

Problem Gambling Resource for Local Government

Citation: Ministry of Health. 2009. *Problem Gambling Resource for Local Government*. Wellington: Ministry of Health.

Published in May 2009 by the
Ministry of Health
PO Box 5013, Wellington, New Zealand

ISBN 978-0-478-31927-9 (online)
HP 4771

This document is available on the Ministry of Health's website:
<http://www.moh.govt.nz>



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Purpose of the Resource

The purpose of this resource is to assist territorial authorities with their Class 4 and Totalisator Agency Board (TAB) gambling venue policy reviews. It includes:

- information about gambling legislation and the roles of various government departments in New Zealand
- the role of the territorial authorities in reviewing their gambling venue policies (including what they are required to do, what they may choose to do, and what they cannot do)
- gambling venue policy options for territorial authorities
- background information on the economic and social impacts of gambling and problem gambling in New Zealand
- guidance on the statistics that could be used to inform gambling policies, based on available and well-referenced research
- guidance on how territorial authorities could best present the statistical information (using tables, graphs and/or charts) so that it is easily understood.

Background

One of the functions of territorial authorities under the Local Government Act 2002 is to make decisions and set directions for promoting the social, cultural, environmental and economic wellbeing of their communities. The presence of gambling within a community will have both positive and negative impacts. Gambling is therefore an important issue for a community and its territorial authority to consider when identifying and developing community outcomes and producing long-term community plans.

Every territorial authority is required, under the Gambling Act 2003 and the Racing Act 2003, to adopt a policy on the location of Class 4 ('pokie' machine) gambling and on the location of TAB venues, and to complete a review of these policies at least every three years. The Department of Internal Affairs is responsible for regulating the Class 4 gambling sector and for ensuring compliance with the Gambling Act 2003. The Ministry of Health is responsible, under the Gambling Act 2003, for developing an integrated problem gambling strategy, focused on public health.

The Ministry's strategy includes an objective to promote healthy public policies in relation to gambling harm, and an objective to enhance the capacity of communities to define and address gambling harm. This website has been developed by the Ministry of Health, in collaboration with the Department of Internal Affairs and Local Government New Zealand, to contribute to the Ministry's objectives. It also serves to facilitate community involvement in decisions about the provision of gambling, which is one of the purposes of the Gambling Act 2003.

Relevant Legislation

[The Gambling Act 2003](#) is the primary legislation that regulates gambling activities in New Zealand. It sets out the various authorised classes of gambling in New Zealand; the licensing and other regulatory requirements for each class of gambling; and the role of the responsible Minister, the Department of Internal Affairs, the Ministry of Health and territorial authorities in contributing to the purposes of the Gambling Act 2003.

[The Racing Act 2003](#) is the primary legislation that regulates TAB (racing and sports) betting in New Zealand.

[The Local Government Act 2002](#) sets out the role, purpose and powers of local government, based on the theme of 'democratic local decision-making' to promote the 'wellbeing of communities'.

Purpose of the relevant acts in relation to gambling venue policies

The obligations of territorial authorities to develop, and review, Class 4 venue policies and TAB venue policies are contained in the Gambling Act 2003 and the Racing Act 2003, respectively. Decisions on Class 4 and TAB venue policies should therefore be consistent with the purposes of these Acts.

The purpose of the Gambling Act 2003 is to:

- (a) control the growth of gambling
- (b) prevent and minimise the harm caused by gambling, including problem gambling
- (c) authorise some gambling and prohibit the rest
- (d) facilitate responsible gambling
- (e) ensure the integrity and fairness of games
- (f) limit opportunities for crime or dishonesty associated with gambling
- (g) ensure that money from gambling benefits the community
- (h) facilitate community involvement in decisions about the provision of gambling.

The purpose of the Racing Act 2003 is to:

- (a) provide effective governance arrangements for the racing industry
- (b) facilitate betting on galloping, harness, and greyhound races, and other sporting events
- (c) promote the long-term viability of New Zealand racing.

It should also be noted that one of the functions of the New Zealand Racing Board, under the Racing Act 2003, is to develop or implement, or arrange for the development or implementation of, programmes for the purposes of reducing problem gambling and minimising the effects of that gambling.

The decision-making process and policy outcomes should also be consistent with the Local Government Act 2002. The purpose of the Local Government Act 2002 is:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities
- (b) to promote the social, economic, environmental, and cultural wellbeing of communities, in the present and for the future.

Classes of gambling

The Gambling Act 2003 categorises gambling activities into four classes. Racing and sports betting do not fall within the classification system under the Gambling Act 2003. Territorial authorities have responsibilities with respect to venues for Class 4 gambling and TAB venues.

Your role as a territorial authority under the Gambling Act 2003 relates to Class 4 gambling, which is any activity that involves the use of a gaming machine outside a casino. Class 4 gambling (section 30 of the Gambling Act 2003) is gambling from which the net proceeds (profits) are applied to or distributed to authorised purposes: in general terms this means the profits are distributed back to the community.

Your role as a territorial authority under the Racing Act 2003 relates to TAB venues, at which race and sports betting are conducted. A TAB venue is any premises that are owned or leased by the TAB and where the main business carried out is providing racing-betting or sports-betting services.

Statutory Agency Roles

The Department of Internal Affairs

The Secretary for Internal Affairs is responsible for licensing Class 4 gambling. There are strict licensing criteria for organisations wanting to run gaming machines and for the venues at which those gaming machines are operated. The Secretary for Internal Affairs cannot issue a Class 4 venue licence unless he is satisfied (among other things) that:

- the relevant territorial consent has provided a valid consent (if required)
- the possibility of under 18-year-olds gaining access to Class 4 gambling at the Class 4 venue is minimal
- venue personnel are suitable under the Gambling Act 2003
- the Class 4 venue is not used mainly for operating gaming machines
- the risk of problem gambling at the Class 4 venue is minimised
- the proposed venue is suitable in all other respects to be a Class 4 venue under the Gambling Act 2003.

The Department of Internal Affairs is also the primary regulator of gambling activity and administers the rules and regulations for gambling. It monitors the gambling industry to ensure the rules and regulations are followed and all gambling is in accordance with gambling legislation. As part of its regulatory role, the Department of Internal Affairs addresses problem gambling through the regulation and enforcement of the supply of gambling opportunities and the manner in which they are provided.

For more detailed information, please refer to the [Department of Internal Affairs' gambling web page](#).

The Gambling Commission

The Gambling Commission is an independent statutory decision-making body established under the Gambling Act 2003. The Commission hears casino-licensing applications and appeals on licensing and enforcement decisions made by the Secretary for Internal Affairs in relation to gaming machines and other non-casino-gambling activities. For more detailed information, please refer to the [Gambling Commission's website](#).

The Ministry of Health

The Ministry of Health is responsible for the funding and co-ordination of problem gambling services under the Gambling Act 2003. Specifically, the Gambling Act 2003 requires the development of an integrated problem gambling strategy focused on public health.

The Ministry of Health contracts services that are focused on preventing and minimising harm caused by gambling. It is responsible for funding and co-ordinating national and

local problem gambling treatment services, promoting public health and raising public awareness of the risks of problem gambling, and conducting in-depth research about problem gambling in New Zealand to provide information on the harm it causes and identify approaches that will work best to address problem gambling. For more detailed information, please refer to the [Ministry of Health's Problem Gambling website](#).

The Ministry and the Department of Internal Affairs work collaboratively with a wide range of stakeholders to prevent and minimise problem gambling.

Gambling Venue Policies and the Responsibility of Territorial Authorities

Overview

All territorial authorities are required to have a policy for Class 4 ('pokie' machine) venues and a policy for TAB venues in their districts. These policies must be reviewed at least every three years. New gaming machine venues (including existing venues that held a licence on 17 October 2001 but have not held a licence in the last six months, and TAB sites) need territorial authority consent. All gaming machine venues also need territorial authority consent to increase the number of machines they are operating above either the maximum allowed under their current territorial authority consent, or the number they notified the Department of Internal Affairs as operating on 22 September 2003 (see section 89 of the Gambling Act 2003).

With respect to the gaming venue policies, there are a number of things territorial authorities must do, and a number of things they may choose to do if they wish.

- What territorial authorities must do
- What territorial authorities may do

What territorial authorities *must* do

Adopt a Class 4 venue policy and a TAB venue policy

Under the Gambling Act 2003 (section 101) and the Racing Act 2003 (section 65D), every territorial authority must adopt a Class 4 venue policy and a TAB venue policy.

The Class 4 venue policy must specify whether or not Class 4 venues requiring territorial authority consent may be established in the territorial authority district and, if so, where they may be located. The TAB venue policy must specify whether or not new TAB venues may be established in the territorial authority district and, if so, where they may be located.

In adopting the policies, the territorial authority must have regard to the social impact of gambling within its district.

Consider and decide on applications

Under the Gambling Act 2003 (section 100) and the Racing Act 2003 (section 65C), every territorial authority must:

- consider an application for a territorial authority consent in accordance with its Class 4 venue policy, and then either:
 - (i) grant a consent with or without a condition specifying the maximum number of gaming machines that may be operated at the venue; or
 - (ii) not grant a consent

- consider an application for a territorial authority consent in accordance with its TAB venue policy, and then either
 - (i) grant a consent; or
 - (ii) refuse a consent.

Identify inconsistent decisions

The Secretary for Internal Affairs cannot issue a Class 4 venue licence unless he is satisfied (among other things) that the territorial authority consent is valid. Generally, a consent that is inconsistent with the territorial authority's policy will not be accepted as valid. However, if a territorial authority decides it wants to issue a consent that is inconsistent with its policy, it can use section 80 of the Local Government Act 2002 (discussed below) to do so. The consent issued should include a statement under section 80 of the Local Government Act 2002 identifying it as an inconsistent decision. The statement would also need to reflect that the territorial authority understands that the consent is inconsistent with the policy but wishes to issue it anyway. Only if an inconsistent territorial authority consent includes this statement will the Secretary for Internal Affairs be able to license the relevant Class 4 venue.

Under section 80 of the Local Government Act 2002, if a decision of a local authority is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy adopted by the local authority or any plan required by this Act or any other enactment, the local authority must, when making its decision, clearly identify:

- the inconsistency
- the reasons for the inconsistency
- any intention of the local authority to amend the policy or plan to accommodate the decision.

