

Review of gambling venue policies

Findings report



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1 Introduction

1.1 Purpose

Auckland Council (the council) has reviewed its gambling venue policies in accordance with legislative requirements. This report presents the findings of the review. The review findings will inform the council's decision on whether to retain its policies in their current form, or to consult with the public on possible amendments.

1.2 Background

1.2.1 Regulation of gambling activities in New Zealand

Gambling activity in New Zealand is regulated by the Gambling Act 2003 and the Racing Act 2003. The legislation is primarily enforced at a national level by the Department of Internal Affairs, though councils play a small regulatory role in relation to the following types of gambling venues:

- class 4 venues i.e. venues with non-casino electronic gaming machines, commonly referred to as pokies ("class 4 pokie venues")
- New Zealand Racing Board TAB venues ("TAB venues").

Table 1 below provides an overview of the regulatory framework and the respective roles of central and local government.

Table 1 Roles of central and local government in regulating gambling activities

Gambling activity	Central government	Local government
Casino gambling		<ul style="list-style-type: none"> • No control over casino gambling
Gambling conducted by the New Zealand Lotteries Commission	<ul style="list-style-type: none"> • Responsible for all regulatory, licensing and enforcement activities 	<ul style="list-style-type: none"> • No control over gambling conducted by the New Zealand Lotteries Commission
Gambling at class 4 pokie venues	<ul style="list-style-type: none"> • Sets the legislative framework (e.g. maximum number of machines per venue, rules about distribution of proceeds) • Responsible for venue licensing, subject to council consent • Enforcement activities 	<ul style="list-style-type: none"> • Required by legislation to have policies in place to regulate the number and location of new gambling venues in the district • Responsible for consenting new venues that comply with the relevant policy • No control over TAB machines in taverns
Betting at TAB venues	<ul style="list-style-type: none"> • Sets the legislative framework • Responsible for venue licensing, subject to council consent • Enforcement activities 	
Online gambling	<ul style="list-style-type: none"> • No control over overseas-based online gambling websites • Limited control over New Zealand based online gambling websites 	<ul style="list-style-type: none"> • No control over online gambling

1.2.2 Local government regulation of class 4 pokie venues

There are currently 268 class 4 gambling pokie venues operating in Auckland. Of these:

- 22 are Returned Services Association venues
- 13 are TAB venues
- 45 are sports and social club venues
- 188 are corporate society venues, often in pubs.

Gaming machines owned by corporate societies pay the venue a fee to host the machines¹. The Department of Internal Affairs is responsible for issuing licences to corporate societies. To be eligible, the corporate societies must be non-profit, and be established to raise funds for community purposes.

Clubs provide class 4 pokie gambling for their members and guests only. These venues do not distribute the profits of class 4 gambling to the community, but apply them to provide services to the club and its membership.

Under the Gambling Act 2003, councils must have in place a policy that specifies:

- whether or not class 4 pokie venues may be established within the district, and if so
- where they can be located.

The policy may also specify restrictions on the maximum number of gaming machines that can be operated at a class 4 pokie venue within the district. Gambling Act 2003 specifies that a venue may operate up to a maximum of nine gaming machines if the licence was granted after 17 October 2001, or up to a maximum of 18 machines if licence was held on or before 17 October 2001.

Policies reviewed after 2013 must consider a relocation policy².

In adopting the policy, councils must have regard to the social impacts of gambling in the district.

1.2.3 Local government regulation on TAB venues

TAB venues are owned and operated by the NZ Racing Board, a statutory monopoly established under the Racing Act 2003. The main business of TAB venues is to provide betting services for racing and sporting events³.

The NZ Racing Board uses the proceeds from gambling to support its business operations and the remainder it distributes to sports codes.

TAB venues can also apply for a class 4 pokie venue licence to operate gaming machines.

Under the Racing Act 2003, councils must have in place a policy that specifies

- whether new TAB venues may be established within the district; and if so
- where they can be located.

¹ These corporate societies are also variously referred to as gaming machine societies, gaming societies and pokie trusts.

² A relocation policy sets out if and when Auckland Council will grant consent for a new venue within its district to replace an existing venue (within the district)

³ The NZ Racing Board provides additional gambling products outside its TAB venues (e.g. phone and internet betting services). These are outside the control of councils.

These policies only affect venues that are stand-alone TAB venues. Self-service TAB machines (e.g. in pubs or bars) and franchised outlets (e.g. TABs operating in taverns) fall outside the scope of these policies.

Auckland has 34 TAB venues. There are a further 42 self-service venues and 53 social outlets in pubs and clubs which are not covered by Auckland Council's policy (Table 2).

Table 2 NZ Racing Board venues in Auckland

Type of outlet	Number of outlets in 2017
Agency/Board venues	34
Self-service outlets (in clubs and pubs)	42
Social outlets (in clubs and pubs)	53
Total	129

1.2.4 Auckland Council's existing gambling venue policies

In July 2013, Auckland Council adopted the:

- Class 4 Gambling (Pokie) Venue Policy ("the Pokie Venue Policy")
- New Zealand Racing Board (TAB) Venue Policy ("the TAB Venue Policy")

Table 3 below provides an overview of the council's existing policies.

Both policies seek to:

- control the growth of gambling in Auckland
- minimise the harm caused by gambling in Auckland.

Table 3 Summary of Auckland Council's existing gambling venue policies

	TAB Venue Policy		Class 4 Pokie Venue Policy	
	Approach	Description	Approach	Description
Whether new venues may establish	Cap	<ul style="list-style-type: none"> The maximum number of venues is 43. The council will not give consent to more than this. This was the total number of venues operating in Auckland before the policy's adoption. The NZ Racing Board may move its stand-alone venues within Auckland but cannot increase the number of outlets. 	Sinking lid	<ul style="list-style-type: none"> The council will not give consent for another class 4 pokie venue to be established. This policy has no effect on gaming machines in casinos. Over time, this will lead to a decrease in the number of venues and machines.
Where new venues may establish	Proximity rule	<ul style="list-style-type: none"> If an existing venue closes or applies to move location, any new TAB venue may not be established within 50 metres of a place of worship, school, early childhood education facility or marae 	No relocations; limited mergers	<ul style="list-style-type: none"> Class 4 Pokie venues in clubs may merge, provided the number of machines in the merged club venue is no more than 5/6ths of the sum of machines Does not allow relocations⁴ The number of machines in the merged club venue will be no more than 5/6ths of the sum of the number of machines specified in the class 4 gambling venue licences of the merging club venues at the time consent is sought (the number will be rounded down to the nearest whole number).
How many machines a venue can have	TABs with gaming machines are regulated under the Class 4 Pokie Policy		Sinking lid	<ul style="list-style-type: none"> A venue cannot increase its number of gaming machines If a venue chooses to reduce the number of machines it operates, it will not be able to resume operating its previous number of machines at a later date. Over time, this will lead to a decrease in the number of machines.

⁴ This was considered during the policy development but decided against as the legislation had not yet been amended to confirm that relocation policies are allowed.

1.3 Reviewing the policies

The legislation requires the council to review its gambling venue policies every three years.

For the current review, the council is also required to consider whether to adopt a relocation policy for class 4 pokie venues. This is a new requirement for councils to incorporate into their first scheduled review after September 2013. The requirement was implemented through the Gambling Harm Reduction Amendment Act 2013 (the Amendment Act 2013).

The Gambling Act 2003 defines a relocation policy as a policy that sets out if, and under what circumstances, a council will grant consent for a venue to move. Whenever a council is considering whether to include a relocation policy in its class 4 pokie venue policy, it must consider the social impact of gambling in high-deprivation communities within its district

Staff have reviewed both policies and have considered implementing a relocation policy for class 4 pokie venues in accordance with statutory requirements.

1.3.1 Purpose of the review

The purpose of the review was to:

- evaluate the effectiveness of the council's TAB Venue Policy and Pokie Venue Policy in achieving their stated objectives
- understand:
 - the social impact of gambling in high-deprivation communities
 - how a class 4 pokie venue relocation policy might impact Auckland.

The review findings will inform the council's decision to:

- retain the existing policies, with the next scheduled review in or before 2020
- investigate amending one or both of the existing policies.

The council would need to use the special consultative procedure to consult with the public on any changes to the policies.

1.3.2 Review methodology

Council staff used both quantitative and qualitative approaches to review the policies, including:

- conducting literature-based research
- assessing quantitative data from a number of sources, including the Department of Internal Affairs, the Ministry of Health and the NZ Racing Board
- seeking insights from key informants and stakeholders, including local board members, industry representatives, community groups and public health organisations.

Further information is provided in Table 4.

Table 4 Key indicators and sources

Quantitative information	Qualitative information
<ul style="list-style-type: none"> • Gambling and problem gambling Data: results from the 2011/12 New Zealand Health Survey • Gambling Expenditure Data, obtained from The Department of Internal Affairs • Gaming Machine Venues, Numbers and Expenditure by council/District, retrieved from The Department of Internal Affairs • Society, Venue and Gaming Machine Data, obtained from The Department of Internal Affairs • Gaming Machine Proceeds (GMP) Data, obtained from The Department of Internal Affairs • New Zealand Deprivation Index 2013 (Meshblock) for each local board • Data from New Zealand 2012 National Gambling Study, published in 2014 • New Zealand National Gambling Study: Wave 2 (2013) • Data from the Problem Gambling Foundation of New Zealand regarding grant distributions. 	<ul style="list-style-type: none"> • Staff sought stakeholder feedback on the effectiveness of the current gambling venue policies and the likely impacts of introducing a relocation policy • Specific groups were targeted to gain insights into the social impacts of gambling in Auckland’s highly-deprived communities • Informing the 2012 Gambling Harm Needs Assessment (Allen and Clarke, 2012) • Gambling Harm Needs Assessment (Allen and Clarke, 2015) • The Impact of Gambling for Māori Families and Whānau (Te Rūnanga o Kirikiriroa Trust Inc., 2015) • Relationships between residential distance to venue and gambling outcomes (Australian Research Council Project, 2015) • Strategy to prevent and minimise gambling harm 2016/17 to 2018/19 (Ministry of Health, 2016).

1.4 Measuring policy impacts

The council’s policies only relate to the control of class 4 pokie venues and TAB venues. However, to perform its role managing the social impacts from gambling, staff have considered how gambling behaviours are influenced by a number of factors outside the council’s control, to ensure risks are well assessed. Examples discussed in the review findings include:

- changing trends in gambling behaviour, particularly the emergence of on-line gambling
- Central government approval for an additional 230 gaming machines at Auckland’s only casino – in addition to a number of multi-seat gaming tables (taking the total capacity to 420 new gamblers).

