

GAMBLING IMPACT ASSESSMENT:
*For Auckland City Council, Manukau City
Council, North Shore City Council, Waitakere
City Council, Franklin District Council,
Papakura District Council, and Rodney District
Council*

Part One: Introduction and overview

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Executive Summary

Purpose

The following report was commissioned by the seven territorial authorities within the Auckland region to inform the development of their local gambling venue policies required by the recently passed Gambling Act 2003. Under this new Act territorial authorities have specific responsibilities in relation to consents for “Class 4” gambling venues, i.e. local venues providing either electronic gambling machines (EGMs) or race or sports betting. Prior to drafting their gambling venue policies, the Act requires territorial authorities to conduct an assessment of the social impacts of gambling on their communities.

The report acknowledges the absence of organised systems for territorial authorities to monitor gambling behaviour and its impact within their districts. Using the best available information, a data collection framework has been constructed that identifies key indicators broken into social, economic, cultural and environmental impacts. Since the processes for collecting information for these indicators have yet to be developed, it is anticipated that this framework could provide a base for territorial authorities in future community impact assessment.

The report sets out to collect information from sources that are currently available. It summarises local and international literature on the impact of gambling on communities. It collates information from databases on population characteristics, the allocation of community benefit funds by the six main “National Gambling Machine Trusts” (NGMTs), and trends in help-seeking for problem gambling within each territorial authority district. It also summarises a series of stakeholder workshops, which sought public views on the future role of territorial authorities with respect to Class 4 gambling.

Gambling and Communities

The review of relevant local and international literature undertaken for the report identified the following key points:

- The rapid growth of gambling over the last two decades both in New Zealand and other Western democracies has been largely associated with the spread of EGMs.
- This increase in gambling has benefited communities in a range of ways, which include public enjoyment from gambling as a leisure activity, increased business development and allocations of funding to community activities.
- Estimates of the proportion of problem gamblers in a community vary from less than one percent to over five percent. There is wide recognition of “spin-off” problems of this group to the wider community, with estimates that 5 to 7 people are negatively affected by each problem gambler and experience impacts on health and mental health, family relationships, violence, crime and deprivation effects on

families.

- Seventy percent of respondents in the Australian Productivity Commission's *National Gambling Survey* (including a substantial number of regular gamblers) considered that gambling did more harm than good to the community.
- Problem gamblers are significantly represented in regular EGM users and in race betting. In 2002 over 80 percent of those seeking help for their gambling indicated EGMs as their primary mode of gambling.
- Those most likely to be problem gamblers are Maori and Pacific men aged between 25 and 34. Additional "at-risk" groups are other Pacific people, Asians, Maori women and young people. Women are increasingly seeking help for gambling problems – particularly Maori and Pacific women.
- Australian research on gambling patterns, which has to date been more extensive and rigorous than research in New Zealand, has correlated increases in availability of EGMs with increased problem gambling. Studies there have also identified a higher density of EGMs in lower income districts.

Key Findings

A summary of the available literature highlights that:

- Almost 90% of New Zealanders over 18 participate in some form of gambling, and approximately 10% are regular gamblers (weekly or more frequently). Those most likely to engage in regular gambling are male, Maori, people without educational qualifications and with lower status occupations. Those most likely to use EGMs are male, Maori, unmarried, employed, lacking higher educational qualifications and under 35 years old. Eighteen percent of race betters and 26% of regular EGM users are considered to be "problem gamblers" (i.e. defined in the Act as those whose gambling causes harm or may cause harm). Long opening hours, jackpot system, availability of cash and credit, and layout and design of venues appear to be exacerbating factors in their use of EGMs, along with the ease with which people can move between venues.
- Problem gamblers (of which estimates vary, but may be between 0.3% to 5% of the community at any one time) cause a range of associated problems and costs for the community, ranging from health issues to crime and deprivation for themselves and their families.
- Problem gambling varies with gender, ethnicity, age and household size, with Maori and Pacific men aged 25 to 34 in large households being most at risk, but with Pacific people, Maori women, Asians and young people (students) all having "at risk" sub-groups. Each problem gambler is likely to affect the lives of 5 to 7 other people. Problem gamblers account for about 33% of total gambling expenditure or losses, mostly spent on EGMs and racing.
- Research in Australia and New Zealand has looked at impacts of gambling on

communities in terms of employment, local businesses, problem gambling, local community issues and crime. Generally the effects of gambling are complex and not easy to separate out from other aspects of community functioning. In terms of employment, there appears to be no evidence that EGMs increase employment. Money for gambling is diverted by individuals from savings or from other expenditure. Local businesses may be adversely affected by gambling if money is diverted from purchasing essential goods and services into gambling expenditure². This is most likely to be noticed in lower income areas with higher proportions of heavy gamblers, but may not be apparent elsewhere. There is no clear information as to whether increased gambling facilities add to or detract generally from local social infrastructure. Gambling is a preferred form of recreation for some. However, gambling is sometimes blamed for a reduced range of leisure opportunities. Gambling and crime are known to be linked, with most gambling-related crime being non-violent property crime.

- In summary, the benefits of class 4 gambling are focussed on the return of money to the community, although gambling is also seen to contribute to the range of leisure opportunities available and to have some minimal employment benefits. Expenditure by the funding organisations spreads into and stimulates the local economy.

Analysis of sources of information for the Auckland region indicated the following:

- For the 5,139 EGMs in Class 4 venues in the Auckland region, the concentration per district varies from a high of one EGM per 178 people in Papakura and Rodney Districts to a low concentration of one EGM per 343 people in Waitakere City.
- Regionally, Auckland has one EGM per 225 people if Class 4 venue EGMs are considered. If the 1,647 EGMs operated by Sky City Casino are included, the Auckland region has a concentration of one EGM per 171 people.
- The concentration of EGMs and EGM venues is consistently higher in areas of lower household income and higher economic deprivation.
- In most districts, higher concentrations of EGMs occurred in areas with more older and Asian people, but not consistently in areas with more Maori and Pacific people.
- Because of the wide range of organisations receiving funding, it is not possible to judge the equity of the distribution of community benefit funding. However, analysis of grants by the six main national trusts suggest that in all 24 percent of the national distribution of \$119 million goes to the Auckland region, out of which just below half goes into sports and physical activities, and over a quarter to education, with the remainder being distributed amongst 9 other categories, including an “other” category. There are differences in emphasis between the

² The net amount lost by gamblers (the amount staked by gamblers less their winnings).

different trusts. Overall, the patterns of distribution are similar to the national patterns.

- Allocation by the six national trusts varies between districts from a high \$32 per person for Waitakere City, \$23 for North Shore City, \$21 for Papakura District, \$18 for Rodney District, \$16 for Franklin District, \$13 for Auckland City and a low \$8 per person for Manukau City.
- Approximately half of those in the Auckland region seeking help for their gambling on either the Gambling Problem Helpline or face-to-face counselling services are female. The largest proportion fall between the ages of 20 and 39. In comparison to national averages, higher rates of Asian and Pacific clients sought help in the Auckland region, but the rates of Maori seeking help was lower.
- The accessing of help varied between districts, with highest use of the Gambling Problem Helpline in Papakura, followed by Waitakere, Manukau, Auckland, Franklin, North Shore and lowest use in Rodney. The highest use of personal counselling services was in Auckland City, followed by Waitakere, North Shore, Franklin, Papakura, Manukau, and the lowest use in Rodney District.
- Gamblers in the region are estimated to have lost \$219 million³ on EGMs outside of casinos in the year 2002. In the same period, approximately \$29 million was returned to community organisations through grants from the national trusts, with a further estimated \$54M being distributed back to the community via local trusts and clubs, giving a total of \$73M.

Territorial Authority District Workshops

Stakeholder workshops were conducted in each of the seven territorial authority districts to seek views on the roles and responsibilities of territorial authorities in respect of Class 4 gambling. Participants in the workshop included gambling providers, community organisations, members of tangata whenua groups, social and health service workers and concerned members of the public. A broad range of views were expressed and they include the following key issues:

- Increases in the numbers of EGMs will lead to increases in gambling-related problems, particularly as they relate to youth, Maori, Pacific and Asian peoples.
- Increases in problem gambling will impact broadly on local social services, particularly those associated with crime, violence and abuse, budgeting, family support, health and mental health and poverty.
- Increases in the numbers of EGMs will increase consumption and consequently lead to greater enjoyment, more funds available for community projects and

³ Without other sources to assess expenditure, this is based on the proportion of the population in relation to Department of Internal Affairs figures of a total national expenditure of \$777 million in 2002.

stimulation for local economies.

- The processes for distributing community funds need to maintain high levels of auditing, accountability, transparency and equitability.
- Increased income for community groups reinforces a dependency on gambling.
- Restrictions on licensing could affect the financial viability of some venues and could lead to job losses.
- The normalisation of gambling within Maori and Pacific communities could lead to a loss of cultural values.
- Patterns of gambling and their impacts need to be closely monitored within each district.
- Gambling venues should avoid locations associated with youth activities (e.g. family restaurants, ten-pin bowling venues, movie theatres) and locations adjacent to venues for younger people (e.g. schools, Internet cafés).
- Most participants advocated for maintaining the current numbers of EGMs in their districts and to restrict further increases through managed licensing. Most also felt EGMs should be restricted to licensed premises

Options and Recommendations

The report concludes with comments on a series of specific aspects on which the territorial authorities sought information. In summary, the Auckland Region is considered to be similar to the rest of the country in terms of those affected by gambling and impacts on the wider community. The number of Maori, Pacific and Asian people indicates a higher risk of gambling problems within the Region than nationally, which may increase as the demographic structure changes over time.

In line with the principle of harm minimisation embodied in the Gambling Act 2003, information collected in this report and from the stakeholder workshops indicates how Territorial Authorities might consider the following options in developing their gaming venue policies:

- Restricting the availability of EGMs by setting district caps, limiting their numbers in low income areas, limiting opening hours and controlling the access to ATM and EFTPos machines.
- Imposing operating conditions as a part of granting venue consents, e.g. establishment of a “host responsibility” and harm minimisation policy and staff training programmes.
- Restricting venues to non-residential areas and to locations that are not frequented by younger people (such as schools and computer parlours).

Territorial authorities need to seriously consider a range of policy options in the development of a Gambling Venue Policy that will provide some protection for the broader community from the potential harms that will arise. The following list of recommendations has been developed to assist territorial authorities in this process.

Recommendations:

That Territorial Authorities consider the likely negative and positive impacts of increasing, decreasing or maintaining the status quo of venues/machine numbers and use the themes that have arisen from stakeholder workshops in this project as a basis for their consideration.

That Territorial Authorities consider the possible negative impacts of increasing gambling venues in areas of high concentrations of Maori, Pacific and Asian people and in areas of low income/high deprivation as these areas already show high concentrations of gambling venues across the Auckland Region.

That if a Territorial Authority wishes to develop a Gambling Venue Policy that will limit venues by location, then it considers doing so in relation to known at-risk problem gambling communities (e.g. areas with high concentrations of Maori, Pacific and Asian people, and areas with low income or high levels of deprivation).

That if a Territorial Authority wishes to allow new venues or increases in machines that it includes a requirement for a standard host responsibility policy within the consent criteria. Territorial Authorities in the Auckland Region could consider joining together to develop such a host responsibility policy.

That Territorial Authorities examine processes that might facilitate a more equitable distribution of community benefit funds, particularly between districts and between funding categories.

That Territorial Authorities are best placed to monitor access to services for problem gambling and could assist services in responding to the unique characteristics, needs and access issues for those needing help within their districts.

Indicator recommendations:

That Territorial Authorities regularly monitor gambling impact indicators using the available data (i.e. grant distribution, and level of problem gambling).

That local government work with central government to develop a consistent set of gambling indicators that can be regularly collected and reported.

That Territorial Authorities proactively commence compiling local club and trust grant distribution to build a more comprehensive picture of local community benefits.

That Territorial Authorities consider securing funding for research into the economic and community impacts of gambling (e.g. employment, economic activity, community health and quality of life).

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1. Introduction

1.1 Context

The Gambling Act 2003 (the Act) became law in September 2003. It was a major review and update of the legislation controlling all forms of gambling.⁴ The Act has specific purposes which are:

- to control the growth of gambling;
- to prevent and minimise the harm caused by gambling;
- to authorise some gambling and prohibit the rest;
- to facilitate responsible gambling;
- to ensure integrity and fairness of games;
- to limit opportunities for crime or dishonesty;
- to ensure that money from gambling benefits the community; and
- to facilitate community involvement in decisions about the provision of gambling.⁵

Territorial Authorities have specific responsibilities in relation to consents for class 4 venues. Class 4 venues are defined as places where class 4 gambling is conducted.⁶ Class 4 gambling incorporates a range of types of gambling⁷ but is principally gambling that utilises or involves a electronic gambling machine (EGM), at a venue other than a licensed casino (the only casino in the Auckland Region is Sky City casino).

The Act requires that each territorial authority must adopt a class 4 venue policy⁸, and may not consider applications until a venue policy has been adopted.^{9, 10} An application for a license to the Department of Internal Affairs must be accompanied by a venue consent from the territorial authority, so Territorial Authorities are the first agencies to consider applications for new, expanded and existing venues.

⁴ Although comprehensive, the Gambling Act does not provide a complete umbrella for all forms of gambling. For example Schedule 8 of the Act is important for local authorities. It is changes to the Racing Act 2003 brought in through this Schedule that require local authorities to adopt a TAB Venue policy in parallel with the Class 4 Venue policy. There are also a number of other pieces of legislation controlling gambling which remain largely unchanged, such as the Casino Control Act 1990 and the Gaming and Lotteries Act 1977.

⁵ Section 3 - Purpose

⁶ Section 4 - Interpretation

⁷ Section 30 provides that class 4 gambling is not gambling of another class, that net proceeds are distributed for authorised purposes and that the distribution does not involve payment of a commission.

⁸ Section 101 – Territorial authority must adopt class 4 venue policy.

⁹ Section 100 – Considering and determining application for territorial authority consent.

¹⁰ The scope of the policy appears to be quite limited: the policy must specify whether class 4 venues may be established in the district, and if so where, and may specify any restriction on the maximum number of gaming machines that may be operated at any venue. It is possible that the policy could however interrelate with other areas of a territorial authority's responsibility, including Resource Management Act responsibilities and social, cultural and environmental policy.

In developing and adopting a policy, a territorial authority must have regard to the social impact of gambling within its district, and may have regard to any other matters it considers relevant, including:

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

A territorial authority's responsibilities under the Act are separate from its responsibilities for land use consents under the Resource Management Act, liquor licensing under the Liquor Licensing Act, and a range of other legislation.

1.2 Social Impact Assessment

This social impact report is the outcome of a study undertaken for the seven Territorial Authorities in the Auckland Region to assist them in developing and adopting a class 4 venue policy in accordance with the Act. It is the result of as comprehensive as possible¹¹ investigation of the social, economic, cultural and environmental aspects of gambling that may affect the seven districts. The study was undertaken by a team of investigators from the Centre for Gambling Studies, University of Auckland and MWH NZ Ltd in October and November 2003.

In assessing social impacts for each district the study has drawn on a wide range of sources. These include:

- international and national information about gambling behaviours and patterns
- information about the local area and community
- information relating to existing venues and charitable trusts for the distribution of funding from class 4 gambling in the district
- information relating to the roles and experiences of control, support and other agencies who provide services in the district.

Territorial authorities are required to have general regard to the social impact of gambling in their districts in developing a Class 4 venue policy. However, the brief for this study was to focus on the impacts of Class 4 gambling.

Class 4 gambling, particularly the use of gambling machines or EGMs, differs from most other forms of gambling as it is available most of the time and offers the

¹¹ Time and other resource constraints have limited the scope of this report. See Limitations on page 99.

possibility of “instant gratification”.¹² Unlike many other wide-spread forms of gambling (such as Lotto ticket purchase) there is a minimal delay period between playing and a result. The only other type of gambling with these characteristics are casino gambling (see Regional Summary for a brief discussion on the Sky City Casino), and “scratchies” where the stakes are lower and there is no pertinence to location.

In evaluating social impacts of gambling both positive and negative impacts need to be considered.

The Act recognises and defines “problem gamblers”. These people are those “whose gambling causes harm or may cause harm”¹³ and so much of the adverse social impact of gambling generally, and class 4 gambling in particular, could be expected to be associated with the activities of that group of people. The Act includes a large number of provisions relating to minimising and preventing harm which are outside the responsibility of the local authority. These include requirements for every holder of a class 4 venue license to develop a policy to identify problem gamblers, and to take certain actions in relation to people identified¹⁴, and the government retains responsibility to organise the development of an integrated problem gambling strategy.¹⁵ Regulations may be made to require gambling operators to pay a problem gambling levy.¹⁶ Thus while problem gambling is addressed in the social impact assessment it would not be expected that the issue would be fully addressed in the territorial authority’s policy.

This social impact assessment is not conclusive in many aspects. Gambling investigations and research are relatively new in New Zealand; in particular the causes and effects of gambling problems, and the best means of identifying and responding to problems are aspects that are not very well understood both here and internationally. There is also very little independent research and data that pertains to the possible benefits of gambling. To complicate matters further, what has been investigated has occurred in varying ways making it difficult to draw comparisons and form a clear picture. For example, there is no agreed way of assessing the social or economic impact of gambling on a community. What this report has attempted to do is to combine a variety of available data sources to provide some idea of the overall picture. This picture needs to be enhanced by improving the quality and standardisation of data sources in the future.

¹² Or instant loss.

¹³ Section 4 – Interpretation.

¹⁴ Sections 307 to 312 – Admission to Venues.

¹⁵ Section 317, 318 – Integrated Problem Gambling Strategy. This responsibility has been allocated to the Ministry of Health.

¹⁶ Section 319 – Regulations relating to problem gambling levy.

1.3 Report Structure

In response to the large amount of material generated by the information collected, the report has been divided into three separate types of documents that provide clearer access to relevant information.

1. Introduction and Regional Overview

This document provides a summary overview of details across the seven territorial authority districts. It includes the following content:

- Review of the Community Impacts of Gambling
- Population Characteristics and Gambling Behaviour
- Distribution of Community Benefit Funding
- Features of Help-seeking and Gambling
- Regional Summary of Community Views from the Workshops.
- Formulation of a Gambling Indicator Framework

2. Seven territorial authority district reports

These seven reports, one for each district, provide considerably more detailed information on the following:

- Population Characteristics and Gambling Behaviour
- Distribution of Community Benefit Funding
- Features of Help-seeking and Gambling
- Community Views from the Workshops.

Note: It is important to read the territorial authority report/s in conjunction with the Introduction and Regional Overview report.

3. Combined Stakeholder Views from District Workshops

This single supplementary report provides full details on the responses to questions by attendees at the seven workshops held across the Auckland Region. It is available on request for those who wish to scan the full range of views expressed in the groups.

Note: All material is included within the seven specific territorial authority reports, but this supplement compiles the material all together for ease of comparison between the different Territorial Authorities.

1.4 Methodology

The overall report draws on a variety of available and new information sources to assist in drawing a picture of gambling within the Auckland Region. The following summarises the methods used in each part of the data collection process.

1. Review of Community Impacts of Gambling

Published material and unpublished technical reports were collected with a particular focus on research into the social and economic impacts of gambling on communities.

2. Population Characteristics and Gambling Behaviour

Since data on the majority of the proposed gambling indicators are unavailable at present, our analysis used the number of local gambling venues and the number of EGMs per “Census Area Unit” (CAU). These concentrations were analysed in the context of 2001 census information available on line from Statistics New Zealand and utilised demographic variables that included ethnicity, deprivation indices and household income.

EGM numbers and types of venue were calculated using unverified gambling machine numbers as at 22 September 2003, provided by the Department of Internal Affairs (DIA). As location information from both the DIA and Territorial Authorities were quite variable and inconsistent, venues were geocoded by the research team based on their street address to corresponding Census Area Unit numbers. This was done to ensure they were listed in the proper census block and territorial authority for the analysis below. There were some errors in the geocoding which may cause some of the numbers of gambling machines presented below to be slightly lower overall than reported. These errors are no more than 5% different from DIA data and are more geographically correct. A list of Totalisator Agency Board (TAB) standalone venues was obtained from the TAB website. The TAB Northern Regional Coordinator also provided a list of venues. Discrepancies between the two files were sent to the Northern Regional Coordinator for clarification and were corrected.

3. Distribution of Community Benefit Funding

Details on the distribution of community benefit funds were sought in order to identify who is benefiting most from this positive outcome from gambling. The six National Gambling Machine Trusts (NGMTs) operate 137 of the 294 non-club gambling venues within the Auckland region, and account for a total of 2047 EGMs. The systems for collecting data on the proceeds from gambling in Chartered Clubs and on the community benefits distributed from smaller localised societies were not available. The NGMT data were obtained from a CD Rom supplied by the New Zealand Coalition for Gambling Reform Incorporated (known as Gambling Watch). Each organisation that received funding was allocated to one of the seven territorial authority districts, or the South Auckland/Counties Manukau or general Auckland categories. All sources were checked to verify location on the Internet.

Certain limitations exist within the data, in particular, the difficulty in identifying funding distribution to specific geographic areas and the fact that organisations in the database were allocated to the different categories based on their name and the grants

were not always grouped by region. This situation was further complicated by the extent of funding ‘cross-over’, where funds have been allocated to an organisation that operates regionally or in two or more territorial authority districts. This was dealt with to some extent by the creation of an extra category, South Auckland/Counties Manukau. The South Auckland/Counties Manukau category covered Manukau City and the Franklin and Papakura Districts as individual territorial authority districts as well as grants that were made that included more than one of these districts. The general Auckland Region refers to grants made to all seven districts, and grants made to two or more areas and Auckland as a region. Also included in the general category were organisations that were within the Auckland region but the exact territorial authority district could not be found. This meant that money that was specifically awarded to a district by a trust (particularly funding for sports teams) may not have been included in the total funding to that district and could explain some of the differences in funding (for example, in the Sport & Physical Activities category) from the national average.

4. Features of Help-seeking and Gambling

Information on help-seeking for problem gambling was derived from two sources; client records from the Gambling Problem Helpline (GPH – a national telephone service for the period November 1998 to November 2003) and from the Problem Gambling Committee database for personal (face-to-face) counselling for the period 1997 to 2002. All available records were accessed. This included 20,202 records for telephone clients and 4,994 records for clients receiving personal counselling of which 2,196 records were for those who accessed personal counselling services from within the Auckland Region. Information on client characteristics were entered in aggregate form onto a statistical package (SPSS) and analysed according to key demographic variables (see disclaimer in Appendix 2).

5. Community Views from Workshops

Seven two-hour facilitated workshops (one for each district) were conducted in order to canvass public views on the role of territorial authorities in managing Class 4 gambling. Open invitation was extended to interested members of the public and attendance varied from 30 to 90 people. Attendees were provided with a brief overview on the impacts of gambling and the responsibilities of territorial authorities under the new Gambling Act. Attendees were then divided into smaller focus groups to enable increased participation. Groups were divided according to their main role with respect to gambling. In most workshops this meant dividing into groups of service workers, community members, and gambling industry workers. Attendees at some workshops opted to form tangata whenua and mixed groups. Each group was supplied with a facilitator and a note-taker. The notes taken from each session were entered onto qualitative computer software (N4) and analysed according to themes then clustered into theme categories.

Appendix 1. Formulation of a Gambling Indicator Framework

Key indicators for the measurement of both positive and negative aspects of gambling were derived from the literature of gambling. These indicators were chosen on the basis that they are: locally focused, relevant and comparable between territorial districts, linked with relevant measures for policy action at the local level, and differentiate as much as possible between impacts of different forms of gambling and their impacts on different populations, particularly Maori, European and Asian.

2. Overview of Gambling Trends and Impacts

2.1 Introduction

This section looks at general gambling trends. Gambling is a popular activity but there is very little information as to any perceived individual or community benefits. In contrast, significant research and analysis has been undertaken showing the negative impacts of gambling. Much of this has focussed on EMGs, which are a relatively recent addition to the range of gambling opportunities.

Many countries in the world are experiencing rapid and unprecedented increases in the frequency and intensity of consumption of gambling products. Details in specific countries are not easily obtained, but some annual consumption figures are beginning to become available.

In New Zealand, gambling expenditure (money lost¹⁷) rose from approximately NZ\$0.5 billion in 1991 to NZ\$1.7 billion by 2002. Similar increases are noted in Australia (A\$13.3 in 2000), in Canada and in several Western European countries.

In most cases, the expansion is associated with the increased availability of higher intensity forms of gambling, most importantly, the introduction of new “continuous” forms. Non-continuous forms such as race betting and lotteries involve time delays between placing a bet and knowing the outcome. Continuous forms of gambling such as games at casinos and EGMs involve very short delays between betting and outcome and thereby enable rapid and repeated betting within a short period. Gambling expenditure on EGMs has risen sharply in the Netherlands, Australia and New Zealand to about half each country’s total gambling expenditure.

Figure 1 presents the rise of expenditure by gambling mode in New Zealand over the last 23 years. EGMs (outside casinos) were first introduced in 1991, and have accounted for \$777 million of the increased expenditure, up \$180 million or 30% in the two years since 2001. This contrasts with TAB betting which accounted for \$228 million in losses, up just 1.8% from 2001. With 25,221 machines in pubs, bars and clubs, EGMs now account for 47% of all gambling losses by New Zealanders.

2.2 Demographics of New Zealand Gamblers

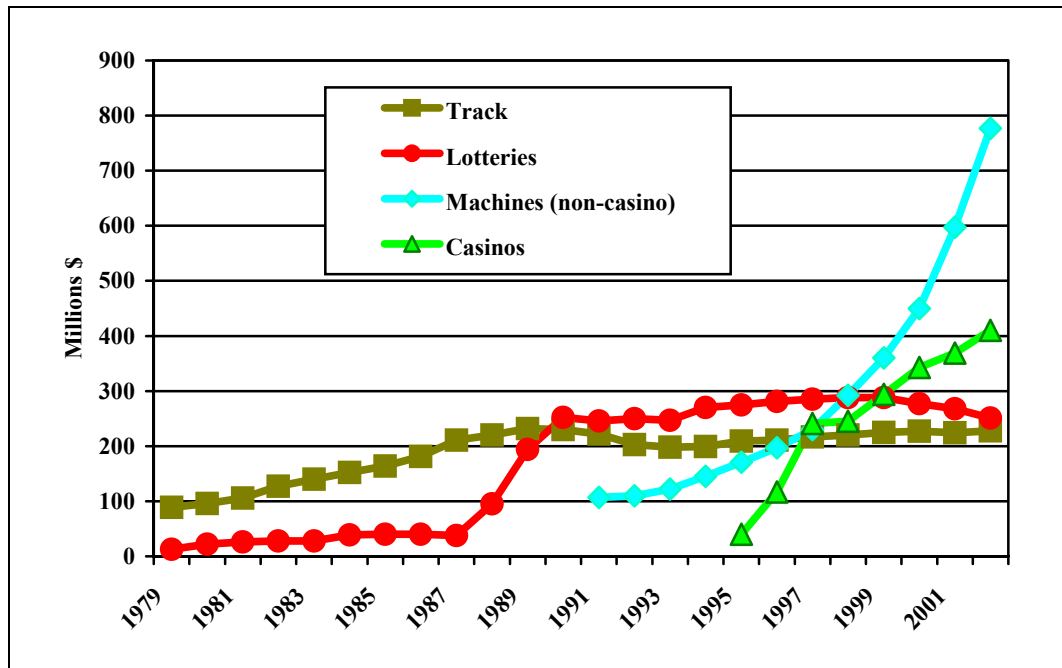
Gambling has increasingly become a part of the leisure activity of New Zealanders. The main sources of information regarding gambling and problem gambling in New Zealand are the two National Prevalence Surveys in 1991 and 1999 (Abbott and Volberg 1991; Abbott and Volberg 2000). The more recent of these surveys involved telephone interviews with a representative sample of 6,542 New Zealanders aged 18

¹⁷ Figures here are reported as expenditure, meaning the amount spent minus winnings. Gross turnover (including winnings) is often used and tends to be five to ten times the expenditure depending on the average rate of return. Source; Department of Internal Affairs, 2002.

and over. The results indicated that 86% of New Zealand adults had participated in at least one form of gambling during the previous 6 months. This participation rate is high by international standards.

