

**Waipa District Council**

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**Email:**

**Class 4 Gambling Venues Policy Review**

**Introduction**

Grassroots Trust (Grassroots) is supportive of positive legislation changes within the industry and all efforts to further minimise harm that is caused from gambling. Our systems, and harm prevention & minimisation training are considered industry leading, and we pride ourselves in ensuring we use the latest technology available to the industry.

This submission is in response to the Waipa District Council's review of their Class 4 Gambling Venues Policy. Council is asking for feedback on four areas of which Grassroots would like to respond to the first three:

**1. How many pokie machines we should allow in our district.**

Grassroots **supports** a status quo policy, keeping the current capped policy at 232 gaming machines. A capped policy contains any growth in gaming machine numbers, meanwhile the Waipa District's population continues to grow at a rapid rate. The number of gaming machines per 1,000 adult residents continues to decline at the growth rate that the Waipa District is experiencing. Currently there is approximately 5 gaming machines per 1,000 adult residents in the Waipa District which will only continue to decrease as the population increases. By 2050 the Waipa District is expected to have a population of 75,000 residents, which then we would expect to be a less than 4 gaming machines per 1,000 adult resident.

**2. Where pokie machines can be located in the Waipa.**

Grassroots **supports** a status quo policy, ensuring no new venues are allowed to be located to, or across the road from any school or licensed early childhood centre.

**3. Whether or not we should allow pokie machines to be relocated.**

Grassroots **supports** the retention of Waipa District Council's current policy regarding Class 4 Venue relocations. Venue relocations should be considered by Councils as a positive move and a good thing for communities. Often these relocations are to newer, smaller, modern, and more vibrant premises that create a positive entertainment precinct, supporting the local economy and encouraging tourism to the area. Applying further restrictions only entrenches venue operators in premises that may be a health and safety risk. Permitting venues to relocate can also have some harm minimisation benefits such as relocating venues from high deprivation areas to low deprivation areas assisting to minimise risk of gambling harm in the Waipa District.

## **About Grassroots Trust**

The Grassroots Group is the fourth largest Class 4 Operator in New Zealand and largest in the North Island. Grassroots operates 108 gaming machines at 7 venues across both Te Awamutu and Cambridge areas:

- 5 Stags Leaminton – 18 Gaming Machines
- Joy's Place – 18 Gaming Machines
- Oval Sports Bar – 9 Gaming Machines
- Prince Albert Olde English Pub – 18 Gaming Machines
- Star Tavern – 18 Gaming Machines
- The Clubhouse Sports Bar & Café – 9 Gaming Machines
- The Firkin Sports Bar & Café – 18 Gaming Machines

Grassroots is governed by a dedicated and professional Board of Directors who are all passionate about supporting local communities. The Board of Directors are Executive Chairman, Martin Bradley (Lawyer); and Directors, Kevin Burgess (Pharmacist); Jeremy O'Rourke (Managing Director); Tracey Gunn (Barrister); Gary Troup, ONZM (Company Director) and Fraser Lellman (Accountant).

As a Class 4 Operator licensed under the Gambling Act 2003, Grassroots generates funding for the community through the supply and operation of gaming machines in bars and pubs. Class 4 Venues enable extremely valuable funding to be provided to a large range of local community groups.

