

Class 4 Gambling Social Impact Assessment:

REVIEW OF THE HUTT CITY COUNCIL CLASS 4 GAMING VENUE AND BOARD VENUE POLICY 2015

Warwick Gilchrist

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SUMMARY

The Hutt City Council has had a Class 4 gaming machine policy in place since 2003 and this has been updated every three years since. This Social Impact assessment is part of the review of the 2015 Hutt City Council Class 4 Gaming Venue and Board Venue policy as required by Section 101 of the Gambling Act 2003.

The current Te Awa Kairangi ki Tai Lower Hutt policy includes a cap on the number of Class 4 gaming machines of 545¹ and limits the machine numbers in new Class 4 venues may have to nine. New Class 4 venues are limited to the Petone Commercial and the Central Commercial areas with maximum limit of 19 venues and 309 machines in those areas.

While the number of both machines and venues in Te Awa Kairangi ki Tai Lower Hutt has decreased significantly since 2003; the proceeds from those machines is among the highest per machine in New Zealand. On a per-capita basis, the Te Awa Kairangi ki Tai Lower Hutt community spends more than the majority of other local authority areas. The bulk of these machines are located in medium to high deprivation parts of the community.

As of March 2021 there are 425 electronic non-casino gaming machines located across 28 venues in Te Awa Kairangi ki Tai Lower Hutt. In 2018 these machines collected over \$28 million in proceeds, with approximately \$4 million dollars² of this returned to the Lower Hutt community in the form of grants from non-club venues. The Act requires Gaming Trusts to return 40% of proceedings to the New Zealand community at large not just to Te Awa Kairangi ki Tai Lower Hutt.

The current policy, while focused on reducing gambling harm, has been largely unsuccessful in its key objective of reducing the potential harm from Class 4 gambling.

SOCIAL IMPACT ASSESSMENT: REVIEW OF THE HUTT CITY COUNCIL CLASS 4 GAMING VENUE AND BOARD VENUE POLICY 2015

The Gambling Act 2003 (the Act) requires territorial authorities review their Gambling Venue Policy at least every three years. Further, Council, in its review of its Gambling Venues Policy must have ***“regard to the social impact of gambling within the territorial authority district”*** (Gambling Act 2003 S 101 (2)).

Under the Act, Council must produce a Gaming Venue and Board Venue Policy in order to clarify whether or not Class 4 venues (Non-Casino Gaming Machine Venues, NCGMs) may be established and may also specify and describe any restrictions on the location and number of these machines that may be operated within Te Awa Kairangi ki Tai Lower Hutt.

This paper discusses both the harmful effects as well as benefits of gambling on the community and provides the basis for reviewing the current policy.

This paper is structured as follows:

1. **Introduction** - It is important to note early in this paper that although there are a number of different sources of problem gambling and gambling harm created by different types of gambling, Council only has the power under the Act to regulate and administer Class 4 gambling. This section defines Class 4 gambling.

¹ Based on the number of machines operating on 31 March 2010.

² Based on data provided by the Problem Gambling Foundation.

2. **Background** - Reviews the background of Class 4 gambling in Te Awa Kairangi ki Tai Lower Hutt, the areas where Class 4 gambling venues are prominent, a review of the areas, and the impact that problem gambling has on different communities.
3. **The Social Costs of Gambling** – This section examines the social costs for whānau and the community of gambling in Te Awa Kairangi ki Tai Lower Hutt. Although the majority of gamblers have no issues relating to problem gambling, there are a growing number of problem gamblers in society and the impacts on those people and their whānau need to be acknowledged and investigated by Council officers when considering the implications of the renewed Gambling Venues Policy.
4. **The Social Benefits of Gambling** - It is also important to investigate and identify the positive aspects of gambling in Te Awa Kairangi ki Tai Lower Hutt, including community and sports grants as well as the social, entertainment and employment opportunities.
5. **Gambling Policy and venues in Te Awa Kairangi ki Tai Lower Hutt** - Location and accessibility issues, as well as the density of venues, play an important role in the review. The Council must look at the balance of venues in relation to education, community, and religious institutions. This adds to the collective knowledge of the Te Awa Kairangi ki Tai Lower Hutt gambling environment.
6. **Conclusion** – This summarises the Social Impact of Gambling on the people and communities in Te Awa Kairangi ki Tai Lower Hutt. This will assist in the discussion around how the Council can fulfil its (limited) role in regulating Class 4 venues in Te Awa Kairangi ki Tai Lower Hutt.

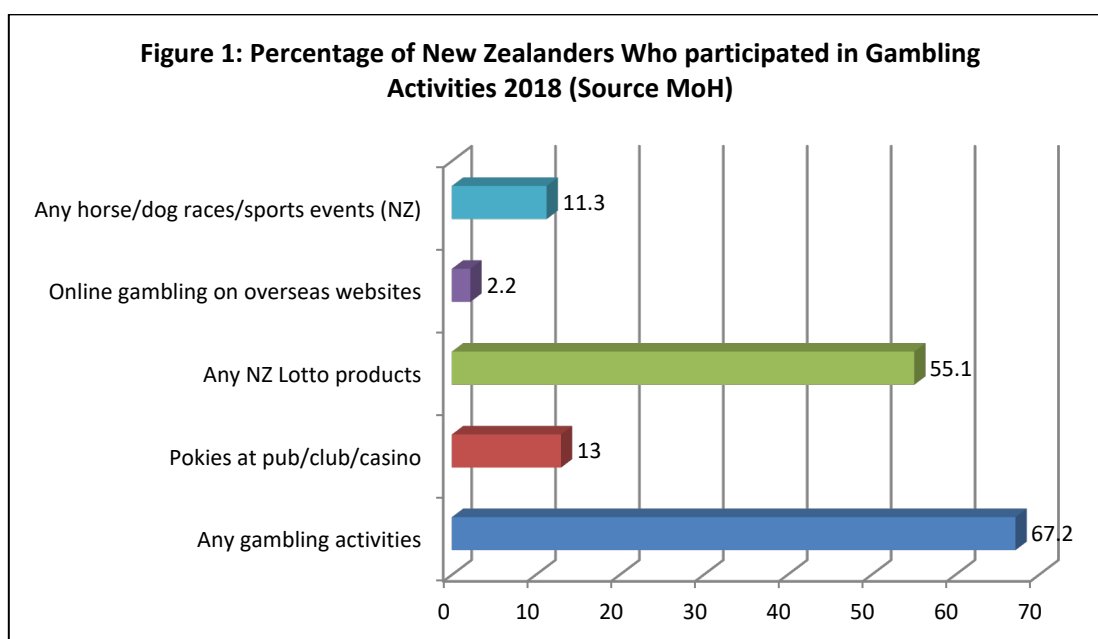
1. INTRODUCTION

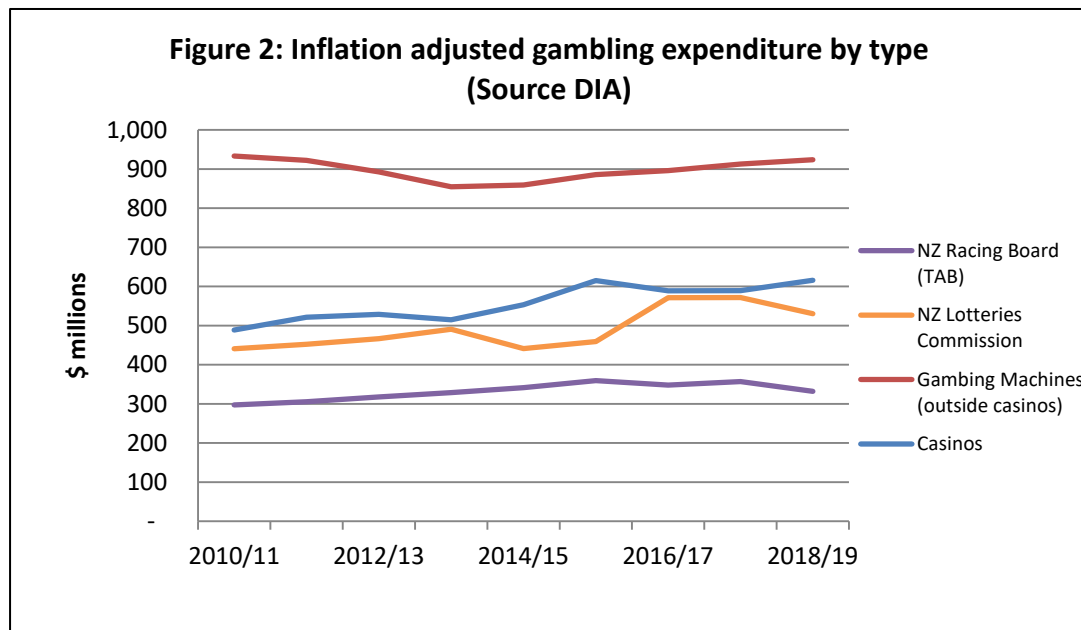
Section 30 of the Gambling Act 2003 states that;

Class 4 gambling satisfies the following criteria:

- (a) The net proceeds from the gambling are applied to, or distributed for, authorised purposes; and (b) Either –
 - (i) No commission is paid to or received by a person for conducting the gambling; or
 - (ii) The only commission that is paid to or received by a person for conducting the gambling is a commission payment to a venue operator that complies with regulations made under section 371 (1) (dd); and
- (c) There are game rules for the gambling; and
- (d) The gambling, and the conduct of the gambling, satisfies relevant game rules, and
- (e) Either-
 - (i) The secretary has categorised the gambling as Class 4 gambling and not as another class of gambling; or
 - (ii) The gambling utilises or involved a gaming machine

The Health and Lifestyles Survey (2018) points out the different levels of gambling participation in New Zealand (outlined in Figure 1). The most common gambling in New Zealand is playing LOTTO, Instant Kiwi or participating in a raffle. Approximately 13% of people participate in Class 4 gambling.





