

## ANNEX 4

### SECTIONS 318 AND 320 GAMBLING ACT 2003

#### **318 Process for developing integrated problem gambling strategy**

- (1) The department that has responsibility for implementing the problem gambling strategy must do the following things in developing the strategy:
  - (a) undertake a needs assessment; and
  - (b) prepare a strategy in draft; and
  - (c) develop costings for the draft strategy; and
  - (d) in the case of the initial levy period, estimate the costs of the department that has responsibility for the integrated problem gambling strategy during the transition to the strategy in the period before the introduction of the initial levy; and
  - (e) take into account any under-recovery or over-recovery of levy in the previous levy period; and
  - (f) estimate annual funding requirements for the strategy for a 3-year period; and
  - (g) estimate, using the formula set out in section 320, levy rates for each gambling sector liable to pay the levy; and
  - (h) consult on the matters outlined in paragraphs (a) to (g) with—
    - (i) at least 1 representative of corporate societies licensed to operate gaming machines in commercial venues; and
    - (ii) at least 1 representative of corporate societies licensed to operate gaming machines in non-commercial venues; and
    - (iii) at least 1 representative of casino licence holders; and
    - (iv) the New Zealand Racing Board; and
    - (v) the New Zealand Lotteries Commission; and
    - (vi) representatives of the providers of problem gambling services; and
    - (vii) any other groups it believes are likely to be affected significantly by the proposed strategy.
- (2) The department responsible for the integrated problem gambling strategy must then submit the proposed strategy and the proposed levy rates to the Gambling Commission and the responsible Ministers.
- (3) On receipt of the proposed integrated problem gambling strategy and the proposed levy rates, the Gambling Commission, or its expert representative, must convene a meeting to consult on the strategy and the rates.

- (4) At a minimum, the following persons must be requested to attend the meeting referred to in subsection (3):
- (a) the department responsible for the integrated problem gambling strategy:
  - (b) the department responsible for the administration of this Act:
  - (c) 1 or more representatives of gambling operators who will be subject to the levy:
  - (d) 1 or more representatives of providers of problem gambling services:
  - (e) 1 or more representatives of any other groups the Gambling Commission believes are likely to be significantly affected.
- (5) Within 10 working days of the meeting convened under subsection (3), the Gambling Commission must submit a report to the responsible Ministers making recommendations on the total annual amount of the problem gambling levy for the relevant 3-year period and the levy rate for each gambling sector or each gambling operator or each class of gambling operator that is subject to the levy.
- (6) To avoid doubt, the Gambling Commission may engage an expert under subsection (3) in any area that it considers relevant (for example, facilitation or mediation).

### **320 Calculating levy**

- (1) The formula in subsection (2) provides a mechanism for allocating among gambling operators, and collecting from them, the approximate cost of an integrated problem gambling strategy.
- (2) The following formula is to be used to assist in estimating the proposed levy rates payable by gambling operators:

$$\text{levy rate} = \frac{((A \times W1) + (B \times W2)) \times C}{D}$$

where—

- A is the estimated current player expenditure in a sector divided by the total estimated current player expenditure in all sectors subject to the levy
- B is the customer presentations to problem gambling services that can be attributed to gambling in a sector divided by total customer presentations to problem gambling services in which a sector that is subject to the levy can be identified
- C is the funding requirement for the period for which the levy is payable
- D is the forecast player expenditure in a sector for the period during which the levy is payable

W1 and W2 are weights, the sum of which is 1.

- (3) In calculating the levy rate under subsection (2),—
- (a) **player expenditure**, in amount A,—
- (i) for the New Zealand Racing Board, has the same meaning as betting profits in section 4(2) and (3) of the Gaming Duties Act 1971; and
  - (ii) for a gaming machine operator (including the New Zealand Racing Board), has the same meaning as gaming machine profits in section 12B of the Gaming Duties Act 1971; and
  - (iii) for a casino operator, has the same meaning as casino win in section 12M of the Gaming Duties Act 1971; and
  - (iv) for the Lotteries Commission, means turnover less prizes paid and payable:
- (b) the proposed amounts of A and B, and the periods to which they apply, must take into account the latest, most reliable, and most appropriate sources of information from—
- (i) the Inland Revenue Department on expenditure; and
  - (ii) the department responsible for the integrated problem gambling strategy on customer presentations to problem gambling services:
- (c) the proposed amount of C must take into account—
- (i) the approximate cost to Government of the integrated problem gambling strategy in the 3-year period for which the levy is payable; and
  - (ii) in the case of the initial levy period, the estimated costs of the department that has responsibility for the integrated problem gambling strategy during the transition to the strategy in the period before the introduction of the initial levy; and
  - (iii) any under-recovery or over-recovery of levy in the previous period:
- (d) the proposed amount of D must take into account—
- (i) the latest, most reliable, and most appropriate sources of information on past expenditure available from the Inland Revenue Department; and
  - (ii) advice from the Secretary on an appropriate forecasting method:
- (e) the values of W1 and W2 must be specified in the regulations.
- (4) The problem gambling levy payable by a gambling operator is calculated by multiplying player expenditure by the levy rate calculated for that operator.

- (5) To avoid doubt, in calculating the problem gambling levy, and in making regulations under this section,—
- (a) the amount of player expenditure may be for less than a year (for example, a week, a month, or a quarter); and
  - (b) the levy may be calculated and collected at intervals of less than a year (for example weekly, monthly, or quarterly).