out of Christchurch's 71 Lotto outlets and 18 out of the city's 65 TABs.

Under harm prevention and minimisation (HPM) there were 113 self exclusion orders at 22 venues but no venue-initiated orders.

The Department tested a number of venues for their HPM support and assistance. Only one was found to be unsatisfactory. This was a good result.

The Department estimated conservatively that 19.8 per cent of the area's GMP, approximately \$5.5 million, was returned to the Christchurch East community in grants. This figure was a best estimate and did not take account of grants made to national and regional bodies that may benefit Christchurch East indirectly and variations and inconsistencies in the way societies recorded grants.

Community profiles are now being developed for Porirua, Northland and Dunedin.

\* see Gambits pg 1 June 2008

## Authorised purposes

Grants to racing and groups that miss out on funding continue to draw fire in the media and the Department is asked frequently to explain the law and the meaning of Authorised Purpose.

### Grants for sport

Grants must only be made for amateur sport. Most kinds of grants for amateur sports are permissible. A grant can pay for playing uniforms (but not dress uniforms), grounds maintenance, equipment, coaching – in short, anything that is necessary in order to play the sport.

Grants should be made to the national organisation or an affiliated club, not to individuals.

Professional sports are not Authorised Purposes, except where a professional is involved in coaching, training or development for junior sport. Grants can, at some times, be made for short term coaching courses, not a full-time salary.

To ensure that the sporting group has bona fide credentials, teams or individuals that benefit from grants should be affiliated to a recognised national organisation. Grants made to non-affiliated “social” sports clubs (such as corporate leagues) are not deemed to be an Authorised Purpose, as membership in these teams is not open to the general public.

The definition of “bona fide sport” that is approved by the Department is a sporting activity, organisation or club that is:

- affiliated or aligned to a national body and
- genuine and real (has standards and rules etc.) and
- played on a regular basis as part of a significant competition and
- open to public membership.

Trophies or modest non-cash prizes are the only kind of sports prize that is an Authorised Purpose. Cash prizes or large non-cash prizes are not an Authorised Purpose.

Grants for a public sports facility (e.g. a stadium) are acceptable as long as the facility is not used **primarily** for professional sport.

“Trade tournaments” or sporting events staged primarily for commercial publicity and/or the benefit of a select industry group are not an Authorised Purpose.

### Racing and semi-commercial sport grants

Under the Gambling Act 2003, an Authorised Purpose for which a grant can be made includes “promoting, controlling, and conducting race meetings under the Racing Act 2003, including the payment of stakes”.

Racing has a particular status in New Zealand society, which is recognised and reinforced in the legislation.

Authorised Purpose statements can allow for the proceeds from gambling to be spent on racing purposes.

However, grants cannot be made to support the commercial wing of the racing industry, for example, the training and/or breeding of racehorses or payment of jockeys or drivers.

Grants for ten-pin bowling should be purely for the assistance of members of the recognised amateur league and should not directly benefit any commercial ten-pin bowling centre (e.g. by the payment of lane fees).

Similar rules apply to any sports facility run for commercial profit, such as billiard parlours and golf “country clubs”.

## Maximising returns

The Department continues to challenge and motivate gaming machine societies to focus on their purpose and increase their level of return to the community by minimising their expenses and operating more efficiently, thereby increasing the amount of funding returned to the community.

Some societies are doing very well and regularly achieve returns of over 40 per cent to the community. Others struggle to achieve the minimum return of 37.12 per cent of GST exclusive proceeds as in many cases they operate a number of marginally viable venues or their operating expenses are too high.

When this happens they may surrender their licences, see them cancelled, or in some cases get absorbed by larger societies whose economies of scale enable them to operate more efficiently and maintain a high level of return to the community.

Approximately 42 per cent of total gross proceeds, approaching \$1 billion, are distributed back to the community, including clubs.

## PUBS AND CLUBS

# Accessing funding

The Department's website provides advice for community groups seeking funding.

Application forms are available from societies, typically via their websites, some community networks like Citizens' Advice Bureaus and often at gaming machine venues (pubs and hotels). Section 82(1) (c) of the Gambling Act 2003 requires venues to have a notice in the gambling area explaining 'the details of how and where to apply for a grant of net proceeds'.

