

Council Briefing Agenda

Date: 26 May, 2021

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.

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2.1 Review of the Animals bylaw

Meeting:	Council Briefing
Date of meeting:	26 May 2021
Reporting officer:	Vita Strohush (Strategic Planner – Bylaws)

1 Purpose

- To provide an overview of the review of the 2017 Animals Bylaw
- To highlight the key issues relating to the Animals Bylaw which will need to be considered through the review
- To seek feedback from elected members on the following:
 - Proceed with the review of the Animals Bylaw
 - Begin development options for the management of cats as a part of the review
 - Not undertake informal pre-engagement and proceed with the statutory review process.

2 Background

In 2017 Council's existing Animals, Bees and Poultry Bylaw was revoked and replaced with a new Animals Bylaw. The Bylaw applies to regulating the ownership of animals (excluding dogs) for the purposes of protecting the public from nuisance and protecting public health and safety.

The LGA requires that a new bylaw must be reviewed within 5 years (by 2022). Section 160 of the LGA requires public consultation following review of a Bylaw made under the Act.

The review of the Animals Bylaw has been planned as part of our review work programme for 2021-2022 which also includes the review of the Trade Waste Bylaw, Water Supply Bylaw, Board Venues Policy and Class 4 Gambling Policy.

3 Discussion

3.1 Jurisdiction and scope of the Bylaw

Animal owners are required under the Animal Welfare Act 1999 to provide for the physical, health and behavioural needs of their animals, including food, water, shelter and exercise. Council's Animals Bylaw is designed to supplement, rather than duplicate provisions under the following:

- Animal Welfare Act 1999 and related codes of welfare
- Health Act 1956

- Animal Products Act 1999
- Northland Regional Pest and Marine Pathway Management Plan 2017 – 2027.

Without duplicating existing national legislation, the purpose of the Bylaw is to provide for the **ownership** of animals (excluding dogs) in a way that protects the public from nuisance and maintains and promotes public health and safety. In addition to the broad general obligations of animal owners, the Bylaw sets out specific restrictions that apply in urban areas in relation to the keeping of poultry, stock and bees.

The scope of bylaw cannot (as per Section 145 of LGA) apply to environmental and conservation matters. Pest animals, including feral and stray cats are classified as pests and are managed under biosecurity provisions by the Northland Regional Council.

Matters relating to the control of dogs are addressed in the Dog Management Bylaw 2013 and the Dog Control Act 1996. Council's Dog Management Policy and Dog Management Bylaw are due for review in 2023.

Some new subdivisions have covenants under the Resource Management Act prohibiting the keeping of animals such as cats, dogs and mustelids. This is for environmental purposes under the RMA and is therefore outside the scope of this Bylaw. The RMA provides a separate enforcement mechanism for compliance with consent notice conditions.

3.2 Known issues with the 2017 Animals Bylaw

General Issues

Implementation of the Bylaw since 2017 has overall been successful. Complaints analysis between 11 March 2018 and 11 March 2021 has shown:

- 13 complaints in relation to bee keeping in urban areas
- 9 complaints in relation to cats
- 79 complaints about roosters.

Complaints about roosters crowing tend to be clustered geographically within confined periods of time, which suggests a connection to wandering roosters or dumping of unwanted roosters on the side of the road. Compared to other bylaws this is a relatively low number of complaints, suggesting that:

- The bylaw is reasonably successful in informing/educating public behavior
- Issues relating to the keeping of animals (with the exception of dogs) are well managed
- Other agencies such as the SPCA have a role in animal welfare

3.3 Cat Management

Despite limited numbers of formal complaints regarding cats, cat management is frequently brought to the attention of Council and is a relatively high profile community issue.

Through the consultation on the 2021-31 Long Term Plan 1019 cat management submissions were received. The submissions include two requests:

1. A request to introduce a new bylaw mandating de-sexing, microchipping and registration of cats.

2. A request to financially contribute to subsidized de-sexing, microchipping and registering programmes throughout the year for people on low incomes.

The financial contribution to subsidized de-sexing, microchipping and registering programmes was considered through the deliberations process of the LTP with council committing to provide \$15,000 per annum for the first 3 years. The request for a new bylaw mandating de-sexing, microchipping and registration can be considered through the review of the Animals Bylaw.

The LTP submissions on management of cats have again highlighted community concerns about welfare of cats and responsible cat ownership. In response to the community feedback on the issues of cat management staff carried out a review of frameworks for cat management in New Zealand and the findings and options are provided in Attachment 1.

In the absence of a national level cat management legislation Councils lack effective tools to enforce mandatory microchipping and desexing of cats. There is also an important differentiation of jurisdiction between the District Council and Regional Council in relation to cat control, as stray cats as well as feral cats fall within the Regional Council work as pest and are controlled for environmental reasons. Based on this high level review, staff acknowledge the conclusion of the National Cat Management Strategy Group Report ⁽¹⁾ that while enforcement of regulations is important it is considered secondary to educational and support roles Council can pursue in relation to cat management.

Costs associated with a more formal enforcement approach to cats will require additional operational resources. An overview of the potential costs is outlined in Attachment 1. However, it is noted that these are indicative. If elected members want to explore a regulatory approach to cat management, more detailed assessment of annual operational costs will be needed.

