

# Assessment of the Social Impact of Gambling

Report to support the review  
of the Gambling Venues Policy

July 2024



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# 1 Introduction

All Councils are required by section 102 of the Gambling Act 2003 to adopt a class 4 venue policy and to review that policy at least every three years. Councils are required by Section 96 of the Racing Industry Act 2020 to adopt a policy on TAB Venues. TAB venue policies must also be reviewed at least every three years (section 97(4) of the Racing Industries Act 2020). Council's Gambling Venue Policy was adopted in September 2014 and includes both the policy on Class 4 Gambling Venues and the policy on TAB venues, previously referred to as Board venues under the Racing Act 2003. The Gambling Venue Policy was then update and reconfirmed in September 2021.

Both section 101 (2) of the Gambling Act 2003 and section 96(2) of the Racing Industry Act 2020 state that:

*In adopting a policy, the territorial authority must have regard to the social impact of gambling within the territorial authority district.*

This social impact assessment is therefore to fulfil these statutory requirements and to inform the review of Council's operative Gambling Venue Policy.

Section 101(4) of the Gambling Act 2003 and Section 96(4) of the Racing Industry Act 2020 provide some guidance on the types of matters that Council should have regard to when determining its policies on Class 4 gambling venues and Board venues, including:

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

In assessing the social impact of gambling in the Manawātū District, the following sources of information have been considered:

- National reports on gambling behaviour
- Information on the characteristics of the Manawātū District, including deprivation statistics
- Information about existing Class 4 venues and board venues from the Department of Internal Affairs and Statistics New Zealand
- Spatial analysis of the proximity of existing venues to kindergartens, early childhood centres, schools, places of worship and other community facilities
- Information about the distribution of funding throughout the District from class 4 venues
- Problem gambling statistics and trends from the Ministry of Health and Problem Gambling Foundation.

## 1.1 Policy Limitations

Consent is required from the Manawātū District Council under the Gambling Act 2003 to establish or re-establish a Class 4 venue, or to increase the number of gaming machines operated at a Class 4 Venue. The Policy is able to influence where Class 4 venues may establish, and the number of gaming machines that may operate. Once issued, a consent does not lapse or expire. There are no retrospective powers under the Gambling Act 2003 over consented venues.

Consent is required from the Manawātū District Council under the Racing Industry Act 2020 to establish a standalone TAB venue in the District. However, the Policy is not able to influence TAB outlets that establish in conjunction with other activities within pubs, bars and taverns. The powers of the Policy are therefore limited to those venues that require territorial authority consent.

## 1.2 Definitions of Class 4 Gambling and TAB Venues

The Gambling Act 2003 divides gambling into six classes. Territorial Authorities have responsibilities in relation to class 4 gambling. Section 30 of the Gambling Act 2003 defines Class 4 gambling as follows:

*In this Act, **class 4 gambling** is gambling that satisfies the following criteria:*

- a. the net proceeds from the gambling are applied to, or distributed for, authorised purposes; and*
- b. either—*
  - i. no commission is paid to or received by a person for conducting the gambling; or*
  - ii. the only commission that is paid to or received by a person for conducting the gambling is a commission payment to a venue operator that complies with regulations made under section 371(1)(dd); and*
- c. there are game rules for the gambling; and*
- d. the gambling, and the conduct of the gambling, satisfies relevant game rules; and*
- e. either—*
  - i. the Secretary has categorised the gambling as class 4 gambling and not as another class of gambling; or*
  - ii. the gambling utilises or involves a gaming machine.*

The Gambling Act also authorises private gambling, authorised sales promotion schemes and gambling authorised by or under the Racing Industry Act 2020.

Section 93 of the Racing Industry Act 2020 requires that a territorial authority consent be obtained if TAB NZ proposes to establish a TAB Venue within the District. The Racing Industries Act 2020 defines a TAB Venue as “*premises owned or leased by TAB NZ and where the main business carried on at the premises is providing racing betting, sports betting, or other racing or sports betting services under this Act.*”

The TAB Venues Policy therefore only controls stand-alone TAB venues that require territorial authority consent under the Racing Act 2003. The Policy does not control TAB outlets that are located in pubs, taverns and hotels.

## 1.3 Purpose of the relevant Acts in relation to gambling venue policies

The purpose of the Gambling Act 2003 is to:

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

The purpose of the Racing Industry Act 2020 is:

reform the law relating to New Zealand racing in order to—

- provide effective governance arrangements for the racing industry; and
- promote the long-term viability of New Zealand racing; and
- facilitate betting on galloping, harness, and greyhound races, and other sporting events; and
- ensure that the value of racing property is retained in the industry and is used for maximum industry benefit; and

prevent and minimise harm from gambling conducted under this Act, including harm associated with problem gambling. It should be noted that one of the functions of the TAB NZ, under section 58 of the Racing Industries Act 2020 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...”*

In carrying out its functions under the Racing Industries Act, TAB must:

- comply with the principles of natural justice; and
- exhibit a sense of social responsibility by having regard to the interests of the communities in which it operates.

## 2 Gambling within the Manawatū District

### 2.1 Manawatū District Profile

The Manawatū District had a usually resident population of 33,900 in 2023. This was equivalent to 0.65% of the national population. The current growth rate for the District is 1.7% per annum.

### 2.2 Existing Class 4 Gambling Venues

Table 1: Class 4 Gambling Venues

| Site Name                    | Society                   | Site Town | Total number of machines |      |      |
|------------------------------|---------------------------|-----------|--------------------------|------|------|
|                              |                           |           | 2017                     | 2021 | 2024 |
| Stockyard Bar and Restaurant | Trillian Trust            | Feilding  | 18                       | 18   | 18   |
| Drovers Return Bar and Cafe  | NZ Community Trust (NZCT) | Feilding  | 9                        | 18   | 18   |
| The Empire Tavern            | NZCT                      | Feilding  | 18                       | 18   | 18   |
| Feilding Hotel               | NZCT                      | Feilding  | 18                       | 18   | 18   |
| Rongotea Tavern              | Pub Charity Ltd           | Rongotea  | 4                        | 9    | 18   |
| Totals                       |                           |           | 67                       | 81   | 90   |

As at March 2024, the Manawatū District had 0.50% of Class 4 venues and 0.64% of the total gaming machines in New Zealand. (Department of Internal Affairs, 2024) Based on the Statistics New Zealand sub-national population estimates, an average of 0.64% of New Zealand's population lived in the Manawatū District over the period 2013 to 2023 (Statistics New Zealand, 2023).

The total number of gaming machines has seen a overall slight increase. The 67 seen in 2017 was small downward blip which then increased up to again 78 in 2018 (was 79 in 2016). The district did have 81 machines from September 20 through to March 23. In June of 2023 the number of gaming machines increase up to the cap of 90. This shows that there isn't significant movement in the number of gaming machines and now that we have reached the cap, there wont be an additional increase. It is worth noting that in 2003 there were 133 machines over 16 venues operating in the Manawatū District. (Department of Internal Affairs, 2024)