Application forms must be sent directly to the society and **not** through a venue. Also, the society must deal with the **applicant** directly and **not** communicate with the applicant through the venue.

Groups may apply to more than one society for the same project but must inform all funders of any other applications made or to be made. (This includes non-gaming machine funders). It is advisable to break the project down into segments if funding is being sought from more than one society. Societies are wary of the potential for "double dipping" i.e. the same purpose being funded from more than one source. Although a society may operate gaming machines at several venues, use only one application per society.

It is essential to apply for funding that is distinct and quantifiable e.g. 10 tables for the kindergarten, five computers for the school, wages for a part-time supervisor working 20 hours per week at \$16.00 per hour.

Present the case well by providing information about the applicant organisation and the use of the money requested.

Consider discussing larger projects with the societies before applying as they may be able to give guidance for your application. Some societies may be able to share in the funding of a large project.

Check the conditions for societies outside of your local government district as some may extend funding across regions for specific purposes.

Most societies do not have closing dates and are open for applications all year around.

Complete the form as per the instructions stated on it. Incomplete forms will not be processed without all of the requested information. Completed applications need to be sent back to the Society, not the venues.

## Additional funding application tips

Most applications involve common sense – think from the society's perspective.

Numerous groups apply and societies are constantly under pressure for funding. If the application is not 100 per cent complete, it is likely to be declined. Societies dislike chasing up information not provided with the application, such as quotes, resolution to apply, certificate of incorporation, bank account details, etc.

Ensure the application is specific on how and where the funding will be spent.

Ensure the application specifies who will benefit from the funding, how they will benefit and why they will benefit.

Will the society understand or know who your organisation is?

If only one quote is provided, explain why (e.g. specialist equipment, sole provider of goods or services).

Make the application as professional as possible (e.g. letterheads, full name of people attending meetings where resolution to apply was passed).

Once the applicant is aware of the outcome, follow up with the society to thank them or to enquire why the application was declined. (Great idea to send photos – trustees like to have evidence that the funding has been well spent).

Remember, the vast majority of society trustees are community minded people themselves, just as are fundraising advisers and volunteers in community organisations.

Societies will require evidence of what has been spent, where it has been spent and that it has been spent on what was applied for to satisfy their own audit requirements.

The Department audits societies to verify that correct procedures are being followed. The Department may also audit the grant recipients themselves, and will require any incorrectly spent funds to be paid back.

Recipients must keep documents such as invoices and receipts for audit purposes.

## West Auckland develops HPM best practice

The Department is working with West Auckland problem gambling service providers and the Portage and Waitakere Licensing Trusts' venues to develop operational best practice for harm prevention and minimisation (HPM). The trusts have 16 venues and 270 gaming machines.

The group is considering practical ideas for venues to inform and encourage people to think about gambling and its impact on them. Suggestions have been canvassed from a number of groups and include a number of educational and practical solutions.

The initiative for a venue best practice policy arose from discussions about multi-venue exclusion orders, first developed by Queenstown-based Internal Affairs gambling inspectors and local gambling operators in 2006 and since adopted in several areas including Invercargill, Dunedin, Nelson and Hamilton.

## PG training for Departmental staff

Gambling compliance staff have undergone training to improve their awareness of problem gambling issues.

Dr Philip Townshend of the Problem Gambling Foundation and Brenda Mcquillan, Consumer Representative on the Internal Affairs/Ministry of Health Gambling Stakeholders Reference Group, provided the training, which was designed to build on Departmental knowledge of the gambling venue environment. By increasing participants' understanding of problem gambling they are better able to assess the quality of venues' host responsibility policies, procedures and attitudes.

The training, in Auckland, Wellington and Christchurch, covered the social and physical environment in which venue staff have to carry out their host responsibility obligations, highlighted the risks faced by potential and actual problem gamblers, the personality and behavioural characteristics of gamblers, how gambling fits into the wider context of addiction, the baffling nature of addiction, and briefly covered the treatment issues in problem gambling with particular reference to Class 4 or machine gambling.

