

Class 4

Gambling Report

January 2017

New Zealand Government

INTERNAL AFFAIRS



Te Tari Taiwhenua

Introduction

Every year approximately **\$300 million is returned to the community** from the proceeds of gambling on electronic gaming machines (or pokies) that occurs outside of casinos.

This report provides an overview of where the money goes and the structure of the Class 4 gambling sector.¹

Information in the report is based primarily on two sources: the Problem Gambling Foundation (PGF) database of grants and the Department of Internal Affairs (the Department's) administration system, the Integrated Gambling Platform (IGP).

¹ More information on the structure of Class 4 gambling is available in 'Pokies in New Zealand: a guide to how the system works'.

The report includes sections on:

01 Grant Recipients and Beneficiaries	4
02 Grant Distributions	8
03 Venues, Gaming Machines and Operators	13
04 Gaming Machine Proceeds	17
05 Class 4 Societies	24
Glossary	28

The Class 4 Gambling Report is intended as a baseline report and will be updated on an annual basis. More detailed information, updated on a quarterly basis, can be found on the Department of Internal Affairs website at:

www.dia.govt.nz/Resource-material-Information-We-Provide-Gaming-Statistics

01

Grant Recipients and Beneficiaries

An overview of the distribution of Class 4 grants made by Societies².

In 2015:

- Funding to Sport : \$122m (49% of total) up from \$106m (47%) in 2014.
- There were 16,291 separate grant recipients who received 26,327 grants.
- \$50.8m was applied to funding Clubs.

² **Grants Data:** The information within this report is based on the Problem Gambling Foundation (PGF) database which has been created by searching out grant data available and released by the contributing Class 4 Societies, which excludes Clubs. This data is available in the public domain. Every effort has been made to ensure this information is accurate and all-inclusive. However, the data given is only as accurate as its original source and PGF holds no responsibility for errors or omissions in published information.

Top Funded Groups in 2015³



Other Sports⁴

2014	2015
\$53.9m	\$67.7m



Clubs

2014	2015
\$48.6m	\$50.8m



Community Groups⁵

2014	2015
\$38.3m	\$44.5m



Education

2014	2015
\$19.2m	\$23.5m



Rugby

2014	2015
\$26.3m	\$23.3m



Racing

2014	2015
\$14.6m	\$13.3m



Soccer

2014	2015
\$10.7m	\$11.0m



The Arts

2014	2015
\$10.4m	\$10.9m



Health Related

2014	2015
\$9.5m	\$10.5m



Water Sports

2014	2015
\$7.6m	\$10.4m



Community Services⁶

2014	2015
\$10.5m	\$10.1m



Cricket

2014	2015
\$7.5m	\$9.2m

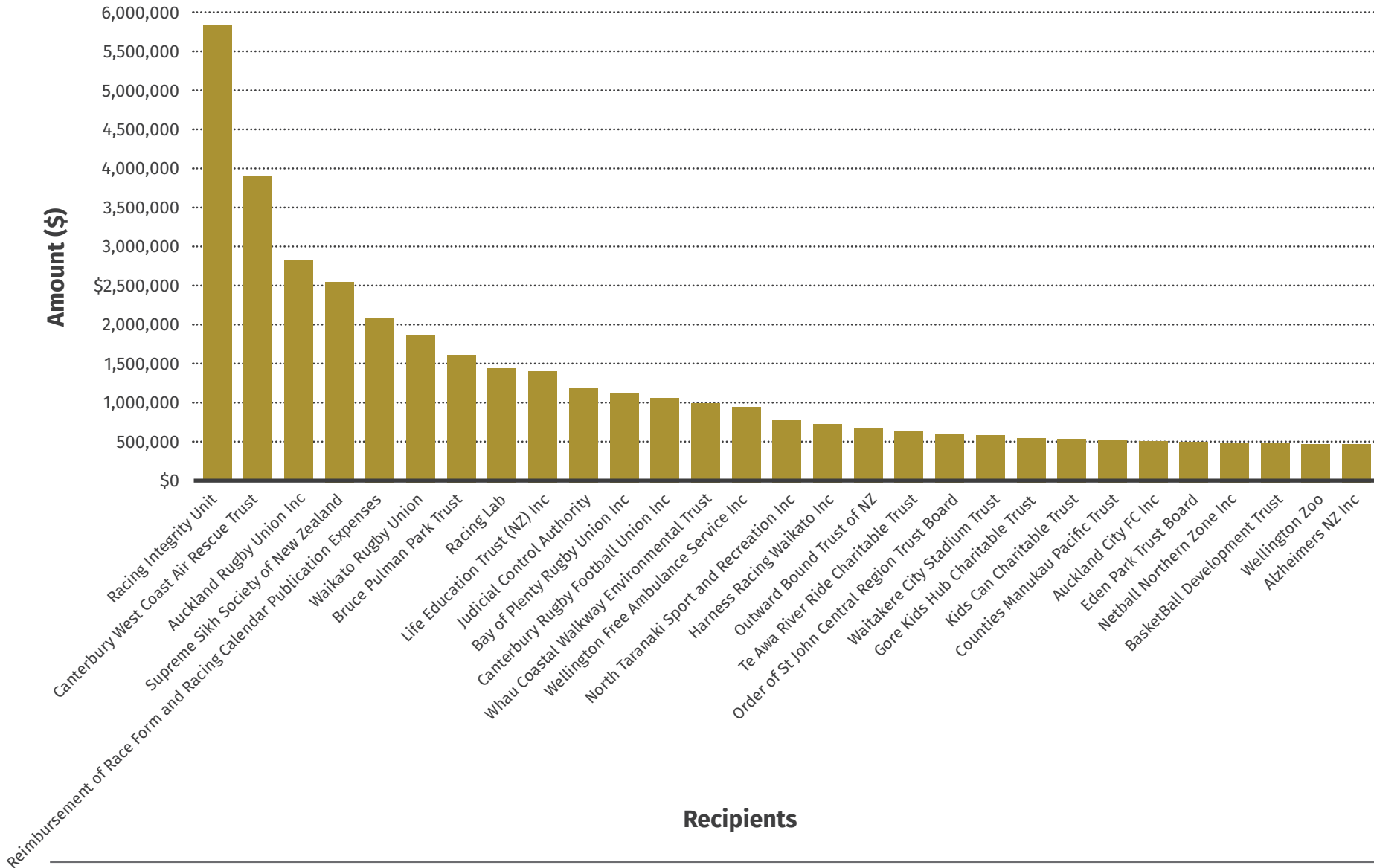
³ **Funded Groups** categories have been determined by PGF.

