

Assessing the Social Impact of Gambling in the Taupō District July 2017

Background

The Gambling Act 2003 (Gambling Act) requires all territorial authorities to have a class 4 gambling policy, while the Racing Act 2003 (Racing Act) requires a policy on standalone TAB venues. These two policies, which have been combined by Taupō District Council into one policy, must be reviewed every three years. The last review took place in 2014.

The nature of a review should start with an assessment of the social impact of gambling and how this may have changed over the years, particularly since the last review. This report reviews:

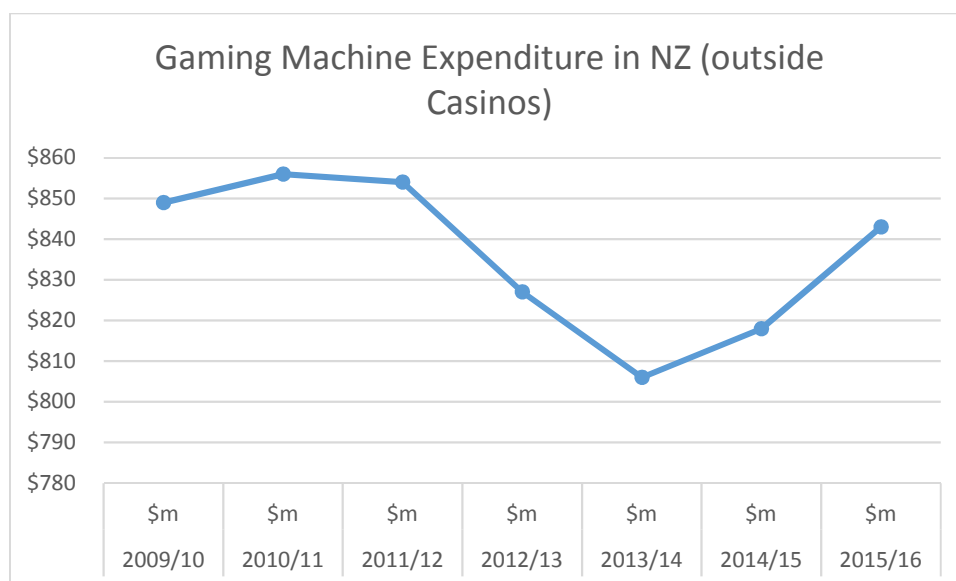
- gambling at the national level
- gambling machine and gambling venue trends at the local level
- the social benefits from gambling machines, and
- the social costs from gambling machines.

Gambling at the National Level

In New Zealand there are 12,87 class 4 gambling venues, 16,717 non-casino pokies, 6 casinos, 199 casino gambling tables and 2826 casino gaming machines. New Zealanders lose over \$2 billion annually to gambling, which is 5.7 million per day, including \$2.2 million to non-casino pokies (per day).

Gamblers in New Zealand spent \$2,209 million dollars on the four main forms of gambling in the 2015/16 financial year, \$118 million more than the previous year. They spent more in all categories of gambling including casinos, on non-casino pokies, racing and sports betting and Lottery products.

The following table shows annual national expenditure on gaming machines in New Zealand.



