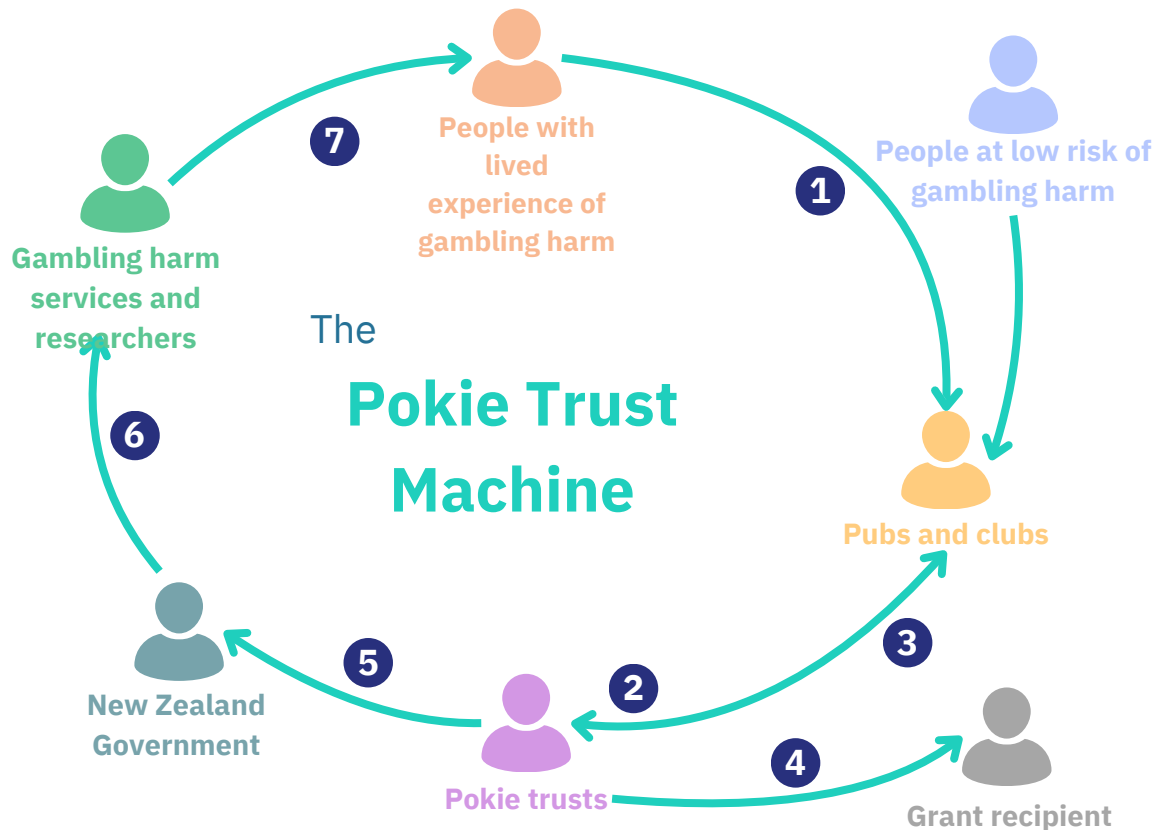




# POKIES/CLASS 4 GAMBLING

## FACT SHEET



- 1 The money lost on pokie machines is called the ***gaming machine profit (GMP)***. It is the amount wagered, less the amount paid back as prizes. Most pokies are located in pubs and clubs registered as Class 4 venues, but they are owned by gaming machine societies, also known as ‘pokie trusts’.
- 2 The GMP collected by venues goes to the pokie trust that owns the machines.
- 3 Venues are paid up to 16% of the GMP and are paid a commission based on weekly turnover. The turnover depends on how many people use the pokies and how often they are used. Importantly, venues are not legally allowed to have gambling as its primary activity.

*Note: Some pokies are located in clubs, which own and host their machines. Their rules are slightly different than described here.*

- 4 Pokie trusts must pay a minimum of **40%** of GMP to community groups in the form of ***authorised purpose grants***. These are meant to benefit the community. Authorised purposes include amateur sport, charity, non-commercial purposes with community benefits, and the operation of racing.
- 5 Pokie trusts can keep up to **19.5%** of GMP to cover their administrative costs. The government receives **23%** of the GMP as gambling duty.
- 6 The remaining **1.5%** is the Problem Gambling Levy, which is distributed by the Ministry of Health to fund research in the field of gambling harm, and
- 7 provide treatment services to people affected by gambling harm

# Glossary of Terms

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**Class 4 gambling:** Any activity that involves the use of a gaming machine (aka pokies) outside a casino. The Gambling Act 2003 classifies pokies as high-risk, high-turnover gambling.

**Corporate society (aka pokie trust):** A non-commercial organisation that owns and operates pokies and distributes part of the GMP to community groups in the form of authorised purpose grants. The pokie trusts must distribute all money generated by pokie machines to authorised purposes, except for money paid out as prizes, operating expenses for venues and the trusts themselves, and taxes and levies paid to the government.

**Gambling Act 2003:** The main legislation regulating Class 4 and other gambling in New Zealand. This law aims to prevent and minimise harm caused by gambling, by setting conditions under which gambling can occur and regulating the ways in which profit from gambling must be distributed. The Gambling Act allows territorial authorities to control Class 4 gambling in their jurisdictions through a gambling venue policy, which must be reviewed every three years.

**Gaming machine profit (GMP):** All money generated by use of pokies, less the amount returned to the user. Pokie trusts must distribute GMP to venues (up to 16%), the government (23% for gambling duty and 1.5% for the problem gambling levy), and community organisations (at least 40%). They keep the remainder.

**Pokies (aka electronic gaming machines, slot machines):** One of a variety of machines where money is paid for a potentially, but statistically unlikely, greater return. Modern machines use computers and video screens. Random number generators determine whether a “spin” results in success or failure. Approximately 50% of people who access gambling harm service providers cite pokies as a primary gambling mode.

**Harmful gambling:** Harm or distress of any kind arising from, or caused or exacerbated by, a person's gambling. According to the Gambling Act 2003, harm can be very broad, including personal, social and economic harm. It is estimated that more than 250,000 people in New Zealand experience mild, moderate, or severe gambling harm.'

**Venue:** A location where pokies can be used. Most venues are pubs, though some clubs house pokies as well. Under the law the venue must not have pokies as its primary purpose and should be able to furnish evidence that it can operate successfully without them. Venues are paid a commission for hosting the pokie machines. They receive a commission payment of up to 1.28% of their weekly turnover, capped at 16% of their net annual GMP. The commission rate is set at a level that is intended to reimburse the actual cost of operating the pokies without allowing the venue to make a profit from gambling

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