From a presenter's perspective, Dr Townshend said the participants made the courses stimulating and challenging through their willingness to participate in discussion and through asking searching and thoughtful questions.

## Jackpot display visibility

Class 4 societies and jackpot manufacturers are reminded that jackpot information should be readily visible to all gaming machine players.

Visible jackpot displays help ensure that players are informed of wins. Ensuring that jackpot displays are readily visible to all players facilitates the integrity of gambling, and helps to ensure player fairness. While optimal display visibility for all jackpot systems is essential, it is of particular importance for non-downloadable jackpot systems where win information is contained only on the display.

The document titled "Minimum Technical Requirements for Linked Jackpot Systems" sets out the visibility requirements for jackpot displays. Specifically, the standards require that:

"A meter display, displaying jackpot details (e.g. current value and indication of a jackpot win), should be readily visible to all players playing a gaming machine connected to the jackpot

equipment without the player having to move significantly from the normal position of playing a gaming machine..."

However, it is emphasised that not all situations (where visibility is less than optimal) should necessitate the purchase of a new jackpot display. A new jackpot display would not be considered a necessary expense if its positioning could simply be improved.

Therefore, please ensure that jackpot displays are in an optimal position in venues, and, where players are unable to view non-downloadable jackpot information easily, steps are taken to remedy the situation. Gambling inspectors are aware of the requirements and have been reminded to keep them in mind when visiting venues.

## PUBS AND CLUBS

### EMS upgrade coming

The Department will carry out an upgrade of EMS by moving from the current QCOM v1.5 to the latest QCOM v1.6.

This upgrade will make New Zealand consistent with Queensland, Victoria, Northern Territories and Tasmania. Electronic gaming machine manufacturers will have to develop and support only one version of QCOM for all of Australasia.

QCOM v1.6 is designed to be compatible with existing EGM's and no changes or upgrades to these gaming machines will be

necessary. The only changes required will be to EMS venue site controllers and the EMS host. This will be managed by Intralot. All venue site controllers will be upgraded to QCOM v1.6 and will be able to monitor and configure both QCOM v1.5 and QCOM v1.6 EGM's. There will be no change to EMS web-based daily and weekly reports.

It is hoped that pilot testing will commence no later than the last quarter of this year and roll-out early in the first quarter of 2010. The industry will be kept informed as agreed timings become available.

### PIDs deadline being met

Player information displays (PIDs) will be operating or have been approved for installation in almost all non-casino gaming machines by the 1 July deadline.

At the beginning of June 96.2 per cent of the 19,518 Class 4 gaming machines in pubs and clubs had PIDs or were awaiting installation of approved software. Almost 98 per cent of non-club gaming machines will be compliant compared with 89.5 per cent of club gaming machines.

PIDs or pop-ups aim to minimise or prevent gambling harm by interrupting continuous pokie play at least every 30 minutes, telling the player how long they have been playing, how much they have spent and their net wins and losses. They complement other legislated harm prevention and minimisation activities carried out by venues to assist problem gamblers.

The Gambling (Harm Prevention and Minimisation) Regulations 2004 require all electronic gaming machines in Class 4 venues and casinos to have PIDs from 1 July 2009. Gaming machines that do not have the PID feature by then will not be recognised by the electronic monitoring system (EMS) and will not operate until the software is installed.

EMS now has a feature that allows the system to automatically disable any gaming machine that is running incorrect or unlicensed software. Each time the gaming machine is switched on, or after new software has been installed and the gaming machine is being enabled, EMS verifies that the gaming machine is running the software that it is licensed to run. If the software fails this verification the gaming machine is disabled until appropriate corrective action is carried out.

### Gambling stakeholder survey

Stakeholders with an interest in the regulation of gambling are being surveyed on the Department's effectiveness as a regulator. The survey is a way of measuring outcomes set out in the Department's Statement of Intent\*.

Previously the Regulation and Compliance branch surveyed non-casino gaming machine operators but this year's survey will include a broad range of organisations that consider themselves stakeholders of the gambling sector.

Broad topics include:

#### Stakeholder interaction

- Stakeholder satisfaction with the amount and quality of interaction with the Department and information services provided
- Whether stakeholders believe they are well informed on gambling
- Stakeholder confidence in the Department's regulation of gambling.

