

8. GAMBLING BILL

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The purpose of this report is to discuss a letter from LGNZ regarding the Gambling Bill.

INTRODUCTION

In December 2002, Local Government New Zealand wrote to the Mayor raising concerns about the Responsible Gambling Bill (see tabled letter). The letter from LGNZ highlighted:

- Problems associated with the limitations placed on the venue licences policy
- Concerns surrounding the distribution of profits from non-casino gaming machines

The Mayor has referred this letter to the Strategy and Finance Committee.

BACKGROUND

The Gambling Bill was introduced into Parliament in 2002 and the Administration Select Committee reported back to Parliament in December. The Council made submissions on a number of provisions in the Bill. The Bill has not yet been passed. The Bill requires that territorial authorities adopt a venue licence policy (on Class 4 venues - premises where gaming machines are located). The Council's venue policy will identify the location of new gambling venues and the number of machines. Department for Internal Affairs will continue to be responsible for the consideration and granting of licences for new operators and for the suspension and cancellation of existing licences. The Department, through its gaming inspectors, will also continue to be responsible for the enforcement of gaming laws.

CURRENT POLICY

The Council does not have a policy on gaming but its views were expressed through its submissions on the Gaming Discussion Paper and the Responsible Gambling Bill. The Council supported the view that gambling should be prohibited unless it is run to raise money for community purposes. It supported the use of gaming profits to fund community benefits and proposed a community levy on all parts of the gaming industry, including casinos, to fund community purposes. It also supported the introduction of a compulsory problem gambling levy but considered that funding from this levy should be available to territorial authorities and community organisations to support local research, monitoring, advocacy and policy development.

The Council supported local communities, through territorial authorities, exercising control over the licensing and location of new gambling venues. It supported restrictions on the availability of certain types of gaming and limitations on the number of machines on one site and some restrictions on individuals' access to gaming in the interests of overall community health. The Council considered there should be a cap on the maximum number of gaming machines that may be operated in New Zealand and suggested this should be the 20,000 licensed machines present at the time of the announcement of the proposed Bill in October 2001. It was also considered that the cap on such machines in each local authority district should be no more than five machines per 1,000 population.

The Council supported the provision that renewal of casino licence applications must be accompanied by an impact report on the expected social and economic effects on the local and regional areas affected by the operation of the casino or continuation or closure of the casino. The Council considered also that the Ministries of Health and Economic Development should commission independent longitudinal social and economic studies to determine the effects of the casino operation on the surrounding community.

The Council supported a transparent, fair and efficient distribution process for profits. It suggested that profits be distributed to the widest possible spectrum of community needs, consistent with community objectives and not just one or two sectors. It also suggested that there should be an appropriate balance between major national or regional projects and local initiatives.

The Council considered that New Zealand based or owned Internet gambling websites, or other forms of interactive electronic gambling should be prohibited. It also supported the restriction on non-casino gambling sites from using the title of 'casino' and that the period of phase out should be one year rather than the suggested three.

DISCUSSION

The letter from LGNZ identifies concerns regarding aspects of the Bill including:

- That existing gaming machines will not be affected by the venues licence policy: venue policies provide a mechanism to regulate the numbers and location of new venues, but have no ability to influence the number and location of existing venues.
- The standards of collection, allocation and distribution of profits from commercial gaming machines.

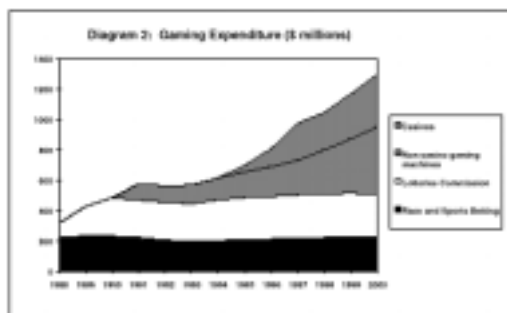
It suggests:

- Venue licences be applied to all gaming machines and be granted for a certain time period (similar to liquor and resource consents).
- Community involvement in grant allocation and distribution processes

These are consistent with Council submissions on gaming.

LGNZ supported the provision in the Bill for electronic monitoring of non-casino gambling. In its submissions on the discussion paper and the Bill the Council recommended that electronic monitoring of gaming machines in bars, clubs and hotels should be made mandatory. The Bill originally only provided for optional electronic monitoring. However, the Bill, as reported back to Parliament, now requires mandatory electronic monitoring of all money going through gaming machine (but gives 42 months for that to be implemented).

The Council has previously raised concerns regarding the growth of gaming. In New Zealand, there has been a significant increase in gaming machines; the number of licensed non-casino gaming machines has increased almost three-fold, from 7,770 in June 1994 to 23,002 as at 30 September 2002. These machines now operate at 2,102 (mainly pub and club) sites around the country. The latest gambling statistics identify that gaming expenditure in 2001/02 was \$1,666 million (which has increased significantly from \$614 million in 1994). Gaming machines outside casinos has increased to approximately \$777 million in 2001/02 - 30% of all gambling expenditure.



Source: Department of Internal Affairs, (2001), Gaming Reform in New Zealand

The Council may wish to write to the Ministers of Internal Affairs and Local Government and the Chair of the Government Administration Select Committee supporting LGNZ position. It may also wish to reiterate its concerns regarding the growth of gaming and associated social and economic impacts of local communities.

Staff

Recommendation: That the Council write to the Ministers of Internal Affairs and Local Government and the Chair of the Government Administration Select Committee regarding concerns about the Gambling Bill.

Chair's

- Recommendation:**
1. That the above recommendation be adopted.
 2. That copies of the letter be sent to local MPs.