



Class 4 Venue Policy Review 2020

Social Impact Assessment

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Executive Summary

This report provides an overview of gambling in New Zealand and the Taupō District, with particular reference to Class 4 gambling. It focuses on the social effects of pokie machine gambling, including problem gambling, and reports on recent changes in the industry and participation since the current policy was last reviewed in 2017.

Class 4 gambling is considered to have both positive and negative impacts for the community. One key benefit is the grant funding available through the distribution of proceeds to community organisations. In the period between January 2018 and December 2019, \$18.2 million was lost to Class 4 gambling machines across the district. Over the same period - just over \$1.4 million was returned to the community in grants. Suggesting that only a small portion of gaming machine income generated in Taupō District, stays in the district.

Problem gambling is a serious social issue, not only for those directly affected (the problem gambler) but also their network of family, friends, workplace, and the community at large. Problem gambling is sometimes funded by the proceeds of crime, adding further to the negative impacts experienced by the community. It is difficult to ascertain the extent of gambling harm being experienced across the district as there are no local problem gambling service providers across Taupō.

However, when local Class 4 gambling is assessed using proxy indicators like the Ministry of Health's gambling assessment framework – it becomes evident that the district is at medium to high risk of harm from gambling.

The current Taupō District Gambling Venue Policy provides a cap on the number of machines within the district and places restriction on the relocation of existing venues or the establishment of new ones. Despite these provisions, the incidence of Class4 gambling (as evidenced by gaming machines proceeds), along with the possibility of harm to the community, has increased across the district.

Overall, the while the current Gambling Venue Policy appears to have provided some restrictions on the operation of Class 4 gambling venues across the district, there is a need for more stringent provisions to curtail the risk of harm that it poses to the community.

Introduction

New Zealanders enjoy their gambling, and research (Figure 1 below) by the Health Promotion Agency [Te Hiringa Hauora] shows that two-thirds of us (67% percent) have been involved in at least one form of gambling activity in the past year¹. While this number has declined from 83% in 2006; more gamblers now report spending more time or money gambling than they intended.²



Indicator	Year (%) 							Changes between 					
	2006	2008	2010	2012	2014	2016	2018	2006 and 2018	2008 and 2018	2010 and 2018	2012 and 2018	2014 and 2018	2016 and 2018
Any gambling activities	82.7	77.4	81.3	69.7	70.2	70.2	67.2	▼	▼	▼	≈	≈	≈
Pokies at pub/club/casino	21.5	22.8	20.2	16.5	14.7	11.9	13.0	▼	▼	▼	▼	≈	≈
Any NZ Lotto products	67.1	63.8	65.6	59.7	59.5	60.8	55.1	▼	▼	▼	▼	▼	▼
Online gambling on overseas websites	-	-	1.9	1.4	3.5	3.2	2.2	-	-	≈	≈	≈	≈
Any horse/dog races/sports events (NZ)	17.7	13.8	17.3	15.7	14.4	12.2	11.3	▼	≈	▼	▼	▼	≈

Figure 1 Gambling Participation in the past 12 months³

A number of public health concerns exist around the negative impacts of gambling both on the gamblers themselves and second-hand harm to members of their households and wider family.⁴ Conversely, the proceeds from gambling provides much needed funds to community organisations; along with opportunities for social entertainment and local employment.

This report assesses the social impact of Class 4 gambling in the Taupō District.

¹ Health Promotion Agency, 2019. 2018 *Health and Lifestyles Survey*. <https://kupe.hpa.org.nz/#!/gambling/gambling-participation/any-gambling-activities>

² Ibid.

³ Ibid.

⁴ Ibid.

Regulation of gambling activities in New Zealand

Gambling activity in New Zealand is regulated by the Gambling Act 2003 (the Act) and the Racing Industry Act 2020. The legislation is primarily enforced at a national level by the Department of Internal Affairs, although councils play a small regulatory role in relation to the following types of gambling venues:

- Class 4 venues i.e. venues with non-casino electronic gaming machines, commonly referred to as pokies (“Class 4 pokie venues”)
- Racing Industry Transition Agency TAB venues (“TAB venues”).

The table below provides an overview of the regulatory framework and the respective roles of central and local government

Table 1 Gambling Types and Role of Central and Local Government in Regulating Them

Gambling Activity	Central Government	Territorial Authorities
Casino Gambling	<ul style="list-style-type: none"> • Responsible for all regulatory, licensing and enforcement activities 	<ul style="list-style-type: none"> • No control over casino gambling
Gambling conducted by the New Zealand Lotteries Commission		<ul style="list-style-type: none"> • No control over gambling conducted by the New Zealand Lotteries Commission
Gambling at Class 4 venues	<ul style="list-style-type: none"> • Sets the legislative framework (e.g. maximum number of machines per venue, rules about distribution of proceeds) • Responsible for venue licensing, subject to council consent • Enforcement activities 	<ul style="list-style-type: none"> • Required by legislation to have policies in place to regulate the number and location of new gambling venues in the district • Responsible for consenting new venues that comply with the relevant policy • No control over TAB machines in taverns
Betting at TAB Venues	<ul style="list-style-type: none"> • Sets the legislative framework • Responsible for venue licensing, subject to council consent • Enforcement activities 	
Online gambling	<ul style="list-style-type: none"> • No control over overseas-based online gambling websites • Limited control over New Zealand based online gambling websites 	<ul style="list-style-type: none"> • No control over online gambling

Territorial Authority Regulation of Gambling

In accordance with the provisions of both Acts (Gambling Act 2003 and the Racing Act 2003), all territorial authorities are required to have a Class 4 Venue Policy and a Board Venue (stand-alone TABs) Policy; and review these policies every three years.

These two policies have been combined into one by Taupō District Council and were last reviewed in 2017.

In reviewing these policies, the Council must have regard to the social impact of gambling within the district. The policy must specify:

- whether or not Class 4 gambling venues may be established within the district, and if so
- where they can be located.

The policy may also specify restrictions on the maximum number of gaming machines that can be operated at a Class 4 venue within the district. Territorial authorities, however, do not have the authority to:

- control hours of operation of TAB or Class 4 venues
- close down an existing gambling venue
- be involved in decisions about what happens to proceeds of gambling - where and to whom proceeds are distributed
- regulate casinos, internet gambling or Lotto outlets.

