



Submission to Manukau City Council

1. Summary of changes proposed

1.1. retain status quo

1.2. amend policy to remove proposed cap on venue numbers

Executive Summary

2. This submission responds to the proposed Manukau City Gambling and TAB venue policy posted for consultation in June 2007.
3. The Council's proposal to impose a sinking lid on venue numbers to reduce the total number of venues in the city by two is not supported by any evidence that this cap will result in any of the outcomes which are claimed. Specifically the cap will not result in:
 - 3.1. a positive impact on "...the growth of class 4 gambling in Manukau City..." (per section 3.2 of the proposed policy). The only impact will be for current gamblers to have two fewer venues at which to exercise their preferred entertainment choice;
 - 3.2. a positive impact on "...the harm caused by gambling, including problem gambling in Manukau City..." (Section 3.3 of the proposed policy). There is no substantive evidence which provides support for the contention that changes in venues and machines numbers have any impact on gambling harm.
 - 3.3. the avoidance "...of additional concentrations of gambling venues within the city..." (Section 3.4 of the proposed policy). Removal of two venues at some indeterminate point in time by attrition may well do nothing at all to change

existing concentrations of gambling venues let alone have an impact on additional concentrations.

4. It is the CGA's suggestion that the policy proposal be amended to retain the status quo and therefore to correctly reflect the current situation in Manukau, and nationally, as set out in this paper.
5. The Manukau City proposal is inconsistent with the CGA's favoured position for local policies to provide the highest degree of reasonable opportunity for licensed charitable gaming organizations to maximize opportunities for raising community funds within the constraints of the limits on machine numbers imposed by the Gambling Act 2003. This reflects the social contract which is enshrined in the Gambling Act 2003.
6. The CGA's information adds additional detail to the information provided by Council staff. The Department of Internal Affairs licensing system has recorded 1143 machines in the district as at 31 March 2007.
7. Therefore the current ratio of machines to 1000 adult population as at 31 March 2007 (using the 2006 census data to determine population) is 4.7 which is below the national average of 5.35 machines per 1000 total population. This amounts to one machine for every 214 adults.
8. The Manukau population at as the 2006 census was 328,968 of whom an estimated 74.3% (244,423) were aged 18 and over.
9. The CGA's difficulty with using ratios is that they are not founded on any evidential basis which establishes that a change in the ratio will have any impact on harm from problem gambling – either positive or negative.
10. The CGA favours an approach which allows the local gambling market to determine, through economic indicators to Class 4 gambling providers such as the CGA's members, how many venues and how many machines are viable in the district or in a venue – within the tight regulatory framework imposed by the Gambling Act 2003.
11. There is no substantive evidence, despite the efforts of many commentators to establish one, that there is any direct link between machine numbers or venue numbers and the prevalence of problem gamblers in a community or the incidence of problem gambling behaviour.
12. As Dr Max Abbott says elsewhere in this submission there are a large number of factors at play and simple causal relationships cannot be established with any certainty.

13. Therefore Councils need to balance the rights of non-problem gamblers to enjoy the odd flutter against the community's desire to see harm from gambling minimized (not eliminated).
14. The Gambling Commission, in a recent decision (GC03/07), said "The Act permits gambling and accordingly it is not permissible to reduce the permitted activity (gambling) in order to reduce problem gambling..."
15. It then went on to say "...measures can only be imposed which reduce the harm caused by problem gambling as distinct from simply reducing gambling activity, which is a lawful and permitted activity under the Act..."
16. The Gambling Commission's statement that "...[DIA] cannot seek to make gambling less attractive generally in order that it appeal less to problem gamblers..." would appear to apply equally to the decisions of territorial authorities under the same piece of legislation because of the TLAs role as a local regulator.
17. The burden of the Gambling Commission decision is that, within the already applicable constraints of the Gambling Act 2003, local councils and the DIA must have sustainable evidence of the positive effects of their proposed decisions as harm minimization measures.
18. It is likely that the Manukau City Council will receive a strongly worded and highly inaccurate opposing submission from the Problem Gambling Foundation (PGF). The problem with the policy proposed by the Problem Gambling Foundation is that there is no scientific basis for any suggestion that a reduction in machine numbers will lead to any reduction in problem gambling in the Manukau City.
19. A failure to adequately demonstrate a positive effect on harm from gambling would also potentially render the policy decision unlawful and therefore unable to be upheld.
20. The CGA believes the evidence shows that the economic viability of local venues is a far better determinant of the appropriate number of machines in a district than caps which are set according to external benchmarks. The population mix of a district, plus other dominant economic drivers (such as tourism) are what will determine what number of gaming machines can be sustained.
21. The Council's job is to balance the economic benefit of having gaming machines (about \$33 million in Manukau City from CGA members alone) against the social impacts and social costs of having a relatively small number of problem gamblers in the community (244 people out of a population of more than 328,000 sought

counseling treatment in 2006 while 205 contacted the Gambling Helpline – 1.8% of the adult population of the district: 244,423).

22. A large amount of public debate has been generated by the PGF about the distribution of grant money from the charitable trusts which hold operator licences.
23. Unfortunately the grants distribution data which initial reports have relied on, as supplied by the PGF, are out of date and incomplete and therefore the conclusions drawn from them are not fully endorsed by information available subsequently.
24. The CGA notes that Manukau City could enhance its future policy making processes by seeking detailed information about the distribution of grants by corporate societies which operate at venues within the district. The CGA supports initiatives to generate greater transparency about gambling operations and the provision of treatment services.
25. To date the PGF has not provided any substantive data which shows what the scale or scope of the gambling problem has been in any community and the ways in which the treatment provision industry is addressing those problems. A number of other totally incorrect assertions were also made by the PGF in its presentation.
26. The Charity Gaming Association has been working closely with the Department of Internal Affairs and the Ministry of Health to develop better information about the Class 4 gambling sector so all stakeholders can make more informed judgments and decisions.
27. The CGA raised these issues with the Ministry of Health and have received a detailed reply which includes the following statement

“...in reviewing a copy of the presentation the Ministry has also identified issues with the use of some language within it. The Ministry has an expectation that services it funds will make public statements that are based upon evidence and presented in a manner that is objective. The Ministry will be following up with PGF upon this matter...”

Barbara Phillips, Manager Problem Gambling, MOH, Letter to CGA March 2007

28. The PGF has also been severely criticized in a recent audit undertaken for the MOH. Among other criticism the auditors said (emphasis added):

“...most of the records relating to... [45 of 62]... line items for the Public Health contract...were not found. This part of the contract was therefore not able to be audited. This lack of records is at variance with the MOH contract requirement to keep accurate records of the work being carried out...”

“...PGF has also reinterpreted their data from the CLIC database and reported it incorrectly to MOH. In two instances, services have not been provided as reported to MOH...”

“...In the PGF report to the MOH for year ending 30 June 2006, the brief and early intervention figures provided indicate...that 8,194 interventions took place. The auditors found no Brief and Early Interventions recorded in the PGF records for July 05 to June 06 and PGF staff confirmed that no Brief and Early work was done...”

