Office of the Minister of Internal Affairs

Cabinet Economic Growth and Infrastructure Committee

Fees under the Gambling Act 2003: results of consultation and further decisions

Proposal

1. This paper is the second of two papers about gambling. This fees paper reports back on the results of public consultation on increases to gambling fees under the Gambling Act 2003 (the Act) and seeks approval to:

* issue drafting instructions for new fee regulations to give effect to the proposed schedule of gambling fees; and
* the release of the attached consultation document on options for changing the increases in the minimum rate of return to authorised community purposes .

1. The first paper *Review of the regulatory regime for class 4 gambling* seeks Cabinet approval to a fit-for-purpose review of the class 4 gambling sector.

Executive summary

1. Gambling regulatory functions undertaken by the Department of Internal Affairs (the Department) and the Gambling Commission are funded through fees paid by gambling operators. The current and forecast costs to regulate the gambling sector exceed the revenue derived from fees. The Department is now carrying in its gambling memorandum account an annual operating deficit of $3.8 million. At 30 June 2015 the account deficit was $12.9 million.
2. Fees have not increased since 2008. The Department has contained costs as far as possible and is currently operating at the lowest number of staff employed in gambling regulatory work since 2004.
3. On 16 February 2015 Cabinet approved the release of the consultation document *Proposed changes to gambling fees* for the non-casino gaming machine sector (the class 4 sector) and the casino sector [CAB Min (15) 4/3 refers]. The Department received 41 submissions on the consultation document from the class 4 sector, funding recipients, the casino sector, problem gambling help providers and an individual submitter. The majority of submitters opposed any increases in fees.
4. The class 4 gambling sector contended that:

* the proposed fee increases are unaffordable, especially in combination with scheduled increases to the minimum rate of return to authorised community purposes (from 40 per cent currently to 42 per cent in 2018) and other operational requirements that involve a cost;
* in order to pay the proposed fees and still meet the regulated minimum rate of return, they will be forced to close low-turnover gaming venues; and
* this would reduce the aggregate amount of funding available to be returned to communities.

1. The few funding recipients who made submissions were also opposed to the class 4 fee increases because of the risks to community funding. Submitters in support of increases in class 4 fees noted that more regulation of the sector was needed to help minimise the risk of gambling harm.
2. Despite the objections raised by submitters to the proposed fees, I propose to progress the changes to class 4 fees as set out in the consultation document. The proposed fees are essential now. The current fees have not covered the Department’s regulatory costs for some years. If consideration of fee increases are delayed:

* the memorandum account deficit will increase (a forecast deficit of just under 40 million by 2018/19); and
* Departmental costs would need to be cut through significant staff reductions, leading to reduced levels of regulatory oversight.

1. Some societies could find it hard to adjust to the combination of rate of return increases, fee increases, and other cost pressures with possible impacts on community funding. I therefore propose a rethink of the rate of return increases and seek agreement to the release of the attached discussion document *Consultation on proposed changes to the minimum rate of return to authorised purposes*.
2. The proposed fee increases will address the Department’s annual operating deficit and reduce the memorandum account deficit. The proposed rethink of the rate of return requirements aims to help alleviate pressure on societies until the broader class 4 review can comprehensively identify regulatory design and pricing options that are more fit-for-purpose than current arrangements. These issues are discussed in my accompanying paper *Review of the regulatory regime for* *class 4 gambling*.
3. I propose to progress the changes to the annual licence fees for the six casinos set out in the consultation document. The shift to using the numbers of machines and tables is a more objective basis for setting the annual licence fees for each casino than the current split based on estimated activity. The Department has reassessed the fees for certificates of approval and associated person approvals for casino staff. Following this reassessment I propose a smaller increase to these fees than set out in the consultation document.
4. It is intended that new gambling fees regulations come into effect by 1 December 2015.