Staff consider that the management of cats is likely the biggest/highest profile issue for the Animals Bylaw review. Therefore, early direction on this issue is sought to help guide the next steps in the process (outlined in section 3.3 and 3.4 below). Staff seek initial feedback on whether Elected Members wish to include the options of cat management in the review of the Animals Bylaw

3.4 Review Timeline

The full statutory process to review the Bylaw is expected to take approximately 14 months. The reviewed Bylaw and any amendments must be finalised no later than December 2022.

The proposed timeline for review includes time that might be needed to seek pre-consultation feedback such as an online survey.

Indicative timeframes for the review of the Animals Bylaw	
Apr-2021	scoping + research on Animals Bylaws
Today	Council briefing – Key Bylaw issues and process
Jul-2021	analysis/legal advice
Aug-2021	Council briefing - issues and options / direction for SOP

¹ LGNZ, SPCA and others. National Cat Management Strategy Group Report, August 2020.
https://static1.squarespace.com/static/5d1bf13a3f8e880001289eeb/t/5f6d986d7bea696c449fa5a7/1601017986875/NCMSG_Report_August+2020.pdf

Sep-2021	analysis/legal advice
Oct-2021	Council briefing - draft SOP
Nov-2021	SOP development
Dec-2021	Council Meeting - adopt SOP
Jan-2022	formal consultation
Feb-2022	analysis/legal advice
Mar-2022	Hearing/ deliberations
Apr-2022	final drafting/ legal advice
May-2022	Adoption

3.5 Community survey

The next steps are to formally review the bylaw and prepare a Statement of Proposal for public consultation.

In the past bylaw making processes we have undertaken an informal consultation to inform the Statement of Proposal. For example, through the Camping in Public Places Bylaw we undertook an online survey which generated 1300 survey responses.

A large number of submissions were received through the LTP which relate to cat management. This is likely to be the key issue for the Animals Bylaw. Therefore, there may not be an added benefit in conducting an informal consultation survey so close to the LTP consultation process. This may also confuse and frustrate people who did submit on the LTP.

The risk of not undertaking the survey is there may be other key community issues relating to the Animals Bylaw that we are not aware of and we would need to accommodate those views through the statutory process. However, the review of CRMs received by Council has not highlighted any major issues that have not already been identified.

Therefore, staff seek comfort to:

- Proceed with the review of the Animals Bylaw
- Begin development options for the management of cats as a part of the review
- Not undertake informal pre-engagement and proceed with the statutory review process.

If council do want to proceed with a informal pre-engagement, then this would be undertaken in June/July 2021 and would consist of an online survey. The survey would be worded in a way that it is clear the management of dogs is subject to a separate bylaw which will be reviewed in 2023. Such a survey would serve to discover any additional pressing issues and provide education around the limits of the role of the District Council in cat management.

4 Attachments

Attachment 1 – Summary of frameworks for cat management in New Zealand.

Attachment 1

Summary of frameworks for cat management in New Zealand

Purpose

The report provides a high-level overview of the current framework for managing cats in New Zealand. It considers the approach recommended by the National Cat Management Strategy Group as well as how other councils approach the issue. The report also outlines a consideration of the options available to council.

National Cat Management Strategy Group report 2020

The National Cat Management Strategy Group report 2020 (produced by LGNZ, SPCA and the New Zealand Veterinary Association) provides a comprehensive analysis of approaches to cat management.¹ The report looks at management of feral cats, stray cats and managing companion (owned) cats.

The report also provides an overview of bylaw regulation of cat ownership by other Councils around New Zealand. Most Councils either do not have a specific reference to cats in their bylaws, or impose only a limit on cats allowed per property. Wellington District Council and Palmerston North District Council have required in their bylaws mandatory desexing and microchipping of cats, however implementation has been contested. Furthermore, Wellington District Council provided subsidised microchipping during an 18 months transition period.

The National Cat Management Strategy Group report recommends creation of cat management plans to identify education and support programmes and priority areas for accessible desexing and microchipping schemes. There is scope for such operational plans in collaboration with the Northland Regional Council under the Northland Regional Pest and Marine Pathway Management Plan 2017-2027².

In 2017 LGNZ adopted a remit to support the implementation by the Government of the final version of the National Cat Management Strategy. The remit highlights that territorial authority's powers for managing cats are for minimising the impact on people's health and wellbeing. The remit sought regulatory powers for cat control, including cat identification and cat de-sexing to promote the protection of wildlife and native species. No national legislation has been enacted in relation to cats so far.

The role of the Regional Council

It is important to distinguish, that the regulatory scope of local authorities' Bylaws under the LGA is limited to regulating the **ownership** of cats and sets out specific obligations and restrictions for owners of pet/companion cats. Unowned cats, including stray cats and feral cats are identified as pests under the Northland Regional Pest and Marine Pathway Management Plan 2017-2027.