Staff have developed two indicators from the available literature to measure the effectiveness of the class 4 pokie venue policy to reduce gambling harm. These indicators are not able to be used in relation to TAB venues due to data availability constraints.

It is difficult to attribute outcomes to particular interventions. The review has not included a full impact analysis or a review of the appropriateness of the current policy objectives. This level of review was not considered appropriate at this time due to the lack of information and data available to conduct such a review.

The Department of Internal Affairs is currently reviewing laws relating to gambling. In particular there are some potential areas where change could impact on future policy reviews. For example, the government is currently looking at ways to improve best practice in venues using licensing term as an incentive. Other areas being investigated include new regulations to address the inequities associated with net proceeds from gambling occurring in poor areas being distributed through grants to more affluent areas.

The review has not considered other options, such as investment in non-regulatory approaches, such as community empowerment and the Community Grants Policy programme has not been considered as part of the review. The council could investigate these options independently of the council's regulatory policy review cycle.

2 Context

The legislation requires the council to have regard to the social impacts of gambling when developing and reviewing its gambling venue policies.

This section provides some context for the review of these policies with a focus on non-casino gaming machines in class 4 pokie venues and at TAB venues. Auckland data is used where available.

2.1 National expenditure on gambling

Figure 1 shows New Zealand’s annual expenditure on the four most significant forms of gambling for the period 2009/10 to 2015/16.

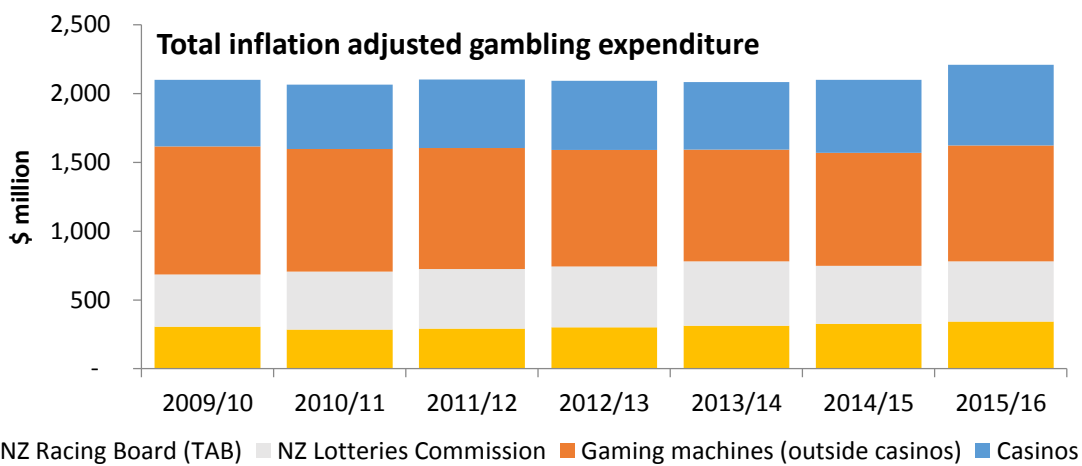


Figure 1 Total gambling expenditure (The Department of Internal Affairs, 2017)

Figure 2 compares New Zealand’s annual expenditure across the four main forms of gambling for the period 2009/10 to 2015/16. It shows that across all years, the most money was spent on gaming machines and the least at TAB venues. Figure 2 also shows a downward trend in gaming machine expenditure until a gradual increase in 2014

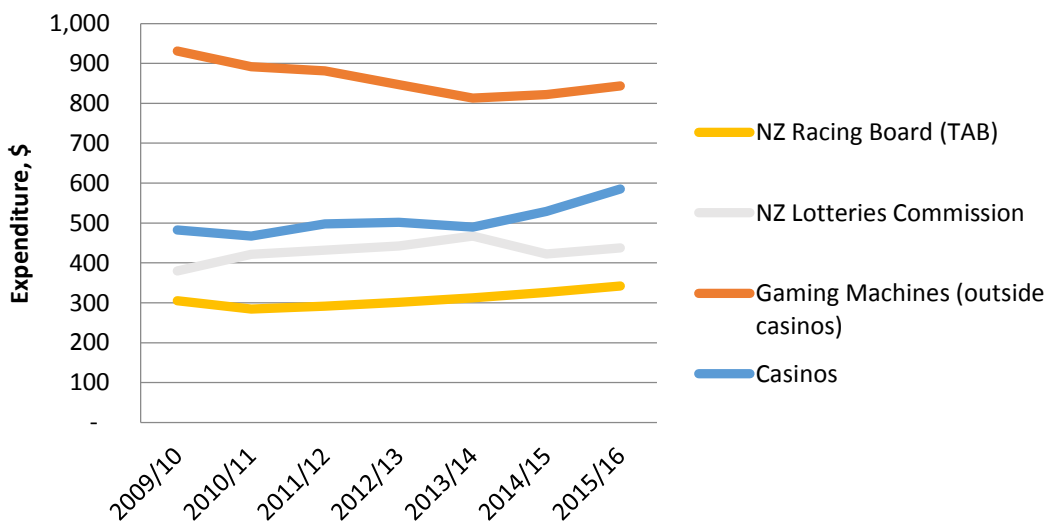


Figure 2 National comparative expenditure across the four main forms of gambling (Department of Internal Affairs, 2017)

2.2 The international context

Figure 3 shows that New Zealand is ranked fourth highest in terms of gambling expenditure per adult internationally, with electronic gaming machines being the most favoured mode of gambling.

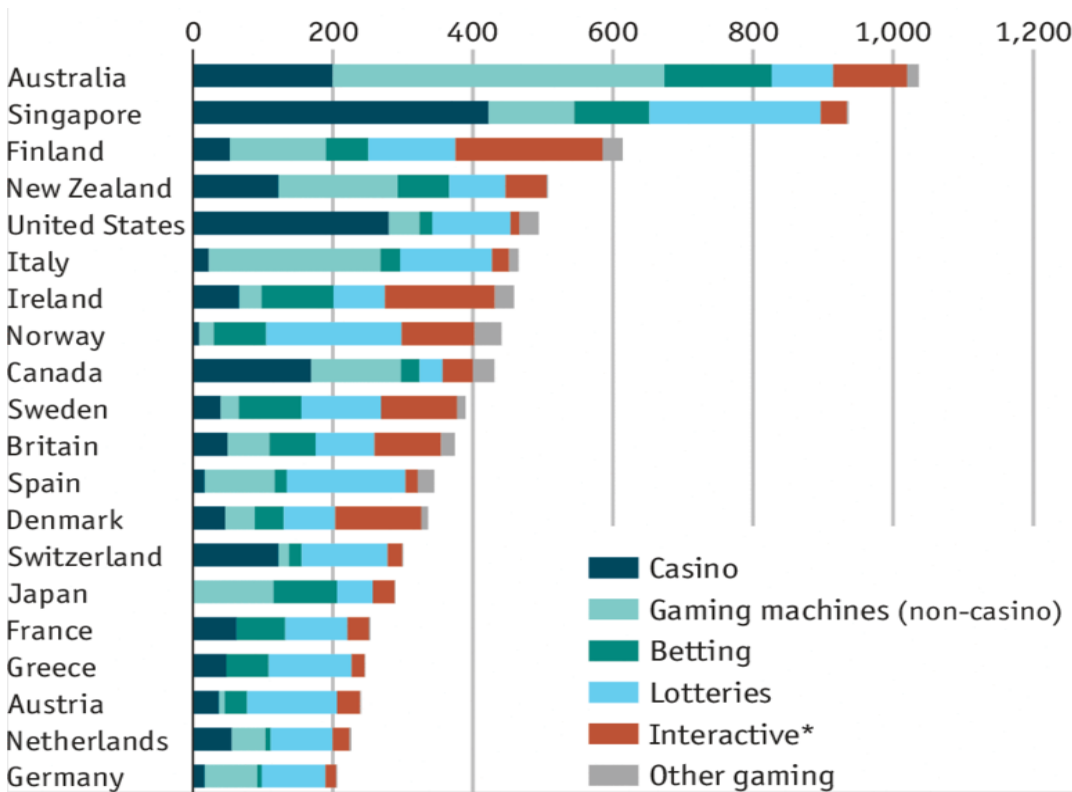


Figure 3 Global comparison of adult gambling per capita (The Economist, 2014)

2.3 Expenditure on gambling at class 4 pokie venues

Class 4 gambling refers to gambling on gaming machines in licensed venues. These venues include bars and clubs. Additionally, TAB venues can hold both a NZ Racing Board licence to operate as a TAB and a Class 4 licence to operate gaming machines.

Figure 4 shows the relative contribution by the different Class 4 venue types in Auckland. Non-club corporate societies are the most significant area, with 27 corporate societies, including the NZ Racing Board, operating gaming machines in 188 venues throughout Auckland.

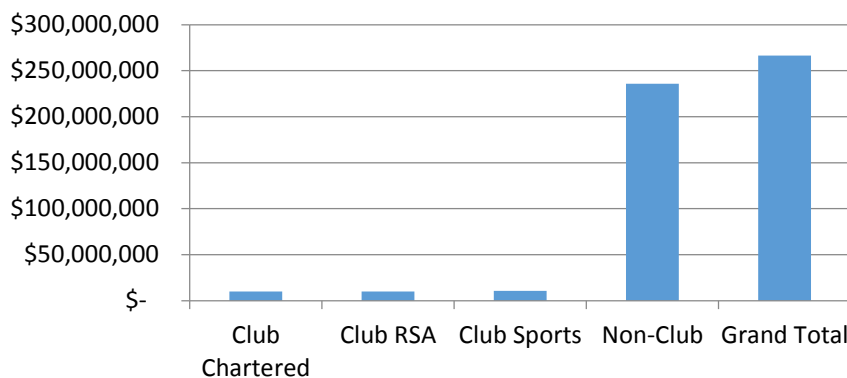


Figure 4 Auckland gaming machine proceeds, 2016 (Department of Internal Affairs, 2017)

2.4 Spatial distribution of class 4 pokie venues and gaming machines

In 2015 the Ministry of Health assessed the location of non-club gaming machines as being predominantly in high deprivation areas nationally. Figure 5 shows the national distribution as of 2014. The results section shows how class 4 pokie venues and gaming machines are more likely to be in local board areas with high deprivation.

