

# Council Policy

Policy Title:	Class 4 and TAB Venues Policy 2022
Responsibility:	Executive Manager Regulatory and Customer Service
First Adopted:	2004
Review Frequency:	Three yearly, or as otherwise required
Last Reviewed:	April 2022
Next Review Due:	April 2024



## 1 Policy Objectives

- 1.1 To provide a framework that encourages responsible gambling practices and attitudes in Class 4 gambling venues ("Class 4 venues") and standalone Totalisator Agency Boards venues ("TAB venues") throughout the Ruapehu District.
- 1.2 To permit and regulate the operation of gambling venues to minimise the incidence of harm caused by problem gambling.
- 1.3 To enable Council to undertake its responsibilities under section 101 of the Gambling Act 2003 and section 96 of the Racing Industry Act 2020.

## 2 Definitions

### 2.1 Board

Means the New Zealand Racing Board.

### 2.2 Class 4 Gambling

Class 4 Gambling refers to the use of electronic gaming machines ("gaming machines"), popularly known as Pokies, in non-casino venues.

Section 30 of the Gambling Act 2003, defines Class 4 Gambling as gambling that 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 regulation 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 involves a gaming machine.*

### 2.3 Class 4 Venue

Defined in section 4(1) of the Gambling Act 2003 as; *a place used to operate Class 4 gambling.*

## **2.4 Class 4 operator's Licence**

Defined in section 4(1) of the Gambling Act 2003 as;

- (a) *A licence granted under section 52 of the Act; or*
- (b) *An existing gaming machine licence.*

## **2.5 Class 4 Venue Licence**

Defined in section 4(1) of the Gambling Act 2003 as;

- (a) *A licence granted under section 67 of the Act; or*
- (b) *A site approval.*

## **2.6 Club**

Defined in section 4(1) of the Gambling Act 2003, as a voluntary association of persons combined for a purpose other than personal gain. There are three types of clubs: chartered clubs, Returned and Services Associations (RSAs) and sports clubs (for example, bowling clubs, squash clubs).

## **2.7 Commission**

Defined in section 4(1) of the Gambling Act 2003 as, a payment that is based directly or indirectly on a percentage of the turnover in a gambling activity.

## **2.9 Hotel**

Any premises used or intended to be used during business principally for the provision to the public of:

- (a) Lodging; and
- (b) Liquor, meals, and refreshments for consumption on the premises.

## **2.10 Licenced Premises**

Any premises, or any part of any premises, on which liquor may be sold pursuant to a licence; and includes any conveyance, or any part of any conveyance, in which liquor may be sold pursuant to a licence.

## **2.11 Primary Activity**

The activity primarily associated with and promoted by the venue.

## **2.12 Racing Betting**

Defined in section 5(1) of the Racing Industry Act 2020 as;

- (a) *the types of betting (including totalisator racing betting, equalisator betting, and fixed-odds betting) conducted by, or on behalf of, TAB NZ on any race (or races) run at 1 or more racecourses within or outside New Zealand, or both, or on any contingency arising from a sequence of races, and whether the betting takes place on or off a racecourse and within or outside New Zealand; but*
- (b) *does not include exchange betting or spread betting.*

## **2.13 Society**

An association of persons established and conducted entirely for purposes other than commercial purposes. Societies typically operate gaming machines in commercial venues such as bars.

## **2.14 Sports Betting**

Defined in section 5(1) of the Racing Industry Act 2020 as;

- (a) *the types of betting (including totalisator betting and fixed-odds betting) conducted by, or on behalf of, TAB NZ on any sporting event (or events) held within or outside New Zealand, or on any contingency arising from a sequence of sporting events, whether held within or outside New Zealand, or both, and whether the betting takes place at the*

*event or not and within or outside New Zealand; but  
(b) does not include exchange betting or spread betting.*

#### **2.16 TAB Venue**

Defined in section 5(1) of the Racing Industry Act 2020 as;  
*Premises owned or leased by TAB NZ and where the main business carried on at the premises is providing racing betting, sports betting, or other racing or sports betting services under this Act.*

#### **2.17 Tavern**

Any premises used or intended to be used during business, principally for the provision of selling and supplying alcohol and other refreshments to patrons.

#### **2.18 Territorial Authority Consent**

Territorial authority consent is required for all new Class 4 venues. This includes gaming venues with licences on 17 October 2001 which are applying to increase the number of machines up to 18 or gaming venues that had licences on 17 October 2001 which have expired for six months or more.

#### **2.19 Totalisator racing betting**

Defined in section 5(1) of the Racing Industry Act 2020 as; *a form of betting which-*  
*(a) bets are made by means of a totalisator on horses or greyhounds competing in 1 or more races; and*  
*(b) the dividends payable are determined in the manner prescribed by the relevant racing betting rules.*

## **Principles**

- 3.1 This policy targets the following council focus and community wellbeing outcomes: Improve the wellbeing and quality of life for our communities by:
- (a) Social- Safe, Healthy Communities**
    - Excellent standards of safety and welfare are promoted and respected.
  - (b) Cultural- Vibrant and Diverse Living**
    - Excellence and achievement in sports, arts / cultural pursuits, community service and business is supported.
  - (c) Strong Leadership and Advocacy**
    - Council advocates strongly for the provision of, and access to, affordable and effective health, welfare, law enforcement and education services.
    - Council is proactive, transparent, and accountable.
- 3.2 Council recognises that casual and responsible gambling is a source of entertainment for many people and a valued source of community funding. Council also understands that gambling can be addictive for some people and can therefore be the cause of harm to individuals, families, and communities.

## **4 Background**

- 4.1 Under Section 101 of the Gambling Act 2003, the Class 4 Venues 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.*

4.2 The definition of a relocation policy is outlined in Section 101 of the Gambling Act 2003, which states that the relocation policy must set out the grounds for which the Council will grant consent in respect of a venue within its district where the venue intends to replace an existing venue (within its district) to which a Class 4 license applies.

