

Lost in the right direction

New Zealand

It is said seven out of 10 New Zealanders gamble at least once a year and one in 10 play on the Pokies. It is this sector which is currently under the spotlight as new regulations are being considered in an attempt to crack down on problem gambling whilst a much-needed review of the online sector is also underway.

After a tough couple of years with tight Covid restrictions, New Zealand is now on the fringe of recession.

Although New Zealand's economic activity has increased – GDP was up two per cent for the September 2022 quarter compared to the previous quarter – inflation is higher than it's been for 30 years and it is believed the country may move into recession by the middle of this year as households face high inflation, falling house prices and higher interest rates.

This is expected to hinder Prime Minister Jacinda Ardern's bid for a third term during the elections due at the end of this year.

Ardern's Labour Party lost to the opposing National Party in by-elections in December showing support for the government is waning amid rising cost of living issues and an increase in youth crime.

On the plus side the growth in GDP is mainly down to an increase in tourism, construction, and transport. New Zealand's borders fully reopened in August last year which saw a big surge in the number of international and domestic travellers. In 2019, there were 3.89 million tourists which dropped down to 996,000 in 2020 and 206,000 in 2021 during the pandemic.

Tourism generated a direct contribution to GDP of \$10bn (three per cent) whilst there are 145,000 people directly employed in the sector.

Total tourism expenditure by year end March 2022 was \$26.5bn, an increase of 2.7 per cent from the year previous. International tourism expenditure increased by more than 30 per cent to \$1.9bn whilst overseas visitors increased by 335 per cent to 229,370 visitors.

By comparison prior to Covid annual tourism

expenditure was \$41.9bn whilst international visitor expenditure reached \$17.5bn. Its direct contribution to GDP was around \$16.5bn (5.5 per cent).