Background

1. The Department (and the Gambling Commission) are responsible for the regulation of gambling activities. The costs associated with these regulatory activities are met by charging fees to gambling operators. The fees are set in regulations made by Order in Council under section 370 of the Act. The fees were last reviewed in 2007.
2. The operators that fund gambling regulatory activity are class 4 gambling societies (those that operate gaming machines in pubs and clubs), the six casinos, and organisations that conduct class 3 gambling (where prizes exceed $5000).
3. On 16 February 2015 Cabinet approved the release of the consultation document *Proposed changes to gambling fees* [CAB Min (15) 4/3 refers]. The consultation document proposed a significant increase to some of the fees paid by class 4 operators. Some fee increases and decreases were proposed for the casino sector. No changes were proposed to class 3 fees.

Overall context of gambling fees amongst societies’ overall costs

1. Two-thirds of the Department’s fees revenue comes from fees tied to the number of gaming machines in the class 4 sector. The 2008 fees were set on the basis that machine numbers would not reduce from approximately 20,000 gaming machines. At June 2015 there were 16, 579 machines. The result is that revenue from gaming machines has decreased by 20 per cent since 2008 and the class 4 sector has effectively experienced a reduction in fee payments over time.
2. The figure below shows the current allocation of class 4 gaming machine proceeds (excluding GST). Gambling fees are a society cost, amongst the other costs involved in conducting gambling. Class 4 fees currently account for approximately 2.06 per cent of societies’ GST-exclusive gross gaming machine proceeds (GMP). With the proposed fees this is forecast to increase to 3.16 per cent in 2016/17 (a 54 per cent increase in fees).

Figure 1: Current allocation of class 4 gaming machine proceeds (excluding GST)

1. Societies are now required by the Gambling (Class 4 Net Proceeds) Regulations 2004 to distribute at least 40 per cent of their GST-exclusive gross proceeds to community purposes. A priority of the previous Minister of Internal Affairs was to increase returns to the community from class 4 gambling. In 2013, the decision was made to progressively increase the minimum rate of return [EGI Min (14) 7/16 refers]. The rate increased to 40 per cent in September 2014 and will increase to 41 per cent in 2016 and 42 per cent in 2018.

Fee increases are needed to fund the cost of regulating the class 4 gambling sector

Declining revenue leading to under-recovery of costs

1. The Department is under-recovering its costs for regulating the class 4 gambling sector and is projected to continue to under-recover for the foreseeable future. The under-recovery over the last five years has resulted in an annual operating deficit, which increased to $3.8 million at 30 June 2015. This operating deficit is being met from within the Department’s overall balance sheet. The Act enables the cost of regulation to be met by the sector.

Cost pressures on the Department

1. Declining machine numbers have not led to a decline in the demand for regulatory compliance activity. Nearly 80 per cent of the Department’s costs of regulation are driven by work associated with the class 4 gambling sector. The Department’s regulatory activities in the sector include efforts to reduce theft and fraud, as well as activities to minimise gambling harm and maximise community returns.
2. Cost increases are driven by the need to maintain the Department’s levels of regulatory activity in the class 4 gambling sector (despite the reducing size of the sector) and because of fixed cost pressures such as:

* the ongoing costs for operating and maintaining the Electronic Monitoring System (EMS) for class 4 gaming machines; and
* development, depreciation and maintenance costs for the Integrated Gambling Platform system (IGP) to assist with regulating the industry.

1. General cost pressures include all consumer price index adjustments, increases in salary costs, contribution to corporate overhead and capital charges.
2. The total cost in 2014/15 to run the Department’s gambling related compliance functions of the Department’s regulatory services group was $22.268 million. It is difficult to compare the Department’s costs of gambling regulation with other jurisdictions as New Zealand’s model for class 4 gambling as a ‘not-for-profit’ activity is unique.
3. Non-commercial societies are licensed to operate gaming machines solely to distribute funds to community purposes. In most other comparable jurisdictions, gaming machine gambling is often conducted as a “for profit” activity. Therefore there is no requirement in other jurisdictions to enforce regulations aimed at maximising gambling profits for distribution and ensuring the integrity of grant distribution processes.

Forecast costs cannot be absorbed within baselines

1. My accompanying paper *Initiating a review of class 4 gambling* describes the scope of the current regulatory framework for this type of gambling, which requires the Department to provide high levels of regulatory oversight. The highly prescriptive regulatory regime has implications for the cost of the Department’s stewardship of the regulation.
2. The Department has contained costs as much as possible and is currently operating at the lowest number of staff employed in gambling regulatory work since 2004. However, the cost pressures described above can no longer be absorbed within current baselines. Cost expenditure is projected to increase by $3.2 million over the next five years. Without a change in fees, the gap between revenue and costs will grow.

