

Kawerau District Council Gambling Policy

Social Impact Assessment

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1 Introduction

The Gambling Act 2003 and the Racing Industry Act 2020 requires Councils to implement a Class 4 Venue and TAB Venue policy (previously referred to as a Board Venues Policy). These policies must be reviewed every three years.

Section 102 of the Gambling Act 2003 and s96 of the Racing Industry Act 2020 requires the Policies to be reviewed every three years. However, it also notes that the policy does not cease to have effect where the policy is due for review, or is being reviewed.

Before adopting, reviewing or amending either policy, Council must take into account the social impact of gambling on the Kawerau community.¹ The purpose of this report is to present the key information that the Council will take into account to help inform the review of the Gambling Policies.

The report provides an overview of both the New Zealand and Kawerau specific gambling activity, with a particular focus on Class 4 Gambling (gaming machines in clubs or pubs). While Council is required to have a policy on TAB venues, currently there are no TAB venues within the Kawerau District. Kawerau does have one venue that provides TAB offerings.

This report has been prepared through a review and analysis of literature and secondary data. It also includes feedback from key stakeholders (gaming machine societies and gambling treatment services). The primary sources for this report were Te Tari Taiwhenua The Department of Internal Affairs (DIA), the Ministry of Health, Stats NZ and Grant.org.nz.

2 Legislative Requirements

Gambling in New Zealand is prohibited unless it is authorised under the Gambling Act 2003, the Racing Industry Act 2020, or it is defined as private gambling. Gambling includes a range of activities including Class 4 Gambling venues, TAB venues, lotto, scratch tickets, online gambling and private gambling. The scope of Council's policy and the social impact statement applies only to Class 4 and TAB gambling venues.

While it is illegal to provide online gambling in New Zealand with the exception of lotto and TAB, it is not illegal to gamble on off shore websites. Although being out of the scope of this report it is important to understand the stats provided only relate to onshore gambling activities.

Class 4 Gambling in New Zealand is a not for profit operation. Corporate Societies run the gaming machines to raise money for charitable purposes, community benefit or non-commercial business for the likes of sports teams and community organisations.

¹ Section 102 Gambling Act 2003, s96 Racing Industry Act 2020

TAB Gambling Venues are owned or leased by the New Zealand Racing Board and the main business is providing racing and sport betting.²

Territorial Authorities must regulate Class 4 Gambling Venues and TAB Venues through the introduction of a gambling policy or policies. Regulation under the Gambling Act 2003 is limited to setting where venues can be located, the maximum number of gaming machines and the ability to enable relocation of gaming machines.

The Gambling Act allows a venue to have up to 18 machines if their licence was granted prior to October 2001, otherwise a venue must not have more than 9 gaming machines.

Under the Racing Industry Act, a Territorial Authority can regulate if and where a new TAB Venue can be located within the District.

A key reason for the Gambling Act 2003 is to prevent and minimise the harm caused by gambling. The Gambling Act 2003 define Harm:³

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

Gambling Venues must provide information and assistance to any person who they believe may have a gaming problem.

The gambling functions and compliance with legislation and policy is monitored by the Department of Internal Affairs.

3 Current Policies

Kawerau District Council adopted the current Gambling Venues Policy and the Board Venues Policy in December 2017. The policy aimed to restrict the growth of gambling by capping the number of Class 4 gambling venues, and capping the total number of gaming machines in the Kawerau District.

The Gambling Venues policy states the following:

- No consent will be issued for Class 4 Venues to be established in Kawerau District
- No consent will be issued for any gaming machines to be operated
- Maximum number of gaming machines is capped at 54
- Where a society reduces the number of gaming machines or ceases holding a gaming licence, the cap on the number of gaming machines will be reduced
- No relocation of any class 4 venue is allowed.

² Section 3, Racing Industry Act 2020

³ Section 4, Gambling Act 2003

The Board Venue policy sets out:

- The maximum of one Board Venue is permitted in Kawerau District
- A Board Venue must be located in the central business district

4 Gambling in New Zealand (Background)

New Zealanders spent \$2.7 billion on gambling in the 2022/2023 financial year, which was up \$500 million from the previous year. Breaking this down approximately \$1 billion was spent on gaming machines (outside of casinos) and \$376 million was spent at TAB venues.⁴ Expenditure is known as gross profit being the amount waged, less the amount paid out in prizes, all forms of gambling.

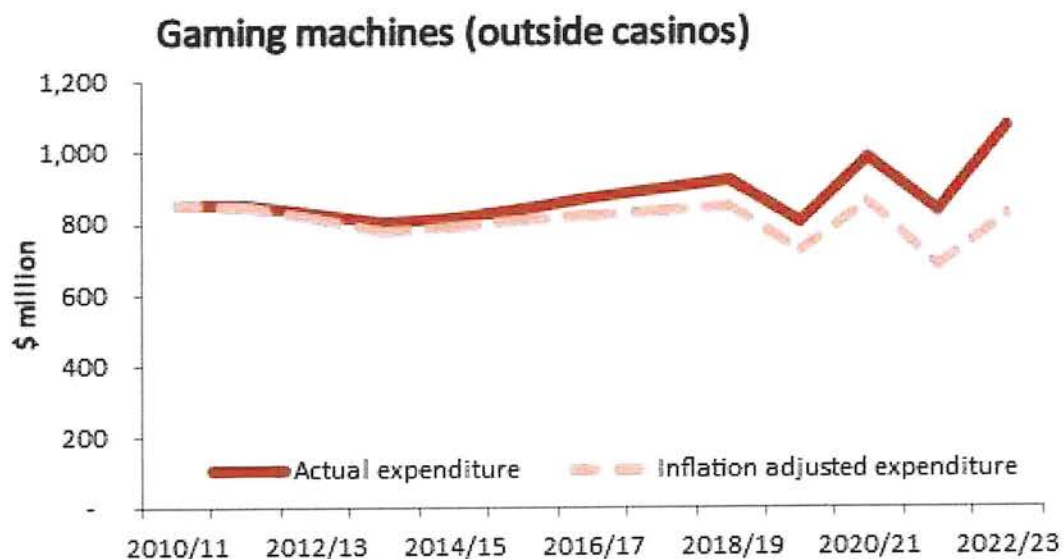


Figure 1 - New Zealand's Total Annual Expenditure at Class 4 Venues (Te Tari Taiwhenua Internal Affairs)

The 2020 Health and Lifestyles Survey found that a little over 69% of the population had participated in at least one form of gambling annually, with Lotto (59.1%), gaming machines (pub/club/casino) (10.9%), and Sports Betting (Horse, Dog, Sporting Events) (10.9%) being the most common forms of gambling.⁵ A further 26.7% of the population participated in online gambling on overseas websites.⁶

In 2022/2023, New Zealand spent \$1.07 billion on a total of 14,503 gaming machines, located in 1026 venues.

⁴ Te Tari Taiwhenua Internal Affairs. Gambling expenditure webpage on the DIA website at URL: www.dia.govt.nz/gambling-statistics/expenditure

⁵ Problem Gambling Foundation (September 2024), Gambling in Aotearoa, [www.pgfnz.org.nz - Gambling In Aotearoa New Zealand](http://www.pgfnz.org.nz/Gambling-In-Aotearoa-New-Zealand) • Problem Gambling Foundation

⁶ Problem Gambling Foundation (September 2024), Gambling in Aotearoa, [www.pgfnz.org.nz - Gambling In Aotearoa New Zealand](http://www.pgfnz.org.nz/Gambling-In-Aotearoa-New-Zealand) • Problem Gambling Foundation