- 4.3 Under Section 96 of the Racing Industry Act 2020,
- (1) A territorial authority must adopt a policy on TAB venues.*
  - (2) In adopting a policy, the territorial authority must have regard to the social impact of gambling within territorial authority district.*
  - (3) The policy must specify whether or not new TAB venues may be established in the territorial authority district and, if so, where they may be located.*

#### **4.4 Location**

In Section 101(4) of the Gambling Act 2003 and Section 96 (4) of the Racing Industry Act 2020, when determining its policy on where Class 4 venues TAB venues may be located, 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 cumulative effects of additional opportunities for gambling in the district.
- (d) The number of gaming machines that should be permitted to operate at any venue or class of venue.
- (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 Policy Statement**

### **5.1 PRIMARY ACTIVITY OF CLASS 4 VENUES OR TAB VENUES**

5.1.1 No premises can be established for the sole purpose of Class 4 gambling. Gaming machine activity must be secondary to the primary activity such as but not limited to the supply of food and beverage, accommodation, or entertainment.

5.1.2 The primary activity of any Class 4 venue or TAB venue shall be:

- (a) A club or society activity or,
- (b) A hotel or tavern activity or,
- (c) A Totalisator Agency Board (TAB) activity.

5.1.3 It is generally expected that patrons of premises in which Class 4 venues are located will be restricted to persons 18 years and over.

5.1.4 Access to any Class 4 venue must be via the main entrance of the primary premises. Any Class 4 venue must not have a separate entrance or be separate from its primary activity.

### **5.2 SIGNAGE FOR CLASS 4 VENUES**

5.2.1 Gaming machines and/or signage relating to or promoting gaming machines must not

be visible from any public place outside the venue.

### **5.3 LOCATION OF CLASS 4 OR TAB VENUES**

- 5.3.1 Consent for the operation of Class 4 gaming machines will be considered on the basis of this Class 4 (Gambling) Venues Policy.
- 5.3.2 Class 4 venues and TAB venues must be located in a Commercial Zone as per the Ruapehu District Plan (existing use rights notwithstanding).
- 5.3.3 Any existing Class 4 venues or TAB venues that want to relocate must comply with the provisions set out in Section 101(5) of the Gambling Act 2003.
- 5.3.4 Venues applying for consent to operate gaming machines outside a Commercial Zone must satisfy the following requirements of this Policy, as well as any other District Plan considerations:
- (a) Application for consent for Class 4 gaming machine operation must be received at the same time as any separately required resource consent and accompany any public notification.
  - (b) Submit a Gambling Harm Minimisation report to demonstrate how the applicant will mitigate against effects identified in Council's Social Impact Assessment of Class 4 Gambling Report 2021. (Refer to Schedule 1 of this Policy).
  - (c) Demonstrate that the requirements contained in paragraph 5.1 above relating to the Primary Activity of Class 4 venues or TAB venues' have been complied with.

### **5.4 LIMIT ON THE TOTAL NUMBER OF GAMING MACHINES**

- 5.4.1 The total number of gaming machines permitted in the Ruapehu District will be controlled by the following statutory limitations from Sections 92 & 93 of the Gambling Act 2003:
- (a) Existing venues with licences issued before 17 October 2001 will be permitted to operate a maximum of 18 gaming machines.
  - (b) Existing or new venues with licences issued after 17 October 2001 will be permitted to operate a maximum of nine gaming machines.
- 5.4.2 Pursuant to Section 95 of the Gambling Act 2003, at the Minister of the Department of Internal Affairs discretion, where two or more clubs legally and physically combine their existing premises into one venue, the number of gaming machines they operate must not exceed the lesser of 30, or the sum of the number of gaming machines specified in the clubs' licences at the time of application.

### **5.5 GAMBLING HARM MINIMISATION POLICY**

- 5.5.1 All Class 4 venues applying for gaming machine consent must have a Gambling Harm Minimisation Policy at the time of application for consent which includes, as a minimum, but is not limited to the following:
- (a) Procedures for preventing access to gaming areas by persons under 18 years of age.
  - (b) Procedures that encourage responsible gambling (including addressing procedures relating to children accompanying caregivers using gaming machines).
  - (c) Signage designating gaming machine areas inside the venue.
  - (d) Signage near gaming machines displaying the contact information for the Problem Gambling Foundation.
  - (e) Staff training procedures for Gambling Harm Minimisation management.
  - (f) The effects of Class 4 gambling highlighted in the Social Impact of Gambling Assessment (Schedule 1) must be addressed by the applicant's Gambling Harm Minimisation policy before consent will be approved.

## **5.6 DISTRIBUTION AND DISCLOSURE OF NET PROCEEDS**

5.6.1 The distribution and disclosure of the net proceeds generated from gaming machines must be undertaken in accordance with Section 110 of the Gambling Act 2003, including but not limited to the following:

- (a) Application forms for community grants and/or funding from gambling machines are to be held and be publicly available on request at each Class 4 venue.
- (b) The funding amount of the net proceeds distributed to community groups whether successful or not must be publicly notified in a newspaper at least annually and the details be publicly available on request from the Class 4 venue.

## **5.7 ADMINISTRATION**

5.7.1 Applications must be accompanied by the requisite application fee. (Refer to Fees and Charges Manual).

5.7.2 Council has 30 working days in which to determine a consent application.

# **6 Annotations**

<b>Date</b>	<b>Description</b>
2006	Original Policy Adopted
13/04/10	Policy Reviewed and Reformatted (no textual changes)
16/04/13	Policy Reviewed following public consultation – no change except to ‘Outcomes’ (see ‘Principles’). Fees removed from Item 7 (Administration) and referred to ‘Fees and Charges Manual’ instead.
24/11/15	Policy Reviewed and textual changes were made to remove the ambiguities in the wording and to improve readability.
5/04/2022	Policy Reviewed following a public consultation. Minor changes to the ‘Definition’, ‘Principles’, ‘Background’ and ‘Policy Statement’ sections.

# **RUAPEHU DISTRICT COUNCIL**

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## **Social Impact Assessment of Class 4 Gambling within the Ruapehu District**



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## EXECUTIVE SUMMARY

This Social Impact Assessment of Gambling identifies trends in Class 4 Gaming in The Ruapehu District and the social impacts on communities for the review of Council's Class 4 (Gambling) Venue Policy.

