Assessing the Social Impact of Gambling in the Wairarapa Region
# Contents

1. Introduction ................................................................................................................................. 2

2. Types of Gambling Covered by the Policies .................................................................................. 2
   2.1. Class 4 Gambling .................................................................................................................... 2
   2.2. Racing and Sports Event Gambling .................................................................................. 2

3. Gambling Statistics .......................................................................................................................... 3
   3.1. Gambling Venues .................................................................................................................. 3
   3.2. Gaming Machines ................................................................................................................. 4
   3.3. Gaming Machine Expenditure ............................................................................................. 5
   3.4. TAB Venues .......................................................................................................................... 5
   3.5. National Comparisons .......................................................................................................... 5

4. Gambling Risk Profile ..................................................................................................................... 6
   4.1. Prevalence ............................................................................................................................ 7
   4.2. Density .................................................................................................................................. 7
   4.3. Ethnicity ............................................................................................................................... 8
   4.4. Community Deprivation ....................................................................................................... 8
   4.5. Service Availability ............................................................................................................. 9

5. Social Benefits of Gambling .......................................................................................................... 9
   5.1. Community Grants ............................................................................................................... 9
   5.2. NZRB Sports Contributions .............................................................................................. 10
   5.3. Employment ........................................................................................................................ 10
   5.4. Entertainment ...................................................................................................................... 10

6. Social Costs of Gambling ............................................................................................................ 10

7. Views on Gambling ........................................................................................................................ 12

8. Conclusion .................................................................................................................................. 12

9. References ................................................................................................................................... 13

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*This Social Impact Assessment has been completed by Masterton District Council on behalf of all three Wairarapa councils.*
1. Introduction

The Gambling Act 2003 and Racing Act 2003 require all territorial authorities to have policies on Class 4 gambling and standalone TAB venues respectively.

Masterton District Council (MDC), Carterton District Council (CDC) and South Wairarapa District Council (SWDC) have had joint policies in place since 2003, to enable a consistent approach across the Wairarapa region.

Under the legislation, both policies are required to be reviewed within three years. The current policies were adopted in August 2016 and are therefore due for review by August 2019.

Council is required to consider the social impact of gambling within its district to inform the policy review. This Social Impact Assessment discusses the social impact of gambling in New Zealand and more specifically for the residents of the Wairarapa region.

2. Types of Gambling Covered by the Policies

2.1 Class 4 Gambling

The Gambling Act 2003 classifies gambling based on the amount of money spent and the risk of problem gambling associated with an activity. Classes of gambling range from Class 1 (low-stake, low-risk gambling) to Class 4 (high-risk, high-turnover gambling). Casino and Lotteries Commission gambling are treated as separate classes under the legislation.

Gaming machines in pubs and clubs (i.e. outside a casino) are defined as Class 4 gambling. Class 4 gambling may only be conducted by a corporate society and only to raise money for one or more of the following authorised purposes:

- charitable purpose;
- non-commercial purpose that is beneficial to the whole or a section of the community; or
- promoting, controlling, and conducting race meetings under the Racing Act 2003, including the payment of stakes.

Council can regulate the number of Class 4 gambling venues that can be established in the region and where they can be located, as well as the number of gaming machines that can be operated in the Wairarapa region.

2.2 Racing and Sports Event Gambling

The Racing Act 2003 facilitates gambling on galloping, harness and greyhound racing, and other sporting events. Racing and sports event gambling is delivered through the New Zealand Racing Board (NZRB).

The NZRB provides on-course services to licensed racing clubs at 65 racing venues throughout the country. Off-course gambling is available through telephone betting, internet betting, remote betting through Sky digital TV and through retail outlets such as pubs and clubs, self-service terminals and standalone NZRB venues (TAB venues).

A TAB venue is a venue where the main business carried out is to provide racing or sports betting services. These are standalone venues and do not include TAB outlets or agencies that are additional activities of a bar or hotel.