#### 2.2.1 Deprivation Information

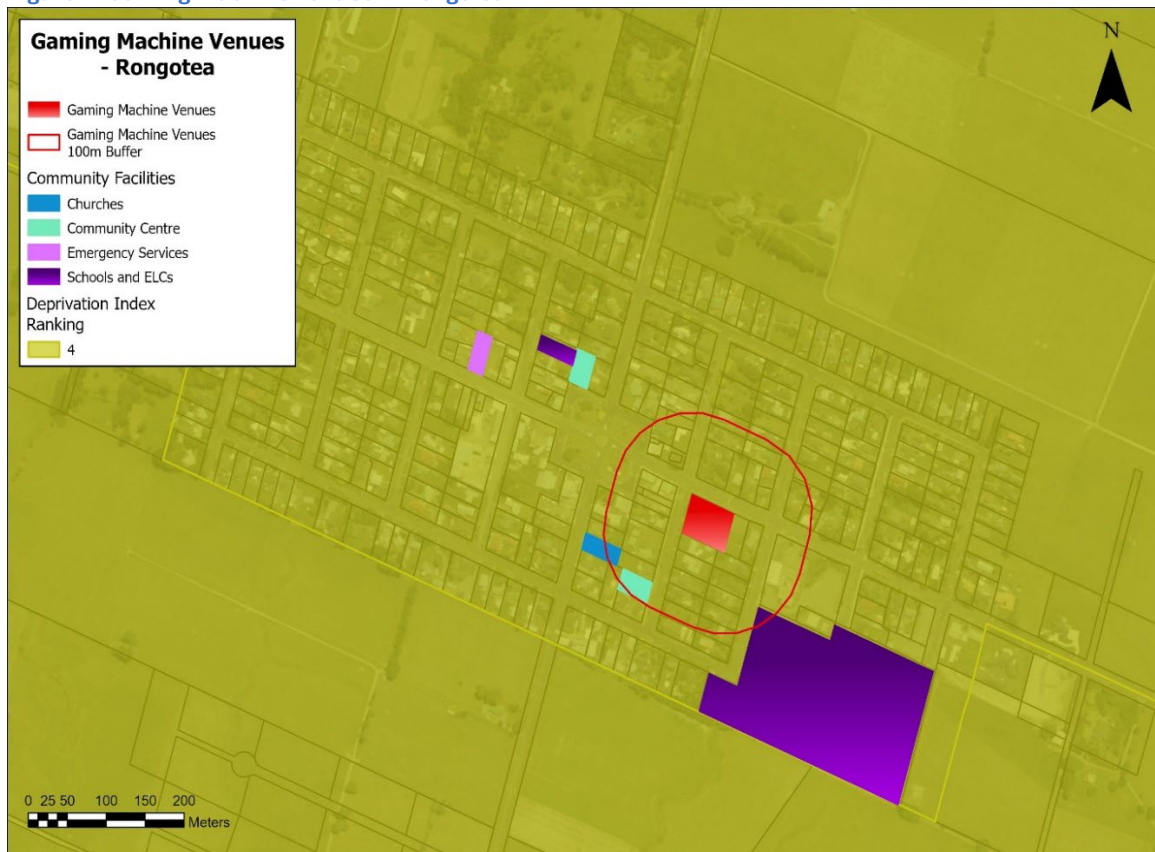
Figures 1 and 2 below shows that the existing class 4 gambling venue in Rongotea is within an area with a deprivation rating of 4 (moderately deprived), while those in Feilding are within an area with a deprivation rating of 9 (high deprivation). (Dot Loves Data, 2024)

**Figure 1: Gaming machine venues in Feilding**



It is worth noting that the library position is that of the original site rather than the temporary site on Goodbehere Street, as the community hub is now open in its original space.

**Figure 2: Gaming machine venues in Rongotea**



## 2.3 TAB Venues

There are no stand-alone TABs in the Manawatū District, only outlets that are associated with existing hotels and taverns, as shown in Table 2 below.

Table 2: TAB venues (TAB, 2024)

| Site Name       | Site Town | Outlet Description   |
|-----------------|-----------|----------------------|
| Empire Tavern   | Feilding  | Pub TAB Full Service |
| Feilding Hotel  | Feilding  | Pub TAB Full Service |
| Rongotea Tavern | Rongotea  | Self-Service Only    |

These existing venues are not subject to the TAB Venues Policy. However, all of the existing TAB venues also contain gaming machines and are therefore subject to the zone and setback distance requirements of the Gambling Venues policy.

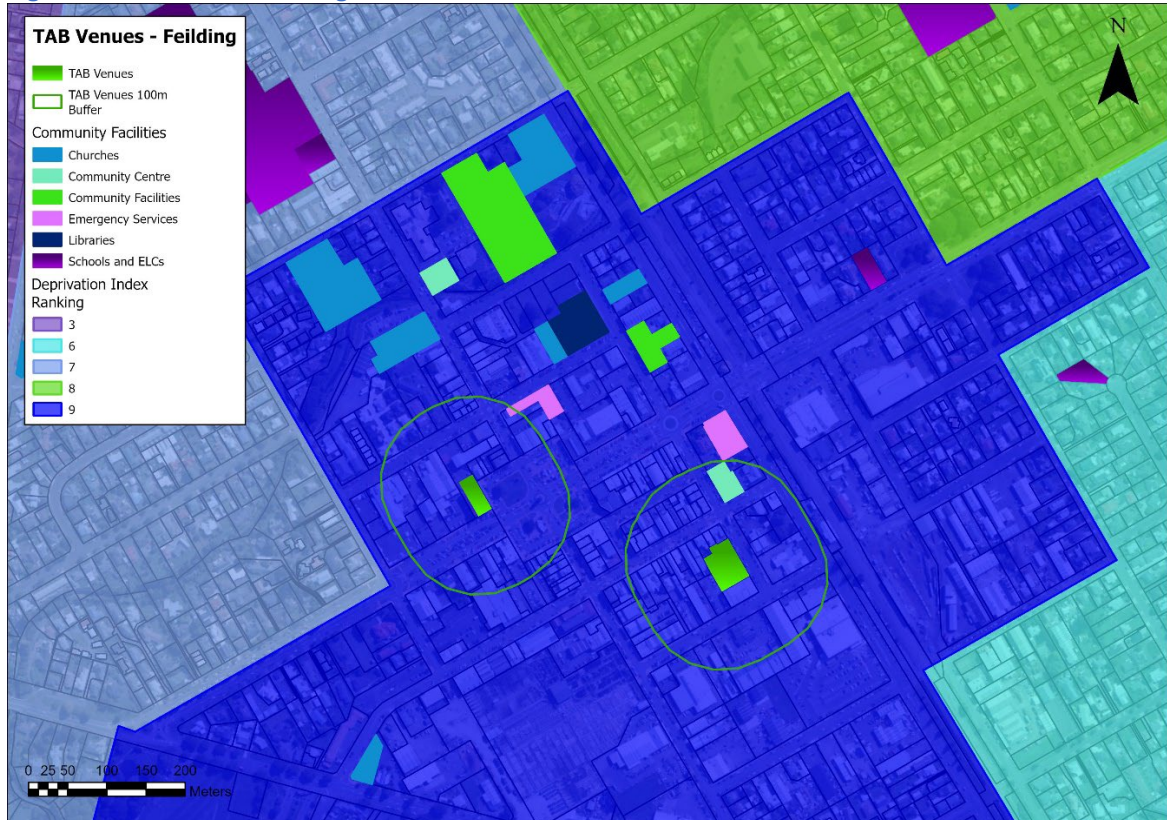
The TAB venues policy allows new TAB venues to establish in the Manawatū District where the primary activity of the proposed venue is:

- For racing betting and horse betting; and
- Is not associated with family or children's activities; and
- Is located within the Inner or Outer Business Zones (Feilding CBD) or the Manfeild Park Zone subject to being no closer than 100 metres to the entrance to any school, early childhood centre, after school care facility, kindergarten, place of worship or other community facility.

### 2.3.1 Deprivation Information

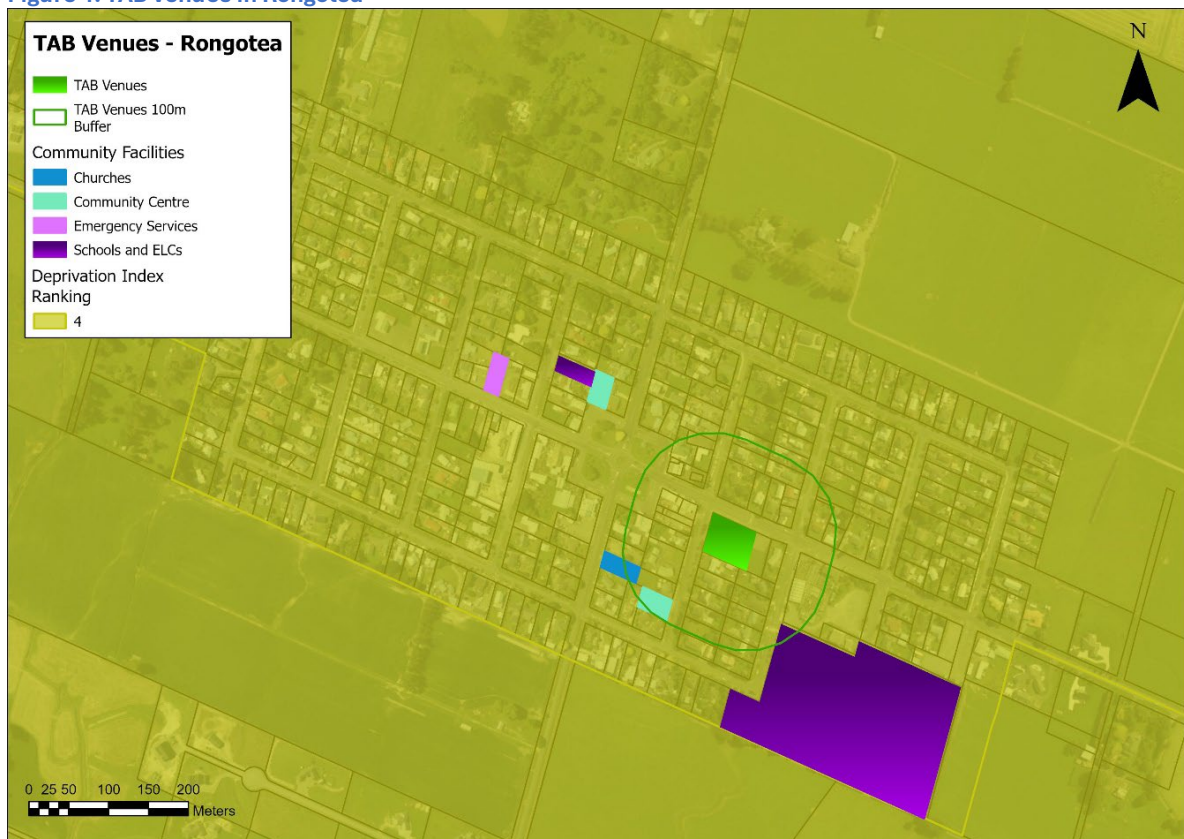
Figures 3 and 4 below show that the existing TAB sites in Rongotea is within an area with a deprivation rating of 4 (moderately deprived), while those in Feilding are within an area with a deprivation rating of 9, (high deprivation area). (Dot Loves Data, 2024)