Statutory limits on machine numbers

The Act limits the number of gaming machines permitted at a venue. 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 17 October 2001 but before the commencement of the Gambling Act 2003 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 than nine machines at some sites provided, amongst other things, the territorial authority has issued a consent that is consistent with its Class 4 gambling venue policy.

Class 4 Gambling

Class 4 gambling generally involves a gaming machine. Gaming machines owned by corporate societies (or Trusts) pay the venue a fee to host the machines. The Department of Internal Affairs is responsible for issuing licences to corporate societies. To be eligible, the corporate societies must be non-profit, and be established to raise funds for community purposes.

Clubs provide Class 4 gambling machines for their members and guests only. These venues do not distribute the profits of Class 4 gambling to the community but apply them to provide services to the club and its membership.

There are currently 11 Class 4 gambling venues operating within the district with a total of 151 gaming machines in operation. The number of machines operating in the district has been trending downwards over the past decade

Table 2 Class 4 Gambling Venues in Taupō

Society / Club Name	Venue Name	Number of Machines
Grassroots Trust Limited	Pitch Sports Bar	9
Pelorus Trust	Turangi Tavern	18
Pub Charity Limited	Fox and Hounds	9
Racing Industry Transition Agency	TAB Taupō	9
Taupō Cosmopolitan Club Inc.	Taupō Cosmopolitan Club	18
The Lion Foundation	dbar	18
The Southern Trust	Mulligan's Public House	9
Tokaanu-Turangi Districts Memorial RSA (Inc)	Tokaanu-Turangi Districts Memorial RSA	11
Youthown Incorporated	Lucky Lizard	18
Youthown Incorporated	Pub 'N' Grub	14*
Youthown Incorporated	Finn Maccuhals	18
Total	11	151

*Although Pub and Grub currently operates only 14 machines, its licence permits 18 machines and it can increase machines to this maximum without seeking Taupō District Council's approval.

Board or TAB Venues

TAB venues are owned and operated by the Racing Industry Transition Agency; a statutory monopoly established under the Racing Reform Act 2019. The main business of TAB venues is to provide betting services for racing and sporting events. The Agency uses the proceeds from gambling to support its business operations and it distributes the remainder to sporting organisations. TAB venues can also apply for a Class 4 gambling venue licence to operate gaming machines.

Under the Racing Act 2003, councils must have in place a policy that specifies:

- whether new TAB venues may be established within the district; and if so
- where they can be located

These policies only affect venues that are stand-alone TAB venues. Self-service TAB machines (e.g. in pubs or bars) and franchised outlets (e.g. TABs operating in taverns) fall outside the scope of these policies and the Council has no control over their operation.

As at February 2020, Taupō has 4 TAB venues located in pubs and clubs which are not covered by the Council's policy.

Table 3 TAB Venues in Taupō

Type of Outlet	Name of Venue	Number of Outlets
Agency/Board venues	<ul style="list-style-type: none"> • Taupō Branch TAB Store 	1
Self-service outlets (in clubs and pubs)	<ul style="list-style-type: none"> • Lucky Lizard 	1
Social outlets (in clubs and pubs)	<ul style="list-style-type: none"> • Taupō Cosmopolitan Club Inc. • Turangi Tavern 	2
Total		4

About the Data

Recent data relating to gaming machine numbers and associated expenditure, along with the number of problem gamblers seeking help both nationwide and in the district is readily available from Department of Internal Affairs and Ministry of Health respectively.

The money lost on Class 4 electronic gaming machines (EGMs) is called the gross machine profit (GMP). It is the amount wagered, less the amount paid back as prizes. A way to compare year on year expenditure equally is to remove orders of magnitude by taking GMP as a proportion of EGMs. Where there is an increase in these figures, it means players are spending longer hours playing gaming machines, betting more per game or more players are playing the machines⁵.

National Gambling Trends

New Zealand has a long and established gambling history with four main forms of gambling - Lotteries, TAB Sports betting, gaming machines and casinos (figure 2 below). While these have traditionally been the main forms of gambling, recent research, is showing evidence that participation in online gambling is growing.

⁵ Department of Internal Affairs (2019). Gaming Machine Proceeds (GMP) Data

Reported Gambling Expenditure 2010/11 to 2017/18

Actual dollars (non-inflation adjusted) for gambling operators' financial year-end.

	2010/11 \$m	2011/12 \$m	2012/13 \$m	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m	2017/18 \$m
NZ RACING BOARD (TAB)	\$273	\$283	\$294	\$310	\$325	\$342	\$338	\$350
NZ LOTTERIES COMMISSION	\$404	\$419	\$432	\$463	\$420	\$437	\$555	\$561
GAMING MACHINES (outside Casinos)	\$856	\$854	\$827	\$806	\$818	\$843	\$870	\$895
CASINOS	\$448	\$483	\$490	\$486	\$527	\$586	\$572	\$578
TOTAL	\$1,982	\$2,038	\$2,042	\$2,065	\$2,091	\$2,209	\$2,334	\$2,383

