Gambling Act: harder to get a gaming machine licence, easier to lose it

This issue of Gambits focuses largely on the Gambling Act, including much information about new provisions and procedures. It also includes information about general gambling sector matters that will continue to be relevant under the new Act.

The most important message in this issue is that the gambling sector must be aware that the biggest change the new Act will make is the new licensing regime for gaming machines in pubs and clubs. This part of the Act will be in force from July 1.

The new Act makes licensing very much a compliance activity regulating who should or should not be able to operate gambling. New applicants and existing licence holders (licences are valid for a year) should not consider that a licence will be granted as of right, to be declined only if they prove themselves unsuitable.

The Act states the opposite. That is, the Department of Internal Affairs must refuse to grant a gambling licence unless satisfied that an applicant is suitable to hold a licence.

This will require applicants for new or renewal of existing licences to provide much more information than they currently do under the Gaming and Lotteries Act. It also requires the Department to carry out more thorough checking of organisations and individuals than the Gaming and Lotteries Act requires.

The overall effect will be that it will be harder to get a licence and easier to lose one.

Financial viability and new application form

All societies will soon receive detailed information about financial viability of societies, standardised accounts, and the new licence
The Department is not a legal or financial advisor

Gambling sector organisations often ask the Department for what are, in effect, legal opinions, “letters of comfort”, or to negotiate arrangements that are matters for the society to consider and seek its own advice on.

It is important that the sector understands that the Department is not a legal advisor and does not give legal opinions.

It can, and does, explain its role and what the law states. This is very different to advising how an organisation should structure its operations or how it might avoid or get around its responsibilities under the Gambling Act.

The Department will not give “letters of comfort” or informal approvals of proposals. To do so would be highly inappropriate, as it would prejudge the result of an investigation of a licensing application or a compliance matter.

Likewise, the Department is not a financial advisor and does not make business decisions for organisations. The boards of gaming machine societies and the management of venues are responsible for decisions about how they spend money and what actions their organisations take.

The Department is more than happy to meet and communicate with gambling sector organisations to explain what the law states. It will always respond according to the provisions of the Gambling Act. That is, it applies the law, and cannot “negotiate” arrangements with any person or organisation.

Where an organisation needs to apply what the law states to the specifics of its own business practices, the Department advises it to get independent, professional legal or financial advice.

Gambling Act: harder to get a gaming machine licence, easier to lose it

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application and renewal form (also see articles on pages 3 and 5.

Societies will be urged to study those documents carefully and to keep them as key reference material.

Without them they will have great difficulty complying with the new licensing rules.

The documents will be easily photocopied and as many copies should be made as required.

Copies will also be available from the Department of Internal Affairs website, www.dia.govt.nz.

Licensing Unit

The Department has employed more Gambling Inspectors to work in its Licensing Unit and will recruit or second from other units more staff as required to cover the additional work.

At all times the Department’s focus will be to ensure that the right decisions are made. Where there is a choice between taking more time to ensure the quality of a decision or making a faster decision, quality will be chosen.

To help reduce possible delays, the Department is introducing new work processes in addition to having more Gambling Inspectors working in licensing. These include a new electronic licensing system and staggered licensing dates (see page 22).
In the financial year that ended 30 June 2003, gaming machine “societies” (as they are known under their legislation) made a total gross profit of $941 million, a 21% increase on the previous year. New legislation, the Gambling Act 2003, was passed in September last year bringing with it much tighter controls. Some of the new Act’s provisions are already in force, but most have lead in times, and all will be in force this year. Important changes to take effect from July 1 include mandatory requirements that:

- financial statements must comply with GAAP or the Financial Reporting Act (section 108 of the Gambling Act);
- annual reports must be signed by qualified auditors (section 107) and will have to include a financial forecast for one year ahead; and
- an applicant for an “operator’s licence” (the operator is the society that owns the machines) must prove their financial viability (section 52(1)(c)).

These new requirements are no more than the standard, sound business practices that all businesses would normally be following for their own benefit. However, in the Department’s view, financial accounting in much of the gambling sector has historically been poor and these new requirements will be challenging.

**Major change in licensing**

Reinforcing these requirements is a fundamental change in the licensing law; societies will have to prove that they are suitable to operate gaming machines. This includes proving their financial viability.

This is the reverse of the current situation where the Department has to prove a society is unsuitable if it is to decline to grant a new licence or to renew an existing licence.

This is not just playing with words; it is a fundamentally different approach. The relevant sections of the Act start with the statement that the Department must refuse to grant the licence. It then puts the onus on a society to prove why it should be allowed a licence.

**Standardised accounts**

To help societies comply with the new law the Department has developed standardised accounts for societies and their accountants and auditors to use.

The standardised accounts will help societies comply with GAAP and include a statement of:

- financial performance
- financial position
- cash flows.

While some of the larger societies will have been using similar accounts already, none are currently providing financial forecasts. Copies of the standardised accounts will be available from the Department’s website, www.dia.govt.nz, and will be sent to all societies.

While the Department cannot make the standardised accounts mandatory, they will make life much easier for societies and the Department strongly recommends their use. They will make applying to renew licences easier and faster, and

*continues page 5*
The roles of the Gambling Commission, including public and gambling sector appeals

The Gambling Act creates an independent permanent Commission of Inquiry to be known as the Gambling Commission. The Act also disestablishes the Casino Control Authority.

From 1 July 2004 the Commission’s roles will include:

- having extensive powers in relation to gambling in casinos, including the power to suspend or cancel licences
- receiving complaints from members of the public and community organisations who made complaints to the Department of Internal Affairs about gaming machines in pubs and clubs and are unhappy with how their complaints were handled
- being an appeal body for operators of gaming machines in pubs and clubs and operators of large housie games, lotteries or other large scale gambling that requires a “class 3 gambling licence”, who are unhappy with Department decisions
- involvement in setting the problem gambling levy
- advising the Minister of Internal Affairs on matters relating to the Commission’s functions.

The Department’s Gambling Act Fact Sheet 5: Regulatory Agency Roles gives more detailed information about what the Act states about the Commission. Copies are available from the Department’s website, www.dia.govt.nz, (click on “gambling”, scroll down to “more information” and click on “Gambling Act 2003”). Hard copies can be obtained by telephoning 0800 257 887.

The Commission will be based in Auckland and its contact details are:
P O Box 3310, Shortland St P O, Auckland.

Transitional provisions for gaming machine licence applications

Any society applying for a new gaming machine licence between now and 1 July 2004 will have its application assessed under both the Gaming and Lotteries Act 1977 and the relevant sections of the Gambling Act 2003 that are in force.

This means that if the applicant is intending to place its gaming machines on a venue that hasn’t operated gaming machines previously (or has been without gaming machines for a six month period or more) a territorial authority consent for the venue will be required. They should ensure that their legal advisor checks whether or not a territorial authority is required. The Department will not be able to issue a new gaming machine licence unless a territorial consent is submitted for any venue that requires one.

An application submitted before 1 July 2004, and which hasn’t been determined by that date, will be decided wholly on the basis of the Gambling Act requirements. Therefore, it is in an applicant’s interest to ensure that its society or operator’s status complies with the definition of a corporate society in the Gambling Act if it submits a new gaming machine licence application to the Department before that date.
If licence application is late, licence expires and gaming machines MUST be turned off

The Department of Internal Affairs is strongly advising gaming machine societies to ensure that applications to renew gambling licences for gaming machines in pubs and clubs are complete and on time (Gambling Act section 56).

If renewal applications are not received before the existing licence expires, the licence is no longer valid and all of the society’s gaming machines at all of its venues must be turned off. If any of them are not turned off, the society can be prosecuted for operating illegal gambling.

The Act allows the Department to return incomplete applications, along with any accompanying documents and application fees. The Department’s practice will be to return an incomplete application promptly and explain to the society that if it does not file a complete application before the current licence expires, the licence will no longer be valid and all its machines must be turned off from that date.

A society’s licence continues in force after its expiry date if:

- it has applied for renewal before the expiry date, and
- the Department has not declined the application.

Licence applications

There will be mandatory application forms for licence applications and, of key benefit to societies, the information from the standardised accounts will transfer directly into the application form.

In very broad terms, the licensing process will be that:

- societies must provide to the Department a GAAP compliant annual report, including a financial forecast. Ideally these will use the Department’s standardised accounts.
- societies must apply for licences, and applications must include the required information about financial viability. Societies using standardised accounts will be able to simply transfer the balances from those accounts into their applications.
- the Department will process complete applications.
- the Department will immediately return incomplete applications, unprocessed.
- the Department must refuse to grant a licence unless it is satisfied that the society is financially viable.

The Department’s regular compliance audits will be based on the licensing requirements of the Act.

In short, the standardised accounts are designed to:

- make licensing easier by directly linking the annual report and the licence application; and
- improve compliance by encouraging societies to organise their operations in ways that produce the necessary financial outcomes.

The Department strongly suggests that societies contact their accountants to ensure they have systems in place to meet the financial reporting requirements of the Act.
Implementation dates for regulations and other provisions of the Gambling Act

The Gambling Act was passed in September last year with lead in periods for most of its provisions. In many areas it requires the Department to consult with the community and the gambling sector and then to draft regulations, game rules, minimum standards and other provisions.