The study also estimated that approximately 10% of New Zealand adults are “regular continuous gamblers” who participate frequently (weekly or more frequently) in one or more forms of gambling such as EGMs, race betting or casino table games where winnings can be readily re-invested. They also found that among those more likely to engage regularly in continuous forms of gambling were relatively high proportions of males, Maori, people without educational qualifications and those with lower status occupations. Those who were more likely to use EGMs (outside casinos) tended to be male, Maori, unmarried, employed, lacking higher qualifications and aged under 35 years.

Figure 1: Actual expenditure (loss) by mode in New Zealand (Source: Department of Internal Affairs, 2002)



2.3 Problem Gambling

Much of the research has been into problem gambling. A major focus of the National Prevalence Surveys was providing an estimate of the prevalence of problem gambling.¹⁸ The more recent of these surveys found that people who reported participating regularly (weekly or more) in continuous forms of gambling¹⁹ were more likely to be classified as problem gamblers. Thus 26% of regular EGM (outside

¹⁸ This is as defined in the Act, but includes varying degrees of problem.

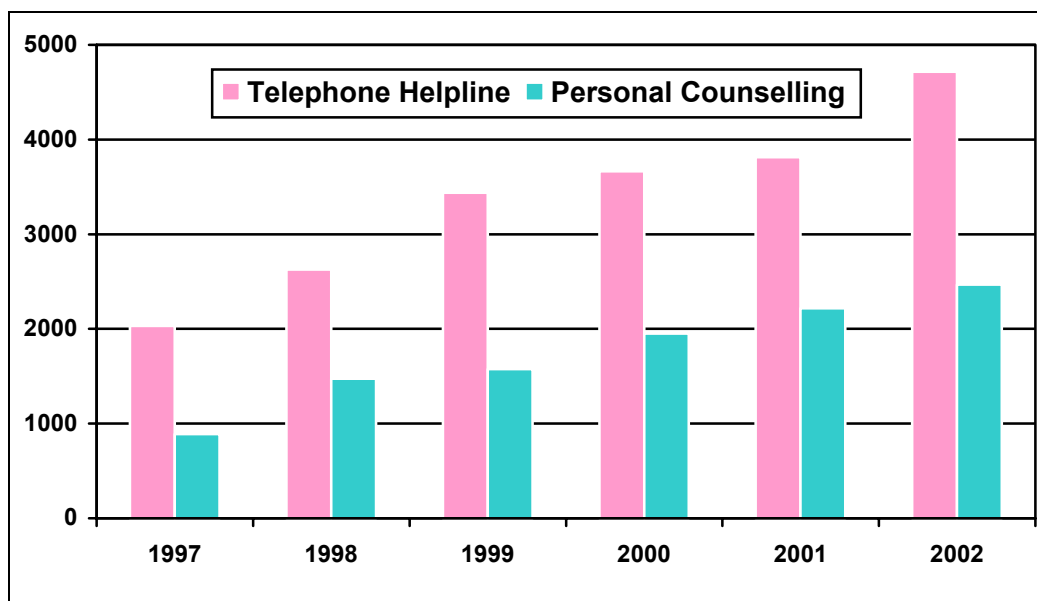
¹⁹ Characterised by the opportunity for a continuous repeated cycle of placing a stake, playing, determination and ability to collect and reinvest winnings, such as occurs with EGMs, casino betting and horse racing.

casinos) gamblers and 18% of regular race bet gamblers are considered to be problem gamblers. Furthermore, 19% and 13% respectively, have experienced gambling problems during the previous 6 months. From the other viewpoint, problem gamblers are more likely to report that they prefer playing EGMs (over 70%) or betting on horse and dog races (over 8 %) than other forms of gambling.

The National Prevalence Surveys identified certain groups in the population as having a greater likelihood of being problem gamblers. The main socio-demographic factors most strongly associated with problem gambling nationally are gender, ethnicity, age, and household size. Maori and Pacific males aged between 25 and 34 years, living in large households have very high rates relative to other groups. Individuals from lower status occupations and lacking formal educational qualifications also tended to have higher rates. Additional risk factors for problem gamblers were found to include those who indicate gambling as a habit, those who tend to gamble alone and those who have a problem gambling family member. Subsequent surveys on Pacific people, Asians, Maori women, and young people (students) have each identified additional “at risk” sub-populations. In these populations, problem gambling and harm associated with gambling, in particular associated with EGMs has shown signs of increasing.

Another source of information on problem gambling in New Zealand is the annual report by the Problem Gambling Committee (PGC) on the statistics from the services they purchase for problem gamblers. The PGC manages a voluntary contribution by the gambling industries to purchase services for problem gamblers. The fund purchases the majority of problem helping services and their statistics are divided into clients using the national telephone helpline (Gambling Problem Helpline) and those using face-to-face personal counselling. During the 2002 year the total number of new clients using personal counselling was 2467, up 15.1% from the previous year. New callers to the helpline were 4,715, which is a 131.9% increase from those of six years earlier. Figure 2 presents the increases over the last six years.

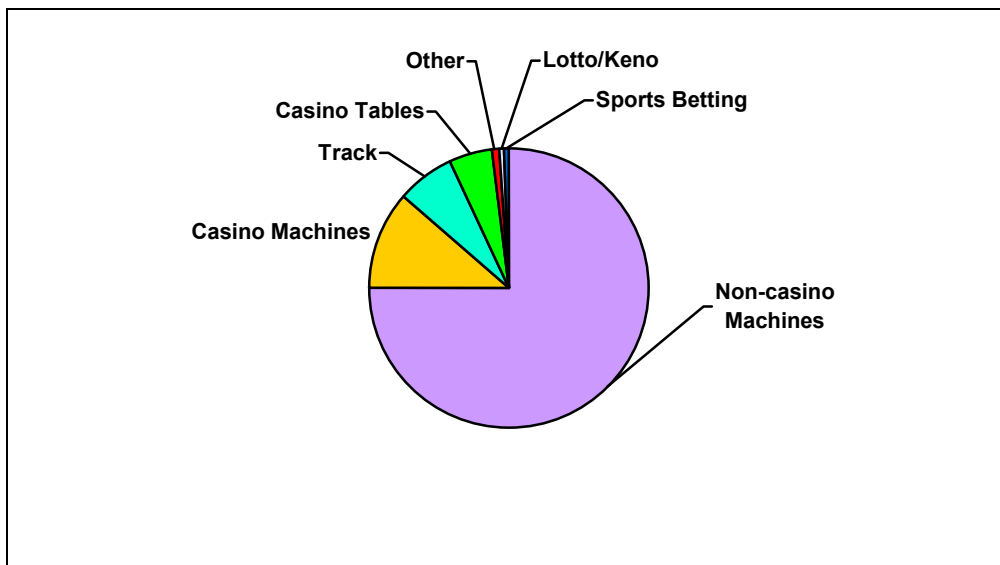
Figure 2: Number of new clients using telephone helpline and personal counselling services in New Zealand (Source: Problem Gambling Purchasing Agent, 2003)



In terms of the type of gambling, 80.7% of helpline clients and 74.8% of personal counselling clients identified EGMs outside casinos as their main mode of gambling. This rises to 86.2% and 91.1% respectively when casino machines and tables are included. The pie chart in Figure 3 presents this.

In terms of gender, the rates for women presenting for help have risen sharply and they now comprise approximately half those using the helpline service and 43% of personal counselling. There is also a growing perception (based on informal observation and Helpline calls) that women, in particular Maori and Pacific women are increasingly using EGMs.

Figure 3: Gambler's primary problem mode - new personal counselling clients in New Zealand for 2002 (Source: Problem Gambling Purchasing Agent, 2003)



2.4 Comparison with Gambling in Australia

The information above sets out much of what is generally known about gambling in New Zealand. Information sources are currently limited in terms of volume, scope and quality.

Australia has developed a stronger research base, largely because of the country's size and longer experience particularly with class 4 type gambling. Taking into account the differences in population and context between the two countries, Australian research is also useful in considering impacts, costs and benefits of gambling in New Zealand. Again much of the research has focussed on negative aspects, with little reliable research on positive impacts.

In 1997 the Australian Federal Government was becoming increasingly concerned about the extent of state government reliance on taxation from gambling. This led to an investigation by the Productivity Commission to develop "a better understanding of the performance of the gambling industries and their economic and social impacts

across Australia, including their impact on the retail, tourism and entertainment industries and on Commonwealth and State/Territory Budgets".²⁰ This was because "little is known about the social impacts of the rapid growth in gambling." The investigation took place over an 18-month period, through a series of public surveys, qualitative interview projects, consultation meetings and public submission rounds. In early 2000 a report was released which has provided the most significant and comprehensive source of information on gambling within Australasia (The Australian Productivity Commission 2000).

The study identified gambling as a major leisure activity for Australians. Forty percent of Australian adults gamble regularly and levels of expenditure have risen across all states but particularly in the states of Victoria, New South Wales, South Australia and Queensland where the availability of EGMs has increased rapidly. The study found that, despite the rapid increases, the Australian public are concerned. In a national survey of public attitudes to gambling it was found that over 75% of Australians believed that gambling did more harm than good and 92% did not wish to see any increase in the numbers of EGMs.

The study found that problem gambling made up a significant part of gambling activity as a whole, and that problem gamblers each lose on average 20 times more than other gamblers lose (\$A12000 each for problem gamblers in 1999). Problem gamblers comprise 15% of regular gamblers (excluding lottery players) and make up over 33% of the gambling industry's revenue (through their losses) each year. This increases to 42% of losses when looking at EGMs alone. This means that in Australia fewer than 3% of the adult population are providing a third of gambling industry revenue. The study noted that the increased accessibility of EGMs had been the main driver for increases in problem gambling, primarily because of the continuous nature of play. Higher problem gambling rates were found in states where EGM numbers and *per capita* expenditure on machines are highest.

The Australian study also analysed the ways in which machines are distributed within communities and concluded that machines tend to be more densely located in lower income areas. For example, they confirmed that in Victoria there is a strong inverse relationship between the average income of people and the number of gambling machines in particular areas. Essentially the lower peoples' incomes, the more EGMs in the area. They note that the relationship was less clear-cut in some states (Queensland and NSW) than in others (Victoria). They also found a strong relationship between the number of machines in any area and the amount spent on them. The more machines, the more is spent. They pointed out that this is likely to have major implications for some local communities. For example, communities where a large proportion of people are already encountering personal or financial difficulties will have these compounded by additional problems that derive from gambling. There are likely to be associated increases in problem gambling behaviour, increased levels of poverty and bankruptcy, more family breakups, domestic violence, increased stress and anxiety and a range of wider community and (local) economic impacts.

²⁰ Ordered by the Australian Treasurer, Peter Costello, Australian Productivity Commission 2000.

2.5 Gambling Impacts

The impact of gambling has traditionally been assessed in terms of its effects within each of the sectors of:

- employment,
- local business,
- problem gambling,
- local community and crime.

This summary follows this approach (Australian Institute for Gambling Research 2001).

2.5.1 Impact on Employment

Gambling, and in particular the introduction and operation of EGMs, has usually been promoted as an economy boosting and employment creating opportunity for the local community. Increasing the number of EGMs has usually been anticipated to boost the local economy. Managing the gambling machine venue should provide new jobs.

There have been few New Zealand studies on the impact of gambling on employment. A summary by Connell Wagner Ltd reported that submissions to the 1995 Review of Gaming generally supported the idea that the expansion of gambling provided additional employment opportunities. Congruent with this, the report by the Department of Internal Affairs (1995) noted that employment opportunities associated with gambling expansion would be a positive impact. In a 1998 Study of the Social and Economic Impacts of New Zealand casinos (Australian Institute for Gambling Research 1998), it was found that New Zealand casinos had created numerous jobs for locals as well as additional jobs regionally and nationally. However it was also noted that longer-term, the net impact would depend on the extent of displaced employment and sustainability of casino jobs and thus could not be calculated for the study.

Australian studies, particularly those carried out at State level (National Institute of Economic and Industry Research 1997) also suggested that growth of gambling led to increased employment opportunities. The Melbourne Institute of Applied Economic and Social Research released its report on gambling impacts on four inner-city local authorities (Melbourne Institute of Applied Economic and Social Research 1997) late in 1997. This indicated that two-thirds of jobs in gambling venues were part-time; substantially higher than identified in the slightly earlier state-wide study. This suggests that employment effects need to be evaluated on the basis of detailed local data.

Qualitative data on the local employment impacts of gambling has also been reported in other Australian studies. These involved interviews with local stakeholders, including businesses, venue operators and workers, community service and non-government organisations, people with gambling problems and residents.

The issues that emerged in these studies can be grouped broadly into four main themes:

- Gambling venue - staff levels, recruitment, performance and training;
- Gambling venue workers' relationships with the general community;
- Local employment levels and patterns, and related investment behaviour;
- Work impacts of problem gambling (Hames 1997; Melbourne Institute of Applied Economic and Social Research 1997; KPMG Consulting 2000).

This research offers preliminary insights into the impacts of gambling on local employment and suggests that the effects are far more complex and community-specific than quantitative research alone may convey.

KPMG surveyed community perceptions on employment in 2000 (KPMG Consulting 2000). In its survey, 1000 community residents (Dandenong, Geelong, Maribyrnong, Mildura, Moreland and Wellington) were asked whether gambling had increased local employment. The study showed widely diverging perceptions about the employment impacts of gambling across Victorian communities. The lowest levels of agreement were recorded in Wellington (39.5%) while Mildura respondents (55.3%) reported the highest rates. A significant finding of this study was that the majority of residents in the surveyed areas were sceptical about claims of overall benefits from gambling-related employment creation.

The Australian 1997 national study concluded that employment gains from the liberalisation of gambling may be illusory in that (The Australian Productivity Commission 2000) :

“... while there may be instances where additional jobs or income may have been generated – say in depressed regions – most of the resources in the gambling industries will have been diverted from other industries.”(The Australian Productivity Commission 2000)

The Commission also suggested that:

“... the net gain in employment and activity from the (policy induced) expansion of the gambling industries are small at the aggregate level when account is taken of the impact on other industries that lose the consumers' dollar to gambling.”(The Australian Productivity Commission 2000)

Summary

The potential for additional employment has been a central rationale for the expansion of gambling machine operations, at least in Australia. However, it is difficult to substantiate this claim from available data sources. Only a handful of Australian local government areas have been the subject of detailed research on local employment impacts. The information which does exist is based on fairly small sample sizes and has produced inconsistent results. Quantitative data may not adequately reflect, for example, the casualisation and down-skilling of employees. From these data alone there is little foundation upon which to make any assessment of *actual* employment costs or benefits to the community stemming from gambling industry developments. To date there is no conclusive evidence of increased employment through expansion of gambling.

Participatory research approaches that facilitate community involvement are likely to produce more representative and valid information on local employment impacts.

2.5.2 Impacts on Local Business

Similarly, the question of whether class 4 gambling, and particularly EGMs, contributes to local economic growth or drain resources and business investments away from areas which may already be under-resourced does not have a straightforward answer.

While there has been little systematic work in this area in New Zealand, the issues have been explored in several Australian studies. Possible effects include increased competition for the consumer dollar that affects local leisure patterns, reduces savings rates and results in changed patterns of household expenditure when a new gambling venue or additional machines are installed in a locality.

Despite 80% of small business in Victoria considering they had been adversely affected by the increase in gambling machines, the Australia Productivity Commission accepted that growth in gambling did not appear to negatively impact on other retail business, accepting from earlier Victorian studies that the increase in gambling expenditure was funded largely out of a reduction in household savings (National Institute of Economic and Industry Research 1997). These findings have been challenged and it is now largely accepted that since all products and services compete for a share of the consumer's budget, any increase in gambling expenditure must be at the expense of expenditure on others, either through an actual decline in retail spending or a slower growth than would otherwise be the case.

A recent report made the following point:

“... it is difficult to disentangle the effects of the expansion in gaming venues on local businesses from other economic factors affecting businesses ... however, inevitably, growth in consumer expenditure on gaming and investments in gaming venues have drawn resources away from other industries, reducing the size of these industries – relative to what they would have been if the gaming industry did not exist.”(KPMG Consulting 2000)

Other Econometric Studies

In submissions to the Australian Productivity Commission inquiry, several economic analysis firms applied equilibrium models to estimate the impacts of an expansion/contraction in gambling on other sectors of the economy. The findings of these reports suggested that not all spending comes from savings. For example: the CIE model simulation suggests that with a 10% increase in gambling, the retail sector will contract by about 1.6%. Industries that lose the most are sport and recreation (2.1%), wine and spirits (1.9%) and beer and malt (1.8%). Alternatively the Econtech simulation suggests that for a 26% increase in gambling activity the retail sector will contract by about 0.5%.

These economic simulations suggest that industries that accommodate or complement gambling may grow as a result of an increase in gambling. For example, hotel accommodation, sports clubs, cafes and restaurants associated with a gambling venue may expand with an increase in gambling. On the other hand, industries that compete with gambling are ‘chasing fewer dollars on the ground’ and may experience economic contraction. These industries include active recreation, organised sport, furniture and household purchases (all of which have been claimed to be the biggest losers from a rise in gambling associated expenditure).

Input-Output Analysis in Bendigo

Regional input-output modelling and hypothetical extraction was used to estimate the net economic impact of increased gambling machines in the Bendigo region (Pinge 2000). Negative externalities associated with problem gamblers and the costs of lost productivity due to gambling were also factored into the equation producing an estimated net loss to the region of \$11.57m. The study’s author acknowledged that this was a preliminary and, therefore, incomplete calculation.

A significant finding of this research for local business was that *“the backward linkages with the regional economy could be described as weak with a third of revenue going to the owners of the EGMs and another third payable to the State government”*. Further *“output for this sector is not really used as an input for other regional sectors”*(Pinge 2000). The study also compared the opportunity cost of gambling and non-gambling expenditure in the region and concluded that the net effect of gambling would produce an overall loss in local output, income and jobs. Overall this study suggests that local businesses will not necessarily benefit from the introduction of, or increase in, EGMs: rather gambling operations may serve as a drain upon regional resources and jobs. This draining effect has been noted in relation

to the high density of gambling machines in socio-economically disadvantaged metropolitan areas in Victoria and Sydney (Doughney and Kelleher 1999).

Qualitative Research

There have been a number of such studies in Australia. While not necessarily conclusive, the findings are similar to those of economic modelling. Two 1997 studies found that the introduction of gambling machines was of benefit to the clubs and hotels that had acquired them (Hames 1997; Melbourne Institute of Applied Economic and Social Research 1997). However, other businesses such as retail, had suffered from a diversion of consumer spending towards gambling:

“There were firm perceptions that EGMs lead to more bankruptcies and that the proliferation of gaming has resulted in less money being available for retail expenditure.”

One recognised that increased gambling expenditure was only one factor contributing to a general downturn in business performance (Melbourne Institute of Applied Economic and Social Research 1997). This report suggested that:

“While in the short run savings appear to have borne the brunt of consumers spending on gambling, savings in the short run become consumption spending in the long run.”

KPMG’s 2000 study included interviews in each region with a wide range of stakeholders including gambling venues, non-gambling venues, community support agencies and local government, along with consultations with industry players (such as Tabcorp and Crown Casino) and public forums in each region (KPMG Consulting 2000).

The results of this study are similar to those of previous research, particularly in relation to the perceived association between increased gambling expenditure and declining consumption in other sectors, especially those that competed with gambling. They also noted that it was

“difficult to disentangle the effects of the expansion in gaming venues on local businesses from other economic factors affecting businesses... however, inevitably, growth in consumer expenditure on gaming and investments in gaming venues have drawn resources away from other industries, reducing the size of these industries – relative to what they would have been if the gaming industry did not exist.”

This research added a new dimension to this line of investigation by surveying consumers’ perceptions about “*what they would spend their money on if they hadn’t spent it on gambling*”. Forty-six percent reported that they would have spent the money on groceries, small household items, personal items, clothing and footwear. Particularly noteworthy in relation to earlier studies was the finding that 20% would have saved the money. The implication of these results is that gambling may be partly but is not completely funded through savings. It may be drawn away from other

consumption activities and, as this study indicated, often from basic necessities such as food and clothing.

Should local businesses consequently reduce staff numbers or close down there may be flow-on effects in accessibility to, and possibly affordability of, local goods and services.

Australia Productivity Commission

These findings were echoed in the Australian Productivity Commission's 1999 national study. They noted that,

“The negative effects appear to be most keenly felt by businesses that compete with gambling... for the consumers' dollar, so growth in gambling inevitably has an impact on the jobs and investments in these other industries ... Retailers are one group that can be expected to lose from the growth of gambling.”

Submissions to the inquiry emphasised two main areas of specific concern: impacts on the retail sector and on traditional gambling modes. The Commission's overview of relevant studies in Victoria, Queensland and South Australia found widespread perceptions of a decline in the performance of sectors in competition with gambling.

Summary

Studies conducted on gambling impacts on local business (all to date in Australia) indicate that they may suffer from competition with gambling machine operators. While this may not be of much importance in some areas, it may in others. For example, a low income area with a significant population of heavy gamblers might well experience a greater drain on consumer spending due to gambling operations. This could produce more significant negative effects on local businesses that compete with gambling and increased gambling expenditure may result in the downstream reduction in essential goods and services.

2.5.3 Problem Gambling Impacts

Problem gambling is now recognized as a significant area of social cost associated with gambling. The negative impacts of gambling include direct and indirect costs to individuals, families and communities of problem gamblers.

The Department of Internal Affairs (2001) include in “private costs” depression and anxiety, suicidal thoughts and behaviour of the problem gambler, along with financial debt and related legal problems and offences. It classifies as “social costs” the impacts on families, the impacts on employers and the costs for police, the criminal justice system and social welfare system.

In addition there are costs in providing and supporting the various governmental and non-governmental agencies that provide help to problem gamblers and those affected by them.

Prevalence

The prevalence of problem gambling in New Zealand is somewhat contentious. The two national surveys which have looked at this aspect had the unexpected outcome of detecting a reduction in lifetime problem gambling prevalence rates from 7.0% in 1991 to 2.9% in 1999, while current problem rates decreased from 3.3% in 1991 to 1.3% (range 0.3% to 1.8%) in 1999, despite the marked growth in gambling opportunities between the two surveys (Abbott and Volberg 1991; Abbott and Volberg 2000).

The results of the 1999 survey have been greatly debated and many commentators argue that the telephone survey methodology that was used resulted in significant under-reporting of problem gambling, particularly among certain population subgroups.²¹ The authors acknowledge that for a variety of reasons, *“it is considered that all of these estimates are probably conservative and possibly highly conservative”*. They suggest the actual lifetime rates (of problem gambling) are at least twice as high as reported – however this is little more than an informed guess.

Other means of estimating the prevalence of problem gambling in New Zealand, such as information about people seeking help from agencies that counsel problem gamblers, indicate a continuing increase in numbers presenting together with an increase in numbers calling the gambling Helpline (see Figure 3 above). Estimates based upon numbers seeking help (who are usually considered to represent around only 3% to 10% of those currently experiencing problems) suggest that there may be between 3% and 5% of the adult population who are currently experiencing gambling problems. This is in marked contrast to the range of 0.3% to 1.8% indicated in the 1999 national survey.

Taking these two extremes – anywhere between 10,000 (lowest estimate based on the National Prevalence Survey) and 150,000 (based upon the number presenting for help) – there are a range of sources of estimates for others affected.²² Current estimates indicate that each problem gambler will negatively affect between five and seven other people, including their partners, their children, parents, friends and colleagues.

Thus there may be anywhere between 50,000 and one million New Zealanders negatively affected by problem gambling, either as the gambler or as someone related to, or interacting with, the gambler.

The Australian Productivity Commission noted that, among problem gamblers seeking help:

- 99% suffered from guilt over gambling

²¹ For example no Asians reported having experienced problem gambling during the 6 months prior to the survey, despite there being considerable anecdotal reports and other evidence to the contrary.

²² But is more consistent with the 1991 study's finding of 3.3% to 7%.

- 97% had control problems, wanting to stop but couldn't
- 96% suffered from depression
- 58% seriously considered suicide
- 14% attempted suicide.

Those in counselling reported major adverse effects on their relationship through:

- misuse of money
- deception
- mood swings
- domestic violence
- neglecting children
- depriving children (through poverty)
- abusive relationships
- family disintegration
- loss of emotional security.

That study also noted that:

- 60% of problem gamblers will go without food and grocery items
- 77% spend over a fifth of their household income on gambling
- 40% spend over half of their household income on gambling.

It found that problem gamblers accounted for around 33% of total gambling expenditure (losses) and emphasised that most of these gamble on EGMs or racing.

New Zealand figures confirm that over 70% of those presenting for help gamble on EGMs and over 8% on racing. If this same relationship holds true in New Zealand it would suggest that over a third of the \$777 million lost to EGMs in 2002 and the \$228 million lost to racing came from problem gamblers (Paton-Simpson, Gruys et al. 2002).

Summary

To date, the prevalence of problem gambling in New Zealand remains controversial. Problem Gambling Committee figures for New Zealand confirm that majority of those presenting for help gamble on EGMs and on racing. The impact from problem gambling is clearly a major cost, psychologically, socially and economically for the gambler, his (or her) family, colleagues and community.

2.5.4 Local Community Impacts

There is some generalised qualitative information available on whether Class 4 gambling adds to or detracts from the quality of local community life.

Australian Productivity Commission

In the Productivity Commission's *National Gambling Survey* participants were asked whether they agreed or disagreed with the statement "*gambling does more good than*

harm for the community". Seventy percent of Australians (including a substantial number of regular gamblers) considered that gambling did more harm than good to the community.

This finding is congruent with the 68% to 81% agreement that "*gaming machine gambling does more harm than good*" recorded in a series of community perception studies undertaken in Victoria on behalf of the Victorian Casino and Gambling Authority (Hames 1997; Melbourne Institute of Applied Economic and Social Research 1997; KPMG Consulting 2000).

Much of the evidence presented to the Australian Productivity Commission regarding the negative effects of gambling on community life was in the form of submissions and statements at public hearings by local councils, individual citizens and church groups. Many submissions argued that gambling has had a deleterious effect on communities. The Commission's report reported:

"[it has] changed the nature of entertainment and recreation for the worse, and undermined norms of ethical behaviour that are vital for the functioning and wellbeing of our society – in effect, gambling was seen as unravelling the social fabric."

However, comments to the Commission covered a wide range of views. For example, the Australian Interchurch Gambling Taskforce contended, that gambling activities created great risks for communities including financial difficulties with money leaving the community, increased reliance on social security, pressure on charity and welfare groups, and increased crime (especially white collar crime). In contrast, other submissions argued that EGMs and gambling venues provided an additional source of entertainment and that the extra choice available to consumers can improve the lifestyle of the community.

