

Harmless fun for all?

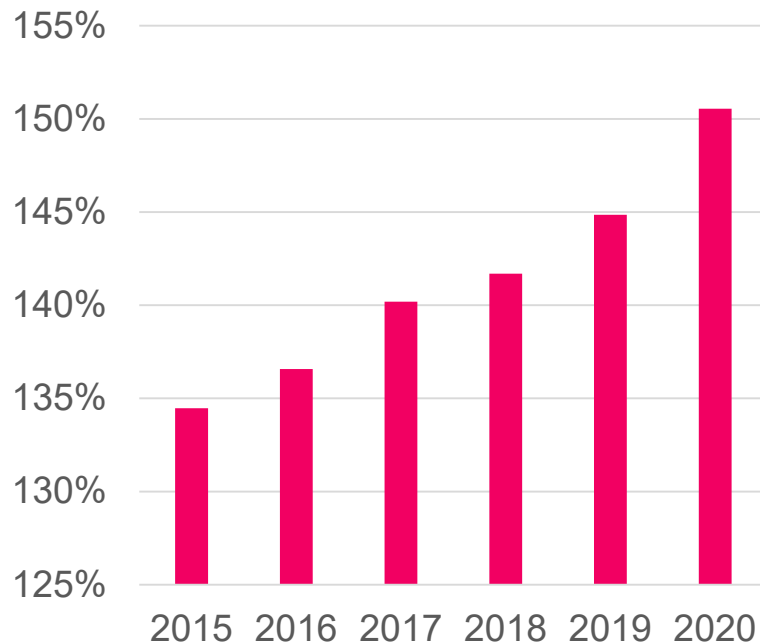
Class 4 gambling in Lower Hutt

Name of presenter	Sarah Hogan, Principal Economist
Venue or event	Hutt City Council
Date of presentation	18 August 2021

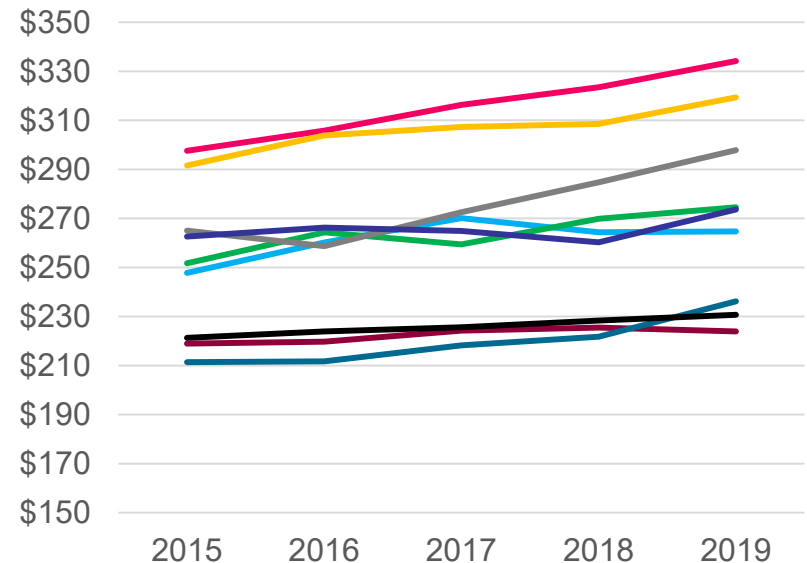
Data analysis – How does Lower Hutt compare?

- Lower Hutt average expenditure per adult is higher and growing fast relative to national. EGM spend per capita puts Lower Hutt in the top 10 nationally (out of 68) at \$334 per adult.