### GAMBLING TRENDS

- Overall there has been a national decline in the average number of people who participate in Class 4 gambling.
- Despite this, the amount of money spent on Class 4 Electric Gaming Machines (EGM's also known as Pokies) continues to increase year after year.
- Studies are unclear as to the reason for this, it has been hypothesised that the probable causes could be that existing participants are spending more money on gaming machines or that it is due to population growth over the last 10 years in New Zealand.

### GAMING MACHINES AND VENUES

- Studies found that most gambling venues and EGM's are located in high deprivation areas.
- In Ruapehu, three out of the seven venues are located in Taumarunui, which is considered to be a highly deprived area<sup>1</sup>.
- Subsequently these venues collected the highest amount of Gaming Machine Profits (GMP's) in the district.
- Nationally, in September 2020, there were six fewer venues and 93 fewer gaming machines compared to June 2020. This is consistent with recent trends showing a gradual reduction of venues and gaming machines in New Zealand over time.

### GAMING MACHINE PROFITS

- Between October 2019 and September 2020 New Zealand spent \$800,868,157 on gaming machines. That's \$52.06 a quarter (QTR) Gaming Machine Profit (GMP) Per Capita.
- In comparison, Ruapehu District spent a total of \$2,529,633 on gaming machines that is \$65.28 QTR GMP Per Capita. This is higher than the national average.
- Nationally, GMP in 2020 decreased by 13.6%, equaling around \$128m. This was due to the lockdowns caused by COVID-19.
- However, between the June 2020 and September 2020 quarters (post lockdown period), GMP increased by 116.1% (\$130,661,758.18). This is much higher than the past five years' average increases (3.2 percent) between the June and September quarters.

### SOCIAL IMPACTS OF GAMBLING

- Negative social impacts of gambling include:
  - Decrements to health (both morbidity and mortality).
  - Emotional or psychological distress.
  - Financial harm.
  - Reduced performance at work or education.
  - Relationship disruption and harm to others.
  - Criminal activity.
- Gambling harm is often hidden but when recognised can manifest itself as crime, violence and violent crime, negatively impact relationships and loss of productivity in employment.
- Positive social impacts of gambling include:
  - Redistribution of gaming proceeds to local communities through grants.
  - Entertainment.

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<sup>1</sup> (Massey University, 2018)



- Base funding for clubs that own class 4 machines.
- Improve facilities and services through funding.
- Job creation.
- Funds services to help problem gamblers (Problem Gambling Levy).

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## 1 INTRODUCTION

This Social Impact of Gambling Assessment is produced in accordance with Section 101 (2) of the Gambling Act 2003 and section 96 (2) of the Racing Industry Act 2020 that states “in adopting a policy, a territory authority must have regard to the social impact of gambling within the Territory Authority District”. Ruapehu District Council combines these two policies under one policy, therefore this social impact assessment will cover class 4 gambling in Class 4 Venues and standalone TAB Venues.

This Social Impact Assessment has updated the gambling assessment conducted in 2015 as part of developing Council’s Class 4 (Gambling) Venue Policy. It must be noted that much of the information has been updated to reflect the current national and local (district) gambling landscape.

### CLASS 4 GAMBLING

The Gambling Act 2003 classifies gambling according to the amount of money spent and the calculated risk of associated problem gambling. Starting with Class 1 (low risk/low stakes) gambling, whereby the winnings don’t exceed \$500, to Class 4 (high risk/high stakes) gambling whereby there is no limit. Class 4 gambling utilises or involves Electric Gaming Machines (EGM’s) commonly known as Pokies or Slot machines.

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 purpose; 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 regulation 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

NOTE: Lotteries Commission gambling and Casinos are treated as separate classes under the legislation.

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## 2 GAMBLING IN NEW ZEALAND

### NATIONAL GAMBLING STATISTICS

The National Gambling Study (NGS) found 75% of the adult population takes part in at least one form of gambling annually, by way of Lotto (56%), raffles or lotteries (45%) and instant Kiwi or other scratch tickets (30%).

In 2018, the most common form of gambling was buying Lotto tickets followed by online gambling, than Electric Gaming Machines (EGM’s also known as Pokies) at pubs or clubs and TAB’s.

Out of these different forms of gambling EGM's are found to cause the most harm due to its repetitive nature.

\$2.383 billion was spent on four main forms of gambling between 2017 and 2018, that's \$6.5 million per day on non-casino pokies.

Using the Problem Gambling Severity Index, 61.7% of respondents were considered non-problem gamblers (down from 72.2% in 2010), 3.6% were considered low risk gamblers (down from 6.0% in 2010), 1.9% were considered moderate risk and problem gamblers (down from 3.1% in 2010).

## **CLASS 4 GAMBLING**

Currently there are 14,732 pokie machines in 1,063 pubs, clubs and TABs around New Zealand<sup>2</sup>.

The total number of Class 4 Venues in New Zealand has declined from 1372 in June 2013 to 1,063 by March 2020. The total number of machines has similarly declined from 17,631 in June 2013 to 14,732 March 2021. These figures show a 21% decline in the number of venues hosting pokies and a 16% decline in the total number of EGM's being played.

Despite this steady decline in numbers GMP continues to increase. Although this is not reflected in 2020 because of COVID-19 lockdown, spending on EGM's in the last quarter of 2020 surpassed spending from the same quarter in previous years.

Department of Internal Affairs (DIA) reported that GMP increased by 3.7% (\$9m) between the September and December 2020 quarters. This increase is significantly higher than the average increase between the same quarters over the past five years (0.6 percent) and indicates a continuation in the surge of gambling activity observed during the previous quarter<sup>3</sup>.

Between October 2019 and September 2020, New Zealand spent \$810,890,724 on gaming machines which is about \$52.06 QTR GMP per Capita.

In August 2020, GMP average was 16.7%, which was lower than the same time in 2018 and 2019, reflecting a decrease in Class 4 venue and gaming machine operations from 12 August 2020 following the move to alert level 3 in Auckland and level 2 nationwide.

Nationally the number of venues this quarter is the same as the previous quarter, while gaming machines increased by 27 to a new total of 14,781. Although historic trends have shown a gradual reduction of venues and machines over time, an increase in gaming machines was also observed in the June 2020 quarter. Overall compared to December 2019, there are 12 fewer venues and 75 fewer gaming machines.