Consider new, and amendments to, Class 4 venue territorial authority consent applications

Under the Gambling Act 2003 (section 100[2]), every territorial authority must consider, in accordance with its Class 4 venue policy, territorial authority consent applications for new venues, and for existing venues that held a licence on 17 October 2001 but have not held a licence in the last six months, and amendments to Class 4 venue licences to allow an increase in the number of gaming machines that may be operated at a venue.

A territorial authority must then either:

- grant a consent without a condition specifying the maximum number of gaming machines that may be operated at the venue; or
- grant a consent with a condition specifying the maximum number of gaming machines that may be operated at the venue (in which case the territorial authority cannot specify a maximum number that is fewer than the number of machines that may be operated currently at the venue); or
- not grant a consent.

Note: Where consent is required, a territorial authority may or may not place conditions on gaming machine numbers, and may restrict the places where Class 4 venues can be located. *It cannot place other conditions* on the licence application. Any 'cap' on gaming machine numbers would only affect new venues, including existing venues that have not held a licence in the last six months and venues applying to increase the number of gaming machines that 'may operate'.

When the consent of a territorial authority is, and is not, required for Class 4 venues

All operators were required by the Gambling Act 2003 to notify the Department of Internal Affairs of the number of gaming machines operating at all venues on 22 September 2003 (the 'notified number'). A venue that held a licence on 17 October 2001 and has not been without a licence for more than six months since then 'may operate' its notified number of gaming machines.

A venue licensed after 17 October 2001, or that has been without a licence for more than six months since then, 'may operate' no more than the number of gaming machines stated on its territorial authority consent. Some venues licensed on 17 October 2001 may have applied for, and been granted, consent to increase their gaming machines above their notified number. The number on the territorial authority consent is the number these venues 'may operate'.

A new territorial authority consent for licensed venues is *only* required if a venue is increasing gaming machine numbers beyond the notified number or above the maximum number allowed on the venue's most recent territorial authority consent (ie, above the number of gaming machines that 'may operate' at the venue). All venues that have not held a licence within the last six months (new or existing) will consent to operate gaming machines.

Note: The quarterly gaming machine statistics released by the Department of Internal Affairs refer to the number of gaming machines operating at a certain date. This is different to the number that 'may operate' without territorial consent, and it does not take into account venues that are moving between societies. Territorial authorities can and should request the number of gaming machines that 'may operate' in their area via a section 103 report (explained below) from the Department of Internal Affairs.

Notification

Under the Gambling Act 2003 (section 100[3]) and the Racing Act 2003 (section 65C), every territorial authority must notify:

- Class 4 venue applicants of its determination in respect of Class 4 venue applications within 30 working days after the date of receipt of the application
- the New Zealand Racing Board and the Secretary for Internal Affairs of its determination in respect of TAB venue applications within 30 working days after the date of receipt of the application.

Review venue policies

Under the Gambling Act 2003 (section 102) and the Racing Act 2003 (section 65E), every territorial authority must complete a review of its policy within three years after the policy is adopted, and then within three years after that review and each subsequent review is completed.

The Gambling Act 2003 provides an opportunity for a review to be conducted at minimum cost; it may be as informal or formal as a territorial authority wishes. Only if the review identifies that a policy should be amended or replaced is the territorial authority required to use the special consultative procedure ([described under section 83 of the Local Government Act 2002](#)).

Section 83(1)(e) of the Local Government Act 2002 requires the territorial authority to give public notice, and such other notice as the local authority considers appropriate, of the proposal and the consultation being undertaken. The Gambling Act 2003 provides that, for the purpose of subsection 83(1)(e) of the Local Government Act 2002, the territorial authority must give notice of the proposed policy, in a manner that the territorial authority considers appropriate, to:

- each society that holds a Class 4 venue licence for a venue in the territorial authority district
- organisations representing Māori in the territorial authority district.

The Racing Act 2003 provides that, for the purpose of subsection 83(1)(e) of the Local Government Act 2002, the territorial authority must give notice of the proposed policy, in a manner the territorial authority considers appropriate, to:

- the New Zealand Racing Board
- organisations representing Māori in the territorial authority district.

Because of the contentious nature of gambling issues in the community, you may like to consider consulting widely with all identifiable stakeholder groups in the community, including community groups that have received grants, problem gambling treatment providers, and relevant industry associations. It may also be appropriate to seek the views of other population groups, as well as Māori. For example, Pacific peoples are also over-represented in problem gambling statistics.

In reviewing your venue policies, you may consider balancing the harms from gambling with the benefits to the local community from fundraising opportunities.

A territorial authority must, as soon as practicable after amending or replacing its Class 4 venue policy, provide a copy of the policy to the Secretary for Internal Affairs. In addition a territorial authority must, as soon as practicable after amending or replacing its TAB venue policy, provide a copy of the policy to the New Zealand Racing Board and the Secretary for Internal Affairs.

A policy does not cease to have effect because it is due for review or is being reviewed.

What territorial authorities *may* do

Place restrictions on gaming machine numbers

Under the Gambling Act 2003 (section 101[3][b]), a territorial authority's Class 4 venue policy may specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue. These restrictions will apply only to those venues that apply for territorial authority consent. The maximum number of gaming machines that may be operated at a Class 4 venue is specified under sections 92–95 of the Gambling Act 2003.

In general, Class 4 venue licences held on 17 October 2001 can have a maximum of 18 gaming machines, and Class 4 venue licences granted after 17 October 2001 can have a maximum of nine gaming machines.

However, a licensed Class 4 club that was granted a licence after 17 October 2001 can apply to the territorial authority to operate more than nine machines at a venue. A 'club' means a voluntary association of persons combined for a purpose other than personal gain. If consent is granted, the club can then apply to the Minister of Internal Affairs seeking ministerial discretion (under section 96 of the Gambling Act 2003) to operate more than nine machines. In such cases, the number of gaming machines at the venue must not exceed the number of gaming machines specified in the territorial authority consent, and must not in any case exceed 18 gaming machines.

Two or more licensed Class 4 clubs can apply to the territorial authority to merge and increase the number of machines that can be operated at a venue. If consent is granted, the clubs intending to merge can then apply to the Minister of Internal Affairs seeking ministerial discretion (under section 95 of the Gambling Act 2003) to increase the number of gaming machines at a venue. In such cases, the number of gaming machines at the venue must not exceed the number of gaming machines specified in the territorial authority consent; and must not be more than the lesser of 30 machines, or the sum of the number of gaming machines specified in all of the corporate societies' (the clubs merging) Class 4 venue licences at the time of the application. Merging clubs wishing to receive ministerial discretion under section 95 can only merge into a venue that was licensed on 17 October 2001 and that has not been without a licence for more than a period of six months since then.

Note: The Department of Internal Affairs can help with information about the requirements for a club merger (section 95), or application to operate more than 18 gaming machines (section 96). Go to the [Department of Internal Affairs Information for Territorial Authorities web page](#) to find out who to contact.

In summary, if a territorial authority decides that its Class 4 venue policy will specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue, then the policy can specify any restrictions on the maximum number of machines for:

- Class 4 venue licences held on 17 October 2001 wishing to increase the number of gaming machines that 'may operate' above either the notified number (22 September 2003) or that specified on their current territorial authority consent (maximum 18)

- Class 4 venue licences granted after 17 October 2001 wishing to increase the number of gaming machines permitted to operate above that specified on their current territorial authority consent (maximum 9)
- licensed Class 4 clubs whose licences were granted after 17 October 2001 and who want to apply to operate more than nine gaming machines (maximum 18)
- two or more licensed Class 4 clubs that wish to merge and apply to increase the number of gaming machines that can be operated at a venue that was licensed on 17 October 2001 (maximum of 30)
- new Class 4 venues, which includes existing venues that had held a licence on 17 October 2001 but have not held a licence in the last six months.

Other relevant matters

In determining its policy on whether TAB venues may be established in the territorial district and where any TAB venues may be located, the territorial authority *may* (under section 65D[4] of the Racing Act 2003) have regard to any other relevant matters, including:

- the characteristics of the district and parts of the district
- the location of kindergartens, early childhood centres, schools, places of worship, and other community facilities
- the cumulative effects of additional opportunities for gambling in the district.

In determining its policy on whether Class 4 venues may be established in the territorial authority, where any venue may be located, and any restrictions on the maximum number of gaming machines that may be operated at venues, the territorial authority *may* (under section 101[4] of the Gambling Act 2003) have regard to any other relevant matters, including:

- the characteristics of the district and parts of the district
- the location of kindergartens, early childhood centres, schools, places of worship and other community facilities
- the number of gaming machines that should be permitted to operate at any venue or class of venue
- the cumulative effects of additional opportunities for gambling in the district
- how close any venue should be permitted to be to any other venue
- what the primary activity at any venue should be.

You can encourage the relocation of gaming venues within your district by including policies that encourage the transfer of venues from one location to another (eg, from suburbs to business or entertainment precincts). You can also include a clause that allows for the transfer of venues to another site when they are forced to close as a result of extraordinary circumstances (eg, fire). The extraordinary circumstances should be well defined, however.

Policy Options

Class 4 venue policy

Note: The options below are not the total possible policy options available to territorial authorities, nor are they mandatory in any way. Any restrictions will apply only to those venues that apply for territorial authority consent.

Option 1: No restrictions

Allow Class 4 venues to be established (or resume gaming machine operations) in the territorial authority district and specify that they may be located anywhere within the district. Do not specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue.

Option 2: Restrict where venues requiring territorial authority consent are allowed

Allow Class 4 venues to be established (or resume gaming machine operations) in the territorial authority district and specify where they may be located. Do not specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue.

This policy may mean, for example, that venues requiring consent may only be located in certain areas within the district, or a certain distance away from schools, churches or other community facilities.

Option 3: Restrict where venues requiring territorial authority consent are allowed and restrict machine numbers

Allow Class 4 venues to be established (or resume gaming machine operations) in the territorial authority district and specify where they may be located. Specify restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue.

The policy could specify any restrictions on the maximum number of machines for:

- Class 4 venue licences held on 17 October 2001 wanting to increase the number of gaming machines that 'may operate'
- Class 4 venue licences granted after 17 October 2001 wanting to increase the number of gaming machines that 'may operate'
- licensed Class 4 clubs whose licences were granted after 17 October 2001 and that apply for more than nine machines
- two or more licensed Class 4 clubs that wish to merge and apply to increase the number of machines that can be operated at a venue that was licensed on 17 October 2001
- new Class 4 venues, which includes existing venues that have not held a licence in the last six months.

