

# Gaming Machine Gambling Statistics and Research Paper – Information for Territorial Authorities



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Paper prepared by Jarrod True and Martin Cheer

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## Introduction

1. This paper has been prepared by Jarrod True and Martin Cheer. Jarrod is a barrister and solicitor with 23 years' experience. Jarrod is also the author of the *New Zealand Gambling Law Guide* ([www.gamblinglaw.co.nz](http://www.gamblinglaw.co.nz)), and the author of *Gambling Law* (a Thomson Reuters publication). Martin Cheer is the CEO of Pub Charity.
2. The aim of this paper is to assist territorial authorities with their decision-making process by setting out some of the key statistics regarding class 4 gambling and problem gambling.

## Executive Summary

3. The Gambling Act 2003 seeks to balance the potential harm from gambling against the benefits of using gaming machines as a mechanism for community fundraising. In 2018, approximately \$276m of grant funding was approved across 28,074 grants to 10,853 different organisations.<sup>1</sup> In addition, over \$71m was applied by the New Zealand Racing Board (\$14m), Youthtown (\$8m) and various RSAs and Workingmen's Clubs (\$50m) to support their own activities. 54% of the grants distributed in 2018 were sports related. The second most popular category was community (20%).
4. New Zealand has a very low problem gambling rate by international standards. The New Zealand National Gambling Study: Wave 4 (2015)<sup>2</sup> found the problem gambling rate was 0.2% of people aged 18 years and over. The problem gambling rate is for all forms of gambling, not just gaming machine gambling.
5. The reasons for an increase or decrease in problem gambling are complex and multi-faceted, not simply the direct by-product of an increase or decrease in machine numbers.
6. The New Zealand problem gambling prevalence rate over time bears no correlation to the number of gaming machines operating in New Zealand.
7. Between 1991 and 1999 the problem gambling rate declined considerably despite gaming machine numbers doubling and gaming machine expenditure trebling. Between 2006 and 2010 the problem rate increased, despite the number of gaming machines in New Zealand falling considerably in the same period. Between 2010 and 2015 the problem gambling rate stayed the same, despite a continual decline in gaming machine numbers.

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<sup>1</sup> [http://www.gamblinglaw.co.nz/download/Gaming\\_Machine\\_Grant\\_Data\\_2018.pdf](http://www.gamblinglaw.co.nz/download/Gaming_Machine_Grant_Data_2018.pdf)

<sup>2</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

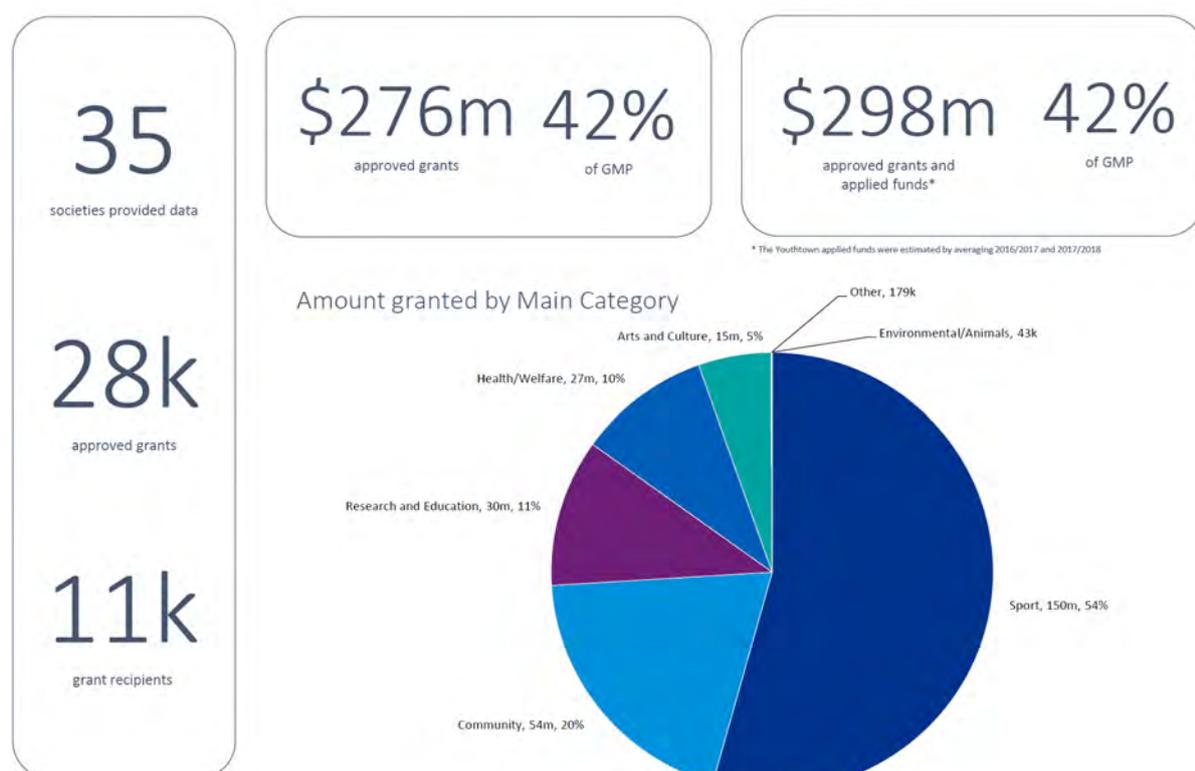
## General Class 4 Gambling Facts

### Gaming Machines Have Operated in New Zealand for a Considerable Period

8. Gaming machines have been present in New Zealand communities since the early 1980s. Initially the machines were operated without a gaming licence. The first gaming licence was issued to Pub Charity on 25 March 1988, over 31 years ago.
9. Gambling is a popular form of entertainment that most New Zealanders participate in. The New Zealand National Gambling Study: Wave 4 (2015)<sup>3</sup> found that 75% of adult New Zealanders had participated in some form of gambling in the previous 12 months.

### Gaming Machine Funding

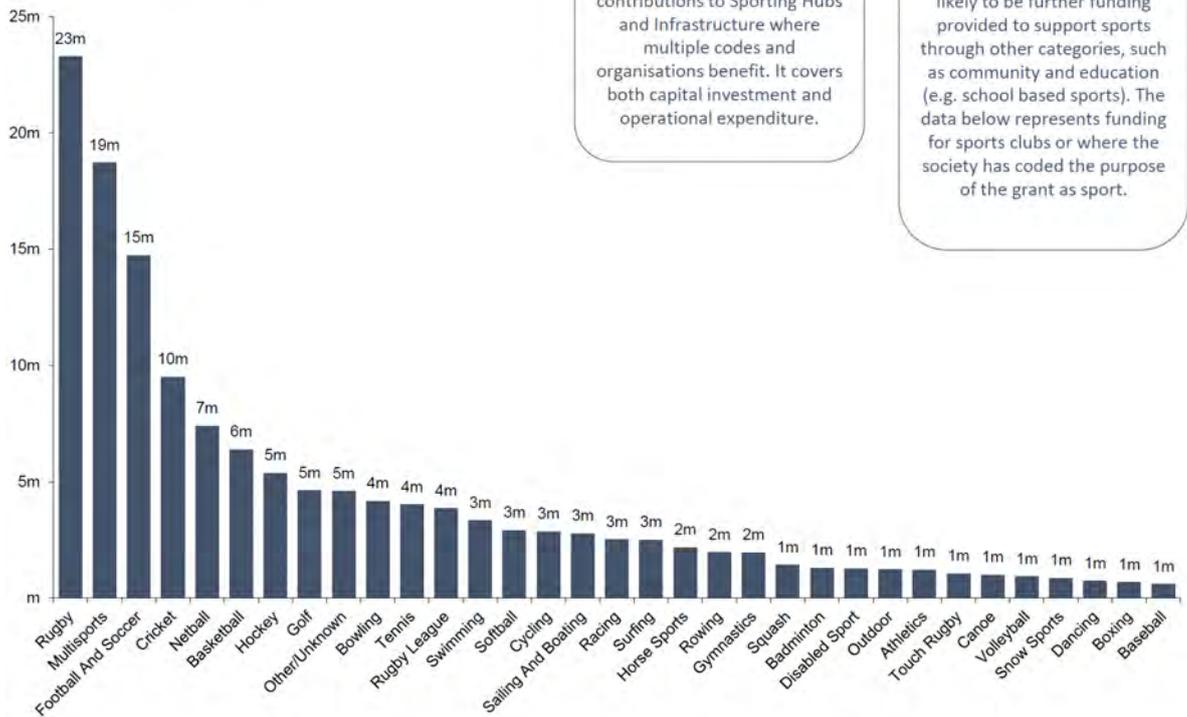
10. The Gambling Act 2003 seeks to balance the potential harm from gambling against the benefits of using gaming machines as a mechanism for community fundraising.
11. In 2018, approximately \$276m of grant funding was approved across 28,074 grants to 10,853 different organisations.<sup>4</sup> In addition, over \$71m was applied by the New Zealand Racing Board (\$14m), Youhttown (\$8m) and various RSAs and Workingmen's Clubs (\$50m) to support their own activities. 54% of the grants distributed in 2018 were sports related. The second most popular category was community (20%).



<sup>3</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

<sup>4</sup> [http://www.gamblinglaw.co.nz/download/Gaming\\_Machine\\_Grant\\_Data\\_2018.pdf](http://www.gamblinglaw.co.nz/download/Gaming_Machine_Grant_Data_2018.pdf)

Amount granted by Sport



The 'Multisports' categorisation includes contributions to Sporting Hubs and Infrastructure where multiple codes and organisations benefit. It covers both capital investment and operational expenditure.

