Regulatory impact statement

Changes to the minimum rate of return to authorised purposes by class 4 societies

Agency disclosure statement

This regulatory impact statement (RIS) has been prepared by the Department of Internal Affairs.

It provides an analysis of options to adjust the minimum rate of return class 4 gambling non-club societies must distribute to authorised purposes. The options reflect the need to take into account societies’ increasing costs, while maintaining the amount of funds being distributed to communities. Increasing costs include a substantial increase in the fees charged to societies, which took effect on 1 February 2016, as well as other costs being introduced by changes in the operating environment. Any changes to the Gambling (Class 4 Net Proceeds) Regulations 2004, which governs the rate of return, need to be made before 1 September 2016, when the rate of return is scheduled to increase from 40 per cent to 41 per cent.

The impact analysis of the options is constrained by the uncertainty around how societies will react to an increase above 40 per cent in the rate of return, including the potential closure of societies and/or venues. This uncertainty arises as the sector is not homogenous. Different societies have different cost structures, operating models, types of venues, and grant distribution methods. It is also not possible to estimate the impact on grants being returned to communities.

Further measures contained in the Gambling Amendment Act 2015 and Gambling Amendment Act (No 2) 2015 will also be implemented in the near future, and will take two to three years to embed. The Department is aware that these new measures and increased costs, including the substantial increase in gambling fees, will impact on societies’ ability to cover their costs. Beyond that, it is uncertain how these changes will interact with a higher rate of return.

The changing nature of the sector also makes it difficult to predict the impacts of further regulatory changes. During the first seven years after the Gambling Act 2003 was enacted, expenditure on class 4 gambling declined significantly. Expenditure has increased marginally in the 2014/15 financial year and the first half of 2015/16. The number of non-club societies and venues has continued to decline. This could mean the sector has matured and is becoming more efficient. However, it is too early to say whether this trend will continue. The sector is also susceptible to economic and demographic changes, and changes in consumer preferences. The Auckland Council’s upcoming review of its venue policy this year could also have a significant impact on the class 4 sector.

The options and impact analysis in this RIS is the most robust the Department can provide with the information available, and reflects the constraints and uncertainties.

|  |
| --- |
|  |
| Steve Waldegrave |
| Policy General Manager |
|  | / |  | / |  |  |

Contents

[Executive summary 3](#_Toc391203197)

[Status quo and problem definition 5](#_Toc391203198)

[Objectives 8](#_Toc391203199)

[Options and impact analysis 9](#_Toc391203200)

[Consultation 12](#_Toc391203201)

[Conclusions and recommendations 12](#_Toc391203202)

[Implementation plan 13](#_Toc391203203)

[Monitoring, evaluation, and review 13](#_Toc391203204)

# Glossary of abbreviations and terms

**Class 4 gambling:** Gambling where the net proceeds are applied to or distributed for authorised purposes; where no commission is paid to, or received by, a person for conducting it; where it satisfies the relevant game rules; and it utilises a gaming machine

**Actual, reasonable and necessary costs:** *Actual* – the society and venue operator must be able to show that the costs were actually incurred; *Reasonable* - the costs must be in proportion to the size of the operation, and should take into account normal market values or prices for the goods and services provided; *Necessary* – the costs must be necessary to the conduct of gambling and legal compliance

**Apply:** Where a society spends its net proceeds directly on the society’s own authorised purpose

**Distribute:** Where a society makes a grant to another person for that person to spend on an authorised purpose

**Authorised purpose:** Means a charitable purpose, or a non-commercial purpose that is beneficial to the whole or a section of the community, or promoting, controlling and conducting race meetings under the Racing Act 2003, including the payment of stakes

**Club societies:** Operate gaming machines at their own premises, and apply the proceeds to their own purposes, and are not subjected to the Gambling (Class 4 Net Proceeds) Regulations.

**Non-club societies:**  Operate gaming machines in commercial venues (pubs and clubs) and must distribute their net proceeds to authorised purposes. The proposals in this RIS only relate to non-club societies.