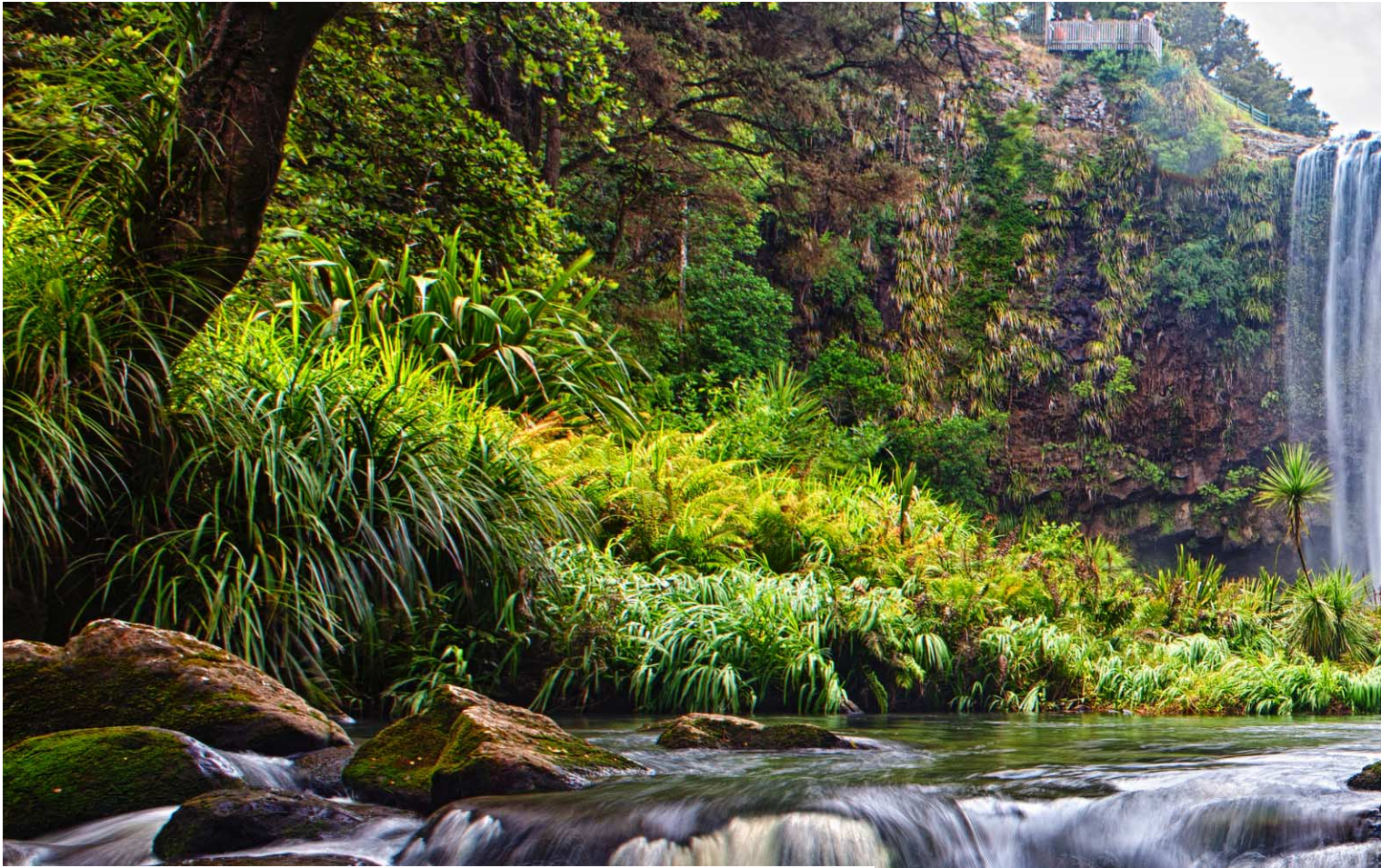
THE GAMBLING MARKET

What hasn't slowed is New Zealand's love of gambling. New Zealanders spent some \$2.63bn on gambling in 2020/21 with the largest chunk of that (\$987m) spent on the Pokies followed by the lottery (\$694m) then casinos (\$559) and finally sports betting/TAB (\$385). On average each New Zealander spends \$662 on gambling each year.

Gambling in New Zealand is basically classified by the amount of money spent and the risk associated with the gambling activity. Gambling is divided into Class 1 (low stake/low risk) up to Class 4 (high stake/high risk) alongside the casinos and lotteries sectors.



New Zealanders spent some \$2.63bn on gambling in 2020/21 with the largest chunk of that (\$987m) spent on the Pokies followed by the lottery (\$694m) then casinos (\$559) and finally sports betting/TAB (\$385). On average each New Zealander spends \$662 on gambling each year.



The Gambling Act was introduced in 2003 and this combined the Casino Control Act of 1990 and the Gaming and Lotteries Act of 1977 into a single act. Regulation of racing and sports came under the separate Racing Act 2003 which was replaced by the Racing Act 2020.

CLASS 1 GAMBLING

- Authorised purpose includes charitable and non-commercial purposes. This section is mostly office sweepstakes.
- No use of gambling machines.
- No commission or remuneration offered or paid to or received by those conducting the gambling.
- Prize or potential turnover cannot exceed \$500 (value of non-cash prizes).

CLASS 2 GAMBLING

- No use of gambling machines and similar to Class 1 and are mostly office sweepstakes.
- No commission or remuneration offered or paid to or received by those conducting the gambling.
- Prize does not exceed \$5,000 and potential turnover does not exceed \$25,000.
- Must be run by a society.
- No licence required.

CLASS 3 GAMBLING

- Usually Lotteries, Housie (Bingo), Instant games, Casino evenings are common forms of Class 3 gambling.
- No use of gambling machines.
- Purpose is to raise money for an authorised purpose.
- Prizes awarded exceed \$5,000.
- A licence is required.

CLASS 4 GAMBLING

- Any activity that involves the use of a gaming machine outside of a casino so EGMs (Pokies) in pubs and clubs are covered by this class.
- May only be run by a corporate society and to raise money for authorised purposes.
- This sector comes with strict guidelines and to operate Class 4 gambling all operators must have two kinds of licences – Class 4 operators' licence and a Class 4 venue licence for each location with machines.

- Venues cannot have more than 18 machines (except a merged club which can with approval operate up to 30 machines).
- All EGMs in pubs and clubs must be connected to the Electronic Monitoring System.

All forms of gambling in New Zealand, bar the races, were declared illegal in 1920 after European settlers introduced gambling to the Māori culture.

By 1932 Art Union Lotteries were introduced and in 1951 the Totalisator Agency Board (TAB) was established. In 1961 the Golden Kiwi lottery was established, and a new Lotteries Commission was set up in 1987 when the national weekly lottery was introduced.

By 1988 Pokie machines had arrived in New Zealand and today there are just under 15,000 Pokies across 1,000 venues.

The Gambling Act was introduced in 2003 and this combined the Casino Control Act of 1990 and the Gaming and Lotteries Act of 1977 into a single act. Regulation of racing and sports came under the separate Racing Act 2003 which was replaced by the Racing Act 2020.



Reports

NEW ZEALAND REPORT

THE POKIES

The Pokies are big business in New Zealand with \$948m spent on these slots last year. They arrived in the early 1980s and were initially operated without gaming licences until 1988 when the licensing system was introduced, and the first gaming licence was issued to the Pub Charity group in March 1988.

The country operates a community owned model for pub gaming with net proceeds returning to the community – basically giving back to the society in which they are operated.

The Gaming Act of 2003 sought to use the gaming machines as a way of fundraising and profits are returned to the community via grants and this adds up to around \$300m annually.

The Pokies are regulated by the Department of Internal Affairs (DIA) and come under the Class 4 category and are operated in commercial venues (bars and pubs) and clubs.