In addition to the sports represented below, there is likely to be further funding provided to support sports through other categories, such as community and education (e.g. school based sports). The data below represents funding for sports clubs or where the society has coded the purpose of the grant as sport.

12. In contrast to the amount of grants made by gaming machine trusts, NZ Lotteries transferred \$202 million to the Lottery Grants Board for community services and projects, the New Zealand Racing Board allocated \$142 million, mostly to support racing club activities and infrastructure, and Casinos paid just over \$3 million to their community trusts.
  
13. In 2012, the Auckland City Council commissioned a community funding survey. The survey data is summarised in the report *Community Funding: A Focus on Gaming Grants*.<sup>5</sup> The report confirms how essential gaming machine funding is to a very large number of community organisations and how extremely difficult it would be for such funding to be obtained from alternative sources. The key findings of the survey are:
  - Most respondents (75%) indicated that their organisation is moderately or totally reliant on gaming machine funding to fund core business activities.
  - Most respondents (55%) believed that there would be a high to extreme risk to their organisation and their core business if they did not receive gaming funding. A further one-quarter (26%) said that there would be a moderate risk if they did not receive it.
  - Two-thirds of respondents (68%) said that they thought that they would be unlikely to find another source of funding if gaming funding was not available.
  
14. The report concluded:
 

Gaming Trust funding is a major source of community funding for organisations in the Auckland Region. Most respondents believe that the funding for their

<sup>5</sup> [http://www.gamblinglaw.co.nz/download/Research/Auckland\\_City\\_Community\\_Funding\\_Report.pdf](http://www.gamblinglaw.co.nz/download/Research/Auckland_City_Community_Funding_Report.pdf)

organisations is not particularly secure and are highly dependent on gaming funding, not just for discretionary or extra activities, but to fund their core business. There is a dependence on this funding with over half the respondents believing that their organisations would be at extreme risk if they did not receive it. Most felt that if the funding was not available, they would struggle to find an alternative source of funding. Some would cut down the activities they undertook, others say they would be forced to close down.

**Positive Economic Impact From the Gaming Industry**

15. In 2012, Auckland City Council commissioned an economic impact report on the impact of the class 4 gambling industry. The Economic Impact Report<sup>6</sup> confirmed that the non-casino gaming machine sector makes a positive economic contribution. The report at page 22 concluded:

Overall, the non-casino gaming machine industry has a positive economic impact on the Auckland economy.

**New Zealand Government Taxes and Return to Player**

16. The return to players on a non-casino gaming machine is required to be set between 78% and 92%, with most being set at 91.5%. On average, for every \$1.00 gambled, 91.5 cents is returned to the player in winnings. The money retained is typically allocated as follows:

**Typical Distribution of Gaming Machine Profits**

	<b>GST Inclusive</b>	<b>GST Exclusive</b>
Government Duty	20%	23%
GST	13.04%	0
Problem Gambling Levy	0.78%	0.90%
DIA Costs	2.9%	3.33%
Gaming Machine Depreciation	6.95%	8%
Repairs & Maintenance	2.84%	3.27%
Venue Costs	13.9%	16%
Society Costs	1.74%	2%
Donations	37.83%	43.5%

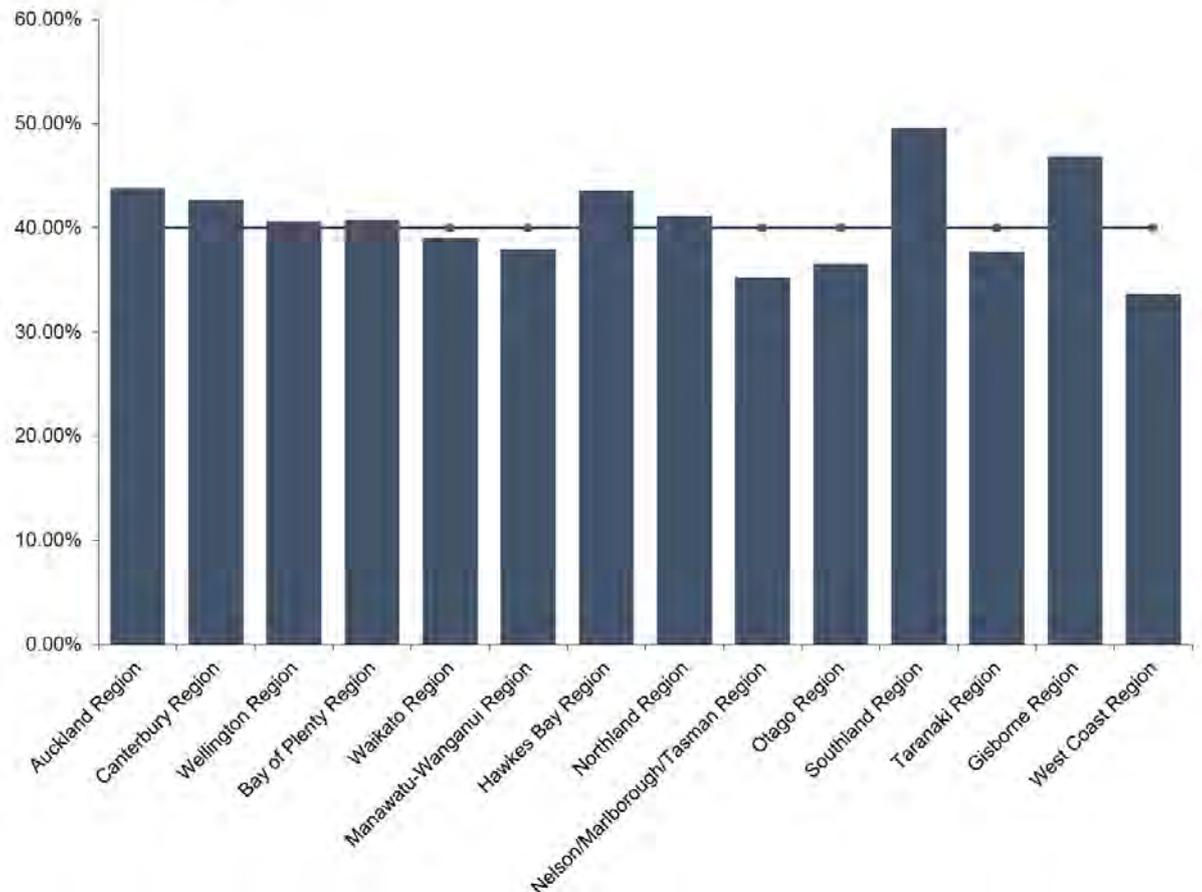
**Authorised Purpose Return Amount**

17. Gaming societies that mainly make external grants (traditional gaming societies, not clubs) are required to return a minimum of 40% of their gross proceeds to authorised purposes.
18. The graph below details the amount of gaming machine proceeds distributed in each region.<sup>7</sup>

<sup>6</sup> [www.gamblinglaw.co.nz/download/Research/Auckland\\_City\\_Economic\\_Impacts\\_Report.pdf](http://www.gamblinglaw.co.nz/download/Research/Auckland_City_Economic_Impacts_Report.pdf)

<sup>7</sup> [http://www.gamblinglaw.co.nz/download/Gaming\\_Machine\\_Grant\\_Data\\_2018.pdf](http://www.gamblinglaw.co.nz/download/Gaming_Machine_Grant_Data_2018.pdf)

GMP % by Region

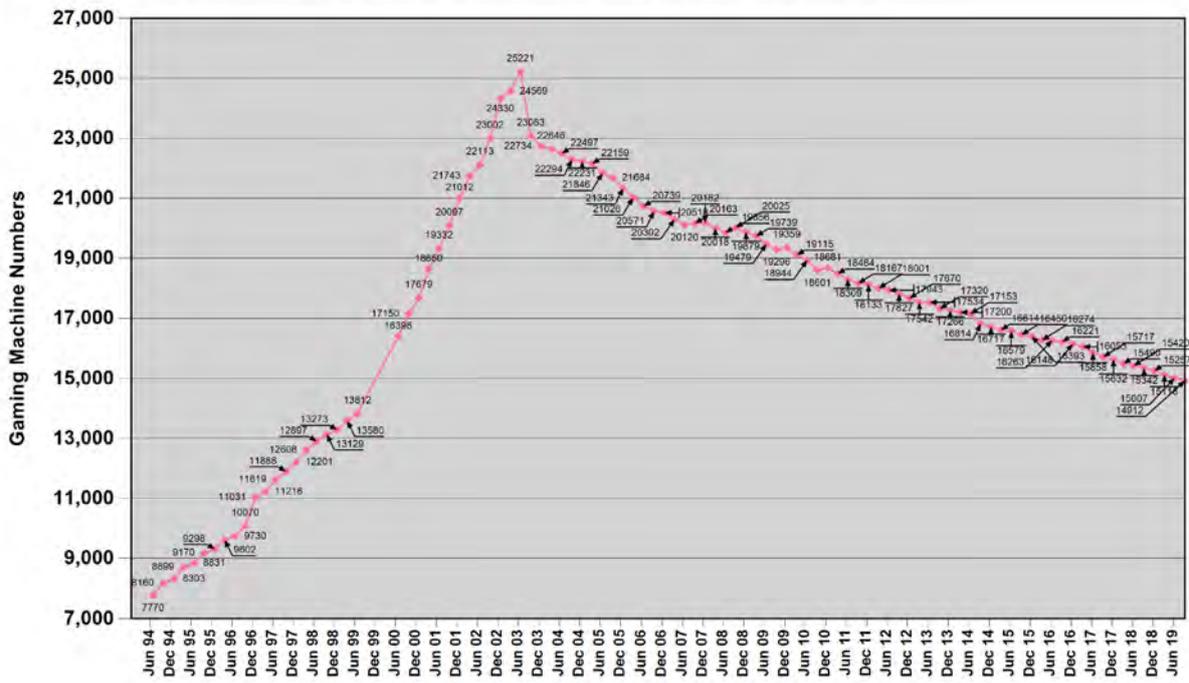


19. Although societies that mainly apply funds (clubs) are not subject to the 40% minimum return regulation, it is common practice for such societies to be subject to a licence condition requiring a minimum of between 25% and 37.12% to be distributed or applied to authorised purposes.