Studies show that approximately 50% of all EGM venues are clustered in geographically based areas representing the most socio-economically deprived populations (i.e, poorest areas of the country). In economic terms, these are the groups who can least afford the financial loss from gambling proceeds to their communities, and who can least afford the health harm arising from risky gambling activity<sup>4</sup>.

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<sup>2</sup> (Dot Loves Dashboard , n.d.)

<sup>3</sup> (Department of Internal Affairs, 2020)

<sup>4</sup> (Problem Gambling Foundation, 2019)

### 3 GAMBLING IN THE RUAPEHU DISTRICT

#### CLASS 4 GAMBLING STATISTICS

There are currently 89 EGM's operating across seven venues in the Ruapehu District. Between January 2020 and December 2020, a total of \$2,499,727 GMP's was collected in the Ruapehu District.

With an estimated adult (18 years of age and over) population of 9,909 there is therefore a ratio of one venue to 1,651 adults, or 8.8 machines per 1,000 head of adult population.

A total of \$2,529,633 was spent on gaming machines between October 2019 and September 2020, which equate to \$65.28 QTR GMP Per Capita. This is higher than the national average.

During lockdown, the spending average dropped significantly to \$355,360 but post lockdown, spending increased to \$816,120. The highest average spending recorded in the past eight years.

Across the seven venues the highest amount of GMP's were made at the Taumarunui Cosmopolitan Club, followed by Taumarunui RSA. Both of these venues have the highest number of EGM's per venue in the District.

Much of the increase has occurred in Taumarunui Central, where spending increased by \$96,386 from \$229,136 for the 1 March 2020 quarter to \$325,522 in the 1 September 2020 quarter. This is 58.8% of Ruapehu District's increase in gambling spend. Note, data shows a strong correlation between deprivation and gambling.

For the quarter immediately prior to lockdown (to 1 March 2020) total gaming machine spend was \$652,269. For the quarter to 1 September 2020 it was \$816,120. This is a total increase of \$163,851.

#### LOCATION OF EGM'S

	Venue	Location	Number of EGM's	Estimated GMP by venue: Jan 2020- Dec 2020
1.	Taumarunui Cosmopolitan Club	Taumarunui	18	\$648,461
2.	Taumarunui RSA Club	Taumarunui	18	\$648,461
3.	Lumberjacks Tavern	Taumarunui	9	\$324,230
4.	Oasis Hotel	Waiouru	16	\$319,482
5.	Raetihi Cosmopolitan Club INC	Raetihi	12	\$239,611
6.	Ohakune Tavern	Ohakune	9	\$179,709
7.	Ohakune Club	Ohakune	7	\$139,773
	Total number of EGM's		89	
	Total Amount spent on EGM's			\$2,499,727

Table 1: Number of EGM's per venue and GMP

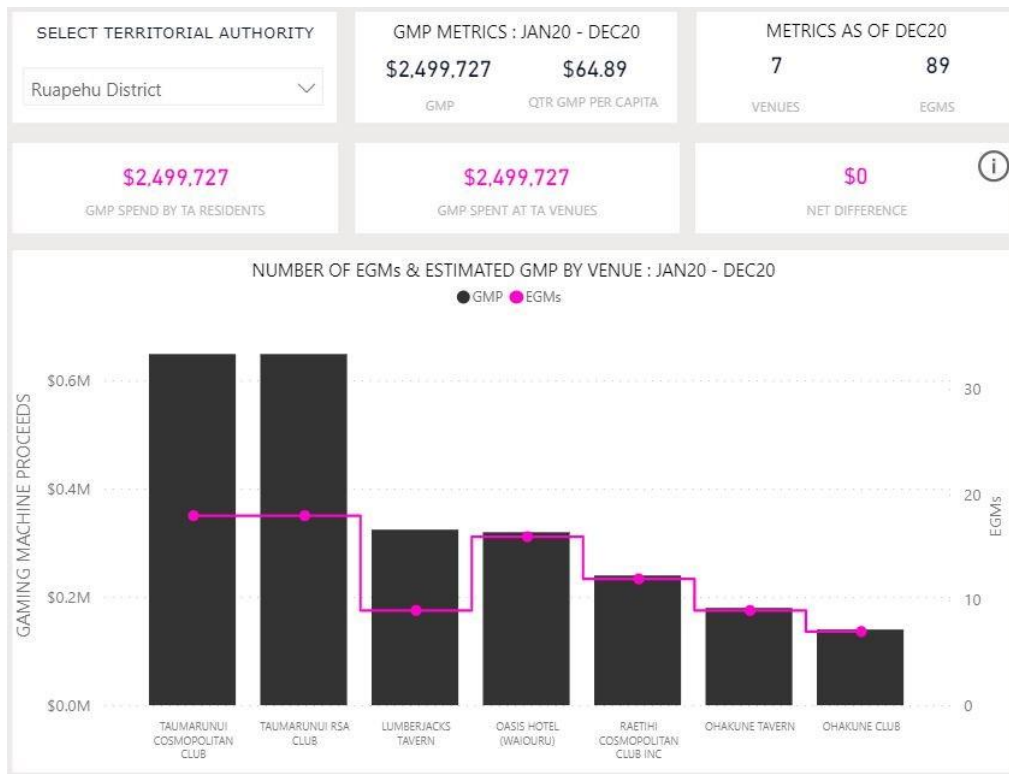


Figure 1: Ruapehu District Council- No. of Venues and EGM's

## 4 SOCIAL BENEFITS OF GAMBLING

Gambling can benefit communities by way of providing funding for national and local sports and community organisations, entertainment and employment opportunities<sup>5</sup>.

A further breakdown of where funds are allocated is listed below:

- (a) Culture, Sport and Recreation
- (a) Sporting Organisations
- (b) Culture and Arts
- (c) Education and research
- (d) Social Services
- (e) Emergency and relief organisations
- (f) Social Services
- (g) Health
- (h) Development and Housing
- (i) Sustaining natural environment

### GAMING MACHINE PROFITS DISTRIBUTION

Corporate societies (also known as pokey trusts) own EGM's, and these societies pay Class 4 venues to host their machines for charitable purposes. Payments to venues for machines are controlled and limited, venues can claim back no more than 16% of the GMP for maintenance and upkeep on the machines. Venues return EGM's proceeds to corporate societies where they distribute proceeds to community groups. Legally, these societies must return a minimum of 40% of GMP's to community groups in the form of authorised purpose grants. The Gambling Act 2003 defines authorised purpose as, 'a charitable purpose, a non-commercial purpose'. Corporate Societies can keep up to \$16.43% of GMP to cover their

<sup>5</sup> DIA, The Distribution of non-casino gaming machine profits in New Zealand (2011)

administrative costs. The government receives 23% of the GMP as gambling duty. The remaining 1.5% is the Problem Gambling Levy, which is distributed by MoH to fund research in the field of problem gambling.

