

Gambits

NEWSLETTER OF
GAMBLING ISSUES

SEPTEMBER 2008

THE DEPARTMENT OF INTERNAL AFFAIRS

Te Tari Taiwhenua

Pokie funding and the community

By Keith Manch, Deputy Secretary of Internal Affairs

If gambling trusts ignore public concern at the way they allocate gaming machine money they will find the community demanding alternative ways for distributing funds.

Gambling machine societies must be very transparent and have community needs and priorities at the forefront of their funding allocation decisions.

The Gambling Act 2003 and the Gambling (Class 4 Net Proceeds) Regulations 2004 hold non-casino gaming machine operators accountable for the grants process and require it to be accessible and transparent.

Some grant applicants consider the regulations, which prohibit pre-commitment of grants, lead to funding uncertainty and impede their ability to plan strategically; a grant must be made from available funds and cannot be a promise to pay in the future.

To provide grant applicants with greater certainty for long-term planning, operators could, within the terms of their authorised purpose statement, lawfully review and change their grants' criteria and policies in order to give preference to some types of grant applications over others. For example, an operator might adopt a policy that it will give priority over the first 10 per cent of its available funds in each quarter to grant applications for authorised purposes relating to the next Olympic or Commonwealth Games.

Several operators could combine to grant millions of dollars from a single quarter's profits without the need to pre-commit. There is no legal impediment to making large grants, as long as the gaming machine society meets its Authorised Purpose statement, has the money to make the grant in a given quarter and as long as it puts in place appropriate accountability arrangements to ensure the grant is spent as intended.

Improving the process

Surveys indicate a sizeable portion of the population sees room for improving the distribution of gaming machine proceeds. The cumulative effect of poor decision making has the potential to undermine community tolerance for the system as whole. For example, the Department hears concerns about:

- Arrangements between grant recipient organisations and venue operators designed to guarantee funding to the grant recipients from the gaming machine societies whose machines are operated at the venue
- Grant recipients conferring event naming rights or other benefits on gaming machine societies in return for grants
- In the sporting area, the inappropriate use of gambling funding for individual sports professionals and professional club expenses.

The public is also concerned that money is being taken from low socio-economic communities, where gaming machines are concentrated, and given to others in different, and perhaps better-off, communities or interest areas.

Harm prevention and minimisation and maximising community benefits should be the ultimate goals of gaming machine societies. Grant recipients also need to consider these goals. They have a big part to play in supporting or, conversely, undermining the integrity and effectiveness of grant making by gaming machine societies. Grant recipient organisations must avoid the kinds of behaviours that call the reputation of the funding distribution model into question.

Alternative models

If significant problems occur, alternative funding distribution models could be developed without negatively affecting the total amount of money available to the community. Such models could involve community-based decision making, ensuring that local, regional and national needs are met.

The continued existence of the current method of distribution will rely on it operating transparently with integrity, for sustainable community benefit and for all participants to uphold the spirit of the system.

While the Department of Internal Affairs' role is to take a lead in facilitating the achievement of the Act's objectives and the outcomes they relate to, it is the responsibility of all participants in the "system" to ensure that this balance is met.

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December 2003 – September 2008
available on www.dia.govt.nz

COMMUNITY FUNDING

Overheads: what's a foundation to do?

By Joel J Orosz, Ph.D*

If there is a single issue that vexes managers and trustees of charitable foundations the world over, it is undoubtedly that of overhead expenses. The case against spending overhead dollars is as simple as it can be: every dollar that a foundation spends on overhead expenses is a dollar that it cannot spend on grants. Overhead expenses, therefore, are leeches upon grant making. The case for spending overhead dollars is rather more complicated: "overhead" is a catchall term that describes expenses both wasteful and essential. While some overhead expenses are extravagant and self-indulgent, other overhead expenditures pay for the indispensable things that add value to foundation grant making: engagement with applicants, proposal improvement, grants management, evaluation, and sharing of lessons learned. It is high time that we take a hard look at both aspects of overhead expense, and learn how to condemn the wasteful, celebrate the essential, and, above all, learn how to understand the difference between the two.

A good place to begin this examination is to imagine a foundation operating with the lowest possible overhead. It would have no employees and, in lieu of making grants, it would simply install a cash machine. Applicants whose proposals met very minimal requirements would collect their grants directly from the cash machine. Overhead expense, once the cash machine was purchased, would be reduced to the negligible costs of filling it and powering it. Of course, there would be no one to examine the ability or honesty of the applying organisations, so many of the grants would be squandered. There would be no one to improve proposals submitted, leading to repeated mistakes, thus proving the truth of Edna St Vincent Millay's observation that "It's not one damned thing after another; it's the same damned thing over and over." There would be no way to evaluate the grants, and no way to teach others lessons that had never been learned in the first place. Certainly, the ultra-low overhead style allows a foundation to maximise grant making; the only problem is, almost every grant thus made is a lousy one.