Consultation is underway or has been completed in the following areas. Implementation dates are:

<table>
<thead>
<tr>
<th>Provision</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game rules for Class 1 to 3 gambling (i.e. housie, raffles, games of chance etc)</td>
<td>July 1</td>
</tr>
<tr>
<td>Minimum standards for gaming machines in pubs and clubs</td>
<td>July 1</td>
</tr>
<tr>
<td>Game rules for Class 4 gambling (i.e. gaming machines in pubs and clubs)</td>
<td>September 1</td>
</tr>
<tr>
<td>Limits on venue expenses for Class 4 gambling</td>
<td>September 1</td>
</tr>
<tr>
<td>Minimum operating standards (MOS) for casinos</td>
<td>July 1</td>
</tr>
<tr>
<td>Infringement notices</td>
<td>Early 2005</td>
</tr>
<tr>
<td>Electronic monitoring system (EMS) for Class 4 gambling</td>
<td>Various dates up to 19 March 2007</td>
</tr>
</tbody>
</table>

Classes 1-4

While the game rules and licence conditions for Classes 1-3 gambling and minimum standards for gaming machines in pubs and clubs will be in force from 1 July 2004, these are still being finalised. The Department will confirm their final content in a mailout to all operators prior to 1 July.

Extensive submissions from community groups and the gambling sector have been received on regulations and rules for operating gaming machines in pubs and clubs (Class 4 gambling). These are being reviewed and considered, and details of the new provisions will be released as soon as they are finalised.

Casino Minimum Operating Standards (MOS)

Before any of the casino MOS are finalised, the Department expects to arrange meetings with casino operators to discuss any changes made to the proposed MOS as a result of submissions received. The meetings will also be an opportunity to discuss any outstanding issues relating to MOS. The Department will contact casino operators in June to arrange meetings.

Until such time as the proposed MOS are finalised and able to take effect, current casino internal controls approved by the Casino Control Authority will remain in force.

Infringement notices and fees: transitional procedures

Regulations for the issuing of infringement notices and fees will be in force from early 2005.
Infringement notices will be a new compliance tool that has not been available in the gambling sector under the Gaming and Lotteries Act. Infringement notices will be able to be issued for breaches of regulations and game rules. Infringement notices can include fees of up to $50,000 (section 360).

Between 1 July 2004 and the infringement notice regulations being introduced, the Department will, where appropriate, give formal warnings that particular behaviour would in future result in an infringement notice being issued.

The transitional procedures should help all involved to develop an understanding of how the infringement notice system will work.

During that time, the Department will still take other compliance action if necessary. This can include suspending and cancelling licences and taking court action.

**EMS**

While the Act sets 18 March 2007 as the final deadline, there will be earlier deadlines and most machines will be connected well before that date. (NB: 18 March 2007 is a Sunday, and the date will be 19 March 2007.)

The Department is carrying out consultation meetings and gambling operators are strongly advised to contact the manufacturers of their machines, or their agents, as soon as possible. They must ensure that their machines will be compatible with QCOM, the software protocol that EMS will use.

Information discussed at EMS consultation meetings is available on the Department’s website, www.dia.govt.nz.

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**More information for community groups and gambling operators**

Before July 1 the Department will be mailing out new and updated fact sheets and application forms for all forms of gambling regulated by the Gambling Act.

The information will be of importance to gambling operators, including those operating raffles, housie and other games of chance, and the community in general.

All the fact sheets and new application forms will be posted on the Department’s website, www.dia.govt.nz, as they are finalised. Keep checking the website for updates.

Fact sheets will include:

- The Gambling Act summary
- Gambling Act versus previous legislation
- Gaming and Censorship Regulation Group (GCR) background information
- Gambling facts and figures
- Regulatory agency roles
- Gaming on the Internet, remote interactive gambling and overseas advertising prohibited
- Classes of Gambling including unlicensed gambling requirements
- Casinos
- Associated persons casino
- Minimum Technical Standards – where to find, how to apply
- GCR enforcement policy casino and non casino
- Non-casino gaming machines and Class 4 licensing
- Class 4 questions and answers
- Information that must be displayed at Class 4 venues
- Grants from gaming machine funds
- When territorial authority consent is required
- Information notes on Class 4 renewal
- Class 3 licensing and questions and answers
- Sales promotion schemes- a general guide
- Housie
- How to run lotteries, prizes, competitions, housie, instant games, games of chance, and raffles.
- Problem gambling
- New Zealand Lotteries Commission
- Racing industry
- Commencement dates
Site agreements: transition to the Gambling Act

From 1 July 2004 an existing site agreement between a gaming machine society and a pub that hosts gaming machines will be treated as a class 4 gambling venue agreement under the Gambling Act. Class 4 venues are those that have gaming machines.

The existing agreement will remain in effect until the gaming machine society’s licence issued under the Gaming and Lotteries Act expires. When the society applies to renew its licence under the Gambling Act, the new or amended venue agreement must comply with the relevant provisions of the new Act and must be filed for approval by the Department (section 69).

Under the Gambling Act a venue agreement remains in force for up to three years and ends immediately the society no longer holds a class 4 operator’s licence or no longer holds the class 4 venue licence for that venue. A society must have two different kinds of licence: an operator’s licence for itself and a venue licence for each venue that hosts its machines.

A venue agreement must include:

- The full name, date of birth and contact details of the venue manager, and list the manager’s gaming-related duties
- An itemised list of all costs associated with the operation of gaming machines at the venue, which must comply with any limits or exclusions imposed by Gazette notice (section 116)
- An expiry date of no later than three years after the date of the agreement.

A venue agreement should include the following statements:

- Venue operator will comply with the requirements of the Gambling Act, game rules, licence conditions and Blue Book procedures relating to the operation of gaming machines and any directions issued by the Department.
- The way in which the venue will prevent persons under 18 having access to the gaming machines.
- Venue operator will display the venue licence in a prominent place in the venue and will display the information about the licence as required by section 82 of the Gambling Act.
- Only persons authorised by the society may service, modify or have access to the interior of gambling equipment.
- Venue operator will keep records of venue staff used in the gaming machine operation.
- Venue operator must keep and supply the society with records relating to gaming machine profits.
- Venue operator will provide the cash float for operation of the gaming machines.
- Venue operator must carry out meter readings, operate gaming machine float, bank gaming machine funds in accordance with the procedures specified in the Gambling Act, game rules and Blue Book.
- Venue operator will not enter into any agreement or activity where any party stands to benefit commercially from any gaming machine proceeds.
- An agreement to pay expenses to the venue must comply with the Department’s rulings or any notice issued under section 116 of the Gambling Act.
- Venue operator will co-operate with the Department, its Gambling Inspectors and other employees.
- Venue operator will co-operate with the society’s auditor.
- Venue operator will take all necessary steps to comply with and assist the society to comply with any conditions that the Department has added to the venue licence.
Licences will be declined or revoked if under 18s access gaming machines in pubs or clubs

The Gambling Act states that the Department cannot grant a licence (or may revoke an existing licence) unless it is satisfied that the possibility of persons under the age of 18 gaining access to gambling is minimal (section 67(1)(b)).

Section 65(2)(d) requires the society to provide a statement with every venue licence application of how it proposes “to minimise the risks ... of under age gambling at the class 4 venue”.

A suitable liquor licence will be relevant to the granting of a licence. However, the Department is aware of instances where access to the gambling area may not be supervised, regardless of the liquor licence. These include venues where there appears to be no means at all of supervising whether minors are entering or leaving the gambling area or playing the machines.

To meet the requirements of the Gambling Act there must be measures in place to prevent minors from accessing machines. If minors can easily access machines without venue staff noticing, societies are not taking measures to minimise the risks of under age gambling, regardless of whether there are actual complaints or evidence of minors gambling at the site.

Guidelines

As part of the statement required under section 65(2)(d), the Department will expect to see written procedures for the supervision of the gambling area, including for the identification and exclusion of minors. Such procedures should be venue-specific rather than common to all venues in the society, i.e. they need to take account of the primary business at the venue and the layout, staffing and security arrangements unique to each venue.

A check to ensure that these procedures are actively carried out in the venues will be included in routine venue inspections.

The Department will also need to consider what measures are in place to ensure that access to the gambling area is effectively supervised. Factors in this assessment will include (but are not limited to):

- Are all doors/entrances into the gambling area clearly visible from the bar or main work area of the site?
- Are the gaming machines themselves visible from the bar or main work area?
- Is there a statutory means of restricting the access of minors to the venue, e.g. a liquor licence?
- Is there in-person staff supervision inside the gambling area or at the doors/entrances?
- Is there good quality, functioning and continuously monitored closed circuit TV (CCTV) coverage of the gambling area?

None of the above factors are determinative by themselves, but they will all give weight to the Department’s assessment. Especially in the case of staff supervision or CCTV, the Department will also need to consider whether existing means of supervision are cost effective, or whether effective supervision would be achieved at less cost by other means, e.g. closing and locking a door (where this can be accomplished without breaching fire safety requirements), installing an interior window in the gaming area, or moving the machines.
Operating gaming machines in pubs and clubs – some provisions of the Gambling Act

The Gambling Act makes a wide range of large and small changes to the regulation of gambling in New Zealand. Some provisions that operators of gaming machines in pubs and clubs should consider to ensure their operations comply with the new law include:

Authorised purpose
For class 4 gambling, authorised purposes can no longer include “electioneering purposes” (section 4). Societies may wish to revise their authorised purpose statements accordingly, especially if they currently include “party political purposes”.

Casino branding
From 18 March 2005 only the six licensed casinos may use in their branding the word “casino”, or any other word or get up, that gives the impression that the venue is a casino (section 121). This would include, but is not limited to, prohibiting pubs that have gaming machines using the word “casino” and words like “kasino”, “cazino” etc.