Lower Hutt GMP per adult as percentage of National GMP per adult



Lower Hutt GMP per adult compared with neighbouring and similar sized centres

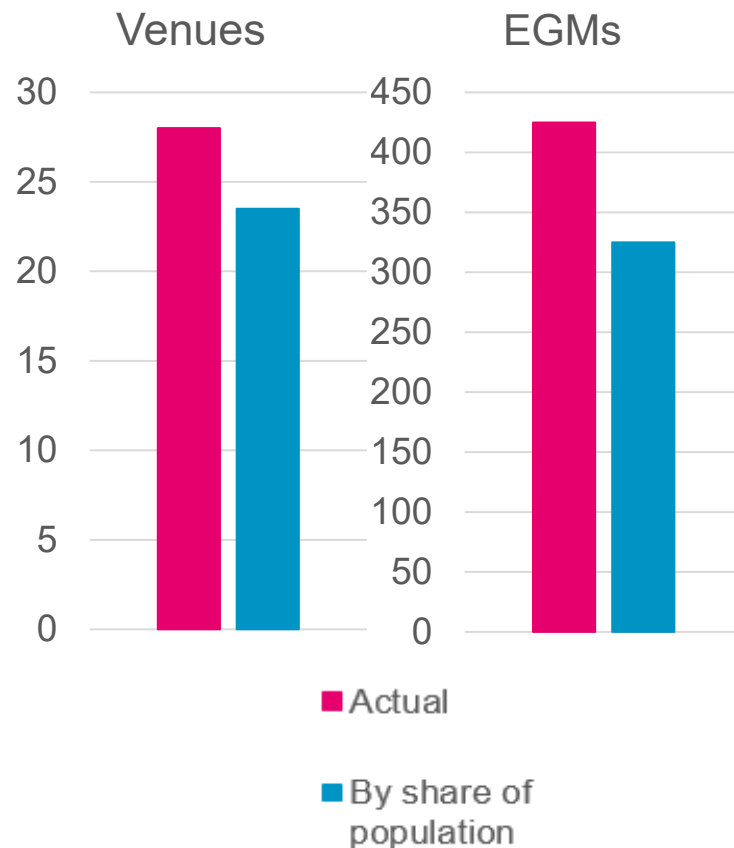


- Hastings district
- Palmerston North city
- Tauranga city
- Wellington city
- New Zealand
- Lower Hutt city
- Porirua city
- Upper Hutt city
- Whangarei district



Data analysis – Exposure to Class 4 gambling

- Lower Hutt residents have a high level of exposure to Class 4 gambling.
- 28 venues, 425 EGMs



If Lower Hutt had its 'fair share' of national EGMs and venues (based on population):

- 4-5 fewer venues
- 100 fewer EGMs

Currently there are 143 machines in high deprivation areas (NZDep8-10)

‘What if?’ analysis – Why we did it

- No data on Lower Hutt gambling participation, spending, or harm at a suburb, household or individual level.
- Conventional approaches, e.g. CBA, treat unknown harms as non-existent.
- Councils are making decisions under extreme uncertainty. This is a policy problem rather than an economic one.

Potential harms are related to:

- People from high deprivation groups 7 times as likely to be moderate-risk/problem gamblers.
- Māori nearly six times as likely to be moderate-risk/problem gamblers as NZ Europeans.

(NZHLS, 2016)





‘What if?’ analysis - Participation matters...

- What % of the population participates in Class 4 gambling?
- The NZ Health and Lifestyles survey indicates around 10% of NZ adults participate in Class 4 gambling.

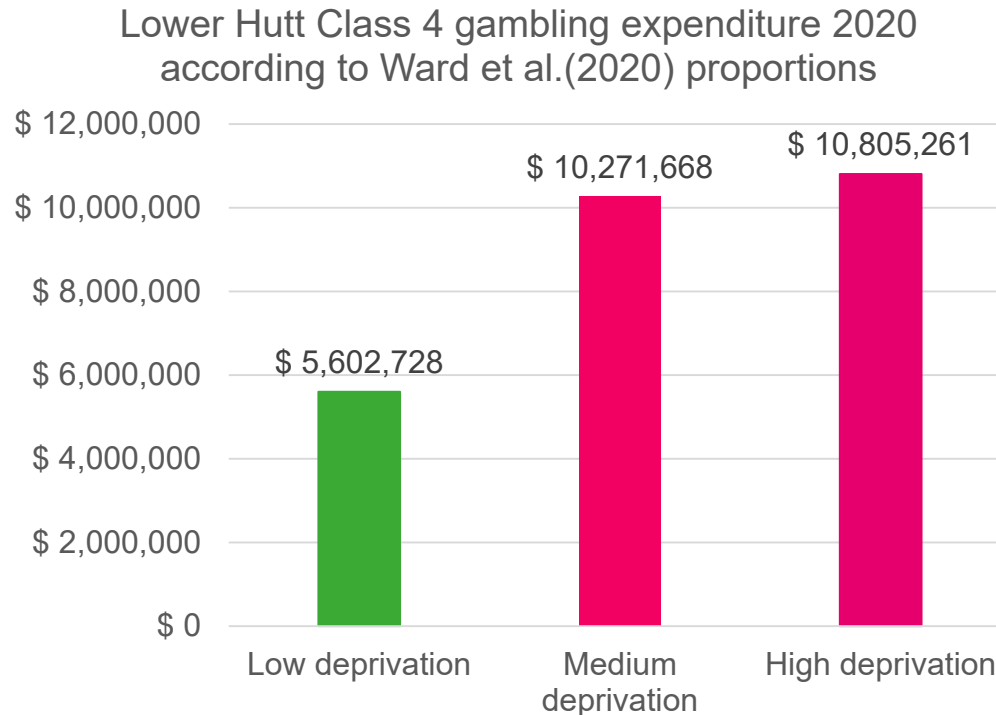
	Low deprivation (NZDep13 1-3, least deprived)	Medium Deprivation (NZDep13 4-7)	High Deprivation (NZDep13 8-10, most deprived)
Class 4 gambling participation rate	8.2%	11%	10%

Source: Source: Thimasarn-Anwar, Squire, and Trowland (2017)

- If that is true for Lower Hutt, the average participant in Lower Hutt spent \$2,390 in 2020 – a low year for Class 4 gambling.