**Duty:** Tax paid to the Crown on gaming machine proceeds

**Fees:** Fees paid by gambling operators to the Department of Internal Affairs

**GMP:** Gaming machine proceeds: the aggregate winnings, minus payouts, from class 4 gaming machines

**Gross proceeds:** The turnover of the gambling plus interest or other investment return on that turnover plus proceeds from the sale of fittings, chattels, and gambling equipment purchased from that turnover or investment return, less prizes

**Minimum rate of return:** This is the minimum amount of proceeds that a licence holder must distribute for authorised purposes and is currently equivalent to 40 per cent of GST-exclusive gross proceeds per financial year

**Net proceeds:** The amount remaining to be distributed to authorised purposes, which is calculated by taking a society’s gambling turnover (less prizes) and *adding* interest or other investment return, and any gains from the sale of gambling assets above their book value, then *deducting* costs, levies and taxes, asset depreciation and any loss from selling or disposing of gambling assets below their book value

# Executive summary

1. Class 4 gambling is gambling using non-casino gaming machines, also known as “pokies”. This type of gambling is operated by societies that may operate gaming machines in pubs and clubs to raise money for authorised purposes in the community. Class 4 gambling is regulated under the Gambling Act 2003. This includes the Gambling (Class 4 Net Proceeds) Regulations 2004, which governs the minimum rate of return to authorised purposes (rate of return).
2. The rate of return is currently 40 per cent of GST-exclusive gross proceeds and was set in September 2014. The Regulations currently provide for further scheduled increases to 41 per cent in September 2016, and 42 per cent in September 2018.
3. Non-club societies are facing increasing costs, which includes a considerable increase in gambling fees that took effect on 1 February 2016. New measures contained in the Gambling Amendment Act 2015 and Gambling Amendment Act (No 2) 2015 will also be implemented in the near future. These include: the introduction of a simpler venue payment regime for societies paying venues; and standardisation of financial reporting and improvements in the publication of grant information. The Department of Internal Affairs (the Department) is uncertain how these changes will interact with an increased rate of return.
4. There is a risk that increasing the rate of return above 40 per cent, combined with the increased costs faced by the sector, could lead to societies to shed venues or exiting the sector all together. This could lead to a reduction in the overall pool of funding to communities.
5. On 9 September 2015, as part of the decisions to increase fees, Cabinet agreed to release a consultation document with options to amend the rate of return to take into account the increased costs faced by the sector (EGI-15-MIN-0057). The options included:
	1. option one: status quo, retain the scheduled increases to the rate of return;
	2. option two: delay further increases in the rate of return to 2020 and 2022 respectively;
	3. option three: cancel further increases to the rate of return; and
	4. option four: reduce the rate of return below 40 per cent of GST-exclusive gross proceeds.
6. The Department received 30 submissions. The majority of submitters, 18, supported cancelling further increases to the rate of return.
7. As highlighted in paragraph 4, the Department is concerned that an increase in the rate of return at this time will lead to a reduction in the overall pool of funding for communities. Therefore it considers it prudent to cancel further increases to the rate of return (option three). This option takes into account societies’ increasing costs, and other changes that will impact on societies’ ability to meet the rate of return. This will in turn minimise the risk of societies closing venues, or exiting the sector altogether, and therefore minimise the risk of reducing the overall pool of funding available for communities. It also takes into account the fact that the future financial position of societies and their ability to meet higher rates of return is unknown.
8. The rate of return can be reviewed again in future if need be, when we have more data on how the class 4 sector is coping with increased costs, and the changes occurring in the sector have bedded-in.

# Background

## The class 4 gambling sector in New Zealand

1. All gambling in New Zealand is regulated by the Gambling Act 2003 (the Act). The Act established a regulatory framework across a range of gambling activities, including charity raffles, Lotto, and casino gambling.
2. Class 4 gambling uses non-casino gaming machines, also known as “pokies”. This type of gambling is carried out by non-club societies that operate machines in commercial premises (mostly bars and pubs), which are licensed by the Department. At 30 December 2015, there were 38 non-club societies, with 966 licensed venues and 13,016 gaming machines. In 2014 (most recent data) approximately $261 million was returned to communities.
3. A Cabinet decision in 2014 (EGI Min (14)7/6) amended the Gambling (Class 4 Net Proceeds) Regulations (the Regulations) to increase the rate of return in stages. The rate of return was increased to 40 per cent in September 2014, with scheduled increases to 41 per cent in September 2016, and 42 per cent in 2018. If societies are unable to meet the rate of return, the Department can suspend, cancel or refuse to renew their operating licence.
4. The rate of return takes into account societies’ operating costs, which includes taxes, gaming duty, and levies. Societies are also permitted to deduct the actual, reasonable, and necessary costs incurred in conducting the gambling, which includes payments to venues that host their machines.