#### Stakeholder perception of community involvement in gambling issues

- Whether stakeholders believe the community is well informed on the subject of gambling
- Whether stakeholders perceive local communities to be involved in local gambling issues
- Whether stakeholders believe DIA is interacting adequately and effectively with local communities.

\* available at: [www.dia.govt.nz](http://www.dia.govt.nz)

## Venue costs consultation

The Department received over 200 submissions on how venue costs should be assessed. Consultation closed at the end of May.

The consultation document, "Categorisation of Venue Costs under the *Gazette* Notice and the Reasonable Timeframes Associated with Labour Costs", was intended to form the basis on which the Department will assess Class 4 venue costs in the future by finding a unified and consistent approach under the current system.

Since September 2004 the Department has had to approve the costs for each Class 4 venue under the *Gazette* Notice and be satisfied that those costs are actual, reasonable and necessary. This is a legal requirement and has been a difficult task. The Department has often lacked information to make a fair assessment of costs claimed for labour tasks. In addition, categorising costs, especially for labour, differed between societies, further complicating assessment. This results in disparity and unfairness within the sector and, in some instances, payments that are not in keeping with societies' legal duty to minimise costs. The current proposal attempts to address this failing.

The consultation followed the report of the Venue Expenses Working Party, which included representatives of the Department, the Charity Gaming Association and the Hospitality Association of New Zealand. The working party agreed to the benchmarking of reasonable levels of venues' expenses for conducting aspects of Class 4 gambling. The Department completed the Class 4 Labour Costs Benchmarking Project in December 2008. This project involved observing hundreds of hours of labour activity associated with conducting Class 4 gambling in a range of venues. It provided the Department with a good grounding in the amount of time taken to complete a variety of "labour tasks" (as termed in the *Gazette* Notice) associated with Class 4 gambling. The results of this benchmarking project, in association with the results of a labour costs survey by Colmar Brunton, commissioned during the working party process, were used as the basis for the timeframes consulted upon.

These timeframes give the Department a basis on which to assess whether the labour costs claimed are reasonable. The Department is obliged to make this assessment and, in the absence of contradictory evidence, must make any assessment on the basis of the best evidence available.

Since 2004, Class 4 societies and venues have assessed the time taken to complete the activities associated with hosting gaming machines. These assessments have necessarily involved significant estimation of the labour costs involved. However, as noted, this has created some disparity in the sector and has not been a transparent process. This lack of transparency has, in part, fuelled competition between societies and detracted from the intent of the legislation.

A clear set of guidelines demonstrating the Department's approach to approving venue costs is intended to provide greater certainty for societies and venues as well as simplifying the submission and assessment process.

Societies already are obliged to record all information associated with venue cost payments and must be able to justify those costs. The proposed process, using EMS data, a prescribed venue cost schedule and guidelines on the maximum timeframes considered reasonable, will simplify the work societies should already be undertaking and simplify the submission and approval process.

Many of the submissions questioned the current *Gazette* Notice itself and/or called for a commission-based system. This is a matter for the government and would require legislative change. It is not in the hands of the Department and the timing of any change, were it to be considered desirable, is unknown. The consultation on venue costs was simply about improving the current process.

**GAMBLING COMPLIANCE KEY CONTACTS**

0800 257 887

## LOCAL GOVERNMENT

# New resource for gambling policy reviews

The Ministry of Health, Department of Internal Affairs and Local Government New Zealand have developed a resource to assist territorial authorities with their Class 4 and TAB gambling venue policy reviews.

The resource includes information about:

- Gambling legislation and the roles of government departments in New Zealand
- The role of territorial authorities in reviewing their gambling venue policies (including what they are required to do, what they may choose to do, and what they cannot do)
- Gambling venue policy options for territorial authorities
- Background information on the economic and social impacts of gambling and problem gambling in New Zealand

- Guidance on the statistics that could be used to inform gambling policies, based on available and well-referenced research
- Guidance on how the territorial authority could best present the statistical information (using tables, graphs, and/or charts) so that it is easily understood.