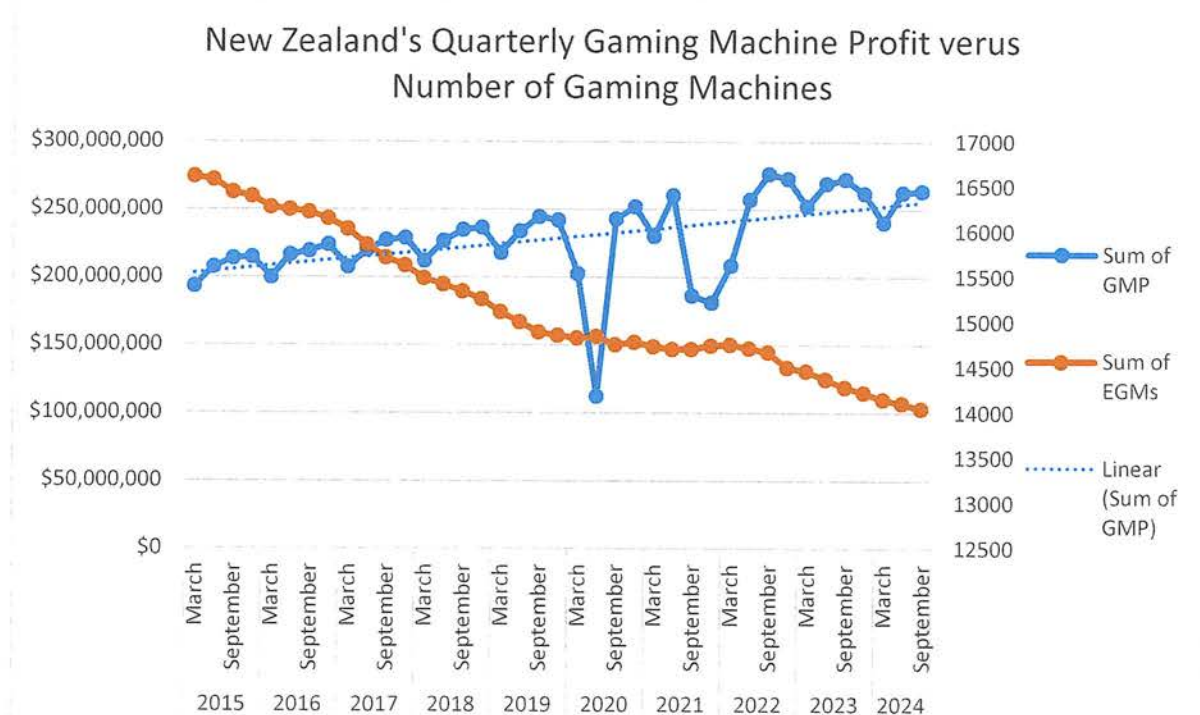


Figure 2 - New Zealand's Quarterly Gaming Machine Profit versus Number of Gaming Machines

The above chart shows that New Zealand's quarterly gaming machine profits are slowly increasing year on year, while the number of gaming machines are decreasing. This indicates that preventing gambling harm may not be as simple as reducing numbers of venues and machines.

5 Kawerau District Landscape

Kawerau District population was recorded as 7,539 during the 2023 Census, with approximately 5,361 being over the age of 18. This represents a change of 5.5% over the last 5 years (2018 – 7,146) and 12.3% over the last 10 years (2013 – 6,363).

5.1 Ethnicity

The majority of those living in Kawerau are from Māori descent, representing 63.2% of the Kawerau Community compared to the New Zealand average of 17.8%. According to the Census information, the Māori population in 2013 was 3,435, and in 2018, it was 4,521. This represents a 6.6% change over the last five years and 31.6% in the last 10 years.⁷

⁷ Stats NZ 2023 <https://2023census-statsnz.hub.arcgis.com/apps/530689dc8c5445fdb64f41769de95bdb/explore>

2022/2023	Kawerau District	New Zealand
European	53.8%	67.8%
Māori	63.2%	17.8%
Pacific	4.7%	8.9%
Asian	3.3%	17.7%
Middle Eastern/Latin American/African	0.3%	1.9%
Other	0.9%	1.1%

Figure 3 - Ethnicity in the Kawerau District and Across New Zealand⁸

The Health and Lifestyle Survey conducted in 2020 found that Māori had a slightly higher participation rate in electronic gaming machines and TAB venues than other ethnic groups, but a lower participation rate in lotteries.⁹ Māori were also identified as being 3.13 times more likely to be moderate risk or high-risk gamblers compared with people of European ethnicity, while Pacific and Asian people were more likely to be non-gamblers compared to Maori and those of European ethnicity.¹⁰

5.2 Deprivation Index

The deprivation index measures the socioeconomic deprivation in New Zealand based on social indicator data sourced from the 2018 Census. Deprivation is measured on a scale of 1 to 10, with 1 (Yellow) representing the least deprived areas and 10 (Red) being the most deprived.¹¹



Figure 4 - Kawerau District Deprivation Index

⁸ Stats NZ 2023 <http://www.stats.govt.nz/2023-census/>

⁹ Health Promotion Agency, (2020), Gambling Participation

¹⁰ Health Promotion Agency, (2018), Gambling Report Results from the 2016 Health and Lifestyles Survey http://www.hpa.org.nz/sites/default/files/Final-Report_Results-from-2016-Health-And-Lifestyles-Survey_Gambling-Feb2018.pdf

¹¹ Environmental Health Intelligence New Zealand (2023) <https://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#new-zealand-index-of-deprivation-nzdep>

The deprivation index is assessed on nine census variables including, no access to the internet at home, people receiving a means tested benefit, households with income below the income threshold, unemployed, no qualification, not living in their own home, in a single parent family, people living in households below the bedroom occupancy threshold and people living in a dwelling that is damp or mouldy.¹²

Kawerau Gambling venues are located in the central business area, which has a deprivation level of 9.¹³

Studies have shown a strong correlation between gaming machine profits and gaming machine density, meaning the closer the gaming machines are to each other, the higher the spending. This is further backed up by studies finding a connection between closer proximity to gambling venues as well as gaming machine density increases with an increase in problem gambling.¹⁴

5.3 Density

Based on the estimated district-wide population of 5,361 over 18 years old, the ratio of gaming venues is 1 venue per 2,680 people and there are 6.72 gaming machines per 1000 adults. This is consistent with the trend across New Zealand that gaming machines are more likely to be found in the more highly deprived areas.¹⁵

6 Gambling in Kawerau District

6.1 Class 4 Gambling Venues

In January 2024, there were 36 gaming machines split between two licenced Class 4 Gambling Venues in the Kawerau District. As shown in the figure below, the two venues are located within the central business area and are within 120m walk from each other.

¹² Environmental Health Intelligence New Zealand (2023)<https://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#new-zealand-index-of-deprivation-nzdep>

¹³ <https://www.arcgis.com/apps/mapviewer/index.html?webmap=e051f62ff714474caba8348552fd7524>
NZ Deprivation 2023

¹⁴ Ward, A Mclvor, & Bracewell, P (2019) The geographic distribution of gaming machine proceeds in New Zealand Kotuitui: New Zealand Journal of Social Sciences Online, 15(1), 54-74 doi: <https://doi.org/10.1080/1177083X.2019.1640752>

¹⁵ Francis Group (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: Ministry of Health.

Since the last review of the gambling policies in 2017, Kawerau District has seen a reduction from four venues with 54 gaming machines to two venues with 36 gaming machines.



The Remaining venue details are outlined below.

Society Name	Venue Name	Number of Gaming Machines	Deprivation Score
Lion Foundation	Caymans Sports Bar	18	9
Four Winds Foundation	Kawerau Hotel	18	9

Figure 7 – Class 4 Venues in Kawerau District

While venues and machine numbers have decreased over time, both in Kawerau and nationally, Gaming Machine Profits continue to increase. This means players are either spending longer hours playing gaming machines, betting more per game or more players are playing gaming machines.

During the 2023/2024 year, a total of \$3,061,861 was paid into gaming machines within Kawerau. Based on the estimated district-wide population of 5,361 over 18 years old the expenditure is approximately \$571.14 per adult in Kawerau. This is an increase from the 2022/2023 year being \$546.41 per adult.

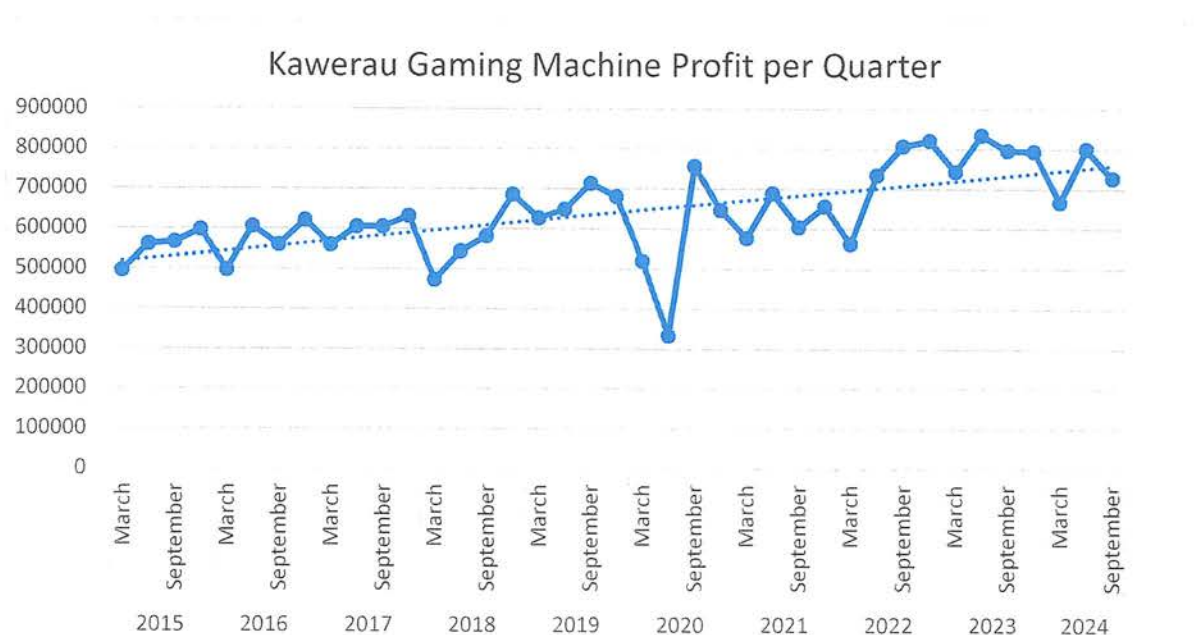


Figure 8 Expenditure on Gaming Machines in Kawerau District

Kawerau District was represented in the Top 5 Territorial Authorities by gaming machine profits (GMP) per Electronic Gaming machine (EGM) for the June 2024 Quarter. Kawerau had a sizeable 20.8 percent GMP per EGM increase in the last quarter.

