

## Council Briefing Agenda

**Date:** Wednesday, 8 July, 2020

**Time:** 9:00 am

**Location:** Council Chamber  
Forum North, Rust Avenue  
Whangarei

**Elected Members:** Her Worship the Mayor Sheryl Mai  
(Chairperson)

Cr Gavin Benney

Cr Vince Cocurullo

Cr Nicholas Connop

Cr Ken Couper

Cr Tricia Cutforth

Cr Shelley Deeming

Cr Jayne Golightly

Cr Phil Halse

Cr Greg Innes

Cr Greg Martin

Cr Anna Murphy

Cr Carol Peters

Cr Simon Reid

For any queries regarding this meeting please contact  
the Whangarei District Council on (09) 430-4200.

**1. Apologies**

**2. Reports**

2.1 Camping in Public Places

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2.2 Report back on Class-4 Gambling

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**3. Closure of Meeting**

## 2.1 Camping in Public Places bylaw review

<b>Meeting:</b>	Council Briefing
<b>Date of meeting:</b>	8 July 2020
<b>Reporting officer:</b>	Vita Strohush (Strategic Planner – Bylaws) Tony Horton (Manager – Strategy)

### 1 Purpose

- To provide Elected Members an update on the programme of bylaw reviews
- To seek input from Elected Members on the key issues relating to the Camping in Public Places Bylaw
- To provide elected members a proposed timetable for reviewing the Camping in Public Places Bylaw

### 2 Background

#### Camping in Public Places

The Camping in Public Places Bylaw was made in 2017 to ensure that camping on Council land minimises risks to public health, the environment and to maintain public access. The Camping in Public Places Bylaw is made under the Freedom Camping Act 2011. This Act restricts what Council can and can't control.

For example, councils are not able to completely ban freedom camping under the legislation, and can only control activity that occurs on Council land. However, Council can prohibit or restrict camping only for the following purposes (criteria) per s11(2)(a) of the Freedom Camping Act:

- to protect the area
- to protect the health and safety of people who may visit the area
- to protect access to the area

Any changes or restrictions to the current designated freedom camping areas would need to be made within the constraints of the above criteria.

Freedom camping is a polarising issue, however the recent online survey on freedom camping rolled out during June 2020 through the WDC website and Facebook page indicated overall acceptance of least some forms of freedom camping among the majority of respondents.

Review of the Camping in Public Places Bylaw is required by 2022, pursuant to the Freedom Camping Act 2011 and the Local Government Act 2002. There are six more policies and bylaws coming up for review in 2022, and a further three due for review in 2023. In order to allow enough time to meet all legislative requirements some of this workload needs to be brought forward. The Camping in Public Places Bylaw has been identified as suitable for an early review in order to address issues that have surfaced since the bylaw was first adopted in 2017.

### 3 Discussion

#### 3.1 Rationale for review

An early review of the Camping in Public Places Bylaw is proposed for the following reasons:

##### Community perception

Freedom camping is generating a lot of publicity locally and nationwide, especially after the Covid-19 lockdown. The online freedom camping survey campaign ran on the WDC Facebook page during July 2020 and generated over 1,300 responses. There were 215 complaints about freedom camping over the 2019/2020 camping season.

##### Substantive amendments to the bylaw required

While minor changes can be made to the bylaw by resolution, many of the more pressing problems with the bylaw can only be addressed through a review. These include the duration of temporary closures of sites and reassessment of areas that have become problematic.

##### Complexity of issues

The designation of prohibited, restricted and designated areas for freedom camping is a significant issue for affected communities. Starting the bylaw review early will allow time to ensure a thorough review can be completed within statutory timeframes.

##### Timing of review

Adoption of the final bylaw would need to be finalized before May 2021. This is to give our Health and Bylaws team certainty to develop an enforcement approach and funding requests, including managing the Armourguard contract and seeking potential MBIE funding before the start of the camping season.

#### 3.2 Review Timeline

The proposed timeline for review is as follows:



### 3.3 Freedom camping survey

A survey on freedom camping had been conducted from 2 -22 June 2020 through the Whangarei District Council's website and Facebook page. During the course of the survey campaign 1,329 responses were received, which reflects the high level of community interest in the matter. Full survey results are included in Attachment 1.

The survey highlighted the following themes:

- Acceptance of genuine self-contained freedom camping, with 57% of respondents indicating they support freedom camping in self-contained vehicles only.
- A strong sentiment to support local campgrounds through difficult economic times.
- 62% of respondents believe freedom camping had either neutral or positive effects on the amenity and pleasantness of public spaces.
- Concerns about the cost to ratepayers for providing infrastructure and enforcement.
- Concerns with the self-containment standard, some vehicles displaying the self-containment sticker do not actually meet the standard.
- Indication of potentially limited understanding in the community of the fact freedom camping is required by an Act of Parliament which limits what Council can and cannot regulate.

For the purposes of bylaw review, the learnings from the survey are:

- A need to ensure a consistent key message around the fact local authorities have the power to regulate freedom camping, but cannot make a bylaw that effectively prohibits freedom camping in the whole district.
- A high level of public engagement is expected during formal consultation.
- Community attitudes to freedom camping are polarised.
- Support for local campgrounds is an emerging theme in the aftermath of Covid-19 and the associated reduction in the tourist sector.

### 3.4 Summary of issues around freedom camping

An in-depth analysis of matters related to freedom camping has been undertaken, with consideration of local and national issues. The full Issues Analysis Report is provided in Attachment 2. It examines the perceived and demonstrated problems associated with freedom camping in the Whangarei District, as well as economic impacts and future opportunities. The report also provides a summary of operational matters.

Since 2017 two end-of-season reports have been prepared by staff outlining enforcement and educational activities, summaries of CRMs, as well as improvements and outstanding issues. The operational report on the 2019-2020 season is being finalised to be presented at the Strategy, Planning and Development Committee Meeting on 16 July 2020. The Responsible Camping Co-ordinator prepared two reports (2018/19 and 2019/20 seasons) summarising the outcomes of the MBIE funded Responsible Camping Ambassador Programme. These reports have informed the analysis of place-specific issues and enforcement implications of bylaw provisions.

Significantly increased visitor pressure has been a consistent trend identified through operational reporting. An increase in tensions between conflicting uses of public spaces by day users and freedom campers is clearly reflected in CRM complaints over the past three seasons. Against this background it is recommended to bring forward the review of the bylaw in order to allow sufficient time to look at possible approaches to providing fair access to our key destinations and managing community expectations.

The following issues have been identified in the Issues Analysis Report:

**Negative public perception of freedom camping.**

It is believed that negative experiences with some freedom campers often lead to negative perceptions being projected onto all freedom campers, which is exacerbated by increased demand for a limited supply of freedom camping sites. Nuisance and noise are frequent concerns, especially in relation to non self-contained camping. There are difficulties in regulating nuisance effects within the framework of the Freedom Camping Act 2011.

**Increased visitor pressure on popular beaches and public places.**

Over the past three seasons the number of recorded freedom camping vehicles increased by 8,000 from 5,000 vehicles in the 2017/2018 summer season to 13,000 vehicles in the 2019/2020 summer season. This creates conflicts of use of the affected areas and difficulties in maintaining adequate public access to areas. Persistent problems have been identified at a number of locations.

**Freedom camping sites are geographically spread out**

The dispersed nature of freedom camping sites in coastal areas of our District increases enforcement cost and timeframes with a lot of time spent driving.

**Vehicle dwellers and homeless persons.**

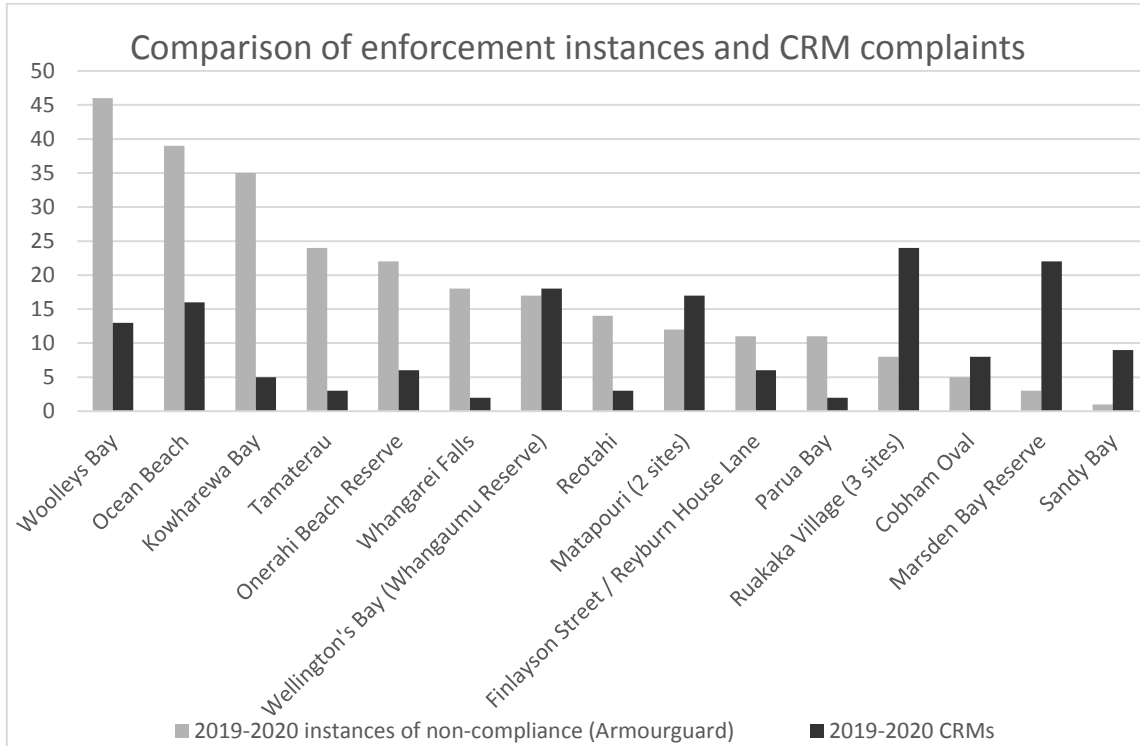
Some “freedom campers” may in fact be homeless people who live in cars and vans. Homelessness is a much broader social issue and a freedom camping bylaw is not the appropriate mechanism to deal with this topic. Living permanently in a vehicle is outside the scope of the bylaw, and non-regulatory solutions need to be explored.

**3.5 Persistent problems that can only be addressed through a review**

Extensive monitoring over the past three summers highlighted persistent problematic areas and the situation has worsened as demand for freedom camping increased.

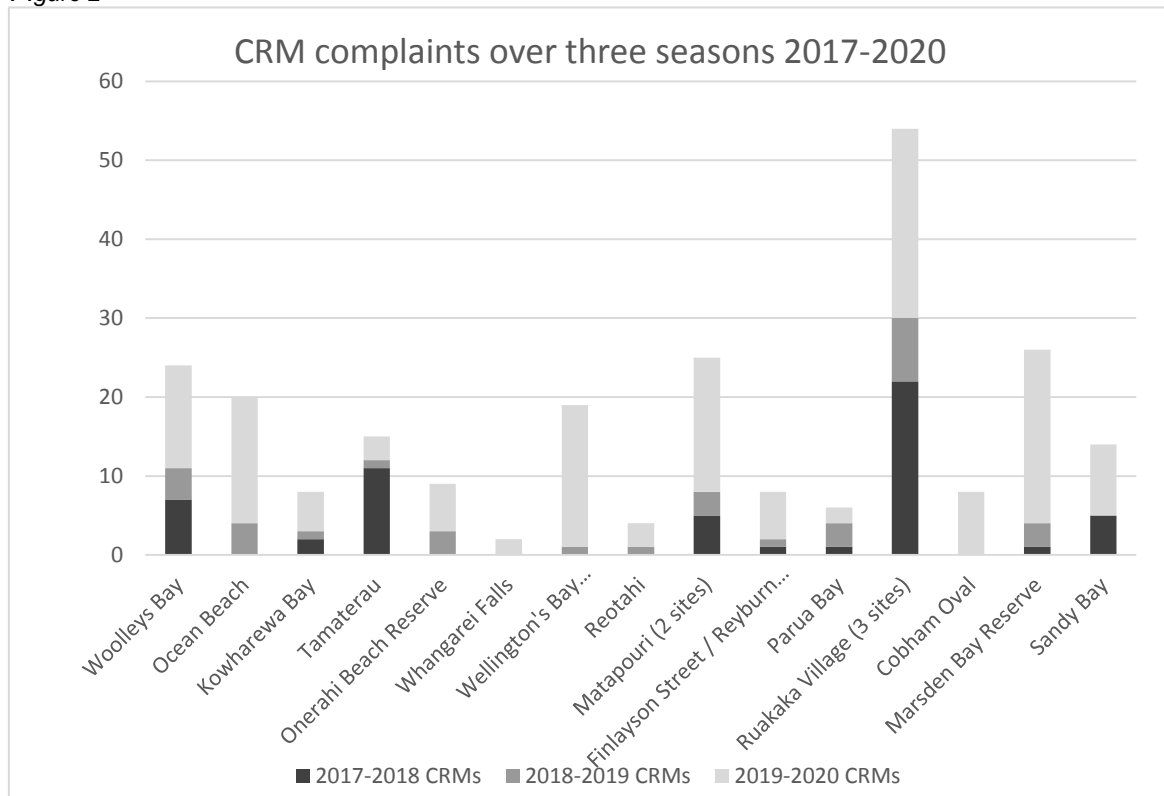
Figure 1 below shows enforcement instances and complaints generated by the top “hot-spot” areas over the 2019-2020 season.

*Figure 1*



A review of CRM complaints since the implementation of the bylaw in 2017 reveals areas with persistent problems (see Figure 2). The three areas within the Ruakaka Village particularly stand out as problematic, suggesting that a solution is needed for the whole Ruakaka area.

Figure 2



Based on the above data and enforcement feedback, it is suggested the following areas would need to be looked into through the review process:

- **New default areas to be regulated:** Cobham Oval, Helena Bay, McAuslin Road, Oakura, One Tree Point Road layby area, Otamure Bay, Whangaumu Street – reserve at the west end, Ruakaka Riverside Reserve.
- **Solutions needed to address persistent problems at locations with high volumes of complaints:** Kowharewa Bay, Matapouri - Wehiwehi Road, Ocean Beach, Ruakaka Beach Reserve, Sandy Bay - toilet block carpark, Tamaterau, Wellingtons Bay, Woolleys Bay - western carpark.
- **Modifications to designated sites:** Bascule Bridge, Finlayson/Reyburn Lane, Parua Bay

Removal or reduction of any of the existing freedom camping sites would be a complex issue as a decrease in supply could shift the problems to the remaining areas or lead to increased non-compliance and possible worsening of negative perceptions of freedom camping.

There are also legal implications in removing any existing designated freedom camping sites. Extensive analysis and consultation were undertaken in 2017 to demonstrate that each one of the designated sites was suitable for freedom camping in terms of s.11(2)(a) of the Freedom Camping Act. To restrict any of the existing sites now would require material evidence of a problem that has arisen and would justify the restriction within the constraints of the criteria (purposes) in s11(2)(a) of the Freedom Camping Act.

### 3.6 Impact of Covid-19

It is unclear what the impacts of Covid-19 would be on freedom camping in the medium term, particularly in terms of the availability of MBIE funding for monitoring and enforcement. We expect that in the long-term demand will bounce back, as most of the volume of tourism in Whangarei District has been driven by domestic visitors.

The first long weekend since domestic Covid-19 restrictions lifted has seen sustained demand for freedom camping. Based on the CamperMate app GPS data, a total of 333 overnight stays were registered during the Queen's Birthday long weekend this year (29/05/2020 to 31/05/2020) compared to 419 in the previous year (31/05/2019 to 02/06/2019).

There is, however, currently a concern that freedom camping is competing with commercial campgrounds in a situation where these businesses are already struggling.

Furthermore, the impacts of COVID-19 and the subsequent economic recovery may impact our budgetary abilities to implement a bylaw and enforcement.

### 3.7 Next steps

The objectives for the next Camping in Public Places briefing are:

- hear from the elected members if there are any additional issues or problem locations to be considered in relation to freedom camping;
- confirm the scope of bylaw review;
- discuss reasonably practicable options for the review.

## 4 Attachments

1. Summary of survey findings - freedom camping survey 2020
2. Freedom Camping Issues Analysis – 2020



# Summary of survey findings - freedom camping survey 2020

## Methodology

The Camping in Public Places bylaw has been in operation for three summers since its adoption in 2017. During this time freedom camping remained a contentious and divided issue. An online survey on freedom camping has been rolled out during 2-22 June 2020 to get a better understanding of our community's perception of freedom camping in Whangarei District. The survey has been distributed to the general public via the WDC website and Facebook page. Coastal resident and ratepayer associations, iwi and local campgrounds have been invited to complete the survey and provided with a direct link.

The survey has been designed to evaluate whether the freedom camping bylaw has been successful in achieving the community outcomes set out in Long Term Plan 2018-2028. Survey questions were structured around LTP outcomes: proud to be local, caring for the environment, positive about the future. As our vision is of Whangarei being a vibrant, attractive and thriving District, this means that our district will continue to attract visitors. The aspiration is to regulate freedom camping in a way that makes visitors welcome but at the same time looks after the needs of our environment and our residents.

The limitations of this survey are related to the fact it was distributed online and might not have captured all audiences. Most questions were closed-type questions with answers on a Likert scale, which may have further limited the variety of responses. On the other hand, the ease of completion encouraged higher numbers of participation in the survey. A free comments box at the end of the survey was included as a way to mitigate the constraints of the survey design. 440 respondents chose to leave comments and feedback.

## Key findings

The results of the survey indicate overall tolerance of freedom camping among the respondents. A total of 1,329 respondents completed the survey.

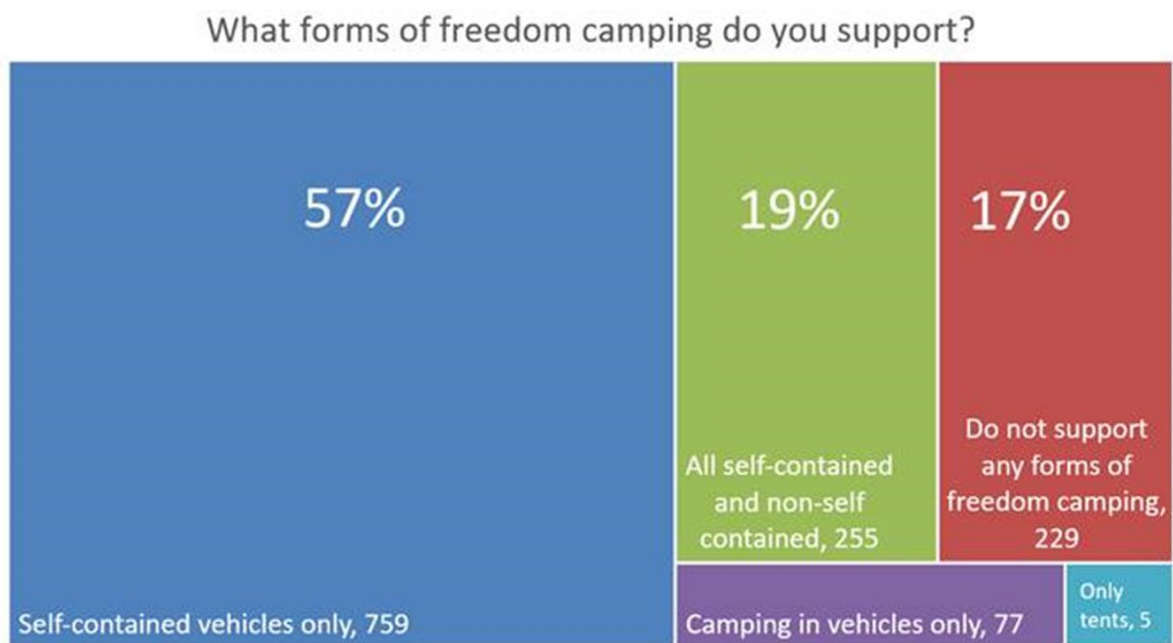
- **57%** of respondents indicated they support freedom camping in self-contained vehicles only
- **17%** of respondents indicated they do not support any forms of freedom camping
- **62%** of respondents believe freedom camping had either neutral or positive effects on the amenity and pleasantness of public spaces.
- **49%** of responders indicated they have serious concerns regarding the effects of non self-contained freedom camping on the environment
- **42%** of responders indicated they would spend some of the time in a paid campground if they were going camping

- 66% of responders did not notice Council's "Responsible Freedom Camping Ambassadors" at freedom camping locations

Of note are the responses received to the group of questions aimed at assessing community perception of the more contentious aspects of freedom camping. These were questions related to:

- Acceptable forms of freedom camping
- Whether freedom campers contribute positively in any way
- Implications for day parking

A visualisation of support for different forms of freedom camping is provided in the tree map diagram below. It shows that overall there is tolerance of at least some forms of freedom camping. The figures also align with anecdotal advice received by staff around perceived dissatisfaction with non self-contained camping, with only 19% of respondents indicating support for all forms of freedom camping (including non self-contained).



The question around positive contribution by freedom campers to the local economy allowed multiple selections. The breakdown of the received answers is provided in the table below. In total 965 responders identified at least one positive contribution. Of the 1,329 responders, 364 responders (27%) did not identify any positive contribution by freedom campers. Of those, 228 responders also indicated that they have never been freedom camping themselves.

In your experience, have freedom campers been contributing positively to our District in any of the following ways? (tick all that apply)	Responders	Percent
Buying at local shops?	908	26%
Visiting local cafes and restaurants?	789	23%

Bringing business to local adventure and recreation businesses?	678	20%
Sharing culture and diversity?	472	14%
Unsure or unable to answer	304	9%
Participating in environmental causes?	279	8%
<b>Total</b>	<b>3430</b>	<b>100%</b>

The responses around parking align with site popularity data collected through Armourguard and through the CamperMate app, with Sandy Bay being the busiest location. This question also allowed multiple selections and not all respondents chose to leave an answer.

<b>Have you ever been unable to find parking at the following coastal locations as the result of freedom camper occupation of a site? (tick all that apply)</b>		
<b>Area</b>	<b>Responses</b>	<b>Percentage</b>
Sandy Bay - toilet block carpark	265	21%
Matapouri – Wehiwehi Road	229	18%
Ocean Beach	181	14%
Wellingtons Bay	160	13%
Ruakaka Beach Reserve	148	12%
Woolleys Bay - western carpark	143	11%
Kowharewa Bay	142	11%
<b>Grand Total</b>	<b>1268</b>	<b>100%</b>

## Feedback

Some respondents chose to leave free-text comments after completion of the survey. These were analysed and grouped which led to the identification of the following recurring themes:

- Dissatisfaction with the implementation of the self-containment standard, as some vehicles displaying self-containment stickers do not actually meet the standard.
- Polarized opinions on the acceptability of freedom camping.
- Requests for expanded infrastructure and more enforcement.
- A strong sentiment to support local campgrounds through difficult economic times.
- Concerns about the cost to the ratepayers for providing infrastructure and enforcement.
- A lack of understanding of the legislative constraints surrounding freedom camping, and the limits of what Council can and cannot regulate.

<b>Summary of survey feedback</b>	
<b>Category</b>	<b>Number of comments</b>
self-containment standard	82
support for freedom camping	61
negative perception of freedom camping	54
infrastructure – more toilets, parking, litter	37
more enforcement needed	30
support local campground businesses	22

concerns about cost to ratepayers	21
praise to Council for its approach to freedom camping	20
litter and sanitary	19
suggestions to introduce user pays services such as paid showers	13

## Other questions

Below are the responses to the remaining survey questions:

<b>Have you ever been freedom camping?</b>	Responders	Percent
Yes	906	68%
No	422	32%
<b>In your experience, what effects has freedom camping had on the amenity and pleasantness of our public areas?</b>		
	Responders	Percent
Negative effect – public places feel crowded, untidy, unattractive	498	38%
Neutral effect – public places are safe, there is plenty of space for everyone	455	34%
Positive effect – public places become more vibrant and thriving	373	28%
<b>If you were going camping, how likely would you be to support a local campground?</b>		
	Responders	Percent
I would spend some of the time in a paid campground.	560	42%
Unlikely to pay for camping when there are free options.	220	17%
I would stay in a commercial campground, but I am not interested in freedom camping.	220	17%
I would spend most of the time in a paid campground.	205	15%
Not applicable, I am not interested in camping.	63	5%
I would spend all of the time in a paid campground even though I normally don't.	52	4%
<b>Do you have concerns regarding the effects of non self-contained freedom camping on our environment?</b>		
	Responders	Percent
Serious concerns – widespread non-compliance or inability to enforce rules effectively	645	49%
Some concerns – localised problems due to visitor pressure on some of the most popular public places	435	33%

No concerns – the current rules provide adequate regulation to protect natural areas and is generally adhered to by most non self-contained freedom campers	208	16%
N/A	40	3%
<b>Would you like to see more visitors to our District?</b>		
	Responders	Percent
Yes	1069	80%
No	247	19%
<b>How easy is it for you to understand the current freedom camping rules and maps?</b>		
	Responders	Percent
Somewhat easy – the rules and the maps are clear but take some effort to understand	535	40%
Very easy – the rules and the maps are clear and user-friendly	406	31%
I've never had a need to understand the rules	193	15%
Very confusing – the rules are complex and take a lot of effort to understand	181	14%
N/A	13	1%
<b>Have you noticed Council's "Responsible Freedom Camping Ambassadors" at freedom camping locations?</b>		
	Responders	Percent
No	868	66%
Yes	441	34%

## Conclusion

Freedom camping continues to generate a high level of public interest. While there is overall acceptance of at least some forms of freedom camping, concerns have been voiced around self-containment, effective enforcement and infrastructure capacity to meet the demand.

It is acknowledged that the survey provides only a snapshot of public opinion, and a full formal public consultation at the time of bylaw review would provide a more complete picture of views on freedom camping.



## Freedom Camping Issues Analysis

2020

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## Executive summary

The current Camping in Public Places Bylaw has now been in operation for three summers. During this time data has been collected on the effectiveness of monitoring and enforcement of the bylaw. Two end-of-season reports have been provided to Council outlining lessons learned as well as outstanding issues. The Responsible Camping Co-ordinator prepared two reports (2018/19 and 2019/20 seasons) summarising the outcomes of the Responsible Camping Ambassador Programme and provided an overview of issues and recommendations.

Significantly increased visitor volumes putting pressure on some of our most popular natural areas have been identified as a major driver of community concerns around freedom camping. An increase in tensions between conflicting uses of public spaces by freedom campers and day users are clearly reflected in CRM complaints over the past three seasons.

The following issues associated with freedom camping have been identified through this report:

- **Negative public perception of freedom camping.** Studies suggest that negative experiences with some freedom campers often lead to negative perceptions being projected onto all freedom campers, which is exacerbated by an increasing demand for a limited supply of freedom camping sites.<sup>1</sup> Nuisance and noise are frequent concerns, especially in relation to non self-contained camping. There are difficulties in regulating nuisance effects within the framework of the Freedom Camping Act 2011.
- **Increased visitor pressure on popular beaches and public places.** The number of recorded freedom camping vehicles increased by 8,000 vehicles from 5,000 in the 2017/2018 summer season to 13,000 vehicles in the 2019/2020 season. This creates conflicts of use of areas and difficulties in maintaining adequate public access to areas. Persistent problems have been identified at a number of locations.
- **Freedom camping sites are geographically spread out,** which stretches out enforcement resources with a lot of time spent driving.
- **Vehicle dwellers and homeless persons.** Some freedom campers may in fact be homeless people who live in cars and vans. Homelessness is a much broader social issue and a freedom camping bylaw is not the appropriate mechanism to deal with this topic. Living permanently in a vehicle is outside the scope of the bylaw, and non-regulatory solutions need to be explored.