Despite the majority of gamblers taking part in Lotto, as shown in Figure 1, data provided by the Department of Internal Affairs indicates that Class 4 gambling receives the highest proportion of money spent on gambling across New Zealand. Figure 2 identifies the four forms of gambling on which New Zealanders spend the most amount of money.

2. BACKGROUND

The Gambling Act 2003 (The Act) allocates responsibility for the administration of Class 4 gambling to the Department of Internal Affairs with both the Ministry of Health and Territorial Authorities having specified roles.

Administration of Gambling Machines

The Department of Internal Affairs is responsible for administering and regulating gambling in New Zealand. The Ministry of Health plays an important role through monitoring and funding of the problem-gambling Foundation. The role played by Council is limited to the powers provided under Section 101 of the Act:

Territorial Authority must adopt Class 4 venue policy

(1) A territorial authority must, within six months after the commencement of this section, adopt a policy on Class 4 venues.

(2) In adopting a policy, the territorial authority must have regard to the social impact of gambling within the territorial authority district.

(3) The policy –

(a) Must specify whether or not Class 4 venues may be established in the territorial authority district and, if so, where they may be located; and

(b) May specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue; and

(c) May include a relocation policy

(4) In determining its policy on whether Class 4 venues may be established in the territorial authority district, where any venue may be located, and any restrictions on the maximum number of gaming machines that may be operated at venues, the territorial authority may have regard to any relevant matters, including:

(a) The characteristics of the district and parts of the district

(b) The location of kindergartens, early childhood centres, schools, places of worship, and other community facilities

(c) The number of gaming machines that should be permitted to operate at any venue or class of venue

(d) The cumulative effects of additional opportunities for gambling in the district

(e) How close any venue should be permitted to be to any other venue

(f) What the primary activity at any venue should be.

(5) A relocation policy is a policy that sets out if and when the territorial authority will grant consent in respect of a venue within its district where the venue is intended to replace an existing venue (within the district) to which a Class 4 venue licence applies (in which case section 97A applies).

Racing Industry Board

The Act provides for the Council to give consent for the New Zealand Racing Board to establish a board venue. The Council policy is that a TAB venue may be established to enable people who wish to participate in race and sports betting to do so in accordance with the Racing Act 2003.

The Council has put restrictions on the number and location of Racing Board venues and requires that the Racing Board seek consent from Council to establish each new venue. Venues are limited to

certain zones³ within the city and must meet application and fee requirements. If a board venue includes Class 4 machines it must meet the 2015 Class 4 policy requirements.

In Te Awa Kairangi ki Tai Lower Hutt, the Council policy also states that where a TAB Board Venue is adjacent to or adjoining an established Class 4 venue, the TAB board venue is prohibited from operating Class 4 gaming machines.

The NZRB has two authorised purposes:

- 80 percent of proceeds from their NCGMs go to racing purposes for the costs of promoting, controlling and conducting a race meeting. This benefits (directly and indirectly) all race meetings held at Trentham Race Course. Furthermore, \$79k of funding was approved against the cost of installing a new running rail at Trentham Racecourse during their 2019 financial year.
- Up to 20 percent of the net proceeds from the NZ Racing Board's gaming operation are distributed to communities across NZ through amateur sporting organisations.

Legislative Framework

The Gambling Act 2003 classifies gambling based on the amount of money spent and the risk of problem gambling associated with an activity. Classes of gambling range from Class 1, representing low-stake, low-risk gambling, to Class 4, which represents high-risk, high-turnover gambling. Class 4 gambling is a common form of entertainment in New Zealand.

Section 30 of the Act relates to Class 4 Gambling, which involves gaming machines located outside of a casino. This states Class 4 gambling may only be conducted by a corporate society that must have measures in place to mitigate problem-gambling harm. The Act advises that Territorial Authorities may choose to develop policies that are restrictive or permissive depending on the local area.

The Class 4 venue policy must specify whether Class 4 venues may be established in the city and, if so, where they may be located. It may also specify the number of non-casino gaming machines (NCGM) that may be operated in the territorial authority and may include a relocation policy.

Territorial authority consent must be granted before a venue licence for non-casino gaming machines can be acquired from the Department of Internal Affairs.

The Act makes provisions for:

- the proportion of monies gambled or 'played' which must be returned to the player.
- the proportion of proceeds that are distributed to the venue, operator and community organisations.

Payments to venues for machines are controlled and limited, with a limited proportion of the proceeds being returned to corporate societies, and certain amounts being distributed for authorised purposes.

There are two types of corporate society:

- Those that apply funds to their own purposes (e.g. clubs)
- Those that make grants to other bodies for community purposes

The role of the Department of Internal Affairs

The Department of Internal Affairs (DIA) is the main gambling regulator and policy advisor to the Government on gambling regulatory issues. DIA administers the Act and its regulations, issues

³ Class 4 gaming venues may be established within the central commercial and Petone commercial activity areas; special commercial zones; and general recreation activity areas and special recreation activity areas subject to certain conditions.

licences for gambling activities, ensures compliance with the legislation, works with the gambling sector to encourage best practice and publishes statistical and other information concerning gambling. It is also responsible for limiting the opportunities for crime and dishonesty associated with gambling and ensuring gambling proceeds benefit the community.

DIA's role includes key regulatory aspects of gambling-harm prevention and minimisation. It works with a range of stakeholders, including the gambling industry and gambling-harm service providers, to encourage and support venues to provide a 'culture of care' towards gamblers.

The role of the Ministry of Health

Since 1 July 2004, the Ministry has been responsible for developing and implementing the 'integrated problem-gambling strategy focused on public health' that is described in section 317 of the Gambling Act 2003. The Act states that the strategy must include:

- measures to promote public health by preventing and minimising the harm from gambling (see below for a definition of harm).
- services to treat and assist problem gamblers and their families and whānau.
- independent scientific research associated with gambling, including (for example) longitudinal research on the social and economic impacts of gambling, particularly the impacts of gambling on different cultural groups.
- evaluation.

The Act defines a 'problem gambler' as a person whose gambling causes harm or may cause harm. It further states that 'harm':

- a) means harm or distress of any kind arising from, or caused or exacerbated by, a person's gambling; and
- b) includes personal, social, or economic harm suffered –
 - i) by the person; or
 - ii) by the person's spouse, civil union partner, de facto partner, family, whānau, or wider community; or
 - iii) in the workplace; or
 - iv) by society at large.

The Ministry receives funding through Vote Health to develop and implement the strategy. The Crown then recovers the cost of this appropriation through a 'problem gambling levy' paid by the main gambling operators.

The role of territorial authorities - Policy setting of city limits

Territorial authorities are required to adopt a Class 4 Gambling Venue Policy, with the policy being required to have been through a special consultative procedure as detailed in S.83 of the Local Government Act 2002.

The Act requires territorial authorities review their Gambling Venue Policy at least every three years. During the last review, amendments to The Act also required that Councils consider whether to adopt a relocation policy. Hutt City Council agreed in 2015 that venues with more than nine machines may relocate from one suburban area to another without reducing the number of machines they operate.

The requirement for territorial authorities to maintain Class 4 gambling venue policies is intended to provide communities with the opportunity to have some influence over Class 4 gambling in their community and, in particular, to be able to control where venues may be established and the permitted number of gaming machines at each venue. The Act, however, only provides limited ability for a local authority policy to influence venues established prior to 2001.

For Te Awa Kairangi ki Tai Lower Hutt, the maximum number of permitted Class 4 machines is currently set at 545. Additionally, Clause 1.7 of the current policy restricts the types of venues that can hold Class 4 to those that are:

- for sporting activities
- for the sale of liquor or for liquor and food
- the activities as a venue owned or leased by the New Zealand Racing Board, and used mainly for racing betting, or sports betting, or as a racecourse.

Participation in gambling

As noted above most New Zealanders gamble at least occasionally. The most recent data from the Ministry of Health funded Health and Lifestyles Survey⁴ show that:

- 70 percent of respondents (about 2.7 million New Zealanders aged 15 years and older) had participated in some form of gambling in the past 12 months. The overall past-year gambling rate decreased overall between 2006/07 and 2017, but remained unchanged after 2012.
- Levels of gambling participation reduced between 2006/07 and 2016 across all age groups; rates for 15–17-year-olds showed the greatest reduction, and rates for people aged 45 years and over showed the least reduction. Gambling participation rates for Māori and Pacific peoples also showed a reduction.

The Act identifies four types of gambling that contribute significantly to gambling harm and are subject to the problem gambling levy:

- non-casino gaming machines (or 'pokies') operated by clubs, societies and some TAB venues
- the mixture of table games and gaming machines provided by casinos
- sports and race betting provided by the New Zealand Racing Board at raceways and through TAB venues (some TAB venues also operate)
- a range of lottery products provided by the New Zealand Lotteries Commission, including the national lottery, Keno and Instant Kiwi (scratch) tickets

Limits on machine numbers

The Act also limits the maximum number of gaming machines permitted at any venue.

In general, venues which held a Class 4 venue licence on 17 October 2001 can operate up to 18 machines, while venues with a Class 4 venue licence issued after this date are able to operate up to nine machines, as long as the Council venue policy allows this (s.89 – 97). There is the option of applying for Ministerial discretion to permit more machines at some sites, e.g. up to 30 at any existing venue where two or more clubs want to merge, or up to 18 for new club venues. This is on the provision that, amongst other things, the territorial authority has issued a consent that is consistent with its Class 4 gambling venue policy (s.95 – 96).

⁴ <https://www.hpa.org.nz>

The level of revenue⁵ generated from Class 4 Gaming Machines, nationally and in Te Awa Kairangi ki Tai Lower Hutt

According to the Household Economic Survey 2019 (Statistics New Zealand 2020), New Zealanders spend roughly \$126.4 million a year on all forms of entertainment, which includes games of chance. This is significantly below the reported gaming machine proceeds for the same period of \$939.1 million.