This policy may mean, for example, that venues requiring consent may only be located in certain areas within the district, or a certain distance away from schools, churches or other community facilities. It may also mean that there are restrictions on the maximum number of gaming machines allowed to be operated at these new venues.

To guide the minimum number of gaming machines per venue, you may first calculate how many machines you want within the entire district, or within particular area units of the district, and impose a district-wide cap, or an area unit cap, on Class 4 gaming machine numbers.

Note: Not all Class 4 gambling venues are currently operating the number of gaming machines they 'may operate'. They may be operating fewer gaming machines than their notified number (see above), or fewer gaming machines than the number specified on the territorial authority consent issued for the venue; or they may have applied to the Department of Internal Affairs for permission to cease operating gaming machines for a specified period. Any venue voluntarily operating fewer machines than they 'may operate' can increase to the number they 'may operate' *without territorial authority consent*.

When setting any caps on gaming machine numbers, or issuing consents under an existing cap, you must carefully and correctly calculate the number of gaming machines that 'may operate' in the relevant area. The best way to do this accurately is to request a report from the Department of Internal Affairs of the Class 4 societies, venues and gaming machines that 'may operate' in your district. This report must be provided by the Secretary for Internal Affairs under section 103 of the Gambling Act 2003. It will include any venues that have been cancelled or surrendered within the last six months, because if these venues are relicensed within six months, the territorial authority consent will be required to operate the number of gaming machines previously operating, up to the number that 'may operate'.

It is up to you to know how many consents you have issued. Because territorial authority consents do not expire, a venue may have a consent but not yet have its licence. Any such venue not yet licensed by the Department of Internal Affairs will not show up on a section 103 report but should be included when calculating total gaming machines that 'may operate' in your district.

For details of who to contact for a section 103 report, go to the [Department of Internal Affairs Information for Territorial Authorities web page](#).

Option 4: Venue sinking lid

Do not allow Class 4 venues to be established (or resume gaming machine operations) in the territorial authority district. Do not specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue (ie, allow increases in gaming machines that 'may operate' at existing venues).

Option 5: Venue and machine number sinking lid

Do not allow Class 4 venues to be established (or resume gaming machine operations) in the territorial authority district. Specify restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue.

Such restrictions would apply to amendments to existing licences, as no territorial authority consents would be issued for new Class 4 venues under Option 5.

The policy could specify any restrictions on the maximum number of machines for:

- Class 4 venue licences held on 17 October 2001
- Class 4 venue licences granted after 17 October 2001
- licensed Class 4 clubs whose licences were granted after 17 October 2001 and who apply for more than nine machines
- two or more licensed Class 4 clubs that wish to merge and apply to increase the number of machines that can be operated at a venue licensed on 17 October 2001.

Note: A territorial authority consent is not revocable once issued, nor can it lapse or expire – it is a one-off assent to a situation. A territorial authority does not have any retrospective powers under the Gambling Act 2003 over venues it has given consent to.

Note: Because of the limited number of venues that it affects, a sinking lid policy is likely to make very little difference to the *existing* number of machines or venues, or the existing level of community funding within a district.

TAB venue policy

Note: the policy options below only relate to TAB venues. ‘TAB venue’ refers to premises that are owned or leased by the Totalisator Agency Board and where the main business carried on at the premises is providing racing-betting or sports-betting services. The policy options below do not, therefore, apply to TAB outlets in pubs. TAB outlets in pubs are not required to obtain territorial authority consent under the Racing Act 2003.

Option 1

Do not allow new TAB venues to be established in the territorial authority district.

Option 2

Allow new TAB venues to be established in the territorial authority district and specify where they may be located.

This policy may mean, for example, that new TAB venues may only be located in certain area units within the district, or a certain distance away from schools or churches. You should ensure that the wording of your policies clearly covers every possible situation (eg, a proposal to relocate a TAB from one place to another).

Further information about TAB venue policy options is available on the [Department of Internal Affairs' website](#).

Things to remember

Make sure you have:

- considered whether the wording of your policy clearly covers every situation you intend it to cover – the policy should clearly state how it would operate in every circumstance envisaged by the Act, such as club applications under sections 95 and 96 of the Gambling Act 2003, and proposals for a business to relocate from one venue to another (eg, in the event of fire)
- ensured your policy's wording is consistent with the wording of the Act, includes elements that are required to be included and does not take irrelevant considerations into account
- made it clear whether you intend a policy to be permissive or prescriptive, and ensure it is phrased accordingly
- considered whether what you think a policy allows may not appear so to an independent reader (mistakes in drafting can be expensive to rectify at a future date)
- ensured changes to Class 4 gambling venue and TAB policies are consulted on and documented in a manner that complies with relevant legislation
- sought legal advice if in doubt.

What policies have been adopted

The Problem Gambling Foundation of New Zealand has prepared a [table showing the current gambling venue policies of all territorial authorities](#). The Charity Gaming Association has web pages that show the up-to-date policy of every territorial authority and links to a summary table of those that are currently reviewing their [gambling venue policies](#) or have an upcoming review. Many territorial authorities publish their gambling venue policies on their websites.

Overview of Gambling in New Zealand

Participation

Although various New Zealand surveys show slightly varying rates of participation in gambling activities, recent surveys (Department of Internal Affairs 2008; Health Sponsorship Council 2007; Ministry of Health 2008) show that:

- a majority of adults in New Zealand gamble
- most of those who do gamble play Lotto
- a minority of adults play non-casino gaming machines, gamble in casinos, bet on horse or dog races, and bet on sports events.

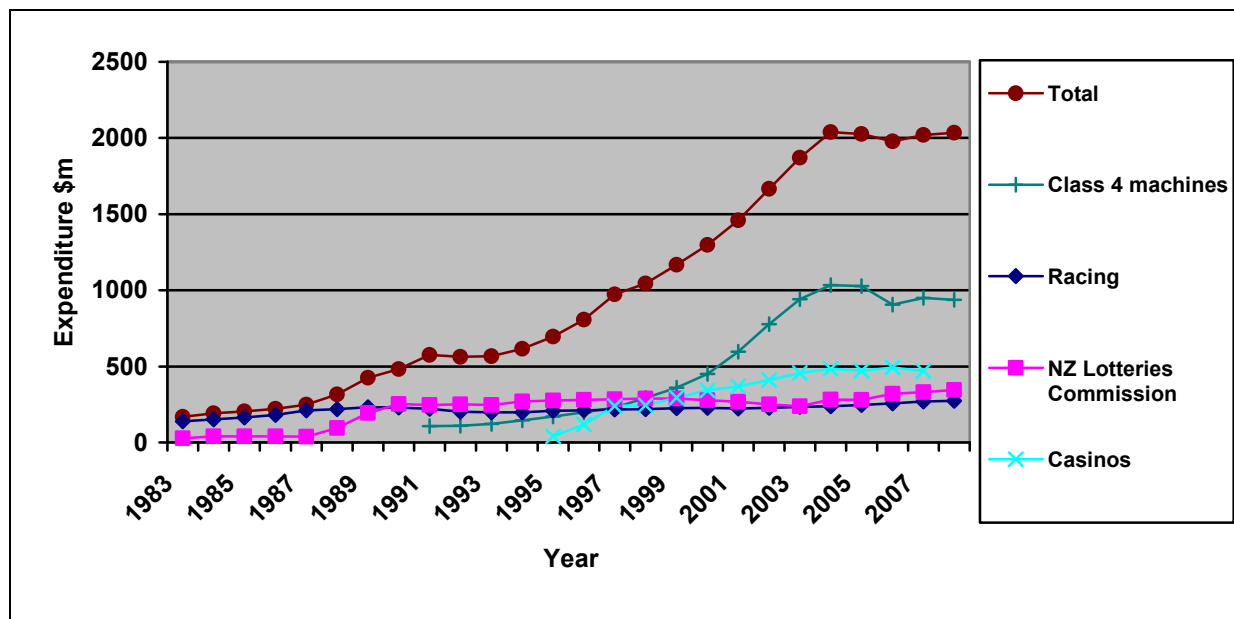
For example, the [2006/07 New Zealand Health Survey](#) indicated that around 55% of adults had played Lotto at least once in the year before the survey. The equivalent figure for Class 4 gaming machines was about 10%, for betting on horse or dog races about 9%, for casino gaming machines about 8%, and for sports betting about 5%.

National expenditure

[The Department of Internal Affairs' Gaming Statistics web page](#) has detailed information on gambling expenditure statistics, including quarterly Class 4 gambling machine expenditure statistics published one month after the end of each quarter. The following is an overview of the national expenditure trends.

- Total gambling expenditure in New Zealand has trended upward since 1983, but has levelled off since 2004. Gambling expenditure totalled \$168 million in 1983, peaked at \$2.039 billion in 2004, and was \$2.034 billion in 2008.
- Total Class 4 gambling expenditure in New Zealand trended upward between 1991 and 2004, and has since declined. Class 4 gambling expenditure totalled \$107 million in 1991, peaked at \$1.035 billion in 2004, and declined to \$938 million in 2008.
- Total racing gambling expenditure in New Zealand has trended upward since 1993. Racing gambling expenditure totalled \$198 million in 1993, and reached \$273 million in 2008.

