
Report of the Gambling Commission

For the period ended
30 June 2004

Presented to the House of Representatives
Pursuant to Section 229 of the
Gambling Act 2003



The Honourable George Hawkins Minister of Internal Affairs

I have the honour to forward the report of the Gambling Commission for the period ended 30 June 2004.

Peter Chin

Chief Gambling Commissioner

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Introduction by Chief Gambling Commissioner

I am pleased to present to you my first report as Chief Gambling Commissioner.

The Gambling Commission is an independent decision-making body, established in February 2004 under the Gambling Act 2003. The most significant work undertaken by the Commission in the period ended 30 June 2004 related to the setting of the Problem Gambling Levy. This work, which culminated in the delivery of an independent report to Ministers, is discussed in further detail in this report.

The Commission commenced its core licensing and appeal functions on 1 July 2004. The Commission will report on the exercise of those functions in its next annual report.

Peter Chin

Chief Gambling Commissioner

Report on activities

Establishment of Gambling Commission

The Gambling Commission was established by Section 220 of the Gambling Act 2003 (the “**Act**”). The Act repealed the Casino Control Act 1990 and the Gaming and Lotteries Act 1977 and integrated them into a single Act. The Act provides for the disestablishment of the Casino Control Authority, and the transfer of its functions to the Department of Internal Affairs (the “**Department**”) and the Gambling Commission.

In March 2004, four Commissioners were appointed, being Paul Stanley, Mary Lythe, Mark Ford and Peter Chin, as Chief Gambling Commissioner. The fifth Commissioner, Graeme Reeves, joined the Commission in June.

Functions of Commission

The Gambling Commission is a statutory decision-making body with the powers of a Commission of Inquiry. Its functions are wide ranging, and include the following:

- considering and determining applications for casino operators’ licences and the renewal of casino venue licences (the first of the existing six venue licences expires in 2019);
- approving agreements and changes to agreements between casino operators and casino venue licence holders;
- specifying, varying and revoking casino licence conditions;
- considering and determining appeals against regulatory and licensing decisions made by the Department in respect of Class 3 and Class 4 gambling. Class 3 gambling involves prizes of more than \$5,000, but does not take place at a casino or involve gaming machines. Class 4 gambling relates to non-casino gaming machine operations;
- considering and dealing with complaints about the way the Department has handled complaints in relation to Class 4 gambling;

- advising Ministers and facilitating consultation on the setting of the Problem Gambling Levy; and
- advising the Minister of Internal Affairs on matters relating to the performance of the Gambling Commission's functions and the administration of the Act, either at the Minister's request or on its own initiative.

In exercising these functions, the Commission has wide powers to determine its own procedures, to engage experts and to receive evidence. It considers all matters before it – licensing matters or appeals – afresh.

The exercise of the Commission's functions is guided by the purposes of the Act, which include:

- controlling the growth of gambling;
- preventing and minimising the harm caused by gambling including problem gambling;
- authorising some gambling and prohibiting the rest;
- facilitating responsible gambling;
- ensuring the fairness and integrity of games;
- limiting opportunities for crime and dishonesty associated with gambling;
- ensuring that money from gambling benefits the community;
- facilitating community involvement in decisions about the provision of gambling.

The Commission assumed its core licensing and appeal functions on 1 July 2004, and in the year under review, exercised only a limited range of its functions. Principal among these was the Commission's consultation and reporting role in relation to the Problem Gambling Strategy and Levy, described below. As part of its establishment phase, the Commission also undertook preliminary work on the development of policies and procedures for the discharge of its licensing and appeal functions.

Problem Gambling Levy

The Integrated Problem Gambling Strategy developed by the Ministry of Health (the "**Ministry**") provides for intervention services, health promotion and education, research and evaluation to address problem gambling. The Strategy developed by the Ministry was costed by the Ministry at \$55.961 million for the three financial years beginning 1 July 2004.