29. PGF is not a credible advisor in the view of the CGA. This is a problem which affects all TLAs as they seek to fulfill their statutory obligation to review the policies adopted after the passage of the Gambling Act 2003.
30. The CGA acknowledges the difficulties confronted by Councils as they try to access information about grants in their community. This paper contains some further detail over and above that which was able to be accessed by Manukau policy staff.
31. Lack of quality information about the national and local impacts and benefits of the New Zealand approach to management of gambling militates against quality decision making.
32. The Charity Gaming Association and its members look forward to:
 - 32.1. The ability to access accurate information about local proceeds of Class 4 gambling since the national electronic monitoring system was fully installed in March 2007.
 - 32.2. The results of a survey of grant distribution being undertaken by the DIA.
 - 32.3. The outcome of discussions with the DIA to ensure grant distribution data is collected on a regular basis for greater transparency
 - 32.4. The outcome of discussion with the Ministry of Health to ensure significantly improved and more timely data from the MOH database which is used to track presentations and treatment of problem gamblers and their family/whanau.

33.The Charity Gaming Association (Inc)

- 33.1. The CGA is the industry organization representing charitable trusts/corporate societies which are licensed by the DIA to operate electronic EGMs (EGMs) in hotels and bars for the sole purpose of raising money for grants to community organizations
- 33.2. As at 31 March 2007 the DIA had licensed 67 societies to operate EGMs for charitable purposes. Of these the majority (51) operate machines at more than one venue.
- 33.3. Membership of the Association is voluntary. The CGA has 30 member organizations which, between them, operated 14,290 machines at the end of March 2007 (91% of the corporate society sector) (*DIA statistics March 2007*).
- 33.4. The CGA has a Code of Practice which its members are required to comply with. The Code exceeds regulatory requirements in the areas of governance and management practice.

34. Class 4 Gambling - Current situation

- 34.1. Gambling on EGMs outside casinos (Class 4 gambling) has been legal in New Zealand since 1988
- 34.2. Gambling on EGMs is heavily regulated and operations are subject to intense scrutiny by DIA
- 34.3. New Zealand is unique in the world in that the proceeds from non-casino gaming must be distributed to the community – “the community” is defined very broadly
- 34.4. Money derived from EGMs outside casinos is public rather than private money and is held in trust for the wider community by the charitable trust which owns the EGMs
- 34.5. No EGMs can be owned by a licensed venue owner
- 34.6. Trustees are required to distribute the proceeds of gaming in accordance with the stipulations of their trust deeds and the Gambling Act 2003. No venue owner, or person associated with a venue owner (other than in the case of elected Licensing Trusts), can be involved in any way in the process for determining which grant applications will be approved.
- 34.7. Trusts are audited by the DIA and by their own auditors on a regular basis.
- 34.8. Approved machine lists issued by the DIA show manufacturers have approval for a minimum Return to Player of 78% (or 78 cents in each dollar) as winnings.
- 34.9. Corporate societies which operate machines on licensed premises are required to return a minimum of 37.12% of gross machine proceeds to community purposes. Failure to comply with this requirement puts the corporate society's licence in jeopardy.
- 34.10. Payments made to local venue owners are limited by regulation and are not permitted to exceed 16% of gross machine proceeds.

35.Changes in gambling activity

- 35.1. Since the passage of the Gambling Act 2003 there have been substantial changes to the gaming industry.
- 35.2. Among the changes which have been wrought by the legislation has been:
 - 35.2.1. the very significant reductions in the number of corporate societies licensed to operate EGMs – down from 113 at the end of 2003 to 67 now (-41%).
 - 35.2.2. Sports and chartered clubs operating EGMs are down from 525 in September 2004 to 377 in March 2007 (-28.2%).
 - 35.2.3. Gaming machine numbers outside casinos are down 19.5% since the Gambling Act was passed into law in 2003.
 - 35.2.4. The number of machines operated by corporate societies (excluding clubs) has dropped 6.9% since September 2004.
 - 35.2.5. Venues operated by corporate societies have reduced by over 100 since September 2004 to 1224.
- 35.3. These changes have had a significant impact on the revenue derived from EGMs and, as a result, the amount of money available for distribution to community groups by the charitable societies.
- 35.4. Based on a survey of its members conducted monthly since July 2005 the CGA calculates the annual revenue impact of the changes to be a reduction of \$75million at the end of June 2006 compared with June 2005. This translates into a reduction in the money made available in grants to community groups of \$58million.
- 35.5. Unfortunately data collected by the government agencies involved in regulation and monitoring of gambling, DIA and MOH, does not provide a great deal of assistance to the industry or to TLAs which are required to review gambling venue policies.
- 35.6. It is anticipated that this situation will improve by the end of 2007 when a number of joint data collection initiatives between the DIA and the gambling industry start to bear fruit. Included among these are:

- 35.6.1. The real-time gaming revenue data generated by the Electronic Monitoring System – while reporting systems are still being worked through it is anticipated data will be able to be reported on a venue/society/TLA basis
- 35.6.2. Quarterly reports on the distribution of grants from charitable societies to community groups within TLA boundaries (see the later section on difficulties with grant distribution reporting)
- 35.6.3. Regular reports on problem gambling treatment and access statistics
- 35.6.4. Regular reports on brief and early interventions with problem gamblers including exclusion orders – broken down by TLA
- 35.7. In the meantime the data which is available is often subject to extensive qualification because of inconsistencies and lack of local relevance.
- 35.8. Most studies appear to show over 90% of New Zealanders, over the age of 18, participate in gambling activities on a regular basis.
- 35.9. Estimates derived from national studies of gambling activity (the most recent study was done in 2003) show a prevalence rate for problem gamblers (those whose lives, work, economic status etc is negatively affected by their gambling behaviour) of about 0.8%-1%.
- 35.10. National data gathered by the Ministry of Health for the consultation on the Problem Gambling Levy shows that the number of new people seeking assistance from problem gambling treatment providers fell by more than 20% in 2005 over the previous year. The trend was accelerated in the first half of 2006 with new clients reducing a further 24% over the same period in 2005.
- 35.11. Total clients (new clients plus repeat admissions and clients carried over from the previous year) also showed a reduction of about 19%.
- 35.12. Unfortunately the data is not presented in such a way that makes further interpretation possible.
- 35.13. It is also important to recognise that the MOH data only captures information from treatment providers it funds and therefore under-reports the actual amount of help-seeking. Alternative sources of help for problem gamblers include treatment providers treating a co-morbid condition (such as alcohol and drug addiction counselors), budgetary advice services, general practitioners, and most importantly, friends and family.

35.14. These treatment alternatives have been reported since the original Abbott study in 1991 where they were more frequently accessed than specialist problem gambling treatment providers.

36. Current situation in Manukau City

36.1. According to DIA figures (issued from the DIA LicenceTrak database on 31 March 2007) Manukau City has:

36.1.1. 73 licensed venues where members of the community can play on 1143 EGMs

36.1.2. As at 31 March 2007 58% of Manukau City machines (658) were operated at 42 venues by 16 CGA members (Caversham Foundation, Century Foundation, Cuesports Foundation, East Tamaki Community Charitable Trust, Infinity Foundation, Mangere Bridge, NZ Community Trust, PacificSports & Charitable Trust, Perry Foundation, Pub Charity, Scottwood Trust, The Lion Foundation, The Southern Trust, The Trusts Charitable Foundation, Trillian Trust, The Water Safety Education Foundation).

