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Where are the "Community Benefit" funds from pokie machine trusts distributed?

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Abstract

The key purpose of this research was to investigate where the community benefit funds from the six national pokie (electronic gambling) machine trusts (i.e., New Zealand Community Trust, Pub Charity, Lion Foundation, Southern Trust, Scottwood Trust, and Community Grants Foundation) are distributed. These trusts account for approximately 60 percent of all expenditure on gambling and 50 percent of all non-casino pokie machine sites in Aotearoa-New Zealand.

Introduction

Tables 1a and 1b (below) summarise the distribution of funding by region and sector; it shows that between 48 percent and 62 percent of all funding available to each region went to the sport/physical activities sector. This confirms anecdotal evidence of disproportionate funding received by sporting groups. While the majority of respondents to the survey conducted as part of the second half of this research reported a positive experience, there were a number of issues raised about the application process.

Based on the analysis of this report, it is recommended that the following actions be adopted:

- 1) The standardisation of reporting procedures and formats by the six national trusts, including across regions and sectors, to facilitate comparison of information between trusts. The use of Territorial Local Authority boundaries is recommended.

2) Increase accountability for trusts to comply with funding criteria. For example, criteria such as "no more than 20 percent of an individual hotel site's total funding shall be made available to any one organisation", or "only one application per organisation per funding round", do not appear to be met.

3) Clarification of the funding available for greyhound and horse racing activities.

4) Greater public access to information and transparency of the processes of operation of the six national trusts. This applies to both personnel and procedures within the national trusts. For example, make public details of the experience and backgrounds of those who are involved with making funding decisions and provide public access to annual reports.

5) The 33 percent of funds allocated to administrative expenses for each trust should be investigated further. For example, this level of expenditure should be compared with the budgets of other philanthropic organisations.

6) A more balanced distribution of funding across all sectors.

7) Ongoing analysis of the distribution for a further four years to allow for greater comparison and a more in-depth analysis of distribution trends.

Table 1a: Distribution of funds by region and by sector (continued in Table 1b, below) A larger version is available [here](#).

Region	Sport/ physical activities	Horse & greyhound racing	Arts & culture	Heritage/ Conservation/ Environment	Education	Youth	Welfare & support	Health	Emergency services
Auckland		196,102	1,019,416	206,784	6,448,628	1,359,417	1,160,856	2,569,874	1,639,003
Bay of Plenty	51%	1%	3%	1%	17%	4%	3%	7%	4%
	5,336,958	146,902	350,736	51,389	2,477,954	203,507	501,389	440,899	521,850
Canterbury	48%	1%	3%	0%	22%	2%	4%	4%	5%
	10,970,442	524,380	618,565	209,718	2,449,582	336,327	657,360	651,034	910,244
Gisborne	55%	3%	3%	1%	12%	2%	3%	3%	5%
	1,157,202	7,777	34,988	14,789	473,520	25,904	65,458	49,339	159,196
Hawkes Bay	53%	0%	2%	1%	22%	1%	3%	2%	7%
	2,154,100	71,424	155,094	82,751	624,110	54,661	111,736	141,398	151,335
Manawatu Wanganui	55%	2%	4%	2%	16%	1%	3%	4%	4%
	3,703,216	129,819	108,766	123,128	1,044,410	102,772	123,673	142,219	162,295
Marlborough	58%	2%	2%	2%	16%	2%	2%	2%	3%
	464,286	4,500	10,942	0	68,198	8,212	24,560	15,330	14,029
Nelson / Tasman	62%	1%	1%	0%	9%	1%	3%	2%	2%
	2,651,917	11,380	182,179	13,884	388,770	22,921	88,287	229,655	194,287
Northland	61%	0%	4%	0%	9%	1%	2%	5%	4%
	2,973,123	110,728	131,638	54,010	1,267,933	177,849	156,133	214,070	289,319
Otago	48%	2%	2%	1%	20%	3%	2%	3%	5%
	3,393,793	110,119	163,366	78,199	608,780	93,088	103,597	109,444	258,791
Southland	61%	2%	3%	1%	11%	2%	2%	2%	5%
	1,434,274	16,000	68,379	28,120	344,361	78,430	79,889	162,707	109,430
Taranaki	53%	1%	3%	1%	13%	3%	3%	6%	4%
	2,081,887	60,117	89,979	24,632	476,774	27,454	87,672	45,137	99,209
Waikato	61%	2%	3%	1%	14%	3%	3%	1%	3%
	6,678,731	333,477	415,834	128,925	2,458,036	312,441	548,993	305,725	410,409
Wellington	52%	3%	3%	1%	19%	2%	4%	2%	3%
	13,005,106	270,257	2,163,782	129,465	2,130,943	287,560	672,004	891,049	1,362,226
West Coast	55%	1%	9%	1%	9%	1%	3%	4%	6%
	818,759	58,055	33,333	45,362	165,132	16,998	61,703	25,555	62,659
Unknown	57%	4%	2%	3%	11%	1%	4%	2%	4%
	3,121,801	1,591,846	214,597	38,723	913,631	195,755	214,680	245,991	85,130
		21%	3%	1%	12%	3%	3%	3%	1%

Table 1b: Distribution of funds by region and by sector (continued from Table 1a, above) A larger version is available [here](#).