Must include venue licence
All applications for a new operator’s licence must be accompanied by one or more venue licence applications (section 50).

Venues moving between societies
In relation to a society application for a venue licence, the Department will require evidence from the applicant that the previous society has voluntarily surrendered its venue licence or intends to do so (section 67(1)(e)). A venue licence is not transferable (section 80). The agreement for a venue to move from one society to another is entirely a matter between the two societies and the venue concerned. The Department has no interest in the matter except to perform the required licensing checks. It is not responsible for obtaining the surrender documentation from the previous society.

No gambling for four weeks
If a society has not conducted gambling at a venue for more than four weeks, it must surrender its venue licence unless the Department agrees that the venue can remain inactive for a specified period (section 71(1)(g)). Circumstances in which the Department might agree to the continuation of a venue licence will be looked at case by case but might include, for example, major renovations taking place at the venue. It is unlikely that the Department will agree to an inactive venue continuing to be licensed if the society simply does not wish to release it.

Disposal of gaming machines
If a society intends to sell, destroy or otherwise dispose of a gaming machine it must notify the Department within 20 working days of how the machine was disposed of, and the name and contact details of the person who acquired the machine (section 83). There is no statutory requirement to advise the Department if machines are simply removed from a venue, but retained by the society (e.g. placed in storage). However, societies are strongly encouraged to provide the Department with this information because it will assist in keeping track of machines and preventing miscommunication between the Department and the society.

Venue expenses
An existing contract or other arrangement that does not comply with limits on expenses gazetted under section 116(1), including venue payment expenses, is an illegal contract.
Investigating societies, venues and grant recipients

The Department may, to the extent necessary to determine compliance with the Act, investigate and audit not only societies but also grant recipients and businesses operating at class 4 venues (section 117). This means, for example, that the Department may question grant recipients about the legality of grants, or request financial statements from venue businesses in order to determine whether gambling is the primary activity at the venue.

Primary activity

The Department is likely to request financial statements from businesses. In relation to new venues it will introduce a requirement that the venue must have been operating as a viable business with no gaming machines for a period of time, probably at least 6 months, prior to the granting of a licence (section 67(1)(k)). Policy under this section has not been finalised and the Department will advise the details as soon as possible.

Game conversions amendments and gaming machine seals

In the April 2003 issue of Gambits, the Department gave a warning to the gambling sector that those machines approved and installed with seals must be sealed or they will be turned off and the society could face further action.

The electronic workings of gaming machines are sealed shut to help ensure that gaming machines are fair, secure and accountable. The society that owns the machines is responsible for them. It must ensure that any person or organisation it authorises to work on the machines is competent to do the work. Since then there has been a noticeable improvement in this area and the purpose of this article is to reinforce the importance of this requirement and the Department’s policy of turning off machines that don’t comply.

Under the Gambling Act, the proposed Game Rules (for class 4 gambling) on this issue are also aimed at instilling basic accountability in this area of gaming machine security and integrity.

Game conversions

During recent venue visits by Inspectors, it has come to the attention of the Department that some societies have failed to submit an amendment for game conversions to their gaming machines. The requirement up until 1 July 2004 under the current licence conditions (Licence condition 3 Set B & Set A) is that a society shall apply for a licence amendment when a change on a gaming machine from one approved game to another approved game occurs.

Under the Gambling Act, section 73 (1) (a) a corporate society must apply to the Department to amend its class 4 venue licence if the corporate society proposes to –

(a) change any gambling equipment at the venue; or
(b) increase the number of gaming machines that it may operate at the venue; or
(c) change any condition of the licence or any procedure that is a condition of the licence.

Under the interpretation section of the Gambling Act, gambling equipment includes a gaming machine. Consequently, a game conversion change to a gaming machine post 1 July 2004 will also require an amendment to a society’s class 4 venue licence.

It is the Department’s intention to enforce both the current licence condition and the Gambling Act requirements (post 1 July 2004), and that any gaming machines that have been the subject of a game conversion without the lodgement of an amendment by the society will turned off until such time as the amendment has been processed by the Department.
New gambling fees – most community groups will no longer pay fees, most gaming machine operators and casinos will pay more

The new Gambling Act means that most schools, churches, clubs and other community groups wanting to use gambling for fundraising will not have to pay licensing and compliance fees from 1 July 2004.

Community groups will not have to get licences and will not pay fees until total prizes in their house, raffles and other non-gaming machine gambling activity exceed $5,000. The current law requires a licence if prizes exceed $500. This change means that 89% of such gambling will no longer need licences and the operators will not have to pay fees.

Many other community groups might be able to reorganise their gambling activities so they can also meet the new criteria and not have to pay fees.

Many clubs that operate gaming machines are likely to pay slightly less in total for licensing and compliance fees and the problem gambling levy. These are clubs with a moderate number of gaming machines and whose machines have moderate turnovers.

The total fees and problem gambling levy for the remaining clubs, most casinos, and gambling operators with gaming machines in pubs will increase.

Overall, as the result of the rapid growth in gaming machines in recent years and tighter controls imposed under the Gambling Act, there is an increase in licensing and compliance fees of $1.9 million.

Casino and gaming machine gambling have grown by between 18% and 23% a year over each of the last five years, with gross profits (or gamblers’ losses) reaching $1.4 billion in the last financial year.

The costs for the Department to regulate the sector effectively will continue to be less than 1% of the sector’s profit. They will go up from $13.6 million to $15.5 million, which includes the implementation costs of the new Act. In following years the costs will be less than $15.5 million, and the amount collected in fees will be reduced accordingly.

These fees are an excellent investment for the community.

Gaming machines in pubs and clubs are licensed as a form of community fundraising only and the Department is the only organisation that audits them to ensure that the money they raise goes to community organisations.

The Department is the primary regulator ensuring that crime is kept out of casinos, and New Zealand continues to be free of the money laundering and organised crime problems some overseas casinos have suffered.

These fees pay for the direct surveillance of a sector that turns over more than $9 billion in cash every year. Effective regulation of
Gambling benefits gamblers and the community.

**Gambling Commission**

The new Act creates an independent Gambling Commission. The Commission will replace the Casino Control Authority (CCA) and will also have functions in the gaming machine sector. The Commission will potentially help lower gambling operators’ compliance costs by hearing complaints and appeals against the Department’s decisions more quickly and at a lower cost than courts can. Gambling operators who disagree with Commission decisions will still have the right to seek a judicial review from the courts.

Community organisations and members of the public will also have the right to appeal to the Commission if they disagree with how the Department deals with their complaints about gaming machines in pubs and clubs.

The Commission’s costs, $900,000 annually, will be spread across casinos and gaming machine operators. The CCA’s costs ($1.6 million this year) were met by casinos.

**Problem Gambling Levy**

The Ministry of Health has consulted on the proposed new problem gambling levy. It will be making a recommendation to the Gambling Commission, which will recommend a problem gambling levy to Ministers. The exact amounts are not yet finalised.

Under the new Act, each gambling operator will pay a levy based on player losses and the numbers of people requiring problem gambling services because of those forms of gambling. Gaming machines in pubs, clubs and casinos are the highest cause of problem gambling in New Zealand.

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**Background statistics**

- In a year, the Department issued about 1,500 licences for lotteries, housie and other gambling by community groups.
- At 31 December 2003, 559 clubs were licensed to operate 4,815 gaming machines.
- At 31 December 2003, 113 non-club “societies” were licensed to operate 17,919 gaming machines in pubs.
- There are six casinos in New Zealand, located in Auckland, Hamilton, Christchurch Queenstown (2) and Dunedin.
- In the year ended 30 June 2003, gamblers’ losses (or operators’ gross profits) on gaming machines in pubs and clubs were $941 million (up 21%).
- In the year ended 30 June 2003, gamblers’ losses (or operators’ gross profits) in casinos were $457 million (up 11%).
- Total Department costs will increase from $13.6 million to $15.5 million next financial year and then reduce in future years.
- Gambling Commission costs will decrease in comparison to the CCA’s, from $1.6 million for the CCA this year to $900,000 for the Commission.