Council can regulate the number of standalone TAB venues that can be established in the Wairarapa region and where they can be located.
3. Gambling Statistics

3.1. Gambling Venues

As at December 2018, the Wairarapa region has 12 gambling venues. Of these, three are in Carterton, four are in Masterton and five are in South Wairarapa.

![Number of Gambling Venues](image)

The number of gambling venues has decreased by three (20%) since December 2015, with Carterton, Masterton and South Wairarapa each having one less venue.

This continues the steady decline of gambling venues in the Wairarapa since a sinking-lid approach (i.e. no new Class 4 gambling venues permitted) was adopted in 2008. In 2008, there were 19 gambling venues in the region.

![Gambling Venues 2004-2018](image)

Each of the venues are within the central business district of the town it is located. A list of gambling venues and the number of gaming machines each operates is provided as Appendix 1.
3.2. Gaming Machines

As at December 2018, the Wairarapa region has 165 gaming machines, a decrease of 28 (15%) since December 2015. Of the 165 gaming machines, 45 are in Carterton, 64 are in Masterton and 56 are in South Wairarapa.

Each district has had a reduction in the number of gaming machines operating since December 2015, with Carterton decreasing by five (10%), Masterton decreasing by 14 (18%) and South Wairarapa decreasing by nine (14%).

As noted above, this continues the steady decline of gaming machines in the Wairarapa since 2008 when the sinking-lid approach was first adopted. In 2008, there were 247 gaming machines in the region.
3.3. Gaming Machine Expenditure

Despite the reduction in gambling venues and gaming machines, expenditure (i.e. the amount lost by players) on gaming machines has slowly increased since December 2015. For the quarter ending December 2018, gaming machine proceeds in the Wairarapa region were just over $1.9m, an increase of $358k (23%) compared to the same period in 2015.

The most significant shift was in Carterton, with expenditure in the December 2018 quarter at $436k, a 77% increase compared to December 2015.

Masterton’s expenditure increased by $156k (17%) over the same period, while South Wairarapa had a small increase of $12k (3%).

The estimated Wairarapa adult population has increased by 6% over the period. Each district has had a similar level of population growth (i.e. 6% in Masterton and South Wairarapa and 7% in Carterton). This population increase may have had some effect on the levels of expenditure but is unlikely to have had a significant impact, particularly when considering Carterton’s increase. This suggests that either more people are using gaming machines, or that people are spending more.

3.4. TAB Venues

There are currently no standalone TAB venues in the Wairarapa region.

3.5. National Comparisons

The table overleaf provides a comparison of the number of gaming machines and expenditure levels in the Wairarapa region against the national average. Population figures are based on Statistics New Zealand’s 2018 estimates for the Wairarapa region’s adult population (i.e. people aged 15 years and over).1

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1 Class 4 gambling is restricted to people aged 18 and over, however, the adult population figures referenced in this report include people aged 15 and over due to Statistic New Zealand’s reporting brackets. Adult population estimates for 2018 are: Wairarapa (36,920), Masterton (20,800), Carterton (7,570), South Wairarapa (8,550).
Assessing the Social Impact of Gambling in the Wairarapa

<table>
<thead>
<tr>
<th>Category</th>
<th>Risk Score</th>
<th>Weighting</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevalence</td>
<td>3</td>
<td>2</td>
<td>6 (High)</td>
</tr>
<tr>
<td>Number of Gaming Machines per 10,000 people</td>
<td>1</td>
<td>1</td>
<td>1 (Low)</td>
</tr>
<tr>
<td>Expenditure per Person</td>
<td>1</td>
<td>1</td>
<td>1 (Low)</td>
</tr>
<tr>
<td>Māori</td>
<td>2</td>
<td>1</td>
<td>2 (Medium)</td>
</tr>
<tr>
<td>Pasifika</td>
<td>1</td>
<td>1</td>
<td>1 (Low)</td>
</tr>
<tr>
<td>Community Deprivation</td>
<td>2</td>
<td>1</td>
<td>2 (Medium)</td>
</tr>
<tr>
<td>Availability of Services</td>
<td>3</td>
<td>1</td>
<td>3 (High)</td>
</tr>
</tbody>
</table>

Overall Risk Rating: 16 (Medium)

The data indicates that overall, the Wairarapa region has slightly more gaming machines than other districts in New Zealand, but that the machines are not being used as much.

