

# CHiLD POVERTY ACTION GROUP

**Child Poverty Action Group**

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***Community and Social Policy Group***

***Auckland City Council***

***Submission:***

***Auckland City Council Gambling Policy Review***

Thank you for the opportunity to make a submission on the council's gambling venue policy.

Child Poverty Action Group (CPAG) urges the council to retain its "sinking lid" policy. This is the bare minimum required to deal with the damage done to our communities from easy access to gambling.

Nationally, 47% of gambling venues are in decile one, two and three areas. Non-casino gaming machines, ie pokies, are five times more likely to be concentrated in decile one and two areas. TAB venues are three times more likely to be located in the most socially and economically deprived areas.

Although the number of machines in Auckland has reduced slightly, suburbs such as Otahuhu, Onehunga and Glen Innes/Panmure remain over-represented in terms of the number of gaming machines. These same suburbs have the lowest incomes per household in Auckland City. Gambling behaviour is “supply driven”, that is “the amount of gambling activity in an area is associated with the density of gambling opportunities in that area”.<sup>1</sup> CPAG does not support any change in policy that allows the possibility that the number of gaming machines will increase in these areas.

Over 20% of gambling revenue comes from people with gambling problems, and recently several cases have highlighted the fact that the industry is lackadaisical at best about dealing with problem gamblers. Problem gamblers do not behave rationally: moreover the damage they do extends across their whanau and communities, and problem gamblers are more likely than others to have low incomes. Research by the Salvation Army found that of their clients affected by gambling, approximately three-quarters had children directly affected by the loss of household income arising from gambling.<sup>2</sup> This includes problem gamblers who report domestic or other violence related to their gambling. In 1999, the Australian Productivity Commission reviewed a range of evidence, and estimated that around seven other people were adversely affected to varying degrees by a severe problem gambler’s behaviour, but also noted that some estimates ranged as high as 17.

Nor is gambling a public service. Evidence from both Australia and New Zealand shows that money from gaming does not make its way back to the communities it came from.<sup>3</sup> Indeed, the Department of Internal Affairs is presently investigating allegations involving the misuse of gambling money involving the racing industry. Further, applications for funding from low-income communities are often unsuccessful because applicants lack the skills to put one together. Worthy projects are often rejected.<sup>4</sup> In essence, gaming redistributes much needed cash from decile one and two communities into middle and upper income sports and recreation clubs, government coffers, and gaming trusts. Economist Brian Easton has pointed out that gambling is essentially a mechanism that transfers wealth into the hands of a few, and is therefore economically regressive.<sup>5</sup> As

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<sup>1</sup> He Oranga Pounamu, Submission to Christchurch City Council proposed change of gambling venue policy, August 2006.

<sup>2</sup> Salvation Army & Abacus Counselling & Training Services Ltd. (2005). *Salvation Army Social Services Project Final Report*. Manukau City: Salvation Army.

<sup>3</sup> Adams, P., Rossen, F., Perese, L., Townsend, S., Brown, R., Brown, P. & Garland, J. (2004). *Gambling Impact Assessment for Seven Auckland Territorial Authorities*. Centre for Gambling Studies, University of Auckland.

<sup>4</sup> Personal communication, 2006.

<sup>5</sup> Easton, B. (2002). Gambling in New Zealand: An economic overview. In B.Curtis (Ed.), *Gambling in New Zealand*. Palmerston North: Dunmore Press.

with other economically regressive policies, children in low-income families bear the brunt of the harm from gambling either through lost income (direct or indirect), or because it contributes to making their environment unsafe.

To claim that local sports clubs would not survive otherwise ignores the fact that other funding models are available, including funding in which communities have a greater say in what happens to the monies extracted from them, unlike the present model of unelected, unaccountable trusts having the power to decide which communities and organisations will get favoured with grants. As noted above, sports clubs from low-income areas are much less likely to receive funding grants than organisations from better-off areas so the argument that gambling is necessary for communities cannot be sustained. Moreover, research conducted in Christchurch found that the worst affected communities were the most enthusiastic about getting pokie machines out of their neighbourhoods.<sup>6</sup>

Gambling in low-income areas hurts the families in those communities, and in particular children. The evidence suggests that easy access is the biggest issue here. While the government claims 20% of profits from gaming machines as tax and thus has no incentive to minimise gambling, councils have no such financial stake. Therefore CPAG urges the Council to retain – at a minimum – its sinking lid policy, and continue to restrict the number of gambling venues and pokie machines in Auckland. We do not support any proposals to relocate existing machines. Spreading the misery is not economically or socially desirable.

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<sup>6</sup> Ibid, fn 1.