



A GUIDE TO AUSTRALASIA'S GAMBLING INDUSTRIES

Facts, Figures and Statistics

CHAPTER EIGHT

The Contribution of New Zealand's Gambling Industries

2018/19

A Guide to Australasia's Gambling Industries

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Chapter 8

The Contribution of New Zealand's Gambling Industries

CONTRIBUTION TO THE NEW ZEALAND ECONOMY	2
COMMUNITY CONTRIBUTIONS	2
CASINOS	2
EGMS IN HOTELS AND CLUBS	4
LOTTERIES	4
RACING	5
EMPLOYMENT	6
CASINOS - SKYCITY	6
LOTTERIES	6
RACING	7
GOVERNMENT REVENUE	7
GAMBLING OPERATOR LEVY	7

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Version	Date	Explanation
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2015-16 (2.0)	July 2018	2015-16 Edition updated with further industry data as available.
2017-18	August 2020	2017-18 Edition updated with further industry data as available.
2018-19	August 2021	2018-19 Edition 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 2019, the *Arts and Recreation Services* sector generated an approx.1.42% share of New Zealand’s GDP.¹ From the December 2019 to March 2020 quarters, this sector fell by NZ\$40 million due to COVID-19 effects.²

COMMUNITY CONTRIBUTIONS

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.

In 2018-19 SkyCity Casinos contributed just over NZ\$14 million community contributions, levies and sponsorships. In 2019-20 this figure was NZ\$10.4 million³

SKYCITY Community Trusts ⁴

Three independent Community Trusts were 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, SKYCITY Community Trusts have granted over NZ\$57 million to more than 4,760 organisations that have undertaken community and charitable purposes.⁵

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

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, Auckland City Mission, Kidz First Children’s Hospital, Variety – the Children’s Charity, and the Yes Disability Resource Centre Services Trust.

For the year ended 30 June 2019, SKYCITY Auckland Limited contributed \$3,165,487 to the SKYCITY Auckland Community Trust.⁶

¹ <https://www.stats.govt.nz/information-releases/national-accounts-industry-production-and-investment-year-ended-march-2019>

² <https://www.stats.govt.nz/information-releases/gross-domestic-product-march-2020-quarter>

³ SkyCity Entertainment Group (2019 & 2020) *SkyCity Annual Report year ended 30 June 2019; SkyCity Annual Report Year Ended 30 June 2020*

⁴ <https://www.skycityentertainmentgroup.com/our-commitment/community-trusts>

⁵ <https://www.skycityentertainmentgroup.com/our-commitment/community-trusts>

SKYCITY Hamilton

In 2019, the SKYCITY Hamilton Community Trust granted NZ\$739,566 to 77 groups⁷, 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.⁸

SKYCITY is a major sponsor of Tui 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 NZ\$768,765 to the SKYCITY Hamilton Community Trust.⁸

SKYCITY Queenstown

The SKYCITY Queenstown Casino Community Trust has granted NZ\$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 Ice Hockey, Snow Sports NZ, NZ Mountain Film Festival and the LUMA light festival.

For the year ended 30 June 2019, Queenstown Casinos Limited contributed NZ\$149,723 and Otago Casinos Limited NZ\$1,435 to the SKYCITY Wharf Casino Community Trust.⁹

Dunedin Casino Charitable Trust

The Dunedin Casino Charitable Trust distributed \$66,513 to 39 recipients in the December 2020 funding round. Recipients included the Cancer Society of Otago, Southland Victim Support and the Otago Community Hospice.¹⁰

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, \$282,000 was paid to the Christchurch Casino Charitable Trust to assist various support and counselling services.¹¹

⁶ Skycity Entertainment Group (2020) *Skycity Community Trusts: Auckland*.

⁷ Skycity Hamilton Community Trust (2020) *Recipients List 2019*.

⁸ Skycity Entertainment Group (2020) *Skycity Community Trust: Hamilton*.

⁹ Skycity Entertainment Group (2020) *Skycity Community Trust Queenstown*.

¹⁰ <https://grandcasino.co.nz/grand-gestures/community-news/over-65000-granted-in-latest-round-of-dunedin-casino-charitable-trust-funding/>

¹¹ Syline ENterprises (2019) *Annual Report 2019*

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: ¹²

- 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.¹³

In 2019, non-casino gaming machine trusts raised an estimated \$294 million for authorised community purposes from 26,337 grants. 52% were sports related and 20% were community related.¹⁴

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 \$375 million was transferred to the New Zealand Lottery Grants Board for distribution to the community in the 2018-19 financial year.¹⁵ This figure was NZ\$313 million in 2019-20.¹⁶

¹² New Zealand Government (2015) *Gambling (Class 4 Net Proceeds) Amendment Regulations 2014*, 4 August 2014.

¹³ New Zealand Department of Internal Affairs (2014) *Regulatory Reform of Class 4 Gambling: Presentation to the Regional Forums*, May 2014.

¹⁴ Gaming Machine Association New Zealand (2020) *Class 4 Data Analytical Review 2019*.