The role of local government in the provision of community impact data was stressed in the Productivity Commission's report: "*Councils may have a better perspective on the impacts of gambling on families, households and community life than state government agencies*". They cited a submission from Yarra City council:

"Councils are in a key position to monitor [gaming machine] effects both through formal research methods and also through anecdotal evidence gathered through community networks and contacts. Local councils are often a "barometer" of social problem growth."

Other submissions from local government agencies drew attention to the concentration of EGMs in socio-economically disadvantaged communities and the associated impacts on community life in these municipalities, based on a range of data sources and a specifically commissioned economic impact model.²³ Quantitative data used to document the concerns of local government included: local business statistics, official unemployment rates, percentages of low income earners, the Socio Economic Index For Areas developed by the Australian Bureau of Statistics, and data on machine numbers.

²³ Information from a range of local government agencies in Victoria.

Research commissioned for local government in both Victoria and NSW has confirmed that the impact of EGMs tends to be more severe on already disadvantaged and impoverished communities (Doughney and Kelleher 1999; Australian Institute for Gambling Research 2001).

New Zealand studies that have examined perceptions of gambling impacts at the local level have also revealed ambivalent attitudes in which the potential for increased gambling and in particular the growth in problem gambling are seen as serious negative community impacts that can be counterbalanced to some extent by the anticipated funding of community groups and charity causes from gambling (Australian Institute for Gambling Research 1998). However community perception has been generally negative, with specific concerns reported that communities are being seriously damaged by the growth of the gambling industry and its associated problems without any counterbalancing benefits, because profits are leaving the local area (Curtis and Wilson 2002) and there are little financial or employment gains for impoverished communities (Raeburn 2001).

Summary

Despite a range of methodologies, both Australian and New Zealand studies indicate that the costs of gambling to communities are perceived to outweigh the benefits.

Central to the impacts of gambling on community life are perceived trends towards the commodification and commercialisation of leisure generally and the corresponding pressures being placed on peoples' time and money (Australian Institute for Gambling Research 2001). The combination of these forces has contributed to increased EGM usage as a "pop-in, pop-out" form of recreation that demands less energy and commitment than other organised social activities. Concerns have also been expressed about the narrowing variety of entertainment available because of gambling²⁴

It remains contentious as to whether increased gambling facilities are a cause or effect of a perceived deterioration in the social infrastructure of local communities, particularly in relation to disadvantaged social groups. Several gambling studies have noted the need for a wider focus on the recreation sector generally and the possibilities for increased decision-making at the local level on that aspect of community life.

2.5.5 Crime

In New Zealand, gambling tends to be linked with crime due to the large sums of money involved, cash transactions with relatively poor recording systems, the potential for gamblers to remain anonymous and the unequal balance of information between gambler and operator, so that, for example, gamblers must have faith in the integrity of the operator (Department of Internal Affairs 1995).

²⁴ Such as live hotel music for young adults

The Department of Internal Affairs has found no direct evidence to link crime with gambling (Australian Institute for Gambling Research 2001). However, it does suggest that EGMs have the highest association with crime in the gambling industry, including theft, donation fraud and misappropriation of funds.

Crime in relation to gambling falls into two categories.

- Offending by gambling operators may include unlicensed or illegal gambling activities, cheating, and misreporting or misappropriation of gambling revenues. Clearly there are opportunities for fraud and organised crime involvement in almost every form of gambling. The Department of Internal Affairs is responsible for auditing and dealing with licensing offences. Recently there have been several high-profile instances of gambling machine operators misappropriating gambling revenues²⁵.
- Offending by gamblers has been investigated in a number of New Zealand studies. These studies have identified an association between gambling and criminal offending, that is highlighted by the prevalence of gambling problems among imprisoned offenders and those serving community sentences (Brown 1999; Abbott, McKenna et al. 2000).

Problem gambling amongst New Zealand criminal populations has been reported to be as high as 26% of that population – substantially greater than in the general population – with New Zealand data indicating that imprisoned men have higher rates of participation in high risk gambling modes than the general population (Brown 1999; Abbott, McKenna et al. 2000). Their reported average monthly expenditure before incarceration (NZ\$305) is six times that of men in the general population (Abbott, McKenna et al. 2000).

Interviewing prison inmates about their criminal activity indicated that 15% of male prisoners had committed crimes to support their gambling habit. Burglary was the most frequent means of obtaining money for gambling, followed by theft, fraud and robbery. Twenty-six percent of female prisoners reported having committed a crime to finance their gambling. Fraud, burglary, shoplifting, drug trafficking, theft and robbery were the means of obtaining funds (Abbott, McKenna et al. 2000).

The Australian Productivity Commission suggests that problem gamblers tend to become involved in gambling-related criminal activities as a last resort after other sources of money are exhausted. Typically before they reach the criminal offending stage,

“...gamblers initially draw on their savings and then make cash advances on their credit cards, borrow from family and friends, or take out loans with banks or financial institutions.”

²⁵ e.g. the recent Goldmines Trust case in 2003

The Productivity Commission found that approximately 11% of problem gamblers admitted to criminal offences.²⁶ Other Australian studies report between 20% and 75% of problem gamblers admitting to criminal offending.

The Australian Productivity Commission concluded that:

Around one in ten problem gamblers have committed a crime because of their gambling;

- Up to two thirds of problem gamblers in counselling have committed a crime to finance their gambling;
- Offences committed are mainly non-violent property crimes (embezzlement, misappropriation); and
- The majority of offences committed do not result in legal action (and many go unreported), but around 40 % of offenders are charged and convicted.

The Commission's findings on this issue were not desegregated to the state or local level, and the sensitive nature of gambling-related crime also complicated data collection processes. To date community services, population surveys and self-report data have formed the basis for research in this field. Most researchers consider it is probable that most figures generated will involve considerable under-reporting and conservative estimates.

Summary

There is a reported link between problem gambling and crime, which must impact on local communities. Offenders typically commit crimes of theft or dishonesty after having exhausted all legal means of obtaining further funds to continue gambling. The costs associated with gambling-related crime include the costs to victims and their families, the offenders and their families, the community and the government, including the costs of crime prevention and criminal detection and enforcement.

²⁶ These included theft, shoplifting, forging, embezzlement, misappropriation, drug trafficking, burglary and armed robbery.

2.6 Benefits from Gambling

Gambling benefits communities and broader society in a variety of ways. These benefits are also described in different parts of the current report. The following summarises the main categories of benefits.

Enjoyable recreation

The Australian Productivity Commission identified the public enjoyment from gambling as the central benefit of gambling to the community. In New Zealand over 90 percent of people gamble, and the majority of whom derive significant pleasure from it (Department of Internal Affairs 1995). Furthermore, gambling plays a role in how and where people socialise and what they talk about. Many forms of gambling bring people together and can form an important part of social and cultural occasions. There was a range of evidence presented to the Australian Productivity Commission that supported the value of gambling in providing additional entertainment opportunities for consumers and in adding to the quality of community life.

Development of gambling-related businesses

Class 4 gambling in the majority of venues comprises only part of the entertainment activities offered by those locations. For instance, besides EGMs most bar environments offer alcohol, television viewing and games like snooker and darts. Gambling provides these venues with an important source of revenue, without which many sites might face issues of viability and would most likely need to look at laying off staff. Consequently, the existence of these venues can be a significant contributor to employment in these districts, both in terms of direct employment as well as employment in related businesses.

Stimulation of local economic activity

As discussed earlier in this report, many gambling providers and supporters claim that Class 4 gambling contributes more generally to the development of a local economy (National Institute of Economic and Industry Research 1997). This view is contested in studies that suggest the gains related to EGM gambling are offset by funds being diverted from other activities that could be of equal or greater long term benefit to local economies (Pinge 2000).

Revenue to central government

Central government derives significant revenue from gambling. This includes revenue from direct taxation, direct levies on gambling activity, associated GST, and the one third of EGM revenues from hotels and bars. The exact amount is difficult to estimate. Most recently the Department of Internal Affairs (2003) acknowledges that of \$941 million expended nationally on EGMs outside casinos, approximately a third (around \$300 million) goes into taxation. Add in other sources and other forms of taxation, the

revenue nationally could be in the \$800 million to \$1000 million range, making gambling a significant contributor to funding government spending. The majority of revenue from gambling is absorbed into the consolidated fund.

Funding for community organisations

A third of expenditure on EGM gambling in local and national trusts is distributed in a variety of ways to community organisations, in particular to local sports, educational, charity, and community groups. As gambling consumption has grown, the availability of this revenue has become increasingly important for community groups, particularly with the concurrent lack of growth in available funding opportunities from other sources (particularly from government agencies). This is generally acknowledged to represent perhaps the most significant area of benefit to communities and society from gambling in New Zealand.

2.7 Conclusion of National and International Gambling Trends and Impacts

This section has given an overview of gambling trends and impacts based on available national and international research and data. The following key points emerge:

- There has been a rapid growth internationally and nationally in gambling. In New Zealand this rapid growth has been largely associated with EGMs which are widely spread and accessible within communities and provide for “continuous” gambling.
- Gambling is a popular activity in New Zealand with internationally high participation rates. While almost 90% of those over 18 undertake some form of gambling, approximately 10% (Abbott and Volberg 2000) of New Zealanders are “regular continuous gamblers” involved in EGMs, race betting or casino gambling. Regular users of continuous gambling opportunities tend to be male, Maori, and of lower socio-economic status. Those using EGMs are also most likely to be employed and under 35 years.
- Personal expenditure and other gambling problems are associated with people identified as problem gamblers. Problem gamblers are significantly represented among regular EGM users and in race betting. Those most likely to be problem gamblers are Maori and Pacific men between 25 to 34. Additional “at risk” groups are other Pacific people, Asians, Maori women and young people. Women are increasingly seeking help for gambling problems – particularly Maori and Pacific women.
- Australian research on gambling patterns, which has to date been more extensive and rigorous than research in New Zealand, has found generally similar patterns, including problem gambling patterns. This research goes further and has correlated increase in availability of EGMs with increased problem gambling. This research has also correlated geographic distribution with socio-economic status and social problems.
- Research in New Zealand and Australia has suggested that employment benefits from the expansion of gambling may not be great. To get a real picture, detailed investigation at a local level is needed.
- Similarly, research on local businesses suggests that money spent by individuals on gambling is taken out of savings or transferred from other spending. While this may stimulate local businesses that are closely allied with gambling, it may be detrimental to other sectors of the local economy.²⁷ In particular, tax paid and business profit was money drained from the local economy. Generally, as with other areas of

²⁷ Note that these studies appear to overlook any impacts on local businesses from the return of money to the community by way of grants for community organisations.

economic research, information is generalised and shows mixed outcomes.

- Problem gambling affects a proportion of the population. The extent of the problem nationally is uncertain, with wide divergence in estimates. There is more agreement about the extent of “spin-off” problems into the wider community, with estimates that 5 to 7 people directly associated with each problem gambler are also being negatively affected. Direct and indirect problems can be significant including health, violence and deprivation effects on the problem gambler and his/her close associates. Problem gambling is largely associated with EGMs and race betting.
- Generally, community perception is that the community effects of gambling and particularly EGM use are negative and there are relatively few community benefits. However, with gambling funding being recognised as providing a significant support for aspects of communities which otherwise have difficulty raising money, there is a level of ambivalence. This is a contentious area where there are as yet no clear pictures.
- There is clear evidence that crime is associated with gambling, and nationally crime is considered to be most associated with EGMs. A substantial proportion of men and women in prison acknowledge a gambling association with their criminal behaviour, and problem gamblers (not in prison) also acknowledge criminal behaviour – often as a “last resort”.
- There are a range of benefits to the community from gambling. These are largely the distribution of grant funds, but also include economic activity including employment opportunities, contribution to the tax base, and the role that gambling plays as a recreational and leisure activity for many New Zealanders.

How these patterns may be reflected and affect the Auckland region is discussed, along with more specific information gained in the course of the study, in the following sections.

3. Overview of Auckland Regional Data

This section provides an overview of key issues and available gambling-related data across the Auckland Region. More detailed data are included under each territorial authority report.

This section includes:

- Analyses of available gambling data by Census Area Unit
- Distribution of gambling machine funds
- Discussion of Sky City Casino
- Discussion on TABs
- Gambling Helpline data
- Face to face counselling data
- Regional summary of the seven workshops held in each territorial authority district.

3.1 Census Area Unit Analyses

Table 1 (included in Appendix 1) shows a full list of social, economic, cultural and environmental indicators of gambling, and this list will be useful for territorial authorities seeking to develop a more comprehensive list of indicators for monitoring purposes. However, data on the majority of these factors is unavailable at present in New Zealand. At a regional level, the only current indicators of gambling that are readily reported are the number of TABs, Class 4 gambling venues and gambling machines in each location in the region. Thus, the subsequent analysis uses the number of gambling establishments and machines in the Greater Auckland Region as the primary indicators of gambling, in particular:

- Number of gambling machines
- Number of TABs
- Number of Non-standalone TAB Outlets
- Number of Class 4 Venues
- Per capita number of gambling machines

These indicators were analysed by CAU for the entire Auckland Territorial region and the Territorial Local Authorities. Separate analyses were broken down by:

- Ethnicity
 - High and low percentage of Maori people
 - High and low percentage of Pacific Island people
 - High and low percentage of Asian people
- Median household income
- Median age
- NZ Deprivation Scores

3.1.1 Methodology

Data Sources

All analyses reported below use data that were obtained from official government sources. Census Area Unit (CAU) demographic, ethnicity, NZDep and household income data were collected from 2001 census information available online from Statistics New Zealand (www.stats.govt.nz). Machine numbers and types of venue were calculated using unverified gambling machine numbers as at 22 September 2003, provided by the Department of Internal Affairs (DIA)²⁸. Information for both included all CAUs listed by the census as falling within the Auckland Region. As location information from both the DIA and Territorial Authorities were quite variable and inconsistent, venues were geocoded by the research team based on their street address to corresponding Census Area Unit numbers. This was done to ensure they were listed in the proper census block and territorial authority for the analysis below. There were some errors in the geocoding which may cause some of the numbers of gambling machines presented below to be slightly lower overall than reported. These errors are no more than 5% different from DIA data and are more geographically correct.

It should be noted that these statistics are self-reported by gambling machine societies and verified information was unavailable when data collection was undertaken. The decision was made to use these data rather than the verified figures for 30 June 2003, because it reflected at least in part, the removal of machines in excess of nine from premises licensed after 17 October 2001. Four sites in Auckland City had not reported machine numbers by the reporting date and hence were not included in the analysis below. Some changes to the gambling dataset were necessary to facilitate analysis. Totals for each territorial authority were calculated using the census definitions. Facilities registered to the Community Grants Foundation, Lion Foundation, New Zealand Community Trust, Pub Charity Inc., Scottwood Group, and the Southern Trust are analysed as the “National Gambling Machine Trusts” (NGMTs) below. Status as a new gambling establishment was ascertained using the Department of Internal Affairs information on venues licensed after 17 October 2001. These data may not be entirely accurate as some sites were treated as new when in fact they were not new (e.g. when venue name changed) and so the number of venues licensed after 17 October 2001 is inflated. A more accurate table will be available next year²⁹.

A list of Totalisator Agency Board standalone venues was obtained from the TAB website. The TAB Northern Regional Coordinator also provided a list of venues. Discrepancies between the two files were sent to the Northern Regional Coordinator for clarification and were corrected.

²⁸ Data available on their website (www.dia.govt.nz). These differ in some instances from material available from Gambling Watch.

²⁹ Personal communication Daniel Marson-Pidgeon, DIA.

Data Analysis

This information is reported at the census area unit (CAU) level of aggregation. When combined with census information about the regions, the data provide an overview of some characteristics of the areas in which gambling is occurring. Specifically, data on number of TABs, Class 4 gambling venues and machines are combined with demographic information about the area in which the outlets are sited. This includes the following information:

- **Ethnicity:** The census data indicates that the region has a high percentage of Maori (10.7%), Pacific (13.0%) and Asian (12.8%) people. The analysis examines whether there are relatively more establishments sited in areas of high concentrations of Maori, Pacific or Asian people. A CAU area was considered to be of a **high** ethnic concentration if the percentage in the CAU was greater than the average in the entire Auckland Region.
- **Average age:** The census data indicate that the average age in the region is 34.1 years. The analysis examines whether there are relatively more establishments in areas with lower average age. A CAU was considered to be of **high** age if the average age was above the median average age for the entire Auckland Region.
- **Median household income:** The census data indicates that the median household income in the region is \$50,642. The analysis examines whether there are relatively more establishments in areas with high median household income. A CAU was considered to be of **high** median income if the median household income of the CAU was above the median household income for the entire Auckland Region.
- **Deprivation:** The level of deprivation in an area (as measured by the NZ Deprivation Index³⁰) has been shown to be associated with a number of health and social problems. The census data indicates that the average deprivation score for the Auckland Region is 5.2. The analysis examines whether there are relatively more establishments in areas with higher levels of deprivation. CAUs were divided into three categories based on their NZDep score. A CAU was considered to be of **high** deprivation if it was associated with a score of 7.0 to 10 (n=94 CAUs), of **medium** deprivation if it was associated with a score of 3.0 to 7.0 (n=173 CAUs), and of **low** deprivation if it was associated with a score of 1.0 to 3.0 (n=79 CAs).

As indicated above, the designation of an area as high for ethnic composition, age, income or deprivation is a relative measure (compared to the rest of the region). When interpreting the results, it is not possible to determine whether a region has too many or too few gambling establishments, as this is a value measure that would require some assessment of the impacts of the establishments in the region. Rather, this information will provide an overview of the demographic characteristics and relative distribution of gambling in the region.

³⁰ A small area index of deprivation based on a number of socioeconomic variables as measured by the 2001 Census.

The data are reported in two ways. First, the total number of TABs, Class 4 gambling venues and gambling machines for the entire Auckland Region and for each territorial authority are reported. Information on the number of units in each area is useful for identifying where there are high concentrations of establishments, especially for TABs and Class 4 gambling venues. An alternative measure, however, is the per capita number of establishments. While this is not as relevant for TABs or Class 4 gambling venues (where it is not possible to identify the size of the activity in the establishment), it is an important indicator for gambling machines. Thus, a second set of data is presented showing the per capita number of gambling machines for the entire Auckland Region and for each territorial authority.

3.2 Census Area Unit Results for the Auckland Region by Territorial Authority

3.2.1 Standalone and Non-standalone TAB Venues

The number of standalone Totalisator Agency Board (TAB) locations, other (non-standalone) TAB locations and Class 4 Venues in for the Auckland Region by each territorial authority are shown in Table 1.

Table 1: Number of standalone TABs, non-standalone TAB venues and Class 4 venues in the Auckland Region by Territorial Authority

Territorial Authority	Standalone TABs		Other TAB locations		Class 4 Venues	
	Number	Percentage	Number	Percentage	Number	Percentage
Auckland City	21	48.8%	20	31%	163	40%
Franklin District	1	2.3%	4	6%	14	3%
Manukau City	11	25.6%	16	25%	90	22%
North Shore City	3	7%	13	20%	48	12%
Papakura District	1	2.3%	2	3%	14	3%
Rodney District	0	0%	8	13%	38	9%
Waitakere City	6	14%	1	2%	37	9%
Total	43	100%	64	100%	404	100%

There are 43 standalone TABs and 64 other non-standalone TAB venues and 404 Class 4 Venues in the Auckland Region. Within the region, Auckland City has the greatest number of TABs (21, 50%), followed by Manukau City (11, 26%) and Waitakere City (6, 14%). The other areas have only three (North Shore City) or less (Rodney, Franklin and Papakura Districts). Auckland City also has the greatest number of other TAB locations (20, 31%), followed by Manukau City (16, 25%), North Shore City (13, 20%), Rodney District (8, 13%), Franklin District (4, 6%), Papakura District (2, 3%) and Waitakere City (1, 2%). Auckland City also has the greatest number of Class 4 gambling venues (163, 40%), followed by Manukau City (90, 22%), North Shore City (48, 12%), Rodney District (38, 9%), Waitakere City (37, 9%), Franklin District (14, 3%) and Papakura District (14, 3%).

3.2.2 Venues by Deprivation, Income, Age, Maori, Pacific, Asian

Table 2a shows the number of TABs and Class 4 gambling venues broken down by the factors of deprivation, income, and age. Table 2b shows this by ethnicity. For the Auckland Region standalone TABs are more likely to be located in CAUs of high or medium deprivation, of low median household income, of higher age, and with higher percentages of Maori, Pacific or Asian people. This same pattern holds true for non-standalone TABs, with the exception of high percentages of Pacific and Asian people. Overall distribution of Class 4 venues is again similar, with more venues (and more machines) located in high or medium deprivation and low income areas, and with greater percentages of older people and Asian people, but with lower percentages of Maori or Pacific people in comparison with other CAUs.

Table 2a: Number and percentage of Standalone TABs, Non-standalone TABs and class 4 EGM Venues by deprivation, household income and age

	NZDep			Household Income		Age	
	High	Medium	Low	High	Low	High	Low
Standalone TABs	20	18	5	15	28	26	17
	46.5%	41.9%	11.6%	34.9%	65.1%	60.5%	39.5%
Non-standalone TABs	21	35	8	29	35	39	25
	32.8%	54.7%	12.5%	45.3%	54.7%	60.9%	39.1%
Class 4 Venues	157	204	43	152	252	208	196
	43.5%	56.5%	11.9%	37.6%	62.4%	51.5%	48.5%

Table 2b: Number and percentage of Standalone TABs, Non-standalone TABs and class 4 EGM Venues by high and low ethnicity

	Percent Maori		Percent Pacific		Percent Asian	
	High	Low	High	Low	High	Low
Standalone TABs	25	18	27	16	31	12
	58.1%	41.9%	62.8%	37.2%	72.1%	27.9%
Non-standalone TABs	34	30	25	39	31	33
	53.1%	46.9%	39.1%	60.9%	48.4%	51.6%
Class 4 Venues	194	210	189	215	247	157
	48.0%	52.0%	46.8%	53.2%	61.1%	38.9%

The small number of TABs in each district limits the analysis of the variation in deprivation, household income, age and ethnicity. The results are shown in Table 3a and 3b for standalone TABs and in Table 4a and 4b for non-standalone TABs. Class 4 gambling venues district analysis is presented in Tables 5a and 5b.

Table 3a: Number and percentage of Standalone TABs by deprivation, household income and age by Territorial Authority

Standalone TABs	NZDep			Household Income		Age	
	High	Medium	Low	High	Low	High	Low
Auckland City	8	9	4	10	11	13	8
	38.1%	42.9%	19.0%	47.6%	52.4%	61.9%	38.1%
Franklin District	1	0	0	0	1	0	1
	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
Manukau City	7	4	0	2	9	6	5
	63.6%	36.4%	0.0%	18.2%	81.8%	54.5%	45.5%
North Shore City	0	2	1	3	0	3	0
	0.0%	66.7%	33.3%	100.0%	0.0%	100.0%	0.0%
Papakura District	1	0	0	0	1	1	0
	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Rodney District	0	0	0	0	0	0	0
	-	-	-	-	-	-	-
Waitakere City	3	3	0	0	6	3	3
	50.0%	50.0%	0.0%	0.0%	100.0%	50.0%	50.0%
Total	20	18	5	15	28	26	17
	46.5%	41.9%	11.6%	34.9%	65.1%	60.5%	39.5%

Table 3b: Number and percentage of Standalone TABs by high and low ethnicity by Territorial Authority

Standalone TABs	Percent Maori		Percent Pacific		Percent Asian	
	High	Low	High	Low	High	Low
Auckland City	9	12	11	10	16	5
	42.9%	57.1%	52.4%	47.6%	76.2%	23.8%
Franklin District	1	0	1	0	0	1
	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%
Manukau City	8	3	9	2	8	3
	72.7%	27.3%	81.8%	18.2%	72.7%	27.3%
North Shore City	0	3	0	3	2	1
	0.0%	100.0%	0.0%	100.0%	66.7%	33.3%
Papakura District	1	0	0	1	0	1
	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%
Rodney District	0	0	0	0	0	0
	-	-	-	-	-	-
Waitakere City	6	0	6	0	5	1
	100.0%	0.0%	100.0%	0.0%	83.3%	16.7%
Total	25	18	27	16	31	12
	58.1%	41.9%	62.8%	37.2%	72.1%	27.9%

Table 4a: Number and percentage of Non-standalone TAB Venues by deprivation, household income and age by Territorial Authority

Non-standalone TABs	NZDep			Household Income		Age	
	High	Medium	Low	High	Low	High	Low
Auckland City	9	10	1	9	11	10	10
	45.0%	50.0%	5.0%	45.0%	55.0%	50.0%	50.0%
Franklin District	0	4	0	2	2	2	2
	0.0%	100.0%	0.0%	50.0%	50.0%	50.0%	50.0%
Manukau City	8	5	3	7	9	10	6
	50.0%	31.3%	18.8%	43.8%	56.3%	62.5%	37.5%
North Shore City	0	11	2	6	7	9	4
	0.0%	84.6%	15.4%	46.2%	53.8%	69.2%	30.8%
Papakura District	0	1	1	2	0	2	0
	0.0%	50.0%	50.0%	100.0%	0.0%	100.0%	0.0%
Rodney District	3	4	1	3	5	6	2
	37.5%	50.0%	12.5%	37.5%	62.5%	75.0%	25.0%
Waitakere City	1	0	0	0	1	0	1
	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
Total	21	35	8	29	35	39	25
	32.8%	54.7%	12.5%	45.3%	54.7%	60.9%	39.1%

Table 4b: Number and percentage of Non-standalone TAB Gambling Venues by high and low ethnicity by Territorial Authority

Non-standalone TAB Venues	Percent Maori		Percent Pacific		Percent Asian	
	High	Low	High	Low	High	Low
Auckland City	9	11	10	10	15	5
	45.0%	55.0%	50.0%	50.0%	75.0%	25.0%
Franklin District	3	1	0	4	0	4
	75.0%	25.0%	0.0%	100.0%	0.0%	100.0%
Manukau City	12	4	11	5	7	9
	75.0%	25.0%	68.8%	31.3%	43.8%	56.3%
North Shore City	3	10	2	11	8	5
	23.1%	76.9%	15.4%	84.6%	61.5%	38.5%
Papakura District	2	0	0	2	0	2
	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%
Rodney District	4	4	1	7	0	8
	50.0%	50.0%	12.5%	87.5%	0.0%	100.0%
Waitakere City	1	0	1	0	1	0
	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
Total	34	30	25	39	31	33
	53.1%	46.9%	39.1%	60.9%	48.4%	51.6%

Table 5a: Number and percentage of Class 4 Venues by deprivation, household income and age by Territorial Authority

Class 4 Venues	NZDep			Household Income		Average Age	
	High	Medium	Low	High	Low	High	Low
Auckland City	75	76	12	69	94	66	97
	46.0%	46.6%	7.4%	42.3%	57.7%	40.5%	59.5%
Franklin District	3	10	1	4	10	8	6
	21.4%	71.4%	7.1%	28.6%	71.4%	57.1%	42.9%
Manukau City	46	34	10	30	60	49	41
	51.1%	37.8%	11.1%	33.3%	66.7%	54.4%	45.6%
North Shore City	0	35	13	28	20	28	20
	0.0%	72.9%	27.1%	58.3%	41.7%	58.3%	41.7%
Papakura District	12	1	1	2	12	10	4
	85.7%	7.1%	7.1%	14.3%	85.7%	71.4%	28.6%
Rodney District	5	29	4	14	24	32	6
	13.2%	76.3%	10.5%	36.8%	63.2%	84.2%	15.8%
Waitakere City	16	19	2	5	32	15	22
	43.2%	51.4%	5.4%	13.5%	86.5%	40.5%	59.5%
Total	157	204	43	152	252	208	196
	38.9%	50.5%	10.6%	37.6%	62.4%	51.5%	48.5%

Table 5b: Number and percentage of Class 4 Venues by high and low ethnicity by Territorial Authority

Class 4 Venues	Percent Maori		Percent Pacific		Percent Asian	
	High	Low	High	Low	High	Low
Auckland City	60	103	78	85	131	32
	36.8%	63.2%	47.9%	52.1%	80.4%	19.6%
Franklin District	11	3	3	11	0	14
	78.6%	21.4%	21.4%	78.6%	0.0%	100.0%
Manukau City	58	32	63	27	59	31
	64.4%	35.6%	70.0%	30.0%	65.6%	34.4%
North Shore City	6	42	5	43	32	16
	12.5%	87.5%	10.4%	89.6%	66.7%	33.3%
Papakura District	14	0	4	10	0	14
	100.0%	0.0%	28.6%	71.4%	0.0%	100.0%
Rodney District	10	28	2	36	0	38
	26.3%	73.7%	5.3%	94.7%	0.0%	100.0%
Waitakere City	35	2	34	3	25	12
	94.6%	5.4%	91.9%	8.1%	67.6%	32.4%
Total	194	210	189	215	247	157
	48.0%	52.0%	46.8%	53.2%	61.1%	38.9%

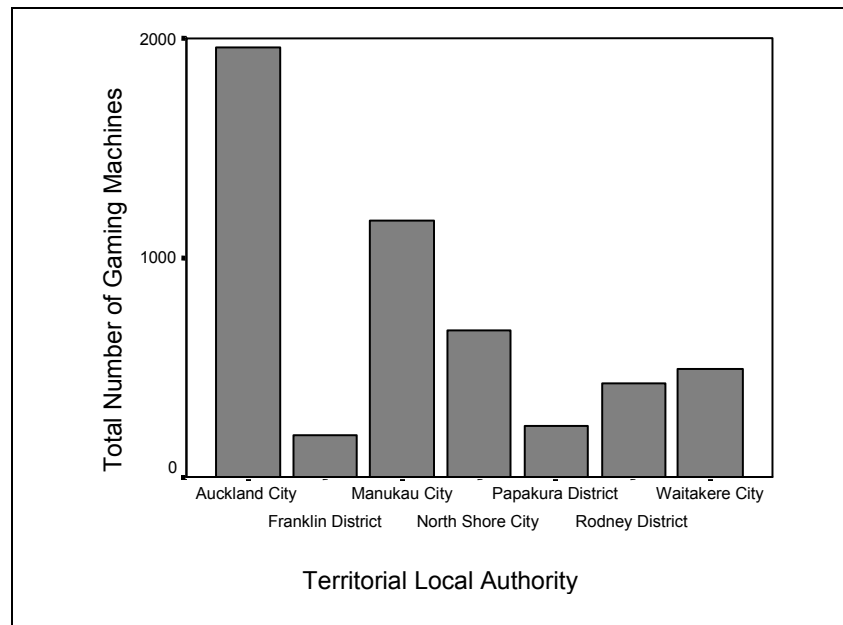
3.2.3 Gambling Machines

There are 5,139³¹ reported gambling machines in the Auckland Region (Table 6). As with the TABs and Class 4 gambling venues, Auckland City has the greatest number of machines (1,959³²), followed by Manukau City (1,172), North Shore City (667), Waitakere City (492), Rodney District (429), Papakura District (229) and Franklin District (191) (see Figure 4).