¹ LGNZ, SPCA and others. National Cat Management Strategy Group Report, August 2020. https://static1.squarespace.com/static/5d1bf13a3f8e880001289eeb/t/5f6d986d7bea696c449fa5a7/1601017986875/NCMSG_Report_August+2020.pdf

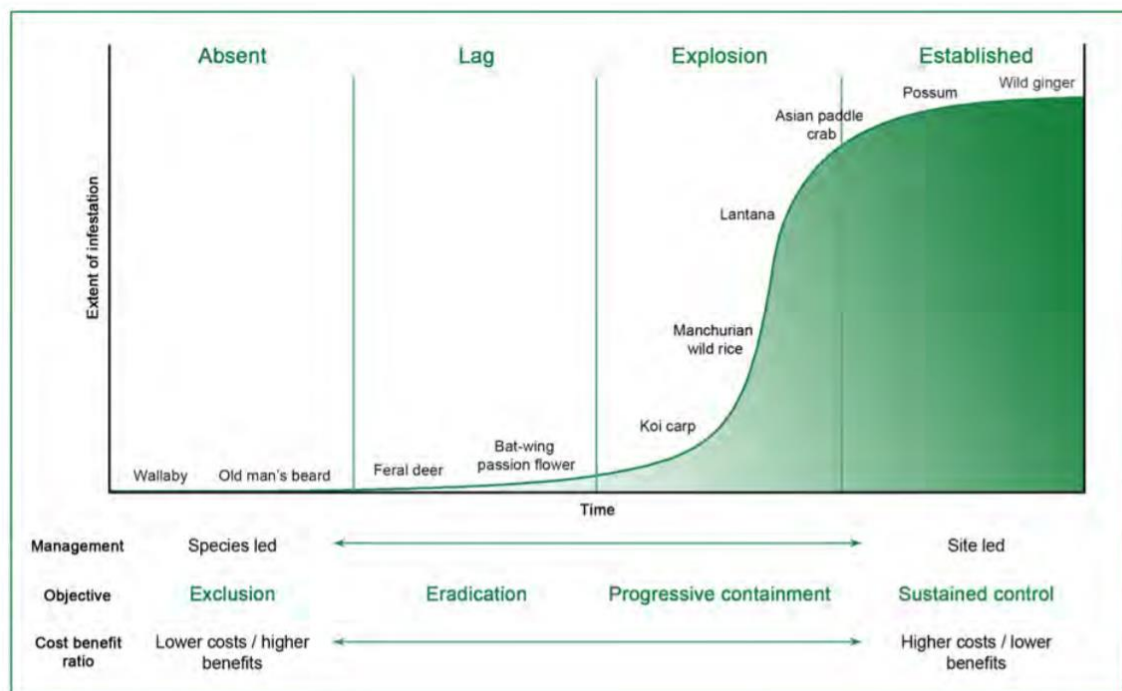
² Northland Regional Council. Northland Regional Pest and Marine Pathway Management Plan 2017-2027. <https://www.nrc.govt.nz/media/uhudlio4/northlandregionalpestandmarinepathwaymanagementplan20172027.pdf>

The Plan sets out levels of pest control programmes. The types of programmes are defined by the National Policy Direction and reflect outcomes in keeping with the extent of the invasion and whether it is possible to achieve the desired control levels for the pests. The four programmes are:

- Exclusion pests – to search for and control new incursions of pests and prevent their establishment in Northland
- Eradication pests – to carry out eradication until infestation levels are reduced to the point where it becomes difficult to detect the pest
- Progressive containment pests – to reduce the geographic distribution of pests in Northland
- Sustained control pests – to reduce pest densities, impacts on values and spread to other properties.

The Plan provides an invasion curve graph to explain classification of pests under different control programmes for each pest (Figure 1 below). Feral and stray cats are classed under the **sustained control programme**. Cats are an established pest, and due to higher costs and lower benefits of control efforts around the management of cats are site led rather than species led under the NRC Plan. Biodiversity projects involving sustained control pests are managed outside the Pest Plan through Biosecurity Partnership Programmes with NRC.

Figure 1 Northland Regional Pest and Marine Pathway Management Plan 2017-2027 - Invasion Curve Graph



The role of the District Council

Council's Animals Bylaw 2017 was made under section 145 of the LGA for the purpose of (a) protecting the public from nuisance, and (b) protecting, promoting, and maintaining public health and safety.

Within the regulatory scope of an Animals Bylaw under the LGA, Council can consider the following approaches to managing the keeping of pet (companion) cats:

- General nuisance provisions
- Limiting the number of cats per property
- Microchipping and registration of cats
- Mandatory desexing

The current Bylaw provides for the management of cat ownership through the general provisions in clause 6.

6.1 The owner or person in charge of any animal must always:

- ensure that animal does not cause a nuisance to any other person
- ensure that animal does not cause a risk to public health and safety
- ensure that animal does not damage any property belonging to any other person.

These provisions are broad enough to cover a variety of situations that arise in relation to cats as well as other animals. Enforcement officers have authority to require that owners comply with these obligations including, if directed, to remove the animals from the property within a specified period.

Options analysis

The pros and cons of regulatory and non-regulator approaches available to Council are discussed in the table below:

District Council options for managing responsible cat ownership			
Options	Description	Advantages	Disadvantages
Option 1. No specific cat clauses in the bylaw. Regulation under the general rule (clause 6)	<p>The owner of any animal must ensure that animal does not cause nuisance to any person, doesn't damage property and doesn't cause a risk to public health and safety.</p> <p>The current Bylaw under the LGA serves as a last resort to address animal issues by providing a legal basis to potentially taking the matter to the District Court. Whenever possible, more direct enforcement provisions are used in the first instance under the District Plan, the Health Act and the Impounding Act.</p>	<p>This is considered to be a cost-effective approach within the available legislative framework.</p> <p>The general clause is broad enough to allow enforcement of serious nuisance issues such as cat hoarding.</p>	<p>Perception that Council is not acting to address concerns of cat welfare.</p> <p>Environmental issues related to stray cats sit outside the scope of a bylaw under the LGA. Therefore concerns about effects on native birds cannot be addressed through a bylaw.</p>
Option 2.	Many councils have limits on cat numbers. The Health	A limit on the number of cats can serve an	Cost. Issuing permits to persons who wish to hold