### Non-Casino Gaming Machine Numbers in New Zealand

20. The number of gaming machines in New Zealand is published by the Department at three monthly intervals. A link to the information can be found at <http://www.dia.govt.nz/Resource-material-Information-We-Provide-Gaming-Statistics?OpenDocument>.
21. The number of machines peaked in June 2003 (25,221). In September 2019, there were 14,894 machines.

**Gaming Machines Numbers: June 1994 to September 2019 at 3-Monthly Intervals**

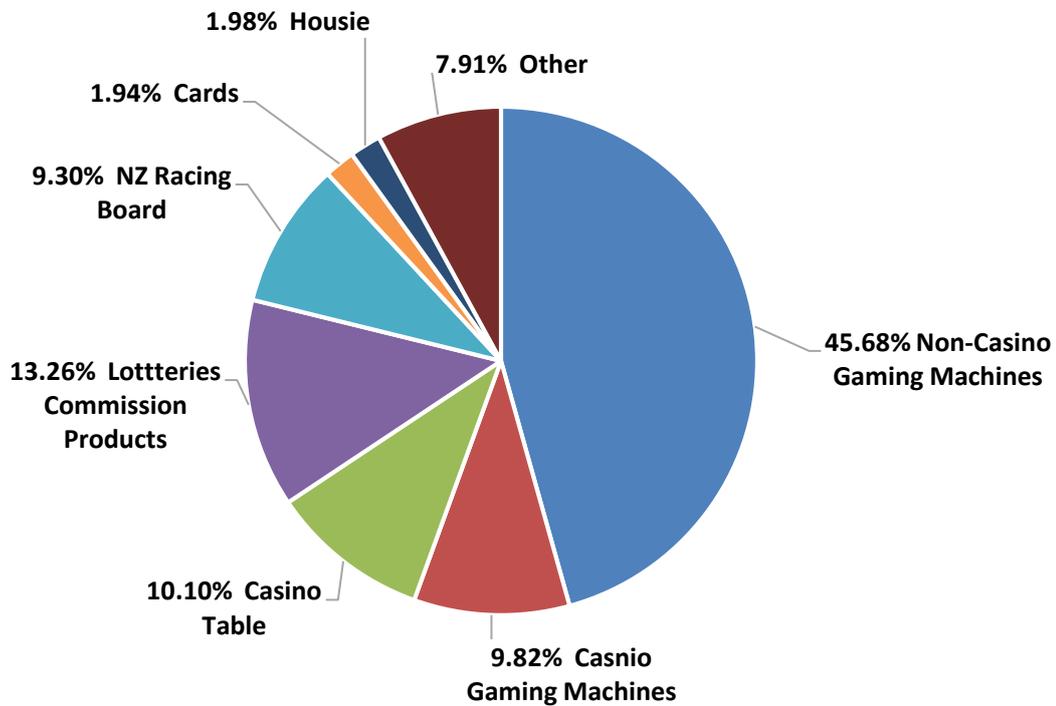


Source: DIA website <http://www.dia.govt.nz/Resource-material-Information-We-Provide-Gaming-Statistics?OpenDocument>

**Primary Gambling Mode of People Help Seeking**

- 22. For the 2017/2018 financial year 45.68% of new clients who sought help cited non-casino gaming machines as their primary gambling mode. 9.82% cited casino gaming machines, making the gaming machine total 55.5%.

### Primary Gambling Mode of New People Presenting for Problem Gambling / Intervention 2017/2018

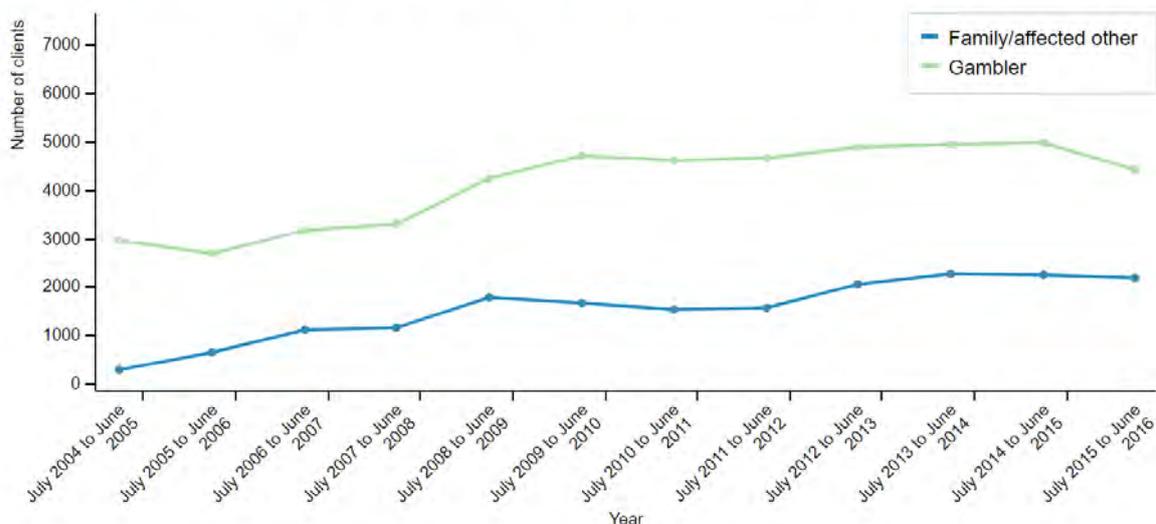


Source: Ministry of Health Website [http://www.health.govt.nz/our-work/preventative-health-wellness/problem-gambling/service-user-data/intervention-client-data#total\\_assisted](http://www.health.govt.nz/our-work/preventative-health-wellness/problem-gambling/service-user-data/intervention-client-data#total_assisted).

#### Total Problem Gambling Clients Assisted

23. The total number of people assisted for gambling problems (all forms of gambling) is published by the Ministry of Health and can be found at: [http://www.health.govt.nz/our-work/preventative-health-wellness/problem-gambling/service-user-data/intervention-client-data#total\\_assisted](http://www.health.govt.nz/our-work/preventative-health-wellness/problem-gambling/service-user-data/intervention-client-data#total_assisted)

## Clients Assisted, by Client Type (Ex Brief Interventions)



24. Records are kept of the number of people who seek help for problem gambling in each territorial authority.<sup>8</sup> The table below shows the number of persons who sought help in each territorial authority in the period July 2017 to June 2018.

**Table 10: Clients Assisted, by Territorial Authority (Ex Brief Intervention Type)**

Territorial Authority	July 2017 to June 2018	
	New clients Assisted	All clients assisted
Ashburton District Council	9	12
Auckland City Council	1134	2465
Banks Peninsula District Council	0	0
Buller District Council	1	4
Carterton District Council	2	2
Central Hawkes Bay District Council	7	11
Central Otago District Council	2	4
Chatham Islands Council	1	3
Christchurch City Council	287	643
Clutha District Council	3	6
Dunedin City Council	35	131
Far North District Council	29	81
Franklin District Council <sup>†</sup>	1	1
Gisborne District Council	43	73
Gore District Council	0	1
Grey District Council	1	1
Hamilton City Council	103	202

<sup>8</sup> <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data#territorial>

Hastings District Council	48	139
Hauraki District Council	0	3
Horowhenua District Council	5	28
Hurunui District Council	0	0
Hutt City Council	30	73
Invercargill City Council	34	100
Kaikoura District Council	0	0
Kaipara District Council	7	14
Kapiti Coast District Council	8	25
Kawerau District Council	27	33
MacKenzie District Council	0	0
Manawatu District Council	8	16
Marlborough District Council	13	25
Masterton District Council	9	10
Matamata - Piako District Council	3	7
Napier City Council	21	93
Nelson City Council	36	75
New Plymouth District Council	26	54
Opotiki District Council	2	2
Otorohonga District Council	0	0
Palmerston North District Council	29	64
Porirua District Council	109	162
Queenstown - Lakes District Council	2	4
Rangitikei District Council	1	3
Rotorua District Council	76	135
Ruapehu District Council	1	1
Selwyn District Council	1	7
South Taranaki District Council	1	3
South Waikato District Council	9	13
South Wairarapa District Council	1	1
Southland District Council	1	3
Stratford District Council	0	0
Tararua District Council	0	2
Tasman District Council	16	30
Taupo District Council	10	16
Tauranga District Council	63	122
Thames - Coromandel District Council	3	3
Timaru District Council	17	33
Upper Hutt City Council	34	61
Waikato District Council	5	67
Waimakariri District Council	0	6
Waimate District Council	1	5
Waipa District Council	10	16

Wairoa District Council	2	6
Waitaki District Council	2	3
Waitomo District Council	0	0
Wanganui District Council	7	16
Wellington City Council	63	127
Western Bay of Plenty District Council	3	6
Westland District Council	1	4
Whakatane District Council	23	33
Whangarei District Council	100	168
TLA not recorded	0	0
<b>Total</b>	<b>3162</b>	<b>6271</b>

### More Help Seeking Does Not Necessarily Mean More Problem Gambling

25. The fact that more people are seeking help does not necessarily mean that problem gambling is increasing. The increase in help seeking could be due to:

- a. A general change in society's attitude toward counselling services and seeking help. People are more aware now of the services available and more inclined to seek help;
- b. The general economic decline. The sharp increase in help seeking in the period from 2008 to 2011 corresponds with the global financial crisis. A reduction in disposable income tends to bring any gambling loss to the fore; and
- c. A corresponding increase in television, radio and newspaper advertising by treatment providers.