The resource is available on the MOH's website: <http://www.moh.govt.nz/moh.nsf/indexmh/problemgambling-localgovt>

Any queries on Class 4 gambling venue policies may be directed to Natasha Firth on (04) 494 0668 or [Natasha.Firth@dia.govt.nz](mailto:Natasha.Firth@dia.govt.nz)

## OVERSEAS GAMBLING

# Overseas gambling ads

The Department has written to several New Zealand and Australian sporting organisations, including SPARC, the NZ Rugby Union and the National Rugby League, raising their awareness of the Gambling Act's prohibition on advertising overseas gambling.

The letters highlight the implications for sports organisations of sponsorship arrangements that promote overseas gambling operators and ask sports organisations to ensure that international teams competing in New Zealand do not breach our gambling laws. The Department wants to ensure that officials recognise and appreciate the implications of gambling law when considering gaming-based sponsorship and similar commercial arrangements.

Letters are also going to television and radio broadcasters, advertising agencies and pub poker leagues as a way of

educating people about the issue and hopefully avoid inadvertent breaches of the Act.

In 2008 two New Zealand poker leagues removed overseas gambling related material from their electronic publications after the Department told them they contravened the Gambling Act. And the Newcastle Jets soccer team removed its sponsor's logo, advertising an Australian betting agency, from players' jerseys when they played the Wellington Phoenix in January this year.

In 2008 two New Zealand poker leagues removed overseas gambling related material from their electronic publications after the Department told them they contravened the Gambling Act.

## 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](mailto:trevor.henry@dia.govt.nz)

## NEWS

### Convicted over illegal gambling

A 65-year-old man who installed “pick ‘n win” gaming machines in several Northland pubs and clubs was this month convicted in the Whangarei District Court under the illegal gambling provisions of the Gambling Act 2003.

Jeffrey Deardon Matson, 65, of Whangarei, pleaded not guilty to 18, section 19 charges relating to providing the equipment for, profiting from and promoting illegal gambling. The court convicted him on all charges and sentenced him to 100 hours community work.

The Department told the court that Matson, who had previously worked in the gaming industry, promoted and installed Touch Screen Pull Tab Dispenser gaming machines in taverns and clubs in Helensville, Wellsford, Marsden

Point and Whangarei. Players inserted \$1 or \$2 coins in the machines, would either lose or receive a voucher for anything between \$1 and \$500. Matson paid the venues for redeemed winnings plus a commission of 25 per cent of a machine's net proceeds and kept what was left.

Matson believed the machines were legal and that he had approval to operate them. But they were not approved by the Department and the net proceeds did not go to any authorised purpose as required by all four classes of gambling.

Jeffrey Deardon Matson, 65, of Whangarei, pleaded not guilty to 18, section 19 charges relating to providing the equipment for, profiting from and promoting illegal gambling.