<p>Limit the number of cats allowed per property</p>	<p>Act and potentially the LGA provide the ability to introduce such a rule in the bylaw.</p>	<p>educational purpose and could assist in encouraging an overall reduction in the number of cats in the District over a longer term.</p>	<p>more than the stipulated number of cats would require an operational budget, which has not been planned for in the current LTP. The costs of holding seized animals need to be considered.</p> <p>Effectiveness. Limiting a number of cats per property does not provide any additional benefits compared to the general rule, as the nuisance provisions under clause 6 of the current Bylaw already provide the ability to require that owners remove animals from a property.</p> <p>Perception. Risks creating unintended false expectations in relation to Council's ability to control the number of cats at each property. To seize any cats the enforcement officers would still require a warrant under the Search and Surveillance Act, which is a costly and lengthy process.</p>
<p>Option 3. Mandatory microchipping and/or desexing of cats</p>	<p>Owners would be required to microchip and/or desex their cats. If cats were uplifted for any reason or lost and found, owners would be required to pay a microchipping and desexing fee before their pet is returned.</p> <p>There is no national level legislation to provide Council with effective enforcement powers for cat management, as compared to the Dog Control Act 1996.</p> <p>Wellington District Council's microchipping requirements were met with a legal challenge.</p>	<p>Mandatory desexing would directly contribute to reducing cat populations over time. This could assist NRC's work in relation to stray cats by making it easier to determine if a cat is stray or has owners.</p> <p>There could be some cost savings for cat owners with reduced fighting amongst desexed cats leading to reduced vet fees for treating injuries. Owners might also experience fewer issues with rehoming or euthanising unwanted kittens.</p>	<p>Substantial and unknown enforcement costs to council. Additional financial burden on owners and ratepayers.</p> <p>Unintended consequences - creating an expectation that Council should provide assistance with microchipping and desexing measures.</p> <p>Risk of legal challenge. Microchipping is likely outside the scope of Council's powers under the LGA. There are difficulties with demonstrating that microchipping serves to protect the public from nuisance or protect public</p>

			health as per section 145 LGA.
Option 4. Incorporate into the bylaw guidelines to encourage microchipping	The bylaw could provide that non-microchipped cats would be considered strays. Strays are classified as pests and controlled by the Regional Council.	A voluntary approach to microchipping could assist with promoting responsible cat ownership while avoiding the unintended consequences described above. No additional enforcement costs. Council could choose to incorporate elements of Option 5 to promote microchipping.	The disadvantage of this approach is the risk of creating unrealistic expectations around enforcement.
Option 5 Non-regulatory measures	The following non-regulatory approaches could be supported in collaboration with the relevant agencies, NGOs and private vets: <ul style="list-style-type: none"> • Education and promotion of responsible cat ownership • Targeted subsidized microchipping of cats in the most affected neighborhoods • Advocating against no-pet clauses in tenancy agreements to reduce abandonment of cats • Funding for community-driven cat welfare initiatives 	Targeted funding for cat control in affected neighbourhoods can deliver noticeable results within shorter time frames. Allows to focus on environmental impacts of cats instead of being constrained to nuisance and public health matters. The National Cat Management Strategy Group Report ⁽³⁾ recommends enforcement of regulations to be secondary to educational and support roles Councils pursue in relation to cat management.	Some individuals may lack the incentive to comply. However, any nuisance effects are covered in clause 6 of the bylaw.

³ LGNZ, SPCA and others. National Cat Management Strategy Group Report, August 2020.
https://static1.squarespace.com/static/5d1bf13a3f8e880001289eeb/t/5f6d986d7bea696c449fa5a7/1601017986875/NCMSG_Report_August+2020.pdf

Resources needed for a regulatory approach

Potential costs of enforcing limits on cat numbers and/or mandatory microchipping or desexing of cats are difficult to estimate. The level of funding required for regulatory measures would also depend on the desired level of enforcement, whether pro-active or complaints-based.

The true size of cat population in the Whangarei District is unknown. Staff are awaiting information on the number of registered cats from the New Zealand Companion Animal Register.

A significant proportion of cat-related nuisance complaints would be caused by stray cats which are within the Northland Regional Council's pest control activity. While Whangarei District Council received only 9 cat-related complaints in the past 2 years, Northland Regional Council receives about 20 complaints per month.

The New Zealand Companion Animals Register currently has 8157 registered in Whangarei. Companion Animals New Zealand have estimated there would be around 23048 cats in Whangarei households, approximately 11293 of them microchipped.

It is difficult to provide an estimate of what cat management might cost. Looking at the costs of dog management does not provide a direct comparison, as there are some unique differences such as control of menacing and dangerous dogs. However, the cost of dog management is the only ballpark figure currently available.

In 2020 the total cost of dog control and enforcement for Council was \$832,000. This includes:

- \$689,000 – contractor's fee for enforcement
- \$82,000 – legal fees (legal opinions and prosecutions)
- \$11,000 – Ministry of Justice lodgement fees
- \$24,000 – animal shelter maintenance
- \$18,000 – debt management and collection costs

Some of the costs of dog control enforcement are recouped through dog registration fees under the Dog Control Act. In the absence of legislation to allow Council to charge a cat registration fee, any cat enforcement expenses would have to be funded through rates and would constitute non-budgeted spending.