Figure 3: TAB venues in Feilding



It is worth noting that the library position is that of the original site rather than the temporary site on Goodbehere Street, as the community hub will open mid 2024

Figure 4: TAB venues in Rongotea



## 2.4 Proximity of Existing Venues to Sensitive Activities

### 2.4.1 Class 4 Gambling Venues

Section 4.2 of the draft Gambling Venues Policy outlines permitted activities for Class 4 venues. Venue location is controlled in two ways – by District Plan Zone and through a separation distance rule. In addition, the Policy requires that the primary purpose of a Class 4 venue be for:

- the sale of liquor or the sale of liquor and food;
- a Chartered Club or Returned Services Association,
- sporting activities, or
- the operation of the TAB.

And not activities associated with family or children's activities.

Class 4 venues are permitted to locate within the Inner and Outer Business Zones within the Feilding CBD and in the Manfield Park Zone or within Entertainment Facilities on sites zoned Village with identified frontage under the Manawātū District Plan. These zones are considered to be best-suited to Class 4 gambling activities, particularly as these zones also have the greatest concentration of licenced premises, clubs and TABs, which class 4 venues are required to be ancillary to. The Policy and the District Plan do not permit Class 4 venues from establishing within Residential Zones.

Clause 4.2.1 of the Gambling Venues Policy states that:

*“No Class 4 gambling venue may be established closer than 100 metres to the entrance to any school, early childhood centre, after school care facility, kindergarten, place of worship or other community facility.”*

Figures 1-2 above illustrate the location of existing class 4 venues in Feilding and Rongotea and their proximity to the abovementioned activities, outlining a 100m buffer around the existing class 4 venues. These buffer distances are designed to reduce the likelihood of conflict between incompatible activities and the risk of social harm.

Figure 4 shows that a corner of the Rongotea School is within the 100m buffer of the Rongotea Tavern. This corner of the school is sports fields and is not a primary entrance to the school. Also within the 100m buffer around the Rongotea Tavern is a place of worship (Sacred Heart Catholic Church) and an RSA Hall. While the current temporary library sits within the buffer zone for gaming machines, it is scheduled to move back to its original location in mid 2024. Once it has moved it will sit partially out of the buffer zone. Its main entrance will not be on the same road as the main entrance to Drovers Return Bar and Café so any impact would be minimal.

### 2.4.2 TABNZ venues

As outlined in section 2.3 above, there are currently no stand-alone TAB venues. Existing TAB outlets are all within venues that also house gaming machines. Any new stand-alone TAB venue would be subject to the location controls in the policy, which include restrictions around the primary activity of the proposed venue (being for racing betting and horse betting and not associated with family or children's activities) and same separation distance requirements as Class 4 venues.

## 2.5 Gaming Machine Proceeds within the Manawatū District

The Department of Internal Affairs collects data on total Gaming machine proceeds (GMP) within each District for each quarter. They also have statistics that compare the total gaming machine proceeds within each District as a percentage of the National Total.

There has been significant fluctuation in the GMP for the Manawatū District with an overall trend of increased spending. Between March 2019 and December 2023 there has been a increase of \$370,000. There was a peak GMP seen in September 2022 of \$1.4 million. Cost of living pressures has likely contributed to the lower GMP seen in 2023. The significant dip seen in June 2020 is directly related to the Covid lockdown period. Same with the smaller dip seen in September 2021.

Figure 5: Gaming machine proceeds for the Manawatū District

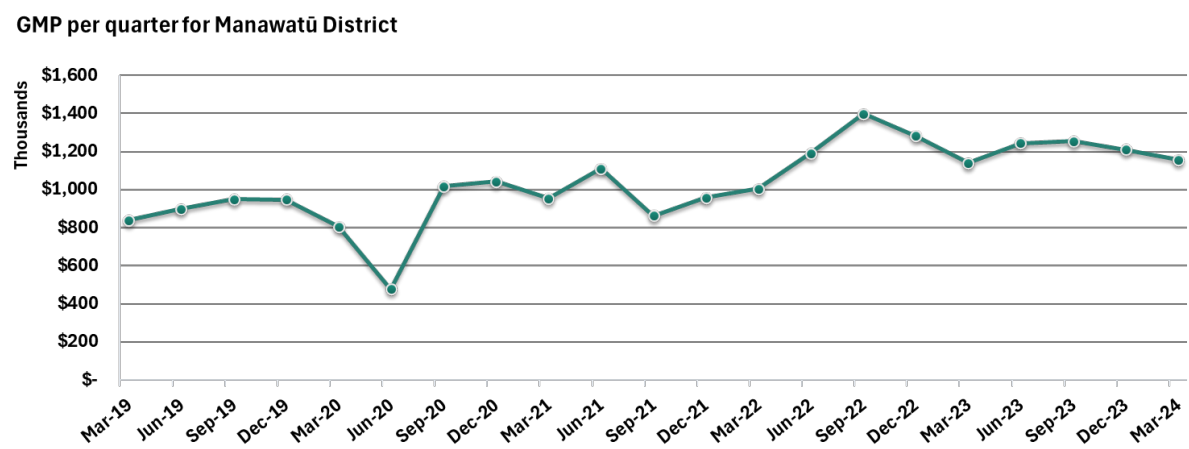
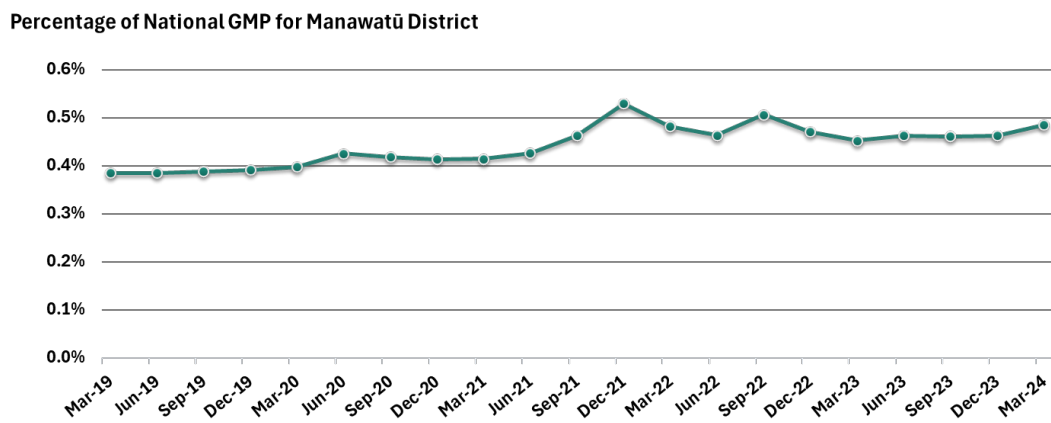


Figure 6 below illustrates gaming machine proceeds for the Manawatū District as a percentage of the national total. The increase seen in December 2021 is likely due to significant reduction in GMP in the Auckland District as they were still in a covid lockdown meaning the proportion of spending in other areas would have increased. The over proportion of GMP in the Manawatū District has increase by 0.12%. The portion of 0.48% sits below our population proportion of 0.65%.

Figure 6: Percentage of national gaming machine proceeds.



### **2.5.1 Comparison with National Statistics**

When looking at gaming machine proceeds per capita the Manawatū District rate for March 2024 sits at \$44 per capita, the national rate is \$58 this indicates that we sit below the national rate. When looking at all territorial authorities the Manawatū District has a rank of 53 out of 66, (A rank of 1 would mean the highest gambling proceeds per capita). (Dot Loves Data, 2024). This shows that compare to other territorial authorities the gaming proceeds per capita for the Manawatū District are reasonably low.