Figure 2 Total Actual Gambling Expenditure by gambling mode (2010 - 2018)⁶

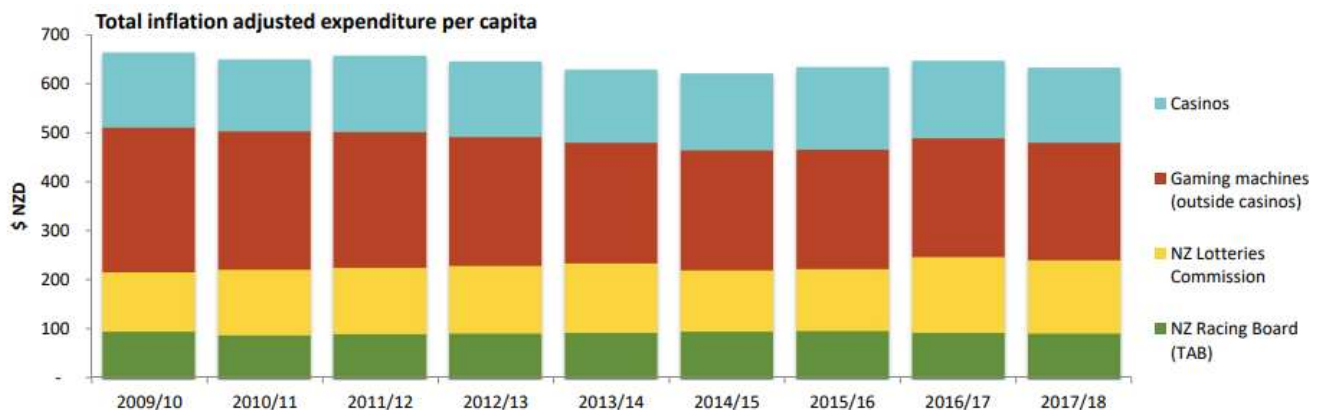


Figure 3 Per Capita Gambling Expenditure by Gambling Mode

Taupō District Gambling Profile

When the Policy was last reviewed in 2017, there were 175 gaming machines operating from 12 venues across the district; and a machine cap of 191 was set in place. Since then, the Tongariro Chartered Club has shut down, and the number of venues has declined from 12 to 11. There has also been a corresponding decline in the number of machines from 175 to 151. This decline is in keeping with national trends.

⁶ DIA (2018). Gambling Expenditure Statistics

Despite this reduction in absolute numbers:

1. From 2017 to 2019, gaming machine proceeds increased by 16.6% in the district despite there being an 8% reduction in venues and a 14% reduction in number of machines⁷.
2. In the year preceding the 2017 policy, average loss per day to gaming machines in the Taupō district was \$22,487; by 2019 this had increased to \$25,760. In comparison, current annual median income in the district is \$29,553⁸
3. GMP per gaming machine is \$62,411. Despite having less than 9% of total gaming machines, this is the highest loss per machine across all the districts in the Waikato Region. By comparison, the regional average is \$46,899⁹

Comparison of National and Local Gambling Trends

Since local government oversight of gambling is limited to Class 4 machines, the analysis and charts below will focus on this alone. The Department of Internal Affairs¹⁰ has noted the following trends in Class 4 gambling nationally – on almost every measure Taupō District exceeds the national average:

- According to the Household Economic Survey (2016) from Stats NZ, New Zealanders spend roughly 11 billion dollars a year on all forms of entertainment, which includes games of chance.
- Taupō District last reviewed its Class 4 Gambling Policy in 2017. In the period since that review and the end of the last calendar year (Jun-2017 to Dec-2019), GMP for New Zealand increased by \$26,179,018 or by 11.9%. Within the district, the increase was higher at 16.6%.
- Over the same period, operating venues decreased by 100 (or by -8.5%) Gaming machine numbers also decreased by 1,002 or -6.3%. Taupō District had a similar downward trend for EGMs and venues
- In the same time period, GMP per gaming machine in New Zealand increased by \$2,698 (or by 19.4%). Within Taupō District, it increased by \$4,245 (or by 35.9%). Suggesting players are either spending longer hours playing gaming machines, betting more per game or more players are playing the machines
- For year on year comparison, total GMP across New Zealand increased by \$32,260,517 (or by 3.5%) in the period between December 2018 and December 2019. In Taupō, it increased by \$578,286 (or by 6.5%) on the preceding year

⁷ Department of Internal Affairs (2019). Gaming Machine Proceeds (GMP) Data

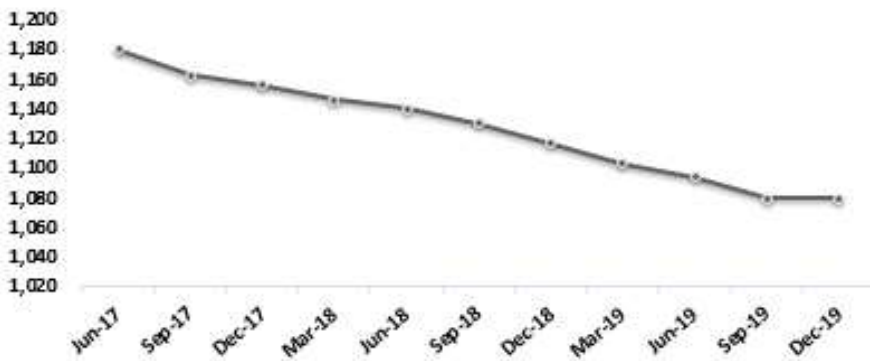
⁸ NZ stats Population Data

⁹ Ibid.

¹⁰ Ibid.

Venues and EGMs

Number of venues



Number of gaming machines

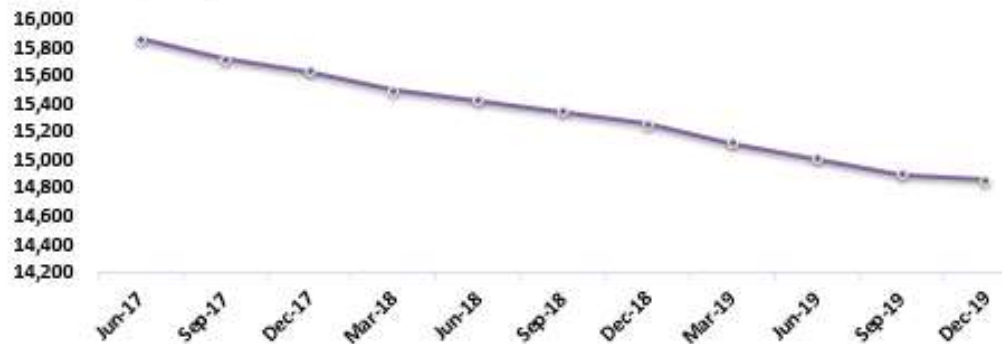
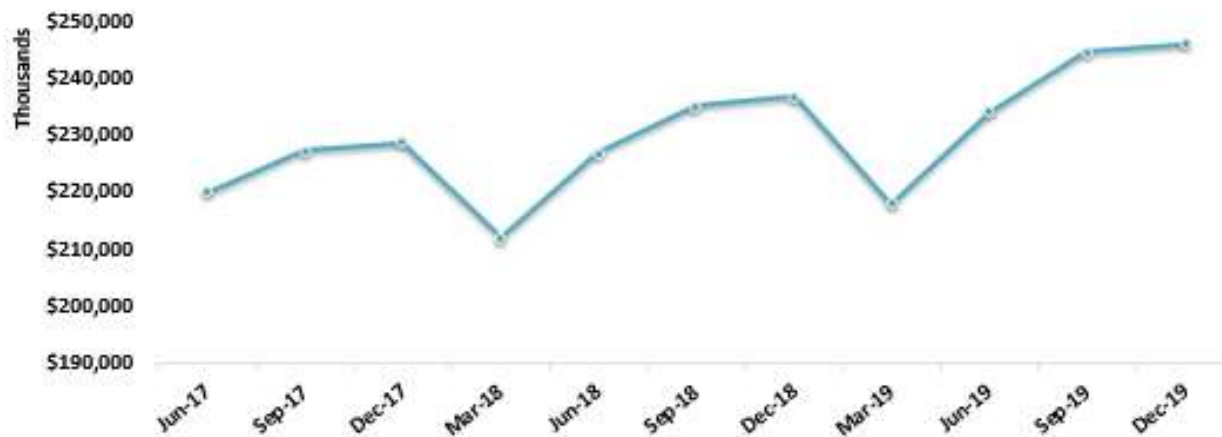