Requirements for mandatory microchipping and desexing would place additional cost burdens on pet owners. Approximate private vet costs in Whangarei are as follows:

- Microchipping \$75
- Registration on the Companion animal register \$30
- Desexing a female cat \$155
- Desexing a male cat \$90

The following estimated costs of regulatory cat management are provided below as an indication only. Detailed costing has not been undertaken on this matter. There may be further associated expenses that we are unable to define at the moment.

Options	Cost	Details
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<p>1. Non-regulatory approach</p>	<p>From \$15,000 per annum</p>	<ul style="list-style-type: none"> • \$15,000 per annum committed through the LTP to de-sexing and microchipping • In the 2019-20 year \$4,635 was granted to the Whangarei Cat Rescue to support a year-long desexing programme. • Consideration of any funding to support the SPCA • Targeted educational programmes to promote responsible pet ownership
<p>2. Complaints-based enforcement only for limits on cat numbers per property</p> <p>(e.g. maxim 5 cats over the age of 6 months per property)</p>	<p>Estimated approximately \$400,000</p>	<ul style="list-style-type: none"> • 2 cat enforcement officers and 1 administrator • No contribution for de-sexing or microchipping, these costs would fall directly to cat owners • No proactive work • Limited number of complaints
<p>3. Enforcement at a level similar to dog management</p>	<p>Indicative from \$1m, noting that the cost of dog management is not directly comparable</p>	<ul style="list-style-type: none"> • 6 officers and 2 administrators • No contribution for de-sexing or microchipping, these costs would fall directly to cat owners
<p>4. Full-scale proactive enforcement</p>	<p>Upwards of \$3.5m</p>	<ul style="list-style-type: none"> • 6 officers and 2 administrators • Cost of enforcement and complaint management from \$1m per year • Cat pound/shelter facility from \$2.5m • Any contribution to de-sexing or microchipping would incur additional cost

Depending on the preferred direction Elected Members wish to take, further investigations of cost will be essential.

2.2 Review of the Class 4 Gambling Venue Policy and the Board Venue Policy

Meeting:	Council Briefing
Date of meeting:	26 May 2021
Reporting officer:	Vita Strohush, Strategic planner (Bylaws) Tony Horton, Manager – Strategy

1 Purpose

To provide an overview to Council on the review of the Class 4 Gambling Venue Policy and the Board Venue Policy, this will include:

- The matters Council can address in reviewing the Class 4 Gambling Policy and the Board Venues Policy.
- Feedback from Council on the scope of review the Class 4 Gambling Policy and the Board Venues Policy.

2 Background

Council's two gambling harm related policies (Class 4 Gambling Venue Policy and the Board Venue Policy) are due for review, as required by the Gambling Act 2003 and the Racing Act 2003. The Policies were last reviewed only three years ago, in 2019.

Following Council resolution of 25 July 2019, a research on Class 4 gambling was commissioned from an independent policy analyst. Two independent research reports were provided to Council on 8 July 2020.

Having considered the Social Impacts Report and Options Analysis Council resolved at its meeting of 23 July 2020 to proceed with the required three yearly policy review, rather than undertake an early review. Council is now in a position to commence the three yearly review.

Prior to doing so research reports have been reviewed with the data updated to reflect the latest information available. The updated reports, included as Attachments 1 and 3, outline the impacts of COVID-19, taking into account the ability to participate in gambling at venues during different alert levels

3 Discussion

3.1 Legislative environment

The Gambling Act 2003 requires Councils to have a policy that states whether or not class 4 gambling 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).

The Racing Act 2003 provides for race and sports betting on galloping, harness, and greyhound races, and other sporting events. Council consent is not required under the Racing Act 2003 to establish a TAB facility in a bar, hotel or club. However, section 65D of the Racing Act 2003 territorial authorities are required to adopt a TAB Board Venue policy for standalone "TABs" operated by the New Zealand Racing Board. The policy must specify

whether or not new TAB Board Venues may be established in the district, and where they may be located.

The scope of both Class 4 Gambling Venue Policy and the Board Venue Policy is limited:

- Class 4 Gambling Venue Policy
 - Policy must determine whether new Class 4 venues should be permitted
 - Council must set a relocation policy – should Class 4 venues be allowed to relocate and if yes, where?
 - Policy may set a cap on the number of venues
- Board Venue Policy (BVP)
 - Applies only to stand-alone TAB venues and not those in a bar or club.
 - Policy must determine whether new stand-alone TAB outlets should be permitted in the District
 - How many stand-alone TAB outlets are permitted
 - Council may set a relocation policy

3.2 Considerations for review

Both Policies are required to be reviewed every three years. Each review requires a determination as to whether the Policy should continue in its current form, or whether it should be amended, after community consultation. There is no requirement to consult with the community, if, through the review, Council determines to retain the Policies in their existing format.

During review of gambling related policies Council is required to consider certain matters:

- Councils **must have regard** to the social impact of gambling
- Councils may consider a range of other matters in their policies:
 - the characteristics of the District
 - proximity to education facilities, places of worship, community facilities
 - cumulative effects of additional gambling opportunities

3.3 Class 4 Gambling Venues Policy

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.

Council recently reviewed its Class 4 Gambling Policy in 2019. The Policy utilises a sinking lid approach to the establishment of venues and number of electronic gaming machines. This means that new venues cannot open, except in some cases when relocating an existing venue. The number of electronic gaming machines may not increase. This policy approach reduces the accessibility of gambling in the District over time.