⁴ **Other Sports** includes all sports except Rugby; Soccer (Association Football); Water Sports; and Cricket.

⁵ **Community Groups** are community organisations not providing frontline services.

⁶ **Community Services** are community organisations that provide frontline services to the community.

Top Recipients and Beneficiaries in 2015 (\$500,000 or over)



02

Grant Distributions

Grant Recipients
and Beneficiaries

Grant
Distributions

Venues, Gaming
Machines and
Operators

Gaming Machine
Proceeds

Class 4
Societies

Gaming Machine Society Cost Allocations in 2015

Fees to Regulator

2.9%

This is paid to the Department to regulate Class 4 gambling.

Payment to venues

14.6%

This covers the expense incurred by venues in servicing machines eg staff time, electricity to run machines.

Society costs

15.5%

Costs incurred by Societies in operating gaming machines and distribution of grants. This includes depreciation of machines, repairs and maintenance.

Problem Gambling Levy

1.3%

This levy is to recover the costs of developing, managing and delivering an integrated problem gambling strategy.

Distribution to Community

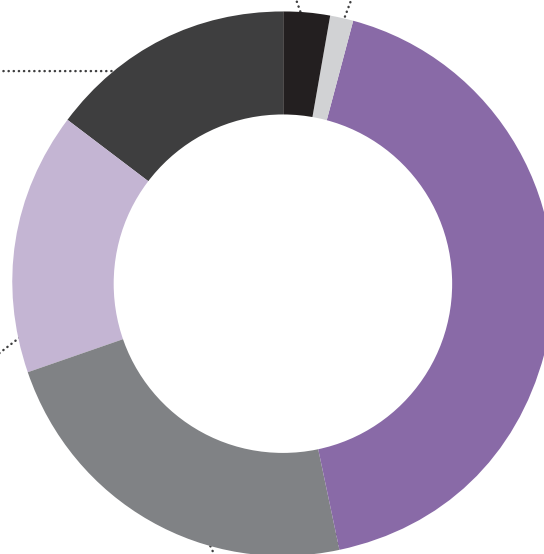
42.7%

Funding that is applied or distributed to the community in the form of grants.

Gaming Duties

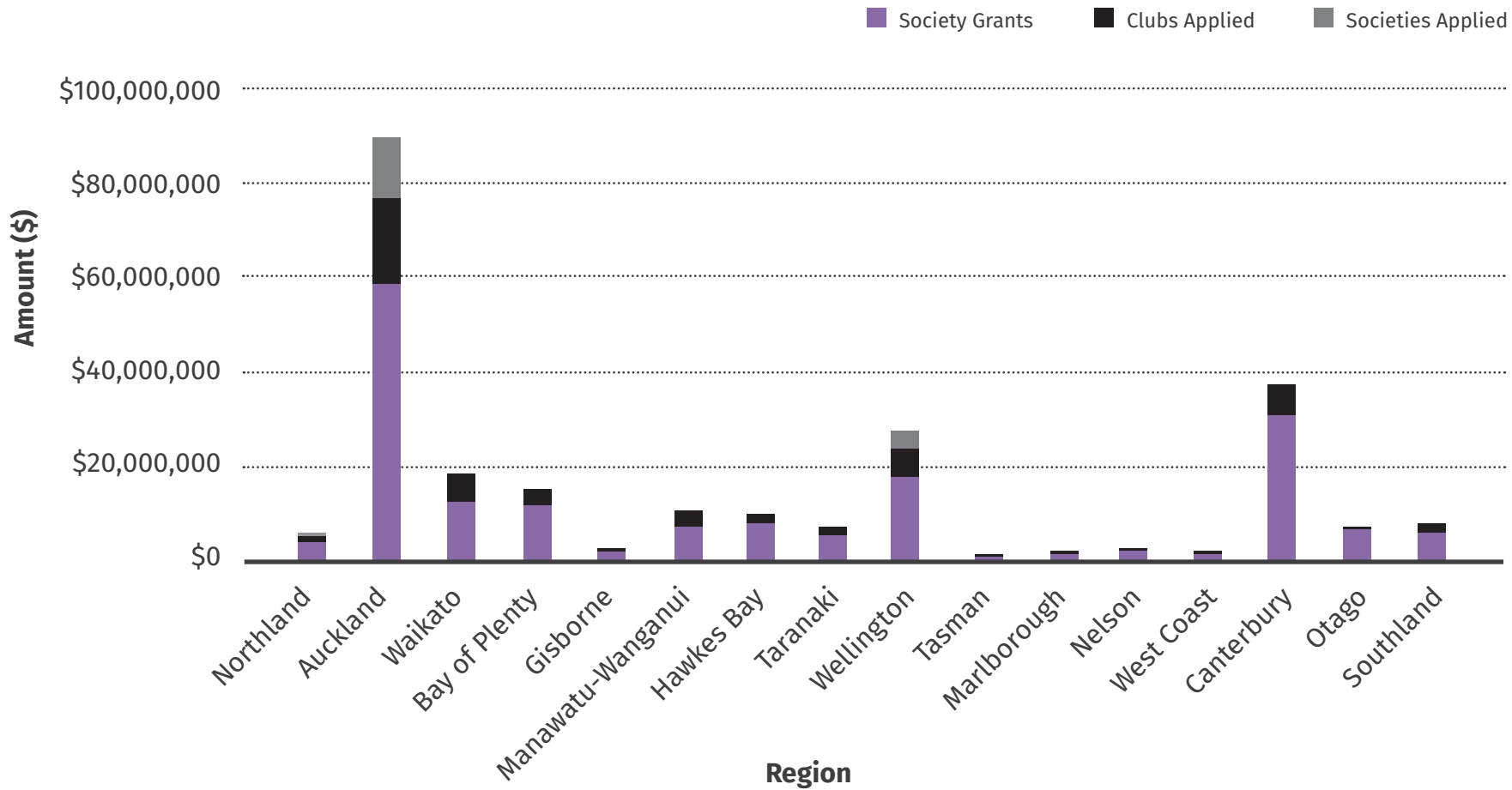
23.0%

This is returned directly to the Crown.