Between the June 2020 and September 2020 quarters national gaming machine proceeds increased by 116.1 percent or \$130.7 million. The increase for the September quarter reflects a return to Class 4 gambling activity following the 7 – 8 week COVID-19 lockdown period. Over the same period, gaming machine proceeds in Te Awa Kairangi ki Tai Lower Hutt showed a 125.4 percent increase.

National GMP (September 2020)		
	Quarterly GMP	Rolling 12 month GMP
Prior quarter	\$ 112,589,149.38	\$ 802,411,206.40
Current quarter	\$ 243,250,907.56	\$ 800,946,637.89
Δ	\$ 130,661,758.18	-\$ 1,464,568.51
% change	116.1%*	-0.2%

Te Awa Kairangi ki Tai Lower Hutt GMP (September 2020)		
	Quarterly GMP	Rolling 12 month. GMP
Prior quarter	\$ 3,703,189.68	\$ 25,549,029.75
Current quarter	\$ 8,348,458.11	\$ 26,053,225.26
Δ	\$ 4,645,268.43	\$ 504,195.51
% change	125.4%*	2.0%

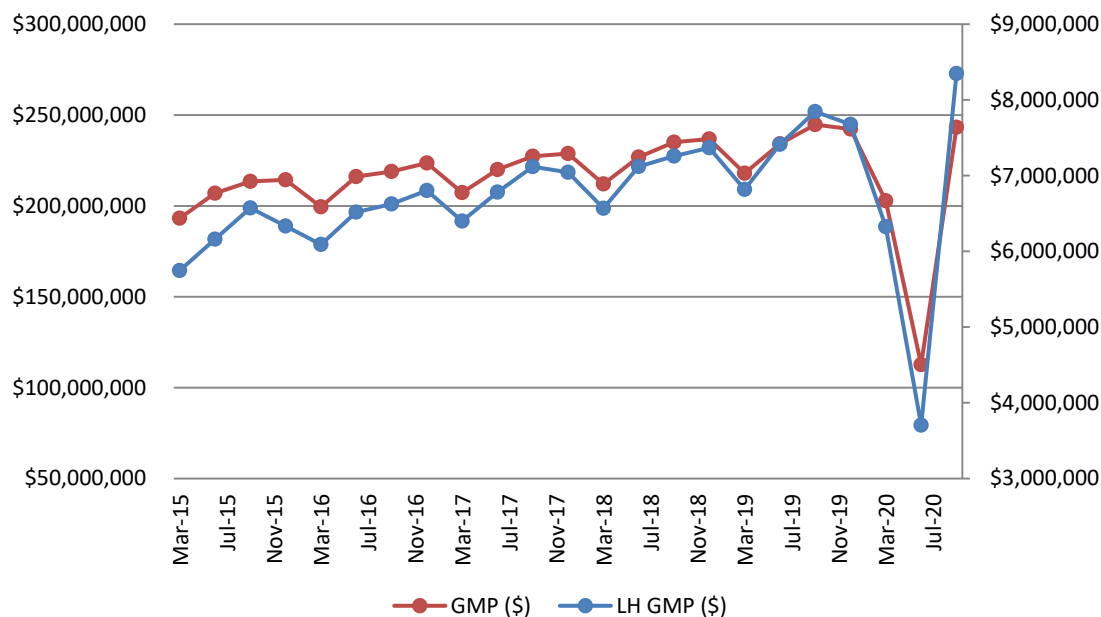
*Impact of Covid 19 lockdown

Between the March quarter of 2015 and the September quarter of 2020, Gaming Machine Proceeds for New Zealand increased by over 25 percent, during the same period Gaming Machine Proceeds in Te Awa Kairangi ki Tai Lower Hutt increased by 45.3 percent.

⁵ The odds of winning on Class 4 gaming machines

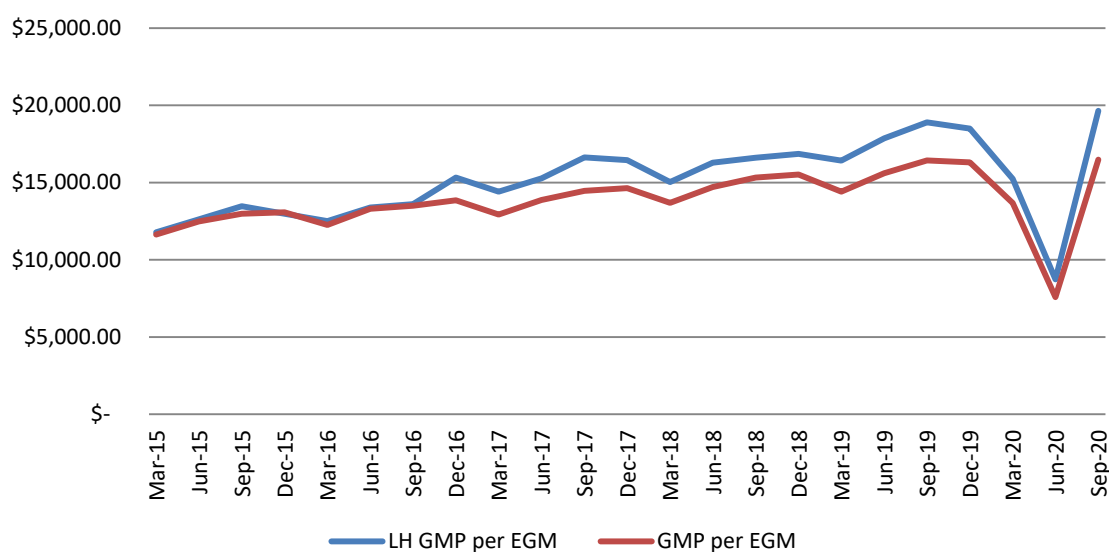
The Act requires that the theoretical 'return to player' has to be set between 78% and 92%.⁵ This is a theoretical return to player over the *life of the machine* (millions upon millions of 'plays'). At a 90% return to player, a patron is losing around 10 cents in each dollar (10%) wagered. However, this does not take into account the 'churn' factor. Churn is the situation where a player puts a dollar into a machine. After their first wager, on average they get 90 cents back. However if they make another wager and lose 10% of that, they will have 81 cents left. Then, if they wager again, will have 73 cents left.

Quarterly Gaming Machine Proceeds



Since November 2016, gaming machine profits per-machine in Te Awa Kairangi ki Tai Lower Hutt have been above the national average. In September 2020, profits per machine in Te Awa Kairangi ki Tai Lower Hutt were \$19,643 compared to \$16,487 nationally, a 19 percent or \$3156 difference.

Quarterly GMP Per Machine



In the September quarter of 2020, Gaming Machine Proceeds in Te Awa Kairangi ki Tai Lower Hutt of were \$2,601,722, or 45.3 percent, higher than in the March quarter of 2015.

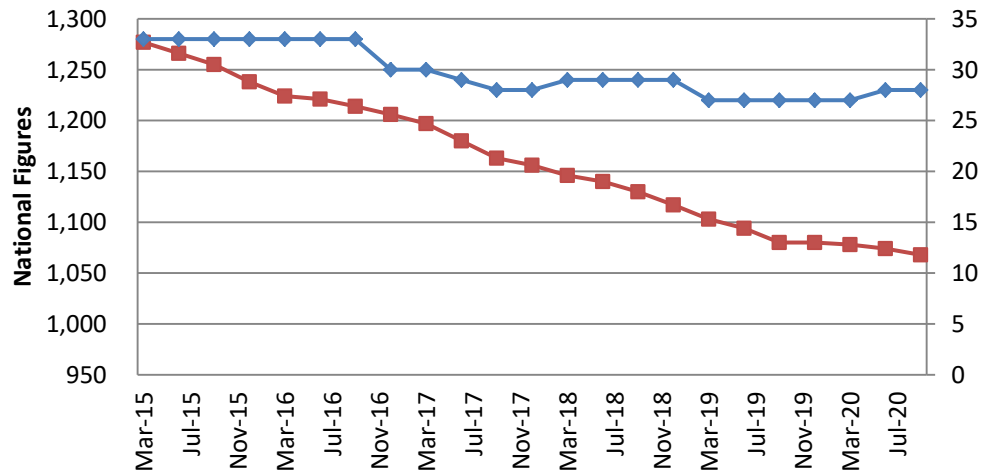
Te Awa Kairangi ki Tai Lower Hutt shows similar trends in the reduction of machines and venues when compared to New Zealand as a whole. From March 2015 to September 2020 the number of venues in Te Awa Kairangi ki Tai Lower Hutt decreased by five or 15.2 percent. Over the same period gaming machine numbers decreased by 63 or 12.9 percent. AS GMP per machine has increased, this means players are spending longer hours playing a smaller number of gaming machines, betting more per game, or more players are playing each machine.

As of September 2020, Te Awa Kairangi ki Tai Lower Hutt has 425 non-casino gaming machines spread across 28 separate venues. In the preceding 12 months these 425 gaming machines took in

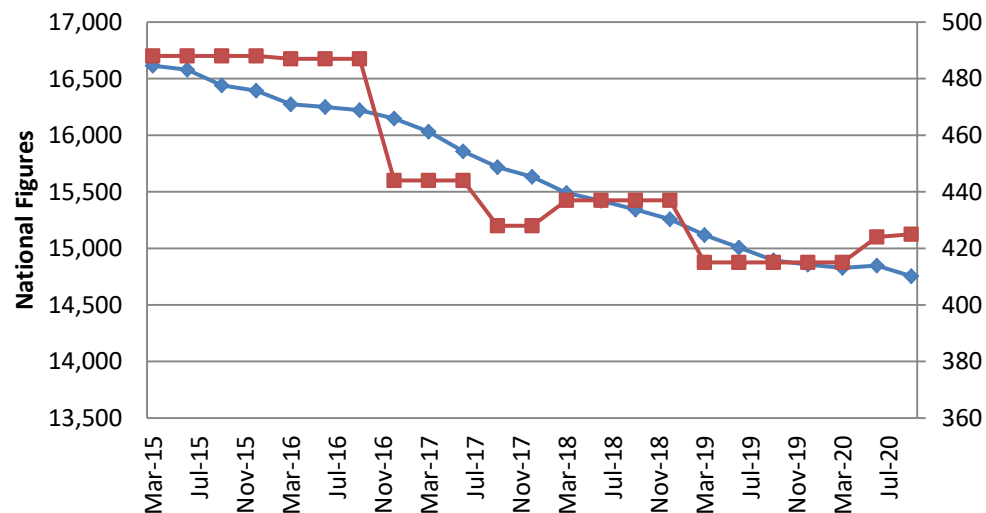
\$25.6 million despite the national lock-down due to Covid 19. This equates to \$69,500 per day and is the fourth highest level of gaming machine proceeds of any region in New Zealand.