Figure 1: National expenditure statistics, 1983–2008 (actual dollars, non-inflation adjusted, for gambling operators' financial year end)



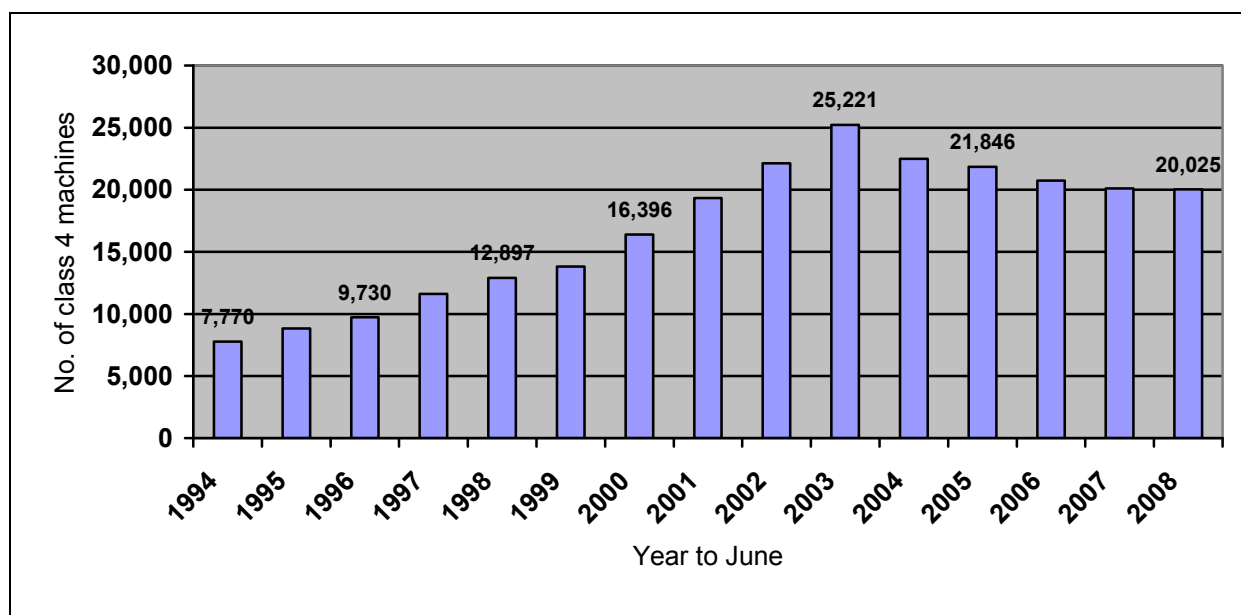
Source: [Department of Internal Affairs, Gaming Expenditure Statistics](#)

Class 4 gambling

Class 4 gaming machines (all gaming machines located outside of casinos) are found throughout New Zealand in premises licensed for Class 4 gambling, such as pubs, clubs and hotels. As at 30 September 2008 there were 20,025 Class 4 gaming machines.

The number of Class 4 gaming machines peaked in 2003, when there were 25,221 machines, and has since slowly declined following the passing of the Gambling Act 2003.

Figure 2: Number of Class 4 gaming machines in New Zealand, 1994–2008



Source: [Department of Internal Affairs, Gaming Expenditure Statistics](#)

The odds of winning on Class 4 gaming machines

The theoretical return to player (RTP) has to be set between 78% and 92%. This is a theoretical return to player over the *life of the machine* (millions upon millions of 'plays').

In theory, at a 90% RTP a patron is only losing around 10 cents in each dollar (10%) wagered. However, a simple reading of this sentence does not take into account the 'churn' factor. That is, someone puts a dollar into a machine, and after their first wager they get 90 cents back. Then they make another wager, and lose 10% of that, so have 81 cents left. Then they wager again, and have 73 cents left and so on. People may wager their wins, or chase their losses.

Community grants

The Gambling Act 2003 provides for Class 4 gambling to be permitted only where it is used to raise funds for community purposes. A minimum of 37.12% of the gross proceeds (ie, turnover [aggregate stakes] minus player wins) from Class 4 gambling is returned to the community in the form of community grants.

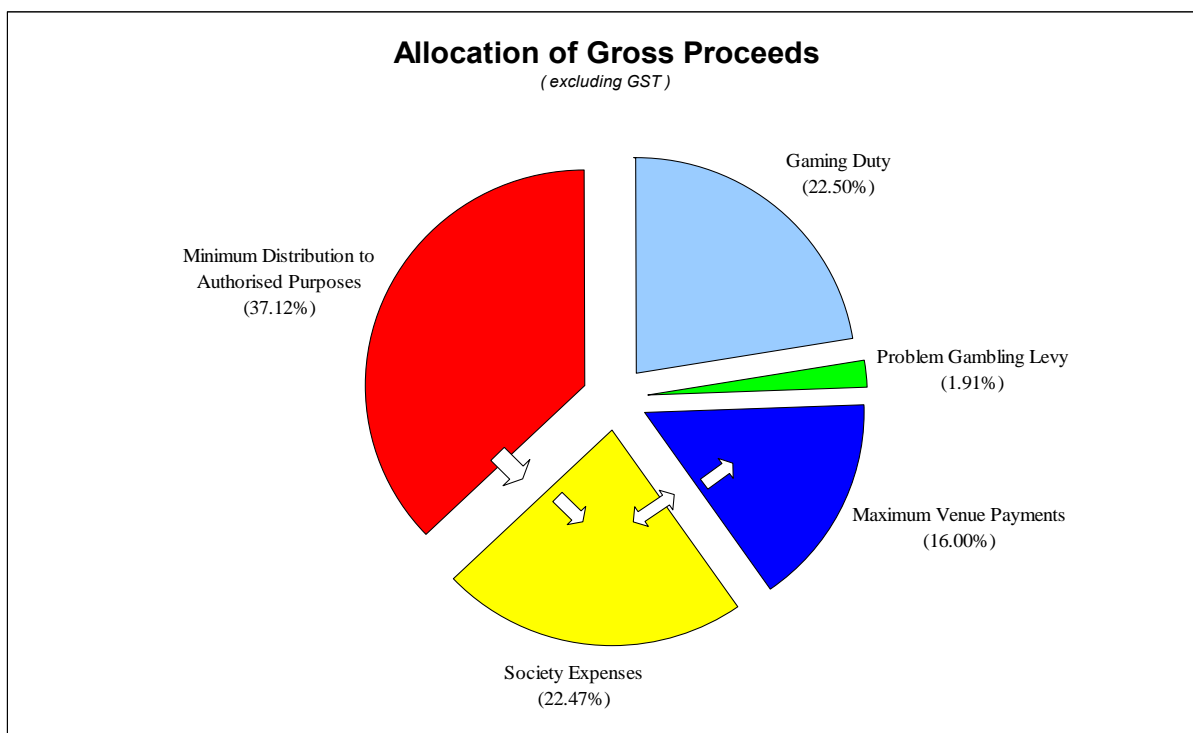
Corporate societies are required, under the Gambling Act 2003 and the Gambling (Class 4 Net Proceeds) Regulations 2004, to distribute a minimum of 37.12% of their annual gross proceeds from Class 4 gambling to authorised purposes (community grants), which is either:

- a charitable purpose; or
- a non-commercial purpose that is beneficial to the whole or a section of the community; or
- promoting, controlling, and conducting race meetings under the Racing Act 2003, including the payment of stakes.

Allocation of gross proceeds (excluding GST)

Legislation dictates that each dollar of gross proceeds (ie, turnover [aggregate stakes] minus player wins) must be distributed in accordance with the pie chart shown in Figure 3. These include the fixed amounts towards gaming duty and the problem gambling levy. Also shown are the variable amounts relating to the maximum percentages available for venue payments (money a society pays venues to cover the costs of running the gaming machines), society expenses, and the minimum percentage return to authorised purposes. All societies have an obligation to minimise expenses and maximise their return to authorised purposes (community grants).

Figure 3: Allocation of gross proceeds (excluding GST)



Source: Department of Internal Affairs.

The following table outlines the comparative allocation percentages/rates on a GST inclusive and a GST exclusive basis.

Table 1: Allocation rates, GST exclusive and GST inclusive

Allocation of gross proceeds	GST inclusive	GST exclusive
GST	11.11%	–
Gaming machine duty	20.00%	22.50%
Problem gambling levy	1.70%	1.91%
Venue payments (maximum)	14.22%	16.00%
Authorised purpose distribution (minimum)	33.00%	37.12%

Public attitudes to gambling

[The Department of Internal Affairs' 2005 People's Participation in, and Attitudes to, Gambling Survey](#) made the following findings.

- The majority of respondents (84%) were in favour of gambling activities being run to fundraise for a worthy cause.
- The majority of respondents (63%) were either happy, or largely happy but with some doubts, about how some of the profits from gambling in New Zealand are currently distributed to sport, charities and community. Only 10% of respondents said that they were not happy with how the money is given out. Respondents' main concerns with profit distribution related to their beliefs that gambling should not be used as a source of funding, that the money should go to more worthy or needy causes, or that they were unsure where the money goes or how fairly or evenly the funding is distributed.
- Nearly half of respondents (46%) felt that the number of gambling venues in their area was about right, a further 41% thought there were too many places, and only 1% thought there were not enough places for gambling in the area they lived.
- Most of the 41% of respondents who thought there were too many places to gamble in their area said that there were too many gaming machine venues (87%), followed by TABs (20%), Lotto/Keno/Instant Kiwi outlets and casinos (both 14%).
- The majority of respondents indicated that Class 4 gambling (64%) is socially undesirable.

Overview of Problem Gambling in New Zealand

What is problem gambling?

While most people do not experience problems resulting from their gambling, it can cause harm for some people. Section 4 of the Gambling Act 2003 defines gambling-related harm. In this context, harm:

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

What are the impacts of problem gambling?

The impacts of problem gambling can be very broad, ranging from relatively mild to very severe. A 2001 report, [What Do We Know about Gambling and Problem Gambling In New Zealand](#) (), notes that:

gambling problems exist on a continuum. A significant minority of people experience one or a few problems that are often transient, a smaller number experience more serious problems that vary in duration, and a smaller number still have very serious problems that are often chronic or chronically relapsing. For people at the severe end of the continuum, the consequences of their problems are devastating for themselves and often for others in their lives. They not infrequently lead to serious psychological disturbance, relationship breakups, financial ruin, criminal offending, imprisonment and suicide. (Abbott 2001).

Problem gambling prevalence

New Zealand research suggests that, at any given time, between 0.3% and 1.8% of adults living in the community in New Zealand are likely to score as 'problem gamblers' on standard questionnaires. This conclusion is largely derived from three large surveys, using different questionnaires, over a period of eight years (Abbott and Volberg 2000; Ministry of Health 2006b, 2008a). The most recent of these surveys, the [2006/07 New Zealand Health Survey](#), returned the lowest estimate (0.4% of the total adult population, which equates to about 13,000 people), but this may be because of the questionnaire used rather than because the prevalence of problem gambling has declined.

There are also a number of people who are at risk of becoming problem gamblers. The 2006/07 New Zealand Health Survey indicated that approximately 1.3% of the total adult population, or 43,000 people, are at moderate risk of their gambling becoming a problem, and 3.5%, or 115,000 people, are at low risk of their gambling becoming a problem.