They can only be operated by a corporate society to raise funds for an authorised purpose. Following a decision in 2021 clubs now need to change the way they add and remove machines on their venue licence. So, any club operating less than its permitted number needs to have the machines all listed to retain their maximum machine entitlement.

In 2021 there were a total of 19,100 grants approved with more than 10,600 organisations benefiting with \$269.3m dished out in grants with the largest primary recipient being the sports sector with \$144m, followed by other sectors such as community organisations, health, welfare and arts and culture.

Maximum stake is \$2.50 and maximum prize for a non-jackpot machine is \$500 whilst the jackpot linked machines can pay out \$1,000 maximum.

The number of Pokies peaked in the early 2000s with around 25,000. The Gaming Act of 2003 was then introduced which saw new gaming machine regulations aimed at controlling the growth of gambling. By 2022 that number was 14,750 in just over 1,000 venues (hotels and clubs) of which 80 per cent of the machines are owned by 33 corporate societies such as the NZ Community Trust or Lion Foundation. The remaining 20 per cent are located in around 190 clubs such as RSAs and Cosmopolitan Clubs.

At least 40 per cent of gaming machine proceeds must be allocated to authorised community purposes whilst 23 per cent goes on gaming duty, around 19.5 per cent on society expenses, 16 per cent on venue payments and 1.5 per cent towards problem gambling levies.

Each venue can have a limit of between nine and 18 machines. If granted before October 2001 the





maximum is 18 and after this date the maximum is nine.

The operator fee (category A – mainly clubs and societies) is \$3,611 annually whilst a new venue licence fee is \$2,054 (category A).

Last year the Gambling (Problem Gambling Levy) Regulations 2022 were introduced which took effect in July last year and include the following levy rates:

- Gaming machine operators (1.08 per cent of player expenditure). Previously this was 0.78 per cent.
- Casinos (0.87 per cent of player expenditure).
- NZ Lotteries Commission (0.44 per cent of player expenditure).
- NZ Racing Board (0.76 per cent of player expenditure).

harm in Pokie machines and Reducing Pokies harm through stronger compliance.

The proposed changes include:

- Venues will be required to identify harmful gambling and keep records. Operators will have to conduct three 'sweeps' of the Pokie area every hour to talk to players who have been gambling for three hours or more.
- Staff working with gamblers are required to do mandatory annual training.
- Venue design will change – so ATMs will be moved out of line of sight of the main bar area whilst Pokies cannot be visible from outside the venue.
- Stronger enforcement so venues can be fined. It is proposed that infringement fees of \$1,000 will be charged for a full range of offences.

The number of Pokies peaked in the early 2000s with around 25,000. The Gaming Act of 2003 was then introduced which saw new gaming machine regulations aimed at controlling the growth of gambling. By 2022 that number was 14,750 in just over 1,000 venues (hotels and clubs) of which 80 per cent of the machines are owned by 33 corporate societies such as the NZ Community Trust or Lion Foundation. The remaining 20 per cent are located in around 190 clubs such as RSAs and Cosmopolitan Clubs.

Meanwhile a review of the Class 4 gambling was announced in October last year with several proposed changes to regulations aimed at making Pokies safer and reducing problem gambling issues.

The review was launched by the Minister of Internal Affairs Jan Tinetti and changes are expected to be introduced by the first half of this year.

There are three main areas of focus which are: Reducing Pokies harm in venues; Reducing

Jan Tinetti said: "Pokies are known to be the most harmful form of landbased gambling in New Zealand, so I'm really pleased we are making progress with strengthening the harm minimisation rules. These changes will help make sure that Pokie venues are identifying and acting upon harmful gambling consistently and more often."

The review is being supported by Hapai Te Hauora, a Māori public health group and a gambling harm prevention group.

Essential information and facts about New Zealand:

Capital	Wellington
Total Area	268,838sq.km
Population	5 million
Median age	37.2 years
Religion	Christian, Hindu, other
Ethnic Groups	European, Māori, Chinese
Languages	English, Māori
Currency	New Zealand dollars (\$)
Government type	Parliamentary democracy
Chief of State	King Charles III (represented by Governor General Dame Cindy Kiro)
Head of Government	Chris Hipkins (February 2023)
Elections	Leader of majority, or majority coalition appointed at Prime Minister. Next elections due by end 2023
Unemployment	3.3% (Sept 2022)
Tourism	3.9 million (2019)

"Gambling harm from Pokies disproportionately affects Māori and we know that communities where harm is perpetuated are less likely to receive the proceeds of Class 4 gambling." Said Selah Hart, CEO of Hapai.

Organisations are calling for local authorities to have greater powers to be able to regulate gaming machines in their communities. At the moment councils are limited under the Gambling Act and there are calls to overhaul the act completely.

