

# Social Impact Assessment of Gambling in the Whakatāne District

*Assessment to inform the 2021/22 review of  
Whakatāne District Council's Gambling Policies*

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[whakatane.govt.nz](http://whakatane.govt.nz)

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## Executive Summary

Under section 102 of the Gambling Act 2003, the Whakatāne District Council (the Council) is required to review its Gambling Policy every three years. The Council last reviewed its Gambling Policy in 2019 and the policy is now due for another review.

Council is also required under section 96 of the Racing Industry Act 2020 to adopt a policy on TAB venues. Provisions within both Acts enable council to manage the impacts and limit the opportunities for gambling in their communities. Every territorial authority must adopt a Class 4 venue policy and TAB venue policy and must specify whether or not Class 4 venues and TAB venues may be established in the area, and if so, where they may be located. The policy then may specify restrictions on the number of gaming machines and may include a relocation and merger policy.

The Council's current approach through the 2019 policy to class 4 gambling in the District has been to reduce the number of electronic gaming machines (EGM's) to 141 through adopting a sinking lid policy. Council consent can only be granted if this number of EGM's is not exceeded. In addition, should the number of EGM's reduce to below 141, Council can only grant consent if a proposed Class 4 Venue or TAB Venue is located within the Business Centre Zone defined in the Whakatāne District Plan and is not within 50 metres of a parcel of land with a sensitive use. The current Gambling Policy also has a relocation policy that allows existing venue licenses to relocate to a Business Centre zone.

The District currently has 12 licensed venues and 193 licensed electronic gaming machines. As of 1 November 2021, 188 of these machines are operating. Since the last review in 2019, the number of EGM's operating across the district has increased by 9 machines, as additional licensed machines have become operational. There has been no change in the number of venues. All but one of these venues are located in high deprivation areas. If Whakatāne had its 'fair share' of machines based on the national average, then there would be 91 fewer machines in operation today.

In addition to the increase in the number of gaming machines, there has been an increase in gambling machine profit (player loss), up 21.7% from September 2020 to September 2021, compared to the national increase of 16.1% over the same time period.

This impact assessment shows that lower socioeconomic communities, and Māori are more likely to be associated with gambling harm. Although some of the gaming machine profit is returned to the community in the form of grants, as a proportion of what is spent, funding returned to the community is low. Research suggests that the majority of this money comes from people that can least afford it. In 2019, pre-Covid-19 data shows expenditure or losses of \$11 million across the district, with about \$2.2 million of that returned in grants to community organisations, almost 20%. The Act requires gaming trusts to return at least 40% to the New Zealand community at large.

This impact assessment concludes that residents of Whakatāne District, especially those living in low socio-economic communities, are at risk of problem gambling and gambling harm. Even with the adoption of the sinking lid approach, the existing policy has not been effective at minimising harm from gambling or reducing access to electronic gaming machines.

## 1.0 Introduction

The Whakatāne District Council, under the Gambling Act 2003 and the Racing Industry Act 2020 (which supersedes the Racing Act 2003) must have a Class 4 Venue and TAB Venue policy (previously referred to as Board Venue policy). This specifically includes Class 4 gaming machines, and stand-alone TAB's.<sup>1</sup> These two policies are contained within the Whakatāne District Council's Gambling Policy.

The purpose of the Gambling Policy is to specify whether gaming machine venues may be established in the District and, if so, where they may be located. It also specifies any restrictions on the maximum number of gaming machines and whether new TAB's may be established in the District, including where they can be located.<sup>2</sup>

The Gambling Policy must be reviewed every three years, taking into account the social impacts of gambling within the District. This report provides key information on the social impact of gambling in the Whakatāne District and intends to help inform the policy review and if any change is required to the current approach in reducing gambling harm. This social impact assessment primarily focuses on Class 4 Venues and their electronic gaming machines as the District does not currently have any TAB venues.

This social impact assessment will provide an overview of:

- Prevalence of gambling in New Zealand and the Whakatāne District
- Gambling expenditure
- Social impacts of gambling – Costs
- Accessibility for help with problem gambling
- Social impacts of gambling - Benefits
- Community views

## 1.1 Gambling Legislation

Gambling is prohibited and illegal unless authorised under the Gambling Act 2003, the Racing Industry Act 2020, or if it is private gambling. Class 4 Gambling refers to gaming machines in pubs and clubs (i.e., outside a casino) that may only be provided by a corporate society and only to raise money for an authorised purpose including charitable purposes, for community benefit and for non-commercial business such as community sports teams and community organisations. Territorial authorities have the ability to regulate the number of electronic gaming machines (EGM) and the location of these in the District.

A Class 4 Venue Policy may include a relocation policy which helps to facilitate the movement of class 4 venues around the district or choose to prohibit class 4 venues from relocating. A relocation policy can be beneficial when class 4 venues move from high deprivation areas to the central business district or into a lower deprivation area.<sup>3</sup> The social impact of gambling in high deprivation areas of the district comes into consideration when reviewing gambling policy and will be covered in this assessment.

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<sup>1</sup> Racing Industry Act 2020

<sup>2</sup> Gambling Act 2003

<sup>3</sup> DIA, (2021). Territorial authority's policy review process

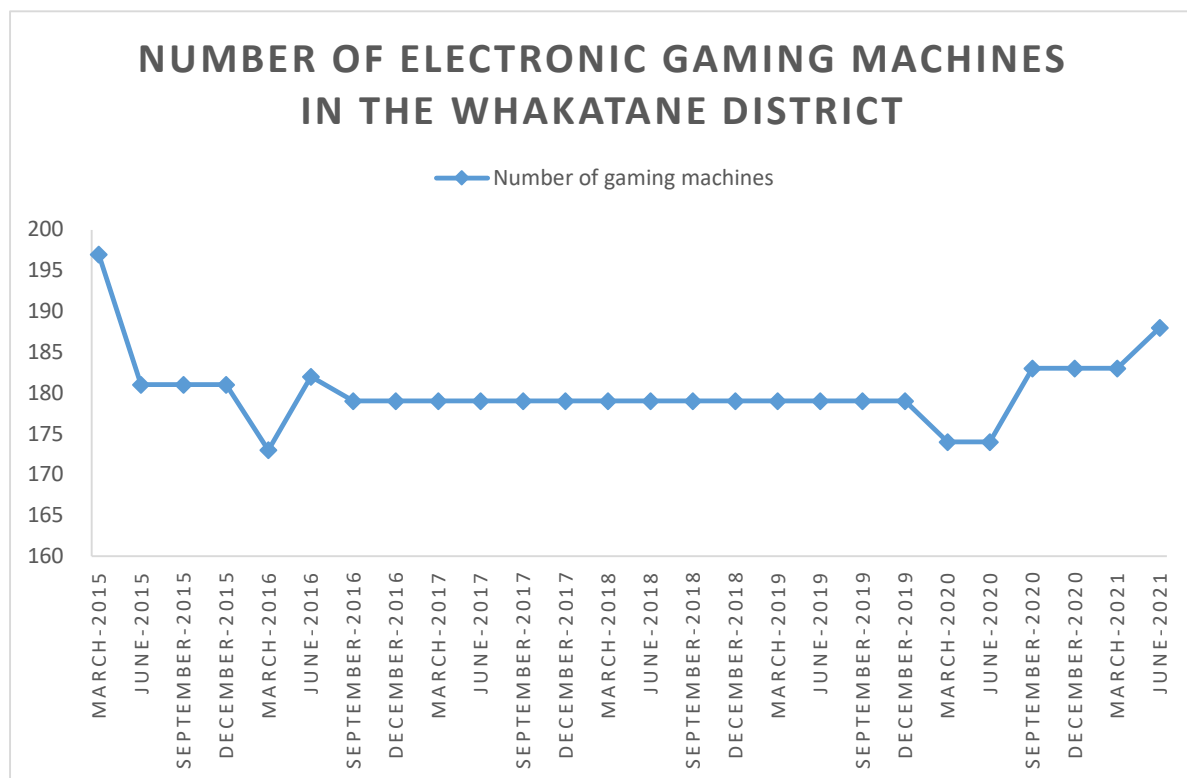
The Gambling Act also sets statutory limits on the number of gaming machines a venue is authorised to have. Venues licensed after 17 October 2001 can have a maximum of nine machines, while venues licensed prior to this date can have a maximum of 18 machines.