Department’s memorandum account deficit

1. The outcome of lower revenue and increased costs is a deficit in the Department’s memorandum account for gambling fees ($12.9 million as at 30 June 2015). Without increases in fees to fund current regulatory levels, the Department’s memorandum account deficit will increase substantially (see table 1 below).

Table 1: Forecast memorandum account deficit if fees are not increased ($million)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| Memo a/c opening | (9.173) | (12.982) | (17.064) | (23.101) | (30.718) | (39.417) |
| Memo a/c closing | (12.807) | (15.725) | (21.219) | (28.186) | (36.385) | (45.967) |
| Capital charge | (0.175) | (1.339) | (1.883) | (2.532) | (3.032) | (3.644) |
| **Memo a/c closing (net)** | (12.982) | (17.064) | (23.101) | (30.718) | (39.417) | (49.610) |

Expenditure cuts by the Department to offset deficit would pose serious risks

1. Significant cuts would be required in Departmental expenditure to offset further increases in the deficit. Further reductions in staff and a reduction in other operational costs would limit the Department’s ability to fulfil its responsibilities under the Act. Some examples of the service-related impacts that would occur include:

* reduced ability to detect fraud in the sector leading to reduced community returns;
* reduced ability to work cooperatively with societies to improve compliance and reduce gambling harm;
* a significant reduction in audits of societies and venue inspections with reduced ability to follow up compliance issues; and
* an eroding ability to perform basic tasks required under the Act like assessing new licence and licence renewal applications, eventually culminating in a total loss of capacity.

1. As a result non-compliance with the Act’s requirements could result in less money being returned to communities and loss of public confidence in the regulator and the gambling system. There is currently no potential for any shortfall of gaming machine funding to the community to be filled by central government.

The Department has consulted on proposed changes to fees

1. The fees proposed in the consultation document were the minimum possible to cover increasing cost pressures, maintain current regulatory levels and reducethe Department’s memorandum account deficit.
2. The consultation period ran from 4 March to 24 April 2015. The Department received 41 submissions on the proposed changes to fees from the class 4 gambling sector, funding recipients, the casino sector, problem gambling help providers, and an individual submitter. The Department engaged directly with the class 4 gambling sector through meetings with the class 4 working party (appointed by the sector to engage with the Department on the fee proposals). In response to requests for more information, further detail on the Department’s costs was released on the Department’s website.
3. The majority of submitters were opposed to the fee increases and expressed concerns about the impact on community funding (see **Appendix** **A**). Societies contended that in order to pay their fees and still meet the minimum rate of return, they will be forced to close low-turnover gambling venues, particularly in rural areas. This could have an impact on the aggregate amount of funding available to be returned to communities.

Preferred option for class 4 fees: increase fees and rethink the requirements for the minimum rate of return to authorised purposes

1. Many societies were of the view that if fee increases are to be implemented, then the minimum rate of return to authorised purposes should either decrease, or not increase beyond the current rate.
2. The Department has modelled the cumulative effects of the fee increases, and all other current and forecast cost pressures, on the ability of societies to meet future increases in the minimum rate of return.
3. As different societies have different cost structures, operating models and types of venues, it is difficult to predict precisely how the sector will adapt. It is also difficult to be certain of exactly how many societies will choose to cease operating at rural low- turnover venues, or how many societies will exit the sector entirely.
4. A decline in venues due to fee increases and rate of return requirements would not necessarily result in a reduction in community funding. A comparison of turnover from venues and gaming machines between April 2012 and March 2015 shows a drop of only 1.2 per cent in gaming machine proceeds (GMP) despite a 5 per cent drop in venues and gaming machine numbers. The data suggests that losing lower-turnover venues will not necessarily impact on available GMP.
5. Further, should rural low-turnover venues close, surrounding communities can still benefit from society grants. Societies are still free to support national causes or make grants to regions other than where the GMP was generated, if they wish (although there is little incentive for societies to do so).
6. There is a risk, however, that even after shedding low-GMP venues, some societies could exit the sector due to the cumulative impact of all costs (including fees) and increases in the rate of return. The impact on funding available to communities is difficult to estimate.

