



Non-Casino Gaming Machines

Now – the current regime

Under the Gaming and Lotteries Act 1977 gaming machines may be operated by any non-commercial society – i.e. any group of people who get together to raise funds for authorised (eg community) purposes. Incorporation, which confirms the society as a legal entity, is not required.

Three different types of society currently run gaming machines:

- National gaming machine trusts, which run gaming machines on a large number of hotel sites. Funds raised by these societies are distributed by the national trusts
- Hotel-based trusts, which run gaming machines on a very small number of hotel sites and which distribute funds locally
- Clubs (e.g. sports and chartered clubs), which run machines on their own sites and use the funds raised from gaming machines largely for their own purposes.

There is no explicit statutory provision for many of the important rules governing gaming machines. Instead, the rules are contained in licence conditions set by the Secretary for Internal Affairs.

There are growing concerns about:

- The integrity of the operation of machines and the grant distribution process
- The continued growth in gaming machine numbers and their association with problem gambling.

The Responsible Gambling Bill

Under the Bill, gaming machines may only be run by corporate societies (i.e. those with a legal identity) and only for authorised purposes. National trusts, hotel based trusts and clubs will continue to be able to run gaming machines. They will continue to be responsible and accountable for raising funds and distributing funds for authorised purposes.

A society must have both an operator's licence and a venue licence to run gaming machines. If the society does not have its own venue, it must have an agreement with the manager of the proposed venue, approved by the Secretary for Internal Affairs.

How will gaming machine societies be regulated?

Gaming machines will be regulated as class 4 gambling. The Bill provides that the operation of gaming machines will be regulated to reflect the risks they pose to the community.

Funds distribution

Gaming machine societies will still be responsible for distributing the money they raise to the community.

However, there are now statutory requirements and scope for regulations preventing the involvement of gaming machine venues in decisions on the distribution of funds.

Maximising returns to the Community

Societies will only be licensed if they can show that their operation is financially viable and that they will maximise the funding that will be distributed for authorised purposes.

To ensure that proceeds to the community are maximised, the Secretary for Internal Affairs may set limits on the costs that may be claimed by a society.

Requirements for licence holders and other key persons

There will be strict suitability requirements on who can be involved in the operation of gaming machines.

It will be unlawful for the holder of a class 4 operator's licence or key people associated with a venue to place conditions on the recipients of gaming machine funds that benefit the operators or key people.

Conditions may also be placed on a society's licence to prevent them receiving money or other benefits from the venue operator.

Electronic monitoring of gaming machines

The Secretary for Internal Affairs may require machines to be connected to an electronic monitoring system at the operator's expense.

The Secretary may use an electronic monitoring system to obtain information about gaming machines including the destination of gaming machine funds, the location and number of machines, gaming machine usage, machine faults and tampering, and suspected breaches of the legislation.

An electronic monitoring system can be used remotely to control, disable and enable gaming machines.

Community input into gaming machine numbers

A society must apply for territorial authority consent before it:

- Establishes new gaming machine venues (NB The requirement to seek territorial authority consent for new venues is retrospective to 18 October 2001)
- Adds machines to existing venues.

Every territorial authority must adopt a policy on the location of class 4 gambling venues before 1 January 2003.

- To give communities a say on the number and location of gaming machines in their local area, the policy must be adopted in accordance with the Local Government Act's special consultative procedure, which requires public consultation
- A territorial authority's decisions on the establishment of new gaming machine venues or the addition of machines to venues must be determined in accordance with the gaming machine policy.

Other controls on the growth of gaming machines

There will be limits on the number of gaming machines at any venue.

- New venues (licensed after 17 October 2001) will be restricted to 9 gaming machines
- Existing venues may continue with the number of machines at the venue when the legislation comes into force

- After the legislation comes into force, societies with more than 9 machines at venues licensed after 17 October 2001 will have to remove the extra machines immediately. They may also be required to remove all of their machines if the territorial authority invokes its veto
- All societies must notify the Department of Internal Affairs of the number and location of their machines within a month of the legislation coming into effect, so that the Department can check compliance with the venue limits.

Subject to the territorial authority veto, there will be a Ministerial discretion to vary gaming machine venue limits upwards. This will apply only for clubs on non-commercial premises (not, for example, pub venues). The Ministerial discretion will allow upward variation of machine numbers to:

- A maximum of 30 at any existing venue where two or more clubs want to merge
- A maximum of 18 machines on new club venues.

Facts and figures

Numbers as at 31 December 2001

Gaming machine societies	785
- National trusts	6
- Hotel-based trusts	147
- Clubs	632
Licensed gaming machines	21,012
- National trusts	11,049 machines (53%)
- Hotel-based trusts	5,182 (25%)
- Clubs	4,781 (23%)
Gaming machine venues	2,129

Growth in gaming machine numbers

Dec 1994	8,303 machines
Dec 1996	11,031
Dec 1998	13,273
Dec 2001	17,679
Dec 2001	21,012

Expenditure on non-casino gaming machines (turnover minus prizes) for year ended 30 June 2001:
\$597 M

Regulations

The Bill allows the setting of regulations on the following matters that are specific to Class 4 gambling:

- Maximum number of gaming machines in New Zealand or any region
- Maximum stakes on a single play of a gaming machine
- Maximum prizes that may be offered on a gaming machine game
- Requirements for electronic monitoring systems
- The amount that a society must apply to authorised (community) purposes
- The time within which the distribution of proceeds must occur
- Ensuring that key persons associated with a gambling venue are not involved in decisions about the distribution of gambling proceeds, or deciding who will provide ancillary goods and services
- Minimum standards for publicising the availability of funds for authorised purposes.