The quarterly GMP data for April to June showed a 9.9 percent nominal increase from the previous quarter. It was also the highest March to June quarter increase since 2015 and the second highest June quarter since records commenced in 2015 with only June 2023 being higher.

Top 5 Territorial Authorities by GMP per EGM June 2024 Quarter



Figure 9 - Top Five Territorial Authorities by Gaming Machine Profit per gaming machine.¹⁶

6.2 Bay of Plenty Comparison

A comparison across the Bay of Plenty shows that despite having the lowest number of gaming machines in the Bay of Plenty region, on average the machines in the Kawerau District bring in more profit than all but Tauranga City Council.

District	Number of Class 4 Venues	Number of Electronic Gaming Machines	Quarterly GMP for period ending Sept 2024	Average GMP per Gaming Machine
Tauranga City Council	31	453	9,883,489.95	\$21,817.86
Western Bay of Plenty Council	9	141	2,225,657.74	\$15,784.81
Rotorua Lakes Council	24	354	6,412,193.68	\$18,113.54
Whakatāne District Council	10	161	3,074,201.81	\$19,094.42
Ōpōtiki District Council	4	57	649,804.29	\$11,400.08
Kawerau District Council	2	36	727,727.00	\$20,214.64

Figure 10 - Regional Comparison of Expenditure

¹⁶ DIA, (2024) <https://www.dia.govt.nz/gambling-statistics-gmp-dashboard#dashboard>

6.3 TAB Venues

A TAB venue is defined as any premise owned or leased by the New Zealand Racing Board and the main business is providing racing and sport betting. There are currently no TAB Venues located in the Kawerau District. TAB venues apply 80% of their net proceeds to Racing Authorised Purposes which supports the New Zealand Racing Industry to promote, control and conduct race meetings. The other 20% is applied to Sport Authorised Purposes such as community sports teams.¹⁷

7 Social Benefits of Gambling

Gambling has the ability to benefit the community through providing community funding, employment opportunities and it offers a form of entertainment.

7.1 Employment

There is no up to date data on how many people are employed in the Class 4 Gambling sector. Looking from the perspective that you are not only employing staff to monitor gambling venues, but also the Corporate Societies that manage the funds and issue grants and the Department of Internal Affairs that enforce licencing and compliance functions, it would be fair to say it would easily be in the hundreds.

The New Zealand Institute of Economic Research estimated that if current levels of household expenditure on gaming machines were to be transferred to retail spending; this could create an additional 1,127 full-time equivalent jobs.¹⁸ While this indicates the benefit of employment would remain whether or not gambling was in play, however the research went on to suggest that if gambling was removed, it is likely the money would be transferred to another type of gambling, including illegal gambling.

Therefore, while Class 4 Gambling remains in place, it does provide employment opportunities in New Zealand.

7.2 Entertainment

For most people, gaming is a chosen form of entertainment and provides leisure and recreation. With 10.9% of New Zealand's population playing gaming machines and a further 10.9% betting on sports event or racing,¹⁹ its entertainment value is difficult to dispute.

Gambling may be sought out as a form of socialising, relaxation, excitement or the dream of winning that big jackpot.²⁰

¹⁷ TAB NZ, (2020) Grant information and Dates <http://www.tabnz.org/grant-information-dates>

¹⁸ New Zealand Institute of Economic Research (2020) The retail Employment and Tax Costs of Class 4 Gambling in New Zealand: NZIER report to the Problem Gambling Association
https://img.scoop.co.nz/media/pdfs/2008/Final_Report_Diverting_gambling_losses_22_June.pdf

¹⁹ Problem Gambling Foundation (September 2024), Gambling in Aotearoa, www.pgfnz.org.nz - Gambling In Aotearoa New Zealand • Problem Gambling Foundation

²⁰ TDB Advisory (2021), Gambling in New Zealand: A National Wellbeing Analysis
http://www.gamblinglaw.co.nz/download/Gaming_in_New_Zealand.pdf

7.3 Community Funding

Class 4 Gambling is a not for profit activity. Gaming Societies are required to distribute a minimum of 40% of their net proceeds for authorised purposes. Information regarding the distribution through community grants must be published and made available to the community.

In 2023, a total of \$345.46 million was returned to the community through community grants from Class 4 Gambling. This was made up of 23,982 grants approved to 9,783 different organisations for a range of activities covering Sport, Health and Welfare, Research and Education and Arts and Culture and other unspecified grants.

7.4 Community Grants Return to Kawerau District

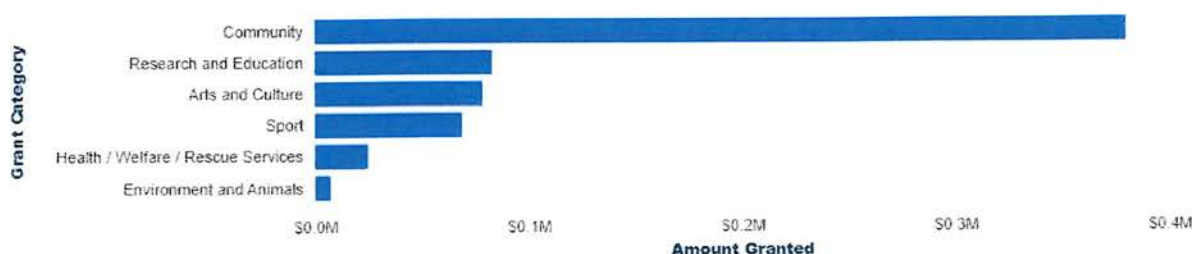
The proportion of funds distributed to Kawerau District from gaming machine proceeds for the last five years is outlined in the table below. In 2019, Kawerau received a return of 59.75% that is well above the required 40%. On average over the last five years Kawerau has received 28.64%, however when removing 2019 which is an anomaly, the percentage drops back to 20.86%.

Comparison – Gaming Machine Profits and Return to Kawerau Community					
Year	2019	2020	2021	2022	2023
Gaming Machine Profit	\$2,663,108	\$2,254,004	\$2,526,002	\$2,929,320	\$3,173,811
Kawerau Grants	\$1,590,311	\$527,236	\$453,445	\$642,218	\$640,006
% of funds returned to Community	59.75%	23.39%	17.95%	21.92%	20.17%
40% Share	\$1,065,243	\$901,602	\$1,010,401	\$1,171,728	\$1,269,524
Credit/Shortfall	+\$525,068	-\$374,366	-\$556,956	-\$529,510	-\$629,518

Figure 11 – Comparison of the Gaming Machine Profit and Return to Kawerau Community

Amount Granted by Category

Year of Acceptance ● 2023



Society Name	Amount Granted
Aotearoa Gaming Trust	\$4,544
New Zealand Commun...	\$521,568
One Foundation	\$20,504
The Lion Foundation	\$93,450
Total	\$640,066

Figure 12 - Amount Returned to Kawerau by Category and by Society - 2023²¹

8 Social Cost of Gambling

Gaming machine numbers have decreased however the gaming machine profits coming from gaming machines have still been increasing.

Gaming Machine Profits by Territorial Authority

Despite having the lowest number of gaming machines in the Bay of Plenty region, on average the machines in the Kawerau District bring in more profit than all but Tauranga City Council.

Kawerau District Council's current policy is to restrict the growth of gambling by capping the number of Class 4 gambling venues, and capping the total number of gaming machines in the Kawerau District.

8.1 Gambling Harm

When talking about gambling harm, while much of the focus is on the person who gambles and is experiencing harm, it is important not to overlook the extended reach that gambling harm can have on whānau, friends and the general community.

The 2020 Heath and Lifestyle survey found that 4.5% of the New Zealand adult population have experienced some kind of harm from gambling. The level of harm in the overall population has remained relatively stable at around 5% since 2012.²²

National and overseas surveys and research consistently identify Class 4 gaming machines as the type of gambling most associated with gambling problems.²³ Personal gambling related harm can include depression, anxiety, suicide, poor physical and mental health, financial indebtedness, bankruptcy, arrest, imprisonment, unemployment and divorce.²⁴

²¹ Te Tari Taiwenu Internal Affairs (2024)

²² Te Whatu Ora - Health and Lifestyle Survey - <https://doi.org/10.60967/healthnz.26536336.v2>

²³ Ministry of Health (2010). Problem Gambling Resource for Local Government, Wellington: Ministry of Health.