But if ultra-low overhead grant making is a vice, it does not follow that ultra-high overhead grant making is a virtue. Some types of overhead spending, in fact, lead directly to ruin. Imagine a foundation operating with the highest possible overhead. It constructs a palatial headquarters building filled with fine art works and artificial rivers wending through the lobby, the opulence of which would make a Medici blush with shame. This pleasure dome of philanthropy is congested by legions of highly-compensated staff members who fervently believe it is necessary for them to work, dine and travel in sumptuous surroundings.

Such people seem to have missed the irony that Winston Churchill meant to convey when he said: "My tastes are simple. I can be easily satisfied with the very finest." Certainly, the ultra-high overhead style allows a foundation to maximise an image of power and consequence; the only problem is, almost every grant thus made consists of crumbs that fell off the self-serving table.

Guidelines to success

Simply put, overhead-starved foundations and overhead-bloated foundations are alike inefficient and ineffective. If ultra-low and ultra-high are merely two faces of foundation failure, what then does the face of foundation success look like? Imagine a foundation that focuses on the things that add value to the grants that they make: *engagement with applicants*, both to find outstanding proposals and to conduct due diligence to assure that applicants are honest and capable; *proposal improvement*, help that turns good proposals into great projects; *grants management*, assuring that funded projects stay on the straight and narrow path toward successful outcomes; *evaluation*, learning what happened, why it happened, and how it can be done better next time; and *sharing lessons learned*, making sure that other funders and policymakers are informed about what works – and what fails.

By focusing on these five types of good overhead, a foundation can hardly go wrong. And avoiding the major varieties of bad overhead – overhousing, overstaffing, overpaying, and "over luxuriating" – is another can't-lose proposition. Keeping a pair of simple guidelines in mind goes a long way to slicing through the Gordian knot of the overhead issue:

1. If a contemplated expenditure falls under the good overhead category, it should be a candidate for approval.
2. If a contemplated expenditure falls under the bad overhead category, it should be a candidate for denial.

These guidelines also allow foundation leaders to stop fruitlessly chasing the will o' th' wisp called "acceptable overhead percentages". This is a concept that is doomed to failure in execution, for levels of desirable spending on good overhead, and especially permissible spending on bad overhead, are all over the map depending on a given foundation's asset size, its geographical location and cultural milieu, whether it makes grants or operates its own programs, whether it is taxed, and if so, how, and whether its funding came (or still comes) from a company, a unit of government, or a private individual donor.

COMMUNITY FUNDING

“Acceptable” overhead percentages, therefore, sink into a great dismal swamp of variables, exceptions and complexities that make them incredibly difficult to calculate and well-nigh impossible to explain or defend.

Although it lacks the apparent precision of a fixed percentage, the simple statement “If it adds value to grant making, it is good overhead, and you should consider spending to support it” has the virtue of being true under all circumstances. Ultimately, it is probably wiser yet to say that there is no real distinction between good overhead expenditures and good grant making, for engaging with applicants, improving proposals, managing grants, evaluating projects, and sharing lessons learned are exactly the habitual practices of effective grant makers. Expenditures for good overhead are thus utterly essential to good grant making.

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Ironies abound in the foundation world and none is more profound than this one: more grants and bigger grants are not necessarily – in fact, not even very often – synonymous with better grants. More wasteful and stupid grants do not a better society make. Overhead expenditures are both bad and good, but their impact is not equal. Bad overhead expenditures mean that foundations bake smaller apple pies. Good overhead expenditures not only allow foundations to bake bigger apple pies, but more importantly, they provide the apples for the pies: they are utterly indispensable to the recipe. So, by all means, let’s eliminate bad overhead whenever we can, but at the same time, let’s nurture and promote good overhead wherever we find it, for grants without good overhead are like apple pies without apples – just an empty blob of tasteless dough.

Philanthropy NZ’s Regional Funders’ Forums

Grant makers are successful only to the extent that their grant recipients achieve meaningful results, according to Courtney Bourn, programme director for the American organisation Grant Makers for Effective Organisations (GEO).

She visited New Zealand recently, addressing several national funders’ forums co-ordinated by Philanthropy New Zealand, the Office for the Community and Voluntary Sector and the Department.