## **Grant Funding**

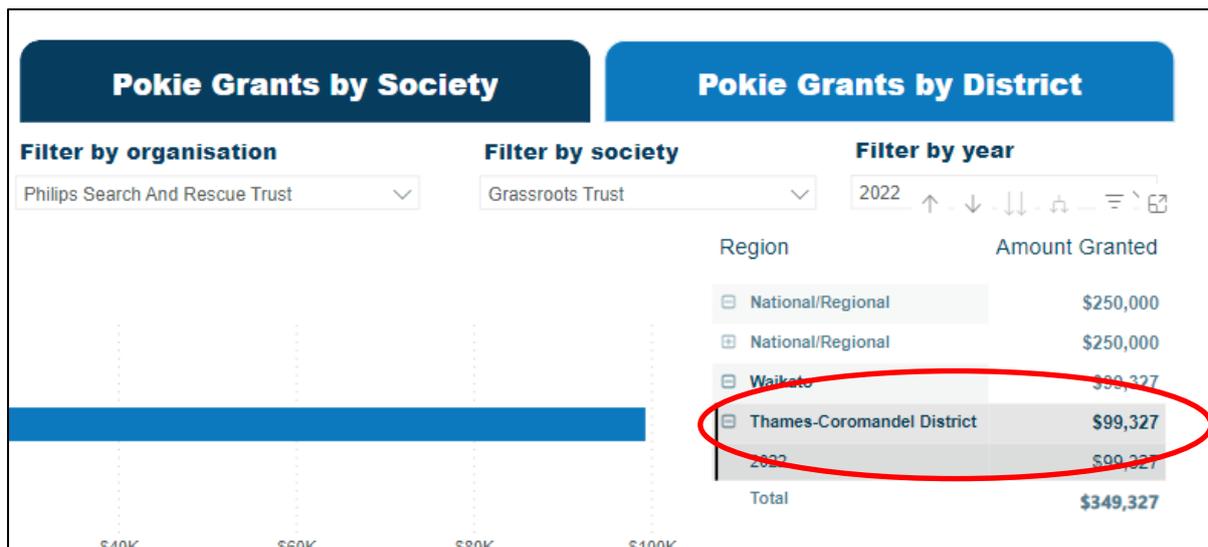
Many organisations throughout New Zealand including the Waipa District have benefited from Grassroots Trust grant funding. For the year ending March 2023, Grassroots was extremely proud to return **43.06% to community organisations**, exceeding the minimum regulatory requirement to return 40% of gross proceeds to authorised purposes. It is Grassroots intention to distribute funds back to the community that it was generated from - across the sport, community, and education sectors.

The Department of Internal Affairs now provide access to grant funding through their Granted website ([www.granted.govt.nz](http://www.granted.govt.nz)), which is widely used by stakeholders. The data is falling short of recognising the correct funding TLA, due to reporting on the applicant's selection of funding TLA rather than recognising the correct funding TLA as applied by the Society.

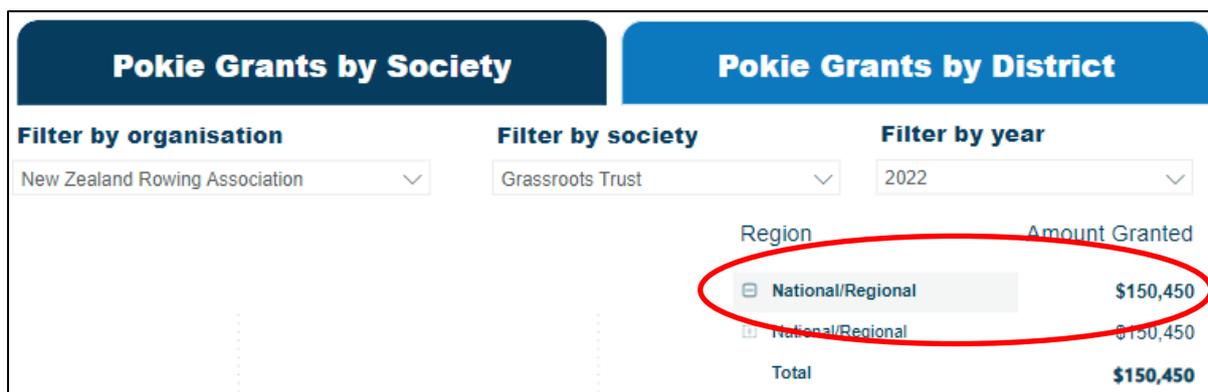
Philips Search & Rescue is a good example of an organisation that were approved funding of \$99,326.56 and selected multiple TLAs as benefiting from this funding.