²⁴ Abbott, MW (2001, June). What do we know about gambling and problem gambling in New Zealand? Report no. Seven of the NZ Gaming Survey. Wellington: Department of Internal Affairs.

In 2011/12, about one in 40 people were negatively affected by other people's gambling. Children of problem gamblers face a 31% chance of having alcohol disorders and a 19% chance of experiencing major depression at some point in their lives, compared with 4% and 7% respectively for the general population.²⁵ Māori and Pacific people were more likely to be affected by other people's gambling than those in other ethnic groups.²⁶

Living in a high deprivation area is a major risk factor for problem gambling.²⁷ The second major risk factor is ethnicity. Māori and Pacific adults are approximately four times more likely to be problem gamblers compared to the population as a whole, and Māori and Pacific women are the group most likely to suffer harm related to non-casino gaming machines.²⁸ Other risk factors for problem gambling included having few educational qualifications and being aged 35 – 44 years.²⁹ Being unemployed or out of the workforce are also cited as risk factors.³⁰

Problem Gambling Foundation and the National Public Health Service both advise that the data available around problem gambling does not provide a full picture of gambling harm in the community. This is largely due to the lack of people seeking assistance from gambling harm treatment providers.

8.2 Gambling Harm in Kawerau

Problem Gambling Foundation and the National Public Health Service both advise that the data available around problem gambling does not provide a full picture of gambling harm in the community. This is largely due to the lack of people seeking assistance from gambling harm treatment providers.

The Ministry of Health provide intervention client data as outlined below:

Year	New Client	Total Clients	Total NZ Clients	Increase from previous year	Kawerau Client as % of Nz Clients
2018/2019	20	29	10602	0.4%	.27%
2019/2020	8	14	9502	-10.4%	.15%
2020/2021	22	29	10946	15.2%	.26%
2021/2022	3	4	9683	-11.5%	.04%
2022/2023	6	7	10386	7.3%	.07%

Table 13 - Client using Intervention Services for Gambling Harm³¹

²⁵ Loach, E (2013, October). Submission on the Kawerau District Council Gambling Venue Policy. Tauranga: Problem Gambling Foundation of New Zealand.

²⁶ Ministry of Health (2012). Problem Gambling in New Zealand: Preliminary findings from the New Zealand Health Survey (July 2011 to March 2012). Wellington: Ministry of Health.

²⁷ Ministry of Health (2008). A Portrait of Health: Key results of the 2006/07 New Zealand Health Survey. Wellington: Ministry of Health.

²⁸ Ministry of Health (2009). Preventing and minimising gambling harm: Consultation document. Wellington: Ministry of Health.

²⁹ Ministry of Health (2010). Problem Gambling Resource for Local Government, Wellington: Ministry of Health.

³⁰ Loach, E (2013, October). Submission on the Kawerau District Council Gambling Venue Policy. Tauranga: Problem Gambling Foundation of New Zealand.

³¹ Ministry of Health Gambling Harm Intervention Services

8.3 Treatment Service Providers

Gambling can be a source of entertainment, but for those that think gambling is causing them harm there are treatment service providers available to assist.

There are no dedicated face to face gambling harm services in the Kawerau District. The nearest face to face service provider is located in Rotorua – Manaaki Ora Problem Gambling Service, 1154 Hinemoa Street, Level 1, Rotorua phone 0800 784 842.

National Services are available for those that have access to phone or email. These services include:

Problem Gambling Foundation Services

- Gambling Helpline – 0800 664 262
- Text 5819
- Email – help@pgf.nz

Gambling Helpline – 0800 654 655

- Text 8006

Gambling Māori Helpline - 0800 654 656

Gambling Pasifika Helpline – 0800 654 657

Gambling Youth Helpline – 0800 654 659

Asian Family Services

- 0800 662 342
- Text 832
- Email - help@asianfamilyservices.nz

9 Community Views

Kawerau District Council undertook its last review in 2017. During this review three submissions were received from the community in relation to the Class 4 Venue Policy and the Board Venue Policy. The three submissions all raised concerns in regards to the number of gaming machines and the relocation of venues.

Two of the submitters requested the sinking lid policy be replaced with a cap of 54 gaming machines being the total number in use at that time. They both also requested the adoption of a relocation policy. The third submitter did not support the reduction in numbers of venues and gaming machines and did not support the provision disallowing relocation. All the submissions were received from gambling associated organisations.

Kawerau District Council is expecting to commence the community consultation process in the first quarter of 2025. This will provide stakeholders and community members alike, an opportunity to express their views on gambling. Council will consider all submissions prior to finalising any updated policy.

Key stakeholders were provided an opportunity to feed into the Social Impact statement and their responses have been attached.

10 Conclusion

The purpose of the social impact assessment is to inform the review of the Gambling Venue Policy and Board Venue Policy. This report provides an overview of gambling across New Zealand and more specifically Kawerau District. This report demonstrates there are both positive and negative elements to gambling, like with many things, and it is about finding the balance for the benefit of the community.

Since the last review in 2017, Kawerau has reduced the gambling venues from 4 to 2 and reduced the gaming machines from 54 to 36. During this period Kawerau has also seen an increase in expenditure going into the gaming machines.

The gambling prevalence rate (number of people seeking assistance) may be on the lower end of the scale (between 0.04% - 0.27% of adults), however it is likely those suffering gambling harm is largely underestimated.

The density of gambling venues in Kawerau is medium based on the population with 6.72 gaming machines per 1000 adults. This is intensified given the gambling venues are in a high deprivation area (9) and the two venues are close in proximity.

Māori make up 62.3% of Kawerau's population, which is significantly higher than the national average of 17%. While this should be seen as a positive, research indicates Māori are at greater risk of gambling harm and this is only increased due to the high percentage within our community.

The social impact assessment concludes that the community, is at high risk from gambling harm, and the numbers seeking help for gambling harm are unlikely to be truly reflective of the harm in our community. Our current policy while being largely effective in reducing the number of venues and gaming machines, it has been ineffective in reducing gambling harm as the gaming machine profits continue to rise.

6 November 2024

Kawerau District Council

By email: Michaela.glaspey@kawerau.govt.nz

Dear Michaela

Kawerau District Council Gambling Venues Policy review – Initial Feedback

Further to your email dated 17 October 2024, we wish to provide the following commentary: -

1. The Lion Foundation in the District

The Lion Foundation 2008 operates Electronic Gaming Machines at one hospitality venue within the Kawerau District Council:

Venue	Address	No of EGMS
Cayman Sports Bar	10 Jellicoe Court	18

Venue Operators receive a limited /capped payment – defined by the Gambling Act 2003 and related Regulations, more specifically the Gambling (Venue Payments) Regulations 2016. The venue payment is a fair and equitable payment designed to compensate the Venue Operators for the operational costs incurred in operating the EGMs for the Class 4 Society.

2. Distribution of funding

TLF distributes funding on a monthly basis to community organisations within the District Council.

TLF aims to return at least 90% of funds back to the community of origin (where the funds were generated), with the remaining 10% of funds being returned to organisations providing a national benefit to all New Zealanders.

Our ability to distribute funding to the local community is **entirely dependent** on TLF receiving completed and eligible funding applications. TLF acknowledges that a vast majority of volunteer-based community organisations do not always have the ability to navigate the process that is involved in applying for Class 4 funding. Over the past 24 – 36 months and to ensure that all community organisations have a fair opportunity to access community funding, TLF has launched a series of educational webinars. More recently interactive Q& A sessions have been hosted. The webinars provide valuable “how to

GRANT N° 7013708: ST JOHN CENTRAL REGION. When it comes to saving lives, it pays to have the latest gear. So, when St John needed to upgrade their aging ambulance to a new unit, we were keen to help. It's just one of thousands of good causes we fund every year, right around New Zealand.

Here for good

information” and are proving to be a success. These educational initiatives supplement the ongoing work that TLF’s Grants Advisors undertake within the community.

We have also engaged with Council representatives to discuss funding approaches and opportunities. Unfortunately, though – this hasn’t resulted in an increase in applications.

As will be seen for the attached list of grants for the period Nov 2023 – Oct 2024, Council itself receives a sizeable grant on an annual basis. In respect of this list – there are also some grants that are distributed to organisations outside of the “boundaries” of the Kawerau District Council. This is largely due to the fact that the physical address of an organisation determines which TLA it is located in. However, more often than not the services / benefit provided by the organisation crosses TLA boundaries. Proper consideration is given to the suggested benefit provided by recipient organisations by TLF’s Net Proceeds Committee.

