

Submission Booklet

Draft TAB and Gambling Venue Policies 2022

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#1

COMPLETE

Collector: Web Link 2 (Web Link)
Started: Thursday, May 19, 2022 9:35:17 AM
Last Modified: Thursday, May 19, 2022 9:43:45 AM
Time Spent: 00:08:27
IP Address:

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Q1

INDIVIDUAL

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Zana Gavan-Smith**
Postal Address
City/Town
Postal Code
Mobile number
Email Address
Daytime Phone Number

Q3

No

Would you like to present your submission in person at a hearing?

Q4

Support

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

I think that more work needs to be done to reduce gambling harm in our community, for example are these venues actually recognising problem gamblers and stopping them from spending so much time at the pokies? Also what about the local dairies, supermarkets and petrol stations that are selling "pay safe" cards as a means for online gambling? We need to reduce the number of pokies in Southland, and more monitoring needs to be done by the venues to stop problem gamblers from wasting time and money on these machines.

Q6

Support

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Please consider doing something to reduce online gambling eg. Preventing dairy's from selling paysafe cards or limiting the amount that can be purchased.

Q8

Respondent skipped this question

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

#2

COMPLETE

Collector: Web Link 3 (Web Link)
Started: Wednesday, May 25, 2022 10:31:45 AM
Last Modified: Wednesday, May 25, 2022 10:34:18 AM
Time Spent: 00:02:32
IP Address:

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Q1 **ORGANISATION**

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Jarrod True**
On behalf of (if applicable) **Gaming Machine Association NZ**
Mobile number
Email Address

Q3 **Yes**

Would you like to present your submission in person at a hearing?

Q4 **Respondent skipped this question**

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5 **Respondent skipped this question**

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

Q6 **Respondent skipped this question**

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Respondent skipped this question

Please provide any comments you have on the draft Gambling Policy in the space provided below

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

GMANZ Submission to Soutland District Council.pdf (2.6MB)

The Gaming Machine Association of New Zealand’s Submission on Southland District Council’s Gambling Venue Policy

Introduction

1. The Gaming Machine Association of New Zealand (“the Association”) represents the vast majority of the gaming machine societies that operate in New Zealand. The Association wishes to provide council with pertinent information regarding gaming machine gambling to help council to make a balanced, evidence-based decision.

Summary

2. The Association asks that the sinking lid be replaced with a cap at current numbers (14 gaming venues, 88 gaming machines).

Gaming Machine Funding

3. The Gambling Act 2003 seeks to balance the potential harm from gambling against the benefits of using gaming machines as a mechanism for community fundraising.
4. In 2019 (a typical non-COVID impacted year), approximately \$294m of grant funding was approved across 26,337 grants to 9,688 different organisations.¹ In addition, over \$75m was applied (generated by community organisations and used by those organisations to support their own community or sporting causes). This includes \$50m by various RSAs and Workingmen’s Clubs, \$17m by TAB New Zealand, and \$8m by Youthtown. Of the grants distributed in 2019, 52% were sports-related. The second most popular category was community (19.7%). This funding is crucial.

¹ http://www.gamblinglaw.co.nz/download/Gaming_Machine_Grant_Data_2019.pdf

35 societies provided data

28k approved grants

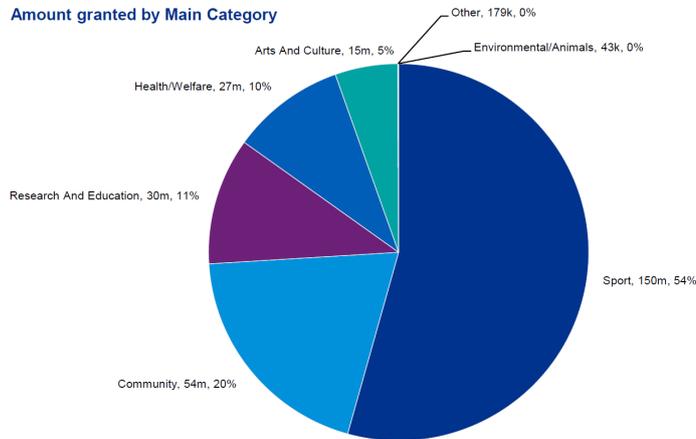
11k grant recipients

\$276m 42%
approved grants of GMP

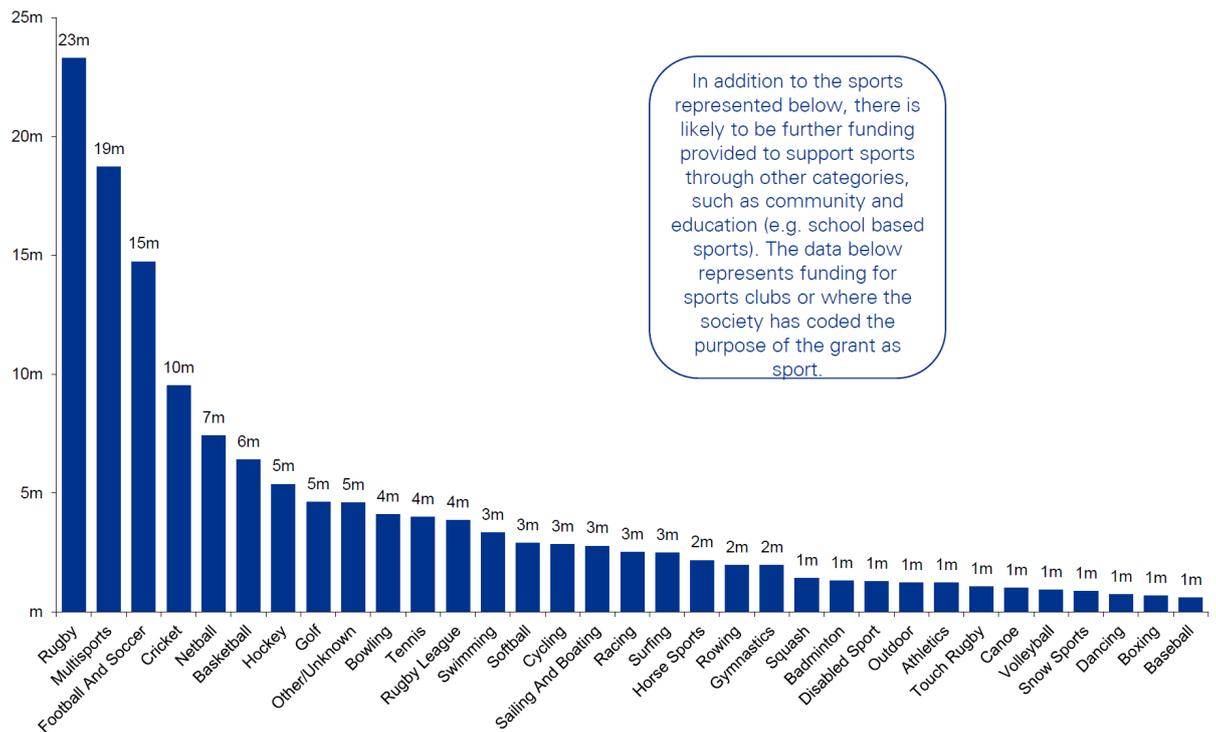
\$298m 42%
approved grants and applied funds* of GMP

* The Youthtown applied funds were estimated by averaging 2016/2017 and 2017/2018

Amount granted by Main Category



Amount granted by Sport



In addition to the sports represented below, there is likely to be further funding provided to support sports through other categories, such as community and education (e.g. school based sports). The data below represents funding for sports clubs or where the society has coded the purpose of the grant as sport.

5. The local benefit from the gaming machine funding includes the following three categories:

- External grants made to local community groups;
- External grants made to national and regional organisations that provide services and support locally; and

- Gaming profits used by local club venues to fund the upkeep of their clubrooms and to provide sporting and recreational facilities to their members.

External Grants

6. Attached are the 2020 grant data for the Southland District. This information was compiled by KPMG as part of a joint project between the Department of Internal Affairs, Sport New Zealand, and the Association.
7. In 2020, 180 grants were made that benefited the Southland District. These grants totalled **\$3,146,421.00**.
8. Examples of recent local grants include:

\$130,000.00 to Southland BMX Club Incorporated



\$20,760.00 to Phoenix Synchro Southland Incorporated



\$365,700.00 to Rugby Southland



\$42,900.00 to Graeme Dingle Foundation Southland



\$28,190.00 to Bowls Southland Incorporated



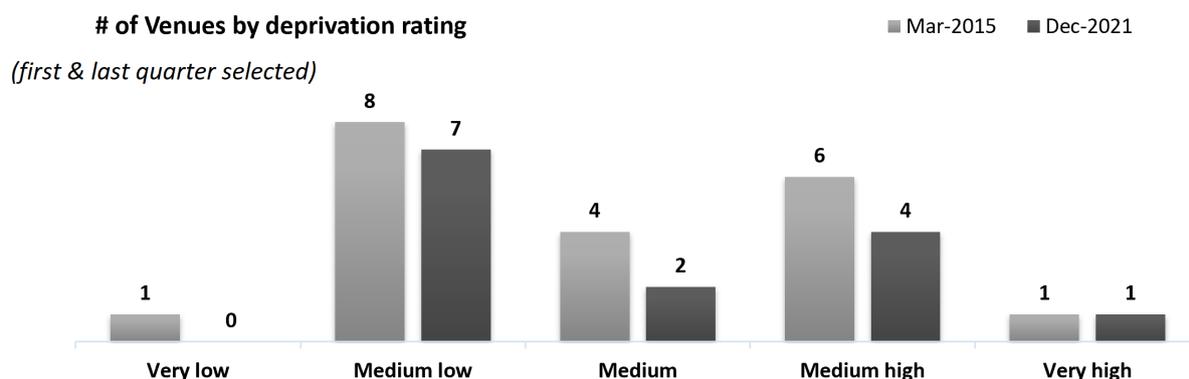
\$85,000.00 to Southland Softball Association



\$68,700.00 to Southland Schools Pipe Band Programme Trust



15. Only one of the 14 venues is located in a very high deprivation area:



Gambling is an Enjoyable Activity

16. Gambling is a popular form of entertainment that most New Zealanders participate in. The 2018 Health and Lifestyles Survey² found that 67.2% of adult New Zealanders had participated in some form of gambling in the previous 12 months (estimated to be 2,650,000 adults).



7 in 10 New Zealand adults take part in some form of gambling at least once a year – 1 in 500 New Zealand adults has a gambling problem.

17. The majority of people who gamble do so because they find it an enjoyable activity. This is observed by Suits (1979, p. 155)³, who states:

Gambling is a recreational activity or a kind of participation sport from which the principal satisfaction derives from the activity itself and from the ebb and flow of wins and losses rather than from ultimate outcome - the net amount won or lost. For most gamblers, the purpose of gambling is not to get rich, but to "have fun," to experience "excitement," or to have "something to look forward to," and they view payment for this recreation in the same light as others look on outlays for theatre tickets, vacation trips, or a night on the town.

18. Gambling for the non-addicted gambler may also be an avenue for socialising, stress relief and a way of having fun. Contrary to how it may appear from a non-gambler's

2 <https://www.hpa.org.nz/research-library/research-publications/2018-health-and-lifestyles-survey-methodology-report>

3 Suits, D. (1979). The Elasticity of Demand for Gambling. The Quarterly Journal of Economics, 93(1), 155–162. <https://doi.org/10.2307/1882605>

perspective, gamblers do not necessarily anticipate they will make money from gambling. Parke (2015)⁴ states:

Players mostly realise that they are paying for a leisure experience. They are not expecting to be paid, except for a small minority, who are going to earn an income as a professional gambler.

Positive Wellbeing Impact from Gambling in New Zealand

19. The 2021 TDB Advisory report, *Gambling in New Zealand: A National Wellbeing Analysis*⁵, found that gambling in New Zealand had a net positive wellbeing benefit totalling around \$1.74b to \$2.16b per annum.



Revenue Breakdown

20. The return to players on a non-casino gaming machine is required to be set between 78% and 92%, with most being set at 91.5%. On average, for every \$1.00 gambled, 91.5 cents is returned to the player in winnings. The money retained is typically allocated as follows:

4 Parke, J. (2015). Gambling, leisure and pleasure: Exploring psychosocial need satisfaction in gambling. Presentation at the KPMG eGaming summit. <https://assets.kpmg/content/dam/kpmg/pdf/2016/07/im-esummit-report-2015.pdf>.

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

Typical Distribution of Gaming Machine Profits

	GST Inclusive	GST Exclusive
Government Duty	20%	23%
GST	13.04%	0
Problem Gambling Levy	0.78%	0.90%
DIA Costs	2.9%	3.33%
Gaming Machine Depreciation	6.95%	8%
Repairs & Maintenance	2.84%	3.27%
Venue Costs	13.9%	16%
Society Costs	1.74%	2%
Donations	37.83%	43.5%

Gaming Machines – Key Facts

21. 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, over 34 years ago.
22. Gaming machine numbers are in natural decline. In 2003, New Zealand had 25,221 gaming machines. In December 2021, New Zealand had 14,743 gaming machines.
23. The proceeds from non-casino gaming machines increased 3.1% from \$895 million in 2018 to \$924 million in 2019. However, after adjusting for both inflation and changes in the adult population, expenditure on non-casino gaming machines is declining (\$242 per person in both 2015/16 and 2016/17 years to \$238 in the 2017/18 year). This coincides with declining numbers of venues and machines.
24. New Zealand has a very low problem gambling rate by international standards. The New Zealand National Gambling Study: Wave 4 (2015)⁶ 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.
25. The Ministry of Health keeps a record of the number of people in each territorial authority that seek help via phone, text, email or the face-to-face counselling services that are available. Only two persons from the Southland District sought help for problem gambling in the 2020/21 year. The presentation data⁷ are as follows:

2018/19	new clients 1	total clients seen 1
2019/20	new clients 0	total clients seen 0
2020/21	new clients 2	total clients seen 2

⁶ <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

⁷ <https://www.health.govt.nz/our-work/mental-health-and-addiction/addiction/gambling/service-user-data/intervention-client-data#territorial>

26. All gaming machine societies contribute to a problem gambling fund. This fund provides approximately \$20 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.
27. 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).

Existing Gaming Machine Safeguards

28. Retaining the sinking lid is not necessary given the significant measures that are already in place to minimise the harm from gaming machines.
29. Limits exist on the type of venues that can host gaming machines. The primary activity of all gaming venues must be focused on persons over 18 years of age. For example, it is prohibited to have gaming machines in venues such as sports stadiums, internet cafes, and cinemas.
30. There is a statutory age limit that prohibits persons under 18 years of age playing a gaming machine.
31. There are very restrictive limits on the amount of money that can be staked and the amount of prize money that can be won. The maximum stake is \$2.50. The maximum prize for a non-jackpot machine is \$500.00. The maximum prize for a jackpot-linked machine is \$1,000.00.
32. All gaming machines in New Zealand have a feature that interrupts play and displays a pop-up message. The pop-up message informs the player of the duration of the player's session, the amount spent and the amount won or lost. A message is then displayed asking the player whether they wish to continue with their session or collect their credits.
33. Gaming machines in New Zealand do not accept banknotes above \$20.00 in denomination.
34. ATMs are excluded from all gaming rooms.
35. All gaming venues have a harm minimisation policy.
36. All gaming venues have pamphlets that provide information about the characteristics of problem gambling and how to seek advice for problem gambling.
37. All gaming venues have signage that encourages players to gamble only at levels they can afford. The signage also details how to seek assistance for problem gambling.

38. All gaming venue staff are required to have undertaken comprehensive problem gambling awareness and intervention training.
39. Any person who advises that they have a problem with their gambling is required to be excluded from the venue.
40. It is not permissible for a player to play two gaming machines at once.
41. All gaming machines have a clock on the main screen. All gaming machines display the odds of winning.
42. The design of a gaming machine is highly regulated and controlled. For example, a gaming machine is not permitted to generate a result that indicates a near win (for example, if five symbols are required for a win, the machine is not permitted to intentionally generate four symbols in a row).
43. It is not permissible to use the word “jackpot” or any similar word in advertising that is visible from outside a venue.

Burden of Harm Report

44. In May 2017, a report titled *Measuring the Burden of Gambling Harm* was produced for the Ministry of Health. In the report, “low risk” gambling, such as buying a Lotto ticket, was claimed to be as bad for a gambler’s health as the untreated amputation of a leg, while “problem gambling” was claimed to be as bad as suffering from a severe stroke or terminal cancer.
45. A review of the study’s methodology produced by TDB Advisory⁸ concludes that these outlandish comparisons were made possible by a long line of deliberate selection biases and errors. The errors revealed by the TDB Advisory review include either deliberately or by mistake: using a biased population sample (participants were not randomly selected); attributing all harms to gambling and none to associated behaviours (such as smoking); and treating all harm as stemming 100% from gambling rather than allowing for the use of gambling as a coping mechanism or as a symptom of harms rather than the cause.
46. The Association has called for the report to be officially withdrawn, or to be subject to an official warning against its use.

A Concern with How Gamblers Spend their Disposable Income

47. The Salvation Army and Problem Gambling Foundation recently released a report commissioned by the New Zealand Institute of Economic Research suggesting that there would be significant economic benefit to the retail sector in both income and job creation if spending on gambling was halted. The report claims that this extra retail spending would generate an additional 1,127 full-time equivalent jobs for 1,724 workers, along with

⁸ http://www.gamblinglaw.co.nz/download/TDB_Advisory_Report.pdf

an additional \$58m of GST revenue and additional income tax of \$7m from the retail spend.