## 1.2 Class 4 Gambling in Whakatāne

As of 1 November 2021, Whakatāne district has 188 operating gaming machines across 12 venues. However, there are a total of 193 gaming machines permitted under existing licenses. Appendix 1 attached below lists all venues and the number of operating and licensed machines at each venue within the Whakatāne District.

As shown in figure 1 below, the number of operating machines has increased by 9 since the last review in 2019.

Figure 1: Number of electronic gaming machines in the Whakatāne District since March 2015 to June 2021



The figure below illustrates where the current Class 4 Venues are located in the Whakatāne District and how many electronic gaming machines each venue are operating, as of October 2021.

Figure 2: Class 4 Gambling Venues and Operating Gaming Machine numbers in the Whakatāne District (as of October 2021)



## 1.3 TAB Venues

Within the Racing Industry Act 2020, a TAB venue is defined as any premise owned or leased by the New Zealand Racing Board and the main business is providing racing and sport betting. This does not 4 Venue policy also applies to these machines. At present, there are 44 TAB Board Venues located throughout New Zealand, with no TAB venues in the Whakatāne District. Only a small number of TAB offerings at pubs and hotels. TAB venues apply 80% of its net proceeds to Racing Authorised Purposes which supports the New Zealand Racing Industry to promote, control and conduct race meetings. The further 20% is applied to Sports Authorised Purposes such as community sports teams.<sup>4</sup>

<sup>4</sup> TAB NZ, (2020). Grant Information and Dates. Retrieved from: <https://www.tabnz.org/grant-information-dates>

## 2.0 Policy Context

The Whakatāne District Council adopted the current Gambling Policy on the 23 May 2019. The current Gambling Policy states that a new Class 4 venue or TAB venue may be established in the District, subject to certain criteria. These criteria are:

- is located within a Business Centre Zone defined in the Whakatāne District Plan; and
- not within 50 metres of a parcel of land with a sensitive use (specifically educational institutes, childcare centres, playgrounds, parks, community facilities including swimming pools and community halls, places of worship, funeral homes, marae, Work and Income New Zealand offices, and medical centres); and
- The total number of licensed gaming machines in the District not exceeding 141.

### 2.1 Sinking lid policy

In adopting these criteria in 2016, Council effectively provided for a ‘sinking lid’ approach to manage the number of gaming machines in the district. The 2019 review did not result in any change to the policy as the risk of gambling harm was found to have had no change since 2016.

This policy intends to reduce the number of machines and venues in the district over time, when venues close or machines are no longer in operation. The sinking lid policy effectively means that no further gaming machines or venues can be approved in the district until the total number of EGM’s is less than 141.

Currently, there are 188 machines operating in the District – an increase from 179 machines operating in 2019. There could be a further increase should the remaining 5 licensed machines come into operation.

The current sinking lid policy of 141 machines is a factor of the national average (in 2016) of 6 gaming machines per 1,000 residents aged 18 or older. The national average is now 3.7 machines per 1,000 adults. Converting this number to a ‘fair share’ approach shows that if Whakatāne had its ‘fair share’ of EGMs, it would have 91 fewer gaming machines than operating today.

A recent study funded by the Ministry of Health compared different local government policy approaches and found that sinking lid policies reduce expenditure by 13 percent compared to regions with no restrictions beyond those in the Gambling Act 2003. It has also been found that sinking lid policies also help in reducing the number of people seeking gambling intervention services.<sup>5</sup>

This study also found that sinking lids and per capita caps are the most effective in reducing gambling problem spending, whereas absolute caps were shown to reduce expenditure by 10 percent.<sup>6</sup>

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<sup>5</sup> New Zealand Association of Economics, (2021) Electronic gambling machines in New Zealand: A local government policy analysis

<sup>6</sup> New Zealand Association of Economics, (2021) Electronic gambling machines in New Zealand: A local government policy analysis

## 2.2 Relocation Policy

Council's existing relocation policy permits a current Class 4 venue to relocate as long as the new proposed venue is within the Business Central zone in the District and is not within 50 metres of a parcel of land with a sensitive use. This means that there is no ability to reduce the number of venues or machines through the existing relocation policy, inconsistent with the objectives of the Gambling Policy, to reduce the number of EGMs in the District.

## 3.0 Gambling Harm Prevention and Minimisation

One of the key purposes of the Gambling Act 2003, is to prevent and minimise the harm caused by gambling. In the Gambling Act 2003, 'Harm' is defined as distress of any kind arising from, or caused or exacerbated by, a person's gambling and includes personal, social, or economic harm suffered by the person, family, wider community, workplace, or society at large.<sup>7</sup> The act includes a statutory age limit of 18 for playing gaming machines outside of casinos. Operators of gaming machines must provide information and assistance to any person who they believe may have a problem with gambling and may prohibit them from entering the gambling area. There are also regulations that class 4 gambling machines stake limit is \$2.50, and ATMs are banned from inside the gambling area. It is prohibited to have branding and advertising that is visible and audible from outside the venue to minimise the number of people drawn to enter.

In addition to the regulations above, gaming machine and TAB venue operators must provide training to employees that provides problem gambling awareness. This training must enable staff to approach any player that may be experiencing problem gambling, to provide information to players about the characteristics of problem gambling, how to access problem gambling services, to remind players that they can be banned from the gambling area for up to two years and to remind players that they can identify themselves as problem gamblers and that they can request to be excluded from the gambling area of the venue for up to two years.<sup>8</sup>

## 4.0 Data Limitations

Due to data limitations we are unable to draw any conclusions about the impact of increasing online participation on class 4 gambling. Up-to-date data relating to gaming machine numbers and associated expenditure, along with the number of problem gamblers seeking help both nationwide and in the District is readily available. At the time this social impact assessment was compiled, the most recent Census data available was from the 2018 Census.

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<sup>7</sup> Gambling Act (2003)

<sup>8</sup> DIA, (2015) Fact sheet six



## 5.0 Community Profile

At the time of the 2018 Census, the Whakatāne District population was 35,700 people. 26,097 of whom were aged 18 years and over.<sup>9</sup> Further population growth has seen this number rise to an estimated 38,200<sup>10</sup>.

### 5.1 Deprivation

Studies have found that there is a strong correlation between gambling and low socioeconomic communities in New Zealand. Gambling machine spending per person is over three times higher in low socioeconomic communities than high socioeconomic communities. There is also three times the amount of gaming machines and venues per 10,000 people in lower socioeconomic communities. However, it is important to note that within most districts, including Whakatāne, the central business area is rated as highly deprived and a lot of the gaming machines and venues are in this area.<sup>11</sup>

The NZ Deprivation Index (NZDep2018) is published by the University of Otago. It combines 9 variables from the 2018 census data which reflect different aspects of deprivation, relating to communication, income and employment, education, home ownership, living space and conditions. NZDep2018 provide a deprivation score for each meshblock and statistical area in the country.

The figure below has been created by Environmental Health Intelligence New Zealand and shows deprivation by area in the Whakatāne District. as developed from nine 2018 census variables. These variables include no access to internet at home, people receiving a means tested benefit, people living in households with an income below the threshold, unemployed, no qualifications, not living in their own home, in a single parent family, living in damp dwellings and/or have mould and people living in households below a bedroom occupancy threshold.<sup>12</sup> The scale of deprivation from 1 to 10 divides New Zealand into tenths of the distribution, so Decile 1 represents an area with the least deprived scores (orange), and Decile 10 represents an area with the most deprived scores (red). As indicated in the map, the majority of the Whakatāne district is shown to in the higher deciles and therefore among the most deprived areas in New Zealand. Within most districts, including Whakatāne, the central business area is also rated as highly deprived, and a lot of the gaming machines and venues are in this area.<sup>13</sup>

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<sup>9</sup> Stats NZ (2018)