see table page 14
<table>
<thead>
<tr>
<th>Matter in respect of which fee is payable</th>
<th>Previous Charges $ (GST incl.)</th>
<th>New Fee $ (GST incl.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lotteries and housie (prizes not exceeding $5,000)</td>
<td>85</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Class 3 operator’s licence applications</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New or renewal (prizes not exceeding $50,000 in value)</td>
<td>(Lottery) 85</td>
<td>100</td>
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<tr>
<td>New or renewal (prizes exceeding $50,000 in value and housie)</td>
<td>(New Housie Part 1) 424</td>
<td>707</td>
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<tr>
<td>Amendment</td>
<td>(Lottery) 85</td>
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<td></td>
<td>(Housie Part 1) 293</td>
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<tr>
<td><strong>Class 4 operator’s licence applications</strong></td>
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<td></td>
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<tr>
<td>New (Category A)</td>
<td>1,677</td>
<td>973</td>
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<tr>
<td>(Category B)</td>
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<td>1,295</td>
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<td>Renewal (Category A)</td>
<td>393</td>
<td>887</td>
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<tr>
<td>(Category B)</td>
<td>393</td>
<td>1,123</td>
</tr>
<tr>
<td>Amendment</td>
<td>517</td>
<td>344</td>
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<tr>
<td><strong>Class 4 operator’s annual fee</strong></td>
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<tr>
<td>Category B applications only</td>
<td>–</td>
<td>3,566</td>
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<tr>
<td><strong>Class 4 venue licence applications</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New (Category A)</td>
<td>–</td>
<td>543</td>
</tr>
<tr>
<td>(Category B)</td>
<td>–</td>
<td>608</td>
</tr>
<tr>
<td>Amendment</td>
<td>–</td>
<td>258</td>
</tr>
<tr>
<td>Renewal (Category A)</td>
<td>–</td>
<td>372</td>
</tr>
<tr>
<td>(Category B)</td>
<td>–</td>
<td>469</td>
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<tr>
<td><strong>Class 4 venue annual fee</strong></td>
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<td>Annual per gaming machine fee</td>
<td>250</td>
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<td><strong>Licensed promoter licence applications</strong></td>
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<tr>
<td>New or renewal</td>
<td>300</td>
<td>1,375</td>
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<tr>
<td>Temporary Authority</td>
<td>100</td>
<td>100</td>
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<td><strong>Certificate of approval applications</strong></td>
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<td></td>
<td>506</td>
<td>270</td>
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<tr>
<td><strong>Casino operator’s licence applications</strong></td>
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<td></td>
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<tr>
<td>New</td>
<td>340,000</td>
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<tr>
<td>Amendment</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Temporary Authority</td>
<td>–</td>
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<td><strong>Casino venue agreement approval applications</strong></td>
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<td></td>
</tr>
<tr>
<td>New</td>
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<td>23,000</td>
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<tr>
<td>Amendment</td>
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<td>1,000</td>
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<tr>
<td><strong>Associated person approval applications</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>–</td>
<td>330</td>
</tr>
<tr>
<td><strong>Casino operator’s annual fee</strong></td>
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<td></td>
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<tr>
<td>Sky City Auckland Casino</td>
<td>2,276,368</td>
<td>2,218,207</td>
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<tr>
<td>Sky City Hamilton Casino</td>
<td>559,592</td>
<td>548,184</td>
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<tr>
<td>Christchurch Casino</td>
<td>889,264</td>
<td>925,431</td>
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<tr>
<td>Dunedin Casino</td>
<td>438,436</td>
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<tr>
<td>Sky City Queenstown Casino</td>
<td>233,867</td>
<td>237,501</td>
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<tr>
<td>Wharf Casino (Queenstown)</td>
<td>203,533</td>
<td>216,259</td>
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<td><strong>Gambling Commission appeal fees</strong></td>
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<td>–</td>
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</tr>
<tr>
<td>First day of hearing</td>
<td>–</td>
<td>450</td>
</tr>
<tr>
<td>Half day and part half day hearing (after first day)</td>
<td>–</td>
<td>450</td>
</tr>
</tbody>
</table>

*Category A* applications are made by the New Zealand Racing Board, a racing club and a club operating at a non-commercial venue that it owns or leases and is mainly for the use of club members. *Category B* application means an application that is not Category A.
Key things about key persons

The Gambling Act introduces a new definition of “key persons” in relation to both class 4 societies (i.e. gaming machine operators) and venues.

It’s important for both the Department and societies to know who the key persons in an operation are, because:

• key persons are subject to checks to ensure that they are suitable to be involved in gaming machine operations
• key persons in relation to venues have requirements placed on them under section 113
• a key person in relation to a gaming machine society cannot also be a key person in relation to a gaming machine venue
• key persons are prohibited from seeking, receiving or offering benefits in defined cases (section 118).

The definition of key persons (section 4) includes:

• In relation to class 4 operator’s licences (i.e. gaming machine societies):
  - trustees and officers of societies
  - chief executives of societies, or persons performing the function of a chief executive
  - anyone who exercises a significant influence in the management of a gaming machine society.

• In relation to class 4 venue licences:
  - venue managers
  - venue personnel (in general the Department will only check non-management venue personnel when there is evidence suggesting it should do so)
  - venue operators
  - directors, chief executives, and senior managers of venue operators
  - anyone who the Department reasonably believes has a significant interest in the management, ownership, or operation of a venue operator
  - persons contracted to service gambling equipment at gaming machine venues.

The Department is still working through the detail of how it will treat the terms “significant interest” and “significant influence” when deciding whether or not a person is a key person. The following is a general indication of its approach.

In relation to a society, exercising a “significant influence in the management of a class 4 society” may include (but is not limited to):

• the power to make decisions that would normally be made by the trustees, officers or senior management of the society
• the power to appoint trustees, officers or senior management, or to alter the society’s constitution
• influencing the grants decision-making process.

In relation to the management, ownership, or operation of a venue, a “significant interest” may include (but is not limited to):

• a financial or ownership interest in the business operating at the venue, or the venue premises
• the power to make decisions that would normally be made by the directors, chief executive or senior management of the venue operator
• undertaking or being responsible for duties that are normally the responsibility of the venue manager (e.g. being responsible for the timely banking of gaming machine profit).

The Department is aware that influence on or interest in societies and venues can go beyond the directors and managers of the organisation. For example:

• some management companies under contract to societies may have a key person role in relation to societies and/or venues
• some societies and venues have complex relationships with other organisations or people, external to the core management structure and/or to the society, but who may have a significant influence on, or interest in, the society or venue.
Helping clubs understand authorised purposes and expenses

Department of Internal Affairs’ audits of clubs operating gaming machines have previously found recurring problems, with clubs being confused between what are the authorised purposes for which they can use gaming machine profits, and what are the actual, reasonable and necessary expenses of operating their machines. This issue has been highlighted during recent consultation with clubs about the Gambling Act. It has resulted in some clubs appearing to be well below their minimum required return to authorised purposes, when in reality they might be meeting that requirement.

The Department’s advice is that clubs should review their authorised purpose statements to ensure they comply with section 4 of the Gambling Act 2003. That section refers to the following as meaning authorised purposes for class 4 gambling:

(i) a charitable purpose
(ii) a non-commercial purpose that is beneficial to the whole or a section of the community
(iii) promoting, controlling, and conducting race meetings under the Racing Act 2003, including the payment of stakes.

The Department also suggests that clubs work with their chartered accountants to ensure that they are allocating costs correctly between authorised purposes and expenses. This will help them meet the minimum for authorised purposes under the Gambling Act, which is currently proposed to be 37.12% GST exclusive of total gaming machine related income.

The Department’s interpretation of items that do not fit within the definition of authorised purpose referred to in section 4 of the Gambling Act are: the cost of any gambling equipment, the purchase of liquor or anything that can be sold, the purchase of buildings or property for commercial or investment purposes, or expenditure associated with operating a bar.

Authorised purposes can include virtually all clubs’ other costs (e.g. maintenance and development of club buildings, furniture and fittings, payment of club mortgages, repairs, work on club grounds, buying sporting equipment, electricity, rates, security, funds for building extensions, renovations or construction of new premises where the principle purpose of the premises is for direct use by society members). Authorised purpose payments must be transparent and easily auditable.

While the provisions of the Gambling Act are stricter than the current law, clubs who work on their accounting practices with their accountants are more likely to comply with the new rules.

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The Department’s future licensing processes are likely to go into some detail about these roles so that it can be satisfied that it has identified all potential key persons. For example, it is likely to request lists of all persons involved in the management of an applicant society or venue (regardless of whether or not the society or venue thinks they are key persons). This may be followed up with careful questioning about society and venue management structure and responsibilities. It is unlikely that everyone identified in this process will end up defined as a key person. The idea is to create a complete picture of structure, roles and relationships to ensure that no key person is missed.

The Department’s key concerns are to:

- ensure that the structures and decision-making processes in the management of gambling operations are open and transparent
- ensure that only suitable people are involved in operating gambling
- rule out conflicts of interest so that the Act is complied with.
Some things clubs need to know about the Gambling Act

The Gambling Act treats clubs that operate gaming machines differently from societies that operate gaming machines at pubs.

The following are significant provisions of the Gambling Act relating to clubs.

**Venue agreements**
A club that has a “class 4 operator’s licence” for gaming machines at its own clubrooms:
- does not have to have a venue agreement (section 65)
- is not subject to the restrictions on venue key persons in section 113.

**Numbers of machines**
The Act includes limited provisions that could allow some clubs to have more gaming machines than the 18 or nine that would otherwise be their maximums (sections 95 and 96).

**As the requirements for clubs are less onerous than those for other gaming machine societies, the Department must be satisfied that the organisation is genuinely a club, and is not a commercial enterprise calling itself a “club”.

Section 95 applies to club mergers and, in some circumstances, might allow up to 30 machines. Section 96 applies to individual clubs that would otherwise be allowed up to nine machines and, in limited circumstances, allows them up to 18 machines.

**Is it a club?**
As the requirements for clubs are less onerous than those for other gaming machine societies, the Department must be satisfied that the organisation is genuinely a club, and is not a commercial enterprise calling itself a “club”. The Department will expect there to be rules about membership, election of officers, and purposes and operations of the club. It would also be usual that a club had been in existence before an application was made for a gambling licence.

**Commercial venues**
Some clubs have bought commercial venues, usually pubs, to use as clubrooms. The Department will have to be satisfied that the operation was entirely non-commercial before it can licence such an organisation as a club. Where the “clubrooms” are operating, in effect, as a pub, it is unlikely that a licence will be issued.