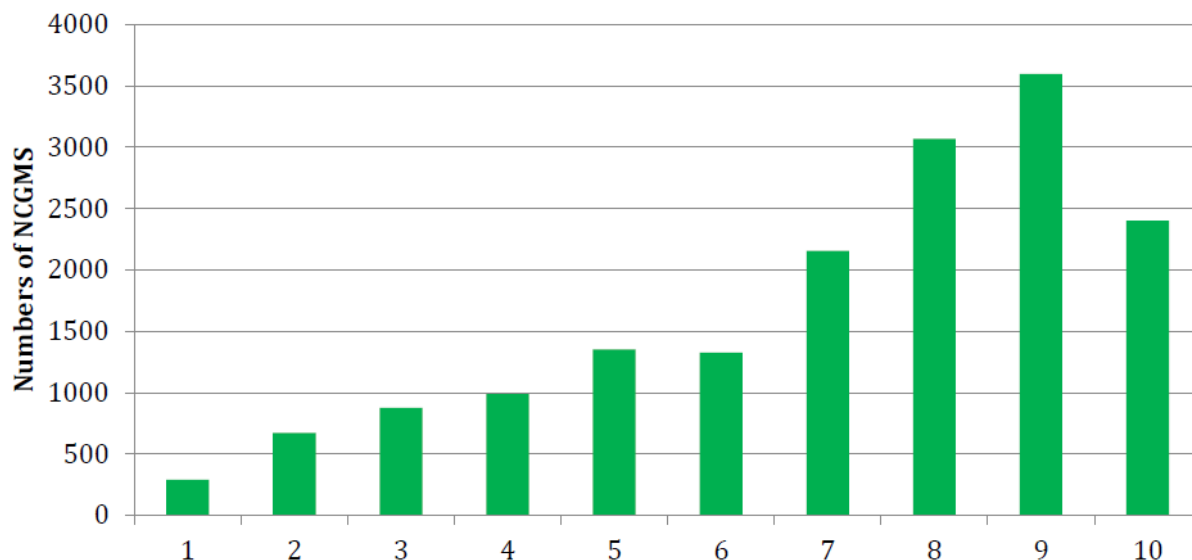


Figure 5 National distribution of non-casino gaming machines in 2014 (Ministry of Health, 2015)

2.5 What we know about gamblers

Various national surveys, including the National Gambling Study and Health and Lifestyle surveys report a figure of around 80 per cent of the population engage in some form of gambling activity. This figure has remained largely unchanged since 2005 (Ministry of Health, 2015).

The New Zealand 2012 National Gambling Study (2014) estimated the proportion of New Zealand adults according to their gambling risk class. They estimate that about five per cent of the population regularly engage in low-risk gambling as assessed by the widely used Problem Gambling Severity index. Table 5 below identifies the prevalence by ethnicity in Auckland of more risky types of gamblers.

The table shows that Pacific Island communities, followed by Māori, are more likely than other ethnicities to be engaged in high-risk gambling.

Table 5 Gambling across different ethnic groups in New Zealand

Ethnicity	Problem gambler	Moderate-risk gambler	Combined problem and moderate-risk gamblers
Pacific Island	1.6%	6.4%	8.0%
Māori	2.3%	3.9%	6.2%
Asian	0.7%	2.3%	2.9%
All ethnicities	0.7%	1.8%	2.5%
European/Other	0.5%	1.3%	1.7%

The prevalence of moderate risk gambling and problem gambling has remained relatively stable over the last decade (Ministry of Health, 2015) according to one estimate, those with a history of gambling problems - about three per cent of the adult population - account for approximately 24 per cent of total expenditure on gambling (Abbott, 2000).

2.6 Problem gambling

The Department of Internal Affairs defines problem gambling as gambling that causes or may cause harm to a person, their family, or the community. The social costs of problem gambling relate to financial issues, problems at work, employment loss, relationship and parenting problems, family violence, alcohol and tobacco abuse, mental health problems, and suicide.

Problem gambling is usually associated with gaming machines. Approximately two in five regular gamblers on gaming machines experience problems with gambling. The harm may result from just one gambling session. In other cases, it is the result of regular gambling sessions over a period of time and involving substantial amounts of money (Department of Internal Affairs, 2017).

The report on problem gambling in New Zealand further notes that regular betting on horses and dogs as well as gaming machines are key contributors to problem gambling (Abbott & Volberg, Gambling and problem gambling in New Zealand, 1991). Research by The New Zealand Ministry of Health in 2012 states that nationally, about 13,000 people experience severe gambling issues with a further 40,000 people being negatively impacted by someone else's problem gambling.

Young (2012) studied the gambling venue visitation frequency and how this depended on the distance a gambler had to travel to get to a gambling club. The study surveyed 7,044 households in the Northern Territory, Australia. The research findings indicate that regular gamblers prefer to gamble in venues located closer to their homes compared to non-gamblers who do not usually form a habit of gambling in a particular club.

Other facts (Abbott M. , Bellringer, Garrett, & Mundy-McPherson, 2014) about problem gamblers that warrant concern include:

- 57 per cent of problem gamblers report having been out of work for more than a month, compared to 20 per cent of general adults
- 32 per cent of problem gamblers report receiving income from the benefit, compared to 12 per cent of general adults
- 28 per cent of problem gamblers report going without fresh fruit and vegetables, compared to six per cent of general adults
- approximately one in 40 people were likely to be negatively affected by others' gambling.

Māori and Pacific Island communities often bear extra, culturally-specific, costs as a result of problem gambling. For example, the Ministry of Health (2009) established participation in gambling can also lead to erosion of whānau values, the negligence of care giving responsibilities, and the loss of cultural capital.

2.7 Trends in modes of gambling

Figure 6 show the primary mode of gambling reported by gamblers who have sought help for problem gambling. A similar trend can be seen from the data about non-problem gamblers who are seeking support because of the impacts of a gambler in their lives. There has been a trend in Auckland towards a reducing impact from class 4 pokie venues as a proportion of total gambling.

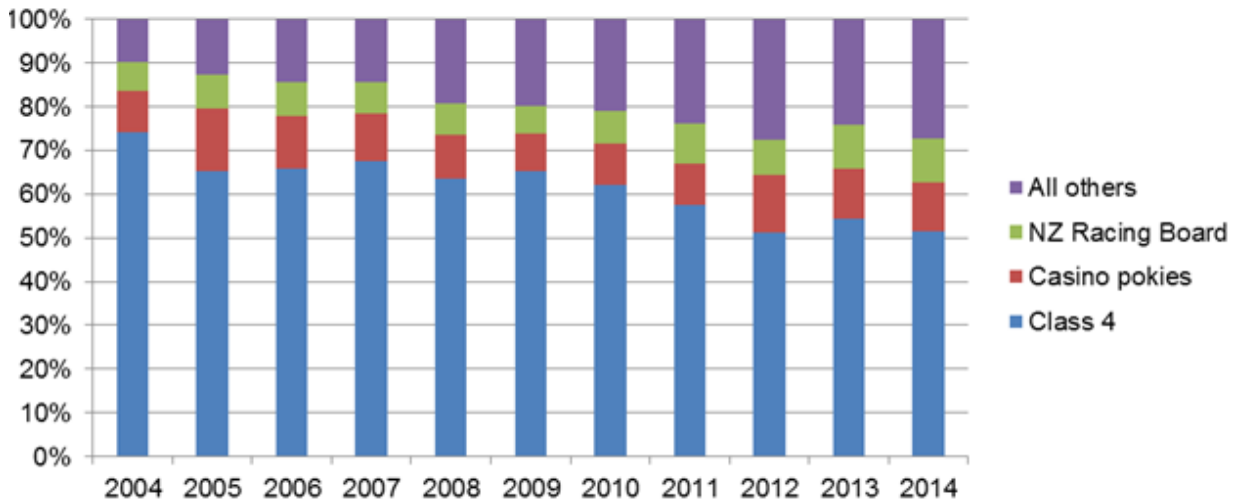


Figure 6 Per cent of Auckland clients (gamblers) assisted by primary gambling mode

Little is known about the substitutability of one mode of gambling over another. At some point, increasing restrictions on class 4 pokie or TAB venues is likely to displace gamblers from one mode of gambling into another. More work is required to understand at what point the council's gambling policies may begin to have unintended consequences.

2.8 Risk exposure

An emerging body of literature has documented a relationship between heightened problem gambling risk and residential distance to gambling venues at the level of the individual gambler (Welte, 2004), (Pearce, 2008).

Levels of harm among patrons varies between venues (Markham, 2013), suggesting that venue-specific factors may play a substantial role in the riskiness of gambling. The government is currently consulting with the public on regulations to improve best-practice performance using longer licence terms as an incentive for good behaviour. This is expected to be implemented over the next 12 months.

The Auckland University of Technology undertook a study to understand the factors that influence people's transitions to and from risky levels of gambling (Abbott M. , Bellringer, Garrett, & Mundy-McPherson, 2014). Their findings have been adapted into a table in Appendix 1.

2.9 Continuous gambling

Continuous gambling is characterised by the opportunity for a continuous repeated cycle of placing a stake playing, and the ability to collect and reinvest winnings, such as occurs with gaming machines, casino betting and horse betting (Abbott M. , Bellringer, Garrett, & Mundy-McPherson, 2014).

Non-continuous gambling includes participation in activities like Lotto, where winnings cannot be re-invested immediately following a win.

Regular participation in continuous forms of gambling is noted as a risk factor for the development of gambling problems (Abbott, 2001).

There have been significant reductions in weekly continuous gambling in recent history. The current number of gamblers exhibiting this behaviour on a weekly basis has been estimated to be about a third of the reported 1991 levels (Ministry of Health, 2015).

2.10 Impacts of gambling

Financial losses, crime, family violence, addiction to alcohol and tobacco are the most pronounced effects of gambling (The Department of Internal Affairs, 2017).

The Australian Productivity Commission (2010) found that gaming machines gamblers experience more harm, and reports of harm increase significantly with the increase of the frequency of play.

The Ministry of Health (2016) consider that in New Zealand, gaming machines are strongly associated with a high risk of developing gambling-related harm. Figures 6 and 7 illustrate that the harm caused by gaming machine venues on problem gamblers and those affected by problem gamblers is significantly greater than for TAB venue betting in Auckland as measured by the number of client's seeking help for problem gambling.

2.10.1 Health impacts

Because of the effects on disposable income and wellbeing, health problems are strongly associated with problem gambling. This can be seen from the increased rates of dependency, particularly in relation to smoking, alcohol and drug consumption. The New Zealand Gambling Study 2012 established that 94 per cent of problem gamblers reported having smoked 100 or more cigarettes in a given year. This compares to 67 per cent for non-problem gamblers.