## **3 Benefits of Gambling**

The key benefits to the Community from Gambling are as follows:

1. Community Grants
2. Economic activity including employment opportunities and contribution to the tax base
3. CBD revitalisation
4. Entertainment

This social impact assessment focusses on community grants and gambling as entertainment.

### **3.1 Community Grants**

In 2023 \$345.5 million of gaming funds went to a range of community causes around New Zealand, much of it to the region where it was collected. Some Community groups, for various reasons, prefer not to access grants from gaming machine societies. However, many community groups that benefit would find it difficult to operate without grants from gaming machine societies.

Grants are made by the incorporated societies that operate gaming machines within the District. Table 3 summarises the total donations given back to the community in the Manawatū District for the years 2019-2023.

There are limitations to the following data as how people apply and are allocated to specific districts varies depending on who is applying. It is possible that some community grants from previous years have not been correctly allocated to the Manawatū District.

“Data is collected by Te Tari Taiwhenua from operating Societies. Gaps, limitations, or inaccuracies in raw data supplied by operating Societies may result in the final dataset showing anomalies.”

**Table 3: Community grants given in the Manawātū District**

|                                 | 2019             | 2020             | 2021             | 2022               | 2023               |
|---------------------------------|------------------|------------------|------------------|--------------------|--------------------|
| Arts                            | \$1,650          | 9000             | \$5,000          | 20303              | \$33,361           |
| Community Groups                | 15662            | 596              | 4588.62          | 7345               | \$207,965          |
| Faith Based                     |                  |                  | \$2,747          |                    | \$7,357            |
| <b>Community Groups Total</b>   | <b>\$17,312</b>  | <b>\$9,596</b>   | <b>\$12,336</b>  | <b>\$27,648</b>    | <b>\$248,683</b>   |
| Community Services              | \$41,784         | \$9,791          | \$23,750         | \$221,459          | \$99,911           |
| Education                       | 26746.27         | 17551            | 75007.26         | 122656.28          | \$125,155          |
| Health Related                  |                  |                  | 25000            | 54653              | \$184,366          |
| Early Childhood                 | 3530             | 3750             | 7854             | 16036.23           | \$4,881            |
| Events                          |                  | \$7,144          | \$14,030         | \$57,190           | \$28,021           |
| <b>Community Services Total</b> | <b>\$72,060</b>  | <b>\$38,236</b>  | <b>\$145,641</b> | <b>\$471,995</b>   | <b>\$442,335</b>   |
| Aviation                        |                  |                  | \$12,050         | \$6,774            | \$4,804            |
| Badminton                       | \$2,626          |                  | \$3,720          | \$48,329           | \$62,619           |
| Basketball                      |                  |                  |                  | \$40,000           | \$124,773          |
| Blokart                         |                  | \$2,755          |                  |                    | \$10,000           |
| Bowls                           |                  | \$2,655          |                  | \$3,000            | \$10,000           |
| Canoe Polo                      |                  |                  |                  | \$13,843           | \$6,477            |
| Community Groups                |                  | \$5,362          |                  | \$50,000           | \$175,000          |
| Cricket                         | 847              | 2417.96          | 3000             | \$119,619          | \$118,200          |
| Cycling                         |                  |                  | \$6,180          | \$10,480           | \$21,463           |
| Equestrian                      | \$6,300          | \$3,515          |                  | \$2,377            |                    |
| Football                        | \$7,144          | \$8,144          | \$32,546         | \$34,192           | \$3,500            |
| Golf                            | 8000             |                  |                  | \$50,905           | \$22,493           |
| Hockey                          |                  |                  |                  | \$63,000           | \$1,880            |
| Motorsports                     | \$35,200         | \$209,500        | \$168,000        | \$66,750           | \$184,500          |
| Mountain biking                 |                  |                  |                  |                    | \$15,000           |
| Netball                         |                  |                  |                  | \$95,000           | \$110,000          |
| Rugby                           |                  |                  | 88818.96         | 68551.46           | \$553,011          |
| Shearing Sports                 | \$8,251          | \$8,000          | \$5,000          |                    |                    |
| Special Olympics                |                  |                  |                  | \$3,451            | \$14,352           |
| Swimming                        |                  | \$3,831          | \$25,550         | \$14,215           | \$12,896           |
| Tennis                          |                  | \$25,000         | \$72,100         | \$32,993           | \$70,000           |
| Volleyball                      |                  |                  |                  | 35000              | \$65,000           |
| Other Sports                    |                  | \$14,389         | \$9,233          | \$24,000           | \$32,775           |
| <b>Sport Total</b>              | <b>\$68,368</b>  | <b>\$285,569</b> | <b>\$426,199</b> | <b>\$782,479</b>   | <b>\$1,618,743</b> |
| <b>Grand Total</b>              | <b>\$157,740</b> | <b>\$333,402</b> | <b>\$584,175</b> | <b>\$1,282,122</b> | <b>\$2,309,760</b> |

Based on table 3, the societies that operate gaming machines within venues in the Manawātū District awarded a total of \$691,018 to a range community groups, services and charities within the Manawātū District in 2023.

TAB NZ is a statutory body which provides betting services to New Zealanders, and makes returns back to New Zealand racing and sporting organisations. In July 2019, the New Zealand Racing Board (NZRB) was renamed as the Racing Industry Transition Agency (RITA) through amendments to the Racing Act 2003. The Racing Industry Act 2020 came into law in June 2020, at which point TAB NZ was established.

TAB NZ is limited to operating gaming machines in TAB Venues, that is, venues that they either own or lease to sell race or sports bets. The nearest Gaming TABs are two in Palmerston North and one in Whanganui. Across New Zealand, there are 41 TAB Venues that have gaming machines. (Department of Internal Affairs, 2024)

For the year ended 31 July 2022, TAB NZ made distributions of \$140 million from betting and \$17 million from gaming. (TAB, 2023)

## 3.2 Entertainment

Gaming machines can form part of a Class 4 venue's entertainment package. The 2020 Health and Lifestyle survey found that a little over 69% of the population had participated in at least one form of gambling annually. With Lotto being the majority at 59.1%. (PGF Fact Sheet, 2023)

## 4 Social Costs of Gambling

The majority of gamblers are recreational gamblers. However, a small proportion of the population are classified as "problem gamblers."

The Gambling Act 2003 defines a problem gambler as a person whose gambling causes harm or may cause harm, and 'harm' is defined as:

- (a) 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) by the person's spouse, civil union partner, de facto partner, family, whānau, or wider community; or
  - (iii) in the workplace; or
  - (iv) by society at large.

In general, the social impacts of problem gambling include: (PDF Group, 2023)

- Work or Study: Job loss, absenteeism, poor performance
- Community: Load on Charities, community breakdown
- Inter-personal: Family neglect, relationship breakdowns, domestic violence
- Legal: Theft, bankruptcy
- Financial: Debts, asset loan
- Personal: Stress, depression and anxiety, poor health

Harmful gambling can cause stress-related physical and psychological ill health. Other adverse effects include family breakdown, family violence, criminal activity as a result of gambling-related debt or needing to fund gambling, disruption to or loss of employment and social isolation.(PDF, 2023)

The Health and Lifestyles Survey in 2020 found that (Kupe Data Explorer, 2020):

- 1.6% were moderate risk and problem gamblers
- 2.9% were low risk gamblers
- 4.5% had household-level gambling harm
- around 91% were current non-problem ('recreational') gamblers or non-gamblers.

## 4.1 Problem Gambling Statistics for the Manawatū District

The Ministry of Health records intervention statistics for problem gambling. Figure 7 illustrates the number of new and ongoing problem gambling clients assisted in the Manawatū District by financial year. Before 2019 these numbers were relatively low with significant low numbers seen in the years before 2019. In 2020 there was a peak of 188 new clients, this has now reduced down a total of 61 clients for June year ending 2023.