**Clubs hosting a society’s machines**
Where a club hosts gaming machines owned by another society, it will be treated as a venue hosting gaming machines.
The club could be paid for the actual, reasonable and necessary expenses it incurs from hosting the machines. However, it could not receive grants from that gaming machine society and people who work there will not be exempt from the venue key persons provisions of the Act (sections 113 and 118). For instance, key persons of the club could not be key persons of the society that owns the machines.
The Department will require societies operating gaming machines at clubs to explicitly exclude those clubs from their authorised purpose statements.
Advertising by gambling operators – reasonable and necessary expenditure?

The following article was requested by a gambling industry publication. However, after seeing the article the publisher declined to print it. It deals with important issues about when advertising by gambling operators is, or is not, appropriate.

I would like to use this article to clarify the Department’s position on advertising as a way of circulating information about societies to potential grant applicants and site operators. Licence condition 56 of the Set B Gaming Machine Licence Conditions requires societies to ensure that expenses deducted from gaming machine funds are actual, reasonable and necessary to the society’s gaming machine operations.

Similarly, from 1 July 2004 the Gambling Act will authorise societies to deduct the actual, reasonable and necessary costs of conducting class 4 (gaming machine) gambling from the turnover of gambling before distributing the net proceeds to the community.

For societies to successfully distribute grants widely in the community it is desirable to have a choice of quality applicants. To achieve this it is clearly necessary for the public to be aware that societies exist and that they have the capacity to support the charitable activities that fall within the society’s authorised purpose. Limited advertising in publications that are accessible to potential applicants is an acceptable way to make information about societies available.

There are other inexpensive ways for societies to get information into the public domain. Ensuring that full contact details are printed on grant application forms is one obvious way. Community groups have told the Department that several societies did not list phone or fax numbers, postal addresses and e-mail addresses on their forms.

Another way is the Funding Information Service website (www.fis.org.nz). The FundView page on the website provides an easy-to-use database that holds information about funding available to community groups.

Application forms can also be provided at public libraries, community funding forums and other places or events in addition to pubs.

The Department is concerned about societies advertising in publications (such as gaming sector magazines) that are not readily available to the general public. If a publication does not reach community organisations the purpose of the advertising must be questioned. In some cases the apparent objective of the advertising is to attract site operators to join particular societies.

There is a clear distinction between advertising that seeks to inform potential grant applicants that a society has the capacity to support certain charitable activities, and advertising directed at...
Gaming machine money must be grants from societies; cannot be sponsorships from pubs

There is a common misunderstanding that sports teams and other organisations are “sponsored” by pubs using profits from gaming machines. That is not what happens and pubs must have no involvement in making grants from gaming machine profits.

Pubs’ names must not be used on shirts, banners or in other ways to imply that they provided gaming machine money. Community groups receive grants from gaming machine societies. Societies are the organisations that own the gaming machines, and they pay pubs to host the machines for them.

It is important that the community knows where grants have come from and where groups can apply for grants. Applications must go to societies and the grants are made by the societies. Using a pub’s name on shirts or a banner gives an incorrect impression that community groups should apply to the pub.

At times, community groups have stated that they were made to feel that they “owed” pubs for the grants they received. This is not correct. The pubs have been paid by societies to host machines. Gaming machine money is not pubs’ money, it is societies’ money, and pubs cannot attempt to influence how the societies allocate grants. A group that receives a grant has a relationship with a society not a pub.

However, there is nothing to stop a pub sponsoring a group; it can choose to do that with its own money.

Sponsorship or grants?
There is a key difference between sponsorship and a grant. Sponsorship is a commercial relationship where the sponsor is a business that gets something back for its money. It is different to a grant because a grant is made in a way that results in no commercial or personal gain.

Gaming machine societies are philanthropic not commercial; they make grants and do not sponsor organisations. Recipients can choose, if they wish, to recognise the society as the grant maker but this must not be a condition of a grant.

Informing the community
The Department has been providing information to societies to help them inform the community about the availability of grants. One of the simplest things societies can do to make access easier is to include contact details on their application forms. Community groups have told the Department that several societies’ forms listed none of phone, fax, postal address and e-mail address.

At times community groups have stated that they were made to feel that they “owed” pubs for the grants they received. This is not correct. The pubs have been paid by societies to host machines.

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Gaming machine money must be grants from societies; cannot be sponsorships from pubs

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Societies can also be listed on the Funding Information Service’s website, FundView. They can visit www.fis.org.nz or phone (04) 472 5367. Societies could also look at providing application forms at public libraries, community funding forums and other places or events in addition to pubs.

Another option is to ensure that if the recipient of a grant chooses to use a name to acknowledge the grant, then it is the society’s name and never the pub’s.

Application forms

By law, pubs must have no involvement in the grant making process. Application forms must be freely available next to gaming machines and people must be able to pick up copies without having to ask bar staff. Many pubs had their site approvals suspended when they did not meet this condition. The forms must be returned directly to the society and must not go through the pub.

When pubs did control access to application forms there were complaints that some community groups felt intimidated when questioned by bar staff, some publicans refused to give forms to some applicants, some pubs imposed conditions such as requiring applicants to drink or eat at that pub or buy goods or services from a particular business, and some application forms were not being forwarded to the society.

Many community groups have commented that removing publicans’ control of application forms has made an important difference to their ability to access gaming machine grants.

Advertising by gambling operators – reasonable and necessary expenditure?

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promoting a society to site operators in order to attract new sites. The former is necessary to facilitate the return of funds to the community by increasing the quality and number of applications for grants. The latter inevitably encourages competition for sites, which in turn places pressure on site payments and ultimately reduces the pool of funds available for distribution to authorised purposes.

At times, societies state that the result of advertising within the gambling sector is to increase the number of sites operating gaming machines and, through that, increase the money available to distribute as grants. However, licensing statistics show that the number of sites has decreased slowly and steadily over recent years, and that trend appears set to continue or accelerate under the Gambling Act. At the same time, site transfers between societies have continued at a rapid rate.

Advertising that seeks to attract sites from one society to another is not a reasonable or necessary expenditure. Societies should confine their limited advertising expenditure to that which is necessary to ensure that quality applicants are available for grant purposes. It is important to remember that societies exist to return the maximum amount of gaming machine funds to the community.
Grant recipients must use grants as they said they would

The Disputes Tribunal in the Dunedin District Court has ordered the Malcam Charitable Trust to refund $3,612.82 to a gaming machine society, Bendigo Valley Sports & Charity Foundation.

Bendigo had made a grant of $5,000 to the Trust for work boots, work clothes and other items for trainees at the Trust. However, the Trust used most of the money for other purposes.

A Department Gambling Inspector who was auditing Bendigo found the discrepancy and reminded Bendigo that licence conditions state, “the society shall take reasonable steps to ensure that grants are used for the purpose stated by the recipient in the application”.

The Inspector also stated that, “in cases where the grant recipient cannot or refuses to provide evidence that the funds have been spent appropriately, your society must follow up until either you are satisfied as to how the funds have been spent, or unspent funds are returned to the society”.

The Department’s position is that gaming machine societies should have formal grant verification processes and it is their responsibility to follow up grants that are not correctly used.

When Bendigo followed up with the Trust, the Trust took the matter to the Disputes Tribunal.

The Tribunal found against the Trust and ordered it to refund the disputed amount.

There was no suggestion that the Trust had used the funds for purposes outside its constitution, nor was this an argument about what is a “good” purpose for a grant. The issue is more fundamental than that and applies to any grant-making system. Grants must be used for the stated purposes.

If people apply for one thing but spend the money on something else, then the grant-making process is undermined. The grant-maker would have no way of knowing what the money will really be used for and there would be no fair way of allocating grants because information provided in applications could not be relied on.

Casinos comply with banknote acceptor restrictions

From 18 March 2004 all gaming machines have been required to have their banknote acceptors modified to only accept banknotes with a denomination of $20 or less.

In preparation for that restriction, Department Gambling Inspectors developed a simple but effective test to check gaming machines in casinos. After March 18 they worked with the casino operators testing the machines.

The result was 100% compliance with the new requirements. The Department would like to recognise the efforts of all involved, both its own staff and casinos, in achieving that result.

Re-testing has been included in the ongoing audit programme.
Staggering of gaming machine licence dates to start July 1

A significant cause of delays in making decisions about gaming machine licence applications under the Gaming and Lotteries Act is that 75% of the licences expire in September each year.

In March 2004, there were more than 660 societies operating gaming machines at more than 2,000 venues.

To help prevent this logjam, the Department has been looking at how it can use the new licensing provisions in the Gambling Act to stagger the expiry dates of licences.

This project will be completed by June 30 and be implemented with effect from July 1. Staggering will affect 2% of societies during July. The major impact will be in September when most licences expire.

With several possible options available, the main consideration has been to identify criteria that are both practical and able to stand up to robust scrutiny. The chosen option needs to be beneficial to the Department and, equally importantly, to the gambling sector as well.

After 1 July 2004, sections 107 and 108 of the Gambling Act will require each society to provide its financial information no later than three months after the end of its financial year.

The project has identified that for a vast majority of societies, the audit of their financial accounts has been or will be accomplished within a two or three month period of their balance date. In general this means that their “new” licence renewal month can be at the expiry of two or three months after their balance date.

The response from gambling sector organisations approached to date has been overwhelmingly positive and they have been very helpful in providing information.

The project is now sufficiently advanced to be able to say with confidence that the data gathered supports the proposed approach and that societies will incur no disadvantage, rather, they will benefit.

Finally, all societies will be contacted well before their current licence is due to expire, and they will be provided with a general overview of the situation and the particular details of how each one will be affected by the change. At this stage approximately 70% of renewals will be for a period of less than 12 months, 20% for longer than 12 months and 10% are unchanged. In following years renewal will be 12-monthly.