# Status quo and problem definition

1. The rate of return of 37.12 per cent of GST-exclusive gross proceeds established by the Gambling Act 2003 remained unchanged until 2014. A review of the class 4 sector initiated in 2012 saw the Regulations amended to increase the rate of return to 40 per cent in September 2014, with further increases scheduled to take effect in September 2016 and September 2018. The aim of this change was to increase the proportion of proceeds that the community receives from class 4 gambling.
2. We are revising the rate of return, because when the changes in 2014 were made, the decision to increase the fees had not been made. Therefore, the effects of increased fees on society costs were not factored in to the decision to increase the rate, and the full impact of these combined costs was not understood.
3. Societies are also facing other additional costs, including non-downloadable jackpots, the change in bank notes and the potential increase of venue payments made by societies. The combination of all these costs puts substantial financial pressure on societies. The Department considers there is a risk that this may lead to societies either closing venues or exiting the sector altogether, which in turn could reduce the overall amount of funding available to communities. This would be contrary to the objective of the changes made to the rate of return in 2014. Therefore the status quo is seen as untenable.

## Influences on societies’ rate of return

1. Many of societies’ costs are fixed in legislation, including the rate of return, taxes, levies, and fees. Societies’ costs structure is set out as per Table 1 below.

**Table 1: Societies’ cost structure**

1. Table 1 shows that after all mandatory costs are paid, approximately 20 per cent of GMP remains to cover all society costs. Society costs are influenced by:
	1. costs from operating gambling, including payments to venues for hosting the machines and other society expenses; and
	2. whether high-GMP or low-GMP venues are hosting a society’s gaming machines.
2. The type of operating model that a society adopts may also influence the net proceeds distributed to authorised purposes. For example, societies connected to licensing trusts may be able to leverage lower rental payments in order to reduce costs and increase rate of return. Also, some smaller single venue trusts operate with the support of volunteers and the local community, which can lower operating costs, and thus increase the rate of return.
3. The individual cost structures of venues operating societies’ gaming machines also influences the proportion of GMP available to distribute to authorised purposes. A number of costs associated with hosting gaming machines are fixed (for example the cost of renting and floor space). High-GMP venues generally more efficient, as the fixed costs of operating gaming machines will take up a smaller proportion of GMP, leaving more proceeds to be distributed to communities.
4. Conversely, the costs of operating gaming machines will take up a relatively high proportion of GMP in low-GMP venues with a consequent impact on the net proceeds available for distribution to communities.

## Class 4 sector facing increased costs

1. When the Regulations were changed in 2014 to increase the rate of return, it was acknowledged that the sector was facing increasing costs from non-downloadable jackpots and the change in bank notes. Societies were required to replace non-downloadable jackpots by 1 December 2015. Societies also had to modify bank note receptors on their machines to process the new notes issued by the Reserve Bank, which costs approximately $1000 per machine, but only affect about half of the gaming machine population. All gaming machines will require a software upgrade for the new notes at a cost of approximately $30 each.
2. Data from 2014 (latest data) indicates that 6,081 gaming machines needed to modify their banknote acceptors, at a cost of approximately $6 million to the sector. Also, 12,831 gaming machines required the software upgrade, which is an added cost of $384,930 to the sector[[1]](#footnote-1). These costs will still be affecting societies in 2016, as the new banknotes are being introduced in phases, with $20 notes being introduced in April this year.
3. The decision to increase the fees paid to the Department by class 4 societies was made in 2015, which was after the decision to increase the rate of return. Therefore the effects of increased fees could not be taken into account when it was decided to increase the rate of return.
4. The fees had not increased since 2008, and had not been covering the Department’s regulatory costs for some years. As a result, the Department is now carrying in its gambling memorandum account an annual operating deficit of $3.8 million and an account deficit of $12.9 million, as at 30 June 2015. If the fees were not increased, the memorandum account deficit will increase to just under $40 million by 2018/19. The increased fees came into effect on 1 February 2016.
5. The increased fees have led to an increase in costs of approximately 1 per cent of GMP for societies. The increase in fees combined with an increase in the rate of return to 41 per cent would have an effect of approximately 2 per cent of GMP in costs. As approximately 80 per cent of societies’ costs are fixed, a 2 per cent increase in mandatory costs has the potential to put significant pressure on some societies.
6. A new venue payment system is currently being developed, which could also result in an increase of payments to some venues by societies, which would further exacerbate their financial position.