¹⁵ Community Matters (2019) *Lottery Grant Board Allocations 2018/19*; Community Matters (2020) *Lottery Grant Board Allocations 2019/20*

¹⁶ <https://assets.mylotto.co.nz/assets/uploads/4763d7e0-1f13-11eb-928a-937a1d7ded1d.pdf>

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
- Environment and Heritage
- Fund for Community Benefit Related to the 2021 America's Cup
- Health research
- Individuals with disabilities
- Oranga Marae
- Outdoor safety
- Significant projects fund
- Minister's discretionary fund

Table 1 – Lottery Grants Board funding allocation for 2018-19 and 2019-20

Funding Category	2018-19	2019-20
	NZ\$	NZ\$
Community Committees		
Regional	\$42,969,068	\$40,349,025
National	\$15,457,070	\$14,514,574
Specialist Committees		
Community facilities	\$20,013,461	\$16,915,089
Community Sector Research	\$649,729	\$500,000
Environment and Heritage	\$12,676,016	\$11,903,095
Health research	-	\$4,146,404
Individuals with disabilities	\$6,118,088	\$6,745,037
Oranga Marae	\$12,540,216	\$11,958,501
Minister's discretionary fund	\$2,528,609	\$409,865
Outdoor safety	\$8,832,158	\$8,293,616
Significant Projects Fund	\$26,000,000	\$16,000,000
Community Benefit Related to the 2021 America's Cup	\$20,000,000	-
Statutory Bodies		
Creative New Zealand	\$39,193,683	\$47,007,000
New Zealand Film Commission	\$16,983,929	\$20,369,700
Sport New Zealand	\$52,258,244	\$62,676,000
Nga Taonga Sound & Vision	\$1,306,456	\$1,566,900
Sport NZ for Water Safety Sector	\$2,638,177	\$2,477,314
Total	\$280,164,906	\$265,832,120

Source: New Zealand Lottery Grants Board (2019 & 2020) New Zealand Lotteries Grants Board: Annual Report for the Year Ended 30/6/2019 and Year Ended 30/6/2020

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 three racing codes received NZ\$151.5 million from the New Zealand Racing Board’s operations in 2018-19. In addition, Commission payments of NZ\$10 million were distributed to 34 national sporting organisations. NZ\$4.1 million was distributed to community sporting organisations from its gaming proceeds.¹⁷

Under the *Racing Reform Act 2019*, the New Zealand Racing Board was reconstituted as the Racing Industry Transition Agency (RITA), as of 1 July 2019, to manage day to day operations of the industry until the end of the transition period created by the *Act*.¹⁸

In 2019-20 NZ\$152.3 million was distributed to industry and the community. NZ\$14.7 million was distributed to the sporting community.¹⁹

In 2019, the racing industry generates around \$1.63 billion²⁰ in economic value added or 0.8% of GDP in New Zealand.

EMPLOYMENT

Casinos - SKYCITY

SKYCITY employed 5,031 staff (FY2018) and 3,817 (FY 2019) - full-time, part-time and casual - across their sites in New Zealand and Australia.²¹ SKYCITY is New Zealand’s largest entertainment provider, the single largest employer of hospitality staff. SKYCITY Auckland is the biggest single-site employer, with around 3,500 staff working at its facilities (FY 2018) and around 2,500 (FY 2019).

Lotteries

Lotto New Zealand employs approximately 138 staff (as of June 2019) and 178 (as of June 2020) based largely in Auckland, as well as a small number distributed regionally to service the retail network. There were 1,549 lottery outlets across the country in 2018-19 and 1,564 in 2019-20. More than 5,000 people were employed, making it the single largest retail network in New Zealand.²²

¹⁷ New Zealand Racing Board (2019) *Annual Report 2019*

¹⁸ New Zealand Department of Internal Affairs, <https://www.dia.govt.nz/resource-material-our-policy-advice-areas-racing-policy> (accessed August 2021)

¹⁹ Racing Industry Transition Agency (2020) *Annual Report 2020*

²⁰ loveracing.nz/News/30442/TheNewZealandracingindustrycounts.aspx (2020)

²¹ SKYCITY Entertainment Group (2019) *Annual Report Year Ended 30 June 2019*; SKYCITY Entertainment Group (2020) *Annual Report Year Ended June 2020*.

²² Lotto New Zealand (2019) *Annual Report 2018/19*; Lotto New Zealand (2020) *Annual Report 2019/20*.

Racing

Racing in New Zealand contributes directly to the livelihoods of more than 58,100²³ people, with approximately 14,400 full time equivalent industry positions.

In 2019 the NZ Racing Board directly employed 747 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.

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 2018/19: 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 2019 came into force on 1 July 2019.

The levy rates set out in the Regulations are (GST exclusive) are: gaming machine operators (0.78% of player expenditure); casinos (0.56% of player expenditure); NZ Lotteries Commission (0.43% of player expenditure); and New Zealand Racing Board (0.52% of player expenditure).

According to the NZ Department of Internal Affairs, this levy was estimated to be NZ\$60.3 million (GST exclusive) for the 2019-22 levy period.²⁴

²³ Racing Industry Transition Agency (2019): *New Zealand Racing Board Performance and Efficiency Report*.

²⁴ New Zealand Treasury (2019) *Regulatory impact statement. Problem gambling levy for 2019/20 to 2021/22*