26. In Professor Max Abbott's 2006 paper Do EGMs and Problem Gambling Go Together Like a Horse and Carriage?,<sup>9</sup> Professor Abbott stated:

...help seeking is only partly driven by the number of people with problems...

27. The Gambling Commission in its 2009 Report on the Proposed Problem Gambling Levy: 2010-2013<sup>10</sup> stated:

In the Ministry's previous two Service Plans, presentations were seen to be a fair proxy for harm on the assumption that presentations are about help-seeking, and help-seeking is about harm. The 90% weighting previously given to presentations was indicative of the view that presentation data is a highly reliable indicative proxy for the causation of harm. The Commission did not share the Ministry's view.

The Commission ... continues to have serious concerns about whether the number of persons presenting to problem gambling treatment providers is a fair or accurate proxy for harm.

<sup>9</sup> <http://www.austgamingcouncil.org.au/images/pdf/eLibrary/3049.pdf>

<sup>10</sup> [http://www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/ProblemGamblingReport3/\\$file/PGLReport2009.pdf](http://www.gamblingcommission.govt.nz/GCwebsite.nsf/Files/ProblemGamblingReport3/$file/PGLReport2009.pdf)

Based on the submissions made by problem gambling treatment providers and PwC's recommendations, the Commission recommends that consideration be given to using prevalence data from surveys rather than presentation data. The Commission recognises that prevalence studies have tended to produce a similar picture of the attributed modes of problem gambling so the outcomes may not diverge very substantially, but the use of that data is capable of providing a fairer indication of responsibility for harm and, in addition, removes any perverse incentives.

### Low Problem Gambling Rate

28. New Zealand has a very low problem gambling rate by international standards. The New Zealand National Gambling Study: Wave 4 (2015)<sup>11</sup> found the problem gambling rate was 0.2% of people aged 18 years and over. The problem gambling rate is for all forms of gambling, not just gaming machine gambling.

### Comparing National Problem Gambling Prevalence Rates

Jurisdiction	Year	Problem Gambling Rate
New Zealand	2015	0.2%
Canada	2005	2.0%
USA	2015	4.6%
Brazil	2010	1.3%
South Korea	2013	0.5%
Singapore	2015	0.5%
Hong Kong	2012	1.9%
Macau	2005	2.5%
Australia	2015	0.4%
South Africa	2013	3.2%
Cyprus	2012	2.2%
Czech Republic	2014	2.3%
Denmark	2012	0.9%
Finland	2014	0.6%
France	2015	0.5%
Germany	2015	1.7%
Great Britain	2012	0.7%
Hungary	2012	1.9%
Iceland	2015	0.8%
Italy	2010	1.27%
Northern Island	2010	2.2%
Norway	2009	0.4%
Sweden	2014	0.3%

Sources: Calado F, Griffiths MD. Problem gambling worldwide: An update and systematic review of empirical research (2000–2015). *Journal of Behavioral Addictions*. 2016;5(4):592-613. doi:10.1556/2006.5.2016.073.  
[http://www.gamblinglaw.co.nz/download/world\\_wide\\_problem\\_gambling\\_rates.pdf](http://www.gamblinglaw.co.nz/download/world_wide_problem_gambling_rates.pdf)

29. In addition to the problem gambling rate, 1.8% of the New Zealand adult population are moderate-risk gamblers and 4.6% are low-risk gamblers.<sup>12</sup>

<sup>11</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

<sup>12</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

## Addressing Problem Gambling Issues

30. Although problem gambling is a serious issue, the evidence suggests that once it is identified and help is sought, problem gambling can be effectively and promptly treated.

31. In his 2006 paper *Do EGMs and Problem Gambling Go Together Like a Horse and Carriage?*<sup>13</sup> Professor Max Abbott noted:

All [prospective studies] have confirmed the finding that problem gambling, for many, is a transitional rather than absorbing state.

...

It appears likely that EGM-related problems are labile, typically both developing and resolving much more rapidly than those linked to track betting and perhaps some other forms such as card games.

32. The 2011 KPMG report *Value for Money review of problem gambling services*<sup>14</sup> notes:

The Auckland University of Technology Stage Three Evaluation of Problem Gambling Intervention Services (2010) found that the vast majority of clients surveyed reported positive treatment outcomes and high levels of satisfaction with the treatment experience.

33. The Ministry of Health document, *Problem Gambling Intervention Services in New Zealand 2007 Service-user statistics* Public Health Intelligence Monitoring Report No. 18<sup>15</sup> noted that 38.5% of problem gamblers received three hours' treatment or less via face to face counselling. The report states on page 16:

### Hours of treatment received

The majority of clients (86.4%) received 1.25 hours or more of treatment in 2007, with more than half of the clients in 2007 receiving between 1.25 and 9.745 hours of treatment.

## Problem Gambling Screen

34. The Problem Gambling Severity Index (PGSI) contains nine questions that are strong predictors of gambling harm (e.g., feeling guilty about gambling, having financial difficulties, betting more than one can afford).

35. Respondents are asked whether they have experienced these signs of harm caused by gambling and, if so, whether this happened "sometimes, most of the time or almost always". They are allocated from one point for "sometimes" to three points for "almost always", and can therefore be allocated up to 27 points.

36. Respondents are then classified into the following categories: non-gamblers (those who did not answer "yes" to any of the questions about participation in gambling in the last 12 months), non-problem gamblers (those who had gambled, but answered "no" to all the PGSI questions about experiencing harm), low-risk gamblers (who got 1 or 2

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<sup>13</sup> <http://www.austgamingcouncil.org.au/images/pdf/eLibrary/3049.pdf>

<sup>14</sup> Value for Money review of problem gambling services  
[http://www.health.govt.nz/system/files/documents/publications/vfm-report-final\\_1.pdf](http://www.health.govt.nz/system/files/documents/publications/vfm-report-final_1.pdf)

<sup>15</sup> <http://www.health.govt.nz/system/files/documents/publications/problem-gambling-intervention-2007.pdf>

points according to the PGSI), moderate-risk gamblers (who got 3-7 points) and problem gamblers (who got 8 or more points).

Area	Question
Loss of control	How often have you bet more than you could really afford to lose?
Motivation	Have you needed to gamble with larger amounts of money to get the same feeling of excitement?
Chasing	How often have you gone back another day to try to win back the money you lost?
Borrowing	How often have you borrowed money or sold anything to get money to gamble?
Problem recognition	How often have you felt that you might have a problem with gambling?
Criticism	How often have people criticised your betting or told you that you had a gambling problem, regardless of whether or not you thought it was true?
Feelings of guilt	How often have you felt guilty about the way you gamble or what happens when you gamble?
Negative effects on health	How often has gambling caused you any health problems, included stress or anxiety?
Financial problems	How often has your gambling caused any financial problems for you or your household?

### Scoring the nine-question CPGI/ PGSI

Problem Gambling level	Description	CPGI/ PGSI scores
Non-gambler	Did not gamble in the last 12 months	Did not answer CPGI/PGSI
Recreational gambler	Not experiencing any negative consequences of gambling. May gamble at low levels, or at social levels that are not problematic	0
Low-risk gambler	Probably gambling at levels that are not leading to negative consequences	1-2
Moderate-risk gambler	Gambling at levels that may or may not be leading to negative consequences	3-7
Problem gambler	Gambling at levels that are leading to negative consequences. They may have lost control of their gambling behaviour	8 or more (to a maximum of 27)

### Problem Gambling Prevalence Rates

37. It is difficult to review the trend in problem gambling prevalence rates in New Zealand. Studies have used different screens and vary vastly in sample size. The different screens produce different percentages. The different screens also capture different levels of gambling issues in the overall percentage quoted.