New Internet-based licensing system

The Department of Internal Affairs’ staff started using a new electronic licensing system, “Licence Track”, in May 2004.

The Department plans to utilise the Internet capability within Licence Track by September 2004. Gambling sector organisations will be able to use their own computers to make applications on line for faster processing of licences.

The Department apologises for any inconvenience that the unavailability of the previous, more limited on-line service might cause before Licence Track is available outside the Department. However, the new system will offer a broader range of services, which include:

- new gaming machine licences
- amendments to licences to operate gaming machines
- renewal of licences to operate gaming machines
- converting, adding and deleting gaming machine equipment details
- adding or deleting venues
- change of ownership of venues.
Electronic Monitoring System project underway

The introduction of the Gambling Act 2003 requires that operators of all non-casino gaming machines (class 4) must connect those gaming machines to an electronic monitoring system (EMS).

All machines will need to be connected to the EMS by the dates notified by the Secretary for Internal Affairs. The Department has yet to confirm these dates, but the final date by when all gaming machines must be connected is no later than three and a half years after the Gambling Act received Royal assent, i.e. by 18 March 2007. As that date will be a Sunday, the effective date will be 19 March 2007.

It is important to note that 19 March 2007 is the final deadline in the Act. There will be earlier deadlines and most machines will be connected well before that date.

EMS Project

The Department has established a project team to plan and implement EMS. There are four streams of work for this project:

- Consultation
- EMS Requirements
- Procurement (tender) Process
- Implementation (including connection of gaming machines).

Consultation

Summarised objectives of the Consultation Plan are to consult with key stakeholders to:

- gain feedback to fine-tune EMS business requirements for tender documentation purposes and eventual contracting of an EMS monitor
- identify any project risks and issues that will require attention.
- enable stakeholders to be informed and further plan for EMS connection.

Key stakeholders have been identified as being societies and clubs, and gaming machine manufacturers and suppliers.

During development of the Consultation Plan the project team circulated a preliminary consultation paper. The deadline for feedback was 9 April 2004. The preliminary paper represented a “heads up” for stakeholders by informing them of the intent to undertake a formal consultation process, provision of basic tendering information, and also asked for focused feedback on EMS cost and statistical requirements (as identified in the Gambling Act 2003).

During March and April the EMS project team developed the business requirements for the EMS. The business requirements and the results from the preliminary consultation have been captured in a consultation document circulated for formal consultation from 10 May to 11 June 2004.

The focus of the formal consultation was to enable societies and clubs, and gaming machine manufacturers and suppliers, to:

- provide feedback on the EMS business requirements provided
- identify any key issues as a result of the pending implementation of the EMS.
More money for the community as High Court decision upholds Department’s approach to gambling sector expenses

On 25 May 2004 the High Court in Wellington made an important decision, strongly supporting the Department of Internal Affairs’ current approach on how much pubs should be paid to host gaming machines.

The applicant in this case, the gaming machine society Pub Charity, has appealed the decision to the Court of Appeal. The following material is the body of a media release issued by the Department following the High Court decision.

The Department had refused to allow Pub Charity to pay three pubs $250 per machine per week to cover what were said to be the actual, reasonable and necessary expenses of hosting gaming machines owned by Pub Charity.

In effect, Pub Charity was claiming that it cost pubs $234,000 a year to operate 18 gaming machines on behalf of the society.

Pub Charity took Court action against the Department’s decision. The High Court dismissed all of Pub Charity’s arguments and awarded costs to the Department.

Pub Charity also sought a Court order stating that it did not have to recover overpayments it made to the three pubs. The Court refused to grant this order and accepted the Department’s position that it wants to discuss with Pub Charity how the overpayments will be dealt with.

The law allows gaming machines in pubs and clubs as a form of community fundraising only. The societies that own the machines are required to return the profits to the community as grants. Pubs are entitled to have their actual, reasonable and necessary expenses for hosting the machines covered but cannot be paid more than that – it is money intended for community groups.

The Department currently allows societies to pay pubs up to $150 per machine per week (up to $140,400 per year for 18 machines). It had also allowed them to apply for dispensations to pay more if they can show that this is justified.

The case centred on what evidence a society must provide to justify its claim, and how actual, reasonable and necessary costs should be calculated.

Pub Charity used a gambling sector consultant to work out the pubs’ costs for operating gaming machines. He estimated the costs to be $250 per machine per week ($234,000 a year to operate 18 gaming machines).

Justice Miller observed that the professional accountant that the Department employed to look at possible costs estimated, using the information provided by Pub Charity, that the actual, reasonable and necessary costs were less than half the amount claimed by Pub Charity.

Justice Miller noted the argument that Pub Charity appeared to believe that it needed only to state its claim and it was then for the Department to disprove it. He also stated that Pub Charity had chosen not to supply evidence it had, including data on which its report was based.

In looking at how costs were allocated, the Department had advised Pub Charity that it believed Pub Charity had been incorrect in attempting to allocate parts of all of the pubs’ general costs to the gaming machine operation. The Department’s position was that only the additional costs that arose from having gaming...
machines on site could be claimed as actual, reasonable and necessary.
For example, if rent paid to the owner of the building in which the pub was located did not increase because gaming machines were operated, then a portion of the rent could not be claimed as an actual, reasonable and necessary expense. To allow such claims would be to allow the pub’s non-gaming machine operations to be subsidised by money intended for community groups.
Justice Miller found that the Department was entitled to insist on evidence being supplied to support the costs claimed and found that the law requires that the Department allow only expenses that are caused by gaming machine operations.
“The onus is on the applicant for a licence to establish that the costs claimed are actual, reasonable and necessary,” Justice Miller stated.
“I add that, to the extent that the expenses sought by Pub Charity exceeded those that were actual, reasonable and necessary, the Department had no power to authorise them.”
Other important points made by Justice Miller include that licences can only be issued where gaming machines are an adjunct to another business and not a profitable stand-alone business for publicans; and the actual, reasonable

Electronic Monitoring System project underway
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- further plan for EMS implementation.
During the formal consultation period six consultation meetings were held in Hamilton, Wellington and Christchurch.
The consultation document and EMS related information are available for downloading from the Department’s website www.dia.govt.nz.

EMS Requirements
At the conclusion of the formal consultation process submissions will be analysed. Required changes, as a result of submissions received, will be integrated into the EMS business requirements and documentation contained in the Request for Proposals (RFP).

Procurement (Tender Process)
Key steps in the procurement timetable started with the issue of a combined Registration of Interest / Request for Information (ROI/RFI) on April 30. Responses closed on May 17. Evaluation of the ROI/RFI is being undertaken with identification of short listed vendors to go forward to the Request for Proposals (RFP) stage expected by early June 2004.
We plan to issue the RFP in July to short listed vendors. Close off for responses to the RFP is planned for late August or early September 2004.
By October 2004, we expect to be into contract negotiations. We hope to conclude a contract with the preferred supplier by the end of 2004.

EMS Implementation and connection of gaming machines
After contracting the EMS monitor, it is expected that detailed implementation planning for the EMS and connection of gaming machines will commence. During this phase, societies will be involved and advised to enable a smooth transition to electronic monitoring of gaming machines.
It is expected that EMS implementation will involve a phased connection of gaming machines to the EMS, starting late 2005/early 2006 (possibly earlier) with large societies, culminating in the connection of smaller clubs by the end of 2006.
If you require any additional information, please contact Malcolm Stayner, EMS Project Manager on 04 494 0680 or access EMS related information of the Department’s web site www.dia.govt.nz.

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Gaming machines in pubs and clubs – gross profit of almost $1 billion in cash, but poor record keeping and banking procedures

The Director of the Department of Internal Affairs’ Gaming and Censorship Regulation Group, Keith Manch, said that it is disturbing that a sector that makes a gross profit of almost $1 billion in coins and banknotes also has a history of poor record keeping and banking procedures.

In the last financial year gaming machines in pubs and clubs made a gross profit of $941 million in cash. However, the Department’s audits are showing that incorrect banking, inaccurate recording of gaming machine profit and non-compliance with the Gaming Machine Operations Manual, known as “The Blue Book”, are the most common problems.

“Banknotes and coins are virtually impossible to track,” Mr Manch said. “That makes it crucial that record keeping and banking is accurate in a sector that deals in such a huge volume of cash.”

Mr Manch said that some in the gambling sector have complained that the Department’s imposing tighter scrutiny and taking more compliance actions has led to higher costs and organisations choosing to withdraw from the sector. The number of societies has dropped from just under 1,000 to 661 in recent years, and that number could reduce even faster as more and more provisions of the Gambling Act come into force.

The Department uses a mix of education, licensing, audits, investigations and sanctions to encourage compliance in the sector. Organisations in the sector have a responsibility to understand the rules and to comply with them. If they do not, then they risk having action taken against them.

The gambling sector pays the Department’s costs through licensing and compliance fees. These total less than 1% of the sector’s gross profits.

Recent compliance activity
In the 10 months to 30 April 2004, the Department’s compliance activity led to six gaming machine societies having their licences cancelled or being voluntarily surrendered, eight

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and necessary test allows the Department to disallow costs if they are inefficiently incurred. While Pub Charity took action under the current law, which is the Gaming and Lotteries Act, the Court’s decision is important for the development of the new venue expenses policy under the Gambling Act. The Gambling Act was passed in September last year with most of its provisions to come into force this year.