We are a broad based, inclusive funder - that is, we fund a wide range of organisations across all community groups. Our grants are committed to the following community sectors:

- Sport
- Community, Arts & Culture
- Health
- Education

As stated previously, approximately 10% of all funds generated from all venues is allocated to national organisations, which include (not an exhaustive list):

Life Education Trust	Royal NZ Ballet	Graeme Dingle Foundation
Holocaust Centre of NZ	NZ Football	Surf Lifesaving NZ Inc
Special Olympics NZ	Netball NZ	Basketball NZ
Endometriosis N Z	Assistance Dogs NZ	Royal NZ Plunket Soc Inc
Barnardo's N Z	NZ Spinal Trust	NZ Rugby League Inc

It is important to note that TLF has stringent processes that are employed when a grant is assessed to ensure that grant funding lands where it is supposed to land. Grants can only be distributed for authorised purpose (Gambling Act).

3. Gaming machine numbers

Gaming machines have been present in New Zealand communities since the early 1980s. Initially the machines were operated without a gaming licence. The first gaming licence was issued to Pub Charity on 25 March 1988, almost 36 years ago.

Gaming machine numbers are in natural decline. In 2003, New Zealand had 25,221 gaming machines. As of June 2024, this number has been reduced to 14,109 gaming machines, down from December 2023 (14,226 gaming machines). How much of this is attributed to sinking lid policies – there is respectfully no research which can attribute the decline in gaming machine numbers to sinking lid policies.

In the Kawerau District – the number of gaming machines has steadily declined. In September 2003 – 73 gaming machines were in operation across 5 venues, and as of June 2024 – this number is 36 gaming machines at two venues.

4. Problem gambling rates & harm minimisation

New Zealand has a very low problem gambling rate by international standards. The New Zealand National Gambling Study: Wave 4 (2015)7 found the problem gambling rate was 0.2% of people aged 18 years and over (approximately 8,000 people nationally). The problem gambling rate is for all forms of gambling, not just gaming machine gambling.

All gaming machine societies contribute to a problem gambling fund. This fund provides over \$25 million per annum to the Ministry of Health to support and treat gambling addiction and to increase public awareness. The funding is ring-fenced and not able to be redirected to other health areas.

An excellent, well-funded problem gambling treatment service exists. The problem gambling helpline is available 24 hours a day, 365 days per year. Free, confidential help is available in 40 different languages. Free face-to-face counselling is also available, and specialist counselling is available for Māori, Pasifika and Asian clients. An anonymous, free text service (8006) is available. Support via email is also available (help@pgfnz.org.nz).

The Ministry of Health keeps a record of the number of people in each territorial authority that seek help via the phone, text, email or face-to-face counselling services that are available. Problem gambling presentations in the Kawerau District have steadily declined the past four-year period, with the number of clients seen in 2019/20 being higher than the number of clients seen in 2022/23. The Kawerau District presentation data1 (table 10 – excludes brief interventions) are as follows:

- July 2019 – June 2020
 - o A total of 12 Clients assisted, of which 6 were new clients
- July 2022 – June 2023
 - o A total of 3 clients were assisted, of which 2 were new clients.

We have always attempted to work with the providers of Gambling Harm services across New Zealand and had established concrete relationships. However, many of these relationships have vanished overnight with the sudden closure of the Oasis Salvation Army services with effect from 31 January 2024. We are endeavouring to establish and cement relationships with the four groups that are now the providers of problem gambling prevention services.



Important Information

Tena koutou katoa.

We would like to inform you that after 31 years of delivering prevention and minimization of gambling harm services to the community, the Salvation Army Oasis has received notification from Te Whatu Ora that our contract tender was unsuccessful. As a result, **our service will conclude on the 31st of January 2024.**

From January 2024, please send all gambling harm referrals to the following four providers to support tāngatawhaiora (and inquire about public health activities):

Unfortunately, though, and as was identified in the very recently published Malatest Needs Assessment Report ¹ commissioned by the Ministry of Health to provide information to assist with the development of its *Draft Strategy to prevent and minimise gambling harm 2025/2026 to 2027/2028*: -

- There was a lack of support for clients who were required to transition from the Salvation Army services to the new replacement PGF service. (Page 64)
- The problem gambling prevalence rate has remained stable despite significant investment.
- There is a continued downward trend in the number of clients receiving support. The number of clients peaked in 2014/15 at 7,210. In 2022/23 the number of clients was only 4,410, a 2.7% decrease compared with the previous year.
- There has been a large reduction in client referrals from Whakarongorau Aotearoa – Gambling Helpline Aotearoa compared to previous years when an independent Gambling Helpline service was provided. *“The Gambling Helpline, we don’t find that works particularly well because they don’t refer on. We’re not getting referrals from them, so there’s a problem. (Provider).” (Page 70 Needs Assessment).*
- There is a lack of out-of-hours clinical services, residential care services, and support in prisons. *“Our services are disgustingly lacking in weekend providers. I mean, are there any even?... If I didn’t know what I know I would be a lost cause because I don’t feel supported... There’s no support in the weekend you know, when are we going to get over this nine to five business?... My addiction didn’t stop at five o’clock on a Friday. I’d like to see services over the weekend and throughout the evening. (Lived experience).” “You’ve got drug treatment units in prison, but there’s nothing if you’re a gambler, and people sometimes have to pretend they’ve got addiction problems so they can actually get into treatment units. (Lived experience).” (Page 71 Needs Assessment).*
- The wait time to receive help is totally unacceptable, with waits of three to four weeks to get an appointment with a counsellor being common and wait times of over 20 minutes on the Gambling Helpline. *“I can’t say enough about the peer support, she was incredible... However, [client] was going to have to wait three to four weeks to get an appointment with a counsellor. (Lived experience).” “For my [Helpline] experience, just waiting 21 minutes is pretty long if you’re in an unsafe space. The information that was given to me was “Go online”. So why am I ringing if you’re telling me to go and do it myself? (Lived experience).” (Pages 71 and 73 Needs Assessment).*
- There is a need to provide counselling, treatment and support during a self-exclusion period, and a need to provide clinical follow-up for problem gamblers at the end of their exclusion period. (Page 74 Needs Assessment).
- There are very few research staff with the skills and knowledge to produce quality and meaningful research. *“There are so few of us left in the research space who have detailed gambling knowledge. (Government & research).” (Page 80 Needs Assessment).*

We are committed to supporting our venues and the community.

At The Lion Foundation we play a considerable part in the prevention and minimisation of harm at the venues – a fence at the top of the cliff approach. We ensure our Venue Operators, and their gaming staff are fully trained in all relevant areas of harm minimisation. We have released an online training system which has been developed by industry professionals.

In addition to our online programme, all staff involved in gaming at The Lion Foundation venues undertake frequent face to face training courses (including refresher courses) run by experienced TLF personnel. All TLF personnel have a wealth of experience in the gaming and hospitality sectors. Training focuses on problem gambling – how to observe and identify problem gamblers, how to support problem gamblers and how to ensure that harm is minimised. Gaming rooms may not be operated unless a staff who supervise the room

¹ <https://www.health.govt.nz/publications/draft-strategy-to-prevent-and-minimise-gambling-harm-202526-to-202728>

have been fully trained. In addition to the ongoing training, our industry trained staff are constantly in contact with the venue staff and are available to assist with a variety of matters at a moment's notice – either in person or telephonically.

The Lion Foundation offers a range of harm minimisation material to the gambler in the venue – including, but not limited to, wallet cards with information for potential problem gamblers, signage in and around gaming rooms from the Health Promotion Agency, etc. Venue staff interaction and supervision and observation of patrons is also key to the minimisation of harm.

The Venue Operators, Managers and staff are members of the local community and have the community's interest at the heart of the business.

5. Positive wellbeing benefit

In addition to the funding that is provided to the community – gambling is a legal recreational activity. Gambling (across all formats and not just *pokies*) is a popular form of entertainment. Research has shown that people gamble because they find it an enjoyable and social activity.

The 2021 TDB Advisory report, *Gambling in New Zealand: A National Wellbeing Analysis*² found that gambling in New Zealand had a net positive wellbeing benefit totalling around \$1.74b to \$2.16b per annum.



6. Current policy - Sinking lid and Relocation clause

We would request that the Council considers adopting a capped policy (at current numbers). A capped policy will not encourage growth but will ensure that a much-needed funding mechanism be retained. On 1 December 2023, significant additional safeguards were introduced by new harm minimisation regulations. These new measures coupled with existing safeguards make it appropriate for Council to adopt a capped policy.

² https://www.gamblinglaw.co.nz/download/Gambling_in_New_Zealand.pdf

We would strongly urge the Council to consider **permitting venue relocations**. Extensive safeguards can be written into a relocation clause which would serve as an excellent harm minimisation tool. Properly considered relocation clauses could encourage the relocation of venues out of areas of high deprivation. Permitting the relocation of venues allows gaming venues to move to new, modern, refurbished premises. Allowing local businesses to upgrade their premises and provide a more modern, attractive offering to the public helps to revitalise business districts, improves the local economy, and encourages tourism.

Enabling relocation permits venues to re-establish after a natural disaster or fire. This is fair and reasonable for the venue owners and protects against a sudden loss of community funding following a natural disaster.