Figure 7: Intervention Client Data (Ministry of Health, 2023)

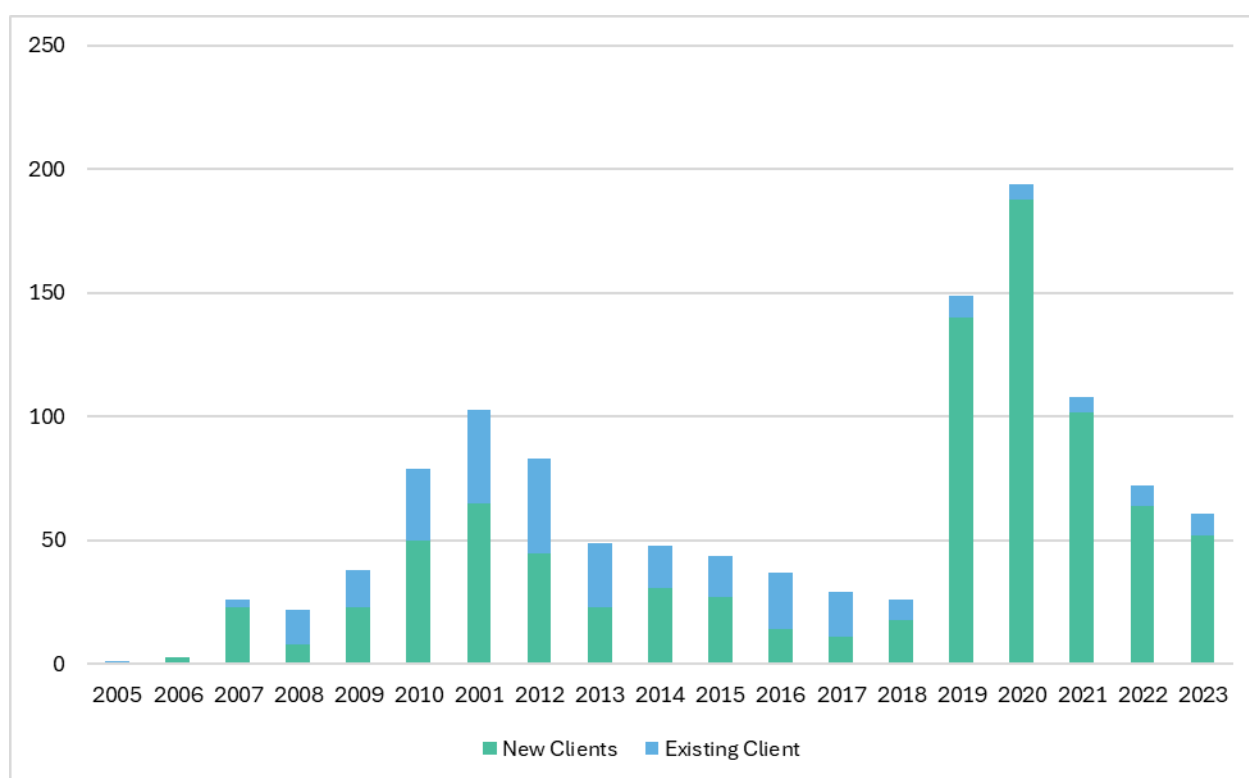


Figure 8 below compares the total number of clients seeking intervention services for problem gambling in the Manawatū District, as a percentage of the total population, against nearby territorial authorities from the 2019 to 2023 financial years. This shows that in 2019 and 2020 the Manawatū District had a significantly higher percentage of the population seeking help. In 2021, 2022 and 2023 this has reduced significantly down to similar percentages of the other nearby territorial authorities.

**Figure 8: Intervention data as proportion of total population (Ministry of Health, 2023)**

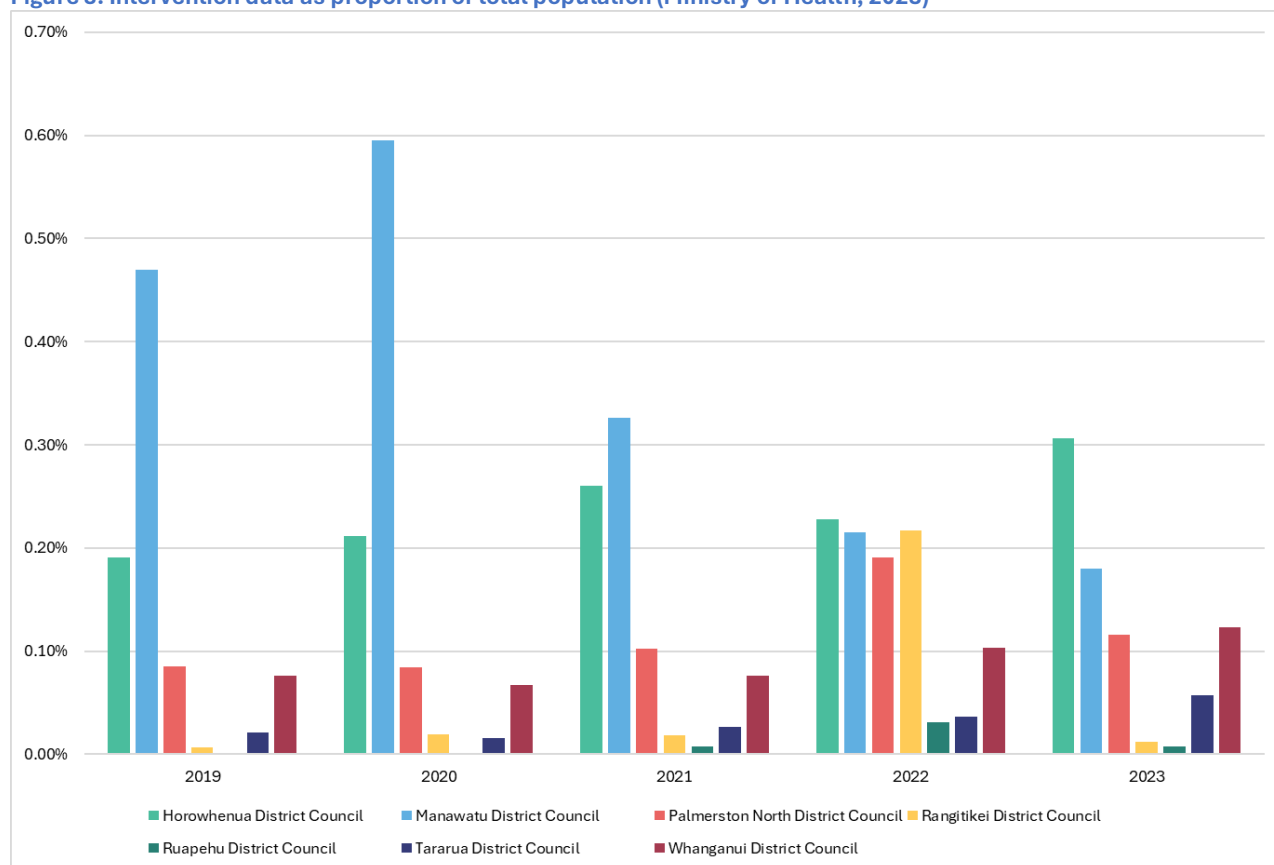
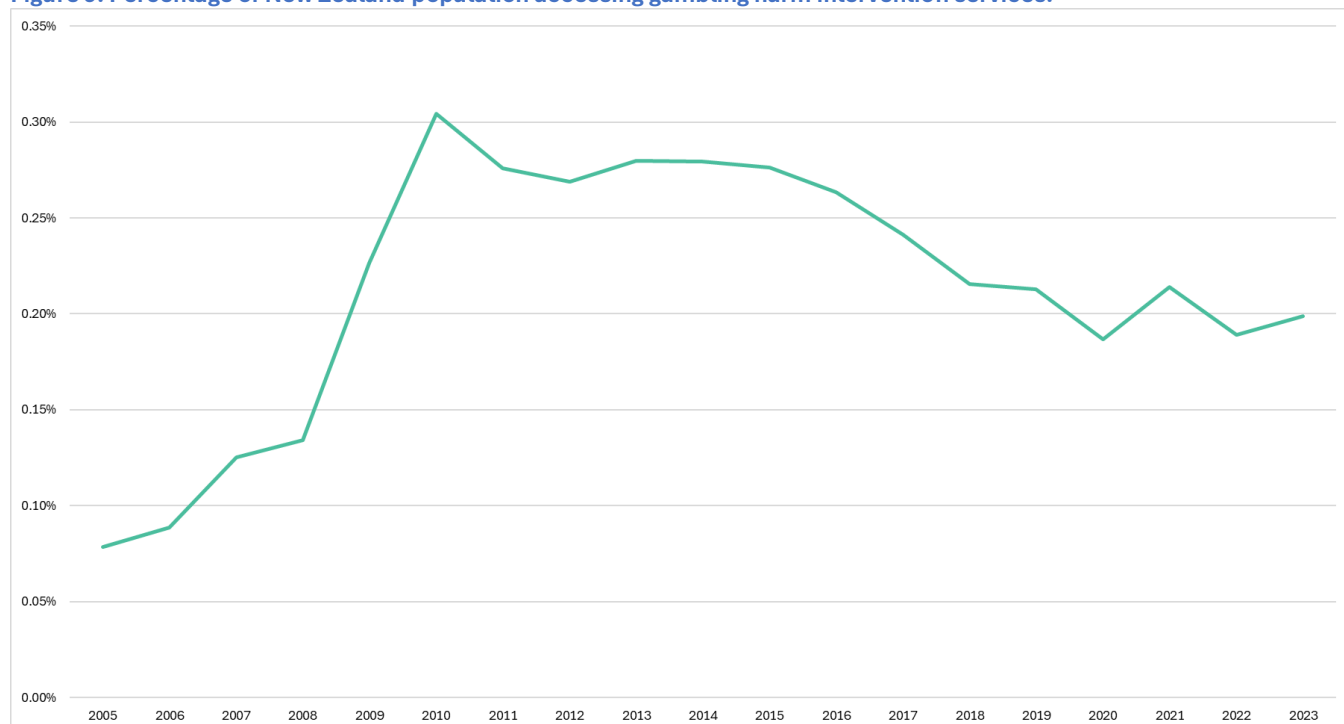