The expenditure per gaming machine is highest for Masterton, which suggests these machines are being used more extensively than those in Carterton and South Wairarapa.

4. Gambling Risk Profile

This gambling risk profile for the Wairarapa region has been defined using the local government resource developed by KPMG in conjunction with the Ministry of Health (MOH) in 2013.

The following five known categories of gambling risk have been assessed:

- Prevalence: people in the region at risk of being problem gamblers;
- Density: the number of gaming machines per person and expenditure per person;
- Ethnicity: the percentage of the population who identify as Māori or Pasifika;
- Level of community deprivation; and
- Availability of intervention services in the district.

Each category has been scored based on its level of risk (1 = low, 2 = medium, 3 = high), which is multiplied by the weighting figure to give the category risk rating. The rating for each category has been added together to form an overall risk profile for the Wairarapa region, as provided below.

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2 KPMG & MOH (2013)
A risk score of 16 is considered medium risk, which according to the KPMG guidance, suggests the Wairarapa is best suited to a policy that restricts locations and/or numbers of gaming machines but may not need to go as far as having a sinking lid.

When looking at each district independently, Masterton and Carterton have a medium risk rating with scores of 16 and 14 respectively. South Wairarapa has a low risk rating with a score of 12. The categories where there is a difference in the level of risk for each district are prevalence (lower risk in South Wairarapa), Māori population and availability of services (both higher risk in Masterton).

Further detail on each of the categories is provided below.

4.1. Prevalence

This measure combines local intervention statistics with national gambling statistics to indicate the prevalence of gambling harm in the district.

According to the 2016 Health and Lifestyles Survey, approximately 186,000 New Zealanders experienced some level of gambling harm in that year. MOH data\(^4\) shows that in 2017-18, 10,555 people nationally received problem gambling treatment services. This means the national prevalence rate is approximately 5.7%.

In 2017-18, 116 people in the Wairarapa region received problem gambling treatment services. Of these, 97 were from Masterton, 16 were from Carterton and three were from South Wairarapa.

Using the KPMG formula, the prevalence rate for the Wairarapa is follows:

\[
\text{Wairarapa region prevalence rate} = \frac{116}{116 \div 5.7\%} + \frac{36,920}{36,920 \times \text{Wairarapa adult population}} = 5.5\%
\]

The number of intervention clients in the region (116) is divided by the national prevalence rate (5.7%). This indicates that approximately 2,035 people in the region may experience some level of gambling harm. Those 2,035 people are then divided by the Wairarapa region’s adult population (36,920) to find the region’s prevalence rate (5.5%).

Prevalence greater than 1.1% is considered high risk.

When broken down by district, the highest prevalence rate is in Masterton (8.2%), followed by Carterton (3.7%) and South Wairarapa (0.6%).

When compared against 10 district councils, which were chosen based on a similar sized adult population, the Wairarapa region’s prevalence rate was significantly higher than all but one. Nine of the comparison councils had a prevalence rate between 0.2% to 2.5%, while one had a rate of 7.7%.\(^5\)

4.2. Density

\(^3\) Health Promotion Agency (2018), p.14
\(^5\) The following district councils were used as a comparison: Ashburton, Gisborne, Kāpiti, Marlborough, Matamata-Piako, Selwyn, Taupō, Waimakariri, Whakatane, Whanganui.
Gambling density is a measure of the opportunities available for people to gamble. Density is measured via the following two components:

- Number of Class 4 gambling machines per 10,000 people; and
- Expenditure per person.

The Wairarapa region has 45 gaming machines per 10,000 people. Having 75 or less gaming machines per 10,000 people is considered low risk.

Gaming machine expenditure per person in the Wairarapa region is $204 per year. Expenditure of $300 or less per person is considered low risk.

Refer to Section 3 above for further details on gaming machine numbers and expenditure.