Survey Year	Survey Name	Screen	Problem Gambling Rate	Survey Size
1991	1991 National Prevalence Survey	SOGS-R	1.2% of people were current pathological gamblers (SOGRS-R score of 5)	3,933
1999	1999 National Prevalence Survey <sup>16</sup>	SOGS-R	0.5% of people aged over 18 years had a SOGS-R score of 5	6,452
2006/2007	2006/07 New Zealand Health Survey <sup>17</sup>	PGSI	0.4% of people aged 15 years and over	12,488
2010	2010 Health and Lifestyles Survey <sup>18</sup>	PGSI	0.7% of people aged 15 years and over	1,740
2011/2012	2011/12 New Zealand Health Survey <sup>19</sup>	PGSI	0.3% of people aged 15 years and over	9,821
2012 (March to October)	2012 National Gambling Survey <sup>20</sup>	PGSI	0.7% of people aged 18 years and over	6,251
2013	New Zealand National Gambling Study: Wave 2 (2013) <sup>21</sup>	PGSI	0.5% of people aged 18 years and over	6,251
2014	New Zealand National Gambling Study: Wave 3 (2014) <sup>22</sup>	PGSI	0.3% of people aged 18 years and over	6,251
2015	New Zealand National Gambling Study: Wave 4 (2015) <sup>23</sup>	PGSI	0.2% of people aged 18 years and over	2,770

<sup>16</sup> [http://www.dia.govt.nz/pubforms.nsf/URL/TakingthePulse.pdf/\\$file/TakingthePulse.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/TakingthePulse.pdf/$file/TakingthePulse.pdf)

<sup>17</sup> <http://www.health.govt.nz/system/files/documents/publications/portrait-of-health-june08.pdf>

<sup>17</sup> Gray, R 2011 New Zealanders' Participation in Gambling: Results from the 2010 Health and Lifestyles Survey – Health Sponsorship Council [http://www.hsc.org.nz/sites/default/files/publications/Gambling\\_Participation\\_final-web.pdf](http://www.hsc.org.nz/sites/default/files/publications/Gambling_Participation_final-web.pdf) (page 14)

<sup>19</sup> <http://www.health.govt.nz/system/files/documents/publications/problem-gambling-preliminary-findings.pdf>

<sup>20</sup> [http://www.health.govt.nz/system/files/documents/pages/national\\_gambling\\_study\\_report\\_2.pdf](http://www.health.govt.nz/system/files/documents/pages/national_gambling_study_report_2.pdf)

<sup>21</sup> <http://www.health.govt.nz/system/files/documents/pages/report-national-gambling-study-12-month-final-23-10-15.pdf>

<sup>22</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-final-report-report-no-5.pdf>

<sup>23</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

## Does More Machines Mean More Problem Gambling?

38. There is no direct correlation between gaming machine numbers and problem gambling rates. Over the last ten years, the problem gambling rate has remained static, despite gaming machine numbers declining rapidly (4,472 gaming machines have been removed from the market).
39. The reasons for an increase or decrease in problem gambling are complex and multi-faceted, not simply the direct by-product of an increase or decrease in machine numbers.
40. The New Zealand National Gambling Study: Wave 4 (2015)<sup>24</sup> noted that problem gambling had plateaued over the last 20 years and the plateauing harm rates were not consistent with the hypothesis that more gambling availability leads to more harm. The report stated:

From 2012 to 2015, overall gambling participation has declined whilst problem gambling and low-risk and moderate-risk gambling levels have remained static.

...

Considering findings from all of the New Zealand studies, it appears that problem gambling prevalence, within the probable pathological, problem and moderate-risk range, decreased during the 1990s and subsequently plateaued. As gambling availability increased during the 1990s, the reductions both in gambling participation and problem gambling prevalence are consistent with the adaptation hypothesis.

...

The challenge, from a public health perspective, is to identify what factors explain the persistence of harm in the face of declining gambling participation.

...

Participation has decreased markedly over the past 15 or so years yet harm has plateaued. To further reduce gambling-related harm, increased attention will need to be given to other modifiable risk and protective factors.

41. The 2012 National Gambling Survey<sup>25</sup> concluded that the prevalence of problematic gambling reduced significantly during the 1990s and has since stayed about the same. The report stated on pages 17 and 18:

Problem gambling and related harms probably reduced significantly during the 1990s but have since remained at about the same level despite reductions in non-casino EGM numbers and the expansion of regulatory, public health and treatment measures. Given that gambling availability expanded markedly since 1987 and official expenditure continued to increase until 2004, these findings are consistent with the adaptation hypothesis. This hypothesis proposes that while gambling problems increase when high risk forms of gambling are first introduced and made widely available, over time individual and environmental adaptations occur that lead to problem reduction.

42. The New Zealand National Gambling Study: Wave 3 (2014)<sup>26</sup> noted that the problem gambling rate had remained the same over the last 10-15 years despite gaming machine numbers decreasing. The report stated on page 19:

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<sup>24</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

<sup>25</sup> [https://niphmhr.aut.ac.nz/\\_data/assets/pdf\\_file/0018/7542/Report-final-National-Gambling-Study-Report-No.-2.pdf](https://niphmhr.aut.ac.nz/_data/assets/pdf_file/0018/7542/Report-final-National-Gambling-Study-Report-No.-2.pdf)

<sup>26</sup> <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-final-report-report-no-5.pdf>

In contrast to the 1990s, there is no evidence that problem gambling prevalence decreased with decreasing participation rates during the 2000s. When methodological differences between studies are taken into account, it appears that problem gambling prevalence has remained much the same during the past 10 to 15 years.

...gambling participation has decreased substantially in New Zealand during the past 20 years, and problem gambling and related harm has probably plateaued...

43. Professor Max Abbott is New Zealand's leading expert on problem gambling. In 2006, Professor Abbott published a paper titled *Do EGMs and Problem Gambling Go Together Like a Horse and Carriage?*<sup>27</sup> The paper noted that gaming machine reductions and the introduction of caps generally appear to have little impact on problem gambling rates. Professor Abbott noted:

EGM reductions and the introduction of caps generally appear to have little impact (page 1).

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. (page 6).

Contrary to expectation, as indicated previously, although EGM numbers and expenditure increased substantially in New Zealand from 1991 to 1999, the percentage of adults who gambled weekly dropped from 48% to 40%. This is of particular interest because it suggests that greater availability and expenditure do not necessarily increase high-risk exposure. (page 14).

#### 1991 and 1999 Comparative Studies

44. The Public Health Intelligence section of the Ministry of Health has produced a document *Problem Gambling Research Programme 2005-2010*.<sup>28</sup> The document states on pages 13 and 14:

New Zealand is fortunate in that it is the only jurisdiction in which a nationally representative survey has been replicated with the same measurement instrument.<sup>29</sup> The initial survey was conducted in 1991<sup>30</sup> and found that some 48% of respondents (18 years and over) reported gambling in at least one form, weekly or more often. The lifetime "probable pathological gambling" prevalence was estimated at 2.7%, with the current (previous six months) estimate 1.2%. This lifetime estimate was higher than comparable North American surveys.

A second survey<sup>31</sup> was completed in 1999. It is worth noting that in the eight years between the initial survey and the 1999 survey, expenditure on gambling had doubled, electronic gambling machine expenditure had trebled, and casinos were introduced in Christchurch (1996) and Auckland (1998). Given these substantial increases in the accessibility and availability of gambling alternatives, the general expectation was that problem gambling would have

<sup>27</sup> [http://www.gamblinglaw.co.nz/download/Research/Do\\_EGMs\\_and\\_problem\\_gambling\\_go\\_together.pdf](http://www.gamblinglaw.co.nz/download/Research/Do_EGMs_and_problem_gambling_go_together.pdf)

<sup>28</sup> <http://www.health.govt.nz/system/files/documents/pages/research-strategy2005-2010.pdf>.

<sup>29</sup> This instrument was the South Oaks gambling Screen (SOGS, SOGS-R)

<sup>30</sup> Abbott & Volberg, 1996

<sup>31</sup> Abbott & Volberg, 2000

increased substantially. However, the results did not support this prediction, and lifetime prevalence was estimated at 1%, with current prevalence of 0.5%.

Most recently, the 2002/03 New Zealand Health Survey (NZHS) estimated that 69.4% of New Zealanders had participated in gambling activities in the past 12 months, and the estimate for current problem gambling levels (moderate to severe problems) was 1.2%.<sup>32</sup>

There is growing evidence that the prevalence of problem gambling has levelled out in New Zealand. The methodologies used by Abbott and Volberg (1996, 2000) and in the NZHS (notwithstanding the concerns over the one-off screen) were very sound. Internationally, the evidence remains somewhat confused. Abbott (2001) subsequently reviewed a number of North American replication studies, and found that seven had higher prevalence estimates on replication, in keeping with the notion that increased availability and expenditure would result in increased prevalence. However, eight studies showed reductions in prevalence. Decreases have also been noted in Australia.<sup>33</sup>

Although a consensus has yet to be reached, when the existing evidence is considered, methodological and confounding factors notwithstanding, it does not support the simple notion that at a population level increased availability and expenditure necessarily results in increases in gambling problems. Rather, there is likely to be a more complex multi-faceted relationship, or series of relationships involved.

Abbott et al (2004) have discussed some of this evidence at a more detailed level and suggest that prevalence rates may tend to level out in mature markets, even as gambling accessibility continues to increase. However, this is not necessarily a naturally occurring phenomenon. In more mature markets such as New Zealand, factors such as a greater awareness of problem gambling, increased availability of problem gambling services, increased regulation, improved harm minimisation measures, increased host responsibility, changing participation patterns, and aging successive cohorts may all play some role in producing this phenomenon.

#### South Australia Centre For Economic Studies 2005

45. The 2005 South Australia Centre for Economic Studies paper<sup>34</sup> stated:

We find no evidence that the regional cap policy had any positive influence on problem gamblers attending counselling, on problem gambler counselling rates or other help seeking behaviour.

#### Professor Max Abbott – 2006

46. In 2006 Professor Max Abbott's paper *Situational Factors that Affect Gambling Behaviour*<sup>35</sup> stated at pages 15 and 16:

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<sup>32</sup> It should be noted that a 'one-off' screen was developed and used in this survey and its performance relative to validated screens has not been empirically established. Therefore, comparisons with prevalence estimates should be interpreted with a degree of caution.

