

15 May 2019

Masterton District Council  
Freepost 112477  
PO Box 444  
**Masterton**

Tēnā koe

**Re: Class 4 Gaming Machine and Venues Policy**

Thank you for the opportunity to provide a written feedback on this submission process. Regional Public Health (RPH) and Wairarapa District Health Board (DHB) see gambling as an important community issue and as such we have worked together to combine our voice on this matter.

Wairarapa DHB is responsible for providing or funding the provision of health services in our district. We work to improve, promote and protect the health of the people living in the areas they cover and take the lead in planning, funding and providing public health services for them, regardless of where their services are provided.

RPH delivers population and personal health services in the greater Wellington region. Our geographical area of service delivery spans Hutt Valley, Capital & Coast and Wairarapa DHBs. We deliver a range of population and personal health services, aiming to improve the health of communities throughout the greater Wellington region. In particular we focus on achieving equitable health outcomes for Māori, Pacific peoples, tamariki and young people, low income whānau and other people groups facing complex challenges.

The following feedback to the policy provides our public health perspective and experiences in our region.

For additional advice or clarification on any of the points raised in our written feedback please contact us.

Nāku noa, nā

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**Interim Chief Executive Officer**  
Wairarapa DHB

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## Introduction

*The Gambling Act 2003 has defined problem gambling as a public health issue in New Zealand, and the Ministry of Health is now responsible for preventing and minimising gambling-related harm. Part of the general public health approach is to encourage healthy, supportive environments.*<sup>1</sup>

Gambling harm is a significant issue which can be harmful to health and wellbeing. Gambling harm is defined by the Gambling Act 2003, as harm or distress coming from, worsened, or caused by a person's gambling. This includes personal, social, or economic harm experienced by the person, the person's spouse, family, whānau, community, workplace, or society<sup>2</sup>. Class 4 electronic gaming machines (EGM or 'pokies') are those operating in bars, pubs, or clubs cause the majority of gambling harm.<sup>3</sup>

Gambling harm is not only experienced by 'problem gamblers'. Research shows that the second hand adverse effects of 'problem gamblers' on others is four times the harm experienced by 'problem gamblers'.<sup>4</sup> The adverse effect of gambling on communities outweighs the adverse effect of illicit drug use disorders by a factor of three, and can cause more harm than chronic conditions such as arthritis, diabetes.<sup>5</sup>

There are six main domains which are related to gambling harm:

- Poor health, both morbidity and mortality
- Emotional or psychological distress
- Financial difficulties including bankruptcy
- Reduced performance or loss of employment
- Relationship breakdown
- Criminal activity and neglect of responsibilities.<sup>6</sup>

RPH and the Wairarapa DHB are concerned that only minor amendments to the Wairarapa Electronic Gaming Machines and TAB policy are proposed. Instead bolder action should be taken.

From 2015 to 2017 gambling in the Wairarapa increased by 23%<sup>7</sup> even though there was a slight reduction in the number of 'pokies'. Continuation of the status quo is unlikely to reduce gambling harm. RPH and the Wairarapa DHB submit that the number of 'pokies' should be reduced by a minimum of 25% and further that a sinking lid is put in place.

## Inequality and equity

Gambling adversely impacts on communities that are least able to afford it.

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<sup>1</sup> Raising the odds, Ministry of Health 2008; *Access or adaptation?* Storer, Abbott and Stubbs, 2009

<sup>2</sup> Sapere Research Group. Gambling Harm Reduction Needs Assessment. Wellington: Ministry of Health. 2018.

<sup>3</sup> Ministry of Health Manatū Hauora. (2018). *Clients assisted by primary problem gambling mode* [Excel spreadsheet]. Retrieved from <https://www.health.govt.nz/our-work/mental-health-and-addictions/gambling/service-user-data/intervention-client-data#ppgm>

<sup>4</sup> Central Queensland University and Auckland University of Technology. (2017). Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Assessing the Social Impact of Gambling in the Wairarapa. (2019). Retrieved from: <https://mstn.govt.nz/wp-content/uploads/2019/04/Gambling-Social-Impact-Assessment.pdf>

*The pattern that emerges from this observation is of 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 communities.<sup>8</sup>*

- One in six New Zealanders has gone without something they need, or a bill has remained unpaid because of gambling.<sup>9</sup>
- 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.<sup>10</sup>

*Māori and Pacific people continue to have very high problem gambling prevalence rates. This means that unless more focus is placed on understanding why this is the case, and processes put in place to change the current situation, Māori and Pacific communities will continue to be disproportionately affected by gambling-related harm.<sup>11</sup>*