Based on the above, it is recommended to bring forward the review of the bylaw. This would allow sufficient time to look at options for providing fair access to our key destinations and managing community expectations. The review process could include reconsidering some of our regulatory arrangements for freedom camping as well as non-regulatory approaches such as infrastructure development, demand management and education. It might be worth considering whether certain provisions of the bylaw are overly prescriptive and whether a more flexible approach could help to future-proof the bylaw.

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<sup>1</sup> Auckland Council. (2016). Managing freedom camping in Auckland. Findings report. <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/bylaws/Documents/managing-freedom-camping-auckland-findings-report.pdf>



It is unclear what the impacts of Covid-19 would be on freedom camping in the medium term, particularly in terms of the availability of MBIE funding for monitoring and enforcement. We expect that long-term demand will bounce back, as most of the volume of tourism in Whangarei District has been driven by domestic visitors. There is however currently a concern that freedom camping is competing with commercial campgrounds in a situation where these businesses are already struggling.

The 2018 - 2028 Long Term Plan vision of Whangarei is that of a vibrant, attractive and thriving District. This sets the task to regulate freedom camping in a way that makes visitors welcome but at the same time looks after the needs of our environment and our residents. A review process is an opportunity to consider options to improve and future-proof the bylaw through a combination of regulatory and non-regulatory methods, including pay-to-use services and destination management.

## 1. Introduction

The Camping in Public Places Bylaw was made in 2017 to ensure that camping on Council land is well-managed to minimise risks to public health, the environment and to maintain public access. This report analyses the perceived and demonstrated problems associated with freedom camping in the Whangarei District, as well as enforcement implications of bylaw provisions.

Under the Freedom Camping Act 2011, Council is not able to completely ban freedom camping in the District. The Act also restricts any local authority freedom camping bylaw to land that is owned or managed/controlled by Council. Council can prohibit or restrict freedom camping in identified areas where there are concerns to protect:

- access (to the area)
- public health and safety
- the area (i.e. environmental concerns)

Review of the Bylaw is required within five years pursuant to the Freedom Camping Act 2011 and the Local Government Act 2002. An early review of the current bylaw is proposed to address identified issues in response to data and insights accumulated since 2017.

## 2. What are the perceived problems associated with freedom camping in the Whangarei District?

### 2.1. Negative perception of freedom camping

Over the past summer season, freedom camping generated mostly negative media coverage, particularly around the impact of freedom campers in Queenstown and Auckland Council's proposed freedom camping bylaw. The emphasis tends to be on how "freedom" in freedom camping does not mean that this activity is free from cost, as there will always be a cost to the environment.<sup>2</sup> At the same time there has been a lot of support for freedom camping, even if those messages have been less vocal. Whangarei District Council received many compliments for the way freedom camping is set up in our district. This feedback has come through our Responsible Camping ambassadors, Armourguard and the Whangarei District Council's Facebook page.

The Covid-19 lockdown triggered a new wave of opposition to freedom camping nationwide, with a petition launched to Parliament to ban all freedom camping for non-residents.<sup>3</sup> The petition has later been withdrawn, however freedom camping debate has restarted around the country with calls to protect local campground businesses.<sup>4 5</sup>

In 2016 Auckland Council commissioned a research report into freedom camping. One of the findings of that research was that perceptions of harm of freedom camping are driving a decrease in supply<sup>6</sup>:

*"...There is an emerging trend whereby councils are increasingly limiting the number of sites available for freedom camping. This trend is largely driven by community perceptions and media attention about the negative impacts of freedom camping.*

*A decrease in supply when combined with an increase in demand has resulted in overcrowding, and subsequently increased risk of the real and perceived harms that are often associated with freedom camping..."*

The views on freedom camping are thus polarised, and it is useful to explore as to why. It is believed that negative experiences with some freedom campers lead to negative perceptions projected onto all freedom campers. In trying to pinpoint the aspects of freedom camping responsible for creating bad publicity, Queenstown Lakes District Councils developed a typology of freedom campers according to behavioural profiles of different types of campers and their cost and value profile.<sup>7</sup> The typology is summarised in Table 1, showing net impact of different types of freedom campers.

<sup>2</sup> Stuff.co.nz (18 February 2020). *Is it time to start charging freedom campers?: 'There is always going to be a cost'* <https://www.stuff.co.nz/travel/kiwi-traveller/119570510/is-it-time-to-start-charging-freedom-campers-there-is-always-going-to-be-a-cost>

<sup>3</sup> Stuff.co.nz (6 May 2020). *Calls to ban freedom camping post-Covid 19* <https://www.stuff.co.nz/travel/news/121414848/calls-to-ban-freedom-camping-postcovid-19?rm=a>

<sup>4</sup> NZ Herald (23 May 2020). *Whanganui freedom camping debate reignites as campgrounds lobby for change* [https://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=12333514](https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12333514)

<sup>5</sup> Stuff.co.nz (24 May 2020). *Tourism Minister backs freedom camping.* <https://www.stuff.co.nz/travel/121603577/tourism-minister-backs-freedom-camping?cid=app-iPhone&fbclid=IwAR0X6v8zKW0UtOt80Ed1iJwDe6MnWnYosVNUcQ67IM6e72I3eczaFNbKaP0>

<sup>6</sup> Auckland Council. (2016). *Managing freedom camping in Auckland. Findings report.* <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/bylaws/Documents/managing-freedom-camping-auckland-findings-report.pdf>

<sup>7</sup> Queenstown Lakes District Council. (2018). *Responsible camping strategy.* <file:///C:/Users/wiktoriab/Downloads/new-responsible-camping-strategy-with-logos-16-oct-2018-c.pdf>

Table 1: Net impact of different types of freedom campers.

Typology	Characteristics	Cost to communities (financial and ecosystem)	Value to communities (financial and reputational)	Net impact
<b>Free Roamer</b> * most from the UK and Germany	<ul style="list-style-type: none"> <li>cost is the main reason to freedom camp 60%</li> <li>travelling on the cheap</li> </ul>	Medium cost – <ul style="list-style-type: none"> <li>typically camping in converted van and cars</li> <li>minimal facilities required, however will often do dishes in toilets and laundry in streams/rivers.</li> <li>high ecosystem and enforcement costs</li> </ul>	Low value – <ul style="list-style-type: none"> <li>free or low-cost activities</li> <li>lower levels of compliance with rules</li> <li>frequent reports of littering.</li> </ul>	<b>Negative</b>
<b>Independent tourists from overseas</b> * mostly from China	<ul style="list-style-type: none"> <li>main reason to freedom camp (70%) is to get in touch with nature while covering a lot of ground.</li> </ul>	Medium cost – <ul style="list-style-type: none"> <li>usually using vans and RVs</li> <li>full public facilities and infrastructure expected</li> <li>campers often unaware of rules and will do what is needed at the time which may not be safe or within regulations.</li> <li>low levels of New-Zealand specific environmental awareness</li> </ul>	High value – <ul style="list-style-type: none"> <li>participate in commercial tourist attractions,</li> <li>some activities pre-planned, including iconic adventures, wineries, etc.</li> <li>will generally do the right thing with rubbish and finding public toilets</li> </ul>	<b>Positive</b>
<b>Free independent duos</b> * 60% from New Zealand	<ul style="list-style-type: none"> <li>Proximity to iconic sites and attractions main reason to freedom camp.</li> <li>More than half would be happy to pay between \$5 and \$10 for a basic camp site.</li> </ul>	Medium cost– <ul style="list-style-type: none"> <li>typically in vans</li> <li>minimal or basic facilities needed</li> <li>enforcement presence and education is still required to promote compliance with regulations</li> </ul>	Medium value – <ul style="list-style-type: none"> <li>willing to pay for some unique activities</li> <li>Camping is more about freedom to be spontaneous than being free of cost.</li> <li>Contribute reviews to CamperMate etc.</li> <li>Willing to obey by rules, and if sites are full will drive to a paid site.</li> </ul>	Neutral
<b>Touring families from overseas</b> * majority from Australia	<ul style="list-style-type: none"> <li>Natural attractions main reason to freedom camp (87%)</li> <li>Wanting to learn about NZ</li> </ul>	Low cost – <ul style="list-style-type: none"> <li>mostly touring in full RVs</li> <li>will book into commercial campgrounds when facilities and services are needed</li> <li>will actively try to find out the right thing to do and will abide by regulations</li> </ul>	High value – <ul style="list-style-type: none"> <li>participate in paid and free activities</li> <li>advance bookings of activities</li> <li>will eat out and shop at local shops</li> <li>project a positive image of freedom campers</li> </ul>	<b>Positive</b>
<b>Family Campers from New Zealand</b>	<ul style="list-style-type: none"> <li>Main reason to freedom camp (67%) is for the “back to basics” outdoor experience</li> <li>Fishing, boating, water activities</li> </ul>	Low cost – <ul style="list-style-type: none"> <li>Often using tents</li> <li>basic facilities needed (toilets, water)</li> <li>awareness of environmental needs</li> <li>low enforcement costs</li> </ul>	Medium value – <ul style="list-style-type: none"> <li>low cost activities</li> <li>high levels of compliance with rules contributes to a positive perception of freedom campers</li> <li>cultural benefits, building connections to communities and returning to favourite spots</li> </ul>	<b>Positive</b>
<b>Grey Nomads from New Zealand</b>	<ul style="list-style-type: none"> <li>seeking out attractive scenery, peace and quiet</li> <li>NZMCA members</li> <li>Camping outside peak season</li> <li>Concerned about “being tarred with the same brush” as other freedom campers</li> </ul>	Low cost – <ul style="list-style-type: none"> <li>have invested in their RVs as a lifestyle choice</li> <li>Will book into commercial sites from time to time to use facilities such as laundry and showers</li> <li>respecting the environment</li> <li>will actively research the rules and abide by them</li> <li>will dispose of waste properly</li> </ul>	Low value – <ul style="list-style-type: none"> <li>Not likely to participate in paid tourist activities or go out to restaurants or shopping</li> <li>Will bulk shop and try to minimise costs</li> </ul>	Neutral

The most significant finding from analysing the above typology is that while non self-contained Free Roamers are responsible for most of the negative reputation of freedom campers, non self-

contained freedom camping families from New Zealand are generating a positive net impact on places they visit. Australian touring families have been generating the highest value at the lowest cost to communities they visit. The perception of the problem is therefore driven by the negative reputation of a small proportion of freedom campers.

## 2.2. Social license for non self-contained freedom camping

There has been a general intensification of the usage of freedom camping areas which unavoidably comes with growth. Where residential areas are in close proximity to high-usage freedom camping sites, nuisance and noise are frequent complaints. The main themes of these complaints are around overcrowding, overstaying campers, and shortage of parking. A large proportion of complaints are concerning areas in Schedules 3 and 4 of the Bylaw designated for non self-contained camping.

Non self-contained freedom camping appears to generate more complaints. This type of camping is seen to have a heavier impact on the areas where camping is taking place. Concerns have been raised with dishes being washed in the toilets, hanging washing out, blocked and dirty toilets, rubbish and noise. Although non-compliance is not solely attributable to non self-contained freedom campers, this activity is more visible than self-contained freedom camping due to the very fact that it is not self-contained. These conflicts may be negatively skewing the public perception of non self-contained freedom camping (and freedom camping in general) in the affected localities.

Without community support, problems with non self-contained freedom camping are likely to persist. To facilitate community acceptance the needs of freedom campers, residents and the need to protect the environment need to be balanced. An important part of this would be the provision of adequate infrastructure and adequate bylaw controls. This is reflected in The New Zealand Tourism Strategy, which identifies **amenities** and **attitudes** among the five areas of focus at a regional level to support well-functioning visitor destinations<sup>8</sup>:

- Attractions – visitors need things to do and see – this influences how long they stay and how much they spend
- Awareness – visitors need to know what’s on offer – this will drive visitor numbers and spend across the year
- Access – visitors need to be able to get to where they want to visit safely in a timely way for an appropriate cost. This includes air, road, rail, sea, trails and cycleways
- **Amenities** – visitors need accommodation, retail and hospitality, drinking and waste water and other infrastructure
- **Attitudes** – communities need to want to welcome visitors to their region

On the other hand, there is no legal requirement to provide non self-contained camping and other councils chose to not provide for non self-contained freedom camping (Queenstown, Tauranga). The LGNZ best practice guide on freedom camping (2018) adopts a different position and advises that “...It is correct that the Freedom Camping Act does not specifically refer to self-contained or non-self-

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<sup>8</sup> MBIE. (2019). New Zealand-Aotearoa Government Tourism Strategy.

<https://www.mbie.govt.nz/dmsdocument/5482-2019-new-zealand-aotearoa-government-tourism-strategy-pdf>

*contained vehicles, however that does not prevent bylaws from referring to them... District-wide restrictions are technically permissible and not necessarily in breach of section 12 of the FCA, provided this blanket restriction can be justified in accordance with the section 11(2) assessment criteria...”<sup>9</sup>*

Advice received by staff is that the FCA does not give any special recognition or protection to particular types of freedom camping, including camping outside of self-contained vehicles, because the focus of s12 of the FCA is on the extent of the local authority land which may be made available for freedom camping, and not on the type of freedom camping which may be carried out in such areas. However, the Councils would have to have evidence, for each and every local authority area at which a ban on non self-contained vehicles applies, of a problem that justifies the restriction in terms of the criteria (purposes) in s11(2)(a) of the FCA. For each area, the Council would need to reach a conclusion that particular restrictions, or prohibitions, as the case may be, are the most appropriate and proportionate way of addressing the perceived problem.

Making no provision at all for non self-contained camping might lead to increased non-compliance as non self-contained campers are likely to continue to arrive in our District regardless, especially as there is no uniform nationwide approach to freedom camping. There are examples from Marlborough District and Queenstown Lakes District where prohibition of freedom camping at certain sites has led to an increase of freedom camping activity at those sites.<sup>10</sup>

### 2.3. Nuisance concerns in residential areas

Freedom camping at default areas in close proximity to residential areas has precipitated nuisance complaints from residents. Particular difficulties have been encountered at coastal sites that are bordered or overlooked by private property. Nuisance (such as laundry hanging on trees and campers unpacking their vans) is to a large degree a perceived problem and depends very much on the overall social acceptance of freedom camping by the public.

The Freedom Camping Act (FCA) does not include nuisance as one of the criteria (purposes) to regulate freedom camping under s.11. Instead, one of the assessment criteria under s.11(2) FCA is to protect an area or health and safety of people who may visit the area. The focus is on the particular local government area (including access to the area), and people visiting that area, and does not include the potential impact on nearby properties. However, a bylaw may be made under the FCA for the purpose of “protecting” the area. “Protect”, even though not defined in the FCA but can include protection from adverse environmental effects. To be within the FCA bylaw-making power those effects must be effects on the area itself i.e. the particular park, reserve or carpark where camping is being regulated. Advice received by staff is that adverse environmental effects associated with freedom camping can include effects on amenity values (as defined in s.3 of the Resource Management Act) such as noise or adverse visual effects.

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<sup>9</sup> LGNZ. (2018). Good Practice Guide for freedom camping.  
<https://www.lgnz.co.nz/assets/Uploads/c9f26c9f6e/45954-LGNZ-Freedom-Camping-good-Practice-Guide-WEB2.pdf>

<sup>10</sup> Tourism Industry Aotearoa. (2017). Freedom Camping Literature Review.  
<https://tia.org.nz/assets/Uploads/cd0023cf72/Freedom-Camping-Literature-Review-Report-March-2018.pdf>

## 2.4. Is the bylaw over prescriptive?

There are concerns that overly rigid regulations can be difficult to understand and expensive to enforce. It might be worth considering whether a simpler approach to freedom camping would lead to decreased enforcement costs to the community?

The following features of the current bylaw have been identified as potentially creating an over prescriptive regime:

- Designated sites in coastal locations
- The four week (28-day) stay away rule
- Duration of temporary closures
- Ability to specify designated sites at operational level without a resolution

There is a perception that prescribing designated sites in coastal locations might be a contributing factor in driving campers towards those sites. This needs to be balanced with an understanding that there will still be freedom campers in coastal locations, at the very least in self-contained vehicles in default areas.

The four week (28-day) stay away rule creates challenges in terms of enforcement. While the intent of the rule is to encourage turnaround of vehicles at freedom camping sites, it may not always be straightforward for officers enforcing the Bylaw to distinguish between people temporarily freedom camping and permanently living in vehicles. Some vehicle dwellers might be homeless. Even though the Camping in Public Places bylaw is not designed to deal with the problems of homelessness, it does in fact impact on this group of citizens.

Currently the bylaw limits temporary closures of sites to not more than 14 consecutive days and more than twice in any twelve-month period. Feedback from Health and bylaws has been that this rule is too restrictive and the ability to close sites more frequently needs to be enabled. Advice received by staff is that such a change would be permissible under the Freedom Camping Act. A maximum period of temporary restrictions must be written into the bylaw in order to meet the requirement of reasonableness of a bylaw. However, a frequency restriction is not required e.g. no more than twice in a 12-month period. The amended clause could expressly authorise extensions on the same basis i.e. for no longer than is reasonably necessary to address the reason for the temporary measure, and for no more than 14 days each time.

### 3. What are the demonstrated problems associated with freedom camping in the Whangarei District?

#### 3.1. Increased pressure on our key destinations

In certain popular locations, drastically increased volumes of visitors are creating tensions between conflicting uses of public spaces. This is reflected in CRM queries captured over the last three seasons. The CRM complaints analysis undertaken for the 2019/2020 end of season freedom camping report identified a total of 215 complaints registered between 26 October 2019 to 13 March 2020. Of these, 134 were related to unlawful camping which includes camping outside designated sites, overstaying and overcrowding. Further 23 complaints related to environmental and sanitary concerns. Against this background maintaining appropriate access to our key recreational areas becomes a concern, as well as providing adequate sanitation facilities. Some of the most popular coastal destinations have become problem hotspot sites and will be described in a separate section of this report.

The demand for freedom camping has seen significant growth nationally and in our region. Between 2005 and 2015 there was moderate growth from 20,000 to 60,000 visitors, which then nearly doubled to 110,000 in the year ending 2017<sup>11</sup>. The growth trend has continued since 2017. Estimated total visitor numbers for Whangarei District have increased from 118,903 in the year ending September 2017 to 130,191 in year ending September 2019<sup>12</sup>. Armourguard, through its monitoring and enforcement programme, recorded a total number of 4955 freedom camping vehicles in the 2017/2018 season and almost double that figure in 2018/2019 season at 8124 vehicles.<sup>13</sup>

Figures from Stats NZ on accommodation used by international visitors shows the number of freedom campers nationally has increased by 59% from 23,118 in the year ending September 2017 to 36,939 in the year ending September 2019. Numbers of international visitors staying at commercial campgrounds has increased by 12% in the same period, while demand for camping at National Parks and DOC campgrounds has dropped by 61%<sup>14</sup>.

At the same time, resident population of Whangarei District has grown significantly. Infometrics data, based on Statistics New Zealand's Estimated Resident Population, shows Whangarei District's population increasing from 88,890 in 2016 to 96,000 in 2019, which translates to an average of 2.5%

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<sup>11</sup> Camping in Public Places 2017/2018 report to Whangarei District Council.

<https://kete.wdc.govt.nz/ws/bylaw/active/Camping%20in%20Public%20Places%20Bylaw%202017/monitoring%20and%20reporting/End%20of%20season%20FC%20report%2017-18.pdf>

<sup>12</sup> Stats NZ. International visitor survey: Place visited (TLA).

[http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7574&\\_ga=2.22771259.167552305.1582842667-923137434.1582842667](http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7574&_ga=2.22771259.167552305.1582842667-923137434.1582842667)

<sup>13</sup> Summer 2018/2019 camping in public places report to Whangarei District Council.

<sup>14</sup> Stats NZ. International visitor survey: Main accommodation used.

[http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7572&\\_ga=2.240652867.1110904489.1586299959-923137434.1582842667](http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7572&_ga=2.240652867.1110904489.1586299959-923137434.1582842667)



growth annually<sup>15</sup>. Coastal areas in particular have seen rapid growth. Infometrics Small Area (SA2) data<sup>16</sup> shows population growth in Whangarei District's coastal areas as follows (see Table 2).

Table 2: Population estimates

Small Area 2 (SA2)	2016 population estimate	2019 population estimate
Matapouri-Tutukaka	1,616	1,820
Whangarei Heads (Parua Bay and Bream Head)	3,665	4,100
Ruakaka	2,501	2,730
<b>Whangarei District – all areas</b>	<b>88,890</b>	<b>96,000</b>

The combined effect of these trends is that our key natural areas, including the most popular beaches, have had increasingly heavy usage, particularly in summer. With increased use, there is a need to look for solutions to ensure these areas and access to the areas is protected.

<sup>15</sup> Infometrics. Population Growth. Retrieved from <https://ecoprofile.infometrics.co.nz/Whangarei%20District/Population/Growth>

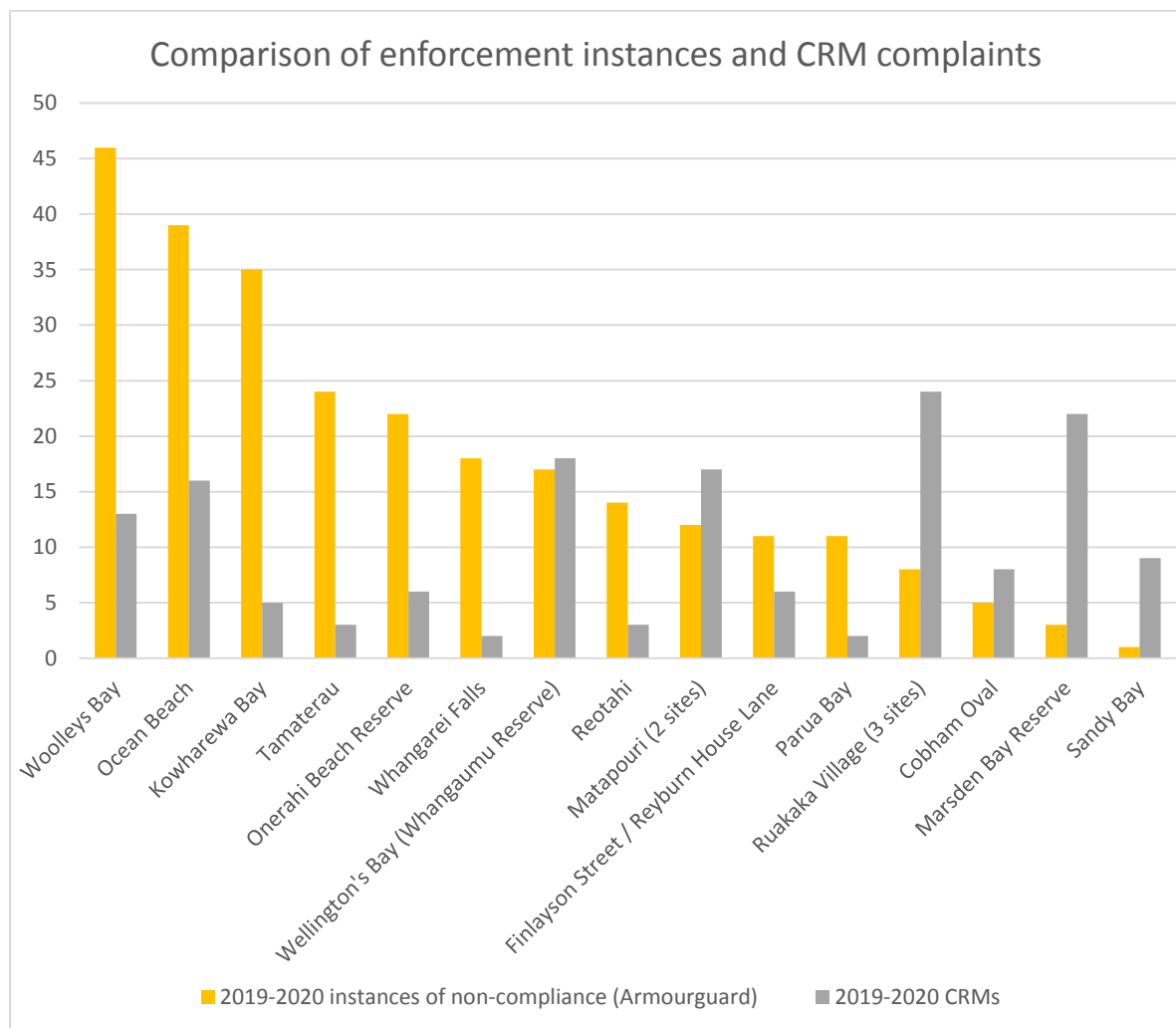
<sup>16</sup> Small Area (SA2) Data from Statistics New Zealand's Estimated Resident Population for the years 1996 to 2013 and 2018 to 2019, and Infometrics estimates for the years 2014 to 2017. <https://ecoprofile.infometrics.co.nz/Whangarei%20District/SmallAreas>

### 3.2. Place-specific issues

Extensive monitoring over the past three summers has provided data to assess the effectiveness of each freedom camping area. Areas such as Parua Bay, Waipu Caves, Manaia walkway carpark, One Tree Point boat ramp carpark, Tarewa I-Site and Onerahi Beach Road reserve have been very successful, accommodating numerous visitors and generating minimal issues.

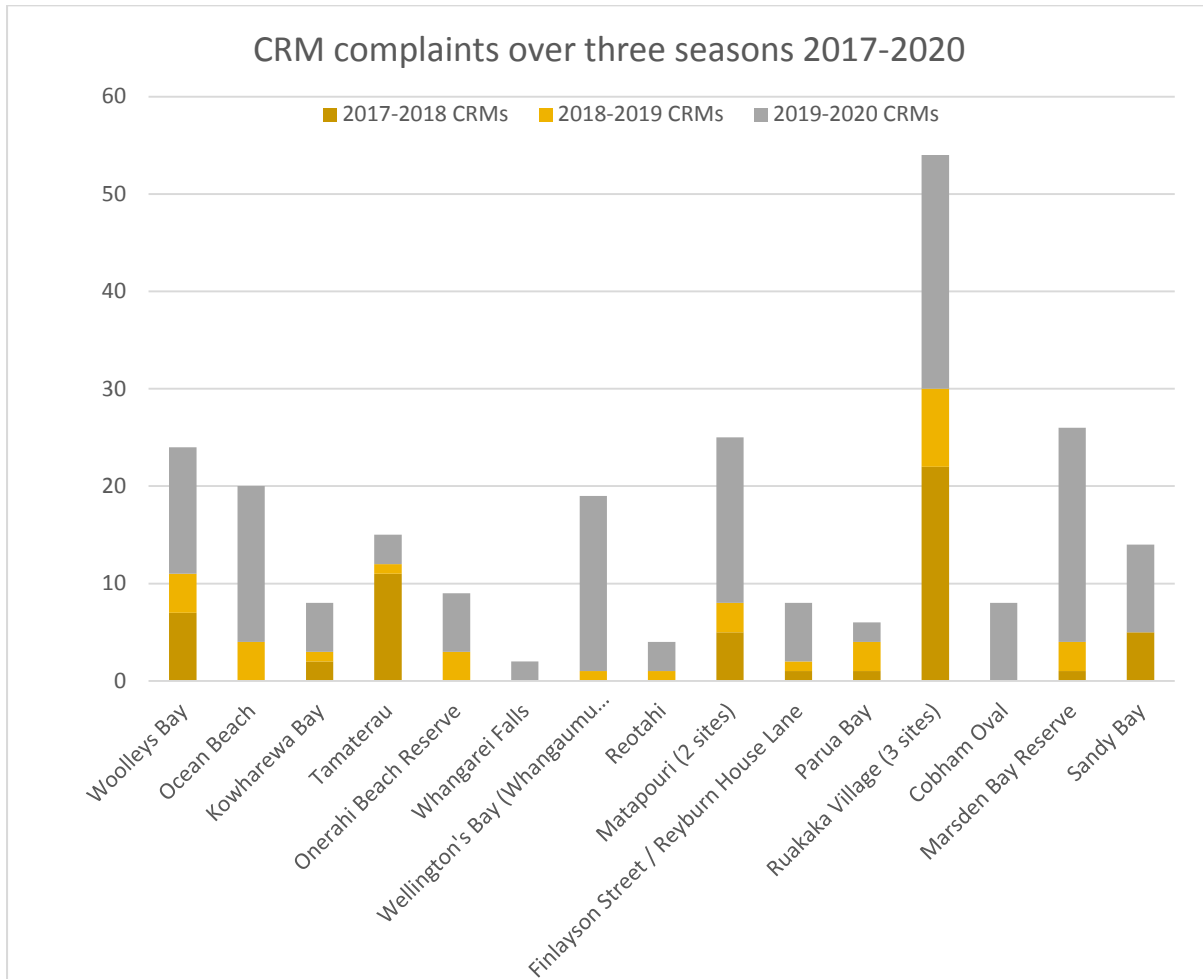
Other locations have proven to be problematic and the situation has worsened as demand increased. The table below shows enforcement instances and complaints generated by the top “hot-spot” areas over the 2019-2020 season (Figure 1).

