

8. REQUEST FOR REVIEW OF GAMBLING POLICY

General Manager responsible:	General Manager Strategic Development
Officer responsible:	Research and Policy Development Manager
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PURPOSE OF REPORT

1. The purpose of this report is to report, as requested by the Council at its meeting on 26 May 2005, on the effect of paragraph 1 of the Gambling Policy adopted in March 2004 and to recommend any change to the policy and the process for undertaking such changes.

EXECUTIVE SUMMARY

2. The effect of paragraph 1 of the Council's Gambling Policy is to place a prohibition on any new venues for class 4 gambling in the city and provide for no increase in the number of gaming machines, above those licensed on or before 19 September 2003. The total number of machines that may operate at any venue must not exceed 18. The policy was adopted by the Council, under the Gambling Act 2003, taking into account the purposes of the Act to control the growth of gambling and having regard to the social impact of gambling within the city. The majority of the submissions received through the Special Consultative Procedure supported restrictions on non-casino gaming.
3. As paragraph 1 forms the substantive part of the Policy, any review would be effectively that of the Policy in total. The Policy itself states that the Council will complete a review within three years of its adoption and this must be done in accordance with the special consultative procedure outlined in the Local Government Act 2002. This applies if any amendment is to be considered.
4. From the evidence that is available the policy has met one of the purposes of the Act, in there has been no growth in the availability of numbers of venues and machines for class 4 gaming in the city. This is in line with the intent of the Christchurch City Gambling Policy 2004. There is no indication that there is any demand for further venues at this time and some evidence that the growth in spending on gaming machines is slowing. Approvals for the continuation of class 4 gaming machine licences by the Department of Internal Affairs require that the gaming machines are not the primary activity on the site, stricter rules apply in regard to ensuring funding goes to community purposes, and regulations require stricter harm minimisation measures.
5. Christchurch City has the second highest percentage of class 4 venue sites on a national basis at 8.05%, slightly below that of Auckland at 8.11%. It has the highest percentage of machines on a national basis at 9.39%, significantly above the second highest, Auckland City at 8.57%. No other territorial authority area comes even close, in percentage terms, to those two cities.

FINANCIAL AND LEGAL CONSIDERATIONS

6. There would be relatively significant financial considerations in undertaking a full review of the Policy, both in terms of staff resources and publicity and consultation costs. It is unclear that there would be any legal constraints, even though the review would be undertaken prior to the three-year period indicated in the Policy.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Not undertake a review of the Gambling Policy at this time, as there is insufficient evidence for such action.
- (b) That a review of the Gambling Policy 2004 be considered in the period indicated by the Gambling Policy, in or about 2007.

BACKGROUND ON GAMBLING POLICY

7. The Council at its meeting on 2 June 2005 resolved:

"That Council staff be requested to report back to the Council on:

- (a) the effect of paragraph 1 of the Council's Gambling policy adopted in March 2004; and*
- (b) recommendations regarding any change to that policy and the process for changing paragraph 1."*

8. Paragraph 1 provides:

"The Christchurch City Council will not grant a consent for any class 4 venue licence under the Gambling Act 2003 except for a consent under section 98(d) of that Act."

9. The effect of paragraph 1 of the Council's Gambling Policy is to place a prohibition on any new venues for class 4 gambling in the city and no increase in gaming machines above those licensed on or before 19 September 2003. This is subject to the proviso that an increase of machines at a class 4 venue may be consented where two or more corporate societies are merging and are seeking ministerial discretion to increase the number of machines at the venue. The total number of machines that may operate at any venue must not exceed 18.
10. The policy was adopted by the Council after undertaking the Special Consultative Process under the Local Government Act 2002 and taking into account the provisions of section 101(2) of the Gambling Act 2003 *the territorial authority must have regard to the social impact of gambling within the territorial authority district.*

11. The purpose of the Act clearly states that it 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.¹*

12. The Council, in adopting the current policy, took into account the clear purposes of the Act and the following matters relating to social impacts.

The Council had previously supported restrictions on the availability of certain types of gambling; limitations on the number of non-casino gaming machines; and a public health approach to gaming.

That one-third of non casino gaming machine betting losses are used for community funding purposes, estimated at \$36 million. It was not considered a new venue moratorium would reduce funding levels.

The largest cost was to problem gamblers and their families and Christchurch had one of the largest groups of problem gamblers.

Research had suggested that the net gains in jobs and economic activity are small when the impact of the diversion of consumer spending from other industries is taken into account.