## **COMMUNITY GRANTS**

There is currently no requirement that proceeds from gaming machines are distributed within the community from which it derived. This means that not all proceeds from gaming machines that operate in the Ruapehu District will necessarily be returned to the region. However, this also means that the Ruapehu District can benefit from proceeds of machines that operate in other districts. Nationally more than \$200m of gaming machine proceeds is returned to communities each year.

The majority of this funding is distributed to sports organisations, and social and community service organisations. Communities in New Zealand benefited from an estimated \$749m, equal to 31.4% of gambling expenditure in 2017/18, for various purposes. This was an increase on the \$722m in 2016/17. The New Zealand Racing Board allocated \$161m (\$147m in 2016/17), mostly to support racing club activities and infrastructure. Non-casino gaming machine trusts raised an estimated \$295m (\$291m in 2016/17) for authorised purposes.

Since the introduction of Class 4 gambling legislation there has been a stronger reliance on gambling funds to support community and sporting activities. Community capability in using more traditional fundraising methods and/or developing innovative ways to raise funds has been undermined since the reliance on gambling funding. In 2012 Auckland City Council commissioned a study by 'Point Research' to investigate this point and found that quite a few organisations thought they would struggle to find an alternative source of funding if they were no longer able to source gaming trust money. Some said they would cut back their activities and others said they would be forced to shut down. It is important to note that due to the volunteering nature of a lot of workers in these organisations, the availability of time to look for alternative fundraising is limited; grants are therefore seen as an important source of funding for many organisations with limited resources.

## **ENTERTAINMENT**

Research shows that gambling is a popular form of entertainment with approximately 2.7 million New Zealanders aged 15 years and over participating in some form of gambling in 2016<sup>6</sup>. Based on these findings, there is a clear view that people genuinely enjoy participating in gambling activities and there are considered benefits of being able to socialise with others. The 2014 National Gambling Study found that 77% of adult New Zealanders (about 2,542,000 people) had participated in some form of gambling in the previous 12 months.

## **EMPLOYMENT**

The existing Class 4 venues create employment opportunities for the corporate societies administrating the gaming machines, the venues operating them and the servicing industries. In 2017 NZ Racing Board Annual Report noted that the NZ Racing Board employs around 835 people. However it can be argued that in the case of Ruapehu District, since there are only seven venues, the employment opportunities it provides does not offset the harm it creates.

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<sup>6</sup> Health Promotion Agency (2018), p 12

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## 5 SOCIAL BENEFITS OF GAMBLING TO RUAPEHU DISTRICT

### GAMING MACHINE PROFITS ALLOCATION

The table below shows the amount spent on EGM's and the amount returned to the District over the past three years. This data was provided by the Department of Internal Affairs. It does not capture all grants that return to communities as some are distributed through either the venue owner themselves or through secondary organisations such as Pub Charity Limited. The data also doesn't show where these funds are allocated and who benefits from them.

YEAR	GAMING MACHINE PROFITS RETURNED TO RUAPEHU DISTRICT THROUGH NON-CLUB GRANTS	GAMING MACHINE PROFITS	RUAPEHU NON CLUB GMP EXCL .GST	% OF GRANTS NOT ASSIGNABLE TO ANY REGION	% RETURNS TO THE DISTRICT
2019	\$268,326.58	\$ 1,019,338.00	\$886,381.00	18%	30%
2018	\$ 309,307.12	\$ 1,269,403.00	\$ 1,103,828.00	12%	28%
2017	\$101,280.44	\$ 1,152,381.00	\$1,002,070.00	6%	10%

Pub Charities Limited provide information on which groups benefits from their gaming machine funds. Some of the local communities that received support from them are Taumarunui Youth and Community Trust, Ski Patrol (Ruapehu) Incorporated, Turaki School, St John Central Region Trust Board and Rata St Preschool Trust. Currently there is no available data on the amount of people in the district who are casual Class 4 gamblers. Therefore this assessment cannot determine the percentage of people who use gaming machines for entertainment purposes. The employment Class 4 venues provide the district are not sufficient enough to outweigh the costs of harm caused by problem gambling.

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## 6 SOCIAL HARM CAUSED BY GAMBLING

### GAMBLING HARM

Harm is defined by the Gambling Act 2003 as 'harm or distress of any kind arising from or caused or exacerbated by, a person's gambling; and includes personal, social or economic harm suffered:

- (a) By the person; or
- (b) By the persons spouse, civil union partner, de facto partner, family, whanau or wider community; or
- (c) In the workplace; or
- (d) By society at large'

Harm from problem gambling can include poor parenting, family violence, suicide, other crime, etc. Harm can also affect people other than the gambler. Gambling-related harm affects some sections of the community more than others. In particular:

- (a) People living in high deprivation neighbourhoods are more likely to be problem gamblers, and are more likely to suffer gambling-related harm.
- (b) Māori and Pacific peoples are more likely than other groups to be problem gamblers, and are more likely to suffer gambling-related harm.
- (c) Māori and Pacific women are more likely than other groups to suffer harm related to non-casino gaming machines<sup>7</sup>.

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<sup>7</sup> (Problem Gambling Foundation , 2020)



- (d) Some Asian groups, and Pacific and Māori people, are more likely than other groups to suffer harm related to casino gambling.