Figure 9 illustrates the percentage of the total population of NZ that received support for their own, or someone else's gambling, by financial year. This data is based on intervention figures from the Ministry of Health (Ministry of Health, 2023) and estimated resident population for New Zealand from Statistics New Zealand. This shows that there was a steady increase occurring from 2205 to a peak seen in 2010. From 2010 out to 2023 there as been an overall decline. In recent years there has been some fluctuations, with a small increase seen in 2021 and 2023 seeing an increase compared with 2022. 2023 is sitting at 0.20%.

**Figure 9: Percentage of New Zealand population accessing gambling harm intervention services.**

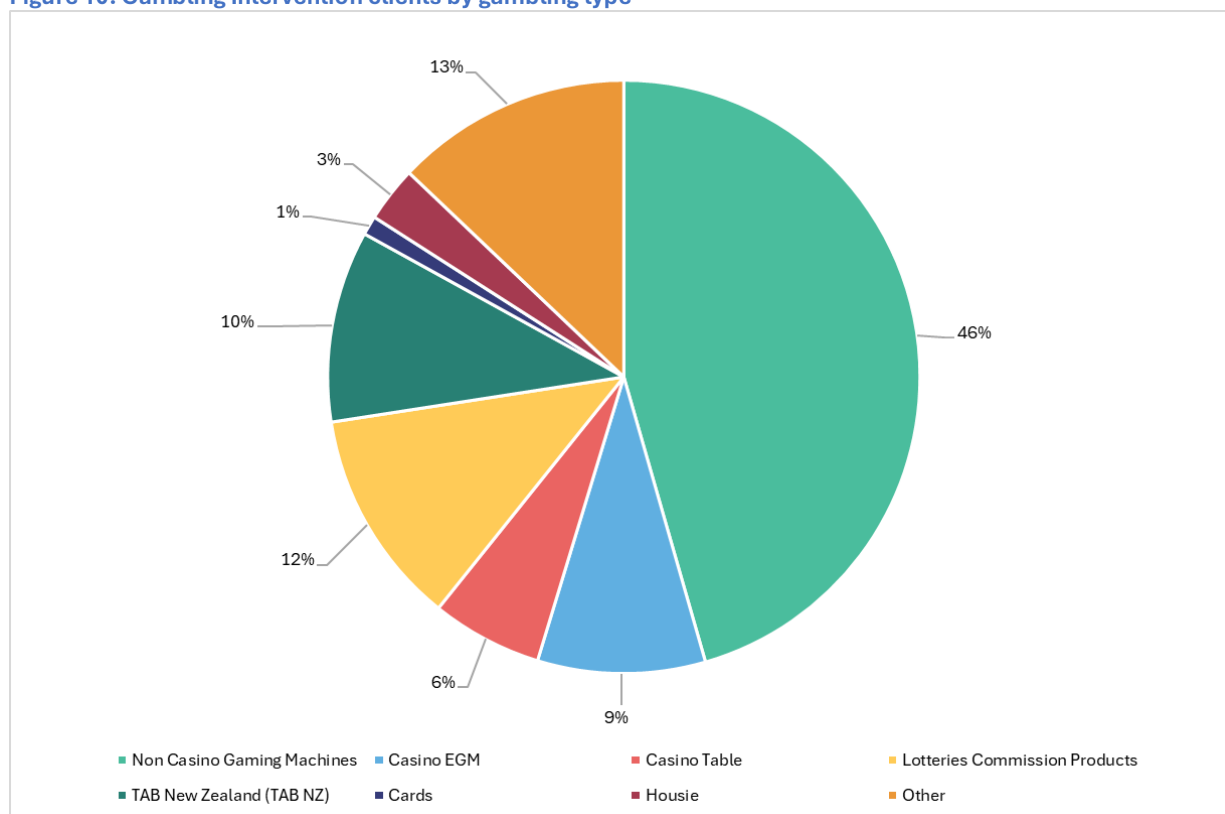


## 4.2 Factors Influencing Problem Gambling

Key factors influencing problem gambling in New Zealand include:

- **Ethnicity**  
Māori are 3.13 and Pacific peoples are 2.56 times more likely to be moderate-risk or problem gamblers. Asian peoples' risk factor for harmful gambling is 9.5 times higher when compared with European/Other. (PGF, 2021)
- **Proximity to Gambling Venues and Community Deprivation**  
Gambling venues tend to be denser in areas with small populations or high deprivation. It is difficult to establish a correlation between reduction of gambling venues and expenditure, but this may be because reductions are not yet significant enough to reduce access. (Rook, Rippon, Pauls, Doust, & Prince, 2018)
- **Mental Health and Addiction**  
Gambling can be linked to mental health disorders and alcohol and nicotine dependencies. Studies in youth show a heightened risk of problem gambling for those with mental health issues including depression, and those who also used alcohol and cigarettes at least weekly. (Rook, Rippon, Pauls, Doust, & Prince, 2018)
- **Gambling Mode**  
Around half of all clients seeking intervention services for problem gambling in the 2020 financial year (See figure 10 below) identified "non-casino gaming machine gambling" (46%). A further 9% identified Casino EGM. This shows that gaming machines are causing the most harm for problem gamblers.

**Figure 10: Gambling Intervention clients by gambling type**



Of the factors listed above, the Manawātū District Council’s Gambling Venues Policy is able to control the proximity of gambling venues to residential areas and to deprived communities. The Gambling Venues Policy does this by only providing for Class 4 gambling Venues and Tab Venues in certain District Plan Zones and by specifying separation distances between entrances to venues and certain activities where families and children may congregate (refer to Section 4.2.1).

The Manawātū District Council’s Gambling Venues Policy includes a gaming machine cap. A gaming machine cap is a useful tool for limiting the number of new Class 4 venues that are able to establish in the District.

Other research has found that the transition to risky gambling was most likely to be associated with maintaining or starting several negative health and lifestyle factors over time. This included continuously smoking; maintained poor quality of life and repeatedly experiencing one or more major stressful life events within the previous year; increased depression and reduced community interaction. (Bellringer ME., Janicot S, Ikeda T, et al. 2020)

### 4.3 Online Gambling

While the Gambling Venues Policy has no control over online gambling it is good to get an understanding of how this is also impacting our district. Online gambling in New Zealand is restricted to The lotteries Commission and TAB NZ. This does not prevent New Zealanders participating in online gambling with operators that are overseas, this is not illegal. Figure 10 above show that 13% of clients stated other as their primary gambling problem this is 1,341 people across New Zealand. Of this 941 (70%) stated that overseas was their primary problem gambling mode, it is likely that the majority of this would be online gambling.

## 5 Social Impacts of the Policy

Table 4 evaluates options for the Gambling Venues Policy that may result in social effects. This policy is to give effect to section 101(2) of the Gambling Act 2003 and section 65D(2) of the Racing Industries Act 2020.