¹ Section 3 Gambling Act 2003

The majority of submitters supported restrictions on non casino gaming. This was in line with national surveys which indicated that New Zealanders had become increasingly concerned about the negative social impacts of gambling and saw non casino gaming as undesirable.

A comparison of gaming machine sites and numbers at 31 December 2003 for main cities showed that Christchurch had one machine for each 115 residents over 18 years old. The comparison figures for other cities were: Dunedin 1 per 110; Auckland 1 per 132; Wellington 1 per 122; Hamilton 1 per 129; Manukau 1 per 169; North Shore 1 per 206; and Waitakere 1 per 269.

13. At this time there is no evidence to support any change in the requirement under paragraph 1 at this time. The latest figures² for gaming machines per 18 year olds show that Christchurch is well serviced compared with the other cities which were included in the initial examination.

	Machines	
	Ratio/Adults	No. of Sites
Auckland City	1 to 91*	150
Dunedin City	1 to 93*	74
Christchurch City	1 to 102*	149
Hamilton City	1 to 96*	43
Manukau City	1 to 201	81
North Shore City	1 to 227	51
Waitakere City	1 to 271	37
Wellington City	1 to 143	73

* Includes casinos

14. The figures for adjoining territorial authorities from the same source as above are as follows.

	Machines	
	Ratio/Adults	No. of Sites
Banks Peninsula District	1 to 79	8
Selwyn District	1 to 317	14
Waimakariri District	1 to 133	17

15. Christchurch City has the second highest percentage of class 4 venue sites on a national basis at 8.05%, slightly below that of Auckland at 8.11%. It has the highest percentage of machines on a national basis at 9.39% significantly above the second highest, Auckland City at 8.57%. No other territorial authority area comes even close, in percentage terms, to those two cities.
16. Any change to the policy must go through the same process as was undertaken for the introduction of the policy, that is the Special Consultative Process specified in section 83 of the Local Government Act 2002. In the case of the Gambling Venue Policy paragraph 1 is the substantive part of the policy and effectively a review of this means the whole policy would be reviewed. In the preparation of the Statement of Proposal the provisions of section 77 of the Local Government Act 2002 must be met.

- (1) *A local authority must, in the course of the decision-making process,—*
- (a) *seek to identify all reasonably practicable options for the achievement of the objective of a decision; and*
 - (b) *assess those options by considering—*
 - (i) *the benefits and costs of each option in terms of the present and future social, economic, environmental, and cultural well-being of the district or region; and*
 - (ii) *the extent to which community outcomes would be promoted or achieved in an integrated and efficient manner by each option; and*

² *Latest Pokie Machine statistics around the country at 31 March 05, GamblingWatch Analysis*

- (iii) *the impact of each option on the local authority's capacity to meet present and future needs in relation to any statutory responsibility of the local authority; and*
- (iv) *any other matters that, in the opinion of the local authority, are relevant; and*
- (c) *if any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.*

(2) *This section is subject to section 79.*

17. Before undertaking a review or amendment of the policy it is considered some indication of the objective of the review should be provided. The Department of Internal Affairs has statistics showing the number of gambling operators has continued its significant decline and the number of pubs and clubs hosting gaming machines and number of machines declined slightly.³ In addition to the possible effects of the smoke-free legislation⁴ there has been, nationwide, a decline in both machine numbers as well as venues. The new requirements that venues must not be used mainly for gaming machines, that harm prevention regulations are starting to come into effect, and the requirement for electronic monitoring systems have, or will have, an effect on the continuation of some machines or venues. There is evidence that the growth in expenditure on class 4 machines is declining in percentage terms despite it still being the major expenditure on gambling in New Zealand.⁵ [See charts below]
18. Despite this decline there are still significant concerns about the personal, social and economic harm suffered by the gambler, their family, work place and the wider community. In some areas there are moves to further reduce the opportunities for, in particular, class 4 (pokies) gambling due to these effects. In a discussion on complaints about regulations under the Gambling Act 2003 the Regulations Review Committee stated:
- We are of the view that any consideration of the rights and liberties of gambling operators and gamblers must be seen in the context of the Gambling Act. The Act is quite explicit in its approach and focus – gambling is a prohibited and illegal activity unless it is authorised by, and complies with, the Act and its regulations. As we have stated earlier, the Act also has a particular emphasis on minimising harm.*⁶
19. There is no indication that there is any demand for additional machines or venues in the city. It would be thought that if there is a decline in expenditure through class 4 machines, and hence funds going to community purposes, any additional venues would not assist in increasing revenue. At this stage, despite some anecdotes, there is no hard evidence for any decline in community funding in this city from such sources. Now that venues must have other major purposes than gaming machines it is unlikely the fees from operating the machines will be used to support such businesses as has occurred in the past. It should be noted that *the purposes of the Act do not include tax revenue or increasing money for the community. There is a very important distinction between maximising returns to the community from gambling that occurs and increasing gambling revenue.*⁷