Table 6: Number of residents per gambling machines by Territorial Authority

	Number of Machines ³³	Population ³⁴	Population per machine
Auckland City	1,959	367,734	188
Franklin District	191	37,245	195
Manukau City	1,172	283,200	242
North Shore City	667	184,818	277
Papakura District	229	40,659	178
Rodney District	429	76,185	178
Waitakere City	492	168,753	343
Auckland Region	5,139	1,158,594	225

Figure 4: Number of Gambling Machines by Territorial Authority



An alternative measure of gambling machines is the number of machines per capita (or number of people per machine). Across the region there is one machine for every

³¹ Excluding the 1,647 EGMs operating in Sky City casino

³² Excluding the 1,647 EGMs operating in Sky City casino

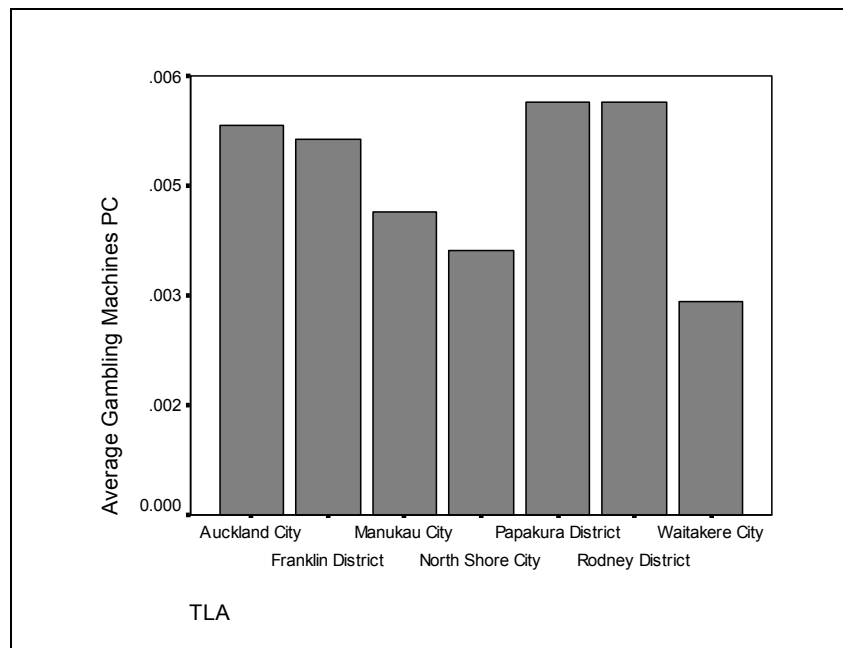
³³ These numbers were achieved by the process set out in Section 3.1.1

³⁴ People of all ages.

225 people. If the 1,647 EGMs in Sky City are included this becomes one machine for every 171 people.

Figure 5 below shows that the highest concentration of gambling machines is in the Papakura and Rodney districts, with one machine per 178 people in the CAU. This is followed by Auckland City (one per 188 people), Franklin District (one per 195), Manukau City (one per 242 people), North Shore City (one per 277 people) and Waitakere City (one per 343 people).

Figure 5: Gambling Machines Per Capita by Territorial Authority



3.2.4 Gambling Machines: Deprivation, Household Income and Age

Across the Auckland Region, there is a clear gradient in the concentration of machines across deprivation areas (Figure 6). In areas of high deprivation, there is approximately one machine per 157 people (Table 7). However, in low deprivation areas, there is only one machine per 473 people.

Figure 6: Average Gambling Machines Per Capita by NZ Dep for the Auckland Region

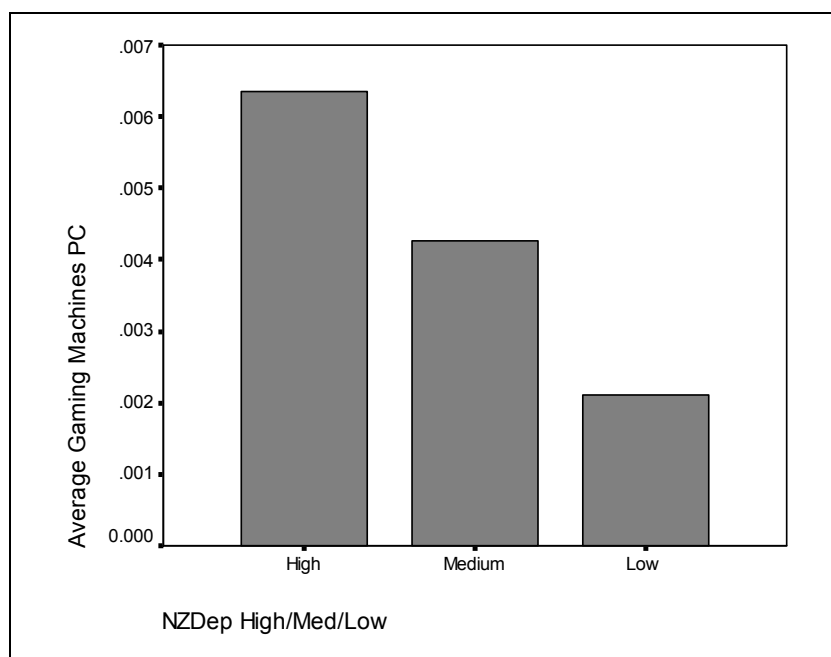


Table 7: Population per gaming machine by deprivation levels

NZDep	High			Medium			Low		
	Population	Number of machines.	Population per machine	Population	Number of machines.	Population per machine	Population	Number of machines.	Population per machine
Auckland City	118212	984	120	184221	845	218	64179	130	494
Franklin District	6039	54	112	25653	119	216	5553	18	309
Manukau City	142596	652	219	84180	414	203	56424	106	532
North Shore City	0	0	-	113193	492	230	71625	175	409
Papakura District	19653	193	102	17010	18	945	3996	18	222
Rodney District	5139	62	83	56415	332	170	14526	35	415
Waitakere City	51300	234	219	97842	241	406	19611	17	1154
Total	342939	2179	157	578514	2461	235	235914	499	473

A similar trend holds for areas of low household income (one machine per 180 people as compared with one machine per 314 for high income areas; Figure 7 and Table 8).

Figure 7: Average Gambling Machines Per Capita by Household Income (HH) for the Auckland Region

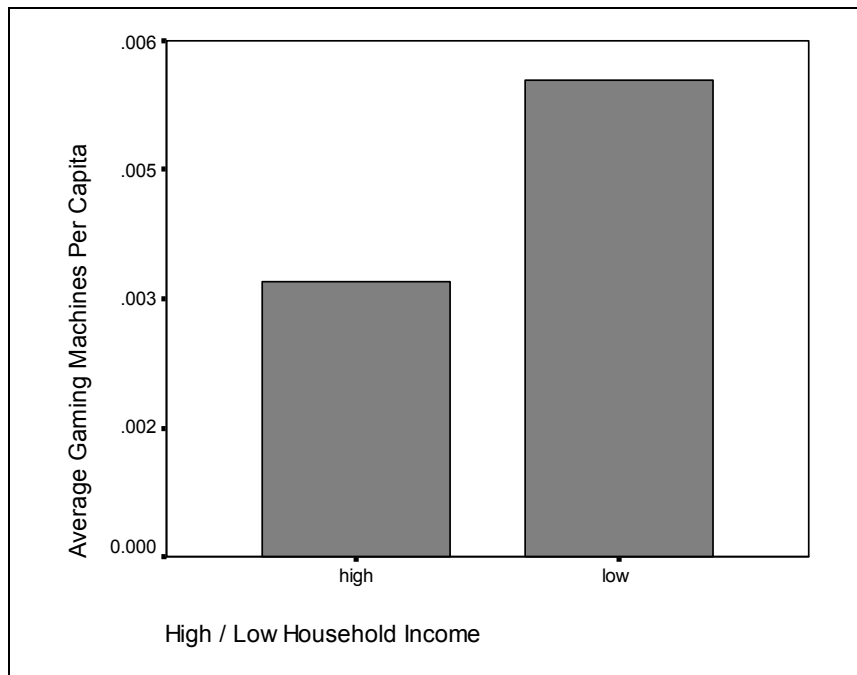


Table 8: Population per gaming machine by high and low income

	High Household Income			Low Household Income		
	Population	Number of machines.	Population per machine	Population	Number of machines.	Population per machine
Auckland City	191436	778	246	176298	1181	149
Franklin District	15801	47	336	21444	144	149
Manukau City	117504	325	362	165615	847	196
North Shore City	121761	371	328	63057	296	213
Papakura District	17598	36	489	23061	193	119
Rodney District	24468	135	181	51717	294	176
Waitakere City	56154	45	1248	112599	447	252
Total	544722	1737	314	613791	3402	180

Finally, areas of high average age were more likely to have a higher concentration of machines (one machine per 215 people in high age areas as compared with one machine per 236 in low average age areas; Figure 8 and Table 9).

Figure 8: Average Gambling Machines Per Capita by Median Age (HL) for the Auckland Region

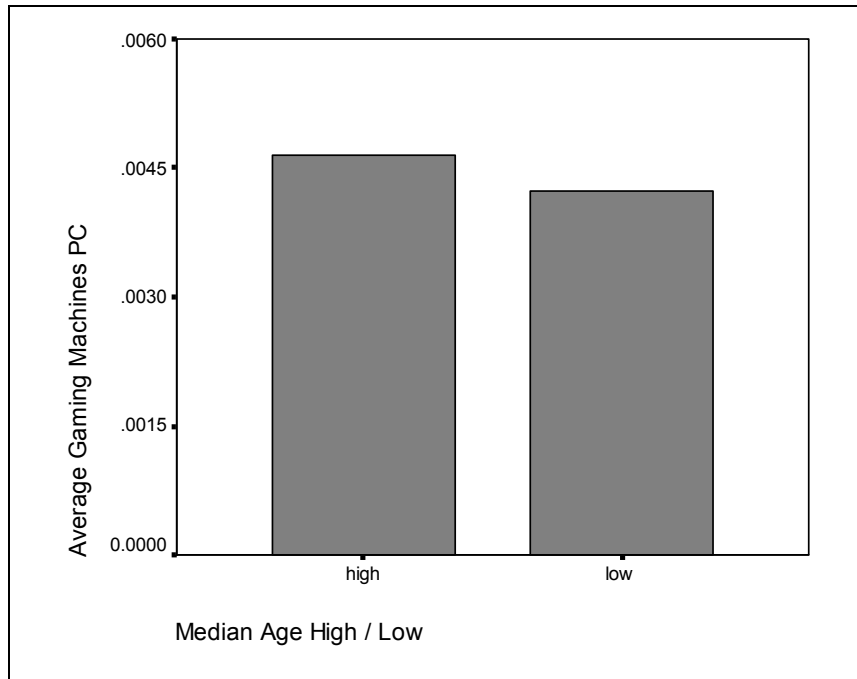


Table 9: Population per gaming machine by areas with high and low average ages

	High Average Age			Low Average Age		
	Population	Number of machines.	Population per machine	Population	Number of machines.	Population per machine
Auckland City	194574	797	244	173160	1162	149
Franklin District	22380	108	207	14865	83	179
Manukau City	104856	605	173	178344	567	315
North Shore City	106596	367	290	78222	300	261
Papakura District	14658	167	88	26001	62	419
Rodney District	62262	374	166	13923	55	253
Waitakere City	55986	195	287	112767	297	380
Total	561312	2613	215	597282	2526	236

Looking across the region, we see a consistent pattern of results for deprivation across the region (Figure 9) and median household income (Figure 10). For deprivation, only Manukau City (higher concentration in areas of medium deprivation) and Papakura City (lower concentrations in areas of medium deprivation) show differences in the gradient. For median household income, there is a consistent gradient across all districts, with higher concentrations of machines in low income areas. If high and medium deprivation were combined, then the relationship still

holds, i.e. for all districts the high/medium (average) concentration of machines is greater than in low deprivation areas.

Figure 9: Average Gambling Machines Per Capita by NZDep by Territorial Authority

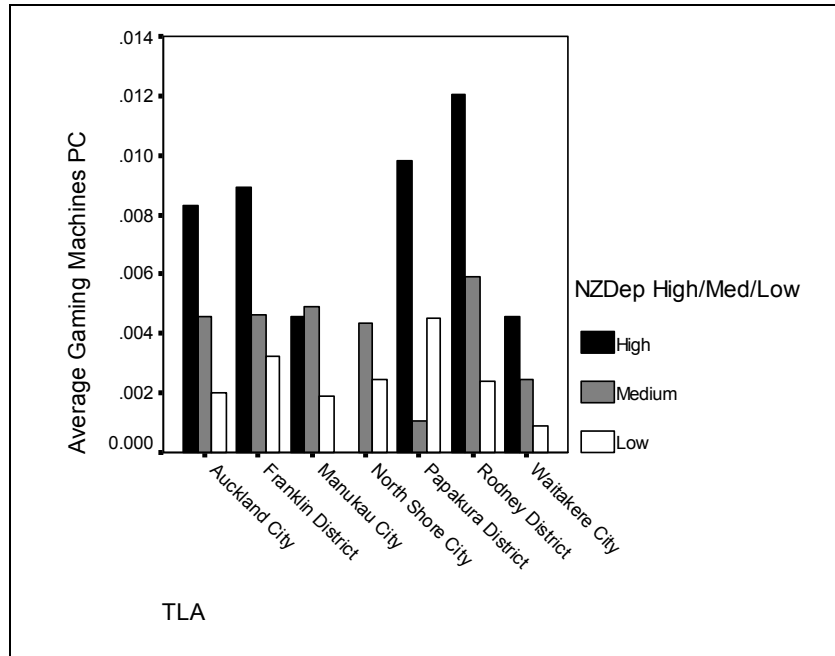
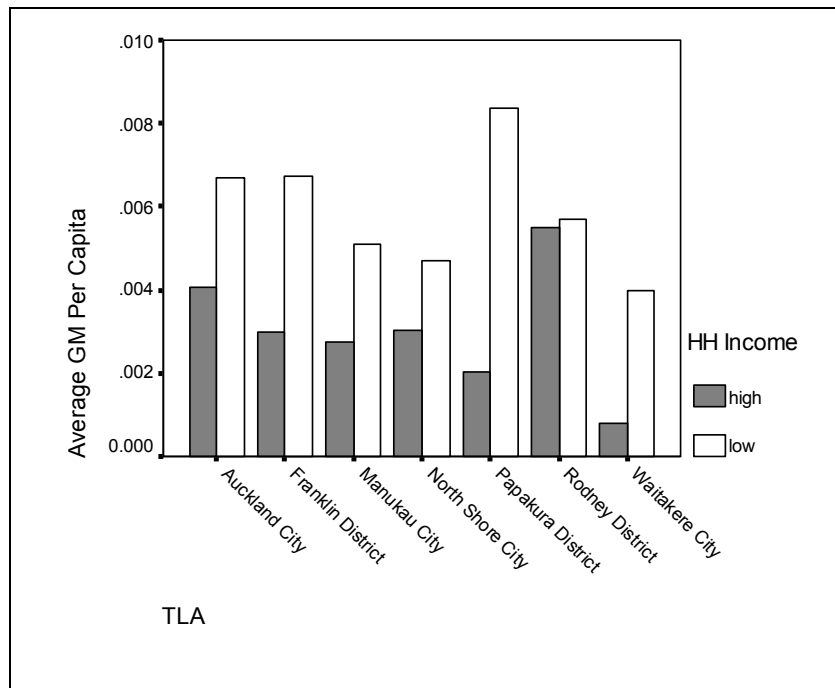
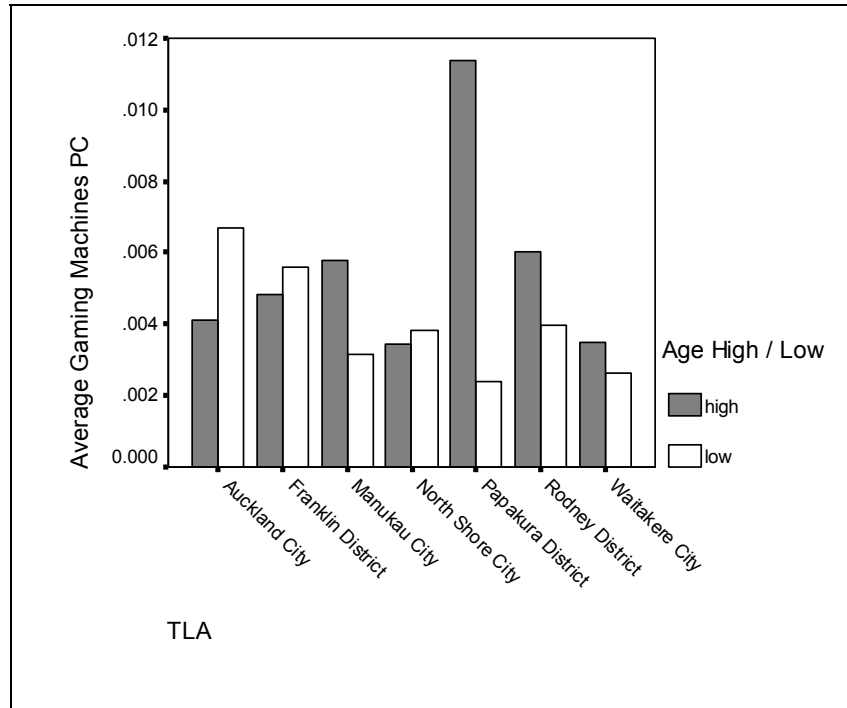


Figure 10: Average Gambling Machines Per Capita by Household Income (HH) by Territorial Authority



The pattern for age is somewhat different, with higher concentrations of gambling machines in higher age areas in Manukau City, Papakura District, Rodney District and Waitakere City, but high concentrations in lower age areas in Auckland City, Franklin District and North Shore City.

Figure 11: Average Gambling Machines Per Capita by Median Age by Territorial Authority



3.2.5 Gambling Machines: Ethnicity

The pattern of results is less consistent for ethnicity. Across the Auckland Region, there are not consistently higher concentrations of gambling machines in areas with a high concentration of Maori (one per 228 compared with one per 222 in areas of low concentrations of Maori; Figure 12 and Table 10). Areas with high concentrations of Pacific people were associated with a lower concentration of gambling machines (one per 197 compared with one per 256; Figure 13 and Table 11). However, there were significantly higher concentrations of gambling machines in areas with high number of Asian people (one per 207 compared with one per 253 in areas with low concentrations of Asians; Figure 14 and Table 12).

Figure 12: Average Gaming Machines Per Capita by % Maori for the Auckland Region

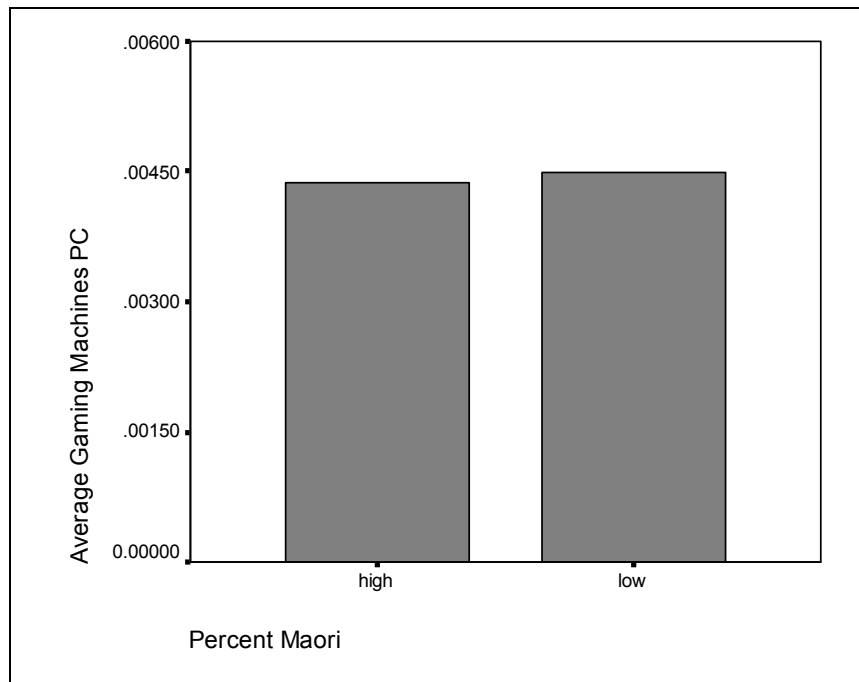


Table 10: Population per gaming machine by High and Low percentage of Maori

	High percent Maori			Low percent Maori		
	Population	Number of machines.	Population per machine	Population	Number of machines.	Population per machine
Auckland City	135720	806	168	232014	1153	201
Franklin District	27774	149	186	9471	42	226
Manukau City	192945	781	247	90255	391	231
North Shore City	42822	84	510	141996	583	244
Papakura District	38709	229	169	1950	0	-
Rodney District	21432	116	185	54753	313	175
Waitakere City	143598	476	302	25155	16	1572
Total	603000	2641	228	555594	2498	222

Figure 13: Average Gambling Machines Per Capita by High and Low percentage of Pacific for the Auckland Region

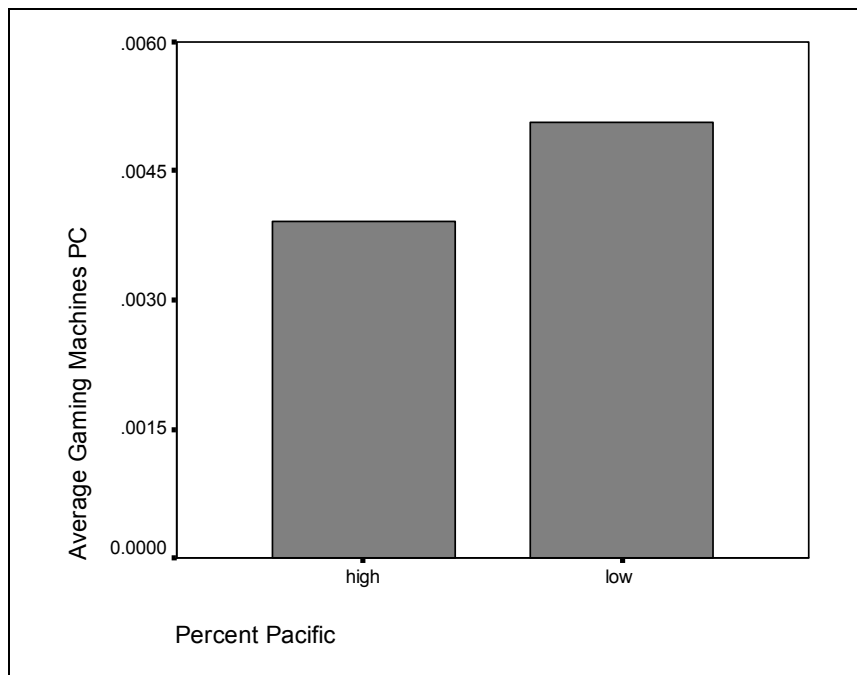


Table 11: Population per gaming machine by High and Low percentage of Pacific

	High percent Pacific			Low percent Pacific		
	Population	Number of machines.	Population per machine	Population	Number of machines.	Population per machine
Auckland City	229650	981	234	138084	978	141
Franklin District	6552	54	121	30693	137	224
Manukau City	195393	825	237	87807	347	253
North Shore City	37377	66	566	147441	601	245
Papakura District	26001	62	419	14658	167	88
Rodney District	2217	23	96	73968	406	182
Waitakere City	136818	469	292	31935	23	1388
Total	634008	2480	256	524586	2659	197

Figure 14: Average Gambling Machines Per Capita by High and Low percentage of Asian for the Auckland Region

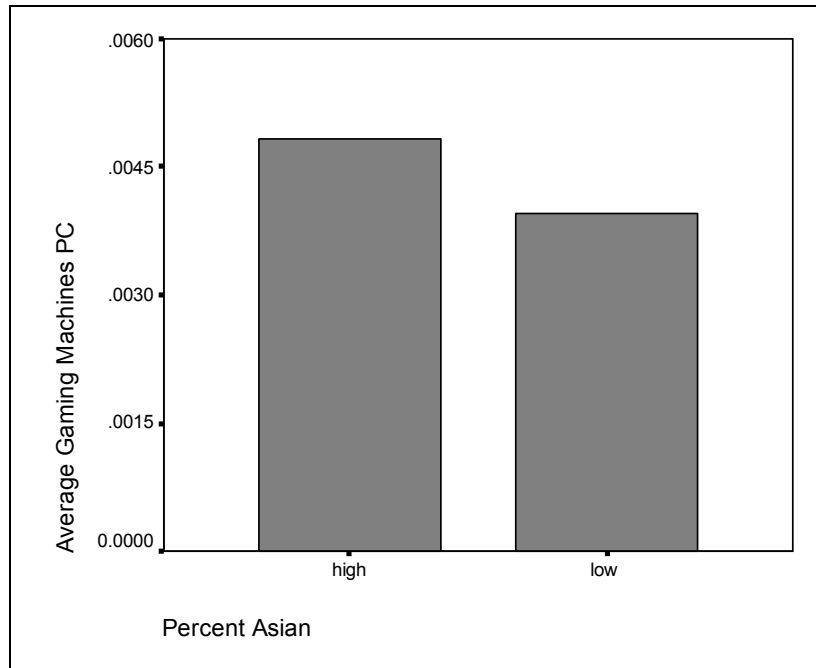


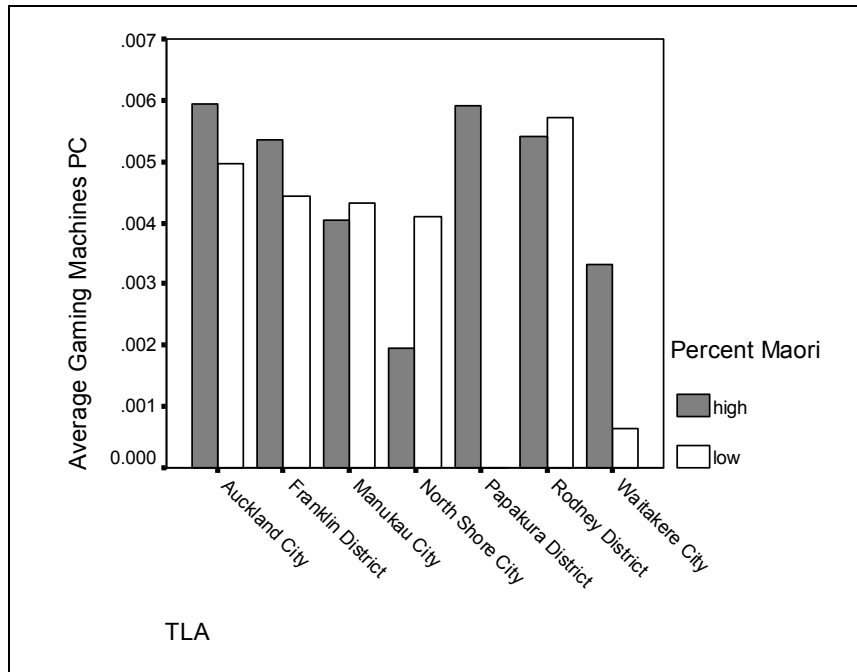
Table 12: Population per gaming machine by High and Low percentage of Asian

	High percent Asian			Low percent Asian		
	Population	Number of machines.	Population per machine	Population	Number of machines.	Population per machine
Auckland City	273183	1589	172	94551	370	256
Franklin District	1206	0	-	36039	191	189
Manukau City	157713	750	210	125487	422	297
North Shore City	118956	415	287	65862	252	261
Papakura District	4533	0	-	36126	229	158
Rodney District	0 ³⁵	0	-	76185	429	178
Waitakere City	85095	339	251	83658	153	547
Total	640686	3093	207	517908	2046	253

As shown in Figures 15 to 17, there is considerable variation in concentration relative to ethnicity across the region. There are relatively greater concentrations of gambling machines in areas of high Maori concentration in Auckland City, Franklin District and Waitakere City. However, there are lower concentrations in Manukau City, North Shore City and Rodney District (Papakura District has no areas of low percentage of Maori relative to the rest of the region).