After consultation with the community and the gambling sector, the Department is currently developing a new policy that would limit how much societies could pay pubs for hosting machines. The new expense requirements are likely to be in force from September 1.

Justice Miller’s judgment
Copies of Justice Miller’s judgment are available from the Department’s website, www.dia.govt.nz (click on “gambling”, then click on “relevant law”).
suspensions and 132 formal warnings that licence conditions had been breached.

**Licences cancelled**

**Commercial Hotel Charitable Society (Waihi)**
The Commercial Hotel Charitable Society decided to wind up its gaming machine operations after a second critical audit report from the Department. The second audit found more extensive breaches than were found by the first.

The Society did not have registers of grants it had made, expenses or assets. Incorrect banking was persistent and there was no clear separation between the pub, which hosted the gaming machines, and the society that owned the machines and was required to have distributed profits to community groups.

Licence conditions require societies to maximise returns to the community and set a minimum return of at least 33%. In the previous year the Society had distributed 27.04% of its profits to community organisations. At the time of the audit, grants distributed for the seven-month period amounted to 17% of the profit in that period. Immediately after the audit the Society approved grants that would have increased the amount distributed to 34% of its profit.

**Quattro Foundation**
See *Gambits* March 2004, page 11

**Hawera Club**
See *Gambits* March 2004, page 11

**Mt Maunganui Builders, Contractors & Suppliers Sports and Social Club**
See *Gambits* March 2004, page 11

**Waitomo Golf Squash & Bridge Club**
See *Gambits* March 2004, page 11

**Community Recreation, Education and Sports Trust**
See *Gambits* March 2004, page 10

**Licences suspended**

**Mako Café & Bar (Paihia)**
The Mako Café and Bar had its site approval suspended for one month from 2 April 2004. Gambling Inspectors had seen a staff member playing gaming machines on a day he was working at the pub. Trillian Trust owns the machines.

When the Inspectors interviewed the staff member he admitted playing the machines but said neither the site operator nor the Trust had told him he could not do so. However, he also said he had been given a set of licence conditions. The conditions include the statement that, “no person involved in the management or operation of gaming machines at a site shall play any gaming machine on the site at which he or she is employed or engaged on a day that he or she is employed or engaged at the site.”

**Flamingo Bar (Christchurch)**
The Department suspended the Flamingo Bar’s site approval for one month from 2 April 2004.

In January, the Department gave a formal warning to Scottwood Group, which owns the gaming machines at the Flamingo, following late bankings of gaming machine profits from that pub. A follow-up in February found that there had been a further late banking and the Department suspended the site approval. Licence conditions require weekly gaming machine profits to be banked within five working days. Gaming machines deal in large volumes of cash and strict banking regulations are necessary to help ensure the integrity of the sector.

**Eastbourne Bowling Club (Wellington)**
See *Gambits* December 2003, page 6

**Glenview Club (Auckland)**
See *Gambits* December 2003, page 6

**Mt Eden Bowling Club (Auckland)**
See *Gambits* March 2004, page 11

**Royal Oak Racquets Club (Auckland)**
See *Gambits* March 2004, page 12

**Rutland Hotel (Pahiatua)**
See *Gambits* March 2004, page 12

**Whakarewarewa Rugby Community sports Club (Rotorua)**
See *Gambits* March 2004, page 12
Gambling statistics from 1 July 2003 to 30 April 2004 show that only three new gaming machine licences were issued in those 10 months. This is well down on the same period in the previous year.

The number of existing licences renewed is also significantly lower than before.

<table>
<thead>
<tr>
<th>Gambling type</th>
<th>July 2003 – April 2004</th>
<th>July 2002 – April 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gaming machines</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New licences</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Amendments to existing licences</td>
<td>624</td>
<td>865</td>
</tr>
<tr>
<td>Renewals of existing licences*</td>
<td>576</td>
<td>657</td>
</tr>
<tr>
<td><strong>Housie, Part I (up to 1,000 cards per session)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New licences</td>
<td>26</td>
<td>32</td>
</tr>
<tr>
<td>Amendments to existing licences</td>
<td>39</td>
<td>33</td>
</tr>
<tr>
<td>Renewals of existing licences*</td>
<td>231</td>
<td>216</td>
</tr>
<tr>
<td><strong>Housie, Part II (up to 200 cards per session)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New licences</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Amendments to existing licences</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Renewals of existing licences*</td>
<td>75</td>
<td>72</td>
</tr>
<tr>
<td><strong>Other games of chance</strong></td>
<td>111</td>
<td>87</td>
</tr>
<tr>
<td><strong>Lotteries</strong></td>
<td>809</td>
<td>757</td>
</tr>
<tr>
<td><strong>Prize competitions</strong></td>
<td>41</td>
<td>25</td>
</tr>
<tr>
<td><strong>Certificates of Approval</strong> **</td>
<td>355</td>
<td>497</td>
</tr>
</tbody>
</table>

* Gaming machine and housie licences are valid for one year.

** The Department is also responsible for vetting casino staff for Certificates of Approval (COA). Without a COA, people cannot work in gambling or security related jobs in a casino.
Big drop in number of gaming machine operators continues, could accelerate under Gambling Act

Figures released by the Department of Internal Affairs as at 30 April 2004 show that the significant drop in number of gaming machine societies has continued and the number of gaming machines licensed to operate in pubs and clubs has decreased for the third consecutive quarter.

Since 1999 the number of societies has dropped from just under 1,000 to 661. That number could reduce even faster after July 1 when the licensing requirements of the Gambling Act come into force.

Numbers of machines
What impact the continued drop in the number of societies will have on gaming machine numbers is still unclear.

Historically, as the number of societies decreased the number of machines increased. That is, the remaining societies got bigger.

However, the immediate impact of the Gambling Act passed in September last year was the first ever reduction in number of gaming machines licensed to operate in pubs and clubs, and that has continued, albeit at a slower rate.

Local communities will have a significant say in what happens to this trend in future. The Act required city and district councils to consult with their communities and then to develop gambling policies. Under the Act:
• no machines can be added to any existing venue without first getting council consent
• no new gambling venues can open without first getting council consent
• councils’ policies could require societies operating at gambling venues that did not have a licence on 17 October 2001 (or that did have a licence then but did not have one for a period of six months or more after that date) to get rid of all their gaming machines, or to reduce the number of machines, at those venues.

Put simply, the councils’ role is to look at how they want to control the growth of gambling in their communities, while the Department’s role is to look at who operates the gambling.

If a council consent is obtained, the society must still apply to the Department for a licence and, from July 1, meet the requirements of the new Act. Fewer machines does NOT mean the community must get less money.

There is often confusion that fewer gaming machines must somehow mean less money for community groups. The Department does not accept that fewer machines inevitably means less money for community groups. The reasons for this are:
• the statistics do not show a direct link between the number of machines and profits
• there is scope for the sector to increase its efficiency
• gamblers’ behaviour.

From 1999 to 2003 gaming machine societies’ annual gross profits almost trebled to $941 million a year, while at the same time the number of machines doubled and the number of societies decreased by almost a third.

It is difficult to draw any conclusion from these statistics other than bigger societies probably lead to efficiencies of scale.

During the same period, the amount of money societies paid pubs to host gaming machines more than doubled per machine, and more than quadrupled in total.

In 1999 a pub with 18 gaming machines was paid on average $45,864 ($49 per machine per week) to cover its actual reasonable and necessary
expenses. By 2003 that amount had increased to $105,768 ($113 per machine per week). This is an increase of 130% at a time of virtually no inflation. In 2003 the societies spent more than $315 million on administration and operating costs for 25,000 gaming machines (this includes their payments to pubs). That is, gamblers had to lose $315 million to cover the sectors’ costs before a single dollar could be raised for grants to community groups.

Another important factor to consider is gamblers’ behaviour. Gambling on gaming machines is now entrenched in New Zealand. Gamblers have shown that if a pub or club turns off its machines they simply go to another venue. It is quite possible that even if the amount of money lost by gamblers decreased, continued increases in the sector’s efficiency and integrity could mean more money going to community organisations.

<table>
<thead>
<tr>
<th>Gaming machine operations Licensed as at</th>
<th>Societies</th>
<th>Venues</th>
<th>Gaming Machines</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2003</td>
<td>699</td>
<td>2,122</td>
<td>25,221</td>
</tr>
<tr>
<td>22 September 2003</td>
<td>685</td>
<td>2,100</td>
<td>23,083</td>
</tr>
<tr>
<td>31 December 2003</td>
<td>672</td>
<td>2,031</td>
<td>22,734</td>
</tr>
<tr>
<td>31 March 2004</td>
<td>661</td>
<td>2,007</td>
<td>22,646</td>
</tr>
</tbody>
</table>

More detailed information about gaming machine numbers, including local figures, is available from the Department’s website. Go to www.dia.govt.nz (click on “gambling”, then click on “gaming statistics”).

The numbers of venues and machines within any particular council’s area can increase or decrease from quarter to quarter. This is because machines are frequently taken off venues to be repaired, upgraded or replaced, and it is not uncommon for venues to transfer between societies.

If machines are off-site or a venue is “between” societies at the end of a quarter, they are not included in statistics at that date. When the machines are returned or replaced, or the transfer of the venue to another society is completed, they are added back into the statistics.

The numbers of venues and machines fluctuate daily, and the statistics are as at a specified day. Overall trends are shown over several quarters’ statistics.