GEO promotes strategies and practices that contribute to grant recipients’ success. This is done through greater understanding of practices that either hinder or help non-profit organisations.

Part of the answer for greater grant making relates to the relationship between the grant maker and the grant recipient and recognising the strengths that each might bring to the partnership. This helps foster collaboration between the two and allows greater potential in identifying root causes for issues rather than just addressing symptoms.

Other areas of focus for more effective grant making are the strategy and approach employed by the grant maker, sustainability issues and grant making mechanics. Within these areas there are issues such as funding for the grant recipients’ infrastructure and matching the funding with the term of the proposed project and the consistency of the grant making.

One person at the Christchurch session described Ms Bourn’s address as thought-provoking. Many in the audience were involved in community funding in the region. The meeting generated considerable discussion and sharing of knowledge about effective funding for community organisations, which would have benefited gambling societies and trusts if any were present.

Ms Bourn’s address is available at: www.philanthropy.org.nz

PUBS AND CLUBS

Caversham gets short-term licence

Dunedin-based Caversham Foundation has been granted a six-month licence to operate gaming machines after it reduced its operations to establish financial viability. As a condition of the licence the Foundation will have to report regularly to the Department.

Gambling Compliance Director, Mike Hill, said the Department refused to renew Caversham's licence in November 2007 because it was not financially viable in terms of section 52 (1) (c) of the Gambling Act. The Foundation appealed to the Gambling Commission and continued operating pending a decision.

"In the interim, Caversham augmented its cash flow by selling fixed assets and was able to pay its debts," Mike Hill said. "It reduced its operations from 452 machines in 39 venues to 148 machines in 13 venues.

"In terms of auditing standards, Caversham must now be considered a 'going concern' and, while there are concerns about future cash flow, there are no grounds to deny a licence at this stage.

"A gambling operator's licence is a privilege, not a right and gambling operators must meet high standards to justify remaining operational.

"The Department issued Caversham with a conditional licence to the end of its financial year, 31 March 2009, and we will reassess its performance after closely monitoring its cash flow management and compliance with the Gambling Act."

Caversham told the Gambling Commission it would withdraw its appeal but reserved the right to return to the Commission if it had issues with any licence conditions that could not be resolved by discussion with the Department.

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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.

CGA's strategy welcomed

The Department has welcomed the Charity Gaming Association's strategy for Class 4 gambling societies and providers to provide responsible gambling within a safe gambling environment.

The CGA says bold decisions are necessary to arrest the slide in public endorsement of and confidence in the Class 4 gaming machine gambling sector.

In its *"Integrated business sustainability and responsible gambling strategy 2008-2014"* the CGA also says gambling providers will make their grant making process more transparent and responsive to community needs and put a very high proportion of gambling proceeds back into the community from which it came. They will also adopt a high standard of ethical personal and professional practice in the operation of their fund raising and grant making businesses.

Internal Affairs Deputy Secretary, Keith Manch, says the Department fully supports CGA's efforts to assist its members, and the venues in which they operate machines, to meet their legal obligations.

"From our perspective, compliance with the law is a non-negotiable minimum," he said. "We were also pleased to note an expectation that members of the CGA would go further and behave in the spirit of the Gambling Act 2003."

And in a speech to SPARC (Sport & Recreation New Zealand) in June, Keith Manch said the community wanted gambling managed so that the benefits outweighed the costs; the integrity and effectiveness of gambling trusts' grant making is part of this equation.

"The integrity element is about whether grant making occurs according to the letter and spirit of the Gambling Act," he said. "The Act requires separation between gambling trusts, gambling machine venues and grant recipients. It requires the application and distribution of grants to be transparent."

See: *"CGA adopts strategy for future"* at: www.cga.org.nz
"Sport, gambling and grants" at: www.dia.govt.nz

Venue costs notice amended

The position of GST and venue payments has been officially clarified as agreed by the recent Venue Expenses Working Party and after consultation. The *Limits and Exclusions on Class 4 Venue Costs Notice 17 July 2008*, replaces the *2 September 2004* notice and codifies the Department's consistent stance on GST.

Since December 2004, the Department has stated that GST is excluded from the calculation of venue expenses that a society can pay under the notice. The satisfaction of a society's GST obligations should have no bearing on the costs it is lawfully entitled to reimburse to a venue. The majority of societies in fact have calculated their venue payments on a GST exclusive basis as was intended.

The new notice took effect on 18 July 2008. The Department expects immediate compliance. The Department wrote to all non-club societies on 18 April 2008, giving notice to this effect and said that societies should start considering any necessary operating adjustments. In the case of Limit D, this means immediate compliance for any 12-month period beginning on or after 18 July 2008.

