



A GUIDE TO AUSTRALASIA'S GAMBLING INDUSTRIES

Facts, Figures and Statistics

CHAPTER EIGHT

The Contribution of New Zealand's Gambling Industries

2017/18

A Guide to Australasia's Gambling Industries

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Chapter 8

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Version Control

Version	Date	Explanation
2015-16 (1.0)	January 2017	2015-16 Edition.
2015-16 (2.0)	July 2018	2015-16 Edition updated with further industry data as available.
2017-18 (1.0)	August 2020	2017-18 Edition updated with further industry data as available.

CONTRIBUTION TO THE NEW ZEALAND ECONOMY

The size of the New Zealand economy is usually described in terms of gross domestic product (GDP). GDP can be defined as the total value of all final goods and services produced in an economy in a given year.

GDP figures relating to the gambling sector in New Zealand are categorised under the *Arts and Recreation Services* sector, including the New Zealand Lotteries Commission, SKYCITY Entertainment and the New Zealand Racing Board, amongst others.

In 2018, the *Arts and Recreation Services* sector generated an approx.12% share of New Zealand’s GDP.¹

COMMUNITY CONTRIBUTIONS

An estimated \$654 million, or 29.6% of expenditure, from gambling proceeds was distributed to a variety of community services and projects in New Zealand in the 2015-16 financial year.

Non-casino gaming machine trusts raised an estimated \$275 million for authorised community purposes. The New Zealand Lotteries Commission transferred \$182 million to the Lottery Grants Board for distribution to the community. The New Zealand Racing Board allocated \$143 million, largely to support racing club activities and infrastructure. Casinos contributed just over \$5 million to their community trusts.²

Casinos

New Zealand casinos play an active role in promoting the cities and regions where they operate as international visitor destinations. In addition to money channelled to the community through rates, taxes, spending on salaries and wages, goods and services, casinos also contribute funds directly via donations, fundraising, sponsorships and Community Trust grants to benefit a wide range of community groups and activities.

SKYCITY Community Trusts ³

Three independent Community Trusts have been established by SKYCITY, in Auckland, Hamilton and Queenstown, to help local and regional organisations carry out community assistance and development work, focussing on projects related to health, education, community welfare, arts and culture.

SKYCITY Auckland

To date, the SKYCITY Auckland Community Trust has granted over \$44.9 million to more than 2,497 charitable organisations that have undertaken community assistance and development work in the greater Auckland area.

SKYCITY is a major sponsor of sports teams and events in Auckland, including the SKYCITY Breakers basketball team, Vodafone Warriors rugby team and the Blues Auckland rugby team. SKYCITY also help sponsor the NZ International Comedy Festival and the Chinese New Year Festival.

¹http://archive.stats.govt.nz/browse_for_stats/economic_indicators/NationalAccounts/NationalAccountsIndustryProductionandInvestment_HOTPYeMar16.aspx

² <http://www.maxserv.co.nz/gamblers-spent-118-million-more-in-201516-financial-year>

³ <http://www.skycityentertainmentgroup.com/about-skycity/involved-in-your-community/>

In addition, SKYCITY works in partnership with the following charitable organisations to help raise funds to support their work: the Leukaemia and Blood Cancer New Zealand, Prostrate Cancer, Kidz First Children's Hospital, Variety – the Children's Charity, and the 'Poppy Partnership' in support of the Auckland Returned and Services Association.

For the year ended 30 June 2019, SKYCITY Auckland Limited contributed \$3,165,487 to the SKYCITY Auckland Community Trust.⁴

SKYCITY Hamilton

In 2019, the SKYCITY Hamilton Community Trust granted \$699,066 to 90 groups⁵, and to date has granted over \$9.5 million to more than 1,700 charitable organisations that have undertaken community assistance and development work in the greater Waikato region.⁶

SKYCITY is a major sponsor of Youth Empowerment Service Charitable Trust, Waikato Environment Centre Trust and Waikato Youth Empowerment Trust. It also sponsors sports teams and events, including Waikato Rugby, SKYCITY Hamilton Northern Spirit women's cricket team, Waikato Cup Day, and SKYCITY Northern Knights men's cricket team.

For the year ended 30 June 2019, SKYCITY Hamilton Ltd contributed \$768,765 to the SKYCITY Hamilton Community Trust.⁶

SKYCITY Queenstown

The SKYCITY Queenstown Casino Community Trust has granted \$1.92 million to more than 667 community organisations to date.

SKYCITY Queenstown is also a major sponsor of local events and sporting teams such as the Queenstown Winter Festival (sponsor since 2001), Snow Sports NZ, Jazz Festival and the LUMA light festival.

