

5. GAMBLING ACT 2003 - GAMING VENUE POLICY

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The purpose of this report is to advise the Committee that the Gambling Act 2003 came into force on 18 September 2003. The Act requires the Council to introduce a policy on "Class 4 Venues" by 18 March 2004.

INTRODUCTION

The Council has no formal policy on gambling. However, it has a strong interest on gambling issues as an advocate for the people of Christchurch, and as a recipient of gaming profits and a funder of community initiatives, including sporting and recreational groups. The Council has expressed its views in submissions on the (then) Responsible Gaming Bill and on the initial discussion document.

The submissions provided by the Council have included:

- Support for restrictions on the availability of certain types of gambling;
- Limitations on the number of non-casino gaming machines;
- Restrictions on the use of the term "casino";
- The use of gaming machine profits to fund community benefits;
- Prohibition of internet gambling websites or other forms of interactive electronic gambling.

Another factor also considered important in regard to gaming machines was raised in a report to the Council in April 2003. That report stated that:

"The number of gaming machines and the income distributed from these machines has risen dramatically in the last ten years. A small percentage of gaming machines are owned by a particular sport or society with all funds used specifically for that society's purposes but the majority of contestable funding from gaming machines throughout New Zealand is distributed by six national trusts to a variety of sporting, cultural, welfare and arts groups.

Sport and recreation is a large recipient of this funding, receiving almost half of all grants made on average. The funding from gambling machines is now such a significant component of income for sports and recreation clubs that it is essential for the survival of many of these organisations in Christchurch and throughout New Zealand.¹"

THE GAMBLING ACT 2003

Section 3 of the Act defines its purpose as follows:

The purpose of this Act is to—

- (a) *control the growth of gambling; and*
- (b) *prevent and minimise the harm caused by gambling, including problem gambling; and*
- (c) *authorise some gambling and prohibit the rest; and*
- (d) *facilitate responsible gambling; and*
- (e) *ensure the integrity and fairness of games; and*
- (f) *limit opportunities for crime or dishonesty associated with gambling; and*
- (g) *ensure that money from gambling benefits the community; and*
- (h) *facilitate community involvement in decisions about the provision of gambling.*

The Act provides for a number of classes of gambling, based largely on the amount of money involved and the risks of problem gambling and criminal activity associated with these classes.

These range from class 1, representing low-stake, low risk gambling that does not require a licence, to class 4, which represents high turnover high-risk licensed gambling.

¹ *Gaming Machine Funding*, report to Community and Leisure Committee, 7 April 2003

These are defined as follows:

- Class 1 gambling has a limit of \$500 per game or session and all proceeds after necessary costs go to the winners or an authorized society.
- Class 2 gambling has a limit of \$5,000 per game or \$25,000 per session if this consists of more than one game and net proceeds are applied to authorized purposes.²
- Class 3 gambling applies if the prize, per session, exceeds \$5,000 and requires the society to hold a class 3 licence for the gambling.
- Class 4 gambling is gambling that is not of any other class and relates to a type that utilizes or involves a gaming machine and may be only conducted by a corporate society that holds both an operator's licence for the gambling and a venue licence for the place at which the gambling is conducted.

The other major forms of gambling covered by legislation are casinos. The Act states that new casino licences will not be issued in the future, racing, and equalisator betting, and remote interactive gambling.

Licences for class 3 and class 4 gambling will be issued by the Department of Internal Affairs. The department also is responsible for setting standards, monitoring and enforcing compliance with the Act and regulations.

The Gambling Commission will set licence conditions for casinos and consider applications for renewals. It will also make decisions as to suspensions or cancellations of these licences, and consider appeals against Department of Internal Affairs decisions relating to class 3 and 4 gambling licences and licensed promoters' licences.

The Ministry of Health will be responsible for developing and delivering an integrated problem gambling strategy and this will be funded by a levy on player expenditure.

Every Local Authority must adopt a policy on the location of class 4 gambling venues with six months of the Act coming into force. This policy must be adopted in accordance with the special consultative procedure under s.83 of the Local Government Act 2002. There is also a requirement that societies that hold class 4 venue licences and organisations representing Maori in the district must be especially consulted.

CLASS 4 GAMBLING AND THE CLASS 4 VENUE POLICY

Under the provisions of the Act there are limits on the number of gaming machines on any site. In general new sites (retrospective to sites granted licences after 17 October 2001), will be restricted to nine gaming machines. Existing sites, (ie those granted licences before 17 October 2001), will retain the current 18 machine limit.

Communities will be able to veto new gaming machine sites and any proposals to add machines to existing sites.

To facilitate this the Act stipulates that each Local Authority must, within six months after the commencement of the Act, adopt a policy on class 4 venues (effectively those venues with gaming machines).

The requirements of the policy are:

- The policy must specify whether or not class 4 venues may be established in the territorial authority district and, if so, where they may be located; and
- The policy may specify any restrictions on the maximum number of gaming machines that may be operated at a class 4 venue.

² **authorised purpose** means,—

- (a) for class 1 gambling, class 2 gambling, and class 3 gambling, any of the following purposes:
 - (i) a charitable purpose;
 - (ii) a non-commercial purpose that is beneficial to the whole or a section of the community;
 - (iii) promoting, controlling, and conducting race meetings under the Racing Act 2003, including the payment of stakes;
 - (iv) an electioneering purpose;
- (b) for class 4 gambling, any of the purposes specified in paragraph (a)(i) to (iii)

- Local authorities would then consider applications for consent in accordance with these policies. Subject to the community veto, there will be a Ministerial discretion to vary gaming machine numbers upwards. This will apply only for clubs on non-commercial premises (for example not pub sites).
- The Ministerial discretion will allow upward variation of machine numbers to a maximum of:
 - 30 machines at any existing site where two or more genuine clubs want to merge, or
 - 18 machines on new club sites.

PROCESS FOR DEVELOPING VENUE POLICY

Sections 101 and 102 of the Act provide some guidelines for the process for developing a Venue Policy. Firstly, section 101 states:

“In adopting a policy, a territorial authority must have regard to the social impact of gambling within the territorial authority. It then identifies that territorial authorities may have regard to certain relevant matters, including:

- *Characteristics of the district and parts of the district.*
- *Location of kindergartens, childhood centres, schools, places of worship and other community facilities.*
- *The number of gaming machines that should be permitted to operate at any venue or class of venue.*
- *The cumulative effects of additional opportunities for gambling in the district.*
- *How close nay venue should be permitted to be to any other venue.*
- *What the primary activity at any venue should be.”*

Section 102 states that a policy on class 4 venue must be adopted in accordance with the special consultative procedure under s.83 of the Local Government Act 2002.

The special consultative procedure states that Council must:

- Prepare a statement of proposal.
- Prepare a summary of information contained in the statement of proposal.
- Include the statement of proposal on the agenda for a meeting of the Council.
- Make the statement of proposal available for public inspection.
- Distribute the summary of information contained in the statement of proposal.
- Give public notice of the proposal and consultation being undertaken.
- Include in the public notice a statement about how people may contain information.
- Include in the public notice a statement of the period within which submissions on the proposal can be made to the local authority (of not less than 1 month).
- Give opportunity for people to be hear by the local authority (if that person requests).

Given the above, it is proposed that officers will present a draft “statement of proposal” and consultation plan to the November meeting of the Regulatory and Consents Committee.

Chairman’s

Recommendation: That the information be received.