Figure 1



A review of CRM complaints since the implementation of the bylaw in 2017 shows total complaints generated by the hot-spot areas (Figure 2). The three areas within the Ruakaka Village particularly stand out as problematic, showing that a solution is needed for the whole Ruakaka area.

Figure 2



In addition to enforcement and monitoring data above, CamperMate statistics on freedom campsite popularity provides a useful way to quantify demand at specific locations within our District. This is calculated as the number of times users of the app viewed a profile page (information on the freedom campsite) and gives an indication of site popularity. The top 7 sites have each had over 10,000 views, with **Sandy Bay the most popular at 11,165 views** during the season. Sandy Bay, Ocean Beach, Woolleys Bay and Kowharewa Bay were amongst the busiest areas (Table 4, data as at April 2020)<sup>17</sup>. These were also the sites that generated the most complaints about overcrowding.

<sup>17</sup> CamperMate. (2020). National Freedom Camping Report – Total views of campsites in your region. Retrieved April 2020 from <https://report.campermate.co.nz/index.html>

Table 3: Freedom campsite popularity - CamperMate National Freedom Camping Report

<b>Total Views Of Campsites In Your Region (Not Commercial Sites)</b>	
Monthly count of users browsing campsites in your region.	
Poi Name	No Of Views
Sandy Bay - toilet block carpark/grass area	11,165
Bascule carpark - Port Road	10,877
Ocean Beach carpark	10,772
Marsden Bay Reserve	10,761
Waipu Caves	10,647
Woolleys Bay - western carpark	10,610
Kowharewa Bay	10,589
Tarewa i-Site	8,999
Wellingtons Bay – main reserve (Whangaumu..	8,847
Onerahi - Beach Road Reserve	8,149
Reotahi	7,280
Parua Bay	7,152
Ruakaka Beach Reserve	6,347
One Tree Point - boatramp carpark	6,213
AH Reed Memorial Park – Whareora Road car..	6,042
Tamaterau	5,652
Ruakaka Shops	5,248
Finlayson Street/ Reyburn House Lane carpar..	5,139
Manaia Walkway Carpark	4,643
Kauakarangi bay (Te Maika Road, Ngunguru)	4,539

Another perspective is offered by analysing CamperMate data on campsite visits by time by hour<sup>18</sup>. Analysis of the data for the period October 2019 – March 2020 uncovers two trends. Some freedom camping designated sites had two peaks of arrivals – one in early morning and one in later afternoon. The second group comprises campsites with steady arrivals all day long. This further illustrates pressure on Sandy Bay, which in addition to being in top demand is also busy at all times (Table 5).

Table 4: Freedom campsite visits by time by hour – Oct/2019-Mar/2020, CamperMate

<b>Freedom camping designated sites by daily pattern of visitor arrivals</b>	
<b>am/pm peak sites</b>	<b>all day arrivals</b>
Marsden Bay Reserve	Bascule
Onerahi Beach Road	Finlayson
Parua Bay	Ocean Beach
Tamaterau	One Tree Point boat ramp
Wellingtons Bay	Ruakaka Beach Reserve
Kowharewa	Sandy Bay – toilet block carpark
Woolleys Bay – western carpark	Waipu Caves

\* Matapouri - site taken off camper apps pre-season

<sup>18</sup> CamperMate. (2020). National Freedom Camping Report – Freedom campsite visits by time by hour. Retrieved April 2020 from <https://report.campermate.co.nz/index.html>

In summary, the following place-specific issues need to be addressed through bylaw review:

- **New default areas to be regulated:** Cobham Oval, Helena Bay, McAuslin Road, Oakura, One Tree Point Road layby area, Otamure Bay, Whangaumu Street – reserve at the west end, Ruakaka Riverside Reserve.
- **Solutions needed to address persistent problems** at locations with high volumes of complaints: Kowharewa Bay, Matapouri - Wehiwehi Road, Ocean Beach, Ruakaka Beach Reserve, Sandy Bay - toilet block carpark, Tamaterau, Wellingtons Bay, Woolleys Bay - western carpark.
- **Modifications to designated sites:** Bascule Bridge, Finlayson/Reyburn Lane, Parua Bay

Woolleys Bay and Kowharewa Bay particularly are areas that need to be looked at in terms of being oversubscribed and the impact that has on other users and locals.

### 3.3. Te Araroa Trail

The Araroa Trail walkers tend to arrive in Whangarei District during the peak season which further exacerbates pressure on our beaches, parks and reserves. This is due to the recommended commencement period for the walk at Cape Reinga, and as a result, walkers are arriving when sites such as Sandy Bay and Woolleys Bay are already at capacity. A previous report to Council has highlighted key issues being the lack of toilet facilities along the way and at key locations (trail exit points to the local communities).<sup>19</sup>

The sites popular with Te Araroa Trail walkers are Matapouri, Sandy Bay, Woolleys Bay, Ocean Beach and Reotahi. Sandy Bay and Woolleys Bay currently allow tents under Schedule 4; however sites tend to get full early. A discussion was held with the Parks department to explore possible solutions for Te Araroa Trail walkers. The meeting identified that the Reotahi site needs a special approach because the walkers wait there to catch the ferry. Currently tent camping is not allowed at Reotahi, however walkers are arriving there on foot with their tents and have no alternative options nearby.

Te Araroa Trust is also working with private landowners to encourage them to allow walkers to cross their land and set up tents. An important observation was made that if Council steps in to provide more camping facilities along the trail then we could potentially take away the opportunity for private landowners to provide land for tenting. It is therefore suggested that the Reotahi site is the only one that would need adjustments in this regard due to the ferry pickup location.

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<sup>19</sup> Summer 2018/2019 Camping in Public Places report to Whangarei District Council.

## 4. Have the existing regulations been effective at managing these problems?

### 4.1. Monitoring and enforcement

The feedback on the operation of the current Bylaw over the past three seasons has been generally positive, as shown in the Camping in Public Places end-of-season reports to Whangarei District Council (2017/18 and 2019/20).<sup>20</sup> The MBIE funding received for the Responsible Freedom Camping Ambassador and Education Programme and for Armourguard Enforcement was key in achieving successful implementation of the bylaw. In 2017/2018, enforcement was primarily education focused, and from the 2018/2019 summer season there was a mix of education and infringement. Educational activities carried out by ambassadors assisted in facilitating compliance with the bylaw. Armourguard reported that overall, campers approached by enforcement officers readily followed directions given.

From the 2017/2018 to 2018/2019 season the number of complaints has fallen markedly from 119 to 78, which is credited to the success of the education and monitoring programmes. Although it would appear that the 2019/2020 season has seen almost three times as many complaints (from 78 to 215), this is attributed to a substantial rise in the numbers of freedom campers as well as a request for staff vigilance in recording any comments or complaints (including verbal suggestions) about Freedom Camping this season.

With regards to complaints about rubbish and toilets, the previous reports to Council have pointed out it cannot be conclusively stated that increases in littering and other anti-social behaviours can be solely attributed to freedom campers.

A significant challenge in terms of enforcement is with monitoring a geographically spread out area with freedom camping sites all along the coast of Whangarei District. Armourguard advised they have been struggling to effectively cover the area and a lot of time was spent driving between sites rather than having “people on the ground” at sites. One of the proposals has been consolidating freedom camping in central locations, however there is a recognition of the fact that remote locations would still attract campers and would need to be monitored during the summer season.

### 4.2. Self-containment standard

The current wording of the Bylaw specifies that the self-containment standard NZS 5465:2001 applies along with any subsequent amendments. However, no agency has a clear overview or holds accountable those certifying vehicles for self-containment. Some of the supposedly self-contained vehicles might not meet the self-containment standard. A local authority has the power to specify its own, stricter self-containment rules. The LGNZ Responsible Camping Working Group advised that a legislative change is recommended to establish MBIE as the authority to set and enforce requirements for self-containment and that this would take two years. Given this work at the national level, self-contained is not seen as an issue in terms of Bylaw review.

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<sup>20</sup> Summer 2018/2019 Camping in Public Places report to Whangarei District Council.

### 4.3. Homelessness

Some people who appear to be freedom camping are permanent vehicle dwellers, while others may in fact be experiencing homelessness. The Camping in Public Places bylaw does not apply to the activity of permanently living in a vehicle, because it regulates camping. Advice received by staff is that the words “to camp” should bear their ordinary meaning, which is to live temporarily somewhere e.g. in a vehicle.

Homelessness is an issue that goes beyond the scope of a freedom camping bylaw and a regulatory approach is not appropriate for dealing with this issue. Even though homelessness is out of scope of the bylaw, it may not always be straightforward for officers enforcing the Bylaw to distinguish between people temporarily and permanently living in a vehicle.

The Covid-19 lockdown provided a unique opportunity to get a snapshot of how many campers had nowhere else to go. Health and Bylaws have reported as at 7 May 2020 there had 34 persons in 28 vehicles which comprises a mixture of campers, vehicle dwellers and homeless (unspecified). Of the vehicles 10 were non self-contained, 13 self-contained and another 5 where it is unclear. There were three international persons - two travelling in a van, and one alone in a car.

Cobham Oval is currently a default site for freedom camping and is one of the only two sites catering for long vehicles, the other being Parua Bay. It is currently the only central city site where long vehicles can manoeuvre with ease. These vehicles comprise buses, 5th wheelers and large camper vans, some very expensive and most permanent homes for the owners. For this reason, Cobham Oval is favoured by owners of these homes visiting for retail or healthcare reasons or accessing repairs and maintenance to their motorhomes.

Cobham Oval is also part of our key sporting and event facilities. The need for parking for events creates a conflict of use with freedom camping. Infrastructure improvements are planned for Cobham Oval. In keeping with the resource consent requirements new design for the carpark aims to maximise the number of vehicles that can park there during events and will therefore not provide for large vehicles. The Cobham Oval carpark would also possibly serve as an overflow for the marina going in across the road. The site is prominent on a corner when entering the city and the visual amenity of the site comes into consideration.

It would be up to councillors to decide what provision they wish to make for large vehicles as well as for our long-term vehicle dwellers.

## 5. What are the economic impacts of freedom camping in Whangarei District?

### 5.1. Economic benefits of freedom camping not fully captured

Infometrics<sup>21</sup> reports annual tourism spend in Whangarei District in 2019 has reached \$484m. Despite increasing volumes of visitors, there was a -1.4% drop in total tourism spend in Whangarei District from 2018 to 2019, according to Infometrics (see Figure 3)<sup>22</sup>. Tourism spend data includes all types of visitors, not just freedom campers. However, anecdotally, freedom campers are believed to be spending the least, especially if they are not staying in the District for long. A particularly useful indicator in this regard is the number of nights freedom campers are spending in Whangarei District. When visitors do not stay in our District for any nights and leave the same day they arrive, this reduces their opportunities to spend money in the local economy.

Figure 3: Infometrics - Whangarei District Economic Profile. Tourism spending.



CamperMate, through its freedom camping app, collects visitor data specifically for freedom camping. The data is aggregated into the National Freedom Camping Report which is available to participating councils. One of the statistics it provides is the number of nights spent in a region. According to CamperMate GPS data, between October 2019 – January 2020, around 73% of freedom campers using CamperMate did not spend any nights in Whangarei District and left the region the same day they arrived. This is above the national average of 64%.<sup>23</sup> The number of users who ended up staying for 1 night in Whangarei District averages at 16%, well ahead of the national average of

<sup>21</sup> Infometrics estimates are sourced from MBIE's regional tourism estimates and calibrated for consistency with the International Visitor Survey and Statistics NZ's Tourism Satellite Account

<sup>22</sup> Infometrics. Whangarei District Economic Profile. Tourism spending.

<https://ecoprofile.infometrics.co.nz/Whangarei%20District/Tourism/TourismSpend>

<sup>23</sup> CamperMate. (2020). National Freedom Camping Report – Number of nights. How long are users staying in your region? <https://report.campermate.co.nz/index.html>



9%. The percentage of visitors staying for 2 or 3 nights was very low, however it is on par with the national average.

A snapshot of data from CamperMate for our busiest month, January, is displayed in Table 3 below.

Table 5: Number of Nights freedom campers stay in Whangarei District - CamperMate

### How Long Are Users Spending In Your Region?

January 2020
▼

Select

Print

This table below shows how long users are spending in your region. Zero nights means they are arriving in the region and leaving the same day. 1 night means that we're capturing their location in your region, then the next night we're seeing their location in another region.  
 Note: This will include locals data, however after 10 days of no use the app will no longer show them as in the region.

No of nights	international			domestic		
	Your Region	% in Region	% National	Your Region	% in Region	% National
0	3,412	74.9%	64.6%	1,845	73.1%	68.7%
1	777	17.0%	9.1%	353	14.0%	7.8%
2	191	4.2%	5.4%	111	4.4%	4.3%
3	62	1.4%	3.7%	53	2.1%	3.2%
4	31	0.7%	2.9%	32	1.3%	2.5%
5	19	0.4%	2.3%	23	0.9%	2.0%
6	13	0.3%	1.8%	18	0.7%	1.5%
7	12	0.3%	1.5%	11	0.4%	1.4%
8	8	0.2%	1.2%	14	0.6%	1.2%
9	5	0.1%	1.0%	8	0.3%	1.0%
10	3	0.1%	1.0%	4	0.2%	1.0%
11	4	0.1%	0.8%	6	0.2%	0.7%
12	3	0.1%	0.7%	6	0.2%	0.6%
13				5	0.2%	0.6%
14	1	0.0%	0.5%	5	0.2%	0.5%
>14 nights	17	0.4%	2.9%	31	1.2%	3.2%

The figures above illustrate that a vast number of freedom campers are passing through Whangarei District without staying overnight. At the same time this indicates the untapped potential for increased tourism spending if visitors stay in the District for longer. For this, a variety of freedom camping sites would be needed, not only on the coast, but also in central areas in close proximity to shops and other businesses. Providing a variety of freedom camping options is also recommended in a 2016 research report on freedom camping by Auckland Council, which highlights the need for day parking to allow activities and spending in the area before and after camping.<sup>24</sup>

<sup>24</sup> Auckland Council. (2016). Managing freedom camping in Auckland. Findings report. <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/bylaws/Documents/managing-freedom-camping-auckland-findings-report.pdf>

## 5.2. Impact on commercial campgrounds

The impact of freedom camping on the commercial camping sector needs to be considered. Auckland Council's 2016 research report on freedom camping advises against creating competition with commercial campgrounds. The report warns that at some point providing additional freedom camping spaces will saturate the market and adversely impact the commercial camping sector.<sup>25</sup> In addition to the obvious financial repercussions, this would also further fuel opposition to freedom camping by the affected stakeholders. In order to compete with the "free" freedom camping proposition, holiday parks are under pressure to invest in facilities to attract campers. The report recommends that creating competition on their revenue outside of peak times should be avoided.

The Tourism Industry Aotearoa Freedom Camping literature review suggests that the majority of freedom campers are "hybrid" campers, meaning that freedom camping is not their sole accommodation type while travelling, with many also choosing to stay in commercial holiday parks during their trip.<sup>26</sup> NZMCA has announced in its letter to Council a launch of a national promotional campaign that's designed to revitalise responsible motorhome tourism in Motorhome Friendly towns with the goal to stimulate domestic tourism and support local campgrounds with an expanded CampSaver programme.

Tourism industry Aotearoa has conducted a Tourism Industry Survey on the impacts on Covid-19. Of the survey respondents, 43% were Holiday Parks/Motels, Other Accommodation. Survey results indicate that, other than lack of demand, the main matter impacting the respondents' businesses is cashflow (52% indicated ability to pay creditors was a problem, and 31% non-payment by debtors).<sup>27</sup> Against this background, strong opposition by the commercial campgrounds is expected to any expansion in freedom camping capacity. On the flip side, helping local campgrounds stay in operation will be essential to maintaining capacity to accommodate campers over the peak season.

However, in the medium term, if freedom camping returns even to half of the previous season's volume, capacity issues will resurface, as described in the previous years' reports. One avenue to explore is around making provisions for summer overflow sites over the key Christmas and New Year's period.

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<sup>25</sup> Auckland Council. (2016). Managing freedom camping in Auckland. Findings report. <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/bylaws/Documents/managing-freedom-camping-auckland-findings-report.pdf>

<sup>26</sup> Freedom Camping Literature Review. <https://tia.org.nz/assets/Uploads/cd0023cf72/Freedom-Camping-Literature-Review-Report-March-2018.pdf>

<sup>27</sup> Tourism Industry Aotearoa. (April 2020). Covid-19 Tourism Industry Survey.

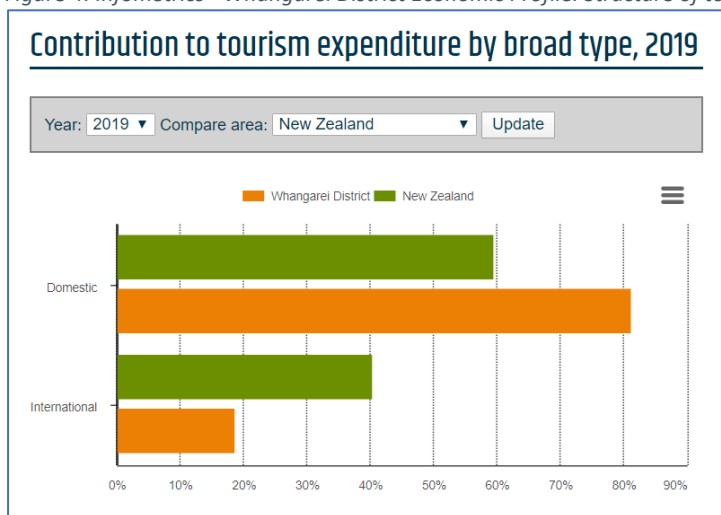
## 6. What is the impact of Covid19 on freedom camping?

### 6.1. Travel restrictions and demand

The main effect of Covid19 on freedom camping is related to travel restrictions. It is possible that for the next season domestic tourism (and possibly Australia) will be our main sources of freedom campers. Volumes of freedom camping for the next season are difficult to predict without additional data, as some people might postpone holidays, but others might turn to freedom camping as a more affordable local holiday option.

However, in the medium term it is reasonable to expect that visitor volumes in our District is likely to remain high, even if international travel is limited for some time, as most of our District's tourism spend is generated by domestic visitors (see Figure 4)<sup>28</sup>.

Figure 4: Infometrics - Whangarei District Economic Profile. Structure of tourism spending.



The composition of visitors to Whangarei District is reflected in the annual tourism spend data as calculated by Infometrics from the MBIE's regional tourism estimates and Statistics NZ's Tourism Satellite Account.<sup>29</sup> Of the \$484m in 2019, domestic tourism spend was \$393m (81%) while spending by international tourists was significantly less at \$90.9m. An estimated 42.5% (\$167m) of domestic tourism expenditure in Whangarei District in 2019 was attributable to visitors originating from Northland and a further 32% (\$126m) to visitors from Auckland. For international tourism expenditure the largest source was Australia at 28.4% (\$25.8m).

The first long weekend since domestic Covid-19 restrictions lifted has seen reasonably high numbers of freedom campers. Comparison of CamperMate data for Queens Birthday weekends in 2019 and 2020 allows to quantify the drop in demand. At the first glance, views of campsites on the CamperMate app during these periods have dropped by more than half from 2,343 views in 2019 to only 1,104 views in 2020. However, based on the app GPS data, a total of 333 overnight stays were

<sup>28</sup> Infometrics. Whangarei District Economic Profile. Structure of tourism spending.

<https://ecoprofile.infometrics.co.nz/Whangarei%20District/Tourism/TourismSpendStructure>

<sup>29</sup> Infometrics. Whangarei District Economic Profile. Structure of tourism spending.

<https://ecoprofile.infometrics.co.nz/Whangarei%20District/Tourism/TourismSpendStructure>

registered during the long weekend this year (29/05/2020 to 31/05/2020) compared to 419 in the previous year (31/05/2019 to 02/06/2019). Keeping in mind the restrictions on international arrivals in place in 2020 we can reasonably presume that nearly all of the 333 overnight stays would have been domestic visitors, which is a strong indication of sustained demand for freedom camping post covid19.

As the timeframe for a subsequent Bylaw review is 10 years, it is important therefore to build mechanisms into the Bylaw that will give Council the flexibility, long term, to manage visitor pressure on our key destinations and maintain appropriate public access to public places.

## 6.2. Is the bylaw adequate for protecting public health and safety?

Given the recent developments around the Covid-19 pandemic it is necessary to reassess whether the current bylaw provisions are adequate for protecting public health and safety in the event of a civil emergency. The main concerns in this regard are:

- **Monitoring.** The lack of an effective way to record all freedom campers arriving at locations may mean that in case of a civil emergency it would be difficult to account for those affected.
- **Overcrowding at designated sites.** Armourguard reports the signs indicating the designated areas often get moved or defaced. Anecdotally, campers have been squeezing up to three short vehicles into the individual long length spaces at the Bascule Bridge carpark. Overcrowding creates risks related to the use of gas cookers, as well as to the environment in general. Therefore, there is a need to specify a maximum number of vehicles per site.
- **Health risks for people sleeping in cars.** Allowing sleeping in vehicles that are not designed for long term living (such as motorhomes) during the colder/wet season can lead to adverse health outcomes and lead to public health risks. The Healthy Homes initiative by the Ministry of Health has had outstanding success in raising recognition of the fact that cold, damp and crowded living conditions increase the risk of respiratory issues and other preventable health conditions, such as rheumatic fever and infections<sup>30</sup>. This applies to houses people live in, and the same would apply to sleeping in vehicles what were not specifically built for long-term living. Advice from the DHB would be beneficial in this regard.
- **Sanitation.** Numerous CRMs since 2017 raised concerns with non self-contained freedom campers doing dishes and washing clothes in public toilets. The use of public toilets by high numbers of unmonitored non self-contained travellers has been a major concern during the Covid-19 response in our District. Depending on the specific circumstances at each individual freedom camping area, options could be providing more toilets, installing pay-to-use facilities such as Kiwi Camp, or restricting non-self-contained freedom camping.

## 6.3. Reform of the Freedom Camping legislation on hold

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<sup>30</sup> Ministry of Health, n.d. Healthy Homes Initiative. <https://www.health.govt.nz/our-work/preventative-health-wellness/healthy-homes-initiative>

The Responsible Camping Working Group in 2018 has recommended to the Minister of Tourism a review of the Freedom Camping Act 2011. The Group also recommended trialling short-term practical actions, combined with longer term policy and system changes, before considering changes to the Act. It has been advised MBIE has been drafting a discussion document outlining possible improvements to the Freedom Camping Act, which would include a review of the tools and guidance on freedom camping bylaws that councils have access to. This work has been put on hold during the response to Covid19 and it is unclear whether the work on reforming the Freedom Camping Act will continue at the national level or whether it may be postponed amidst handling more pressing economic issues post covid19. It has been indicated, however, that the Working Group does not see impetus to 'flip' the basis of the Act to ban the practice except where councils specifically allow it. Thus, it appears reasonable to carry out the review of the Bylaw with an assumption that a generally permissive approach to freedom camping in the FCA 2011 is unlikely to be changed soon.

## 7. What are the opportunities associated with freedom camping?

The Long Term Plan vision of Whangarei is that of a vibrant, attractive and thriving District. This sets the task to regulate freedom camping in a way that makes visitors welcome but at the same time looks after the needs of our environment and our residents. While the Covid-19 pandemic introduced a measure of unpredictability in terms of tourism restrictions, this can also be a time to pause and review current practice. Some of the opportunities in this space are around enabling spending by freedom campers, future-proofing the bylaw and exploring non-regulatory methods.

### 7.1. Enabling spending by freedom campers

In an effort to determine what attracts campers to particular locations, the University of Otago carried out a study of 500 freedom campers at three sites in Otago, which revealed that the main attractions to particular sites were the scenery/environment (57%), on-site facilities (33%) and proximity of attractions (17%). In addition, this study also noted that "when considering where to travel and where to stop, safety and security emerged as a significant factor", suggesting that safety in numbers may be a motivation for freedom campers to camp in close proximity to one another, (Hardy & Gretzel, 2008) in common with the findings of the NZMCA.<sup>31</sup>

As shown by the data on economic impacts outlined in this report, the majority of freedom campers in Whangarei District stay for only one night and a vast number of freedom campers are passing through without staying overnight. For those who stay overnight, data suggests a strong demand for overnight camping in the urban part of Whangarei (Figure 5)<sup>32</sup>. This trend continued throughout the duration of the camping season (Table 6). These findings illustrate the untapped potential for increased tourism spending if campers are able to stay in the central city for longer.