For the year ended 30 June 2019, Queenstown Casinos Limited contributed \$143,723 and Otago Casinos Limited \$1,435 to the SKYCITY Wharf Casino Community Trust.⁷

Dunedin Casino Charitable Trust

The Dunedin Casino Charitable Trust distributed \$54,506.88 to 42 recipients in the November funding round. Recipients included the Garden to Table Trust, Dunedin RSA Choir and the Chatbus Trust.⁸

Christchurch Casino Charitable Trust

The Christchurch Casino Charitable Trust has granted over \$4 million since its inception in 1994 to help fund organisations who provide treatment for people with addictive and compulsive behavioural problems.

For 2019, \$220,000 was paid to the Christchurch Casino Charitable Trust to assist various support and counselling services.⁹

⁴ Skycity Entertainment Group (2019) *Skycity Community Trusts: Auckland*.

⁵ Skycity Hamilton Community Trust (2019) *Recipients List 2016*.

⁶ Skycity Entertainment Group (2019) *Skycity Community Trust: Hamilton*.

⁷ Skycity Entertainment Group (2019) *Skycity Community Trust: Queenstown*.

⁸ Dunedin Casino (2019) *Dunedin Casino Charitable Trust*

⁹ Christchurch Casino (2019) - *Christchurch Casinos Charitable Trust*

EGMs in Hotels and Clubs

New Zealand is one of only a few countries in the world where electronic gaming machines (EGMs) in hotels and clubs operate under a Community Gaming Model (CGM).

Established under the *2003 Gambling Act*, the Community Gaming Model returns funds to the community for charitable, non-commercial purposes.

Non-club gaming societies contribute, by law, a specified minimum amount of net proceeds to the community by way of grants.

Recent amendments to the legislation are now in force that increases the mandatory minimum that must be contributed by non-club gaming machine societies. The following minimum rates will apply: ¹⁰

- 40% for the first and second financial years;
- 41% for the third and fourth financial years; and
- 42% for the fifth financial year onwards.

Under the amendments, cabinet has agreed that a minimum 80% of net proceeds must be distributed in the same regional council area that generated them.¹¹

In 2017-18, non-casino gaming machine trusts raised an estimated \$276 million for authorised community purposes from an approximate 28,000 grants.¹²

Lotteries

Lotto New Zealand

The New Zealand Lotteries Commission (known as Lotto New Zealand) was established in 1987 and operates as a Crown Entity under the *Gambling Act 2003*.

Profits from Lotto New Zealand are transferred to the Lottery Grants Board which funds a wide range of social, community arts, heritage, sports, recreation, health and research activities across New Zealand.

Among the more than 3000 organisations and projects to benefit from funding each year, the Lottery Grants Board is also a major contributor of funding to Creative New Zealand, Sport New Zealand and the New Zealand Film Commission.

Over \$233.6 million was transferred to the New Zealand Lottery Grants Board for distribution to the community in the 2017/18 financial year.¹³

¹⁰ New Zealand Government (2015) *Gambling (Class 4 Net Proceeds) Amendment Regulations 2014*, 4 August 2014.

¹¹ New Zealand Department of Internal Affairs (2014) *Regulatory Reform of Class 4 Gambling: Presentation to the Regional Forums, May 2014*.

¹² Gaming Machine Association New Zealand (2019) *2018 Community Distribution*

¹³ Community Matters (2019) – Lottery Grant Board Allocations 2018/19

New Zealand Lottery Grants Board

The New Zealand Lottery Grants Board is a unit of the Department of Internal Affairs in New Zealand that is governed by the *Gambling Act 2003*.

The New Zealand Lottery Grants Board allocates a guaranteed minimum percentage of 42% of its annual income from the Lotteries Commission to the following statutory bodies:

- New Zealand Film Commission 6.5%
- Sport New Zealand 20%
- Creative New Zealand 15%
- Nga Taonga Sound & Vision 0.5%

The Lottery Grants Board also distributes funding through a series of specialist and community distribution committees that consider applications for grants in the following areas:

- Community facilities
- Community sector research
- World War One commemorations, environment and heritage
- Health research
- Individuals with disabilities
- Marae heritage and facilities
- Outdoor safety
- Significant projects fund
- Minister's discretionary fund