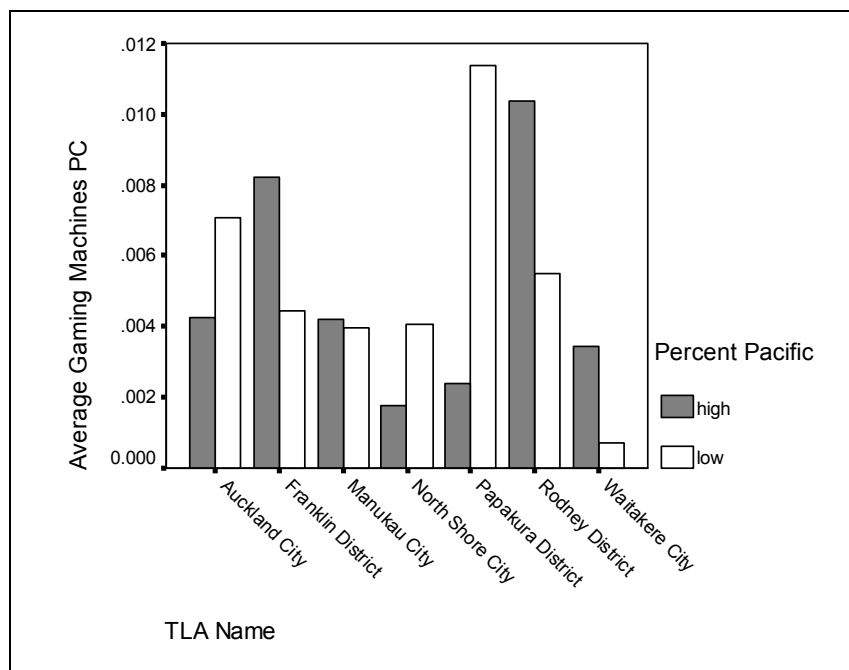
³⁵ This doesn't mean that there are no Asian people, rather that there are no high concentrations of Asian people.

Figure 15: Average Gambling Machines Per Capita by High and Low percentage of Maori by Territorial Authority



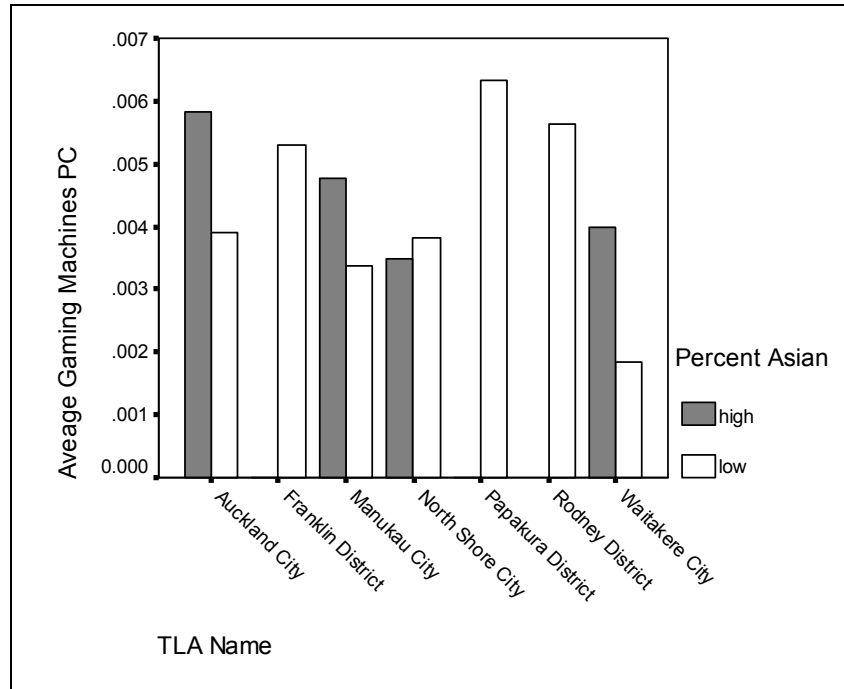
Areas with high concentration of Pacific people were more likely to be associated with high concentrations of gambling machines in Franklin District, Manukau City, Rodney District and Waitakere City, but were associated with lower concentrations of gambling machines in Auckland City, North Shore City and Papakura District.

Figure 16: Average Gambling Machines Per Capita by High and Low percentage of Pacific by Territorial Authority



Finally, areas with high concentrations of Asians were more likely to be associated with high concentrations of gambling machines in Auckland City, Manukau City and Waitakere District. They were less likely to be associated in North Shore City, and the Franklin, Papakura and Rodney Districts had no areas of high concentration of Asian people.

Figure 17: Average Gambling Machines Per Capita by High and Low percentage of Asian by Territorial Authority



3.3 Distribution of Gambling Machine Funds

Information regarding the distribution of gambling funds from the six national trusts in a New Zealand wide context and in relation to the Auckland Region was obtained from a CD Rom supplied by the New Zealand Coalition for Gambling Reform, Incorporated (known as Gambling Watch). The six National Gambling Machine Trusts (NGMTs) were: Lion Foundation, Community Grants Foundation Inc., New Zealand Community Trust, Pub Charity Inc., the Southern Trust and Scottwood Trust. The data gathered covers the following periods: 1 April 2001 to 31 March 2002 (Community Grants Foundation), 1 October 2001 to 30 September 2002 (New Zealand Community Trust, Lion Foundation and Scottwood Trust), 1 October 2001 to 1 October 2002 (Public Charity) and 1 January 2002 to 30 September 2002³⁶ (The Southern Trust).

Data for the seven Territorial Authorities were extracted from the CD ROM and exported into an excel spreadsheet. Data were categorised into the following areas:

- Auckland City
- Manukau City
- North Shore City
- Waitakere City
- Franklin District
- Papakura District
- Rodney District
- South Auckland/Counties Manukau
- General Auckland.

The last two categories were used to supplement the individual territorial authority areas because for the distribution of some funds the researcher was unable to determine the specific location of the receiving organisation (e.g. a regionally based organisation). See limitations below.

The number of gaming machines and venues was sourced from the Department of Internal Affairs (22 September 2003). Data was analysed on an area specific basis and compared with the nationwide distribution of gambling funds.

Limitations of the distribution data

Certain limitations exist within the data, in particular, the difficulty in identifying funding distribution to specific geographic areas, the fact that organisations in the database were allocated to the different categories based on their name and the grants were not always grouped by region. This situation was further complicated by the extent of funding ‘cross-over’, where funds have been allocated to an organisation that operates regionally or in two or more territorial authority districts. This was overcome to some extent by the creation of an extra category, South

³⁶ Not a full year

Auckland/Counties Manukau. The South Auckland/Counties Manukau category covered Manukau City and the Franklin and Papakura Districts as individual territorial authority districts as well as grants that were made that included more than one of these districts. The general Auckland Region refers to grants made to all seven districts, and grants made to two or more areas and Auckland as a region. Also included in the general category were organisations that were within the Auckland region but the exact territorial authority district could not be found. This meant that money that was specifically awarded to a district by a trust (particularly funding for sports teams) may not have been included in the total funding to that district and could explain some of the differences in funding (for example, in the Sport & Physical Activities category) from the national average.

3.3.1 Grant Distribution to the Auckland Region

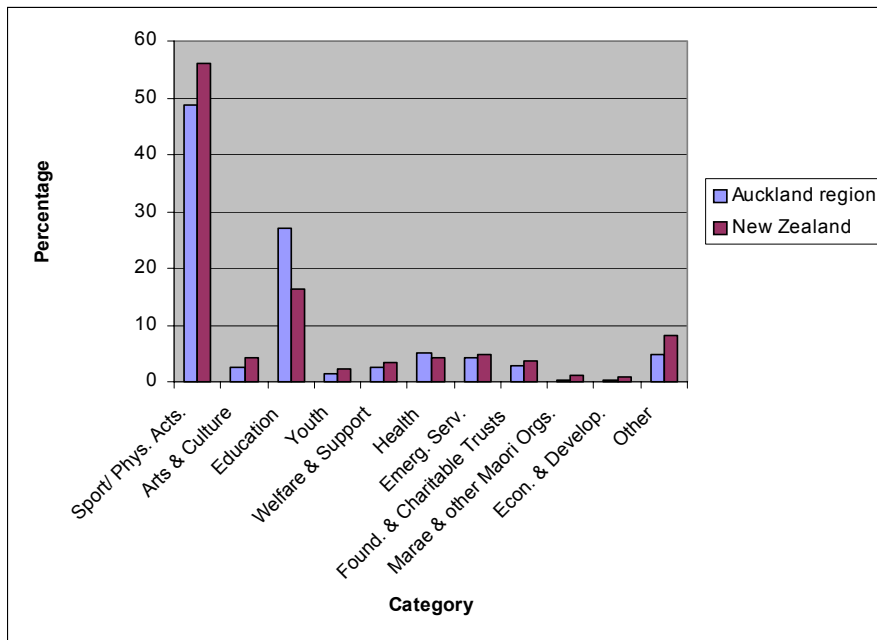
The six National Gambling Machine Trusts (NGMTs) operate 137 of the 294 non-club gambling venues within the Auckland Region, with responsibility for a total of 2,047 machines. The other venues were operated by smaller localised societies (and housed 2,079 machines. Clubs in the Auckland region operate 129 venues with 1173 machines (for a list of Local Trusts and Clubs see Appendix 5)³⁷.

In general, the Auckland Region (all grants made within the region covered by the seven territorial authority districts) received a different distribution of funds from the six NGMTs when compared to the national average, with a much larger proportion of funds going towards Education (Figure 18). Less funding was allocated to all other categories except Health, which also received more than the national average. The 'Marae & other Maori organisations' and 'Economy and Development' categories received a very small proportion of funding across the Auckland region.

³⁷Based on Department of Internal Affairs figures of a total national expenditure of \$777 million in 2002, gamblers in the Auckland region are estimated to have lost \$219 million on EGMs outside of casinos in the year 2002. In the same period, approximately \$29 million was returned to community organisations in the Auckland region through grants from the national trusts, with possibly up to a further \$54 M being distributed back to the community via local trusts and clubs, giving a total of up to \$73M. Financial summaries for gaming machine trusts obtained from the DIA by Sue Torkington (Regional Public Health, Hutt Valley DHB) were used to make the estimates for local trusts.

The financial summaries for eight trusts operating a single gambling venue in the Auckland region were available. These were: Auckland Central Sports Trust, Tainui Community Trust, Royal Oak Trust, Papatoetoe West/Mangere Education Trust, East Tamaki Community Charitable Trust, Whitehouse Tavern Trust, Mangere Bridge Sports and Cultural Society Inc., Manukau Counties Community Facilities Charitable Trust. All but one summary was for year ended 2002. The exception was Mangere Bridge Sports and Cultural Society Inc which was for year ended March 2000. By calculating the average gaming machine profit per machine at these venues (range \$19,968 to \$118,476) and multiplying that figure by the number of non-national trust machines in the Region a rough estimate of total profit was made. The average percentage of gaming machine profit distributed by these eight trusts was 40%. Using this percentage, an estimate of charitable distributions was made. The financial summaries for the six national trusts were for year ended 2001. The average percentage of gaming machine profit distributed by the six national trusts was 34%.

Figure 18: The distribution of funds by the National Gambling Machine Trusts within the Auckland Region and the rest of New Zealand



Analysis of the donations by the six individual trusts highlighted differences in the allocations of funds to the areas within the Auckland region. The differences in allocation within each trust have been compared to an average of the funding to New Zealand by all six of the NGMTs at each territorial authority level and South Auckland/Counties Manukau (covering grants made to Manukau City and Franklin and Papakura Districts individually and as a geographic area). The dollar value of the grants made by each trust to the Auckland Region has been compared with the amount given to New Zealand by each NGMT (see Table 13). A comparison of the distribution of the funding allocations by each NGMT within these areas has been graphed in each section.

Table 13: Dollar values of grant distributions made by each trust to the Auckland region and to all of New Zealand

National Gambling Machine Trust	Auckland Region (\$)	Auckland Region (%)	New Zealand
Community Grants Foundation Inc.	6,732,371	52.80	12,750,061.95
Lion Foundation	10,097,132	28.06	35,978,151.91
New Zealand Community Trust	2,580,527	11.03	23,391,357.80
Pub. Charity Inc.	3,897,588	11.72	33,249,230.41
The Southern Trust	2,153,493	15.63	13,776,502.75
The Scottwood Trust	3,134,439	23.49	13,343,323.24
Total	28,595,550	24.00	119,145,304.82

Table 14 compares the grant distribution by territorial authority with the corresponding population.

Table 14: Comparison of the grant distribution to each Territorial Authority by dollar value and population.

	Total grant funding (\$)	Population	Percentage of population in Auckland Region	Dollar value per individual (\$)	Percentage of Auckland Region allocation
Auckland City	4,599,758	367,734	31.74	12.51	16.08
North Shore City	4,197,936	184,818	15.95	22.71	14.68
Rodney District	1,394,933	76,185	6.58	18.31	4.88
Waitakere City	5,339,740	168,753	14.57	31.64	18.67
Franklin District	596,841.4	37,245	3.21	16.02	2.09
Manukau City	2,290,935	283,200	24.44	8.09	8.01
Papakura District	836,805.3	40,659	3.51	20.58	2.93
South Auckland/ Counties Manukau³⁸	1,182,217				4.13
General Auckland³⁹	8,156,385				28.52
Total Auckland Region⁴⁰	28,595,550	1,158,594	100	24.68	100

It is interesting to note that the average dollar value per individual for the NGMTs distribution when all of the funding to the region is included is \$24.68 compared with \$16.62 per individual when just the money attributed to the seven territorial authorities is used. As mentioned previously, a large amount of the funding awarded within the Auckland region could not be allocated to an individual territorial authority because the location information of the grant recipient was unavailable. This is likely to have some influence on the different average dollar values.

3.3.2 Grant Distribution in South Auckland/Counties Manukau

In general, South Auckland/Counties Manukau received a slightly different distribution of funds from the six NGMTs when compared to the national average. This category includes grants made to Manukau City and the Franklin and Papakura Districts as well as grants made to this region covering more than one territorial authority district. More funds were allocated to Education and Health in this area than both the rest of the Auckland region and New Zealand (Figure 19). There were some major differences in the distributions made by each trust as discussed below (Figure 20).

³⁸ This category refers to funding allocated to two or more of the following territorial authorities: Franklin District, Manukau City and Papakura District. organisations located in the general South Auckland/Counties Manukau area.

³⁹ This category refers to funding allocated to two or more territorial authorities in the Auckland region and organisations where the exact territorial authority location could not be identified. It is possible that the inability to locate such organisations may skew the actual distribution of funding in each territorial authority.

⁴⁰ This is the total funding to the entire Auckland region.

Figure 19: The distribution of funds by the National Gambling Machine Trusts within South Auckland/Counties Manukau, the Auckland region and the rest of New Zealand

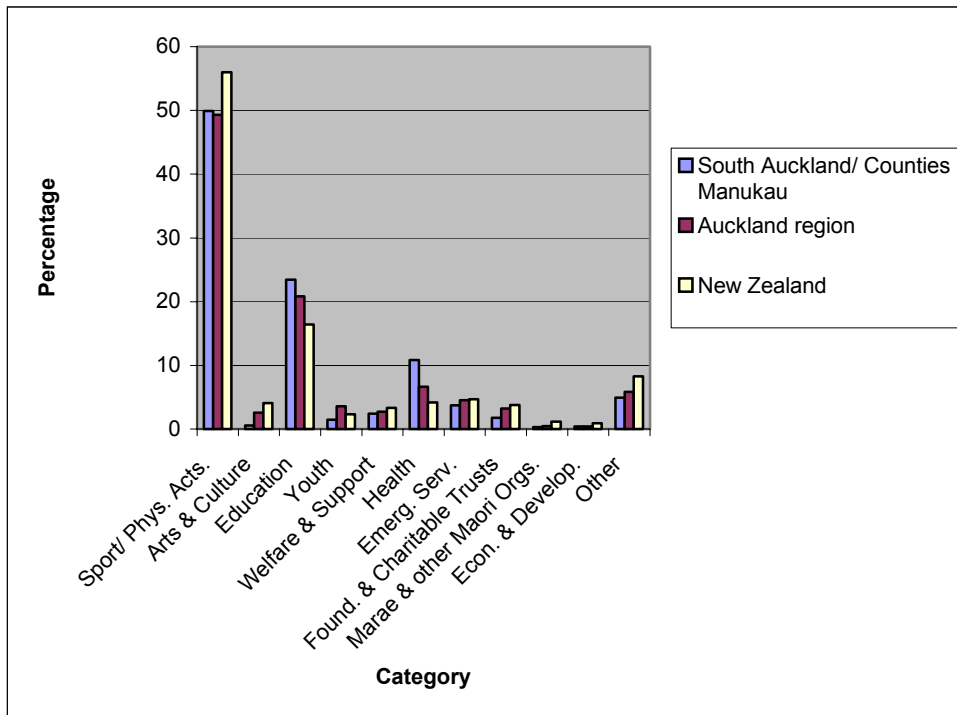
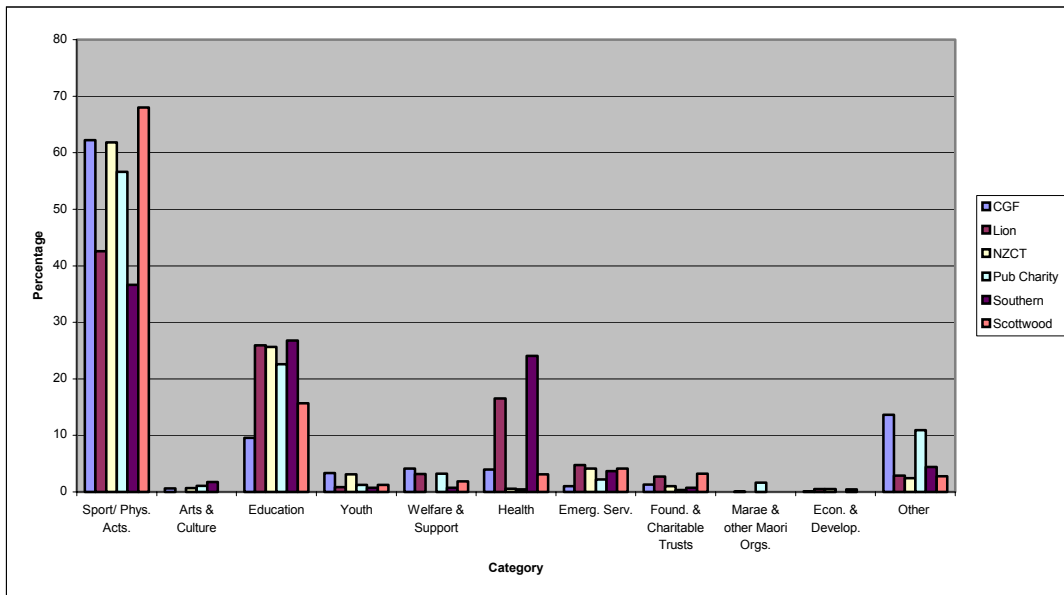


Figure 20: Funding allocation to the different categories by each of the National Gambling Machine Trusts operating in South Auckland/Counties Manukau



Community Grants Foundation Inc.

The Community Grants Foundation Inc allocated more than half of its funding in South Auckland/Counties Manukau to Sport & Physical Activities (62.23 per cent vs. 55.98 per cent nationally). Welfare & Support (4.15 per cent) and Youth organisations (3.33 per cent) also benefited from more funding, compared with 3.30 per cent and 2.32 per cent for all of New Zealand. Educational organisations in this area received fewer funds from this trust (9.59 per cent vs. 16.44 per cent nationally), as did Emergency Services (1.00 per cent vs. 4.67 per cent) and Foundations & Charitable trusts (1.33 per cent vs. 3.79 per cent).

Lion Foundation

Lion Foundation gave 25.91 per cent of its funds to Education in South Auckland/Counties Manukau, more than the national average of 16.44 per cent. More money was also received by Health organisations (16.51 per cent vs. 4.16 per cent nationally). Sport & Physical Activities received less funding than the national average (42.60 per cent vs. 55.98 per cent), as did Youth with 0.86 per cent of funds compared with 2.32 per cent for all of New Zealand.

New Zealand Community Trust

The New Zealand Community Trust awarded 61.85 per cent of its funds to Sport & Physical Activities and 25.63 per cent to Education; both allocations were higher than the national average of 55.98 per cent and 16.44 per cent respectively. Health (0.57 per cent) and Foundations & Charitable trusts (1.04 per cent) in South Auckland/Counties Manukau both received less funding than the rest of New Zealand (4.16 per cent and 3.79 per cent respectively). Welfare & Support groups did not receive any funds from the New Zealand Community Trust.

Pub Charity Inc.

Pub Charity Inc. awarded 22.59 per cent of its funds to South Auckland/Counties Manukau compared to 16.44 per cent for the rest of New Zealand. Marae and other Maori organisations also received more than the national average: 1.77 per cent compared with 1.16 per cent nationally, while Sport & Physical Activities (56.61 per cent) were on par with the national level (55.98 per cent). Youth (2.32 per cent), Health (4.16 per cent), Emergency Services (2.18 per cent) and Foundations & Charitable trusts (0.32 per cent) in this area all received proportionally less funding than the rest of New Zealand (2.32 per cent, 4.16 per cent, 4.67 per cent and 3.79 per cent respectively).

The Southern Trust

The Southern Trust allocated slightly more than half of its total funding in South Auckland/Counties Manukau between Education (26.76 per cent) and Health (24.08 per cent), compared with the national averages of 16.44 per cent for Education and 4.16 per cent for Health. Sport & Physical Activities received less than the national average (36.65 per cent vs. 55.98 per cent) as did Youth (0.74 per cent vs. 2.32 per cent).

cent), Welfare & Support (0.74 per cent vs. 3.30 per cent) and Foundations & Charitable trusts (0.74 per cent vs. 3.79 per cent).

The Scottwood Trust

The Scottwood Trust awarded 67.98 per cent of its funds to South Auckland/Counties Manukau compared with the national average of 55.98 per cent. Education received slightly less funding (15.67 per cent vs. 16.44 per cent nationally) as did Health (3.11 per cent vs. 4.16 per cent). Fewer funds were also awarded to Youth groups (1.24 per cent) and Welfare & Support organisations (1.86 per cent) in this area than the rest of New Zealand (2.32 per cent and 3.30 per cent respectively).

3.3.3 Funding Distribution in the Auckland Region by Category and by Trust.

The six NGMTs have different objectives in the way that their funds are returned to the community (Grant and Simonsen 2003). These objectives have been compared to the actual funding distributions to the Auckland Region and throughout New Zealand.

The main objective of the New Zealand Community Trust, Southern Trust, and Lion Foundation is to provide money for sport. This is reflected in the distribution of funds throughout the Auckland region and the rest of New Zealand, as the category receiving the largest percentage of funds from these three trusts was Sport & Physical Activities. The New Zealand Community Trust gave 66 per cent to sport and 14.29 per cent to Education in the Auckland Region compared with the national average of 59.91 per cent for sport and 11.89 per cent for Education. The Southern Trust gave 46.39 per cent to sport (52.37 per cent nationally), 16.74 to health (5.36 per cent nationally) and 17.71 per cent to Education (17.57 per cent nationally). The Lion Foundation gave 43.96 per cent of its funding in the Auckland region to sport, compared with 52.97 per cent nationally and 17.52 per cent to education in the Auckland region compared with 14.71 per cent for all of New Zealand. These three trusts did give most of their funding to Sport & Physical Activities in the Auckland region and nationally. However, it was interesting to note the much higher percentage of funding given to Health in the Auckland region by the Southern Trust.