Figure 4 Nationwide Changes in number of Gaming Machines and Venues (2017 - 2019)¹¹

GMP

GMP per quarter



GMP per EGM

↑ 19.4%



Figure 5 Nationwide Gaming Machines Proceeds per Quarter (June 2017 - December 2019)¹²

¹¹ Department of Internal Affairs (2019). Gaming Machine Proceeds (GMP) Data

¹² Ibid.

Table 4 Gaming Machine Proceeds (GMP) per Electronic Gaming Machine (EGM) across the Waikato Region¹³

District	GMP (\$)	% of GMP of total GMP	# of venues	% of total Venues	# of EGMs	% of total EGMs	GMP / EGM	Population
Hamilton City	\$ 26,174,807.68	29.94%	28	21.36%	423	23.57%	\$ 61,842.43	165,900
Hauraki District	\$ 5,274,518.79	6.03%	9	6.99%	119	6.71%	\$ 44,323.69	20,600
Matamata-Piako District	\$ 6,398,341.72	7.32%	12	9.13%	153	8.58%	\$ 41,819.23	35,500
Otorohanga District	\$ 977,122.43	1.12%	2	1.55%	23	1.30%	\$ 42,483.58	10,400
South Waikato District	\$ 7,372,466.79	8.43%	10	6.99%	146	7.74%	\$ 50,582.96	24,800
Taupō District	\$ 9,424,034.74	10.78%	11	8.54%	151	8.51%	\$ 62,410.83	38,300
Thames-Coromandel District	\$ 10,698,400.25	12.24%	21	15.92%	253	14.10%	\$ 42,369.90	30,800
Waikato District	\$ 9,829,251.78	11.24%	18	13.98%	235	13.25%	\$ 41,826.60	77,800
Waipa District	\$ 8,636,009.28	9.88%	15	11.65%	228	12.86%	\$ 37,877.23	54,800
Waitomo District	\$ 2,639,802.97	3.02%	5	3.88%	61	3.38%	\$ 43,453.55	9,570
Grand Total / Average	\$ 87,424,756.43	100.00%	130	100.00%	1791	100.00%	\$ 46,899.00	468,470

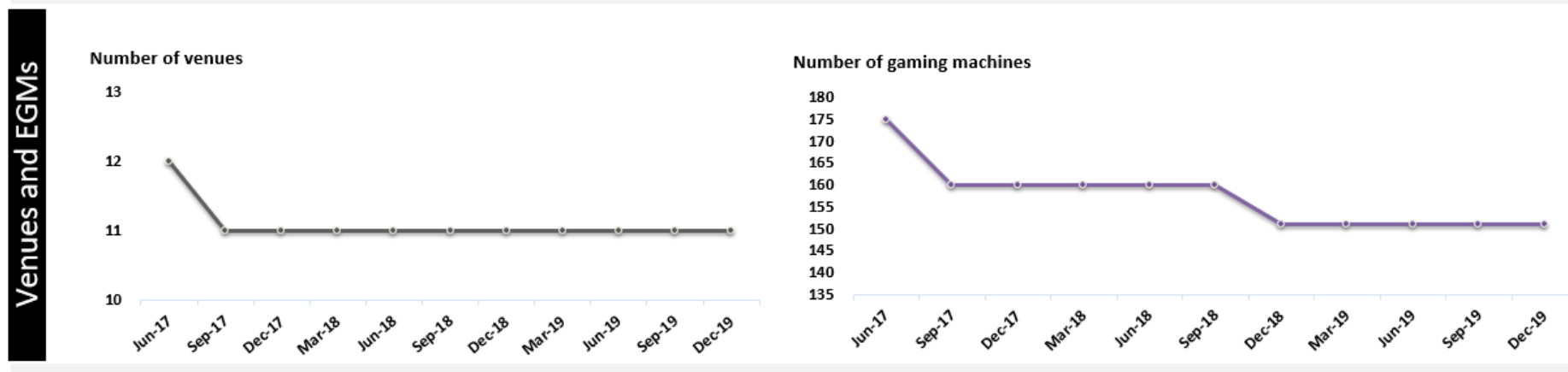


Figure 6 Taupō District Changes in number of Gaming Machines and Venues (2017 - 2019)¹⁴

¹³ Department of Internal Affairs (2019). Gaming Machine Proceeds (GMP) Data/ NZ stats Population Data