<sup>33</sup> Productivity Commission, 1999

<sup>34</sup> The South Australia Centre for Economic Studies, May 2005

<sup>35</sup> Abbott, M.W. (2007). Situational factors that affect gambling behavior. In G. Smith, D.C. Hodgins, & R.J. Williams (Eds), Research and measurement issues in gambling studies. Elsevier, Academic Press Publications.

New Zealand is the only country where repeat national surveys have been conducted using comparable methods and measures. During the three years prior to the 1991 baseline survey (Abbott & Volberg, 1996; Volberg & Abbott, 1994) per capita expenditure more than doubled following introduction of a national lottery, other lottery products and non-casino EGMs. The initial survey found 48% of adults gambled weekly or more. The current probable pathological gambling prevalence estimate was 1.2%. A 1996 survey (North Health, 1996) obtained an estimate of 0.4%, despite increased availability and expenditure. A third survey was conducted in 1999 (Abbott & Volberg, 2000), a few years after casinos were opened in the two major metropolitan areas. Total gambling expenditure had doubled since 1991. The current prevalence rate remained low at 0.5%. Frequent participation was also lower than in 1991 (40%), a consequence of fewer people taking part this often in continuous forms.

### Professor Max Abbott – 2009

47. In Storer, Abbott and Stubbs (2009)<sup>36</sup> the authors stated at page 241:

It is likely that both access and adaption forces are at work simultaneously, with varying implications for policy. First, there is strong support from the present findings for the access thesis, with strong statistically meaningful relationships between an increase in problem gambling prevalence and increasing per capita density of EGMs, at an average increase of 0.8 problem gamblers for each new EGM. Further, there is no evidence of plateauing of prevalence with increasing density of EGMs, one of the predictions of the adaption thesis. These findings indicate that policies related to restricting or reducing the density of EGMs are likely to play a significant role in containing or reducing gambling-related harms.

The finding of a decrease in prevalence of problem gamblers, at a rate of 0.09% per annum with EGM density held constant, is partially consistent with the adaption thesis. It suggests that measures related to public education and other community and individually based preventative or treatment programs may be effective in reducing harm over time.

From the perspective of public policy, and particularly harm minimisation, holding or reducing EGM numbers would appear prudent based on our findings, and is likely to lead to reduced harm both through reduced availability and by enabling adaption processes.

### Issues with the Storer, Abbott and Stubbs (2009) Paper

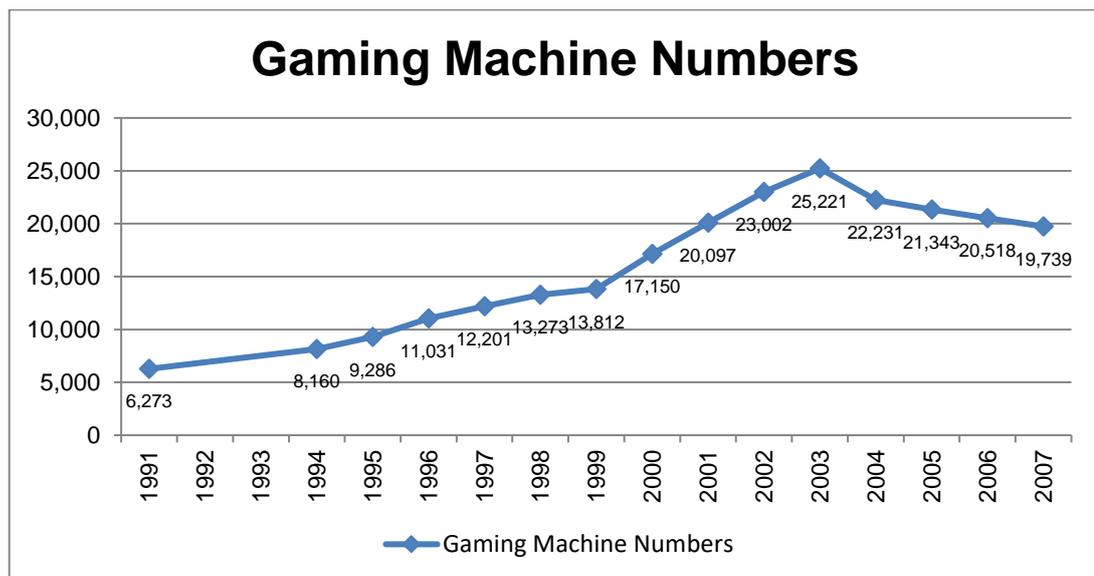
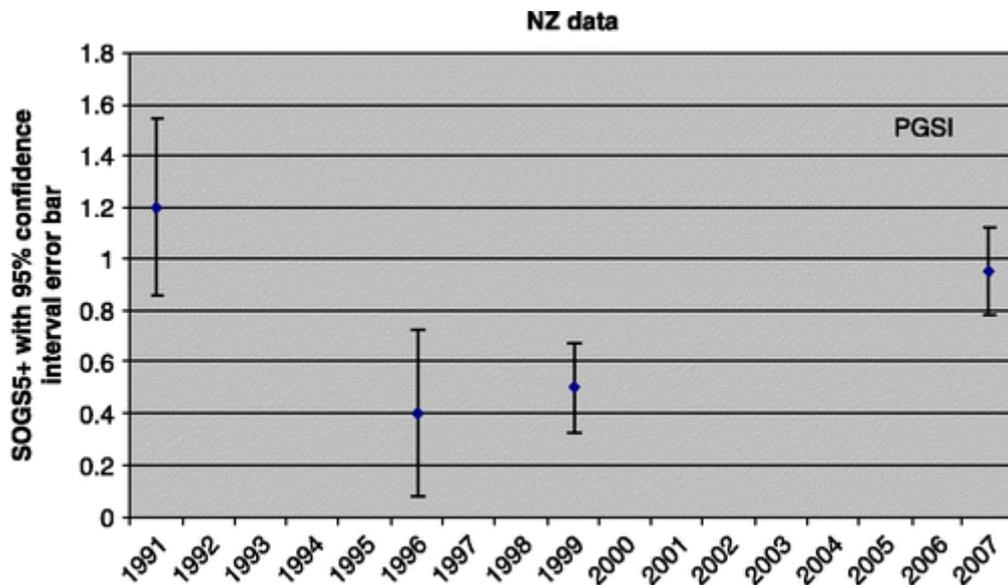
48. The Storer, Abbott and Stubbs (2009) paper<sup>37</sup> is not based on any new survey, but is simply a study of studies. The paper reviewed 34 previous Australian and New Zealand surveys conducted between 1991 and 2007. Only five of the studies were New Zealand-based.
49. The Australian data is not directly comparable to the New Zealand data because Australian machines are operated commercially by the venue operators (i.e. operated for personal profit).

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<sup>36</sup> John Storer, Max Abbott & Judith Stubbs (2009): Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines, *International Gambling Studies*, 9:3, 225-244 <http://www.tandfonline.com/doi/pdf/10.1080/14459790903257981>

<sup>37</sup> John Storer, Max Abbott & Judith Stubbs (2009): Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines, *International Gambling Studies*, 9:3, 225-244 <http://www.tandfonline.com/doi/pdf/10.1080/14459790903257981>

50. When the New Zealand data is looked at in isolation (Figure 4 on page 230) as per the table below, and compared with the number of gaming machines in New Zealand, the relationship between harm and machine numbers appears to be inverse.



Allen & Clark 2012

51. In July 2012, Allen and Clark presented a report to the Ministry of Health titled *Informing the 2012 Gambling Harm Needs Assessment*.<sup>38</sup> The report concluded that a reduction in the opportunities to gamble had not resulted in any corresponding reduction in moderate to high risk problem gambling. The report stated on page 6:

There has been a significant decline in gambling participation rates and opportunities to gamble, but no change in the prevalence rate of gamblers at moderate to high risk of problem gambling.

<sup>38</sup> <http://www.health.govt.nz/system/files/documents/publications/gambling-harm-report-jul2012.pdf>

## Burden of Harm Report

52. In May 2017, a report titled Measuring the Burden of Gambling Harm was produced for the Ministry of Health. In the report, “low risk” gambling such as buying a Lotto ticket, was claimed to be as bad for a gambler’s health as the untreated amputation of a leg, while “problem gambling” was claimed to be as bad as suffering from a severe stroke or terminal cancer.
53. A review of the studies’ methodology produced by TDB Advisory<sup>39</sup> concludes that these outlandish comparisons were made possible by a long line of deliberate selection biases and errors. The errors revealed by the TDB Advisory review include either deliberately or by mistake using a biased population sample (participants were not randomly selected), attributing all harms to gambling and none to associated behaviours (such as smoking), and treating all harm as running 100% from gambling rather than calculating for the use of gambling as a coping mechanism or as a symptom of harms rather than the cause.
54. The Gaming Machine Association has called for the report to be officially withdrawn, or to be subject to an official warning against its use.

## Internet Gambling and Mobile Phone Gambling

55. The only organisations that are able to conduct remote interactive gambling (such as gambling via the internet and mobile phones) within New Zealand are the New Zealand Racing Board and the New Zealand Lotteries Commission. While it is illegal to advertise overseas gambling in New Zealand, it is not illegal to participate in gambling on an overseas-based website or to gamble on overseas competitions and games.
56. It only requires a simple search and a few minutes to download to your computer, tablet or mobile phone an exact replica of the gaming machine programs currently available in New Zealand venues.