The other three trusts cite more community-based leanings (Grant and Simonsen 2003). The Scottwood Trust attempts to distribute its funds evenly amongst education, sport and community and arts. This funding period did not reflect this type of distribution in the Auckland region or the rest of New Zealand. The Scottwood Trust allocated 61.46 per cent to sport, 18.36 to Education and 1.61 for Arts in the Auckland region compared with 59.22 per cent for Sport, 16.27 per cent for education and 3.87 per cent nationally.

The Community Grants Foundation and Pub Charity Trusts both aim to support sports, welfare and education groups and focus on distributing funds in the area in which they are generated (Grant and Simonsen, 2003). The distribution of funds within the Auckland Region was similar to the nationwide distribution and the majority of their funds (72.03 per cent of the Community Grants Foundations funds

and 72.21 per cent of Public Charity's money) did go to these categories. The Community Grants Foundation gave 47.25 per cent of funds to Sport & Physical Activities in the Auckland region, 20.69 per cent was given to Education and 4.09 per cent to welfare (compared with 47.25 per cent, 20.69 per cent and 4.09 per cent to all of New Zealand). Pub Charity awarded 54.22 per cent of its funding in the Auckland region to Sport & Physical Activities, 2.21 per cent to welfare and 15.78 per cent to education (compared with 49.28 per cent for Sport, 3.87 per cent for welfare and 16.27 per cent for education nationwide).

3.4 Sky City Casino

Electronic gambling machines (EGMs) in casinos are regulated under the Gambling Act 2003 as casino gambling rather than as Class 4 gambling and hence stand outside the remit of territorial authority gambling venue policies. A brief overview of the Auckland Sky City casino is provided as it affords further opportunities for people in the Auckland region to use gambling machines and needs to be considered in the overall gambling environment within the Auckland Region and Auckland City in particular.

A large number of gambling machines are available at the Auckland casino

Sky City Casino offers a range of table games and EGMs for use by patrons. Until recently there were 1,417 EGMs in operation in the Casino. With the opening of the level 3 extension in December 2003, the casino now operates a total 1,647 EGMs. When added to machines available in Class 4 gambling venues this increases the number of EGMs in Auckland City by 84% to 3,606 and the total number of EGMs in the Auckland region by 32% to 6,786. The inclusion of Sky City machines therefore reduces the number of residents per EGM in Auckland City from 188 per machine (see Table 6, page 48) to 102 and in the Auckland region from 225 residents per machine (also see Table 6) to 171 per machine.

Casino provides comprehensive host responsibility

Sky City has developed a Host Responsibility Policy that includes training for all casino staff. Age limits for entering the gaming are enforced and Sky City reports that 35,147 people who were suspected of being underage were turned away in 2002.

Sky City's self-barring programme encourages customers who recognise that they have a gambling problem to accept a minimum ban of two years from gaming areas of all Sky City casinos. Previously casinos could not evict or ban patrons for issues related to problem gambling. However, when relevant sections of the Gambling Act 2003 are enacted, casinos will be required to do so. Since Sky City opened, 2,636 people have barred themselves from the Auckland casino. Around one third of these are women.

Revenue and economic impact

The AIGR (1998) report to the Casino Control Authority found that New Zealand casinos seem to have complemented rather than substituted existing gambling forms although the report observes that the opening of the first two New Zealand casinos reflected a shift in the “gambling market” away from community based operations.

Sky City commissions six monthly population studies and market research, in order to determine among other things tourist visitor numbers. On the basis of this research, Sky City has estimated that for the past three years, 36% of Sky City’s total revenue has been from people visiting from outside the Auckland region. It has been noted that fifty per cent of international tourists visit some part of the Sky City complex.

In contrast, the AIGR (1998) New Zealand casino impact report found that while casinos have contributed to tourism in Auckland and Christchurch through “destination enhancement” less than 20% of international tourists visited a casino. Rather, they concluded that the core of the casinos’ markets is constituted by local demand, supplemented by regional residents and domestic travellers.

Sky City gaming machine revenue for 2002/03 was \$178.7 million, up 6.2% on 2001/02. During this period the number of machines did not increase. Using the conservative estimate that 64% of total revenue comes from people in the Auckland Region, it could be suggested that \$114.4 million of gaming machine revenue came from people living in the Auckland Region.

Sky City⁴¹ Auckland distributes funds to the community via the Sky City Community Trust (Auckland) and through various sponsorships. In 2003, the Community Trust distributed \$1.8 million to groups that had applied for funding. Of the \$1.8 million it appears that around \$1.6 million would directly benefit communities in the Auckland Region. Recipients of \$3.75 million in sponsorship funding included Starship, Kidzfirst, the Warriors rugby league team, Special Olympics, Rally New Zealand, and Sky City Starlight Symphony.

The \$5.55 million provided in sponsorship and community grants appears to represent somewhat in excess of 3% of Sky City’s revenue from EGMs.

⁴¹ Sky City casino also paid a \$995,695 Problem Gambling Levy

3.5 Totalisator Agency Board (TAB) and Gambling Machines

In the Auckland Region there are 42 standalone TABs and 64 other TABs operating in venues such as bars and pubs. A few years ago three standalone TAB venues in the Auckland Region were allowed by the Department of Internal Affairs to install and operate gambling machines. These are Glen Innes TAB (18 machines) in Auckland City, and East Tamaki TAB (18 machines) and Hunters Corner TAB (9 machines) in Manukau City. The gambling machines are owned by the Community Grants Foundation.

3.5.1 TAB Venue Policy

The Gambling Act 2003 requires territorial authorities to adopt a TAB venue policy within six months of enactment of the Act. Territorial authority consent will be required to establish a new TAB in cases where the premises are owned or leased by the TAB and where the main business carried out on the premises is providing racing or sports betting services. It does not cover the installation of TAB terminals in premises such as bars and clubs that are not owned or leased by the TAB.

3.5.2 TABs and Gambling Machines

Section 33 of the Gambling Act 2003 states that under the Racing Act 2003, the New Zealand Racing Board and racing clubs must be treated as corporate societies for the purposes of class 4 venue and operator's licences. TAB agencies and racing clubs can apply to own and operate gambling machines at racing related venues such as TABs and racing clubs.

3.5.3 Distribution of TAB Gambling Machine funds

In terms of authorised purposes for distribution of funds, a TAB could choose to use the funds for promoting, controlling and conducting race meetings under the Racing Act 2003. It would be at a TABs discretion whether to distribute money for charitable purposes.

3.6 Gambling Problem Helpline Data

In November 2003, all available client records were accessed from the Gambling Problem Helpline (GPH) database for analysis. The database has details regarding clients who have called for assistance during the total operating period (November 1998 to November 2003). It should be noted that callers could not be differentiated according to the date that they contacted the Helpline and that results have therefore been calculated and reported as an aggregate of callers who have made contact over the total operating period. In total, 20,202 client records were retrieved and subsequently analysed using SPSS. The breakdown of number of callers per region is outlined in Table 15 below.

Various data were available for each caller, including:

- Caller Type (Gambler, Significant Other/Interested Other)
- Gender
- Age
- Ethnicity
- DSM-IV Score for problem gambling⁴² (only available for gamblers)
- Information pertaining to suicidal ideation; and
- Primary problem gambling mode (only available for gamblers).

However, as callers do not always disclose information pertaining to these variables there is a certain amount of missing data. When applicable, details regarding missing data are disclosed in the relevant section. It should also be noted that addresses were not always available, and as such the location (including city and/or territorial authority) of callers could not always be identified. Subsequently, when data was retrieved for each territorial authority, callers were categorised as having called from one of two locations: i. Within the territorial authority of interest, or ii. Elsewhere in New Zealand (i.e. Outside of the territorial authority of interest). In the case of no information being available regarding the callers location (presumably because the caller chose not to disclose this information), callers were placed within the Nationwide category. It should further be noted that this process has likely resulted in conservative estimations of the number of clients accessing help from within each territorial authority.

Note: Please refer to disclaimer and limitations contained in Appendix 2.

⁴² The DSM-IV (Diagnostic Statistical Manual – IV) provides guidelines for the identification of all mental health disorders including problem and pathological gambling. A widely used screening tool that provides some indication of the severity of a gambling problem has been developed from the criteria provided in the DSM-IV. A score of 3-4 is generally interpreted as indicating probable problem gambling, while a score of 5+ is indicative of probable pathological gambling.

Table 15: Overall Number of Gambling Problem Helpline clients by Territorial Authority (between November 1998 and November 2003) (N=5,159)

Territorial Authority	Number of GPH Clients per TA	Population	Ratio of GPH Clients per Population	Percent of Population within the District (%)
Auckland City	1,623	367,734	1 in 227	0.44
Franklin District	151	37,245	1 in 247	0.41
Manukau City	1,425	283,200	1 in 199	0.50
North Shore City	582	184,818	1 in 318	0.31
Papakura District	271	40,659	1 in 150	0.67
Rodney District	221	76,185	1 in 345	0.29
Waitakere City	886	168,753	1 in 191	0.53
Auckland Regional Total	5,159	1,158,594	1 in 225	0.45

The majority of Gambling Problem Helpline callers in the Auckland region identified Non-Casino EGMs as their primary mode of problem gambling. Casino EGM's were the second highest primary mode followed by either Casino Tables and Track Betting (Auckland City, North Shore City, Rodney District and Waitakere City) or Track Betting and Casino tables (Franklin District and Manukau City and Papakura) (refer to Table 16).

Table 16: Gambling Problem Helpline Callers Primary Problem Gambling Mode by Location (Seven Auckland Region Territorial Local Authorities)⁴³

	Non-Casino Gaming Machines (%)	Casino Gaming Machines (%)	Casino Tables (%)	Track Betting (%)
Auckland City	58.3	24.2	9.1	6.1
Franklin District	75.9	7.6	*	10.1
Manukau City	66.5	19.8	5.3	6.3
North Shore City	59.8	23.3	8.4	7.1
Papakura	78.7	14.2	*	3.9
Rodney District	70.9	14.5	9.4	5.1
Waitakere City	63.7	21.4	6.4	6

⁴³ The * refers to cell sizes that were too small to report on based on the confidentiality agreement with the Gambling Problem Helpline (refer to Appendix 2).

3.7 Personal Counselling Data

Due to resource constraints, only those client records which were readily accessible were retrieved for analysis from the Problem Gambling Committee database for personal (face-to-face) counselling. In total, 4,996 client records were retrieved and subsequently analysed using SPSS (approximately fifty percent of all personal counselling clients within the specified time frame). This included 2,196 records from clients who accessed personal counselling services from within the Auckland Region. The breakdown of number of clients per region is outlined in Table 17 (page 75).

It should be noted that due to the limited sample and the fact that clients could not be differentiated according to the date that they sought help the researchers cannot guarantee the representativeness or accuracy of the analysis. Results have been calculated and reported as an aggregate of clients who sought assistance between 1997 and 2002.

Available information for each client included:

- Gender
- Age bracket
- Ethnicity, and
- Location (including territorial authority and suburb).

As no data were available regarding client type (gambler, significant other, interested other), the following results are reported as aggregate. Some data were classified as missing, presumably because the client chose not to reveal those details.

As with the GPH data, it should be noted that addresses were not always available for face-to-face clients, and as such the location (including city and/or territorial authority) of clients could not always be identified. When data was retrieved for each territorial authority, clients were categorised as having called from one of two locations: i. Within the territorial authority of interest, or ii. Elsewhere in New Zealand (i.e. Outside of the territorial authority of interest). In the case of no information being available regarding the clients location (presumably because the caller chose to not disclose this information), clients were placed within the Nationwide category. It should therefore be noted that this process has likely resulted in conservative estimations of the number of clients accessing face-to-face help from within each territorial authority.

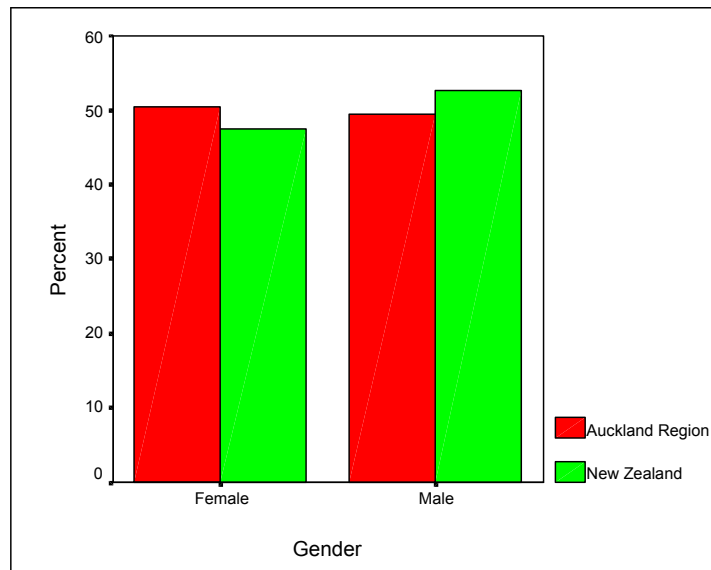
Note: An analysis of client data for each of the seven Territorial Authorities is included within the relevant authorities' report.

3.7.1 Comparison of National Clients with those from within the Auckland Region

Gender

The overall gender distribution of the Auckland Region differed slightly to that of the national distribution. A greater proportion of clients were female (50.5%) than male (49.5%) in the Auckland Region, conversely more males (52.6%) than females (47.4%) attended counselling nationally (see Figure 21).

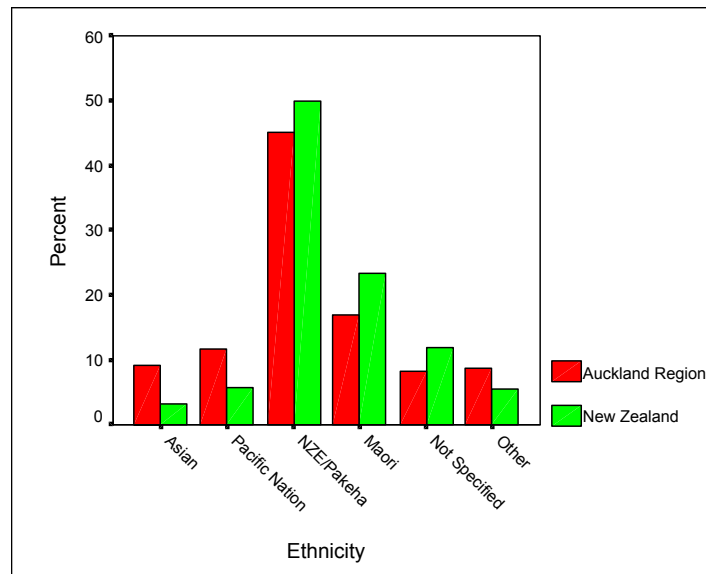
Figure 21: National and Auckland Gender Distribution (N=4,994)



Ethnicity

The overall ethnic composition of Auckland clients was quite different to the national composition. Substantially higher proportions of Asian clients were observed in the Auckland Region (9.1%) than nationwide (3.3%). Similarly, 11.7% of Auckland clients were classified as Pacific Nation compared with 5.8% nationwide, and Maori comprised almost one quarter of clients nationally (23.5%), yet made up barely one sixth in Auckland (16.9%). Pakeha represented 45.2% of clients in the Auckland Region and approximately half nationwide (49.9%). See Figure 22. Data regarding ethnicity were unavailable for six nationwide clients.

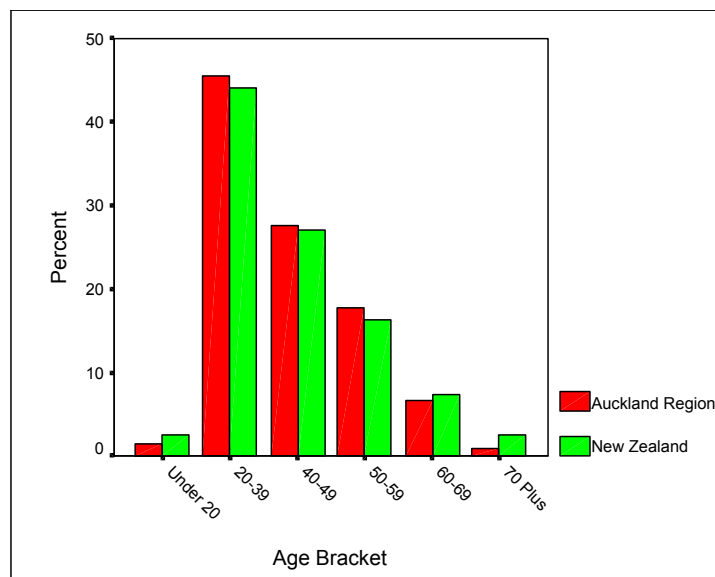
Figure 22: National and Auckland Ethnic Distribution (N=4,992)



Age

Some differences were observed between the age distribution for nationwide and Auckland clients. Both distributions tended to be younger, with a substantial proportion of clients falling within the 20-39 age group (45.6% Auckland, 44.1% nationwide). Within Auckland, 27.7% of clients were aged 40-49 (compared with 27% nationally), 17.7% were aged 50-59 (compared with 16.3% nationally) and 6.7% were aged 60-69 (compared with 7.4% nationally). Very small proportions of clients fell into the youngest age bracket – Under 20: 1.4% in Auckland and 2.6% nationwide. Similarly, only 1% of clients were aged 70 or over in Auckland – while a much greater proportion was observed nationwide (2.6%). See Figure 23. Details regarding age were missing for 820 clients (426 Auckland, 394 nationwide).

Figure 23: National and Auckland Age Distribution (N=4,178)



3.7.2 Comparison between Auckland Region's Territorial Authorities

The following section compares the number of clients seeking counselling, client gender, ethnicity and age for each territorial authority within the Auckland Region.

Number of Clients by Territorial Authority

Overall, 3,230 people attended face to face gambling counselling services in the Auckland Region between 1997 and 2002. Table 17 illustrates the proportion of clients seeking help from each of the seven Territorial Authorities over this time period. The number of clients seeking personal help varied widely (79 to 1305) according to the region in which the help was sought. It can be seen that the majority of clients sought help within Auckland City (1305), followed by Manukau (692), Waitakere (519), North Shore (430), Rodney (98), Papakura (107) and Franklin (79). Auckland City also accounted for the highest ratio of clients per population (1 in every 282 people had sought assistance), while Rodney District accounted for the lowest ratio (1:777).

However, it is highly likely that the number of clients presenting for help is related to the availability of both gambling and personal counselling agencies within the district. For example, Rodney had the lowest ratio of clients per population seeking help, which may be partially due to the lower availability of personal counselling agencies within the Rodney District.

It should be noted that Table 17 is unique in that it details the breakdown of all Auckland region callers (3,230) rather than the limited sample size utilised for all other analyses (refer Section 3.7 Introduction).

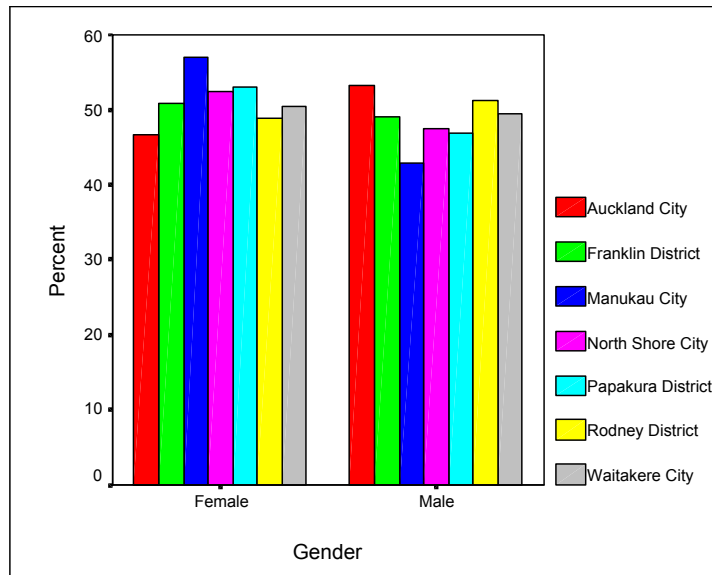
Table 17: Overall Number of Personal Counselling Clients by Territorial Authority (between 1997 and 2002 (N=3230))

Territorial Authority	Number of Personal Counselling Clients per TA	Population	Ratio of Personal Counselling Clients per Population	Percent of Population within the Region (%)
Auckland City	1305	367,734	1:282	0.35
Franklin District	79	37,245	1:471	0.21
Manukau City	692	283,200	1:409	0.24
North Shore City	430	184,818	1:430	0.23
Papakura	107	40,659	1:380	0.26
Rodney District	98	76,185	1:777	0.13
Waitakere City	519	168,753	1:325	0.31
Auckland Regional Total	3230	1,158,594	1:359	0.28

Client Gender by Territorial Authority

The gender breakdown of clients differed substantially according to the territorial authority. However, it was observed that more women sought help than men (except in Auckland City and Rodney District). There were several noticeable differences in gender differences: the most substantial occurring in Manukau (57% female, 43% male), Auckland City (46.7% female, 53.3% male) and Papakura (53.1% female, 46.9% male). In comparison, 52.6% of nationwide clients were male, 47.4% were female (see Figure 24).

Figure 24: Personal Counselling Gender Distribution by Territorial Authority (N=2,196)

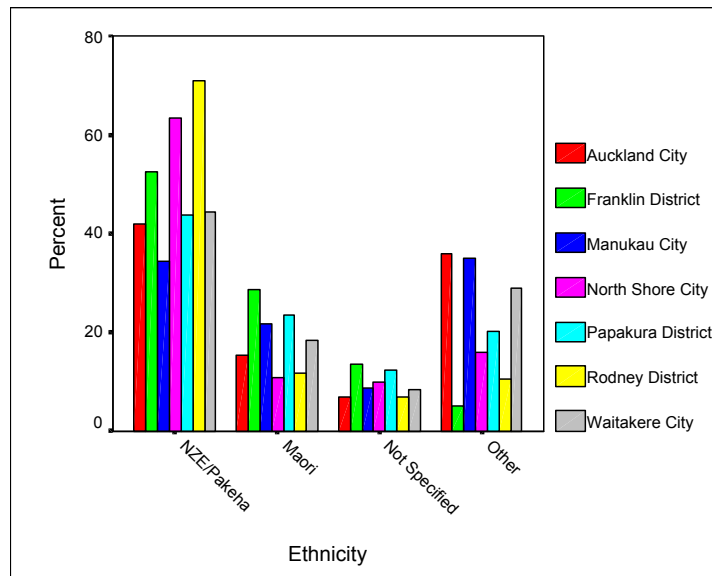


Client Ethnicity by Territorial Authority

It can be seen that ethnic breakdown varied widely according to territorial authority. In general, a large proportion of those seeking help were NZ European/Pakeha, however, in Manukau, there was a high proportion of those in the ‘Other’ category (see Figure 25).

Note: For Figure 25, the category ‘Other’ includes people of Asian and Pacific Island ethnicity. These groups were combined due to small cell sizes in some areas – when possible, more specific breakdowns are given in the specific territorial authority reports.

Figure 25: Personal Counselling Ethnicity Distribution by Territorial Authority (N=2,196)

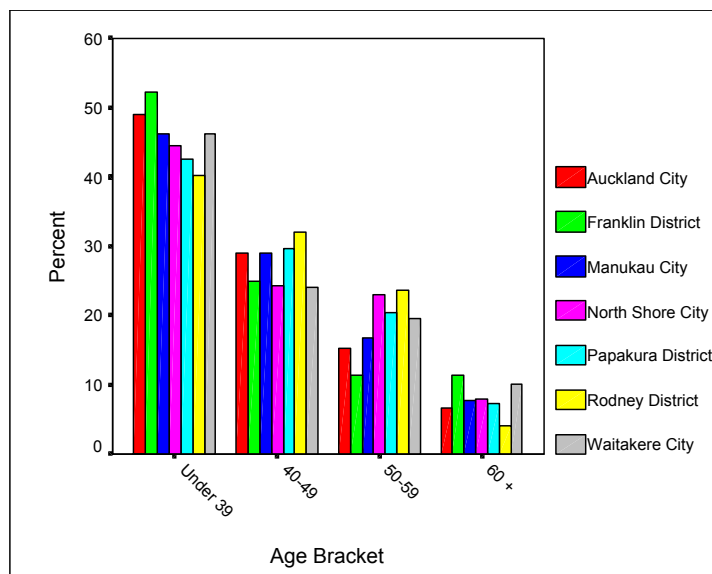


Client Age by Territorial Authority

With regards to age, there was a consistent trend for all Territorial Authorities, with attendance at face-to-face counselling being negatively correlated with age: The majority of clients were aged 39 or younger, with decreasing numbers for each of the following age brackets. However, it appears that the age distribution for Franklin levelled out at the upper end – there were 11.4% of clients in both the 50-59 and 60+ categories. Similarly, for North Shore the categories 40-49 and 50-59 were relatively even with almost a quarter of clients in each age group (see Figure 26). Data regarding age were missing for 426 clients.

Note: Due to small cell sizes in some areas some age categories were combined—when possible, more specific breakdowns are given in the specific territorial authority reports.

Figure 26: Age Bracket by Territorial Authority (N=1,770)



3.7.3 Summary of Comparison between Auckland Region's Territorial Authorities

The number of clients seeking help varied widely according to territorial authority. Overall, Auckland City accounted for the largest proportion of clients, and with 1 in every 408 people seeking assistance it also had the highest ratio of clients per population.

The demographic analyses revealed several differences according to territorial authority. In general, slightly more women than men sought help and the proportions of clients seeking help decreased with increasing age. The ethnic breakdown of clients varied substantially according to territorial authority.

3.8 Regional summary of workshop data

The following summarises data gathered from workshops (or focus groups) that were held within each of the seven Territorial Authorities in the Auckland Region. These focus groups were categorised into community (7 groups), industry (13 groups), social services (1 group) and mixed groups (6 groups). Tangata whenua groups were conducted in three regions

To effectively facilitate discussion within the specified time frame a semi-structured discussion guideline utilising six open-ended questions was developed.

The focus groups provided a vast amount of qualitative data. Data analysis was based on a general inductive approach, which allowed the major, common and dominant themes inherent in the raw data to emerge.

This information should be treated with caution, as it reflects only those participants that were invited to, and attended, the workshops. It is also important to note that some participants travelled and attended additional workshops that were outside of their own territorial authority (thereby replicating their views in different areas). It is acknowledged that wider consultation within each region is required.

This section outlines the overall general summaries across the region, in particular the emergent themes. More specific themes for each territorial authority can be found in their respective/individual report.

3.8.1 The Social Impacts of EGMs

Most participants identified the social impacts of more EGMs to be increased exposure, access and availability particularly for at-risk populations such as youth, Maori, Pacific peoples, and Asians. These impacts would lead to an increase in gambling-related problems and more pressure would be placed on services such as budgeting and churches.

Participants believe an increase in gambling-related harms would impact further on individuals, families and communities, for example through dysfunctional relationships, child neglect, child abuse and domestic violence. This could result in more formal and informal debt, loss of homes, assets and an increase in poverty.

On a more positive note, participants acknowledged that more funds would be available for the community, and for entertainment, employment opportunities and improved business prospects.

Additional discussion within this section identified a need for more research to determine what the costs of increased EGMs would be for social services in relation to areas such as increased crime and familial impacts.

The participants believe that maintaining the same number of EGMs would at the least maintain the current level of social impacts on individuals, families,

communities and social services, which more than likely will continue to increase. Generally, the majority of groups accept status quo with some districts specifying the need to remain status quo, as they currently have low crime rates and a low number of venues and EGMs. Overall, it was believed that it was more important to maintain quality of life than increase the number of EGMs.