48. The report, however, fails to take into consideration the economic value currently generated by the gambling sector. The report specifically acknowledges that this was outside its scope. It is therefore a misrepresentation of the net value of such a move, given that it takes no account of the value that would be lost. What the Salvation Army and Problem Gambling Foundation appear to be saying is: let's take money – and jobs – away from the charity and not-for-profit sectors – health and rescue, education, community and social support services, environment, and arts and heritage – and give it to the commercial sector.
49. A suggestion is also made that the increased retail spending would then result in the retail sector channelling its increased profits into things like sports sponsorship. It is, however, more likely that any increased profits from the retail spending would be retained by the business owners, many of whom are large corporates, based offshore.
50. The report fails to address the freedom of adult New Zealanders to do what they want with their discretionary spending. Ministry of Health data indicate that over 1.8 million adult New Zealanders enjoy spending their money on gaming machines, Lotto, Instant Kiwi, sports and track betting and other forms of gambling. That spending provides them with entertainment, relaxation and social interaction. Those benefits would be lost if people were not able to spend their money on gambling.

The “Costs of the System”

51. The Problem Gambling Foundation has also recently suggested that 60% of the revenue from gaming machines goes towards the costs of running the system (with the remaining 40% being the returns to the community). In fact, the community benefit is much more like 80%, with the approximately 40% share that makes up the various taxes, duties and GST in effect also being a community contribution, going into the public purse to contribute to public good. The actual ‘running of the system’ is only about 20%. This 20% represents money to businesses – local hospitality businesses, trusts, equipment providers and technicians – and a significant number of jobs in our cities, towns and communities.

A Cap at Current Numbers (88 Gaming Machines) is Reasonable

52. Setting a cap at current numbers (88 gaming machines) is reasonable, given the current environment of high regulation and naturally reducing machine numbers.
53. There is no direct correlation between gaming machine numbers and problem gambling rates. Over the last ten years, the problem gambling rate has remained the same, despite gaming machine numbers declining rapidly (4,618 gaming machines have been removed from the market).
54. The 2012 National Gambling Survey⁹ concluded that the prevalence of problematic

⁹ <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-2.docx>

gambling reduced significantly during the 1990s and has since stayed about the same. The report stated on pages 17 and 18:

Problem gambling and related harms probably reduced significantly during the 1990s but have since remained at about the same level despite reductions in non-casino EGM numbers and the expansion of regulatory, public health and treatment measures. Given that gambling availability expanded markedly since 1987 and official expenditure continued to increase until 2004, these findings are consistent with the adaptation hypothesis. This hypothesis proposes that while gambling problems increase when high risk forms of gambling are first introduced and made widely available, over time individual and environmental adaptations occur that lead to problem reduction.

55. The New Zealand National Gambling Study: Wave 3 (2014)¹⁰ noted that the problem gambling rate had remained the same over the last 10-15 years despite gaming machine numbers decreasing. The report stated on page 19:

In contrast to the 1990s, there is no evidence that problem gambling prevalence decreased with decreasing participation rates during the 2000s. When methodological differences between studies are taken into account, it appears that problem gambling prevalence has remained much the same during the past 10 to 15 years.

...gambling participation has decreased substantially in New Zealand during the past 20 years, and problem gambling and related harm has probably plateaued...

56. Professor Max Abbott is New Zealand's leading expert on problem gambling. In 2006, Professor Abbott published a paper titled *Do EGMs and Problem Gambling Go Together Like a Horse and Carriage?* The paper noted that gaming machine reductions and the introduction of caps generally appear to have little impact on problem gambling rates. Professor Abbott noted:

EGM reductions and the introduction of caps generally appear to have little impact (page 1).

Over time, years rather than decades, adaptation ('host' immunity and protective environmental changes) typically occurs and problem levels reduce, even in the face of increasing exposure (page 6).

Contrary to expectation, as indicated previously, although EGM numbers and expenditure increased substantially in New Zealand from 1991 to 1999, the percentage of adults who gambled weekly dropped from 48% to 40%. This is of particular interest because it suggests that greater availability and expenditure do not necessarily increase high-risk exposure (page 14).

57. Retaining a more restrictive policy is unlikely to reduce problem gambling, but will, over time, reduce the amount of funding available to community groups based in Southland District. Reducing gaming machine venues reduces casual and recreational play, and therefore reduces machine turnover and the amount of money generated for grant distribution. However, problem gamblers are people who are addicted to gambling. If a

¹⁰ <https://www.health.govt.nz/publication/new-zealand-national-gambling-study-wave-3-2014>

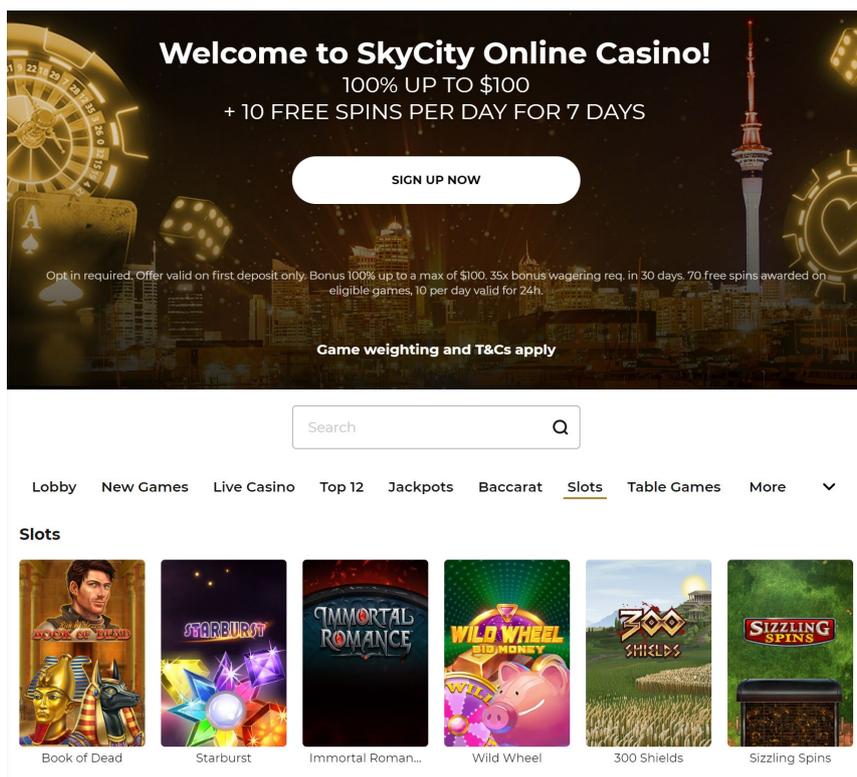
new bar is established and the policy prevents that bar from hosting gaming machines, a person who is addicted to gambling will simply travel the short distance to the next bar that has gaming machines, or worse, may move to another form of gambling such as offshore-based internet and mobile phone gambling.

Unintended Consequences – Increase in Internet and Mobile Phone Gambling

58. Any reduction in the local gaming machine offering may have unintended consequences, as this may simply lead to a migration of the gambling spend to offshore internet- and mobile-based offerings. While it is illegal to advertise overseas gambling in New Zealand, it is not illegal to participate in gambling on an overseas-based website or mobile phone application.



59. It now takes only a simple search and a few minutes to download to your computer, tablet or mobile phone any type of casino game you desire, including an exact replica of the gaming machine programs currently available in New Zealand venues.
60. There is no question that New Zealanders love gambling online.
61. SkyCity has a very popular offshore-based online casino with a large selection of gaming machine games.



62. A September 2018 Cabinet paper¹¹ on online gambling cites research suggesting that New Zealanders gambled approximately \$300 million with offshore providers in 2017, with the market growing annually at between 12 and 20 per cent.
63. The Cabinet paper notes that health professionals and gambling harm treatment providers have expressed concern that online gambling may be more harmful than some existing forms of gambling. The paper continues by stating “It [online gambling] has the potential to drive changes in behaviour to a greater, and more harmful, extent than some land-based gambling.”
64. TAB New Zealand estimates that the total online spend with offshore gambling websites by New Zealanders for the 12 months to August 2020 was \$570-\$580m.
65. In March 2022, Kiwibank advised¹² that its customers were spending around \$30 million every month playing on online gambling sites. Kiwibank is only one bank; one of the smaller banks.
66. The migration from physical Lotto stores and SkyCity was apparent during the Covid-19 lockdowns. When the physical venues were closed, the number of online registered players, and the amount of online revenue, skyrocketed.

¹¹ http://www.gamblinglaw.co.nz/download/Online_gambling_Cabinet_paper.pdf

¹² <https://www.newshub.co.nz/home/new-zealand/2022/03/kiwibank-customers-spending-30m-every-month-playing-on-online-gambling-sites.html>

NZ Lotteries Commission 'MyLotto'			
	FY20	FY19	FY18
Registered Players	1,230,000	845,000	746,000
Increase on previous Year	45.6%	13.3%	17.1%
MyLotto Sales	\$430.6m	\$227.6m	\$201.1m
Increase on previous Year	89.2%	13.2%	25.8%
% of Total Lotto Sales	31%	19%	16%

(Information sourced from annual reports)

Sky City Casino NZ Online Casino			
KPIs	FY21	FY20	Movement
Customer Registrations	48,958	25,661	90.8%
First Time Depositors (new actives)	28,114	15,855	77.3%
Deposit Conversion	57%	62%	n/a
Total Bets	\$792.5m	\$253.5m	212.5%
Gaming Revenue	\$27.9m	\$10.2m	173.5%
Operating Costs & Taxes	\$14.8m	\$5.6m	n/a
Profit	\$13.1m	\$4.5m	190.6%

(Information sourced from annual reports)

67. Offshore-based online gambling poses considerable risks because it:

- Is highly accessible, being available 24 hours a day from the comfort and privacy of your home;
- Has no restrictions on bet sizes;
- Has no capacity for venue staff to observe and assist people in trouble;
- Reaches new groups of people who may be vulnerable to the medium;
- Provides no guaranteed return to players;
- Is more easily abused by minors;
- Has reduced protections to prevent fraud, money laundering or unfair gambling practices; and

- Is unregulated, so on-line gamblers are often encouraged to gamble more by being offered inducements or by being offered the opportunity to gamble on credit. For example, many overseas sites offer sizable cash bonuses to a customer's account for each friend that they induce to also open an account and deposit funds.
68. Offshore-based online gambling does not generate any community funding for New Zealanders, does not generate any tax revenue for the New Zealand Government, and does not make any contribution to the New Zealand health and treatment services as no contribution is made to the problem gambling levy.

Council Conflicts of Interest

69. It is important that the committee of councillors that determines the gambling venue policy reflects the full views of the community. It has, however, become common for councillors who are involved in community and sporting groups to withdraw from the gambling venue policy deliberation as they consider the receipt of funding by a group that they are associated with constitutes a conflict. It has also been common for councillors with very strong, pre-determined anti-gambling views to refuse to withdraw from the policy deliberation, despite their strongly held views.
70. The Association has sought independent legal advice (copy attached) from Brookfields Lawyers regarding gambling venue policy conflicts. In summary, the key advice is:
- Being a member of a club or organisation that receives funding from a gaming grant will not usually give rise to conflict of interest when it comes to deciding or discussing Council's gambling venue policy, unless that member holds a paid role (e.g., a coach who is paid for that service); and
 - Where an elected member, outside of a debate on the issue, has expressed a view on the gambling venue policy that suggests that they do not and cannot have an open mind on the matter, this could give rise to a conflict of interest on the grounds of predetermination.

Oral Hearing

71. Jarrod True, on behalf of the Gaming Machine Association of New Zealand, would like to make a presentation at the upcoming oral hearing (via video conference)

19 May 2022

Jarrod True

**Largest to Smallest Grants to Southland District
For the year end 31 December 2020**

Organisation	Society	Amount Granted
RUGBY SOUTHLAND	ILT Foundation	340,000
SOUTHLAND INDOOR LEISURE CENTRE CHARITABLE TRUST	ILT Foundation	300,000
SOUTHLAND CHARITABLE HOSPITAL TRUST	Aotearoa Gaming Trust	150,000
SPORT SOUTHLAND	ILT Foundation	128,250
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	115,000
CYCLING SOUTHLAND INCORPORATED	ILT Foundation	101,250
SOUTHLAND CRICKET ASSOCIATION INCORPORATED	ILT Foundation	101,250
SOUTHLAND FOOTBALL INCORPORATED	ILT Foundation	78,750
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	65,000
SOUTHLAND BMX CLUB INCORPORATED	Aotearoa Gaming Trust	65,000
SOUTHLAND BMX CLUB INCORPORATED	ILT Foundation	65,000
SOUTHLAND SCHOOLS PIPE BAND PROGRAMME TRUST	ILT Foundation	50,700
SOUTHLAND BASKETBALL ASSOCIATION INCORPORATED	ILT Foundation	47,500
SQUASH SOUTHLAND INCORPORATED	ILT Foundation	45,000
SOUTHLAND SOFTBALL ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	40,000
HOCKEY SOUTHLAND INCORPORATED	ILT Foundation	37,500
SWIMMING SOUTHLAND INCORPORATED	ILT Foundation	35,000
TALENT DEVELOPMENT SOUTHLAND CHARITABLE TRUST	ILT Foundation	30,500
SOUTHLAND BADMINTON ASSOCIATION INCORPORATED	ILT Foundation	30,000
SPORT SOUTHLAND	The Trusts Community Foundation Limited	30,000
GRAEME DINGLE FOUNDATION SOUTHLAND	Aotearoa Gaming Trust	29,900
SOUTHLAND TENNIS ASSOCIATION INCORPORATED	ILT Foundation	29,000
RUGBY SOUTHLAND	Aotearoa Gaming Trust	25,700
GOLF SOUTHLAND INCORPORATED	ILT Foundation	25,000
SOUTHLAND SOFTBALL ASSOCIATION INCORPORATED	TAB New Zealand	25,000
SPORT SOUTHLAND	ILT Foundation	25,000
BOWLS SOUTHLAND INCORPORATED	ILT Foundation	22,500
SOUTHLAND INDOOR BOWLS CENTRE INCORPORATED	ILT Foundation	22,000
CYCLING SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	21,000
CHAMBER OF COMMERCE SOUTHLAND INCORPORATED	ILT Foundation	20,000
DISABILITIES RESOURCE CENTRE SOUTHLAND TRUST	Aotearoa Gaming Trust	20,000
DRUMMOND RUGBY FOOTBALL CLUB INC SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	20,000
RIVERTON RACING CLUB INCORPORATED	Aotearoa Gaming Trust	20,000
SOUTHLAND DISABILITY ENTERPRISES CHARITABLE TRUST	Aotearoa Gaming Trust	20,000
SOUTHLAND FOODBANK CHARITABLE TRUST	ILT Foundation	20,000
SOUTHLAND MOTORCYCLE CLUB INCORPORATED	ILT Foundation	20,000
SOUTHLAND SOFTBALL ASSOCIATION INCORPORATED	ILT Foundation	20,000
TOUCH SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	20,000
TOUCH SOUTHLAND INCORPORATED	ILT Foundation	20,000
SOUTHLAND SCHOOLS PIPE BAND PROGRAMME TRUST	Aotearoa Gaming Trust	18,000
SOUTHLAND REGIONAL DEVELOPMENT AGENCY (GREAT STH)	ILT Foundation	17,750
SOUTHLAND MULTIPLE SCLEROSIS SOCIETY INCORPORATED	ILT Foundation	17,500
VOLLEYBALL SOUTHLAND INCORPORATED	ILT Foundation	17,500
CANCER SOC OF N Z - OTAGO & SOUTHLAND DIVISION INC - OAMARU	Lion Foundation	15,000
PHOENIX SYNCHRO SOUTHLAND INCORPORATED	ILT Foundation	15,000
RAPE AND ABUSE SUPPORT CENTRE SOUTHLAND INCORPORATED	ILT Foundation	15,000
SOUTHLAND BASKETBALL ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	15,000
SOUTHLAND POWER BOAT CLUB INCORPORATED	ILT Foundation	15,000
SOUTHLAND SECONDARY SCHOOLS SPORT	ILT Foundation	15,000
SOUTHLAND WORKERS EDUCATIONAL ASSN INCORPORATED	ILT Foundation	15,000
VOLLEYBALL SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	15,000
DISABILITIES RESOURCE CENTRE SOUTHLAND C/T	ILT Foundation	12,500
SOUTHLAND BENEFICIARIES AND COMMUNITY RIGHTS	ILT Foundation	12,500
SOUTHLAND DISABILITY ENTERPRISES LTD	ILT Foundation	12,500
SOUTHLAND YOUTH ONE STOP SHOP TRUST	ILT Foundation	12,500
CCS DISABILITY ACTION SOUTHLAND INCORPORATED	ILT Foundation	12,000
SOUTHLAND ASTHMA SOCIETY INCORPORATED	ILT Foundation	12,000
SOUTHLAND TABLE TENNIS ASSOCIATION INCORPORATED	ILT Foundation	11,000
SOUTHLAND TRIATHLON AND MULTISPORT CLUB INCORPORATED	ILT Foundation	11,000
SPECIAL OLYMPICS SOUTHLAND	Aotearoa Gaming Trust	11,000
TAPANUI GOLF CLUB INCORPORATED	The Trusts Community Foundation Limited	11,000
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	ILT Foundation	10,200
BORLAND LODGE ADVENTURE AND EDUCATION TRUST	Pub Charity Limited	10,000
CYCLING SOUTHLAND INCORPORATED	ILT Foundation	10,000
CYCLING SOUTHLAND INCORPORATED	Lion Foundation	10,000
FIORLAND COMMUNITY EVENTS CENTRE TRUST	Pub Charity Limited	10,000
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	10,000
HOLLYFORD CONSERVATION TRUST - TE ROOPU MANAAKI O WHAKATIPU WAITAI	Pub Charity Limited	10,000
LIFE EDUCATION TRUST HEARTLAND OTAGO SOUTHLAND	Aotearoa Gaming Trust	10,000
LIFE EDUCATION TRUST HEARTLAND OTAGO SOUTHLAND	The Trusts Community Foundation Limited	10,000
LOSS AND GRIEF SUPPORT TRUST SOUTHLAND	ILT Foundation	10,000
OTAGO SOUTHLAND AREA OF N Z PONY CLUBS ASSN INCORPORATED	Aotearoa Gaming Trust	10,000
OTAUTAU GOLF CLUB INCORPORATED	Aotearoa Gaming Trust	10,000
SOUTHLAND RACING CLUB INCORPORATED	ILT Foundation	10,000
SOUTHLAND SPORTS CAR CLUB INCORPORATED	ILT Foundation	10,000
SOUTHLAND TENNIS ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	10,000
TE ANAU RUGBY CLUB INCORPORATED	Aotearoa Gaming Trust	10,000
YOUTH DEVELOPMENT SOUTHLAND REGION TRUST T/A GRAEME DINGLE FOUNDATION SOUTHLAND	The Trusts Community Foundation Limited	10,000
RIVERTON RUGBY FOOTBALL CLUB INCORPORATED	Aotearoa Gaming Trust	10,000
HOLLYFORD CONSERVATION TRUST - TE ROOPU MANAAKI O WHAKATIPU WAITAI	Aotearoa Gaming Trust	8,000
SOUTHLAND BADMINTON ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	8,000
STADIUM SOUTHLAND LIMITED	Aotearoa Gaming Trust	8,000
SPORT SOUTHLAND	The Trusts Community Foundation Limited	7,604