The Problem Gambling Foundation (PGF) group, which is a charitable trust offering counselling support for problem gamblers, has also welcomed the review.

Their submission in response to the review highlights the inequities of the Pokies among the various ethnic populations.

Their report says: "The inequities of the Class 4 gambling system are well established and is disproportionately experienced by priority populations, including Māori, Pasifika and Asian peoples. The 2018 Health and Lifestyles survey estimate indicated that Māori peoples were 1.5 times more likely to be moderate-risk or problem gamblers than non-Pacific peoples. Similarly Asian people's risk factor of harmful gambling was 9.5 times higher when compared with European/other New Zealander).

"For PGF, Class 4 gambling is cited as the main mode of gambling for our Māori and Pasifika clients. Class 4 gambling is the second highest mode for our Asian clients, following gambling in casinos.

"Class 4 gambling is particularly harmful because of where the venues are located in our communities. As of 31 December 2021, almost

63 per cent (658 out of 1,050) of Class 4 gambling venues in Aotearoa are in medium high or very high deprivation areas."

Almost 2,000 submissions were received by the Department of Internal Affairs last year and these are currently being evaluated to develop a policy for changes to the Gambling Regulations 2004 (harm minimisation regulations).

Some key themes submitted suggested changes such as introducing pre-commitment systems for money or time and reducing the maximum stake.

However only 23 per cent of submissions agreed with a pre-commitment in terms of money or time whilst only 31 per cent agreed that there should be no access to ATMs inside a venue and only 16 per cent were in favour of reducing the maximum stake of \$2.50. Many comments suggested machines are prohibitively expensive and too many changes may push people to gambling on online although there is support for higher infringement fees and more staff training to recognise problem gamblers.

THE CASINO MARKET

Casinos were approved in 1989 and the first casino to open in New Zealand was Christchurch casino in 1994. Today there are six licensed casinos open with no new licences issued under the Gambling Act 2003.

The Casino Control Authority was dissolved under the gambling act in 2004 and now the Department of Internal Affairs (DIA) is responsible for the regulatory activities whilst the Gambling Commission reviews the operator licence and hears appeals against any decision made by the DIA.

Licences are issued for 25 years, except in the case of SkyCity Auckland which had its licence extended to 2048 under the New Zealand International Convention Centre Act in 2013, which also entitled the casino to operate more slots and table games after SkyCity agreed to build an International Convention Centre.

The NZICC will be located in the centre of the Tamaki Makaurau Auckland City and will be 32,500sq.m in size and encompass entertainment and conference space over three levels plus a new 300 room five-star hotel.

The completion date has been put back from beginning of 2025 to end of 2027. The convention centre is being constructed by Fletcher Construction Company and is costing around \$750m.



Licences are issued for 25 years, except in the case of SkyCity Auckland which had its licence extended to 2048 under the New Zealand International Convention Centre Act in 2013, which also entitled the casino to operate more slots and table games after SkyCity agreed to build an International Convention Centre.

The project has been plagued with problems and delays including fire damage in 2019 which caused big setbacks coupled with Covid restrictions.

SkyCity Entertainment operates four of the six casinos in New Zealand. The group owns five casinos in total (one also in Adelaide, Australia), 17 restaurants and 15 bars and three hotels with a total of 755 rooms. The group has a total of 309 table games and 3,451 slots and 378 automated table games across the five casinos. The company employs some 4,000 staff in total.

The SkyCity group saw normalised revenues of \$631.5m in FY2022 compared to \$822.5m in 2021. Revenues pre-Covid were over \$1bn.

SKYCITY AUCKLAND is operated by SkyCity

Auckland Limited, a wholly owned subsidiary of SkyCity Entertainment Group.

The casino is authorised to operate up to 150 gaming tables, 1877 slots and 240 automated table games.

The centre piece is the 25 year old Sky Tower, the tallest free standing structure in the southern

hemisphere which is 328m tall offering panoramic views across the city. There were 133,338 visitors in FY2022 to the tower and in June last year a new attraction, the Sky Slide, opened complementing the existing Sky Jump and Sky Walk attractions. The slide takes visitors on a 360 degree virtual reality tour of the Auckland skyline. There are also restaurants including the Orbit 360 degree dining tower which rotates once an hour providing views of the city, and two hotels – SkyCity Grand Hotel and SkyCity Hotel. Players must be aged 20 plus to enter the casino. The casino opened in 1996 and has a licence until 2048. Revenues for FY2022 amounted to \$330.6m for the casino of which \$185.5m came from gaming machines and \$75m from table games.

SKYCITY HAMILTON opened in September

Reports

NEW ZEALAND REPORT



"SkyCity sees a credible pathway for a return to pre-Covid-29 earnings during FY23, underpinned by the ongoing recovery of local gaming, particularly in New Zealand, optimising SkyCity Adelaide's post expansion and the reopening of international borders and robust cost control to counteract inflationary pressure on costs."