Between March 2015 to December 2020, the number of venues in Whangarei decreased by 3 and the number of EGMs (electronic gaming machines) decreased by 35 (see Attachment 1). A potential concern for Whangarei is that EGMs are concentrated in higher deprivation communities. There has also been a greater increase in GMP (gaming machine proceeds) than the national average, despite having a lower gaming machine density (number of machines per 10,000) and decreasing number of venues and EGMs.

Table 1 details the current Class 4 Gambling Policy provisions:

Table 1

Policy	1. Establishment of Venues	2. Location of venues	3. Number of Electronic Gaming Machines	4. Relocation of venues	5. Merger of venues
Policy option	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
Class 4 Gambling (C4G) Policy approach	s.3.1. C4G Policy Whangarei District Council will not permit the establishment of new class 4 gambling venues in the Whangarei District.	s.5.1 C4G Policy Any class 4 venue may only be established in a Business 1, Business 2 or a Business 4 Environment as defined under the Whangarei District Plan.	s.3.1. C4G Policy Whangarei District Council will not permit the establishment of new class 4 gambling venues in the Whangarei District.	s.4.1.a. C4G Policy Council may permit relocation if due to circumstances beyond the control of the owner or lessee of the class 4 venue, the venue cannot continue to operate at the existing site (e.g. expiration of lease)	s.4.1.b C4G Policy Council may permit relocation if the new site is as a result of the approved merger of two or more clubs under section 95 of the Gambling Act 2003.

In response to the resolution passed on 25 July 2019, staff have worked with an independent policy analyst to investigate options for potential substantive amendments to the Class 4 Gambling Venues Policy:

- The Options Analysis Report provided in **Attachment 1** examines six potential policy configurations for regulating Class 4 Gambling in the District. Appendix 1 to the Report provides a detailed analysis of each of the policy options available to the Council.
- A high-level Summary of Options is provided in **Attachment 2**.
- A Social Impact Assessment of Class 4 Gambling in the Whangarei District is provided in **Attachment 3**

The Options Analysis Report contains a matrix of policy considerations. For convenience, this is provided below in Table 2 with the current Policy settings highlighted in **red**. Council is required to consider a balance between minimising gambling harm and continuing access to gambling as a form of entertainment and source of funding for community organisations.

Table 2

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
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)	N/A	N/A	N/A	N/A

The Social Impact Assessment of Class 4 Gambling in the Whangarei District outlines the key issues around the benefits of gambling as well as the harm. The Assessment found Māori have a four times higher risk of having moderate or problem gambling compared with non-Māori. Māori make up approximately 22% of adult Whangarei population (13% nationally). 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.

The impact of Covid-19 has led to a decrease in expenditure on EGMs between December 2019 to June 2020, followed by a marked increase by September 2020. EGM expenditure decreased from \$4.69m in December 2019 to \$2.12m in June 2020, then increased from June 2020 to September 2020 reaching \$5.17m (see Attachment 3).

If Council wishes to consider a relocation policy as part of any amendment to the Class 4 Gambling Policy, it must consider the social impact of gambling in high deprivation areas. The Social Impact Assessment found electronic gaming machines are more prevalent in Whangarei's more deprived communities. The occurrence of gambling harm continues to sit with a small proportion of the population (which is responsible for the majority of the spending).

In relation to benefits of gambling, the Social Impact Assessment shows annual GMP (gaming machine proceeds) for Whangarei in 2020 was \$16.3 million. Accordingly,

approximately \$6.51 million (40%) is required to be distributed back to the community. The report notes that money is not required to be invested in the community from where it originated. To this effect, the Problem Gambling Foundation database recorded \$2.17 million of grants made to Whangarei/Far North/Kaipara in 2020.

3.4 Board Venues Policy

Council's Board Venues Policy covers only standalone TAB Board Venues, which are owned or leased by the New Zealand Racing Board for the purpose of race and sports betting. It does not apply to TAB facilities in a bar, hotel or club. If a TAB Board Venue wishes to also host gaming machines a separate application must be made under Council's Class 4 gambling policy and the TAB Board Venue must also meet the additional criteria set out in that policy.

Over the past decade there has been a noticeable trend toward the development of combined TAB and Class 4 venues, often dubbed 'sports bars'. This means installing PubTAB self-service kiosks, or full-service outlets (with staffed betting counters), in a Class 4 venue. These may be accompanied by televisions tuned to sports channels and the TAB's own Trackside channel. This can transform a pub or bar into a place where the principal activity is gambling. There is nothing in the law to restrict the New Zealand Racing Board from providing race and sports betting within a Class 4 venue.

Council's current Board Venues Policy allows for up to two standalone TAB venues to be established in the District. Currently there are no TAB Board Venues in Whangarei, since the last standalone venue closed in 2019. Given this, Council may wish to take an opportunity to revisit its approach to TAB Board Venues and consider whether it wishes to continue to provide an opportunity through the Policy for the establishment of new TAB Board Venues.

4 Next steps

To provide a framework for the review of these two policies, feedback is requested on the scope of the review:

Board Venues Policy

- Continue the current policy approach allowing for up to two standalone TAB venues
- Report back with options for any amendments to the Policy

Class 4 Gambling Policy

- Feedback on the current policy approach, or whether there is a desire to explore alternative options (as outlined in Attachment 2).