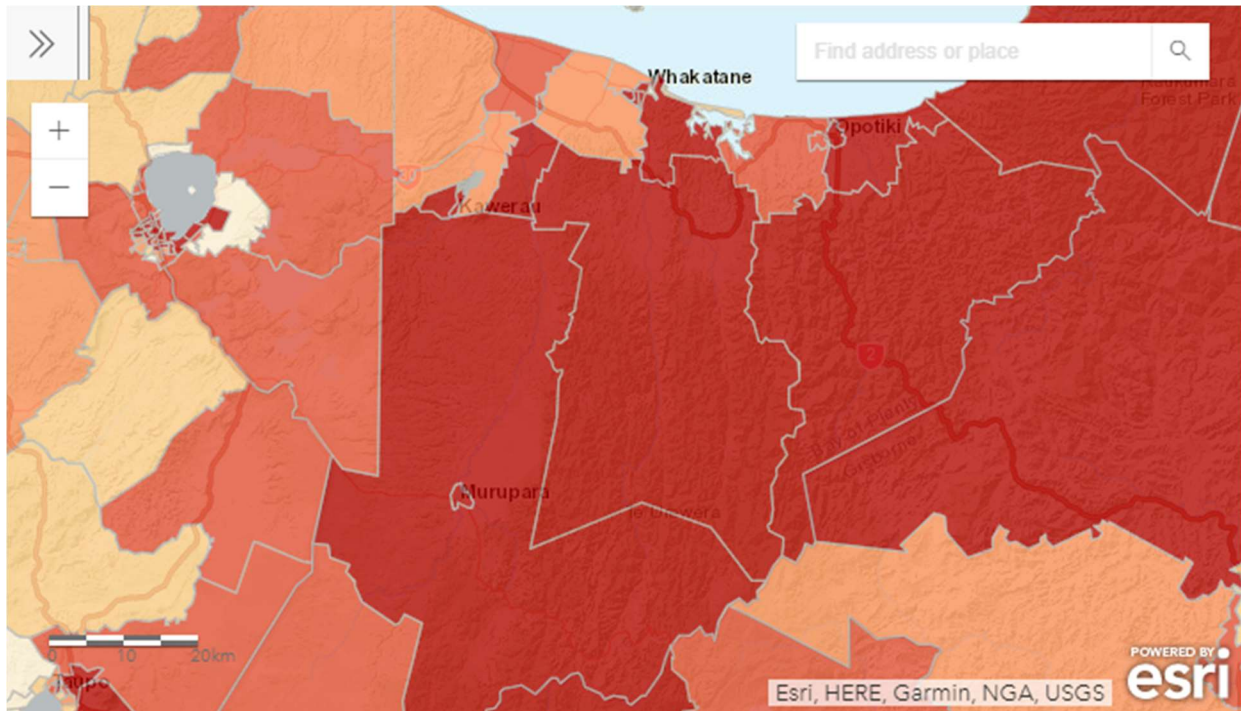
<sup>10</sup> Long term Plan (2021), Whakatāne District Council

<sup>11</sup> KPMG, (2013) Gambling resource for local government

<sup>12</sup> Environmental Health Intelligence New Zealand. (2018). Socioeconomic deprivation profile. Understanding each household has different needs, e.g., smaller vs larger households\*

<sup>13</sup> KPMG, (2013) Gambling resource for local government

Figure 3: Whakatāne District deprivation<sup>14</sup>



In Whakatāne, 92% (11 of 12) of venues are in the most deprived areas (decile 7-10). This is significantly higher than the national average, where 50% of gaming machines are in the most deprived communities.<sup>15</sup>

With an estimated district-wide adult population of 26,097, there is a ratio of one venue to 2,174 adults, and 7.2 machines per 1,000 adults. Within the most deprived parts of the district, where 11 of the 12 venues are located, the ratios are significantly higher, with 27.4 gaming machines per 1,000 adults.

## 5.2 Ethnicity

The Health and Lifestyle survey conducted in 2020 found that Māori had slightly higher participation rates in electronic gaming machines and TAB venues than other ethnic groups, but lower participation at lotteries.<sup>16</sup> Māori are also more likely to be moderate risk/problem gamblers compared with people of European/other ethnicity, while Pacific and Asian people were more likely to be non-gamblers compared to Māori and those of European/other ethnicity.<sup>17</sup>

The Whakatāne district has a population of 35,700 people, 46.8% of whom identify as Māori, 63.2% as European, 3% as Pacific peoples and 3.4% Asian.<sup>18</sup> By comparison, Māori make up 16.5% of the country's population.<sup>19</sup>

<sup>14</sup> Environmental Health Intelligence New Zealand. (2018). Socioeconomic deprivation profile.

<sup>15</sup> Problem Gambling Foundation, (2020). Ending community sector dependence on pokie funding.

<sup>16</sup> Health Promotion Agency, (2020). Gambling participation

<sup>17</sup> Health Promotion Agency, (2018). Gambling report

<sup>18</sup> Stats NZ (2018)

<sup>19</sup> Ehinz, (2018). Ethnic profile

## 5.3 Gaming machine location

The figure below shows the number of venues and gaming machines per person by local area, and the deprivation score of the area. As the figure depicts, prevalence of gaming machines is denser in higher deprivation areas.

Figure 4: Number of venues and gaming machines per person by Whakatāne District local area including deprivation score of the area

Area (SA2)	Population 18yrs and over <sup>20</sup>	Number of venues	Total number of gaming machines	No. of machines per 1,000 residents 18 and older	Deprivation Index
Manawahe	804	-	-	-	5
Matatā – Otakiri	1,284	1	14	10.9	7
Onepū Spring	921	-	-	-	5
Edgecumbe	1,173	2	27	23.0	8
Thornton – Awakeri	1,707	-	-	-	6
Te Teko Lakes	1,224	-	-	-	10
Coastlands	1,293	-	-	-	5
Whakatāne West	2,250	-	-	-	10
Whakatāne Central	2,634	7	113	42.9	9
Trident	2,499	-	-	-	10
Allandale	1,941	-	-	-	9
Mokorua Bush	1,098	-	-	-	2
Wainui	1,014	-	-	-	10
Ōhope	2,559	1	16	6.3	3
Galatea	963	-	-	-	10
Waingarara – Waimana	1,536	-	-	-	10
Murupara	1,197	1	18	15.0	10
<b>TOTAL</b>	<b>26,097</b>	<b>12</b>	<b>188</b>		

## 6.0 Gambling Expenditure

Gambling expenditure is the gross amount spent by gamblers, less the amount paid as a prize or dividend. It is the amount of money that is lost by players and gross profit of the gambling operators.

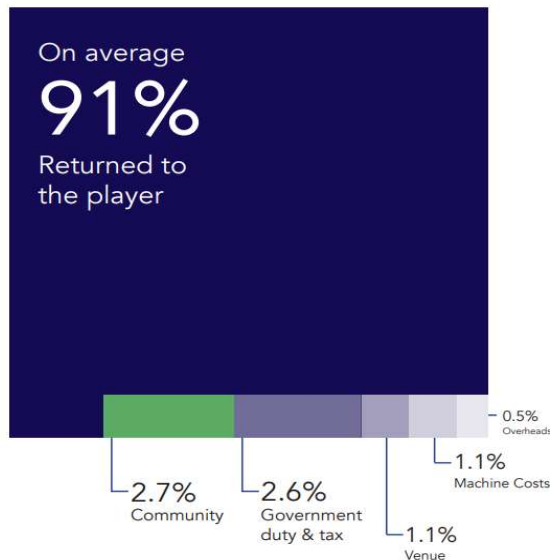
The figure<sup>21</sup> below shows the breakdown of money put into gaming machines. For every \$1 put into a class 4 gaming machine, 91 cents on average is returned as prizes. Of the remaining 9%, at least 40% of revenue must be paid to community groups as grants. The remaining amount is made up of Gaming

<sup>20</sup> Stats NZ (2018)

<sup>21</sup> Gaming Machine Association New Zealand, (2018). *Where does the money go?*

Duty (20% currently), Problem Gambling Levy (about 1.5%), GST, commission-based payment to venues to cover costs (16% max.), and corporate society administration costs.