7. Conclusion

Thank you for the opportunity to contribute to the discussion. Should you require any further information, or should you have any questions in respect of the content hereof, please do not hesitate to get in touch.

Kind regards

Samantha Alexander
National Compliance and Grants Manager

9048439	Kawerau District Council	towards audio visual, stage/marquee/towers, fencing, portaloos, security, Ops & Volunteer Co-ord fees, posters/brochures/flags, generator, light tower, artists, maori wardens, labour costs (excl GST, admin, diesel, travel, engineer fee & audio visual Pds)	65000	65000	lee.barton@kaweraudc.govt.nz	lee.barton@kaweraudc.govt.nz	Kawerau District Council	Community - Culture - Arts
9044272	Kawerau and Districts Ageing in Place Inc	towards Co-ordinator salary, website set-up/maintenance costs (incl GST)	32000	20000	tregartha1@xtra.co.nz	tregartha1@xtra.co.nz	Kawerau District Council	Health
9045315	Kawerau Golf & Squash Club	towards sanding/painting the interior/exterior of the clubhouse (excl GST, bar area painting & 2% increase)	107309.2	20000	pmranghika@xtra.co.nz	pmranghika@xtra.co.nz	Kawerau District Council	Sport
9041666	Kawerau Sports Club Inc	towards the cost of insurance and leasing the Tarawera Park fields, clubrooms and amenities block (excl GST)	13477	12000	natashaawhimate@gmail.com	natashaawhimate@gmail.com	Kawerau District Council	Sport
9044595	N Z Maori Golf Assn Inc	towards hire costs of the Te Manua Golf Club for the 2024 NZ Maori Golf Championship (excl GST)	5700	5700	watene.hema@golfnz.org	watene.hema@golfnz.org	Kawerau District Council	Sport

Kawerau Class 4 Gambling Policy

Pre-Consultation

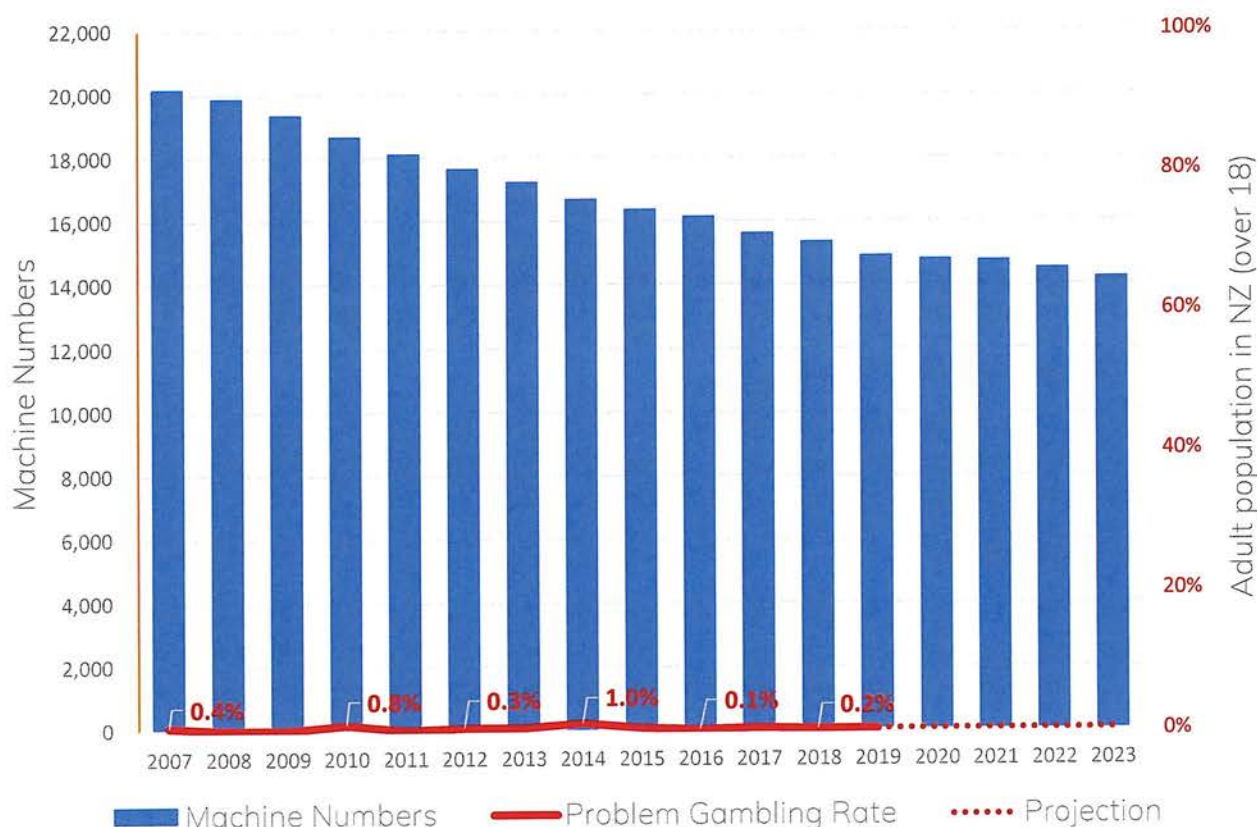


Thank you for giving NZCT the opportunity to be involved in the pre-consultation on your Class 4 gambling policy. Engaging with the community provides for balanced and effective policy making.

Sinking Lids Don't Reduce Gambling Harm

We believe that the arguments advocating for the continuation of the current sinking lid policy are fundamentally flawed. Since 2003, many councils have implemented sinking lid policies, leading to a reduction of 11,000 pokie machines—a 44% decrease. However, the rate of problem gambling among adults has remained relatively stable, at a low 0.4% in 2007 and 0.2% in 2018 (with small fluctuations in between). This Health NZ data shows no correlation between sinking lid policies and a reduction in gambling-related harm.

Gaming Machine Numbers 'v' Problem Gambling Prevalence
2007 - 2023



NZ Has a Low Problem Gambling Rate

Currently, only 0.2% of adults experience gambling harm, with about half of that figure associated with pokie machines. For context, approximately 2% of adults are alcoholics, a figure ten times greater than that of problem gamblers. Few would argue for the closure of pubs to protect those 2%, as it would be unfair for the 98% who do not have issues with alcohol. Prohibition has historically failed, and similarly, eliminating pokie lounges over time does not address the root causes of problem gambling, especially since individuals can easily shift to online gambling, which is easily available 24/7.

Despite the number of problem gamblers being very small, their harm is significant, and the Class 4 sector demonstrates a strong duty of care. The Class 4 sector contributes over half of the annual \$20 million

problem gambling levy that funds a nationwide network of problem gambling services. Additionally, NZCT alone invests \$800,000 annually in harm minimization initiatives, including staff training, resources, and technology.

Evaluating the Impact of Sinking Lids

Some advocates claim that sinking lid policies have led to a 13% reduction in harm; however, this misinterprets research that indicated sinking lids decreased expenditure (not harm) by 13%. The research also found that per capita caps had the same effect on expenditure.

Furthermore, sinking lid policies pose a significant risk to the sustainability of pokie grants, especially in Kawerau which has just two gaming lounges. Pokie grants are essential for supporting non-profit organisations to foster happier, healthier, and more connected communities. In 2023, Class-4 societies awarded \$628,162 in grants within Kawerau. NZCT contributed nearly 81% (\$509,664) of this. We note that Council itself applied for and was awarded \$1,465,374 of pokie funding over the 2018-2023 period (\$1,174,624 of this coming from NZCT).

Over the longer period 1 October 2021 to 30 Sept 2024, NZCT awarded 22 grants in Kawerau totalling \$1,160,217. During the same period, NZCT approved millions of dollars more of region-wide and nationwide grants, \$760,922 of which can be identified as being of direct benefit to the people of Kawerau. In total, \$1,921,139 of NZCT grants benefited Kawerau in this period.

If a sinking lid is maintained, how will the Council compensate for this loss of funding? This could necessitate an increase in rates by 4.3% on 24/25 rates which have already increased by 12.2% - highlighting the financial implications of endorsing the continuation of the sinking lid policy.

Gambling Has a Net Positive Wellbeing Benefit

It is essential to acknowledge that gambling contributes net positive well-being benefits estimated at approximately \$2 billion annually¹. This encompasses entertainment value, government revenue, the problem gambling levy, and the unique provision of community grants that inject money into a community's not for profit sector and the retail and service industries that supports it.

The Complex Nature of Problem Gambling

Problem gambling is a multifaceted pathological disorder that rarely occurs in isolation. It is most often comorbid with other problem behaviours. There is no research which evidences that problem gambling is the root of these other problems. The reverse is just as possible.

Class 4 is Heavily Regulated

Pokie lounges operate within strict harm minimisation regulations, with staff trained to identify and intervene when they observe signs of harm. For example, venue staff conduct sweeps of gaming rooms every 20 minutes and limit ATM withdrawals to one per visit, among various other measures.

