

22 February 2007

Te Tari Taiwhenua

Gaming & Censorship Regulation

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ATTENTION: CEO's or Policy Officers dealing with Class 4 Gambling

Class 4 gambling venue policies

Many territorial authorities are currently undertaking reviews of their local territorial authority class 4 gambling venue policies as required under the Gambling Act 2003 (the Act).

During the consultation process, territorial authorities are likely to come across or be presented with a range of information. Without a high level of familiarity with the Act and gambling related research, territorial authorities may find it difficult to critically assess information they receive from submitters or obtain from other sources.

It is important for territorial authorities to have access to factual information about gambling and problem gambling in New Zealand. This letter gives an overview of this information and where it is available

The Department of Internal Affairs (the Department) encourages all territorial authorities to access the resources available from the Department's official website to ensure that they obtain up-to-date and reliable information. A webpage for territorial authorities has been set up at

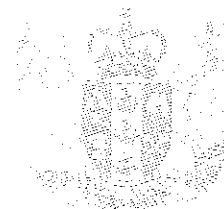
http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Casino-and-Non-Casino-Gaming-Info-for-Territorial-Authorities?OpenDocument

Gaming machine statistics

We draw your attention in particular to the following sorts of information from the Department's website:

1. For the 2005/2006 period, non-casino gaming machine **expenditure** decreased by 11.8%, from \$1.027 billion to \$906 million. This follows the 0.8% decrease in 2004/2005. However, spending on non-casino gaming machines increased until December 2004, before settling at a level of about \$900 million a year. The 2005/2006 figures show the first full year of player expenditure at this new level, rather than a continued decline.

The decline in non-casino gaming machine expenditure is attributable to the new regulatory environment introduced by the Gambling Act 2003 and its associated regulations, complemented by the introduction of the smoke-free legislation that came into force in December 2004. The changes have helped to



control the growth of gambling and to prevent and minimise the harm caused by gambling.¹

2. The **numbers** of non-casino gaming machines have decreased from a peak of about 25,200 in June 2003 to about 20,500 in December 2006. This decline was expected but we now anticipate a levelling out of gaming machine numbers, once electronic monitoring is fully established (March 2007).

Gambling related harm

3. Research indicates that amongst those who gamble **regularly** on gaming machines outside casinos, 19% or more are likely to be problem gamblers.² In practical terms this means that if someone in a venue is playing gaming machines regularly enough to be known to staff or noticed by staff, then there is a good chance (approximately one in five) that the person may be a problem gambler.

Some information the Department has seen notes that the percentage of problem gamblers is between 0.8 – 1.3% of the total adult population. Whilst this is correct, it suggests that the only people who are harmed by problem gambling are the problem gamblers (which is not correct), and it seriously under-represents the number of actual or potential problem gamblers that frequent gaming machine venues (in particular).

4. In terms of the effects of gambling related harm: -
 - 76.5% of new clients to problem gambling treatment providers cite non-casino gaming machines as their primary source of gambling and accordingly, their primary source of harm.³
 - Gambling related harm can affect the gambler and his or her family, partner, and workplace. Problem gambling is also often associated with crime and with adverse health affects, both of which carry a cost to the community.
 - A disproportionate number of problem gamblers come from specific social groupings which are often those most in need, e.g., Maori, Pacific Island, Asian.

Compliance and enforcement

It is the Department's role to investigate, whether in response to a complaint or through a regular audit, compliance with harm prevention and minimisation

¹ http://www.dia.govt.nz/diawebsite/NSF/wpg_URL/Resource-material-Information-We-Provide-Gaming-Statistics?OpenDocument#exp

² This statistic and other useful information and research can be found in M Abbott & R Volberg, *Taking the Pulse on Gambling and Problem Gambling in New Zealand: A Report on Phase One of the 1999 National Prevalence Survey*, Department of Internal Affairs, 2000, p. 18. This and other gambling research is available on the Department website www.dia.govt.nz

³ This statistic and other useful information is in the *Problem Gambling Intervention Services in New Zealand 2005 Service-User Statistics* (Ministry of Health 2005) [http://www.moh.govt.nz/moh.nsf/pagesmh/5176/\\$File/problem-gambling-intervention-services-nz.pdf](http://www.moh.govt.nz/moh.nsf/pagesmh/5176/$File/problem-gambling-intervention-services-nz.pdf)

requirements under the Gambling Act, and associated regulations. The Enforcement Policy and Audit Program guide the Department's compliance and enforcement role.

The Department has a harm prevention and minimisation audit, which it uses to ensure that gambling operators are complying with harm prevention and minimisation requirements

Some of these requirements include:

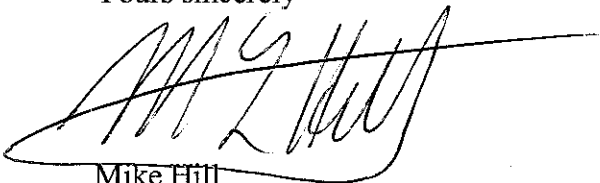
- Maintaining and implementing a problem gambler identification policy;
- Identifying actual or potential problem gamblers;
- Providing information on problem gambling; and
- Issuing exclusion orders.

Gambling Inspectors are the "front line" of interaction with gambling operators and they frequently visit class 4 venues to: -

- Educate venue operators about harm prevention and minimisation requirements;
- Conduct venue audits which may include checking banking records, signage, harm minimisation initiatives, and gaming machine integrity; and
- Special activities like, investigate complaints from the public, licence clearances, new venues, etc;

Please do not hesitate to contact Douglas Hancock on 04 495 7249 or Jannette Farley on 09 362 7930 if you have any further enquiries or would like additional information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Hill', written over a horizontal line.

Mike Hill

Director Gambling Compliance Group
Department of Internal Affairs