Table 1 – Lottery Grants Board funding allocation for 2017/18

Funding Category	NZ\$
Community Committees	
Regional	\$39,110,779
National	\$14,069,146
Specialist Committees	
Community facilities	\$16,395,993
Hurunui/Kaikōura/Marlborough Community Facilities Earthquake Fund	\$7,500,000
Community Sector Research	\$513,135
Environment and Heritage	\$11,537,809
Tuia – Encounters 20	\$9,000,000
Individuals with disabilities	\$5,568,732
Oranga Marae	\$3,130,000
Marae heritage and facilities	\$8,683,579
Minister's discretionary fund	\$397,287
Outdoor safety	\$8,039,099
Significant Projects Fund	\$28,000,000
Statutory Bodies	
Creative New Zealand	\$41,254,386
New Zealand Film Commission	\$17,876,900
Sport New Zealand	\$55,005,849
Nga Taonga Sound & Vision	\$1,375,146
Sport NZ for Water Safety Sector	\$5,005,849
Total	\$266,900,526

Source: New Zealand Lottery Grants Board (2018) New Zealand Lotteries Grants Board: Annual Report for the Year Ended 30/6/2018

Racing

New Zealand Racing Board

The New Zealand Racing Board was established in 2003 under the *Racing Act* to administer all racing and sports wagering in New Zealand. After operating costs and expenses are accounted for, profit is distributed to support the racing industry and its three racing codes: New Zealand Thoroughbred Racing, Harness Racing New Zealand and Greyhound Racing New Zealand. A levy is also paid to national sporting bodies for sports on which bets are taken.

The New Zealand Racing Board achieved record results for betting turnover and net profit in the 2015/16 financial year, resulting in record distribution to the country’s racing industry.

The racing industry and the three racing codes received \$150.8m million from the New Zealand Racing Board’s operations in 2017-18. In addition, \$8.3 million was distributed to national sporting organisations, with a record \$3.4 million distributed to community sporting organisations from its gaming proceeds.¹⁴

The racing industry generates around \$1.7 billion¹⁵ in economic value added or 0.7% of GDP¹⁶ in New Zealand.

EMPLOYMENT

Casinos - SKYCITY

SKYCITY employs more than 5,690 staff from across their sites in New Zealand and Australia.¹⁷ SKYCITY Auckland is New Zealand’s largest entertainment provider, the single largest employer of hospitality staff, and Auckland’s biggest single-site employer, with over 3,500 staff working at its facilities.

Lotteries

Lotto New Zealand employs approximately 133 staff based largely in Auckland, as well as a small number distributed regionally to service the retail network. There are more than 1,470 lottery outlets across the country, employing more than 5,000 people, making it the single largest retail network in New Zealand.¹⁸

Racing

Racing in New Zealand contributes directly to the livelihoods of more than 58,100¹⁹ people, with approximately 14,400¹⁹ full time equivalent industry positions.

The NZ Racing Board directly employs 747¹⁵ personnel (full-time, part-time and casual), with the majority of these people involved in the various facets that make up the TAB operation in New Zealand – scheduling daily racing, selling racing and sports bets through the retail network, online and via telephone, in addition to the broadcast of racing on national channels TAB Trackside TV and radio.

¹⁴ New Zealand Racing Board (2018) Annual report 2018

¹⁵ New Zealand Racing Board (2018) Annual report 2018

¹⁶ *Statistics New Zealand (2016) National Accounts (industry protection and investment) Year Ended March 2016.*

¹⁷ SKYCITY Entertainment Group (2018) *Annual Report 2017-18.*

¹⁸ Lotto New Zealand (2018) *Annual Report 2017/18.*

¹⁹ Grant Thornton (2019) *New Zealand Racing Board: Racing Industry Transition Agency: New Zealand Racing Board Performance and Efficiency Report – September 2019*

GOVERNMENT REVENUE

In addition to corporate taxes, GST and licence fees, gambling operators in New Zealand contribute revenue to the government by way of the following industry specific duties and levies:

- Gaming Machine Duty
- Lottery Duty
- Totalisator Duty
- Casino Duty
- Problem Gambling Levy

For further details, please refer to AGC's *A Guide to Australasia's Gambling Industry 2017/18: Chapter 6 – Gambling Taxation in New Zealand*.

Gambling Operator Levy

Gambling operators in New Zealand pay a levy from their profits to meet the costs of an integrated problem gambling strategy. The Gambling (Problem Gambling Levy) Regulations 2016 came into force on 1/7/2016 and are valid till 30/6/2019 (inclusive).

According to the NZ Department of Internal Affairs, this levy was estimated to be \$60.3 million (GST exclusive) for the 2019-22 levy period.²⁰

²⁰ New Zealand Treasury (2019) *Regulatory impact statement. Problem gambling levy for 2019/20 to 2021/22*