Over the September 2020 quarter, the Te Awa Kairangi ki Tai Lower Hutt population spent an average of \$75 per-person on non-casino gaming machines; this is in the top 20 percent of all New Zealand Regions.

Quarterly Venue Numbers



Quarterly Gaming Machine Numbers

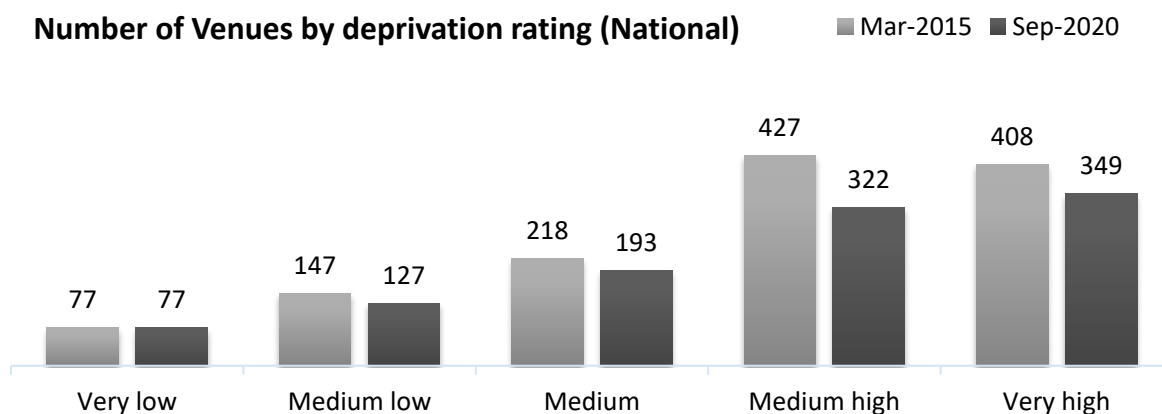


Gaming machine venues and their location based on the deprivation index.

The Ministry of Health notes that emerging research indicates higher concentrations of Class 4 electronic gaming machines located in lower socioeconomic areas. The figure below shows that approximately 50 percent of all non-casino gaming machines (which is the source of the highest risk of harmful gambling activity) are located in the most socioeconomically deprived areas. Economically, people in these areas can least afford financial losses from gambling. (Ministry of Health. 2019, Ward, A. D, et al., 2020, Hogan, S., & Siddharth, P., 2020).

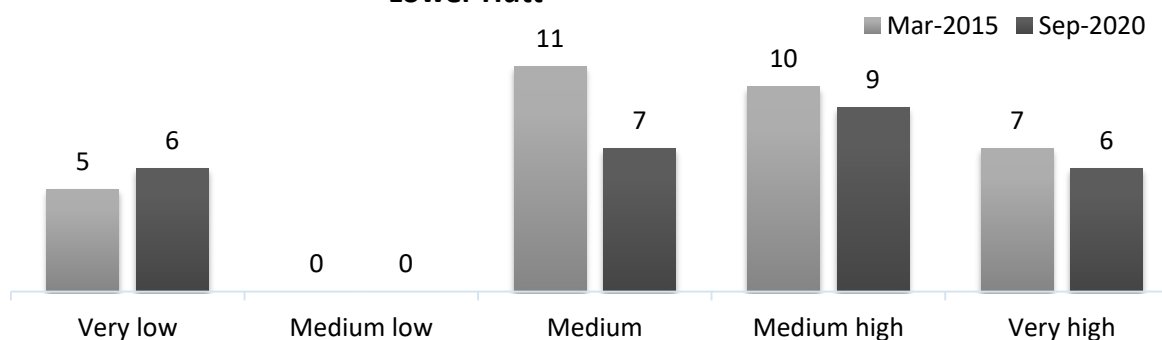
This may supports the view that gaming machine operators intentionally place machines in communities that make the most use of them and ignore the increased risk of problem-gambling behaviours in those communities (Wheeler, B. et al., 2006). Venue operators are likely, as far as current policy allows, to locate venues near large markets with low overhead costs, leading to a concentration in lower socio economic areas (Livingstone, C., et al., 2018). Given that habitual gamblers are likely to gamble close to home (Clarke, D. et al., 2010), there is likely to be a greater impact in communities with higher deprivation.

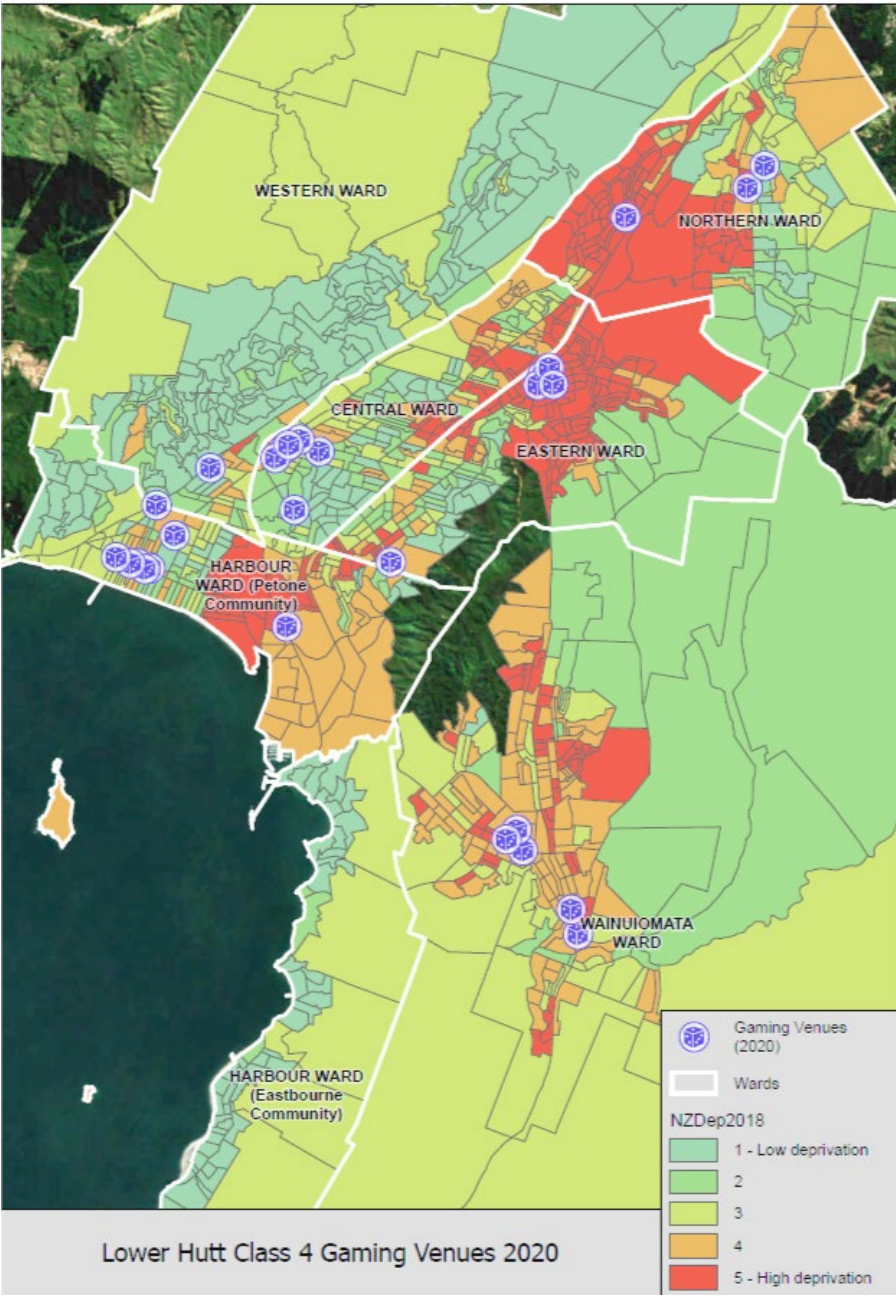
Number of Venues by deprivation rating (National)



Te Awa Kairangi ki Tai Lower Hutt sees a similar pattern, with the majority (22) of Class 4 gambling machines located in areas of medium to very high deprivation. It should be noted that, due to the lower usually resident population density in commercial and shopping areas within the city, the deprivation levels of these areas might not reflect the population making use of those venues. This applies to Petone and the central business area.

Number of Venues by deprivation rating Te Awa Kairangi ki Tai Lower Hutt





3. SOCIAL COSTS OF GAMBLING

Why do People Gamble?

Gambling can be a harmless entertainment activity from which people derive personal enjoyment and provides other positive social effects. The proceeds from non-casino gaming provide significant funding for a wide variety of community purposes. If well directed, these funds can enhance empowerment, participation and the quality of life across all types of communities.

However, gambling also has adverse effects on many individuals, their families and their communities

The Gambling Act 2003 considers the following as legal forms of gambling:

- Housie
- Keno
- Lotteries Commission products – Lotto, Instant Kiwi
- Scratch tickets • Electronic Gaming Machines in pubs, clubs, and casinos
- Track betting with the TAB
- Sports betting with the TAB
- Casino table games • Card games – e.g. poker
- Raffles
- Casino/gaming evenings

The Health and Lifestyles Survey 2016 notes that 70 percent of New Zealanders participate in some form of legal gambling activity on an occasional basis. The survey indicates that 0.1 percent of gamblers are considered problem gamblers (Thimasarn-Anwar et al., 2017).