**011 - Thames-Coromandel District, 012 - Hauraki District, 013 - Waikato District,  
015 - Matamata-Piako District, 016 - Hamilton City, 017 - Waipa District, 019 -  
South Waikato District, 020 - Waitomo District, 024 - Rotorua District**

The Granted website has only reported on the first TLA selected being Thames-Coromandel District. Grassroots has however applied this funding over multiple TLAs of which \$14,189.50 was allocated out of funding generated from the Waipa District. No funding was allocated out of the Thames-Coromandel District as reported by the Department of Internal Affairs.



The Granted website also fails to recognise National / Multi-Regional organisations where funding approved is split across multiple TLA's. The New Zealand Rowing Association is a great example of an organisation that has received funding of \$150,450 from Grassroots, however \$25,000.00 was allocated out of funding generated from the Waipa District, as shown on page 2 of the approved grants report accompanying this submission.



Class 4 Gaming Venues enable extremely valuable funding to be provided to a large range of local community groups. Approximately \$300 million in gaming machine funds is provided to over 9,500 community organisations each year across New Zealand. Our funding turnaround is quick, with grant decisions being made monthly and the application process for community groups is simple, completed online via our website.

During the 12-month period ending 31 July 2023, Grassroots has **contributed an incredible \$2,370,636.58 in grants to a staggering 61 organisations who provide essential services to and within the Waipa District** – see the full list of funding provided for the year ending 31 July 2023 which accompanies this submission. Funding that has gone back into organisations that provide arts & culture, community, health & welfare, research & education, and sport, benefiting and making a massive difference directly to the Waipa communities.

Class 4 Gaming Societies are the only gambling operators that focus on supporting grassroots community organisations. No other gambling provider provides this level of support for grassroots organisations. Grants make a positive difference to many community organisations, which would struggle to survive without this funding. There is no easy substitute for these funds. Funding received by community organisations is critical to their ongoing sustainability.

The Lottery Grants Board makes a small number of large grants to large organisations. The New Zealand Racing Board predominately uses the funds from race and sports betting to support the racing industry. The profits from the six commercial casinos are paid out to their commercial shareholders (save for a token amount in community grants). No grant money is paid by offshore-based online gambling providers.

### **Sinking Lid Policies, Machine Numbers and Gambling Harm**

Sinking Lid Policies are ineffective and despite the intention that reducing gaming machines would reduce gaming machine expenditure, like many other regions in New Zealand this is just not the case. In fact gaming machine expenditure continues to rise regardless of the decline in gaming machine numbers nationally.

There is no evidence to support the notion that taking Gaming Machines out of our communities will reduce problem gambling. In fact, **the problem gambling rate in New Zealand continues to plateau and remains low at 0.2% of New Zealand's adult population**. The Problem Gambling Rate is for all forms of gambling, not just gaming machine gambling.

A reduction in gaming machines is also only going to accelerate the migration to online gambling where there is absolutely no control. In April 2020, the Health Promotion Agency released a Report on the Impact of COVID-19<sup>1</sup> on Alcohol Consumption, Smoking, Gambling and Health & Wellbeing. The Health Promotion Agency reported that 1190 New Zealanders over the age of 18 took part in the online survey, which took place during days 13 – 19 of the Covid Level 4 Lockdown Period. The report found that:

- 20% of the respondents were either gambling more than usual online or gambling for the first time online; and
- Of those respondents that reported increased online gambling, 51% advised that the reason for this was *"I can't go to my usual places to gamble or to buy tickets so I have switched to gambling online for now"*.

The Waipa District's problem gambling rate is considered low. As at 24 February 2023, the National Database of Exclusion Orders showed that there were only **41 individuals** that had excluded themselves from Class 4 Venues in the Waipa District. The Waipa District's problem gambling rate is therefore **very low**, when considered against a rapidly growing population estimated to be now approximately 53,600 residents.