57. Organisations like Pokerstars, Jackpot City, Spin Palace and GrandReef.TV work around New Zealand’s prohibition on advertising overseas-based online gambling by advertising a sister website that uses only play money. However, a Google search of the brand name, such as a Google search of GrandReef.TV leads you to grandreefcasino.com, a website that describes itself as Australia & New Zealand’s #1 online casino. This website allows you to use play money or to gamble using real

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<sup>39</sup> [http://www.gamblinglaw.co.nz/download/TDB\\_Advisory\\_Report.pdf](http://www.gamblinglaw.co.nz/download/TDB_Advisory_Report.pdf)

money. The inducement to deposit funds and gamble is strong, with up to 100% matching bonuses for initial deposits. Below is the first result that shows in a Google search for “GrandReef.TV”

1. **Grand Reef Casino - Australia & New Zealand's #1 online casino**  
[www.grandreefcasino.com/](http://www.grandreefcasino.com/)  
Block all www.grandreefcasino.com results  
Play the best online games at Grand Reef. Get a \$750 ... Welcome to Grand Reef Online Casino. We are ... Grand Reef Casino is a partner site of **grandreef.tv**.  
Free Pokie Games - Getting Started - Games - About us

58. The prohibition on advertising can also be averted by overseas-based gambling providers sponsoring overseas sporting teams and sporting venues. The logos of overseas-based gambling providers are painted on overseas sporting pitches and appear on side-line billboards. These are visible in New Zealand sporting broadcasts.
59. There is no question that New Zealanders love gambling online. The Lotteries Commission reported in its 2017/18 Annual Report that online sales accounted for 16 per cent of its total sales (\$201.1m), compared with 13 per cent the previous year.
60. The New Zealand Racing Board noted in its latest six-monthly report that online channels made up 59.2 per cent of its betting turnover, up 2.2 percentage points on last year. It also said that its online platforms were the fastest-growing channels.
61. SkyCity has launched an offshore-based online casino with a large selection of gaming machine games.

**Welcome to SkyCity Online Casino!**  
**100% UP TO \$100**  
**+ 10 FREE SPINS PER DAY FOR 7 DAYS**

**SIGN UP NOW**

Opt in required. Offer valid on first deposit only. Bonus 100% up to a max of \$100. 35x bonus wagering req. in 30 days. 70 free spins awarded on eligible games, 10 per day valid for 24h.

**Game weighting and T&Cs apply**

Search

Lobby New Games Live Casino Top 12 Jackpots Baccarat Slots Table Games More ▾

**Slots**



Book of Dead Starburst Immortal Roman... Wild Wheel 300 Shields Sizzling Spins

62. A September 2018 Cabinet paper<sup>40</sup> on online gambling cites research suggesting that New Zealanders gambled approximately \$300 million with offshore providers in 2017, with the market growing annually at between 12 and 20 per cent.
63. The Cabinet paper notes that health professionals and gambling harm treatment providers have expressed concern that online gambling may be more harmful than some existing forms of gambling. The paper continues by stating “It [online gambling] has the potential to drive changes in behaviour to a greater, and more harmful, extent than some land-based gambling.”
64. Offshore-based online gambling poses considerable risks because it:
- Is highly accessible, being available 24 hours a day from the comfort and privacy of your home;
  - Has no restrictions on bet sizes;
  - Has no capacity for venue staff to observe and assist people in trouble;

<sup>40</sup> [http://www.gamblinglaw.co.nz/download/Online\\_gambling\\_Cabinet\\_paper.pdf](http://www.gamblinglaw.co.nz/download/Online_gambling_Cabinet_paper.pdf)

- d. Reaches new groups of people who may be vulnerable to the medium;
  - e. Provides no guaranteed return to players;
  - f. Is more easily abused by minors;
  - g. Has reduced protections to prevent fraud, money laundering or unfair gambling practices; and
  - h. Is unregulated, so on-line gamblers are often encouraged to gamble more by being offered inducements or by being offered the opportunity to gamble on credit. For example, many overseas sites offer sizable cash bonuses to a customer's account for each friend that they induce to also open an account and deposit funds.
65. Offshore-based online gambling does not generate any community funding for New Zealanders, does not generate any tax revenue for the New Zealand Government and does not make any contribution to the New Zealand health and treatment services as no contribution is made to the problem gambling levy.

**Problem Gambling Foundation Statement - "40% of EMG Spending is Attributable to Problem Gamblers"**

66. The 2010 Australian Government Productivity Commission Report<sup>41</sup> estimated that problem gamblers' share of the total spending on gaming machines was approximately 40%. This was based on Australian research. No New Zealand study supports this claim. The Australian gambling environment is very different to the New Zealand gambling environment. The Australian gaming machines provide much larger prizes. The Australian machines are also operated by commercial venues for commercial profit.
67. Further, in the 2011 research paper *Gambling away perspective? A review of the evidence justifying electronic gaming regulations*<sup>42</sup> the Productivity Commission's findings were questioned. The authors of the research suggested that the spending by problem gamblers was in fact between 10% and 20%. The paper stated:

The Productivity Commission in 2010 released a report into the gambling industries, including the prevalence of problem gambling and levels of expenditure on electronic gaming machines (EGMs) by problem gamblers.

Based on state surveys from 2001 to 2009, the Commission estimated that between 80,000 and 159,000 Australian adults are afflicted by problem gambling.

On the basis of the numbers of problem gamblers playing EGMs more than weekly, the Commission also estimated that 41 per cent of EGM spending was attributable to problem gamblers.

However the Commission's estimates appear to have overestimated the problem gambling profile in Australia.

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<sup>41</sup> <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>

<sup>42</sup> [http://ipa.org.au/library/publication/1320067559\\_document\\_novak\\_wilson\\_gamblingaway\\_perspective.pdf](http://ipa.org.au/library/publication/1320067559_document_novak_wilson_gamblingaway_perspective.pdf)

The published estimates did not appear to adjust the differences in the adult population between states or the varying number of EGMs available in each jurisdiction.

Outdated data was used by the Commission to estimate the prevalence of problem gambling; using the latest data shows a lower figure, about 75,300 problem gamblers in Australia. This is about 35 per cent lower than the Commission's average estimate of problem gambler numbers.

Based on Commission's analysis that between 75 per cent and 80 per cent of problem gamblers use EGMs, this reduces the numbers of EGM problem gamblers to between 57,000 and 60,000 people.

Based on total expenditure on EGMs in Australian the implied share of spending by problem gamblers would in fact appear to be between 10 and 20 per cent, and not the 41 per cent estimated by the Commission.

### **Problem Gambling Foundation Statement - "One Extra Machine Leads to Nearly One New Problem Gambler"**

68. PGF's March 2017 fact sheet<sup>43</sup> states that a recent New Zealand study found that there is an increase of problem gambling by nearly one person per each new machine. The reference cited is Abbott, Storer & Stubbs (2009).<sup>44</sup>

69. At page 241 of Abbott, Storer & Stubbs (2009)<sup>45</sup> the authors state:

It is likely that both access and adaption forces are at work simultaneously, with varying implications for policy. First, there is strong support from the present findings for the access thesis, with strong statistically meaningful relationships between an increase in problem gambling prevalence and increasing per capita density of EGMs, at an average increase of 0.8 problem gamblers for each new EGM. Further, there is no evidence of plateauing of prevalence with increasing density of EGMs, one of the predictions of the adaption thesis. These findings indicate that policies related to restricting or reducing the density of EGMs are likely to play a significant role in containing or reducing gambling-related harms.

70. As set out above there are concerns with the 2009 study. The study was not a new survey, but an analysis of the data from previous New Zealand and Australian surveys. When the New Zealand data is viewed in isolation and compared with the number of gaming machines in New Zealand, the relationship between harm and machine numbers appears to be inverse.

71. The only time that one new gaming machine would equate to one new problem gambler is when a gaming machine is introduced into an area that did not previously have any machines. Given that gaming machines exist in all parts of New Zealand, the theory is unlikely to have any practical application.

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<sup>43</sup> <http://www.pgfnz.org.nz/Uploads/Library/01NZGam.pdf>

<sup>44</sup> John Storer, Max Abbott & Judith Stubbs (2009): Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines, *International Gambling Studies*, 9:3, 225-244 <http://www.tandfonline.com/doi/pdf/10.1080/14459790903257981>

<sup>45</sup> John Storer, Max Abbott & Judith Stubbs (2009): Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines, *International Gambling Studies*, 9:3, 225-244 <http://www.tandfonline.com/doi/pdf/10.1080/14459790903257981>

72. On 18 April 2012 Professor Max Abbott was interviewed by Radio New Zealand. Professor Abbott said that he could not make a firm prediction about the increase in harm from new machines, stating:

...the issue of increasing or decreasing machines is actually more complicated than people might think because you do get adaptation over time, you can get a saturation effect, and also we have so many machines in this country that you would probably have to reduce them by quite a large number before you had an impact...

Can we say and I'm not sure which of you wishes to answer this one, can we say categorically that an increase in the number of machines say by 350 which seems to be the common figure people are using, is going to significantly increase harm, what some of your research seems to be saying, if its 1 person per machine that you're going to get the ratio with, is that 350 more problem gamblers again, is it that simplistic?

Well its difficult, I couldn't make a firm prediction to be honest, that's from studies carried out over a 20 year period, yes that was the average effect over that time period and the relationship is a stronger one when these machines were first being introduced and people hadn't been exposed to them before.