Figure 5: Breakdown of money put into gaming machines

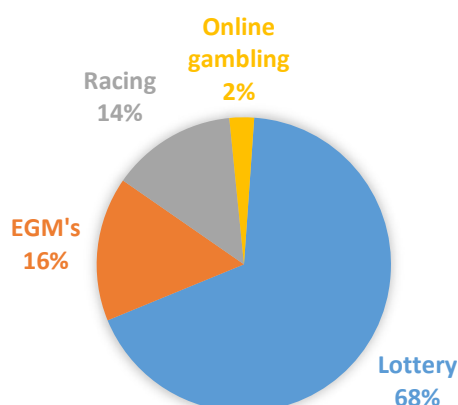


## 6.1 National Gambling Expenditure

Gambling is a relatively common activity in New Zealand. Evidence has shown that 67.2% of adults had participated in some form of gambling in 2018. This was a 3% decrease from 2016 and a 15.5% decrease from 2006. Figure 4 on the following page shows that the most common forms of gambling are lotteries, electronic gaming machines, animal/ sport racing and online gambling on overseas websites. <sup>22</sup>

Figure 6: Participation by types of gambling in New Zealand in 2018 <sup>23</sup>

### PARTICIPATION BY TYPE OF GAMBLING IN NEW ZEALAND IN 2018



<sup>22</sup> Malatest international, (2021) *Gambling Harm Needs Assessment 2021*. New Zealand Association of Economics, (2021) "Electronic gambling machines in New Zealand: A local government policy analysis"

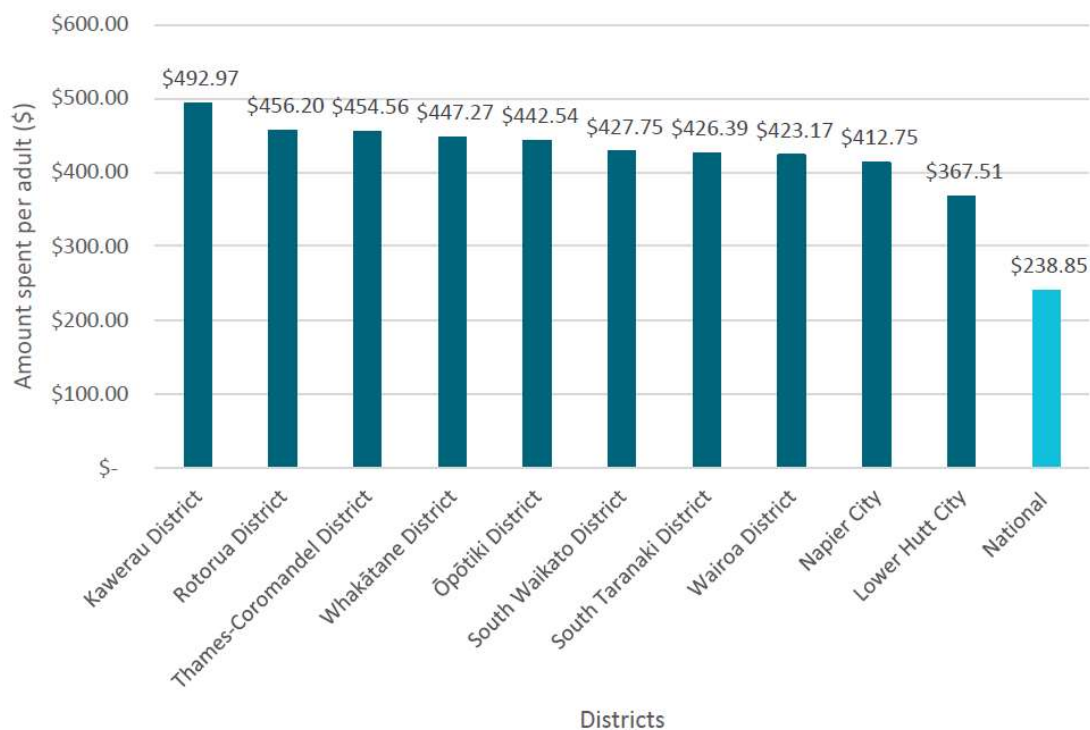
<sup>23</sup> Malatest international, (2021) *Gambling Harm Needs Assessment 2021*.

New Zealand Association of Economics, (2021) *Electronic gambling machines in New Zealand: A local government policy analysis*

In 2020, New Zealanders spent over \$810 million on a total of 14,781 gaming machines within 1,068 venues. This spend quarterly has increased by 30.6% since 2015, despite the number of gaming machines decreasing by 11.5% and venues by 17.7%. In 2020, each electronic gaming machine in New Zealand took on average \$54,864 which is a 9.1% increase since 2015.

As shown in the figure below,<sup>24</sup> Whakatāne District has the fourth highest gaming machine profit per adult population in New Zealand. Approximately \$447 was lost per adult in Whakatāne in 2021, compared to the national average of \$239 per adult. It is noteworthy that the Bay of Plenty features prominently in this data, with four of the five highest national averages being in neighbouring districts.

Figure 7: Highest gaming machine profit from territorial authorities in New Zealand in 2021

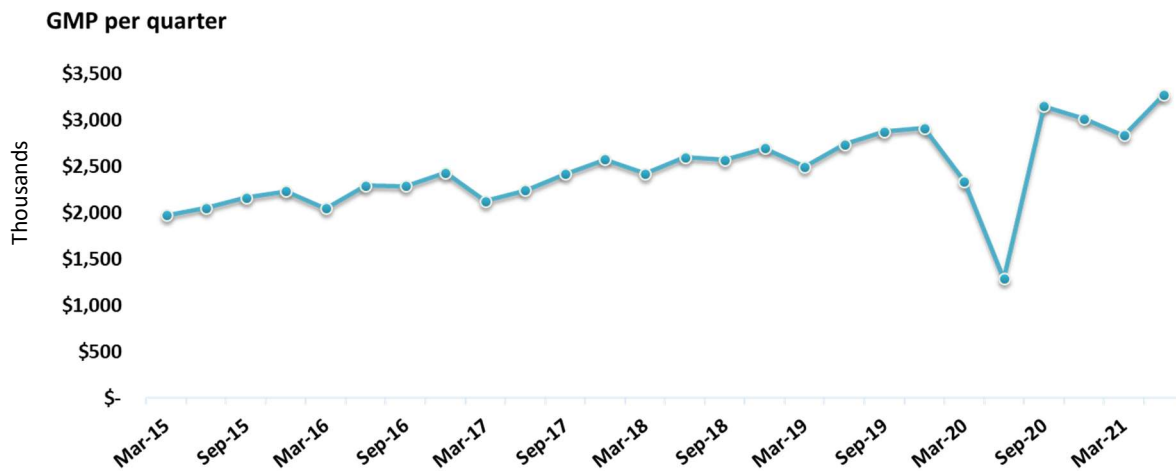


## 6.2 Gambling in the Whakatāne District

Within the Whakatāne district, \$11,784,175 was lost on 188 gaming machines in the year September 2021 across 12 venues. From March 2015 to September 2021 quarters, GMP (gaming machine profit) increased in the Whakatāne District by 35% compared to New Zealand which decreased by 3.5%. However, it is difficult to quantify the impact of Covid-19 and Alert Levels on this data.

<sup>24</sup> PGF Group submission to WDC Class 4 Gambling Venues Policy Review (2022)

Figure 8: Expenditure on electronic gaming machines in the Whakatāne District since March 2015



The graph above shows GMP per quarter on electronic gaming machines in the Whakatāne District since March 2015 and the impact that Covid-19 and nationwide lockdowns have had. Compared to national GMP, the increase in profit in Whakatāne, is also being seen nationally despite the decrease of machine and venues nationally.

GMP per gaming machine in Whakatāne District increased by \$4,151 since March 2015, which translates to \$14,167 in September 2021 or a 41% increase. As a comparison, New Zealand increased by \$1,055, which translates to \$12,685 in September 2021 or a 9% change.

## 7.0 Online Gambling

It is currently illegal for online gambling to be provided within New Zealand except for Lotto NZ and the TAB who have been authorised to do so. While it is illegal to provide online gambling in New Zealand, it is not illegal to gamble on offshore websites. Access to online gambling has continued to increase, with levels increasing during the 2020 lockdown which have remained.<sup>25</sup>

Online gambling is not currently included in the Gambling Act 2003 due to internet technology developing since the Act. Work is currently being completed by central Government to have the Act updated to incorporate online gambling.<sup>26</sup>

Results from the 2018 Health and Lifestyles Survey showed that 13% of New Zealand adults (15 years and older) took part in online gambling in 2018. The most common form was buying a New Zealand Lotto product (9%), TAB app (4%) and on an overseas website (2%). Gambling on overseas websites has remained at 2% since the 2010 survey.