- Māori suffer more negative impacts of gambling and experience more problem gambling than do non-Māori.<sup>12</sup>

#### **Class 4 gambling expenditure in Wairarapa**

Currently in the Wairarapa there are 12 venues, with 165 'pokies'<sup>13</sup>. Last year the profit from these machines exceeded \$7.5million. The amount of money lost by players in the final quarter of the calendar year increased by \$358,000 (23%) from 2015 to \$1.9million in 2018. Carterton experienced the greatest increase (77%) compared to Masterton (17%) and South Wairarapa (3%).<sup>14</sup> The 6% increase in population cannot explain this increase.<sup>15</sup>

The Wairarapa has only three gambling help services: Salvation Army Oasis Centre, national Gambling Helpline and the national Problem Gambling Foundation. This is high risk and equates to less than one service per 10,000 people.<sup>16</sup> According to a Ministry of Health (MoH) report, Masterton has a particularly high rate of gambling help service utilisation, but have maintained high rates of gambling losses.<sup>17</sup> These figures indicate work still needs to be done to reduce gambling harm.

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<sup>8</sup> Livingstone C et al, Assessment of poker machine expenditure and community benefit claims in selected Commonwealth Electoral Divisions, Monash University, 2012.

<sup>9</sup> Abbott, M. W. (2012). Knowledge, views, and experiences of gambling and gambling-related harms in different socio-economic groups in New Zealand. *Australian and New Zealand Journal of Public Health*, 36(2), 153–159.

<sup>10</sup> Gambling in New Zealand Fact Sheet 01, Feb 2012. Problem Gambling Foundation of New Zealand from <http://pgfnz.org.nz/Uploads/Library/00Collection.pdf> 2012.

<sup>11</sup> Abbott, M., Bellringer, M., & Garrett, N. (2018). New Zealand National Gambling Study: Wave 4 (2015). Report number 6. Auckland: Auckland University of Technology, Gambling and Addictions Research Centre.

<sup>12</sup> Abbott et al, New Zealand National Gambling Study: Wave 4 (2015) Report Number 6, for Ministry of Health, P.82, 2018.

<sup>13</sup> Department of Internal Affairs: *Gaming Machine Proceeds by District and Society Type*. Retrieved 3 May 2019 from [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-All-Venues-and-Numbers-by-Territorial-AuthorityDistrict](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-All-Venues-and-Numbers-by-Territorial-AuthorityDistrict)

<sup>14</sup> Ibid.

<sup>15</sup> Assessing the Social Impact of Gambling in the Wairarapa. (2019). Retrieved from: <https://mstn.govt.nz/wp-content/uploads/2019/04/Gambling-Social-Impact-Assessment.pdf>

<sup>16</sup> Ibid.

<sup>17</sup> Sapere Research Group. Gambling Harm Reduction Needs Assessment. Wellington: Ministry of Health. 2018.

## Assessing the Social Impact of Gambling in the Wairarapa Region report

RPH and the Wairarapa DHB have concerns about the social impact report<sup>18</sup> used to support the continuation of the status quo. It appears to be inconsistent with the significant increase in gambling reported above. We question the conclusion that Wairarapa has a 'medium' risk.

Also, the report overstates the 'beneficial' impact of gambling such as community grants, providing employment opportunities and provision of entertainment.

### Community grants

Corporate societies or 'pokies trusts' are established under the *Gambling Act 2003* and it is intended some of the profits from gambling are re-invested in local communities.

This is an attempt to offset gambling harm and is often used as justification against sinking lid policies. It is the view of RPH and the Wairarapa DHB that the social impact assessment overstates the importance of gaming revenue with respect to the viability of community organisations.<sup>19</sup>

RPH and the Wairarapa DHB question the rationale for why gamblers, through 'pokies trusts', should fund community organisations. As noted in the MoH report:

*There is no reason to assume that gamblers have a particularly high ability to pay (a principled policy rationale for progressive income taxes) and thus might be better placed to support charitable purposes than the rest of the community...the opposite seems to be the case: gambling tends to be more prevalent in lower income households and... the concentration of gambling venues tends to be higher in areas of high deprivation. Therefore gambling taxation and redistribution to community purposes tends to be regressive, i.e., placing a higher burden on the less-well-off.<sup>20</sup>*

Sinking lid policies do not create abrupt change, and would not immediately effect community organisations, instead the number of gaming machines would decline slowly over time.