A 2017 MoH study found that the most common types of harm caused by gambling in New Zealand includes<sup>8</sup>:

- (a) Personal impacts - elevated physical and mental health problems.
- (b) Financial impacts - Adjusting for the effects of both inflation and changes to New Zealand's population (18 years and older), gambling loss on all forms of gambling increased by 1.1%, from an average of \$629 per person in 2016, to \$635 per person in 2016/17. Losses on gaming machines and NZ Racing Board products makes up 52% of this total.
- (c) Inter personal impacts – including relationship breakups and personal neglect.
- (d) Parenting impacts – people who report having a parent with gambling problems are also significantly more likely to experience gambling problems themselves.
- (e) Works and study impacts – including lost time at work or study.
- (f) Criminal and legal impacts – problem gambling has been linked to criminal activity The study identified that harm from gambling affects low-risk, moderate-risk and problem gamblers with problem gamblers experiencing about half the quality of life compared to ideal health and wellbeing standards, which is about the same as a person with severe alcohol problems.
- (g) The study concluded that annually gambling problems generate significantly more ongoing harm than other key health conditions such as osteoarthritis, diabetes, and drug use disorders. It concluded that the focus should be on minimising gambling-related harm across the entire spectrum of problematic gambling behaviour, rather than focussing on reducing the incidence of problem gambling.

## ELECTRIC GAMING MACHINES

New Zealand gambling surveys like the National Gambling Study and the Health and Lifestyles Survey have consistently shown that EGMs are the most commonly named source of gambling harm. The continuous nature of EGM's hooks players back in with its ability to immediately reinvest winnings back into the game. Unfortunately a high number of EGM's are located in highly deprived areas, thus perpetuating a cycle of harm within vulnerable communities. Data collected by Dot Loves Data from the Department of Internal Affairs indicates that the GMP per Capital levels increase with socio-economic deprivation. More highly deprived communities are disproportionately affected by the harm of EGM gambling.

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## 7 RUAPEHU DISTRICT – GAMBLING RISK ASSESSMENT

To identify the districts level of risk to problem gambling and its potential impact on the community five gambling risk indicators have been identified and they have been assessed against their impact on Local Government New Zealand on four community wellbeing indicators (Economic, Cultural, Environmental and Social).

### WELLBEING INDICATORS

1. **Social-** Involves individuals, their families, whanau, hapū, iwi, and a range of communities being able to set goals and achieve them. Such as education, health, the strength of community networks, financial and personal security, equity of opportunity and rights and freedoms.

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<sup>8</sup> (Browne, et al., 2017)

2. **Economic** - Looks at whether the economy can generate the employment and wealth necessary to provide many of the requirements that make for social well-being. Such as health, financial security and equity of opportunity.
3. **Environmental** - Considers whether the natural and built environment can sustainably support the activities that constitute healthy community life. Such as air quality, fresh water, green spaces, quality infrastructure, uncontaminated land and control of pollution etc.
4. **Cultural** - Looks at the shared beliefs, values, customs, behaviours and identities reflected through language, stories, visual and performing arts, ceremonies and heritage that make up our communities.

These overarching pillars of the Government’s wellbeing indicators are used to categorise and understand ‘who is experiencing improvements and who is left out or behind’, and thereby increase the country’s ability to respond effectively.

## PROBLEM GAMBLING RISK ASSESSMENT

Gambling has a ripple affect across all areas of life but through categorising the impacts of gambling on wellbeing, we are able to capture the key causes and risks of problem gambling in the Ruapehu District. The table below shows the intersection between gambling harm indicators and its impact on wellbeing outcomes in a simplified form.

Gambling Risk Indicators	Social	Economic	Natural Environmental	Cultural
Gambling Prevalence				
Gambling Density				
Ethnic make-up of district				
Gambling harm minimisation services availability				
Spending in the latest quarter (GMP)				

Figure 2; Gambling risk indicator

## GAMBLING PREVALENCE

Studies found that most problem gamblers in New Zealand belong to highly deprived communities. In the case of Ruapehu District, data shows that Ruapehu has a high deprivation score<sup>9</sup>. High deprivation is understood as the consequences of lack of income that can cause a lack in types of diet, lack of access to material resources such as clothing, quality housing, education, work, social condition, activities and facilities which are customary in a society<sup>10</sup>. The District on average spends significantly more on EGM’s than the national average, indicating that there is potentially gambling related harm occurring within communities. For instance, Taumarunui had the highest deprivation score of 1,242.0, which was also the area that spent the most on EGM’s. Deprivation does not cause problem gambling but it has the ability to breed an environment conducive to unhealthy problem behaviours that lead to addiction. At a community level problem gambling affects social mobility and cohesion by way of mental health harm.

<sup>9</sup> (DOT Products, 2020)

<sup>10</sup> Deprivation and Health Geography within NZ, The University of Auckland (2013)