³ *Gambits*, Newsletter of Gaming and Censorship Regulation, Department of Internal Affairs, June 2005

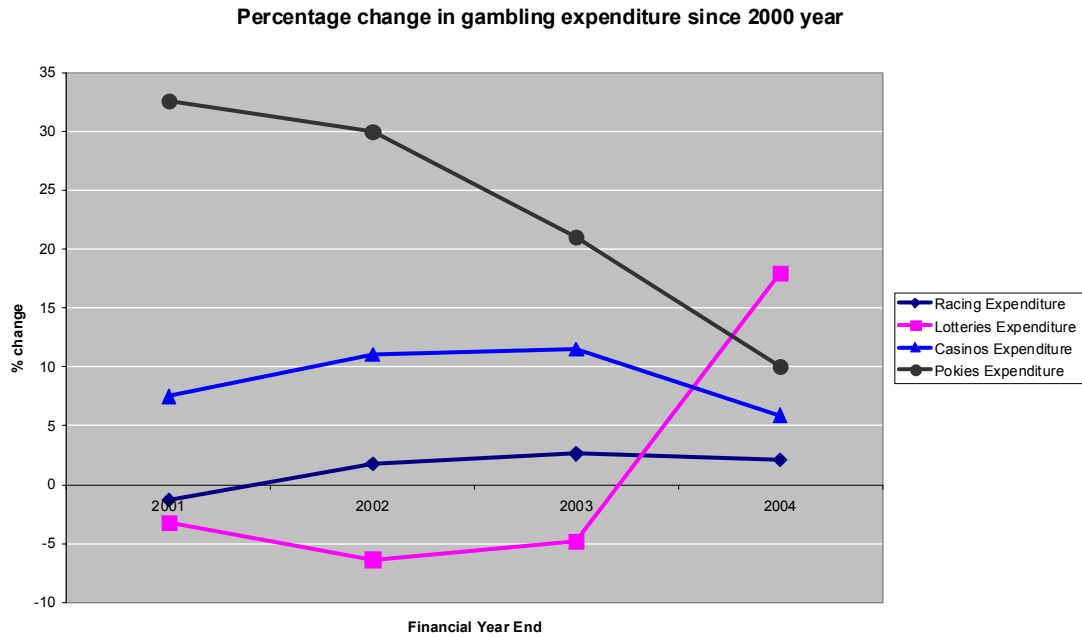
⁴ Anecdotal information is that gaming machine use may have reduced since the introduction of the smoke-free environments restrictions on smoking in bars and clubs. Information is also available that there have been wider effects on the hotel trade. A HANZ survey of members indicated that bar and pub takings has fallen by between 10 and 30 per cent since the smoke-free regulations came into effect last December. *Country pubs in Jeopardy*, *Drinksbiz* June/July 2005

⁵ *Gambling Statistics 1980 – 2004*, Department of Internal Affairs, 2004

⁶ *Complaints regarding Regulation 8 of the Gambling (Harm Prevention and Minimisation) Regulations 2004*, Report of the Regulations Review Committee, Forty-seventh Parliament, May 2005

⁷ *Gambits*, op cit, June 2005

Figure 1 Percentage Change in Gambling Expenditure Nationally



20. The expenditure on gambling is dominated by that through class 4 machines (pokies) and despite the slowing of the increase in expenditure over one billion dollars was expended in the 2004 year. It is unclear whether the decline shown in Figure 1 is continuing through the current year, as these figures will not be available until later in 2005. While these are national figures the assumption could be made that the distribution on a local level would reflect the proportion of pokies in each territorial authority area. On this basis, with Christchurch City having 9.39% of pokies nationwide, about \$97M would be expended in Christchurch. This is a significant removal from the economy of funds with a return to community purposes of just over a third of such money.

Figure 2 Gambling Expenditure Nationally – 2001 to 2004