Note: The percentages used are of a GST exclusive total.

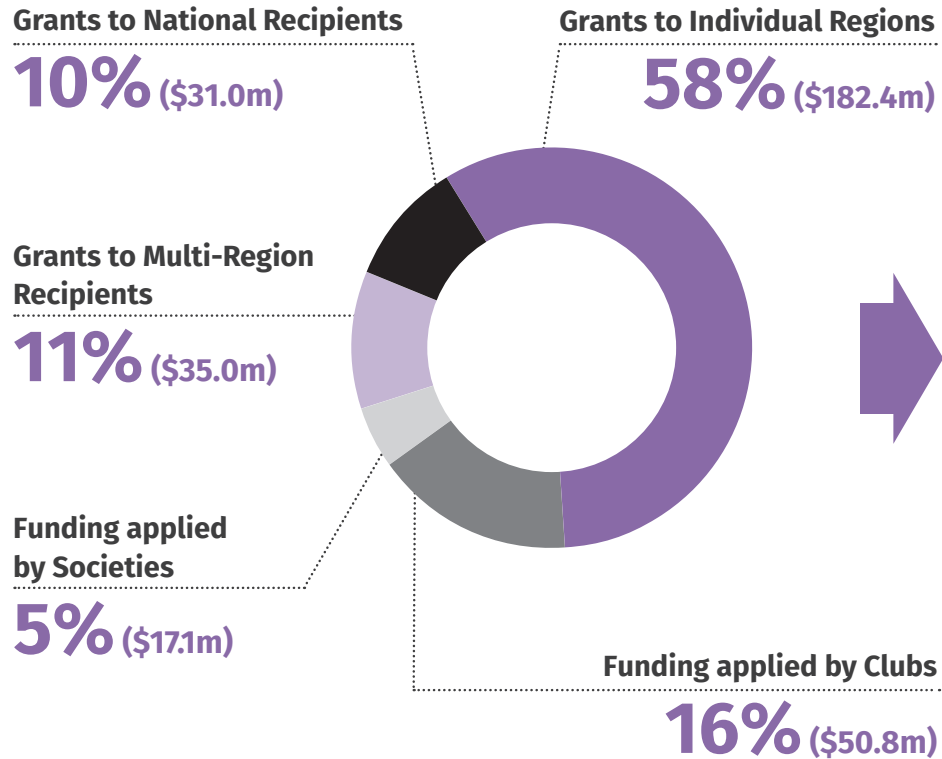
Funding to Regions 2015



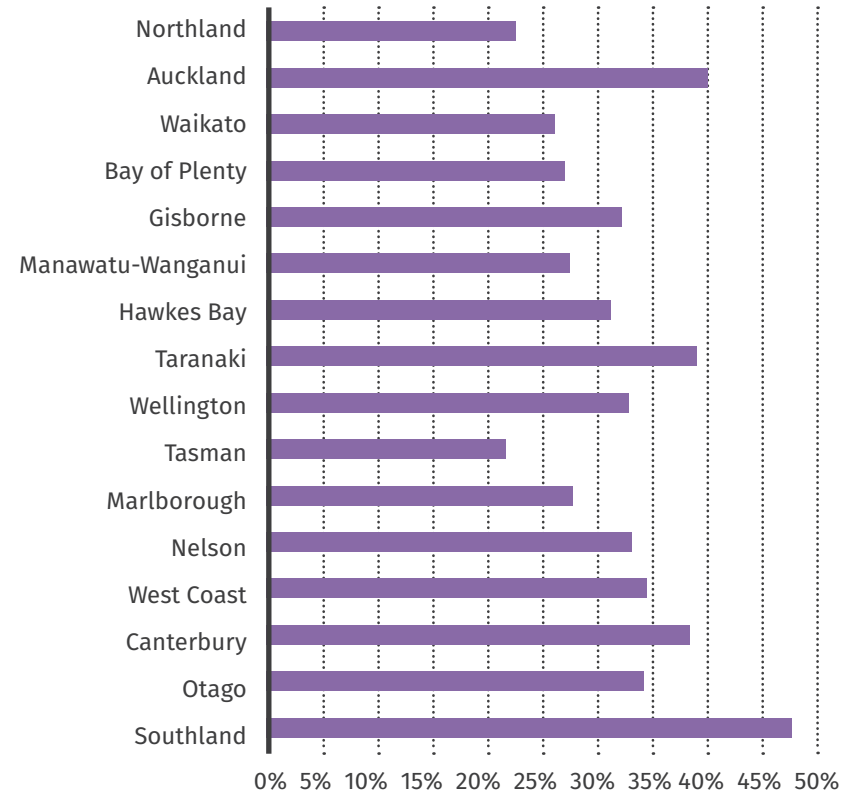
Note: Societies Applied Funding: There are four societies that are not subject to Part 2 of Gambling (Class 4 Net Proceeds) Regulations 2004: New Zealand Racing Board (NZRB), Prime Community Trust, Youthtown Incorporated and Kaiwaka Sports Association Incorporated. These societies can apply funding to pre-selected recipients.

Regions and Territorial Areas used are the same as Statistics New Zealand.