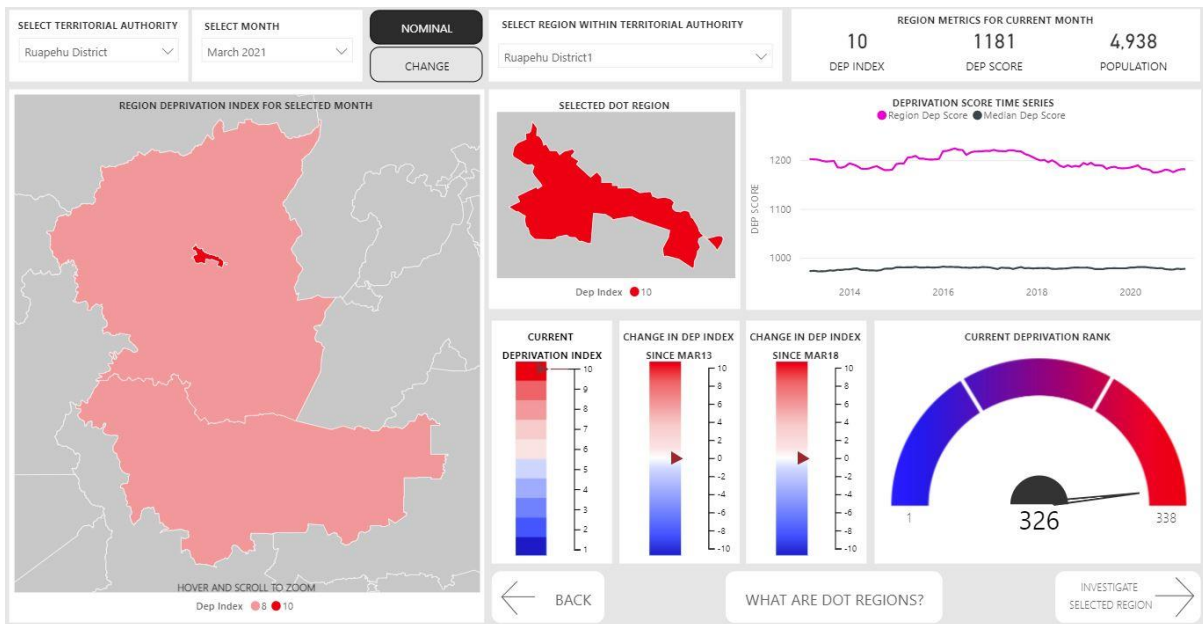


Figure 3: Ruapehu District deprivation index score

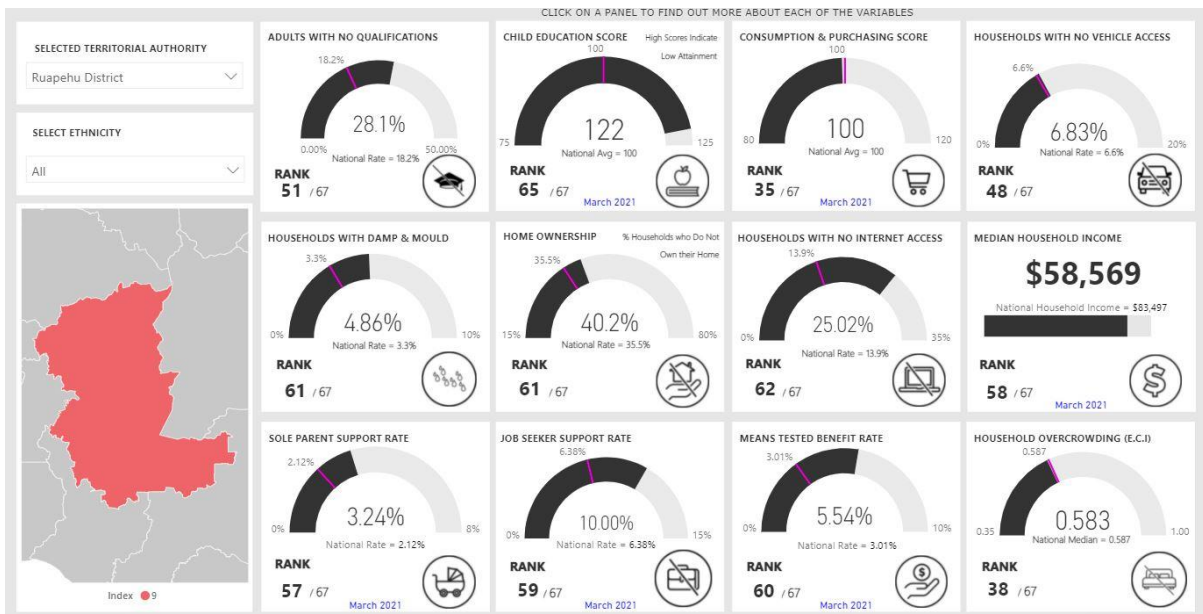


Figure 4: Ruapehu District deprivation assessment

Problem Gambling Prevalence Rate can also be calculated using the KPMG model<sup>11</sup>. The KPMG formula divides the number of problem gambling intervention clients by the national rate of people seeking help, which is 5.7%, and then dividing that by the district population. The total number of people in Ruapehu District that sought out help between July 2017 and June 2018 year was one. Therefore prevalence rate is  $(1/0.057)/12309 = 0.14\%$ , which is considered to be a medium level risk. The RDC Risk Management Framework<sup>12</sup>, supports this risk assessment, according to the RDC risk model, the prevalence rate for gambling is medium to low. However, this result must be taken with caution. Given the high amount of gaming machine profits made in the last quarter and the low deprivation score of the district, one can safely assume that there are far more problem gamblers within the district but they have not been captured in the data because they have not used the available help services within the district and or not registered their residential information with the help service.

<sup>11</sup> (Ministry of Health , 2013)

<sup>12</sup> (Ruapehu District Council, 2021)

## GAMBLING DENSITY

Gambling density comprises of two components:

- (a) Number of gaming machines per person; and
- (b) Expenditure per person.

### Number of Gaming Machines in the District

As at September 2020 there are 89 electric gaming machines across seven venues, and with an estimated adult (18 years of age and over) population of 9,150 there is therefore a ratio of one EGM for each 102 adults. This is considered to be low risk, however, given that 45 EGM's are in Taumarunui where deprivation is highest in the District this is considered high risk.

### Expenditure per person

The Department of Internal Affairs monitors every gaming machine electronically. The expenditure data on gaming machines is available in New Zealand down to suburb level. Between October 2019 and September 2020 the Ruapehu District spent a total of \$2,499,727 with a \$64.89 QTR GMP per Capita (higher than the national average of \$51.75 QTR GMP per Capita).

## DISTRICT ETHNICITY

Studies show that Māori and Pacific people are more likely than any other group to develop problem gambling habits. Many people from within these two groups live in areas with higher levels of socio-economic deprivation whereby there is an increased opportunity to gamble given the high density of gaming machines in these areas and the lower levels of standards of living<sup>13</sup>. For this reason it is important for Council to consider whether the proportion of Māori and Pacific people in high deprivation areas in their community is greater than the national average to determine the level of possible risk in the District.

Māori make up 16.5% of the national population<sup>14</sup>, compared to 43% in Ruapehu. As such, risk for Māori people in Ruapehu District is considered high given that statistics show Māori are more likely to live in highly deprived areas. The Pacific population in Ruapehu is 2.8% which is significantly lower than the national average of 8.1%<sup>15</sup>. As such risk for Pacific people in the District is considered low.

