

Matamata-Piako District Council

PO Box 266
Te Aroha 3342

Email: info@mpdc.govt.nz

Gambling Venue Policy Review - Submission

Introduction

Grassroots Trust 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 & harm minimisation training are considered industry leading, and we pride ourselves on ensuring we use the latest technology available to the industry.

This submission is in response to the Matamata-Piako District Council's review of their Class 4 Gambling Venue Policy. Grassroots Trust wishes to speak to Council in support of this submission and responds as follows:

1. Grassroots Trust **SUPPORTS** Council's proposed option to introduce an Absolute Cap, allowing 15 gambling venues and 201 gaming machines to operate within the district-wide cap.
2. Grassroots Trust **DOES NOT SUPPORT** Options 2, 3, 4 or 5.

Location Rules and Sensitive Sites

1. Grassroots Trust **SUPPORTS** Council's proposed option, that new gambling venues must be 100 metres away from *sensitive sites*.
2. Grassroots Trust **DOES NOT SUPPORT** Options 2 and 3. Option 3 is in our view is very anticompetitive. Asking Class 4 Societies to obtain support from a competitor (other Class 4 Societies and Venues) for the establishment of new business within close proximity to them, needs to be removed from the policy. Council should be reviewing applications based on their own merit and information provided against policy provisions. We can speak to this when meeting the Council but had first-hand experience relating to this in 2024 when seeking to secure a Class 4 licence in Matamata. Naturally, all competitors of the venue provided submissions calling for our application to be declined.

About Grassroots Trust

Grassroots Trust currently operates 36 gaming machines at two venues located in the Matamata-Piako District – the Palace Hotel (Te Aroha), 18 gaming machines, and The Top Pub & Eatery (Morrinsville), 18 gaming machines.

Grassroots Trust is governed by a dedicated and professional Board of Directors who are all passionate about supporting local communities. The Board consists of Executive Chairman, Martin Bradley; and Directors, Kevin Burgess (Pharmacist), Jeremy O'Rourke (Managing Director), Fraser Lellman (Accountant), Patrick O'Rourke (Accountant) and John Young (Lawyer). In addition, Gary Troup, ONZM (Company Director) also complements the Board as a Net Proceeds Committee Member.

Grassroots Trust forms part of the industry leading Grassroots Trust Group, with operations being run from Hamilton and regulated by the Gambling Act 2003. The Grassroots Group combined, are the fourth largest Class 4 Gaming Operator in New Zealand and the largest operator in the North Island. The Grassroots Group operates gaming machines at over 90 Class 4 Venues, supporting many community organisations across New Zealand. In 2023 the Grassroots Trust Group marked a very special year, proudly celebrating 20 years of helping charitable organisations (over \$230 million), community groups, and sporting organisations to make an impact in the communities they serve.

Grant Funding

Class 4 Gaming Venues enable extremely valuable funding to be provided to a large range of local community groups. In 2023, **\$345.46 million in gaming machine funding** was provided to **9,783 community organisations** across New Zealand¹.

Many organisations throughout New Zealand including the Matamata-Piako District have benefited from this funding.



The Grassroots Trust funding turnaround is quick, and the application process for community groups is simple, through our online website portal. For the year ending March 2025, Grassroots Trust was extremely proud to return **40.45% (\$26.9m) to community organisations**, exceeding the minimum regulatory requirement to return 40% of gross proceeds to authorised purposes.

It is always Grassroots Trust's intention to distribute these funds back to the community that the funds were generated from - across the sporting, community, and education sectors. Partnering with Councils, such as the Matamata Piako-District, is integral to ensuring that funding of community projects benefitting the local community are well supported.