Gaming Machine Proceeds and Funding by Region in 2015



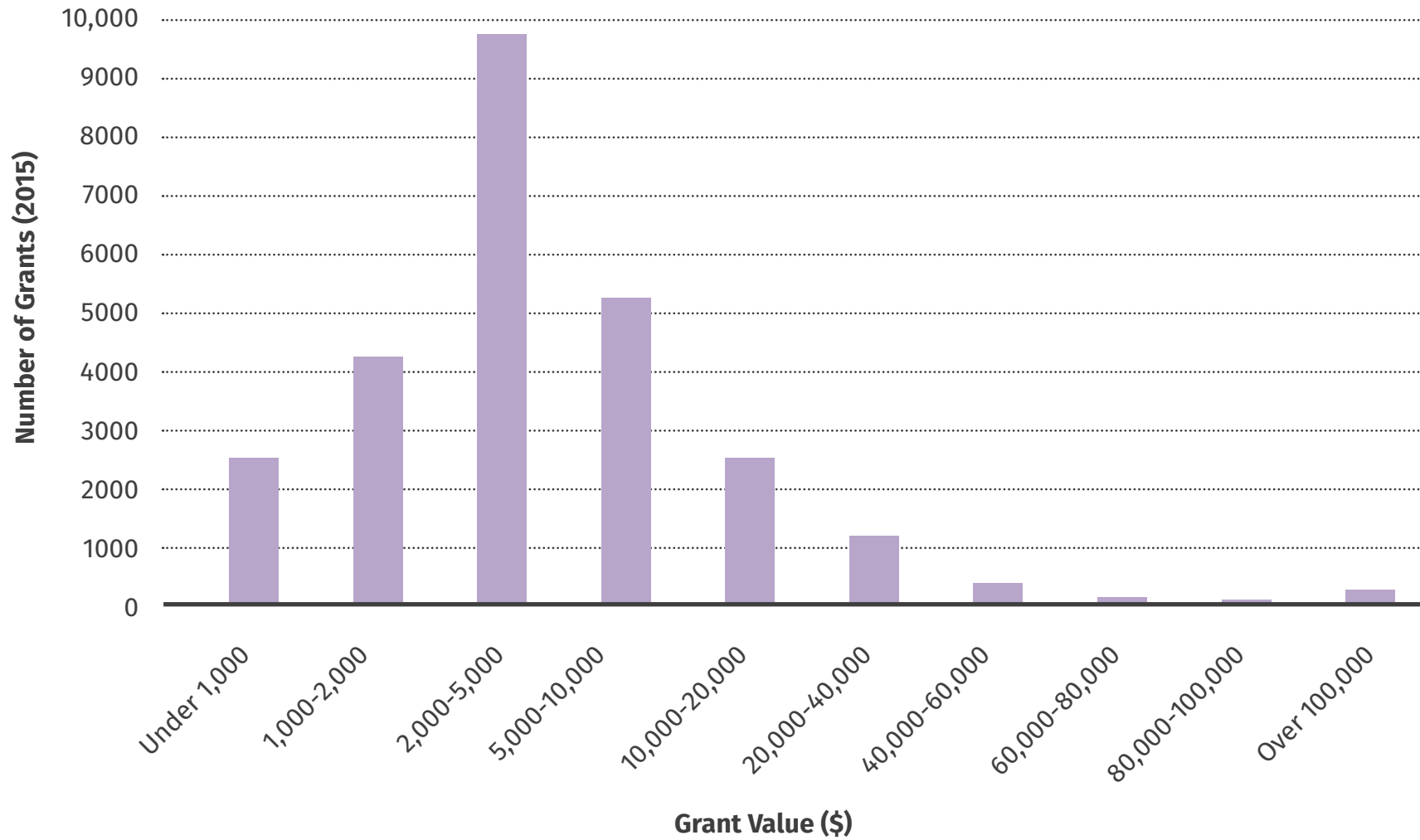
% GMP Returned to Region in Grants (this excludes Grants to National and Multi-Region Recipients)



Note:

- There are no requirements to return any proportion of funding back to a community, however, most Societies have a policy to do so.
- There are a number of reasons that could lead to regional differences in funding returned. These include the number of grant applications and the comparative impact of the grant.

Grants - Number of Grants by Value in 2015



03

Venues, Gaming Machines and Operators

Grant Recipients
and Beneficiaries

Grant
Distributions

Venues, Gaming
Machines and
Operators

Gaming Machine
Proceeds

Class 4
Societies

Overview of Venues, Gaming Machines and Operators in the Class 4 sector.⁷

From June 2015 to June 2016:

- Class 4 venues have decreased by 46 (4%).
- Electronic Gaming Machines (EGMs) have decreased by 341 (2%).
- Societies have decreased by 2 (5%).
- Clubs have decreased by 20 (7%).

⁷ This data is sourced from the Department's administrative systems and the Electronic Monitoring System (which records transactional activity from all gaming machines in pubs and clubs) and the Integrated Gambling Platform (which records society, venue and EGM details).

Venues

	Jun-16	Jun-15	% Change
Venues	1220	1266	-4%
New Venues	17	16	6%
Venues Ceased	63	71	-11%
Annual Venue Transfers⁸	98	76	29%