## Effects of increased costs on the sector

1. In 2014, 19 of the then 37 non-club societies (who distribute rather than apply their proceeds) generated net proceeds at 41 per cent or higher of GST-exclusive gross proceeds[[2]](#footnote-2), with the remaining 18 societies generating below 41 per cent of GST-exclusive gross proceeds. Therefore about half of non-club societies would have to increase their current rate of return, if the scheduled increase in September 2016 takes place. This number increases to 22 societies when the extra 1.1 per cent of GST-exclusive GMP that has to be spent on increased fees is factored in. A table of societies’ generated net proceeds for 2014 is attached as **Appendix A**.
2. As a result of increased cost pressures, combined with an increase to the rate of return, societies may close low-GMP venues in order to reduce their costs. If after closing low-GMP venues societies are still not able to cover their costs, they may exit the sector altogether. Even though societies would be returning at a higher percentage after closing low-GMP venues, the overall pool of funding available to communities may be reduced.
3. Rural venues are particularly vulnerable, as they generate lower GMP on average ($2,691 per week in 2015) than urban venues ($15,347 per week). The latest data suggests operators are already exiting some lower-GMP venues. This could accelerate with an increase in the minimum rate of return.
4. If the overall pool of funding declines as a result of societies closing venues or exiting the sector, because of increased costs, community groups could be affected. Community groups apply for funding from societies, so if the overall pool of funding decreases, there will be less available for distribution to communities.
5. Modelling done by the Department (based on 2014 data), suggests that 35 societies would have had to increase the percentage of their net proceeds used to cover their costs[[3]](#footnote-3) after the increase of the rate of return to 40 per cent. The worst affected society would have had to increase the percentage of their net proceeds to cover their costs by 10.49 per cent, which is over half of their variable costs.

## Problem definition

1. Unless the Regulations are amended by September 2016, the rate of return will increase to 41 per cent on 1 September 2016. Based on the most recent figures, the Department estimates just under half of societies (18 out of 37 non-club societies licenced in 2014) would be unable to meet a rate of return of 41 per cent (see **Appendix A**). This number would increase to 22 societies if the increase in gambling fees is taken into account.
2. Societies unable to meet the higher rate of return may be forced to close low-GMP venues, or exit the sector if they are unable to reduce operating costs in order to meet the rate of return. This could have a negative impact on the overall level of funding available to communities and community groups.

# Objectives

1. The objective is to identify a rate of return that ensures societies stay financially viable, but that does not reduce the total amount of net proceeds, or in other words, the level of community funding.
2. The following criteria was used to assess the options:
* Does the option impact on societies’ ongoing viability?
* Does the option reduce the overall level of funding return to the community?

# Options and impact analysis

1. The Department evaluated the following four options against the assessment criteria:
* Option one: status quo
* Option two: delay further increases in the minimum rate of return to 2020 and 2022 respectively;
* Option three: cancel further increases in the minimum rate of return; and
* Option four: reduce the minimum rate of return.
1. There are no non-regulatory options, as the rate of return is specified in the Regulations.
2. None of the options will affect societies’ compliance costs.
3. The table below assesses the net impact of the options against the criteria.

**Table 2: Impact analysis of different options against the assessment criteria**

|  | Assessment Criteria  |
| --- | --- |
| Option | Non-club societies’ viability  | Overall level of funding returned to the community | Net impact |
| **Option one: status quo** | ***Benefits**** None

***Risks**** It would risk societies closing down low-GMP venues in order to cover increasing costs, or exit the sector altogether
 | ***Benefits**** Reflects the original intent of the Regulations, to maximise returns

***Risks**** Could reduce the overall amount of funding going to the community.
 | The status quo is considered to be untenable due to the risk of societies shedding low-GMP venues, or exiting altogether. This in turn could reduce the amount of funding going to communities  |
| **Option two: delay further increases in the minimum rate of return to 2020 and 2022 respectively**  | ***Benefits**** No immediate impact on societies’ costs