¹⁴ Ibid

GMP

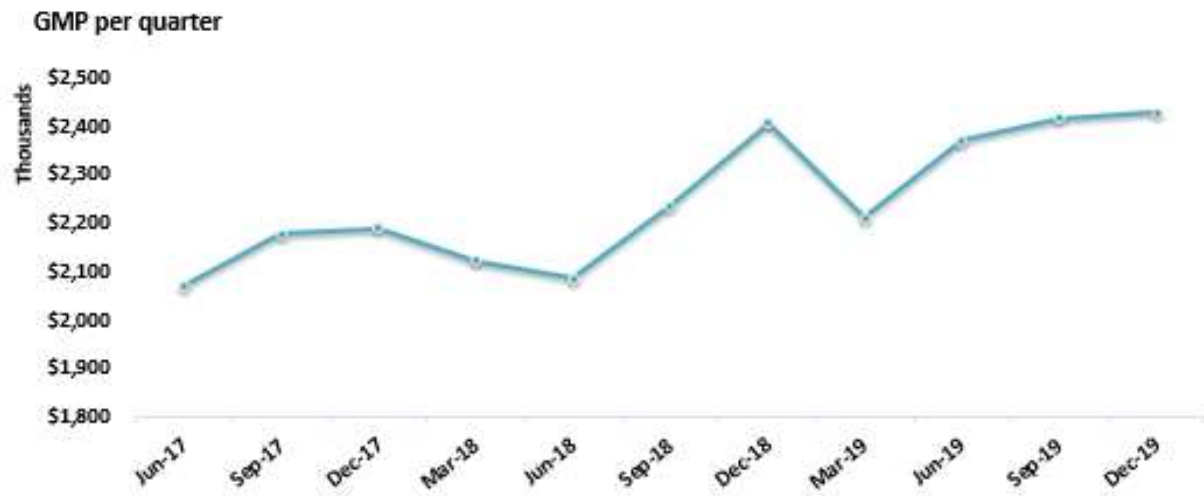


Figure 7 Taupō District Gaming Machines Proceeds per Quarter (June 2017 - December 2019)¹⁵

GMP

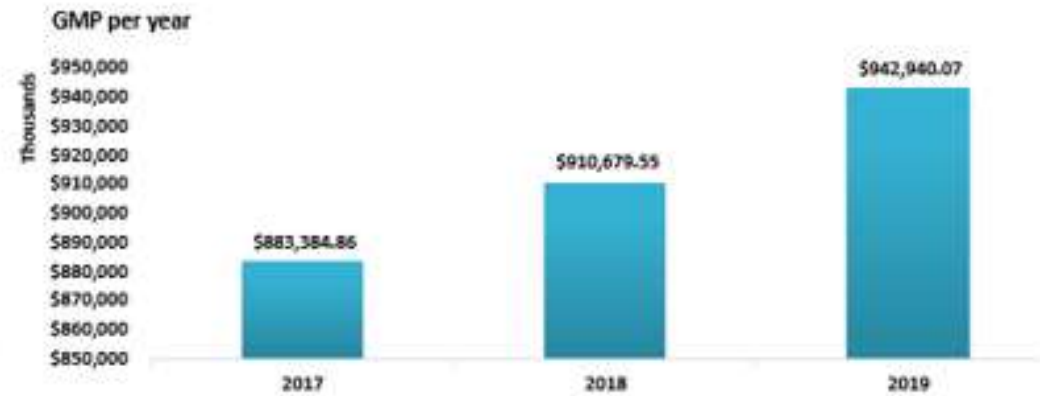
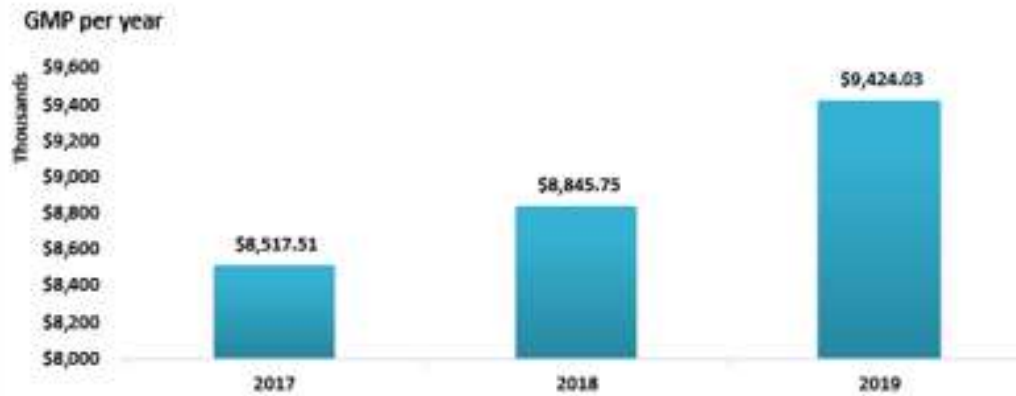


Figure 8 Total Annual GMP (2017 - 2019) - Taupō District [left]; New Zealand [right]¹⁶

¹⁵ Ibid.

¹⁶ Ibid.

Costs and Benefits of Gambling

Social Impacts of Gambling

Not all gambling products are created equal, and gaming machines are considered to have a higher likelihood of gambling harm than other gambling forms. This is due to a mix of addictive features (like free spins and nearly wins), their solitary nature and how they provide a continuous form of gambling which allows for an instant re-investment of any 'winnings'¹⁷

There are two main categories of problem gamblers:

- pathological gamblers, who typically have a craving to gamble more and more, are unable to stop despite massive losses and who feel out of control of their gambling, and
- problem gamblers, a category with multiple meanings that refers generally to people with patterns of gambling behaviour that have an adverse effect on general health, personal and family relationships, work or wider social activities. This is considered a less severe category than pathological gamblers.¹⁸

Gambling Harm

Harm from gambling is measured by proxy using symptomatology or by self-report in population surveys¹⁹. In New Zealand these include the New Zealand Health Surveys, the National Gambling Study, or alternatively, client disclosures during treatment seeking. The nature of gambling harm experienced by individuals are broadly grouped as follows²⁰:

- Reduced health outcomes (both morbidity and mortality).
- Emotional or psychological distress.
- Financial harm.
- Reduced performance at work or education.
- Relationship disruption, conflict or breakdown.
- Criminal activity.