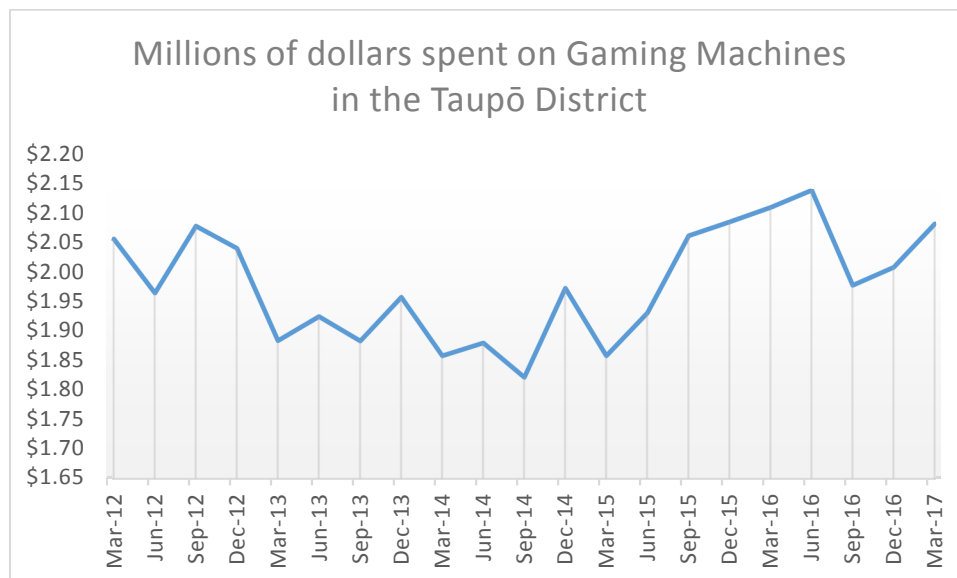
Adjusting for the effects of both inflation and changes to New Zealand's adult population (18 years and older), gambling expenditure increased by 2.6 per cent, from an average of \$601 per person in 2015 to \$616 per person in 2016.

From 2010 to 1 July 2016, the number of gaming machines nationally decreased by 15 percent from 19,115 to 16,250.

Local Trends in Gambling

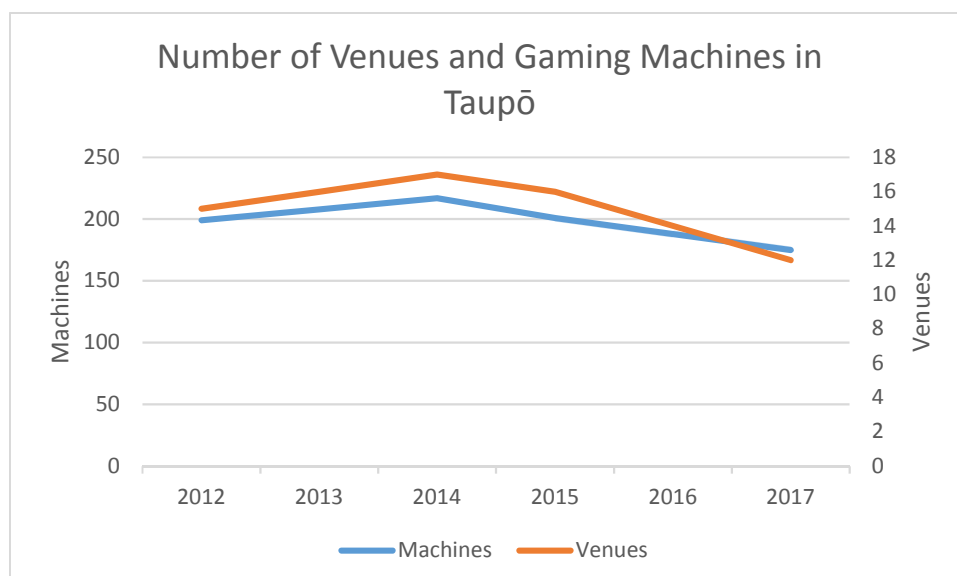
Of the \$843 million spent by gamblers nationally on gaming machines in the 2015/16 financial year, \$8.23 million was spend in the Taupō District. This is 0.97% of the national expenditure. Taupō (as at June 2016) had 0.77% of the population. This means that expenditure per person in the Taupō District is higher than the average expenditure per person nationally.

The following graph shows the quarterly spend on gaming machines in the Taupō District. There appeared to be a downward trend in expenditure 2012-2014, however throughout 2015-2017 expenditure appears to be increasing again.



The Taupō District had the 17th highest loss to gaming machines for the March quarter of 2017 out of 67 Territorial Authorities. Per head of population this equated to almost \$85 (March-June 2017).

As at 31 March 2017 the Taupō District had 175 machines located within 12 venues. This is a decrease in venues and machines since the 2014 review. At that time there were 16 venues and 208 machines. This number represents 1.09% of the number of machines in New Zealand (this is down from 1.21% of machines in 2014). The following graph shows the general decline in both numbers of machines and venues in the Taupō District in the past 5 years.