Some venues had been listed under the wrong council. For example, four venues with a total of 37 machines had been listed under Auckland City but are now correctly listed under Waitakere City. This changes the local numbers but has no effect on the national trends.
GAMING MACHINE NUMBERS: Quarterly from June 1994 to 31 March 2004

Gaming Machine Numbers

<table>
<thead>
<tr>
<th>Month</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 94</td>
<td>8160</td>
</tr>
<tr>
<td>Dec 94</td>
<td>8303</td>
</tr>
<tr>
<td>Jun 95</td>
<td>8699</td>
</tr>
<tr>
<td>Dec 95</td>
<td>8831</td>
</tr>
<tr>
<td>Jun 96</td>
<td>9170</td>
</tr>
<tr>
<td>Dec 96</td>
<td>9602</td>
</tr>
<tr>
<td>Jun 97</td>
<td>10070</td>
</tr>
<tr>
<td>Dec 97</td>
<td>1031</td>
</tr>
<tr>
<td>Jun 98</td>
<td>11216</td>
</tr>
<tr>
<td>Dec 98</td>
<td>11519</td>
</tr>
<tr>
<td>Jun 99</td>
<td>11888</td>
</tr>
<tr>
<td>Dec 99</td>
<td>12001</td>
</tr>
<tr>
<td>Jun 00</td>
<td>12666</td>
</tr>
<tr>
<td>Dec 00</td>
<td>13129</td>
</tr>
<tr>
<td>Jun 01</td>
<td>12897</td>
</tr>
<tr>
<td>Dec 01</td>
<td>13580</td>
</tr>
<tr>
<td>Jun 02</td>
<td>13812</td>
</tr>
<tr>
<td>Dec 02</td>
<td>13273</td>
</tr>
<tr>
<td>Jun 03</td>
<td>22734</td>
</tr>
<tr>
<td>Dec 03</td>
<td>22646</td>
</tr>
</tbody>
</table>
Societies can help provide contact details to the community

The Department has been advised that some community groups are having difficulty contacting some gaming machine societies to apply for grants. One of the problems has been application forms that do not include contact details.
While it is not a requirement in law, the Department urges all societies to check their forms and, if not already included, add full contact details. This should include postal, telephone and fax contacts and, where applicable, e-mail and website addresses.

All societies can have themselves listed on the Funding Information Service’s website, FundView (see article below). They do not have to have their own e-mail and website to be listed.

Such services help the public because they can search on the Internet even for societies that do not have websites. This allows for fairer access to all.

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
• gaming statistics
• relevant law

Click on “resources” for:
• application forms for licences including housie and raffles
• and much more.

Click on “what’s new” for:
• new additions to the website.

Gaming machine societies can be listed on FundView site

Gaming machine societies that make grants to community groups can have themselves listed on FundView at the Funding Information Service’s (FIS) website.
Listing on this website will help them comply with licence condition 48, which includes that “The society shall ensure that information about access to grants is made available to the public through community-based distribution networks”.
FundView is an easy-to-use computer database detailing funding available to community groups. The database is updated regularly and has more than 600 funding schemes listed. The search facility allows a user to select information about appropriate funding organisations by using a set of criteria provided by the grant-maker.
The Department of Internal Affairs is a major subscriber to this database and makes it available to community organisations through its Community Development Group. Many public libraries and council information centres also hold FundView for public use.
The Funding Information Service also produces regular monthly updates and a quarterly newsletter updating information and keeping the community informed about other information relevant to fund seekers and funding providers, including a calendar of upcoming application closing dates.
Contact:
Catherine Maryon, Information Manager, Funding Information Service, PO Box 1521, Wellington. Telephone (04) 499 4090, fax (04) 472 5367, e-mail cathi@fis.org.nz. Web: www.fis.org.nz.
Since the December 2003 issue of Gambits, the Department has issued the following media releases and submitted the following magazine articles. Media releases are available from the Department’s website. Visit www.dia.govt.nz, then click on “resources”.

Internal Affairs and Police raid illegal casino, eight arrests so far
Media release issued 31 May 2004

More money for the community as High Court decision upholds Department approach to gambling sector expense
Media release issued 26 May 2004

Pubs do not provide sponsorships from gaming machines
Article for community newspapers issued 19 May 2004

Grants from gaming machine societies
Article for June Hospitality Entertainment, 14 May 2004

Electronic monitoring of all gaming machines comes closer; formal tender process starts
Media release issued 3 May 2004.

$1 Billion Sector: Auditing Gaming Machine Societies
Article for Accountants’ Journal, June 2004

Electronic monitoring system for gaming machines: some history and the future
Article for Interclub magazine, 27 April 2004

Big drop in number of gaming machine operators continues, could accelerate under Gambling Act
Media release issued 7 April 2004

Have your say on gambling regulations, including: how much should pubs be paid to have gaming machines? Rules for housie and raffles; game rules for casino
Media release issued 24 March 2004

Consultation on gaming machines, including: how much should pubs be paid? Operating rules; technical standards; electronic monitoring system
Media release issued 24 March 2004

Department helping gambling sector to reduce $315 million operating costs and low compliance; introducing new processes to remove delays; new rules for casino operations
Media release issued 15 March 2004

March 18: important deadline under Gambling Act
Media release issued 14 March 2004
Investigations Unit formed

As part of its role of ensuring that the gaming sector operates with integrity and that gaming activities are fair and lawful, the Department has established a three-person Investigations Unit responsible for undertaking significant, complex, lengthy and sensitive investigations or audits involving criminal, legal and financial issues related to the governance and operation of gambling sector people and organisations.

It will supplement the work of the Gaming and Casino Compliance teams, working closely with the Department’s intelligence analyst, investigating accountant and legal advisor.

It will also provide expertise and support to investigations across the Gaming and Censorship Regulation Group.

Investigations Unit Manager

Geoff Owen has been appointed Manager of the new Unit. Mr Owen has extensive experience in investigation, intelligence and compliance roles, including the Police, AMP Society, Department of Corrections (intelligence function development project management role) and Ministry of Health (Senior Adviser, Enforcement). He has also worked for himself for a period of time in a project management/consultancy role.

Both he and one of the Senior Investigators, Brent Tomlinson, have also had detective and other specialised investigation training roles at the Royal New Zealand Police College.

Senior Investigators

Dean Winter and Brent Tomlinson have been appointed Senior Investigators in the new Unit.

Mr Winter is currently a Senior Inspector in the Department’s Wellington Regional Gaming Compliance office. In his two years with the Department he has been responsible for major investigations that are examples of the kind of work that the Unit will undertake in the gambling sector. He is a former Detective with 14 years experience in the Police, specialising in fraud and child abuse investigations. After leaving the Police he was self-employed for two years as an insurance fraud investigator.

Mr Tomlinson had a long career in the Police as a detective, investigator and detective sergeant involved in child abuse investigations. He has also worked as a social worker in a community-based agency and for the Department of Child Youth and Family Services. He comes to the Department from his current role in an immigration consultancy, where he works with immigration applicants, interviewing them and assessing them as part of their process of applying for New Zealand residency.
Director, Gaming and Censorship Regulation Group (GCR), Keith Manch

GCR is the business group within the Department of Internal Affairs whose role is to bring about compliance with New Zealand’s gambling and censorship laws. There is no direct policy connection between gambling and censorship, but they are the only two enforcement functions that the Department carries out and are grouped under one general manager.

National Manager Gaming Compliance, Greg Crott

A team in Wellington issues all licences for non-casino gaming activities, including prize competitions, housie, lotteries and other games of chance. Inspectors based in Auckland, Wellington and Christchurch conduct audits of gaming machine societies and other kinds of gaming, including instant games, housie, lotteries, prize competitions and licensed promoters. Staff investigate complaints from the public and in some cases instigate prosecutions.

- Manager Gaming Licensing, Steve Brunton
- Manager Gaming Compliance Auckland, Geoff Lawry
- Manager Gaming Compliance Wellington, Adrian Straayer
- Manager Gaming Compliance Christchurch, Kevin Owen

National Manager Casino Compliance, Debbie Ferris

Casino Compliance is responsible for inspecting and monitoring casinos. It conducts compliance audits, ensures on-going suitability of certificate of approval holders, investigates incidents and patron complaints and ensures that casinos comply with the Casino Control Act.

Manager Gaming Operational Policy, Kate Reid

Gaming Operational Policy has responsibility for contributing to policy development in the gaming sector generally, the development of licence conditions and providing operational policy support and advice to GCR’s operational units and the General Manager. The unit also includes technical advisors responsible for the setting of standards and testing requirements relating to the approval and operation of gaming machine equipment and expert advice on technical issues and investigations. The scrutiny requirements under the Gaming & Lotteries Act for Lotteries Commission products are also included.

National Manager Censorship Compliance, Steve O’Brien

Censorship Compliance is responsible for taking action against people who collect or trade child sex abuse images and for enforcing the Chief Censor’s decisions. It operates under the Films Videos and Publications Classification Act 1993. It carries out inspections, investigates complaints, issues official warnings and instigates prosecutions where necessary.

Manager Strategic Business Support and Development, Peter Burke

Strategic Business Support and Development is responsible for providing and/or co-ordinating strategic business development and day-to-day support for business units and the General Manager. This unit also includes business development projects such as those related to the implementation of the Gambling Act.
Gambits is produced by the Department of Internal Affairs to provide information to the gaming sector in New Zealand. It is intended as education and communication that will help the sector comply with the law and licensing conditions by explaining what the law and conditions require, and how the Department operates.

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 Vince Cholewa, ph: (04) 495 9350 or 025 272 4270 e-mail: vincent.cholewa@dia.govt.nz