36.2. Manukau City's population of 328,968 represents 8.03% of the national population of 4,097,080 (*2006 Census*).

36.3. CGA is has collected detailed data from its members to show what happened to Class 4 gambling dollars derived from venues operated by CGA members.

36.3.1. Total value of net proceeds (i.e. turnover less winnings) generated by the machines owned by CGA members in Manukau City = \$49.2 million (exclusive of GST)

36.3.2. Total value returned as payments to the Crown (central government) by way of gaming duty (20%) GST (12.5%) and Problem Gambling Levy (1.11%) = \$18.1 million

36.3.3. Total value of distributions by way of grants to groups in Manukau City = \$26.4 million (54%%)

36.3.4. Payments made in the Manukau City to suppliers, hotel owners, venue operators etc = \$7.8 million

36.4. In addition charitable trusts made grants to national organizations which are not based in Manukau City for nationally important sports or cultural activities from which Manukau City people will benefit indirectly.

- 36.5. The above data contrasts sharply with the highly flawed data presented by the Problem Gambling Foundation.
- 36.6. The Problem Gambling Foundation has used data from differing time periods (i.e. machine numbers from a different time period to the information about gross proceeds to derive averages which are then extrapolated in different time periods again to local situations) with the result that the picture the Foundation paints is extremely pessimistic – and erroneous.
- 36.7. Members of the CGA will share with the Manukau City Council the details of grant distribution in the district.
- 36.8. It is important to note however that Manukau City may be seen as a part of a wider Southland region by grant applicant organisations. Several major charitable trusts which operate gaming machines pool some of the available grant money for the region in their grant accounts and make decisions which are more regional than local in flavour. The outcome is that local applicants have a larger pool of grant money to apply to and some large projects are able to be funded.

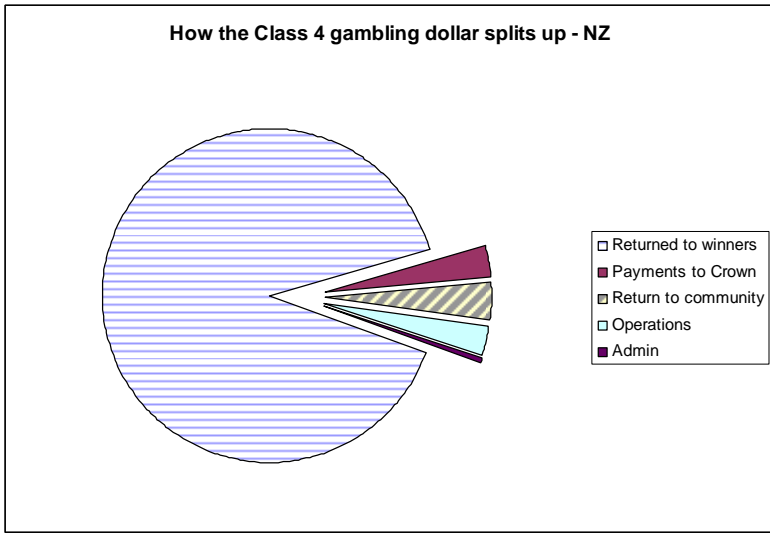
37. Grant distribution processes

- 37.1. Each licensed gaming machine society distributes proceeds of gaming – often through a dedicated trust structure
- 37.2. Each grant making organization has a Statement of Authorised Purposes and/or a Deed of Trust (its founding document) which specifies the activities which the trustees are legally bound to support. These documents are available on the website which each society is required to operate.
- 37.3. Societies are required to publicise their grant making processes on a regular basis and publish, at least once each year, a list of grant recipients and declines.
- 37.4. Societies strive to return money to the community from which it was raised. However, they are dependent on local community groups submitting valid applications for grants.
- 37.5. Grant applications may be declined for a number of reasons. The most common are:
 - 37.5.1. Application was retrospective
 - 37.5.2. Applicants did not send in the required minimum information in time to be considered
 - 37.5.3. Applicants had already benefited substantially from previous grants
 - 37.5.4. Applications did not meet Donations Criteria
 - 37.5.5. Insufficient funds available in local region
- 37.6. The ability to make grants to local community groups is determined by:
 - 37.6.1. The financial performance of venues in the district
 - 37.6.2. The extent to which applicants fully meet the minimum requirements for information, multiple quotes etc, when submitting applications
 - 37.6.3. Timing of applications and the availability of proceeds to distribute
- 37.7. Most societies report excess grant applications over available grant money.

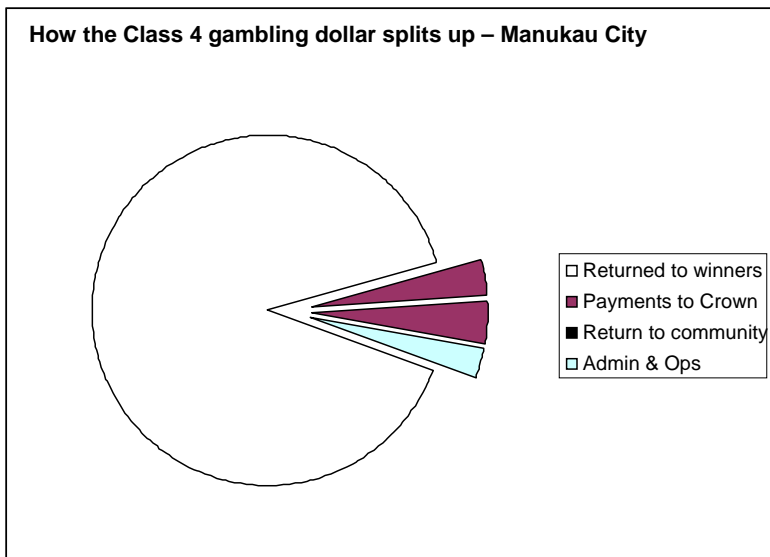
- 37.8. However, most grant declines happen because grant applicants have failed to follow the process.
- 37.9. The process needs to be strict to ensure every applicant organization gets a fair opportunity to receive a grant.
- 37.10. Grant money pools have to be emptied every three months (legal requirement).

38. Local v National grants

- 38.1. Of the 67 societies licensed by the DIA as at 31 March 2007 there were 15 which operated a single venue. 51 were multi-venue operators and of these there are a number of relatively large societies which have venues in many different communities.
- 38.2. When assessing the distribution of grants it is important to recognise that each society has the freedom to make its own decisions, within the constraints of its trust deed or its constitution, about what priority areas it wishes to distribute the money it raises to.
- 38.3. Some societies, as set out above are single purpose end user trusts.
- 38.4. Other societies may have decided to concentrate on sport because that is what their founders decided was appropriate.
- 38.5. Yet others may have decided to focus on a specific community – most of the 15 single venue societies fit into this category.
- 38.6. Most of the major multi-venue societies have adopted policies which allocate grant money on a proportionate basis and included within those proportions will be an allocation for recipients which have a national or regional rather than local role. In the last year organizations like the NZ Olympic Committee, Deaf Association of NZ, Hospice NZ, Special Olympics NZ, Life Flight Trust, Antarctic Heritage Trust, Edgar National Centre for Diabetes Research, Otago Natural History Trust, Barnardos, Life Education Trust etc have all received substantial grants for national or regional projects.
- 38.7. While the benefit to the community is not directly to local recipients there will still be people in local communities who, because of their participation in national activities, will derive some benefit.
- 38.8. When some organisations like the Problem Gambling Foundation set out to criticize the sector and highlight the apparent lack of support for local communities they often ignore the indirect benefit to be derived locally from national grants. Manukau City represents approximately 8.03% of national population but, trying to apportion the national grants on a population based formula to recognise local benefit is likely to be misleading.