Note that this new notice does not preclude the Department from considering societies' compliance with the previous notice.

In support of the clarification and with the intention of ensuring that all societies comply with these limits and 'actual, reasonable and necessary' costs, the Department's compliance effort for 2008/09 will have a focus on venue payments and venue costs. Societies that fail to meet the requirement of Limit D, who pay unjustified payments to venues or increase venue payments for new venues without justification can expect to be closely scrutinised.

PUBS AND CLUBS

Minimum APs' return remains for now

Gaming machine societies that distribute their profits by way of grants might recall the Department asking whether they had any information they wished to contribute to a review of the minimum percentage return to authorised purposes. The Department recently completed that review.

The Cabinet has now decided to keep the minimum requirement at 37.12 per cent of GST exclusive gross proceeds for the time being. It took into account the fact that there were a number of reasons why societies might not be able to meet an increased minimum percentage return until after 1 July 2009.

However, it also directed the Department to carry out a further review of the minimum percentage return after 1 July 2009 and asked the Minister of Internal Affairs to report back to Cabinet by 1 July 2010 on the potential to increase the required return. The Department has begun preliminary work towards the next review.

Late banking of GMP

Venues are continuing to bank gaming machine profits (GMP) late, despite the strong likelihood of incurring sanctions. Between 1 April 2007 and 30 June 2008, 97 venue managers received infringement notices, with penalties of \$2500, for late banking.

Sanctions available to the Department for late banking matters include infringement notices, suspension or cancellation of a venue licence and prosecution. Late banking breaches section 104 of the Gambling Act, the Gambling (Class 4 Banking) Regulations 2006 and also the Class 4 Game Rules 2006.

Dishonoured cheques, invariably drawn from a venue's business account, feature in late banking notifications. Anecdotal evidence from the sector indicates that some venues are under financial pressure and hold on to GMP over the weekend.

The Department is aware that some societies have instituted internal procedures to alleviate the need to chase up late banking venues. They get their venues to bank mid-week.

Societies are encouraged to adopt this type of approach, by working closely with their venues and implementing processes to ensure that venues bank well within the required timeframe.

It is also important that societies fulfil their obligations under s104 (3) of the Act by immediately disconnecting gaming machines at venues that have failed to bank GMP on time. The Department will be focusing on this obligation. Societies who breach s104 (3) are liable on summary conviction to a fine not exceeding \$5000 or an infringement notice fine of \$2,500. Financial penalties cannot be claimed as a society or venue expense.

See pg 9: Promotion costs broadcaster

GAMBLING COMPLIANCE KEY CONTACTS

0800 257 887

When venue managers change

Societies are reminded that current venue agreements must reflect a change in venue manager if that has occurred. Section 71 of the Act requires the society to make this notification “as soon as practicable”, and the Department expects this should be within a matter of days, not weeks.

The venue agreement should state specifically that the current venue manager is the person responsible for banking GMP. This should be stated clearly in the schedule, which is attached to the venue agreement, outlining the venue manager’s gambling-related duties and responsibilities.

To ensure that all venue agreements are up to date and accurately reflect the venue manager’s banking responsibility, the Department encourages societies to review all venue agreements.

Disposal of gaming machines

The Department is aware that some corporate societies are failing to comply with section 83 of the Gambling Act 2003 by providing the Department with certain details when disposing of gaming machines.

The holder of a Class 4 operator’s licence must provide the means of disposal as well as the name and contact details of the acquirer within 20 working days of the date of disposal of a gaming machine. This includes disposal by means of trading in the machines to a manufacturer or distributor. Any Class 4 operator that fails to comply with this requirement is liable, on summary conviction, to a fine not exceeding \$5,000.

Changes to EMS website reports

Several changes were introduced to the daily, weekly and monthly reports available from the EMS website with effect from 8 September. These were made as a result of industry feedback and also to make them clear and easier to use.

The changes, with one main exception, are ‘cosmetic’ rather than functional and do not affect the actual data produced in the reports. They apply only to the .pdf versions; .xml format reports are unchanged.

The exception is the **Monthly Venue Activity – Society Level (7.2.10)** report, which replaces the “Gaming Machine – Monthly Meters plus Adjustments” report that was previously posted to each *venue’s* website page following the end of each calendar month. The new report is posted only to the *society’s* website page and, instead of including gross and net values for all meters, now shows only those net meter values, including any adjustments, that directly affect ‘gaming machine profits’ determination.

Common changes to all new report versions are:

- The removal of colouring and shading, which reduces printing costs
- The inclusion of Society and Venue Licence numbers (GMV’s) in the identification details (in addition to EMS identification numbers).

