

## **Class 4 Gambling FAQs**

### **Q1. Is there a 'problem gambling' problem in the district?**

It is difficult to have a definite number on the scale of problem gambling across the district. This is due to a combination of reasons, including the fact that referral to support services is usually by self, and there are no local providers of problem gambling services within the district. The most recent year we have statistics on record for is June 2017 – June 2018, when 28 clients accessed a problem gambling service. We suspect that this is an underestimation of the true scale of the problem. Research by scholars<sup>1</sup> estimates that at any given time, between 0.3% and 1.8% of adults living in the community in New Zealand are likely to score as problem gamblers on standard questionnaires. In Taupo this would be between 85 and 507 people; excluding family and household members who may be impacted on by their gambling.

### **Q2: Will implementing a sinking lid policy hinder district wide economic development?**

Gambling has been associated with increased government revenue and overall economic growth on a national scale as Central Government earns revenue from gambling. At the local and territorial level, the economic benefits are less clear cut. A few gambling industry funded studies<sup>2,3</sup> report a beneficial relationship between employment and wage impacts in casino-hosting regions overseas. The positive impact on employment and earnings appears to last only for about 5 years and is limited to the hospitality and entertainment sector. This is with casinos though, and not the Class 4 type of gambling venues.

Conversely, other research studies<sup>4,5</sup> argue that the losses offer a sharp contrast to any local economic gains. They report that money for gambling is diverted from savings and/or other expenditure and can have a negative impact on local businesses and the economic health and welfare of whole communities. The reports suggest that even in instances where gambling creates employment opportunities, a comparison of gambling and retail in terms of jobs created for every million dollars spent shows that gambling creates about half as many jobs as retail. They further argue that any jobs and economic activity generated by gambling expenditure are easily replaced and would exist elsewhere if that money was spent outside the gambling industry.

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<sup>1</sup> Department of Internal Affairs. Problem Gambling in New Zealand – A Brief Summary. [https://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/\\$file/ProblemGamblingFactsFinal.pdf](https://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/$file/ProblemGamblingFactsFinal.pdf)

<sup>2</sup> Walker, D.M. & Sobel, R.S. (2016), Social and Economic Impacts of Gambling in Current Addiction Reports – June 2016. DOI: [10.1007/s40429-016-0109-8](https://doi.org/10.1007/s40429-016-0109-8)

<sup>3</sup> Gambling Research Australia. (2010). A Review of Australian Gambling Research \_ Updated Report. <https://www.gamblingresearch.org.au/sites/default/files/2019-09/Analysis%20of%20Australian%20Gambling%20Research%20Studies.pdf>

<sup>4</sup>Ibid.

<sup>5</sup> Centre for Social and Health Outcomes Research and Evaluation & Te Ropu Whariki (Massey University). (2008). Assessment of the Social Impacts of Gambling in New Zealand. <https://www.health.govt.nz/system/files/documents/publications/social-impacts-gambling-nz08.pdf>

**Q3: Will allowing a gaming venue to establish in Mangakino or Turangi contribute to the towns' economic development?**

As discussed above, a few gambling industry funded studies report a beneficial relationship between employment and wage impacts in casino-hosting regions overseas<sup>6</sup>. The same reports also find that not only do positive income and employment effects erode over time, but the economic effects are larger in urban areas and may actually be negative in these smaller towns.

**Q4: Is implementing strong controls like a sinking lid policy an example of 'nanny state' policies?**

Problem gambling is a public health issue, and in accordance with s317 of the Gambling Act, the Ministry of Health is formally responsible for developing and implementing an integrated problem gambling strategy. District health boards (DHBs) bear responsibility for this at a district or territorial level. In its position statement on gambling machines,<sup>7</sup> Lakes DHB argues that gambling machines (pokies) cause more harm than any other form of gambling and recommends that councils adopt a sinking lid policy to reduce the number of class 4 gambling machines in their communities.

This may be considered to be an extension of 'nanny state' policies, but the state, and by extension Council, has a duty to look after the health of everyone, and sometimes that means guiding or restricting people's choices.

**Q5: Won't adopting a sinking lid policy only push gamblers into online gambling?**

While the extent of online gambling by New Zealanders has yet to be fully researched, it is obvious from overseas research and anecdotal evidence that online gambling is growing very quickly. A 2018 research report commissioned by the Ministry of Health asserts that online only gamblers are in the minority and so traditional intervention methods will still reach the majority of gamblers at this present time. However, with technology continually evolving, and an increase in online gambling products (such as Lotto's instant app) this is a space to watch closely.

That said, it is not an either-or situation; and while Council currently has no rights to control online gambling, it has some mechanisms for managing Class 4 gambling venues. Electronic gaming machines are widely considered to be addictive and capable of causing significant harm to a small but significant group of users. It is therefore appropriate for Council to regulate Class 4 gambling as envisaged by the Gambling Act 2003.

**Q6: Don't most gamblers just have a quick flutter on the machines – a bit of bright lights and harmless fun?**

Gambling is meant to be a fun and social form of entertainment. It offers the player a chance of winning – but all forms of gambling are designed to pay out less than they take in. Pokie machines do

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<sup>6</sup> Walker, D.M. & Sobel, R.S. (2016), Social and Economic Impacts of Gambling in Current Addiction Reports – June 2016. DOI: [10.1007/s40429-016-0109-8](https://doi.org/10.1007/s40429-016-0109-8)

<sup>7</sup> Lakes District Health Board: Position Statement – Gambling Machines. <http://www.lakesdhb.govt.nz/Resource.aspx?ID=45274>

this particularly well and are designed to make money for their operators. They do that by getting players to stay at them for as long as possible; but each spin will have as much chance of winning as the last one, so it doesn't matter if you have a system, you can't beat or cheat a pokie machine. Rather than being harmless gimmicks, the bright lights and sounds the machines make are deliberate features designed to grab attention and pull players into the machine. While many people are able to gamble without significant or long-term impacts, there are members of our community who become addicted; and as a consequence, they (and their families) suffer from gambling related harm.

**Q7: What does adopting a sinking lid mean for community and sports groups that receive funding from machine operators?**

Sinking lid policies do not result in immediate or drastic cuts in funding available for community groups – this is a misconception. Sinking lids are long-term strategies to balance the reduction of pokies, and pokie-related harm, with the need to provide funding to benefit the community.

Sinking lids are policies of attrition, venues are not forced to close or remove their pokies – it simply means if a venue closes, pokies cannot go to another pub and no new pokie licenses can be issued. There are many councils around the country with sinking lid policies which have seen no reduction in the amount of funding available because they are designed for long-term effect