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<sup>31</sup> Freedom Camping Literature Review. <https://tia.org.nz/assets/Uploads/cd0023cf72/Freedom-Camping-Literature-Review-Report-March-2018.pdf>

<sup>32</sup> CamperMate. (2020). National Freedom Camping Report – Key areas overnight stays. <https://report.campermate.co.nz/index.html>

Figure 5: Clusters where freedom campers stay each night - CamperMate

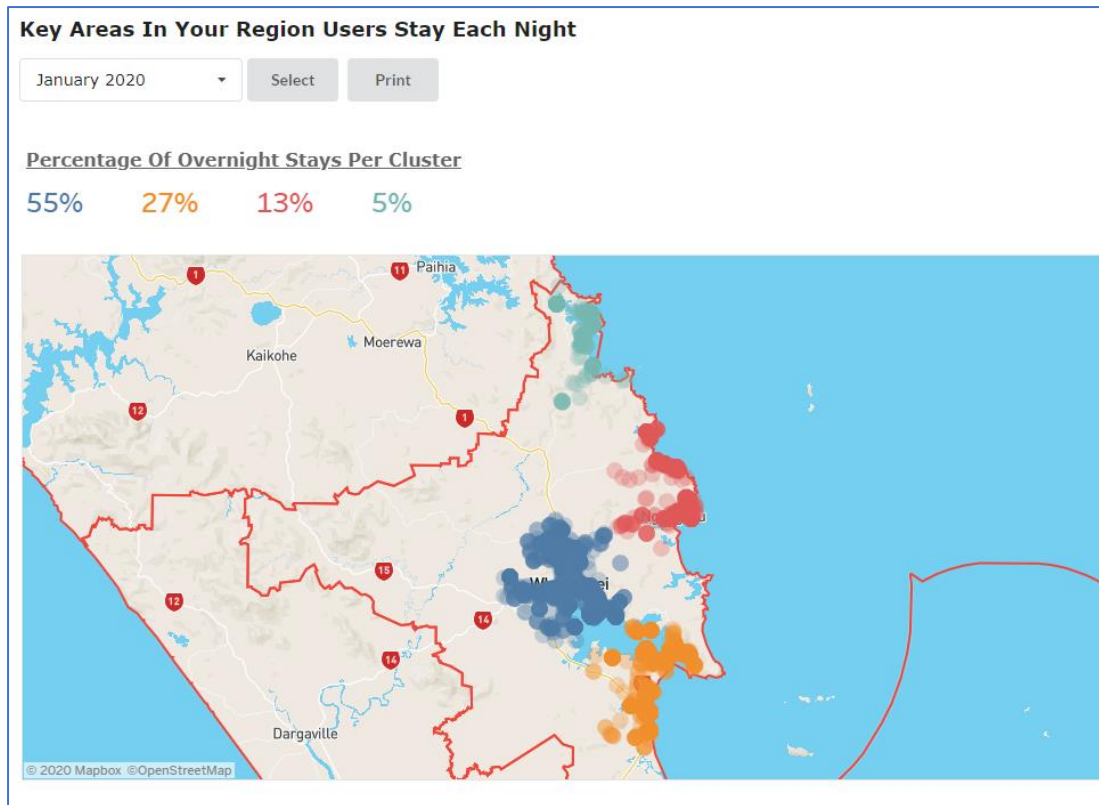


Table 6: Key areas freedom campers stay each night - CamperMate

Key areas overnight stays 2019-2020 season - Whangarei District							
Average of % overnight stays per cluster	October	November	December	January	February	March	Grand Total
Central	61%	58%	58%	55%	56%	61%	<b>58%</b>
South (Ruakaka and Whangarei Heads)	25%	25%	24%	27%	24%	23%	<b>25%</b>
Tutukaka	9%	13%	13%	13%	14%	11%	<b>12%</b>
North (Oakura)	5%	5%	5%	5%	5%	5%	<b>5%</b>

## 7.2. Future-proofing the bylaw

The timeframe for reviewing bylaws is set by the LGA at 5 years for the first review and every 10 years thereafter. Due to the contentious nature of freedom camping there is a possibility that amendments to the bylaw might be required before the 10-year review timeframe. Furthermore, popular camping sites can change from one summer to the next due to an adaptive nature of campers to find suitable sites outside of restricted and prohibited areas. In this context finding options to future-proof the bylaw could help avoid unnecessarily frequent reviews. The main opportunities here are around allowing more operational flexibility to make adjustments to the bylaw while keeping within the legal framework of the FCA and LGA.

With regards to the duration of temporary closures, as discussed elsewhere in the report, there is no legal requirement to limit the closures to only twice in a 12-month period. Extensions of temporary closures on a reasonable basis and for no more than 14 days each time would be legally allowable within the intent of the Freedom Camping Act.

The second opportunity is around allowing the specific locations of designated sites within restricted areas to be set at an operational level. Such an approach would improve our responsiveness as minor changes to the layout of designated sites could be done without a resolution. Advice received on this matter is that such an approach would be possible, provided certain legal technicalities are satisfied. It should be possible to define in the Bylaw an “envelope” of possible parking sites within the restricted area, and have selection from within that envelope determined operationally. The envelope could not be so large that it includes sites which, if selected, might have a materially different impact as compared to others (for campers, but also for other users of the area and any neighbouring properties).

### 7.3. Non-regulatory methods

Certain aspects of freedom camping might be more effectively addressed by non-regulatory measures. This would prevent the risk of making the bylaw over-prescriptive, inflexible and requiring frequent amendments.

- Development of a **destination management** or a Visitor Strategy might be beneficial. Destination Management issues involve infrastructure gaps, freedom camping pressures, the place of campgrounds in tourism infrastructure, readiness of the tourism sector and local branding. This may be useful in putting freedom camping into a wider context instead of looking at it in isolation. From a tourism perspective freedom camping is one of a number of visitor impacts.<sup>33</sup>
- **Demand management.** Technology and educational solutions can be used to disperse freedom campers throughout the district as a way to alleviate pressure on high demand locations. In the 2019/20 season, some of the problem sites were taken off camper apps for short periods of time in order to divert campers to other sites. Feeding real-time site occupancy levels to camper apps would also be beneficial. Some work on this has already been started by the Responsible Camping Coordinator. A pilot run by Auckland Council demonstrated the benefits of using social media campaigns to market free spaces to the campers most unlikely to use a camp ground. It was also found that advertising campaigns highlighting regional attractions led to increased demand for nearby freedom camping sites.<sup>34</sup>
- **Private agreements** for the use of supermarket carparks and other inner-city carparks could assist in securing overnight parking for self-contained vehicles. Agreements would need to include formal agreement with the Council for management on the private sites. LGNZ best

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<sup>33</sup> LGNZ. (2018). Good practice guide for freedom camping. A resource prepared for councils and tourism operators. <https://www.lgnz.co.nz/assets/Uploads/c9f26c9f6e/45954-LGNZ-Freedom-Camping-good-Practice-Guide-WEB2.pdf>

<sup>34</sup> LGNZ. (2018). Good practice guide for freedom camping. A resource prepared for councils and tourism operators. <https://www.lgnz.co.nz/assets/Uploads/c9f26c9f6e/45954-LGNZ-Freedom-Camping-good-Practice-Guide-WEB2.pdf>



practice guidelines are to take care to avoid establishing pop-up sites which compete against campgrounds.<sup>35</sup>

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<sup>35</sup> LGNZ. (2018). Good practice guide for freedom camping. A resource prepared for councils and tourism operators. <https://www.lgnz.co.nz/assets/Uploads/c9f26c9f6e/45954-LGNZ-Freedom-Camping-good-Practice-Guide-WEB2.pdf>



## 2.2 Report back on Class 4 Gambling Venue Policy

**Meeting:** Council Briefing  
**Date of meeting:** 8 July 2020  
**Reporting officer:** Tony Horton (Manager – Strategy)

### 1 Purpose

To report back to Council for consideration the investigation of substantive amendments to the Class 4 Gambling Venue Policy.

### 2 Background

On 25 July 2019 Council resolved to adopt the 2019 Class 4 Gambling Policy, following a statutory review. Council also resolved to direct:

*“the Chief Executive to investigate substantive amendments to the Class 4 Gambling Venue Policy to be reported back for consideration within 1 year.”*

In response to this resolution, staff have worked with an independent policy analyst to provide an overview of potential amendments to the Class 4 Gambling Venue Policy, as well as an updated report on the impacts of Class 4 Gambling in Whangarei.

The reports (Attachments A and B) are presented for consideration.

### 3 Discussion

#### 3.1 What is a Class 4 Gambling Venues Policy?

Since 2003, all councils in New Zealand have been required to have a policy that states whether or not class 4 venues can be established in their district, and if so where they may be located.

Class 4 gambling means venues with non-casino electronic gambling machines, commonly known as ‘pokie machines’. These venues can include pubs, hotels, clubs (but not casinos).

Under the legislation, councils can, through class 4 venues policies, control new venues, the relocation or merger of existing venues and (in certain circumstances) increase the number of machines at a venue.

Councils are required to review their class 4 gambling venues policies every three years. The last review was completed in 2019. The next review is timetabled for 2022.

### 3.2 Investigation of substantive amendments to the Class 4 Gambling Venues Policy?

In response to the resolution passed on 25 July 2019, staff have worked with an independent policy analyst to produce two reports for Council consideration:

#### **Attachment A: Social Impact Report**

This report assesses the current state of gambling in Whangarei and the associated social harms and social benefits.

#### **Attachment B: Options Analysis Report**

The report provides Council with potential options to consider in the next review of the Class 4 Gambling Policy.

The Social Impact Report (Attachment A) finds that in recent years Whangarei has seen a decrease in venue and electronic gaming machine numbers, but an increase in gambling expenditure.

Electronic gaming machines remain prevalent in Whangarei's more deprived communities, and the occurrence of gambling harm continues to sit with a small proportion of the population (which is responsible for the majority of the spending).

The Options Analysis Report (Attachment B) identifies five possible policy options. For each of the options the impacts, costs, benefits and risk were identified.

The two reports give a more up to date picture of the social impacts of gambling and a broad suit of policy options available to Council.

While there were no material / new circumstances (since the current policy was adopted in 2019) identified in the reports that would result in staff suggesting that the policy review be brought forward, the reports will be a valuable resource leading into the 2022 review.

Key stakeholders were interviewed as part of the development of these reports. A list of all parties interviewed are included in Attachment B.

### 3.3 Next steps

Following this briefing, the reports will be presented to elected members at the July Council Meeting.

There are two options for the next steps following consideration of these reports:

**Option 1:** Incorporate both the Social Impact Report and Options Analysis in the 2022 review of the Class 4 Gambling Venues Policy.

**Option 2:** Provide direction to staff to bring forward the review of the Class 4 Gambling Venues Policy.

Staff suggest that we proceed with option 1, for the following reasons:

- Nothing substantive has changed in relation to class 4 gambling since the last review in 2019.
- Bringing forward a review of the Class 4 Gambling Venues Policy would delay and divert resourcing from other policy work, including the review of the following bylaws:
  - Camping in Public Places Bylaw
  - Water Supply Bylaw
  - Trade Waste Bylaw
  - Animals Bylaw

- Due to the three yearly review cycle, if Council did review the Class 4 Gambling Venues Policy this year, we would still be required to undertake a further review in 2023. This would effectively result in three reviews of the Policy over a four year period.

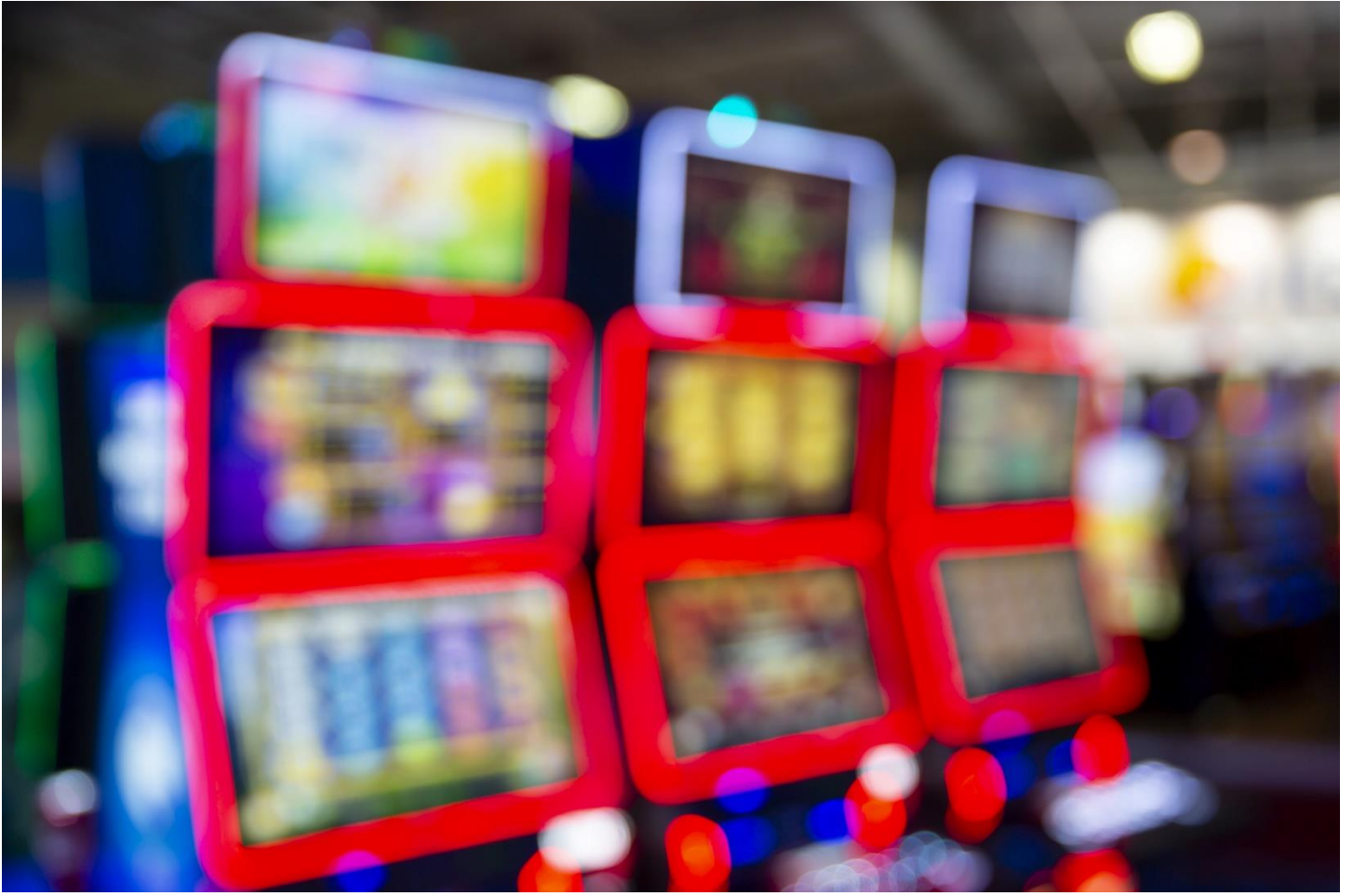
If Council is in favour of Option 2 direction will be sought on which options are supported from the Options Analysis Report.

## **4 Attachments**

**Attachment A: Social Impact Report**

**Attachment B: Options Analysis Report**





# 2020 Social Impact Assessment of Class 4 Gambling in the Whangarei District



**ALLEN+CLARKE**

## ALLEN + CLARKE

Allen and Clarke Policy and Regulatory Specialists Limited (*Allen + Clarke*) is a consultancy firm based in Wellington, New Zealand and Melbourne, Australia. We specialise in research and evaluation, policy and programme development and implementation, business change, operational management and risk, and governance and secretariat services. A key component of our work is undertaking reviews and developing and implementing policies that improve outcomes for the public. Founded in 2001, the company is owned and managed by senior staff and has a team of approximately 70 senior policy and evaluation practitioners, analysts, and project support staff. Our company works extensively for a range of central and local government agencies in New Zealand, and international clients and non-government organisations in Australia, the Pacific and Asia. More information about our work can be found on our website: [www.allenandclarke.co.nz](http://www.allenandclarke.co.nz).

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*Allen + Clarke* has been independently certified as compliant with ISO9001:2015 Quality Management Systems





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## INTRODUCTION

The Whangarei District Council (the Council) has commissioned independent consultancy firm *Allen + Clarke* to provide a social impact report in relation to Class 4 gambling (pokies in pubs and clubs) in the Whangarei District.

This report assesses the current state of gambling in Whangarei and the associated social harms and social benefits. This piece of work will be used to feed into an additional report providing the Whangarei District Council with different policy options available to them in relation to Class 4 gambling.

The Gambling Act 2003<sup>1</sup> (the Act) classifies gambling based on the amount of money spent and the risk of gambling problems associated with an activity. Classes of gambling range from Class 1, representing low-stake, low-risk gambling (such as raffles), to Class 4, which represents higher-risk, high-turnover gambling (pokies in pubs and clubs).

Casino operations and lotteries run by the New Zealand Lotteries Commission are treated as separate classes of gambling within the Act. While other types of gambling such as casinos and Lotto are active in the Whangarei District, these are treated as separate classes of gambling under the Act, and as such are beyond the scope of this report.

## Methodology

This social impact report primarily applied a desk-based quantitative research approach. To collate the latest data on gambling activity and gambling harm, *Allen + Clarke* used the following data sources.

- **Department of Internal Affairs (DIA) Gaming Machine Proceeds (GMP) Dashboard<sup>2</sup>** – This Dashboard provides information on the number of gaming machines, venues, and amount of money being spent at a territorial and national level. This Dashboard provides data from March 2015 – December 2019 and forms a basis of the statistical insight for this report. The *Allen + Clarke* team accessed this Dashboard in April 2020. The main data drawn on for this report is included in Appendix A.
- **Statistics New Zealand data<sup>3</sup>** – Census data was accessed online from Statistics NZ. This provides the most up to date population and ethnicity estimates which are used throughout the report. The *Allen + Clarke* team accessed these statistics in April 2020. It is important to note that Statistics NZ reporting brackets are 15 years old and above, while Class 4 gambling is restricted to those aged 18 and over. Any statistics relying on the census data therefore encompass a slightly wider bracket than those able to legally gamble. Statistics relying on population and ethnicity data are used to provide best estimates.
- **New Zealand Deprivation Index<sup>4</sup>** – The NZ Deprivation Index ranks socioeconomic deprivation based on the 2013 census information. A number of variables are taken into account, including car and telephone access; receipt of means-tested benefits; unemployment; household income; sole parenting; educational qualifications; home

<sup>1</sup> The Gambling Act 2003. [Online]. Available from: <http://www.legislation.govt.nz/act/public/2003/0051/latest/DLM207497.html>

<sup>2</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>3</sup> Statistics New Zealand. *Infoshare*. [Online]. Available from: <http://archive.stats.govt.nz/infoshare/>

<sup>4</sup> Atkinson J, Crampton P, Salmond C. (2014) NZDEP2013: index of deprivation. New Zealand Ministry of Health. [Online] Available from: <https://www.otago.ac.nz/wellington/departments/publichealth/research/hirp/otago020194.html>

ownership, and home living space. This creates a 1-10 scale, where 1 is the least deprived areas and 10 the most deprived.

- **Health and Lifestyles Survey (HLS)**<sup>5</sup> - The HLS is conducted every two years and is a nationally representative, face-to-face, in-home survey that facilitates the monitoring of health behaviours and attitudes of New Zealanders aged 15 years and over. The 2018 HLS gambling questions were designed to assess experience, knowledge and opinions about gambling and gambling-related harm among New Zealand adults, both overall and among different social and population groups. The HLS includes the Problem Gambling Severity Index (PGSI), which provides a validated measure of an individual's level of gambling-associated risk and harm. The HLS offers the most complete set of information about the incidence and prevalence of gambling harm in the total New Zealand population.
- **Client Information Collection (CLIC) Database**<sup>6</sup> - A Ministry of Health database of problem gambling service provider statistics. It represents the number of clients who have received problem gambling treatment services by territorial authority.

## Class 4 Gambling

Under the Act (and the Racing Act 2003)<sup>7</sup>, every territorial authority must adopt a Class 4 Gambling Venue Policy and review that policy every three years.<sup>8</sup> In reviewing the policy, the territorial authority must 'have regard to the social impact of gambling within its District'. This means considering the benefits and harms associated with Class 4 gambling in the community. The Whangarei District Council adopted a Class 4 Venue Policy in 2004 and it was most recently amended by Council in July 2019.<sup>9</sup>

Class 4 gambling represents relatively high-risk, high turnover gambling. It covers all gambling using electronic gaming machines (EGMs or 'pokies') outside of casinos (i.e. in pubs and clubs). This type of gambling is considered 'continuous' as players may 'reinvest' any winnings immediately. This has been identified as among the most high-risk forms of gambling.<sup>10</sup>

As seen in Figure 1 below, Class 4 gambling has the highest reported expenditure of the four main types of gambling activity in New Zealand: TAB racing/sports betting, NZ Lotteries, pokies, and casino gambling.<sup>11</sup>

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<sup>5</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#/gambling>

<sup>6</sup> CLIC Data retrieved from personal communication (2020) sent to Greg Martin.

<sup>7</sup> Racing Act 2003. [Online]. Available from: <http://www.legislation.govt.nz/act/public/2003/0003/latest/DLM184055.html>

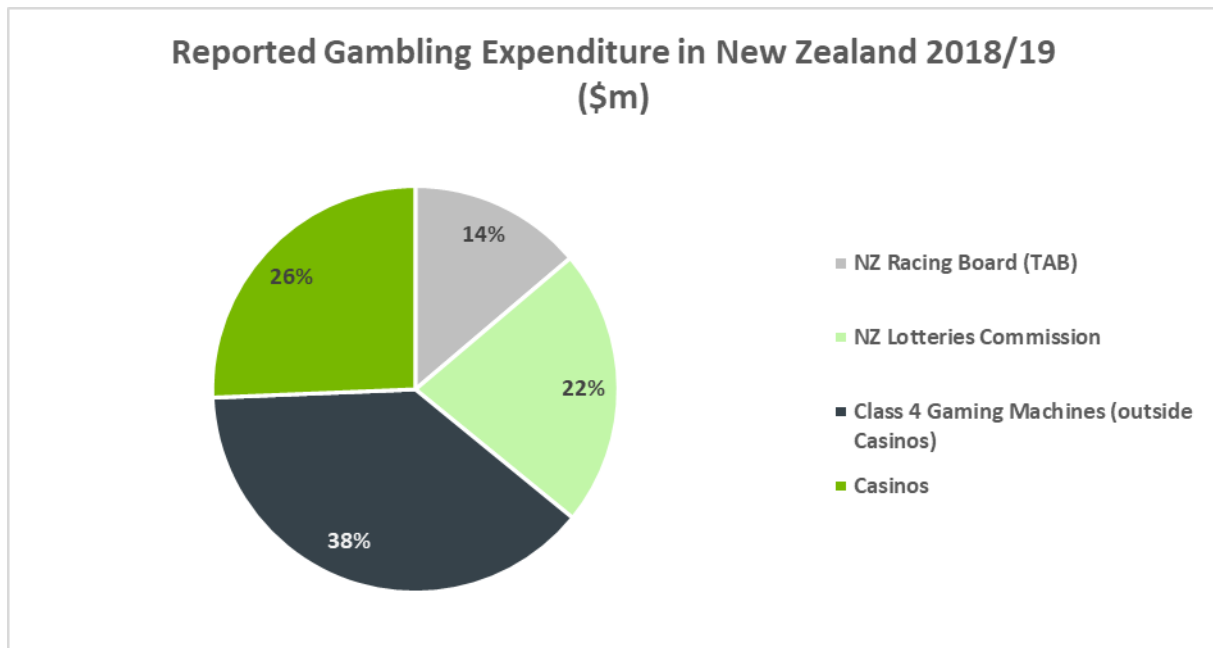
<sup>8</sup> Gambling Act 2003, s 102.

<sup>9</sup> Whangarei District Council. (2019). *Class 4 Gambling Venue Policy*. Whangarei District Council. [Online] Available from: <http://www.wdc.govt.nz/PlansPoliciesandBylaws/Policies/Documents/Class-4-Gambling-Venue-Policy.pdf>

<sup>10</sup> Abbott (2017). Gambling and gambling harm in New Zealand: a 28year case study. *International Journal of Mental Health and Addiction*, 15, 1221-1241

<sup>11</sup> Department of Internal Affairs. (2019) Gambling Expenditure Statistics. [Online] Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

**Figure 1: Reported gambling expenditure of the four main types of gambling activity in New Zealand 2018/19 - Actual dollars (non-inflation adjusted) for gambling operators' financial year-end**



Across New Zealand, over \$939 million was spent on pokies in 2019, which equates to approximately \$2.57 million per day.<sup>12</sup> New Zealand had an average number of 14,969 machines which equates to \$15,689.25 lost on each machine.<sup>13</sup>

Under the Act, Class 4 gambling may only be conducted by a corporate society and that society must distribute net proceeds (profits) for an 'authorised purpose'. Corporate societies are licensed by Internal Affairs to operate pokie machines in clubs or in commercial venues (pubs and bars). 'Authorised purpose' includes a charitable purpose which is non-commercial and is beneficial to the whole or a section of the community, or promoting and conducting race meetings under the Racing Act 2003.<sup>14</sup> An example of an authorised purpose could therefore be a pub distributing gaming machine proceeds to a local amateur sports group.

<sup>12</sup> Department of Internal Affairs. (2020), *Class 4 Gambling Key Performance Indicators*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Class-4-Gambling-Key-Performance-Indicators?OpenDocument](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Class-4-Gambling-Key-Performance-Indicators?OpenDocument)

<sup>13</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>14</sup> Section 4.

## Current state of gambling in the Whangarei District

The Council currently adopts a ‘sinking lid’ policy to Class 4 venues.<sup>15</sup> This means that Council does not grant consents for new venues and gaming machines, so that overtime as venues close or lose their licence, the number of gaming machines and venues decrease.

As at December 2019, Whangarei had 18 venues and 262 gaming machines.<sup>16</sup> During 2019, Whangarei players spent \$18.3 million on EGMs which is approximately \$50,006 per day.<sup>17</sup>

**Table 1: Class 4 Gambling Venues in Whangarei District as at December 2019**

Venue Name	Society Name	Club or non-club <sup>18</sup>	Number of Gaming Machines
Ruakaka Tavern	Four Winds Foundation Limited	Non-club	18
Kamo Hotel	Grassroots Trust Limited	Non-club	18
Northland Club Inc	Northland Club Inc	Club	18
Judge – House of Ale	Oxford Sports Trust Inc	Non-club	18
Kensington Tavern	Oxford Sports Trust Inc	Non-club	18
Pure Bar & Grill	Oxford Sports Trust Inc	Non-club	18
Tikipunga Tavern	Oxford Sports Trust Inc	Non-club	18
Tote & Poke	Oxford Sports Trust Inc	Non-club	18
Onerahi Tavern	Pub Charity Limited	Non-club	18
The Grand Hotel (Whangarei)	Pub Charity Limited	Non-club	18
Kamo Club	Kamo Club Incorporated	Club	16
The Whangarei Returned Services Association Incorporated	The Whangarei Returned Services Association Incorporated	Club	14
Hikurangi Hotel	Rano Community Trust Limited	Non-club	13
Coalies Sports Bar And Grill	The Lion Foundation (2008)	Non-club	11
Nguguru Sports Complex	Ngunguru Sports & Recreation Society Incorporated	Club	10
Triple Crown	Pelorus Trust	Non-club	9
Kensington Club	Kensington Club Incorporated	Club	6
Poroti Tavern	Pub Charity Limited	Non-club	3
<b>18 Venues</b>	<b>12 societies</b>	<b>5 Club 13 non-club</b>	<b>262 machines</b>

<sup>15</sup> Whangarei District Council. (2019). *Class 4 Gambling Venue Policy*. Whangarei District Council. [Online] Available from: <http://www.wdc.govt.nz/PlansPoliciesandBylaws/Policies/Documents/Class-4-Gambling-Venue-Policy.pdf>

<sup>16</sup> Department of Internal Affairs. (2019), *All venues and numbers by territorial authority at 31 December 2019 XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-All-Venues-and-Numbers-by-Territorial-AuthorityDistrict](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-All-Venues-and-Numbers-by-Territorial-AuthorityDistrict)

<sup>17</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>18</sup> Department of Internal Affairs. (2019), *Societies That Make Grants – Northland Region*. [Online]. Available from: <https://www.dia.govt.nz/DIA/CurrLice.nsf/NTHLIST!OpenView&Start=1&Count=30&Expand=3#3>

### Whangarei has seen a decrease in venue and electronic gaming machine numbers

Figures 2 and 3 show DIA data from March 2015 to December 2019.<sup>19</sup> In the Whangarei District venues decreased by 4 or -18.2% and the number of EGMs decreased by 42 or -13.8% during this period. At a national level over the same period, venues decreased by 197 or -15.4% and EGM numbers decreased by 1,758 or -10.6%. Whangarei has therefore reduced the number of EGMs and venues at a faster rate than the national average.