**Table 4: Options for the Gambling Policy**

| Proposed Action                                                                                                              | Positive Effects                                                                                                                                                                                                              | Neutral Effects and Safeguards                                                                                                                                                                                           | Negative Effects                                                                                                                                                      | Overall Conclusion                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Retaining Status Quo</b><br>We are proposing to retain the cap on consented gaming machine numbers in the District at 90. | There will be no reduction on the amount of money currently available to charities and community groups in the District as those Societies that own the gaming machines are able to continue to operate as they do currently. | The number of venues has not changed, with the number of gaming machines now reaching the cap of 90.<br><br>No new machines can currently be established this means any new venues are not able to have gaming machines. | Continuing to have 90 gaming machines in the district operating could have adverse social impacts.                                                                    | The current cap of 90, has been reached and is considered acceptable. Retaining this cap means that no additional gaming machines can be operated in this area. This also maintains the balance of having gaming machines in the district for the purposes of entertainment and well as limiting the access to potential reducing problem gambling. |
| <b>Increase the current cup</b>                                                                                              | This would provide an opportunity for new class 4 gambling venues to establish within the District – with economic and entertainment benefits.<br><br>Available funding for grants may increase.                              | All existing venues are already operating at their maximum number of allowable machines.<br><br>The District Plan and Policy control where new venues can locate.                                                        | Negative social impacts, especially for problem gamblers.                                                                                                             |                                                                                                                                                                                                                                                                                                                                                     |
| <b>Change to a sinking lid policy</b><br>Council could elect change to a sinking lid policy.                                 | If existing venues close or choose to no longer provide gaming machines then the number of machines will reduce in this district, this will                                                                                   | Unless an existing venue closes or chooses to no longer provide gaming machines, there will be no                                                                                                                        | Should gaming machines reduce residents who are not problem gamblers would have reduced access to gaming machines as a legitimate form of entertainment. Also funding |                                                                                                                                                                                                                                                                                                                                                     |

| Proposed Action | Positive Effects                    | Neutral Effects and Safeguards    | Negative Effects                | Overall Conclusion |
|-----------------|-------------------------------------|-----------------------------------|---------------------------------|--------------------|
|                 | reduce access for problem gamblers. | change in the number of machines. | for grants may also be reduced. |                    |

## 6 Conclusion

This report provides the Manawātū District Council Officers and Elected Members with information to assess the social impacts of gambling within the District. The purpose of this report is to inform the review of the Gambling Venues Policy, which considers both Class 4 venues and TAB Venues.

This Policy enables the Manawātū District Council to influence the number and location of new class 4 gambling venues and TAB venues, and the number of gaming machines operating in both class 4 venues and the District as a whole. However, the Policy is not able to control all modes of gambling, including internet-based gambling, gambling in casinos and TAB outlets within restaurants, clubs and pubs.

Key findings of this social impact assessment include:

- The number of electronic gaming machines in the Manawātū District has increased over time and is now at the limit of 90.
- There are currently 5 class 4 gambling venues in the Manawātū District, with a total of 90 electronic gaming machines currently operating.
- There are no stand-alone TAB venues in the Manawātū District, but three TAB outlets within pubs and taverns in Feilding and Rongotea that also operate gaming machines.
- Existing class 4 venues and TABs are located within medium and high deprivation areas.
- The location of new gambling venues is managed through zoning and separation distance controls in the Gambling Venues Policy, though as gaming machines in the district have reached their cap we are unable to consent any new ones.
- Gaming machine proceeds in the Manawātū District sit lower than the national average. And the Manawātū District sits at 53 out of 66 for all territorial authorities in gaming machine proceeds per capita.
- The proportion of total residents in the district seeking help for problem gambling has reduced to similar levels seen in the surrounding districts and sits equal with the national average.

The proposed action for the Gambling Venues Policy is:

1. Retaining the Gambling Venues Policy with a cap of 90 EGM machines, with updates to reflect legislation and District Plan changes.

The proposed retention of the gaming machine cap will mean that the existing gaming venues could continue up to their consented numbers and no new machines can be consented for the Manawātū District.

This proposed retention of the gaming machine cap is considered neutral in terms of social impacts as it provides for the continuation of existing class 4 gambling venues while minimising potential adverse effects, including cumulative effects, of new venues establishing. The change is considered to strike an appropriate balance between providing for class 4 gambling and the benefits it provides to the community in terms of grants and entertainment, and the social costs of problem gambling.

## 7 ANNEX 1 – SUPPORTING INFORMATION

### 1 Overview of Class 4 Gambling

An overview of class 4 gambling is provided in the Department of Internal Affairs publication “*Guide: Pokies in New Zealand – A guide to how the system works*” (October 2016). In summary:

- The New Zealand gambling model returns millions of dollars to our community
- Corporate societies own pokie (or electronic gaming) machines
- Venues such as pubs are paid by societies to host their machines
- Payments to venues for machines are controlled and limited
- Venues return pokie proceeds to corporate societies
- Community groups can apply to corporate societies for grant funding
- Corporate societies distribute proceeds to community groups

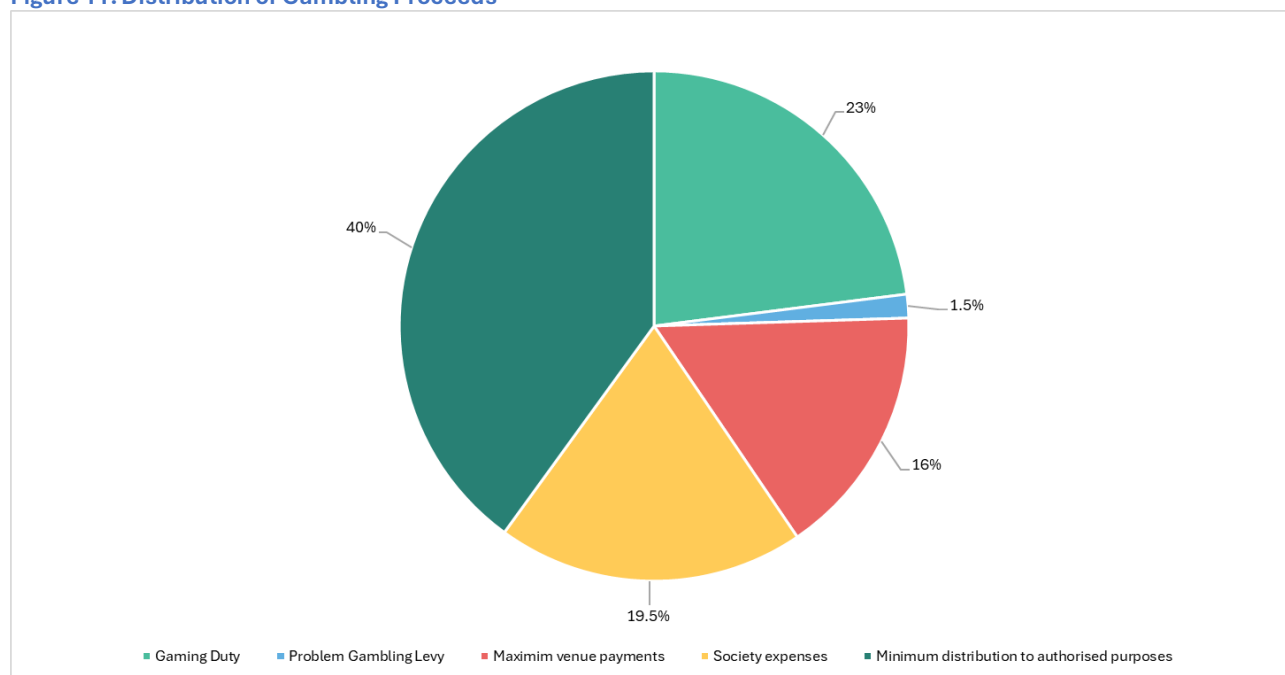
The Department of Internal Affairs is responsible for regulating the gambling sector in New Zealand. Corporate societies are licensed by Internal Affairs to operate gaming or ‘pokie’ machines in clubs or in commercial venues (pubs and bars). Class 4 gambling is operated on a not-for-profit basis, with the objective of generating revenue to return to communities via contestable grant processes.

The Department of Internal Affairs sets minimum allocation requirements for the proceeds from Class 4 gaming machines. About a quarter of the total proceeds is spent on fixed costs including government duties (23%), levies and licencing fees. Societies use a portion of the proceeds to meet “actual, reasonable and necessary” operating costs which they incur in running their Class 4 operations. The society also pays a commission to the venue owner of up to 1.28 percent of their weekly turnover, capped at 16 percent of their net annual gaming machine profits. The commission rate is set at a level that is intended to reimburse the actual cost of operating Class 4 gambling without allowing pubs and bars to make a profit from the operation of gaming machines.

The remaining proceeds are called “net proceeds” and must be allocated to authorised community purposes. Societies must allocate a minimum of 40 per cent of gaming machine proceeds, excluding GST, in each financial year. They are often able to distribute more than 40 per cent to the community. If societies are unable to meet the minimum rate, Internal Affairs can revoke or not renew their operating licence. Corporate societies have an obligation to minimise costs and maximise the amount distributed to the community.