Ministry of Health figures have shown that 75% of adult New Zealanders regularly participate in gambling for entertainment, including Lotto, gaming machines, horse and dog racing, sports betting and casinos. About 33% of those enjoy playing licensed gaming machines. On average, for every dollar that is played in a gaming machine, 91 cents of that dollar is paid out in prizes. This is the highest rate of return for any form of legal gambling in New Zealand.

**Reducing machine numbers has been tried as a tool to address gambling-related harm but it has not worked as there is no link between gaming machine numbers and harm caused. It merely reduces community funding and accelerates the migration of gambling to online providers where there is zero return to the community.**

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<sup>1</sup> <https://www.hpa.org.nz/research-library/research-publications/the-impact-of-lockdown-on-health-risk-behaviours>

## **Harm Prevention & Minimisation - Support & Systems**

Excellent harm prevention & minimisation practices is Grassroots' number one strategy and remains a high priority within our operations. Class 4 Gaming Operators are heavily regulated by the Department of Internal Affairs and are socially responsible and very committed to excellent harm prevention & minimisation. Grassroots and its member venues are committed to excellent host responsibility for their gamblers; and operate within a comprehensive society and venue Harm Prevention and Minimisation Policy. It is Grassroots expectation that venue management support their staff to become Responsible Gambling Hosts. Grassroots aims to provide an environment that supports Responsible Gambling and understands that although for some people gambling is a form of entertainment for others there are some harmful effects.

Regulations around harm minimisation have recently been reviewed and released to the Class 4 Sector. The Gambling (Harm Prevention and Minimisation) Amendment Regulations 2023 is currently being enforced in three parts and will be in full effect by 1 December 2023. These new regulatory requirements are already forcing Class 4 Operators and Venues to review their current harm minimisation systems and practices and to make improvements where necessary.

The regulations require staff and managers of Class 4 Gaming Venues to be trained in how to monitor and recognise problem gamblers; and how to intervene appropriately to ensure that they seek help and support for their problem. This, in our view, is the most effective way of helping the very small proportion of people who have a problem to manage that, whilst leaving the greatest proportion of people to fulfil their legitimate desire to gamble responsibly.

Grassroots, like all other Class 4 Societies provide significant funding to the Ministry of Health through an annual Problem Gambling Levy of over \$20 million, to help those at risk from their gambling. This funding assists problem gambling support services in the Waipa District, the wider Waikato Districts and national treatment providers such as the Problem Gambling Foundation, The Salvation Army and the Gambling Helpline.

On top of this Class 4 Operators across New Zealand spend in excess of \$3-4 million each year on Harm Prevention & Minimisation initiatives such as training, compliance assessments and administering the Exclusion Process, and this is only set to increase with the recent change in regulation.

Grassroots also provides significant on-going training to venue management and staff on identifying the general and strong signs of problem gambling, information on the problem gambling services available, and the exclusion order process. Dedicated and experienced field staff are available at any time to provide Harm Prevention & Minimisation Training and support to venue management and staff. Grassroots encourages their member venues to attend initiatives such as the Harm Minimisation Leadership Programme delivered by Hospitality New Zealand, aimed at enhancing Venue Management practices with Harm Prevention & Minimisation.

Grassroots provides the following resources to venues:

- Grassroots Trust Venue Harm Prevention & Minimisation Policy;
- Full Health Promotion Agency Gamble Host Packs including Quick Reference Guides to help identify Problem Gamblers, Posters and Training Tips;
- Problem Gambling Pamphlets;
- Daily Gaming Diary and Problem Gambling Observation Pad to record any problem gambling observations and action staff may take;
- Exclusion Order Books and an Exclusion Order Process;
- Signage to display in and around the gaming room.