It was believed that restricting the number of EGMs further would result in less exposure, access and availability producing less gambling-related problems but at the same time it was also noted that the financial viability of businesses would be threatened.

Participants believe more research is required to identify whether problem gambling exists within each district, and to what extent.

A number of contradictory themes were identified. Less community funding was considered a negative aspect by some although others in the groups argued that this might encourage increased community input into finding alternative fundraising opportunities. Participants did not believe that there would be less entertainment and leisure activities if there were less machines, instead it might encourage people to utilise other community based leisure activities. Gambling participation was perceived by some to be an individual's choice, however others perceived it to be initially a choice and later an addiction. .

3.8.2 The Economic Impacts of EGMs

Participants believe that if the number of machines were increased the industry would increase with more money for communities and Government and more entertainment and employment opportunities. On the other hand, there would be increased costs for Government to address resulting problems such as an increase in crime as well as the increased costs associated with monitoring, regulating and policing more EGMs.

Participants think that status quo is currently sustainable, although negative gambling-related harms will continue, and they feel the need for transparency and accountability in the community funding/distribution processes.

It was identified that fewer EGMs meant less community funding and less employment opportunities and the risk of decreasing local expenditure on gambling resulting in increased funds for other districts.

3.8.3 The Cultural Impacts of EGMs

Increasing the number of machines would increase gambling-related harm for at-risk populations such as Pacific peoples, Maori, Asian and youth, and increased pressure on social services. Furthermore, the normalization of gambling within Maori and Pacific communities would impact on future generations and lead to a loss of cultural values.

It was suggested that in areas with smaller populations of at-risk ethnicities ethnicity should not be an issue, as all cultures are affected in these smaller groups.

Keeping the current number of EGMs maintains and may plausibly increase the current impacts on at-risk groups and will continue to impact on others through such things as familial dislocation (with the risk of generational impacts).

Again, fewer EGMs would result in less community funding and the loss of employment with some mention of fewer gambling-related problems

3.8.4 The Environmental Impacts of EGMs

Workshop participants identified the main environmental impact of increasing the number of EGMs to be the clustering of venues resulting in a ‘seedy’ area within districts. It was considered that this would attract further ‘undesirable’ practices that would ‘drag’ an area ‘down’. In addition, increased signage would result in increased exposure, participation and gambling-related harms.

Although, maintaining *status quo* in most areas was considered acceptable some participants believe that an environmental impact would be venue operator persistence in targeting particular districts/areas.

Participants generally considered fewer EGMs to improve environments, however, the possibility of ‘underground’ gambling was emphasised.

3.8.5 Restricting EGMs by Location

Most workshop participants considered it necessary to devise a way to spread EGMs proportionately across wards rather than regions, with some suggestion of gamble free zones. The majority of groups do not think that EGMs should be located near schools, churches, kindergartens, shopping malls or supermarkets, some even questioned whether they should be situated in sports clubs, considering the exposure to youth who frequent such venues. On the other hand, it was acknowledged that some EGM venues are currently located near some of these places and it seemed that there were no associated problems.

It was felt that the primary business of any venue must be considered with suggestions that EGMs be restricted to premises with liquor licenses.

Many groups specified that EGMs should not be concentrated within particular areas to avoid clustering because concentration was considered ‘seedy’, a safety risk, and a means of attracting other undesirable behaviours. In contrast, others thought that limitations should be placed on the number of new venues, and that they should be grouped together for law, order and control.

3.8.6 Restricting EGMs per Head of Population

The majority of the groups considered *status quo* acceptable. There was variation between workshop participants in different districts with some districts preferring to remain *status quo* with lower than the average number of EGMs per population while others are mindful of the fact that their current number of EGMs might be further reduced.

It was felt that any formula/equation/ratio used to determine per head of population ratio must be carefully researched and each ward must be considered separately. Some groups thought that a ratio was an efficient means of controlling the proliferation of gambling; others considered this illogical and difficult because of increasing densities of people within areas.

3.8.7 Restrictions on TAB Locations

The majority of groups considered that restrictions on TABs should be the same as those placed on EGM venues, if not tighter. It was generally noted that EGMs should not be placed in TABs, mainly because this increases the availability and accessibility of gambling, and also because it was acknowledged TABs do not give money back to the community.

3.8.8 Restricting EGMs to/in Particular Types of Venues

The dominant feeling was that EGMs should be restricted to licensed venues, which are perceived to have structures already in place. Restricting EGMs to particular venues was considered an effective means of ensuring that gambling environments are controlled, predominantly with regard to age monitoring and was deemed an effective means of 'shutting down' irresponsible hosts. It was also noted that EGMs should not be placed in all licensed venues, particularly restaurants, ten-pin bowling clubs, and any family orientated environments.

Workshop participants emphasised the negative association between accessibility of alcohol, gambling and smoking in one venue with suggestions that alcohol and gambling venues should have separate entrances. It was acknowledged that many people who gamble do not necessarily consume alcohol, thus restricting EGMs to licensed venues restricts those who do not frequent these venues.

A common concern was the possibility of concentrated/focused/organized crime.

Another point made was the desire for strict regulations as some types of venues might affect the social environment of a town.

3.8.9 The Impacts of EGMs in Other than Licensed Premises

It was strongly emphasised that EGMs should be restricted to licensed premises.

Social Impacts

Participants felt that having EGMs in other than licensed premises would make gambling more visible and public awareness might increase. This shift in location might also result in a loss of control and governance and increased exposure, accessibility and availability, which may lead to increasing gambling-related problems.

Economic Impacts

The dominant positive impact of having EGMs in non-licensed premises was the possibility that more people might spend money in surrounding business. In general, it was not considered commercially viable to set up smaller venues with only two to three EGMs.

Cultural Impacts

Most groups did not identify positive impacts on culture if EGMs were located in non-licensed premises. However, negative impacts included increased youth exposure and associated delinquent behaviours, cultural changes and generational ramifications particularly for Maori, Pacific and Asian peoples due to the normalisation of gambling.

Environmental Impacts

Most groups did not identify positive environmental impacts of locating EGMs in non-licensed premises focusing instead on the normalisation of gambling and the encouragement of other undesirable behaviours and activities as negative environmental impacts.

3.8.10 Restricting EGMs in Proximity to Certain Facilities

There were mixed responses to this question. Some participants favoured *status quo* while others supported restricting the proximity of EGMs to facilities such as schools (including language schools with high populations of Asian students, and pedestrian routes to schools), residential areas, churches and retirement homes⁴⁴.

3.8.11 Recreational/Community Funding

Participants widely supported community groups receiving funds and the distribution of funds within the community as it increases employment opportunities. It also supports a wide range of community groups and activities, inclusive of sport, arts,

⁴⁴ Please refer to Question 1b.

culture, health and wellbeing, and religion. Furthermore, it provides necessary equipment for schools, hospitals, and life-saving services.

The participants noted several negative aspects to the funding distribution and wanted audits, accountability, transparency, and equitable distribution to be part of the process of community fund allocation. Additionally, restrictions on EGMs were considered to hinder the amount of community funding available, thus negatively impacting on recipients and communities in general. It was interesting to note a common concern regarding the reliance of particular groups on this funding. Compensation by the government was questioned.

3.8.12 Host Responsibility Programmes

In general support was shown for a host responsibility programme (HRPs) in particular one that is standardised and has proven standards of measure. Many participants supported the provision of tighter controls, monitoring and early identification/awareness of problem gambling.

Negative aspects related to the increased costs of monitoring/enforcement and other difficulties associated with policing HRPs. In particular many groups noted the difficulty of having all of the responsibility for problem gambling but no authority to enforce restrictions on identified persons.

In addition to this, it is important to note that some venue operators consider the identification of problem gamblers a negative aspect of HRPs.

3.8.13 The Future Direction of Gambling and The Gambling Venue Policy

Information regarding the future of gambling and the Gambling Venue Policy is specific for each territorial authority. All of the information from the focus groups in these sections is included and can be found in the relevant reports covering each of the Auckland Territorial Authorities.

4. Issues, policy options and recommendations

A number of key issues have been identified in this report relating to gambling and the responsibilities of Territorial Authorities. Available data for the Auckland Region has been outlined and reinforces the research literature around the possible benefits and harms gambling can produce.

Despite the volume of data presented in this report, an overarching issue is the significant lack of data about the true impact (positive and negative) of gambling. The absence of regularly collected and reported indicators at a national, regional and local level is a major limitation of any policy development.

With the passing of the Gambling Act 2003, a clear government signal has been delivered that gambling is a public health issue. As with any public health issue, there are undeniably negative consequences of gambling. As a society there is both collective and individual responsibility for minimising this harm.

Under the Gambling Act 2003, specific responsibilities have been passed on to Territorial Authorities. This report goes some way to providing a summary of the issues around gambling that need to be considered in formulating policy at the territorial authority level. Unfortunately the available data do not and cannot provide definitive direction for Territorial Authorities.

Territorial Authorities in developing a Class 4 Gambling Venue Policy and TAB Venue Policy not only need to consider the Gambling Act 2003 but also the Local Government Act 2002, i.e. legislative responsibilities should be considered concurrently. Under the Local Government Act 2002, the purpose of territorial authorities is stated as “to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future”⁴⁵.

Although stakeholder workshops were held in each territorial authority area as part of this research, full consultation (as defined by the Local Government Act) will be required, with special consideration being given to Maori. This is especially important given research that indicates that Maori often gamble more and generally receive fewer benefits through distribution of grants.

There are eight broad policy options facing territorial authorities. These include:

- i. More machines and/or venues
- ii. Fewer machines and/or venues
- iii. Maintaining the status quo (the same number of machines/venues)
- iv. Restricting the location of venues or not
- v. Restricting the type of venue (i.e. the primary purpose of the venue) or not
- vi. Requirements for host responsibility policies or not
- vii. Requirements for additional harm reduction measures
- viii. Explore ways for communities to have input into the application and approval of new venues/additional machines.

⁴⁵ Section 10 of the Act.

All venue policies will need to be reviewed within three years.

4.1 Limitations of the research

As noted, despite the quantity of data presented, the data do not and cannot provide definitive direction for Territorial Authorities. The research also does not constitute consultation as defined by the Local Government Act 2002. Workshops were held, but these were not publicly notified and participants were invited from lists generated by each territorial authority based on various stakeholder groups.

Specific data limitations are noted within each section of the report.

Further, no literature search or analysis of overseas policies was carried out.

A major limitation is the lack of data on the economic impacts of gambling within the Auckland Region. While data is presented around distribution of grant money by the six large national trusts, it excludes a substantial (up to a further 50% of the overall total) amount of money that is distributed by local clubs and trusts. There are no readily available expenditure data (i.e. the amount of money spent by gamblers in each territorial authority or regionally). And there is no readily available data on economic benefits such as job creation, etc.

Furthermore there are no readily available measures of the flow of money into or out of territorial authority districts or regionally due to gambling. For example residents travelling to gambling venues located in other districts or regions. Other than Sky City reporting that 36% of its revenue comes from out-of-region visitors. Nor are there any measures that reflect the movement of business investment or employment opportunities expected to be associated with inter-area gambling.

4.2 Options for gathering information for indicators in the future

Appendix 1 outlines a range of ideal indicators that would be useful in monitoring the impact of gambling at a local, regional and national level. At the very least, Territorial Authorities should regularly monitor indicators using the available data (i.e. grant distribution, and level of problem gambling). There is a case that measures should be put in place by central government and local government to regularly collect and report other gambling impact indicators. This was signalled in the *Draft National Plan for Minimising Gambling Harm*.⁴⁶

More specifically, it is recommended that Territorial Authorities proactively commence compiling local club and trust grant distribution data to build a more comprehensive picture of local community benefits.

⁴⁶ Ministry of Health, October 2002. Available from their website (www.moh.govt.nz)

4.3 TAB Venue Policy Options

All Territorial Authorities are required to develop a TAB Venue Policy as outlined in the Gambling Act 2003. Territorial authority consent will be required to establish a new TAB in cases where the premises are owned or leased by the New Zealand Racing Board and where the main business carried out on the premises is providing racing or sports betting services (i.e. standalone TABs). Activities of the New Zealand Racing Board (TABs) in premises such as bars and clubs that are not owned or leased by the New Zealand Racing Board are regulated under the Racing Act 2003.

It is unlikely that Territorial Authorities will need to consider providing consents for many new TABs across the Auckland Region as numbers have generally been static or declining over the past few years. However more TABs may apply to operate EGMs. Access to TAB gambling is not limited to the location of TABs as gambling can be done via a TAB telephone account.

Data analysed for this report indicate that TABs are more likely to be located in areas that have a high deprivation score, low income, and are in areas with higher concentrations of Maori and older people. Stand-alone TABs are, in addition, more likely to be located in areas with high proportions of Pacific and Asian people.

Various policy options (including a summary of the positives and negatives of each option) for Territorial Authorities are outlined in the table below.

Table 18: Key draft policy options for Territorial Authorities to consider around TAB Venues

Draft TAB Venue Policy Options	Positives	Negatives
1. Allow new TAB venues to be freely created	<ul style="list-style-type: none"> • Likely that only a small number of applications will need to be considered for consent • Some possible increase in local business/economic development • Some increase in access and therefore increase in gambling opportunities • Increased gambling entertainment opportunities 	<ul style="list-style-type: none"> • Small increase in monitoring and compliance costs for Territorial Authorities • TABs could apply to operate gambling machines • No increase in community grants funds as distributions from EGMs by TAB venues would be discretionary as it stands - possible decrease in community grants if TAB EGMs displace existing Class 4 venue EGMs • New TABs upset local community concerned about gambling • Some possible increase in problem gambling due to increase gambling overall
2. Control new TAB venues by location or some other means	<ul style="list-style-type: none"> • Minimise any potential community concern about new TAB venues being close to schools, religious centres or other sensitive locations • Control physical access and any growth in TAB type gambling to current locations, telephone betting and carefully considered new locations based on specified criteria (e.g. distance from schools) 	<ul style="list-style-type: none"> • Limits or dissuades any business/economic development around new TAB venues
3. Not allow any new TAB venues	<ul style="list-style-type: none"> • Prevents any further physical access to TAB gambling and therefore any related harms, including dealing with any adverse community concerns 	<ul style="list-style-type: none"> • Prevents any business/economic development around new TAB venues

4.4 Class 4 Venue Policy Options

The Gambling Act 2003 determines the scope of Class 4 Venue Policy options. These requirements and options are briefly summarised below, but Territorial Authorities should refer directly to the Act in preparing their policies. The Local Government Act 2002 also is pertinent.

Consents

Class 4 Venues licensed after 17 October 2001 should all have reduced the number of machines in excess of nine to a maximum of nine machines soon after the Act came into force. These venues must all apply for territorial authority consent to operate the (up to) 9 machines. Any new venues must apply for consent. Class 4 Venues licensed prior to 18 October 2001 must apply for territorial authority consent if they wish to increase the number of machines in operation, or if the venue's licence has lapsed for a continuous period of six months or longer.

Territorial Authorities consider applications for consents in accordance with their Gambling Venue Policy. They then either grant a consent with or without a condition specifying the maximum number of gambling machines (maximum will be nine as this is the statutory limit) that may be operated at the venue; or do not grant a consent.

Territorial Authorities must not consider applications for consents before they have a Gambling Venue Policy.

Clubs and Ministerial Discretion

Territorial Authorities can specify a limit on the number of machines for clubs licensed after 17 October 2001 (if they wish to allow more than the statutory nine and allow some ministerial discretion up to a maximum of 18 allowed for in the Act), and for clubs licensed before 18 October 2001 that wish to legally and physically merge (ministerial discretion is for up to a maximum of 30 machines). One territorial authority draft venue policy has allowed for the combined total of machines at the two clubs or 30, whichever is the lesser.

General scope of Class 4 Venue Policies

Territorial Authorities must adopt a policy on Class 4 Venues by March 2004 (i.e. six months after the passing of the Gambling Act 2003). In adopting a policy, Territorial authorities must have regard to the social impact of gambling within their territorial authority district.

The policy:

- must specify whether or not Class 4 Venues may be established in the territorial authority district and, if so, where they may be located
- may specify any restrictions on the maximum number of gambling machines that may be operated at a Class 4 Venue (fewer than the statutory nine).

In determining its policy on: i. whether Class 4 Venues may be established in the territorial authority district; ii. where any venue may be located; iii. and any restrictions on the maximum number of gambling machines that may be operated at venues, the territorial authority may have regard to any relevant matters, 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
- c) the number of gambling machines that should be permitted to operate at any venue or class of venue
- d) the cumulative effects of additional opportunities for gambling in the district
- e) how close any venue should be permitted to be to any other venue
- f) what the primary activity at any venue should be.

The Gambling Act 2003 states that Class 4 Venue policies must be adopted in accordance with the special consultative procedure in section 83 of the Local Government Act 2002 and, for the purpose of subsection (1)(e) of that section, the territorial authority must give notice of the proposed policy, in a manner that the territorial authority considers appropriate, to:

- each society that holds a class 4 venue licence for a venue in the territorial authority district; and
- organisations representing Maori in the territorial authority district.

A policy may be amended or replaced only in accordance with the special consultative procedure, and this section applies to that amendment or replacement.

Territorial Authorities must complete reviews of their policies within three years after the policies are adopted and then within three year cycles thereafter.

Encouraging more local distribution of funds

Territorial Authorities could under the Local Government Act 2002 consider drawing up a Memorandum of Understanding in negotiation with societies owning machines in the area to agree that a certain proportion of grant distribution remains within the territorial authority District.

Table 19 summarises various policy options (including a summary of the positives and negatives of each option) available to Territorial Authorities in developing their Class 4 Venue policy.

Table 19: Key draft policy options for Territorial Authorities to consider around Class 4 Venues

Draft Class 4 Venue Policy Options	Positives	Negatives
1. Allow new Class 4 venues to be freely created ⁴⁷	<ul style="list-style-type: none"> • Possible increase in local business/economic development associated with gambling • Increase in access and therefore increase in gambling opportunities • Allows market forces to determine location and overall number of machines • Possible increase in community grants funds • Increased gambling entertainment opportunities 	<ul style="list-style-type: none"> • Increase in monitoring and compliance costs for Territorial Authorities through processing consents • Possible decrease in business/economic development in sectors displaced by gambling • New venues may upset local community concerned about gambling • Increase in problem gambling due to increase gambling overall, therefore increased harm from gambling
2. Allow new Class 4 venues to be freely created, but require strict host responsibility policies and programmes	<ul style="list-style-type: none"> • As above 	<ul style="list-style-type: none"> • As above, but more controlled increase in problem gambling and harm and much greater territorial authority monitoring and compliance costs
3. Control new Class 4 Venues by location or some other means (e.g. limit new venues to certain areas, number of machines per capita, number of machines per venue, etc)	<ul style="list-style-type: none"> • Could minimise any potential community concern about new venues being close to schools, religious centres or other sensitive locations • Control physical access and any growth in Class 4 Venue gambling to current locations and carefully considered new locations based on specified criteria (e.g. distance from schools) 	<ul style="list-style-type: none"> • Limits or dissuades any business/economic development around new venues • Limits any increase in distribution of funds to local communities
4. Not allow any new Class 4 Venues	<ul style="list-style-type: none"> • Prevents any further access to Class 4 Venue gambling and therefore any related harms, including dealing with any adverse community concerns • Protects current venues profitability and distribution of funds 	<ul style="list-style-type: none"> • Prevents any business/economic development around new Class 4 Venues • Limits any increase in distribution of funds to local communities
5. Reduce number of machines in venues licenced after 17 October 2001 only (as allowed by the Gambling Act 2003) ⁴⁸	<ul style="list-style-type: none"> • Limited positive impacts as above as there are few venues regionally under this category, although some territorial authority areas have reasonable numbers that would potentially increase these impacts 	<ul style="list-style-type: none"> • Limited negative impacts as above as there are few venues under this category, although some territorial authority areas have reasonable numbers that would potentially increase these impacts

⁴⁷ It could be argued that Option 1 would not meet one of the requirements of the Gambling Act, i.e. to control the growth of gambling.

⁴⁸ The report (Section 3.2) highlights substantial variations in the concentration and locations of machines across the seven districts.

4.5 Conclusions and recommendations

The paucity of available information to quantify the level of gambling benefit/harm in the Territorial Authorities of the Auckland Region has meant that the current report is unable to provide a comprehensive picture of what is going on. However we can identify, for example, from overseas work that “greater accessibility” is associated with increased gambling, increased numbers of problem gamblers and increased community harm, particularly among socio-economically disadvantaged populations and “at risk” groups, including Maori, Pacific, Asian, women and young people. It is less clear to what extent community benefits (e.g. increased employment, local business) continue to increase with continuing expansion of gambling.

Thus it seems likely that more EGMs, more venues, longer opening hours, more promotion, etc, and indeed any development that increases the level of accessibility, commoditisation and convenience of EGM gambling will contribute to increased participation. In this respect promoting and providing convenience gambling to consumers is not too different from promoting and providing convenience fast food. However increased participation in gambling also results in increased problems and increased harm.

In any area where we have good reason to believe that harm is occurring it seems prudent to adopt an approach that minimises such harm or at least does not increase the risk of harm. Until the extent of actual harm occurring from gambling is known it is important that Territorial Authorities seriously consider developing policies that restrict further expansion or accessibility of gambling until it is ascertained that no further harm will result or alternatively that they and the broader community are prepared to accept increased harm.

The objectives of the Gambling Act 2003 are to ensure that:

- Gambling is used primarily to raise funds for the community
- The harm caused by gambling is prevented or minimized
- Growth of gambling is controlled
- There is “local” involvement in decisions about availability of more risky forms of gambling.

In contrast there is no explicit objective stating that the “benefits” from gambling are maximised.

In granting venue consents, Territorial Authorities have a once only opportunity to consider individual venue licenses on first application or when venues apply to increase the maximum number of machines they can operate (although the territorial authority must review its venue policy every three years).

Thus, within the context of the objectives of Act, the purpose of the territorial authority Gambling Venue Policy may be considered to be to:

- Minimize harm to individuals and community from Class 4 gambling
- Control and manage the extent and growth of EGM, TAB and Class 4 gambling in the district by determining provision of gambling in new venues (while providing for those in the district who wish to gamble on EGMs and/or TABs to do so).

There is therefore some onus on venue applicants to demonstrate that additional harm will not result from any proposed expansion of venues, machines, opening hours, accessibility, and for example, that the opening of new venues will not result in further leakage of funds out of the district or cause further harm to “at risk” ethnic or socio-economic subgroups, etc.

There are a number of options for Territorial Authorities considering the restriction of gambling under the Gambling Act 2003 which take into account the harm minimisation principles. Briefly these are:

1. Consider restrictions on the availability of EGMs by:
 - a) Placing a territorial authority district cap on the number of machines per number of adults
 - b) limiting the number (less than the allowed nine under the Act) of EGMs in new venues for the first year of operation
 - c) limiting opening hours.
2. Consider restrictions on the locations and layout of new venues by:
 - a) Prohibiting new venues in residential zones, or within 500 metres of any residential zone, school, kindergarten or religious establishment.
 - b) Consider requiring a certain layout of premises, e.g. screening off EGMs from other areas, or requiring separate entry and access
 - c) Consider limiting the position of EFTPOS, provision of credit facilities etc.
 - d) Consider restricting the primary purpose of venue as sale of liquor or liquor and food.
3. Consider improvements to responsible hosting within new venues:
 - a) Imposing operating conditions as a condition of granting venue consents, e.g. establishment of a “host responsibility” and harm minimisation policy and staff training program (this is something that the Ministry of Health could be encouraged to develop)
 - b) Consider prohibiting certain forms of promotion, e.g. footpath signs advertising jackpot values, etc.

In summary, Territorial Authorities may wish to seriously consider a range of policy options in the development of a Gambling Venue Policy that will provide some protection for the broader community from the potential harms that will arise. The following list of recommendations has been developed to assist Territorial Authorities in this process.

List of recommendations:

That Territorial Authorities consider the likely negative and positive impacts of increasing, decreasing or maintaining the status quo of venues/machine numbers and use the themes that have arisen from stakeholder workshops in this project as a basis for their consideration.

That Territorial Authorities consider the possible negative impacts of increasing gambling venues in areas of high concentrations of Maori, Pacific and Asian people and in areas of low income/high deprivation as these areas already show high concentrations of gambling venues across the Auckland Region.

That if a territorial authority wishes to develop a Gambling Venue Policy that will limit venues by location, then it considers doing so in relation to known at-risk problem gambling communities (e.g. areas with high concentrations of Maori, Pacific and Asian people, and areas with low income or high levels of deprivation).

That if a territorial authority wishes to allow new venues or increases in machines that it includes a requirement for a standard host responsibility policy within the consent criteria. Territorial Authorities in the Auckland Region could consider joining together to develop such a host responsibility policy.

That Territorial Authorities examine processes that might facilitate a more equitable distribution of community benefit funds, particularly between districts and between funding categories.

That Territorial Authorities are best placed to monitor access to services for problem gambling and could assist services in responding to the unique characteristics, needs and access issues for those needing help within their districts.

Indicator recommendations

That Territorial Authorities regularly monitor gambling indicators using the available data (i.e. grant distribution, and level of problem gambling).

That local government work with central government to develop a consistent set of gambling indicators that can be regularly collected and reported.

That Territorial Authorities proactively commence compiling local club and trust grant distribution to build a more comprehensive picture of local community benefits.

That Territorial Authorities consider securing funding for research into the economic and community impacts of gambling (e.g. employment, economic activity, community health and quality of life).

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Appendix 1: Gambling Indicator Framework

Indicators have been defined as “something that helps us understand where we are, which way we are going and how far we are from where we want to be.”⁴⁹ For the present project, the following discussion aims to provide a framework of possible indicators that would provide an assessment of the social, cultural, environmental and economic impacts of gambling in the greater Auckland region. Specifically, the indicators are to:

- Measure both positive and negative aspects of gambling
- Be locally focused, relevant and comparable between territorial authority districts
- Have the ability to be linked with relevant measures for policy action at the local level
- Differentiate as much as possible between the impacts of different forms of gambling in different communities
- Differentiate, where necessary, the impacts on the different communities in the region (e.g., Maori, European, Pacific and Asian)
- Be community/population based.⁵⁰

In essence, the indicators are to provide an indication of the current social, cultural, environmental and economic impact on gambling in the region and identify challenges and opportunities that are likely to arise in the future while recognising the Treaty of Waitangi rights and obligations.

It should be noted that data for the indicators outlined in Section 4 below are generally not available or may require proactive research.

Framework for Understanding Impacts of Gambling

For some people, gambling is a pleasurable, recreational activity. For others, gambling holds the promise of providing an escape from an adverse financial situation or personal trauma. However, for a minority of individuals, gambling can become addictive, leading to serious consequences for themselves and their family/whanau. Gambling also has an impact on communities, affecting some groups more than others. Because of these wider issues, gambling is seen and framed as a social issue, a mental health issue and now a public health issue.⁵¹

There are unique features of gambling as an economic sector in New Zealand. Gambling establishments compete with other forms of entertainment (e.g., movies or music venues) for the patron’s dollars, with revenues being divided between support for recreational activities (such as sport and cultural activities), tax revenues for the government, and profits for the establishments. There are different types of gambling providers competing for the gambling dollar. Since the 1990s, New Zealand has seen

⁴⁹ Environment Waikato, www.ew.govt.nz/ourenvironment/indicators/information/index.htm

⁵⁰ UniService proposal to TAs.