The charts on this page demonstrate how each dollar which is played on an EGM is distributed – nationally and in Manukau City. DIA rules result in approximately \$0.90c (90%) being returned to players (though this RTP will vary from machine to machine). The remaining \$0.10c is divided between the community, the government and the owners/operators of the machines.



The data used to develop these charts is derived from surveys undertaken by CGA.

39.End user trusts

- 39.1. There are principally two types of Class 4 corporate society; those general purposes trusts which tend to distribute funds to a wide range of community groups in a number of geographical locations, and; those which have been set up to support a specific purpose like a particular sport. The latter are called end user trusts.
- 39.2. The DIA has licensed end user trusts because their authorised purpose statements fit within the parameters prescribed by the legislation.
- 39.3. The end user trust is not entitled to link itself to a particular recipient organization but there is no restraint on a purpose statement which identifies a particular sport such as racing or rugby, or a charitable purpose such as aerial ambulance services or water safety.
- 39.4. There has been some growth of end user trusts as community groups which were previously able to satisfy most of their funding needs from the general purposes trusts have sought to secure greater levels of funding from EGMs.
- 39.5. A number of consequences arise. But the principal one is that the amount of money which can be returned to the wider community is reduced by the amount which is now being delivered to the limited community interests of the end user trust's beneficiary(ies).
- 39.6. CGA does not wish to appear critical of these arrangements – after all a number of its members are end user trusts.
- 39.7. But their existence does tend to distort assessments of the distribution of grant money and make it appear that the community is getting less than it really does.
- 39.8. On the other hand there are hybrid end user trusts (like the Mana Community Grants Foundation and South Canterbury Charities Ltd) which distribute all their grant money locally and make no contributions at all to national entities.

40.Harm Minimization and Problem Gambling

- 40.1. In the interests of harm minimization Class 4 gaming venues have significant constraints on their ability to advertise and are prohibited from advertising the presence of a jackpot at the venue
- 40.2. Class 4 venues also have significant constraints applied with respect to access.
- 40.3. Gaming occurs in premises licensed to sell alcohol in part as a measure to control or reduce access to gaming by minors.
- 40.4. Gaming machine societies have a statutory obligation to ensure venue managers and staff have received harm minimization training and to take a number of other steps to assist those with a gambling addiction to deal with their problem.
- 40.5. Unlike other addictions gambling addiction has a high rate of self recovery.
- 40.6. Some researchers, including Professor Max Abbott, have publicly spoken about the theory of adaptation in which gambling, particularly that involving EGMs, shows relatively high levels of problems for a period after introduction but after society becomes adapted to their presence the number of people presenting with clinical issues diminishes.
- 40.7. In a recently published scientific paper Dr Abbott makes the following points:
 - 40.7.1. In New Zealand and Australia, despite substantial increases in EGM (gaming machine) availability and expenditure, current national prevalence estimates are between a third and a half of what they were 15 years ago (*Abbott, M.W. (2006). Do EGMs and problem gambling go together like a horse and carriage? Gambling Research, 18(1), 7-38*)
 - 40.7.2. In Australia there are indications that the relationship between availability and prevalence breaks down somewhere between six to 10 EGMs per 1000 adults (*Ibid*) – Manukau City has a current rate of 4.7 machines per 1000 adult population (*DIA data and 2006 Census data*).
 - 40.7.3. EGM reductions and the introduction of caps generally appear to have little impact (*Ibid*)

- 40.7.4. While regular EGM participation is strongly linked to problem gambling, problems associated with this gambling form appear to be typically of short duration (*Ibid*)
- 40.7.5. "I have long had nagging doubts about the validity of a number of problem gambling 'sacred cows', availability theory included" (*Ibid*)
- 40.7.6. "...since the mid-1990s, I increasingly thought that availability or exposure theory was over-simplistic and misleading." (*Ibid*)
- 40.7.7. "...Abbott et al (2004) cite research strongly suggesting that problem gambling prevalence will eventually level out and decline, even if accessibility increases..." (*Ibid*)
- 40.7.8. "Shaffer stated: Observations about gambling related problems in Nevada provide support for the adaptation hypothesis of addiction. That is, after the novelty of initial exposure, people gradually adapt to the risks and hazards associated with potential objects of addiction..." (*Ibid*)
- 40.8. Abbott then goes on to postulate four hypotheses which his paper sets out to evaluate. They are:
 - 40.8.1. During exposure to new forms of gambling, particularly EGMS and other continuous forms, previously unexposed individuals, population sectors and societies are at high risk for the development of gambling problems.
 - 40.8.2. Over time, years rather than decades, adaptation ('host' immunity and protective environmental changes) typically occurs and problem levels reduce, even in the face of increasing exposure.
 - 40.8.3. Adaptation can be accelerated by regulatory and public health measures.
 - 40.8.4. While strongly associated with problem development (albeit comparable to some other continuous forms when exposure is held constant) EGMS give rise to more transient problems
- 40.9. Current evidence may be demonstrating these effects.

- 40.10. However, in recent correspondence with the CGA Dr Abbott said "...At present too little is known, in any particular context, to be able to predict with certainty the consequences of increased or decreased EGM availability..."
- 40.11. In calendar year 2004 the number of presentations of people seeking face to face treatment for gambling problems appeared to peak at 4763 (including gamblers and others affected by gambling). Since then numbers presenting to face to face treatment services have fallen steadily. In 2005 they were down to 4031 (15.4%) and in 2006 were down a further 3.1% on the previous year to 3906.
- 40.12. Of particular interest is the fact that the number of new clients (those who had never received treatment before) was showing a steady decline at a rate of nearly 13%.
- 40.13. Similar reductions have been shown by the Gambling Helpline which provides a telephone helpline. Calls to the Helpline (and from the Helpline to clients for follow-up contact) peaked in calendar year 2004 when there were 21,363. In 2005 this had fallen to 18,366 (a reduction of 14.2%). In 2006 this fell again to 15,854 (-13.5%)
- 40.14. The Gambling Helpline recorded 205 people from Manukau City who sought help for a gambling problem in 2006 (down from 253 in 2004; -19%).
- 40.15. The MOH CLIC database records 244 people from Manukau City receiving treatment for EGM related problem gambling in 2006 after 348 people sought treatment in 2004. In 2005 191 Manukau City people sought counseling help. The increase in 2006 is counter to the national experience and happened in large part because of concerted efforts by MOH to expand the availability of treatment services in the city and the region. There is likely to be some transfer of clients between the Helpline and face to face counselling.
- 40.16. The nationally and regionally recorded reductions have come at a time when there has been a significant drop in EGM availability as a result of the new legislative environment. However, it is too simplistic to suggest the two factors are directly linked. The changes which were made in other areas, such as the requirement for venue staff to undertake brief and early interventions, are also likely to have had a significant impact.
- 40.17. At the same time there has been a significant expansion of treatment services available to problem gamblers and there has been more focus than ever

before on early intervention by venue staff. This may indicate the accelerating effect talked about by Abbott in his third hypothesis.