Gambling harm is both harm to the individual, as well as to family and significant others that manifests in myriad ways. The list below is excerpted from the 2018 New Zealand health survey and presents a high-level overview of some of the ways in which respondents have experienced gambling related harm

¹⁷ Problem Gambling Foundation (2019). Gambling in New Zealand

¹⁸ Rankine and Haigh (2003).

¹⁹ Ministry of Health (2017). Measuring the Burden of Gambling Harm in New Zealand

²⁰ Ibid

- 1 in 14 New Zealand adults (7%) reported second-hand gambling harm in their wider family or household in the last 12 months. ²¹
 - Harm was more likely to be reported by Māori than non-Māori.
 - The prevalence of harm has remained relatively unchanged from 2010 to 2018.
- One in six New Zealanders has gone without something they need, or a bill has remained unpaid because of gambling.
- Harm from gambling disproportionately affects higher deprivation and lower income communities and further exacerbates inequality and deprivation.
- Problem gambling particularly affects the poor, ethnic minorities, youth, the aged and other vulnerable groups.

Inequality and Equity

Gambling has been shown to adversely impact communities, particularly those that are least able to afford it. In Taupō, all gaming venues are in areas of medium to very high deprivation.

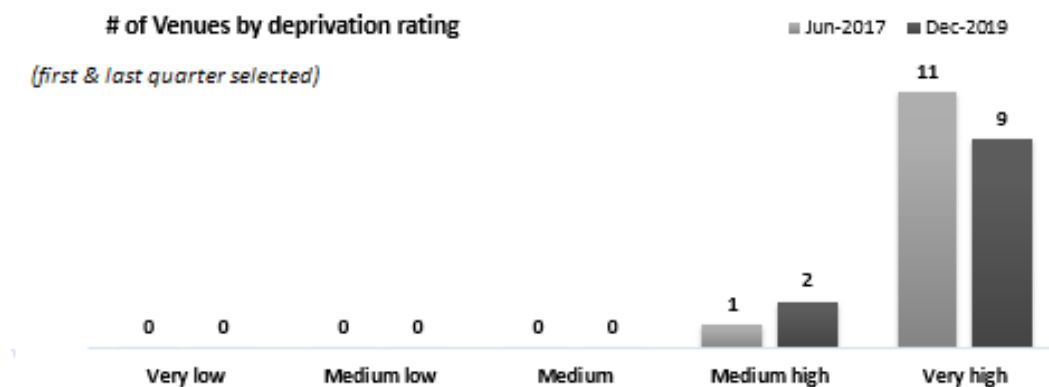


Figure 9 Taupō District Venues by Deprivation Rating²²

The pattern that emerges from this observation is the entrenchment of disadvantage and the transfer of resources away from other financial and commercial activities towards poker machine gambling at a significant rate, with a concentration of this process amongst the most disadvantaged communities. It is also likely to be a key factor in the intergenerational transmission of disadvantage in disadvantaged communities²³

²¹ Health Promotion Agency, 2019. 2018 *Health and Lifestyles Survey*. <https://kupe.hpa.org.nz/#!/gambling/gambling-participation/any-gambling-activities>

²² Department of Internal Affairs (2019). Gaming Machine Proceeds (GMP) Data

²³ Livingstone C et al, Assessment of poker machine expenditure and community benefit claims in selected Commonwealth Electoral Divisions, Monash University, 2012.

Second-hand gambling harm and concern about gambling within the community

Results from the 2018 Health and Lifestyles Survey (HLS)



Second-hand gambling harm refers to either having an argument or someone going without something they needed due to gambling in respondents' wider family or household reported in the last 12 months.

Community concern refers to answering 'How concerned are you about the level of gambling in your community?' Responses included 'Not at all', 'A little', 'Somewhat', or 'Very' concerned.

1 in 14

New Zealand adults (15-years and older) reported **second-hand gambling harm** in the last 12 months.



The harm was more likely to be reported by **Māori** than non-Māori.



48%

of people were **concerned** about the level of gambling in their community.

This proportion has **not changed** since **2012**.

People who had **higher degrees** of concern ('somewhat' or 'very' concerned) tended to live in the **most deprived areas**.



After adjusting for deprivation level, **Pasifika** were more likely to have **higher degrees** of concern than non-Pasifika.



3 in 4

of those who reported **second-hand gambling harm** were **also concerned** about the level of gambling in their community.

Is your gambling still just for fun? Find out more at choicenotchance.org.nz.
more results from the HLS are available at kupe.hpa.org.nz

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choice NOT **CHANGE**

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TE HIRINGA HAORĀ

Pokies in pubs and clubs – participation, harm and spending

Results from the 2018 Health and Lifestyles Survey for past-year pokie gamblers in pubs and clubs.



One in ten adult New Zealanders (15-years and older) had played pokies at a pub or club in the last 12 months.

Those who played pokies were equally likely to be male or female.

Pokie players were more than twice as likely to be at-risk of some level of gambling related harm compared to other gamblers

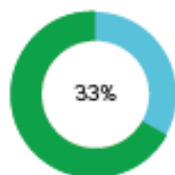


16 in 100 were at-risk gamblers¹

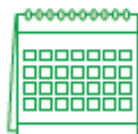
7 in 100 were at-risk gamblers



Monthly (or more often) pokie players



About a third (33%) of people who played pokies at least monthly were at-risk gamblers.



Those who played pokies monthly or more often were twice as likely to spend over \$50 in one session.



38% of Māori



12% of non-Māori

Some level of gambling harm was experienced by 38% of Māori pokie players compared to 12% of non-Māori pokie players.

Economic Benefits of gambling

Gambling can benefit New Zealand and local communities by way of community grants, providing employment opportunities and as a form of entertainment.

Community Grants

Under the Gambling Act 2003 and the Gambling (Class 4 Net Proceeds) Regulations 2004, all corporate societies that conduct Class 4 gambling are required to distribute 40% of their net proceeds to an authorised purpose. There are two types of corporate society that operate gaming machines:

- those that apply funds to their own purposes (e.g. clubs); and
- those that make grants to other organisations for community purposes.

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 Taupō District will necessarily be returned to the region. However, this also means that the district may benefit from proceeds of machines that operate in other districts.