Region	Service clubs	Foundations & charitable trusts	Religious organisations	Marae & Maori organisations	Student associations	Economic development	Leisure/interest/hobby	Row totals for Tables 1a and 1b
Auckland	366,796	2,082,811	289,944	204,020	50,352	238,555	1,070,549	38,314,675
Bay of Plenty	47,778	125,297	222,222	364,789	0	74,084	316,805	11,182,558
Canterbury	179,028	856,810	346,085	32,715	28,220	84,173	1,048,770	19,903,451
Gisborne	15,957	32,586	7,477	87,673	0	10,000	42,997	2,178,863
Hawkes Bay	21,088	33,920	21,000	48,030	5,000	90,446	155,025	3,921,118
Manawatu	46,776	82,444	49,533	98,808	92,920	100,810	244,607	6,356,197
Wanganui	13,500	29,500	0	2,890	0	13,367	77,459	746,773
Marlborough	10,193	79,363	35,452	39,453	0	58,311	359,032	4,365,084
Nelson / Tasman	66,802	139,177	29,096	270,971	0	85,135	288,553	6,254,537
Northland	22,453	146,702	34,312	3,199	41,434	256,047	177,181	5,600,507
Otago	37,411	88,410	14,535	600	0	39,819	183,514	2,685,878
Southland	4,338	172,029	16,089	29,789	0	29,110	180,129	3,424,344
Taranaki	74,351	232,860	44,534	373,528	5,000	63,712	551,313	12,937,869
Waikato	84,231	1,104,767	253,131	114,500	5,480	63,940	1,317,139	23,855,580
Wellington	8,999	21,648	20,998	11,803	0	11,769	81,526	1,444,300
West Coast	36,800	521,648	76,930	190,360	4,300	12,277	267,247	7,731,716
Unknown	0%	7%	1%	2%	0%	0%	3%	---

The distribution of funding

In the year ended December 2002, the six national pokie machine trusts accounted for approximately 50 percent of all non-casino pokie machine sites and about 60 percent of all expenditure on non-casino pokie machines (DIA website: <http://www.dia.govt.nz>). Ownership of the remaining sites is spread between single- and multiple-site hotel trusts and clubs (e.g., chartered, sports, Returned Services Associations, i.e., veterans groups) who may operate pokie machines for their own purposes.

A condition of the licence granted to pokie machine operators is that they report annually on the minimum 33 percent of revenue required by government regulation to be distributed to community groups. These reports must be available to the public, and also lodged with the Department of Internal Affairs. Typically the report tends to be a newspaper-type publication. However, there appears to be little regulation in place to ensure standardisation of reporting. Frequently trusts operate on different financial years, and all vary in the manner in which details of the funding allocations are presented. There may also be variation within the same trust. For example, allocations for the first six months may be listed alphabetically while the second six months are presented by region. The introduction of standardised reporting formats and procedures would facilitate the ongoing analysis of information.

Working from the publications each trust is required to produce, funding grants made by these six trusts were analysed to identify how the funding was distributed in terms of region and/or sectors of the community. In each case the most recent 12 months of data was used, with the exception of Southern Trust for whom information on only nine months of funding grants was available. Grants totalling \$237,769,648 were made by the six Trusts during the periods analysed, with 30,574 separate funding grants being made.

How has the information been analysed?

Sports/physical activities: The Hillary Commission definition was used as a guide for allocations to this sector. This definition included those sports that have a physical activity component. Rugby, rugby league, touch rugby, soccer, and netball are the predominant entries. Separate sports clubs set up by schools, as was previously encouraged by the Hillary Commission, also feature in the category.

Horse and greyhound racing: Although these categories could be classified as sport, this separate sector was added to identify the funds that appear to be being channelled back into gambling-oriented activities.

Arts and culture: This sector includes events as well as organisations with an arts and/or cultural perspective: for example, choral groups, young designer awards, arts societies, dancing and music groups such as pipe bands, and Irish dancing.

Heritage/conservation/environment: Historical and preservation societies were the main entry in this sector, but environmental research and recovery work is also featured.

Education: As well as including schools, kura kaupapa [Maori immersion schools] and related school groups, this sector also covers pre-schools, kindergartens, childcare centres, kohanga reo (Maori language nests/total immersion), and OSCAR (out of school care) organisations.

Youth: Guiding and scouting groups dominate the entries in this sector, although there are also instances of youth groups and youth-oriented projects: for example, youth suicide awareness trusts, and police-youth blue-light social events.

Welfare and support: Organisations in this sector are quite diverse, but are typically community aid organisations: for example, Habitat for Humanity, community houses, Birthright, SPCA, social services, missions, and budgeting services.

Health: This sector incorporates all organisations associated with disabilities and illness: for example, IHC, Arthritis Foundation, kidney transplant funds, and hospices. Although youth-specific, Canteen and Camp Quality have been included in this category given their health focus. Ronald McDonald House is also included as a health-based organisation.