Figure 2: Number of Venues in Whangarei and New Zealand

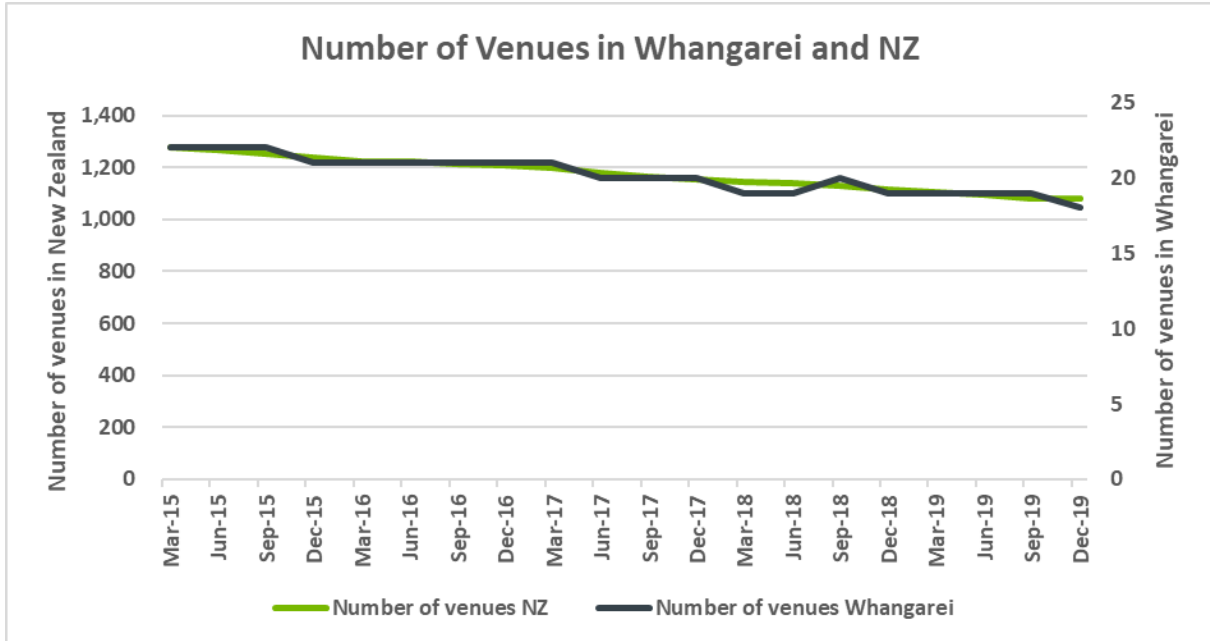
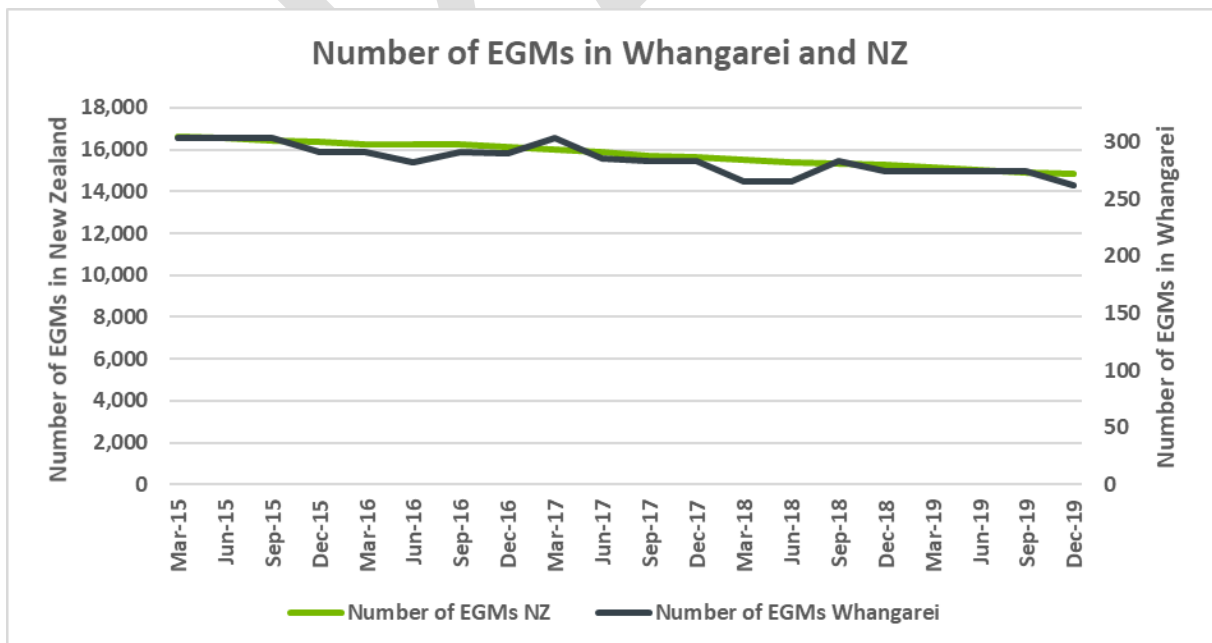


Figure 3: Number of EGMs in Whangarei and New Zealand



<sup>19</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

### Whangarei has a moderate number of gaming machines for the size of the population

EGM density considers the number of gaming machines available per 10,000 people.

As shown in Table 2, as at June 2019 Whangarei had 274 machines, which equates to an average of 29 machines per 10,000 people and an average of \$190.35 spent per person. Nationally, EGM density is an estimated 31 machines per 10,000 people. Other district's with similar population estimates such as Dunedin, New Plymouth and Rotorua all have a higher EGM density than Whangarei.

This suggests that the relative accessibility and opportunity for gambling is slightly lower in Whangarei than the national average.

**Table 1: Number of Electronic Gaming Machines per 10,000 people**

	Estimated Resident Population as at June 30 2019 <sup>20</sup>	Number of gaming machines in the area as at June 2019 <sup>21</sup>	Number of gaming machines per 10,000 residents
Whangarei District	96,000	274	<b>29</b>
New Zealand	4,917,000	15,007	<b>31</b>
Dunedin City	126,255	409	<b>32</b>
New Plymouth District	80,679	326	<b>40</b>
Rotorua District	71,877	383	<b>53</b>

<sup>20</sup> Territorial authority area of usual residence five years ago (2013) by territorial authority area (2018), for the census usually resident population count, 2018 Census. Data retrieved from Statistics New Zealand. *Infoshare*. [Online]. Available from: <http://archive.stats.govt.nz/infoshare/>

<sup>21</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

## SOCIAL HARMS OF GAMBLING IN THE WHANGAREI DISTRICT

The main social harms seen with gambling in the Whangarei District relate to financial costs and the impact of problem gambling.

### Financial costs

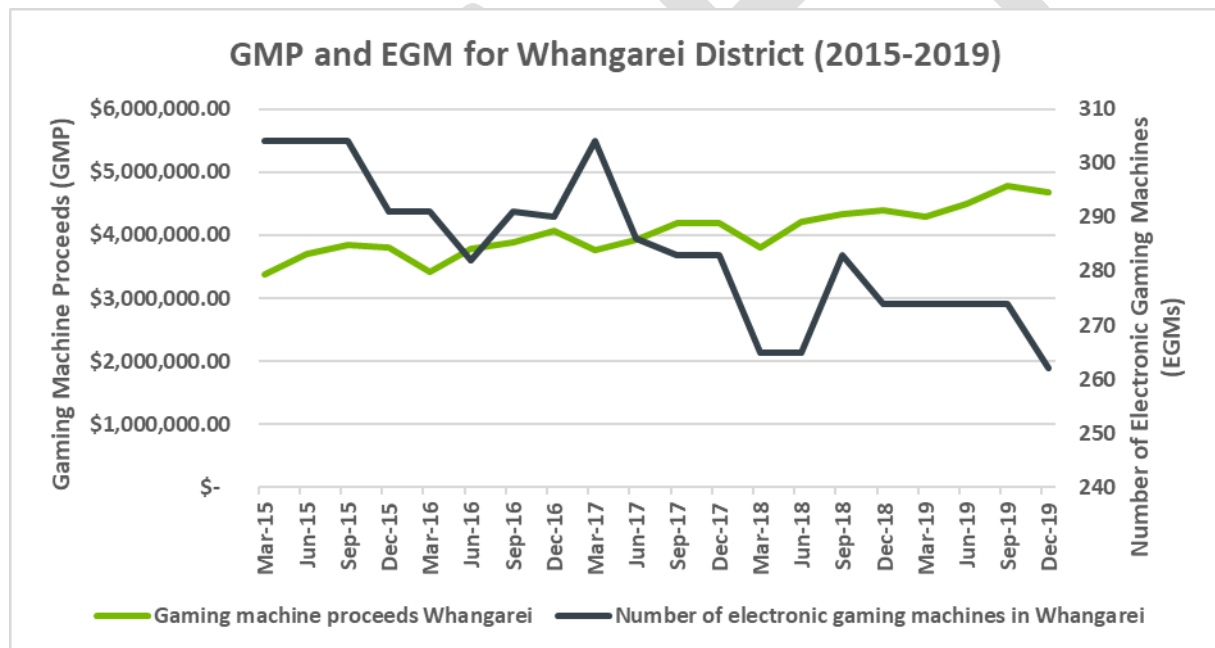
#### Whangarei has seen an increase in expenditure on electronic gaming machines

Gaming Machine Proceeds (GMP) is used to measure the amount of money lost by gamblers. It is defined as the total dollar turn-over minus the player pay-outs. It is therefore a measure of the actual losses incurred by pokie players.

As can be seen in Figure 4, Whangarei has seen an increase in pokie expenditure (green line) from March 2015 to December 2019, with a 39.3% GMP increase (as a comparator this is higher than the national average which increased by 25.4%).<sup>22</sup> Over the same period, Whangarei experienced a decrease in the number of EGMs (black line). Higher pokie expenditure occurred despite a decrease in the number of machines and venues.

For long term trends of GMP and number of EGMs from 2006-2019 see Appendix B.

Figure 4: Gaming Machine Proceeds and number of Electronic Gaming Machine in Whangarei over time



#### Whangarei has seen increased expenditure per electronic gaming machine

With more money being spent and fewer machines being available, the conclusion can be drawn that Whangarei players are either spending more money per gaming machine, spending longer playing, or more players are playing. This correlation can be examined by analysing GMP as a proportion of the number of EGMs. Looking at the expenditure per machine, rather than solely GMP, offers a better reflection of the amount of money being spent by gamblers in the region.

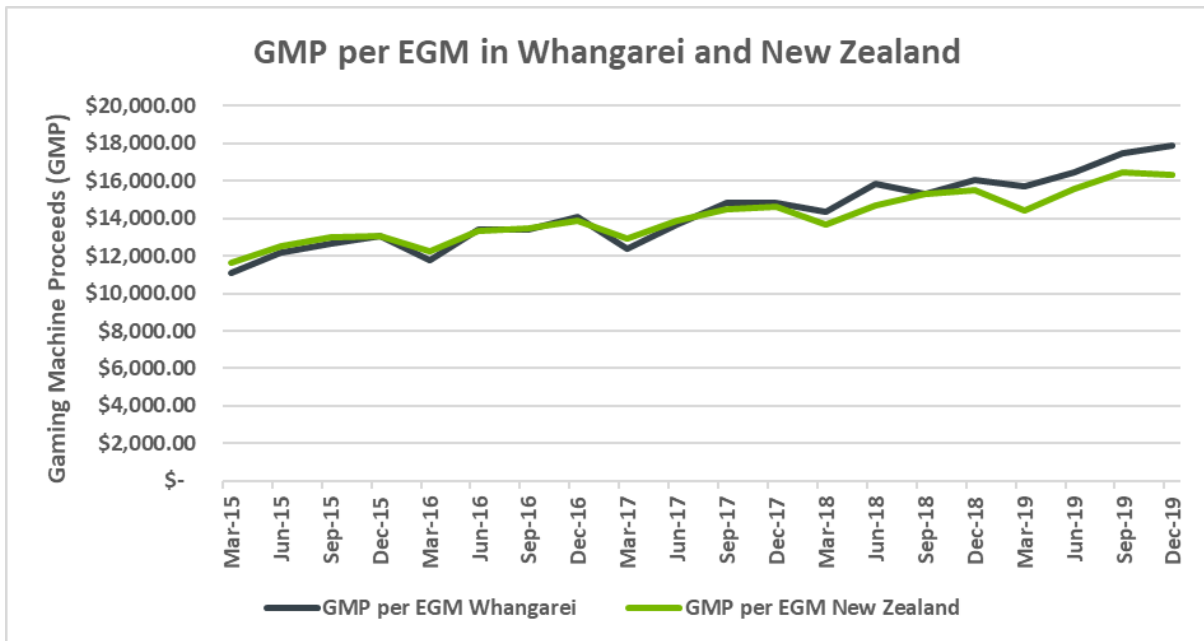
<sup>22</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)



As shown in Figure 5, GMP per gaming machine in the Whangarei District has increased by 61.6% since March 2015. This means that the average spending per machine in December 2019 was \$6,820 more than it was in March 2015. As a comparison overall New Zealand spend per machine increased by 40.2% with machines making \$4,680 more than they did in March 2015.<sup>23</sup>

This data demonstrates that while both Whangarei and New Zealand are experiencing a growth in GMP per EGM, Whangarei's growth in expenditure is higher than the national average spend. In 2019, Whangarei players were losing an average of \$67,477.26 per pokie machine.<sup>24</sup>

Figure 5: Gaming Machine Proceeds per Electronic Gaming Machine in Whangarei and New Zealand



<sup>23</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>24</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

## Problem gambling

### Problem gambling leads to other social harms

One of the common concerns with gambling is the emergence of ‘problem gambling’. DIA defines problem gambling as ‘gambling that causes or may cause harm to an individual, his or her family, or the wider community’.<sup>25</sup> Problem gambling is most commonly associated with gaming machines and its harmful effects can include:

- financial problems,
- problems at work (ranging from poor performance to fraud),
- poor parenting and other relationship problems,
- family violence,
- alcohol abuse,
- mental health problems; and,
- suicide.

It has been estimated that every problem gambler, on average, negatively affects six other people.<sup>26</sup> It inflicts harm on partners, children, parents, siblings, grandparents, work colleagues, and friends. Children can suffer greatly from harmful gambling where they miss out on essential needs and can experience feelings of neglect. Research has also consistently indicated that children of problem gamblers are two to four times more likely to develop gambling problems themselves than the children of non-problem gamblers.<sup>27</sup>

There is consistent evidence linking harmful gambling and family violence.<sup>28</sup> The Ministry of Health and Auckland University of Technology released research in 2017 that highlighted the link between problem gambling and family violence. The research found that 50% of the participants (people who were seeking help from problem gambling services) reported that they were victims of family violence, and 44% reported that they were perpetrators.<sup>29</sup>

Numerous studies have also suggested a link between problem gambling and suicidality. Research has suggested that gambling and suicidal behaviour may be linked due to extreme economic losses incurred from gambling, where suicide appears to be the only solution.<sup>30</sup> Another trend noted was that suicidal acts by gamblers were triggered by interpersonal and/or working challenges, alongside personality traits of impulsivity and psychiatric co-morbidities.

<sup>25</sup> Department of Internal Affairs. (2019) Problem Gambling. [Online] Available from: <https://www.dia.govt.nz/Services-Casino-and-Non-Casino-Gaming-Problem-Gambling>

<sup>26</sup> Dowling, N. (2014). The impact of gambling problems on families (AGRC Discussion Paper No. 1). Melbourne: Australian Gambling Research Centre.

<sup>27</sup> Dowling, N. (2010). *Children at risk of developing problem gambling*. The Problem Gambling Research and Treatment Centre. Available online at: <https://pdfs.semanticscholar.org/a75b/4f3d45bba709321e35002f8933e09f607858.pdf>.

<sup>28</sup> Dowling, N. (2014). The impact of gambling problems on families (AGRC Discussion Paper No. 1). Melbourne: Australian Gambling Research Centre. [Online] Available from; [https://aifs.gov.au/agrc/sites/default/files/publication-documents/agrc-dp1-family-impacts\\_0.pdf](https://aifs.gov.au/agrc/sites/default/files/publication-documents/agrc-dp1-family-impacts_0.pdf)

<sup>29</sup> Auckland University of Technology. (2017). *Problem Gambling and Family Violence in Help-Seeking Populations: Co-Occurrence, Impact and Coping*. Wellington: Ministry of Health. [Online] Available from: <https://www.health.govt.nz/publication/problem-gambling-and-family-violence-help-seeking-populations-co-occurrence-impact-and-coping>

<sup>30</sup> Giovanni M, Fabiola S, Federica F, Mariangela C, Nicola P, et al. Gambling Disorder and Suicide: An Overview of the Associated Co-Morbidity and Clinical Characteristics, *Int J High Risk Behav Addict*. 2017; 6(3):e30827. doi: 10.5812/ijhrba.30827.

## Māori and Pacific Island communities have a higher prevalence of problem gambling

In the national Health and Lifestyles Survey (HLS) respondents (aged 15+) answer questions related to their gambling experiences. This produces the Problem Gambling Severity Index (PGSI) which is designed to screen for the likelihood of experiencing problems, rather than describing the extent of harm being experienced.

Table 3 gives the national estimated percentage of the population affected (that is, the unadjusted prevalence in the specified population) by gambling harm. Gambling harm has been recorded by ethnicity.<sup>31</sup>

As seen in Table 3 below, communities with higher Māori and Pacific Island populations are expected to be more profoundly impacted by gambling harm than other ethnic communities. Moreover, according to the 2018 HLS, Māori have a four fold higher risk of having moderate or problem gambling compared with non-Māori.<sup>32</sup>

Table 2: 2018 Health and Lifestyles Survey Problem Gambling Severity Index by ethnicity

Indicator <sup>33</sup>	Māori (%)	Pacific Island (%)	Asian (%)	European/ Other (%)
Gamblers (PGSI) – non problem	58.9	53.9	36.5	67.4
Gamblers (PGSI) – low risk	4.5	3.0	3.8	3.9
Gamblers (PGSI) – moderate risk and problem	5.9	3.5	1.1	1.4

Figure 6 shows the ethnic distribution of the Whangarei adult population.<sup>34</sup> As shown, Whangarei has a relatively high adult Māori population. Of the adult Whangarei population Māori make up approximately 22% and Pacific Islanders 3%. At a national level Māori represent approximately 13% and Pacific Islanders 6% of the adult population.<sup>35</sup> Having a higher Māori population than the national average means that Whangarei is likely to experience greater gambling harm as this community is at significantly higher risk of problem gambling than other ethnicities.

<sup>31</sup> Ethnicity is the ethnic group(s) a person identifies with. Ethnicity is self-perceived so members of the HLS Survey may belong to more than one ethnic group. Participants may therefore be 'double counted' as they apply to multiple ethnicities.

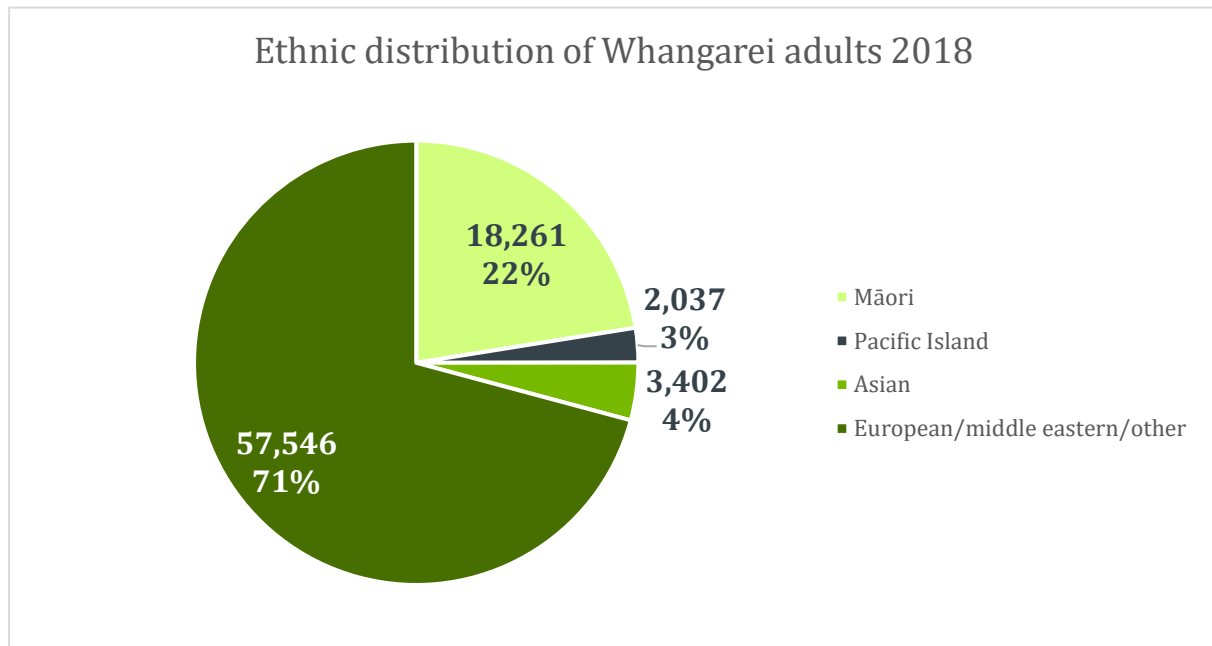
<sup>32</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-harm/gamblers-pgsi-moderate-risk-and-problem>

<sup>33</sup> The PGSI is a 9-item scale used to assess people's experiences of gambling-related harm in the last 12 months. The PGSI score determines which category a respondent will apply to. A PGSI score of 0 or NA is 'non-problem', 1-2 is a 'low risk' and 3-7 'moderate risk', 8-27 'problem gamblers'.

<sup>34</sup> This data comes from Statistics NZ and represents the Ethnic Group (group total responses) above the age of 15, for the census usually resident population count of Whangarei in 2018. Aged 15 and above has been used as the HLS survey respondents were aged 15 and above. Ethnic group total response was also selected, rather than detailed single ethnic response, as HLS respondents were able to select multiple ethnic categories. This allows for a more accurate comparison of the data. It is also of note that Statistics NZ report brackets are 15 years and over, while Class 4 gambling is restricted to people aged 18 and over. These numbers are therefore estimates.

<sup>35</sup> Statistics NZ Dataset: Ethnic group (grouped total responses) and number of ethnic groups specified by age group, for the census usually resident population count, 2018 Censuses, Whangarei and New Zealand. [Online]. Available from: <http://archive.stats.govt.nz/infoshare/>

Figure 6: Ethnic distribution of Whangarei adults 2018



### EGMs are more prevalent in Whangarei's more deprived communities

While EGM density is relatively low in Whangarei and gaming machine numbers and venues are decreasing, the remaining EGMs are disproportionately located in the poorest areas. A 2015 report commissioned by the Ministry of Health found that people living in neighbourhoods with the highest levels of deprivation (i.e. the most deprived) were five times more likely to report moderate-risk/problem gambling than those living in neighbourhoods with the lowest levels of deprivation (i.e. the least deprived).<sup>36</sup>

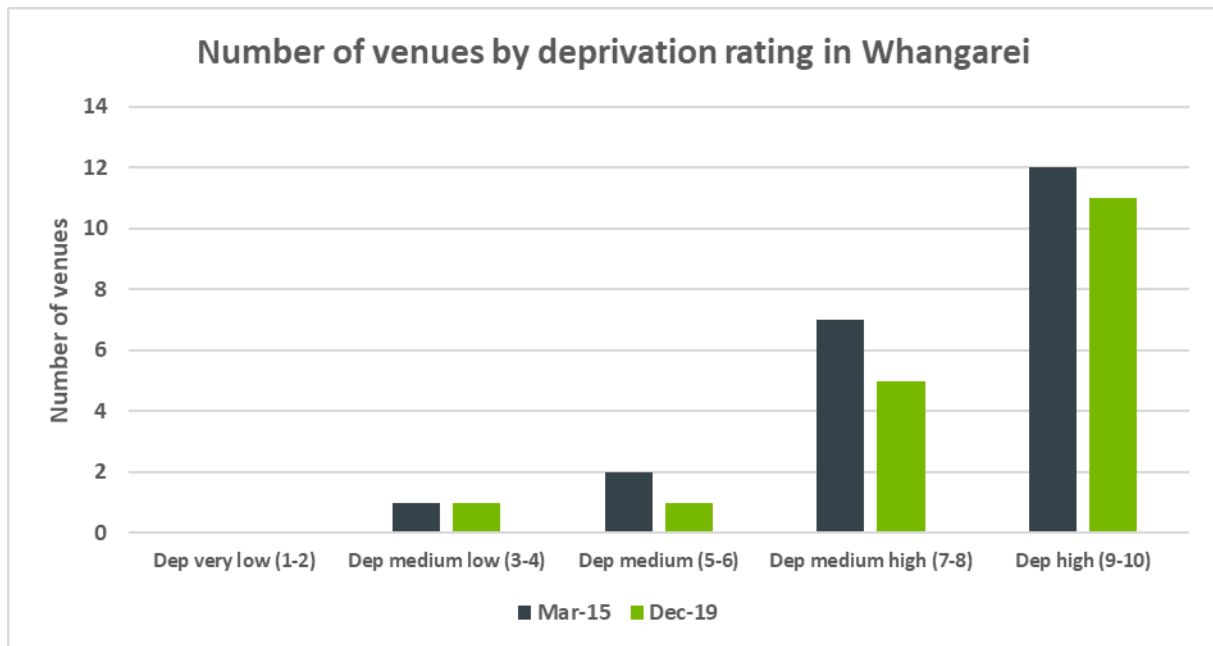
Having gaming machines located in high deprivation areas is therefore of concern as it may lead to a higher prevalence of gambling harm. Figure 7 shows the correlation in Whangarei between a higher deprivation index score and more gaming venues.<sup>37</sup> This trend is consistent across Whangarei since 2015 where more deprived communities had more gaming machine venues.

<sup>36</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

<sup>37</sup> Deprivation ratings were obtained from the University of Otago Socioeconomic Deprivation Indexes: (2013). Atkinson J, Crampton P, Salmond C. (2014) NZDEP2013: index of deprivation. New Zealand Ministry of Health. [Online] Available from: <https://www.otago.ac.nz/wellington/departments/publichealth/research/hirp/otago020194.html>

Venue numbers were obtained from the Department of Internal Affairs. Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite/nzf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite/nzf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

Figure 7: A comparison of the number of venues by deprivation index in Whangarei (March 2015, December 2019)



The 2015 report also found that pokies in the most deprived areas provided over half of the total expenditure.<sup>38</sup> This is of concern as communities with a high deprivation index are those that have characteristics such as low employment, low income, lack of access to food and heating and a reliance on support services.

The fact that gambling is concentrated to a small group in the community is also reflected in the 2018 HLS which estimated that 1.3% of the population played pokies at least once a week.<sup>39</sup> Regular gambling is therefore limited to a very small margin of the population. When looking at the use of pokie machines in the last 12 months the HLS estimated that 13% of the population played annually.<sup>40</sup> Applying this to the Whangarei District means that the annual losses on pokies in 2019, of around \$18.3million,<sup>41</sup> came from approximately 9,342 people (of which an estimated 934 people were playing weekly).<sup>42</sup>

### Intervention services in Whangarei

Service availability represents the number of intervention services available in the District which specialise in preventing or minimising gambling harm.

Table 4 is CLIC data of clients receiving services in the Whangarei District 2018/19.<sup>43</sup> The intervention client data represents the number of clients who have received problem gambling treatment services and who have identified to the service provider a primary problem gambling mode causing them harm.

<sup>38</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

<sup>39</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-participation-frequency/gaming-machines-in-pub-club-at-least-weekly>

<sup>40</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-participation>

<sup>41</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>42</sup> Stats NZ: Age and sex by ethnic group (group total responses), for census night population counts, 2018 Censuses (TA) Whangarei District aged 15 and above. [Online]. Available from: <http://archive.stats.govt.nz/infoshare/>

<sup>43</sup> CLIC Data retrieved from personal communication (2020) sent to Greg Martin.