4.3. Ethnicity

As at September 2018, an estimated 17% of the Wairarapa region’s adult population identified as Māori or Pasifika.

<table>
<thead>
<tr>
<th></th>
<th>Māori</th>
<th>Pasifika</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wairarapa</td>
<td>5,510 (15%)</td>
<td>840 (2%)</td>
</tr>
<tr>
<td>Carterton</td>
<td>890 (12%)</td>
<td>120 (2%)</td>
</tr>
<tr>
<td>Masterton</td>
<td>3,520 (17%)</td>
<td>580 (3%)</td>
</tr>
<tr>
<td>South Wairarapa</td>
<td>1,100 (13%)</td>
<td>140 (2%)</td>
</tr>
</tbody>
</table>

When broken down by district, Masterton has a slightly higher percentage of people who identify as Māori or Pasifika, compared to Carterton and South Wairarapa.

The level of risk associated with ethnicity is broadly measured by the difference between the local population that identify as Māori or Pasifika, compared with the national average. As at September 2018, an estimated 14% of the national population identified as Māori and 7% identified as Pasifika.

The Wairarapa region’s Māori population is slightly higher than the national average which is considered medium risk, while the Pasifika population is less than the national average which is considered low risk.

4.4. Community Deprivation

The New Zealand deprivation index ranks socioeconomic deprivation based on 2013 census information. The index takes into account a number of variables including:

- car and telephone access;
- receipt of means-tested benefits;
- unemployment;
- household income;
- sole parenting;
- educational qualifications;
- home ownership;
- home living space.

The scale runs from one to 10, with one representing least-deprived areas and 10 representing most deprived areas.
Based on the 2013 census, Masterton has a deprivation index of 6.5, while Carterton and South Wairarapa each have a deprivation index of 5.1.\(^6\)

A community with a deprivation score between four to seven is considered moderately deprived, which is a medium risk.

### 4.5. Service Availability

Service availability refers to the number of intervention services available within the district that specialise in preventing and minimising gambling harm. The Wairarapa community has access to the following three services:\(^7\)

- Salvation Army Oasis Centre (located in Masterton);
- Nationwide Gambling Helpline; and
- Nationwide Problem Gambling Foundation.

This equates to less than one service per 10,000 people, which is considered high risk.

### 5. Social Benefits of Gambling

Gambling can benefit New Zealand and local communities by way of community grants, providing employment opportunities and as a form of entertainment.

#### 5.1. Community Grants

Under the Gambling Act 2003 and the Gambling (Class 4 Net Proceeds) Regulations 2004, all corporate societies that conduct Class 4 gambling are required to distribute 40% of their net proceeds to an authorised purpose.

There are two types of corporate society that operate gaming machines:

- those that apply funds to their own purposes (e.g. clubs); and
- those that make grants to other organisations for community purposes.

There is currently no requirement that proceeds from gaming machines are distributed within the community from which it derived. This means that not all proceeds from gaming machines that operate in the Wairarapa will necessarily be returned to the region. However, this also means that the Wairarapa region may benefit from proceeds of machines that operate in other districts.

Nationally, more than $200m in gaming machine proceeds is returned to communities each year.\(^8\) The majority of this funding is distributed to sports organisations, and social and community service organisations.

In 2017-18, approximately $2.9m was received by community organisations in the Wairarapa from the corporate societies that operate the region’s gaming machines.\(^9\) The total value of grants is likely to be greater as it does not include grants received from corporate societies that don’t operate in the Wairarapa region. There is also a likely broader benefit to the Wairarapa region from grants received by national organisations, though the value of this cannot be quantified.

\(^6\) Ministry of Business, Innovation and Employment (n.d.)
\(^7\) Ministry of Health (n.d.)
\(^8\) Department of Internal Affairs (2016), p.5
\(^9\) Sourced via grant distribution lists for Lion Foundation, One Foundation Ltd, Trust House Foundation, Trillian Trust and Pub Charity.
Despite the clear benefit of community grants, it should be considered alongside the $7.4m lost by players in the Wairarapa region in 2017-18, considerably more than what is returned to the community.