⁵¹ See Korn, Gibbins, and Azmier, (2003), *Framing public policy towards a public health paradigm for gambling*, *Journal of Gambling Studies*, 19 (2), 235-256.

a growth in gambling opportunities with the provision of six casinos, widespread gambling or “pokie” machines spread throughout the country’s clubs and bars, new games of chance developed by the New Zealand Lotteries Commission and the Totalisator Agency Board (TAB) and continued involvement in track and sport betting. With the growth of e-technology, some observers are now predicting that Internet gambling could become the growth area for future gambling, with predicted international targets of \$US10 billion within the next 5 years (Dwek, 1997; Griffiths, 1999). This is an area of future risk, with for instance, 1 in 25 high school students reporting gambling on the Internet compared with only 1 in 100 adults in a recent New Zealand survey.

The Gambling Act 2003 specifically prohibits the provision of remote interactive gambling in New Zealand, except limited forms of remote interactive gambling on racing and sports events provided by the TAB, remote interactive gambling conducted by the Lotteries Commission, and sales promotions that are lotteries. This includes gambling via the Internet and over the phone including text messaging.

The Gambling Act 2003 defines areas of gambling in which providers can be involved so that competition is controlled. In addition, the gambling sector often works with government to influence policy and reduce gambling-related harm.

The gambling sector can be a significant source of direct and indirect employment in the region and can lead to economic growth. The placing of establishments may have strong localised impacts (both positive and negative) on neighbourhood areas and regions where the establishments are sited (particularly if sited in an area that previously had none). In addition, the distribution of revenue from gambling to community organisations means that groups not otherwise involved in gambling are dependent upon gambling funding directly or indirectly for survival. By promoting and providing opportunities for gambling, money may be diverted from other social and economic areas of expenditure and can influence the income and employment of other sectors.

Thus, the impact of gambling can occur at a number of different levels. At the *individual level*, gambling may be a pleasurable activity for those who partake, can lead to adverse outcomes for some individuals, and can have an indirect but significant impact on friends and family. Understanding the extent of this impact will provide information on the value individuals place on having access to gambling and the consequences on their lives and their families. The impact at the *community level* includes how gambling and gambling establishments change the social, economic and cultural aspects of the neighbourhoods. And at the *regional level*, gambling can have an impact on economic growth and employment.

Impact on Individual and Family Indicators

Expenditure on gambling:

The expenditure (or losses) on gambling is the turnover (total amount bet) less the proportion that is returned to the punters in the form of earnings (winnings or prizes). This revenue is distributed to a number of sources, including funding community and sports groups, tax transfers to the government, profits to the gambling establishment, and funding of problem gambling services (an indirect transfer back to those individuals and families who use problem gambling services). Thus, the individual's total expenditure related to gambling is the expenditure on gambling less any indirect transfer or revenues.

Consequences of gambling: Non-problem gamblers

As with other forms of entertainment, punters must decide how much money and time to spend in its pursuit. The amount of time and money spent is an indication of the worth patrons place on this form of entertainment.⁵² However, the net direct benefit to the individual from having gambling available is the benefit they receive from gambling less the benefit they would have received from the next preferred option (e.g., movies).

Gambling may also have indirect impacts on the individual and family members. If money used from gambling has been diverted from saving or retirement accounts, then gambling may create hardships that only occur in the future. To the extent that individuals do not adequately anticipate the implications of gambling on the future, the choice to gamble may (ex post) not be in the individual's best interest.

The family may be affected to the extent that gambling directs resources (both financial and time) from other activities that benefit the wider family and community. For instance, a diversion of financial resources from the funding of children's education or school lunches will adversely impact the children in the family. To the extent that gambling is a social activity that draws together family members, then gambling may have indirect benefits to the family.

Those indirectly affected may include the wider community to the extent that gambling diverts resources from participation in community groups. Thus, assessments of the total benefit from gambling must consider the direct benefit to the patron, the indirect impacts on the individual and family members, and the change in intangible aspects such as cultural and participation in community activities.

⁵² See, for instance, Business of Economic Research Ltd (2001), *Assessing the economic and social impacts of gaming in New Zealand*, Wellington, as quoted in AIGR's (2001) report *Social and economic impacts of gambling in New Zealand*, University of Western Sydney.

Consequences of gambling: At risk and problem gamblers

Gambling can lead to an addiction or co-addictions, resulting in perverse outcomes for some people. Although problem or at-risk gamblers may still get some value out of the gambling, it can be outweighed by other factors. For those at-risk of problem gambling, these outcomes can include high expenditures, criminal offending, concealment and family difficulties and mental health problems.⁵³ For problem gamblers, the problems can be even more severe, including potential loss of employment, legal problems and serious relationship and family difficulties and even increased risk of suicide.

Impact of Communities and Specific Areas

Previous studies have found differential rates and impacts of gambling across communities.⁵⁴ It is important to distinguish three types of impacts that can fall on communities:

- Funding of community organisations:

As mentioned, in New Zealand a percentage of the profits from Class 4 gambling go to community groups. When these are factored into the expenditure calculations, it is appropriate to speak of the total net expenditures as being the expenditures in gambling establishments minus any transfer that occurs via the community grants. Thus, by coordinating and pooling resources for these community groups, gambling may facilitate the development of groups and organisations. Without an organising body, this activity usually requires considerable time and effort on the part of participants.

The net benefit from this coordination role depends upon two factors: The extent to which gambling is providing a new service (e.g., funding an activity that was not previously offered) or replacing an existing funding source (e.g., local government) and the benefit the community receives from the activity when compared to alternative sources of funding (e.g., the extent to which the funded activity benefits the community).

It is also important to consider the distribution of funds across communities. Communities will differ in the amount of resources that members spend on gambling and the amount received from indirect transfers. To the extent that some communities may receive funding disproportionate to the gambling expenditures from the individuals in their community, the funding of community organisations may represent a net transfer from one community to another. Thus, some groups may

⁵³ National Opinion Research Center (1999), *Gambling Impact and Behavior Study*, University of Chicago, www.norc.uchicago.edu/new/gamble.htm and Productivity Commission (1999), *Australia's Gambling Industry*, Productive Commission, Canberra, Australia.

⁵⁴ Abbott, M., & R Volbert (1999), *Gambling and problem gambling in the community: An international overview and critique*, New Zealand Department of Internal Affairs, Wellington.

actually gain financially from gambling if they receive funding in excess of their expenditures.

For instance, Maori have been found to have higher use of gambling than European communities. If communities with high percentage of Maori do not receive a share of the redistributed profits proportionate to their contributions, then there will be a net transfer from Maori to other communities as a result of the gambling. This would represent a regressive wealth transfer. When assessing the impact on the community, it is important to consider both expenditures and transfers.

- Siting of gambling institutions:

As with any industry, the growth of gambling establishments or venues that offer gambling may create significant changes in a neighbourhood or a specific region. These benefits may be positive, such as revitalisation of an underdeveloped or depressed area, or negative, such as changing the character of the community (especially if existing businesses are replaced). In the latter case, the assessment of the net effect should consider the entire community's loss of easy access to other types of venues (if this has occurred?). Impacts of an increased density of gambling opportunities may impact more negatively on low income communities or neighbourhoods.

- Change in social conditions:

Aside from the economic aspects, the introduction of gambling machines can change the social and cultural environment. These changes might be beneficial (in the case of a revitalised area) or could have a negative impact (if associated with increased crime or other illicit activities). Furthermore, the extent to which gambling replaces other activities (such as attending sessions on the marae or local community centres) should also be considered as other types of activities may be more socially beneficial.

Impact on Region

As with these other forms of entertainment, the gambling industry often attempts to provide an attractive atmosphere for patrons. This might occur from introducing a new gambling venue (such as Sky City) or augmenting an existing venue to provide gambling (e.g., adding Electronic Gambling Machines to a bar). When new products are more attractive than the alternative forms of entertainment (e.g., bars that add EGMs), different sectors of the gambling industry can expect to grow.

The inflow of revenue into the industry can come from four possible sources: Transfers from other forms of entertainment, conversion of an individual's savings or asset levels, diversion from the purchase of other consumables (such as housing, food or travel) or new patrons from outside of the region (e.g., tourists).

The extent to which growth in the gambling industry contributes to growth in the region is therefore determined by a number of factors, including:

- Amount of new resources spent due to either:
 - Funds from outside the region (e.g., tourist dollars)
 - Funds from reducing asset levels of those in the region (e.g., savings accounts)
- Productivity: Identifying the net impact of an additional dollar brought into the community or transferred from another source of expenditure requires consideration of the extent of the multiplier effect of the industry as a whole⁵⁵
- Negative impact of problem gamblers: In addition to the individual and family problems associated with problem gamblers, there are also productivity losses associated with their failure to contribute to a work environment
- Cost to the community, region or nationally in providing problem gambling services.

Thus, identifying the economic impact of the gambling industry requires consideration of both the economic impact of the gambling and the change in economic activity of other businesses and social activities in the region. Identifying the net impact would also allow the calculation of the net tax revenue accruing to the government and at a local level.

Finally, there are a number of different social impacts at the regional level associated with gambling institutions. For instance, on the positive side, legalised gambling tends to have a positive impact on reducing organised crime (since gambling revenues are a significant source of income when gambling is illegal). Alternatively, it can be a vehicle to recycle funds from other illegal activities such as cannabis harvesting and sales.

Policy Implications and Indicators of the Future

A key reason to collect indicators is to help identify likely problem areas. This will allow agencies to prepare to meet the needs of the community, but will also aide the development of policies and interventions that can reduce any adverse consequences. It also can assist local and national government develop policies and interventions that recognise the Treaty of Waitangi and the on-going partnership responsibilities that exist between Maori and the Crown.

In general, there are two approaches to identifying future areas of need: Examine trends in observable variables or identify currently observable variables that are associated with a future state. An example of the former would be to measure the number of problem gamblers and its impact on affected others. Along with providing information on the extent of the current problem, observing trends in problem

⁵⁵ There have been several attempts to estimate the net gain in economic activity from gaming. See, for instance, National Institute of Economic Research, Spiller Gibbins Swan Pty Ltd (1997), *The impact of the expansion of gaming on the Victorian retail sector*, Victorian Casino and Gaming Authority, Melbourne, or Doughnet and Kelleher (1999), *Preliminary local area gambling research: Economic effects*, Commissioned by the councils of Brimbank, Greater Dandenong, Maribyrnong and Moreland.

gambling can be used to predict future trends. An example of the latter would be risk factors for developing problem gambling. There have been a number of studies looking at the factors that predict individuals who will become problem gamblers. Including these factors would assist policy makers in identifying the extent of future problems.

Developing indicators of the impact of gambling

The social, economic, cultural and environmental impacts from gambling (identified for this project) are summarised in Table 1 (see page 108-109). Ideally, detailed information on the prevalence and impact of gambling on individuals, families and communities would be available on an ongoing basis.

However, in the absence of such comprehensive data, it is necessary to rely upon indicators of the impact of gambling that are readily observable. For instance, the number of problem gamblers currently receiving treatment or known by agencies is an indication of the total number of problem gamblers. The total number of problem gamblers can then be estimated using assessments of the likely ratio of problem gamblers receiving treatment to the total number of problem gamblers. International and national evidence from previous studies of problem gamblers can then be used to assess the likely social and economic implications for the gamblers and their families.

Table 20: Summary of impacts of gambling

Individual/ Family	Social	Economic	Cultural	Environmental
All gamblers	<p><u>Individual</u> -Value of having gambling option (difference between value placed on gambling activities and value place on next best alternative) -Time spent with friends and family members</p> <p><u>Family</u> -Time spent with family members -Relationship with family member who gambles</p>	<p><u>Individual</u> -Expenditure on gambling by type:</p> <ul style="list-style-type: none"> • TAB • Internet • Gambling Machines • Other <p>-Time spent gambling -Resources forgone to fund gambling (e.g., other forms of entertainment, savings or other commodities) -Transfers from funding of community groups -Indirect, long-term impact on individuals, such as changes in saving rates</p> <p><u>Family</u> -Resources forgone (received) as a result of gambling losses (winnings), e.g. Opportunity cost of gambling, including educational, health and family support</p>	Perceived change in cultural identity of individual and family members	
At Risk and Problem Gamblers	<p><u>Factors listed above, plus:</u> <u>Work</u> -Job loss -Absenteeism -Poor attendance -Choice of job -Overtime</p> <p><u>Personal</u> -Stress -Depression and suicide -Poor health</p> <p><u>Legal</u> -Arrest -Incarceration</p> <p><u>Family</u> -Neglect of family members -Divorce and relationship problems -Domestic violence or abuse -Changes in involvement in community and cultural activities -Availability of counselling and other support services</p>	<p><u>Factors listed above, plus:</u> <u>Financial</u> -Financial hardship -Debts -Asset losses -Bankruptcy -Unemployment/loss of income -Sale of assets or taonga -Employment</p>	<u>Factors listed above</u>	

Table 20a: Summary of impacts of gambling (cont)

	Social	Economic	Cultural	Environmental
Community/ Areas	<p><u>Social environment</u></p> <ul style="list-style-type: none"> -Organised or gang crime -Community views on acceptability of community environment -Participation in community organisations (especially for children) 	<p><u>Net expenditure</u></p> <ul style="list-style-type: none"> -Expenditure on gambling by members of the group or community -Transfer of funds to members of the group or community from gambling revenue <p><u>Change in economic composition of area</u></p> <ul style="list-style-type: none"> • Net level of economic activity for businesses 	<p><u>Organisations:</u></p> <p>Changes in:</p> <ul style="list-style-type: none"> -Support and participation -Social networks 	<p><u>Neighbourhood:</u></p> <p>Changes in:</p> <ul style="list-style-type: none"> -Physical appearance of area as rated by members from within and outside the community -Sense of ownership and attractiveness of neighbourhood by members of the community
Regional impacts	<p><u>Entertainment and leisure industry activities and promotions</u></p> <ul style="list-style-type: none"> -Events -Services eg. Rescue Helicopter, Water Safety 	<p><u>Net revenues</u></p> <ul style="list-style-type: none"> -New revenues into economy from: <ul style="list-style-type: none"> • Tourism and visitors due to gambling premises • Change in asset levels -Net economic growth in region (including multiplier effect) -Tax revenues accruing to: <ul style="list-style-type: none"> • TAs • National government -Expenditure on other support services, including: <ul style="list-style-type: none"> • Health • Housing • Social services 	<p><u>Significant project and activity funding</u></p>	<p>Asset development</p>
Future indicators	<p><u>Individual:</u></p> <ul style="list-style-type: none"> -Number of problem gamblers in the near future -Gambling rates by: <ul style="list-style-type: none"> • Age • Gender • Ethnicity • Location 	<ul style="list-style-type: none"> -Implications for individuals come retirement -Government expenditure needed to deal with future problem gambling: <ul style="list-style-type: none"> • Health • Benefit • Housing • Other social services 	<p>Solitary gambling vs. social gambling (internet)</p>	

This Appendix has outlined a framework of indicators that provides a possible wish list for the future. Also refer to Section 3, which provides an overview of available indicator data for the Auckland Region. Further breakdowns are then provided in each of the territorial authority reports.

Appendix 2: Helpline data copyright, limitations and disclaimer

The data represent all callers currently entered on the Gambling Problem Helpline Database for New Zealand including the Auckland Region.

The data represents callers between the beginning of November 1998 and the 25 November 2003.

Prior to November 2003 - cities and other place names were manually typed allowing spelling mistakes and typos. An attempt has been made to capture possible misspellings, however, no guarantee is given of 100% accuracy.

Some caller details include null or blank values where the caller has not provided the information, e.g., there may be some blanks for age, gender, gambling mode, etc.

Disclaimer: The Gambling Problem Helpline has made certain information and material available the researchers. The researchers acknowledge that the Gambling Problem Helpline does not offer any opinion with respect to the nature, potential value or suitability of any particular use of this information. Use of information produced from the Gambling Problem Helpline database is at the researchers' and clients' own risk and the Gambling Problem Helpline is not responsible for any adverse consequences arising out of such use.

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Appendix 3: Specialist Gambling Services in the Auckland Region

Oasis Center

Mt Albert Clinic	726 New North Rd, St Lukes
Henderson Clinic	7 View Rd, Henderson
Glen Eden Clinic	275 Glengarry Rd, Glen Eden
North Shore Clinic	Shakespeare House, corner of Shakespeare and Alma Rds, Milford
Otahuhu Clinic	99 Church St, Otahuhu
Manukau Clinic	16 Bakerfield Place, Manukau
Howick Clinic	37 Wellington St, Howick

Problem Gambling Foundation

Auckland Clinic	7 Alpers Ave, Epsom
East, Glen Innes	Glen Innes Family Centre, 99 Leybourne Circle
West, Henderson	CAB, 5 Ratanui St, Henderson
North, Takapuna	Mary Thomas Centre, 3A Gibbons Rd
South, Mangere	366 Massey Rd, Mangere East
South, Manukau	Friendship House, Putney Way, Manukau
South, Papakura	4A Opaheke Rd, Papakura

Hauora Waikato – South Auckland

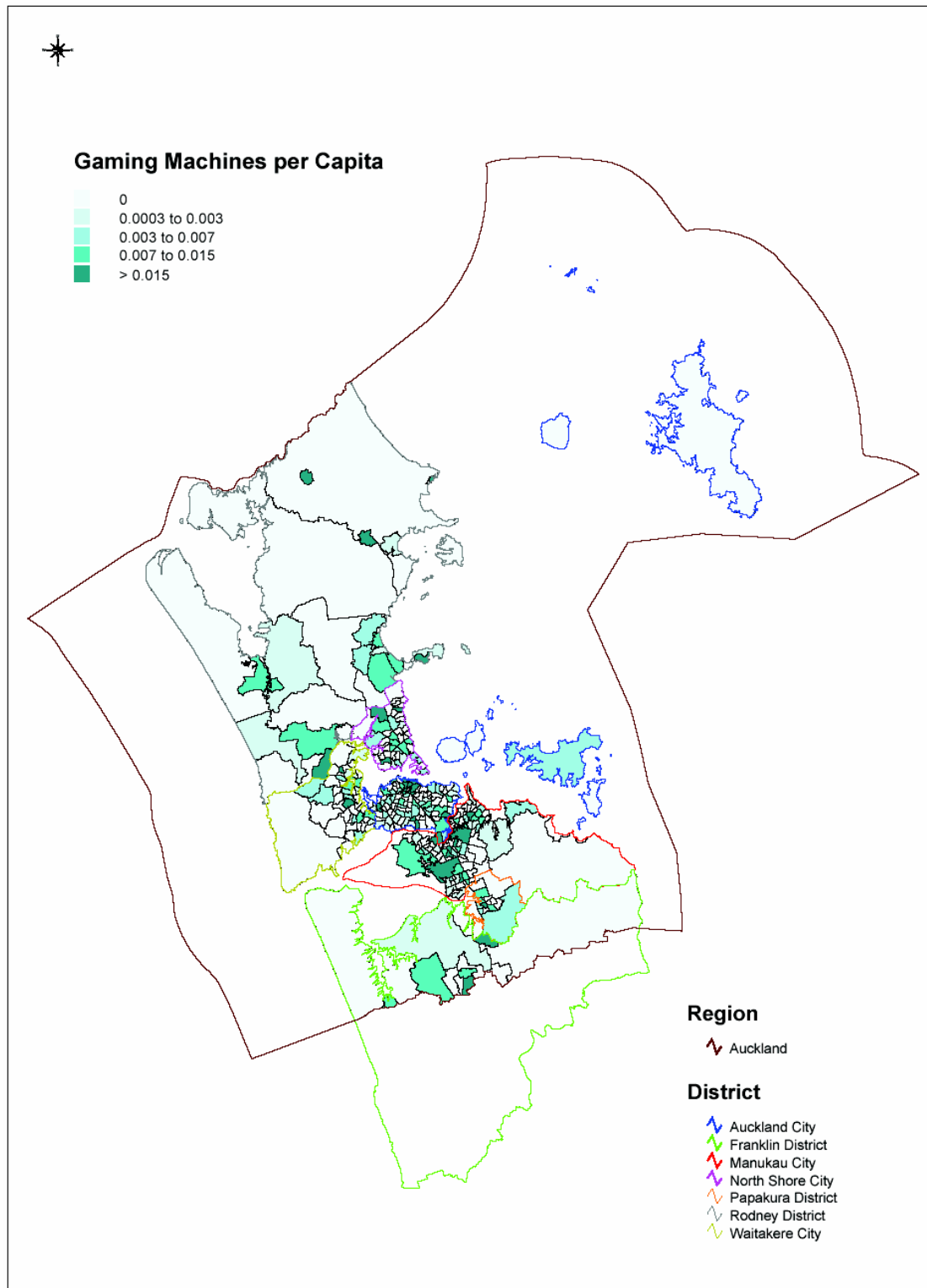
Clendon Shopping Centre	Raukura Hauora O Tainui Office next to WINZ
Otahuhu,	519 Great South Rd, Raukura Hauora O Tainui Office

The South Auckland area covered from Otahuhu to Mercer is serviceable by pre-arranged home visits or by meeting at mutually agreeable venues. This service is available by contacting the above locations.

Wai Health - Addiction Services

Auckland	Waipareira House, 13-15 Ratanui St
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Appendix 4: Map of Gambling Machines per Capita



Appendix 5 Local Clubs and Trusts operating in the Auckland region by TA (Source: DIA website, January 2004)⁵⁶

Auckland City

Clubs

Akarana Golf Club Inc
Avondale Bowling club
Auckland Trotting club Inc
Balmoral Bowling club Inc
Barrier Social Club Inc
Blockhouse Bay bowling club
Church-hill Club Glendowie Inc
College Rifles Rugby Union Football & Sports Club
Commerce Club of Auckland
Edendale Club Inc
Ellerslie Bowling Club
Grey Lynn Return Servicemen's Social Club Inc
Hillsborough Bowling Club (Inc)
Manukau Cruising Club Inc
Maritime Club Inc
Maungakiekie Golf Club Inc
Mt Albert Bowling Club (inc)
Mt Albert Ramblers Softball Club Inc
Mt Eden bowling Club Inc
Mt Wellington Bowling Club
New Lynn Bowling Club Inc
New Lynn RSA Inc
Newmarket Club Inc
Newmarket Returned Services Club (Inc)
Orakei RSA Inc
Okahu Bay Bowling Club Inc
Onehunga Bowling Club Inc
Onehunga & Districts RSA (Inc)
Onehunga RSA Bowling Club (Inc)
Onehunga Workingmen's Club
Otahuhu Workingmen's & Cosmopolitan Club
Parnell Returned Services Club (Inc)
Point Chevalier Bowling Club (Inc)
Point Chevalier Memorial RSA Inc
Ponsonby Bowling Club Inc
Rocky Nook Bowls Inc
Royal Oak Racquets Club Inc
Sandringham Bowling Club Inc

⁵⁶ This does not include the six NGMTs.

Suburbs 40 grand Council Hall Society and Brothers Club Inc
Tamaki Naval & Ex-naval Club Inc
Te Atatu Bowling Inc
Waiheke RSA Inc
Waiheke Bowling Club Inc
West End Bowling Club

Trusts

Active's Charitable Trust
Air Rescue Foundation
Auckland Division - Cancer Society of New Zealand Inc
Caversham Foundation Limited
Century Foundation Ltd
Counties Manukau Sports Foundation
Endeavour Charitable Trust
Kiwi Community Trust Limited
Mt Wellington Charitable Trust
New Zealand All Golds Association Inc
Order of St John Auckland Regional Trust Board
Otahuhu Recreational Sports Society Inc
Oxford Sports Trust Inc
Pacific Sports and Community Trust
Pelorus Trust
Perry Foundation
Royal Oak Trust
Seagull Trust
Sentinel Community Trust
South Auckland Charitable Trust
Tainui Community Trust
Tasman Trust
TC Charitable Trust
Te Wairua Charitable Trust
Trillian Trust
Water Safety Education Foundation
Youthtown Incorporated

Franklin District

Clubs

Bowls Pukekohe Cosmopolitan Inc
Clarks Beach Golf Club (Inc)
Franklin Club Inc
Onewhero Golf Club Inc
Pukekohe & Districts RSA Club Inc
Pukekohe Cosmopolitan Club Inc
Tuakau Cosmopolitan Club
Waiuku Cosmopolitan Club Inc

Trusts

Counties Manukau Sports Foundation
Cuesports Foundation Ltd
Endeavour Charitable Trust
South Auckland Charitable Trust
TC Charitable Trust

Manukau City

Clubs

Beachlands Chartered Club Inc
Bridge Park Bowling Club Inc
Bucklands Beach Bowling Club (Inc)
East Tamaki Bowling Club

Howick Club Inc

Mangere Bowling Club (Inc)
Mangere Cosmopolitan Club Inc
Manukau Golf Club Inc
Manurewa Cosmopolitan Club
Manurewa RSA Inc
Manurewa Squash Racquets Club Inc
Pakuranga Bowling Club Inc
Pakuranga Country Club Inc
Pakuranga Rugby League Football Club
Papatoetoe and District RSA Inc
Papatoetoe Cosmopolitan Club Inc
Papatoetoe RSA Bowling Club Inc
Papatoetoe Hunters Corner Bowling Club Inc
Wattledowns Town and Country Club Inc
Weymouth Cosmopolitan and Sports Club Inc
Whitford Park Golf Club (Inc)

Trusts

Active's Charitable Trust
Air Rescue Foundation
Auckland Central Sports Trust
Century Foundation Ltd
East Tamaki Community Charitable Trust
Mangere Bridge Sports & Cultural Society Inc
Manukau Counties Community Facilities Charitable Trust
Order of St John Auckland Regional Trust Board
Pacific Sports and Community Trust
Papatoetoe West/Mangere East Education Trust
Pelorus Trust
Perry Foundation
Seagull Trust
South Auckland Charitable Trust

TC Charitable Trust
Trillian Trust
Water Safety Education Foundation
Youthtown Incorporated

Papakura District

Clubs

Papakura Bowling Club Inc
Papakura Club Inc
Papakura RSA club Inc

Trusts

South Auckland Charitable Trust
Trillian Trust
Whitehouse Tavern Trust

Rodney District

Clubs

Helensville District Golf Club
Hibiscus Coast Outboard Boating Club (Inc)
Huapai Golf Club Inc
Kaipara Memorial RSA Inc
Kumeu Club Inc
Kumeu District Bowling Club Inc
Orewa Surf Lifesaving Club Inc
Peninsula Golf Club Inc
Silverdale Bowling Club Inc
Waimauku Bowling Club Inc
Waimauku RSA Inc
Warkworth and Districts Returned Services Assoc Inc
Whangaporoa Golf Club

Trusts

Air Rescue Foundation
Endeavour Charitable Trust
Order of St John Auckland Regional Trust Board
Sentinel Community Trust
Te Wairua Charitable Trust
Trillian Trust

Waitakere City

Clubs

Bay Olympic Soccer and Sports Assoc Inc
Glen Eden Bowling Club Inc
Glen Eden RSA (Inc)
Henderson Bowling Club Inc
Henderson RSA Inc
Hobsonville RSA Inc
Massey Rugby Union Football & Sports Club Inc
Swanson Memorial RSA (Inc)
Te Atatu Boating Club Inc
Te Atatu Memorial RSA (Inc)
Titirangi RSA Inc
Waitakere/Taupaki Branch Western Suburbs RSA Inc
West City Darts Assoc Inc
WO & SNCO's Mess, RNZAF Base , Auckland

Trusts

Century Foundation Inc
Perry Foundation
Seagull Trust
Sentinel Community Trust