40.18. These results are encouraging in that they signify something successful is happening out there. The challenge is to find out which measures are having the greatest impact and to build on them.

41. Further changes

41.1. Electronic Monitoring

41.1.1. Corporate gaming machine societies are required to ensure all gaming machine venues are connected to an independent electronic monitoring system which is designed to provide assurance of financial probity in the operation of machines at local venues.

41.1.2. The full costs of the monitoring system in Manukau City are expected to be borne by societies and will amount to an estimated \$270,000 per year in operating costs for CGA members on top of the average cost of \$54,000 it cost to install the system in each venue – \$2.3 million for CGA members in Manukau City alone.

41.2. Player Information Displays (Pop-Ups)

41.2.1. By 2009 all machines will be required to have a Player Information Display installed – which will interrupt play in an attempt to reduce problem gambling.

41.2.2. It is expected the capital cost of this change will be approximately another \$4.4m in Manukau City. The accurate costs aren't known at this stage because machine manufacturers have not priced the cost for the software upgrade required.

41.2.3. There is no research based evidence at this stage that PIDS have any substantive impact on gambler behaviour over time – and especially no evidence that PIDS affect the behaviour of a gambler

who is experiencing gambling problems. The overseas studies which have been done on PIDS technology is inconclusive.

41.2.4. Effectively all this money (and the money for EMS) is withdrawn from the pool of money available for distribution to the community.

41.3. Central government initiatives (without PIDS) to control the growth of gambling to reduce harm does mean the funds available for community purposes will be reduced by at least \$230m over the next 3 years. This is made up of \$180m (minimum) in lost revenue and \$50m in Problem Gambling Levy payments.

41.4. The economic impacts of that figure, particularly on smaller communities, will be substantial.

42. Role of TLAs

- 42.1. The Gambling Act 2003 (Section 101-102) requires TLAs (Territorial Local Authorities) to adopt a Class 4 venue policy and to review that policy every 3 years.
- 42.2. The TLA is required to consider the social impact of gambling and ensure its policy addresses issues such as venue location, numbers of venues and numbers of machines.
- 42.3. Each TLA makes its decisions within the framework of the constraints on gambling applied by the legislation and its derived regulations etc.
- 42.4. Of the issues set out above the only one which is directly influenced by the policy of the TLA is the control on the number of venue licenses which the TLA believes to be appropriate. Both venue location and maximum machine numbers are already controlled by legislation.
- 42.5. The principal role of the TLA, therefore, is to balance the need to minimize harm from gambling in the community while at the same time ensuring the opportunity to use legal gambling for generation of funds for community activities is sustained.
- 42.6. The following is a list of questions we suggest the Manukau City Council may want to incorporate into its consideration process should it determine that changes to the proposed policy may be warranted:
 - 42.6.1. Do the citizens of Manukau City demonstrate such a propensity to develop problems with gambling that special protective steps need to be taken by the City Council to control gambling in Class 4 venues to a greater extent than that already required by the DIA? – The answer to this is clearly no!
 - 42.6.2. Do the operators of Class 4 gambling venues demonstrate behaviours which should be addressed through the Manukau City Council gambling venue policy?
 - 42.6.3. Will placing limits on Class 4 gaming venues have any impact on problem gambling in Manukau City? Again, the answer is clearly in the negative.

43. Social and Economic Impacts of Gambling

- 43.1. Gambling has been a feature of human societies for as long as history has been recorded.
- 43.2. People are risk takers and have devised many opportunities to wager money in an effort to win a larger sum through some element of chance or expertise (or combination of both). Opportunities to gamble exist all round us.
- 43.3. Calculated risk taking is normal human behaviour. Gambling is an entertainment extension of normal behaviour.
- 43.4. The vast majority of people who gamble regard it is a bit of fun.
- 43.5. Internationally researchers appear to agree that the percentage of non-problem gamblers in our communities is in excess of 99%.
- 43.6. Problem gambling is not limited to EGMs (which are a relatively recent development). Gambling on horses or sports etc was almost entirely responsible for perceptions about problem gamblers until 25 years ago.
- 43.7. Research (Abbott 2006) shows problem gambling associated with EGMs is much more transient, and therefore easier to overcome, than problem gambling associated with track and sports betting.
- 43.8. In the last 25 years the opportunities to gamble have increased exponentially. Lotto, Keno, scratchies, EGMs, elimination of most restrictions on raffles, casinos etc.
- 43.9. Now people can gamble from the comfort of their own home on the internet. This gambling is totally obscure to the legitimate gambling sector and as a result it escapes the normal processes of data gathering.
- 43.10. Internet gambling, because it will tend to happen in non-public places, also escapes efforts to provide effective intervention services for problem gamblers.
- 43.11. The increased public and policy focus on problem gambling as an issue (as a result of the Gambling Act 2003) has served to expose more completely the size of the issue in New Zealand.

- 43.12. The consequent rise in public knowledge has ensured increasing numbers of people who have addictive gambling behaviour have been identified by problem gambling service providers.
- 43.13. As shown already there are clear indications that numbers have peaked. New callers to Helpline services have been tracking downwards for the last two years and problem gambling counseling services in some parts of New Zealand are reporting a downturn in client numbers.
- 43.14. Research is providing greater insight into the scope and dimensions of problem gambling – what it particularly needs to do is identify the treatment approaches which provide optimum results for individuals.
- 43.15. It is vital that local authorities carefully balance the needs and requirements of the entire community when determining policies on what gambling should be permitted to occur, where, and how.
- 43.16. Gambling is a legal activity enjoyed by most New Zealanders on a reasonably regular basis. Gambling takes many forms. EGMs in local licensed venues have a place in that spectrum.
- 43.17. Central government has legislated and regulated the sector extensively to ensure those playing games do so having knowledge of the risks they are taking, that the games are fair within the rules, and that about 95 cents in every dollar gambled will be returned either as winnings, is distributed as grants back into the community or is returned as payments to the Crown.
- 43.18. The majority of the balance is also returned to communities as wages, rents, and purchases of goods and services from suppliers etc.
- 43.19. Local government has a role to ensure that gambling activities do not encroach on other activities in the community in an inappropriate manner. So local government can decide how many machines and how many venues the community wants (within the context of existing licence rights) and where gambling should be located. It is a contiguous role with the role local government has in liquor licensing.
- 43.20. In making that decision local government must balance the significance of the fund raising opportunities for local groups (and national groups which may provide local benefit) against the community impact created by addictive gambling behaviour.

