|  |  |
| --- | --- |
| **To** | Council |
| **Report title** | Gambling Venues Policy review workshop |
| Date: | 23 April 2023 |
| Report Author: | Toby McIntyre, Policy Advisor  Tony Pipe, Environmental Health Team Leader |
| Authorised by: | Roger MacCulloch, General Manager Customer Support |

# Purpose of the report Te Take moo te puurongo

To provide information, and seek feedback, from Council on the review of the Gambling Venues Policy (the Policy).

# Executive summary Whakaraapopototanga matua

Under both the Gambling Act 2003 and the Racing Industry Act 2020, Waikato District Council is required to implement a Class 4 Venues Policy and a TAB Venues Policy, currently jointly covered as the Gambling Venues Policy 2021 (Attachment 2). These policies are legislatively required to be reviewed every three years, with the last review occurring in 2021.

The Class 4 Venues policy sets out where venues can be licensed to have Class 4 machines (pokies), the number of machines they can have, and how licenses can be merged or relocated. The TAB Venues policy sets out where a standalone TAB venue can be located. It does not have any legislative scope to govern TAB terminals located inside other venues.

Council has received no applications under the Policy in the past three years.

In adopting each of these policies, WDC must have regard to the social costs and benefits of Class 4 and stand-alone TAB gambling within its district. A Social Impact Report (SIR) on Class 4 and TAB gambling has been prepared by staff and is presented as Attachment 1.

There are currently 17 venues hosting 227 Class 4 gaming machines within the Waikato District. This is a minor reduction in venues and number of gaming machines, compared to 2021, when the Waikato District had 18 venues hosting 233 machines.

While the number of gambling machines has decreased slightly, expenditure has increased. In the 2023 calendar year, $10.834m was spent on gaming machines located in the Waikato District (up from $9.8 million in 2019).

Three options have been identified by staff:

1. No change to the Policy (*recommended by staff*)
2. Amend the Policy, by moving to a “capped machine” policy.
3. Amend the Policy, by moving to a “gold-standard sinking lid” policy clause.

Following this feedback from Council, the proposed Policy will be brought to the June Policy and Regulatory Committee for approval to consult in in June/July 2024.

# Background Koorero whaimaarama

Waikato District Council (Council) must adopt a policy on Class 4 gambling venues in accordance with the Gambling Act 2003 (GA 2003) every three years. The policy must specify whether Class 4 venues (electric gaming machines such as pokies and slot machines) may be established in the district and, if so, where they may be located. The policy may also specify restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue and may specify whether venues can relocate in the Waikato District.

WDC must also adopt a TAB Venue policy in accordance with the Racing Industry Act 2020 (RIA 2020). The policy must specify whether the TAB may establish new stand-alone TAB venues (i.e. the policy does not deal with TAB terminals in pubs and clubs) in the district and, if so, where they may be located.

Council have implemented the Gambling Venues Policy, which is one document that contains both the Class 4 Venue Policy and the TAB Venues Policy. The policy is required to be reviewed every three years, with the last review occurring in 2021.

The four main types of gambling in New Zealand are casino gambling, NZ Lotteries, stand-alone TAB gambling and Class 4 gambling in pubs and clubs. Casino gambling and NZ Lotteries are not considered to be high risk gambling activities by the Department of Internal Affairs (DIA) and are not covered under the policy. Class 4 gambling machines and stand-alone TAB gambling venues are high-risk, high expenditure gambling and are regulated under the policy.

The objectives of the current Class 4 Venue Policy and TAB Venues Policy are to:

* control the growth of gambling within the district; and
* minimise the harm of gambling; and
* reflect the views of the local community in respect of the provision of gambling within the district.

**Application of policy**

*Gambling Venues Policy*

The current policy does not allow for the issuing of any new Class 4 licenses. Since the adoption of the 2021 policy, Council has received no applications under this section of the GVP for any relocations of licensed venues, or for mergers of licenses.

There are currently 17 venues hosting 227 Class 4 gaming machines within the Waikato District. This is a reduction from 2021, where we had 18 venues hosting 233 machines).

*TAB Venues Policy*

The Policy is not applied to any existing business in the Waikato District because the policy only regulates stand-alone TAB venues. There are currently no stand-alone TAB venues located within the Waikato District. Instead, there are TAB terminals located inside other venues, such as taverns.

The Policy would be relevant if a stand-alone TAB was proposed to be established in the Waikato District and would then determine where a TAB could be located.

**Comparing our Policy to other Councils' Gambling Venue Policies**

Six other territorial authorities’ (in geographic proximity to Waikato District) policies were analysed to show how our current policy compares (seven policies in total). As the comparative table (Appendix 2, Attachment 1) shows, the difference in how the legislation is applied through the Class 4 Venue clauses are often split.

Key points are listed below:

* A sinking lid clause has been adopted in four of the seven policies, including WDC’s Policy. A sinking lid clause means that no new venues with gambling machines can be established.