2002 and in 2005 SkyCity completed the acquisition of full ownership of this casino and has a licence until 2027. Previously it was a joint venture with Perry Developments. SkyCity Hamilton can operate 23 gaming tables and 339 slots. It is open 24 hours a day seven days a week and there are restaurants, conference and entertainment and Hamilton's only ten-pin bowling alley. Revenues for FY2022 amounted to \$56.2m of which \$40.8m came from gaming machines and \$8.1m from tables.

SKYCITY QUEENSTOWN opened in December 2000 and SkyCity acquired full ownership of the Queenstown Casinos Ltd company in 2012, which was previously a joint venture with Skyline Enterprises Ltd. The licence expires in 2025. The casino can operate 12 gaming tables and 86 slots.

WHARF CASINO QUEENSTOWN was acquired

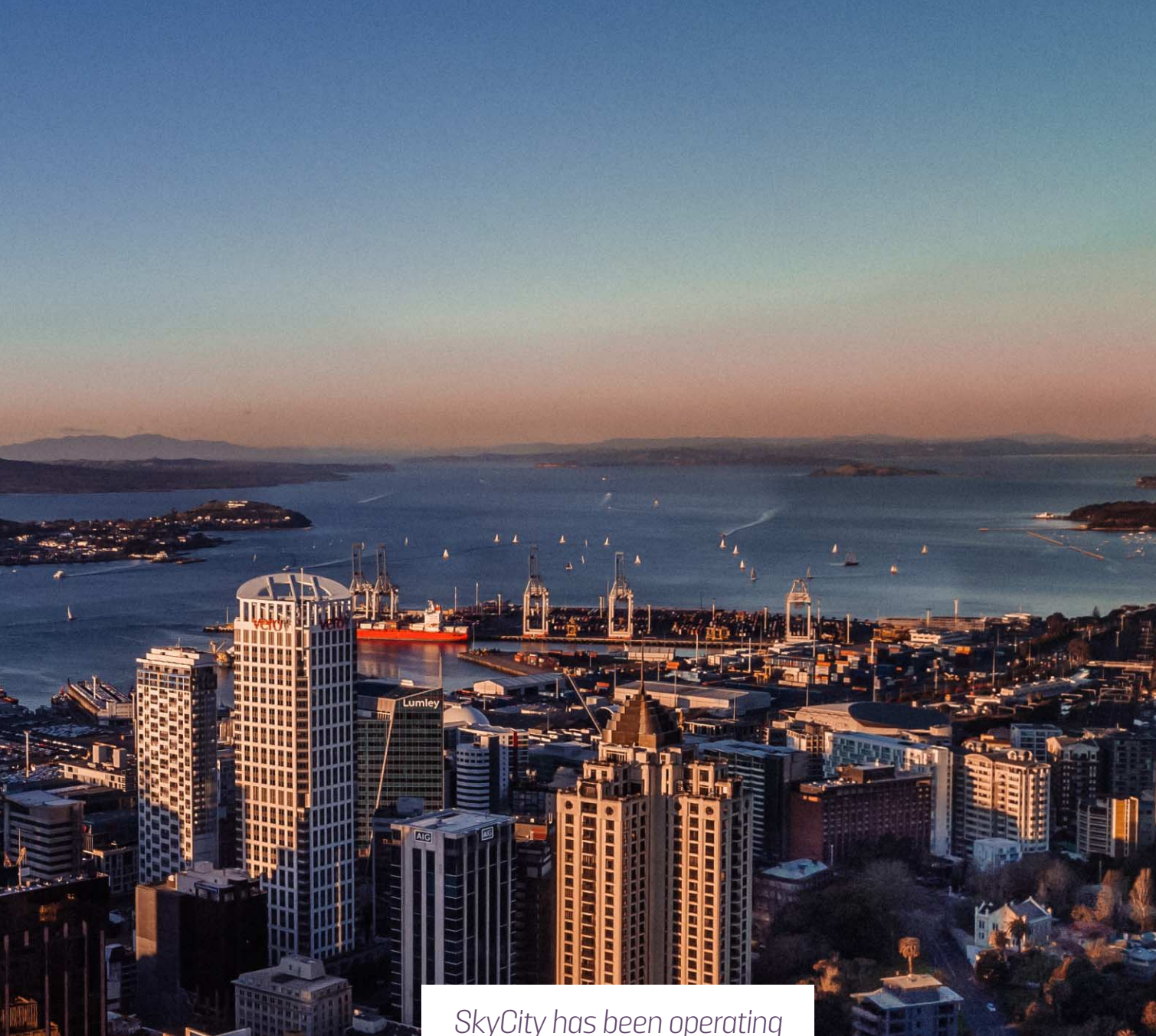
by SkyCity in 2013 from Otago Casinos Ltd from Lasseters Ltd. The casino initially opened in 1999 and the licence runs until 2024. The Wharf can operate six gaming tables and 74 slots. Revenues for both Queenstown venues amounted to \$10.2m of which \$7.2m came from slots and \$1.9m from table games.