A more comprehensive account of the changes is available from the Department’s website www.dia.govt.nz (gambling/EMS page) and further information, including examples of the new report formats and an overview of each report, can be found on the Help page of the EMS website itself.

HARM MINIMISATION

Pop-ups requirement looms

Gambling operators now have less than 12 months to ensure their gaming machines provide “pop-ups” or player information displays (PIDs).

The introduction of PIDs is aimed at minimising or preventing gambling harm and will complement other activities carried out under venue host responsibility programmes to recognise and assist problem gamblers.

From 1 July next year, the Gambling (Harm Prevention and Minimisation) Regulations 2004 require all electronic gaming machines in casinos, pubs and clubs to have a design feature that interrupts continuous play at least every 30 minutes, tells the player how long they have been playing, how much they have spent and their net wins and losses. The regulation has applied to new electronic gaming machines since October 1 2005.

Gambling Compliance Director, Mike Hill, said the sector has had five years to prepare for pop-ups and make them part of machine upgrades. Many operators have taken this approach.

“The regulation was passed in August 2004 and Parliament’s Regulations Review Select Committee dismissed complaints from some businesses in the gambling sector, saying it met the general objects and intentions of the Gambling Act, did not trespass unduly on gamblers’ personal rights and liberties and there was sufficient consultation before the regulation was made.

“The staggered introduction of the regulations was to allow the sector to introduce pop-up compliant machines as part of their standard replacement programmes. The thinking was that once old machines were fully depreciated they would be replaced with ones that provided pop-ups and were compatible with the new electronic monitoring system (EMS), thus reducing considerably, if not eliminating, any one-off cost.

“Some in the gambling sector question the effectiveness of pop-ups, and point to their withdrawal in Nova Scotia. Nova Scotia replaced pop-ups with a superior player tracking and pre-commitment system and research indicates pop-ups are effective in targeting those at risk from continuous gambling on the pokies.

“Pop-ups try to make machines safer for all participants, not just problem gamblers, and reinforce the right people have to make informed choices about their gambling. PIDs aim to prevent gambling becoming a problem.”

After 1 July 2009 it will be illegal to operate gambling machines that do not have PIDs. Gambling operators are not permitted to operate illegal gaming machines and need to work with machine manufacturers to ensure the 1 July 2009 deadline is met. The Department will enforce the regulation.

Pop-ups try to make machines safer for all participants, not just problem gamblers, and reinforce the right people have to make informed choices about their gambling.

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

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Problem Gambling – key facts

Gambling can be a harmless entertainment activity from which people derive personal enjoyment and that provides other positive social effects.

The proceeds from non-commercial gambling provide significant funding for a wide variety of community purposes. If well directed, these funds can enhance empowerment, participation and the quality of life across all types of communities.

However, gambling also has adverse effects on many individuals, their families and their communities.

From time to time, the prevalence and impacts of problem gambling in New Zealand are the subject of misinformed comment. In the interests of informed discussion, the Department, in consultation with the Ministry of Health, has compiled some key facts.

This is the kind of information that underpinned the inclusion in the Act of a harm prevention objective and a wide variety of measures intended to prevent and minimise harm:

- At any given time, between 0.3 per cent and 1.8 per cent of adults living in the New Zealand community are likely to score as problem gamblers on standard questionnaires - between about 10,000 and 60,000 people
- Around 20 per cent of adults in New Zealand do not gamble. Most of those who do gamble play Lotto, which is relatively low risk for problem gambling. It is likely that fewer than 2 per cent of those who play only Lotto will score as problem gamblers, even if they play it every week
- The overwhelming majority of adults do not play non-casino gaming machines, do not gamble in casinos, do not bet on horse or dog races, and do not bet on sports events, all of which are higher risk
- Problem gambling prevalence rates for people who participate regularly and/or usually participate for more than an hour at a time in these higher risk gambling activities can range up to 30 per cent. For example, around 20 per cent (one in five) of New Zealand adults who play gaming machines regularly are likely to score as problem gamblers. Gaming machines are the form of gambling that is most often associated with gambling problems
- In addition to those who score as *problem gamblers* on standard questionnaires, at least some of those who score as *moderate risk* or *low risk* will also meet the criteria for a *problem gambler* as set out in New Zealand's Gambling Act 2003. Further, most surveys leave out some groups that have high rates of problem gambling (for example, people in prison). These two facts mean that published figures tend to underestimate actual problem gambling prevalence
- Harm from problem gambling can include poor parenting, family violence, other crime, and suicide. These harms affect people other than the gambler
- Gambling-related harm affects some sections of the community more than others. In particular:
 - people living in high deprivation neighbourhoods are more likely than people living in other neighbourhoods to be problem gamblers, and are more likely to suffer gambling-related harm
 - Māori and Pacific peoples are more likely than other groups to be problem gamblers, and are more likely to suffer gambling-related harm
 - Māori and Pacific women are more likely than other groups to suffer harm related to **non-casino gaming machines**
 - some Asian groups, and Pacific peoples and Māori, are more likely than other groups to suffer harm related to **casino gambling**.