The same survey identified that 59.6 per cent of problem gamblers were hazardous drinkers, compared to 41.4 per cent of non-problem. The study also found problem gamblers to be more likely to take drugs, and 41.5 per cent of problem gamblers reported taking cannabis compared to 12.3 per cent of non-problem gamblers (Abbott M. , Bellringer, Garrett, & Mundy-McPherson, 2014).

Prolonged dependency and multiple health risk factors make problem gambling a significant factor in the health inequities observable across the world.

2.10.2 Financial impacts of gambling

Although the frequency of gambling activities has been in decline, the ever-increasing gambling expenditure has led to higher debts and fewer resources available to spend on immediate needs such as accommodation, food, clothing, and education. Lower socio-economic classes are especially prone to experience financial implications triggered by problem gambling such as unemployment/loss of employment and poverty. In addition, family and household finances in Māori communities are often interconnected, exacerbating risks that the whole household can be affected by problem gambling (Levy, 2015).

2.10.3 Interpersonal relationships

Relationships and access to social networks are also negatively impacted by problem gambling and may result in housing evictions, child neglect and a number of health problems such as anxiety attacks, stress, and depression (Levy, 2015). The survey by the Ministry of Health (2009)

further confirms that one in five problem gamblers are affected by these issues and this increases the risks of mental disorder, such as depression.

2.10.4 Entertainment

The majority of gamblers are recreational gamblers. Entertainment is commonly perceived as a positive aspect of gambling provided that it involves a communal and safe form of gambling, e.g. housie. In contrast, other modes of gambling, such as gaming machines and other forms of continuous gambling do not have the same social wellbeing gains. Gambling machines in clubs are often perceived as less harmful than in private bar/tavern venues as staff and other club members are more likely to address problem behaviours early on through programming and support services to members.

2.10.5 Employment

TAB and class 4 pokie venues are businesses and employ staff. However, the impact of employment in the gambling sector is more complex than for other types of business and trade-offs need to be factored in. The Australian Productivity Commission (1999) notes that the retail sector is adversely affected by gambling venues. Other surveys establish a positive correlation between gambling and regional economic benefits in the retail sector, including an increased consumption of food, but also alcohol and tobacco (Thorne, 2012).

2.10.6 Distributing the proceeds from gaming machines

An important distinction between the profits obtained from class 4 venues and many other forms of gambling is that a portion of the net proceeds must be used for authorised purposes. Authorised purposes are defined in the law and include charitable and non-commercial purposes. The funds are used for a range of things, including sports and cultural events and activities such as hui, tangi, education and marae development.

For the 13 TAB venues who also hold class 4 pokie venue licences to operate gaming machines, their net proceeds can be used to fund certain activities under the Racing Act 2003, including the financing of stakes.

At least 40 per cent of the proceeds generated from gambling activities are required to be spent on authorised purposes according to regulations.

The bulk of venues are licensed by corporate societies (see figure 4) who distribute funds through grants to the community. Clubs, such as the Returned Services Association, and sports clubs use the proceeds from their machines for the benefit of their membership. Figure 7 shows how the funds were distributed in Auckland over the two years preceding the policy review.

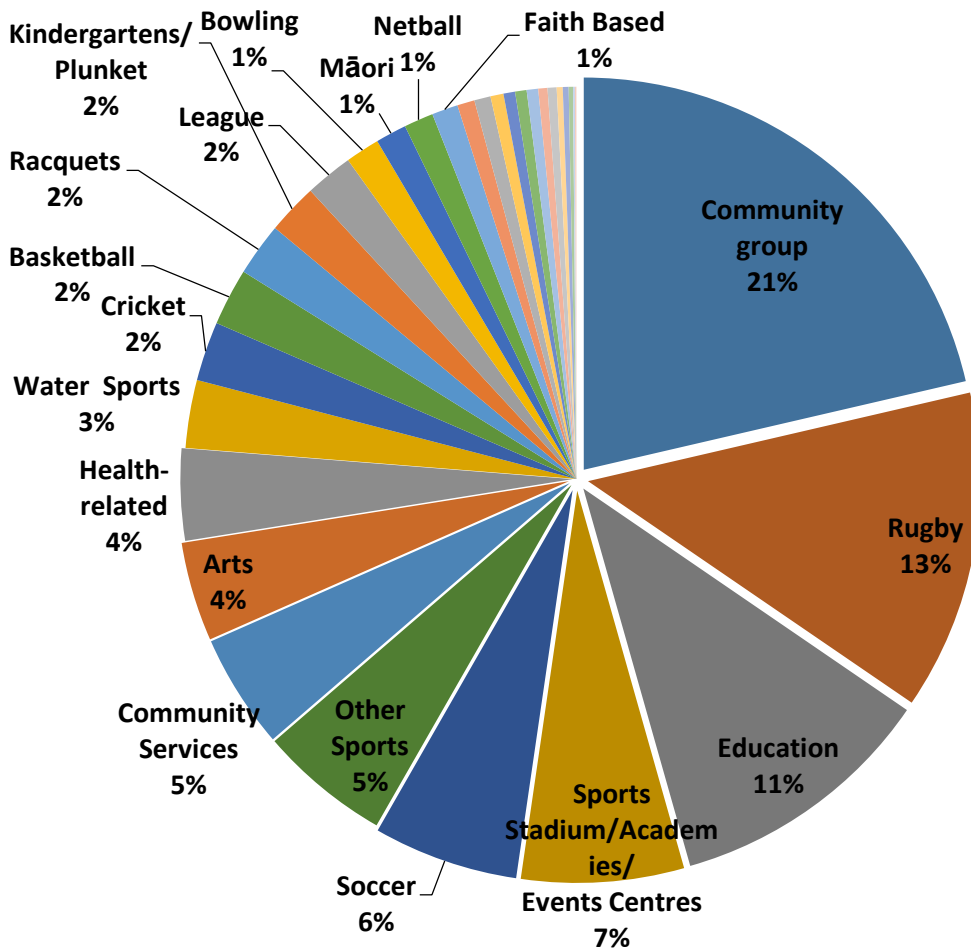


Figure 7 Corporate Society Grants to Greater Auckland, between January 2014 and February 2016 – Source: Problem Gambling Foundation

2.11 Inequities

The disproportionate prevalence of Māori and Pacific Island ethnic groups in problem gambling activities is linked to higher levels of deprivation. It has also been established that people living in the most deprived areas are more likely to become problem gamblers (Ministry of Health, 2009) and are five times more likely to become problem gamblers than those living in the least deprived communities (Rossen, 2015).

3 Results

This section develops the indicators to assess the effectiveness of each policy.

3.1 Effectiveness of class 4 pokie venue policy

The Class 4 Pokie Venue Policy put a sinking lid on the number of venues and gaming machines throughout Auckland. The council determined that a sinking lid was an appropriate method to manage the social impacts of gambling by controlling the growth in gambling to reduce gambling harm.

Objective 1: Control the growth of gambling

Since the policy's adoption, there has been an 11 per cent reduction in the number of venues and gaming machine numbers throughout Auckland. Table 6 provides a local board break down of these changes.

Despite the reduction in venues and machines, takings from class 4 venues in Auckland was \$266.7 million for the fiscal year 2016. This is an increase of 9.2 per cent (\$24.8 million) since the policy was adopted in 2013.

Table 6 Class 4 pokie venues in Auckland, 2017

Local Board	January 2012 class 4 pokie venues	Active class 4 pokie venues *	Reduction in class 4 pokie venues	January 2012 gaming machines	Active gaming machines	Reduction in gaming machines **	Current gaming machine profit per capita ranked	2012 gaming machine profit per capita ranked
Albert - Eden	16	13	-3	196	168	-28	12	15
Devonport - Takapuna	10	7	-3	163	117	-46	18	18
Franklin	16	15	-1	219	214	-5	10	12
Great Barrier	0	0	0	0	0	0	21	21
Henderson - Massey	16	16	0	251	251	0	8	9
Hibiscus and Bays	19	17	-2	266	235	-31	14	14
Howick	21	22	+1	323	341	+18	9	7
Kaipātiki	17	17	0	240	247	+7	6	8
Māngere - Ōtāhuhu	16	16	0	243	234	-9	4	5
Manurewa	14	14	0	207	207	0	7	6
Maungakiekie - Tāmaki	23	19	-4	342	290	-52	3	4
Orākei	8	7	-1	87	75	-12	20	20
Ōtara - Papatoetoe	23	20	-3	327	287	-40	1	3
Papakura	13	13	0	212	216	+4	2	2
Puketāpapa	4	3	-1	37	33	-4	19	19
Rodney	14	11	-3	163	139	-24	16	17
Upper Harbour	13	12	-1	155	151	-4	13	10
Waiheke	3	3	0	27	27	0	17	16
Waitākere Ranges	10	8	-2	112	102	-10	15	13
Waitematā	34	22	-12	434	299	-135	5	1
Whau	15	13	-2	179	163	-16	11	11
Total	305	268	37	4183	3796	387		

* Increases in class 4 pokie venues are due to expired licences still within the six-month surrender period re-licensing

** Increases in gaming machine numbers are either due to expired licences still within the six-month surrender period re-licensing or venues not operating the full number of machines allowed by the licence in 2012.

Objective 2: Minimise gambling harm

The following analysis presents the findings of an assessment of the most suitable indicators for harm reduction. This approach has been developed in response to the challenges of attributing causation with intervention and because of significant short-comings in the quality of data at a local level.

Indicator 1: Gambling expenditure as a measure of policy impact

A 2013 Australian study (Markham, Young, & Doran, 2013) found a measurable correlation between gambling-related harm and gaming machine expenditure at the venue level. This approach provides a cost effective indicator for harm monitoring for this class of gambling.

Figure 8 shows the relationship between changes in gaming machine numbers (vertical axis) across local board areas and the relative spend by gamblers in those areas (horizontal axis). Where a board had no reduction in gaming machine numbers over the three year period and expenditure still increased, this may indicate an impact on that local board area from changes in other local board areas (the spill-over effect) or other trends in gambler behaviours, such as increased levels of disposable income.