Operators

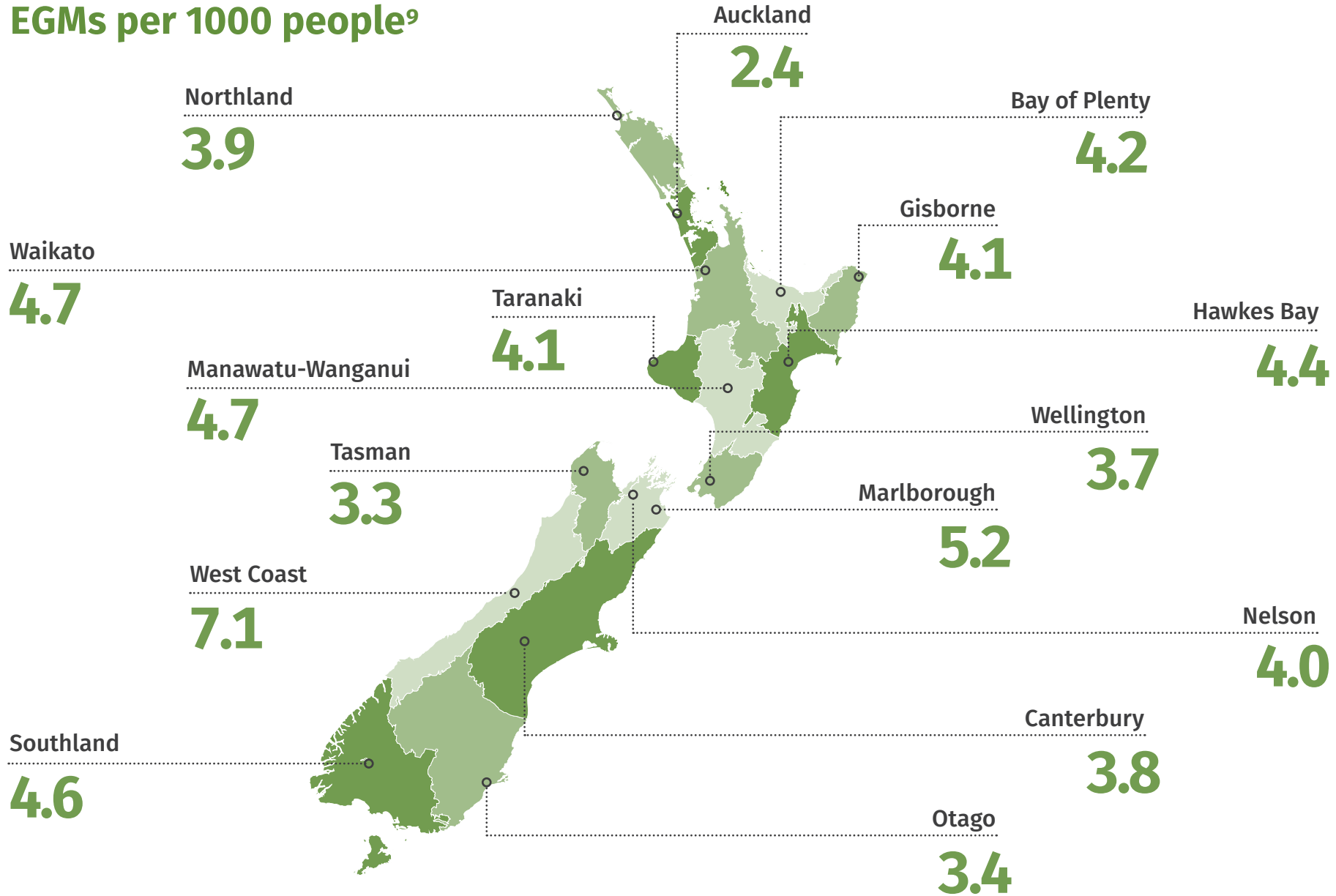
	Jun-16	Jun-15	% Change
Societies	37	39	-5%
Societies EGMs	13022	13144	-1%
Societies Venues	961	987	-3%
Clubs	250	270	-7%
Club EGMs	3216	3435	-6%
Club Venues	259	279	-7%

⁸ **Venue transfer:** The process of a venue changing the societies they use to host EGMs.

EGMs

	Jun-16	Jun-15	% Change
EGMs	16238	16579	-2%
EGMs in New Venues	193	195	-1%
EGMs in Venues Ceased	477	638	-25%
EGMs in Venue Transfers	1382	1099	26%

EGMs per 1000 people⁹



⁹ Based on EGMs as at 30 June 2016 and population at the last census (2013).