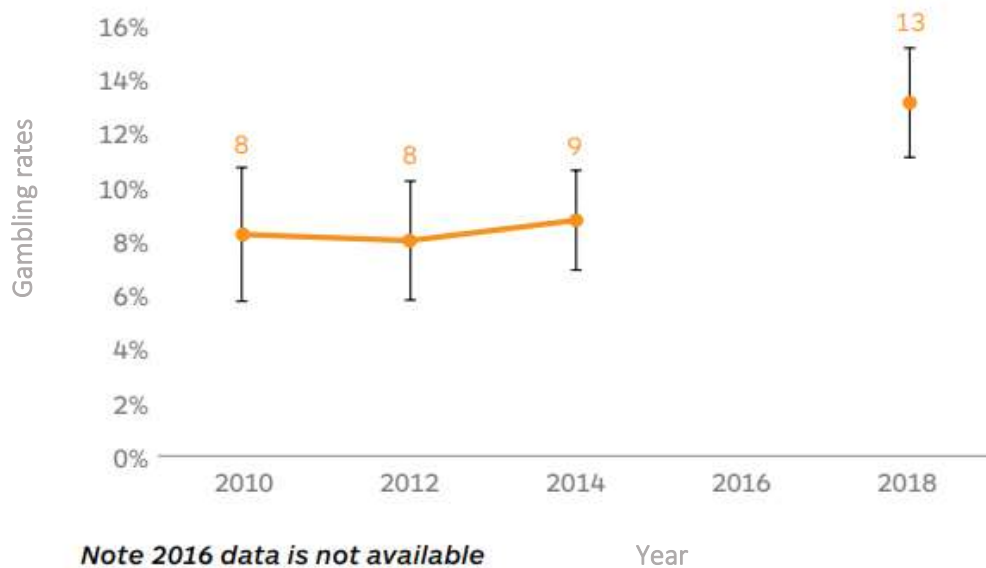
While it is illegal to gamble online in New Zealand other than for authorised purposes such as Lotto NZ and TAB, online gambling overseas is not regulated or monitored by New Zealand. Due to data limitations we are unable to draw any conclusions about the impact of increasing online participation on class 4 gambling.

<sup>25</sup> Ministry of Health. (2021) Consultation on Preventing and Minimising Gambling Harm Strategy

<sup>26</sup> DIA, (2019) Review of online gambling in New Zealand

In the figure shown below, online gambling rates significantly increased from 2014 to 2018. However, despite the increase in online gambling and the decrease in the number of Class 4 gaming venues and machines, expenditure continues to grow.

Figure 9: New Zealand online gambling rates by year, 2010 to 2018.<sup>27</sup>



## 8.0 Social Impacts of Gambling – Costs

### 8.1 Problem Gambling

Problem gambling refers to gambling that has negative consequences and loss of control causing not only harm to an individual, but to their whānau and the wider community. Most people will not experience problems resulting from their gambling and it can be a harmless activity.

In 2020, 2.9% met the PGSI (Problem Gambling Severity Index) criteria for low-risk gambling, 1.6% for moderate-risk and problem gambling combined. These figures represent around 119,000 low-risk gamblers, 65,000 moderate-risk and problem gamblers in New Zealand. These results indicate that in total 4.5% of New Zealand adults (approximately 184,000 people) had experienced at least some level of individual gambling harm in the last 12 months.

If we apply these proportions to the adult population in Whakatāne district, then this would mean that 757 residents meet the criteria for low-risk gambling, and 417 residents meet the criteria for moderate-risk and problem gambling combined.

Māori, Pacific peoples, and people on lower incomes continue to disproportionately experience gambling harm. This is particularly true of Māori & Pacific peoples who are 3 times and 2.5 times (respectively) as likely to be moderate-risk and problem gamblers than non-Māori & non-Pacific.<sup>28</sup>

<sup>27</sup> Health Promotion Agency, (2019). *Online Gambling in New Zealand: Results from the 2018 Health and Lifestyles Survey*.

<sup>28</sup> Ministry of Health, (2021). Direct email to Whakatāne District Council

Māori and Pacific people are more often affected by the financial impacts of gambling compared to European/other and Asian people.<sup>29</sup> Problem gamblers are also more likely to be male, aged 25-34 or 45-54 years and live in urban neighbourhoods with high deprivation.<sup>30</sup> Problem Gambling is most common with electronic gaming machines with approximately two in five regular gamblers classified as moderate or problem gamblers.<sup>31</sup> People affected by problem gambling typically struggle to afford healthy food, heating, accommodation, and health care. The Salvation Army food bank found that in 2004, 12-14% of people accessing its services were problem gamblers and 32% were affected by another person's gambling.<sup>32</sup>

Problem Gambling can cause financial difficulties, problems at work including fraud and performance, issues within family and friend relationships, family violence, alcohol abuse, and mental health issues. Compared to people with no gambling problems, moderate risk/problem gamblers have found to be 4.7 times the odds of hazardous drinking, 6.3 times the odds of alcohol dependence, and 3.7 times the odds of using drugs. Non-casino EGMS's (52.9%), casino EGM's (32.0%) and track or sports betting (22.1%) have found to be the types of gambling most commonly associated with harm from someone else's gambling.<sup>33</sup>

## 8.2 Financial costs

Problem gamblers can experience debt, consistently paying bills late, believe that gambling will solve financial difficulties and bring material wealth, borrow money to gamble, cannot explain loss of money or hide loss of money from others, and over time increase the amount of money spent on gambling.<sup>34</sup> It has been found that problem gamblers contribute between 30-60% of the amount paid out in community grants and 50% of all electronic gaming machines in New Zealand are in the most deprived communities.<sup>35</sup> In the Whakatāne District there are 172 gaming machines (of a total of 188 gaming machines operating) in deprivation areas 7 or higher. The remaining 16 are in a deprivation area of 3. This shows that access to gambling has the potential to affect the people in our most vulnerable areas, causing additional strain to be able to afford adequate housing, healthy food, and health care.

## 8.3 Impacts on Health

In the New Zealand 2012 national Gambling Study, it was evidenced that good health decreased with the increasing risk of problem gambling. 57% of non-gamblers reported their health to be good or excellent compared to 22% of problem gamblers, who reported their general health to be good or excellent. It was also shown that problem gamblers had higher rates of tobacco, alcohol, and drug use.<sup>36</sup> The majority of harm on an individual from gambling is due to the significant increase in stress, depression, and anxiety. Statistics from people seeking help with problem gambling show that 56% had high levels of psychological disorders.

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<sup>29</sup>Central Queensland University and Auckland University of Technology, (2017). Measuring the Burden of Gambling Harm in New Zealand.

<sup>30</sup> Ministry of Health (2015) Gambling and Problem Gambling: Results of the 2011/12 New Zealand Health Survey

<sup>31</sup> DIA, (2015) FactSheet7

<sup>32</sup> The Salvation Army, (2008) Problem Gambling

<sup>33</sup> Ministry of Health (2015) Gambling and Problem Gambling: Results of the 2011/12 New Zealand Health Survey

<sup>34</sup> Problem Gambling Foundation. (2020). Signs of Gambling Harm

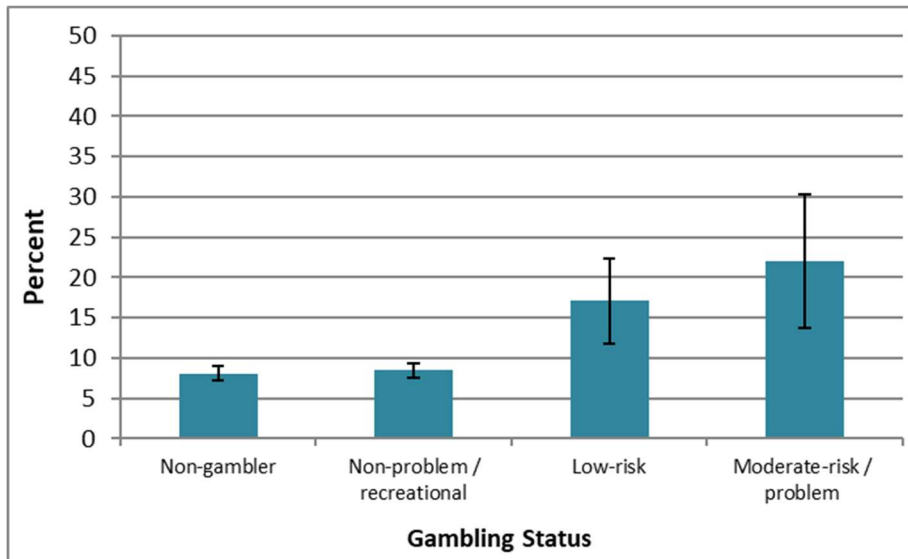
<sup>35</sup> Problem Gambling Foundation. (2020). Ending community sector dependence on pokie funding.