Under section 318(5) of the Act, the Commission was required to report to the Minister of Internal Affairs and Associate Minister of Health making recommendations on the total annual amount of the proposed Problem Gambling Levy for a three year period (being the initial levy period), and the proposed levy rate for each gambling sector.

The purpose of the Problem Gambling Levy is to recover the cost of developing, managing and delivering the Strategy. The Act provides for the levy to be collected from New Zealand's four main gambling sectors: gaming machines in pubs and clubs, casinos, the New Zealand Racing Board, and the New Zealand Lotteries Commission. The formula for calculating the levy rate for each of the four sectors is set out in section 320 of the Act. The Commission's report centered on an analysis of the component values to be comprised in the formula.

The Commission was requested to report to Ministers by 1 July 2004, to allow for regulations implementing the levy to be promulgated and for the Inland Revenue Department to be able to start collecting the levy from 1 October 2004. The Commission worked to, and delivered its report, within the requested timeframe and the requirements of the Act.

In order to assist the Commission in the preparation of its report, and in accordance with section 318(3) of the Act, the Commission convened a meeting in Auckland on 16 June 2004 to consult on the Strategy and the proposed levy rates. As required in the Act, the Commission requested the attendance at that meeting of the Ministry, the Department, representatives of gambling operators subject to the levy, representatives of providers of gambling services, and representatives of other groups whom the Commission believed likely to be significantly affected by the levy. The issues raised at the consultation meeting were discussed and addressed in the Commission's final report.

Section 319(1) of the Act contemplates that, after considering the Commission's report, Ministers recommend that the Governor-General, by Order in Council, make regulations requiring gambling operators to pay a levy to the Crown. Regulations setting the Problem Gambling Levy were gazetted on 2 September 2004.

Administration

6 Under the Act, the Gambling Commission has no power to acquire, hold or alienate property, or to employ people. Instead, the Act requires the Department to service the Gambling Commission, by arranging the administrative services necessary for the Gambling Commission to perform its functions. The Gambling Commission is funded from the Department.

The Act requires the Gambling Commission to make decisions independently of the Minister and the Secretary. Staff allocated to perform administrative services for the Gambling Commission are for this reason required to be separated, physically and operationally, from other staff responsible for gambling policy, licensing, and compliance.

The Department established a stand-alone office based in Auckland in May 2004, and in consultation with Commissioners, appointed an Executive Director of the Gambling Commission.

Commission meetings

The Gambling Commission met eight times during the year under review. Initial meetings centered on induction briefings and preparatory work relating to the establishment of the Commission office and Secretariat. Commission meetings during May and June focused on the Problem Gambling Levy and included a stakeholder consultation meeting, convened by the Gambling Commission. Meetings were held on 18 and 19 February, 19 March, 21 April, 24 May, 15 and 16 June and 22 June 2004.

Future directions

The primary focus of the Commission in 2004/2005 will be on the following activities:

- finalising policies and procedures for the Gambling Commission;
- reviewing the existing casino licence conditions with a view to updating and rationalizing these to take into account the new regulatory regime;
- the effective discharge of its licensing and appeal functions;
- keeping the Minister apprised of developments relating to the Gambling Commission's functions.

Members

Peter Wing Ho Chin

Chief Gambling Commissioner
Barrister and Solicitor
Dunedin

Appointed 1 March 2004
Term Expiring 1 March 2007

Kenneth Mark Ford

Chief Executive
Auckland

Appointed 1 March 2004
Term expiring 1 March 2007

MaryManson Lythe

Training Manager
Auckland

Appointed 1 March 2004
Term expiring 1 March 2007

Paul Joseph Stanley

Lecturer
Tauranga

Appointed 1 March 2004
Term expiring 1 March 2007

Graeme Reeves

Barrister and Solicitor
Wellington

Appointed 18 June 2004
Term expiring 17 June 2007

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Heather Harris

Executive Director