04

Gaming Machine Proceeds

Grant Recipients
and Beneficiaries

Grant
Distributions

Venues, Gaming
Machines and
Operators

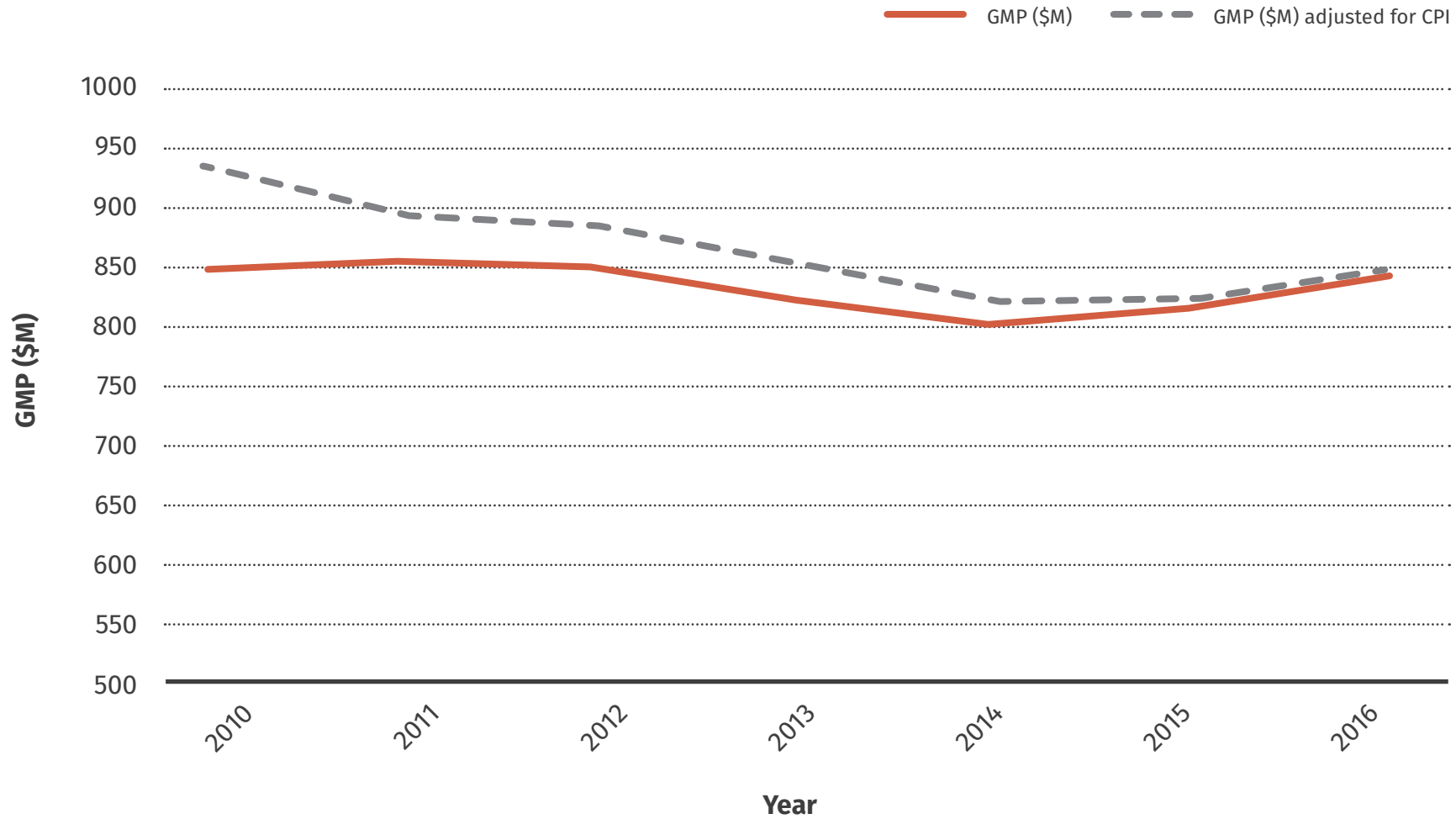
Gaming Machine
Proceeds

Class 4
Societies

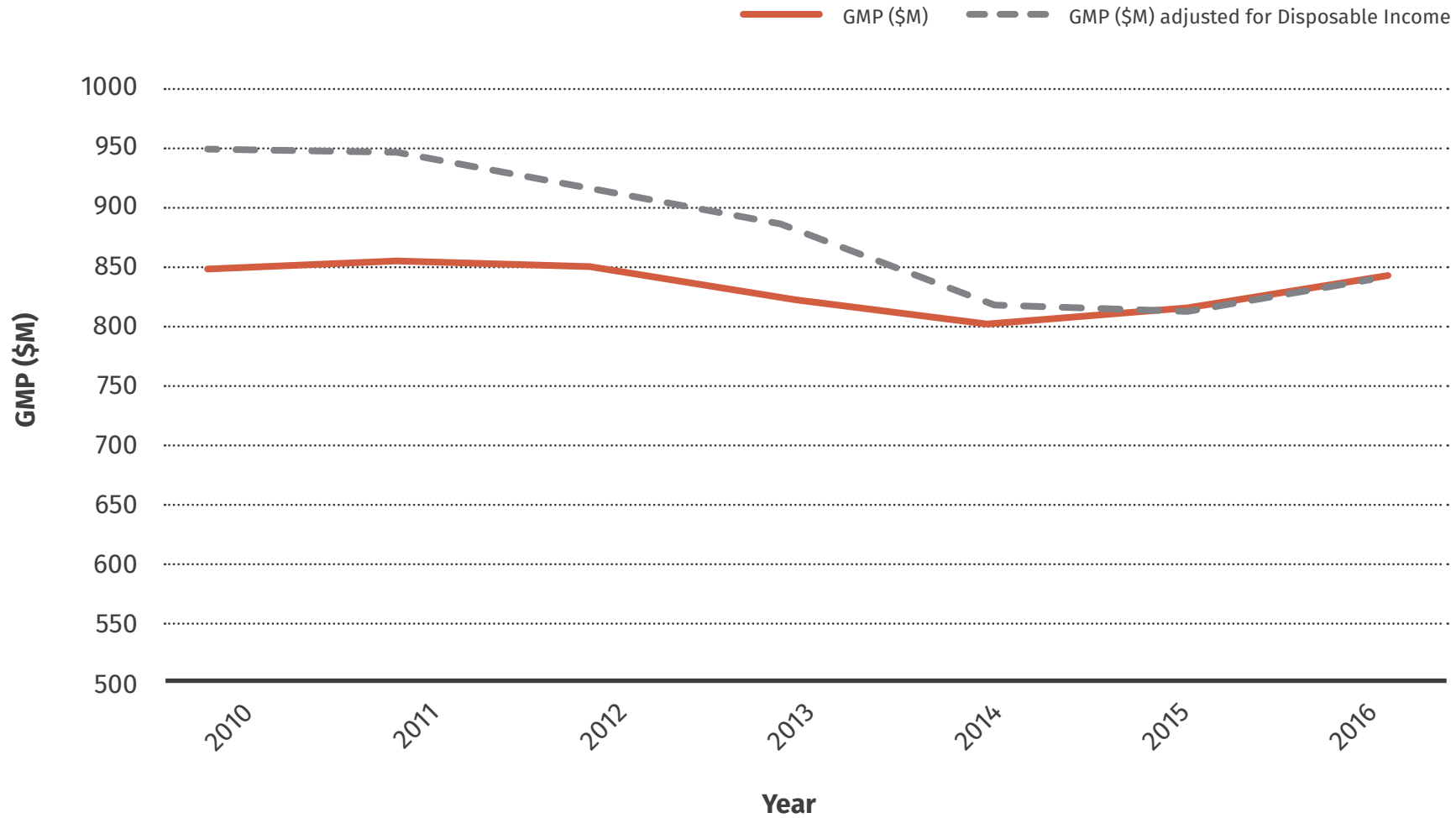
Overview of Gaming Machine Proceeds:

- Changes in GMP will be due to a range of factors. The extent to which different factors influence is not known. GMP in the graphs in this section have been adjusted against population, Consumer Price Index (CPI) and disposable income to act as a comparison. Other factors such as retail spend and tourism (which have been increasing in recent years) may also be relevant.
- The data for CPI, population and disposable income has been sourced from Statistics NZ.
- From 2014/15 to 2015/16 GMP have increased by \$25.4m (3%).
- There are regional variances in GMP changes, ranging from a 6% increase (Hawkes Bay, Bay of Plenty) to a 6% decrease (West Coast).