Others harmed by gambling

In addition to the estimated numbers of problem gamblers in New Zealand, there are also a significant number of people who are harmed by someone else's gambling. A recent New Zealand study, [Problem Gambling: Barriers to help seeking behaviours](#), which also reviewed a range of research, concluded that 'each problem gambler is likely to directly affect at least five other people ... These estimates are thought to be conservative' (Bellringer, Pulford, Abbott, et al 2008).

[New Zealand's 2006/07 Gaming and Betting Activities Survey](#) noted that around 16% of adults reported someone in their wider family household going without something they needed, or bills being unpaid, because someone spent too much money on gambling. [The 2006/07 New Zealand Health Survey](#) estimated that 2.8% of adults (around 87,000 adults) had experienced problems due to someone's gambling in the year before the survey.

Problem gambling services

The Ministry of Health contracts for [intervention services](#) throughout New Zealand to provide psychosocial support and clinical interventions for individuals affected by their own or someone else's gambling. The Ministry also contracts for [public health services](#) to perform a variety of activities in the community to reduce gambling-related harm. Detailed information about problem gambling services, including the [locations of these services](#), is available on the Ministry's Problem Gambling Website.

[The Department of Internal Affairs has also produced a useful Summary of Key Facts](#) relating to problem gambling in New Zealand. Finally, the [Problem Gambling Foundation of New Zealand](#) has a problem gambling library available to the public.

Associations with Problem Gambling

Research has found a number of factors that are associated with problem gambling, including:

- gambling participation and expenditure
- socioeconomic deprivation
- low income
- ethnicity
- location and/or density of gambling venues
- co-morbidities
- crime.

The following sections provide further information and links to relevant sources of information for each of these. It is important to note, however, that the factors found to be *associated with* problem gambling are not necessarily *causally linked with* problem gambling.

Participation and expenditure

A recently completed study, [Assessment of the Social and Economic Impacts of Gambling in New Zealand](#) found that:

those who had higher levels of participation in gambling activities (based on time spent and losses relative to income) perceived themselves to have experienced significantly worse physical health, worse mental health, poorer feelings about self and lower satisfaction with life. However, there was no association with their perceptions of their relationships with family/friends and their overall quality of life; nor was there an association with their self-rated work and study performances and their ability to take care of children and elderly. There were also no associations with participants' self ratings of their financial situation, housing situation or material standard of living. (SHORE 2008).

[The 1999 New Zealand National Prevalence Survey](#) found that although only a small percentage of the adult population was estimated to currently experience significant gambling problems, this group accounted for about 20% of total reported gambling expenditure.

A 2001 report, [What Do We Know about Gambling and Problem Gambling in New Zealand?](#) noted that 'one of the most consistent findings in problem gambling research is that there is a strong relationship between preferences for, regular involvement in, and high expenditure on forms of gambling that are continuous in nature'. The report concludes that although regular participation in, and high expenditure on, Class 4 and casino gaming machines, track betting, and casino table games appears to be strongly associated with problem gambling, in terms of the total number of people involved, it is clear that Class 4 gaming machines are particularly significant (Abbott 2001).

An article published in the *Journal of Gambling Research*, [Do EGMs and problem gambling go together like a horse and carriage?](#), noted that while electronic gaming

machine (EGM) density and expenditure have increased in New Zealand, problem gambling prevalence has decreased. The research hypothesises that exposure to new forms of gambling, particularly EGMs, leads to increased participation and problem gambling, but that over a number of years society adapts and problem levels reduce. One of the elements the article proposes may be involved in this process of adaptation is that EGM-related problems develop and resolve much more rapidly than for some other forms of gambling (Abbott 2006).

A six-year longitudinal study of Pacific families, [Problem Gambling: Pacific Islands families longitudinal study](#) found a clear association between higher expenditure on gambling and being classified as a low-risk, moderate-risk or problem gambler (Bellringer, Abbott, Williams, et al 2008).

Deprivation

People living in high-deprivation neighbourhoods are more exposed to gaming machines and TABs, and are more likely than people living in other neighbourhoods to be problem gamblers and to suffer gambling-related harm. This is indicated by the following research findings.

- [The 2006/07 New Zealand Health Survey](#) found that the prevalence of problem gambling increased as neighbourhood deprivation increased, from zero prevalence in neighbourhoods of low deprivation to 1.2% of people living in neighbourhoods of high deprivation.
- [The 2002/03 New Zealand Health Survey](#) found that problem gambling rates were higher in the 20% of most deprived areas compared with the 20% of least deprived areas.
- The data from the 2002/03 New Zealand Health Survey was used to complete further analysis, [Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand](#) which established that those who lived in neighbourhoods closer to gambling venues were more likely than those who lived in neighbourhoods furthest from gambling venues to be problem gamblers who had gambled at a gambling venue in the previous year (Ministry of Health 2008c).
- Recent research has found that Class 4 gaming machines and TABs are far more likely to be found in more deprived areas than in less deprived areas (Ministry of Health 2006a).
- [The 2006/07 Gaming and Betting Activities Survey](#) found that people in deprived areas were more likely to report harm in the wider family or household than people in less deprived areas.

Low income

[The 1999 New Zealand National Prevalence Survey](#) found that low-income groups spent proportionately more of their household incomes on gambling, and that gambling harm disproportionately affected low-income New Zealanders (Abbott and Volberg 2000).

Type of gambling

National and overseas surveys and research consistently identify Class 4 gaming machines as the type of gambling most associated with gambling problems, followed by casinos, TAB betting, and finally Lottery products. Following are a few examples.

- [The 1999 New Zealand National Prevalence Survey](#) found that problem gamblers were much more likely to report that they prefer playing gaming machines outside casinos and betting on horse or dog races (Abbott and Volberg 2000).
- [The 2006/07 New Zealand Health Survey](#) estimated that 87,000 adults had had problems in 2006/07 because of someone's gambling. Non-casino gaming machines were cited as being involved in 53% of these cases, and casino gaming machines as being involved in 33%. These were the two highest figures. The next highest figure was 16% for track betting.
- [The New Zealand 2006/07 Gaming and Betting Activities Survey](#) asked the adults surveyed if they had had an experience where they spent more time or money on gambling than they meant to. Of those who said that they had, one-third (33%) said this had happened when playing gambling machines in a pub or a club, 32% said this had happened when betting on horse or dog races or a sporting event, 19% said this had happened when playing gambling machines at one of the six casinos, and 13% said this had happened when buying a lottery ticket.
- A recent assessment of the social and economic impacts of gambling in New Zealand found that 'as much as a net 2.4% of the population may have an inferior state of reported mental wellbeing as a result of gambling. The main source of these numbers is from those who use pokie machines and those who are associated with gamblers' (SHORE 2008).
- [The 2003 Victorian Longitudinal Community Attitudes Survey](#) found that playing electronic gaming machines was the favourite type of gambling for 84.2% of Victoria's problem gamblers. Thirteen percent of Victorian problem gamblers preferred casino gambling, and betting on horse or greyhound races or a sporting event was the third favourite type of gambling among problem gamblers (8.8%).
- A review of the addictiveness of electronic gaming machines noted that there is 'substantial evidence to suggest that EGM gambling is the predominant form of gambling displayed by problem and pathological gamblers presenting to treatment services in countries across the world ... There is no doubt that EGM problem gamblers represent a clinically significant proportion of problem gamblers accessing treatment services' (Dowling et al 2005).

Ethnicity

Māori and Pacific peoples are more likely than other groups to be problem gamblers, and are more likely to suffer gambling-related harm. This is indicated by the following research findings.

- [The 1999 New Zealand National Prevalence Survey](#) estimated that while Māori and Pacific peoples formed less than 20% of the general population, they made up 44% of problem gamblers. It also estimated that Māori were 4.5 times more likely than the general population to be problem gamblers, and Pacific people 6.2 times more likely.

- [The 2006/07 New Zealand Health Survey](#) estimated that Māori and Pacific adults were more than 3.5 times more likely than adults in the total population to be problem gamblers. The survey also estimated that 7.0% of Māori and 7.6% of Pacific people experienced problems in the previous year due to someone's gambling, compared with 2.1% of Europeans/Others.
- [The 2006/07 Gaming and Betting Activities Survey](#) found that Māori and Pacific people were more likely to report problematic gambling behaviour, and were more likely to report harm in the wider family or household, than European/Other people. In particular, 38% of Māori and 28% of Pacific people reported someone in their wider family household going without something they needed, or bills being unpaid, because someone spent too much money on gambling, compared with 13% of the Asian group and 12% of European/Other people.

Class 4 gaming machines pose particular risks for Māori and Pacific people, especially women. This is indicated by the following research findings.

- [The 2005 Participation and Attitudes Survey](#) indicated that Māori played Class 4 gaming machines more often than other ethnic groups, had longer sessions, spent more, and were more likely to believe (probably mistakenly) that they had won or broken even overall. These are all risk factors for problem gambling. In addition, men reported playing Class 4 gaming machines more often, but women played for longer, spent more, and were more likely to believe they had won or broken even overall.
- [The 2006/07 Gaming and Betting Activities Survey](#) found that women were more likely than men to play Class 4 gaming machines regularly, and that Māori and Pacific people were more likely than the Asian group and European/Other people to play regularly.
- [The 2007 Problem Gambling Service-User Statistics](#) found that 78.7% of new female clients of the face-to-face intervention services received help for problems associated with Class 4 gaming machines, compared with 57.7% of new male clients. Further, although Māori women make up only a small percentage of the female population, there were almost as many Māori women clients as New Zealand European/Pākehā women citing problems with casino and Class 4 gaming machines.

Location/density of gambling venues

[Recent research, *Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand*](#) found that people living in neighbourhoods closer to gambling venues were significantly more likely to be problem gamblers. Also, the more gambling venues there were within close driving distance (5 km) of a person's neighbourhood centre, the more likely it was that the person had gambled at a gambling venue in the past year. Overall, the study found that gambling behaviour was strongly associated with the distance to the nearest gambling venue.

The authors of the research concluded that establishing gambling venues in a neighbourhood could possibly have a negative impact on the people living in that neighbourhood, due to the relationship between distance to the nearest gambling venue and gambling behaviour.