### **Example Venue Resources to assist with problem gambling provided by Grassroots:**



Grassroots and its member venues fully support the Multi-venue Exclusion (MVE) & National Database Program (CONCERN), which operates across New Zealand and is administered by The Salvation Army; providing Problem Gamblers with the option to exclude themselves from multiple venues at once.

### **Harm Prevention & Minimisation Technology - Facial Recognition**

Facial Recognition is now widely used by Class 4 Gaming Societies providing huge positive benefits to the Class 4 Industry and assists Class 4 Venues with supervision and monitoring of gaming rooms. Grassroots is a big believer in staying up to date with the latest technology offered in the industry and is currently rolling out this technology across all member venues in New Zealand. Currently all but one of the Grassroots venues operating in the Waipa District are using this technology. Our aim is to have this technology operating at every venue in the Waipa by 30 September 2023.

Facial Recognition systems enhance our commitment to providing good host responsibility and a culture of care at venues. The technology uses high-definition cameras in the gaming room as a fully integrated solution for recognising registered excluded problem gamblers as they enter and move around a gaming venue, and to also record 'time on site' data measuring individuals time in the gaming area.

The system sends alerts to staff through their front of house management systems, which then prompts staff to actively approach individuals to offer problem gambling information, information regarding the venue's harm minimisation policy, problem gambling service provider contact details and educating patrons on the Exclusion Order Programme available to them.

This system has huge positive advantages to the Class 4 Industry including helping to reduce problem gambling relapse amongst individuals, but it is expensive. In the absence of Ministry of Health funding towards technology improvements, the purchase of Facial Recognition by Societies can become cost prohibitive.

### **Unintended Consequences – Increase in Internet and Mobile Phone Gambling**

It is imperative to recognise that any reduction in local gaming machine offering will only lead to further increased activity through online gambling (gambling spend to offshore internet and mobile-based offerings). 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 mobile phone application.

Since 2019, SkyCity has offered online gambling services New Zealanders through their SkyCity Online Casino (<https://www.skycitycasino.com/>), operated by an overseas provider. These offshore providers are not regulated by New Zealand law and are not subject to the New Zealand Problem Gambling Levy or other forms of New Zealand tax.

On average it is expected that already \$750m is lost to online gambling every year. It now takes only a simple search and a few minutes to download to your computer, tablet or mobile phone any type of casino game you desire, including an exact replica of the gaming machine programs currently available in New Zealand venues.



Offshore-based online gambling, however, 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;
- Reaches new groups of people who may be vulnerable to the medium;
- Provides no guaranteed return to players;
- Is more easily abused by minors;
- Has reduced protections to prevent fraud, money laundering or unfair gambling practices; and
- Is unregulated, so online 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.

Any reduction in gaming machines only redirects gamblers to offshore-based internet gambling, there is no harm minimisation advantage in that strategy. Reducing the number of class 4 gaming venues, only actually drives gamblers away from the controlled environment of a gaming lounge, to an uncontrolled environment of online gambling which cannot be monitored at all.

In addition, there are further disadvantages in the fact that no community funding is generated for New Zealanders, no tax revenue is generated for the New Zealand Government and no contributions are made via the New Zealand problem gambling levy.

## **Conclusion**

Grassroots has always enjoyed a partnered approach with the Waipa District Council, together supporting fantastic community facilities benefiting the Waipa community. One of these facilities is the Grassroots Trust Velodrome, now considered a world class facility, located right in the heart of the Waipa, 'Home of Champions' territory. This facility has played a huge role in encouraging tourism to the area.

We believe that by mutually supporting the Waipa community together, we are improving hospitality precinct offerings, together ensuring harm minimisation remains a high priority and benefiting the Waipa community in many ways.

Finally, Grassroots looks forward to continuing its support of the Waipa community, ensuring that sport, education, and community organisations in the region continue to receive the valuable support that they all require.

Kind regards

**On behalf of the Grassroots Trust Board of Directors**



Martin Bradley  
**Executive Chairman**