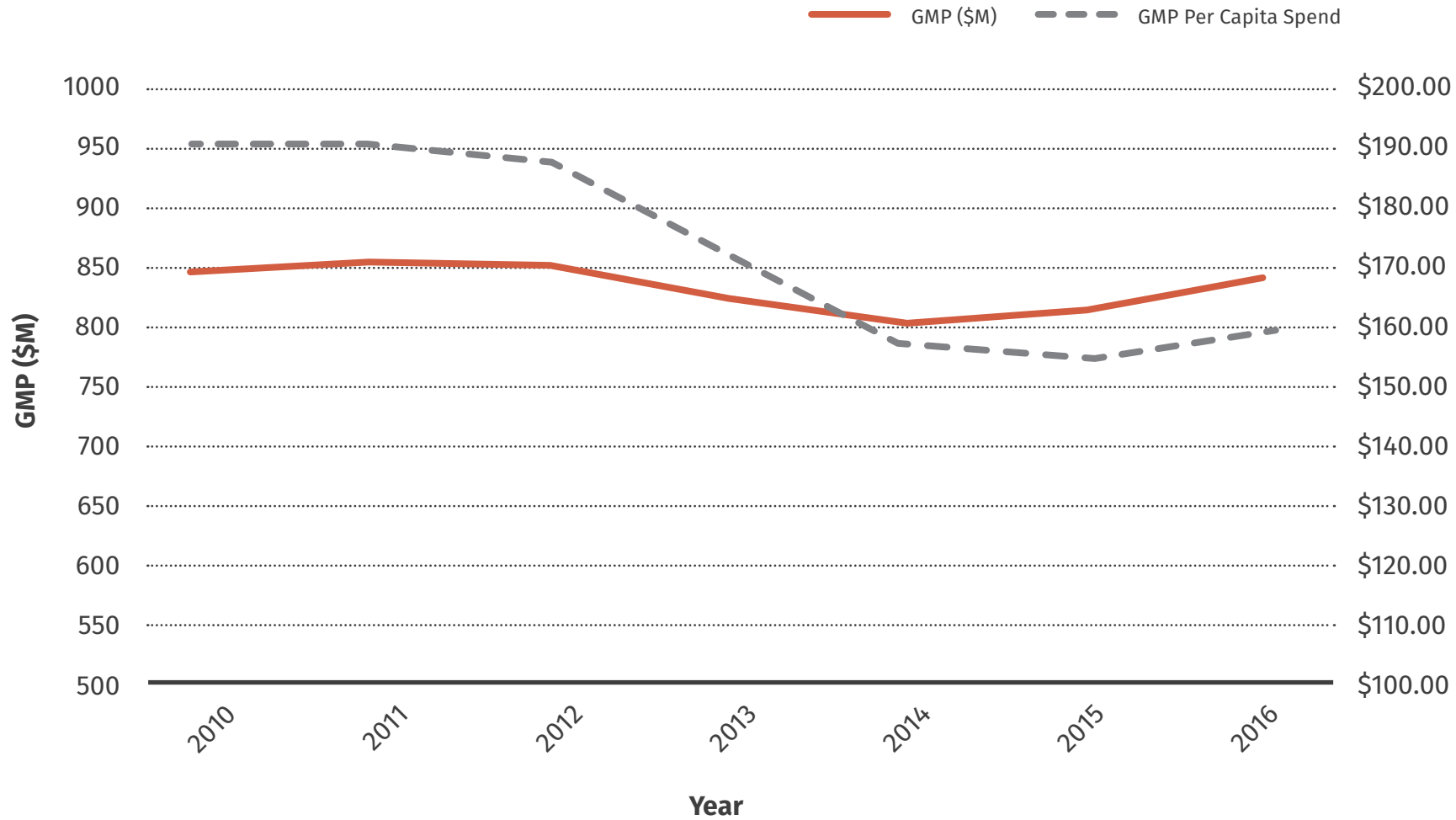
GMP vs GMP adjusted for CPI 2010-2016



GMP vs GMP adjusted for Disposable Income 2010-2016



GMP vs GMP per Capita Spend 2010-2016



GMP: Societies and Clubs \$

	2015/16	2014/15	\$ Change	% Change
GMP (total)	\$843,482,152	\$818,113,112	\$25,369,040	3%
GMP per Venue	\$691,379	\$646,219	\$45,160	7%
GMP per EGM	\$51,945	\$49,346	\$2,599	5%

GMP: Societies \$

	2015/16	2014/15	\$ Change	% Change
GMP Societies (total)	\$737,163,153	\$712,925,708	\$24,237,445	3%
GMP per Venue Societies	\$767,079	\$722,316	\$44,763	6%
GMP per EGM Societies	\$56,609	\$54,240	\$2,369	4%

GMP: Clubs \$

	2015/16	2014/15	\$ Change	% Change
GMP Club (total)	\$106,318,999	\$105,187,404	\$1,131,595	1%
GMP per Venue Club	\$410,498	\$389,583	\$33,482	9%
GMP per EGM Club	\$33,059	\$30,622	\$2,437	8%