Rethinking the minimum rate of return requirements to offset risks to community funding

1. I have considered a range of options in response to submissions on the proposed fee increases for the class 4 sector. I consider that cost pressure on the sector could be eased through changes to the regulated minimum rate of return. The rate is scheduled to increase to 42 per cent over the next three years. If this increase were to be delayed or cancelled, this could offset risks to community funding involved with increasing fees. It could also prevent a proportion of societies breaching the required minimum rate of return. The Department will closely monitor the effects of any increases in fees on the sector.
2. An amendment to the Gambling (Class 4 Net Proceeds) Regulations 2004 would be required to effect any concessions around the minimum rate of return. Section 372 of the Act provides that those substantially affected by proposed regulations be consulted. To fulfil this requirement, I seek Cabinet agreement to the release of the attached discussion document *Consultation on proposed changes to the minimum rate of return to authorised purposes*.

Club societies with low GMP may become unviable

1. While the impact of increased fees on non-club societies can be mitigated by changing the minimum rate of return, this is not the case for club societies. Club societies are not required to meet the minimum rate of return requirements, but can apply proceeds to their own purposes. Club societies also do not pay venue costs.
2. Many clubs with ageing and declining membership rely on gaming machines to maintain facilities. However, the number of club societies has declined over time and many clubs generate low GMP. Many of these small club societies (e.g. bowling clubs) do not have enough members, and do not generate enough revenue for their machines to be viable. There are likely to be a number of reasons for this including demographic changes and changes in consumer behaviour.
3. The impact of the proposed fees on club societies is highly variable. The annual compliance fee for small club societies is proposed to decrease, but small clubs will still be required to pay higher machine monitoring fees. For small clubs that generate low GMP, the fixed costs of operating gaming machines takes up a relatively high proportion of their revenue. Conversely for large clubs with high GMP, gaming machine costs take up a smaller proportion of revenue.
4. The proposed changes to fees are therefore likely to have an impact on the ongoing viability of some club operations. However these clubs have the option of merging and restoring their viability.

Fees review has highlighted the need for a wider review of class 4 gambling

1. The gambling fees review has shown that the class 4 gambling sector is under increasing pressure to maintain funding streams for community purposes, financially support the necessary level of regulation and absorb other costs. The review also indicates significant pricing and regulatory regime design problems.
2. The proposed level of fee increases will not fully repay the memorandum account deficit, but they make the deficit more manageable than if the fee increases did not occur. With no fee increases the deficit is forecast to increase to just under $40 million by 2018/19 instead of reduced to $7 million by the same year under the proposed fees. To fully address the deficit, higher fee increases would be required, but these are unlikely to be able to be sustained by a shrinking sector. This means that some government subsidisation of gambling regulation will be required for the foreseeable future, which is contrary to the intent of the Act.
3. As I have set out in my accompanying paper, I consider that a wider and more fundamental review of the sector is required to:

* understand the dynamics in the class 4 sector, including in the context of the wider gambling framework and total returns to the community;
* assess whether the objectives of the Act are being met; and
* consider whether there are alternative ways to structure the sector to reduce pressure points and tensions.

1. The aim is to identify regulatory design and pricing options that are more fit-for-purpose than current arrangements.
2. While the review is necessary to ensure the regime is fit for purpose, fees increases are required now to manage down the deficit in the Department’s memorandum account and enable the current regulatory framework to keep operating as it is intended.

Preferred option for casino fees

1. I propose to progress the changes to the annual licence fees for the six casinos set out in the consultation document. The changes to the casino fee system involves shifting the basis of the split of the annual fee from estimated activity to a more objective basis, being the number of machines and tables in each casino. The fees for each casino are based on implementing a cost formula that takes into account an overhead for each small entity, the number of machines and tables in each casino and an increase in machines and tables resulting from the New Zealand International Convention Centre.
2. The Department has reassessed the fees for certificates of approval and associated person approvals for casino staff. Following this reassessment I propose a smaller increase to these fees (to $512.44 (excluding GST) than set out in the consultation document. The adjustment reflects time savings in processing these applications and the cost of police background checks no longer being charged to the Department.