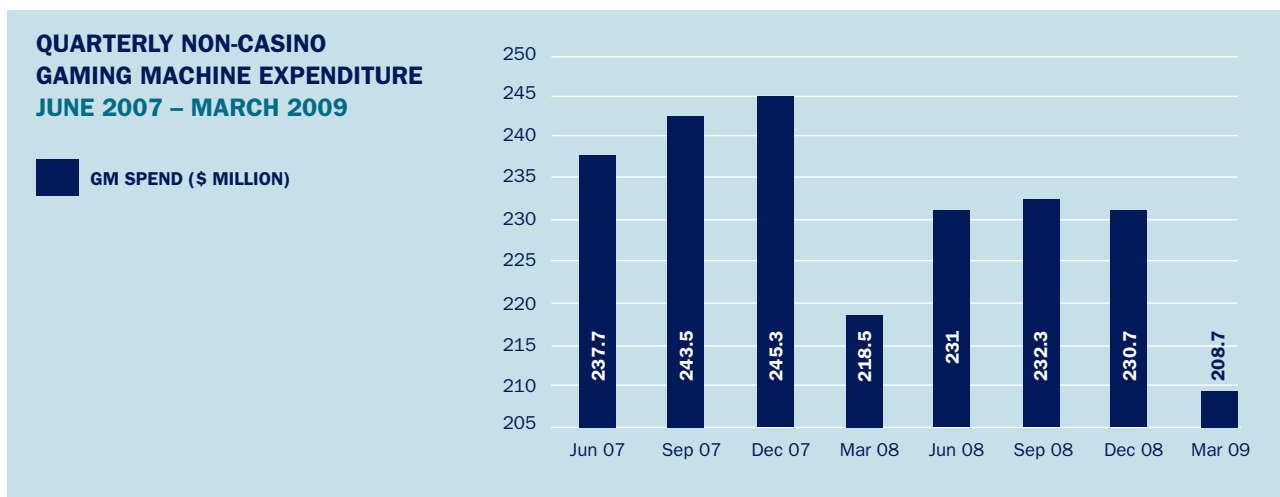
## MEDIA RELEASES

## Pokie spend drops 10 per cent

22 April 2009

Gaming machine expenditure in pubs and clubs in the first three months of this year was almost 10 per cent lower than the previous quarter. Spending dropped from \$230.7m at 31 December 2008 to \$208.7m at 31 March 2009. Twelve months ago the first quarter spend of 2008 showed a similar drop of 11 per cent but rose in the following two quarters.

Expenditure in the year to 31 March 2009 at \$902.7 million was 4.5 per cent lower than the \$945 million recorded for the year to 31 March 2008.



The spending is captured through the electronic monitoring of non-casino gaming machines (EMS), which became fully operational in March 2007. The Department can track and monitor operations, ensuring the integrity of games and the accurate accounting of money.

### NON-CASINO GM SPENDING BY SOCIETY TYPE – JANUARY TO MARCH 2009

SOCIETY TYPE	TOTAL GMP QUARTER	% OF TOTAL
<b>NON-CLUB</b>	<b>\$180,417,054.30</b>	<b>86.5%</b>
Sports Clubs	\$4,230,252.72	2.0%
Chartered Clubs	\$15,872,629.52	7.6%
RSAs	\$8,149,284.81	3.9%
<b>TOTAL CLUB</b>	<b>\$28,252,167.05</b>	<b>13.5%</b>
<b>TOTAL ALL</b>	<b>\$208,669,221.35</b>	<b>100.0%</b>

Internal Affairs Director of Gambling Compliance, Mike Hill, said the number of gaming machines was slightly down on the December 08 quarter, but has remained at around 20,000 since the introduction of EMS. There were also fewer licensed societies and venues compared with the December quarter.

## MEDIA RELEASES

### LICENSED GAMBLING OPERATIONS IN PUBS AND CLUBS

DATE	LICENCE HOLDERS	VENUES	GAMING MACHINES
31 March 2009	394	1527	19,739
31 Dec 2008	399	1537	19,879
30 Sept 2008	405	1551	20,025
30 June 2008	415	1552	19,856
31 March 2008	421	1569	20,018
31 Dec 2007	428	1585	20,182
30 Sept 2007	435	1593	20,163
30 June 2007	439	1598	20,120
31 March 2007	444	1607	20,302

## GAMBLING ISSUES 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 and anti-spam compliance, fire service policy, identity services policy, civil defence and emergency management policy and crown entity monitoring functions. 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.

### Debbie Despard

#### National Manager Compliance

This position is primarily responsible for delivering compliance and audit services as well as developing and implementing an integrated compliance strategy.

### John Currie

#### National Manager Licensing

This position has prime responsibility for Class 4 Licensing, championing a new electronic licensing regime and management oversight of the Electronic Monitoring System contract with Intralot.

### Michael Cassidy

#### National Manager Gaming Technology

This position oversees the technical integrity of gaming issues across casino and all other classes of gambling.

### Heather McShane

#### National 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.

### Geoff Owen

#### National Manager Investigations

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.

### Sanjay Sewambar

#### National Manager Performance Assurance

This unit focuses on ensuring that the Gambling Compliance Group achieves both its strategic objectives (short and long-term) and its business goals. It coordinates strategic and business planning for GCG as well as providing robust analysis, monitoring and reporting around performance.