5 Attachments

Attachment 1 - Options Analysis Report

Attachment 2 - Summary table of policy options, impacts, costs, benefits, and risks.

Attachment 3 – Social Impact Report



2021 Options Analysis Report

Options Analysis Report on Class 4 Gambling in the Whangārei District

10 May 2021



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.

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INTRODUCTION

The Whangārei 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 Whangārei District. The report provides the Whangārei 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 Whangārei 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).¹ It then considers the current approach to Class 4 gambling in Whangārei 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 Whangārei 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 Whangārei 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 Whangārei District Council) must have a Class 4 gambling venue policy which is reviewed every three years.² 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.³ Racing and

¹ The Gambling Act 2003. [Online]. Available from:

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

¹ Section 102.

² Section 102.

³ 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 2003.⁴ 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 Whangārei 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)
- Whangārei 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.⁵

[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.⁶

[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:⁷

- 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

⁴ Section 4.

⁵ Section 101.

⁶ Section 101(3).

⁷ 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:⁸

- 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 2001⁹
- 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.¹⁰ The Council must then consider and determine whether or not to grant consent.¹¹

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.

⁸ Section 98.

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

¹⁰ Section 99.

¹¹ Section 100.

CURRENT CLASS 4 GAMBLING POLICY IN WHANGĀREI

The Council adopted the Class 4 Gambling Venue Policy (the Policy) in March 2004. This was most recently amended in July 2019.¹²

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 2020, Whangārei had 19 venues and 269 gaming machines.¹³ During 2020, Whangārei players spent \$16.3 million on EGMs which is approximately \$44,484 per day.¹⁴

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

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

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 permitted.
Relocation of existing Class 4 venues	Only permitted when: <ul style="list-style-type: none"> • The venue cannot continue to operate at the existing site due to circumstances beyond the control of the owner or lessee of the venue. • The new site is a result of the approved merger of two or more clubs.
Merger of venues	Allows venues to merge.

¹² Whangārei 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>

¹³ Department of Internal Affairs. (2020), *All venues and numbers by territorial authority at 31 December 2020 XLSX*. [Online].

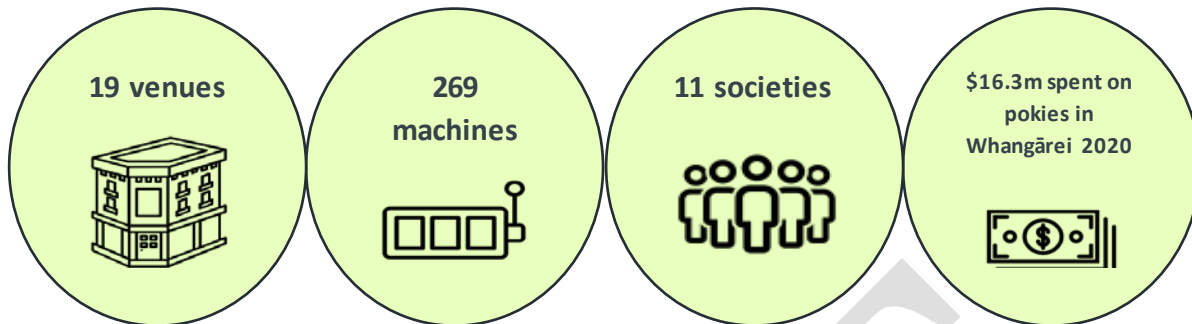
Available from: <https://www.dia.govt.nz/gambling-statistics-historical-data-venues-machine-numbers>

¹⁴ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online] Available from:

<https://www.dia.govt.nz/gambling-statistics-expenditure>

Snapshot of gambling in Whangārei 2020

The following has been drawn from the Social Harm Report:



- **Whangārei has seen a decrease in venue and electronic gaming machine numbers.** Between March 2015 to December 2020, the number of venues decreased by 3 and the number of EGMs decreased by 35.¹⁵
- **Whangārei has seen an increase in expenditure on electronic gaming machines.** In 2020, Whangārei players spent \$16.3 million on pokies, meaning they were losing on average \$60,525.85 per machine. This increased spending is higher than the national average.¹⁶
- **More electronic gaming machines are housed in high deprivation communities** than low deprivation communities.¹⁷
- **Whangārei may experience a greater level of gambling harm than the national average.** In Whangārei 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.¹⁸
- **Whangārei has a lower EGM density (number of machines per 10,000 people) than the national average.** In Whangārei there are 28 machines per 10,000 residents while nationally there are 29 machines per 10,000 people.
- **Gaming machine proceeds benefit the community.** In the Whangārei 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 2020 the annual gaming machine proceeds (GMP)¹⁹ was \$16.3 million²⁰ meaning approximately \$6.51 million (40%) is required to be distributed back to the community.

¹⁵ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

¹⁶ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

¹⁷ Department of Internal Affairs. (2019), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

¹⁸ 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>

¹⁹ 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.

²⁰ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online] Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

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

A potential concern for Whangārei 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 Whangārei 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.

DRAFT

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

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
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 Whangārei 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 Whangārei 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
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

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 269 (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 Whangārei 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 reduce 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).²¹ 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.²² 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

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

²² 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 Whangārei 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 Whangārei. 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 Whangārei from March 2015 to December 2018 the number of venues in Whangārei decreased by 4 while the gaming machine proceeds (GMP, amount of money lost by players) increased by 39.3%.²³ 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).²⁴ 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 2018.²⁵ 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 Whangārei.
- **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 Whangārei 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 2020 was \$16.3 million, accordingly approximately (40%) is required to be distributed back to the community.²⁶ 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.