In 2018/19, 303 people accessed gambling support services. Of those that accessed services there was a relatively even split of males and females. More than half of the clients identified as Māori, suggesting that Māori are one of the groups most impacted by gambling harm in Whangarei.

**Table 3: CLIC data of people accessing gambling support services in Whangarei 2018/19**

		Family/Affected Other	Gambler	Total
Female	East Asian	1	0	1
	Māori	51	52	103
	Pacific	2	1	3
	Other	28	27	55
Male	East Asian	0	2	2
	Māori	27	65	92
	Pacific	2	1	3
	Other	21	23	44
<b>Grand Total</b>		<b>132</b>	<b>171</b>	<b>303</b>

## SOCIAL BENEFITS OF GAMBLING IN THE WHANGAREI DISTRICT

Gambling can provide a social benefit to the Whangarei District by way of entertainment, employment opportunities and investment into community groups.

### Entertainment

Gambling is a popular form of entertainment for many New Zealanders. In the 2018 Health and Lifestyles Survey an estimated 13% of people (510,000) have played electronic gaming machines in the last 12 months.<sup>44</sup> Gambling can be a social activity that offers enjoyment and excitement to the player and a respite from day-to-day living.

### Employment

Class 4 gaming and sports and race betting services create employment opportunities for the corporate societies administering the gaming machines, the venues operating them, and the servicing industries.

The housing of electronic gaming machines in local venues offers a source of employment for Whangarei District residents, although we are unable to measure the value of that employment. The addition of pokies to venues can also enhance the profitability of the business.

### Community grants

Electronic gaming machines provide an injection of money into the local community. Community grants are a major benefit to the local community as they assist in the operation of numerous community initiatives and organisations.

Both club and non-club venues operate Class 4 gambling machines, as can be seen in Table 1. 'Club venues' are incorporated societies that operate to raise funds for their own community (including the club itself). Typical examples include the Returned and Services Association (RSA) and citizens clubs. Club venues own and operate their own gaming machines.

'Non-club venues' are public venues such as pubs and hotels. Machines in non-club venues are owned and operated by societies which are licensed to operate them solely as a form of community fundraising. Societies are required to return a minimum of 40% of their gaming machine proceeds (excluding GST) to the community by way of grants.<sup>45</sup> In addition societies must distribute GMP to venues (up to 16%) and the government (23% for gambling duty and 1.5% for problem gambling levy).<sup>46</sup>

In 2018, proceeds from 32 societies nationally were returned to communities. This totalled approximately \$276 million and was distributed among 11,000 community organisations.<sup>47</sup> The significant investment gambling offers highlights what an important source of funding this is for many communities in New Zealand.

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<sup>44</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling>

<sup>45</sup> Gambling (Class 4 Net Proceeds) Regulations 2004, s 10.

<sup>46</sup> Problem Gambling Fund (2019) *Class 4 Gambling "The Pokies"*. [Online]. Available from: [https://www.pgfnz/uploads/7/1/9/2/71924231/fs\\_13\\_class\\_4\\_gambling\\_the\\_pokies\\_sep\\_2019.pdf](https://www.pgfnz/uploads/7/1/9/2/71924231/fs_13_class_4_gambling_the_pokies_sep_2019.pdf)

<sup>47</sup> Gaming Machine Association New Zealand. (2019) *2018 Community Distribution*. [Online] Available from: <https://www.gmanz.org.nz/resource/2018-community-distribution/>

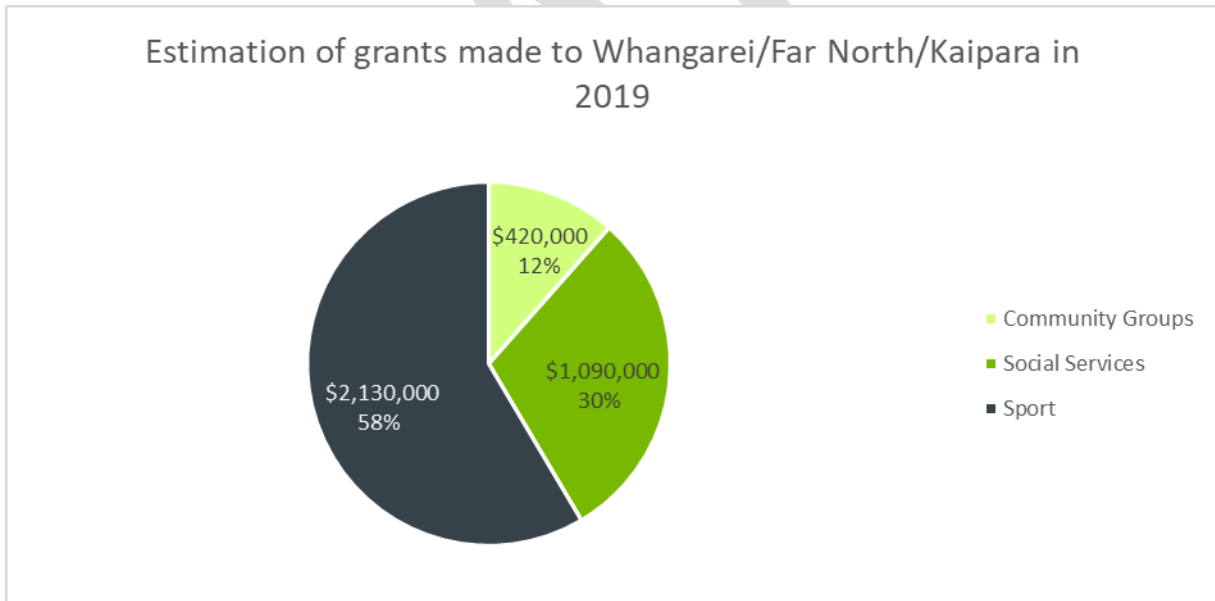
In the Whangarei District it is unknown exactly how much money has been reinvested into the community through grants and where the money has been invested. The annual GMP in 2019 was \$18.3 million.<sup>48</sup> Accordingly, approximately \$7.31 million (40%) is required to be distributed back to the community. Noting however that GST would first need to be removed, that venues classified as 'club venues' are not required to make community grants and that money is not required to be invested in the community from where it originated. The actual amount invested back into the Whangarei community would therefore be less than \$7.31 million.

The Grants Database, maintained by The Problem Gambling Foundation, provides an indicative estimate of investment into the community. It is not precise due to incomplete reporting and delays in reporting, but it provides the best available data. In 2019 the database recorded \$3.63 million of grants made to Whangarei/Far North/Kaipara. Examples of investment include the Oxford Trust supporting amateur sports teams and Pub Charity supporting local social initiatives.

Figure 8 provides an estimation of the distribution of gaming machine proceeds in the Whangarei community into three categories: Community Groups (which includes arts, scouts etc), Social Services (which includes education and health), and Sport. As can be seen in the graph the largest recipient of grants in the Whangarei District was likely to be sports.

It is noted that the Grants Database is not regularly audited, includes the Far North and Kaipara, and may have incomplete data. It therefore serves only to provide a rough indication of expenditure.

Figure 8: Estimation of the EGM grants made to the Whangarei/Far North/Kaipara in 2019



Having over \$3.5 million invested back into Whangarei/Far North/Kaipara has a significant impact on the community. In May 2019, the Council sought public consultation on the proposed Policy.<sup>49</sup> Many community groups responded that they are reliant on gambling funding to survive. For these groups it is crucial that they have some fundraising support available to them. A significant reduction in the accessibility of gambling may lead to a reduction in the amount of

<sup>48</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online] Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>49</sup> Whangarei District Council. (2019) *Whangarei District Council Meeting Minutes 11 June 2019*. [Online] Available from: <https://pub-wdc.escribemeetings.com/FileStream.ashx?DocumentId=1154>



gambling funds and community grants that are made. This could lead to some organisations and activities ceasing to operate if alternate funding were not sourced.

## **CONCLUSION**

Class 4 gambling continues to be a popular form of entertainment for the people of Whangarei. It creates employment opportunities for Whangarei District residents and can increase the profitability of the business. It can also offer a form of entertainment for the public and provides an important source of funding for many community groups.

In recent years Whangarei has seen a decrease in venue and electronic gaming machine numbers, but an increase in gambling expenditure. Electronic gaming machines remain prevalent in Whangarei's more deprived communities, and the occurrence of gambling harm continues to sit with a small proportion of the population being responsible for the majority of the spending.

A Class 4 gambling policy must carefully consider the social impact of gambling in the Whangarei District and provide an appropriate balance between minimising gambling harm and continuing access to gambling as a form of entertainment, employment, and a source of funding for community organisations.

## APPENDIX A

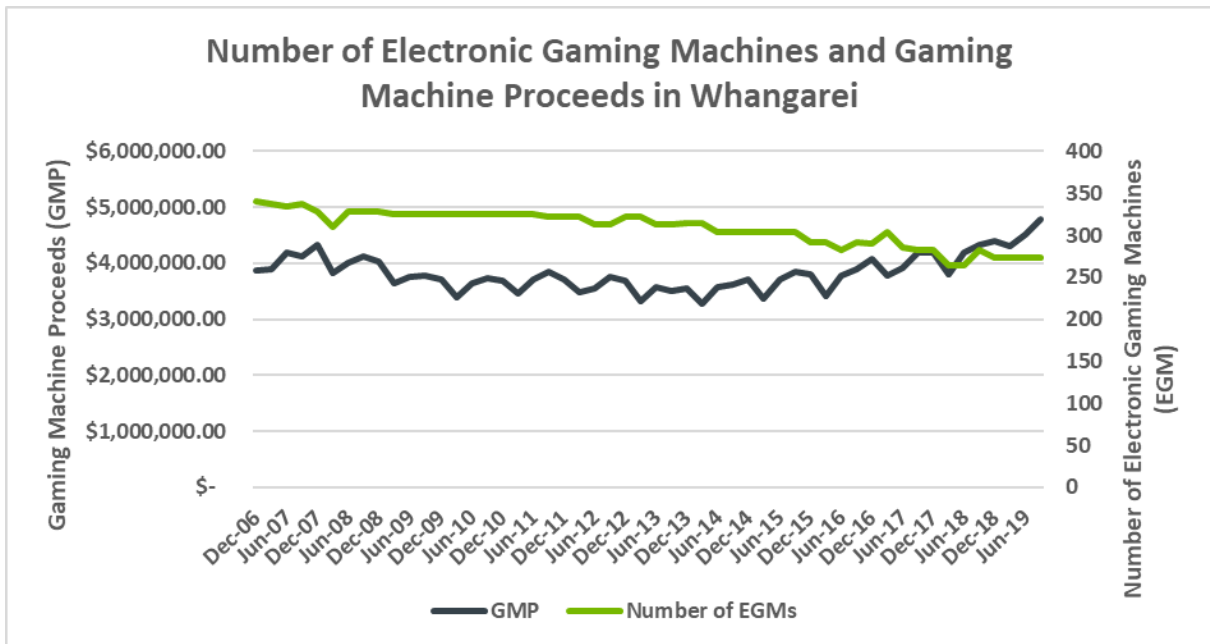
**Table 4: Statistics on Whangarei Class 4 Gambling from Department of Internal Affairs**

Quarter	GMP (\$)	Δ GMP (\$)	GMP per EGM	Number of venues	Δ venues	Number of EGMs	Δ EGMs
Mar-15	\$ 3,366,428.09		\$ 11,073.78	22		304	
Jun-15	\$ 3,702,158.98	\$335,730.89	\$ 12,178.15	22	0	304	0
Sep-15	\$ 3,854,212.88	\$152,053.90	\$ 12,678.33	22	0	304	0
Dec-15	\$ 3,809,230.32	-\$44,982.56	\$ 13,090.14	21	-1	291	-13
Mar-16	\$ 3,425,451.07	-\$383,779.25	\$ 11,771.31	21	0	291	0
Jun-16	\$ 3,780,349.38	\$354,898.31	\$ 13,405.49	21	0	282	-9
Sep-16	\$ 3,892,774.51	\$112,425.13	\$ 13,377.23	21	0	291	9
Dec-16	\$ 4,074,472.93	\$181,698.42	\$ 14,049.91	21	0	290	-1
Mar-17	\$ 3,770,263.01	-\$304,209.92	\$ 12,402.18	21	0	304	14
Jun-17	\$ 3,918,966.08	\$148,703.07	\$ 13,702.68	20	-1	286	-18
Sep-17	\$ 4,189,736.01	\$270,769.93	\$ 14,804.72	20	0	283	-3
Dec-17	\$ 4,194,866.36	\$5,130.35	\$ 14,822.85	20	0	283	0
Mar-18	\$ 3,802,416.66	-\$392,449.70	\$ 14,348.74	19	-1	265	-18
Jun-18	\$ 4,202,834.17	\$400,417.51	\$ 15,859.75	19	0	265	0
Sep-18	\$ 4,330,327.63	\$127,493.46	\$ 15,301.51	20	1	283	18
Dec-18	\$ 4,398,813.95	\$68,486.32	\$ 16,054.07	19	-1	274	-9
Mar-19	\$ 4,295,078.77	-\$103,735.18	\$ 15,675.47	19	0	274	0
Jun-19	\$ 4,506,439.76	\$211,360.99	\$ 16,446.86	19	0	274	0
Sep-19	\$ 4,784,245.64	\$277,805.88	\$ 17,460.75	19	0	274	0
Dec-19	\$ 4,688,276.01	-\$95,969.63	\$ 17,894.18	18	-1	262	-12

Δ symbol represents change in value.

## APPENDIX B

Figure 9: Number of Electronic Gaming Machines and Gaming Machine Proceeds in Whangarei over time (Dec 06 - Jun 19)







# 2020 Options Analysis Report

Options Analysis Report on Class 4 Gambling in the Whangarei District

3 June 2020



**ALLEN+CLARKE**

## ALLEN + CLARKE

Allen and Clarke Policy and Regulatory Specialists Limited (*Allen + Clarke*) is a consultancy firm based in Wellington, New Zealand and Melbourne, Australia. We specialise in research and evaluation, policy and programme development and implementation, business change, operational management and risk, and governance and secretariat services. A key component of our work is undertaking reviews and developing and implementing policies that improve outcomes for the public. Founded in 2001, the company is owned and managed by senior staff and has a team of approximately 70 senior policy and evaluation practitioners, analysts, and project support staff. Our company works extensively for a range of central and local government agencies in New Zealand, and international clients and non-government organisations in Australia, the Pacific and Asia. More information about our work can be found on our website: [www.allenandclarke.co.nz](http://www.allenandclarke.co.nz).

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*Allen + Clarke* has been independently certified as compliant with ISO9001:2015 Quality Management Systems



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## INTRODUCTION

The Whangarei District Council (the Council) has commissioned independent consultancy firm *Allen + Clarke* to provide an options analysis report in relation to Class 4 gambling (pokies in pubs and clubs) in the Whangarei District. The report provides the Whangarei District Council with potential options for implementation of their Class 4 Gambling Policy. The current report builds on a companion report exploring the Social Impact of Class 4 Gambling in Whangarei District.

The report first looks at what the Council is required to do when establishing a Class 4 gambling policy according to the Gambling Act 2003 (the Act).<sup>1</sup> It then considers the current approach to Class 4 gambling in Whangarei and presents a range of different policy options available to the Council. Attached to the report is an Appendix which offers a detailed discussion of the options.

## Methodology

The options analysis report involved desk-based research. The following sources form the basis of the report.

- **The Gambling Act 2003** - This is the governing piece of legislation which establishes what a Council *must* and *may* do as part of their Class 4 gambling policy.
- **2020 Social Impact Assessment of Class 4 Gambling in the Whangarei District** – *Allen + Clarke* was commissioned to conduct a social impact assessment as part of their work for the Council. The social impact report provides quantitative and qualitative research into the social benefits and harms of gambling in the Whangarei District. That report forms the basis of this options analysis paper.
- **Class 4 Gambling Policies** – The Class 4 gambling policies of numerous other District and City Councils formed an important part of the options analysis. The District and City Council policies referred to in this report include Auckland, Hamilton, Hauraki, Kāpiti, Ōpōtiki, Tauranga, Wellington, Whakatāne. These councils' policies were selected to reflect the range of different approaches available.

## CLASS 4 GAMBLING POLICY

Territorial authorities (such as the Whangarei District Council) must have a Class 4 gambling venue policy which is reviewed every three years.<sup>2</sup> Gambling is overseen by the Department of Internal Affairs (DIA) and is largely governed by the Gambling Act 2003.

Class 4 gambling represents relatively high-risk, high turnover gambling. It covers all gambling using electronic gaming machines (EGMs or 'pokies') outside of casinos (i.e. in pubs and clubs). This type of gambling is considered 'continuous' as players may 'reinvest' any winnings immediately. This has been identified as among the most high-risk forms of gambling.<sup>3</sup> Racing and

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<sup>1</sup> The Gambling Act 2003. [Online]. Available from:

<http://www.legislation.govt.nz/act/public/2003/0051/latest/DLM207497.html>

<sup>1</sup> Section 102.

<sup>2</sup> Section 102.

<sup>3</sup> Abbott (2017). Gambling and gambling harm in New Zealand: a 28year case study. *International Journal of Mental Health and Addiction*, 15, 1221–1241.

sports betting, which are covered by the Racing Act 2003, do not fall within this classification system and are therefore beyond the scope of this paper.

Under the Act, Class 4 gambling may only be conducted by a corporate society and that society must distribute net proceeds (profits) for an ‘authorised purpose’. Corporate societies are licensed by Internal Affairs to operate pokie machines in clubs or commercial venues (pubs and bars). ‘Authorised purpose’ includes a charitable purpose which is non-commercial and is beneficial to the whole or a section of the community, or promoting and conducting race meetings under the Racing Act 2003.<sup>4</sup> An example of an authorised purpose could therefore be gaming machine proceeds derived from a pub being distributed by a corporate society to a local amateur sports group.

The key stakeholders involved in Class 4 gambling in Whangarei include but are not restricted to:

- Gaming Societies
- Venue operators
- Grant recipients
- Community members
- Social Services (such as Problem Gambling Foundation and other gambling help service providers)
- Whangarei District Council.

Stakeholders approached for comment on the development of this document were: Pub Charity Limited (Martin Cheer), Alzheimers Northland (Kevin Salmon), Public Health Northland District Health Board (Anil Shetty), Sport Northland, Oxford Sports Trusts, and Onerahi Tavern.

#### **What a council *must* do in their Class 4 venue policy**

Under the Act, the policy *must* “consider the social impact of gambling” within the District, specify whether or not Class 4 venues may be established, and if so, where they may be located.<sup>5</sup>

[See Table 3 and Table 4 for a discussion of the options for establishment and location].

#### **What a council *may* do in their Class 4 venue policy**

The policy *may* specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue and may include a relocation policy.<sup>6</sup>

[See Table 5 and Table 6 for a discussion of the options for the maximum number of gaming machines permitted, and relocation policy].

In determining the Class 4 policy relevant matters include:<sup>7</sup>

- The characteristics of the district and parts of the district
- The location of kindergartens, early childhood centres, schools, places of worship, and other community facilities

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<sup>4</sup> Section 4.

<sup>5</sup> Section 101.

<sup>6</sup> Section 101(3).

<sup>7</sup> Section 101(4).

- 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 any venue should be permitted to be to any other venue
- What the primary activity at any venue should be.

### **Policy considerations**

In establishing a Class 4 gambling policy, the Council therefore need to consider their approach to the following five matters:

1. Establishment of venues
2. Location of venues
3. Number of electronic gaming machines
4. Relocation of venues
5. Merger of venues.

### **Class 4 venue policy consent process**

Under the Act, consent from the Council is required when:<sup>8</sup>

- A corporate society proposes to increase the number of gaming machines in operation at a Class 4 venue
- A corporate society applies for a Class 4 venue licence for a venue that was not on any society's licence within the last six months
- There is an application for a Class 4 venue for which a Class 4 venue licence was not held on 17 October 2001<sup>9</sup>
- A corporate society wishes to relocate and change the venue to which the Class 4 venue licence currently applies.

In applying for Council consent the application must meet conditions established in the District Council Class 4 gambling policy.<sup>10</sup> The Council must then consider and determine whether or not to grant consent.<sup>11</sup>

### **Class 4 venue licences are non-revocable**

Once a consent has been granted and a licence has been issued for the venue concerned, the consent remains in effect for as long as the Class 4 licence is held for the venue. The consent is not revocable, nor does it lapse or expire unless a Class 4 licence is not held for the venue for a period of more than six months. If the consent ceases the venue must apply to the Council for a new licence under the current Class 4 venue policy.

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<sup>8</sup> Section 98.

<sup>9</sup> Venue licences granted after 17 October 2001 may only house a maximum of nine electronic gaming machines (see s 92-94).

<sup>10</sup> Section 99.

<sup>11</sup> Section 100.

## CURRENT CLASS 4 GAMBLING POLICY IN WHANGAREI

The Council adopted the Class 4 Gambling Venue Policy (the Policy) in March 2004. This was most recently amended in July 2019.<sup>12</sup>

The Council currently has a 'sinking lid' policy. This means that when an existing Class 4 venue licence ceases, or a society/venue decreases the number of machines they operate, consent for another venue or for more gaming machines will not be granted. Over time this leads to a decrease in the number of venues and machines in the District.

As at December 2019, Whangarei had 18 venues and 262 gaming machines.<sup>13</sup> During 2019, Whangarei players lost \$18.3 million on EGMs which is approximately \$50,006 per day.<sup>14</sup>

Table 1 below provides a summary of the current policy approach to Class 4 venues in the Whangarei District.

Table 1: Current policy approach to Class 4 Gambling in Whangarei

Policy	Approach
Establishment of venues	Sinking lid policy. Restricts establishment of 'new venues' to those that are relocating and merging.
Location of Class 4 venues	Venues may only be established in Business 1, 2 or 4 Environment.
Number of electronic gaming machines	Sinking lid policy. Consents to increase the number of machines in a venue are not be permitted.
Relocation of existing Class 4 venues	Only permitted when: <ul style="list-style-type: none"> <li>• The venue cannot continue to operate at the existing site due to circumstances beyond the control of the owner or lessee of the venue.</li> <li>• The new site is a result of the approved merger of two or more clubs.</li> </ul>
Merger of venues	Allows venues to merge.

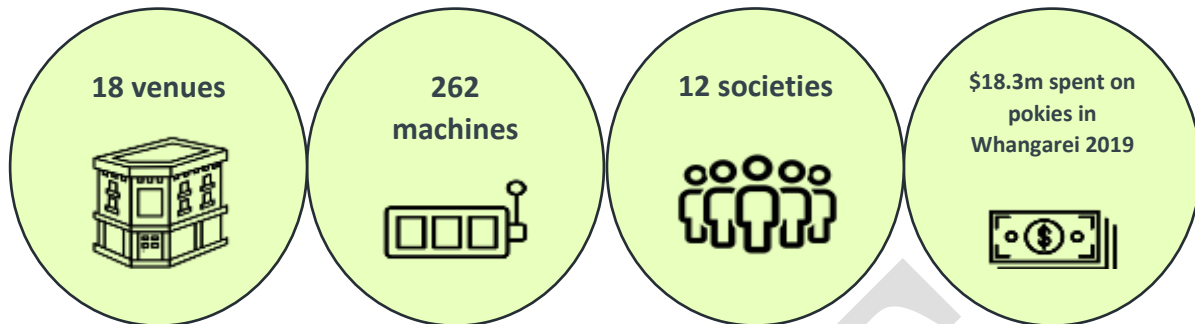
<sup>12</sup> Whangarei District Council. (2019). Class 4 Gambling Venue Policy. [Online]. Available from: <http://www.wdc.govt.nz/PlansPoliciesandBylaws/Policies/Documents/Class-4-Gambling-Venue-Policy.pdf>

<sup>13</sup> Department of Internal Affairs. (2019), *All venues and numbers by territorial authority at 31 March 2020 XLSX*. [Online] Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-All-Venues-and-Numbers-by-Territorial-AuthorityDistrict](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-All-Venues-and-Numbers-by-Territorial-AuthorityDistrict)

<sup>14</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online] Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

## Snapshot of gambling in Whangarei 2019

The following has been drawn from the Social Harm Report:



- **Whangarei has seen a decrease in venue and electronic gaming machine numbers.** Between March 2015 and December 2019, the number of venues decreased by 4 and the number of EGMs decreased by 42.<sup>15</sup>
- **Whangarei has seen an increase in expenditure on electronic gaming machines.** In 2019 Whangarei players spent \$18.3 million on pokies, meaning they were losing on average \$67,477.26 per machine. This increased spending is higher than the national average.<sup>16</sup>
- **More electronic gaming machines are housed in high deprivation communities** than low deprivation communities.<sup>17</sup>
- **Whangarei may experience a greater level of gambling harm than the national average.** In Whangarei 22% of the adult population identify as Māori who have been reported to have a four-fold higher risk of having moderate risk or problem gambling compared with non-Māori.<sup>18</sup>
- **Whangarei has a lower EGM density (number of machines per 10,000 people) than the national average.** In Whangarei there are 29 machines per 10,000 residents while nationally there are 31 machines per 10,000 people.
- **Gaming machine proceeds benefit the community.** In the Whangarei District it is unknown exactly how much money has been reinvested into the community through grants and where the money has been invested. However, in 2019 the annual gaming

<sup>15</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>16</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>17</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>18</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-harm/gamblers-pgsi-moderate-risk-and-problem>

machine proceeds (GMP)<sup>19</sup> was \$18.3 million<sup>20</sup> meaning approximately \$7.31 million (40%) is required to be distributed back to the community.

- **Gambling provides a popular form of entertainment** and employment/business opportunity in the District.

A potential concern for Whangarei is that EGMs are concentrated in higher deprivation communities. There has also been a greater increase in GMP than the national average, despite having a lower gaming machine density (number of machines per 10,000) and decreasing number of venues and EGMs.

Policy options must consider the social impact of gambling in the Whangarei District and provide an appropriate balance between minimising gambling harm and continuing access to gambling as a form of entertainment and source of funding for community organisations.

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<sup>19</sup> Gaming Machine Proceeds (GMP) is used to measure the amount of money lost by gamblers. It is defined as the total dollar turn-over minus the player pay-outs. It is therefore a measure of the actual losses incurred by pokie players.

<sup>20</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online] Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

## POLICY OPTIONS SUMMARY

In establishing a Class 4 venue policy there are five main policy considerations that the Council needs to consider. As discussed above, these have been drawn from the Act.

For each of these policy considerations there are different options available to the Council. A summary of these options has been presented in Table 2 below, and a detailed discussion of each option and its legislative fit is included in the Appendix.

**Table 2: Options summary table**

<b>1. Establishment of Venues</b>	<b>2. Location of venues</b>	<b>3. Number of Electronic Gaming Machines</b>	<b>4. Relocation of venues</b>	<b>5. Merger of venues</b>
1a – Allow establishment of new venues	2a – Allow establishment of venues anywhere in the District	3a – Allow maximum number of EGMs	4a – Allow relocation of venues	5a – Allow venues to merge
1b – Restrict establishment of new venues with a cap	2b – Restrict where venues can be established	3b – Cap number of EGMs	4b – Place conditions on when venues can relocate	5b – Allow venues to merge with a restriction on the number of EGMs they may house
1c – Restrict establishment of new venues to those that are relocating and/or merging – sinking lid	2c – Restrict what venues can be established near	3c – Sinking lid on number of EGMs	4c – No relocation of venues	5c – No merging of venues
1d – No establishment of new venues – and a sinking lid as venues close (i.e no replacement of closing venues)				

Note: the grey shaded boxes represent the current Council approach.