The SkyCity casinos have seen a challenging couple of years due to the pandemic fall out which resulted in SkyCity Auckland shutting for 107 days in total whilst Hamilton was shut for 65 days and Queenstown properties for 22 days. There were significant operational restrictions in place when the casino re-opened including reduced staff and operating hours.

The casinos were able to open fully without restrictions from mid-April 2022 when the country finally moved to its 'orange' setting which lifted the majority of tight restrictions.

The company has also been involved in the investigations over in Australia with anti-money laundering non-compliance issues via its SkyCity Adelaide casino.

The SkyCity group's CEO Michael Ahearne said in the 2022 annual report: "Following the



relaxation of operating restrictions during the final quarter of the 2022 financial year, SkyCity has seen the strong performance from its local gaming businesses in New Zealand continue into the 2023 financial year and improved performance from SkyCity Adelaide. SkyCity's tourism related businesses continue to recover and are benefiting from positive domestic visitation particularly during weekend and holiday periods.

"Provided there are no material changes to the current operational environment/settings and trading conditions, SkyCity sees a credible pathway for a return to pre-Covid-29 earnings during FY23, underpinned by the ongoing recovery of local gaming, particularly in New Zealand, optimising SkyCity Adelaide's post expansion and the reopening of international borders and robust cost control to counteract inflationary pressure on costs."

CHRISTCHURCH CASINO at one time was partly owned by SkyCity and first opened in 1994 and was New Zealand's first landbased casino. It closed in 2011 due to an earthquake and SkyCity sold its 50 per cent share in 2012 when they took full control of the Queenstown casino.

SkyCity has been operating an online casino platform since 2019 which features more than 2,000 online games. This bypasses New Zealand's strict laws making it illegal for online gambling to be provided in the country, except via two authorised providers – Lotto NZ and the TAB. However, New Zealanders are permitted to gamble offshore.

The casino today has 450 slots and 32 gaming tables. There are restaurants and bars on site and a VIP and poker lounge. Gaming revenues were \$45.4m in FY2022 whilst the casino saw an operating profit of \$16.5m.

Skyline Enterprises mainly operates leisure

activities (mostly ziplines and cable cars) in both New Zealand and overseas with projects in Singapore, Kuala Lumpur, Malaysia, Canada, and the UK.

Finally **GRAND CASINO** is located in the Southern Cross Hotel which one of the oldest buildings in Dunedin dating back to 1883. The casino, previously called Dunedin Casino, opened in 1999 and it offers 180 slots and 12 table games plus the Grand Bar & Café. It was re-branded as the Grand Casino in 2021 and is elegantly designed with a sweeping grand staircase which leads up to the gaming floor and grand glass dome. It is operated by Dunedin Casinos Management and applied for its licence renewal last year.

ONLINE GAMBLING

SkyCity has been operating an online casino platform since 2019 which features more than 2,000 online games.

This bypasses New Zealand's strict laws making it illegal for online gambling to be provided in the country, except via two authorised providers – Lotto NZ and the TAB. However as New Zealanders are permitted to gamble on offshore



The SkyCity online venture operates out of Malta by international igaming company Gaming Innovation Group on behalf of SkyCity Malta. In April last year SkyCity expanded its partnership with GiG and subscribed for around \$40m of new equity in GiG to help fund the company's purchase of Sportnco Gaming.

websites this enables the company to circumnavigate the laws and provide online gaming to residents. It also means operators are not subjected to NZ laws, regulations, or taxes although they cannot advertise in the country.

The SkyCity online venture operates out of Malta by international igaming company Gaming Innovation Group on behalf of SkyCity Malta. In April last year SkyCity expanded its partnership with GiG and subscribed for around \$40m of new equity in GiG to help fund the company's purchase of Sportnco Gaming, a European based business-to-business online sports and player account management provider. SkyCity now holds an 11 per cent shareholding in GiG.

The online sector saw \$16.9m in revenues for SkyCity for FY2022 compared to \$13.1m the year previously. There were some 51,000 customer registrations last year (up 4.2 per cent on 2021) and \$1.03bn in total bets taken.

Meanwhile Christchurch is also planning to open an online casino via christchurchcasino.com. The company will also be run out of Malta and the site was due to be live by end of 2022.

There is some contention over online casinos and problem gambling association, Problem Gambling Foundation Services, has its concerns with the Christchurch operation saying the

"unregulated site" will target New Zealanders as many associate the casino as a licensed site.

The DIA initiated an online gambling review back in 2019 to look at developing a 'safe, regulated online gambling system for New Zealand' which stalled due to the pandemic.