Note: A limitation of the Raising the Odds study is that it cannot be used to measure causality.

Co-morbidities

Problem gamblers have disproportionate rates of psychiatric disorders, smoking addiction, and alcohol and drug addiction. This is indicated by the following research findings.

- [A Review of Research on Aspects of Problem Gambling](#) completed by the Auckland University of Technology, found that ‘some mental disorders are highly comorbid with pathological gambling. There is a large body of research, including methodologically sound general population studies, indicating particularly high comorbidity with alcohol and other substance abuse disorders’.
- [The Queensland Household Gambling Survey 2006–07](#) found that nearly half of low, moderate and problem gamblers had reported gambling under the influence of alcohol or illegal drugs in the past 12 months; that two-thirds of problem gamblers were smokers; and that problem gamblers had high rates of personal mental health issues.

The authors acknowledge, however, that ‘it is not apparent whether associated psychological states or comorbid disorders precede, develop in conjunction with, or occur subsequent to the development of problem gambling’ (Abbott et al 2004).

Crime

A recent study, [Problem Gambling: Formative investigation of the links between gambling \(including problem gambling\) and crime in New Zealand](#), found that ‘gamblers and significant others believe that a relationship exists between gambling and crime’, and that ‘there is substantial unreported crime, a large proportion of which is likely to be related to gambling and that there are a large range of crimes committed in relation to gambling (particularly continuous forms of gambling), and not just financial crimes’ (Bellringer, Abbott, Coombes, et al 2008).

How to Construct a Profile of Your District

Overview

The purpose of this section is to help you to construct a profile of your district. The profile will include statistical information and reference to credible gambling-related research designed to provide guidance to a territorial authority.

- Class 4 gaming machines and TABs in your district
- National comparisons
- The benefits of gambling in your district
- The costs of gambling in your district

Class 4 gaming machines and TABs in your district

This section will discuss the relevance of identifying the number of Class 4 venues and gaming machines and TABs within each area unit of your district in relation to deprivation and ethnicity data. It will also show you where to find this information and provides an example of how this information could be presented.

Location of TAB venues and Class 4 gaming machines

Relevance

Knowing the location and density of TABs and Class 4 gaming machines within the area units of a district may be relevant to a territorial authority because:

- being a problem gambler is significantly associated with living closer to gambling venues (Ministry of Health 2008c)
- area units with high population per machine figures may warrant particular consideration when reviewing the Class 4 gambling venue policy, especially if these area units correlate with other demographic factors associated with a higher risk of gambling harm (such as high deprivation and/or a high percentage of Māori and Pacific people).

Where to find information

The location (addresses) and number of gaming machines permitted to operate at all Class 4 venues can be viewed on the [Department of Internal Affairs' Gaming Statistics web page](#). However, it is recommended that you contact the Department of Internal Affairs and request a report under section 103 of the Gambling Act 2003 for up-to-date venue locations and numbers in your district. The web page statistics include national statistics for comparison purposes. Go to the [Department of Internal Affairs' Information for Territorial Authorities](#) web page to find out who to contact.

[The New Zealand Racing Board](#) can provide, on request, the street addresses of all TAB outlets. You can use geo-coding software to convert the location (addresses) of the Class 4 venues supplied by the Department of Internal Affairs into x and y co-

ordinates, which will identify in which area unit the gambling venue is located. The distribution of gambling venues and machines within an area unit can then be compared with Statistics New Zealand data (ethnicity) and deprivation levels.

Area unit-level data on population data sets is available on the [Statistics New Zealand website](#), based on the most recent census. You can also request from Statistics New Zealand (ph: 0508 525 525, toll free in New Zealand) the usually resident adult (15 years and over) population for each area unit at the last census.

Expenditure

Relevance

Knowing the gambling expenditure from Class 4 gaming machines and TABs within the area units of a district may be relevant for the following reasons.

- Problem gambling research indicates a strong relationship between preferences for regular involvement in, and high expenditure on, forms of gambling that are continuous in nature (Abbott 2001).
- If there are high expenditure-per-gaming-machine figures in particular area units, relative to other area units, this would indicate that the machines in these area units are being used more extensively than in other area units.
- If there are high expenditure-per-person figures in particular area units, relative to other area units, then this would indicate that the people in that area unit spend proportionally more on gaming machines than people in other area units.
- Area units with high-expenditure-per machine and high-expenditure-per-person figures, relative to other area units, may warrant particular consideration when reviewing the venue policy, especially if these figures correlate with other demographic factors associated with a higher risk of gambling harm (such as low income, high deprivation and/or a high percentage of Māori and Pacific peoples).

Where to find information

Gambling expenditure data from Class 4 gaming machines and TABs within the area units of a district is not readily available. However, it is reasonable to assume that the more Class 4 gaming machines or TABs within an area unit, the higher the gambling expenditure.

Expenditure for your territorial authority (and others for comparison purposes) can be found on the Department of Internal Affairs' website.

Deprivation

Relevance

Knowing the deprivation levels within the area units of a district may be relevant because:

- people living in high-deprivation neighbourhoods are more likely than people living in other neighbourhoods to be problem gamblers and to suffer gambling-related harm (Ministry of Health 2006a)
- low-income groups spend proportionately more of their household incomes on gambling, and gambling harm disproportionately affects low-income New Zealanders (Abbott and Volberg 2000)
- area units with low-income and high-deprivation figures may warrant particular consideration when reviewing the venue policy, especially if these figures correlate with other demographic factors associated with a higher risk of gambling harm (such as high gambling expenditure, and/or a high percentage of Māori and Pacific peoples).

Where to find information

Area unit data from the deprivation level data set is available on the [University of Otago, Wellington website](#), based on the most recent census. [Statistics New Zealand website](#) (ph: 0508 525 525, toll free in New Zealand) can provide, on request, the area units within a territorial authority.

Ethnicity

Relevance

Knowing the percentage of Māori and Pacific people within the area units of a district may be relevant because:

- Māori and Pacific people are more likely than other groups to be problem gamblers, and are more likely to suffer gambling-related harm (Ministry of Health 2008a, Abbott and Volberg 2000).
- Class 4 gaming machines pose particular risks for Māori and Pacific people, especially women (Health Sponsorship Council 2007, Department of Internal Affairs 2008).
- area units with higher percentages of Māori and/or Pacific people may warrant particular consideration when reviewing the venue policy, especially if these figures correlate with other demographic factors associated with a higher risk of gambling harm (such as high gambling expenditure and high deprivation).

Where to find information

Area unit-level data on the ethnicity data set is available on the [Statistics New Zealand website](#), based on the most recent census. Statistics New Zealand (Ph: 0508 525 525, toll free in New Zealand) can also provide, on request, the ethnicity data on the adult population within each area unit within a particular district.

Example

The following link provides an example of how information on the numbers of Class 4 gaming machines and TABs within each area unit of the district can be presented in

relation to the adult population, deprivation, and ethnicity data. This will enable territorial authorities to identify area units within a district that may be at higher risk of its population being affected by gambling harm.

Example 1:

Class 4 gaming machines and TABs in the district

National comparisons

This section will discuss the relevance of knowing how the number of Class 4 gaming machines within a district compares with the national average. It will also show you where to find this information and provide an example of how this information could be presented.

Relevance

Every territorial authority is unique, and therefore assessing the impact of gambling within your own territorial authority will be of primary importance. However, knowing how the numbers of, and expenditure on, Class 4 gaming machines in your district compares with the national average may provide some useful context. Table 2 below provides some guidance on the relevance of making national comparisons.

Table 2: Relevance of national comparisons

Gambling statistics compared to national average			Interpretation and/or suggestions
Number of Class 4 machines per person	Expenditure per machine	Expenditure per person	
Lower	Lower	Lower	This would suggest that your territorial authority has fewer machines than most districts and that those machines are not being used as much compared to machines in other districts.
Lower	Higher	Lower	This would suggest that your territorial authority has fewer machines than most districts, but the machines in your district are being used more compared to machines in other districts.
Higher	Lower	Lower	This would suggest that your territorial authority has more machines than most districts, but the machines in your district are not being used as much as machines in other districts.
Higher	Lower	Higher	This would suggest that your territorial authority has more machines than most districts, and that people in the district spend less at individual Class 4 gaming machines but more on Class 4 gaming machines collectively.

Higher	Higher	Higher	This would suggest that your territorial authority has more machines than most districts, and that these machines are being used more compared to the machines in other districts.
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Where to find information

Information on the number of gaming machines, and gross proceeds (ie, turnover [aggregate stakes] minus player wins) for Class 4 gambling, by territorial authority and nationally, is available on the [Department of Internal Affairs website](#).

Population estimates, by territorial authority and nationally, are available on the [Statistics New Zealand website](#). You can also request from Statistics New Zealand (ph: 0508 525 525, toll free in New Zealand) usually resident adult (15 years and over) population estimates, by territorial authority and nationally.

Example

The following link provides an example of how the number and density of Class 4 gaming machines within a district can be compared with the national average figures.

[Example 2:](#)
National comparison of Class 4 gaming machines

The benefits of gambling in your district

This section will discuss the benefits of gambling in your district, including its entertainment value, its impacts on employment, and its contribution to community funding. It will also show you where to find information on the amount of community funding from Class 4 gaming machines going into your district, and how this community funding is distributed among differing community groups (such as sporting or community organisations) within your district.

- Entertainment
- Employment
- Community funding

Entertainment

Gambling can be a harmless entertainment activity from which people derive personal enjoyment and positive social effects. For example, a Department of Internal Affairs survey, [People's Participation in, and Attitudes to, Gambling, 1985–2005](#) found, in the 2005 study, that 60% of participants said they gambled on Class 4 gaming machines as a form of entertainment, and 16% as a way to be with people or to get out of the house.

A 2007 research project, [Whakatau Mai Ra: The Impacts of Gambling for Māori Communities: A national Māori collaborative approach](#), concluded that 'socialising,

enjoyment, and fun directly related to more communal activities such as housie and community raffles. Based on the findings, there is a clear view that people genuinely do enjoy participating in gambling activities, and the benefits of being able to socialise with others, particularly whanau members’.

Employment

Class 4 industry

The Charity Gaming Association, the largest association of non-club corporate societies who run Class 4 gambling machines, completed a survey that estimates there are 300 full-time equivalents (FTEs) directly employed by Class 4 non-club corporate societies. There are 215 employees of external service providers and contractors providing either full-time or part-time services direct to the societies.