The following pie chart (Figure 11) summarises the minimum allocation requirements for class 4 gaming machine gross proceeds. (Problem Gambling Foundation, 2021)

Figure 11: Distribution of Gambling Proceeds



The total turnover from electronic gaming machines depends on how many people use them and how often. As the location of the machines can influence their use, societies may compete to locate their machines in popular bars and pubs where turnover may be higher.

According to the Department of Internal Affairs, in 2022, Gaming Machine Proceeds (actual amount of money spent by patrons) was \$1.01 Billion. The total amount of “pokie” grants distributed was \$328.15 Million. (Department of Internal Affairs, 2022)

## 2 Overview of TAB Venues

The Racing Industries Act 2020 dissolved the New Zealand Racing Board, and replaced it with the Racing Industry Transition Agency, which has since been succeeded by TAB New Zealand.

*TAB New Zealand (TAB NZ) is a statutory body established through the Racing Industry Act 2020 which provides betting services to New Zealanders and makes returns back to New Zealand racing and sporting organisation. (TAB, 2021)*

*Gaming net profit distributions are made to amateur sports organisations and applied to TAB NZ costs to cover specific industry expenditures which are for racing authorised purposes; all distributions from Gaming net profit are approved by TAB NZ’s Net Proceeds Committee under a grants policy that ensures that the authorised purpose is consistent with the purpose specified in TAB NZ’s Class 4 Gaming licence.*

*The Gambling (Class 4 Net Proceeds) Regulations 2004 requires Gaming surplus to be distributed for authorised purposes and cannot be retained by the business. (TAB NZ, 2021)*

## 3 National Trends in Class 4 Gambling

### 3.1 Participation Trends

The Health and Lifestyle survey was last conducted in 2020 (Ministry of Health, 2020). This showed that 69.3% had involvement in at least one gambling activity in the previous 12 months.

15.8% of survey participants brought a lotto ticket weekly, this has remained similar to the previous 3 surveys, with a high seen in 2012 of 20.5%. 0.9% used gaming machines in a pub/club weekly this has also remained at similar levels to previous surveys.

### 3.2 Gambling Expenditure

The total expenditure for 2022 financial year is \$2,254 million, currently for the 2023 financial year (which TAB NZ is not yet available) it is \$2,385 million. (Department of Internal Affairs, 2023). This shows that between the 2021 and 2022 financial years there was a decrease of \$370 million and in 2023 even without the TAB NZ data there has been an increase of \$131 million. When looking at the statistics that are adjusted for both the population and inflation between 2021 and 2022 financial years saw a decrease of \$115 per capita. Between 2022 and 2023 there was a decrease of \$12 per capita though this will change once the TAB NZ 2023 statistics become available.

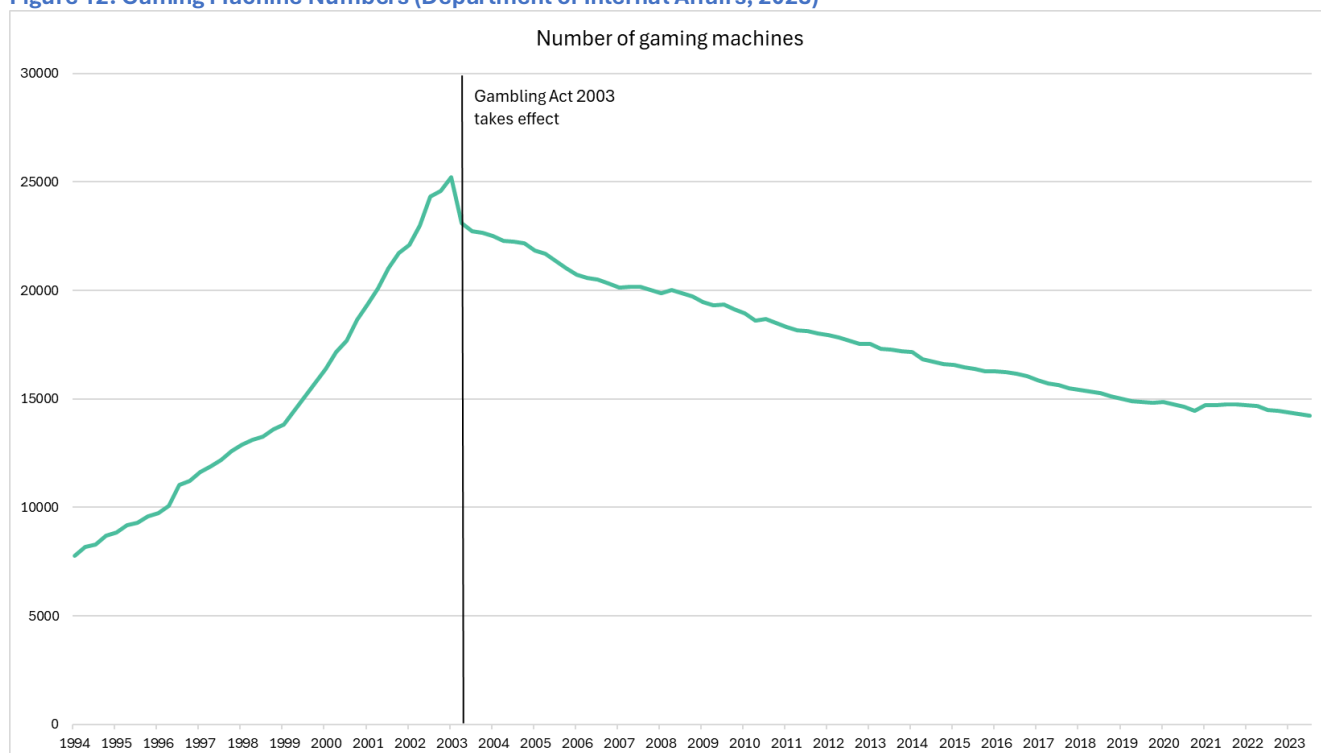
**Table 5: Gambling Expenditure in \$million**

| Gambling Activity                 | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| TAB New Zealand                   | 350          | 332          | 315          | 385          | 380          | 376          |
| NZ Lotteries Commission           | 561          | 530          | 631          | 694          | 654          | 710          |
| Gaming Machines (outside casinos) | 895          | 924          | 802          | 987          | 833          | 1070         |
| Casinos                           | 578          | 616          | 504          | 559          | 387          | 604          |
| <b>Total</b>                      | <b>2,383</b> | <b>2,402</b> | <b>2,252</b> | <b>2,625</b> | <b>2,254</b> | <b>2,761</b> |

### 3.3 Numbers of Non-Casino Gaming Machines and Venues

Statistics on the Department of Internal Affairs website show that gaming machine numbers in New Zealand peaked in June 2003 at 25,221 machines. As shown in Figure 12, total gaming machine numbers in New Zealand has had a reasonably steady decline since this time. In Dec 2023 the number of gaming machines sits at 14,226 which is 10,995 gaming machines less than the peak seen in 2003.

**Figure 12: Gaming Machine Numbers (Department of Internal Affairs, 2023)**



Between 2009 and 2023 there has been a decrease in venues by 33%. During this same time period there has been a decrease in gaming machines of 25%. (Department of Internal Affairs, 2023)

### 3.4 TAB NZ Betting Trends

Our overall the TAB customer base grew by 8% in 2022, and those customers that were active weekly grew by 14% across the year.

More than 80,000 customers were active on their TAB NZ accounts in the first two weeks of the Irish/ All Black series in July 2022. This is the highest number of active weekly customers outside of the two big racing weeks of the year — Melbourne Cup and New Zealand Cup Week. New account sign-ups were up almost 50% compared to the corresponding period in 2021. All three tests had more than 30,000 TAB NZ customers betting through their account – well up on the 17,000 average of the previous 10 All Blacks home tests. Turnover on the third test reached \$2 million, compared to an average of \$900,000 across the previous 10 All Blacks home tests. (TAB NZ, 2022)

## 4 Problem Gambling

When looking at the 2023 financial year statistics of the 10,386 people that sought help for problem gambling, 62.7% were the gamblers and 37.3% were a family member or affected other. When looking at gender 48.9% were female and 51.1% were males. (Department of Internal Affairs, 2023)

## **4.1 Intervention Services**

There are problem gambling help services around the country. Nationwide services include a 24 hour per day helpline and a range of population specific helplines including:

- Māori Gambling Helpline
- Vai Lelei Pasifika Gambling Helpline
- Gambling Dept Helpline
- Youth Gambling Helpline

Other national public health and intervention services include the Salvation Army Oasis Centres, and the Problem Gambling Foundation of New Zealand.

In addition, there are two problem gambling help services within the Manawatū-Whanganui Region – Best Care Whakapai Hauora Palmerston North and Nga Tai O Te Awa Trust Whanganui.

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