***Risks**** It is possible societies still will not be able to afford a higher rate of return by 2020, which would mean the Regulations may have to be changed again. This would also impose a transaction cost on the Department, due to having to change the Regulations again
* The risk of closing venues and societies exiting the sector would only be delayed if societies still cannot afford a higher rate in 2020
 | ***Benefits**** Reflects the original intent of the Regulations, to maximise returns

***Risks**** Could still affect the overall amount of funding going to the community, the effect would just be delayed until 2020
* If societies know they are going to be faced with another increase in the rate of return in 2020, they may start closing venues before 2020 in preparation for meeting the costs, which could affect the overall pool of funding available for communities
* As low-GMP venues tend to be in rural areas, this could have a negative effect on funds returned to rural communities
 | **Slightly better than status quo**The Department cannot predict with any certainty future changes to individual societies’ financial positions or the financial position of the class 4 sector as a whole. It is uncertain how the various changes in the sector will affect societies’ ability to return at higher rates in 2020. It is likely it would only delay some of the risks of the status quo and carries some risk that societies may close low-GMP venues in the run-up to 2020 |
| **Option three: cancel further increases in the minimum rate of return (preferred option)** | ***Benefits**** Takes into account societies’ increasing costs and future uncertainty in sector
* Will minimise the risk of societies closing low-GMP venues in order to meet a higher rate of return

***Risks**** It could have the perverse incentive of societies reporting increased costs, as they do not have to meet a higher rate. This would be contrary to section 53A(b) of the Act, which was added to the Gambling Act 2003 in 2015. This section requires societies to ensure that at all times the net proceeds from gambling are maximised and the operating costs of the society conducting the gambling are minimised
* It could impose a future transaction cost on the Department if the rate of return has to be increased again
* It risks allowing inefficient operators to remain in the sector, and not provide more efficient operators the opportunity to take over low-GMP venues. However, data shows low-GMP venues are decreasing, which suggests they are not being picked up by other operators.
 | ***Benefits**** Reduces the risk of a negative impact on the overall funding available for distribution to communities

***Risks**** A possible missed opportunity to increase funds available to distribute to communities. However, if societies are returning at higher rates of return in future, the rate can be reviewed again
 | **Significantly better than status quo**This option takes into account societies’ costs, and other changes that will impact on societies’ ability to meet the rate of return. It also acknowledges future uncertainties in the sector. It minimises the risk of the pool of funding available for communities being reduced. It minimises the risk societies may close low-GMP venues, which would have a disproportionate effect on rural communities. Societies will also still be able to return at higher rate if possible. There is a small risk that it could incentivise societies to report increased costs and lower their rate of return. Cancelling further increases could also be a missed opportunity to increase funds going to the community. This option also imposes transaction costs on the Department, through the changing of the Regulations and future reviews.  |
| **Option four: reduce the minimum rate of return**  | ***Benefits**** Would take into account increasing costs faced by societies

***Risks**** Could provide a perverse incentive for societies to report increased costs, which would be contrary to section 53A(b) of the Act
 | ***Benefits**** None

***Risks**** It risks decreasing the pool of funding available for community groups
 | **Worse than status quo**This option takes into account societies’ costs. However, as many societies are already returning at a rate higher than 40 per cent, reducing the minimum rate could introduce perverse incentives. It is also likely to decrease overall funds returned to communities, as societies who are struggling to meet the current rate will reduce their rate of return |

# Consultation

1. On 9 September 2015, as a part of the decisions to approve new gambling fees, Cabinet agreed to release a consultation document on options for changing the rate of return (EGI-15-MIN-0057). This was in response to concerns about the impact of recent cost pressures, including increased fees, on non-club societies.
2. The consultation document included four options:
	1. option one: status quo, retain the scheduled increases to the minimum rate of return;
	2. option two: delay further increases in the minimum rate of return to 2020 and 2022 respectively;
	3. option three: cancel further increases to the minimum rate of return; and
	4. option four: reduce the minimum rate of return below 40 per cent of GST – exclusive gross proceeds.