## POLICY OPTIONS

The following section of the report considers different policy options available to the Council and provides a general discussion of the likely impacts, costs, benefits, and risks. It draws together a range of the options presented in Table 2 (and the Appendix). A brief overview of the potential impacts, costs, benefits and risks is included in each section, with a fuller account of these in a separate section of the report and detailed in the Appendix. It should be borne in mind that once a Class 4 venue gambling operation licence has been granted it cannot be revoked.

Many policy options and variations of these options are available to the council. The following is not an exhaustive list, nor is it recommendations on what the Council should do. Options have been presented in order of least restrictive to most restrictive. These have been included as an example of the range of options available, and to encourage discussion.

### Option 1: Allow establishment of new venues and allow relocation and mergers

1. Establishment of Venues	2. Location of venues	3. Number of Electronic Gaming Machines	4. Relocation of venues	5. Merger of venues
1a – Allow establishment of new venues	2a – Allow establishment of venues anywhere in the District	3a – Allow maximum number of EGMs	4a – Allow relocation of venues	5a – Allow venues to merge

New venues would be allowed to establish in the District and could house the maximum number of gaming machines permitted in the Act (18 for pre 2001 licence holders and 9 for post 2001 licences). Venues that currently house fewer machines than permitted under the Act may therefore apply to hold more. This option would open the gaming market in Whangarei and may lead to an increase in gambling.

Under this option venues would be able to be established anywhere in the District and would be free to relocate and merge with other Class 4 venue establishments. This could lead to the development of venues in high deprivation communities.

#### Potential impacts, costs, benefits, and risks

This option would likely lead to an increase in gaming machine venues and EGM numbers, and an increase in gaming machine participation. Increased participation would mean higher gaming machine proceeds, and an increased pool of money for distribution for distribution for 'approved uses' (i.e. grants that provide community benefit). Also the development of employment opportunities for new venue staff. This option would also be likely to lead to a greater degree of gambling related harm (including personal, whanau/family, and community-level harm), and increased demand for gambling harm support services.



## Option 2: Cap the number of venues and allow relocation and mergers

1. Establishment of Venues	2. Location of venues	3. Number of Electronic Gaming Machines	4. Relocation of venues	5. Merger of venues
1b – Restrict establishment of new venues with a cap	2b – Restrict where venues can be established  2c – Restrict what venues can be established near	3a – Allow maximum number of EGMs	4a – Allow relocation of venues	5a – Allow venues to merge

This option is relatively open and would allow for gambling to continue at its current level.

The cap could be set at 18 venues (the current number in operation). New venues could only be established when one closed or lost its licence, ensuring that only a maximum of 18 venues remained in operation at any time.

New venues could also be restricted with a policy on where they can be established and what they can be established near. For example, venues could only be established in Business 1 and 2 Environments (established in the District Plan) and be 100 metres from schools and religious sites. This would help assist in the distribution of gambling in Whangarei and could draw venues away from high deprivation communities.

Under this option the maximum number of EGMs would be determined by the Act (18 for pre-2001 venue licences and nine for post-2001 licences). This may result in an increase in the number of gaming machines in the District as current licence holders may apply to increase the number they hold (if less than the statutory maximum). Allowing venues to merge without a cap may also lead to an increase in the number of gaming machines in operation. The merged venue may hold the EGMs of the two previous venues, and a new venue may hold nine.

This option would allow for pre-existing venues to relocate and merge. This would enable venues to move out of unsafe or expensive buildings and would allow businesses that are struggling financially to combine and form a more profitable venture.

### Potential impacts, costs, benefits, and risks

This option may result in an increase in the number of EGMs (if licence holders have less than the statutory limit), while the number of venues would not be able to rise above the current level of 18. This may result in increased EGM participation, with an associated increase in gambling harm and demand for gambling harm services. Also an increase in proceeds to be distributed to 'approved uses'. Allowing venues to merge or relocate may be useful for businesses that are not viable in their current location.

## Option 3: Cap the number of venues/EGMs and restrict relocations/mergers

1. Establishment of Venues	2. Location of venues	3. Number of Electronic Gaming Machines	4. Relocation of venues	5. Merger of venues
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1b – Restrict establishment of new venues with a cap	2b – Restrict where venues can be established  2c – Restrict what venues can be established near	3b – Cap number of EGMs	4b – Place conditions on when venues can relocate	5b – Allow venues to merge with a restriction on the number of EGMs they may house
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This option would allow for the current level of gambling to be maintained and controlled.

As with option 2 the cap could be set at 18 venues, with restrictions on where new venues can be established. A cap could be placed on the number of EGMs at 262 (the current number of machines in operation). This would ensure that the number of gaming machines available in the community would not exceed what they currently have access to. Should a new venue be established, they would only be allowed to hold as many EGMs as were available within the District cap.

Conditions could be placed on relocation of Class 4 venues. The policy could require that only venues where the lease is expiring or there is an acquisition of property under the Public Works Act may relocate. The relocation policy could go further to allow applications for relocation when a venue wants to move from outside the Permitted Venue Area to inside. This would allow venues to relocate more freely and would assist in the re-distribution of gambling in the District.

Conditions could also be placed on the merging of venues. This could place a cap on the number of gaming machines that may be housed in the merged venue which is less than 30 EGMs (the maximum number allowed under the Act). This could state that when two clubs merge, they may consolidate the number of gambling machines to 18 or the combined total of the number of existing machines, whichever is the *lesser*. This would help restrict the density of gaming machines housed at one venue.

#### Potential impacts, costs, benefits, and risks

This option would allow the level of access to EGM gambling in the community to remain as it is currently. This suggests that this option would have little impact on gaming participation or related harm. Conditions on where a venue may relocate could result in venues moving from higher to lower deprivation areas if this were mandated. This would result in a reduced concentration of EGM outlets in high deprivation areas, which may result in lower gambling participation and harm in these communities. Its benefits would be ongoing employment for venue staff, continuity of gaming machine proceeds for distribution, and continued access to EGMs for entertainment and recreation.

#### Option 4: Sinking lid on venues/EGMs and allow restricted relocation and merger (status quo)

1. Establishment of Venues	2. Location of venues	3. Number of Electronic Gaming Machines	4. Relocation of venues	5. Merger of venues
1c – Restrict establishment of new venues to those that are relocating (not merging)	2b – Restrict where venues can be established	3c – Sinking lid on number of EGMs	4b – Place conditions on when venues can relocate	5a – Allow venues to merge

This option would continue to reduce the accessibility of gambling in the District over time.

Under this option, the approval of venue licences would only be granted to existing Class 4 venues wishing to relocate. This is a sinking lid approach because the number of venues is unable to increase beyond those currently in operation. If a venue closed or lost its licence, permission to establish a new venue would not be granted, leading to a decrease in the number in operation. The number of EGMs would also be subject to a sinking lid. This means that licences for more EGMs would not be granted.

Restricting where venues can be established would only apply to venues that are relocating (as new venues cannot be established). As with Options 2 and 3, the policy could establish which Business Environments are appropriate for relocation and require that sites be 100 metres from community facilities.

Similar to Option 3, conditions could be placed on when venues may relocate, restricting relocations to when a lease expires or there is acquisition of the property. This option would allow venues to merge.

### Potential impacts, costs, benefits, and risks

Under this option the number of venues and EGMs would gradually decline over time. This may mean less access to EGMs. This would afford fewer opportunities to play EGMs over time, which may result in lower EGM participation rates. This, in turn, may result in a reduction in gambling-related harm. If gaming machine proceeds declined there would be less funding available for 'approved uses'. This also reduces access to EGM for entertainment over time. A risk associated with an ongoing reduction in EGM numbers is that people who use EGMs may turn to other types of gambling, specifically offshore online gambling. The extent to which this happens is unknown, but online gambling (e.g. online pokies, or online casino games), being offshore, is not taxed and is not subject to the gambling levy which supports community grants.

### Option 5: Sinking lid on venues/EGMS and allow relocation

1. Establishment of Venues	2. Location of venues	3. Number of Electronic Gaming Machines	4. Relocation of venues	5. Merger of venues
1c – Restrict establishment of new venues to those that are relocating (not merging)	2b – Restrict where venues can be established 2c – Restrict what venues can be established near	3c – Sinking lid on number of EGMs	4a – Allow relocation of venues	5c – No merging of venues

This option would continue to reduce the accessibility of gambling in the District.

As with Option 4, a sinking lid would be placed on venues and gaming machine numbers. Licences would therefore not be granted unless a venue was relocating. Restrictions could be placed on where relocated venues can move to. As with Option 2, permitted areas may include Business 1, 2 and 4 Environments and may require that venues be 100 metres from a school or religious site.

This option would allow for the relocation of any Class 4 venue. Placing no restrictions on which venues can relocate would help encourage venues to move into permitted areas and assist in the

distribution of gambling in the District. As a result, venues may move out of residential or other high deprivation areas where they currently operate, and into Business Environments.

Mergers would not be permitted under this option. This would mean that venues are not able to combine forces and increase the number of gaming machines housed at the merged venue. This may result in the eventual closure of venues that are not profitable at their current site and are unable to merge with an existing Class 4 venue.

### Potential impacts, costs, benefits, and risks

Much like Options 4 and 5, under this option the number of venues and EGMs would gradually decline over time. This may mean less access to EGMs. This would afford fewer opportunities to play EGMs over time, which may result in lower EGM participation rates. This, in turn, may result in a reduction in gambling-related harm. If gaming machine proceeds declined there would be less funding available for 'approved uses'. This also reduces access to EGM for entertainment over time. A risk associated with an ongoing reduction in EGM numbers is that people who use EGMs may turn to other types of gambling, specifically offshore online gambling.

### Option 6: No establishment of new venues and no relocation or mergers

1. Establishment of Venues	2. Location of venues	3. Number of Electronic Gaming Machines	4. Relocation of venues	5. Merger of venues
1d – No establishment of new venues – and a sinking lid as venues close (i.e no replacement of closing venues)	2b – Restrict where venues can be established  2c – Restrict what venues can be established near	3c – Sinking lid on number of EGMs	4c – No relocation of venues	5c – No merging of venues

This option would be the most restrictive policy on gambling.

The establishment of new venues, relocations and mergers would be prohibited. This would effectively freeze gambling in Whangarei as venues would be forced to continue to operate at their current site until they closed or lost their licence.

It may result in venues continuing to operate at unsafe premises in order to retain their licence, or in high deprivation communities. Prohibiting relocation and mergers may also result in the number of venues decreasing faster because they cannot move away from expensive, or inappropriate venues, and cannot merge with a more financially viable Class 4 venue.

### Potential impacts, costs, benefits, and risks

The impacts of the is option would be similar to Option 5 but the with the additional risk that venues being unable to relocated may mean that inappropriate venues or those in high deprivation areas would have no option to relocate to another area. This most restrictive option would, over time, likely result in a reduced access to EGMs through venue closures and a reduction in the number of EGMs. This would reduced employment opportunities for venue staff, and the potential of encouraging EGM users to switch to online gambling. It would also reduce the funding pool for distribution to community activities.

## Overview of likely impacts, costs, benefits and risks

There are a range of impacts, costs, benefits, and risks associated with establishing a Class 4 venue gambling policy. If a policy is too restrictive it will reduce accessibility of gambling as a form of entertainment, may lead to a reduction in the amount of money available for community funding and could lead to people taking up online gambling. However, if a policy is too broad it could lead to an increase in gambling, problem gambling and other associated social harms in the region. The likely impacts of a Class 4 gambling policy therefore must be carefully considered.

The following summary points have been drawn from the Appendix. For further detailed discussion see the Appendix.

- **Establishment of venues:** Once a Council consent has been granted for a venue or gaming machine it cannot be revoked. Any decisions to extend the establishment of venues should therefore be cautious. Adopting a broad policy that allows for the establishment of new venues would likely lead to an increase in the number of Class 4 venues in the District. This may lead to a subsequent increase in gambling, gaming machine proceeds and problem gambling. While this may have positive flow on effects for the venues and community groups who rely on gaming machine grants, it may also have negative effects on parts of the community that are at risk of problem gambling and would ultimately not support a continuing reduction or control over gambling in the District. Restricting the establishment of venues or prohibiting their establishment would result in controlled growth and/or a reduction of gambling in the region.
- **Location of venues:** A broad location policy could lead to potential socio-economic harm as venues could establish in and around low deprivation communities. Research conducted for the Ministry of Health in 2015 found that people living in neighbourhoods with the highest levels of deprivation (i.e. the most deprived) were five times more likely to report moderate-risk/problem gambling than those living in neighbourhoods with the lowest levels of deprivation (i.e. the least deprived).<sup>21</sup> Having gaming machines located in high deprivation areas is therefore of concern as it may lead to a higher prevalence of gambling harm. The report also found that pokies in the most deprived areas provided over half of the total expenditure.<sup>22</sup> This is of concern as communities with a high deprivation index are those that characteristically have low employment and low income. The policy around location of venues therefore must carefully consider ways to help reduce the impact of gambling on high deprivation communities.
- **Cap the number of EGMs:** If the cap were set at 18, it would allow for the current level of gambling to continue, but may allow for the redistribution of some venues from high deprivation areas to lower deprivation areas when venues close or relocate to Permitted Venue Areas under the Policy (if mergers and relocations are allowed). Industry would likely be more supportive of a cap on the number of venues currently in operation, as opposed to a sinking lid. While a cap does not encourage a reduction in the amount of gambling in the District, it does control it. There is a risk that the cap may lead to an increase in gambling if the venue moves to a more profitable area, or if the cap is placed higher than the current number of establishments (18). The approach taken to capping

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<sup>21</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

<sup>22</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

venues will influence the number of venues in operation. For example, if the venue cap was set by population estimates, as the population of Whangarei increases more venues may be permitted to establish. The Council would therefore need to carefully consider how the cap would be determined.

- **Sinking lid:** Adopting a sinking lid policy would over time lead to the eventual closure of all Class 4 venues in Whangarei. This approach however has been criticised as unjustified due to a lack of correlation between decreasing venue numbers and decreased spending or gambling harm. In Whangarei from March 2015 to December 2018 the number of venues in Whangarei decreased by 4 while the gaming machine proceeds (GMP, amount of money lost by players) increased by 39.3%.<sup>23</sup> When comparing the Problem Gambling Severity Index (PGSI) scores for the 2006/07 and 2011/12 New Zealand Health Survey waves, no significant changes were observed in the proportion of ‘problem or moderate risk gamblers’ (1.4% in 2006/07 and 1.0% in 2011/12), while the number of ‘non-problem/recreational gamblers’ decreased (54.7% in 2006/07 and 42.3% in 2011/12).<sup>24</sup> Similarly, according to the Health and Lifestyle Survey, nationally there has been no statistically significant change in the prevalence of moderate risk or problem gambling between 2012 and 2018.<sup>25</sup> This suggests that decreasing the number of available machines/venues does not restrict the playing of problem gamblers but reduces casual and recreational play. While the goal of a sinking lid approach is to continually reduce gambling opportunities, gambling harm and gambling expenditure, this has not yet been seen in Whangarei.
- **Online gambling:** Reducing the number of gaming machines available may have the unintended consequence of driving people toward online gambling. Online gambling does not have the same safety controls in place as Class 4 gambling. With Class 4 gambling players must go to a licenced venue, must be over 18, venues must provide problem gambling pamphlets, and gaming machines have prize pool limits among other restrictions. Online gambling however is more accessible and less controlled. It operates 24 hours a day in private, players can be encouraged to continue to gamble and there is no guaranteed return to players. Moreover, money from online gambling can be offshore and returns nothing in tax or community funding.
- **Community funds:** There are concerns that a restrictive policy may eventually lead to a decrease in community funds. In the Whangarei District it is unknown exactly how much money has been reinvested into the community through grants and where the money has been invested. The annual GMP in 2019 was \$18.3 million, accordingly approximately (40%) is required to be distributed back to the community.<sup>26</sup> While the amount of GMP may eventually decrease in the District, current venues would continue to operate and generate proceeds. Conversely, we cannot be certain that GMP are returned to the

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<sup>23</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>24</sup> <https://www.health.govt.nz/publication/gambling-and-problem-gambling-results-2011-12-new-zealand-health-survey>

<sup>25</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-harm>

<sup>26</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online] Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

communities from which they were derived, and the staged approach of the sinking lid would provide time for the community and Council to find new sources of funding.

- **Relocation:** In Whangarei venues are more common in high deprivation communities.<sup>27</sup> This is of concern as research suggests that high deprivation communities are five times more likely to report moderate-risk/problem gambling than those living in neighbourhoods with the lowest levels of deprivation.<sup>28</sup> Research by the Ministry of Health in 2008 found that there were significant associations between gambling behaviour and neighbourhood access to gambling venues. In particular, problem gambling was found to be more significantly associated with living closer to a gambling venue.<sup>29</sup> The risk of having a relocation policy that is too restrictive, is that gambling venues will remain concentrated in Whangarei's high deprivation communities.
- **Mergers:** Mergers primarily benefit the industry. Licences that could otherwise cease to exist can merge with another existing Class 4 venue licence. This would allow a licenced venue that may be struggling to make a profit to merge with another venue, to form a more profitable venture. Mergers will likely lead to an increased number of EGMs housed at the merged venue, which could lead to increased expenditure and profit with more gambling activity able to take place.

## CONCLUSION

There are several policy options available to the Council regarding their Class 4 venue policy. As discussed in this report a Class 4 gambling policy must carefully consider the social impact of gambling in the Whangarei District and provide an appropriate balance between minimising gambling harm and continuing access to gambling as a form of entertainment, employment, and a source of funding for community organisations.

## APPENDIX

The Appendix tables provide a detailed analysis of each of the policy options available to the Council. Each option considers the legislative fit and other District Council examples, followed by

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<sup>27</sup> Deprivation ratings were obtained from the University of Otago Socioeconomic Deprivation Indexes: (2013). Atkinson J, Crampton P, Salmond C. (2014) NZDEP2013: index of deprivation. New Zealand Ministry of Health. [Online] Available from:

<https://www.otago.ac.nz/wellington/departments/publichealth/research/hirp/otago020194.html>

Venue numbers were obtained from the Department of Internal Affairs. Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from:

[https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>28</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

<sup>29</sup> Ministry of Health. 2008. Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: Ministry of Health. [Online]. Available at:

<https://www.health.govt.nz/publication/raising-odds-gambling-behaviour-and-neighbourhood-access-gambling-venues-new-zealand>

a discussion on the likely impacts, costs, benefits, and key risks associated with establishing the policy.<sup>30</sup>

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<sup>30</sup> Under the Local Government Act 2002 section 77, in the course of decision-making, a local authority must seek to identify all reasonably practicable options and assess the advantages and disadvantages.



Table 3: Policy options regarding the establishment of venues

<b>1. Establishment of Venues</b>	
<p>Under the Act the Council must determine whether or not Class 4 venues may be established in the District. The Council can therefore allow the establishment of new venues, restrict establishment of new venues, or not allow the establishment of new venues.</p> <p>Any new venue establishment would need to be in line with policy regarding Permitted Venue Areas and number of gaming machines (see Table 4 and Table 5).</p>	
<b>Option</b> (How this option would apply drawing on examples from other Territorial Authorities)	<b>Legislative fit</b> (How does the Act apply here? What would be required to amend the policy?)
<p><b>1a - Allow establishment of new venues</b></p> <p>This option would allow for the establishment of new Class 4 venues in the District.</p> <p>Under this option the merger and relocation of pre-existing Class 4 venues would be permitted (if allowed under the Policy).</p>	<p>Under s 101(3) of the Act the Council must determine if Class 4 venues may be established in the region.</p> <p>Under this option the establishment of new venues would be permitted. The current Policy does not permit the establishment of all new venues so the Policy would need to be redrafted.</p> <p>A TA may choose to place additional requirements on venue applications as a 'relevant matter'. Should the Council wish to place additional conditions on the establishment of venues this would need to be drafted into the Policy, as currently no such requirements exist.</p>
<p><b>1b -Restrict establishment of new venues with a cap</b></p> <p>This option would restrict the number of venues that can be established in the District. Permission to establish a new venue would only be granted if the number of venues has not reached the limit. The cap could be placed at a number lower than currently in operation, at the current level, or at a higher number of venues than at present.</p> <p>Under this option the merger and relocation of pre-existing Class 4 venues would be permitted (if allowed under the Policy) as they would take place within the cap (venue numbers do not increase with mergers or relocations).</p> <p>As with option 1a additional conditions may be attached to the establishment of new venues (for example requiring that the venue's primary purpose is not Class 4 gambling).</p> <p>One way to establish the cap is to set the limit at the current number of venues in operation. Another approach could be based off population estimates or capping the number of venues that are permitted in different regions of the District Plan.</p> <p>For example the <a href="#">Hauraki District</a> have placed a cap on the number of Class 4 Gambling venues to be allowed in the District, which shall not exceed nine.</p>	<p>Under s 101(3) the Council may establish a cap for the maximum number of venues that may be in operation in Whangarei.</p> <p>If Council wished to adopt a cap based on the current number of venues in operation, the cap would be set at 18 for the Whangarei District.</p> <p>Any cap on the number of venues would need to be drafted into the Policy.</p>
<p><b>1c -Restrict establishment of new venues to those that are relocating and/or merging - sinking lid (status quo)</b></p> <p>This option would only allow 'new venues' to be established when relocation and merging provisions of the policy have been met (if allowed under the Policy. If the Policy does not allow for either of these to take place, this option would not be viable).</p> <p>As with option 1a additional conditions may be attached to the establishment of new venues (for example requiring that the venue's primary purpose is not Class 4 gambling).</p> <p>Unlike option 1a and 1b, this is a form of sinking lid. Licences are only able to be issued when it is an already licenced venue relocating or merging with another licenced venue. If a venue lost its licence or merged with another venue, the total number of available venues in the District would therefore decrease.</p> <p>For example in <a href="#">Hamilton</a>, consents for new Class 4 gambling venues are not granted unless two or more Class 4 venues are merging, or a Class 4 venue is relocating from outside the Permitted Venue Area to within.</p>	<p>Under s 101(3) of the Act a Council must determine if Class 4 venues may be established in the District. This option allows Class 4 venues to be established in the case of a merger or a relocation.</p> <p>Relocation results in a new venue licence being issued. Under s 97A of the Act, when a TA grants consent in respect of a venue (the new venue) to replace an existing venue (the old venue), a new Class 4 venue licence is granted in respect of the new venue.</p> <p>Similarly, the merging of two or more Class 4 venues results in a new Class 4 licence to the merged clubs and the cancellation of the previous venue licences (s 95(6)).</p> <p>Under the current Policy relocation and merging may lead to the establishment of a new venue in the Whangarei District. No change to the Policy would be required under this option.</p>

<p><b>1d – No establishment of new venues - sinking lid</b></p> <p>This option would prohibit the establishment of new venues. Once a venue has lost its licence, closed or merged, the number of venues in the District decreases.</p> <p>Under this option the merger and relocation of pre-existing Class 4 venues would not be permitted as they both result in the issuing of new venue licences.</p> <p>This is a stricter option than 1c (which also operates as a form of sinking lid) because new venue licences for relocations would not be granted.</p> <p>Note – this is the most restrictive approach that can be taken to the number of venues in operation. Closing all current venues is not an option for TA's. Once a consent has been granted and a licence has been issued for the venue concerned, the consent remains in effect for as long as the Class 4 licence is held for that specific venue.</p> <p><u>Auckland</u> Council will not grant consent for the establishment of any new Class 4 Gambling venues. This also means council will not grant consent for the relocation of an existing venue.</p>	<p>S 101(3) of the Act allows a TA to determine if the establishment of Class 4 gambling venues is permitted in the District or not.</p> <p>Under the current Policy the establishment of new Class 4 gambling venues is not allowed, however it does allow Class 4 venues to relocate and merge. The Policy would have to be amended to remove the current exception for relocating and merging venues.</p>
<p><b>Likely impacts, costs, benefits, and risks</b></p> <p>(economic, health, social, compliance, environmental, and cultural impacts, and any uncertainties) (What are they? And who would receive them?) (key risks associated with the option, the probability they will occur and magnitude of the risk)</p>	
<ul style="list-style-type: none"> <li>• Once a Council consent has been granted for a venue or gaming machine it cannot be revoked. Any decisions to extend the establishment of venues should therefore be carefully considered.</li> <li>• Placing conditions on the venue, such as requiring that its primary purpose not be gambling, helps encourage venues to diversify their income stream. Placing conditions on the establishment of a new venue is possible under options 2a, 2b, 2c.</li> <li>• Allowing the establishment of new venues would likely lead to an increase in the number of Class 4 venues in the District. This may lead to a subsequent increase in gambling, gaming machine proceeds and problem gambling. While this may have positive flow on effects for the venues and community groups who rely on gaming machine grants, it may also have negative effects on parts of the community that are prone to problem gambling and would ultimately not support a continuing reduction or control over gambling in the District. The Council may also be criticised for reneging on their previously firm sinking lid stance.</li> <li>• Restricting establishment of new venues to those that are relocating and merging is a sinking lid approach, because it does not allow for the number of venues to increase. This the current Policy in Whangarei. Once one of the venues lose their licence, the number of licenced venues in the District decreases. Allowing mergers and relocations to take place would enable venues to move to areas inside the Permitted Venue Area and would allow ventures to merge and remain profitable.</li> <li>• If the cap were set at 18, it would allow for the current level of gambling to continue, but may allow for the redistribution of some venues from high deprivation areas to lower deprivation areas when venues close or relocate to Permitted Venue Areas under the Policy (if mergers and relocations are allowed). Industry would likely be more supportive of a cap on the number of venues currently in operation, as opposed to a sinking lid. While a cap does not encourage a reduction in the amount of gambling in the District, it does control it. There is a risk that the cap may lead to an increase in gambling if the venue moves to a more profitable area, or if the cap is placed higher than the current number of establishments (18). The approach taken to capping venues will influence the number of venues in operation. For example, if the venue cap was set by population estimates, as the population of Whangarei increases more venues may be permitted to establish. The Council would therefore need to carefully consider how the cap would be determined.</li> <li>• Adopting a sinking lid policy would over time lead to the eventual closure of all Class 4 venues in Whangarei. This approach however has been criticised by members of the industry as unjustified due to a lack of correlation between decreasing venue numbers and decreased spending or gambling harm. In Whangarei from March 2015 to December 2018 the number of venues in Whangarei decreased by 4 while the gaming machine proceeds (GMP, amount of money lost by players) increased by 39.3%.<sup>31</sup> When comparing the Problem Gambling Severity Index (PGSI) scores for the 2006/07 and 2011/12 New Zealand Health Survey waves, no significant changes were observed in the proportion of 'problem or moderate risk gamblers' (1.4% in 2006/07 and 1.0% in 2011/12), while the number of 'non-problem/recreational gamblers' decreased (54.7% in 2006/07 and 42.3% in 2011/12).<sup>32</sup> Similarly, according to the Health and Lifestyle Survey, nationally there has been no statistically significant change in the prevalence of moderate risk or problem gambling between 2012 and 2018.<sup>33</sup> This suggests that decreasing the number of available machines/venues does not restrict the playing of problem gamblers but reduces casual and recreational play. While the goal of a sinking lid approach is to continually reduce gambling opportunities, gambling harm and gambling expenditure this has not yet been seen in Whangarei.</li> </ul>	

<sup>31</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>32</sup> <https://www.health.govt.nz/publication/gambling-and-problem-gambling-results-2011-12-new-zealand-health-survey>

<sup>33</sup> Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-harm>

- Reducing the number of gaming machines available may also have the unintended consequence of driving people toward online gambling. Online gambling does not have the same safety controls in place as Class 4 gambling. With Class 4 gambling players must go to a licenced venue, must be over 18, venues must provide problem gambling pamphlets, and gaming machines have prize pool limits among other restrictions. Online gambling however is more accessible and less controlled. It operates 24 hours a day in private, players can be encouraged to continue to gamble and there is no guaranteed return to players. Moreover, money from online gambling can be offshore and returns nothing in tax or community funding.
- Research by the Ministry of Health in 2008 found that there were significant associations between gambling behaviour and neighbourhood access to gambling venues. In particular, problem gambling was found to be more significantly associated with living closer to a gambling venue.<sup>34</sup> It is possible that over time with the closure of numerous venues, particularly those in high deprivation areas, the opportunity to gamble would decrease and lead to a reduction in problem gambling in Whangarei.
- There are also concerns that a sinking lid approach may eventually lead to a decrease in community funds. In the Whangarei District it is unknown exactly how much money has been reinvested into the community through grants and where the money has been invested. The annual GMP in 2019 was \$18.3 million, accordingly approximately (40%) is required to be distributed back to the community.<sup>35</sup> While the amount of GMP may eventually decrease in the District, current venues would continue to operate and generate proceeds. Conversely, we cannot be certain that GMP are returned to the communities from which they were derived, and the staged approach of the sinking lid would provide time for the community and Council to find new sources of funding.
- The closure of venues may lead to some job losses in the hospitality industry as gaming machine venues shut down and are unable to re-establish elsewhere.
- Adopting a strict no establishment of new venues approach would mean that venues must continue to operate at their current location, and when this venue loses its licence or closes, the number of venues in the District decreases. This strict approach would eventually lead toward the closure of all gambling venues in Whangarei. Closure of Class 4 venues may lead to decreased hospitality in the area if venues struggle to attract clients without gaming machines. It would eventually result in less expenditure of gaming machines and therefore less gaming machine proceeds.

