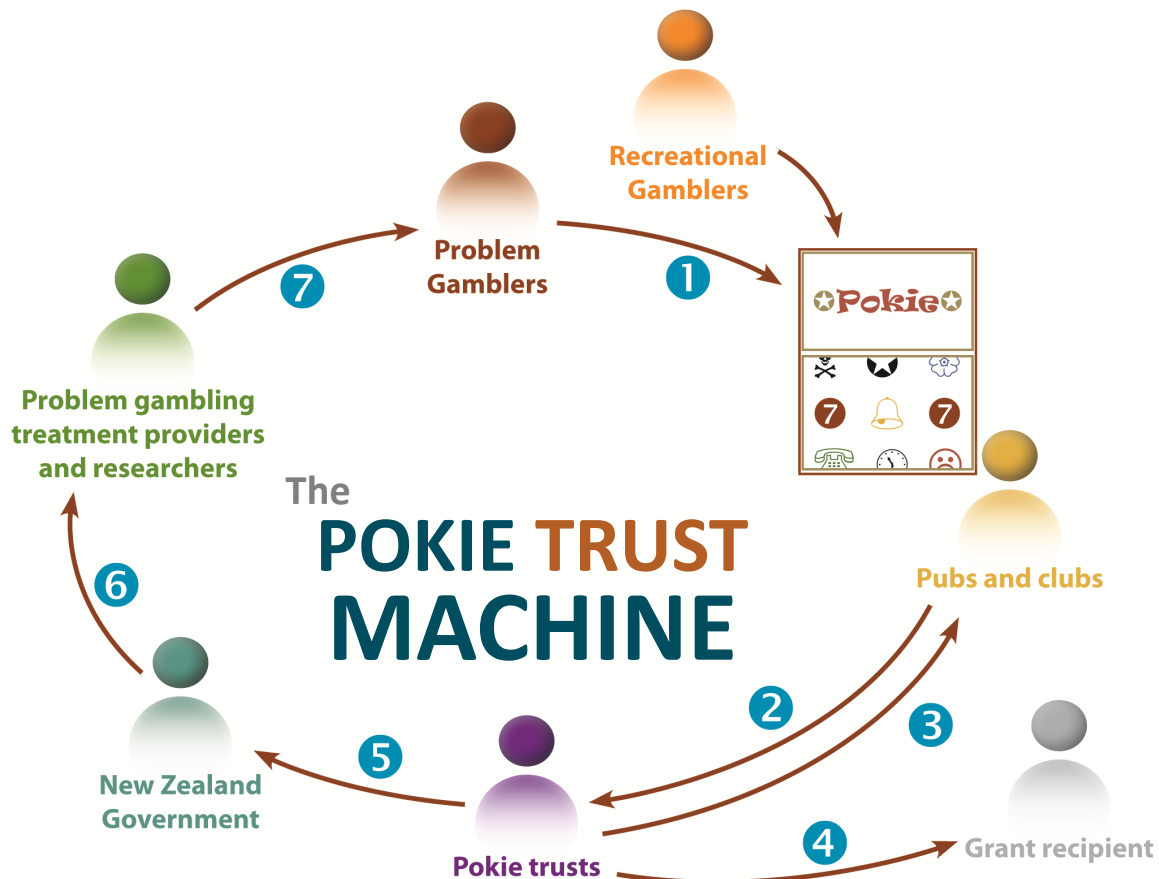


# Class 4 gambling: “The pokies”



❶ The money lost on pokie machines is called the **gross 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'.

❷ The GMP collected by venues goes to the pokie trust that owns the machines. ❸ Venues can claim back up to **16%** of the GMP for maintenance and upkeep on the machines. Venues are not legally allowed to use this as a source of profit. The venue payments will move to a commission-based model in October 2016, still capped at 16%.

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

❹ Pokie trusts must pay the current minimum of **40%** of GMP to community groups in the form of **authorised purpose grants**. These are meant to benefit the community by funding non-profit organisations. Authorised purposes include amateur sport, charity, non-commercial purposes with community benefits, and the operation of racing.

❺ Pokie trusts can keep up to **16.43%** of GMP to cover their administrative costs. The government receives **23%** of the GMP as gambling duty. ❻ The remaining **1.5%** is the Problem Gambling Levy, which is distributed by the Ministry of Health to fund research in the field of problem gambling, and ❷ provide treatment services to people with gambling problems.

## Glossary of terms

**Class 4 gambling:** All gambling using gaming machines (aka pokies) outside of casinos. The Gambling Act 2003 classifies pokies as high-risk, high-turnover gambling.

**Corporate society (aka pokie trust):**

A non-profit 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.

**Problem gambling:** Gambling to the extent that it interferes with a person's life, to the point that their job, finances, and relationships are negatively affected. An estimated 2.5% of adult New Zealanders have a gambling problem.

*See our other fact sheets for more on these topics:*  
**Gambling in New Zealand (FS1), Harmful Gambling (FS2),  
Social Impacts of Problem Gambling (FS5)**  
Download at [www.pgf.nz/fact-sheets](http://www.pgf.nz/fact-sheets)

**Pokies (aka gaming machines, electronic gaming machines, slot machines, fruit machines):** One of a variety of machines where money is paid for a potential (but statistically unlikely) greater return. Traditional pokies used mechanical reels, but modern machines use computers and video screens to simulate the experience. Random number generators determine whether a "spin" results in success or failure. A majority of New Zealanders with gambling problems say pokies are the way they usually gamble.

**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. Venue operators can claim up to 16% of the GMP generated by their pokies from the pokie trust to cover operating expenses; from October, venues will instead be paid a commission of each machine's turnover.

### Sources

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