<sup>36</sup>Central Queensland University and Auckland University of Technology, (2017). Measuring the Burden of Gambling Harm in New Zealand.



The figure below is sourced from the 2011/12 New Zealand Health Survey and shows the correlation between unmet health needs and gambling. It depicts that problem gamblers are more likely to have unmet health needs. This survey also showed that problem gamblers were less likely to not visit a GP for financial reasons, compared to non-gamblers.<sup>37</sup>

Figure 10: Unmet health needs by gambling status, total population aged 15 years and over



## 9.0 Problem gambling services

Although the majority of gamblers have no issues relating to problem gambling, there are a growing number of problem gamblers in society, and the impacts on those people and their whānau needs to be acknowledged.

Due to the large number of New Zealander’s who gamble and the harm that problem gambling can cause to oneself, whanau, and wider community, there are many organisations to help prevent and minimise gambling harm. These organisations seek to help people and their families directly and through education in the community. The Ministry of Health funds and co-ordinates problem gambling services and prepares a strategic plan every three years setting out the services to be provided and how they will be funded.

Currently, there are no problem-gambling intervention services with physical premises in the District. This could be a barrier to some people seeking help thus increasing the risk of problem gambling harm. However, there are a number of services that can be accessed online or by phone, including Māori Gambling Helpline, Vai Lelei Pasifika Gambling Helpline, Gambling Debt Helpline, Youth Gambling Helpline, Asian Hotline (Problem Gambling Foundation), The Salvation Army, and the Problem Gambling Foundation of New Zealand.<sup>38</sup>

<sup>37</sup> Ministry of Health (2015)

<sup>38</sup> Ministry of Health. (2021). Find a service near you

The Ministry of Health estimates that only about 16% of people experiencing harm seek help from these services. It is likely therefore that the intervention data for problem gamblers in the Whakatāne district significantly underestimates the actual problem.

Intervention data from the Ministry of Health indicates that nationally, the number of people being assisted for problem gambling is slowly decreasing. In Whakatāne, the number of people being assisted has also decreased since 2013/2014.

Figure 11: Number of people in Whakatāne District that have been assisted by an intervention service for problem gambling

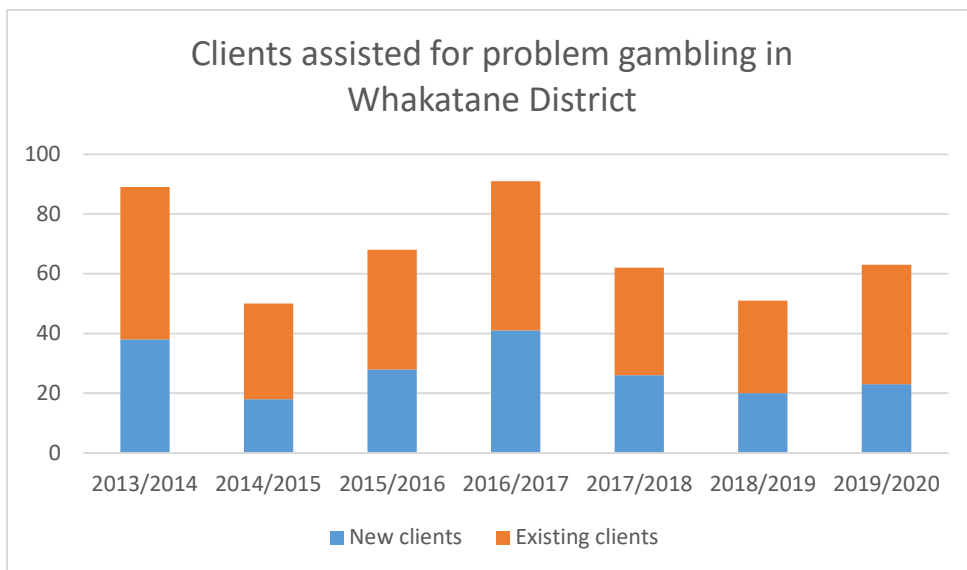
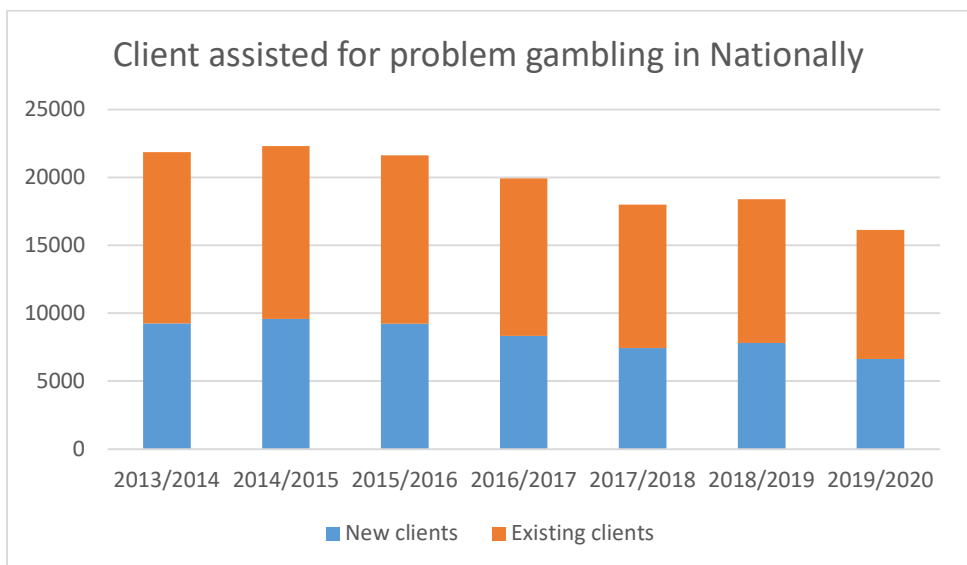


Figure 12: Number of people in New Zealand that have been assisted by an intervention service for problem gambling <sup>39</sup>



<sup>39</sup> Ministry of Health, (2021). Intervention client data

## 10.0 Social Impacts of Gambling - Benefits

Class 4 gambling in New Zealand is a not-for-profit activity and is only permitted where it is used to raise funds within the community. Under the Gambling Act, 40% of gross proceeds must be redistributed. However, there is no requirement that these funds are returned to the community that they were derived from. For every dollar that is entered into an electronic gaming machine, 91 cents are returned in winnings. In addition to the 40% that is redistributed to the community, the government receives 33% in taxes and the rest goes towards administration, venue costs, and the mitigation of problem gambling.

In 2019, \$241 million of grant funding was approved for grants to 13,000 different organisations throughout New Zealand. \$120,812,000 was received by community organisations and another \$120,444,000 by sports organisations.<sup>40</sup> In addition to the money that is redistributed throughout the communities within New Zealand, gambling can also be a source of entertainment and provides employment, in both Class 4 venues, TAB venues and in corporate societies.

### 10.1 Community grants returned to the Whakatāne District

Around \$241 million is returned to the community each year in New Zealand.<sup>41</sup> In 2019, \$2,190,119 was returned to the Whakatāne District, compared to the district's expenditure on gaming machines totalling \$11 million that year. In 2020, GMP and grants returned were disrupted by the effects of Covid-19. It is noted that some grants are approved to national and regional organisations which, due to the difficulty in ascribing a proportion to the Whakatāne District, is not included in the totals in the table below.

The table below shows the proportion of funds (as grants) allocated from gaming machine proceeds collected in Whakatāne, with an average of 16% of gaming machine profits returned to the district in grants. Appendix 2 shows all grants received in the Whakatāne District since 2014.