**Largest to Smallest Grants to Southland District
For the year end 31 December 2020**

Organisation	Society	Amount Granted
EDUK8 SOUTHLAND CHARITABLE TRUST	ILT Foundation	7,500
LIGHTHOUSE SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	7,500
RIVERTON HERITAGE AND TOURIST CENTRE TRUST	Aotearoa Gaming Trust	7,500
SOUTHLAND HINDI SCHOOL CHARITABLE TRUST BOARD	ILT Foundation	7,500
SOUTHLAND MULTICULTURAL COUNCIL INCORPORATED	ILT Foundation	7,500
DISABLED INCORPORATED	ILT Foundation	7,500
WYNDHAM RACING CLUB INCORPORATED	The Trusts Community Foundation Limited	7,250
MATAURA BOWLING CLUB INCORPORATED	The Trusts Community Foundation Limited	7,000
SOUTHLAND REGIONAL DEVELOPMENT AGENCY (GREAT STH)	ILT Foundation	7,000
SOUTHLAND REGIONAL DEVELOPMENT AGENCY (GREAT STH)	ILT Foundation	7,000
TE ANAU GOLF CLUB INCORPORATED	Aotearoa Gaming Trust	7,000
WALLACETOWN COMMUNITY CENTRE SOCIETY INCORPORATED	Aotearoa Gaming Trust	6,823
SOUTHLAND MOTORCYCLE CLUB INCORPORATED	ILT Foundation	6,800
EDUK8 CHARITABLE TRUST	Aotearoa Gaming Trust	6,250
LIGHTHOUSE SOUTHLAND INCORPORATED	ILT Foundation	6,250
BOWLS SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	6,190
ST ANDREW SCOUT GROUP	Aotearoa Gaming Trust	6,067
CANCER SOC OF N Z - OTAGO & SOUTHLAND DIVISION INCORPORATED	Lion Foundation	6,000
CCS DISABILITY ACTION SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	6,000
PHOENIX SYNCHRO SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	5,760
SOUTHLAND CHRISTMAS PARADE CHARITABLE TRUST	ILT Foundation	5,500
OTAUTAU HEALTH LTD	Aotearoa Gaming Trust	5,292
ALZHEIMERS SOCIETY SOUTHLAND INCORPORATED	ILT Foundation	5,000
FIORDLAND COMMUNITY EVENTS CENTRE TRUST	Aotearoa Gaming Trust	5,000
HOCKEY SOUTHLAND INCORPORATED	The Trusts Community Foundation Limited	5,000
SOUTHLAND ACC ADVOCACY TRUST	ILT Foundation	5,000
SOUTHLAND COMMUNITY NURSERY CONSERVATION TRUST	ILT Foundation	5,000
SOUTHLAND CRICKET ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	5,000
SOUTHLAND HINDI SCHOOL CHARITABLE TRUST BOARD	Aotearoa Gaming Trust	5,000
SOUTHLAND MULTIPLE SCLEROSIS SOCIETY INCORPORATED	Aotearoa Gaming Trust	5,000
SOUTHLAND TABLE TENNIS ASSOCIATION INCORPORATED	ILT Foundation	5,000
WINTON AGRICULTURAL AND PASTORAL ASSOCIATION	Aotearoa Gaming Trust	5,000
YOUTHLINE SOUTHLAND INCORPORATED	ILT Foundation	5,000
STEWART ISLAND PROMOTION ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	5,000
MARAKURA YACHT CLUB INCORPORATED	Aotearoa Gaming Trust	4,400
SPORT SOUTHLAND	ILT Foundation	4,302
SOUTHLAND AMATEUR ROWING ASSOCIATION INCORPORATED	ILT Foundation	4,250
STADIUM SOUTHLAND LIMITED	ILT Foundation	4,000
YOUTHLINE SOUTHLAND INCORPORATED	ILT Foundation	4,000
YOUTHLINE SOUTHLAND INCORPORATED	ILT Foundation	4,000
SOUTHLAND HINDI SCHOOL CHARITABLE TRUST BOARD	ILT Foundation	3,750
TE ANAU RODEO CLUB INCORPORATED	Pub Charity Limited	3,617
TE ANAU RODEO CLUB INCORPORATED	Aotearoa Gaming Trust	3,600
ROTARY CLUB OF FIORDLAND CHARITABLE TRUST	Pub Charity Limited	3,500
ROTARY CLUB OF FIORDLAND CHARITABLE TRUST	Pub Charity Limited	3,500
YOUTHLINE SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	3,500
SOUTHLAND ART SOCIETY INCORPORATED	ILT Foundation	3,400
RIVERTON COMMUNITY CHARITABLE TRUST	Aotearoa Gaming Trust	3,074
CYCLING SOUTHLAND INCORPORATED	New Zealand Community Trust	3,000
GRAEME DINGLE FOUNDATION SOUTHLAND	Lion Foundation	3,000
OTAGO SOUTHLAND REGIONAL COMMITTEE - NZ BRIDGE INCORPORATED	The Bendigo Valley Sports and Charity Foundation	3,000
SOUTHLAND LITERACY ASSOCIATION INCORPORATED	ILT Foundation	3,000
SOUTHLAND OTAGO AXEMENS CENTRE	Lion Foundation	3,000
SPORT SOUTHLAND	ILT Foundation	3,000
OTAUTAU BOWLING CLUB INCORPORATED	Aotearoa Gaming Trust	2,958
SPIRIT OF SOUTHLAND INCORPORATED	ILT Foundation	2,892
SOUTHLAND OTAGO AXEMENS CENTRE	ILT Foundation	2,750
SOUTHLAND STOCK CAR DRIVERS ASSOCIATION INCORPORATED	ILT Foundation	2,750
WAIMUMU TE TIPUA ART EXHIBITION INCORPORATED	The Trusts Community Foundation Limited	2,697
FIORDLAND COLLEGE GIRLS FOOTBALL TEAM	Pub Charity Limited	2,563
ROAD SAFETY SOUTHLAND	ILT Foundation	2,500
ROTARY CLUB OF FIORDLAND INCORPORATED	Aotearoa Gaming Trust	2,500
TOUCH SOUTHLAND INCORPORATED	ILT Foundation	2,500
DISABLED INCORPORATED	Lion Foundation	2,500
INDIAN COMMUNITY SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	2,400
SOUTHLAND POWER BOAT CLUB INCORPORATED	ILT Foundation	2,250
TE ANAU GOLF CLUB INCORPORATED	Pub Charity Limited	2,200
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	2,000
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	2,000
SOUTHLAND A & P ASSOCIATION	ILT Foundation	2,000
SOUTHLAND FILIPINO SOCIETY INCORPORATED	ILT Foundation	2,000
SOUTHLAND MASTERS BADMINTON CLUB	ILT Foundation	2,000
CATLINS COAST INCORPORATED	The Trusts Community Foundation Limited	1,730
SOUTHLAND KIDNEY SOCIETY INCORPORATED	ILT Foundation	1,500
SOUTHLAND MASTERS BADMINTON CLUB	Aotearoa Gaming Trust	1,500
SQUASH SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	1,500
TOUCH SOUTHLAND INCORPORATED	The Trusts Community Foundation Limited	1,500
SOUTHLAND OTAGO AXEMENS CENTRE	Aotearoa Gaming Trust	1,397
SOUTHLAND CHEVROLET CLUB INCORPORATED	ILT Foundation	1,147
C C S DISABILITY ACTION SOUTHLAND INCORPORATED	Lion Foundation	1,140
STRINGS OF SOUTHLAND CHARITABLE TRUST	ILT Foundation	1,100
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	Lion Foundation	1,000
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	The Trusts Community Foundation Limited	1,000

**Largest to Smallest Grants to Southland District
For the year end 31 December 2020**

Organisation	Society	Amount Granted
MARKLIN CLUB SOUTHLAND	ILT Foundation	1,000
SOUTHLAND KENNEL ASSOCIATION INCORPORATED	ILT Foundation	1,000
SOUTHLAND MULTIPLE SCLEROSIS SOCIETY INCORPORATED	The Trusts Community Foundation Limited	1,000
SOUTHLAND SOCIETY OF MODEL ENGINEERS INCORPORATED	ILT Foundation	1,000
RIVERTON HERITAGE AND TOURIST CENTRE TRUST	Aotearoa Gaming Trust	865
CHAMBER OF COMMERCE SOUTHLAND INCORPORATED	ILT Foundation	750
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	700
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	700
SOUTHLAND DEAF COMMUNITY INCORPORATED	Aotearoa Gaming Trust	600
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	541
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	459
SOUTHLAND ART SOCIETY INCORPORATED	ILT Foundation	233
SPIRIT OF SOUTHLAND INCORPORATED	ILT Foundation	108
SPEECH COMMUNICATION ASSOCIATION SOUTHLAND BRANCH	ILT Foundation	63
Grand Total		3,146,421

15 March 2021

Gaming Machine Association of New Zealand
c/o Peter Dengate-Thrush
Independent Chair

ATTENTION: Peter-Dengate Thrush

GAMBLING VENUE POLICY - CONFLICT OF INTEREST

We refer to your email instructions of 26 February 2021, seeking our advice regarding councillor conflicts of interest with respect to decision-making on Council's gambling venue policy.

YOUR QUESTIONS

1. You have asked us to advise whether:
 - a. Membership of a club or organisation that receives gaming machine grant funding would constitute a conflict of interest that would require the councillor to withdraw from decision-making or discussion regarding a proposed gambling venue policy; and
 - b. If Council has itself received gambling grant funding, does this impact on its ability to decide on a gambling venue policy, such that the decision should be made by an independent commissioner?

EXECUTIVE SUMMARY

1. In summary:
 - a. If an elected member has a financial interest in a club or organisation that may be impacted by the gambling venue policy, the member must not participate in any discussion or decision-making on the policy. It would be rare for a financial interest to arise in this context, but examples may be where the elected member is in a paid role at a club or organisation, and the role is funded from a gaming grant. A more remote interest may arise where the quantum of membership fees paid to a club or organisation may be impacted by a gaming grant. In those circumstances,

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it may be prudent to seek a decision from the Auditor-General as to whether the potential interest is deemed too remote to influence decision-making.

- b. Being a member of a club or organisation that receives funding from a gaming grant will not usually give rise to a conflict of interest when it comes to deciding or discussing Council's gambling venue policy, unless that member holds a paid role (e.g. a coach who is paid for that service).
 - c. Being a member or a club or organisation that operates a gaming licence will give rise to a conflict of interest, particularly where the elected member serves in an executive role at the club or organisation.
 - d. Where an elected member, outside of a debate on the issue, had expressed a view on the gambling venue policy that suggests that they do not and cannot have an open mind on the matter, this could give rise to a conflict of interest on the grounds of predetermination.
2. The fact that Council may have previously been the recipient of gaming grant money would not create a conflict of interest when deciding its gambling venue policy. Such democratic decision-making is fundamental to its role and is distinguishable from regulatory or quasi-judicial decision-making where appointment of an independent commissioner may be appropriate to avoid any appearance of bias. The decision-making processes in the Local Government Act 2002 (**LGA**) already impose important requirements to ensure that such decision-making involves consideration of broader community views and not just the interests of Council as an organisation. It would therefore be unnecessary and inappropriate to appoint an independent commissioner because Council initiatives may have previously benefited from gaming grants.

ANALYSIS

3. Under section 101 of the Gambling Act 2003 (**GA**), territorial authorities must, using the special consultative procedure in section 83 of the LGA, adopt a policy that specifies whether class 4 venues may be established in the district, and if so, where they may be located (**the policy**). The policy may also specify any restrictions on the maximum number of gaming machines that may be operated at a class 4 venue and may include a relocation policy.

Does membership of an organisation or club create a conflict of interest for participation in discussion or decision-making on gambling venue policies?

4. It is not uncommon for councillors to be members of organisations and clubs, some of which may receive grant funding from gaming machines. This raises the question of whether membership of such a club or organisation would constitute a conflict of interest that would prevent the councillor from participating in discussion or decision-making regarding the policy.
5. Broadly speaking, a conflict of interest occurs when an elected member is affected by some other interest that he or she has in their private life. There are different types of conflict of interest:

- a. Financial conflicts of interest – where the member (or their spouse or partner) has a direct or indirect financial interest in a particular decision, they cannot discuss or vote on the matter.¹
- b. Non-financial conflicts of interest.

Financial conflicts of interest

6. The applicable legislation is the Local Authorities (Members' Interests) Act 1968 (**LAMIA**). While the LAMIA does not define what a financial interest is, section 6(2) outlines a number of examples where a member will be deemed to have a financial interest:
 - The member, or his or her spouse, owns 10% or more of the issued capital of an incorporated company or any company controlling that company, that has a pecuniary interest (direct or indirect) in a matter before the local authority or committee; or
 - The member, or his or her spouse, is a member of the company and either of them is the managing director or the general manager of the company; or
 - The member, or his or her spouse, is a member of a company controlling the company having a pecuniary interest in the matter before the local authority or committee, and either the member, or his or her spouse, is the managing director or the general manager; or
 - The member, or his or her spouse, is the managing director or general manager of the company, and either of them is a member of a company controlling that company.
7. Other than these examples, the LAMIA does not define what a "financial interest" is. However, the Auditor-General has described a "financial interest" as "a reasonable expectation of financial loss or gain from the particular decision".²
8. It is unlikely that membership alone of a community organisation that receives gaming grant funding would give rise to a financial interest. This is because such organisations and clubs are usually run on a not-for-profit basis. One example where a financial interest could potentially arise would be if the member were in a paid position at the club or organisation, and the funding for that position comes from gaming grants. Another example may be where there is a prospect that membership fees or subscriptions to a club could be affected by the amount of gaming grant funding. However, given that gambling venue policies are relatively high-level in nature and do not directly address matters such as the licensing of particular venues (which involve a separate decision-

¹ Section 6(1) of the Local Authorities (Members' Interests) Act 1968.

² Controller and Auditor-General, **Local Authorities (Members' Interests) Act 1968: A Guide for members of local authorities on managing financial conflicts of interest**, June 2020, at 4.15, referring to the definition of a financial interest in **Downward v Babington** [1975] VR 872.

making process, often by Council officers acting under delegated authority), or allocation of gaming grants (which are decided by the organisations that operate gaming licences subject to statutory requirements), any such potential impact is likely to be too speculative or remote to constitute a financial interest in the decision-making on a gambling venue policy.

9. Notwithstanding this view, where an elected member may receive a financial benefit of the kind described above from a club or organisation receiving gaming grant funding, they may as a matter of prudence wish to first obtain an exemption from the Auditor-General under section 6(3)(f) of the LAMIA (on the grounds that the financial interest is too remote or insignificant to be regarded as likely to influence him or her in voting or taking part in the discussion of the policy) before participating in discussion or decision-making on the policy. It is a relatively simple process to apply for such an exemption.

Non-financial conflicts of interest

10. A non-financial conflict of interest is any situation where a member is not affected financially by a decision but is affected in some other way that may constitute bias or the appearance of bias. Non-financial conflicts of interest are relevant to the avoidance of bias in decision-making. As opposed to financial interests, which can create personal liability for an elected member, bias is a matter of Council's accountability to the public. The avoidance of bias is part of the administrative law principles of natural justice, which require the Council to act fairly in reaching its decisions. The fairness principle has been described in these terms:³

In exercising that discretion, as in exercising any other administrative function, they [members] owe a constitutional duty to perform it fairly and honestly ... What is a fair procedure to be adopted at a particular enquiry will depend upon the nature of its subject matter.

11. The test for whether an interest may give rise to an apparent bias has been stated by the Court of Appeal as being where circumstances:⁴

...might lead a fair-minded lay observer to reasonably apprehend that the judge might not bring an impartial mind to the resolution of the instant case.

12. Unlike a financial conflict of interest, a potential non-financial conflict does not automatically exclude a member from participating in a decision. It will depend on how serious the conflict is. The Auditor-General has suggested a number of factors that may be relevant to an assessment of whether a potential conflict is serious enough to exclude a member from participation in decision-making. They include:⁵

- The type or size of the person's other interest;
- The nature or significance of the particular decision or activity being carried out by the public organisation;
- The extent to which the person's other interest could specifically affect, or be affected by, the public organisation's decision or activity; and

³ **Bushell v Secretary of State for the Environment** [1981] AC 75, 95.

⁴ **Muir v Commissioner of Inland Revenue** [2007] 3 NZLR 495.