<sup>34</sup> Ministry of Health. 2008. Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: Ministry of Health. [Online]. Available at: <https://www.health.govt.nz/publication/raising-odds-gambling-behaviour-and-neighbourhood-access-gambling-venues-new-zealand>

<sup>35</sup> Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online] Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

Table 4: Policy options regarding the location of venues

2. Location of venues	
If Class 4 venues may be established the Council must determine where they may be established. A TA can establish zones where the establishment of Class 4 venues is permitted/prohibited. The TA can also place further restrictions on facilities that they can be placed near. This would restrict establishment of new venues which would only be granted consent if they were within a Permitted Venue Area.	
Option	Legislative fit
(How this option would apply drawing on examples from other Territorial Authorities)	(What does the Act say? What would be required to amend the policy?)
<b>2a – Allow establishment of venues anywhere in the District</b> This would allow new venues to establish in any part of the District.	Under s 101(3) of the Act the Council <i>must</i> determine where venues can be located. The Policy would need to be amended to allow venues to establish in any part of the District.
<b>2b – Restrict where venues can be established (status quo)</b> Under this option, Class 4 venues could only be established in the approved parts of the District Plan (Permitted Venue Area). For example in <a href="#">Wellington</a> new venues are restricted to the “Central Area Zone” and to “Centres” in the District Plan. New venues in “Neighbourhood Centres” are not permitted.	Under s 101(3) of the Act the Council <i>must</i> determine where venues can be located. The current Policy allows Class 4 gambling venues to be established in Business 1, Business 2 or Business 4 Environments (as listed in the District Plan). In Whangarei, this largely restricts development to the central business district, Kamo and Marsden Point. <sup>36</sup> Under this option the Council could further restrict development by reducing the number of business environments where development is possible.
<b>2c – Restrict what venues can be established near</b> This option can exist alongside options 1a and 1b as it places an additional requirement on newly established venues. Under this option a licence would not be granted unless the proposed site was a certain distance from particular facilities. For example, requiring that the site be 100 metres away from a school. In <a href="#">Hamilton</a> if the proposed gambling venue premises is located within the “Central City” zone: the premises must not be adjacent to any other Class 4 gambling venue or casino; and must not be adjacent to any school, or early childhood centre; and must not be closer than 100 metres (in a straight line) to any residentially or special character zoned land or community facilities zoned land as outlined in the Hamilton City Proposed District Plan (or resulting Operative District Plan). In <a href="#">Tauranga</a> the proposed venue must be located within a commercial or industrial zone identified in the operative Tauranga City Plan, excluding areas within 100 metres of residential zones with a deprivation index of 8, 9 or 10, measured on the NZDep 2013 (and any subsequent updates).	Placing additional requirements on where venues can be established is allowed under s 101(3) of the Act. Additional requirements would need to be established by the Council. This could include consideration of the location of kindergartens, early childhood centres, schools, places of worship, and other community facilities. Consideration could also include the deprivation index of an area, as seen in Tauranga’s policy.
Likely impacts, costs, benefits, and risks	
(economic, health, social, compliance, environmental, and cultural impacts, and any uncertainties) (What are they? And who would receive them?) (key risks associated with the option, the probability they will occur and magnitude of the risk)	
<ul style="list-style-type: none"> <li>A broad location policy could lead to potential socio-economic harm as venues could establish in and around low deprivation communities. Research conducted for the Ministry of Health in 2015 found that people living in neighbourhoods with the highest levels of deprivation (i.e. the most deprived) were five times more likely to report moderate-risk/problem gambling than those living in neighbourhoods with the lowest levels of deprivation (i.e. the least deprived).<sup>37</sup> Having gaming machines located in high deprivation areas is therefore of concern as it may lead to a higher prevalence of gambling harm. The report also found that pokies in the most deprived areas provided over half of the total expenditure.<sup>38</sup> This is of concern as communities with a high deprivation index are those that have characteristics such as low employment and low income.</li> </ul>	

<sup>36</sup> Whangarei District Council. GIS Whangarei District Council Map. [Online] Available from: <http://gis.wdc.govt.nz/intramaps90/?project=Whangarei&configId=0df84abb-1e1f-4b1c-a202-d198446d9c4e> [accessed on 4/5/2020].

<sup>37</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

<sup>38</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

- Zoning where venues can be established can help ensure a distribution of venues in the District, can reduce their density in high deprivation areas and can ensure that they are not placed near other community facilities. Moreover, establishing a Permitted Venue Area would not impact upon pre-existing venues. Venues outside of the permitted area may therefore choose to continue to operate at their current location. However, should a venue seek a new licence because they are establishing a new venue (option 2a, 2b, 2c) relocating (option 4a, 4b) or merging (option 5a, 5b), this will only be granted in a Permitted Venue Area.
- Gambling societies would benefit from a broader policy as it would enable them to establish venues in a greater range of areas. It follows that the more restrictive the policy the greater the pressure that is placed on the industry as it restricts the development opportunities. The industry could subsequently incur costs due to limited and potentially competitive property markets.
- While it is not possible to quantify the amount that problem gambling may be reduced with a more restrictive location policy, if the Council were to adopt a broad location policy (which could lead to the establishment of venues in areas which are prone to problem gambling), this could send the message to the public that the Council is not taking steps to reduce problem gambling in the District.

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Table 5: Policy options regarding the number of electronic gaming machines that may operate

<b>3. Number of Electronic Gaming Machines</b>	
Under the Act the Council may restrict the maximum number of electronic gaming machines (EGMs) that may be operated at a Class 4 venue. The number can be restricted by the Act or by the Council who may place a cap or sinking lid on the number of EGMs.	
<b>Option</b> (How this option would apply drawing on examples from other Territorial Authorities)	<b>Legislative fit</b> (What does the Act say? What would be required to amend the policy?)
<p><b>3a – Allow maximum number of EGMs</b></p> <p>The Act establishes the maximum number of EGMs that are allowed in venues. Following this option, the maximum number of EGMs as established in the Act would be allowed.</p> <p>Under this option, venues would be allowed to relocate and merge (if allowed under the Policy) because the Act sets maximum limits on the number of EGMs that may operate at relocated and merged venues.</p> <p>Permission for additional EGMs under s 95 and s 96 could be granted up to the maximum number of EGMs determined in the Act.</p> <p><a href="#">Whakatāne's</a> relocation policy states that as per the Gambling Act, the number of licenced gaming machines at the new venue will be the same as the number of licenced gaming machines at the old venue.</p> <p><a href="#">Tauranga's</a> merger policy states that where Clubs merge in accordance with section 95 of the Gambling Act 2003, the maximum number of gaming machines shall be the same as allowed under section 95 of the Gambling Act 2003. This is 30 gaming machines or the combined total of the number of existing machines, whichever is the lesser.</p>	<p>In general, Class 4 venue licences held on 17 October 2001 can have a maximum of 18 gaming machines (s 92), and Class 4 venue licences granted after 17 October 2001 can have a maximum of nine gaming machines (s 93).</p> <p>When venues relocate the maximum number of gaming machines permitted to operate at the new venue, at the time when the new Class 4 venue licence takes effect, is the same as the maximum number of gaming machines permitted to operate at the old venue (s 97A).</p> <p>Venues granted a licence after 17 October 2001 can apply to the TA for additional EGMs, and seek ministerial discretion (s 96). If granted, the number of EGMs must not exceed that established by the TA or 18.</p> <p>Similarly, when clubs are merging they can apply to the TA for additional EGMs, and seek ministerial discretion (s 95). If granted the number must not exceed that established by the TA, and must not exceed the lesser of 30 or the combined total of the number of existing machines of the clubs merging.</p> <p>This approach would be relatively easy to implement as it would be applying the relevant sections of the Act.</p>
<p><b>3b – Cap number of EGMs</b></p> <p>Placing a cap on the number of EGMs able to operate in the District would restrict the maximum number of machines that could exist.</p> <p>Under this option, venues would be allowed to relocate and merge (if allowed under the Policy) because the Act restricts the maximum number of EGMs to the same number before relocation or merging occurred (s 97A, s 95).</p> <p>Permission for additional EGMs under s 95 and s 96 could only be granted if the cap had not been reached.</p> <p>The way that the cap is determined will influence the way that it operates. The cap could be set per zone in the District, by the District as a whole, per capita or per venue.</p> <p><a href="#">Wellington</a> has placed a cap on the number of machines that may operate in each of the zones. Numbers shall not exceed those recorded for each zone.</p> <p>In <a href="#">Hauraki</a> the maximum number of gaming machines allowed (cap) within the District shall not exceed 69.</p> <p>Some territorial authorities such as <a href="#">Kāpiti Coast District Council</a> have population ratio-based caps. Under this approach, caps on pokie machines were set at ward levels, based on population per ward and the District ratio of one machine to 167 adults. The Policy restricted the entry of any new machines to Ōtaki and shifted existing allocation caps to other wards with a lower average of machines to local adult population.</p>	<p>Under s 101(3) of the Act the Council <i>may</i> place restrictions on the maximum number of gaming machines that may be operated at a venue.</p> <p>The Council may place a limit/cap on the number of machines that may operate at a venue which is lower than the maximum number allowed under the Act. For example lower than 18 (for pre October 2001 licences) lower than 9 (for post October 2001 licences) and lower than 30 (for venues that merge).</p> <p>Limiting the number of EGMs which may be in operation impacts upon applications under s 95 and s 96 which must not exceed that established by the TA (the cap).</p> <p>The current Policy does not place a cap on the number of EGMs, but adopts a sinking lid approach. If a cap on the number of EGMs were sought, the Council would need to decide how they were going to determine the cap and would need to have this written into the Policy.</p> <p>Note: A Territorial Authority does not have the power to reduce the current number of machines in the District. Any proposed 'cap' in gaming machine numbers would only affect new venues as existing venues already have a statutory entitlement to the number of machines they are operating.</p>

<p><b>3c – Sinking lid on number of EGMs (status quo)</b></p> <p>This option would prohibit the addition of new EGMs as licences for new EGMs would not be granted. Once a venue has lost its licence or reduced EGM numbers in a merger, the number of EGMs in the District decreases.</p> <p>Under this option, venues would be allowed to relocate (if allowed under the Policy) because the relocated venue cannot house more than the number of EGMs at the original venue (s 97A). Similarly, the merging of pre-existing Class 4 venues would be permitted (if allowed under the Policy) because the new venue cannot house more EGMs than the original licences.</p> <p>Permission for additional EGMs under s 95 and s 96 would not be granted. Venues could therefore not seek ministerial discretion for additional EGMs at their venue.</p> <p>In <a href="#">Ōpōtiki</a> permission for additional new pokie machines shall not be given.</p> <p>In <a href="#">Tauranga</a> no additional gaming machines may be operated at Class 4 Venues. The maximum number of gaming machines at the relocated venue shall be the maximum number of gaming machines at the venue before relocation. And the maximum number of gaming machines for venues that merge is 30 gaming machines or the combined total of the number of existing machines, whichever is the lesser.</p>	<p>Under s 101(3) of the Act a Council <i>may</i> place restrictions on the maximum number of gaming machines that may be operated at a venue. The Council can therefore adopt a sinking lid approach to the number of EGMs. This is the current approach of the Whangarei District Council.</p> <p>Limiting the number of EGMs which may be in operation impacts upon applications under s 95 and s 96 which must not exceed that established by the TA. With a sinking lid, additional EGMs would not be permitted by the Council so applications under s 95 and s 96 would not be granted.</p> <p>Note: A Territorial Authority does not have the power to reduce the current number of machines in the District. Any proposed 'cap' in gaming machine numbers would only affect new venues as existing venues already have a statutory entitlement to the number of machines they are operating.</p>
<p><b>Likely impacts, costs, benefits, and risks</b></p> <p>(economic, health, social, compliance, environmental, and cultural impacts, and any uncertainties) (What are they? And who would receive them?) (key risks associated with the option, the probability they will occur and magnitude of the risk)</p>	
<ul style="list-style-type: none"> <li>• Allowing venues to house the maximum number of EGMs would allow some venues to increase their licence, raising the number of gaming machines in the District. This may lead to an increase in gaming expenditure, benefiting the industry but potentially harming the community with increased spending and gambling harm. Allowing machine numbers to increase does not closely align to the purpose of the Gambling Act which is to “control the growth of gambling” and “prevent and minimise harm from gambling, including problem gambling”.<sup>39</sup></li> <li>• A capped model would allow for sustained and controlled gambling in the District. The way that the cap is determined will influence the way it operates. For example if it is per venue, then some venues may be able to increase the number of gaming machines, if it is by the District, when one venue goes out of business or merges other venues may seek to increase their number of EGMs.</li> <li>• The risk of having a cap that is too restrictive or a sinking lid approach is that fewer gambling machines does not necessarily lead to less gambling expenditure or gambling harm. Whangarei has seen an increase in pokie expenditure from March 2015 to December 2019 where GMP increased by 39.3%.<sup>40</sup> During these same quarters, Whangarei has also experienced a decrease in the number of EGMs with the reduction of 42 machines. Therefore, despite a decreasing number of EGMs there has been an increase in spending. This suggests that players are playing longer, spending more, or more people are playing.</li> <li>• As noted in Table 3, despite decreasing gaming machine numbers there has not been a significant change in problem gaming. This suggests that decreasing the number of EGMs does not specifically target those that are regularly gambling.</li> <li>• Concerns that with fewer EGMs there will be less community funding available is unlikely to be an issue in the short term. Based on the increased expenditure in gaming machines in previous years, and the staged approach of a sinking lid, the number of EGMs would gradually decline. This would mean that funding would still be available while the EGMs and venues continue to operate, and the staged approach would provide time for the community and Council to find alternative sources of funding.</li> </ul>	

<sup>39</sup> Section 3.

<sup>40</sup> DIA Dashboard

Table 6: Policy options regarding the relocation of venues

4. Relocation of venues	
Under the Act the Council may include a relocation policy. A relocation policy is a policy setting out if and when the Council will grant consent for a Class 4 venue (within its district) to replace an existing venue which holds a Class 4 licence. The relocation of venues is subject to any restrictions placed on the Permitted Venue Area's and establishment of new venues under the Policy.	
Option (How this option would apply drawing on examples from other Territorial Authorities)	Legislative fit (What does the Act say? What would be required to amend the policy?)
<p><b>4a – Allow relocation of venues</b></p> <p>This option would allow an existing Class 4 venue to move to a Permitted Venue Area under the District Plan (provided the licensing of new venues is allowed under the Policy – see options 1a, 1b, 1c).</p> <p>In <a href="#">Whakatāne</a> an application to relocate a current Class 4 venue would be granted consent provided the new venue meets the District's location requirements (Business Centre zone and not within 50 metres of a 'sensitive use' parcel of land').</p>	<p>Under s 101(5) of the Act, a relocation policy is a policy setting out if and when the territorial authority will grant consent in respect of a venue within its district where the venue is intended to replace an existing venue (within the district) to which a Class 4 venue licence applies. The Council therefore have the ability to allow the relocation of venues in the District.</p> <p>When consent for relocation is granted in respect of a venue (the new venue) to replace an existing venue (the old venue) a new Class 4 venue licence is granted in respect of the new venue (s 97A).</p> <p>It is also important to note that under s 102(5B) whenever a territorial authority is considering whether to include a relocation policy in its Class 4 venue policy, it must consider the social impact of gambling in high-deprivation communities within its district.</p> <p>Under the currently Policy venues can only relocate when circumstances beyond their control arise. To adopt this option the Policy would therefore need to be amended by removing the additional conditions placed on relocation.</p>
<p><b>4b – Place conditions on when venues can relocate (status quo)</b></p> <p>Conditions may be placed on the relocation so that it can only take place in certain circumstances. As with option 4a this would allow an existing Class 4 venue to move to a Permitted Venue Area under the District Plan (provided the licensing of new venues is allowed under the Policy – see options 1a, 1b, 1c).</p> <p>For example in <a href="#">Hamilton</a> venues may move when they propose to move from outside the Permitted Venue Area to inside. As part of the application for a new venue consent the society must undertake to permanently close the existing venue.</p> <p>In <a href="#">Tauranga</a> if the premises cannot continue to operate at the existing venue site the Council may consider granting consent for relocation. Circumstances include but are not limited to: due to a natural disaster or fire, the licensed premises is unfit to continue to operate; and/or the venue is deemed to be earthquake-prone; and/or the property is acquisitioned under the Public Works Act 1981; and/or expiration of lease; and/or site redevelopment.</p>	<p>Whangarei currently adopts a similar policy to Tauranga regarding relocation. Under the current Policy relocation is only permitted when the venue cannot continue operating at the existing site due to circumstances beyond the owner or lessee's control. Circumstances may include expiration of a lease or acquisition of property under the Public Works Act. Permission to relocate will also only be granted when the venue operator of the business at the new site is the same as the venue operator at the site to be vacated.</p> <p>Policy could be amended to include further conditions or circumstances that lead to relocation or amended to open the Policy up to allow greater flexibility. For example, Whangarei could adopt a more open policy like Hamilton where applications for relocation are considered when a venue wants to move from outside the Permitted Venue Area to inside.</p>
<p><b>4c – No relocation of venues</b></p> <p>Under this option a Class 4 venue (within its district) would not be granted permission to relocate.</p> <p>In <a href="#">Auckland</a> existing Class 4 venues are not able to relocate from one part of the city to another.</p>	<p>Under s 101(5) the TA may determine if a relocation policy applies. The Council therefore can prohibit the relocation of Class 4 venues.</p> <p>The current Policy allows relocation, so amendment would be required.</p>



**Likely impacts, costs, benefits, and risks**

(economic, health, social, compliance, environmental, and cultural impacts, and any uncertainties) (What are they? And who would receive them?) (key risks associated with the option, the probability they will occur and magnitude of the risk)

- In September 2013 s 102(5B) was added to the Act, requiring TAs to consider whether to include a relocation policy, and in doing so to consider the social impact of gambling in high-deprivation communities within its district. The DIA describes these amendments as a tool for TAs to help address the concentration of gaming machine venues in high deprivation areas.<sup>41</sup>
- In Whangarei venues are more common in high deprivation communities.<sup>42</sup> This is of concern as research suggests that high deprivation communities are five times more likely to report moderate-risk/problem gambling than those living in neighbourhoods with the lowest levels of deprivation.<sup>43</sup> Research by the Ministry of Health in 2008 found that there were significant associations between gambling behaviour and neighbourhood access to gambling venues. In particular, problem gambling was found to be more significantly associated with living closer to a gambling venue.<sup>44</sup> The risk of having a relocation policy that is too restrictive, is that gambling venues will remain prevalent in Whangarei's high deprivation communities.
- Allowing venues to relocate could enable them to move out of certain areas (e.g. areas that are residential, high deprivation, or in close proximity to other community facilities), to move out of unsafe buildings (for example earthquake prone buildings). It could also ensure venues were not negatively impacted by Public Work acquisitions, and allow venues to move following a natural disaster or lease termination. Under the Act, gaming machine entitlements sit with the property's physical address. In order to hold on to their licence (and same number of EGMs), venues must remain at the same property. If the Policy is overly restrictive and venues cannot relocate it may lead to establishments remaining in unsafe buildings, or property owners extorting licence holders who are captive tenants.
- While a relocation policy would benefit the industry as they would have the ability to move to more favourable locations or upgraded premises, movement would only be allowed to Permitted Venue Areas, which encourages the distribution of venues and may result in the removal of a venue from residential or high deprivation communities.
- Moving venues to other centres and more modern premises may help create a busier and more vibrant city centre, helping the local hospitality sector.<sup>45</sup> Having relocation policies may also allow TA's more flexibility to respond to urban growth, re-zoning and other changes in the district.

<sup>41</sup> <https://www.dia.govt.nz/Services-Casino-and-Non-Casino-Gaming-Info-for-Territorial-Authorities>

<sup>42</sup> Deprivation ratings were obtained from the University of Otago Socioeconomic Deprivation Indexes: (2013). Atkinson J, Crampton P, Salmond C. (2014) NZDEP2013: index of deprivation. New Zealand Ministry of Health. [Online] Available from: <https://www.otago.ac.nz/wellington/departments/publichealth/research/hirp/otago20194.html>

Venue numbers were obtained from the Department of Internal Affairs. Department of Internal Affairs. (2019), *2011-2019 Gambling Expenditure Statistics XLSX*. [Online]. Available from: [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

<sup>43</sup> Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

<sup>44</sup> Ministry of Health. 2008. *Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand*. Wellington: Ministry of Health. [Online]. Available at: <https://www.health.govt.nz/publication/raising-odds-gambling-behaviour-and-neighbourhood-access-gambling-venues-new-zealand>

<sup>45</sup> <http://www.gamblinglaw.co.nz/download/Research/TAInfo.pdf>

Table 7: Policy options regarding the merger of venues

<b>5. Merger of venues</b>	
The Council can determine whether two or more Class 4 venues may merge to exist as a single gambling venue. The Council may allow venues to merge, allow mergers with certain conditions, or not allow them to take place.	
<b>Option</b> (How this option would apply drawing on examples from other Territorial Authorities)	<b>Legislative fit</b> (What does the Act say? What would be required to amend the policy?)
<p><b>5a – Allow venues to merge (status quo)</b></p> <p>Allowing venues to merge would enable two or more Class 4 venues to become one licenced Class 4 venue. Under this option merged venues would be able to house the maximum number of EGMs as determined by the Act (the maximum is 30 EGMs).</p> <p>In <a href="#">Hamilton</a>, two or more private clubs may merge and consolidate the operation of their Class 4 gambling activities at a single existing gambling venue that is located within a Permitted Venue Area.</p>	<p>Under s 95 merging applies when two or more Class 4 venues can each demonstrate that they intend to merge into a single club operating at a single Class 4 venue.</p> <p>When clubs are merging they can apply to the TA for additional EGMs, and seek ministerial discretion (s 95). If granted the number must not exceed that established by the TA, and must not exceed the lesser of 30 or the combined total of the number of existing machines of the clubs merging.</p> <p>The maximum number of EGMs is either 30 or the combined value of the merging clubs, whichever value is lower.</p> <p>Note: Merging clubs wishing to receive ministerial discretion under section 95 can only merge into a venue that was licensed on 17 October 2001 and that has not been without a licence for more than a period of six months since then.</p>
<p><b>5b – Allow venues to merge with a restriction on the number of EGMs they may house</b></p> <p>Under this option, the Council may establish a limit on the number of EGMs that may be housed in the merged venue which is less than 30 EGMs (the maximum number allowed under the Act).</p> <p><a href="#">Hamilton</a>: Two or more private clubs which merge may consolidate the number of gambling machines being operated at the merged private club venue to the <i>lesser</i> of: a. 24 gambling machines or b. <i>the sum of the number of gambling machines previously operated by each private club individually</i>.</p> <p><a href="#">Whakatāne</a>: When two clubs wish to merge physically and legally, they will be allowed to operate <i>the sum of the number of gaming machines</i> specified in all the corporate societies' Class 4 Venue licences at the time of application, or 18 machines, whichever is the <i>lesser</i>.</p> <p><a href="#">Tauranga</a>: where Clubs merge in accordance with section 95 of the Gambling Act 2003, the maximum number of gaming machines shall be the same as allowed under section 95 of the Gambling Act 2003. This is 30 gaming machines or the <i>combined total of the number of existing machines</i>, whichever is the <i>lesser</i>.</p> <p><a href="#">Hauraki District</a>: Should two or more clubs with existing Class 4 gambling venue licences merge the Council will give consideration to the maximum number of machines at the merged venue being up to the <i>lesser</i> of: a. <i>the number of merging venues multiplied by nine</i>; or b. <i>the total of the machine numbers in the merging venues prior to the merger</i>; or c. 18 machines.</p> <p>For example in <a href="#">Auckland</a> the number of machines in the merged club venue will be no more than 5/6ths of the sum of the number of machines specified in the Class 4 Gambling venue licences of the merging club venues at the time consent is sought (the number will be rounded down to the nearest whole number, if it is not a whole number).</p>	<p>Under s 95 ministerial discretion to grant more EGMs for merging venues cannot exceed that established by the TA.</p> <p>The TA therefore has authority to further limit the number of EGMs permitted in merged venues. This limit can be established by policy which could restrict it in the following ways:</p> <ul style="list-style-type: none"> <li>• State the maximum number of machines that may be operated after a merge</li> <li>• Limit the number of EGMs to the number of merging venues multiplied by nine.</li> </ul>

<p><b>5c – No merging of venues</b></p> <p>This option would prohibit Class 4 venues from combining to form one operation.</p> <p>In the <a href="#">Ōpōtiki</a> District when two clubs wish to merge physically and legally, they will no longer be allowed to operate gaming machines.</p>	<p>Under s 95, merging venues must have obtained consent from the Council for the new venue. Under this options Policy would prohibit venues from merging so consents would not be granted.</p> <p>As it stands, the Policy currently allows for mergers to take place, so under this option the Policy would need to be amended.</p>
<p><b>Likely impacts, costs, benefits, and risks</b></p> <p>(economic, health, social, compliance, environmental, and cultural impacts, and any uncertainties) (What are they? And who would receive them?) (key risks associated with the option, the probability they will occur and magnitude of the risk)</p>	
<ul style="list-style-type: none"> <li>• Mergers primarily benefit the industry. Licences that could otherwise cease to exist can merge with another existing Class 4 venue licence. This would allow a licenced venue that may be struggling to make a profit to merge with another venue, to form a more profitable venture. Mergers will likely lead to an increased number of EGMs housed at the merged venue, which could lead to increased expenditure and profit with more gambling activity able to take place.</li> <li>• When venues merge a new licence is issued. In issuing a new venue licence Council need to ensure that it complies with the Policy including the Permitted Venue Area. This would help ensure that merging venues are not creating larger establishments in high deprivation communities or near other community facilities (depending on the Policy). Council could however include an exception in the Policy which allows merging venues to exist at pre-existing locations that are outside of the Permitted Venue Area.</li> <li>• Allowing mergers to take place reduces the number of venues active in the district as one (or more) society mergers with another pre-existing Class 4 venue. It can also allow for a more productive use of land by freeing up real estate.</li> <li>• A more restrictive merger policy may lead to more venues ‘going under’ as they can no longer afford to keep operating. If a sinking lid approach were adopted this would lead to a reduction in the total number of venues and EGMs in the District. If a cap were established a new venue could be established in the Permitted Venue Area.</li> </ul>	