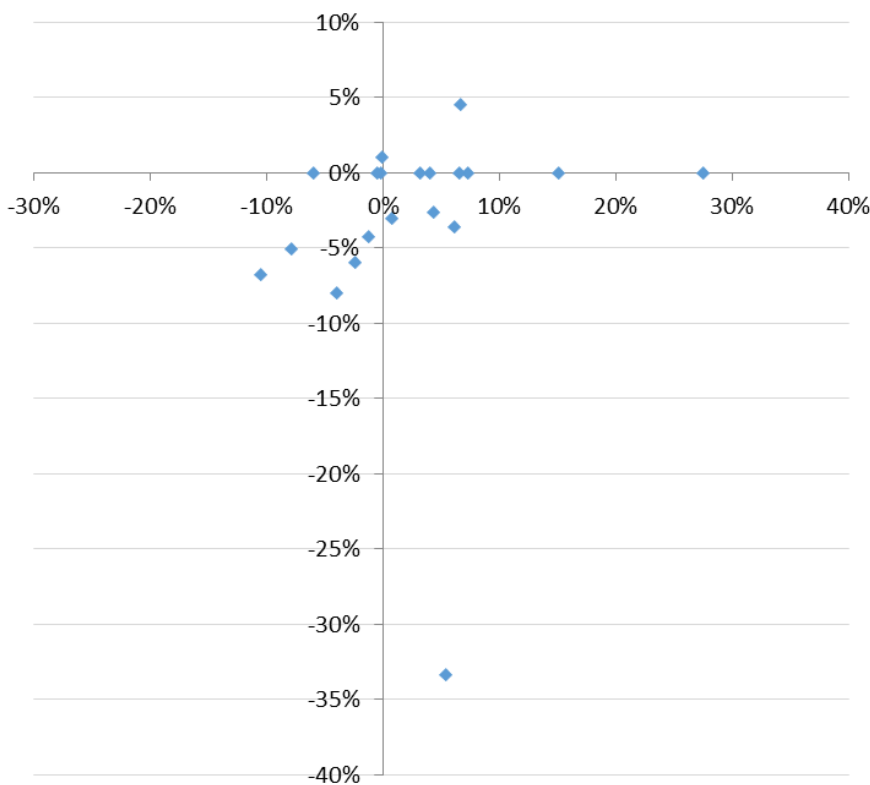


Figure 8 Change in gaming machine numbers (vertical axis) and expenditure per resident (horizontal axis)

This figure demonstrates that in some local board areas a reduction in gaming machines is matched with a reduction in gambling expenditure – drawing from the literature we can say that this indicates a reduction in harm being caused by the venues in those local board areas.

These two variables together form Indicator 1 for the analysis. This indicator is considered to be a strong indicator as it measures the impact of a change in gaming machines as a direct result of the sinking lid..

Indicator 2: Problem gambling by ward

Figure 9 shows how many Auckland gamblers sought support from the seeking help for gambling problems via the Gambling Helpline over the ten years to 2014. The data shows that as a primary mode of gambling, class 4 gambling is reducing as a proportion of all modes. Looking at the total numbers of people seeking support, there appears to be some growth over the past three years. This could be explained by increasing awareness levels about problem gambling and associated support services.

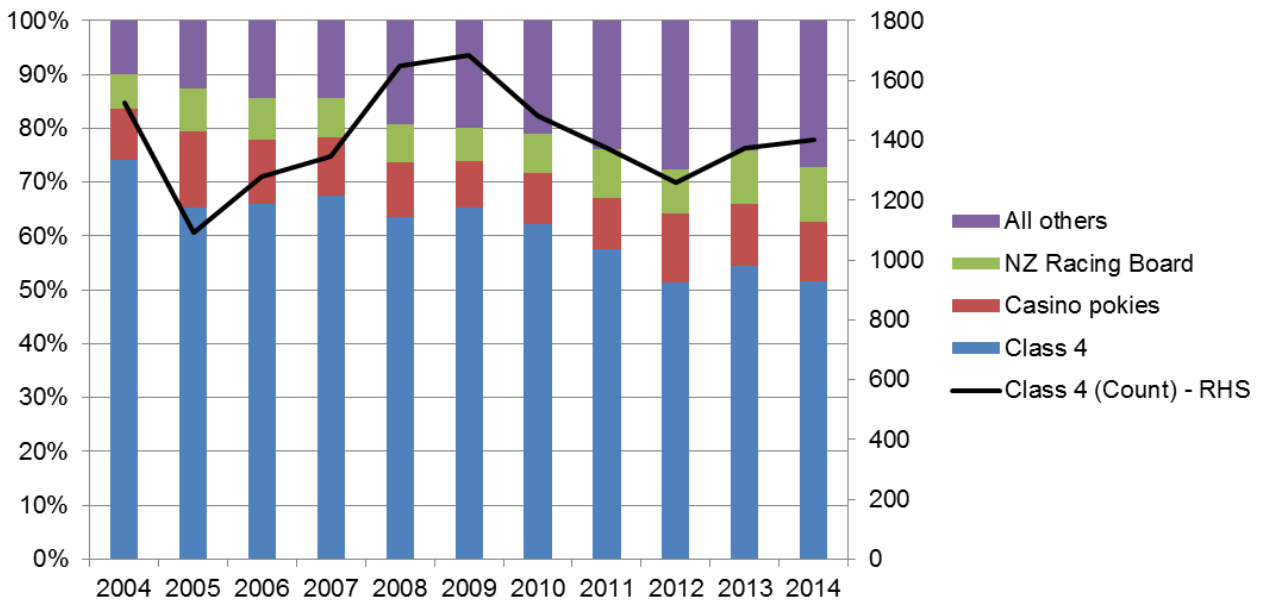


Figure 9 Percent of clients (Gamblers) assisted by primary gambling mode (LHS) and Number (class 4 only) (RHS)

Figure 10 illustrates a local board analysis of problem gambling across all gambling modes. This data shows that two Auckland wards are over-represented in the data. Within these wards are the Mangere-Otahuhu, Otara-Papatoetoe, Manurewa and Papakura local boards. These four boards make up the Southern Initiative area of the Auckland Plan where the council is working with central government and community to address educational achievement, economic development, job growth, public transport, housing and social conditions.

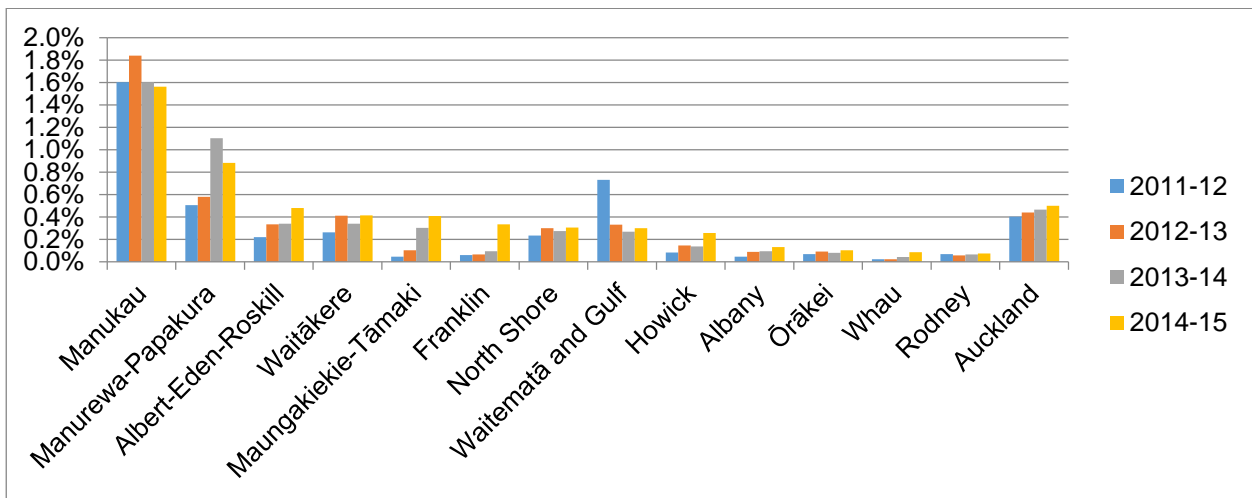


Figure 10 Problem gambling clients per capita, by ward (July to June), 2011 and 2015

The biggest drop in problem gambling support for any local board area was in the Waitematā and Gulf ward. The sinking lid meant that there are 12 less venues and 135 less gaming machines in the Waitematā Local Board area. The reduction in clients over that period indicates a reduction in gambling harm as a result of the policy.

During staff engagement with local boards on the review of the policies, the Ōtara-Papatoetoe and Māngere-Ōtāhuhu local boards undertook independent investigations into the nature of gambling relevant to this review in their own communities. These local boards sought a deeper understanding of the local implications of the policies and of the review, as well as to investigate more generally whether there are other actions to minimise gambling-related harm in their communities.

Indicator 2 has been developed from the above data. It looks at the rate of the adult population in each ward seeking help for problem gambling in the three years since the policy was adopted. It is considered a weak indicator (compared to indicator 1), as it considers all modes of gambling, not just those whose primary mode of gambling was at class 4 pokie venues.

Other factors to consider

The indicators used in this analysis do not take into account broader economic variables, such as increases in disposable incomes, spill-over of gambling from one area into another as a result of the sinking lid and gamblers changing their primary mode of gambling.

It is important to note when assessing the policy for effectiveness over the next three years, that there is a supply shock on the horizon that will likely have an impact on problem gambling prevalence in Auckland. The government changed legislation in 2013 to allow 230 additional machines at SkyCity casino as well as a further 12 automated gaming tables, comparable with gaming machines that can seat up to 20 players each (240 seats). This is a total of 470 new seats at gaming machines at SkyCity casino. To put these figures into context for this review:

- over the past three years, the Waitematā Local Board saw 12 venues close, with a combined 135 gaming machines being taken out of the local economy
- this change resulted in a 144 per cent improvement in the rate of problem gambling over the same period.

Figure 11 presents the variable trend in relation to problem gambling statistics in Auckland for gamblers that used casino gambling as their primary mode of gambling.