Gaming machines in pubs and clubs (i.e. outside a casino) represent 'Class 4' gambling, which the Gambling Act 2003 classifies as high-risk, high-turnover gambling. Class 4 gambling may only be conducted by a corporate society and only to raise money for an authorised (e.g. community and non-commercial) purpose.⁶ The Gambling Act provides for Class 4 gambling to be permitted only where it is used to raise funds for community purposes.

Around 20 percent of adults in New Zealand do not gamble at all. Most of those who do gamble play Lotto, which is relatively low risk for problem gambling. The overwhelming majority of adults do not play non-casino gaming machines, do not gamble in casinos, do not bet on horse or dog races, and do not bet on sports events, all of which are higher risk.

This means that the overwhelming majority of adults in New Zealand do not participate even occasionally in “continuous” forms of gambling (i.e. forms of gambling like gaming machines, casino gambling, horse and dog race betting, and sports betting, in which players can bet and collect any winnings again and again very rapidly).

Gambling-related harm is a real and continuing issue in New Zealand. Gambling harm extends to significant health, social, and economic implications. However, gambling is a form of consumption and behaviour that is characterised by Reith (2007) as ‘...the consumption of nothing at all’. Gambling by its very nature is an insubstantial activity having limited benefits for the gambler.

Harmful gambling can have lifelong consequences for an individual and seriously affect their wider group of family and friends. It is clear that harm can also result from gambling behaviour that does not

⁶ [https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Casino-and-Non-Casino-Gaming-Gambling-in-Pubs-and-Clubs-\(Class-4\)?OpenDocument](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Casino-and-Non-Casino-Gaming-Gambling-in-Pubs-and-Clubs-(Class-4)?OpenDocument)

reach clinical criteria for “problem-gambling”, that is, gambling considered ‘low risk’ or ‘moderate risk’ may involve experience of harm (Thimasarn-Anwar et al., 2017). This indicates that Council should look beyond the definition of “problem-gambling” when investigating the impact of Class 4 gambling in the region.

Harm may include damage to relationships, emotional and psychological distress, disruptions to work or study, loss of income and the financial impacts of gambling, and potentially fraud and related crimes, which can also impact negatively on the gambler’s family, whānau and community. It may also cause financial stress and anxiety and contribute to child neglect and family violence (Government Inquiry into Mental Health and Addiction, 2018).

Expenditure on Class 4 gambling comes from the most deprived parts of the community and people in those areas spend up to three times as much on Class 4 gambling when compared to those who live elsewhere (Ward et al., 2020), contributing to the costs and harms of gambling.

According to the 2016 Health and Lifestyles Survey, Class 4 gambling is most prevalent amongst:

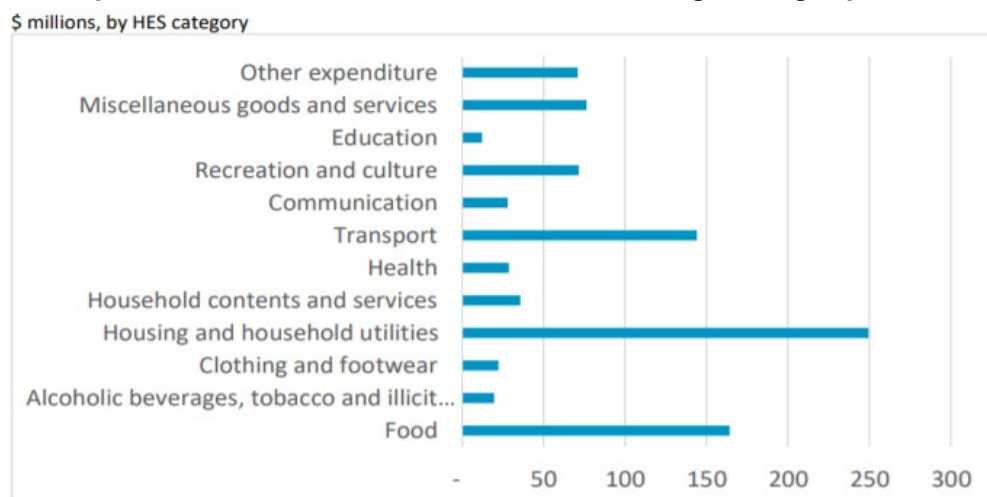
- Māori
- Younger people (18-24 and 25-44)
- Moderate-risk and problem gamblers
- People from areas of mid and high socioeconomic deprivation.

Lower Hutt's population in areas of high deprivation reflects a much higher proportion of people who identify as Māori or Pacific than Lower Hutt’s areas of low deprivation.

He Ara Oranga (2018) identified addiction as a serious public health issue, noting that respondents criticised the subtle normalisation of alcohol, other drugs and gambling within our society over past decades. They pointed to the increasing number of liquor and gambling outlets, their placement near schools and in poorer communities, and the failure of ‘tough on drugs’ policies to restrict availability.

Recent research using Household Economic Survey and Statistics New Zealand economic and employment data, undertaken by New Zealand Institute of Economic Research (NZIER), indicates Class 4 gambling imposes a cost on the wider New Zealand retail sector (economic cost) calculated at \$445 million in 2018/19, with the loss of an associated potential 1127 full-time equivalent jobs (Hogan, S., & Siddharth, P. 2020). The analysis indicates that the retail sector generates four jobs per million dollars in sales from diverted gambling expenditure. Additionally, the study suggests that if families were not participating in gambling activities that:

- \$250 million would go towards housing and household utilities
- approximately \$160 million would be spent on food
- approximately \$145 million would be spent on transport
- other categories of expenditure would receive between \$12 million and \$76 million (ibid)

Expected distribution of 2018/19 diverted Class 4 gambling expenditure

Source: NZIER

Doubling the participation rate for in-range households has the effect of cutting their expenditure in half, to an average of \$62.50 per week for households in low deprivation areas and an average of \$86.50 for households in high deprivation areas. REF

UPDATE TABLE REF

Table 3 Weekly participating household expenditure by area deprivation under 2 participation scenarios

Participation scenario	Area deprivation		
	Low	Medium	High
National participation rate in in-range communities	\$125.12	\$113.88	\$173.05
Double national participation rate in in-range communities	\$62.56	\$56.94	\$86.53

Source: NZIER

According to the Household Economic Survey (2018-19) from Stats NZ, household expenditure varies significantly in amount and proportion to specific categories, depending on household income. Unsurprisingly, lower income households tend to spend a lower amount but a greater proportion of their total expenditure on necessities, including food and housing (\$362 per week or 48 percent in total, compared with \$811 or 38 percent in total for high-income households) and a smaller proportion on other categories of expenditure. REF

Table 4 Weekly expenditure by household income level on household necessities

\$ 2019 (% of total expenditure)

	Low income households	Medium income households	High income households
Food	\$142 (19)	\$213 (17)	\$342 (16)
Housing and household utilities	\$220 (29)	\$325 (26)	\$469 (22)
Health	\$27 (4)	\$34 (3)	\$63 (3)
Transport	\$112 (15)	\$194 (16)	\$329 (16)
Education	\$10 (1)	\$12 (1)	\$35 (2)
Other categories combined	\$239 (32)	\$460 (37)	\$858 (41)
Total	\$750	\$1,238	\$2,096

Source: Stats NZ, Household Expenditure Statistics 2018-19

UPDATE TABLE REF**Measurement of gambling harm**

The Ministry of Health (2019) notes gambling harm can be measured in a variety of ways. The problem-gambling Severity Index differentiates between different types of harm and frequency of harm occurring, as reported by survey respondents. The problem-gambling Severity Index is commonly used to screen and categorise three levels of harm: severe or high risk (problem gambling), moderate risk and low risk. While the proportion of the New Zealand population at risk of gambling harm is currently at the lowest level seen for 25 years, the level of harm in the overall population has remained relatively stable for the last five to seven years, at about five percent (Abbott et al., 2018; Thimasarn-Anwar et al., 2017). This plateau effect has also been observed overseas (Abbott, 2017).

Another measure of gambling harm is the burden on health-related quality of life. Recent research shows that the total burden of harm that gamblers experience, calculated as the decrease in health-related quality of life years, is greater than that people with common health conditions (such as diabetes and arthritis) experience, and approaches the levels seen with anxiety and depressive disorders (Ministry of Health, 2019)

Importantly, the harm to gamblers partaking in low-risk gambling was significant, at nearly 50 percent of all gambling harm.⁷ Recent research shows that one in five New Zealand adults (22 percent) are affected at some at time in their lives by their own gambling or the gambling of others. Estimates suggest that, in New Zealand during 2017, 37,000 people aged 15 years or older were at high risk of harm from gambling or were 'problem gamblers'; about 47,000 were at moderate risk and a further 106,000 were at low risk but would experience gambling-related harm during their lifetime (Thimasarn-Anwar et al., 2017).

Forms of gambling associated with gambling harm

Gambling provided through the four gambling sectors identified by the Act poses the greatest risk of gambling harm in New Zealand. The most harmful form of gambling in New Zealand is non-casino gaming machines at pubs/clubs (defined in the Act as class 4); this has been the case for many years.

⁷The 2017 study Measuring the Burden of Gambling Harm in New Zealand estimated that years of life lost to incapacity as a result of harms from gambling was 161,928 in 2012. Of this number, 67,928 were lost to gamblers themselves and 94,729 were lost to people effected by someone else's gambling.