In 2018, \$276m (out of \$911m lost by players) in gaming machine proceeds was returned to communities nationwide. The majority of this funding is distributed to sports organisations, and social and community service organisations²⁴. There were no figures available for 2019 as at the time this report was compiled.

Between January 2018 and December 2019, approximately \$1.4m was received by community organisations in Taupō²⁵. These are grants believed to be made just to the Taupō District. Grants given to organisations like the National Heart Foundation or Cancer Society etc., or combined sports teams under the 'Bay of Plenty' umbrella often include other areas such as Western BOP, Rotorua and Whakatane and sometimes Opotiki and are excluded from this calculation.²⁶

Although the provision of grants to community groups is often considered to be one of the biggest benefits to the community, \$1.4m received in funding should be considered alongside the \$18.2m lost by players in the district during the same period. Showing that the amount lost from the district far exceeds what is returned to the local community.

**The information on grants made to community groups in the district has been sourced from data provided by the Problem Gambling Foundation. The PGF Group acknowledged that there may be discrepancies due to a lack of detailed information from some of the Gambling Trusts and the lack of guidance on how frequently Trusts need to publish grant*

²⁴ Gaming machine Association. 2018 community Distribution

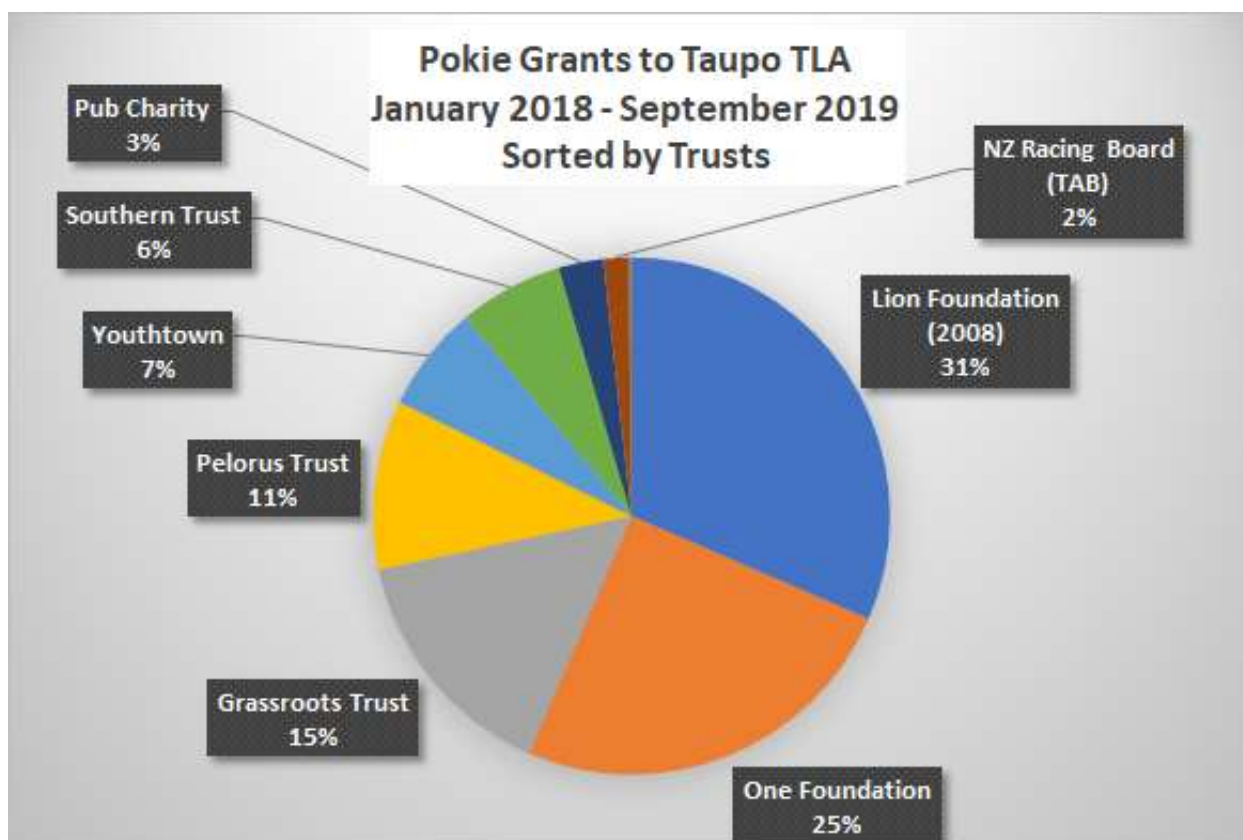
²⁵ PGF NZ (2020); Taupō Analysis report

²⁶ Ibid.

data. Consequently, there is little uniformity in the release of the data. However, as this is the only data available to date, it has been included in this report.

Table 5 Grants made to Community Groups in Taupo (Jan 2018 - Dec 2019)²⁷

Pokie Trust	Sum of Amount	Cut off dates of data
Lion Foundation (2008)	\$ 446,010.00	Sep-19
One Foundation	\$ 353,355.90	Sep-19
Grassroots Trust	\$ 214,744.51	Jul-19
Pelorus Trust	\$ 149,770.54	Sep-19
Youthtown	\$ 94,289.56	Jun-19
Southern Trust	\$ 92,423.00	Dec-19
Pub Charity	\$ 39,537.07	Aug-19
NZ Racing Board (TAB)	\$ 22,349.49	Jul-19
Blue Sky Community Trust	\$ 1,659.00	Jul-19
NZ Community Trust	\$ 750.00	Aug-19
Grand Total	\$ 1,414,889.07	



²⁷ Ibid.

For the period under consideration, the main grants contributor to Taupō District was the Lion Foundation which as at September 2019 had provided \$446,010 (31% of total grants received) in grants to local community groups. In contrast, Youthtown which operates the largest number of machines in the district had (as at June 2019) provided only \$94,289.56 in funding to local community groups²⁸

Incidence of Problem Gambling in Taupō District

In Taupō District, 16 people received help for problem gambling 2017/18 – the last time period we have records for. This equalled 0.29% of all interventions in New Zealand. In addition to this, extrapolations from Ministry of Health data estimate that approximately 271 adults' resident in the district are likely to experience problems due to someone else's gambling. When compared to the national rate of help-seeking, this suggests that the prevalence rate of at-risk gambling in the district is low.