- 43.21. The total exclusion of EGMs from a community will not eradicate problem gambling from that community. Problem gamblers are highly adaptive people and will find other outlets (possibly in other communities) for their gambling.
- 43.22. Perversely, if the arguments of anti-gambling advocates are accepted in full, it could be said that the presence of EGMs provides the best opportunity for identification and initiation of treatment of problem gamblers. It is only the operators of gaming machine venues who have a statutory obligation to identify and then intervene when they have a problem gambler in the venue.
- 43.23. It is only the operators of gaming machine venues who have the statutory right to exclude a person from a gaming venue on account of their gambling behaviour.
- 43.24. Total removal of gaming machine venues, as advocated by some, would remove from a local community the opportunity to take effective action to start dealing with problems created by addictive gambling behaviours.

Manukau City Venues 31 March 2007

Auckland Bowls Trust	O'Hagan's Irish Pub & Grill	2 Dunrobin Place Highland Park, Manukau City	18
Beachlands Chartered Club Inc	Beachlands Chartered Club	Corner Wakelin Road And Third View, Beachlands-Maraetai	9
Beneficial Charitable Trust	Woody's Sports Bar	202 Great South Road, Manurewa	9
Bridge Park Bowling Club Inc	Bridge Park Bowling Club Inc	27A Taylor Road, Mangere Bridge	3
Caversham Foundation Limited	Jo's Place	Unit 1 185 Great South Road, Manurewa	9
Century Foundation Limited	Sapphire Bar	Unit C 495 Pakuranga Road Highland Park, Manukau City	18
Century Foundation Limited	The London Shed	Shop 14 505 Pakuranga Road Highland Park Shopping Centre, Manukau City	18
Century Foundation Limited	Our Local	254 Roscommon Road, Wiri	18
Century Foundation Limited	The Spectator Bar & Grill	272 Ti Rakau Drive, Pakuranga	18
Century Foundation Limited	Ye Olde Bailey	272 Ti Rakau Drive, Pakuranga	18
Century Foundation Limited	Hiptonix	2/25 Fair Mall, Otara	15
Century Foundation Limited	Rick's Bar	34H Cavendish Drive, Manukau City	9
Cuesports Foundation Limited	Mavericks Otara	Unit C 19 Fairmall, Otara	18
Cuesports Foundation Limited	New Zealand Valley Pool - Manukau	16C Bakerfield Place, Manukau City	18
East Tamaki Community Charitable Trust Board	Tamaki Sports Bar	265 East Tamaki Road, Otara	18
Howick Club Inc	Howick Club Inc	107 Botany Road, Howick	18
Howick Returned Services Assn Inc	Howick Returned Services Assn Inc	25 Wellington Street, Howick	18
Infinity Foundation Ltd	Hunters Inn	22 Charles Street, Papatoetoe	18
Kiwi Community Trust Limited	Wattle Downs Golf And Country Club	Wattle Farm Road Wattle Downs, Manurewa	3
Mangere Bowling Club Inc	Mangere Bowling Club Inc	360 Massey Road, Mangere East	5
Mangere Bridge Sports & Cultural Society Inc	Mangere Bridge Pokies	123 Coronation Road, Mangere	18
Mangere Cosmopolitan Club Inc	Mangere Cosmopolitan Club	94-100 Bader Drive, Mangere	18
Manukau Counties Community Facilities Charitable Trust	Shiraz Bar	113B Meadowlands Drive, Howick	18
Manurewa Cosmopolitan Club	Manurewa Cosmopolitan Club	6-10 Alfriston Road, Manurewa	18
Manurewa RSA (Inc)	Manurewa RSA	2/8 Maich Road, Manurewa	18
New Zealand Community Trust	East Tamaki Cheap Liquor & Bar	265 East Tamaki Road, East Tamaki	18
New Zealand Community Trust	Strike! Manukau	573 Great South Road, Manukau City	9
New Zealand Community Trust	Pakuranga Country Club	199 Botany Road, Howick	6
Pacific Sports & Community Trust	Garden Inn Motor Lodge	10 Tidal Road, Mangere	18
Pacific Sports & Community Trust	Gordy's	5 Jack Conway Avenue, Manukau City	18

Pakuranga Rugby League Community Sports Club Inc	Pakuranga Rugby League Community Sports Club Inc	William Roberts Road, Pakuranga	8
Papatoetoe & District Returned Services Assn Inc	Papatoetoe & District RSA	22 Wallace Street, Papatoetoe	13
Papatoetoe Cosmopolitan Club (Inc)	Papatoetoe Cosmopolitan Club	53 Rangitoto Road, Papatoetoe	16
Papatoetoe Hunters Corner Bowling Club Inc	Papatoetoe Hunters Corner Bowling Club Inc	247 Great South Road, Papatoetoe	6
Papatoetoe RSA Bowling Club Inc	Papatoetoe RSA Bowling Club Inc	84 Cambridge Terrace, Papatoetoe	4
Papatoetoe West Mangere East Education Trust	Bridge Storage Limited	123 Coronation Road, Mangere	18
Perry Foundation	Xtreme Botany	Unit B1 500 Ti Rakau Drive, Howick	9
Producers Trust Inc	The White Horse Tavern	1 Reeves Road, Pakuranga	18
Pub Charity	Happy Days Steak, Seafood Bar Restaurant	898 Great South Road, Manurewa	18
Pub Charity	Tactics Bar	13 Aviemore Drive, Manukau City	18
Pub Charity	Hotel Grand Chancellor	Corner Kirkbride Road & Ascots Road, Mangere	4
Scottwood Trust	Papatoetoe Clubrooms	183 Great South Road, Papatoetoe	18
South Auckland Charitable Trust	Clendon Family Inn	459 Roscommon Road, Manurewa	18
South Auckland Charitable Trust	Monty's Bar	Unit H / 491 Pakuranga Road Highland Park Complex, Manukau City	9
South Auckland Charitable Trust	Blues Bar & Bistro	Unit B 89 Springs Road, East Tamaki	9
South Auckland Charitable Trust	Barrel Inn	Unit 1 15 Cook Street, Howick	9
T C Charitable Trust	Rosa Pasifika	120 East Tamaki Road, Otara	18
The Howick Dart Club Inc	The Howick Dart Club Inc	125 Elliot Street, Howick	18
The Lion Foundation	Crook And Flail Meadowlands	109B Meadowland Drive Somerville, Howick	18
The Lion Foundation	Playaz Bar	Unit Z - 185 Great South Road, Manurewa	18
The Lion Foundation	Bellbird Arms	13 McAnnally Street, Manurewa	18
The Lion Foundation	Pacific Tavern	Mangere Town Centre Bader Drive, Mangere	18
The Lion Foundation	Alamo Bar & Grill	1/586 Great South Road, Papatoetoe	18
The Lion Foundation	The Prospect Of Howick	78 Picton Street, Howick	18
The Lion Foundation	Grace's Place Hunters Corner	132 Great South Road, Manukau City	9
The Lion Foundation	Graces Place Mangere	5/1 Savill Drive, Mangere	9
The Lion Foundation	Grace's Place Manurewa	149 Great South Road, Manukau City	9
The Lion Foundation	The Bog Irish Bar	Unit T11 Shopping Centre 792 Great South Road, Manukau, Auckland	9
The Seagull Foundation	Tradewinds Tavern	128 Bairds Road, Otara	18
The Seagull Foundation	Headin Home Bar & Grill	1/317 Ti Rakau Drive, Pakuranga	18
The Seagull Foundation	Fibber McPhees	Unit 23A 80 Michael Jones Drive Flatbush, Manukau City	9
The Southern Trust	Shooters Snooker And Pool	36C Cavendish Drive, Manukau City	18
The Southern Trust	Cock And Bull Botany Ltd	29 Town Centre, Manukau City	18
The Trusts Charitable Foundation Inc	Jokers Manurewa	Unit T 185 Great South Road, Manurewa	18
The Trusts Charitable Foundation Inc	Tab East Tamaki	263-277 East Tamaki Road, East Tamaki	18