⁵ Controller and Auditor-General, **Managing conflicts of interest: A guide for the public sector**, June 2020, at 4.31.

- The nature or extent of the person's current or intended involvement in the public organisation's decision or activity.

13. In our view, in the context of decision-making on a gambling venue policy, the mere fact that an elected member is also a lay member of an organisation or club that receives gaming grant funding is unlikely to give rise to a conflict of interest. This is because of the level of remoteness from any possible benefit or loss associated with the decision-making. In most cases, the contents of a gambling venue policy will not directly impact on funding that has or may be received by a club or organisation from gaming machine grants. The purpose of the policy is to specify whether class 4 venues may be established, and if so their location. It can also specify restrictions on the number of gaming machines that may operate at a class 4 venue. Such matters do not necessarily impact directly on whether a club or organisation may receive gaming grant funding, and if so, the amount of any such grant. Funding decisions are made by the organisations who operate the gaming machines, not the Council. The fact that a member, by virtue of membership of a club or organisation that has received gaming grants, has knowledge or experience of the beneficial impacts that gaming grants can have on the community does not give rise to a conflict of interest. To the contrary, it may contribute to a fair and balanced consideration of the issues arising when making decisions on a gambling venue policy. This would be consistent with the purpose of the of the GA, which is *inter alia* to ensure that money from gambling benefits the community and to facilitate community involvement in decisions about the provision of gambling.⁶

14. It is important to distinguish between membership of a club or organisation that receives gaming grants, and membership of a club or organisation that holds a gaming licence. In our view, while the former would not give rise to a conflict of interest in decision-making on a gambling venue policy, there is a much greater likelihood that the latter could give rise to a conflict of interest. This is particularly the case if the elected member holds an executive role in the club or organisation that operates a gaming licence. This is because, while a gambling venue policy does not specify whether or not a particular club or organisation is able to obtain a gaming licence *per se*, the policy may affect the eligibility of a club or organisation to hold a licence. As such, participation in the discussion or decision-making by a member of any such club or organisation could create an appearance of bias and therefore a conflict of interest.

15. Elected members should also always be mindful of avoiding predetermination, i.e., approaching decision-making with a closed mind. Elected members are entitled (and expected) to bring their previous knowledge and experiences to decision-making, but to approach any decision with an open mind. This means that elected members should be cautious about being vocal, other than in the course of Council debates, about particular views in a manner that may suggest that they do not and cannot have an open mind on a particular matter. This is because a conflict of interest may arise as a result of possible predetermination (i.e. actual or perceived bias).

16. In summary:

⁶ Section 3 of the GA.

- a. If an elected member has a financial interest in a club or organisation that may be impacted by the gambling venue policy, the member must not participate in any discussion or decision-making on the policy. It would be rare for a financial interest to arise in this context, but examples may be where the elected member is in a paid role at a club or organisation, and the role is funded from a gaming grant. A more remote interest may arise where the quantum of fees paid to a club or organisation may be impacted by a gaming grant. In those circumstances, it may be prudent to seek a decision from the Auditor-General as to whether the potential interest is deemed to remote to influence decision-making.
- b. Being a member of a club or organisation that receives funding from a gaming grant will not usually give rise to a conflict of interest when it comes to deciding or discussing Council's gaming venue policy.
- c. Being a member of a club or organisation that operates a gaming licence will give rise to a conflict of interest, particularly where the elected member serves in an executive role at the club or organisation.
- d. Where an elected member, outside of a debate on the issue, has expressed a view on the gambling venue policy that suggests that they do not and cannot have an open mind on the matter, this could give rise to a conflict of interest on the grounds of predetermination.

Would Council be conflicted in deciding a gambling venue policy because it has previously received gaming grants?

17. Council initiatives will frequently fall within the second category of the definition of an "authorised purpose" for which gaming proceeds may be used, as set out in section 4 of the GA i.e., "a non-commercial purpose that is beneficial to the whole or a section of the community". Notwithstanding the eligibility for Council initiatives to receive gaming grants, Parliament conferred territorial authorities with the responsibility of formulating a gaming venue policy for their districts. We do not consider that any conflict of interest would arise in relation to decision-making on a gambling venue policy because the Council may have previously been awarded gaming grants. This is because:

- a. While individual elected members are subject to the LAMIA which prevents them from participating in decision-making where they have a financial interest, Council as an entity is not subject to the LAMIA.
- b. Caselaw recognises the inevitability of a degree of conflict within councils when exercising certain statutory functions. It is established, for example, that a council may object to its own district plan, prosecute itself, and apply to itself for a resource consent.
- c. The standard of impartiality for a Council is that it must approach its duty of inquiring into submissions with an open mind.⁷ Given the requirement to undertake a special consultative process and the diverse views of individual members, it is unlikely that the fact that certain projects

⁷ *Lower Hutt City Council v Bank* [1974] 1 NZLR 545 at 550.

undertaken by Council have benefited from gaming grants would unduly influence Council decision-making on its gambling venue policy. For the same reasons outlined above in relation to individual members, the connection between gaming grant money and decision-making on gambling venues is too remote to constitute a conflict of interest. In any event, compliance with the statutory rules in the LGA regarding decision-making by local authorities⁸ and the general principles relating to local authorities⁹ are intended to ensure that Council decision-making is open, transparent, and has regard to the diversity of community interests, notwithstanding the many facets and activities undertaken by Council.

18. We note that Council is not undertaking a quasi-judicial role when formulating a gambling venue policy. There is greater need to avoid the appearance of bias when it comes to regulatory or quasi-judicial decision making (such as considering a resource consent application). In those circumstances, where there is an apparent conflict in Council's interests, it is common for Council to delegate its decision-making to an independent commissioner. To that end, the Resource Management Act 1991 (**RMA**) specifically allows for the appointment of independent commissioners to decide consent applications. However, while Council may delegate its decision-making on a gambling venue policy to a particular committee or sub-committee of Council, it would be unnecessary (and in our view, inappropriate) to delegate such decision-making to an independent commissioner.

Yours faithfully
BROOKFIELDS


Linda O'Reilly
Partner

⁸ Section 76 of the LGA.

⁹ Section 14 of the LGA.

#3

COMPLETE

Collector: Web Link 2 (Web Link)
Started: Wednesday, June 08, 2022 12:02:25 PM
Last Modified: Wednesday, June 08, 2022 12:08:07 PM
Time Spent: 00:05:42
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Page 1

Q1 **ORGANISATION**

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Don Martin**

Postal Address

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3 **No**

Would you like to present your submission in person at a hearing?

Q4 **no opinion**

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5 **Respondent skipped this question**

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

Q6

Oppose

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Kia ora Team

Please see our submission. We would like to propose a cap on machine numbers and broad relocation policy

Thanks

Don

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

NZCT Southland District Council FINAL Due 13 June 2022.pdf (765KB)



Submission to
Southland District Council
on the proposed
Class 4 Gambling Venues Policy

13 June 2022

New Zealand Community Trust's submission on Southland District Council's Gambling Venue Policy

Introduction

Established in 1998, New Zealand Community Trust (NZCT) is one of New Zealand's largest gaming trusts with 13% market share. Our publicans raise funds by operating gaming lounges within their pubs, hotels and other venues. In the 12 months to 30 September 2021, NZCT approved **\$44.7** million in grant funding to sporting, local government and community groups nationwide.

NZCT is a member of the Gaming Machine Association of New Zealand (GMANZ). We are aware of and endorse the submission provided by GMANZ.

NZCT's recommendations

NZCT supports establishing a cap of machines at the status quo cap of 88 machines and maintaining the relocation provision

NZCT opposes the:

- The soft sinking lid in either venues or machine numbers.

Gaming machine funding

The Gambling Act 2003 seeks to balance the potential harm from gambling against the benefits of using gaming machines as a mechanism for community fundraising.

NZCT provided to all of Southland for the benefit of the community from January 2018 to June 2021 a total of \$171,505 with investment from Southland District Councils area **\$5,382** across **4** grant applications and worthy recipients.

NZCT recently granted \$1 million dollars to Maia Health Foundation in the South Island for the benefit of young people, adolescents, and their families. Without gaming machines this would not have been possible.

NZCT's contribution to community funding reflects its venue numbers and the turnover of each of those venues. According to grant data compiled by the sector GMANZ, Southlands community and sporting organisations received **\$8.836 million** in grants between January 2018 and to June 2021. This was represented by 493 grants and made by a range of gaming societies, including NZCT.

Executive summary

Establishing a cap and allowing a relocation policy will ensure the thousands of dollars continue to be granted to the local community.

Southland District community and sporting organisations received **\$8.836 million** across 493 grants between January 2018 and to June 2021.

The 2021 TDB Advisory report, *Gambling in New Zealand: A National Wellbeing Analysis*, found that gambling in New Zealand had a net positive wellbeing benefit of between **\$1,740 million** and **\$2,160 million** each year.

New Zealand has a very low problem gambling rate by international standards – at 0.2% of people aged 18 and over (approximately 8000 people nationally). According to the New Zealand National Gambling Study: Wave 4 (2015).

All gaming machine societies contribute to a problem gambling fund – which provides some \$20 m per year to the Ministry of Health to support and treat gambling addiction.

Problem gamblers are currently supported using a range of measures. The controlled, class 4 environment is one of the best environments to reduce gambling harm to people and communities.

Information is freely available in the community to enable support and identify risks associated with gambling by members of the public, individuals at risk, staff at venues, and by loved ones.

Council gambling venue policies are critical to maintaining the infrastructure that allows community funding from gaming trusts to be sustainable long term. Sinking lid and no-relocation policies destroy this infrastructure. Councils need to take an informed and balanced approach to community benefit and potential harm from gambling.

A sinking lid is a blunt instrument that does little to address problem gambling and reduces community funding by removing the fundraising infrastructure (i.e., gaming machines within tightly controlled entertainment venues) over time. Problem gambling is a complex addiction.

A cap on gaming machine numbers and an effective relocation policy that allows venues to move is much fairer to the community and hospitality business owners, as well as helping address problem gambling.

If gaming venues are removed from the community, gamblers are more likely to move to the online environment where gambling is unregulated, unmonitored, and have no harm minimisation measures. Online gambling incentivises spending and returns nothing to benefit the New Zealand community. The controlled environment around class 4 is recognized as the safest place in which to enjoy gambling, whilst providing benefit back to the community.

Class 4 societies must distribute or apply 100% of profits to community authorised purposes. It's important to appreciate this a not-for-profit model.

Purpose

The purpose of this submission is to explain why:

A cap with no sinking lid is the right choice for community wellbeing and detail how

- Problem Gamblers are supported
- Information is freely available to all gamblers and people using gaming venues
- The community need for this fund is there and must continue to be met

A cap with no sinking lid is the right choice for the community

A sinking lid reduces funding within our local community and nationally.

The national picture - community organisations rely on pub gaming to survive

The purpose of the pub gaming sector is to raise funds for the community. Many community sports, arts, and other groups, including councils accept grants and may depend on pub gaming grants to survive. It is crucial that this fundraising system is sustainable long term.

Seventy-five percent of groups surveyed in 2012 indicated their organisation is moderately or totally reliant on gaming funding to support their core business. Fifty-five percent said there would be a high to extreme risk to their organisation and their core business if they did not receive this funding.¹ There is no evidence that this situation has changed for the better since then.

The reduction in gaming trust funding has had a negative impact on community organisations, with many organisations and activities ceasing to operate and others severely reduced in capacity and capability. Grassroots community organisations are struggling with few alternative sources for funding available to replace the loss of gaming funding. Voluntary organisations are increasingly reliant on nationwide public donation campaigns to stay afloat. The Covid-19 pandemic has only worsened this situation.

Locally in Southland District

Southland District organisations like these that have benefited from NZCT's grants over the last three years, may miss out in the future if less funding is available.

Grant #	Organisation	Total Amount Approved	Amount drawn from Southland District
73546	Woodlands Full Primary School	\$2,480.00	\$2,480.00
73685	Woodlands Rugby Football Club Inc	\$2,125.00	\$2,125.00
		\$4,605.00	\$4,605.00
Regional grants that benefit Southland District			
73231	Netball South Zone Inc	\$6,500.00	\$736.80
		\$6,500.00	\$736.80

¹ Page iii, Community Funding Survey, Point Research 2012.

Grants to National organisations that benefit Southland District			
73210	Yachting NZ Inc	\$160,000.00	\$40.45
		\$160,000.00	\$40.45
		\$171,105.00	\$5,382.25

According to grant data compiled by the sector GMANZ, Southlands community and sporting organisations received **\$8.836 million** in grants between January 2018 and to June 2021. This was represented by 493 grants and made by a range of gaming societies, including NZCT.

91 cents of every dollar goes back to person gambling yet every year, the gaming trust sector raises around \$294 million² for more than 9,700 worthwhile sports and community groups. The sector's contribution to the community through funding, in addition to the contribution to government revenue from GST, other taxes and levies, is acknowledged by central government.

We anticipate that the Government will regulate to require gaming societies to return at least 80% of the net proceeds they generate to the region where the funds were raised. This means communities that do not operate gaming machines will be unlikely to receive gaming grants and their local sports and community groups will suffer. NZCT already aims to return 92% of our funds locally.

This is a good reason to establish a cap and have the machine numbers stay as they are.

The pub gaming sector has already experienced a significant decline

During the last 18 years the pub gaming sector has experienced a significant decline, yet problem gambling has remained static. Department of Internal Affairs (DIA) statistics show that, between 30 June 2003 and 30 June 2021:

- the number of gaming venues reduced from 2,122 to 1,059 (a 50% reduction)³
- the number of gaming machines operating reduced from 25,221 to 14,704 (a 41.7% reduction)⁴.
- Southlands gaming machines have dropped by 42% already from 133 down to 88

Council policies contribute to the decline in the pub gaming sector

One of the main contributors to the decline of the pub gaming sector is the inflexibility of council gambling policies, particularly those with sinking lids on gaming machine numbers and those that do not allow relocation of venues in a broad range of circumstances.

Such policies are based on the erroneous belief that limiting gaming machine numbers will limit problem gambling. In fact, despite the 41% reduction in gaming machine numbers during the past 17 years, New Zealand's problem gambling rate has remained consistently low as a percentage of the population. The 2015 New Zealand Gambling Study (the most recent) found the rate was 0.2% and the latest Health and Lifestyles Survey found it was 0.1%. The 2012 New Zealand Gambling Study concluded "...there has probably been no change in the prevalence of current problem and moderate-risk gambling since 2006."⁵

² *Grant Distribution Modelling*, KPMG, November 2020.

³ DIA statistics: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Summary-of-Venues-and-Numbers-by-Territorial-AuthorityDistrict

⁴ Ibid.

⁵ Page 7, *New Zealand 2012 Gambling Study: Gambling harm and problem gambling*.

Online gambling is the unregulated threat to watch out for

The public has access to a growing number of overseas gambling websites where they can spend their entertainment dollar. These sites are highly accessible, even to minors, often offer inducements to keep players betting, and have no bet size restrictions or guaranteed return to players. They do not return any funds to the New Zealand community or the New Zealand Government and have no harm minimisation measures in place.

During the Covid-19 lockdown in 2020, 8% of gamblers gambled online for the first time and an additional 12% gambled online more than usual.⁶

Offshore-based online gambling poses considerable risks because it:

- Is highly accessible, being available 24 hours a day from the privacy of your home;
- Has no restrictions on bet sizes;
- Has no capacity for venue staff to observe and assist people in trouble;
- Reaches new groups of people who may be vulnerable to the medium;
- Provides no guaranteed return to players;
- Is more easily abused by minors;
- Has reduced protections to prevent fraud, money laundering or unfair gambling practices; and is unregulated, so on-line gamblers are often encouraged to gamble more by being offered inducements or by being offered the opportunity to gamble on credit. For example, many overseas sites offer sizable cash bonuses to a customer's account for each friend that they induce to also open an account and deposit funds.

Offshore-based online gambling does not generate any community funding for New Zealanders, does not generate any tax revenue for the New Zealand Government, and does not make any contribution to the New Zealand health and treatment services as no contribution is made to the problem gambling levy^{6b}.

Relocation is the right decision for increased and continued community good

In September 2013, Parliament recognised the merit in enabling venues to relocate, and expressly amended the Gambling Act 2003 to enable venues to relocate and retain the same number of machines when a relocation consent was obtained.

Enabling relocation enables venues to move out of earthquake-prone buildings, an important Health and Safety consideration.

Enabling relocation allows venues to move away from large premises, with large car parking areas, where such land may be better used for affordable high-density housing.

A relocation policy is positive as it assists with the revitalisation of the district. It allows gaming venues to move to new, modern, refurbished premises. Allowing local businesses to upgrade their premises and provide a more modern, attractive offering.

Location of gaming machines is more important than their number

Research⁷ suggests that when it comes to preventing and minimising gambling harm, the location of gaming machines is more important than the number of gaming machines operating. The

⁶ Impact on Covid-19: Topline results, April 17, 2020, Health Promotion Agency

⁷ *Brief Literature Review to Summarise the Social Impacts of Gaming Machines and TAB Gambling in Auckland*, Gambling & Addictions Research Centre, AUT University, 2012.

Government acknowledged this point in 2013 when it amended the Gambling Act⁸ to require local authorities to consider adding relocation clauses to their gambling policies.

As well as harm minimisation benefits from allowing venues to relocate out of areas of high deprivation, relocation clauses provide sensible options for business owners who are otherwise at the mercy of building owners who know they have captive tenants. Relocation clauses also give councils more flexibility for re-zoning and city planning.

Why allowing relocations is important

Helping reduce harm

Research⁹ by Auckland University of Technology shows that problem gambling behaviour is influenced more by the distance to the nearest gambling venue, rather than the number of gambling venues within walking distance.