5.2 NZRB Sports Contributions

NZRB makes a significant contribution to the development of sports in New Zealand through the commission paid to national sporting bodies for sports on which they take bets. NZRB’s 2018 Annual Report noted that in 2017-18, the board paid commissions totalling $10.2m to national sporting organisations across the country.

5.3 Employment

The existence of Class 4 gaming and sports and racing betting creates employment opportunities for the corporate societies administering the gaming machines, the venues operating them, and the servicing industries.

A survey undertaken in 2009 estimated that nationally there were 300 full-time equivalents (FTEs) directly employed by class 4 non-club corporate societies and 215 employees of external service providers and contractors also working for the corporate societies.\(^\text{10}\)

NZRB’s 2018 Annual Report noted that the Board directly employs around 863 personnel nationally.

5.4 Entertainment

Gambling is a popular form of entertainment, with approximately 2.7 million New Zealanders aged 15 years and over participating in some form of gambling in 2016.\(^\text{11}\)

Gambling is usually a harmless activity, from which most people who participate derive personal enjoyment and positive social effects. Research has show that the more communal the gambling activity, the higher the level of fun and enjoyment.\(^\text{12}\)

6. Social Costs of Gambling

Most people do not experience problems resulting from their gambling. However, for the minority that do develop a problem, the impacts can be far-reaching.

Problem gambling is particularly associated with gaming machines, due to the continuous nature of the activity that allows money to be quickly reinvested. Almost half of the people who received intervention services in 2016-17, identified gaming machines outside of casinos as their main gambling activity.\(^\text{13}\)

The 2016 Health and Lifestyles survey,\(^\text{14}\) indicates that almost half (49%) of the people who played gaming machines in pubs or clubs at least once a month reported at least some level of risk of gambling harm.

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\(^\text{10}\) KPMG (2013), p.19
\(^\text{11}\) Health Promotion Agency (2018), p.12
\(^\text{12}\) KPMG (2013), p.19
\(^\text{13}\) Sapere Research Group (2018), p.54
\(^\text{14}\) Health Promotion Agency (2018), p.14
The most prevalent forms of gambling harm are listed below:\textsuperscript{15}

- **Personal impacts:** including elevated physical and mental health problems relative to the general adult population and, in extreme cases, suicide attempts and suicide.
- **Financial impacts:** on average, problem gamblers spend approximately 15 times more than non-problem gamblers per month on gambling.
- **Interpersonal impacts:** including relationship breakups and family neglect. Close family members of heavy gamblers are most often affected. In extreme cases, children of problem gamblers may be left with reduced access to necessities, including adequate housing, warmth and food.
- **Parenting impacts:** people who report having a parent with gambling problems are significantly more likely to experience gambling problems themselves, so problem gambling has the potential to have an impact on future generations.
- **Work and study impacts:** including lost time at work or study and in extreme cases, resignation or termination of a job or a course, due to gambling-related absenteeism or crime.
- **Criminal and legal impacts:** problem gambling has been linked to criminal activity, and studies have suggested that much of the crime goes unreported. Apart from the financial cost of gambling-related crime to organisations and individuals directly involved, there are often financial and other costs for problem gamblers who are convicted, and their families.

These impacts flow on to cause broader harm to communities, including but not limited to:\textsuperscript{16}

- increased costs to the health system both in terms of treatment for gambling and costs associated with other medical conditions caused or exacerbated by gambling e.g. other addictions or stress-related illness;
- cost of providing services to assist people with emotional and psychological harm;
- increased reliance on both community and government provided welfare;
- costs to the family law courts and associated organisations;
- costs of caring for dependents no longer supported;
- perpetuation of poverty and welfare reliance from a generational perspective;
- costs to business relating to job turnover and absenteeism;
- direct costs of criminal activity in terms of the investigation of crime, costs to the judicial system, incarceration, probation, and parole; and
- financial and emotional cost to victims of crime.