The following table shows the location and numbers of gaming machines (GMs) in the Taupō District:

Society Name	Venue Name	GM Count
First Sovereign Trust Limited	Turangi Tavern	18
Grassroots Trust Limited	Pitch Sports Bar	9
New Zealand Racing Board	TAB Taupō	9
Taupō Cosmopolitan Club Inc	Taupō Cosmopolitan Club	18
Taupō Returned And Services	Taupō RSA	18
The Lion Foundation (2008)	Dbar	18
The Southern Trust	Mulligan's Public House	9
Tokaanu-Turangi Districts Memorial RSA (Inc)	Tokaanu-Turangi Districts Memorial RSA	11
Tongariro Chartered Club Inc	Tongariro Chatered Club	15
Youthtown Incorporated	Finn Maccuhals	18
Youthtown Incorporated	Lucky Lizard	18
Youthtown Incorporated	Pub 'n' Grub	14

Note that the Tongariro Chartered Club and Pub and Grub can increase to 18 machines without Taupō District Council's approval.

Social Costs from Gambling Machines

Harm from gambling can include, among other things, relationship breakdown, depression, suicide, reduced work productivity, job loss, financial problems (including debt and bankruptcy), and various types of gambling-related crime (including family violence, crime to finance gambling, and using gambling to launder the proceeds of crime).

Research also indicates harms have a ripple effect and usually extend beyond gamblers to encompass family members (especially children), whānau, friends, employers, colleagues and whole communities. Harm is also incredibly persistent, and usually continues for years.

An analysis of problem gambling in New Zealand and Australia found that there is an increase in problem gambling of nearly one person for each new machine. This study found that restricting the density of gaming machines leads to a decrease in gambling harm.

There is evidence that Māori and Pacific peoples are more likely to suffer gambling harm (whether as a result of their own or someone else's gambling) and more likely to be at risk of future harm than people in other ethnic groups. Some specific Asian populations and subgroups also seem to be more likely to suffer gambling harm. Given that the Taupō District has a Māori population of nearly double the national average, this could mean there is more harm caused in the Taupō District compared to other comparatively sized districts.

Interventions are when people have contacted an intervention service for psychosocial support either by phone or face to face in the Taupō District. It is noted that those who seek help represent only a small subset of those who experience harm. The graph below shows the increase in the number of interventions, although it is difficult to know if this increase is related to more issues being caused by problem gambling or more accessible help and awareness of problem gambling.

The economic benefits of gambling machines can be used as justification for the social costs, however recent research completed in Tasmania has found that the money spent on gambling is money not spent on other things. Even the most conservative estimate of 50% of gambling losses being diverted directly back into the community would far exceed the funds which come back to the community via grants.



Benefits of Gaming Machines

The fact that people pay money to gamble (rather than spending the money on some other commodity or service) suggests that there is entertainment value derived from gambling. A Department of Internal Affairs ('DIA') survey, People's Participation in and Attitudes to Gambling 1985- 2005 found that around two-thirds of participants had gambled on gambling machines as a form of entertainment, with participants also saying this was a way to be with people or to get out of the house.

The Gambling Act provides for Class 4 gambling to be permitted only where it is used to raise funds for community purposes. Gaming machine societies are required under the Gambling Act and the Gambling (Class 4 Net Proceeds) Regulations 2004 to distribute a minimum amount of 40 per cent of their proceeds to the community. However, there is difficulty in tracking these funds, and no requirement for these funds to go back into the local communities where they came from. Of the \$8.23 million spent on gaming machines in the Taupō District in 15/16, approximately \$1.3 million was returned to the local community (around 16%).

All gaming machine societies are required to allocate all profits from their gaming machines to authorised purposes. Clubs tend to apply their gaming machines profits to their own purposes, typically their club operating costs. Public societies generally distribute their profits to the wider community by way of grants. There is no aggregate data easily available that shows the distribution of gaming machine profits to various parts of the community and voluntary sector.