By contrast, Waipa District Council, Matamata-Piako District Council (MPDC) and Hauraki District Council (HDC) do not have a sinking lid policy, and this allows for an increase of gaming machines.

* Caps on maximum numbers of machines in venues are in four of the seven policies. WDC’s Policy caps the number of machines per venues at nine. HCC, Auckland Council and Thames-Coromandel District Council have no maximum on the number of machines allowed in venues.
* Relocations (with conditions) are allowed in five of the seven of the policies, including WDC’s Policy. This means that a license holder can still use their license for gaming venues even if the business relocates to another venue. HCC and Auckland do not permit relocation.
* Mergers are allowed for in six of the seven of the policies. This means that two businesses with current licenses can merge and combine their permitted number of gambling machines.

Staff have also reviewed the average spend per person in 2023 Class 4 Gambling Spend for six other territorial authorities. This shows that the number of spend is highest per person in Thames Coromandel and lowest in the Waikato.

Table 1: Class 4 gambling spend per person in 2023

| **Council** | **Average spend per person / annum in 2023** |
| --- | --- |
| Waikato District | $122 |
| Hamilton City | $154 |
| Waipa District | $169 |
| Auckland | $180 |
| Matamata-Piako District | $194 |
| Hauraki District | $268 |
| Thames-Coromandel District | $358 |

# Discussion Matapaki

The current Class 4 Venues Policy has a ‘sinking lid’ approach, where Council has the aim of reducing the number of gaming machines and venues available over time, by not allowing any new venues to be established and having restrictions on venue mergers and relocations.

Under the current TAB Venues Policy new stand-alone TAB venues could be established within the district, with their location restricted to areas zoned under the Waikato District Plan to allow commercial activities as permitted activities. TAB terminals located in other venues are not within the legislative scope of this policy. The current policy contains a clause that states Council will consider TAB efforts to reduce the number of TAB terminals in other venues as a part of any application for a stand-alone license.

*Note: Online gambling, especially at offshore gambling sites, has become popular over the past decade. As only a mobile device, a credit card and internet connection are needed to gamble in this way, the convenience is a huge draw for New Zealanders to game online, particularly since Covid-19 lockdowns began in 2020. Online gaming is difficult to regulate, and central government undertaken reviews of the Gambling Act 2003 to keep up with the increasing online presence.*

In adopting each of these policies, WDC must have regard to the social costs and benefits of Class 4 and stand-alone TAB gambling within its district. This is specified in both s101 of the GA 2003 and s96 of the RIA 2020.

According to s101 of the GA 2003 and s96 of the RIA 2020, WDC may also consider the following matters when determining its policy (Refer to Attachment 3):

* Characteristics of the district.
* Location of education facilities.
* The number of gaming machines that should be permitted.
* cumulative effects of additional opportunities for gambling in the district.
* How close any venue should be permitted to any other venue.
* And the primary activity at any venue.

**Key Trends / Information from the Social Impact report**

In order to address the requirement to have regard for the social impact of gambling within the district, staff have undertaken a Social Impact Report (SIR) (Attachment 1). This SIR seeks to discuss the social costs and benefits of Class 4 and TAB gambling in New Zealand and more specifically for the residents of the Waikato District. The SIR provides preliminary research to inform the review of the Policy.

Key findings from the SIR are below.

*General findings*

* There are currently 17 venues hosting 227 Class 4 gaming machines within the Waikato District. This is a minor reduction in venues and number of gaming machines, compared to 2021, when the Waikato District had 18 venues hosting 233 machines.
* While the number of gambling machines has decreased slightly, expenditure has increased. In the 2023 calendar year, $10.834m was spent on gaming machines located in the Waikato District (up from $9.8 million in 2019). The spend is trending up slightly, consistent with the national trend, and consistent with inflation and population growth (via DIA Gambling Dashboard).
* On a national scale, New Zealanders have spent between 2.3 and 2.6 billion NZD per year over the past five financial years on the four main types of gambling (Casinos, NZ Lotteries, Class 4 gaming machines and the TAB).

*Social benefits*

* Class 4 Gambling provides potential social benefits, including entertainment, social interaction and employment opportunities.
* In 2022, grants totalling $3,426,232 were made in the Waikato District. The grants data does not always align exactly to territorial authority boundaries and the cross-boundary operational nature of many organisations also makes it harder to show a definitive dollar figure.
* The organisations receiving the highest grants in 2022 include Te Awamutu Rugby Sport and Recreation Club, Ngaaruawahia United Football Club, Waikato Regional Property Trust Board, Northern Districts Cricket Association and Waikato Institute for Leisure and Sport. Table 2 shows amounts granted through EGM profits by category in 2022 in Waikato District.