## MEDIA RELEASES

# GM societies' contacts

The Department's gambling compliance and licensing inspectors each have responsibilities for liaising with gaming machine societies. If societies have issues to discuss, they may contact these inspectors first by phoning the Department's toll free number 0800 257 887.

APPLICANT	COMPLIANCE INSPECTOR	LICENSING INSPECTOR
AHAURA/GREY VALLEY LIONS CLUB INC	Lisa Barclay ext 7031	Rochelle Goodwin-Kanara ext 5350
AIR RESCUE SERVICES LIMITED	Lisa Barclay ext 7031	Craig Holmes ext 5486
ASHBURTON TRUST CHARITABLE FOUNDATION	Greg Clark ext 7036	Jasmine Rangiwetu ext 5491
AUCKLAND BOWLS TRUST	Scott Carsons ext 7920	Jasmine Rangiwetu ext 5491
BENEFICIAL CHARITABLE TRUST	Scott Carsons ext 7920	Jasmine Rangiwetu ext 5491
BULLER COMMUNITY DEVELOPMENT COMPANY LIMITED	Mark Thomson ext 7341	Craig Holmes ext 5486
CAVERSHAM FOUNDATION LIMITED	Ron Grob ext 6603	Craig Holmes ext 5486
CONSTELLATION COMMUNITIES TRUST INC	Scott Carsons ext 7920	Jasmine Rangiwetu ext 5491
CUESPORTS FOUNDATION LIMITED	John Henneby ext 7939	Jasmine Rangiwetu ext 5491
ENDEAVOUR COMMUNITY TRUST	Garth Cherrington ext 5520	Judy Rohloff ext 5466
EUREKA TRUST	Mark Thomson ext 7341	Judy Rohloff ext 5466
FIRST SOVEREIGN TRUST	Cliff Simpson ext 7937	Rochelle Goodwin-Kanara ext 5350
FOUR WINDS FOUNDATION LIMITED	David Batenburg ext 7922	Rochelle Goodwin-Kanara ext 5350
GRASSROOTS TRUST	Stephen Balmer ext 7923	Judy Rohloff ext 5466
HOROWHENUA COMMUNITY TRUST LIMITED	Dave Sayers ext 5484	Rochelle Goodwin-Kanara ext 5350
HUCKLEBERRYS SPORTS & CHARITABLE SOCIETY INC	Mike Sorensen ext 5364	Jasmine Rangiwetu ext 5491
ILT FOUNDATION	Dave Macdonald ext 7035	Rochelle Goodwin-Kanara ext 5350
INFINITY FOUNDATION LTD	Val Hawley ext 5614	Rochelle Goodwin-Kanara ext 5350
KAIWAKA SPORTS ASSOCIATION INCORPORATED	Dave Batenburg ext 7922	Rochelle Goodwin-Kanara ext 5350
KIWI COMMUNITY TRUST LIMITED	Artie McClelland ext 7578	Craig Holmes ext 5486
LIONS CLUB OF OHAI-NIGHTCAPS INCORPORATED	Dave Macdonald ext 7035	Craig Holmes ext 5486
MAINLAND FOUNDATION LIMITED	Greg Clark ext 7036	Judy Rohloff ext 5466
MANA COMMUNITY GRANTS FOUNDATION	Garth Cherrington ext 5520	Rochelle Goodwin-Kanara ext 5350
MANUKAU COUNTIES COMMUNITY FACILITIES CHARITABLE TRUST	Scott Carsons ext 7920	Rochelle Goodwin-Kanara ext 5350
MT WELLINGTON FOUNDATION LTD	David Batenburg ext 7922	Rochelle Goodwin-Kanara ext 5350
NEW ZEALAND COMMUNITY TRUST	Daryl Watene ext 5667	Rochelle Goodwin-Kanara ext 5350