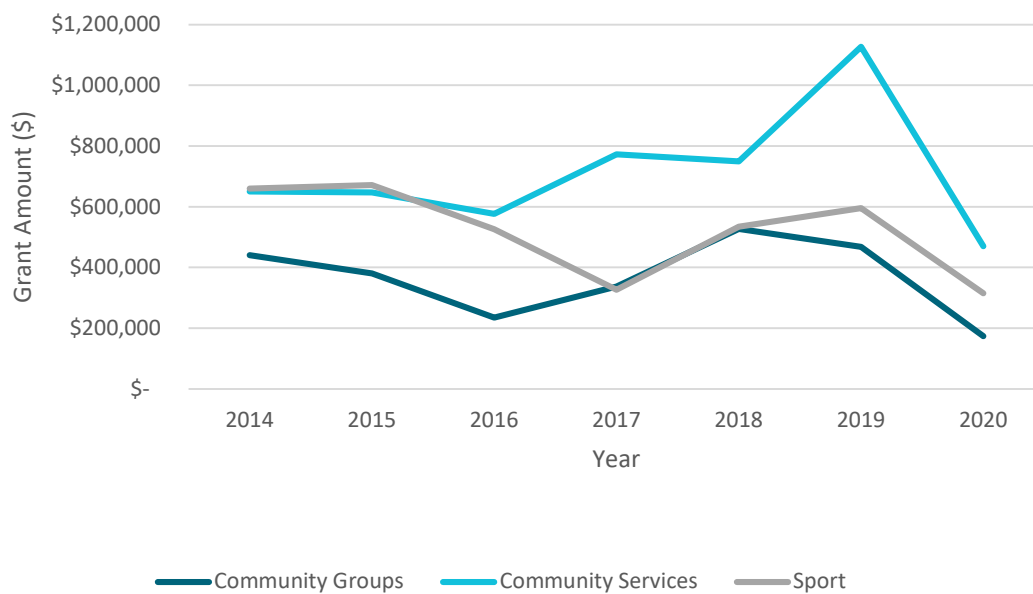
Year	Whakatāne GMP	Grants allocated	Proportion
2018	\$10,284,034	\$1,811,927	17.6%
2019	\$11,021,228	\$2,190,119	19.9%
2020	\$9,784,968	\$960,932	9.8%
Total	\$31,090,230	\$4,962,978	16%

The graph below depicts the effects that Covid-19 restrictions had on the return of grants to the community, connected to the decrease in gaming machine profit. In 2020, only \$960,932 was returned to the Whakatāne District. However, the graph does show that prior to Covid-19, there was an increase in the amount of money returned to Whakatāne in the form of grants which aligns with the increase in GMP.

<sup>40</sup> Problem Gambling Foundation, (2020). Ending community sector dependence on pokie funding

<sup>41</sup> Gaming Machine Association, (2018). Where does gaming machine money go.

Figure 13: Breakdown of grants provided to community organisations<sup>42</sup>



The Whakatāne District Council has also been a recipient of grants from gambling societies. During the financial year (2020/21), the Council received \$527,477.22 and in 2019/20 received \$464,261.56. This is half of all grant funds that were returned to the entire Whakatāne District in 2020. This money has supported Council projects such as the skate park extension, the outdoor pool roof and safety pool hoist at the Aquatic Centre, playground upgrades, resurfacing the basketball court, and public toilet accessibility. Appendix 3 attached lists all grants received by the Whakatāne District Council since 2019.

In 2020, there were 113 applications made to gambling societies for grants from organisations within the Whakatāne District. 73% of these applications were approved and 27% declined. Nationally in the same year, 64% were approved and 36% were declined.<sup>43</sup>

## 11.0 Community views

Nationally, 55% of the respondents in the 2016 Health and Lifestyles Survey believed that some forms of gambling were socially undesirable.<sup>44</sup> Figure 11 below shows the views of people in New Zealand and if they believe gambling creates more harm than benefit in the community. As shown, 46% of people believed that raising money through gambling did more harm than good, 24% thought that gambling in the community did equal good and harm, and 23.8% thought it did more good than harm.

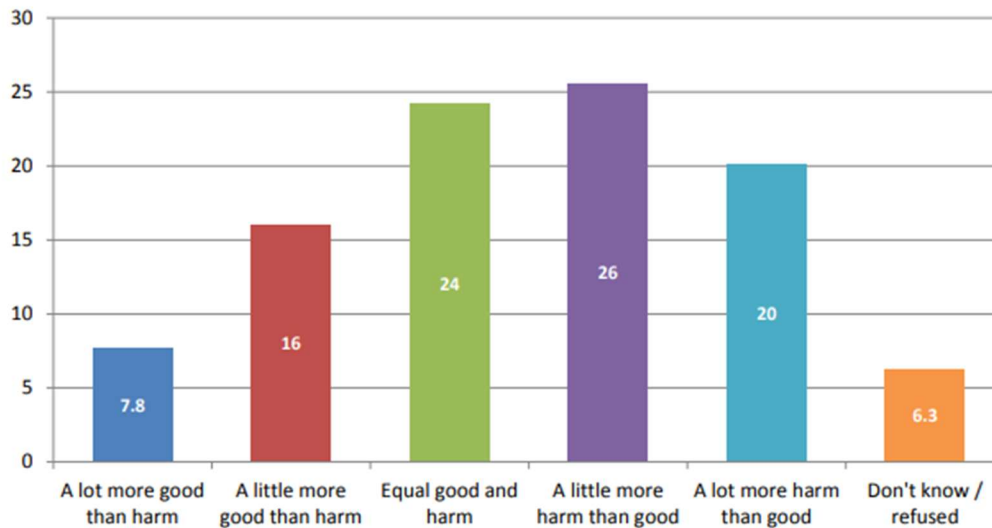
<sup>42</sup> Problem Gambling Foundation, (2021). Class 4 Gambling Report on Grants returned to Whakatāne for Whakatāne District Council

<sup>43</sup> DIA, (2021)

<sup>44</sup> Health Promotion Agency. (2018). Gambling report – Results from the 2016 Health and Lifestyles Survey.

In the same survey, 50% of respondents were not at all concerned with the level of gambling in their community, while 43.1% were a little to very concerned.<sup>45</sup>

Figure 14: Views about the effects on a community from raising funds through gambling from the 2016 health and lifestyles survey<sup>46</sup>



During consultation on the draft Gambling Venues Policy 2022, 58 submissions were received. The majority of submitters' concerns were focussed on the harm and negative impacts that gambling can have on individuals, whanau and communities, particularly in vulnerable communities in high deprivation areas. A number of submitters felt that community organisations should not be financially supported from the proceeds of gambling.

A much smaller number of submitters considered that Council should retain the status quo, or introduce an absolute cap on numbers reflecting the current number of machines, for reasons related to the perceived impact on funding for community organisations; potential economic impact on venues; potential increase in more people accessing online gambling; and that the proposals would not enable venues to relocate to modern premises, or out of more vulnerable areas.

<sup>45</sup> Health Promotion Agency. (2018). Gambling report – Results from the 2016 Health and Lifestyles Survey.

<sup>46</sup> Health Promotion Agency, (2018). Results from the 2016 Health and Lifestyles Survey

## 12.0 Conclusion

The purpose of this social impact assessment is to inform the review of Council's Gambling Policy, which under legislation must be reviewed every three years and consider the social impacts of gambling in the district. This social impact assessment focused on the prevalence of gambling in New Zealand and the District, gambling expenditure, the social impacts of gambling (costs and benefits), accessibility for problem gambling help, and community views.

Since the last review completed in 2019, there has been an increase of 9 machines despite the adopted sinking lid policy. In addition, there are another five licenced gaming machines that could become operational and result in further increase. Comparatively, the national trend has seen a steady decrease in the number of venues and the number of gaming machines since the introduction of the Gambling Act 2003, the Racing Industry Act 2020, and councils implementing sinking lid and cap policies.

From March 2015 to September 2021 quarters, gaming machine profit increased in the Whakatāne District by 35%. Compared to Nationally, which decreased by 3.5%. Gaming machine profit per gaming machine in the District from March 2015 to September 2021 also saw an increase by 41% compared to 9% nationally.

Within the Whakatāne District, 11 of 12 venues are in high deprivation areas (7-10). Only 1 venue is within a low to medium area. This is particularly concerning when problem gambling effects those in higher deprivation areas and money lost is coming from those in our most vulnerable communities. In the Whakatāne District, 46.8% of residents identify as Māori compared to 16.5% nationally. As Māori have slightly higher participation rates in electronic gaming machine and TAB venues, this is important to take into consideration.