\textsuperscript{15} KPMG (2013), p.20
\textsuperscript{16} Central Queensland University and Auckland University of Technology (2017), p. 128
7. Views on Gambling

The 2016 Health and Lifestyle Survey found that:¹⁷

- 60% of respondents believed that pokies in pubs and clubs are a particularly harmful gambling activity (compared to 68% in 2014 and 2010).

- 55% of respondents said some forms of gambling were socially undesirable.

- Of those who thought some forms of gambling were socially undesirable, 59% considered gaming machines at a pub or club to be socially undesirable (compared to 74% in 2010).

- 46% of respondents thought that raising money through gambling did more harm than good in the community;

- 43% of respondents said they had some degree of concern about the level of gambling in their community.

At the Waifest event on Waitangi Day 2019, the community was asked how they felt about the number of gambling venues and gaming machines currently operating in the Wairarapa region. Of the 54 responses:

- 59% said there are currently too many gambling venues, 35% said the current number is about right and 6% said there aren’t enough.

- 69% said there are too many gaming machines, 26% said the current number is about right and 6% said there aren’t enough.

Further views from the Wairarapa community will be sought during the consultation period on the proposed Wairarapa Class 4 Gambling and Standalone TAB Venues Policy.

8. Conclusion

The Wairarapa region experiences benefits from gambling operations in the region and nationally, associated with entertainment and employment opportunities, and significant amounts of community grants.

However, problem gambling is an issue in the Wairarapa region, which can result in significant negative impacts to the gambler, their family and friends, and the wider community.

In 2017-18, 116 people in the Wairarapa region sought help from problem gambling support agencies. Not all problem gamblers seek help, so the actual number of gamblers and family/friends who are experiencing harm from gambling in the Wairarapa region is unknown. Based on the national prevalence rate of 5.7%, there could be more than 2,000 people in the Wairarapa region that experience some level of gambling harm.

The analysis of the Wairarapa region’s gambling risk profile suggests that the Wairarapa is best suited to a policy that restricts locations and/or numbers of gaming machines, but that these restrictions do not necessarily need to include implementing a sinking lid on numbers of venues or machines.

¹⁷ Health Promotion Agency (2018), p.16
9. References


## Appendix 1: Wairarapa Gambling Venues

<table>
<thead>
<tr>
<th>Society Name</th>
<th>Venue</th>
<th>Address</th>
<th>Gaming Machines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carterton</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Lion Foundation 2008</td>
<td>Ev's Bar</td>
<td>3 Belvedere Road</td>
<td>9</td>
</tr>
<tr>
<td>One Foundation Limited</td>
<td>Marquis of Normanby</td>
<td>63 High Street</td>
<td>18</td>
</tr>
<tr>
<td>Trillian Trust</td>
<td>Royal Oak Hotel</td>
<td>321 High Street South</td>
<td>18</td>
</tr>
<tr>
<td><strong>Masterton</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust House Foundation</td>
<td>Jackson Street Bar</td>
<td>20 Jackson Street</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Kuripuni Tavern</td>
<td>Queen Street South</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>The Farriers</td>
<td>4 Queen Street</td>
<td>18</td>
</tr>
<tr>
<td>Wairarapa Services &amp; Citizens Club Inc</td>
<td>Wairarapa Services &amp; Citizens Club</td>
<td>20 Essex Street</td>
<td>10</td>
</tr>
<tr>
<td><strong>South Wairarapa</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Lion Foundation 2008</td>
<td>Empire Hotel</td>
<td>Johnston Street, Featherston</td>
<td>15</td>
</tr>
<tr>
<td>Trust House Foundation</td>
<td>Greytown Hotel</td>
<td>33 Main Street, Greytown</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Pukemanu Tavern</td>
<td>The Square, Martinborough</td>
<td>14</td>
</tr>
<tr>
<td>Pub Charity Ltd</td>
<td>Messines Bar &amp; Restaurant</td>
<td>57 Fox Street, Featherston</td>
<td>5</td>
</tr>
<tr>
<td>South Wairarapa Working Men’s Club</td>
<td>South Wairarapa Working Men’s Club</td>
<td>120 Main Street, Greytown</td>
<td>13</td>
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</tbody>
</table>