Consultation

1. The Treasury, Ministries of Health, Business, Innovation and Employment, Pacific Island Affairs, Ministries for Women and Culture and Heritage, Te Puni Kōkiri, and Sport New Zealand, have been consulted on this paper. The Department of the Prime Minister and Cabinet has been informed.

Financial implications

1. The tables below show the Department’s forecast revenue and expenditure for all gambling regulatory functions and the proposed changes to the Department’s output expenses for gambling regulation based on the proposed new schedule of fees.

Table 2: Forecast revenue and costs based on new fees ($million)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |  | 2023/24 |
| Revenue | 18.459 | 23.278 | 26.950 | 26.836 | 26.726 | 26.620 |  | 26.237 |
| Expenditure | 22.268 | 23.528 | 24.687 | 25.213 | 25.167 | 25.452 |  | 25.995 |
| Surplus/(Deficit) | (3.809) | (0.250) | 2.264 | 1.624 | 1.560 | 1.168 |  | 0.241 |
| Memo account closing (including capital charges) | (12.982) | (13.232) | (10.969) | (9.345) | (7.785) | (6.617) |  | (4.900) |

Table 3: Proposed changes to the Department’s Output Expenses related to gambling regulation based on new fees ($million)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| **Base expenditure** | 20.061 | 20.061 | 20.061 | 20.061 | 20.061 | 20.061 |
| 2014/15 Year-end Provisions | 0.396 |  |  |  |  |  |
| 2014/15 IGP Impairment | 0.270 |  |  |  |  |  |
| Operation Chestnut | 0.513 |  |  |  |  |  |
| 2014/15 Certificate of approval costs | 0.046 |  |  |  |  |  |
| IGP depreciation | 0.807 | 1.003 | 1.506 | 1.552 | 1.251 | 1.251 |
| IGP modifications |  | 0.200 | 0.200 | 0.200 | 0.200 | 0.200 |
| General cost pressures (e.g. remuneration, CPI) |  | 0.500 | 1.000 | 1.500 | 2.000 | 2.500 |
| Contribution to Corporate Cost Pressures |  | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Capital charge IGP | 0.175 | 0.240 | 0.426 | 0.571 | 0.452 | 0.352 |
| **Subtotal revenue requirement** | 22.268 | 22.505 | 23.693 | 24.384 | 24.464 | 24.864 |
| Capital charge on memorandum account deficit |  | 1.023 | 0.993 | 0.828 | 0.702 | 0.587 |
| **Total revenue requirement** | 22.268 | 23.528 | 24.687 | 25.213 | 25.167 | 25.452 |
| **Forecast revenue from new fees** | 18.459 | 23.278 | 26.950 | 26.836 | 26.726 | 26.620 |

Legislative implications

1. Drafting instructions will be issued for a new schedule of GST-exclusive fees under the Act (attached as **Appendix B**). If changes to the minimum rate of return are proposed following the public consultation process, a further paper will be submitted to Cabinet seeking final policy decisions.

Regulatory impact analysis

1. Regulatory impact analysis requirements apply to the proposals in this paper as new regulations are proposed. A Regulatory Impact Statement (RIS) has been prepared and is attached to this paper. The Department’s RIS panel has reviewed the RIS prepared by the Department and found that it meets the quality assurance criteria.

Publicity and timing

1. I intend to issue a media release to publicise the proposed new fees regulations; and the release of the attached consultation document on options for amending the Gambling (Class 4 net proceeds) Regulations 2004 following Cabinet agreement to the recommendations.
2. I also intend to proactively publish this Cabinet paper and related Cabinet decisions online, subject to consideration of any deletions that would be justified if the information had been requested under the Official Information Act 1982.
3. It is intended that new gambling fees regulations come into effect by 1 December 2015.