Most money spent on gambling in New Zealand comes from the relatively limited number of people who play non-casino gaming machines, and most clients accessing problem-gambling intervention services cite pub/club pokies as a primary problem-gambling mode. The National Gambling Study 2014 found that at-risk and problem gamblers accounted for over half of total (estimated) electronic gaming machine expenditure in 2015 (moderate-risk and problem gamblers 28percent; low-risk gamblers 24%)(Ministry of Health. 2019). Similarly, the Health and Lifestyles Survey 2016 found that almost half (49%) of people who played non-casino gaming machines in pubs or clubs at least once a month had at least some level of gambling harm (Ministry of Health. 2019).

Groups vulnerable to gambling harm

Ministry of Health commissioned research indicates that Māori and Pacific peoples, some Asian communities and people on lower incomes disproportionately experience gambling harm (Palmer du Preez et al., 2019, Bellringer et al., 2016, Thimasarn-Anwar et al., 2017, Ministry of Health. 2019).

In 2017 Thimasarn-Anwar et al., found that gambling harm is experienced disproportionately by those living in areas with a high social deprivation index score (8/10 or higher). People in these areas who were 4.5 times as likely to experience gambling-related arguments or money problems related to gambling as those in the general population. The study found that Māori and Pacific adults were more likely to develop problems from gambling (i.e., to become a low-risk, moderate-risk or problem gambler) than European/other New Zealanders. Asian people also experienced a slightly higher risk. Importantly, while inequalities between population groups by age, social deprivation, gender and ethnicity have reduced in absolute terms, in relative terms, disparities in exposure to gambling and experience of gambling-related harm persist, and have been relatively static over the past five years (ibid).

Māori, Pacific peoples and Asian peoples are each more than twice as likely to experience moderate to severe gambling harm than the European/other population.

Women and children

Prior to the introduction of electronic gaming machines to New Zealand in the 1980s, gambling was a predominantly male dominated activity. Since that time women's participation and problems associated with gambling have increased (Palmer et al, 2019, Bunkle, P. 2009). Despite this change, gambling studies have traditionally associated problem gambling and its treatment with men. However, recent studies (Palmer et al., 2019; Craig, 2016; Fursman & Callister, 2009) suggest that women affected by gambling are positioned as adjunct to the psychological treatment and support needs of gambling men. This indicates that problem-gambling interventions should be increasingly focused on the needs of women. Palmer et al., (2019) found that the practices of individual women affected by gambling harm tend to be problematised in gambling studies, while industry and governmental practices have in most instances remained unquestioned. This problematisation marginalises women's voice and positions women as passive actors in the practice of gambling and associated interventions to reduce harm (ibid).

The impact and influences on women's harmful gambling behaviour in New Zealand broad and complex. Gambling studies have shaped responses to preventing and minimising women's gambling harm; tending to focus attention narrowly on individual women's psychological wellbeing. Women's sociocultural positioning as primary caregivers for families contributes to gambling harm by placing unrealistic expectations on women while simultaneously constraining their ability to prioritise their own wellbeing and access rest, relaxation and support. Additionally, gambling venues in local communities appear to offer women respite, distraction, comfort, time-out and/or connection while placing them at heightened risk of experiencing problems and harm (Palmer et al., 2019).

Palmer et al. (2019) also found that the current conceptualisations of women in gambling studies tend to focus on women as individuals, ignoring and obscuring the wider social and cultural determinants of gambling and harm. Key social determinants of women's gambling harm include women's exposure to poverty, discrimination, trauma and harassment, combined with socially and culturally prescribed responsibility for domestic and emotional labour.

Addressing gambling harm for women can be linked to improving the position of women in New Zealand society more generally.

There is also a strong correlation between gambling and family, whānau or partner violence: 50 percent of problem gamblers also experience family or whānau violence. Women, who are commonly the primary caregivers within their family or whānau, are also particularly vulnerable to the economic strain caused by problem-gambling (Bellringer et al., 2016).

“Family violence covers a broad range of controlling behaviours, commonly of a physical, sexual and/or psychological nature that typically involve fear, intimidation or emotional deprivation. It occurs within a variety of close interpersonal relationships, such as between partners, parents and children, siblings, and in other relationships where significant others are not part of the physical household but are part of the family and/or are fulfilling the function of family” (Ministry of Social Development, 2002, p8).

In their paper, Bellringer et al. (2016) summarise that gamblers understate effect of their gambling on family/whānau members even though whānau, children and home life were all negatively affected, leaving whānau members to develop various strategies to deal with the gamblers behaviour.

The recent Auckland University of Technology report *Pacific Islands Families Study 2014: Mother and Youth Gambling* found that risk factors for gambling among mothers studied included alcohol consumption, being a victim of verbal abuse, and increased deprivation levels (Bellringer et al., 2016). Pacific peoples make up 21 percent of all people seeking treatment for gambling harm.

There is evidence that children and young adults are exposed to considerable gambling messaging; for example, through advertising, which can help to normalise gambling behaviours (Signal et al., 2017).

The commonalities between problem-gambling and other addictions, mental health issues and other health issues indicate there is a case for the councils gambling policy to take a wellbeing approach. This is underlined by the consistent association between problem-gambling and a range of co-existing health issues such as higher levels of smoking, hazardous alcohol consumption and other drug use, as well as higher levels of depression and poorer self-rated health. Comorbidity is an indication that a person may require holistic services (Auckland University of Technology 2017).

A public health approach requires that harms from gambling be looked at as more than individual problems, but as issues that also affect families and communities. Bellringer, et al. (2021) further expand this concept as, ‘A public health approach offers a broad perspective on gambling, recognising that there are physical and mental health, and social and economic costs as well as benefits for individuals, their family and whānau, and communities. Policy and intervention strategies are, therefore, developed to minimise harms while balancing the benefits gained from gambling’.

Te Awa Kairangi ki Tai Lower Hutt has a higher than average level of non-Casino Gaming Machines, gambling expenditure per capita and a substantial proportion of Te Awa Kairangi ki Tai Lower Hutt's population in groups that have a higher risk of developing problems with gambling. Given that, it is likely that Class 4 gambling activities in the city generate negative effects locally, beyond that evident in a simple reading of the available ‘problem-gambling’ data.

What are the controls to limit problem gambling?

Problem gambling is gambling that causes or may cause harm to an individual, his or her family, or the wider community. Problem gambling is most commonly associated with gaming machines.

Approximately two in five regular gamblers on gaming machines experience problems with gambling.

In New Zealand, problem-gambling treatment utilisation is used to measure gambling harm. The Ministry of Health, however, estimates that only about sixteen percent of people experiencing harm seek help from these services.

Sometimes the harm may result from just one gambling session. In other cases, it might be the result of regular gambling sessions over a period of time and involving substantial amounts of money. A key intention of the Gambling Act 2003 is controlling the growth of gambling and preventing and minimising the harm caused by gambling.

The Gambling (Harm Prevention and Minimisation) Regulations 2004 provide a range of measures and requirements concerning how Class 4 Venues need to operate. This includes a requirement to give venue staff problem-gambling awareness training as well as the ability to issue exclusion orders to patrons. Despite this, the 2018 Health and Lifestyle survey found that, of those who responded to the survey, no pokie player reported that pub and club staff had approached them about their gambling and 90 percent of respondents felt the gaming area was unmonitored (Health and Lifestyles Survey, 2018)

Self-Exclusion Orders

Self-exclusion means, if a patron identifies him or herself as a person having a gambling problem, they can ask a gambling venue(s) to exclude them from the gambling area of the venue for a period of up to two years.

Multi-Venue Exclusion

Multiple Venue Exclusion (MVE) is an extension to single venue self-exclusion. It allows gamblers to self-exclude from multiple venues without having to visit each individual site. It has been used as an intervention tool in New Zealand since 2004.

A Multi Venue Exclusion is generally initiated by a problem gambling service provider on behalf of a client who has opted to self-exclude from the gambling venues of their choice. If a gambler requests self-exclusion at a venue, the venue manager must exclude the individual immediately and should help them contact the local MVE coordinator and exclude that gambler from their venue.

Intervention services

Every year, some of the people described above seek help from services funded by the Ministry of Health for problems stemming from their own or someone else's gambling. In the 2017/18 year, over 5,400 people sought help nationally from services funded by the Ministry for these issues. Most of these people were in crisis. If brief interventions in non-clinical settings were included in the analysis, the total would increase to more than 11,600⁸ (Ministry of Health. 2019)

Analysis of Ministry of Health gambling service administrative data shows that of the approximately 5,400 gamblers who sought treatment in 2017/18:

- 39 percent identified as European/other

⁸ Ministry of Health Intervention [client data website](https://www.health.govt.nz/our-work/mental-health-and-addictions/gambling/service-user-data/intervention-client-data). <https://www.health.govt.nz/our-work/mental-health-and-addictions/gambling/service-user-data/intervention-client-data>

- 31 percent identified as Māori
- 21 percent identified as Pacific peoples
- 9 percent identified as East-Asian
- 56 percent were men
- the average age was 42 years.

Of the 2,702 screened for co-existing problematic alcohol or drug use, 67 percent were identified as having a co-existing issue (Ministry of Health. 2019).

It is apparent that a number of New Zealanders who would benefit from gambling harm intervention are not seeking help. The current levels of people presenting for services are substantively lower than expected, representing only 16 percent of the number estimated to be affected by moderate to severe gambling harm (Thimasarn-Anwar et.al, 2019, Ministry of Health. 2019).

The Ministry of Health notes that likely causes for this are the high level of stigma associated with gambling harm and societal attitudes towards gambling, as well as cultural, language and other barriers (Ministry of Health. 2019). This position supports the view that, although the construction of 'the problem gambler' is more visible and knowable using screening tools, the population of 'problem gamblers' is largely hidden and unrecognised and fails to present for treatment (Reith, G., 2007).