Ruapehu District ethnic group - multi-response	2018			2013			change
	number	% of total population	Manawatū Whanganui region %	number	% of total population	Manawatū-Whanganui region %	2013 to 2018
European	8,472	68.8	79.4	7,896	66.7	77.3	+576
Māori	5,337	43.4	22.9	4,824	40.7	19.6	+513
Pacific peoples	348	2.8	4.2	261	2.2	3.3	+87
Asian	417	3.4	6.4	324	2.7	4.9	+93
Middle Eastern/Latin American/African	63	0.5	0.8	15	0.1	0.6	+48
New Zealander	129	1.0	1.3	159	1.3	1.9	-30
Other ethnicity	12	0.1	0.2	6	0.1	0.0	+6

<sup>13</sup> (Problem Gambling Foundation, 2019)

<sup>14</sup> (Statistics New Zealand , 2018)

<sup>15</sup> (Ruapehu District Council , 2018)

## GAMBLING HARM MINIMISATION SERVICES AVAILABILITY

To address the potential ‘harms’ of gambling, there is a range of problem gambling service providers across New Zealand. These services are funded from the problem gambling levy, which is collected from gambling proceeds by the Inland Revenue Department. The MoH are responsible for funding and coordinating the development and management of these services across NZ. In the Ruapehu District, the Waikato and Whanganui District Health Boards are responsible for servicing problem gamblers. Unfortunately for Ruapehu the services are few and far between. In Taumarunui where gambling risk has the potential to be quite high there are no available face to face services specifically for gambling addiction, apart from the gambling helplines.

- [Māori Gambling Helpline](#) ☞  
0800 654 656
- [Vai Lelei Pasifika Gambling Helpline](#) ☞  
0800 654 657
- [Gambling Debt Helpline](#) ☞  
0800 654 658
- [Youth Gambling Helpline](#) ☞  
0800 654 659
- [Asian Hotline \(Problem Gambling Foundation\)](#) ☞  
0800 862 342

## SPENDING IN THE LAST QUARTER

Every territorial authority saw a huge decline to effectively zero during lockdown while venues were closed. Most TAs then bounced straight back to previous levels immediately after lockdown. As seen below total New Zealand gambling is back at the pre-lockdown level. Ruapehu District is an anomaly in that spending increased significantly higher than pre-lockdown levels. There was also higher spending in neighbouring districts such as Whanganui, Waitomo and Taupo. Most of the spending was done in Taumarunui central where there is high deprivation.

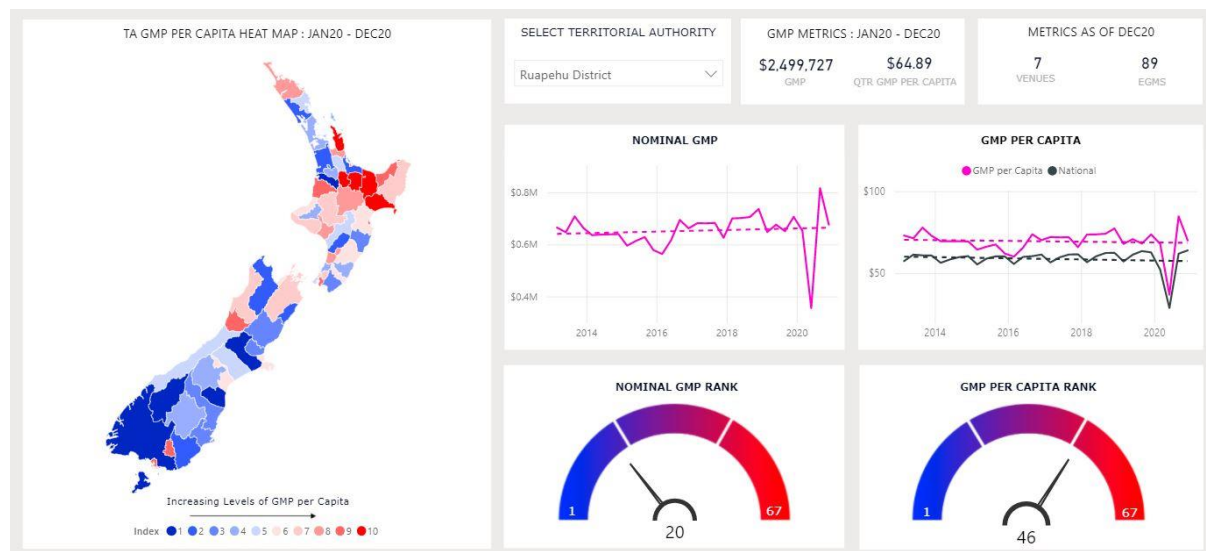


Figure 5; GMP Per Capita in Ruapehu

## NATURAL ENVIRONMENT

While gambling does not directly impact the natural environment this report acknowledges the flow on affect gambling may have on the physical environment. If the guardians of the environment are living in deprivation exasperated by gambling harm, they won't be able to appropriately care for their environment, which could result in negative environmental effects.

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## 8 CONCLUSION

From the available data it is difficult to ascertain the exact number of problem gamblers within the district. Latest figures show that only one person used a gambling help service in the past three years. Problem gamblers are less likely to refer themselves to help services, so the actual number of problem gamblers may not be fully captured in the data. However, given the amount of GMP's made in the district, the high deprivation score and the results from the gambling risk assessment, this social impact report concludes that residents of Ruapehu District, especially those living in low-socioeconomic communities, are at risk of problem gambling and it is highly likely that there are more problem gamblers within the District.

### EGM'S

Studies show that there is a trend of high density of gaming machines in high deprivation areas, which heightens the risk of residents within already vulnerable communities. This is the case for Ruapehu, where 45 out of 89 gaming machines operate in Taumarunui central, one of the highest deprived areas in Ruapehu. It can be argued that 45 machines is an appropriate amount given that Taumarunui is also the most populated area (4707) in the district. However the total amount spent on gaming machines in Taumarunui in 2020 is \$1,621,152 that is \$344.63 per person, which is considered extremely high risk considering that there is higher proportion of low income peoples (those earning less than \$15,000 per annum) to high income peoples (those earning more than \$70,000 per annum) in the District<sup>16</sup>.

### GAMING MACHINE PROFITS

While gaming machine associated grants are clearly a positive social impact of Class 4 gambling, the evidence above shows that the amount spent on EGM's is disproportionate to the amount being injected back into Ruapehu. With that being said the funds that are returned back to the community are vital to the operation of key community groups that provide valuable services to the community.

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<sup>16</sup> (Informed Decision, 2018)



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