Emergency services: In addition to volunteer fire brigades, St. John Ambulance and rescue helicopters, this category also includes surf lifesaving and coast guard activities.

Service clubs: This sector includes Masonic Lodges, Lions clubs, and Rotary clubs.

Foundations and charitable trusts: This category was included to provide a separate category for formalised foundations/trusts that had a clear purpose, but do not necessarily fit distinctly into one of the other categories. Large well-known trusts such as Outward Bound and Spirit of Adventure feature regularly, as do less well-known and more localised trusts, such as Landmarks Trust and Woodlands Centre Trust.

Religious organisations: This sector identifies funding for churches, such as the Salvation Army and Catholic orders, which were not obviously targeting welfare and support activities.

Marae and other Maori organisations: Although kohanga reo and kura kaupapa were coded as education, all other Maori organisations were coded to this classification. With coding decisions being based purely on the name of an organisation or group, it is possible that organisations with a Maori name, but which do not have a specific Maori focus, may have inadvertently been included in this category.

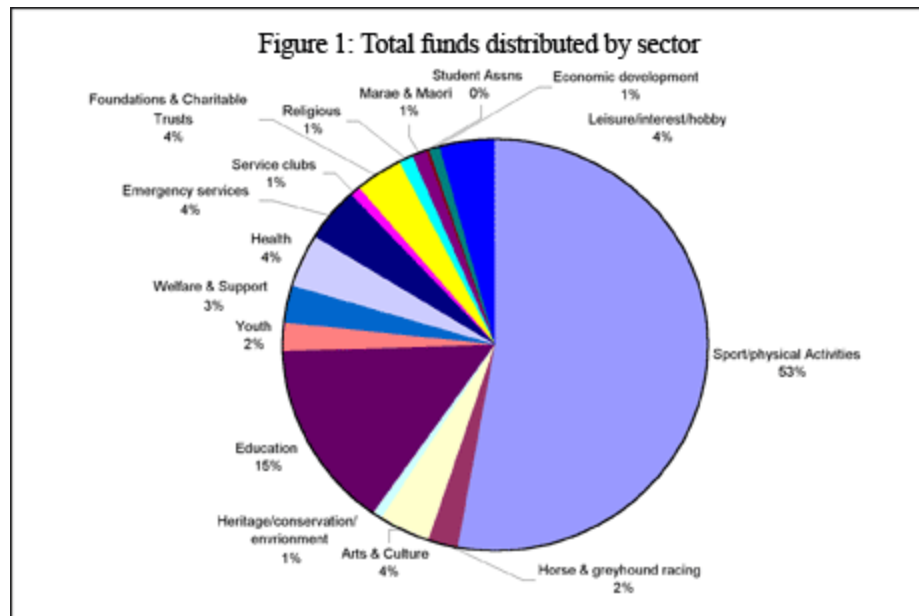
Student associations: Featuring predominately in Otago, these are associations of student groups such as medical students and dental students.

Economic development: Groups such as retailers' associations and tourism groups promoting a region fall into this sector.

Other leisure/interest/hobby groups: Car clubs and darts associations are groups in this category that could perhaps be considered sports-oriented, but which have been included here, given the informal "Hillary Commission" definition applied in the sports sector. It is possible that this sector also includes a number of sports teams, for if the name did not distinctly relate to a particular sport (e.g., "ultimate club") it was placed in this category. In addition, there are diverse groups such as sheep dog

trials and battalion groups.

See Figure 1 for a graphical breakdown of the funds across these 16 recipient types. A larger version is available [here](#).



Analysis

Grants to individual organisations range from large (for example, \$56,467.77 to the Hamilton Marist Rugby Football Club) to reasonably small (for example, \$150 to the Porirua Canoe Kayak Club). Nationwide grants, such as the \$175,000 donation to the NZ Olympic Committee by Scottwood Trust also feature. Large grants are also made by trusts to individual organisations/projects. For example, Community Grants Foundation made grants of \$500,000 to Kelston Boys High School, \$150,000 to Waitaki Developments Board, \$200,000 to Harcourt Park Sound Stage Upper Hutt, and \$100,000 to both Porirua City Council IT Education Trust and Porirua Park.

This preliminary investigation has identified several issues that could be considered more thoroughly. For example, the amount of money being channelled back into greyhound and horse racing activities must be questioned. Likewise, records that indicate that organisations outside a trust's "local" area are receiving grants appear to contradict the local distribution of funds criteria set by most of the national trusts. The lack of any requirement for standardised reporting means a degree of caution should be included in any comparisons made between trusts. Frequently trusts operate on different financial years and all vary in the manner in which details of funding allocations are presented.

Note: This material is an excerpt from the report of research conducted by Social Services Waikato for GamblingWatch in the first half of 2003. Copies of the full report are available on the GamblingWatch website (www.gamblingwatch.org.nz) and the report and full Access database are available on CD from GamblingWatch (order from gamblingwatch@xtra.co.nz).

Competing interests: None declared.

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