The Ministry of Health's 2013 Gambling Resource for Local Government acknowledges this point and states that one of the major factors associated with increased prevalence of problem gambling is "location and/or density of gambling venues and machines".¹⁰ The Ministry of Health also found "being a problem gambler is significantly associated with living closer to gambling venues."¹¹ Allowing gaming operations to move out of high-deprivation areas could potentially diminish gambling harm for at-risk communities.

Supporting local hospitality businesses

Relocation clauses help ensure the continual improvement and growth of your local hospitality sector. Rather than tying gaming operations to a physical address, which may over time become a less desirable location, relocations allow gaming operators to move their business to more suitable premises. This is particularly important if premises are deemed unsafe or unusable for a lengthy period, such as after a fire or earthquake. The result is attractive and safe entertainment environments in your community.

Responding to future demand

Broad relocation clauses help gambling venue policies accommodate urban growth, re-zoning changes or changes in population demographics. This is not possible while gambling machine entitlements are linked to a physical address.

The DIA recommended relocation policies as a way of allowing territorial authorities to future-proof their class 4 gambling policies.¹²

Gaming machines can only be played in strictly controlled environments

Corporate societies licensed to conduct class 4 gambling are fully aware of their obligations under the Gambling Act 2003. All gaming rooms are operated by trained staff at licensed venues.

⁸ Section 97A and 102(5A).

^{6b} http://www.gamblinglaw.co.nz/download/Online_gambling_Cabinet_paper.pdf

⁹ *Brief Literature Review to Summarise the Social Impacts of Gaming Machines and TAB Gambling in Auckland*, Gambling & Addictions Research Centre, AUT University, 2012.

¹⁰ Page 21, *Ministry of Health Gambling Resource for Local Government*, 2013.

¹¹ *Ibid.*

¹² *Internal Affairs Policy Briefing 3: Options for improving territorial authority gaming machine policies*, 28 March 2013.

The DIA is responsible for monitoring the class 4 gambling industry, including venue ‘key persons’, bar staff and societies, to ensure they adhere to legislative requirements. The penalties for non-compliance include fines, suspensions, loss of operating or venue licence and potential criminal charges.

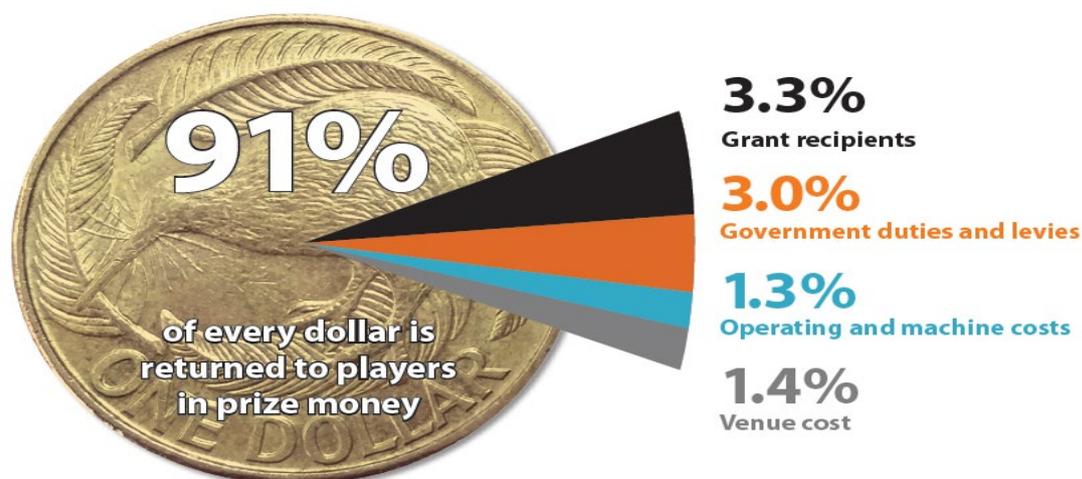
Facial recognition

There are some venues in Southland District that have facial recognition installed to assist with the monitoring and enforcement of exclusion orders. Venue staff can issue exclusion orders to persons who are showing signs of problem gambling. Gamblers can also elect to self-exclude. An exclusion order is like a trespass order, in that it makes it illegal for the person to re-enter the gaming room for a set period of up to two years.

Pub gaming’s vital support for the community

In most countries, gambling is purely for commercial gain. New Zealand is different. We are one of the few countries with a community-focused model for pub gaming, where the proceeds are returned to the community instead of the private sector.

NZCT’s revenue distribution in 2020/21



In the year ending 30 September 2021, NZCT approved \$44.70 million through 1,921 grants.

NZCT provided to all of Southland for the benefit of the community from January 2018 to June 2021 a total of \$171,505 with investment from Southland District Councils area **\$5,382** across **4** grant applications and worthy recipients.

NZCT recently granted \$1 million dollars to Maia Health Foundation in the South Island for the benefit of young people, adolescents, and their families. Without gaming machines this would not have been possible.

Amateur sport has traditionally been our focus, and between 75 and 80% of the grants we distribute go to sports organisations. Each year, NZCT funds around 50 different sports.

In 2020/21, we funded the equivalent of:

- uniforms for 49,998 rugby teams (one uniform costs \$60), or
- 2,999,867 footballs (one football costs \$15), or
- 5,625 four-person waka (one waka costs \$8,000), or
- more than 2.25 million hours – or 256.8 years – of coaching (one hour of coaching costs \$20), or
- 30 artificial playing fields (one field costs \$1.5 million).

To raise this much money themselves, our grant recipients would have had to:

- cook and sell more than 22.4 million \$2 sausages at sausage sizzles and every person in New Zealand would need to buy and eat five sausages, or
- sell five \$2 raffle tickets to every man, woman and child in New Zealand each year, or
- wash more than 8.9 million cars at \$5 a wash, which would take 10 people continuously washing cars for 30 minutes around 50 years to achieve.

Grants distributed by gaming machine trusts were 10% of the total philanthropic funding to the community and voluntary sector in 2011 and were at twice the level given by New Zealand businesses. In 2019, the amount of funds returned to the community from non-casino, non-club gaming grants was \$294 million.¹³ Class 4 gaming societies are required to distribute a minimum return of 40% to the community, on top of government fees, levies and GST, site rental, and machine and operating costs (see the chart on the next page showing NZCT's revenue distribution for the 2018/19 reporting period).

Each year the gambling industry pays circa \$18 to \$20 million to the government, so the Ministry of Health can implement its Preventing and Minimising Gambling Harm Strategic Plan. These funds pay for the implementation of public health services, intervention services, research, evaluation and workforce development.

Pub gaming is tightly regulated and no more than 16% of gaming proceeds can be paid to gaming venue operators to cover site rental, including staff costs and business overheads relating to the gambling operation.

Reasons to establish a cap and allow relocation provisions on gaming machines and venues

Gaming machines are an important component of your local hospitality sector and an important source of community funding, and the benefits are considerable.

Local hospitality sector

Businesses that host gaming machines are typically pubs and hotels. Gaming machine venues contribute to your local economy by employing staff and providing hospitality options for residents and tourists.

Community funding

Around \$294 million is returned to the community every year through grants awarded by class 4 gaming societies. Many community organisations, such as sports clubs, hospices, rescue services and arts groups, would struggle or cease to function without this funding. There is currently no sustainable alternative to this funding to the level provided by gaming societies.

¹³ *Grant Distribution Modelling*, KPMG, November 2020.

Class 4 gaming societies have probity processes we go through with every grant application to ensure the applicant is authentic and able to deliver the outcomes detailed in their grant application, and that any goods or services to be paid for by the grant are at arm’s length and free from any conflicts of interest.

The benefits are considerable

Recent research in 2021 carried out independently by TBD who produced the TBD Advisory report, *Gambling in New Zealand: A National Wellbeing Analysis*⁸, found that gambling in New Zealand had a net positive wellbeing benefit totalling around \$1.7 to \$2.1 billion per annum. The costs and benefits are summarised in table, which can be found on page 87 of the report (replicated below)^{7b}

Table 32: Quantifiable costs and benefits of gambling in New Zealand, p.a., \$ million,

	Gross benefits	Costs	Net benefits
Consumption-side	2,740 to 3,160	2,090	650 to 1,070
Production-side	1,800	990	810
Government	280	-	280
Total	4,820 to 5,240	3,080	1,740 to 2,160

The report for the first time reliably indicates benefits, as well as costs and shows that this net benefit is provided each year throughout New Zealand.

Gaming machine numbers have little effect on problem gambling numbers

It is naïve, misleading, and wrong to assume that fewer gaming machines will result in fewer problem gamblers. A gambling addiction is a complex psychological condition, which is influenced by many factors and usually has co-morbidities, such as mental health issues and other addictions. As shown in the graph below, a reduction of almost 6,000 gaming machines across the country between 2007 and 2019 had no impact on the small percentage of problem gamblers nationally.

Gaming machines are a legal and valid entertainment choice

Pub gaming is a legal, valid, and enjoyable source of entertainment for Hutt residents and tourists alike. Most players regard gaming as light entertainment and know when to stop. The Gambling Commission has reminded councils and the regulator that “... conditions can only properly be imposed if they reduce the harm caused by problem gambling, as distinct from simply reducing gambling activity which is a lawful and permitted activity under the Act.”¹⁴

If appropriate measures remain in place to support the very small numbers of problem gambling people, then the hundreds of thousands should remain in the community for the good it will bring. We support this objective and believe a vibrant hospitality sector is a vital part of achieving this outcome.

Pub gaming brings many benefits to New Zealand. Business and Economic Research Ltd (BERL)¹⁵ calculated in 2015 that each year the entertainment value to recreational players was around \$250 million, the grants value to the community was also around \$250 million (now \$294 million), and the Government revenue value in the form of tax, duties and levies was around \$279 million.

¹⁴ Gambling Commission decision GC 03/07.

¹⁵ *Maximising the benefits to communities from New Zealand’s Community Gaming Model*, BERL, February 2013.

Problem gambling rates have plateaued

The New Zealand 2012 National Gambling Study found that the number of people who regularly participate in continuous forms of gambling, like gaming machines, decreased from 18% in 1991 to 6% in 2012.¹⁶ The study concluded: “Problem gambling and related harms probably reduced significantly during the 1990s but have remained at about the same level despite reductions in non-casino EGM [electronic gaming machine] numbers and the expansion of regulatory, public health and treatment measures.”¹⁷

The 2016 National Gambling Study (the most recent) found the problem gambling rate was 0.2% and concluded: “From 2012 to 2015, overall gambling participation has declined whilst problem gambling and low-risk and moderate-risk gambling levels have remained static. This poses a public health challenge of identifying the factors to explain the persistence of harm despite declining gambling participation. One reason may be a high relapse rate [66%].”

The 2016 Health and Lifestyles Survey states that “In 2016, 3.1% of New Zealand adults 18 years and over had experienced an occasion when they had gambled more than intended, but this proportion has been dropping steadily since 2006/07 when it was 11%.”

It also states that the current problem gambling rate has now dropped to an all-time low of 0.1% of the adult population (around 7,500 people), despite an upward trend in gaming machine expenditure.¹⁸

Problem gambling rates in New Zealand are relatively low

NZCT is committed to reducing and minimising the harm that can be caused by gambling. As can be seen in the table, New Zealand has one of the lowest rates of problem gambling in the world.¹⁹ Relatively few New Zealanders are gambling at levels that lead to negative consequences; most people who gamble know when to stop.

Country	Problem gambling prevalence (% population*)
New Zealand	0.1–0.2
UK	0.7
Norway	0.7
Australia	2.3
USA	2.6
Canada	3
Mixture of CPGI, PGSI and SOGS scores ²⁰	

Strict harm minimisation obligations

A key purpose of the Gambling Act is to prevent and minimise the harm that can be caused by gambling, including problem gambling. To that end, in all class 4 gambling venues:

¹⁶ Pg 8, *NZ 2012 National Gambling Study: Overview and gambling participation*.

¹⁷ Pg 18, *ibid*.

¹⁸ DIA media release: <http://livenews.co.nz/2017/04/21/new-zealand-gaming-pokie-spending-patterns-continue/>

¹⁹ *Maximising the benefits to communities from New Zealand's community gaming model*, BERL, February 2013.

²⁰ A range of different measurements are available to measure problem gambling rates. CPGI refers to the Canadian Problem Gambling Index, PGSI is the Problem Gambling Severity Index and SOGS is the South Oaks Gambling Screen.

- stake and prize money are limited
- odds of winning must be displayed
- gaming rooms are restricted to people over the age of 18 years
- gaming rooms can only be operated in adult environments, such as pubs, nightclubs and clubs
- play is interrupted every 30 minutes with an update on how long the player has been at the machine, how much money they've spent, and their net wins and losses
- \$50 and \$100 notes are not accepted
- no ATMs are allowed in licensed gambling areas
- gaming advertising is prohibited
- the DIA monitors every gaming machine's takings
- syndicated play is prohibited
- all venues must have staff trained in gambling harm minimisation on duty whenever gaming machines are operating
- all venues must have a gambling harm minimisation policy in place
- all venues must display pamphlets and signs directing gamblers to help services
- venue staff must be able to issue and enforce Exclusion Orders
- venue staff must help problem gamblers if they have an ongoing concern about them.

Ongoing obligations

The Gambling Act obliges venue staff to provide ongoing help to a potential or current problem gambler. Offering help once, and then ignoring continued warning signs, is not sufficient.

A venue is automatically in breach of the law if an excluded person enters the gambling area. Venues must be able to show they have robust systems and processes in place that restrict excluded people from entering.

Training

NZCT provides face-to-face and online problem gambling training to staff at each of its gaming venues and trains over 500 staff a year.

Trainers deliver a presentation on problem gambling and take staff members through each part of the problem gambling resource kit in detail. Venue staff also work through an online training tool, which includes an assessment that they must pass. Refresher training is provided annually. Gaming venues are continually reminded of their obligation to ensure a person trained in harm minimisation is always on duty when gaming machines are operating.



Support is available for problem gamblers

Each year the gambling industry pays circa \$18 - 20 million to the government in the form of a problem gambling levy, so the Ministry of Health can implement its Preventing and Minimising Gambling Harm Strategic Plan (PMGH). These funds pay for the implementation of public health services, intervention services, research, evaluation and workforce development.

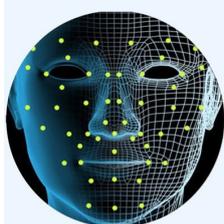
Harm minimisation activities

Gaming trusts take legal obligations very seriously, none more so than those around minimising the

harm that can be caused by gambling. To meet our harm prevention and minimisation requirements, NZCT provides a problem gambling resource kit to each of its gaming venues. The kit includes:

- NZCT's Harm Prevention and Minimisation Policy
- a plain language harm prevention and minimisation manual and policy guide
- exclusion orders and guidance on the exclusion order process
- a pad of gambling host responsibility record sheets to record any problem gambling issues and action taken by staff
- signage, pamphlets and other problem gambling resources.

In addition to this toolkit, increasingly facial recognition technology is used to identify problem gamblers and assist them to be excluded. NZCT has strongly recommended to the Ministry of Health on the proposed Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 that this technology be rolled out further as part of problem gambling harm minimisation work underway.



The Guardian - Facial Recognition System

A fully integrated, market-leading system that identifies excluded persons as they enter a gaming room, by matching them against a centralised database.

Three short videos showing how the facial recognition system works can be viewed at: <https://www.coms.net.nz/the-guardian-facial-recognition/>

NZCT also provides all its gaming venues with the Health Promotion Agency's harm minimisation signs to display in and around the gaming area, wallet cards with information for potential problem gamblers and host responsibility resources for staff.

Two of the findings from the inaugural PMGH baseline report were that problem gambling services are effectively raising awareness about the harm from gambling, and interventions for gambling-related harm are moderately accessible, highly responsive and moderate to highly effective.²¹



The world's largest clinical trial²² for problem gambling treatment found that, one year after calling the Gambling Helpline, three-quarters of callers had quit or significantly reduced their gambling.

²¹ Page 16, *Outcomes Framework for Preventing and Minimising Gambling Harm Baseline Report*, May 2013.

²² *The Effectiveness of Problem Gambling Brief Telephone Interventions*, AUT, Gambling & Addictions Research Centre.

About NZCT

Established in 1998, New Zealand Community Trust (NZCT) is the one of the largest gaming trusts with 13% market share, operating in venues and communities throughout New Zealand. In the 12 months to 30 September 2021, NZCT approved \$44.70 million in grant funding to sporting, local government and community groups nationwide.

NZCT's Board, Regional Advisory Committees and management take risk mitigation and assurance seriously and our risk framework recognises the need for effective controls and mitigation tools/strategies to prevent and minimise harm from problem gambling.

While most New Zealanders gamble without experiencing any harm, a small minority who participate suffer some degree of harm and the impacts for them and people affected by their gambling, can be significant.

NZCT contributes through the problem gambling levy approximately \$1 million per annum to the collective annual levy of \$18-20 million. That is a significant amount, on top of an estimated \$800 thousand which NZCT expends within the organisation each year, on training, resourcing, and technology, such as facial recognition technology (FRT), directed to identifying and mitigating problem gambling in our venues. We have a strong interest in seeing the levy spent effectively.



Over the last 10 years, the Ministry of Health has received more than \$186 million in funding from the four gambling sectors that contribute to the annual levy.

In that period, it appears the problem gambling rate has not reduced, and the key objectives of the strategy have not been met, as confirmed by the damning Needs Assessment Report.

We have twin goals of serving both our publicans and the communities in which they operate. At least 75% to 80% of the funds we currently distribute are directed towards sports activities, making NZCT the largest funder of amateur sports participation in New Zealand. We focus on sport because of the many positive benefits it offers communities, such as:

- crime reduction and community safety
- economic impact and regeneration of local communities
- education and lifelong learning
- participation
- physical fitness and health
- psychological health and wellbeing
- social capital and cohesion.²³

Overseas research²⁴ has found participation in sport can lead to increased health and productivity for individuals, and increased wealth or wellbeing of society. While amateur sport is our main focus, we are also strong supporters of other worthy community activities, including local government projects.