Table 2: Amounts granted through EGM profits by category in 2022 in the Waikato District

| **Category** | **Amount (NZD)** |
| --- | --- |
| Sport | 1,942,260 |
| Community | 769,531 |
| Research and Education | 306,735 |
| Health/Welfare/Rescue Services | 198,206 |
| Arts and Culture | 193,050 |
| Unspecified | 16,450 |

*Social costs*

* Class 4 Gambling can have potential social costs, including problem gambling.
* The 2020 Health and Lifestyles Survey found that in total 4.5% of New Zealand adults (approximately 184,000 people) had experienced at least some level of individual gambling harm in the last 12 months.
* 12 out of the 17 venues are located within areas with a deprivation index of 9 (out of a maximum of 10). The remaining five venues are located in areas of medium to high deprivation (6-8). This shows that the deprivation in the area where the venues are located is very high.
* Maaori, Pacific peoples, and people on lower incomes continue to disproportionately experience gambling harm.
* There are a range of initiatives in place to support and manage gambling harm.

**Key recommendations from stakeholders**

To develop the SIR, staff contacted ten external stakeholders for their feedback on the current Policy. Written feedback was received from The Lions Foundation (TLF), Gaming Machine Association of New Zealand (GMANZ), Manatu Ora Ministry of Health, and Te Whatu Ora / Waikato District Health Board. Staff also met with and received written feedback from the Problem Gambling Foundation.

Recommendations were received from all stakeholders that responded. These recommendations are very similar to requests made during the processes for both the 2021 and 2018 policy reviews.

1. Recommended changes from industry stakeholders (Lion Foundation and Gambling Machine Association of NZ) includes:

* A “capped policy” rather than sinking lid, which does not encourage growth but allows for funding mechanisms to continue. This would keep the maximum number of machines where it is currently, rather than reducing it when a license is surrendered.
* That Council retain the existing relocation clauses.

1. Recommended changes from community health and intervention stakeholders (Problem Gambling Foundation, Heath New Zealand Te Whatu Ora, Manatu Ora Ministry of Health) includes:
   * Support a sinking-lid policy but advocate for a ‘gold-standard’ sinking lid policy, which includes the following three provisions:
2. A ban on any new venues – no permit to be given to operate any new Class 4 gambling venues in Council area if that venue proposes having pokies, including TAB venues; and
3. No relocations – if a venue with Electronic Gaming Machines (EGMs) closes for any reason, Councill will not permit the pokies to be relocated to any venue within the Council area, and
4. No mergers – Council will not permit any merging of Class 4 pokies to one venue under any circumstances.
   * That policies that allow club mergers and relocations are not congruent with a sinking lid policy. They would like to see Council remove these merger and relocation clauses from our policy.

# Options

Staff have identified three viable options for elected members to consider.

**Option One:** No changes to the Policy, retaining the “sinking lid”, relocation and merger clauses in the 2024 Gambling Venues policy, as they currently are in the 2021 policy.

This option has been recommended by staff as the number of Class 4 machines in the district have decreased by one in the past three years, and no issues have been raised to Council staff around the application of this policy in the last three years.

The advantages of this option are:

* Consistent and known sinking lid approach maintained.
* Enables entertainment demand while supporting control of harm.
* Maintains the current level of community funding.
* Relocation and merger allow for control of location.

A disadvantage of this option is:

* Reduction of gaming machines and venues dependant on natural attrition.

**Option Two:** Amend the Policy, by moving to a “capped machine” policy, rather than a sinking lid, and retain the existing relocation clauses in the new policy.

This option is recommended by gambling industry groups (The Lion Foundation and GMANZ), as it does not encourage growth but allows for funding mechanisms to continue.

The advantages of this option are:

* Gaming venues and gaming machine numbers cannot increase.
* Maintains current level of community funding.
* Relocation and merger allow for control of location.

A disadvantage of this option is:

* Would not contribute to a reduction in gaming machine numbers.

**Option Three:** Amend the Policy, by moving to a “gold-standard sinking lid” policy clause. Merger and relocation clauses would be removed, as they are not congruent with a sinking lid policy like this.

This option is recommended by community health and intervention groups (Problem Gambling Foundation, Manatu Ora - Ministry of Health, and Te Whatu Ora), as it provides more support for problem gambling intervention, and works to lessen the harm created by problem gambling.

The advantages of this option are:

* Controlled relocation and merger still possible for events outside societies control e.g. fire.
* Introduction of enhanced sinking lid which would speed up the reduction of gaming machine numbers and or venues.

The disadvantages of this options are:

* May impact funding for community groups and organisations.
* Restriction on relocation or merger may be seen as a disadvantage as this would restrict development for businesses with existing Class 4 licenses.

# Next steps Ahu whakamua

Staff are seeking feedback from elected members to inform the policy review, in preparation for public consultation on the draft policy in June/July 2024.

# Attachments Ngaa taapirihanga

Attachment 1 – 2024 Social Impact Report – Gambling Venues Policy review

Attachment 2 – Gambling Venues Policy 2021

Attachment 3 - Legislative requirements