The review was to build a picture of New Zealander's views and experiences of online gambling and sought feedback on what a future gambling market could look like, how it could be restricted and what harm minimisation

measures could be put in place. It attracted almost 3,000 submissions between August and September 2019.

The Minister of Internal Affairs was due to take a paper back to cabinet regarding the review at the end of 2022 although a conclusion is still pending. It is possible the review could now be part of a complete review of the Gambling Act to update the sector for 2023 and beyond.

It is estimated that New Zealanders gambled up to \$350m last year on some 3,000 unregulated overseas websites with about \$180m of that going to online casinos. This is anticipated to hit \$600m in online spending by 2025.

The Super Group is said to have the biggest market share with an estimated \$136m in revenue followed by Flutter, SkyCity and Bet365. Regulating the online sector could bring in as much as \$1bn in taxes for the country in addition to safer gambling levies, jobs, and community contributions.

The document outlined four main options including:

1. Maintaining the status quo – Lotto and TAB would continue to be the only providers of online gambling products in New Zealand with a limited product range.

CASINO GAMING - NEW ZEALAND

CASINO	NO. OF TABLES	NO. OF SLOTS	FY2022 REVENUE	FY2021 REVENUE	FY2020 REVENUE
Auckland	150 + 240	1,877	\$330.6m	\$488.2m	\$497.3m
Christchurch	36	500	\$45.4m	\$45.9m	\$59m
Hamilton	23	339	\$56.2m	\$73.5m	\$58.8m
Dunedin	12	180	n/a	n/a	n/a
Queenstown (Beach Street)	12	86	\$10.2m	\$12.3m	\$12.3m
Queenstown (Wharf)	6	74	Inc. above	Inc.above	Inc.above





LOTTO NZ REVENUES 2020/2021

TICKETS	FY2020/21	FY2019/20
Lotto, Powerball, Strike	\$1.26bn	\$1.16bn
Instant Kiwi	\$136.7m	\$126.1m
Instant Kiwi Online	\$46.5m	\$40.1m
Keno	\$45.4m	\$36.1m
Bullseye	\$13.9m	\$13.1m
Total Sales	\$1.5bn	\$1.38bn
Net Profit	\$378.3m	\$333.5m

- Extending the service TAB and Lotto could offer – Lotto and TAB would remain the only providers, but they could expand their product range to offer online casino games for example.
- Licensing domestic operators – Commercial and charitable operations based in New Zealand would be able to obtain licences in New Zealand to offer either limited products not already on offer or offer unlimited products creating a more competitive environment. This could mean existing landbased casinos in New Zealand could seek licences to offer online casino games or slots via corporate society operators.
- Licensing both domestic and overseas operators – an option is to limit the operators to licences for online products not already licensed to an existing operator (ie: online casino games) or as above to open the licensing process to any product.

Some suggestions in the submissions say if online slots are permitted then there should be a consistency between online and Class 4 (Pokie) gaming machine bets and prize limits.

There is a suggestion to limit online Class 4 online and landbased bets to \$2.50 and \$500 maximum prize limit and up to \$1,000 for jackpots. Others suggested a higher \$5 bet, \$10,000 pay out and \$25,000 jackpot.

New Zealanders spent \$1.5bn on Lotto products in FY2021 – which has doubled over the last 10 years and the highest in Lotto history and up nine per cent from 2020. The lottery is now responsible for around 28 per cent of total gambling spend in NZ.

THE LOTTERY

Meanwhile media scrutiny over gambling in New Zealand has also been focused on the country's national lottery. It is said nearly 70 per cent of the Lotto shop sales are made in the poorest half of the community.

MyLotto has claimed it is closing down many stores in these areas and has set itself a target to reduce the ratio of stores in low income areas by the end of 2022.

The highest selling area for retail lottery tickets was in Henderson-Massey, a community in

West Auckland – they spent \$26m on Lotto in 2021. The number of retail outlets has dropped from 1,549 in 2019 to 1,416 in 2021.

Lotto NZ was established in 1987 and 100 per cent of the profits go back to the Kiwi communities funding various organisations and charities. Some \$5.2bn in total since the lottery's set up has been put back into the community.

The lottery offers various products such as Lotto, Powerball, Strike, Keno, Bullseye, Instant Kiwi and Instant Kiwi online. Tickets are sold via 1,400 lottery outlets or online via mylotto and the Lotto NZ app.

New Zealanders spent \$1.5bn on Lotto products in FY2021 – which has doubled over the last 10 years and the highest in Lotto history and up nine per cent from 2020.

The lottery is now responsible for around 28 per cent of total gambling spend in NZ compared to 18 per cent back in 2010. Powerball is the main driver of sales.

Digital sales have grown from around 19 per cent in FY2019 to 37 per cent in FY2021 (\$558.7m) and there were 1.4 million registered players in FY2021 compared to 746,000 in FY2018.