The Department of the Internal Affairs most recently completed a survey of how funds were distributed to community groups in 2011. The following table shows the results of the 2011 funding and where it was allocated:

Table 1 – Public societies' allocations of gaming machine profits by type of recipients NZ wide

Recipient organisations	2011			
	No. of grants	Average grant size	Total grant funding	% of total grant funding
Culture, sport and recreation	13,565	\$10,286	\$139,524,744	55%
Education and research	4,651	\$7,329	\$34,085,721	14%
Social services	1,911	\$14,992	\$28,650,268	11%
Health	1,682	\$12,557	\$21,121,405	8%
Development and housing	1,517	\$13,529	\$20,523,571	8%

Recipient organisations	2011			
	No. of grants	Average grant size	Total grant funding	% of total grant funding
Environment	188	\$14,113	\$2,653,307	1%
Religion	201	\$7,577	\$1,522,986	1%
Grant making, fundraising and voluntarism promotion	150	\$8,755	\$1,313,285	1%
Law, advocacy and politics	112	\$9,202	\$1,030,622	<1%
Business and professional associations, unions	62	\$5,345	\$331,407	<1%
International	1	\$3,000	\$3,000	<1%
Not elsewhere classified (residual category)	87	\$13,945	\$1,213,235	<1%
Total	24,127	\$10,444	\$251,973,552	100%

The Problem Gambling Foundation has started collecting data on gaming machine grants over the past several years. For the period between Jan 2014 and May 2017 grants were allocated to the following sectors in Taupō:

Table 2 – Grants allocated in the Taupō District

Type	Grant Amount	Type	Grant Amount
Community Group	\$ 463,849.91	Maori	\$ 67,275.01
Education	\$ 285,296.46	Council	\$ 62,000.00
Community Services	\$ 250,442.04	Racing	\$ 48,550.00
Cycling/BMX	\$ 185,264.50	League	\$ 46,192.00
Other Sports	\$ 180,827.27	Fire Services	\$ 38,567.35
Hockey/Ice Hockey (Excludes Inline Hockey)	\$ 143,000.00	Kindergartens/Childcare/Plunkett	\$ 31,258.00
Equestrian/Pony Clubs	\$ 117,870.08	Racquets	\$ 24,615.14
Water Sports (Sailing, Swimming, Fishing, Water Polo)	\$ 88,730.17	Gym Sports (Includes weightlifting/Boxing/Wrestling)	\$ 21,840.00
Netball	\$ 78,321.38	Health Related	\$ 15,221.00
Soccer	\$ 77,771.35	Cricket	\$ 12,000.00
Rugby	\$ 74,856.01	Scout Groups/Girls Brigade/Sea Scouts	\$ 7,449.00
Arts	\$ 70,855.72	Basketball	\$ 5,000.00
Search and Rescue (excludes Surf Clubs)	\$ 69,175.97	Athletics/Marathons	\$ 1,000.00
		Grand Total	\$ 2,467,228.36

Grants analysed in this report were grants believed to be made just within the Taupō District. Those grants that are given to a wide organisation such as National Heart Foundation or other organisations that cover a wide region such as Search and Rescue, are not included. The reason being that there is no way of knowing what percentage of the grants goes specifically to Taupō TLA.

Conclusion

Under the Gambling Act and the Racing Act local authorities have limited powers to regulate the number and location of venues and gambling machines through the Class 4 Gambling Venue and TAB Policies. The main “tool” that the Council has under the Policy is either a cap on the number of machines (as per the current policy) or and sinking lid policy so that once machines are shut down they cannot be replaced.

The current 2014 Taupō Class 4 Gambling and TAB Policy:

- Establishes a ‘cap’ of 225 gaming machines.
- Sets a cap of nine machines per venue for those venues which were granted a licence after 17 October 2001.
- Sets a relocation policy which means venues can only relocate within the existing Taupō, Turangi or Mangakino town centres.

Since the last review the number of venues and gaming machines has reduced from 16 to 12 venues and 208 to 175 machines. The Taupō District is also showing some “above average” statistics in gambling spend and an increase in numbers seeking psychosocial support for problem gambling support.

Taking into account the information within this social impact assessment regarding the social costs of gambling in Taupō it is an ideal time to consider any adjustments to the current Policy. Adjustments that can be considered include a change in the current cap of 225 machines or applying a sinking lid cap.

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