The Trusts Charitable Foundation Inc	Tab Hunters Corner	274 Great South Road, Papatoetoe	9
Trillian Trust	Guada Fiesta Bar & Catch Restaurant	3 Ronwood Avenue, Manukau City	18
Trillian Trust	Bar Of The Stars	Unit 1 5 Jack Conway Avenue, Manukau City	18
Trillian Trust	The Toad (Manukau)	736 Great South Road, Manukau City	18
Water Safety Education Foundation	Club 220	220 Great South Road, Manurewa	9
Weymouth Cosmopolitan & Sports Club Inc	Weymouth Cosmopolitan & Sports Club	151 Sykes Road, Manurewa	18
Whitford Park Golf Club Inc	Whitford Park Golf Club	58 Whitford Park Road, Whitford	4
Youthtown Inc	123 Karaoka Bar	1/16 Gooch Place, Howick	18

Appendix 1:

CGA views on social impacts

The Impacts of Gambling in Manukau City

1 Well being framework

- 1.1 The consideration of the impacts of gambling as vigorously promoted by the Problem Gambling Foundation and others appears to be excessively negative and unbalanced.
- 1.2 For instance, several assessments undertaken by TLAs have ignored the fact that social development is funded through gaming machine grants to Kohanga Reo, to schools, to groups providing health, to the performing arts and to social services as well as to other community groups.
- 1.3 Those assessments have tended to overlook the economic and social efficiency impact as these groups (which are often run by voluntary labour) are alleviated of the obligation to look to alternative sources of fund raising for worthwhile community projects and activities. Sources such as already over-pressed local business and TLAs themselves.
- 1.4 SIAs have also tended to overlook the fact that investment by charitable gaming trusts in community sports facilities and activities is a huge benefit for the social and physical infrastructure of the District and which would otherwise have to be found by the City Council (maybe by rates increases).
- 1.5 Investment in amateur sports teams, particularly junior teams, is entirely consistent with national and local strategies for healthy life styles and physical activity. Many school age children and junior sports people would not be able to participate in sports at the representative level without the generosity of grants from the funds generated by EGMs.

- 1.6 Gaming machine trusts are also frequent supporters of Kapahaka and other cultural groups which need funds to travel and to perform in other centres.

2 Review of policy - Mitigating harm.

- 2.1 The challenge facing TLAs is balancing the desire to establish an appropriate level of opportunities for Class 4 gambling activities while at the same time taking appropriate action to mitigate harm from gambling.
- 2.2 There is a conventional wisdom that gambling harm is directly associated with availability and that if you reduce availability then you reduce harm. This thesis is not supported by current research – see the views of Dr Max Abbott set out in this paper.
- 2.3 The challenge then becomes to determine, what if any, level of harm can be attributable to Class 4 gambling. As Dr Abbott points out the developing view is that while there is harm from class 4 gambling it tends to be more transient than harm derived from other forms of gambling such as track and sports betting, housie etc.
- 2.4 This is as a result of a comparatively high rate of adaptation to gambling on gaming machines in which harmful behaviours appear to diminish quite rapidly with minimal intervention. In fact there is evidence to suggest that, in the New Zealand context, a very high proportion of people who demonstrate problem gambling behaviours self-cure, without any intervention at all, within 7 years of problematic behaviour being identified.
- 2.5 In addition, looking to a national average of the numbers of machines per 1000 population and trying to set the local ratio at that level ignores the importance of local considerations. It is an entirely meaningless surrogate for informed local decision making. But worst of all, that sort of measurement against a national benchmark does nothing at all to inform a local community about ways in which it should be addressing local harm from gambling. The benchmark can have no meaning unless the benchmark reflects what we know to be an optimum rate.

3 Gambling in NZ

- 3.1 Some of the data which have been presented by PGF on gambling in New Zealand are significantly out of date and are therefore unreliable for decision making.
- 3.2 While it is true that total gambling expenditure increased between June 1992 and December 2004, since then expenditure on Class 4 gambling has fallen about 13%. During that entire period, according to research, the prevalence of pathological problem gambling in the adult community remained unchanged at 0.8%-1.2%.
- 3.3 It would surely give a more accurate picture to decision makers if they had data about gambling expenditure trends on Class 4 gambling – particularly as it pertains to the Manukau City.
- 3.4 It is not possible, at this time, to extract accurate data on gaming expenditure in local authority areas. However, from April 2007 the electronic monitoring system mandated by the Gambling Act 2003 will produce very detailed gambling expenditure data in a timely and transparent basis.
- 3.5 The national data gathered by CGA shows falling expenditure patterns across the country. Average expenditure per machine is down 12% on the levels generated at the end of 2004.
- 3.6 For every \$100 dollars wagered in an EGM in New Zealand:
- \$90.00 is returned to player(s) as winnings
 - \$3.20 is paid to the government in Gaming Duty, GST, Problem Gambling Levy and fees and licences
 - A statutory minimum of \$3.72 is paid out to community groups by way of grants
 - About \$2.70 is paid out in operating costs (ownership, repairs and maintenance of machines, payments to venues etc), and
 - \$0.51c is paid out for administration.
- 3.7 Motivations for gambling are complex. The reasons people gamble are multifaceted and are not particularly helpful in determining policy.

- 3.8 The key issue, in the eyes of the CGA, is the responsibility of gambling providers to offer gambling activities responsibly in a safe environment.
- 3.9 Many of the rules which protect the punter have been incorporated in the legislation, regulations or game rules. These ensure that punters are informed about the risks they take and that the games of chance are fair with the odds in favour of the punter rather than the "house".
- 3.10 What none of the rules, regulations and legislation can do is protect individual punters from the fact that for some people to win others have to lose.
- 3.11 Each player risks money to take the chance they will win.
- 3.12 Problem gambling, and its harmful consequences, arises when individual punters are unable to control their gambling through rational decision making.
- 3.13 The vast majority of New Zealanders, including the vast majority of people who gamble in Manukau City, are able to control their gambling. It is only an estimated 0.8% to 1.2% of adults who end up needing help.
- 3.14 Extrapolation of averages drawn from national expenditure returns, as stated above, is highly likely to lead to an erroneous picture.
- 3.15 It is statistically inappropriate to seek to extrapolate average revenue per machine derived from national data to a particular District.
- 3.16 Revenue generated by gaming machines varies widely and is significantly affected by location, machine type/age/game, venue opening hours, characteristics of the district (e.g. importance of tourism to economy of local area) etc.
- 3.17 Revenue generated by Manukau City venues is highly unlikely to reflect national averages.
- 3.18 Data gathered by CGA from its members tends to indicate that the grant distributions generated by gaming machines in the Manukau City will exceed the amounts cited in the PGF impacts study. What is not known, and cannot be deduced from existing data, is the

contribution made to the revenue (and therefore the grants pool) by tourists.