It is difficult to ascertain how accurate this figure is as there is no problem gambling support service in the district. The closest service is in Rotorua.

Other Problem Gambling Risk Factors

Various measures of analysing problem gambling behaviour and its determinants exist and are well explored in literature. For this report, we have adopted the KPMG / Ministry of Health district profile method. Under this method, the district profile is constructed from a composite of five broad categories: gambling prevalence rate, gambling density, the ethnic make-up of the population, community deprivation and the availability of gambling harm minimization services; with a view to determining the likelihood of problem gambling occurring in the district



Prevalence Rate

This is calculated by dividing the number of problem gambling intervention clients by the national rate of help seeking, which is 9.3%, and then dividing that by the district population.

The total number of people in Taupō District seeking help in the 2017/18 year was 16.

The prevalence rate is $(16/0.093)/37,203 = 0.004\%$.

Based on MOH guidelines, this rate indicates a low level of gambling prevalence.

²⁸ Ibid.

Gambling Density

As at December 2019, there were 151 machines operating in the district. This equates to 1 machine for every 246 residents, or 41 machines per 10,000 people. Having less than 75 machines per 10,000 people is considered to be low risk.

Using the 2018 population figures from Stats NZ (37,203) and annual gaming machine proceeds for 2019 (\$9,424,034.74), gambling expenditure per person comes to \$253 per person per year. This is also considered to be a low risk rating.

Ethnicity

Māori and Pacific population groups are more likely to experience gambling harm. When average district populations for these ethnicities exceed the national average, they are considered to be markers for risk.

	National Average	District Average	District Risk rating
Māori	14.9 %	29.9%	High (3)
Pacific people	7.2%	3.2%	Low (1)

Community Deprivation

Highly deprived communities are more likely to experience gambling harm; and all Class 4 gambling venues in Taupō are located in medium and high deprivation areas of the district.

The current Class 4 Gambling Venues Policy restricts the establishment of new gambling venues to commercial Town Centre areas. It is worth noting that commercial areas, particularly central business districts (CBDs) usually score highly on the deprivation index due to variables such as people being more likely to rent and less likely to own a car.

Deprivation scores for parts of the district with machines are between 8 – 10 (with 10 being the highest possible), this is considered a high-risk rating

Harm Minimisation Services

Several problem gambling service providers operate across New Zealand as part of efforts to minimize gambling harm. The development and implementation of problem gambling intervention services in New Zealand are funded from the problem gambling levy, which is collected from gambling proceeds by the Inland Revenue Department. The MoH is charged with funding and coordinating intervention services, which are then delivered by a range of service providers by contractual agreement.

There are currently no providers contracted to deliver services in Taupō. This is considered a high-risk rating.

District Risk Profile

The district risk profile is the sum of the risk for all risk factors. Each risk factor is measured as

- Low risk = 1 point
- Medium risk = 2 points
- High risk = 3 points

Factor	Unweighted Score	Weighting	Total Score
Prevalence Rate	1 (low risk)	2	2
Gambling Density			
- EGMs/ 10,000	1 (low risk)	1	2
- GMP / person	1 (low risk)		
District Ethnicity			
- Māori	3 (high risk)	1	4
- Pacific	1 (low risk)		
Community Deprivation	3 (high risk)	1	3
Harm Minimisation Service	3 (high risk)	1	3
Total Points			14 (out of 24)
MoH risk rating			Medium Risk

Conclusion

Class 4 gambling is very popular in Taupō District and this is evidenced by the large amounts of money lost to gaming machines every year. It is not easy to determine if this increase is attributable to higher spending by existing gamblers, or an influx of new gamblers as part of population growth. However the dip in gambling figures over the summer period, which is peak tourist season, suggests that most of the gambling in the district is done by local residents rather than visitors.

The absence of harm minimization services in the district also casts a doubt on the figures available for those seeking help for problem gambling. It is possible that the numbers are low only because the services are not readily available to local users. If the national average for problem gamblers is 0.3%, then it suggests that the number of problem gamblers in the district would be much higher than 16. The low number of reported problem gamblers also has an impact on the district profile

The possibility of funding for community groups has historically been considered a major benefit accruing from Class 4 gambling. However, as has been shown, funding given to

local community groups accounts for less than 10% of the total gaming proceeds taken from the district. It is indisputable that electronic gambling takes far more out of the district than is returned in grants.

Considering all these, it is recommended that the Taupō District's Class 4 gambling Policy should continue to place restrictions on the location and number of machines and consider adopting a sinking lid on venue numbers and, by extension, machines.

Appendix

Current Taupō Class 4 Gambling Policy Provisions

Table 6 Summary of Taupō District Council's existing gambling venue policies

	TAB Venue		Class 4 Gambling Venue	
	Approach	Description	Approach	Description
Whether new venues may establish	Permissive	<ul style="list-style-type: none"> New venues may be established within the Taupō, Turangi and Mangakino Town Centres 	Permissive Relocations Allowed	<ul style="list-style-type: none"> New venues may be established within the Taupō, Turangi and Mangakino Town Centres Existing Class 4 venues may relocate provided it is to or within the Town Centre areas
Where new venues may establish	<ul style="list-style-type: none"> Proximity Rule 	<ul style="list-style-type: none"> Any new venue must not be part of a place where another TAB is located. Must be at a distance from any education or community facility, place of worship, and/or residential buildings 	<ul style="list-style-type: none"> Proximity Rule 	<ul style="list-style-type: none"> Any new venue must not be part of a place where another Class 4 venue is located Must be at a distance from any education or community facility, place of worship, and/or residential buildings

<p>How many machines a venue can have</p>	<p>TABs with gaming machines are regulated under the Class 4 Gambling Venue Policy. The Council has no control over TAB machines in taverns</p>	<ul style="list-style-type: none"> • Cap 	<ul style="list-style-type: none"> • The maximum number of machines is 191. The council will not give consent to more than this. • A cap of 9 machines per venue for those venues which were granted a licence after 17 October 2001. • Merged venues may operate the lesser of 30 machines or the sum of their existing machines
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