More detailed analysis of current research findings and other data is available on the Problem Gambling page of the Department's website: www.dia.govt.nz

Promotion costs broadcaster

Radio Sport has paid a \$5000 fee after the Department issued the broadcaster with an infringement notice for promoting an overseas betting agency in a programme interview. The investigation followed a complaint from the NZ Racing Board. Section 16 of the Gambling Act prohibits the advertising of overseas gambling and provides for a maximum fine on summary conviction of \$10,000. Infringement notices are an alternative to summary prosecution and are detailed in Schedule 6 of the Act.

MEDIA RELEASES

Annual pokie spend drops

24 July 2008

Gaming machine expenditure in the country's 1600 pubs and clubs fell by just over one per cent in the year to June 30, 2008, from an estimated \$950 million to \$938.3 million. In the 2006/07 year gaming machine spending rose about five per cent from \$906 million.

This is the first time it has been possible to produce an accurate record of annual pokie expenditure, due to the electronic monitoring of non-casino gaming machines, 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.

Expenditure in the three months to 30 June 2008 rose almost six per cent to \$231 million, compared with a drop of almost 11 per cent from \$245.3 million to \$218.5 million in the March quarter. June 08 quarter spending was almost three per cent lower than for the same period last year.

Pubs accounted for 86 per cent of the June 08 quarter expenditure at \$199 million, with chartered clubs registering

7.9 per cent (\$18.3 million), RSAs four per cent (\$9.2 million) and sports clubs (\$4.5 million) the remainder.

Internal Affairs' Director of Gambling Compliance, Mike Hill, said the number of gaming machines, which were down on the March 08 quarter, had remained relatively stable since the introduction of electronic monitoring (EMS).

"There is always some fluctuation in venues and gaming machines when these statistics are recorded," Mike Hill said. "They are a snapshot of the sector as at June 30 when there was an abnormally high number of venues transferring due to one society withdrawing from the market. During transfers machines are unlicensed, not operating and, therefore, not counted."

LICENSED GAMBLING OPERATIONS IN PUBS AND CLUBS

DATE	LICENCE HOLDERS	VENUES	GAMING MACHINES
30 June 2008	415	1552	19,856
31 March 2008	421	1569	20,018
31 December 2007	428	1585	20,182
30 September 2007	435	1593	20,163
30 June 2007	439	1598	20,120
31 March 2007	444	1607	20,302

"There is always some fluctuation in venues and gaming machines when these statistics are recorded," Mike Hill said. "They are a snapshot of the sector as at June 30 when there was an abnormally high number of venues transferring due to one society withdrawing from the market. During transfers machines are unlicensed, not operating and, therefore, not counted."

GM SPENDING BY SOCIETY TYPE – APRIL TO JUNE 2008

SOCIETY TYPE	TOTAL GMP QUARTER	% OF TOTAL
NON-CLUB	\$198,982,160.68	86.1%
Sports Clubs	\$4,545,159.04	2.0%
Chartered Clubs	\$18,252,654.92	7.9%
RSAs	\$9,231,183.43	4.0%
TOTAL CLUB	\$32,028,997.39	13.9%
TOTAL ALL	\$231,011,158.07	100.0%

NON-CASINO GM SPENDING IN QUARTER ENDED:

30 June 2008	\$231m
31 March 2008	\$218.5m
31 December 2007	\$245.3m
30 September 2007	\$243.5m
30 June 2007	\$237.7m

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

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MEDIA RELEASES

Publican fined for providing credit to gambler

28 August 2008

A Kaiapoi publican is the first person to be convicted under the Gambling Act 2003 for providing credit to a gambler.

In the Christchurch District Court, Stewart (Stu) Ross Turner, 46, of Redcliffs, manager of The Crossing on Kaiapoi tavern, was fined a total of \$2100 on three charges of providing credit to a patron playing the gaming machines plus \$130 costs.