4 Returns to the community

- 4.1 Societies licensed to operate gaming machines must, by law, distribute more than 37.12% of all revenue generated to authorised purposes.
- 4.2 Each society's authorised purposes are approved by the Department of Internal Affairs.
- 4.3 Each society is required to maximize distributions and minimize its costs – it is frequently audited by the DIA to ensure the legislative objectives are being achieved.
- 4.4 Some societies have been lawfully established to support particular community activities, such as specified sporting codes, rescue helicopters, ambulance services, water safety etc.
- 4.5 Other societies have been established to support particular communities.
- 4.6 The major national societies support local communities and national fund-raising recipients.
- 4.7 All societies are legally required to publish their grants and declines at least once each year.
- 4.8 The government takes:
 - Gaming Duty of 20%
 - GST of 12.5%
 - Problem Gambling Levy of 1.16% (projected to increase to 1.76%)
 - Licensing fees for societies and venues
 - EMS fees of \$1.14/machine/day
 - Community groups get a minimum of 37.12%

- Depreciation, maintenance costs, payments to venue operators, operating overheads etc cost about 27%
- Administration, including grants administration costs about 5%

- 4.9 The DIA has completed, but not yet reported, a survey which seeks to establish where Class 4 gambling dollars were distributed in 2005. The unreported initial analysis shows significant differences between 2005 and the previous time the survey was carried out.
- 4.10 The latest data shows that while sports organizations are still the largest benefactors there is a trend away from support for sports towards other community activities.
- 4.11 Many societies invest significant proportions of their grant money in infrastructure for community organizations at the local level. Every published grants list shows major investments in buildings, plant and equipment for a whole range of community groups.
- 4.12 Territorial local government needs to reflect on where the replacement funding for community groups will come from if gaming machine societies are unreasonably constrained.

5 Negative impacts of gambling in Manukau City

- 5.1 The regressive tax argument set out in some SIAs is over-simplistic and flawed because it ignores the fact that participation in Class 4 gambling, and any of the other legal forms of gambling permitted by legislation, is optional and the result of a conscious choice by individuals to risk money in pursuit of a possible reward.
- 5.2 It is acknowledged that pathological gamblers exercise little or no control over their gambling. Problem gamblers demonstrate some loss of control over their gambling. But the majority of recreational gamblers have full control over their gambling.
- 5.3 The vast majority of people choose to gamble knowing the risks, knowing that a portion of revenue goes to the government as taxes and also knowing that some also goes back to community groups. That information is all required to be displayed in Class 4 gambling venues.

- 5.4 Parliament requires a heavy and highly focused commitment from the gambling industry to minimize the harm suffered by problem gamblers and their significant others. All venue operators must have trained staff on duty, and must provide information about problem gambling and treatment services when they have reason to believe a person with a problem controlling their gambling is using the venue.
- 5.5 The industry pays a levy which reimburses MOH for a series of programmes: public health, treatment services and research, costing about \$20m a year.
- 5.6 There is still a great deal of debate about prevalence of problem gambling in the community.
- 5.7 In recent years the numbers of people seeking help for gambling problems has been falling steeply. The numbers of new clients fell by 21% in 2005 and has fallen again by a similar percentage in the first six months of 2006.
- 5.8 As with other addictions it is clear that people are unlikely to seek help until a crisis arises in their lives which bring their gambling problems into sharp relief.
- 5.9 Social impact studies frequently repeat an assertion from the MOH that only 12% of people classed as problem gamblers access treatment services.
- 5.10 What the MOH statement fails to acknowledge is that the MOH only counts those people who access the services funded from the Problem Gambling Levy. There is strong anecdotal evidence to suggest that many people with gambling problems access help services from non-funded providers (i.e. alcohol and drug addition services, Citizen's Advice and budgeting services, family doctors, family friends).
- 5.11 The MOH also fails to acknowledge the contribution made by the brief and early interventions which are triggered by gambling venue staff.
- 5.12 There is a large piece of research work to be done to establish exactly what the picture is nationally and locally.
- 5.13 The service user presentation statistics continue to show that people cite non-casino gaming machines as their primary mode of gambling. In large measure this can be attributed to the availability of non-

casino gaming machines in the community compared with gaming machines in casinos.

- 5.14 All the respected opinion on harm from gambling experts asserts that presentation statistics are not a proxy for or a measure of gambling harm.
- 5.15 There is a growing view that harm from gaming machines may be much more transient because players adapt much more quickly than they do to track and sports betting. The harms from the latter may be much more difficult to treat and therefore persist much longer and are much more costly.
- 5.16 While the health impacts associated with problem gambling are well known it is also acknowledged by many professionals working in the area that problem gambling is likely to be a consequence of other health issues rather than the primary cause of the problems.
- 5.17 Therefore treating problem gambling will only be successful when the root causes of the gambling problem are also addressed. Removing affected people from the gambling environment is the appropriate intervention – as mandated through the self-exclusion and venue-initiated exclusion provisions of the Gambling Act 2003.
- 5.18 Total removal of legal gambling opportunities will not reduce problem gambling – it will just drive it out of the sight of the responsible authorities.
- 5.19 The social impacts of gambling reflect the incidence of problem gambling. All participants in the industry recognise their responsibility to provide safe venues and responsible gambling – which includes taking active steps to assist gamblers who have lost control of their gambling to seek help.
- 5.20 In recent months there has been a concerted attempt by the PGF to characterize charitable gaming trusts and the people involved in the sector as lacking in probity – while there may have been isolated instances where there have been frauds and other illegal activities in the past the adoption of a Code of Practice by CGA members has eliminated this practice. Illegal activity has never been part of the culture of the sector.

- 5.21 Venue operators have strong incentives to ensure financial probity – the recent jailing of a venue operator for failing to bank machine takings is a clear signal about what will happen if a venue allows bad practices to develop.
- 5.22 The La Trobe University economic impact study, frequently cited in social impact assessments, is totally irrelevant to the New Zealand situation because of the fundamental differences between the industries in Victoria and New Zealand.

6 Total social impact

- 6.1 It would be a mistake to assume the total revenue from gambling is diverted away from other industries in the Manukau City.
- 6.2 Apart from the fact that expenditure on gambling is discretionary spending in the main, and therefore likely to have been spent on other entertainment in the district, the assertion doesn't stand up if what actually happens is closely scrutinised.
- 6.3 Up to 16% of total revenue can be applied to venue costs (e.g. staff wages, proportion of venue floor rental, electricity costs etc) which will all be spent in the Manukau City community.
- 6.4 Manukau City based service people are likely to service machines and be involved in the construction and maintenance of Class 4 gambling venues.
- 6.5 The presence of Class 4 gambling opportunities enhances the offering of hotels, bars and clubs and increases the entertainment spend in the district from local people, visitors and tourists.
- 6.6 Grant money comes back into the community from the charitable gaming trusts which is spent by local people for the benefit of local people.
- 6.7 Some visitors to Manukau City (for cultural and sports events) use grant money from gaming trusts to purchase local accommodation, food transport etc.