During the 12-month period ending 31 March 2025, Grassroots Trust has **contributed \$479,504.31 in grants to 34 organisations who provide essential services to and within the Matamata-Piako District** – see the full list of funding accompanying this submission. This is funding that benefits arts & culture, community, health & welfare, research & education, and sport, making a massive difference directly to the Matamata-Piako District community. We would like to highlight some of the work being achieved in your community due to funding received from Grassroots Trust over the last 12 months:

¹ <https://www.granted.govt.nz/index.html>

- **Te Aroha College Old Boys Rugby & Sports Club Incorporated**
Grassroots Trust contributed **\$60,000.00** towards the costs associated with salary for the Junior Rugby Development Officer, physiotherapy services and purchasing first aid/medical supplies.
- **Te Aroha Group New Zealand Riding for the Disabled Association Inc**
Grassroots Trust contributed **\$11,448.00** towards the salary costs of the Assistant Coach.
- **Matamata-Piako District Council**
Grassroots Trust contributed **\$50,000.00** towards the costs associated with building a two-court indoor sports stadium, to service Matamata schools, the community and the district.
- **Stanley Avenue School**
Grassroots Trust contributed **\$10,000.00** towards the costs associated with replacing the astroturf.
- **Campbell Park Charitable Trust**
Grassroots Trust contributed **\$22,000.00** towards the costs associated with architectural services, for the redevelopment of Campbell Park.
- **David Street School**
Grassroots Trust contributed **\$8,186.96** towards the costs associated with purchasing shade sails.
- **Te Aroha BMX Club Incorporated**
Grassroots Trust contributed **\$4,050.80** towards the costs associated with purchasing and installing LED flood lights.



Class 4 Gaming Societies are the only gambling operators that focus on supporting grassroots community organisations, making a positive difference to many community organisations, which would struggle to survive without this funding. No other gambling provider provides this level of support for community organisations and there is no easy substitute for this funding which 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 – something which needs to be considered as the Government moves to auction 15 online licenses from April 2026.

Sinking Lid Policies, Machine Numbers and Gambling Harm

Ineffectiveness of Sinking Lid Policies:

- Sinking Lid Policies are ineffective. There is no evidence that reducing gaming machines reduces gambling expenditure. There is also no proof that sinking lid policies reduce problem gambling.
- There is no link between gaming machine numbers and harm caused. Reducing machine numbers has been tried as a tool to address gambling-related harm but it has not worked.

- Reducing gaming machine numbers, reduces community funding and accelerates the migration to online gambling with zero return to the community.

Problem Gambling Statistics:

- The problem gambling rate in New Zealand continues to plateau and remains low at 0.2% of the New Zealand adult population. The problem gambling rate is for all forms of gambling, not just gaming machine gambling.
- Ministry of Health figures have shown that 75% of adult New Zealanders gamble for entertainment, including Lotto, gaming machines, horse and dog racing, sports betting, and casinos. Around 33% of those enjoy playing licensed gaming machines.
- Gaming machines have the highest payout rate (91%) among legal gambling forms in New Zealand.
- The total registered number of Excluded Problem Gamblers in the Matamata-Piako Districts was only 2 in 2022/2023 (no new excluded problem gamblers during the same period) – a number considered very low.

Harm Prevention & Minimisation

Commitment to Responsible Gambling:

- Grassroots Trust prioritises harm prevention & minimisation within all its operations and harm prevention & minimisation continues to be our number one strategy. We are committed to excellent host responsibility, operating within a comprehensive Policy for identifying Problem Gamblers.
- Grassroots Trust aims to provide an environment that supports responsible gambling, understanding that although for some people gambling is a form of entertainment, for others there are some harmful effects.
- Class 4 Operators are heavily regulated by the Department of Internal Affairs. Regulations require that venue personnel are trained to monitor, identify and support problem gamblers. Grassroots Trust recognises that face-to-face interaction with gamblers is the most effective way of helping a very small proportion of people who have a problem, to manage that problem, whilst leaving the greatest proportion of people to fulfil their legitimate desire to gamble responsibly.