SPORTS BETTING

In July 2020, the Racing Industry Act established TAB NZ as the sole betting provider for racing and sports and provides betting services to New Zealand whilst profits are put back into racing and sporting organisations. Each year around \$200m is returned to the organisations.

TAB NZ replaces the Racing Industry Transition Agency (RITA) which was the successor to the New Zealand Racing Board which was established to manage the transition to the new operating model.

TAB NZ is regulated by the Racing Integrity Board which is responsible for compliance and adjudicative functions of the racing rules set out

Reports

NEW ZEALAND REPORT



Reports

NEW ZEALAND REPORT



by the three racing codes – New Zealand Thoroughbred Racing Incorporated, Harness Racing New Zealand Incorporated, and New Zealand Greyhound Racing Association Incorporated. This board was established in July 2021 and replaces the Judicial Control Authority.

The new agency is responsible for boosting profits for the racing industry, ensuring profits are returned to sports and also looking at underage and problem gambling.

NZ Thoroughbred Racing represents 67 thoroughbred racing clubs operating on 51 galloping tracks. The industry saw 275 race meetings in FY2022 (ending July 2022) with 2,356 races. Total off course turnover amounted to \$401.6m and total on course turnover amounted to \$12.2m. Total Racing NZ revenue for FY2022 was \$106.3m compared to \$89.1m the year previously.

The Harness Racing New Zealand is the administrative body for harness racing and there are some 265 race meetings held by the 47 harness clubs at 38 venues throughout New Zealand. The majority of races are held at Canterbury and Auckland and there are more than 3,000 standardbred horses in the country. Average stakes per race is around \$10,000.

Thirdly, the Greyhound Racing New Zealand is made up of 10 clubs with the largest being Christchurch Greyhound Racing Club. Greyhound racing was granted full access to the off-site totalisator betting and TAB system in 1981 and this boosted interest in the sector.

Concerns have been raised regarding animal welfare in the industry and a report has been

issued by the Racing Integrity Board on the matter outlining changes which are expected to be implemented in the future. There were almost 5,000 races last year

There were more than 205,000 active TAB customers in 2021 and some 560 TAB outlets plus betting is permitted via tab.co.nz and TAB mobile app.

More than 60,000 people bet with TAB each week whilst TAB Trackside is the largest sports outside broadcasting operation in the country covering more than 1,000 race meetings each year.

The 2020/21 season was said to be the most profitable in the history of TAB coming of the back of a difficult 2019/20 season due to Covid restrictions. The sector saw net profits of \$178m (before distributions) which was \$46m above budget.

Gross betting revenue for the betting and gaming sector was just over \$385m divided between racing with \$315.9m and sports with \$68.7m.

Dean McKenzie, Chief Transition Officer at the time said in the 2021 annual report: "During the past 12 months the business has been in a consolidation phase. This has involved finalising the legislative reforms, adjusting to a more streamlined operating framework, and focusing on the transition of the business to its new role as TAB NZ. We have also been focused on continued tight fiscal management of our costs and ensuring the business is trading in a profitable and sustainable manner, in the midst of changeable and uncertain times."



More than 60,000 people bet with TAB each week, whilst TAB Trackside is the largest sports outside broadcasting operation in the country covering more than 1,000 race meetings each year. The 2020/21 season was said to be the most profitable in the history of TAB after a difficult 2019/20 season due to Covid restrictions. The sector saw net profits of \$178m.

The first half of 2022 results saw total revenue of \$182m (six per cent less than the same period in 2021) mostly down to a decline in revenue from NZ racing shown overseas and the removal of credit card deposit fees.

Gaming machine duty is 20 cents in the dollar on GGR whilst betting duty of 1.33c in the dollar on Gross Betting Revenue was reduced to zero from July 2021. The betting sector pays 0.52c in the dollar on Gross Betting Revenue as a Problem Gambling levy whilst 0.78c is paid on GGR.



NEW ZEALAND GAMBLING DATA DURING LAST THREE YEARS

	2018/19	2019/20	2020/21
TAB New Zealand			
Expenditure	\$332m	\$315m	\$385m
Prizes	\$1.92bn	\$1.85bn	\$2.17bn
Turnover	\$2.25bn	\$2.16bn	\$2.56bn
NZ Lotteries Commission			
Expenditure	\$530m	\$631m	\$694m
Prizes	\$645m	\$754m	\$814m
Turnover	\$1.17bn	\$1.38bn	\$1.5bn
Gaming machines			
Expenditure	\$924m	\$802m	\$987m
Prizes	\$9.44bn	\$8.2bn	\$10bn
Turnover	\$10.36bn	\$9bn	\$11bn
Casinos			
Expenditure	\$616m	\$504m	\$559m
TOTAL Expenditure	\$2.4bn	\$2.25bn	\$2.62bn