### GAMBLING COMPLIANCE KEY CONTACTS

# 0800 257 887

## MEDIA RELEASES

APPLICANT	COMPLIANCE INSPECTOR	LICENSING INSPECTOR
OTAUTAU COMBINED SPORTS COMPLEX INCORPORATED	Dave Macdonald ext 7035	Craig Holmes ext 5486
OXFORD SPORTS TRUST INC	David Batenburg ext 7922	Niall Miller ext 5485
PACIFIC SPORTS & COMMUNITY TRUST	Cliff Simpson ext 7937	Jasmine Rangiwetu ext 5491
PELORUS TRUST	Daryl Watene ext 5667	Rochelle Goodwin-Kanara ext 5350
PERRY FOUNDATION LIMITED	Stephen Balmer ext 7923	Judy Rohloff ext 5466
PERRY FOUNDATION TRUST	Stephen Balmer ext 7923	Judy Rohloff ext 5466
PRIME COMMUNITY TRUST	Daryl Watene ext 5667	Niall Miller ext 5485
PRODUCERS TRUST INC	Scott Carsons ext 7920	Craig Holmes ext 5486
PUB CHARITY	Val Hawley ext 5614	Niall Miller ext 5485
REDWOOD TRUST INCORPORATED	Dave Macdonald ext 7035	Rochelle Goodwin-Kanara ext 5350
SOUTHERN VICTORIAN CHARITABLE TRUST INC	Nicole Turvey ext 6611	Niall Miller ext 5485
ST KILDA COMMUNITY SPORTS SOCIETY	Jason Hewitt ext 6601	Rochelle Goodwin-Kanara ext 5350
THE BENDIGO VALLEY SPORTS AND CHARITY FOUNDATION	Jason Hewitt ext 6601	Jasmine Rangiwetu ext 5491
THE BRUNNER RUGBY LEAGUE CLUB INCORPORATED	Mark Thomson ext 7341	Rochelle Goodwin-Kanara ext 5350
THE LION FOUNDATION	John Hennebry ext 7939	Craig Holmes ext 5486
THE NORTH & SOUTH TRUST	Scott Carsons ext 7920	Craig Holmes ext 5486
THE RUNANGA COMMUNITY SWIMMING POOL TRUST	Dave Bermingham ext 7034	Jasmine Rangiwetu ext 5491
THE SOUTHERN TRUST	Dave Bermingham ext 7034	Rochelle Goodwin-Kanara ext 5350
THE TRUSTS CHARITABLE FOUNDATION INCORPORATED	Lisa Barclay ext 7031	Niall Miller ext 5485
TRILLIAN TRUST	Lance Daly ext 7921	Craig Holmes ext 5486
TRUST AORAKI LIMITED	Greg Clark ext 7036	Jasmine Rangiwetu ext 5491
TRUST HOUSE CHARITABLE TRUST	Mike Sorensen ext 5364	Craig Holmes ext 5486
WATER SAFETY EDUCATION FOUNDATION	Garth Cherrington ext 5520	Judy Rohloff ext 5466
WHITEHOUSE TAVERN TRUST	Cliff Simpson ext 7937	Craig Holmes ext 5486
YOUTHTOWN INCORPORATED	Lance Daly ext 7921	Judy Rohloff ext 5466

*Open every day*

**0800 654 655**

**Gambling  
Helpline**  
NEW ZEALAND

## CONTACTS

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

**0800 257 887**

E-mail: [gaming.compliance@dia.govt.nz](mailto:gaming.compliance@dia.govt.nz)

Web: [www.dia.govt.nz](http://www.dia.govt.nz)

Postal address and fax numbers:

### CASINO COMPLIANCE

PO Box 805, Wellington 6140, Fax: (04) 494 0624

### GAMBLING LICENSING

PO Box 10-095, Wellington 6140, Fax: (04) 494 0656

### GAMBLING COMPLIANCE

#### Auckland

PO Box 2220, Auckland 1140, Fax: (09) 362 7945

#### Wellington

PO Box 10-095, Wellington 6140, Fax: (04) 495 7214

#### Christchurch

PO Box 1308, Christchurch 8140, 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](mailto: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 6140. Communications Advisor Trevor Henry, telephone (04) 495 7211, fax (04) 495 7224, e-mail [trevor.henry@dia.govt.nz](mailto:trevor.henry@dia.govt.nz)

Organisation name: \_\_\_\_\_

Contact person: \_\_\_\_\_

Media releases: \_\_\_\_\_

e-mail: \_\_\_\_\_

Gambits postal address: \_\_\_\_\_  
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