For further details about this survey, please contact the [Charity Gaming Association](#). However, in brief:

- the survey was conducted over February/March 2009
- 15 of 51 non-club Class 4 gambling societies (29%) supplied data
- 386 of 1168 Class 4 venues (32%) were represented
- averaged data from the respondent societies has been extrapolated to establish the estimates.

The racing industry

When it was set up in August 2003, one of the NZ Racing Board’s first tasks was to commission a study of the size of the industry and its impact on the New Zealand economy. It found that racing creates some 18,300 full-time jobs, generating more than \$679 million in salaries and wages (source: New Zealand Racing Board website).

Community funding

The Gambling Act 2003 provides for Class 4 gambling to be permitted only where it is used to raise funds for community purposes. Corporate societies are required – under the Gambling Act 2003 and the Gambling (Class 4 Net Proceeds) Regulations 2004 – to distribute a minimum of 37.12% of their annual proceeds from Class 4 gambling to authorised purposes (community grants), which can be:

- a charitable purpose; or
- a non-commercial purpose that is beneficial to the whole or a section of the community; or
- promoting, controlling, and conducting race meetings under the Racing Act 2003, including the payment of stakes.

The corporate societies that operate gaming machines tend to fall into two broad categories: public societies and clubs.

Public societies are societies that operate gaming machines in commercial venues, typically bars. They typically, but not always, distribute their profits to the wider community by way of grants (Department of Internal Affairs 2007).

Clubs are societies that operate gaming machines in their own premises. There are three types of clubs:

- chartered clubs
- Returned and Services' Associations (RSAs)
- sports clubs (eg, bowling clubs, squash clubs).

Most clubs that operate gaming machines do so in only one venue – their clubrooms. They also tend to apply the profits of their gaming machines to their own purposes, typically their club operating costs (Department of Internal Affairs 2007).

The Gambling Act 2003 requires corporate societies that conduct Class 4 gambling mainly to distribute net proceeds to the community, to publish – at least annually – the persons or groups who have received the grants, and the net amounts of such grants. These societies are also required, under the Gambling (Class 4 Net Proceeds) Regulations 2004, to maintain a website that includes this information.

Distribution of grant money

Knowing how the grant money from the proceeds of Class 4 gaming machines is allocated will help you to understand:

- how much grant money is allocated to the district, the region or nationally
- which sectors of the community are benefiting from the grant money that is allocated to the district.

[The Problem Gambling Foundation of New Zealand](#) collates the grant distribution information that has been published by corporate societies nationally. The Foundation can provide you with a local-level report about such information on request.

The Department of Internal Affairs' report [Where Do Gaming Machine Profits Go?](#) provides results from a 2005 survey of gaming machine operators on the contribution their profits made to authorised (community) purposes.

The Department of Internal Affairs is working towards an electronic database that will collate and present information about the distribution of grant money, but this is unlikely to happen for a number of years. In the meantime, the Department of Internal Affairs will be repeating the 2005 *Where Do Gaming Machine Profits Go?* survey. This survey will be carried out over a 12-month period spanning 2009 and 2010, with results due to be published in 2011.

The costs of gambling in your district

This section will discuss the costs of gambling in your district. It will also show you where to find information on the number of people accessing specialist problem

gambling services in your district and provides an example of how this information could be presented.

Introduction

Most people do not experience problems resulting from their gambling. However, for the minority that do develop a problem, the impacts can be far reaching and – at the extreme end of the spectrum – devastating. Following is a summary of the general adverse impacts of problem gambling.

- *Personal impacts* – these include elevated physical and mental health problems relative to the general adult population and, in extreme cases, suicide attempts and suicide (SHORE 2008; Abbott 2001; Productivity Commission 1999).
- *Financial impacts* – on average, problem gamblers spend approximately 15 times more than non-problem gamblers per month on gambling (Abbott 2001).
- *Interpersonal impacts* – these include relationship breakups and family neglect. Close family members of heavy gamblers are most often affected. In extreme cases, children of problem gamblers may be left with reduced access to basic necessities, including adequate housing, warmth and food. People who report having a parent with gambling problems are also significantly more likely to experience gambling problems themselves, so problem gambling has the potential to have an impact on future generations (SHORE 2008, Abbott 2001; Productivity Commission 1999).
- *Work and study impacts* – these include lost time at work or study and, in extreme cases, resignation or termination of a job or a course due to gambling-related absenteeism or crime (SHORE 2008, Abbott 2001).
- *Criminal and legal impacts* – problem gambling has been linked to criminal activity, and studies have suggested that much of the crime goes unreported (Bellringer et al 2008; SHORE 2008; Abbott 2001). Apart from the financial cost of gambling-related crime to organisations and individuals directly involved, there are often financial and other costs for problem gamblers who are convicted, as well as for their families (Abbott 2001).

[The 2006/07 New Zealand Health Survey](#) estimated that 0.4% of the total adult population (about 13,000 people) are problem gamblers, 1.3% of the total adult population (about 43,000 people) are at moderate risk of their gambling becoming a problem, and 3.5% (about 115,000 people) are at low risk of their gambling becoming a problem.

There are also a significant number of people who are harmed by someone else's gambling. It is estimated that at least five people are adversely affected to varying degrees by a problem gambler's behaviour (Bellringer, Pulford, Abbott, et al 2008).

Estimating the gambling harm in your district

The New Zealand Health Survey is a national survey that includes an estimate of problem gambling prevalence. However, this survey does not include problem gambling prevalence rates by territorial authority district.

The Ministry of Health believes it is useful to approximate the prevalence rate within a district, and one method that has been used to is to divide the number of problem gambling intervention clients in your district by the national rate of help-seeking by those who are experiencing problems due to someone's gambling (0.059).

Example

In 2008, there were 189 problem gambling intervention clients in the Wellington city territorial authority.

$$189 \text{ divided by } 0.059 = 3203$$

Using this calculation, there were an estimated 3203 adults in the Wellington City district who experienced problems due to someone's gambling in 2008.

Comparing the estimated percentage of a district's adult population needing help from gambling harm with the national figure and other comparable districts provides a context with which to assess the likely impact of gambling in your district, compared with other districts.

Notes and assumptions

The Ministry of Health estimates that approximately 5.9% of adults who experience problems due to someone's gambling, including their own, seek help at a problem gambling intervention service. This estimate is based on the percentage of adults who experienced problems due to someone's gambling, including their own, and sought help at a problem gambling intervention service in 2007.

The New Zealand Health Survey indicates that 2.8% of the total adult population (estimated to be 3,339,900 at 30 June 2007) experienced problems due to someone's gambling. This equates to 93,517 adults who experienced problems due to someone's gambling – including their own – in 2007. The Ministry of Health's problem gambling service-user statistics indicate that 5556 of those who experienced problems due to someone's gambling presented as intervention clients to services in 2007. This equates to 5.9% of adults who experience problems due to someone's gambling, including their own, and seek help at a problem gambling intervention service.

A number of assumptions are made in the calculation. The calculation assumes that all districts have similar:

- problem gambling intervention services available (although this is only an assumption, in fact most cities and large towns have a problem gambling intervention service available)
- levels of gambling opportunities
- levels of high-risk populations (Māori and Pacific populations)
- levels of deprivation.

The base-level district estimate should, therefore, be adjusted up or down based on the profile of each district.

Where to find information

[Problem gambling client user statistics](#) are available on the Ministry of Health's Problem Gambling website.

Example

The following link provides an example of how the percentage of people affected by gambling harm within a district can be compared with the national average and other comparable districts.

[Example 3:](#)
Gambling harm in your district

Assessing the Changes Since the Last Review

This section will discuss the relevance of understanding any changes that have occurred in the area units in your district since the last gambling venue review. It will also show you where to find this information and provides an example of how this information could be presented.

Relevance

Understanding the changes that have occurred in your district since the last review will help you to determine whether the objectives of your current policy are being achieved. Key questions for you to consider when examining the significance of changes in the district could include:

- Is the current venue policy allowing a greater than expected increase in Class 4 gaming machine numbers/venues or TAB outlets?
- Is the current venue policy having an effect on the Class 4 gaming machine or TAB expenditure?
- If there have been increases in gambling opportunities, have these increases occurred in new areas or within high-risk areas (as identified in Example 1)? If so, these increases could have a negative impact on the people living in that neighbourhood, due to the relationship between distance to the nearest gambling venue and gambling behaviour (Ministry of Health 2008c).
- If there have been increases in gambling opportunities, has this resulted in increased community funding within the district?
- If there have been decreases in Class 4 gaming machine or TAB gambling expenditure, is this having an affect on community funding?
- Are there any unintended consequences of the current venue policy?

In order to answer these questions, you will need to examine the locations of any new venues that have opened or closed since the last review, and consider what impacts this has had (both negative and positive). It will also be useful to examine the following changes within the district since the last gambling policy review:

- Class 4 machine numbers/venues and TABs.
- Class 4 machine and TAB expenditure.
- grant money given to the district
- the prevalence of those affected by gambling harm.

In assessing the above, you are advised to consult widely with all identifiable stakeholder groups in your community, including community groups that have received grants, problem gambling treatment providers, and relevant industry associations.

Example

The following link provides an example of how the above information can be examined.

[Example 4:](#)
Changes in the district since the last review

Once these district trends are identified, they can then be considered, together with the local knowledge about where new gambling venues have opened/closed and the identified higher-risk area units within the district (Example 1), when answering key questions about the changes in the district and when determining whether the current gambling venue policy is appropriate or other gambling venue policy options should be considered.