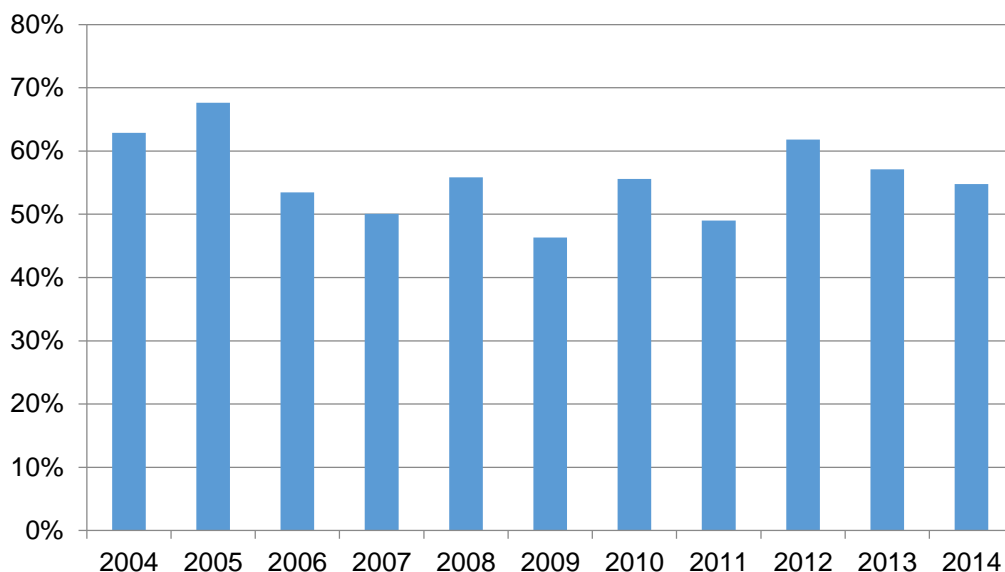


Figure 11 Percent of total casino-related assistance provided by the Gambling Helpline due to casino gaming machines

Stakeholder feedback on class 4 pokie gambling

Staff sought feedback from stakeholders on the effectiveness of the current Class 4 Pokie Venue Policy. In total, staff received 46 responses from key stakeholders. Of these, 29 responses were from public health focused organisations: Asian Family Services and Oasis (the Salvation Army). Fifteen responses were received from industry or industry focused organisations. The feedback can be themed as follows:

1. The current policy is ineffective because:

- prevalence rates have not changed: most responses noted that although participation rates have been decreasing, the prevalence of problem gambling has not reduced, which means that the sinking lid mechanism did not address harms associated with problem gambling
- it failed to address inequity: Auckland's most deprived suburbs have larger numbers of electronic gaming machines compared to less deprived areas
- the sinking lid mechanism does not lead to problem gambling harm reduction: the sinking lid mechanism has led to the reduction in funding available for communities due to a decrease in the number of both class 4 pokie venues and gaming machines
- it forces responsible gamblers into online gambling platforms.

2. Sinking lid should be replaced with a fixed-cap model

- a capped model would allow for a controlled growth of gambling maintaining the level of community funding

3. The current policy is effective because:

- the sinking lid policy prevents new venues to be established
- gaming machine numbers are in decline
- community funding received from corporate societies helps maintain facilities.

3.2 Statutory requirement: Consideration of a relocation policy

The Class 4 Pokie Venue Policy allows club venues to merge under certain conditions provided that the resulting new venue has less gaming machines than the venues had combined before the merger.

The council must now consider a relocation policy affecting corporate societies or the NZ Racing Board. Relocation policies allow class 4 pokie venues to move locations, even if a sinking lid is in place. The Gambling Act 2003 requires councils to consider whether or not to adopt a relocation policy when first reviewing class 4 pokie venue policies after September 2013. Therefore the council needs to consider relocation policies as part of this review. This could include:

- not adopting a relocation policy
- adopting a relocation policy with no restrictions
- adopting a relocation with conditions.

Conditions could include matters such as:

- setting the areas where the relocation policy would allow venues to relocate from and to
- other conditions, such as managing the venue consistent with best practice around gambling harm management.

The act provides for relocations of venues to occur with the same maximum allowable number of gaming machines, meaning that the council cannot limit the number of gaming machines beyond what has already been licensed in the old venue – this clause applies to all licences, whether they operate with up to 18 (pre October 1991 levels) or up to nine gaming machines (post October 1991 levels).

Table 7 outlines the advantages and risks associated with using a relocation policy to minimise gambling harm.

Table 7 Relocation policy: advantages and risks

Advantages	Risks
<ul style="list-style-type: none"> • Improved regulatory flexibility allowing more targeted intervention in areas of high gambling harm. • Could also be used to compliment non-regulatory approaches such as promoting venue host responsibility • Allows for the council to reasonably implement its policy, by allowing societies to relocate machines in Force majeure events (e.g. venue becomes unusable because of natural events) or as a result of a Public Works Act acquisition • Provides some balancing of competition between licensees where the council has some influence and other parts of the sector, including casinos, on-line and self-service gambling. This is advantageous from a long-term grant funding sustainability perspective • Relocation may allow for more productive use of land by reducing barriers to venues from freeing up prime land/leases • Can support other policies of the council where good behaviour can be rewarded with improved flexibility 	<ul style="list-style-type: none"> • Is likely to increase problem gambling and associated amenity impacts in areas where it may not have been present previously due to the sinking lid policy • If relocation improves the ability of corporate societies to more efficiently allocate gaming machines it is possible that the risk of net harm levels increases. This assumes that societies optimise total revenue • Without appropriate conditions of use, it will not reduce harm and will counter the objectives of the current policy • Unless controlled, for example with proximity controls, geographical clusters could form increasing demand and therefore harm • Venues losing revenue as a result of a corporate society relocating its gaming machines may result in adverse economic impacts to the local economy (for example, less people visiting a venue) – this may impact neighbouring businesses • Some corporate societies may receive an unfair advantage over other societies in their ability to gain from the policy. This is likely to favour larger corporate societies with many venues and larger reserves

Table 8 Relocation policy: options

Policy	Example	Venues	Corporate societies	Vulnerable communities	Other citizens, visitors and rate payers	Grantees
Relocations from deprived into less deprived areas	Only venues from communities that are decile 8, 9, and 10 can apply to move. These venues can only move into communities of Auckland that are decile 1, 2, 3, and 4.	Venues in the low decile areas would lose business when their licence was relocated to another venue	Corporate societies would experience improved business flexibility and profitability by being able to allocate resources to optimise revenue	Reduction of harm in high deprivation areas Sensitive communities in affluent areas would likely see an increased exposure to gambling harm	There is likely to be a displacement of harm into more affluent areas. There may be increased unemployment if a former venue closes down or reduces hours	It is likely that more money would be available
Relocation with proximity conditions	Only venues from communities that are decile 8, 9, and 10 can apply to move. These venues can only move into a location that is not within 50m of a sensitive site		Gives corporate societies some certainty in planning relocations	Reduced access to gaming machines in close proximity to sensitive sites will protect some communities	Sensitive sites are not the only areas where venues are unwelcome by the community. The radius used (50 or 500m) can appear arbitrary in some communities and an unintended consequence may be reduced community wellbeing and community activism	
Other conditions	limiting access to relocation rights based on good behaviour, such as smokefree, host responsibility or grants policies that support local social services	Venues with good records of corporate social responsibility would gain	Corporate societies would have an interest in incentivising venues to be responsible hosts to improve profitability of allocated machines	Potential for improved access to information about cessation and support	Would allow the council to make informed decisions about the potential impacts to local communities expected to receive a new venue	

Stakeholder feedback on relocation policies

Stakeholder input on relocation policies was achieved by describing a range of scenarios. Some of the input from stakeholders has been incorporated into tables 7 and 8 above.

Twenty respondents from health focused organisations did not agree a relocation policy was a good idea. Reasons included:

- relocation policies target the disadvantaged
- class 4 pokie venues should stay around decile 8 and above areas
- not allowing relocation would reduce the number of gamblers
- the number of gaming machines should go down without relocation
- relocation policies can potentially weaken the sinking lid policy.

All corporate societies (eight) supported the adoption of a relocation policy for the following reasons.

- The adoption of a relocation clause would allow to maintain the current number of machines/venues operating.
- Relocation policies would allow for controlled growth and maintain a level of community funding to cater for local community needs.

Of the two clubs sports respondents, there was some support for relocation policies. Caveats given related to care that relocating class 4 pokie venues could cause more harm in the new community. There was a suggestion that a cap for each community may be a way of managing this risk.

Overall, 17 respondents did not support the adoption of relocation policies stating that such a policy could result in:

- an increase in poverty
- decreased levels of safety and community wellbeing
- an increase in gambling
- the social character and safety in certain areas may be dramatically undermined by additional gambling opportunities.

However, three respondents from public health focused organisations agreed that the adoption of relocation policies would have a positive impact on their community and lead to a reduction in gambling activities and problem gambling in particular.

Of the eight corporate societies, seven acknowledged positive effects of relocation policies that favoured flexibility to their own operations. Benefits that they considered relevant included:

- gambling harm reduction
- support for local hospitality businesses
- response to the future demand by accommodating urban growth, re-zoning changes or changes in population demographics
- employment opportunities and redevelopment of new premises, and cultural revival
- the ability to move away from highly-deprived areas
- improvement of the local economy and tourism
- availability of community funding
- support for amateur sports, arts, education and other charitable causes.

Of the two clubs sports respondents, one acknowledged the negative effect of relocation policies on the community stating that they don't want other communities to get affected; they agreed it would be great to have none, but it is not good to move local issues onto others.

Of the three community group respondents, only one commented on this aspect stating that relocation policies would not resolve the issue of problem gambling, and the problem will eventually affect another community.

Club RSA respondent provided no comments on potential impact of relocation policies.

The NZ Racing Board supports having a relocation policy that:

- enables venues to move out of a building that is either earthquake-prone, or has suffered damage due to a natural disaster or fire
- reduces the risk that landlords charge unreasonable rents and allows a venue to flexibly enter a new lease arrangement

The NZ Racing Board recognises that a relocation policy may encourage venues to move to more deprived areas as well as move to more desirable areas, such as the City Centre and commercial zones. They further consider that a relocation policy would revitalise business districts and improve the local economy. Refurbished, or new, premises attract clientele that are less susceptible to problem gambling.

3.3 Effectiveness of TAB Venue Policy

Totalisator Agency Board (TAB) venues are run by the NZ Racing Board. As a statutory monopoly, the NZ Racing Board are required to run efficiently and to invest the proceeds from gambling into the development of its core services, to keep reserves and to distribute funds to sports codes. The NZ Racing Board as part of its effort to ensure their services are keeping up with technological change are developing its on-line gambling services. The council does not have any jurisdiction over TAB facilities in pubs and clubs, self-service TAB machines, nor through its on-line gambling products.

Policy Objective 1: Control the growth of gambling

The TAB Venues Policy caps the number of venues to 43. This means the NZ Racing Board may move its venues within Auckland, but may operate no more than 43 venues at any one time. The policy also requires that a TAB venue may not be established, nor moved to, within 50m of a place of worship, school, early childhood education facility or marae.

There are currently 34 TAB venues operating in the Auckland region. As illustrated in Table 9, this represents a reduction of eight venues since the council adopted its TAB Venue Policy in 2013.