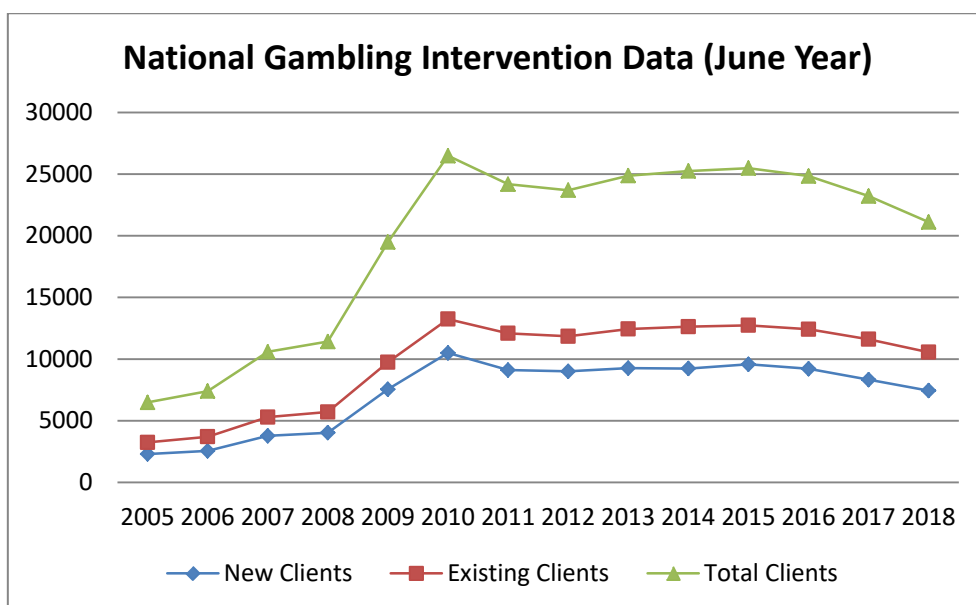
While it is necessary to address the needs of those who have already developed a serious gambling problem and who need specialist help, it is clear that earlier prevention-focused interventions could help individuals and their families, whānau and communities to avoid developing harmful gambling behaviours and associated higher risks of harm. The gaming industry also has a part to play in reducing the impacts of Class 4 Gaming machine as gambling products are not immutable and can be modified to reduce the likelihood of harm.

This approach aligns closely with public health programmes in the mental health and addictions areas of alcohol, tobacco and drug use, and family, whānau and partner violence prevention. The basis for such an approach is the assumption that problematic gambling behaviour can be transformed (Reith, G., 2007).

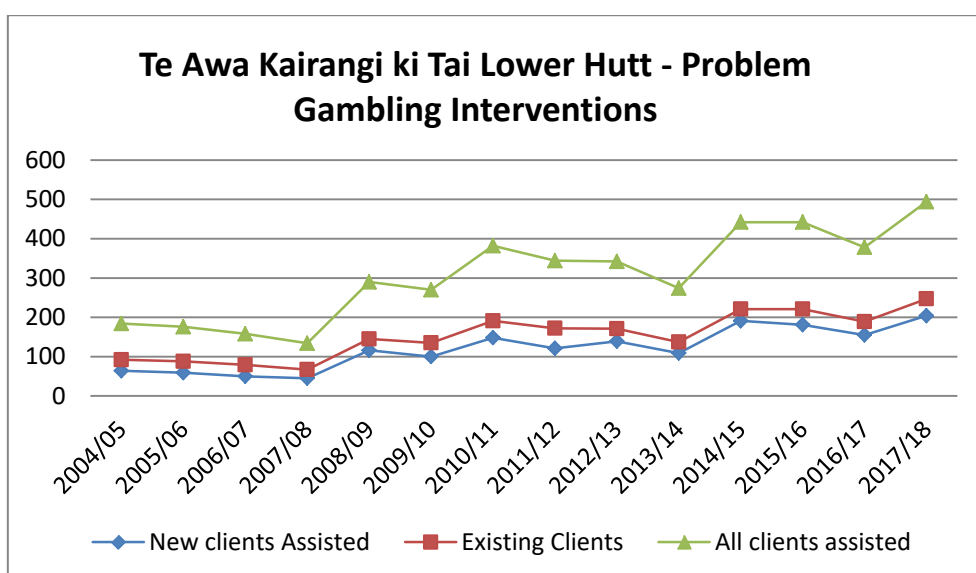
Providers

There are two national providers of problem-gambling services – the Problem Gambling Foundation of New Zealand and The Salvation Army's Oasis Centre for Problem Gambling – as well as a number of regional or local providers, including providers of services for Māori and Pacific peoples. Asian services are provided by the Asian team of the Problem Gambling Foundation NZ.

Intervention client data – clients seen by Ministry of Health funded intervention services nationally.



Intervention client data – clients seen by Ministry of Health funded intervention services in Te Awa Kairangi ki Tai Lower Hutt:



¹ New Clients – The number of clients that have contacted an intervention service for the first time in the period for psychosocial support either by phone or face-to-face in this Territorial Authority

² Total number clients assisted in this year in this Territorial Authority (includes new clients and clients who first contacted a service in a previous year)

The total number of clients seen by intervention services in Te Awa Kairangi ki Tai Lower Hutt has increased by 69 percent between 2013/14 (171) and 2017/18 (247).

Problem-gambling Intervention Services in Te Awa Kairangi ki Tai Lower Hutt

Interviews conducted with local field staff from The Salvation Army, Oasis and Problem Gambling Foundation illustrate their experience working with problem gamblers and their whānau within Te Awa Kairangi ki Tai Lower Hutt.

Both the agencies agreed that the Ministry of Health intervention service data supports their experience that problem gambling is increasing and expected to get worse. It was also noted that these Ministry of Health data only represent a small proportion of the actual impact on the Te Awa Kairangi ki Tai Lower Hutt community.

When asked if the type of assistance they provide has changed over time, both agencies indicated around 80 percent is a result of pokie machines. Often a person is in crisis when contact is initiated. While agencies always encourage earlier intervention, problem gamblers become very good at learning how to hide their problem and lie about it. This makes the issues more complex and the subsequent interventions to change problem gamblers behaviour more difficult.

Anecdotal evidence indicates that both the incidence and prevalence of people using methamphetamine and then gambling is growing – and that this can occur in waves. Using methamphetamine gives gamblers the ability to stay awake for long periods and gambling gives them something to do.

The agencies agree the ability for problem gamblers to ‘kick the habit’ is the same or similar to an alcoholic – that is, one drink (“just one game...”) can tip them over again. Abstinence is best; totally stop gambling. There is the need for a problem gambler to also develop and retain the motivation to stop gambling. Relapse is not uncommon, often triggered by life events to do with family, work or unexpected events. Often there is a need to change current habits, e.g. change travel routes so they avoid going past a pokie machine venue.

Both agencies noted the TAB system for blocking people from gambling works well. However, for gaming machine venues exclusion orders can be established for 3, 6, 12 or 24 month periods but then a new order needs to be lodged. Some pokie venues operate a good monitoring and blocking system however, some venues were not so good. Problems may start when only one person is on duty at a pokie venue and may be less inclined to ask someone to leave because they have been gambling too long. A recent example noted was an instance where a staff member was aware a person was on a pokie machine too long but was reluctant to intervene, as that person was similar in age to her uncle. The staff member was not going to tell him to leave the gambling machine venue.

The Health Promotion Agency host training pack is considered by the agencies as a good training resource.

The agencies also mentioned that there is notable prisoner population in the region. This creates a high risk for prisoners to start gambling again when released, especially if there is not anything in place to help support the move out of prison. Having low or no income and time on their hands can lead to the resumption of gambling.

People experiencing gambling harm often do not seek help at all or until it's too late. According to a report by Auckland University of Technology, ‘It is estimated that the actual presentation rate for problem gamblers is somewhere between 25 percent and 30 percent, and for problem and moderate-risk gamblers combined is between seven percent and ten percent.’ (Auckland University of Technology. 2017). It is likely that the presentation numbers for problem gamblers in the Te Awa Kairangi ki Tai Lower Hutt area represents a significant under-estimation of the actual problem.

4. SOCIAL BENEFITS OF GAMBLING

As noted previously, the available data, reinforced by the bulk of policy commentary and advice, indicates that gambling is a common activity for between 70 and 80 percent of New Zealanders and for the vast majority of those individuals there is little to no risk of harm or addiction. This suggests, on the data available, that most people gamble safely. Only a small proportion of gamblers are harmed, and those individuals have susceptible, usually compulsive, personalities. If they were not gambling it would be, and often is, some other addictive type of activity. (Bunkle & Lepper. 2004, Palmer du Preez et.al, 2019).

This implies (naively) that there is no, or a very limited, net social cost to gambling, and that it is possible to reap the benefits of increased economic activity and development in deprived communities, without any net loss. This is a simplistic and unlikely proposition given the actual harm attributable to gambling activities.

Over time, the reasons gamblers give for engaging in gambling have remained relatively unchanged. More than half of all gamblers consistently state that they gamble in order to win money (Bunkle & Lepper, 2004, Tse, S., et al., 2012). Secondary benefits attributed to gambling, particularly Class 4 gaming, are the social connectedness, and general feeling of wellbeing that individuals self-report (Palmer du Preez et.al, 2019, Thimasarn-Anwar et.al, 2019, Ministry of Health. 2019, Tse, S., et al., 2012). It is unlikely that these drivers have changed, particularly given the normalisation of non-casino gaming as a recreational pastime.

The Class 4 gaming funding accessed by the local sports clubs and organisations creates social value through:

- Supporting the activities of these clubs as they provide participation and development opportunities predominantly for children and young people. In the long term, this contributes to improved health and wellbeing of individuals, positive social behaviour, greater community connectedness and also makes an economic contribution to communities through events and the value of voluntary time.
- In the majority of instances sports organisations use the funding to support core costs of running sport and recreation, the most common categories being salaries, facility and ground hire costs, sports equipment, maintenance, events, tournaments and camps, and coaching.

Proceeds from Gambling

The Act provides for Class 4 gambling to be permitted only where it is used to raise funds for community purposes.