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Example 1

Table 3: Gambling machines in the Wellington City territorial authority

	Adult population	No. of venues	No. of machines	Deprivation level rating	Population per machine	% Māori adult population	% Pacific adult population
Tawa Central	3282	3	41	Medium	80	6.40	5.31
Thorndon – Tinakori Road	3567	4	52	Low	69	5.22	1.94
Lambton	4635	4	69	High	67	5.57	2.01
Willis Street – Cambridge Terrace	4416	17	269	High	16	5.97	2.24
Johnsonville South	2343	6	91	Medium	26	7.92	4.98
Newlands North	4026	1	18	Medium	224	9.55	5.22
Ngaio	2325	1	9	Low	258	5.81	1.42
Wilton–Otari	3465	1	3	Low	1155	7.17	2.85
Karori North	1950	1	17	Low	204	3.24	1.70
Karori Park	3267	1	18	Med	181	5.62	5.99
Brooklyn	3216	1	18	Low	179	5.33	1.78
Island Bay West	2571	3	25	Medium	103	8.05	3.73
Newtown West	3243	1	18	High	180	7.98	7.61
Newtown East	4068	3	54	High	75	8.36	10.66
Hataitai	3885	1	16	Medium	243	5.88	2.40
Kilbirnie East	2745	3	54	High	51	9.73	10.93
Kilbirnie West	2619	1	3	Medium	873	8.05	4.71
Lyllall Bay	2412	1	3	Medium	804	9.41	6.44
Strathmore Park	3354	1	18	High	186	8.87	14.70
Miramar South	2724	1	18	Medium	151	6.06	8.70
Miramar North	3840	1	6	Medium	640	6.95	6.01
Seatoun	1575	1	4	Low	393	4.40	1.15
Total		57	824				

Table 4: TABs in the Wellington City territorial authority

	Adult population	No. of venues	Deprivation level rating	Population per venue	% Māori	% Pacific
Tawa Central	3282	1	Medium	3282	6.40	5.31
Thorndon – Tinakori Road	3567	2	Low	1783	5.22	1.94
Lambton	4635	3	High	1545	5.57	2.01
Willis Street – Cambridge Terrace	4416	7	High	631	5.97	2.24
Mt Victoria West	4851	1	Medium	4851	5.75	1.98
Johnsonville South	2343	3	Medium	781	7.92	4.98
Newlands North	4026	1	Medium	4026	9.55	5.22
Newlands South	2709	1	Medium	2709	10.22	4.56
Te Kainga	2886	1	Low	2886	3.94	1.35
Karori Park	3267	1	Medium	3267	5.62	5.99
Brooklyn	3216	1	Low	3216	5.33	1.78
Island Bay West	2571	1	Medium	2571	8.05	3.73
Newtown East	4068	1	High	4068	8.36	10.66
Hataitai	3885	1	Medium	3885	5.88	2.40
Kilbirnie East	2745	2	High	1372	9.73	10.93
Strathmore Park	3354	1	High	3354	8.87	14.70
Miramar North	3840	1	Medium	3840	6.95	6.01

Key

Deprivation rating:


The level of deprivation in an area unit (as measured by the NZ Deprivation Index) has been shown to be associated with a number of health and social problems. The deprivation scale ranges from 1 to 10, where 1 represents the area units with the least deprived scores.

High – a ward unit was considered to be of a high deprivation if it was associated with a score of 8–10.

Medium – a ward unit was considered to be of a medium deprivation if it was associated with a score of 4–7.

Low – a ward unit was considered to be of a low deprivation if it was associated with a score of 1–3.

A red shaded background indicates a figure warranting particular consideration. 

A shaded yellow background indicates an area unit warranting particular consideration. 

Notes

The Adult population figures were sourced from Statistics New Zealand and are based on the usually resident population of those 15 years old and over at the 2006 census.

The Māori and Pacific ethnic adult population figures were sourced from Statistics New Zealand and are based on the usually resident population of those 15 years old and over at the 2006 census.

The Class 4 venue and machine figures were sourced from the Department of Internal Affairs and are based on machines operating at 30 June 2008. Territorial Authorities are encouraged to request a section 103 report from the Department of Internal Affairs for up to date venue locations and numbers in their district.

The TAB venue figures were sourced from the New Zealand Racing Board and are based on TAB outlets operating as at 7 October 2008.

Example 2

Table 5: National comparison in gambling venue numbers and expenditure

	Wellington City territorial authority	National
Class 4 gaming machines	810	19,856
Adult population per machine	197	170
Quarterly expenditure per machine (\$)	\$12,794	\$11,634
Quarterly expenditure per adult (\$)	\$65	\$68

Notes:

Population figures were sourced from Statistics New Zealand and based on the 30 June 2008 estimated usually resident adult (15 years and over) population (159,340 for Wellington City; 3,379,200 nationally).

Class 4 machine numbers were sourced from the Department of Internal Affairs and based on the machines operating at 30 June 2008.

Class 4 gaming machine expenditure figures were sourced from the Department of Internal Affairs and based on the expenditure from April to June 2008 (\$10,363,529 in Wellington City; \$231,008,883 nationally).

Example 3

Table 6: Prevalence of those affected by problem gambling harm in the Wellington City territorial authority in 2008 compared with the national average

	Number of intervention clients in 2008	Estimated prevalence of those affected by gambling harm in 2008	Estimated 2008 adult population	Prevalence as a percentage of adult population
Wellington City territorial authority	189	3,203	159,340	2.0%
National	7388	124,373	3,379,200	3.7%
Other comparable districts:				
Waitakere City	191	3,237	201,300	1.6%
Tauranga City	83	1,407	110,500	1.3%
Christchurch City	728	12,339	369,000	3.3%
Dunedin City	160	2,712	123,000	2.2%

Notes:

An intervention client is an individual client who has received an intervention problem gambling service (this includes brief, full, facilitation, and/or follow-up intervention service types) and who has identified to the service a primary problem gambling mode causing them significant harm. It includes clients who are gamblers and clients who are significant others (family members and others affected by someone else's gambling).

The population figures were based on the usually resident adult population estimated by Statistics New Zealand as at 30 June 2008.

Example 4

Figure 4: Approved Class 4 venues in the Wellington City territorial authority since last review, by quarter, June 2005 to June 2008

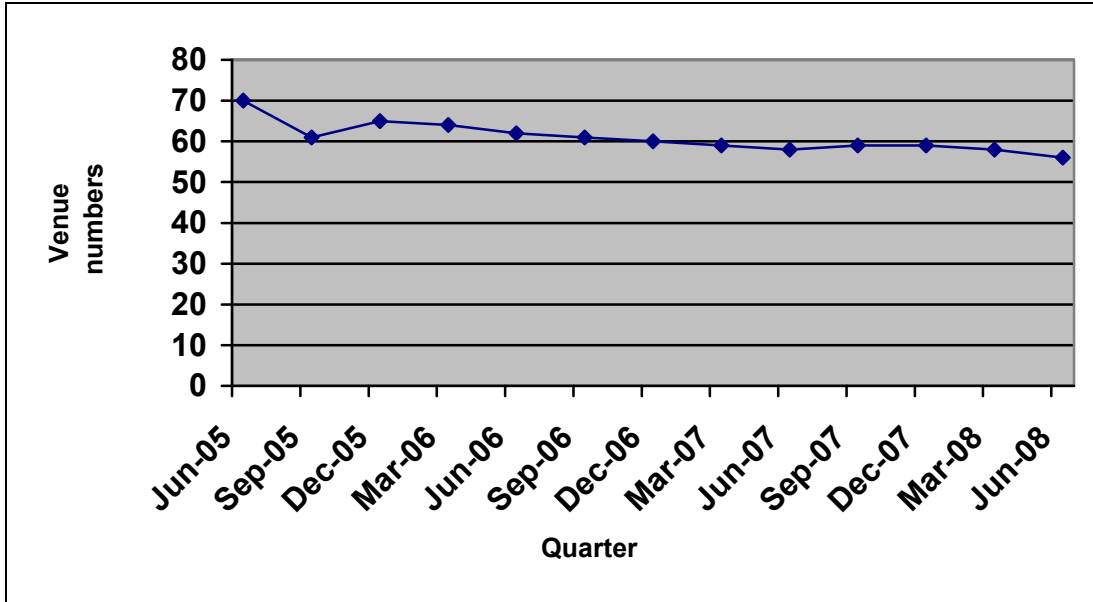


Figure 5: Class 4 gaming machines operating on approved venues in the Wellington City territorial authority since last review, by quarter, June 2005 to June 2008

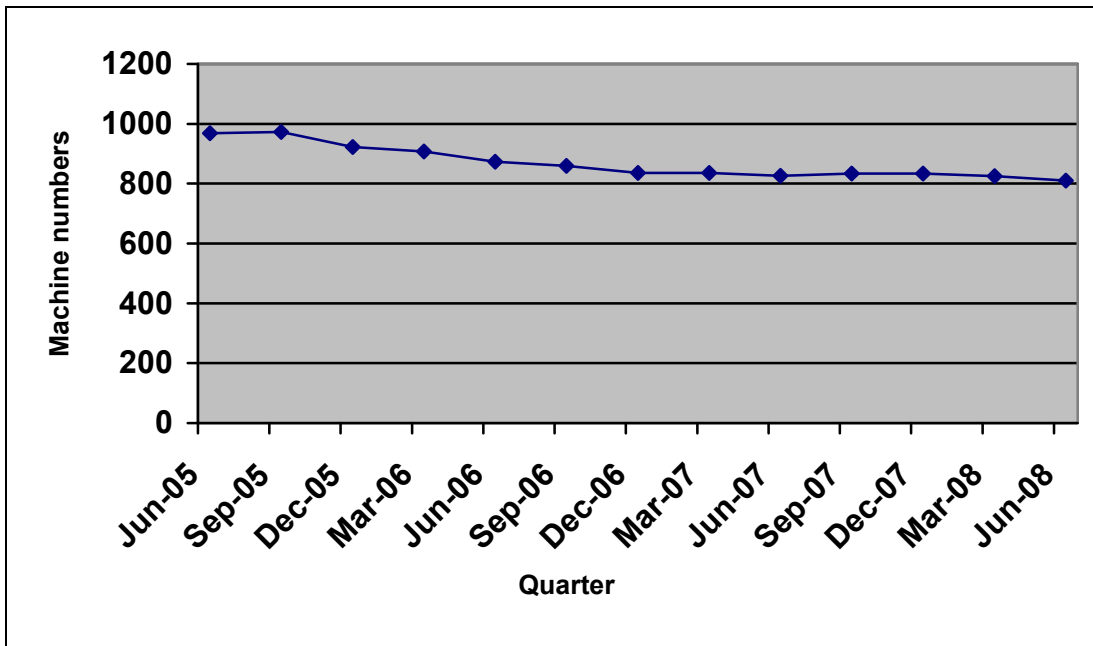


Figure 6: Changes in Class 4 gaming machine expenditure in the Wellington City territorial authority since the last review, by quarter, April 2007 to June 2008