Sustainable Class 4 Policy

Continuing the current policy constitutes a decision with financial implications amounting to over \$646,000 per annum. It is imperative that the Council revisit their current sinking lid policy to explore a range of options, including sustainable alternatives.

People have gambled for millennia; it will never disappear. However, we can limit its growth, support those affected, and utilise the proceeds of gambling for community benefit. This is what the Class 4 gambling model provides Kawerau.

¹ TDB Advisory Report 2021 Page 87

Grants to Kawerau District - October 2021 to September 2024

Grant #	Organisation	Total Amount Approved	Amount drawn from Kawerau	Date of Approval	Purpose
98358	Central Kids Trust	\$10,000.00	\$10,000.00	2/05/2023	Play equipment for Te Akoranga Kindergarten
102207	Kawerau and Districts Ageing in Place Inc	\$25,000.00	\$25,000.00	19/02/2024	Salary
88840	Kawerau and Districts Ageing in Place Inc	\$25,000.00	\$25,000.00	19/07/2022	Salary
95596	Kawerau Bowling Club Inc	\$90,000.00	\$90,000.00	21/11/2022	Artificial green
97070	Kawerau Community Menz Shed	\$7,000.00	\$7,000.00	31/01/2023	Rent
92888	Kawerau Community Menz Shed	\$3,099.12	\$3,099.12	21/06/2022	Rent of workshop
106085	Kawerau District Council	\$82,000.00	\$82,000.00	17/09/2024	Event costs
102361	Kawerau District Council	\$300,000.00	\$300,000.00	22/11/2023	Construction costs
99604	Kawerau District Council	\$78,000.00	\$78,000.00	19/09/2023	Event costs
95054	Kawerau District Council	\$70,000.00	\$70,000.00	20/09/2022	Event costs
88167	Kawerau District Council	\$35,888.00	\$35,888.00	23/08/2022	Acoustics upgrade
106533	Kawerau Fitness Community Trust	\$10,000.00	\$10,000.00	28/08/2024	Gym equipment
92870	Kawerau Fitness Community Trust	\$10,000.00	\$10,000.00	21/06/2022	Gym equipment
93401	Kawerau Golf & Squash Club Inc	\$40,000.00	\$40,000.00	19/07/2022	Tractor
105204	Kawerau Preschool Learning Centre Inc	\$11,918.00	\$11,918.00	16/07/2024	Power pole upgrade
103302	Kawerau Preschool Learning Centre Inc	\$34,333.66	\$34,333.66	19/03/2024	Costs associated with power supply
96386	Kawerau Preschool Learning Centre Inc	\$10,000.00	\$10,000.00	21/12/2022	Sunshade sails
96927	Kawerau Putauaki School	\$72,637.11	\$72,637.11	20/06/2023	Sports uniforms, flying fox, fitness/sports equipment, microphones, speakers, mixers, cabling
98163	Kawerau Social Services Trust Board	\$9,555.00	\$9,555.00	23/08/2023	Acoustic panels
100955	Kawerau Sports Club Inc	\$32,471.41	\$32,471.41	17/10/2023	Playing uniforms and equipment
93724	Onepu Netball Club Inc	\$3,315.00	\$3,315.00	19/07/2022	Travel and accommodation
87326	Tarawera High School	\$200,000.00	\$200,000.00	23/08/2022	Build of the extension to Performing Arts Theatre
		\$1,160,217.30	\$1,160,217.30		

NZCT's grants to Kawerau District in 2023

Organisation	Amount Granted
KAWERAU DISTRICT COUNCIL	378,000
KAWERAU PUTAUAKI SCHOOL	72,637
KAWERAU SPORTS CLUB INCORPORATED	32,471
CENTRAL NORTH ISLAND KINDERGARTEN TRUST	10,000
KAWERAU SOCIAL SERVICES TRUST BOARD	9,555
KAWERAU COMMUNITY MENZ SHED	7,000
Grand Total	509,664

Class 4 Gambling Venues Policy Review:

Pre-engagement Support for Kawerau District Council

Introduction to PGF Services

PGF Services delivers gambling harm treatment and public health services nationwide. We provide free counselling, advice and support to gamblers and their families. Our mission at PGF Services is preventing and reducing gambling harm for all tangata in Aotearoa New Zealand with integrity, mana, and innovative solutions.

PGF Services is part of the Problem Gambling Foundation (trading as PGF Group). We work closely with Asian Family Services and Mapu Maia Pasifika Service, united by a shared purpose to provide public health and clinical services that contribute to the wellbeing of whānau and communities. Our organisation is a charitable trust operating nationally with services delivered under contract to Te Whatu Ora and funded from the gambling levy.

Class 4 Gambling

Class 4 gambling (pokies in pubs, clubs, and TABs) is the most harmful form of gambling in Aotearoa New Zealand.

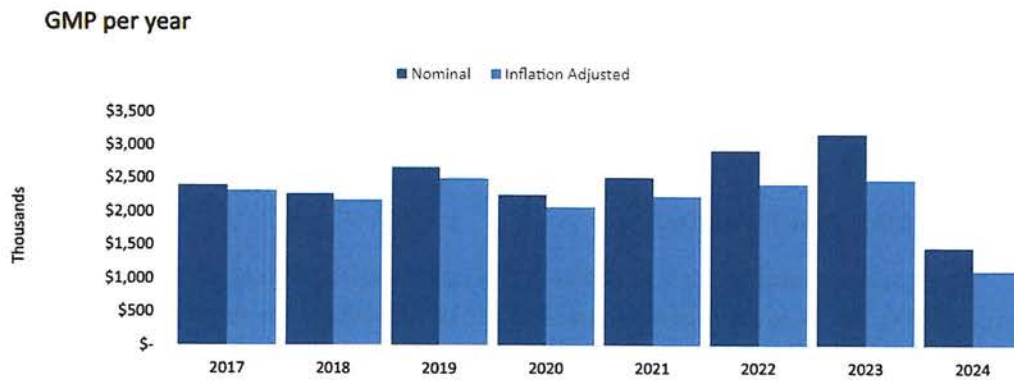
As a continuous form of gambling, electronic gaming machines (EGMs or 'pokies') enable players to place hundreds of bets in a matter of minutes. You do not have to wait for the horses to finish a race, a roulette wheel to stop spinning, or for the weekly Lotto draw – just press a button and in mere seconds you have a result.

It is important to consider that all gambling is not the same. Although pokies are a legal form of entertainment in New Zealand, they are highly addictive and have been specifically designed to be very absorbing and encourage people to participate in continuous gambling.

Kawerau and Class 4 Gambling

As of June 2024, there were 2 Class 4 gambling venues and 36 pokies in the Kawerau District.¹ Kawerau has followed the national trend of a general growth in annual gaming machine profit (GMP). The largest spend was in 2023 with approximately \$3,173,810.94 being lost to pokies in the Kawerau district. This increase comes despite a 20% decrease in overall gaming machine numbers due to the closing of one venue with nine machines.

¹ Department of Internal Affairs. *Gaming machine profits (GMP Dashboard)*. Wellington: Department of Internal Affairs; 2024. Retrieved from: <https://www.dia.govt.nz/gambling-statistics-gmp-dashboard>



Please note that you must select all quarters in a year for the full year to be displayed above.
 If not all quarters are available, the year will not contain complete data.

Figure 1: Kawerau District GMP from 2017 to 2023 (DIA, 2024)

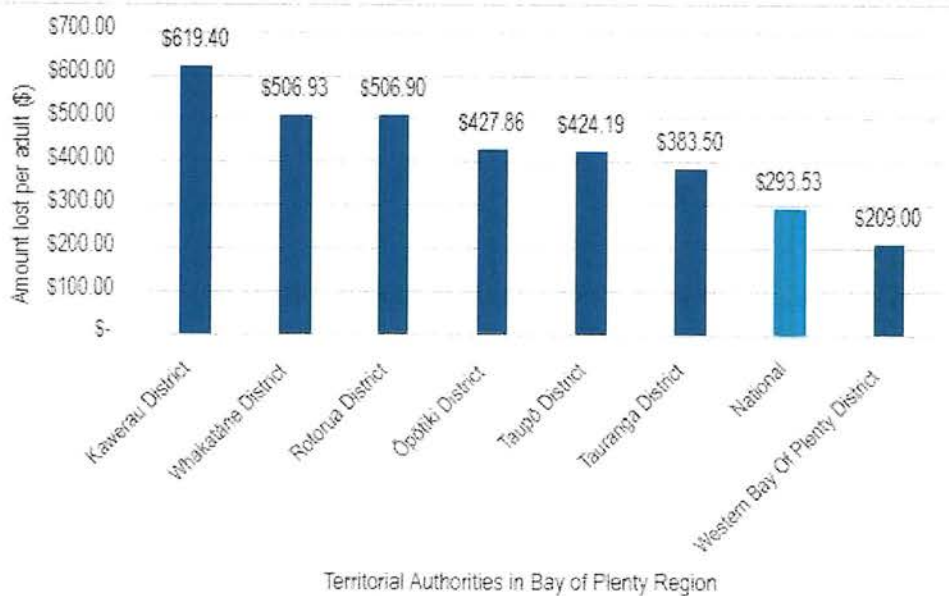


Figure 2: GMP loss per adult population in the Bay of Plenty

Of all the territorial authorities across the Bay of Plenty Region, Kawerau District had the highest GMP loss per adult capita of \$619.40 in 2023. This was also higher than the national average of \$293.53. Data on the adult population for each TLA was retrieved from Statistics New Zealand's 2018 Census.