²³ Sport England's Value of Sport Monitor.

²⁴ http://www.ausport.gov.au/information/asc_research/publications/value_of_sport.

Further information about our submission

For further information, or if you have any questions about NZCT's submission, contact Don Martin, Communications and Marketing Manager on (04) 495 1594 or don.martin@nzct.org.nz

Our Southern Regional Advisory Committee members

Stephen Boock

Chair, Southern Regional Advisory Committee

Todd Heller

Member, Southern Regional Advisory Committee

Julie Seymour

Member, Southern Regional Advisory Committee

Brian McKechnie

Member, Southern Regional Advisory Committee

<https://www.nzct.org.nz/about-us/meet-our-regional-advisory-committees/>

Our Trustees

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Board Chair

David Pilkington

Board Member and Net Proceeds Committee Chair

Kerry Prendergast

Board Member and Audit and Risk Committee Chair

Peter Dale

Board Member

Lesley Murdoch

Board Member

Peter Miskimmin

Board Member

<https://www.nzct.org.nz/about-us/#meet-our-trustees>

Appendix 1

Grants to Southland District by NZCT January 2018 to June 2021

Grants to Southland District - January to December 2018

Grant #	Organisation	Total Amount Approved	Amount drawn from Southland District	Date of Approval	Purpose
73546	Woodlands Full Primary School	\$2,480.00	\$2,480.00	27/03/2018	Towards mobile tennis unit
73685	Woodlands Rugby Football Club Inc	\$2,125.00	\$2,125.00	23/04/2018	Towards rugby jerseys
		\$4,605.00	\$4,605.00		
Regional grants that benefit Southland District					
73231	Netball South Zone Inc	\$6,500.00	\$736.80	20/02/2018	Salary
		\$6,500.00	\$736.80		
Grants to National organisations that benefit Southland District					
73210	Yachting NZ Inc	\$160,000.00	\$40.45	25/01/2018	Salaries of Regional Support Officers
		\$160,000.00	\$40.45		
		\$171,105.00	\$5,382.25		

#4

COMPLETE

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Last Modified: Friday, June 10, 2022 3:25:29 PM
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Page 1

Q1

ORGANISATION

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Jackson Rao**

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Q3

No

Would you like to present your submission in person at a hearing?

Q4

Respondent skipped this question

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Respondent skipped this question

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

Q6

Respondent skipped this question

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Respondent skipped this question

Please provide any comments you have on the draft Gambling Policy in the space provided below

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

BlueSky - Submission on Southland District Council's Gambling Venue Policy.pdf (163.5KB)

BlueSky Community Trust Submission on Southland District Council's Gambling Venue Policy

Introduction

BlueSky Community Trust is a gaming trust. We currently have one venue in the Southland District: Central Southland Lodge, 232 Great North Road, Winton (6 gaming machines).

BlueSky asks that the Southland District Council replace the sinking lid with a cap at current numbers (14 gaming venues, 88 gaming machines).

A Cap at Current Numbers is Reasonable

Replacing the sinking lid with a cap at current numbers is reasonable given the significant community funding that is generated from the gaming machines.

Gaming machines in New Zealand exist for the sole purpose of community fundraising. One hundred percent of the profits from the gaming machines owned by societies such as BlueSky are returned to the community via grants. The funding is significant. In 2020, the grants made by gaming societies in the Southland District exceeded \$3.1 million.

The grant funding is entirely dependent on local hospitality venues being able to host gaming machines. A restrictive policy that results in decreasing numbers of gaming venues removes the community fundraising infrastructure, and will ultimately result in the loss of a valuable funding source.

In order to ensure that the community funding remains sustainable, the policy should allow for a new venue to be established after an existing venue has closed.

Evidenced-Based Decision Making

BlueSky asks that the emotion and politics be taken out of the policy review and a decision on the future of the policy be made based on the evidence. The following table separates the fact from fiction.

Fiction	Fact
Gaming trusts target Māori and Pacific Island People in poor areas.	Areas such as Thames Coromandel, McKenzie District and Waitomo have traditionally had a higher gaming machine density than Manukau or Porirua. Only one of the 14 Southland District venues is located in a very high deprivation. Nine of the 14 venues are located in either very low or medium low deprivation areas.

<p>Gaming machines are designed to be addictive.</p>	<p>The allegation that gaming machines are designed to be addictive was recently tested in the Australian Federal Court in the case <i>Guy v Crown Melbourne Ltd</i>. The Court found that there was no evidence that gaming machines are designed to be addictive. In fact, all aspects of the machines, including items such as how fast the reels may spin, are highly regulated and controlled.</p>
<p>Problem gambling services are stretched and underfunded</p>	<p>Problem gambling services are extremely well funded in New Zealand. The gambling industry funds the treatment services via the problem gambling levy. This fund generates \$20 million each year.</p> <p>The Ministry of Health keeps a record of the number of people in each territorial authority that seek help via phone, text, email or the face-to-face counselling services that are available. In the 2020/21 year, the treatment providers only assisted two new clients from the Southland District for gambling related harm.</p>
<p>One new gaming machine results in one new problem gambler.</p>	<p>Not in New Zealand. The study that made this suggestion was an Australian study. When you look at the New Zealand data in isolation, there is no direct link between gaming machine numbers and problem gamblers.</p>
<p>40% of gaming machine revenue is generated from problem gamblers.</p>	<p>The 40% figure comes from a 2010 Australian Government Productivity Commission Report. The 2011 paper that reviewed this finding suggested that the spending by problem gamblers was in fact between 10% and 20%.</p>
<p>Problem gambling is a major problem in New Zealand</p>	<p>No one wants problem gambling. The industry works hard to prevent and mitigate the harm from problem gambling. In fact, New Zealand has one of the lowest problem gambling rates in the world (0.2% of the adult population).</p>

<p>More gaming machines will mean more problem gambling.</p>	<p>It is not as simple as ‘more machines means more problem gambling’. When gaming machine numbers have gone up, the problem gambling rate has not increased. When gaming machine numbers have dropped, the problem gambling rate has stayed the same.</p>
<p>Gaming machines have a negative economic impact.</p>	<p>In addition to the community grants, the gaming machine industry in New Zealand is a major employer and provides significant funds to the Government by way of taxation revenue. The sector has an overall positive economic benefit.</p>
<p>Problem gamblers won’t migrate to online gambling.</p>	<p>New Zealanders gambled \$300 million with offshore online providers in 2017. The TAB’s online market is now 59.2% of all turnover. The online gambling spend is growing annually at between 12% and 20%.</p> <p>In March 2022, Kiwibank reported that its customers were spending around \$30 million every <u>month</u> playing on online gambling sites. Kiwibank is only one bank; one of the smaller banks.</p>

Online Gambling

It is lawful to participate in online gambling in New Zealand. All the gaming machine games currently available at the local venues can be easily found and quickly played online.

There is no question that New Zealanders love gambling online. The Lotteries Commission reported in its 2016/17 Annual Report that online sales accounted for 13 per cent of its total sales, compared with 10 per cent the previous year. The New Zealand Racing Board noted in its latest six-monthly report that online channels made up 59.2 per cent of its betting turnover, up 2.2 percentage points on last year. It also said that its online platforms were the fastest-growing channels.

A September 2018 Cabinet paper on online gambling cites research suggesting that New Zealanders gambled approximately \$300 million with offshore providers in 2017, with the market growing annually at between 12 and 20 per cent.

The Cabinet paper notes that health professionals and gambling harm treatment providers have expressed concern that online gambling may be more harmful than some existing forms of gambling. The paper continues by stating “**It [online gambling] has the potential to drive**

changes in behaviour to a greater, and more harmful, extent than some land-based gambling.”

In March 2022, Kiwibank reported that its customers were spending around \$30 million every month playing on online gambling sites. Kiwibank is only one bank; one of the smaller banks.

Adopting a more restrictive policy will accelerate the migration of the gambling spend to online providers. The offshore-based online providers do not make any community grants, do not create any local employment, do not pay any taxes to the New Zealand Government, do not contribute to the cost of providing the local problem gambling treatment services, and operate in an unregulated space driven entirely by profit without regard to harm prevention and minimisation.

Oral Hearing

I do not wish to make a separate presentation at the upcoming oral hearing. Please have regard to my written submission.

BlueSky Community Trust Limited

Postal Address:

Phone:

Email:

#5

COMPLETE

Collector: Web Link 2 (Web Link)
Started: Monday, June 13, 2022 12:52:55 PM
Last Modified: Monday, June 13, 2022 1:16:13 PM
Time Spent: 00:23:18
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Page 1

Q1 **ORGANISATION**

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Ivan Yeo**

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3 **Yes**

Would you like to present your submission in person at a hearing?

Q4 **Oppose**

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

We commend the Council having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling harm and losses from gambling. However, allowing for relocations or mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we urge the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

AFS also endorses PGF Group's submission and the recommendations that a sinking lid policy should have the following three provisions:

- No relocations: If a venue with electronic gaming machines (EGMs) is forced to close or voluntarily closes, the council will not permit the EGMs to be relocated to any venue within the council area.
- No club mergers: There will be no club mergers under any circumstances.
- A ban on any new venues: No permit will be given to operate any new venue or club in the council area if that venue proposes having EGMs, including TAB venues.

Q6

Oppose

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

We commend the Council having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling harm and losses from gambling. However, allowing for relocations or mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we urge the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

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-

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

AFS submission for Southland District Councils Class 4 Gambling Venue and Board Venue Policy.pdf (351.4KB)

13th June 2022

Southland District Council

15th Forth St

Invercargill

Re: Submission for Southland District Council's Class 4 Gambling Venue and TAB Venues Policy Review 2022

Asian Family Services (AFS) has been providing support to Asian communities living in Aotearoa New Zealand since 1998. Our organisation is a charitable trust and is New Zealand's only service provider for people of Asian backgrounds who are affected by mental health issues and gambling harm. Our gambling harm minimisation services are delivered under a Ministry of Health contract and funded from the gambling levy. Our service operates in three areas: the Asian Helpline, clinical intervention, and public health work.

We commend the Council having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling harm and losses from gambling. However, allowing for relocations or mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we urge the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

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- **No club mergers:** There will be no club mergers under any circumstances.
- **A ban on any new venues:** No permit will be given to operate any new venue or club in the council area if that venue proposes having EGMs, including TAB venues.

Asian Population in the Southland District

According to 2018 Census data, the Asian population in the Southland District ranked 2nd and their percentage is the highest (6.2%) of the three districts in the Southland Region.

Table 1: Asian population ranking in the Southland Region

Rank	Area	Total Population	Percentage of Asians	Asian Population
1	Invercargill City	54,204	5.7%	3090
2	Southland District	30,864	6.2%	1914
3	Gore District	12,396	3.1%	384

(Data resource: Stats NZ, <https://www.stats.govt.nz/tools/2018-census-place-summaries>)

The table below also shows that the Asian population in Southland District has grown approximately **2.55%** at every Census cycle.

Table 2: Ethnic groups for people in Southland District, 2006, 2013, and 2018 Census

	2006 (%)	2013 (%)	2018 (%)
Asian population	1.1	3.9	6.2

(Data resource: Stats NZ, <https://www.stats.govt.nz/tools/2018-census-place-summaries>)

As the Asian population in Southland District is growing steadily, we recommend that the Council consider Asian's voices at the policy level and adopt a sinking lid policy to protect Asian people from gambling harm.

Asian Gambling Behaviour

Sobrun-Maharaj, Rossen, and Wong (2012) identified that one of the contributing factors for mental health issues for Asian peoples is problem gambling.

Analysis of data from the Health and Lifestyles Survey over several years shows that, after adjusting for a range of socio-economic factors and gambling predictors, when compared to European/Other, Asian people's risk for individual gambling harm was 9.5 times higher. Furthermore, pokies players were more than twice as likely to be at risk of some level of gambling-related harm compared to other gamblers.

Further research indicates that some aspects of Asian culture (e.g., *yin-yang* in Chinese culture) encourage Asian peoples to take greater risk on low-probability games compared to Europeans, which makes Asian peoples more susceptible to gambling harm (Dai, 2012).

Over the past 12 months, AFS provided 4664 counseling sessions to more than 1,447 gambling clients around Aotearoa. Our problem-gambling clients were afflicted with co-existing issues such as suicidal ideation, financial hardship, domestic violence and severe depressive and anxiety symptoms due to problem gambling.

According to the New Zealand Asian Responsible Gambling Report (2021) (Appendix 1) conducted by Asian Family Services, 74.7% of Asians engaged in some forms of gambling activity in the last 12 months. Unfortunately, due to being either new to the country, or unfamiliar with the health system and services in New Zealand, many who experienced gambling harm did not seek early intervention. The delay in seeking help was partially due to a lack of understanding of behavioural addiction concepts. Often addiction is only understood as a substance abuse issue. The report also indicated that 78.7% of Asian gamblers identified stigma as one of the reasons that prevented them from early help-seeking.

The main Asian groups who are most vulnerable to the harm of pokies

During the past 23 years, AFS has seen many Asian clients who were addicted to pokies. We particularly find that the groups below are most vulnerable to gambling harm from pokies:

- Restaurant workers (chefs, kitchen hands, baristas, etc.);
- Cleaners;
- Builders/construction workers;
- Older people;
- International students;
- Work visa holders.

The main reasons that Asian peoples play pokies

The most common reasons why Asian people play pokies are because:

- Low-barrier game: No English requirement, easy to go and play solo;
- Emotional escape (release stress, run away from conflict with others, etc.);
- Combatting loneliness;
- Making easy money;
- Addiction-driven playing: to win back lost money.

Sinking Lid Policy

We often hear from our clients that, “I don’t want to be hooked on the pokie machines. I want to take back control.” However, the outcome is the exact opposite. It is important to realise that pokie machines are specifically designed to lure people to keep playing and betting more money.

An increase in pokie machines and venues will expose Asian people, migrants and the refugee community to more harm from Class 4 gambling. We support the Council in adopting a sinking lid policy with no relocations or venue mergers permitted.

Thank you for the opportunity to submit.

Ngā mihi nui,



Ivan Yeo

Deputy Director & Public Health Lead

References

1. Asian Family Services & Trace Research Ltd. (2021). New Zealand Asian Responsible Gambling Report 2021. Auckland, New Zealand. Asian Family Services. <https://www.asianfamilyservices.nz/resources/resource-items/new-zealand-asian-responsible-gambling-report-2021/>
2. Health Promotion Agency. (2018). 2018 New Zealand Mental Health Monitor: Questionnaire. Wellington: Health Promotion Agency.
3. Ministry of Health. (2019). Progress on Gambling Harm Reduction 2010 to 2017: Outcomes report – New Zealand Strategy to Prevent and Minimise Gambling Harm. Wellington: Ministry of Health.
4. Sobrun – Maharaj, A., Rossen, F., & Wong, A, S, K. (2012) The Impact of Gambling and Problem Gambling on Asian Families and Communities in New Zealand. Centre for Asian & Ethnic Minority Health Research, University of Auckland. <https://www.fmhs.auckland.ac.nz/assets/fmhs/soph/sch/cahre/docs/Final%20IGAF%20report%202012.pdf>
5. Dai, Z. (2012). Delay discounting, probability discounting, reward contrast and gambling: a cross-cultural study. Unpublished PhD's thesis, University of Canterbury. https://ir.canterbury.ac.nz/bitstream/handle/10092/7128/thesis_fulltext.pdf;sequence=1.
6. Stats NZ (2018). Retrieved 4th April, 2022, from <https://www.stats.govt.nz/tools/2018-census>.

Appendix One: New Zealand Asian Responsible Gambling Report 2021

Gambling activities in the last 12 months

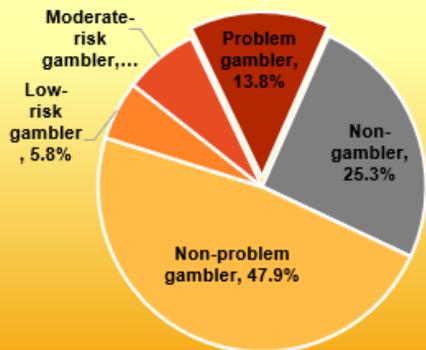
Bought lotto or instant scratch tickets	67.8%
Private games with friends for money	27.7%
Played gaming machines, or pokies	27.6%
Played Casino table games	25.2%
Placed a bet with the TAB	23.9%
Online gambling and gaming	19.7%

According to New Zealand's "The Gambling Act 2003", lotteries, prize competitions and instant games are also classified as parts of gambling. Are you aware of this classification?

Yes 53.5% No 46.5%

Problem Gambling Severity Classification within NZ's Asian Population

Approximately **71,736** NZ Asians are problem gamblers 

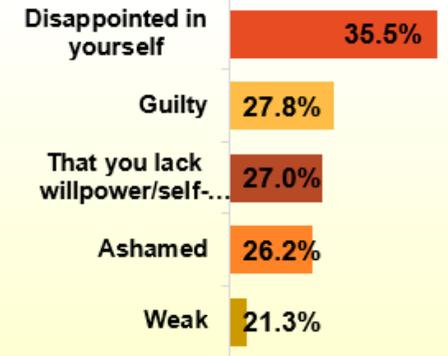


Distribution of Problem Gamblers (13.8%) by Ethnicity (>3%)

Indian	54.4% 
Chinese	15.5%
Filipino	8.7%

Asians perceive that Asian (76.5%) or Maori/Pacific Island (74.1%) gamblers are stigmatised by society to a slightly greater level compared to a European gambler (65.7%).