Recommendations

1. The Minister of Internal Affairs recommends that the Committee:
2. **note** that Cabinet agreed to the release of a consultation document *Proposed changes to gambling fees* proposing changes to fees under the Gambling Act 2003 for the non-casino gaming machine sector (class 4) and casino sector [CAB Min[CAB Min (15) 4/3 refers];
3. **note** that the consultation process resulted in 41 submissions being received on the proposed fees and that the majority of submitters are opposed to fee increases;
4. **note** that the proposed fee increases are required immediately to fund the ongoing costs of regulating the gambling sector effectively;
5. **note** that the proposed increases in fees for the class 4 sector (and other cost pressures) could reduce the amount of funding returned to authorised purposes under the current minimum rate of return requirements in the Gambling (Class 4 Net Proceeds) Regulations 2004;
6. **note** that the risks to community funding from increased fees could be offset by reconsidering the current minimum rate of return requirements;
7. **agree** to the new schedule of GST-exclusive gambling fees at **Appendix B** to this paper
8. **note** the new schedule of fees is proposed to come into effect by 1 December 2015;
9. **invite** the Minister of Internal Affairs to issue drafting instructions to implement the amendments to fees under the Gambling Act 2003;
10. **agree** to the release of the attached consultation document *Proposed changes to the minimum rate of return to authorised purposes* (subject to minor editing) which seeks feedback on options to change the current minimum rate of return requirements;
11. **note** the accompanying Cabinet paper seeking agreement to a fit-for-purpose review of the regulatory regime for class 4 gambling, which would evaluate the current regime based on the level at which the regime is achieving the purposes of the Gambling Act 2003; and
12. **note** that I intend to proactively publish this Cabinet paper and related Cabinet decisions online subject to consideration of any deletions that would be justified if the information had been requested under the Official Information Act 1982.

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|  |
| Hon Peter Dunne |
| Minister of Internal Affairs |

Appendix A: Issues raised by submitters

The majority of submitters are opposed to fee increases

Figure 2: Submitters overall support or opposition to the fee increases

Societies identified risks to community funding and to the revenue base for fees

1. Thirty submitters from the class 4 sector were opposed to the fee increases or supported a small increase (in line with inflation). In general the class 4 sector expressed concern about the sustainability of a regulatory framework where increasing costs are being imposed on a sector that is in decline. They were of the view that the Department should first review its activities and costs to ensure that it is operating effectively and efficiently.
2. Societies noted that the proposed fee increases are coming at a time of increasing cost pressure for the sector. Cost pressures commonly identified included:

* replacing non-downloadable jackpot generators;
* replacing bank note acceptors in gaming machines to accept the Reserve Bank’s new currency; and
* regulated increases in the minimum rate of return to authorised purposes.

1. Societies noted the proposed fee increases may make venues with a lower turnover being seen by societies as financially unviable. They argued that increased fees may accelerate de-licensing of lower-turnover venues, as societies shed venues in order to meet the increased fees and increased minimum rate of return. The exit of lower turnover venues would also put further pressure on the revenue base for fees.
2. Societies argued that the total GMP available for grants to communities may subsequently fall, with the impact of this felt disproportionately on rural areas where the lower-turnover venues are situated. Societies whose policy was to return GMP to the area in which it was raised were concerned that rural communities will lose an opportunity for funding.
3. Submissions from the four funding recipients were opposed to the fee increases because of the risk of venues ceasing gambling operation, or closing, which would reduce the overall amount of funding available for grants.

Problem gambling groups supported the fee increases

1. Three problem gambling support groups and one individual supported the fee increases. They noted that more regulation of the sector was needed in order to help minimise the risk of gambling harm. These submitters pointed to the results of the Department’s ‘Mystery Shopper’ exercise conducted in 2014. Of the 102 class 4 venues visited by undercover gamblers who exhibited signs of harm, there was no intervention from staff in 101 venues.

Submitters from the casino sector did not support fee increases

1. Proposed changes to casino licence fees reflected the Department’s estimated costs in regulating each casino using a new method based on their relative size. The consultation document proposed an increase in the annual licensing fee for SkyCity Auckland, Queenstown SkyCity, and Queenstown Wharf and a reduction in the fee for Hamilton, Christchurch and Dunedin. An increased fee was proposed for associated person approvals and certificates of approval for casino staff.
2. The three submitters from the casino sector expressed concern about the basis for the changes to annual licence fees. They also opposed the increases in the fees for certificates of approval and associated person approvals.