### **Problem Gambling Foundation Statement “Gaming Machines Are Designed to be Addictive”**

73. The allegation that gaming machines are designed to be addictive was recently tested in the Australian Federal Court in the case *Guy v Crown Melbourne Ltd.*<sup>46</sup> The Court found that there was no evidence that gaming machines are designed to be addictive. In fact, all aspects of the machines, including items such as how fast the reels may spin, are highly regulated and controlled.
74. In 2 February 2018, the Federal Court of Australia dismissed claims of misleading and deceptive conduct and also unconscionable conduct against Crown Casino Melbourne and Aristocrat (a gaming machine manufacturer). The case related to the design and use of the Dolphin Treasure gaming machine.
75. The Australian/New Zealand Gaming Machine National Standards set out criteria all gaming machines must meet in order to be approved to operate in New Zealand. The standards provide that a game:
- Must not give the player a false expectation of better odds: standard 3.3.
  - Must not be misleading, illusory or deceptive – such as a near-miss design: standard 3.3.
  - Must not manipulate or rearrange the reel's symbols: standard 4.8.

### **Problem Gambling Services**

#### Problem Gambling Treatment and Research Funding

76. The 2011 KPMG report Value for Money review of problem gambling services<sup>47</sup> states:

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<sup>46</sup> *Guy v Crown Melbourne Ltd* (No2) [2018] FCA 36

<sup>47</sup> Value for Money review of problem gambling services

The problem gambling levy recognises the gambling industry taking responsibility. The costs of problem gambling services are recovered through the problem gambling levy and are not funded by the taxpayer. They are fiscally neutral to the government. In this way the levy equals the spend on problem gambling services. The gambling industry viewed the funding model for problem gambling services as a positive recognition of their corporate social responsibilities. Collaboration across key stakeholders in this sector is a foundation to working together to efficiently and effectively help those in need.

77. All gaming machine societies since 2004 have been required to contribute to a problem gambling fund. This fund provides approximately \$18,500,000.00 per annum to the Ministry of Health to support and treat gambling addiction and to increase public awareness. The funding is ring-fenced and cannot be redirected to other health areas.

#### Problem Gambling Treatment Services are Extensive

78. A 24 hour, 365 day per year problem gambling helpline is available. Free, confidential help is available in 40 languages including: Amharic, Arabic, Assyrian, Bengali, Bosnian, Cantonese, Cook Island Maori, Croatian, Dari, Farsi, French, Gujarati, Hindi, Japanese, Khmer, Korean, Kurdish, Lao, Mandarin, Maori, Myanmar, Nepali, Niuean, Pashto, Portuguese, Punjabi, Russian, Samoan, Serbian, Sinhalese, Somali, Spanish, Taiwanese, Tamil, Thai, Tokelauan, Tongan, Tuvaluan, Ukrainian, Urdu, and Vietnamese.
79. Free face-to-face counselling is also available and specialist counselling is available for Maori, Pacifica and Asian clients. An anonymous, free text service (8006) is available. Support via email is also available (help@pgfnz.org.nz).

#### Existing Gaming Machine Safeguards

80. Significant measures are already in place to minimise the harm from gaming machines.
81. Limits exist on the type of venues that can host gaming machines. The primary activity of all gaming venues must be focused on persons over 18 years of age. For example, it is prohibited to have gaming machines in venues such as sports stadiums, internet cafes, and cinemas.
82. There is a statutory age limit that prohibits persons under 18 years of age playing a gaming machine.
83. There are very restrictive limits on the amount of money that can be staked and the amount of prize money that can be won. The maximum stake is \$2.50. The maximum prize for a non-jackpot machine is \$500.00. The maximum prize for a jackpot-linked machine is \$1,000.00.
84. All gaming machines in New Zealand have a feature that interrupts play and displays a pop up message. The pop up message informs the player of the duration of the player's session, the amount spent and the amount won or lost. The message is then displayed asking the player whether they wish to continue with their session or collect their credits.
85. Gaming machines in New Zealand do not accept banknotes above \$20.00 in denomination.

86. ATMs are excluded from all gaming rooms.
87. All gaming venues have a harm minimisation policy.
88. All gaming venues have pamphlets that provide information about the characteristics of problem gambling and how to seek advice for problem gambling.
89. All gaming venues have signage that encourages players to gamble only at levels they can afford. The signage also details how to seek assistance for problem gambling.
90. All gaming venue staff are required to have undertaken comprehensive problem gambling awareness and intervention training.
91. Any person who advises that they have a problem with their gambling is required to be excluded from the venue.
92. It is not permissible for a player to play two gaming machines at once.
93. All gaming machines have a clock on the main screen. All gaming machines display the odds of winning.
94. The design of a gaming machine is highly regulated and controlled. For example, a gaming machine is not permitted to generate a result that indicates a near win (for example, if five symbols are required for a win, the machine is not permitted to intentionally generate four symbols in a row).
95. It is not permissible to use the word "jackpot" or any similar word in advertising that is visible from outside a venue.

### **Setting a Machine Number Limit**

96. If a territorial authority elects to set a cap at the number of existing machines, the cap needs to be set based on the number of machines that can operate as of right, not the number of machines that are currently in operation.
97. Section 67(1)(f) of the Gambling Act 2003 provides that before the Department of Internal Affairs grants a venue licence, it must be satisfied that the territorial authority has provided a consent. Before acting on a consent, the Department undertakes a check to see if the consent has been validly granted.
98. The quarterly gaming machine statistics released by the Department refer to the number of gaming machines operating at a certain date. This is different from the number that may operate without territorial authority consent. The Department's validation typically involves a count of the number of machines operating, along with the number that are not operating, but may operate as of right. Machines that are not operating, but may operate as of right, are at:
  - a. Venues that have closed but have not been unlicensed for six months or more;
  - b. Venues that have obtained a dispensation to be inactive for more than four weeks (typically while renovations are being undertaken);

- c. Venues that hold licences for more machines than they are currently operating and the number of machines they are currently operating is less than the number that was notified on 22 September 2003; and
  - d. Venues that have been granted a consent but where the machines are not yet in operation.
99. If the Department considers that the consent has been issued in breach of the cap specified in the territorial authority's policy, or in breach of any other requirement, it will refuse to process the venue licence application.
100. An example of a clause that caps machine numbers at their current number is set out below:

**Cap on class 4 venues**

Council will permit 335 gaming machines in the District. The 335 cap is calculated not by the number of existing machines that are operating, but by the number of gaming machines that may operate as of right in the District. The machines that are include in the cap therefore include:

- a. the number of gaming machines that are currently licensed and operating;
- b. the number of gaming machines that are not operating but were at a venue that has closed but has not been unlicensed for six months or more;
- c. the number of gaming machines that are not operating but are located at a venue which has obtained a dispensation to be inactive for more than four weeks (this will typically include venues that are having renovations undertaking);
- d. the machines that are licenced but not operational due to a venue holding a licence to operate more machines than they are currently operating (e.g. if a venue holds a licence to operate 18 gaming machines but is only operating 16 gaming machines, the full 18 machines will be counted as part of the cap); and
- e. the machines for which council has granted a consent but where the machines have yet to be installed and made operational.

**Venue Relocation**

101. In September 2013, Parliament recognised the merit in enabling venues to relocate, and expressly amended the Gambling Act 2003 to enable venues to relocate and retain the same number of machines when a relocation consent was obtained.
102. When consent is sought to relocate a venue under a territorial authority relocation policy, the new venue may operate up to the same number of machines that were permitted to operate at the old venue immediately before the old venue licence is cancelled as a result of the relocation: s 97A Gambling Act 2003.
103. A number of existing territorial authority policies permit venues to relocate but expressly require the relocated venue to reduce its machine numbers. The amendment anticipated this, and expressly provided that despite any machine number limit imposed by a territorial authority under section 100(1)(b)(i) of the Gambling Act 2003, the maximum number of machines permitted to operate at the relocated venue

shall be the same number as the maximum permitted at the old venue. Section 97A(2)(b) of the Gambling Act 2003 means that any maximum number of machines specified in a relocation consent has no effect.

104. Facilitating relocation by allowing venues to retain their machine numbers has the following benefits (in addition to assisting to keep the community funding sustainable):

- a. Venues are able to move out of undesirable areas (residential areas and high deprivation areas) to more suitable areas;
- b. Venues are more likely to move out of earthquake-prone buildings;
- c. Venues are more likely to move to new, modern premises, leading to more vibrant and attractive central business districts;
- d. Venues are not negatively impacted following a public works acquisition; and
- e. Local business people can restore their business following a fire, flood, earthquake, or lease termination.

105. An example relocation clause is set out below:

**Venue Relocation**

A new venue consent will be issued by Council in the following circumstances:

- (a) Where the venue is intended to replace an existing venue within the district;
- (b) Where the existing venue operator consents to the relocation; and
- (c) Where the proposed new location meets all the other requirements in this policy.

In accordance with section 97A of the Gambling Act 2003, when a relocation consent is sought under this relocation provision, the new venue may operate up to the same number of machines that were permitted to operate at the old venue immediately before the old venue licence was cancelled as a result of the relocation.

In accordance with section 97A(c) of the Gambling Act 2003, when the new venue is established following a consent being granted under this relocation provision, the old venue is treated as if no class 4 venue licence was ever held for the venue. The old venue will therefore require a new territorial authority consent from Council before being relicensed to host gaming machines and will be limited to a maximum of 9 machines if such a consent is issued by Council.

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