Expressions of Self-Stigma about Gambling by Asian Gamblers



New Zealand Asian Responsible Gambling Survey 2021
Asian Family Services Together enriching lives

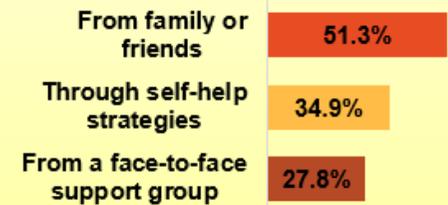
Top 5 Perceived Factors for Developing Gambling Addiction



Expressions of Public Stigma about Gamblers with Addiction

Agree	
Have unrealistic beliefs about winning at gambling	65.9%
Have an addictive personality	61.4%
Are irresponsible with money	57.9%
Are always in debt	51.8%
Are in denial about having a gambling problem	51.7%

Top 3 Channels for Seeking Gambling Support



Top 3 Help Seeking Barriers



#6

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Last Modified: Monday, June 13, 2022 1:43:20 PM
Time Spent: 00:02:03
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Q1

ORGANISATION

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Emma Furlonge**

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3

No

Would you like to present your submission in person at a hearing?

Q4

Oppose

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

Please see the attached document

Q6

Oppose

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Please see the attached document

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

NKMP Submission to Southland District Council.pdf (775.6KB)



Nga Kete Matauranga Pounamu Charitable Trust

Submission to Southland District Council

CLASS 4 GAMBLING and TAB VENUES POLICY

June 2022

Submitter: Emma Furlonge
Preventing and Minimising Gambling Harm. Kōrari Māori Public Health

Inquiries to: Karina Davis-Marsden
Māori Public Health Manager
Nga Kete Matauranga Pounamu Charitable Trust

I orea te tuatara ka patu ki waho

A problem is solved by continuing to find solutions

Introduction

Nga Kete Matauranga Pounamu Charitable Trust (NKMP) is a kaupapa Māori primary health organisation and is the only provider in the Murihiku (Southland) region providing a public health and counselling service specifically for gambling harm minimisation. Contributing to the Southland District Council's (SDC) Class 4 Gambling and Racing Board Venues Policies is an integral part in NKMP's role to prevent gambling harm and reduce inequities in the wider community.

The Southland District Council maintains a 'soft sinking lid' approach to electronic gambling machines (EGMs). NKMP understand the key purpose and scope of the Southland District Council gambling policies is to control the growth of Class 4 gambling in the district and to minimise the harm caused by problem gambling. NKMP request that Southland District Council strengthen the sinking lid approach by allowing no relocations, no transfers, no merging of Clubs, and to restrict any new TAB Board venues to be established.

The outcome will be to reduce gambling opportunities in Class 4 venues that can lead to increased harm in the Southland District.

Comments on proposed Southland District Council TAB Venue and Gambling Venue Policies

Gambling Venue Policy

The current Gambling Venue Policies reflects a sinking lid approach with exceptions in Clause 5 which allows:

- the transfer of a licence from an existing venue to a new venue (where the venue will be operated by the same corporate society, and subject to a social impact study).
- The merging of 2 or more Class 4 clubs which may result in a larger number of EGMs in one location (subject to a social impact study and the maximum number of gaming machines to be the sum of the number of gaming machines specified in all of the corporate societies – the clubs that are merging)

The aim of a sinking lid policy is to support gambling harm minimisation by reducing the number of venues and gaming machines operating in the district. The proposed Class 4 policy maintains the provision for merging of Clubs to enable the transfer of EGM's. This does not reflect the intent of a true sinking lid.

If the Council continue to allow applications for Club Mergers, NKMP recommends an amendment to the proposed policy. These amendments would include:

- any merging club/s MUST move into one of the existing clubs at its current location
- no new venue site locations for merging clubs
- the number of EGMs remain the same as the number of machines in the existing location. (Any gambling machines in the vacated location will no longer be in use)

TAB Venue Policy

There are currently no TAB venues in the Southland District. NKMP supports any policy that prohibits any new TAB venue due to the impact it has on our vulnerable whānau. (See Gambling Harm below).

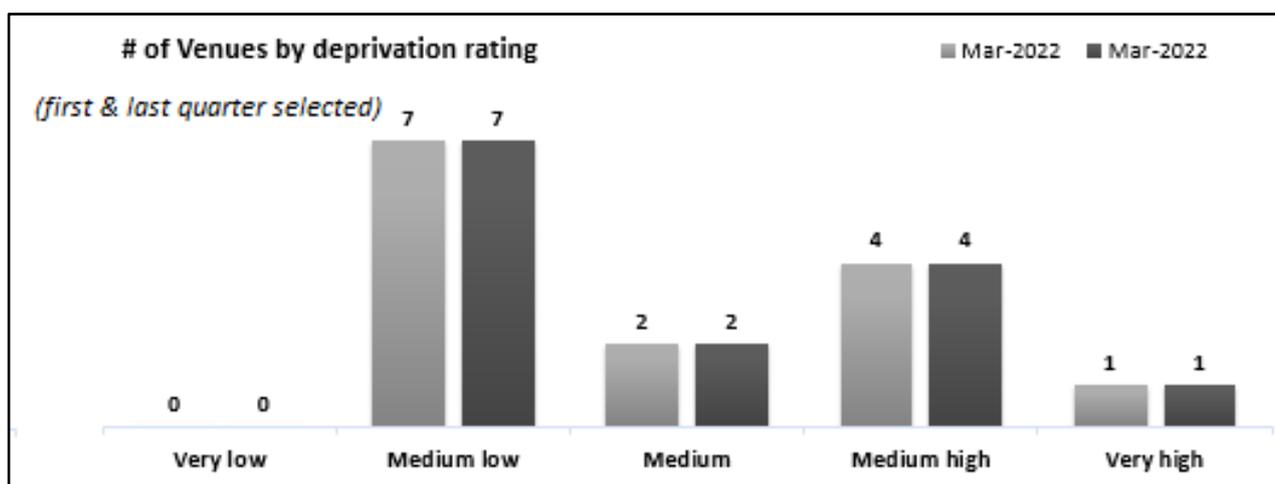
Gambling in the Southland District

The 2018 census estimates the Southland District has a population of 30,864 (with 3,432 of the population identify as Māori) and currently has a total of 14 Class 4 gaming venues and 86 gambling machines. The median income in the Southland District is \$36,300. On average, every machine in the Southland District makes \$32,698 year. That means a pokie machine makes almost as much as the average person living in the district.

Research from the Department of Internal Affairs (DIA) shows:

- higher concentrations of class 4 EGM located in lower socioeconomic areas (ie areas where the average income is less than the pokie machine)
- approximately 50% of all machines in New Zealand are located in the most socioeconomically deprived areas (NZ Dep 8-10)
- 7 out of the 14 venues in the Southland District are in the most deprived communities

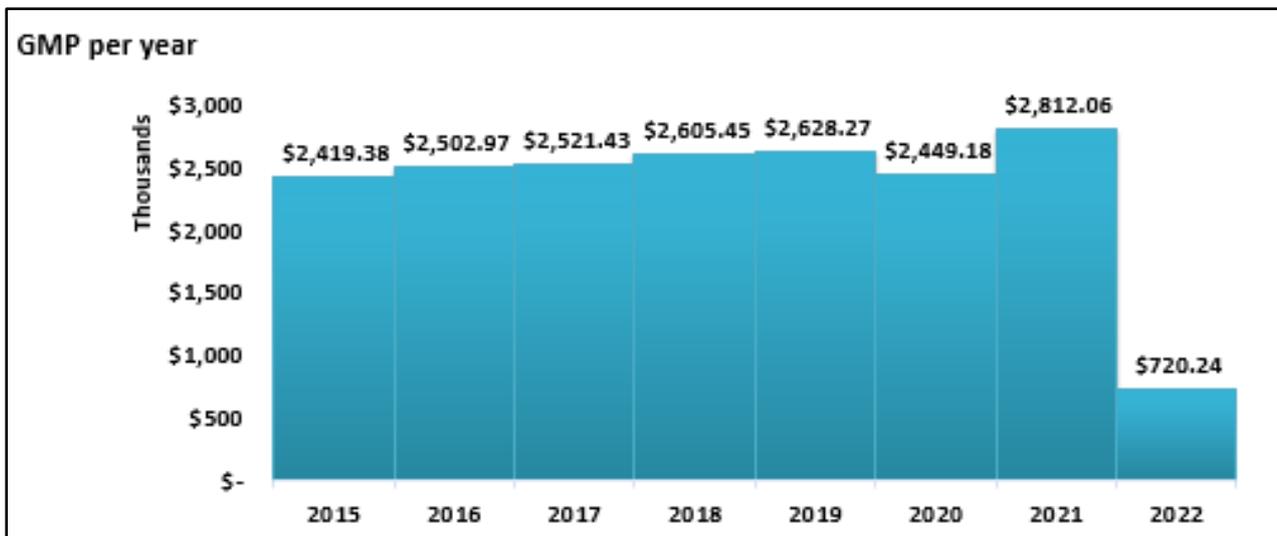
*“Where fewer choices to get ahead financially can lead to a greater belief of hope that a ‘big win’ can take you out of poverty”*¹, therefore disproportionately affecting those who can least afford to lose money to pokies. The graph below illustrates the number of Class 4 venues in the Southland District based on deprivation rating. This supports the DIA findings with zero machines located in the areas of very low deprivation.



Source: Department of Internal Affairs Gambling Machine Profits Dashboard²

While there has been a decline in the number of Class 4 venues and EGMs in the district between 2015 and 2020 (102 down to 83), that number is now climbing with 86 machines in operation in 2022. Furthermore, despite the overall reduction in electronic gambling machines, the money lost to these machines is increasing. The graph below illustrates the growth in spend between 2015 and 2022. The

first quarter of 2022 indicates a predicted loss of \$2,880,960 – the highest spend to date. It is assumed that the drop in spend in 2020 is due to the closure of venues during the Covid pandemic.



Source: Department of Internal Affairs Gambling Machine Profits Dashboard²

The impact of gambling on health

Electronic gaming machines are considered the most harmful form of gambling.

Gambling is an issue that has numerous social-detriments to health; effects on children, elderly, youth and families that are vulnerable. Over 74,000 New Zealanders suffer from poor mental health as a result of problem gambling³. Studies show there is a correlation between suicidal thoughts and pathological gambling⁴. The Ministry of Health (MOH) recognizes that effective treatment reduces the impact of harm for individuals, however, the prevalence of low and moderate-risk gambling contributes to gambling-related harm in the community and is an ongoing issue.

The people most affected by gambling harm are not the people who gamble. Evidence suggests that this burden of harm is primarily due to damage to relationships, emotional, psychological distress, disruptions to work and/or study, and financial impacts. At a national level, and taking into account both the number of people affected, and how badly they were affected, the MOH found that gambling causes over twice the amount of harm than chronic conditions such as osteoarthritis (2.1x) and diabetes (2.5x), and three times the amount of harm from drug use disorders⁵.

People with a gambling problem come from all walks of life. Māori, Pacific and young people continue to have the highest prevalence of harmful gambling compared with other groups⁶. The locality of EGMs directly influences this as Maori and Pasifika are more likely to live in areas of high deprivation.

In low income communities where there is often easy access to gambling, local support services such as food banks, housing grants and health care are frequently stretched. One in ten New Zealanders have said a whānau member has gone without something they needed or a bill has gone unpaid because of gambling, overwhelming EGM's were the reason⁷.

Gamblers and affected others often experience a perceived stigma and shame which is deeply discrediting to an individual and reduces a person's sense of normality to a sense of being tainted and socially discounted⁸. With that comes social isolation and loss of connection with community making it

difficult for a person to access valuable and meaningful experiences in the community or connection with the well-funded resources, such as sports and recreation, which could immensely enhance the quality of living particularly for people on low-incomes.

At the other end of the spectrum, those who can afford to gamble and have the ability to absorb the losses incurred from gambling are also at risk because the harm has a tendency to develop over time and is less obvious. The harm is experienced more often by an affected other where there is a direct compromise in the quality of their relationships⁵.

Harm Minimisation

Over 90% of people who experience gambling harm do not seek treatment⁸. This statistic is higher for whānau who are affected by someone else's gambling. In the Southland District only three people sought help for problem gambling in the Southland District in the period July 2020 to June 2021⁹. Based on the amount of money lost to pokies that year **(\$3,109,637.63)**² it can be assumed that a overwhelming percentage of those affected by gambling harm are not seeking intervention.

The NKMP Gambling Service see at-risk gambling behaviour as particularly concerning for people between the ages of 18-35. NKMP Safer Gambling Counsellor states that gambling harm:

- takes people off track
- stunts emotional intelligence
- creates long-term harm effects such as alcohol dependency
- separates young families
- causes domestic violence
- reduces trust in relationships and society
- creates financial burdens to self and to society

Affected whānau members may experience a sense of loss or regret because of gambling that is using valuable resources that would otherwise contribute to more meaningful experiences. NKMP counselling service find the affected other is usually a close whānau member and the issue also embedded in stigma where people cannot easily seek help and therefore creating emotional and/or psychological harm, isolation and further social inequalities⁵.

Social benefits to gambling (ECGs)

The money lost to ECGs is called Gross Machine Proceeds (GMP). A minimum of 40% of GMP is returned to the community by way of community grants. Approxiamely 50% of the community grants goes to sports. It is understood that problem gamblers contribute 30%-60% of the money paid out in community grants¹⁰. At the time of this submission, funding data for the Southland District is unavailable as the DIA have discovered some discrepancies in the dataset.

The location of venues and the proceeds from gambling activities are regressive in terms of social gains and benefits. Proceeds are more likely to be coming from high deprivation communities. Problem Gambling Foundation Director of Communications and Marketing Andree Froude said the social cost from pokies far outweighed any benefit received from funding.

“The reliance on funding from pokies poses an ethical dilemma for many of the community groups that benefit from this money. These machines are disproportionately situated in our poorer communities, so the money is coming out of the pockets of those who can least afford it.”¹¹

As recently stated by Councillor Hana Halalele, ***“At the end of the day, we shouldn’t rely on people’s gambling addictions to be able to fund community groups to be able to do what they do”¹²***, during the Waitaki District Council debate regarding a sinking lid policy. Importantly the Waitaki District Council has now approved a sinking lid policy.

Summary

Data from the DIA highlights that spend on Class 4 gambling is increasing within the Southland District. The Southland District Council’s current ‘soft sinking lid’ policy somewhat reflects a harm minimisation approach.

NKMP strongly request that the Council strengthen the sinking lid policy by allowing **no relocations, no transfers, no merging of Clubs, and to restrict any new TAB Board venues to be established**. The outcome will be to reduce gambling opportunities in Class 4 venues that will ultimately reduce the significant harm to whānau in the Southland District.

Reference List

1. Social Impact of Problem Gambling
(<https://www.pgf.nz/downloads/assets/13503/1/fs05-social%20impacts%20of%20problem%20gambling.pdf>)
2. Gambling Machine Profits Dashboard
(<https://catalogue.data.govt.nz/dataset/gaming-machine-profits-gmp-dashboard>)
3. Centre for Social and Health Outcomes Research and Evaluation 2008 Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE).
4. Problem Gambling and Mental Health
(https://www.pgf.nz/downloads/assets/13510/1/fs_12%20problem%20gambling%20and%20mental%20health%20sep%202019.pdf)
5. Ministry of Health
(<https://www.health.govt.nz/publication/measuring-burden-gambling-harm-new-zealand>)
6. Gambling Harm Needs Assessment 2021
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(<https://www.odt.co.nz/regions/north-otago/sinking-lid-pokies-approved>)

#7

COMPLETE

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Page 1

Q1 **ORGANISATION**

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Kristy Kang**

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3 **Yes**

Would you like to present your submission in person at a hearing?

Q4 **Oppose**

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

We support a sinking lid approach on TAB venues.

Q6

Oppose

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Please see our attached submission for further information.

We commend the Council for having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling losses and harm from gambling. However, allowing for club mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we support the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

PGF Southland - Written Submission June 2022.pdf (449.9KB)

**PGF Group Submission
Southland District Council
Class 4 Gambling and TAB Venue Policy Review 2022**

Submitted to Southland District Council
Class 4 Gambling and TAB Venue Policy Review
via online submission

Details of Submitter Kristy Kang
Policy and Public Health Manager, PGF Group

Physical Address

Date of Submission 13 June 2022

EXECUTIVE SUMMARY

PGF Group thanks Southland District Council for the opportunity to comment on the proposed changes to the Class 4 gambling and TAB venue policy.

We commend the Council for having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling losses and harm from gambling. However, allowing for club mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we support the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

Our submission is evidence-based and founded on what is known about gambling harm across Aotearoa New Zealand. It is time for councils and the government to take a closer look at the relationship between harmful gambling, social disparity and a funding model that enables it. Funding communities based on a system that relies on our lowest income households putting money they cannot afford to lose into gaming machines is unethical and inequitable. This disproportionately impacts Māori who generally live in the areas where the majority of these machines are situated.

PGF also supports the submission made by Asian Family Services, and urge the Council to carefully consider the feedback they have provided.

INTRODUCTION

1. The Problem Gambling Foundation of New Zealand trades as PGF Group (PGF), the overarching brand for PGF Services, Mapu Maia Pasifika Services, and Asian Family Services.
2. PGF operate under contract to the Ministry of Health (MoH) and are funded from the gambling levy to provide clinical intervention and public health services.
3. As part of our public health work, we advocate for the development of public policy that contributes to the prevention and minimisation of gambling related harms.
4. This includes working with Territorial Local Authorities (TLAs) to encourage the adoption of policies that address community concerns regarding the density and locality of gambling venues; in this case, a sinking lid policy.