Note: Data is shown by July-June financial year. GMP: Regions

GMP: Regions 🇺🇸

	2015/16	2014/15	\$ Change	% Change		2015/16	2014/15	\$ Change	% Change
Northland	\$30,757,864	\$29,734,905	\$1,022,959	3%	Wellington	\$98,114,141	\$95,928,513	\$2,185,628	2%
Auckland	\$259,362,751	\$246,569,868	\$12,792,883	5%	Tasman	\$7,166,594	\$6,816,409	\$350,185	5%
Waikato	\$83,497,506	\$79,209,199	\$4,288,306	5%	Marlborough	\$9,048,396	\$8,913,443	\$134,953	2%
Bay of Plenty	\$65,830,826	\$62,014,502	\$3,816,324	6%	Nelson	\$9,185,988	\$9,179,868	\$6,119	0%
Gisborne	\$9,621,055	\$9,167,245	\$453,810	5%	West Coast	\$7,074,485	\$7,492,980	-\$418,495	-6%
Manawatu-Wanganui	\$46,642,484	\$44,595,991	\$2,046,493	5%	Canterbury	\$112,369,377	\$116,389,988	-\$4,020,611	-3%
Hawkes Bay	\$37,592,506	\$35,499,155	\$2,093,350	6%	Otago	\$25,407,298	\$24,845,887	\$561,411	2%
Taranaki	\$21,969,919	\$22,121,279	-\$151,360	-1%	Southland	\$19,840,964	\$19,633,879	\$207,085	1%
					Total	\$843,482,152	\$818,113,112	\$25,369,040	3%

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and Beneficiaries

Grant
Distributions

Venues, Gaming
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Gaming Machine
Proceeds

Class 4
Societies

05

Class 4 Societies

Grant Recipients
and Beneficiaries

Grant
Distributions

Venues, Gaming
Machines and
Operators

Gaming Machine
Proceeds

Class 4
Societies

Overview of Class 4 Societies:

- There were 37 Societies at the end of June 2016, down from 40 in June 2015.
- The largest 3 Societies operate 412 of the 961 non-club venues (43%); 5,458 of the 13,022 non-club EGMs (42%); and produced \$292m GMP (40% of the \$737m non-club GMP).
- 17 smaller Societies (46%) operate fewer than 10 venues.
- The 17 smaller Societies operate a total of 66 venues (7%); 985 of the EGMs (8%); and produced \$67m GMP (9%).

Venues, EGMs, GMP - June 2016

Society	Venues	EGMs	GMP 2015/16
New Zealand Community Trust	149	2020	\$113,097,433
The Lion Foundation (2008)	128	1726	\$91,593,950
Pub Charity Limited	135	1712	\$87,596,115
Trillian Trust	41	616	\$39,272,555
Infinity Foundation Limited	35	557	\$38,179,524
The Trusts Community Foundation Ltd	53	608	\$34,975,464
New Zealand Racing Board	42	467	\$34,730,220
The Southern Trust	62	673	\$31,620,619
Grassroots Trust Limited	33	510	\$26,565,425
First Sovereign Trust Limited	34	535	\$25,818,714
Air Rescue Services Limited	36	445	\$23,496,843
Four Winds Foundation Ltd	22	335	\$22,577,903
Pelorus Trust	27	417	\$19,770,799
Youthtown Incorporated	22	338	\$19,435,172
The North And South Trust Limited	9	144	\$13,090,828
Mainland Foundation Limited	17	244	\$12,912,145
Oxford Sports Trust Inc	16	232	\$12,044,956
Trust House Foundation	10	167	\$10,975,605
ILT Foundation	10	165	\$10,602,923
The Akarana Community Trust Limited	6	81	\$7,672,149

Venues, EGMs, GMP - June 2016 continued...



Society	Venues	EGMs	GMP 2015/16
Bluesky Community Trust Limited	7	108	\$7,606,715
Dragon Community Trust Limited	6	99	\$7,214,185
The Bendigo Valley Sports And Charity Foundation	11	145	\$5,976,141
CERT Your Local Gaming Trust Limited	7	111	\$5,821,769
Manukau Counties Community Facilities Charitable Trust	5	90	\$5,584,903
Trust Aoraki Limited	12	125	\$4,787,050
First Light Community Foundation Limited	5	71	\$4,004,687
Constellation Communities Trust Limited	3	45	\$3,104,122
The Pegasus Sports Foundation Limited	3	38	\$1,553,074
Southern Victorian Charitable Trust Inc	4	41	\$1,477,189
Prime Community Trust	3	32	\$1,072,730
Mt Wellington Foundation Limited	2	36	
Blue Waters Community Trust	2	27	
The Whitehouse Tavern Trust Board	1	18	
Milestone Foundation Limited	1	18	
Redwood Trust Incorporated	1	18	
Kaiwaka Sports Association Incorporated	1	8	

Note: Societies with fewer than 3 venues do not have GMP displayed.

Glossary

Apply funds

Involves a society applying funds to its own authorised purpose.

Authorised Purpose

A charitable or non-commercial purpose that is beneficial to the whole or a section of the community and promoting, controlling, and conducting race meetings including payment of stakes.

Class 4 (C4)

A distinct type of gambling that involves the use of EGMs outside of casinos.

Clubs

Voluntary association of persons combined for a purpose other than personal gain. Clubs can apply the net proceeds of EGM gambling to their own operations.

Distribute Funds / Grants Distribution

A society distributing funds to grant recipients in the community.

Electronic Gaming Machines (EGMs)

Pokie machines, also called gaming machines, slots and/or poker machines.

Electronic Monitoring System (EMS)

A system used by DIA to monitor all activity on all EGMs across New Zealand in order to ensure the integrity of the Class 4 system.

Gaming Machine Proceeds (GMP)

GMP = Turnover – prizes – jackpots + adjustments.

This is the overall amount spent by players on EGMs.

Grant Recipient

A non-profit organisation that receives grants from a society/societies.

Net Proceeds

The amount remaining to be distributed to authorised purposes after costs, levies and taxes have been deducted from a society's GMP and any interest or earnings from investment or sale of asset.

Operators

All societies and clubs with EGMs.

Recipient Group

A combination of grant recipients with a similar function – e.g. Rugby.

Region

A geographic area comprising a number of Territorial Authorities. There are 16 Regions in New Zealand.

Society

Also called corporate societies, gaming machine societies, gaming societies or Class 4 societies, and are sometimes referred to as trusts or pokie trusts. The societies operate their EGMs out of venues and must distribute their net proceeds to authorised purposes.

Territorial Authority

A District or Council area. There are 67 Territorial Authorities in New Zealand.

Venues

Premises such as pubs and bars that have EGMs.

Venue transfer

The process of a venue changing the societies they use to host EGMs.

New Zealand Government

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