## Results of consultation on options for changing the minimum rate of return

1. The Department received 30 submissions, and the majority of submitters (22) were societies. One submission was from a representative organisation, two submissions were from individuals, two from local authorities, and three from problem gambling service providers.
2. The majority of submitters, 18 (all societies) supported option three: cancelling further increases to the minimum rate of return. Reasons for supporting this option included the rate being a minimum not a maximum, therefore societies who can afford to are able to return funds to the community at higher rates, consistent with section 53A(b) of the Act.
3. Seven submitters (including one society submitter) supported option one. They argued that if the rate of return is not increased, this would encourage inefficient societies to remain in the sector. They also argued that societies should be able to absorb the increasing costs. The Department notes those concerns, but we consider they are outweighed by the risk of decreasing the total pool of funding available to communities and the wider uncertainties in the sector.
4. Thirteen submitters supported removing the rate altogether from regulations (one was the representative organisation and the rest were societies). The complete removal of the minimum rate was not canvassed in the consultation document, and is outside the scope of the Cabinet mandate.
5. During the consultation for the increases to the fees in 2015, societies noted in both submissions and direct engagement that if fees increased, the rate of return should be adjusted. Societies noted increased fees would have a significant impact on their ability to meet the scheduled increases in the rate of return.

# Conclusions and recommendations

1. The status quo (option 1) does not meet the objectives, as it does not take societies’ operating costs and ongoing changes to the operating environment into account. It risks decreasing the overall amount of funding available to the community.
2. Option two meets the objectives in the short term, as it delays the increases to the rate of return. However, the Department cannot predict with any certainty future changes to the financial positions of societies, or the position of the class 4 sector as a whole. Therefore it is possible this option will only delay the risks of the status quo. Changes occurring in the sector will also take two to three years to bed-in, and the Department is unsure how the changes will interact with a higher rate of return.
3. Option four, decreasing the rate of return, partly meets the objective, as it takes societies’ operating costs into account. However, it could provide a perverse incentive for societies to report increased costs, and decrease the amount of funding returned to the community.
4. The Department recommends option three, cancelling further increases to the rate of return, at this time. Cancelling further increases to the minimum rate of return meets the objective of taking societies’ costs into account, whilst not decreasing the overall pool of funding available for communities. The preferred option will provide the sector with some stability while the various changes, including changes to gambling fees and venue payments, take effect and bed-in. The preferred option does not preclude a future review to increase the rate of return when mandated.

# Implementation plan

1. If Cabinet approves the preferred option, the Gambling (Class 4 Net Proceeds) Regulations 2004 will need to be amended. As the rate of return increases in September 2016, any amendment to the Regulations would need to be in force before then. This would require Cabinet to agree to amend the Regulations by the end of March/early April 2016.
2. The preferred option requires no implementation plan, other than amending the Regulations. The current rate is been in force since 2014, and can be monitored within the existing reporting framework, as the Department already monitors societies’ minimum rate of return on an annual basis. Societies will be notified in advance of the changes.

# Monitoring, evaluation, and review

1. The Department monitors societies’ returns to the communities on an annual basis. The Department will analyse the effects of the various regulatory and non-regulatory changes in the sector on the minimum rate of return. This analysis will be done annually. Depending on the results of this analysis, the Department will assess whether another review of the rate of return is needed.
2. The Department is currently implementing a new operating model, aiming to work more alongside the sector in dealing with non-compliance, and incentivising good practice. As 21 societies are already returning at or above the minimum rate, the Department will concentrate on working with those who are struggling to meet the rate of return, to ensure funds to the community are being maximised.
3. We will also continue to engage with the sector on an ongoing basis about the various changes in the sector. This will include monitoring the effects of the various regulatory changes in the sector, including any venue policy changes implemented by local authorities.
4. Gaming machine account summary returns for societies’ 2014 financial year