PGF GROUP POSITION ON GAMBLING

5. It is important to note that we are not an ‘anti-gambling’ organisation as some may infer. We are, however, opposed to the harm caused by gambling and advocate for better protections for those most at risk of experiencing gambling harm.
6. We recognise that the majority of New Zealanders are non-problem gamblers.
7. While most New Zealanders gamble without experiencing any apparent harm, a significant minority do experience harm from their gambling, including negative impacts on their own lives and the lives of others.
8. In 2020/21, total expenditure (losses, or the amount remaining after deducting prizes and payouts from turnover) across the four main forms of gambling – Class 4 Electronic Gaming Machines (EGMs), Lotto, casinos and TAB – was more than \$2.62 billion, or \$730 for every adult (1).
9. Most money spent on gambling in New Zealand comes from the relatively limited number of people who play Class 4 EGMs, and most clients accessing problem gambling intervention services cite pub/club EGMs as a primary problem gambling mode (2).

ADVICE FOR COUNCIL DECISION MAKING

GAMING MACHINE PROFIT (GMP) STATISTICS

10. As at 31 December 2021, there were 14 Class 4 gambling venues in the Southland District Council area, hosting 86 EGMs between them (3).
11. Since 2015, Southland has followed the national trend of a general growth in annual GMP. The largest spike was in 2021 with approximately \$2.8 million being lost to EGMs in Southland. However, in 2020, losses dropped to approximately \$2.4 million largely due to the national COVID-19 alert level 4 lockdown (3).
12. We cannot be sure why losses continue to grow while machine numbers are coming down, but what we do know is that EGM numbers are not being reduced fast enough in areas where they need to, particularly high deprivation areas.
13. Importantly, approximately \$121 was lost per adult population (18 years and over) in Southland. This was lower than the national average of \$239 per adult in Aotearoa New Zealand.

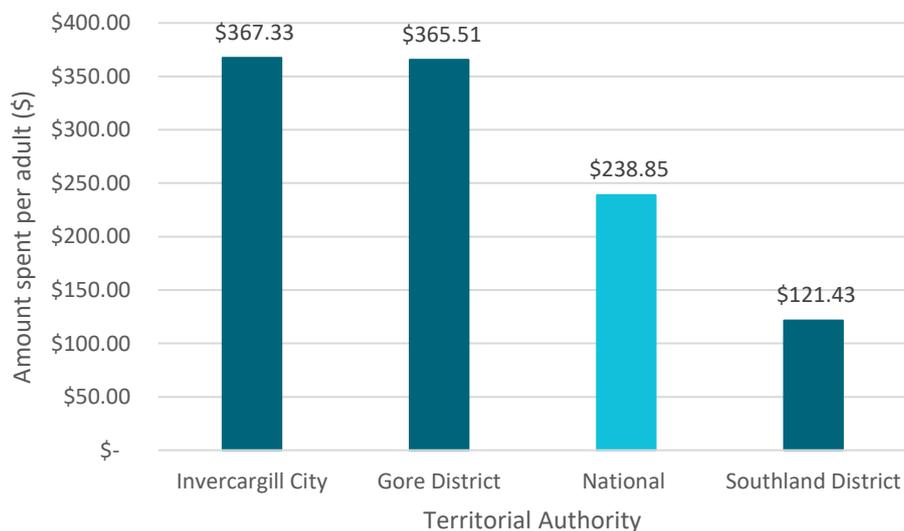


Figure 1: 2021 GMP losses per adult population (18+ years, based on 2018 Census) for TLAs in the Southland region

CLASS 4 GAMBLING

14. The harms caused by different forms of gambling are not equal, as evidenced by the different classifications of gambling within the Gambling Act 2003.
15. Class 4 gambling – EGMs in pubs, clubs and TABs – is characterised as high-risk, high-turnover gambling, and is the most harmful form of gambling in New Zealand (2).
16. EGMs are particularly harmful because they are a form of continuous gambling (4). The short turnaround time between placing a bet and finding out whether you have won or lost, coupled with the ability to play multiple games in quick succession makes continuous gambling one of the most addictive forms of gambling available.

CLIENT INTERVENTION DATA

17. The Trusts and Societies who hold the licenses for the 14,743 Class 4 EGMs in New Zealand (as at 31 December 2021) (3) often submit that the relatively low number of people who seek help for a gambling problem is a positive indicator about the prevalence of harmful gambling in New Zealand. This assertion is disingenuous and should be disregarded.
18. The Ministry of Health’s *Strategy to Prevent and Minimise Gambling Harm 2019/20 to 2021/22* 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 PGSI¹ score) actually access or present at these services”, and that this low service use is also evident for other forms of addiction (2).
19. Furthermore, the Ministry of Health’s Continuum of Gambling Behaviour and Harm (Figure 1) estimates the number of people experiencing mild, moderate or severe gambling harm is more than 250,000 – that’s more than the population of Wellington (2).

¹ The Problem Gambling Severity Index (PGSI) is commonly used to screen and categorise three levels of harm: severe or high risk (problem gambling), moderate risk and low risk.

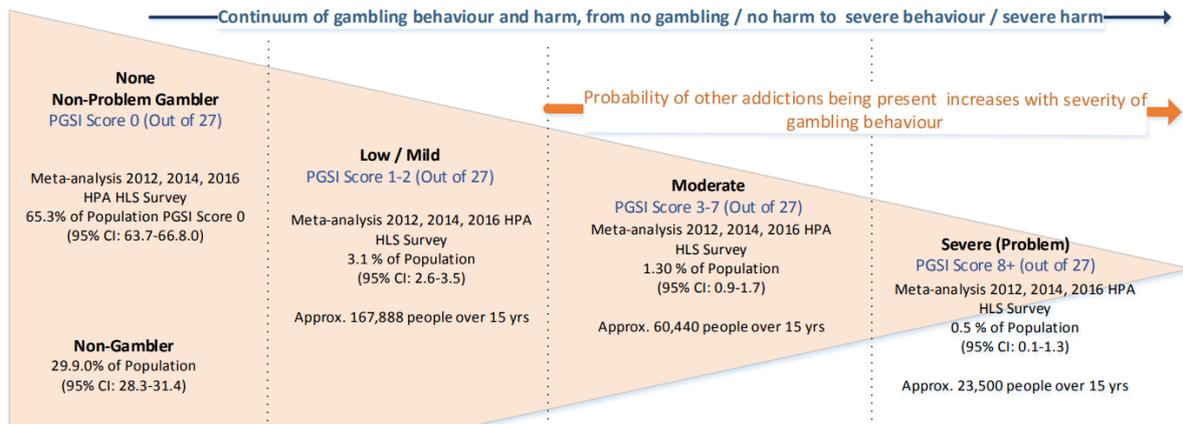


Figure 2: Continuum of Gambling Behaviour and Harm (Ministry of Health, 2019)

20. Moreover, the Department of Internal Affairs (DIA) estimate that 30% of EGM losses is from problem and moderate risk gamblers (5). This means that for Southland’s GMP of \$2.8 million in 2021 (3), approximately \$840,000 was lost by problem and moderate risk gamblers in the community.
21. 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.
22. Data for 2020/21 shows that of the 4,762 individuals who received support for their own or someone else’s gambling, 2,331 (48.95%) were for Class 4 EGMs (6).

Primary Mode	Full Interventions	Percentage
Non-Casino Gaming Machines (EGMs or Pokies)	2,331	48.95%
Lotteries Commission Products	513	10.77%
Casino Table Games (inc. Electronic)	438	9.20%
Casino Gaming Machines (EGMs or Pokies)	407	8.55%
TAB (NZ Racing Board)	422	8.86%
Housie	79	1.66%
Cards	52	1.09%
Other	520	10.92%
Total	4,762	100%

Table 1: 2020/21 client intervention data by primary gambling mode.

23. Given that almost half of the clients in 2020/21 sought help due to Class 4 EGMs (6), this indicates the level of harm EGMs are causing in our communities.

ONLINE GAMBLING

24. Online gambling is not within the scope of this review and is the purview of the DIA who will soon be releasing a report on its review of online gambling.
25. In its submissions, the Gaming Machine Association of New Zealand (GMANZ) and other industry proponents suggest that an ‘unintended consequence’ of a reduction in physical gaming machines could be an increase in online gambling. There is no evidence that this occurs more rapidly due to a sinking lid policy.
26. During restrictions at COVID-19 alert levels 3 and 4, Class 4 gambling venues were closed. Many of our clients expressed relief that the venues were closed with some stating they were able to save money, spend more time with their family and they did not seek out alternative online gambling options.
27. The Health Promotion Agency’s (HPA) *Impact of COVID-19 Wave 1* survey found that of those who gambled online during lockdown, only 8% gambled online for the first time and 12% of those who already gambled online did so more than pre-COVID restrictions (7).
28. Further, HPA’s *Impact of COVID-19 Wave 2* survey shows that 65% of those who gambled online during lockdown reported this being through MyLotto as physical outlets were closed (8). Lotto has also noted in the media that approximately 125,000 customers had registered with MyLotto online (9), resulting in more than twice its normal online sales.
29. We also note that following COVID-19 lockdown in 2020, the DIA saw an increase in GMP by 116% in the June to September 2020 quarter (10). This was a much higher increase than forecasted and reflects people returning to Class 4 gambling after the lockdown.

DENSITY OF CLASS 4 GAMBLING VENUES

30. What makes Class 4 EGMs more harmful than casino EGMs is their location within our communities and the design of EGM rooms within Class 4 venues.
31. Data published by the DIA shows that almost 63% (658 out of 1,050 as at 31 December 2021) of Class 4 gambling venues in New Zealand are located in medium-high or very high deprivation areas (3).

Very Low Decile 1–2	Medium Low Decile 3–4	Medium Decile 5–6	Medium High Decile 7–8	Very High Decile 9–10
78	127	187	314	344

Table 2: Class 4 gambling venues as at 31 December 2021 by deprivation score.

32. In Southland, 5 out of 14 (36%) Class 4 gambling venues (as at 31 December 2021) are located in medium high and very high deprivation areas (3).
33. A report commissioned by the Ministry of Health – *Informing the 2015 Gambling Harm Needs Assessment* – notes that EGMs in the most deprived areas provide over half of the total Class 4 EGM expenditure (11).

IMPACT OF GAMBLING HARM TO VULNERABLE POPULATION GROUPS

34. It is unethical that the majority of Class 4 EGM expenditure is coming from our lowest income households who can least afford it.
35. This is particularly concerning given that this disproportionately impacts Māori who generally live in the areas where many of these machines are situated. We note that 11.1% of Southland’s population are Māori (12).
36. The 2018 Health and Lifestyles Survey estimates indicated that Māori were four times more likely to be moderate-risk or problem gamblers than non-Māori (13).
37. Asian peoples also experience gambling harm differently. The 2018 Health and Lifestyles Survey found that Asian people’s risk factor of harmful gambling was 9.5 times higher when compared with European/Other New Zealanders (13). Given that Southland has a growing Asian population – making up 6.2% of Southland’s population according to the 2018 Census (12) – consideration around how Class 4 gambling affects vulnerable groups must be deliberated.
38. Research indicates that Māori and Asian peoples experience harmful gambling differently, and that this disparity has not diminished over the years. This is a systemic issue that is inequitable.

EFFICACY OF A SINKING LID

39. Much of the research quoted in an attempt to denounce the efficacy of a sinking lid is outdated and findings from more recent research has countered assertions made by the Class 4 gambling industry.
40. From a public health perspective, there's a generally held view that the easier it is to access an addictive product, the more people there are who will consume that product.
41. It follows then that stronger restrictions on the number and location of addictive products, such as EGMs, constitute a public health approach to the prevention and minimisation of gambling harm.
42. Sections 92 and 93 of the Gambling Act mandate the maximum number of pokie machines a Class 4 venue can host (18 if the venue licence was held on or before 17 October 2001, nine if the licence was granted after that date). This is the minimum regulation a TLA must implement in its Class 4 gambling policy, however many TLAs have chosen to adopt stronger regulations.
43. The Auckland University of Technology's New Zealand Work Research Institute recently published a research paper, *Capping problem gambling in New Zealand: the effectiveness of local government policy intervention*, which aimed to understand the impact of public policy interventions on problem gambling in New Zealand (14).
44. This research focussed on Class 4 gambling to assess the impact of local government interventions (absolute and per capita caps on the number of machines and/or venues and sinking lid policies) on the number of machines/venues and the level of machine spending over the period 2010-2018.
45. Key findings from this research include:
 - 45.1. All three forms of policy intervention are effective in reducing Class 4 venues and EGMs, relative to those TLAs with no restrictions beyond those mandated by the Gambling Act.
 - 45.2. Sinking lids and per capita caps are equally the most effective at reducing machine spending.
 - 45.3. Those TLAs who adopted restrictions above and beyond those mandated by the Gambling Act experienced less gambling harm than those TLAs who have not.

THE FUNDING SYSTEM

46. Following the removal of tobacco funding, EGMs were introduced with the primary purpose of funding communities.
47. Trusts and Societies are required to return 40% of GMP to the community by the way of grants or applied funding. This has inextricably linked gambling harm with the survival of community groups, sports and services.
48. However, it cannot be guaranteed that the GMP lost in Southland is returned to groups in Southland. For example, of the \$2.4 million lost in Southland in 2020 (3), approximately \$700,000 was returned to Southland-based organisations.²
49. Moreover, the unethical nature of the funding model cannot be ignored. The *Gambling Harm Reduction Needs Assessment* (2018), prepared for the Ministry of Health, raises fundamental questions about the parity of this funding system (15).
50. Further research commissioned by the DIA revealed that there is a very strong redistributive effect from more deprived communities to less deprived communities when examining the origin of GMP and the destination of Class 4 grants (16).
51. Overall, less deprived communities (decile 1-5) provided 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 (16).

² This figure is based on PGF's Class 4 grants dataset as the DIA's Class 4 grants dataset is currently being amended due to discrepancies. It is important to note that it is difficult to identify an accurate figure for Class 4 gambling grants. Every care has been taken to ensure the demarcation of grants to each TLA is as accurate as possible, but information published by some Trusts can be inconsistent. Although every effort is made to make our database an all-inclusive list of grants, we cannot guarantee that all grants made under Class 4 gambling legislation have been identified and included in our database.

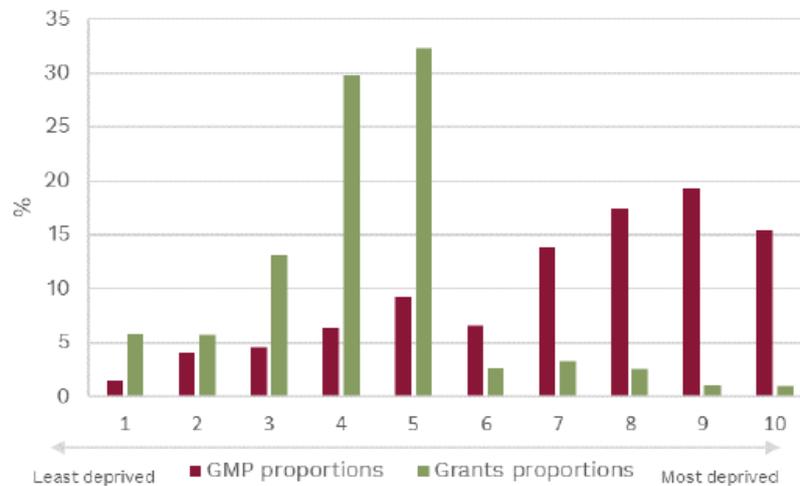


Figure 3: The origin of GMP and the destination of Class 4 grants by socio-economic decile (BERL, 2020)

52. PGF Group, Hapai Te Hauora and The Salvation Army Oasis released a white paper in June 2020 titled, [Ending community sector dependence on pokie funding](#) (17). There is a need for a transparent and sustainable funding system to support groups in our communities.
53. This is a sentiment that is shared by other councils, including Hutt City Council, who have decided to take proactive steps to not apply for and accept Class 4 funding.

PRIORITISING THE PREVENTION OF HARM

54. While a sinking lid is at present the best public health approach available to TLAs to prevent and minimise gambling harm in their communities, we contend that such a policy does not go far enough – or work fast enough – to do this.
55. Several councils have already expressed their frustration at the limited opportunities available to them in their attempts to reduce the harm from Class 4 gambling in their communities. For example, Ōpōtiki District Council has sent a letter to the Minister of Internal Affairs Jan Tinetti asking her to further regulate the use of EGMs.
56. We also encourage the Council to advocate to central government for the following:
 - 56.1. Adoption of a more sustainable, ethical, and transparent community funding system.
 - 56.2. More powers for councils to remove EGMs from their communities.
 - 56.3. The urgent removal of Class 4 EGMs from high deprivation areas 7-10 in New Zealand.

SUBMISSION AND RECOMMENDATIONS

57. We strongly support Southland District Council to continue a sinking lid approach for both Class 4 gambling and TAB venues.
58. We submit that an adopted sinking lid policy should include the following three provisions:
 - 58.1. A ban on any new venues – no permit will be given to operate any new Class 4 gambling venues in the Council area if that venue proposes having EGMs, including TAB venues.
 - 58.2. No relocations – if a venue with EGMs closes for any reason, the Council will not permit the EGMs to be relocated to any venue within the Council area.
 - 58.3. No mergers – there will be no merging of Class 4 venues under any circumstances.
59. It is our view that allowing for relocations or mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we strongly urge the Council to amend the current sinking lid policy to prevent clubs from merging and venues from relocating.

CONCLUSION

60. The Gambling Act 2003 was enacted to provide a public health approach to the regulation of gambling and to reduce gambling harm.
61. A sinking lid – with no relocations or venue mergers permitted – is the best public health approach available to councils who wish to prevent and minimise gambling harm in their communities.
62. If this Council determines the health and wellbeing of their community to be of the utmost importance, the only logical choice would be to adopt a sinking lid policy.
63. We would be happy to keep the Council updated with our ongoing work to address the issue of a more sustainable community funding model.
64. PGF appreciates the opportunity to make a written submission on the Council’s proposed Class 4 gambling and TAB venue policy.

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