Gambling is a form of entertainment for people and provides some benefits to the community and individuals, however the costs and harm of problem gambling are likely to be under-estimated. In 2020, the quantum of grants allocated to the Whakatāne community was \$960,931. A figure significantly impacted by Covid-19 and only 9.8% of the gaming machine profit from the District.

This social impact assessment concludes that residents of Whakatāne district, especially those living in high deprivation areas, are at risk of problem gambling, and it is likely that the number of problem gamblers within the district is largely under-estimated. This assessment has shown that the Whakatāne Districts current policy has largely been ineffective in reducing the social impact that gambling has on the community as both gaming machine profit and the number of machines has continued to increase in the district since the last policy review in 2019.

## Appendix 1 – Gaming Venues and Electronic Gaming Machines in the Whakatāne District as of October 2021<sup>47</sup>

Society Name	Venue Name	Physical Address	Operating Gaming Machines	Licensed Gaming Machines	Census Area Unit	Deprivation Index Score
New Zealand Community Trust	Cobb & Co	79-81 The Strand, Whakatāne 3080	18	18	Whakatāne North	9
Aotearoa Gaming Trust	Kope Turf Bar	7-9 James Street, Whakatāne 3080	18	18	Trident	10
Pub Charity Limited	Matatā Hotel	47 Arawa Street, Matatā 3084	14	14	Matatā	9
The Lion Foundation 2008	Murupara Hotel	Pine Drive, Murupara 3272	18	18	Murupara	10
Milestone Foundation Limited	Office Bar & Grill	80 The Strand, Whakatāne 3080	9	9	Whakatāne North	9
Ohope Chartered Club (Inc)	Ohope Chartered Club	7 Bluett Road, Ōhope 3121	16	16	Ōhope	3
The Lion Foundation (2008)	Plains Hotel	11-19 College Road, Edgecumbe 3082	18	18	Edgecumbe	9
Rangitaiki Cosmopolitan Club Incorporated	Rangitaiki Cosmopolitan Club Incorporated*	11 Bridge Street Edgecumbe 3082	9	14	Edgecumbe	9
The Lion Foundation (2008)	The Quart House Bar	115 The Strand Whakatāne 3080	18	18	Whakatāne North	9
Grassroots Trust Limited	Whakatāne Hotel	79 The Strand Whakatāne 3080	18	18	Whakatāne North	9
Whakatāne Returned Services Association Incorporated	Whakatāne RSA Club	13/23 Richardson Street, Whakatāne 3158	18	18	Whakatāne North	9
Whakatāne Sportfishing Club Incorporated	Whakatāne Sportfishing Club	Muriwai Drive, Whakatāne 3080	14	14	Whakatāne North	9
			188	193		

\* Venues operating less than their licenced number of machines as of October 2021

<sup>47</sup> DIA, (2021). Section 103 request, Class 4 Venues in Territorial Authority

## Appendix 2 - Grants received in the Whakatāne District from gaming trusts<sup>48</sup>

	2014	2015	2016	2017	2018	2019	2020
<b>Community Groups</b>	<b>440,525</b>	<b>380,372</b>	<b>235,410</b>	<b>337,261</b>	<b>527,770</b>	<b>467,658</b>	<b>174,552</b>
Arts	54,987	48,500	27,659	25,138	23,759	17,321	16,000
Community Groups	98,892	114,890	72,710	179,250	411,737	279,946	90,255
Faith Based	23,700	494	8,391	10,000	10,825	21,100	5,550
Māori	262,945	216,488	126,650	122,872	81,449	149,291	62,748
<b>Community Services</b>	<b>650,425</b>	<b>647,499</b>	<b>576,597</b>	<b>772,287</b>	<b>749,503</b>	<b>1,127,088</b>	<b>471,060</b>
Community Services	99,012	131,485	193,127	32,750	161,758	124,310	54,656
Council	132,076	50,000	50,000	293,000		50,000	236,392
Cultural							33,550
Education	299,840	349,163	251,136	330,333	513,261	730,578	103,716
Fire Services	19,000		15,000			103,127	
Health Related	36,166	34,830	17,300	37,000	35,534	21,360	6,427
Kindergartens / Child Care / Plunket	64,331	82,021	50,034	79,204	28,950	97,713	36,319
Search and Rescue (excludes Surf Clubs)					10,000		
<b>Sport</b>	<b>659,441</b>	<b>671,798</b>	<b>525,635</b>	<b>327,151</b>	<b>534,654</b>	<b>595,372</b>	<b>315,320</b>
Athletics	102,500	27,500	15,000	8,899	3,000	6,548	
Bowling	10,000	1,400	60,106	10,447		10,039	
Cycling						3,000	
Equestrian / Pony Clubs	19,339	48,500	29,689	11,300	10,046	20,774	10,000
Gym Sports (includes weightlifting/boxing/wrestling)	17,771		4,767		15,141		
Hockey						27,000	24,500
League						5,199	
Motorsports	5,000	14,596	5,000	5,000	28,450	35,615	35,015
Netball	55,000	17,800	10,000	30,076	23,640	26,329	
Other Sports	173,413	151,194	107,438	83,399	119,890	125,943	57,487
Racing	10,000	10,000	10,000	10,000		12,000	
Racquets	44,139	104,629	80,910	35,291	58,858	137,652	16,565
Rugby	169,279	164,526	133,499	75,237	73,726	96,062	51,713
Soccer		29,485	6,000	18,477	5,316	12,212	21,727
Special Olympics / Sports for the disabled					100,000		
Surf Lifesaving Clubs	21,000	60,635	54,226	7,025	20,000		28,380
Water Sports	32,000	41,533	9,000	32,000	76,588	77,000	69,934
<b>Total</b>	<b>1,750,391</b>	<b>1,699,668</b>	<b>1,337,643</b>	<b>1,436,699</b>	<b>1,811,927</b>	<b>2,190,119</b>	<b>960,932</b>

<sup>48</sup> Problem Gambling Foundation, (2021). Whakatane – Funding Report 2021



## Appendix 3 – Grants received by the Whakatāne District Council from Gambling societies in 2020 and 2021

### Grants received in 2019/20 financial year

Date	Amount	Society	Purpose
11 Oct 2019	\$130,434.78	NZ Community Trust	Partially funding the skate park extension
31 Oct 2019	\$97,434.78	Lions Foundation	Partially funding the development of Riverslea playground
03 Feb 2020	\$100,000.00	Grass Roots Trust	Partially funding the installation of the Whakatāne Aquatic Centre outdoor pool roof
27 Feb 2020	\$100,000.00	Lions Foundation	Partially funding the installation of the Whakatāne Aquatic Centre outdoor pool roof
09 Mar 2020	\$36,392.00	Grass Roots Trust	Partially funding the installation of the Whakatāne Aquatic Centre outdoor pool roof
<b>Total amount</b>	<b>\$464,261.56</b>		

### Grants received in 2020/21 financial year

Date	Amount	Society	Purpose
31 Jul 2020	\$19,565.22	GST reversal on NZ Community Trust	Skate Park funding - GST treatment removed in 2020 but was treated incorrectly
25 Sep 2020	\$207,912.00	NZ Lottery Board	Partially subsidy the expansion of the WHK Skate Park
31 Mar 2021	\$16,600.00	Lions Foundation	Installing Safety Pool Hoist for Whakatāne Pool
07 Apr 2021	\$62,910.00	Lions Foundation	Installing Shade Sails to the playgrounds across the district
07 Apr 2021	\$14,500.00	Lions Foundation	Upgrading and Refurbishment of the TE Mahoe playground
07 Apr 2021	\$126,890.00	Lions Foundation	Upgrade of Thompson Crescent Playground
07 Apr 2021	\$10,250.00	Lions Foundation	Resurfacing of Murupara Basketball Court
07 Apr 2021	\$52,250.00	Lions Foundation	Installing Toilet Accessibility for the River Edge Toilet
07 Apr 2021	\$16,600.00	Lions Foundation	Installing Safety Pool Hoist for Murupara Pool
<b>Total amount</b>	<b>\$527,477.22</b>		

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