Gambling (Harm Prevention and Minimisation) Regulations:

- Venue personnel must be trained to recognise and intervene problem gamblers. We provide significant on-going training on how to identify the signs of gambling harm, information on the problem gambling services available, and the exclusion order process. Our dedicated and experienced field team are available at any time to provide training and support to venue personnel.
- New regulatory requirements now require venues to conduct gambling area sweeps 3 times per hour, track cash withdrawals for gambling purposes, maintain detailed record keeping for all gambler interactions & conversations, and conduct weekly venue manager reviews.

Funding for Problem Gambling Support:

- Class 4 Operators provide significant funding of over \$20 million to the Ministry of Health through an annual Problem Gambling Levy – funding that goes towards problem gambling support services nationwide, including the Problem Gambling Foundation and the Gambling Helpline.
- Class 4 Operators also spend in excess of \$3-4 million annually on harm prevention and minimisation initiatives such as training, compliance, administering the exclusion order process and software development.
- Grassroots Trust has invested thousands of dollars into developing new technology and systems to help our venues manage the above regulatory requirements, a significant increase in costs over the last 12 months.

Resources and Signage:

- Grassroots Trust also provides venues with resources and signage to assist with their obligations as responsible gambling hosts. These can include gambling area sweep books, incident & intervention record books, gaming dairies, exclusion order books, problem gambling awareness brochures and problem gambling awareness signage to display in and around the gaming room. These resources are often supported or replaced by new electronic systems.



Technology and Tools for Harm Minimisation

Facial Recognition and Gambling Area Sweep Technology:

- Facial Recognition technology is now widely used by Class 4 Operators, providing huge positive benefits to the industry, assisting venue personnel to supervise & monitor gaming rooms and helping to reduce problem gambling relapse amongst individuals.
- The technology uses high-definition cameras to assist with identifying problem gamblers who may be in breach of their exclusion order.
- System alerts are generated, prompting further action to approach a player and offer information relating to harmful gambling and the services available for extra help.
- Venue personnel can electronically record gambling area sweeps, signs of gambling harm, and complete venue manager reviews. An individual's time spent in the gaming room is measured, sending alerts to staff for intervention and support.

Unintended Consequences of Reducing Gaming Machines

Increased activity Online:

- A reduction in land-based gaming machines only redirects gamblers away from a controlled environment and leads to increased activity through online gambling, which lacks control and sees gambling expenditure redirected to offshore internet and mobile-based offerings, with no profits mandated by law to be returned in the form of grants to the community.

- Under current legislation, it is not illegal to participate in gambling on an overseas-based website or mobile phone application. Online gambling currently lacks regulation, offers no community funding, and increases risks such as fraud and money laundering.
- Westpac NZ have introduced an account block to support customers struggling with online gambling². For the period 26 June to 25 September 2023 Westpac customers were reported to spend \$136.8 million with online gambling merchants, compared to \$3.2 million at physical locations during the same period. Of that spend, nearly half was with TAB and Lotto, with the remainder distributed among various online gambling business. Annually they also suggest that New Zealanders are spending in excess of \$2.7 billion on online gambling providers, which is only expected to increase.

Offshore Gambling Risks:

- Highly accessible 24 hours a day from the comfort & privacy of your home, unregulated, can involve larger bet sizes, and there are no harm minimisation strategies in place.
- Increased risk for vulnerable individuals and minors – venue personnel are unable to observe and assist individuals showing gambling harm.
- Provides no guaranteed return to players & zero community benefit, minimal tax revenue is generated for the New Zealand Government, and no contributions are made via the Problem Gambling Levy.
- Reduced protectors to prevent fraud, money laundering or unfair gambling practices.

Conclusion

Grassroots Trust supports the Matamata-Piako District Council's proposed option to change to an absolute cap rather than population-based rations. Grassroots Trust looks forward to continuing its support of the Matamata-Piako District communities, 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 Group



Martin Bradley

Executive Chairman of Grassroots Trust Limited and Director of Grassroots Trust Central Limited

² <https://www.westpac.co.nz/about-us/media/westpac-nz-introduces-gambling-account-block-to-support-customers/>