Table 9 TAB venues in Auckland, 2017

Local Board	Racing Board venues (2012)	Racing Board venues (2017)	Change in Racing Board venues
Albert - Eden	3	2	-1
Devonport - Takapuna	1	1	0
Franklin	1	1	0
Great Barrier	0	0	0
Henderson - Massey	4	4	0
Hibiscus and Bays	2	0	-2
Howick	3	3	0
Kaipātiki	0	2	+2
Māngere - Ōtāhuhu	4	3	-1
Manurewa	1	1	0
Maungakiekie - Tāmaki	6	6	0
Orākei	2	1	-1
Ōtara - Papatoetoe	4	3	-1
Papakura	1	1	0
Puketāpapa	2	1	-1
Rodney	0	0	0
Upper Harbour	0	1	+1
Waiheke	0	0	0
Waitākere Ranges	1	1	0
Waitematā	5	2	-3
Whau	2	1	-1
Total	42	34	8

The policy caps the total number of TAB venues at 43; it does not require a reduction in venues over time. Staff consider therefore that there has been a degree of natural attrition, driven by market factors and business decisions of the NZ Racing Board.

Policy Objective 2: Minimise gambling harm

Figure 12 shows that Gambling expenditure nationally on TAB venue gambling has risen 14 per cent from \$294 million in 2012/13 to \$342 million in 2015/16.

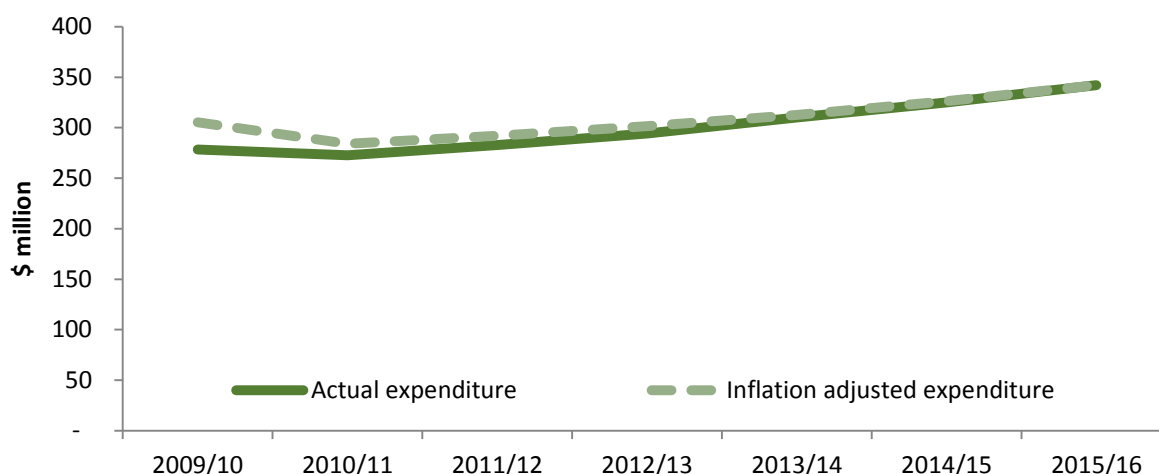


Figure 12 TAB venue national expenditure

No data is available at an Auckland level to assess the growth of TAB venue gambling to provide an accurate assessment of the policy's effectiveness to control growth. It is likely that any reduction in TAB venue gambling has been matched or exceeded by substitution for other NZ Racing Board products, particularly on-line and self-service gambling where there has been growth.

As of 2017, Auckland had 34 TAB venues, i.e. down from 42 in 2012 (Table 10). There are a further 42 self-service outlets (up from 17 in 2012) and 53 social outlets (down from 74 in 2012) in pubs and clubs which are not covered by Auckland Council's policy. The total number of TAB venues has decreased by four since 2012. The changes in service delivery by the NZ Racing Board show growing investment in self-service automated devices in bars and clubs and away from human interaction.

Table 10 NZ Racing Board venues in Auckland, 2012 vs 2016

Type of outlet	Number of outlets in 2012	Number of outlets in 2017	Change
Agency/Board venues	42	34	▼
Self-service outlets (in clubs and pubs)	17	42	▲
Social outlets (in clubs and pubs)	74	53	▼
Total	133	129	

Policy Objective 2: Minimising gambling harm

Figure 9 above showed that the proportion of problem gamblers who stated that TAB venue betting was their primary mode of gambling had increased across Auckland during the term of the policy. Figure 13 below shows the total number of gamblers and people seeking help from the Gambling Hotline for the main gambling modes in Auckland. It shows a modest increase in the numbers of gamblers and those affected by gambling claiming TAB venue betting as their primary mode of gambling. This growth is significant compared to the other modes, but may be a result of economic factors beyond the control of the council (e.g. increased disposable incomes or greater numbers of recreational gamblers using the services).

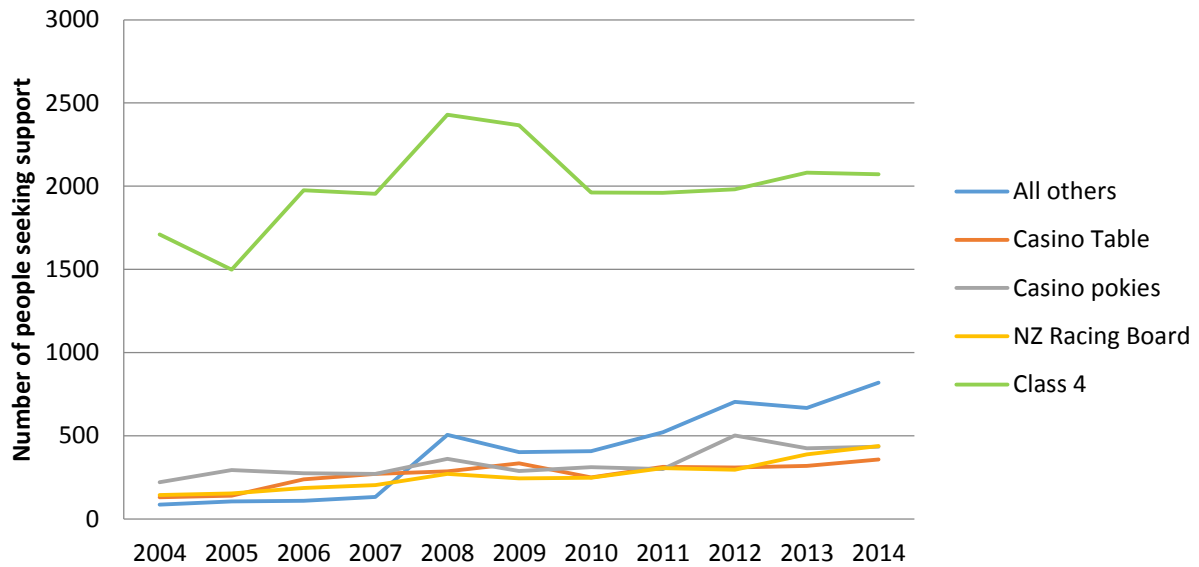


Figure 13 Total number of gamblers and people seeking help from the Gambling Hotline for the main gambling modes in Auckland

Stakeholder feedback on TAB venues

The NZ Racing Board provided feedback on the current TAB Venue Policy’s effectiveness, and recommended increasing the current cap to 50 venues to accommodate Auckland’s projected population growth.

Staff consider that more research is needed to support an increase in the current cap to account for population increase. In particular, further analysis of TAB venue impact on local populations will need to be carried out.

4 Findings and conclusions

The review evaluates the effectiveness of Auckland Council's gambling venue policies in terms of achieving the stated policy objectives.

This section provides a summary of the review findings and assesses each policy against the objectives.

4.1 Class 4 Pokie Venue Policy

Objective 1: To control the growth of gambling in Auckland

As demonstrated in Table 4, the Class 4 Pokie Venue Policy's sinking lid approach has been effective in controlling the growth of gambling. The current policy does not allow for a venue to increase its number of gaming machines. In addition, existing class 4 pokie venues are not currently able to relocate from one part of the city to another.

Under this policy, Howick Local Board area was the only area where the number of class 4 pokie venues increased. This was due to a technicality where a venue was closed for less than six-months, meaning the licence could be reactivated without council approval.

Under the policy only the following local boards saw an increase in gaming machines:

- Howick
- Kaipātiki
- Papakura

This was due to the same technicality as above (i.e. during the six month period) or where a venue previously operated fewer machines than their licence allowed, and later increased this as per their licence.

These factors were outside of the control of the council.

All other local boards benefited from a zero growth or reduction in total numbers for venues and gaming machines, most significantly in the Waitematā Local Board area.

Objective 2: To minimise gambling harm in Auckland

The Auckland gambling profile data suggests that although the number of class 4 pokie venues and gaming machines has been in decline since the adoption of the current policies, total spend on gaming machines has increased by 9.3 per cent in the same period.

Gamblers seeking support for problem gambling and indicating class 4 gaming machines as their primary mode of gambling has been decreasing as a proportion of all clients seeking help. The total numbers of those seeking support, however has increased over the life of the policy, despite reducing numbers of machines.

As stated above, people living in highly-deprived communities are more likely to become problem gamblers compared to people living in less deprived neighbourhoods. Problem gambling client intervention data (Figure 10) further demonstrates that clients living in higher-deprivation areas requested more psychosocial support, either by phone or face-to-face. This data is not available at a local level by mode of gambling, making it difficult to assess the contribution of class 4 pokie

venues despite this being the most popular mode of gambling amongst Aucklanders seeking support for problem gambling.

Table 11 provides a local board break down against the indicators developed in section 3 of this report. Indicator one is the stronger of the two indicators being based on an evidence-based approach in the literature. The second indicator is used to provide some context to the result from the first indicator. Staff have assessed the data in terms of the policy being effective or having a mixed result.