Societies that operate gaming machines fall into two main categories:

1. Clubs that operate gaming machines in their own premises (chartered clubs, sports clubs or Returned Services Associations).
2. Public Societies that operate gaming machines in commercial venues (typically hospitality businesses such as pubs, hotels or restaurants).

Gaming machine societies are required under the Gambling Act and the Gambling (Class 4 Net Proceeds) Regulations 2004 to distribute a minimum amount of 40 percent of their proceeds to the community. However, there is difficulty in tracking these funds and no explicit requirement for these funds to go back into the local community or city they came from.

The 40 percent represents how much a society has to give back to the community (NZ total) in the form of grants from non-club venues. The Department of Internal Affairs⁹ 'dashboard' website counts all venues. Some societies give more but what it also means is that sometimes some districts receive more grants and some receive less. The main reasons this can be different:

- If groups apply for a grant/receive a grant from an area
- The number of applications from each area

⁹ <https://www.dia.govt.nz/gambling-statistics-gmp-dashboard>

- If there is a mandate from that society to give back to certain areas based on how many venues are located there
- Some groups also don't quite fit directly into districts and therefore it is difficult to tell where exactly the money is granted to
- Societies often give to national organisations that then distribute to a district level and it is difficult to determine where the money goes

New Zealand is one of the few countries where Class 4 gambling is a not-for-profit activity.

A club, such as the Petone Working Men's Club must apply proceeds of Class 4 gambling for approved (club) purposes. They are not required to distribute funding to community groups; however, they may choose to support local initiatives.

Below is a summary estimate of the amount of GMP (proceeds/earnings) that each society in Te Awa Kairangi ki Tai Lower Hutt made in the year ended September 2019¹⁰.

Societies	Gaming Machine Proceeds
Air Rescue Services Limited	\$4,193,209.43
Four Winds Foundation Limited	\$2,958,783.00
Infinity Foundation Limited	\$213,666.62
New Zealand Community Trust	\$1,542,588.87
New Zealand Racing Board	\$611,897.60
One Foundation Limited	\$4,979,531.13
Pelorus Trust	\$1,988,476.17
Pub Charity Limited	\$2,090,283.09
Racing Industry Transition Agency	\$1,260,117.17
Grand Total	\$19,838,553.08

Based on data provided by the Problem Gambling Foundation, over the past three years, the proportion of funds allocated from gaming machine proceeds collected in Te Awa Kairangi ki Tai Lower Hutt has varied from almost 30 percent in 2017 to a low of 16 percent in 2019 (excluding clubs). As noted above trusts may allocate funding to community group outside the region in which those funds are collected.

Societies	Te Awa Kairangi ki Tai Lower Hutt Gaming Machine Proceeds	Grants	Proportion
2017	\$24,549,504.03	\$7,307,943.12	29.8%
2018	\$25,829,097.93	\$4,609,270.43	17.8%
2019	\$29,700,000.00	\$4,800,000.00	16.2%
Grand Total	\$80,078,601.96	\$16,717,213.55	20.9%

¹⁰ These figures are indicative only, based on the publicly available data reported by trusts – attribution of funds to specific community locations is not reported.

The Problem Gambling Foundation has identified the proportion of funds distributed to various community groups in 2018.

A further breakdown of the distribution of the 2018 grants shows that sports groups received approximately half of the funding available, with community groups and community services receiving between 17 percent and 33 percent.

Type	Sum of Amount	Type	Sum of Amount
Community Services	\$ 837,530.32	Water Sports (Sailing, Swimming, Fishing, Water Polo)	\$ 56,813.25
Community Group	\$ 597,951.43	Netball	\$ 52,933.00
Other Sports	\$ 538,890.31	Council	\$ 52,152.00
Soccer	\$ 392,695.21	Motorsports (Cars/Hot Rods/Motor cycles)	\$ 50,000.00
Education	\$ 352,439.72	Sports Stadiums/Academys/Events Centres	\$ 45,000.00
Cricket	\$ 303,978.66	Cycling	\$ 42,762.00
Rugby	\$ 295,695.68	Special Olympics/Sports for the disabled	\$ 39,302.75
Softball	\$ 147,166.74	League	\$ 26,419.80
Health Related	\$ 136,250.98	Faith Based	\$ 25,564.33
Gym Sports (Includes weightlifting/Boxing/Wrestling)	\$ 116,299.38	Bowling	\$ 21,215.91
Kindergartens/Childcare/Plunkett	\$ 100,382.90	Hockey/Ice Hockey (Excludes Inline Hockey)	\$ 15,574.50
Maori	\$ 96,296.14	Basketball	\$ 12,365.51
Racquets	\$ 74,462.92	Athletics/Marathons	\$ 1,000.00
Arts	\$ 60,484.78	Equestrian/Pony Clubs	\$ 925.75
		Grand Total	\$ 4,492,553.97

5. GAMBLING POLICY AND VENUES IN TE AWA KAIRANGI KI TAI LOWER HUTT

Current Policy

The 2015 Hutt City Council Class 4 Gaming Venue and Board Venue Policy included the following requirements with respect to the number of gaming machines allowed, a cap of 39 on the number of gaming venues based on those in place in March 2010 and a limit of 545 on the total number of gaming machines. Furthermore, machines can only be located in certain zones¹¹ within the City. Existing venues, with licences issued after 17 October 2001, and operating fewer than nine (9) gaming machines, were allowed to increase the number of machines operated at the venue to nine. A maximum limit of 19 venues and 309 machines is in-place with new venues confined to Petone and the Central Commercial Areas.

The number of gaming machines in the city has decreased from 440 machines in September 2016 to 424 machines in September 2020. The number of venues has also declined from 33 in September 2016 to 28 in September 2020.

The proceeds from the gaming machines in Te Awa Kairangi ki Tai Lower Hutt increased from \$26 million in 2016 to a high of just under \$30 million in 2019 (DIA 2021). Gaming Machine Proceeds for 2020 have reduced significantly when compared to the previous year due to the impact of Covid-19 restrictions in March, April, and May 2020.

It should be noted that, while both the number of venues and the number of machines is significantly below the 2010 cap, the proceeds from gaming machines continues to increase each year.

Effectiveness of Gambling Policy

In 2013, the government agreed to provide territorial authorities with the ability to allow the transfer of gaming machine venues to new locations through their Class 4 gambling policies. This was based on research by the DIA indicating that gambling policies, i.e. caps, sinking lids and no limits, have little

¹¹ Class 4 gaming venues may be established within the central commercial and Petone commercial activity areas; and special commercial zones; and general recreation activity areas and special recreation activity areas subject to certain conditions.

impact on gaming machine numbers and it was noted that under the current framework communities have very little actual control over gambling.

The majority of Class 4 gaming machines are located in venues that were licensed before 17 October 2001 and are therefore not affected by territorial authority gambling policies. These venues have an enhanced market value, are highly valued by societies, and rarely close down.

In 2018 Dave Cull (former Dunedin Mayor and the then President Local Government New Zealand) noted that councils did not have enough power to minimise gambling harm, noting there is no effective way to lower the number of Class 4 gambling venues in lower socioeconomic areas. There is also no way of functionally incentivising gaming machine operators to change the number or location of their machines. (Dooney, 2018)

The 2013 changes have had relatively little impact due to the few venue consents processed under the current legislative framework and the large number of gaming machines in venues that pre-date the current Act that are not affected by these venue policies.

What Has Happened Since the Last Review

Since the Gambling Policy was reviewed in 2015, there have been a number of changes to the venue and machine numbers in Te Awa Kairangi ki Tai Lower Hutt. There has been a reduction in licences from venues closing, a merger of two existing venues, or temporary suspension of an existing licence:

- 2015: Naenae Bowling Club 23 Treadwell Street (merger with Park Avenue Bowling Club)
- 2016: N.Z. Racing Board 252 – 256 High Street (already licenced as a TAB Board venue, consent was for a Class 4 gaming venue to operate nine machines)
- Parrot & Jigger – closure
- 2020: Big Chill, additional machines declined but nine machines approved.

6. CONCLUSION

The Council is responsible for setting a Class 4 gambling venue policy, intended to provide our community with the opportunity to have some influence over Class 4 gambling in the city, and in particular to be able to control where venues may be established and the permitted number of gaming machines at each venue. The Gambling Act 2003 provides limited ability for any local authority policy to influence venues established prior to 2001.

The Council has had a policy in place since 2003 and this has been updated every three years since. The policy includes a cap on the number of Class 4 gaming machines of 545¹² and limiting the number of maximum machines new and existing Class 4 venues may have to nine. New Class 4 venues are limited to the Petone Commercial and the Central Commercial areas with maximum limit of 19 venues and 309 machines in those areas.

As at December 2020, there are currently 425 electronic non-casino gaming machines located across 28 venues in Te Awa Kairangi ki Tai Lower Hutt. In 2019 these machines collected over \$29 million in proceeds, with approximately \$4 million dollars of this returned to the Lower Hutt community in the form of grants. This equates to 16 percent of gaming machine proceeds, however this is significantly below the 40 percent return that The Act requires. These gaming proceeds come from machines located in mostly medium to high deprivation parts of the Te Awa Kairangi ki Tai Lower Hutt communities. The number of both machines and venues has decreased significantly since 2003; however, the proceeds from the machines in place are among the highest in New Zealand.

¹² Based on the number of machines operating on 31 March 2010.

While there are some benefits from Class 4 gambling to the community, and to individuals within the community, the costs and harms associated with this type of gambling are likely to be underestimated and can be measured in both social and economic terms. These harms are generally measured through the number of interventions delivered for problem-gambling, however, the data collected is likely to capture only 16 percent of those suffering from harm. Most concerning are the unrecognised and unrecorded impacts on whānau and women, both as affected others and as problem gamblers themselves, these impacts include social, economic and family violence.

The current policy, although restricting the ability for new venues to be established, has been largely ineffective in reducing the ongoing social impact of Class 4 gambling on the community. Since 2003, both the proceeds of gaming and the number of people seeking help for problem gambling, have increased steadily in the city and are above the trend nationally.

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