Impact of Gambling Harm on the Community

As the only provider of mainstream services for the prevention and minimisation of gambling harm in Aotearoa New Zealand, we have first-hand experience supporting gamblers and affected others in navigating the impact that harmful gambling has had on their lives.

It is estimated that about one in five people in New Zealand will experience harm in their lifetime due to their own or someone else's gambling.² The impact of harmful gambling is diverse, affecting multiple domains of health and wellbeing, including physical, social, emotional, and mental health.

The total number of clients assisted in the Kawerau District are as follows (data has been retrieved from the Ministry of Health's [intervention client data](#)):

Financial Year	Total clients assisted
July 2022 – June 2023	7
July 2021 – June 2022	4
July 2020 – June 2021	29

It is important to note that the Ministry of Health's *Strategy to Prevent and Minimise Gambling Harm* states that "needs assessment and outcomes monitoring reports show that **only 16%** of potential clients for gambling support services (that is, people whose reported harm results in a moderate to high PGSI score) actually access or present at these services", and that this low service use is also evident for other forms of addiction.³

While the Ministry of Health's client intervention data is not an accurate measure of the prevalence of gambling harm in New Zealand, it can tell us the rate of harm from different classes of gambling amongst those who have sought help. Data for 2022/23 shows that of the 4,411 individuals who received full intervention support for their own or someone else's gambling, 1,986 (45.0%) were for Class 4 EGMs.⁴

Moreover, gambling harm disproportionately impacts Māori and Pacific peoples, and these populations have been identified in the Ministry of Health's *Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25* as bearing a burden of harm that greatly outweighs that being experienced by other groups.

The 2020 Health and Lifestyles Survey results indicated that Māori were 3.13 times more likely to be moderate-risk or high-risk gamblers than non-Māori and non-Pacific peoples, and Pacific peoples were 2.56 times more likely to be moderate-risk or high-risk gamblers than non-Māori and non-Pacific peoples.⁵ According to the 2018 Census, 61.7% and 4.6% of Kawerau District's population are Māori and Pasifika respectively.⁶ Consideration around how Class 4 gambling inequitably impacts these groups must be deliberated and addressed.

Sinking Lid Policy

Councils play an important role in addressing the harm caused by Class 4 gambling by adopting gambling venue policies which regulate the number and location of Class 4 pokies.

² Ministry of Health, *Strategy to prevent and minimise gambling harm 2022/23 to 2024/25*. Wellington: Ministry of Health; 2022.

³ Ministry of Health. *Strategy to prevent and minimise gambling harm 2019/20 to 2021/22*. Wellington; 2019.

⁴ Ministry of Health. *Gambling harm intervention services data*. Wellington: Ministry of Health; 2024. Retrieved from: <https://www.health.govt.nz/our-work/mental-health-and-addiction/addiction/gambling-harm/service-user-data/gambling-harm-intervention-services-data>

⁵ Te Hīringa Hauora. *Results from the Health and Lifestyles Survey 2020*. Wellington: Te Hīringa Hauora; 2021.

⁶ Statistics New Zealand. *2018 Census place summaries – Napier City*. Wellington; 2024. Retrieved from: <https://www.stats.govt.nz/tools/2018-census-place-summaries/napier-city>

According to research conducted by the Auckland University of Technology's New Zealand Work Research Institute, sinking lid policies are one of the most effective policies at reducing pokie spending, helping reduce problem gambling expenditure by 13%. Moreover, territorial local authorities (TLAs) who adopted restrictions above and beyond those mandated by the Gambling Act 2003 experienced less gambling harm than those TLAs who have not.⁷

Currently, just over half (55%), or 36 councils in Aotearoa New Zealand have adopted a sinking lid policy.

We commend Kawerau District Council for having adopted a comprehensive sinking lid policy which includes provisions banning any new venue, the relocations of pokie machines, and club mergers. This is the best approach available to minimise gambling harm. It is our recommendation that Kawerau District Council keep the sinking lid policy in place as is and look to continuing towards the goal of reducing pokie machine numbers in the District.

Class 4 Gambling Community Grants

Class 4 Trusts and Societies are required to return 40% of the GMP to the community by the way of grants or applied funding. However, it cannot be guaranteed that money lost to pokies in the district is returned to community groups in the same district. For example, of the \$3,173,810.94 lost in Kawerau District in 2023, approximately \$640,066.00 was returned to organisations based in Kawerau District.⁸ This is around 20% of the amount lost in 2023. We note that the largest grant made in 2023 was to the Kawerau District Council itself of \$433,750.00.

While pokie grants may support local community groups, sports, and services, it is important to remember where the money is coming *from* rather than where the money is going. Evidence has repeatedly shown that the distribution of Class 4 gambling funds is inequitable as funds are less likely to return to the communities in which they were raised. Reports from the Ministry of Health reveal that pokies in the most deprived areas provide over half of the total Class 4 gambling expenditure.⁹ The Department of Internal Affairs (DIA) have also acknowledged that “this means that there is more exposure and access to pokie gambling, normalising gambling in communities who can least afford it and leading to gambling harm.”¹⁰

As at 30 June 2024, approximately 61% of Class 4 venues in Aotearoa New Zealand are located in medium-high or very-high deprivation areas. In Kawerau District, 100% of venues are in very-high deprivation areas.¹¹

A report commissioned by the DIA, *Assessment of the effects of Class 4 gambling on wellbeing in New Zealand*, revealed that “one of the most striking features of this report is that [qualitative and

⁷ Erwin C, Lees, K., Pacheco, G., & Turco, A. *Capping problem gambling in NZ: The effectiveness of local government policy interventions*. Auckland: New Zealand Work Research Institute.; 2020.

⁸ Department of Internal Affairs. *Granted Dashboard - Grants by District*. Wellington: Department of Internal Affairs; 2024. Retrieved from: <https://www.granted.govt.nz/dashboard.html>

⁹ Allen & Clarke. *Informing the 2015 gambling harm needs assessment: Final report for the Ministry of Health*. Wellington: Ministry of Health; 2015.

¹⁰ Department of Internal Affairs. *Reducing pokies harm – Public discussion document*. Wellington: Department of Internal Affairs; 2022.

¹¹ Department of Internal Affairs. *Gaming machine profits (GMP Dashboard)*. Wellington: Department of Internal Affairs; 2024. Retrieved from: <https://www.dia.govt.nz/gambling-statistics-gmp-dashboard>

quantitative analyses] both indicate that Class 4 gambling tends to magnify community disadvantage. The evidence strongly suggests that it transfers wealth from more deprived communities to less deprived communities”.

Overall, there is a strong redistributive effect where less deprived communities (decile 1-5) provide 26% of the GMP but receive 88% of the grants. Conversely, more deprived communities (decile 6-10) provide 74% of the GMP but receive only 12% of the grants.¹²

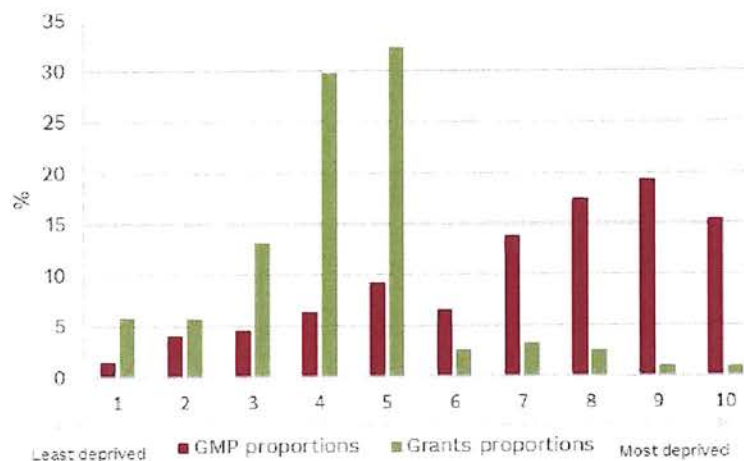


Figure 3: The origin of GMP and the destination of Class 4 grants by socio-economic decile (BERL, 2020)

¹² Cox M, Hurren K, Nana G. Assessment of the effects of Class 4 gambling on Wellbeing in New Zealand: Final Report. Wellington: Business and Economic Research Limited; 2020.