Table 11 Staff assessment of the indicators of policy effectiveness

		Indicator 1: Gambling expenditure as a measure of policy impact		Indicator 2: Problem gambling by ward	
Ward	Local Board	% Change gaming machine profits*	% Change gaming machine numbers**	% change problem gambling***	Staff assessment
Albany	Hibiscus and Bays	-1%	-4%	65%	<p>The policy has been effective. A modest decrease in profits with reduced numbers of gaming machines The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid</p>
	Upper Harbour	-2%	-6%		
Albert-Eden-Roskill	Puketāpapa	7%	0%	54%	<p>Mixed result. Only a modest increase in profits (within the range of expected variation from other economic factors). The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid</p>
	Albert - Eden	7%	0%		
Franklin		0%	0%	82%	<p>Mixed result. No increase in profits, but no reduction in gaming machines. so the policy could only be considered effective against Objective 1 to control growth. The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid</p>

Ward	Local Board	% Change gaming machine profits*	% Change gaming machine numbers**	% change problem gambling***	Staff assessment
Howick		4%	-3%	68%	<p>Mixed result. Only a modest increase in profits (within the range of expected variation from other economic factors). The rates of problem gambling are trending up. The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid</p>
Manurewa-Papakura	Papakura	3%	0%	43%	<p>Some support for policy effectiveness. Only a modest increase in profits (within the range of expected variation from other economic factors). The high rates of problem gambling are stabilising across the ward. The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid. It is worth noting the high number of problem gamblers in this ward seeking help compared to other wards in Auckland</p>

Ward	Local Board	% Change gaming machine profits*	% Change gaming machine numbers**	% change problem gambling***	Staff assessment
	Manurewa	7%	5%		<p>Mixed result. Only a modest increase in profits (within the range of expected variation from other economic factors). The high rates of problem gambling are stabilising across the ward. The increase of machines was outside of policy's control. The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid. It is worth noting the high number of problem gamblers in this ward seeking help compared to other wards in Auckland</p>
Manukau	Ōtara - Papatoetoe	1%	-3%	-3%	<p>Some support for policy effectiveness. Only a modest increase in profits with lower gaming machine numbers. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid. It is worth noting the high numbers of gamblers in this ward seeking help compared to other wards in Auckland</p>

Ward	Local Board	% Change gaming machine profits*	% Change gaming machine numbers**	% change problem gambling***	Staff assessment
	Māngere - Ōtāhuhu	15%	0%		<p>Mixed result.</p> <p>The increase in expenditure with no corresponding increase in gambling machines indicates that the policy is not being effective.</p> <p>The low rate of decrease in problem gambling indicates that problem gambling may have been worse if the policy was not constraining growth.</p> <p>It is worth noting the high number of problem gamblers in this ward seeking help compared to other wards in Auckland</p>
Maungakiekie - Tāmaki		0%	1%	82%	<p>Some support for policy effectiveness.</p> <p>The stronger indicator supports policy effectiveness.</p> <p>The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid</p>
North Shore	Devonport - Takapuna	-6%	0%	23%	<p>The policy has been effective.</p> <p>A modest decrease in profits despite no change in gaming machines indicates the policy has been effective.</p> <p>Other modes of gambling may be responsible for the increase in the rate of gamblers seeking support.</p>
	Kaipātiki	4%	0%		<p>Some support for policy effectiveness.</p> <p>Only a modest increase in profits (within the range of expected variation from other economic factors). Other modes of gambling may be responsible for the increase in the rate of gamblers seeking support.</p>

Ward	Local Board	% Change gaming machine profits*	% Change gaming machine numbers**	% change problem gambling***	Staff assessment
Orākei		-4%	-8%	33%	The policy has been effective. Reduced profitability from a reduced number of gaming machines. Other modes of gambling may be responsible for the increase in the rate of gamblers seeking support.
Rodney		6%	-4%	9%	Some support for policy effectiveness. Only a modest increase in profits (within the range of expected variation from other economic factors). The low rate of increase in problem gambling may indicate that gamblers and those affected by gamblers are not seeking support when they should
Waitematā and Gulf	Waitematā	-8%	-5%	-144%	The policy has been effective. Reduced profitability from a reduced number of gaming machines. Also a very significant decrease in problem gambling in the weaker indicator despite the presence of the only casino in Auckland
	Waiheke	5%	-33%		Some support for policy effectiveness. A modest increase in profits from a large reduction in gaming machine numbers. Problem gambling on an island with few venues would have less impact on nearby areas due to higher barriers to spill-over into other areas.
	Great Barrier	0%	0%		The policy has been effective There are no venues on Great Barrier Island Problem gambling on an island with few venues would have less impact on nearby areas due to higher barriers to spill-over into other areas.

Ward	Local Board	% Change gaming machine profits*	% Change gaming machine numbers**	% change problem gambling***	Staff assessment
Waitākere	Waitākere Ranges	27%	0%	37%	<p>Mixed result. The increase in expenditure with no corresponding increase in gambling machines indicates that the policy is not being effective. The moderate increase in problem gambling may indicate that gamblers and those affected by gamblers are not seeking support when they should and that problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid</p>
	Henderson - Massey	7%	0%		<p>Some support for policy effectiveness. Only a modest increase in profits (within the range of expected variation from other economic factors). The rates of problem gambling are stable, however the moderate increase indicates that problem gambling may have been worse if the policy was not constraining growth with a sinking lid</p>
Whau		-11%	-7%	73%	<p>The policy has been effective. Reduced profitability from a reduced number of gaming machines. The large increase in problem gambling could be from other forms of gambling. Problem gambling is likely to have been worse if the policy was not constraining growth with a sinking lid</p>

* The change in net proceeds from gaming machines per resident between 2015 and 2016

** The change in gaming machine numbers between 2015 and 2016

*** Rate of people seeking help for problem gambling between 2013 and 2016 since the policy has been in effect

Based on the above data, it can be inferred that the Class 4 Pokie Policy has been effective at reducing gambling harm, as per Objective 2. Some local boards are clearly benefiting from reduced gambling harm due to the sinking lid policy – with Waitematā being the stand out performer. In other areas, the results are less clear. These areas did not experience the market conditions necessary to trigger a venue to close or reduce its gaming machine numbers.

In some cases there may appear to be issues with under reporting of gambling harm. This may be due to disparities in awareness levels of the Gambling Helpline service across local board areas. For greater certainty, future analysis should be based on greater data granularity. Data at the neighbourhood level, with greater insight into gambling mode and demographics would be ideal.

Staff consider that to improve future performance against this objective and to better understand potential unintended consequences of a sinking lid, the following research areas are relevant:

- improving the quality of information available to assess impacts – for example, the council could engage with the Secretary for Internal Affairs to develop improved access to data about problem gambling collected in the surveying undertaken by the Ministry of Health
- gambling product substitution and relative harms – i.e. identifying risk factors that need to be managed to ensure further reductions in venues and gaming machines do not result in shifts to more harmful modes of gambling. This could also consider what impact changes at SkyCity will have on class 4 pokie venues
- potential conditions for venues, such as guidelines and self-help service information, to drive best practice adoption.

4.2 Staff consider this can be achieved within the next three year policy cycle. Changes in the law and improved access to data and new knowledge about different gambling products will hopefully develop in that time to improve the council's ability to manage the social impacts of gambling.

Relocation Policy

Staff consider that a relocation policy could result in a net improvement in gambling harm reduction by allowing under-performing venues to relocate to less deprived areas. A potential trade-off for this would be a slowing down or possible halt in the rate of attrition that has occurred under the sinking lid policy as the policy currently stands.

A relocation policy may be a practical option in the future, though more research would be required about how to incentivise the types of relocation that would minimise harm.

It is likely that the government's review programme will present new information and tools to increase the certainty for the sector on potential impacts of different policy settings. However, there appears to be too much uncertainty at present to support trading off the benefits of a sinking lid policy.

To illustrate the above point, the clear gains that the sinking lid has had in Waitemata, could be eroded under a relocation policy that favoured shifting venues from poorer areas into more affluent areas.

There are clearly other challenges with such a policy in other parts of Auckland with regard to new urban growth areas where social housing and affordable housing is being encouraged. The

level of uncertainty in outcomes is high and the consequences of communities being put under pressure from unintended consequences makes a relocation policy unattractive at this time.

Staff consider that the way corporate society grants redistribute wealth from poorer communities into more affluent areas is a much higher policy priority. The council could instead focus on identifying non-regulatory approaches and working with the Department of Internal Affairs to develop new regulations that addressed this issue.

4.3 TAB Venue Policy

Objective 1: To control the growth of gambling in Auckland

The TAB Venue Policy caps the number of permitted venues at 43, which was the status quo in 2013 when the policy was adopted.

There are currently 34 TAB venues operating in Auckland, which represents a reduction of nine venues from the cap, and the 2013 number. This is the net reduction as during the period 2013 to 2017, a total of 12 venues closed, but three new venues were established.

The three new venues were subject to the proximity rule in the policy (i.e. they could not establish within 50 metres of certain sensitive sites).

Because of the variety of gambling products that the NZ Racing Board manages, it is likely that drivers outside of the council's policy play a larger role in decisions relating to establishing new venues.

Objective 2: To minimise the harm caused by gambling in Auckland

The poor availability of relevant data to assess the contribution of TAB venues to gambling harm makes it difficult to assess effectiveness, and understand how the policy could be improved. It is likely that the modest increases in problem gambling from TAB venues do warrant closer attention, for example to understand the impacts of new forms of gambling.

Staff consider that the relevance of a council's TAB venue policy is diminishing. The council could consider working with NZ Racing Board and the Secretary for Internal Affairs on ways to improve the management of gambling harm from these products outside of the regulatory framework for improved results. For example new research about relative harms between different products and changes to the council's own investment in Auckland's sports codes.

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6 Appendix 1

Risk and protective factors and associations with transition to moderate-risk/problem gambling

Transition from non-problem / low-risk gambler to moderate-risk / problem gambler	Transition from non-problem to moderate-risk / problem gambler	Remaining moderate-risk / problem gambler	Remaining low-risk gambler / moderate-risk / problem gambler
Protective factors			
gambling with other people	being of an older age (55+)	being a migrant	having a secondary school education
	living in Wellington or Christchurch	leaving debit and credit cards at home	gambling with other people
Predictors			
Number of gambling activities		regular smoker	
high monthly gambling expenditure		weekly gambling	gambled at least weekly or monthly
wide variety of gambling activities		spending 31-60 minutes playing club gaming machines per day	losing \$500 or more gambling per month
frequent gaming machine participation		having sought help for gambling during the past year	past year participation in housie/bingo
long gaming machine sessions		being aged 55+	past year participation in gaming machines
setting a dollar figure before leaving home			being of Māori ethnicity
being of Māori, Pacific Island or Asian ethnicity			past month participation in gaming machines, lotto, card games
psychological distress			long gaming machine sessions
past year help-seeking for gambling problems	setting a time limit		lower quality of life
avoiding gambling/betting places	knowing other people with a gambling problem		having \$80,001-\$100,000 personal income
being non-New Zealand born	identifying with a religion (Christian or other)		
having \$40,000-\$60,000 household income	experiencing major life events		
	lower quality of life		
	cannabis use		
	daily tobacco use		
	other drug use		
	separating gambling money from other money		
setting a time limit			
	knowing other people with a gambling problem		

Note that the sample size for remaining in the moderate-risk/problem gambler categories was very small so results should be considered cautiously