There is also a misconception that charitable trusts operate purely from revenue from pokies trusts, which is incorrect. Pokies trusts account for only 10.2% of charitable giving in New Zealand, in contrast 58% comes from personal giving.<sup>21</sup>

### Employment

The social impact report suggests that additional employment is a social benefit<sup>22</sup>. This notion is not supported by contemporary research. The small economic benefit from increases in gambling related employment is almost negligible when compared to alternatives available for consumer spending (entertainment, retail products etc.) which would contribute to the economy if the

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<sup>18</sup> Assessing the Social Impact of Gambling in the Wairarapa. (2019). Retrieved from: <https://mstn.govt.nz/wp-content/uploads/2019/04/Gambling-Social-Impact-Assessment.pdf>

<sup>19</sup> Ibid.

<sup>20</sup> Ministry of Health, Gambling Harm Reduction Needs Assessment, 2018.

<sup>21</sup> PGF Group, Submission on the Western Bay of Plenty District Council Gambling Venues Policy, 2019.

<sup>22</sup> Assessing the Social Impact of Gambling in the Wairarapa. (2019). Retrieved from: <https://mstn.govt.nz/wp-content/uploads/2019/04/Gambling-Social-Impact-Assessment.pdf>

gambling did not exist.<sup>23</sup> It is also very important to note that a key gambling harm is loss of employment.<sup>24</sup>

## Entertainment

The social impact report suggests that gambling as an entertainment delivers a social benefit. A 2013 report by KPMG for the Ministry of Health (MoH) is used as a reference.<sup>25</sup>

The MoH report says that research has found that socialising, enjoyment and fun are directly related to more communal activities such as Housie and community raffles. It concludes based on these findings that “people genuinely enjoy participating in gambling activities and there are clear benefits of being able to socialise with other, particularly whānau members.”<sup>26</sup>

Although housie and community raffles are forms of gambling they are characterised by being social community orientated events. Individuals playing at a bank of ‘pokies’ cannot be categorised as a social event.

‘Pokies’ target individuals and utilise auditory and visual cues to attract new players and encourage persistent game use or addiction<sup>27</sup>.

It also important to note that gambling harm includes relationship breakdown,<sup>28</sup> and ‘pokies’ are unlikely to promote socialisation with whānau members.

## Gambling Act 2003

Class 4 Gaming Machine and Venues Policy should reflect the *Gambling Act 2003*, and control the growth of gambling and prevent and minimise harm from gambling.

*The purpose of the Gambling Act is to:*

- *control the growth of gambling; and*
- *prevent and minimise harm from gambling, including problem gambling, and*
- *authorise some gambling and prohibit the rest; and*
- *facilitate responsible gambling; and*
- *ensure the integrity and fairness of games; and*
- *limit opportunities for crime or dishonesty associated with gambling and the conduct of gambling; and*
- *ensure that money from gambling benefits the community; and*
- *facilitate community involvement in decisions about the provision of gambling.*<sup>29</sup>

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<sup>23</sup> KPMG & Ministry of Health. (2013). Gambling Resource for Local Government. KPMG & Ministry of Health

<sup>24</sup> Central Queensland University and Auckland University of Technology. (2017). *Measuring the Burden of Gambling Harm in New Zealand*. Wellington: Ministry of Health.

<sup>25</sup> Assessing the Social Impact of Gambling in the Wairarapa. (2019). Retrieved from: <https://mstn.govt.nz/wp-content/uploads/2019/04/Gambling-Social-Impact-Assessment.pdf>

<sup>26</sup> KPMG & Ministry of Health. (2013). Gambling Resource for Local Government. KPMG & Ministry of Health

<sup>27</sup> Livingstone, C. (2017). *How electronic gambling machines work*. AGRC Discussion Paper 8). Melbourne: Australian Gambling Research Centre, Australian Institute of Family Studies

<sup>28</sup> Central Queensland University and Auckland University of Technology. (2017). *Ibid*.

<sup>29</sup> Ministry of Health. The Gambling Act 2003. (2012). Retrieved from: <https://www.health.govt.nz/our-work/mental-health-and-addictions/gambling/gambling-act-2003>

**Class 4 Gaming Machine and Venues Policy:**

RPH and the Wairarapa DHB strongly support the immediate reduction of the number of 'pokies' machines from 165 to 124 (25%) and the introduction of a sinking lid policy.

Bold action is needed to curb the increase in gambling related harm in the Wairarapa.

Continuation of the status quo or further relaxation is out of sync with the Purpose of the Act.