Appendix B: Schedule of proposed gambling fees (GST-exclusive)

| Fee type | Current fee ($) | Proposed fee 2015/16 ($) | Proposed fee 2016/17 ($) | Proposed fee 2017/18 ($) | Proposed fee Out years  2024/25 ($) |
| --- | --- | --- | --- | --- | --- |
| **Class 3 Operator Licence**  New or renewal (prizes $50,000 or less)  New or renewal (prizes more than $50,000)  Amendment | 89  628  306 | 89  628  0 | 89  628  0 | 89  628  0 | 89  628  0 |
| **Class 4 Operator Licences**  New (club societies)  New (non-club societies)  Amendment or notification (key person)  Amendment or notification (other)  Renewal (club societies)  Renewal (non-club societies)  Operator’s annual fee (non-clubs) | 3,616  3,616    565  226  1,130  2,261  3,612 | 3,616  15,795  565  169  1,130  10,246  3,612 | 3,616  15,795  565  169  1,130  10,246  3,612 | 3,616  15,795  565  169  1,130  10,246  3,612 | 3,616  15,795  565  169  1,130  10,246  3,612 |
| **Class 4 venue licences**  New venue licence (club)  New venue licence (non-club)  Renewed venue licence (club)  Renewed venue licence (non-club) | 678  904  112.89  169.78 | 2,054  2,567  112.89  169.78 | 2,054  2,567  112.89  169.78 | 2,054  2,567  112.89  169.78 | 2,054  2,567  112.89  169.78 |
| **Daily monitoring fee** | 1.20 | 1.90 | 1.90 | 1.90 | 1.90 |
| **Certificate of Approval (casino staff)** | 292 | 512.44 | 512.44 | 512.44 | 512.44 |
| **Associated person approval** | 293 | 512.44 | 512.44 | 512.44 | 512.44 |
| **New casino operator’s licence** | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 |
| **New casino venue agreement** | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| **Amendment to casino operator’s licence, venue agreement and venue licence** | 888 | 888 | 888 | 888 | 888 |
| **New or renewed promoters’ licence**  **Temp licensed promoter authority** | 1,375  100 | 2,567  100 | 2,567  100 | 2,567  100 | 2,567  100 |
| **Filing appeal with Gambling Commission** | 255 | 255 | 255 | 255 | 255 |
| **1-day, half day and part half day hearing** | 460 | 460 | 460 | 460 | 460 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Fee type | Current fee ($) | Proposed fee  2015/16 | Proposed fee  2016/17 | Proposed fee  2017/18 | Proposed fee  2018/19 | Proposed fee  2019/20 | Proposed fee  2020/21 | Proposed fee  2021/22 | Proposed fee  2022/23 | Proposed fee  2023/24 | Proposed fee  2024/25 |
| **Annual compliance fee (per gaming machine) – non-clubs and larger clubs** | 378 | 595.77 | 627.27 | 661.13 | 697.58 | 736.92 | 779.47 | 825.59 | 875.71 | 930.35 | 986.17 |
| **Annual compliance fee (per gaming machine) – small clubs** | 378 | 295.50 | 304.50 | 313.50 | 323.00 | 331.90 | 341.00 | 350.10 | 359.20 | 368.30 | 377.00 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Casino fees | Current fee ($million) | Proposed fee 2015/16 ($million) | Proposed fee 2016/17 ($million) | Proposed fee 2017/18 ($million) |
| **Auckland** | 2.573 | 2.852 | 2.852 | 2.852 |
| **Hamilton** | 0.652 | 0.550 | 0.550 | 0.550 |
| **Christchurch** | 1.114 | 0.813 | 0.813 | 0.813 |
| **Dunedin** | 0.495 | 0.446 | 0.446 | 0.446 |
| **Queenstown Sky City** | 0.211 | 0.304 | 0.304 | 0.304 |
| **Queenstown wharf** | 0.197 | 0.278 | 0.278 | 0.278 |
| **Total** | 5.242 | 5.242 | 5.242 | 5.242 |