The prohibition on credit is a harm prevention measure and Mr Turner told an Internal Affairs Department gambling inspector he knew that requesting money is one of the signs of a problem gambler and that the patron was gambling with the credit. But he had spoken to him about his gambling and always thought the patron was financially sound. Mr Turner provided a total of \$3500 in credit, of which \$2500 was repaid by the gambler's father and \$1000 by the gambler.

The tavern's gaming machines are operated for the Caversham Foundation and defence lawyer, James Rapley, argued that Mr Turner should be discharged without conviction because the Department was proposing to suspend the Foundation's venue licence.

He also pointed to a similar case in 2005, soon after the Gambling Act took effect, in which the venue manager was discharged without conviction on payment of \$2500 to the Problem Gambling Foundation.

Internal Affairs' Gambling Compliance Director, Mike Hill, said the Department investigated the Kaiapoi case after a complaint to the Problem Gambling Foundation.

"Gambling operators are required to monitor patrons for potential problem gamblers," Mike Hill said. "Staff are trained to recognise symptoms and must offer problem gambling information. This publican flew directly in the face of his responsibilities under the Gambling Act.

"Attempts to borrow money to support gambling are one of the key tell-tale signs of problem gambling. Other indications include repeated visits to money machines, disorderly or agitated behaviour and increased gambling sessions. One of the most common indicators is notification from a relation, friend or family member of the patron."

Bar manager convicted

3 July 2008

A former Auckland bar manager was sentenced to three months home detention and 50 hours community service for theft and failing to bank gaming machine profits.

William James McCormick, aged 57, pleaded guilty in the Auckland District Court to one charge of theft by a person in a special relationship and one of failing to bank almost \$21,000. The Gambling Act requires gaming machine money to be banked within five working days.

McCormick was manager of Royal Oak's Roundabout Bar and Brasserie, which had a long history of late banking with the society that owned the gaming machines, the Southern Trust. As a result, the Trust removed its machines, with almost \$21,000 outstanding, and complained to the Department of Internal Affairs.

Internal Affairs' Director of Gambling Compliance, Mike Hill, said gaming machine money does not belong to a venue but to the society, which is responsible for distributing funds to the community.

"The community must be the ultimate beneficiary of gaming machine proceeds in line with one of the purposes of the Gambling Act," he said. "This case sends a strong message to venues that gaming machine proceeds do not belong to them but are held in trust. Not dealing with the funds as the law requires deprives the community of money and constitutes theft."

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, local government services, 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.

CONTACTS**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.

SOCIETY	COMPLIANCE INSPECTOR	LICENSING INSPECTOR
AHAURA/GREY VALLEY LIONS CLUB INC	Lisa Barclay x 7031	Rochelle Goodwin-Kanara ext 5350
AIR RESCUE SERVICES LIMITED	Lisa Barclay x 7031	Craig Holmes ext 5486
ASHBURTON TRUST CHARITABLE FOUNDATION	Greg Clark x 7036	Richard Attwood ext 5380
AUCKLAND BOWLS TRUST	Scott Carsons x 7920	Richard Attwood ext 5380
BENEFICIAL CHARITABLE TRUST	Scott Carsons x 7920	Richard Attwood ext 5380
BULLER COMMUNITY DEVELOPMENT COMPANY LIMITED	Lisa Barclay x 7031	Richard Attwood ext 5380
CAVERSHAM FOUNDATION LIMITED	Stuart Fuller x 7319	Craig Holmes ext 5486
CONSTELLATION COMMUNITIES TRUST INC	Scott Carsons x 7920	Judy Rohloff ext 5466
CUESPORTS FOUNDATION LIMITED	Artie McClelland x 7948	Judy Rohloff ext 5466
ENDEAVOUR COMMUNITY TRUST	Garth Cherrington x 5520	Judy Rohloff ext 5466
EUREKA TRUST	David Macdonald x 7035	Judy Rohloff ext 5466
FIRST SOVEREIGN TRUST	Cliff Simpson x 7937	Rochelle Goodwin-Kanara ext 5350
FOUR WINDS FOUNDATION	David Batenburg x 7922	Richard Attwood ext 5380
GRASSROOTS TRUST	Ann Hart x 7267	Judy Rohloff ext 5466
HUCKLEBERRYS SPORTS & CHARITABLE SOCIETY INC	Ian Leitch x 5418	Judy Rohloff ext 5466
ILT FOUNDATION	David Macdonald x 7035	Rochelle Goodwin-Kanara ext 5350
INFINITY FOUNDATION LTD	Val Hawley x5614	Rochelle Goodwin-Kanara ext 5350
KAIWAKA SPORTS ASSOCIATION INCORPORATED	Artie McClelland x 7948	Rochelle Goodwin-Kanara ext 5350
KIWI COMMUNITY TRUST LIMITED	Artie McClelland x 7948	Craig Holmes ext 5486
LIONS CLUB OF OHAI-NIGHTCAPS INCORPORATED	Greg Clark x 7036	Richard Attwood ext 5380
MAINLAND FOUNDATION LIMITED	Stuart Fuller x 7319	Judy Rohloff ext 5466
MANA COMMUNITY GRANTS FOUNDATION	Garth Cherrington x 5520	Rochelle Goodwin-Kanara ext 5350
MANUKAU COUNTIES COMMUNITY FACILITIES CHARITABLE TRUST	Scott Carsons x 7920	Rochelle Goodwin-Kanara ext 5350
MOUNT WELLINGTON FOUNDATION	David Batenburg x 7922	Rochelle Goodwin-Kanara ext 5350
NEW ZEALAND COMMUNITY TRUST	Jay Laban x 5484	Richard Attwood ext 5380
OTAUTAU COMBINED SPORTS COMPLEX INCORPORATED	Greg Clark x 7036	Craig Holmes ext 5486