|  |  |  |  |
| --- | --- | --- | --- |
| Society | Gross proceeds ($) | Net Proceeds ($) | Net proceeds generated (%) |
| **New Zealand Racing Board\*** | 19,960,351 | 9,678,366 | **48.49%** |
| **Manukau Counties Community Facilities Charitable Trust** | 5,992,589 | 2,876,798 | **48.01%** |
| **Pub Charity Limited** | 4,703,194 | 2,227,125 | **47.35%** |
| **ILT Foundation** | 9,065,602 | 4,281,946 | **47.23%** |
| **The Whitehouse Tavern Trust Board** | 1,213,136 | 572,400 | **47.18%** |
| **Bluegrass Holdings Limited** | 9,640,214 | 4,528,429 | **46.97%** |
| **The Akarana Community Trust Limited** | 3,371,115 | 1,562,205 | **46.34%** |
| **First Light Community Foundation Limited** | 2,590,931 | 1,195,733 | **46.15%** |
| **The Trusts Community Foundation Limited** | 29,927,229 | 13,787,283 | **46.07%** |
| **Mt Wellington Foundation** | 2,069,737 | 943,394 | **45.58%** |
| **Christchurch Earthquake Recovery Trust** | 2,840,956 | 1,293,079 | **45.52%** |
| **Grassroots Trust Limited** | 13,746,605 | 6,228,655 | **45.31%** |
| **The Pegasus Sports Foundation Limited** | 2,003,172 | 904,104 | **45.13%** |
| **The North & South Trust Limited** | 11,220,684 | 4,906,935 | **43.73%** |
| **Oxford Sports Trust Inc** | 10,623,957 | 4,621,780 | **43.50%** |
| **Trust House Foundation** | 6,667,982 | 2,852,150 | **42.77%** |
| **Kaiwaka Sports Association Inc\*** | 174,619 | 74,575 | **42.71%** |
| **Trillian Trust** | 22,814,219 | 9,561,738 | **41.91%** |
| **Mainland Foundation Limited** | 10,535,566 | 4,415,429 | **41.91%** |
| **New Zealand Community Trust** | 91,860,000 | 38,240,000 | **41.63%** |
| **Constellation Communities Trust Limited** | 2,861,101 | 1,176,912 | **41.13%** |
| **Endeavour Community Foundation Limited** | 7,804,661 | 3,182,270 | **40.77%** |
| **Redwood Trust Incorporated** | 980,462 | 399,237 | **40.72%** |
| **Trust Aoraki Limited** | 2,888,407 | 1,173,988 | **40.64%** |
| **The Bendigo Valley Sports and Charity Foundation** | 5,148,058 | 2,076,547 | **40.34%** |
| **First Sovereign Trust Limited** | 16,627,915 | 6,663,503 | **40.07%** |
| **Mana Community Grants Foundation** | 4,637,948 | 1,841,225 | **39.70%** |
| **Infinity Foundation Limited** | 42,532,012 | 16,860,899 | **39.64%** |
| **Air Rescue Services Limited** | 19,571,086 | 7,723,879 | **39.47%** |
| **The Southern Trust** | 27,346,011 | 10,749,880 | **39.31%** |
| **The Lion Foundation 2008** | 96,523,640 | 37,695,438 | **39.05%** |
| **Pub Charity** | 71,938,793 | 27,797,556 | **38.64%** |
| **Blue Waters Community Trust** | 1,404,532 | 541,289 | **38.54%** |
| **Four Winds Foundation Limited** | 15,018,891 | 5,735,681 | **38.19%** |
| **Youthtown Inc\*** | 25,015,944 | 9,526,867 | **38.08%** |
| **Bluesky Community Trust Limited** | 4,378,294 | 1,649,798 | **37.68%** |
| **Pelorus Trust** | 13,455,392 | 5,049,619 | **37.53%** |
| **Ahaura/Grey Valley Lions Club Inc** | 142,651 | 53,117 | **37.24%** |
| **Southern Victorian Charitable Trust Inc** | 1,392,391 | 517,026 | **37.13%** |
| **Dragon Community Trust Limited** | 2,791,608 | 1,036,530 | **37.13%** |
| **Prime Community Trust\*** | 1,100,920 | 397,644 | **36.12%** |
| **The Brunner Rugby League Club\*** | 69,097 | 22,791 | **32.98%** |
| **The Runanga Community Swimming Pool Trust\*** | 20,793 | 2,423 | **11.65%** |
| **Total** | **624,672,465** | **256,626,243** | **41.08%** |
| **Average** | **14,527,267** | **5,968,052** |  |
| **\* Mainly apply societies are not subject to Part 2 of Gambling (Class 4 Net Proceeds) Regulations 2004.** |

1. These figures are for a worst case scenario, and are possibly overstated. [↑](#footnote-ref-1)
2. The highest rate of net proceeds generated was 48 per cent. [↑](#footnote-ref-2)
3. Costs used in this model include: 40 per cent increase to the rate of return effective 1 September 2014, replacement of non-downloadable jackpots, increased fees, new banknote acceptors (hardware), new banknote acceptors (software/firmware), and impact of a commission-based payment system. [↑](#footnote-ref-3)