‘What if?’ analysis – Suburb view...

- Previously published national research suggests most GMP is derived from medium to high deprivation areas.
- If this is true for Lower Hut, nearly \$11m came out of high dep areas in 2020.

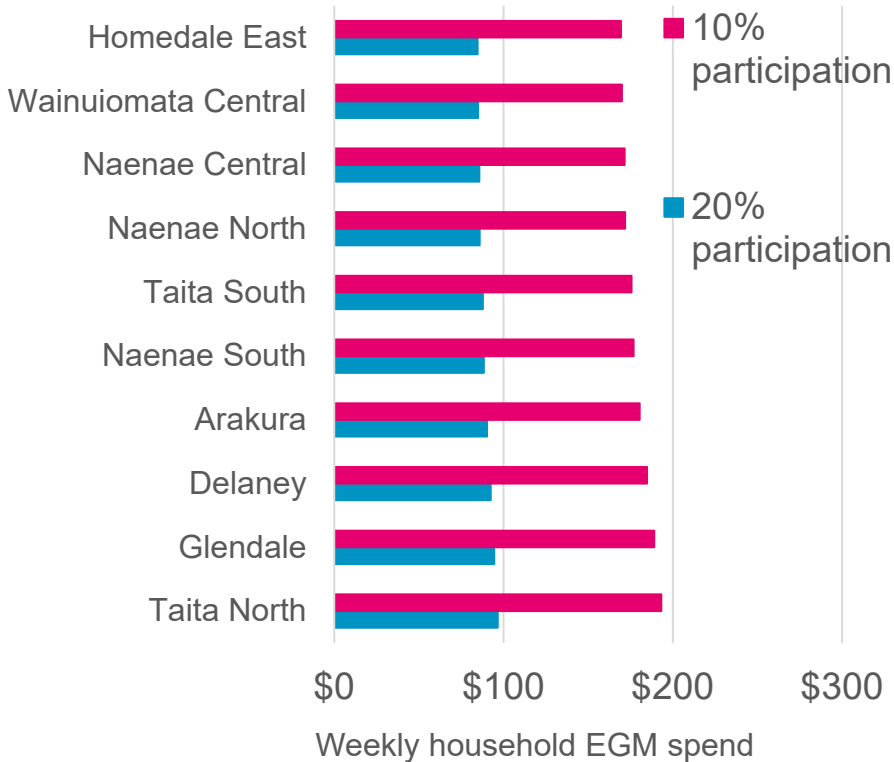


'What if?' analysis – Household view...

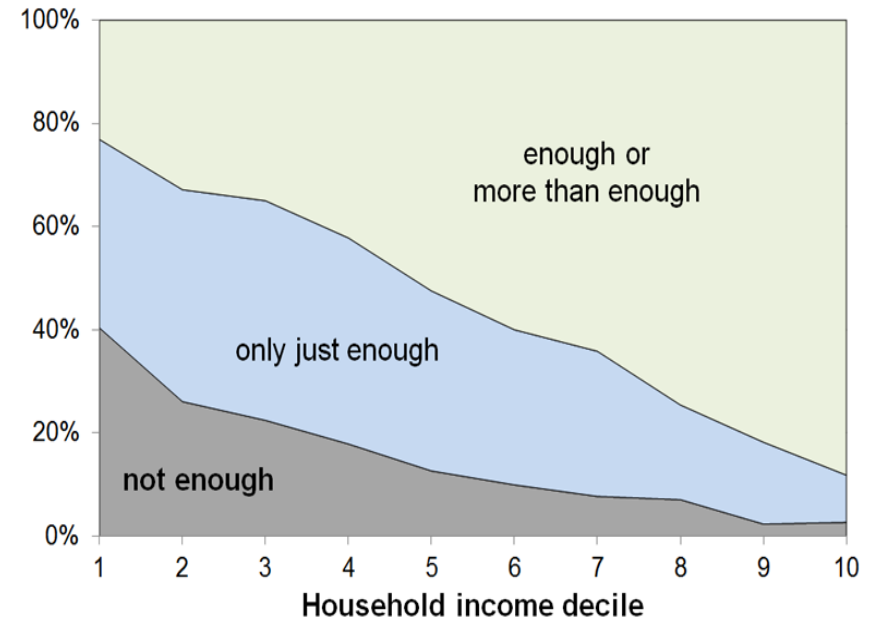
The suburbs with the highest spending households are all high deprivation areas.

Would \$80 - \$100 per week on pokies harm a low income household?

Suburbs of highest spending households



Household income adequacy



Perry, B. 2017.

NZIER recommendations

- In-depth research into gambling behaviours at the individual and household level.
- Lower Hutt should implement a Class 4 gambling policy to align with the national average for venues and EGMs v population.
- Choice of absolute cap, sinking lid, or per capita cap:
 - all effective in reducing venue and machine numbers
 - sinking lids and per capita caps most effective at reducing spending

(Erwin, C., Lees, K., Pacheco, G. & Turcu, A. 2020.)