CONTACTS

SOCIETY	COMPLIANCE INSPECTOR	LICENSING INSPECTOR
OXFORD HOTEL SPORTS AND EDUCATIONAL TRUST INCORPORATED SOCIETY LIMITED	Ian Leitch x 5418	Rochelle Goodwin-Kanara ext 5350
OXFORD SPORTS TRUST INC	David Batenburg x 7922	Brent Addison ext 5345
PACIFIC SPORTS & COMMUNITY TRUST	Cliff Simpson x 7937	Judy Rohloff ext 5466
PELORUS TRUST	Daryl Te Whiti	Rochelle Goodwin-Kanara ext 5350
PERRY FOUNDATION TRUST	Ann Hart x 7267	Judy Rohloff ext 5466
PERRY FOUNDATION LIMITED	Ann Hart x 7267	Judy Rohloff ext 5466
PRIME COMMUNITY TRUST	Daryl Te Whiti x 5667	Brent Addison ext 5345
PRODUCERS TRUST INC	Scott Carsons x 7920	Richard Attwood ext 5380
PUB CHARITY	Val Hawley x 5614	Brent Addison ext 5345
REDWOOD TRUST INCORPORATED	Greg Clark x 7036	Rochelle Goodwin-Kanara ext 5350
PERRY FOUNDATION TRUST	Ann Hart x 7267	Judy Rohloff ext 5466
SOUTH CANTERBURY CHARITIES LIMITED	David Macdonald x 7035	Richard Attwood ext 5380
SOUTHERN VICTORIAN CHARITABLE TRUST INC	Greg Clark x 7036	Brent Addison ext 5345
ST KILDA COMMUNITY SPORTS SOCIETY	David Macdonald x 7035	Rochelle Goodwin-Kanara ext 5350
THE BENDIGO VALLEY SPORTS AND CHARITY FOUNDATION	David Macdonald x 7035	Richard Attwood ext 5380
THE BRUNNER RUGBY LEAGUE CLUB INCORPORATED	David Macdonald x 7035	Rochelle Goodwin-Kanara ext 5350
THE LION FOUNDATION	Stephen Balmer x 7923	Craig Holmes ext 5486
THE RUNANGA COMMUNITY SWIMMING POOL TRUST	Lisa Barclay x 7031	Richard Attwood ext 5380
THE SEAGULL FOUNDATION	Scott Carsons x 7920	Craig Holmes ext 5486
THE SOUTHERN TRUST	Lisa Barclay x 7031	Rochelle Goodwin-Kanara ext 5350
THE TRUSTS CHARITABLE FOUNDATION INCORPORATED	Greg Clark x 7036	Richard Attwood ext 5380
THE WHAKAUE CHARITABLE TRUST	Cliff Simpson x 7937	Craig Holmes ext 5486
TRILLIAN TRUST	Stephen Balmer x 7923	Richard Attwood ext 5380
TRUST HOUSE CHARITABLE TRUST	Ian Leitch x 5418	Craig Holmes ext 5486
WATER SAFETY EDUCATION FOUNDATION	Garth Cherrington x 5520	Judy Rohloff ext 5466
WHITEHOUSE TAVERN TRUST	Cliff Simpson x 7937	Craig Holmes ext 5486
YOUTHTOWN INCORPORATED	Artie McClelland x 7948	Judy Rohloff ext 5466

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

Web: 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

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

Organisation name: _____

Contact person: _____

Media releases: _____

e-mail: _____

Gambits postal address: _____