²³ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from:

https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

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

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

²⁶ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online] Available from:

https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

- **Relocation:** In Whangārei venues are more common in high deprivation communities.²⁷ 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.²⁸ 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.²⁹ The risk of having a relocation policy that is too restrictive, is that gambling venues will remain concentrated in Whangārei'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 Whangārei 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 a discussion on the likely impacts, costs, benefits, and key risks associated with establishing the policy.³⁰

²⁷ 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

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

²⁹ 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>

³⁰ 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.

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Table 3: Policy options regarding the establishment of venues

1. Establishment of Venues	
<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>	
Option (How this option would apply drawing on examples from other Territorial Authorities)	Legislative fit (How does the Act apply here? What would be required to amend the policy?)
<p>1a - Allow establishment of new venues</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>1b - Restrict establishment of new venues with a cap</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 Hauraki District 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 Whangārei.</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 Whangārei District.</p> <p>Any cap on the number of venues would need to be drafted into the Policy.</p>
<p>1c - Restrict establishment of new venues to those that are relocating and/or merging - sinking lid (status quo)</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 Hamilton, 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 Whangārei District. No change to the Policy would be required under this option.</p>

<p>1d – No establishment of new venues - sinking lid</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>Auckland 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>Likely impacts, costs, benefits, and risks</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"> • 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. • 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. • 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. • 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 Whangārei. 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. • 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 Whangārei increases more venues may be permitted to establish. The Council would therefore need to carefully consider how the cap would be determined. • Adopting a sinking lid policy would over time lead to the eventual closure of all Class 4 venues in Whangārei. 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 Whangārei from March 2015 to December 2018 the number of venues in Whangārei decreased by 4 while the gaming machine proceeds (GMP, amount of money lost by players) increased by 39.3%.³¹ 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).³² 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 2018.³³ 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 Whangārei. 	

³¹ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

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

³³ 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.³⁴ 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 Whangārei.
- There are also concerns that a sinking lid approach may eventually lead to a decrease in community funds. In the Whangārei 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.³⁵ 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 shutdown 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 Whangārei. 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.

³⁴ 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>

³⁵ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online] Available from: 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 (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?)
2a – Allow establishment of venues anywhere in the District 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.
2b – Restrict where venues can be established (status quo) Under this option, Class 4 venues could only be established in the approved parts of the District Plan (Permitted Venue Area). For example in Wellington 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 Whangārei, this largely restricts development to the central business district, Kamo and Marsden Point. ³⁶ Under this option the Council could further restrict development by reducing the number of business environments where development is possible.
2c – Restrict what venues can be established near 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 Hamilton 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 Tauranga 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"> • 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).³⁷ 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.³⁸ This is of concern as communities with a high deprivation index are those that have characteristics such as low employment and low income. 	

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

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

³⁸ 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

3. Number of Electronic Gaming Machines	
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.	
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>3a – Allow maximum number of EGMs</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>Whakatāne's 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>Tauranga's 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>3b – Cap number of EGMs</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>Wellington 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 Hauraki the maximum number of gaming machines allowed (cap) within the District shall not exceed 69.</p> <p>Some territorial authorities such as Kāpiti Coast District Council 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>3c – Sinking lid on number of EGMs (status quo)</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 Ōpōtiki permission for additional new pokie machines shall not be given.</p> <p>In Tauranga 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 Whangārei 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>Likely impacts, costs, benefits, and risks</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"> • 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”.³⁹ • 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. • 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. Whangārei has seen an increase in pokie expenditure from March 2015 to December 2019 where GMP increased by 39.3%.⁴⁰ During these same quarters, Whangārei 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. • 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. • 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. 	

³⁹ Section 3.

⁴⁰ 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>4a – Allow relocation of venues</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 Whakatāne 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 <i>Class 4 venue licence</i> 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>4b – Place conditions on when venues can relocate (status quo)</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 Hamilton 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 Tauranga 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>Whangārei 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, Whangārei 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>4c – No relocation of venues</p> <p>Under this option a Class 4 venue (within its district) would not be granted permission to relocate.</p> <p>In Auckland 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.⁴¹
- In Whangārei venues are more common in high deprivation communities.⁴² 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.⁴³ 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.⁴⁴ The risk of having a relocation policy that is too restrictive, is that gambling venues will remain prevalent in Whangārei'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.⁴⁵ Having relocation policies may also allow TA's more flexibility to respond to urban growth, re-zoning and other changes in the district.

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

⁴² 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. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

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

⁴⁴ 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>

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

Table 7: Policy options regarding the merger of venues

5. Merger of venues	
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.	
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>5a – Allow venues to merge (status quo)</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 Hamilton, 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>5b – Allow venues to merge with a restriction on the number of EGMs they may house</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>Hamilton: 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>Whakatāne: 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>Tauranga: 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>Hauraki District: 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 Auckland 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"> • State the maximum number of machines that may be operated after a merge • Limit the number of EGMs to the number of merging venues multiplied by nine.

<p>5c – No merging of venues</p> <p>This option would prohibit Class 4 venues from combining to form one operation.</p> <p>In the Ōpōtiki 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>Likely impacts, costs, benefits, and risks</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"> • 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. • 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. • 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. • 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. 	

Summary of Policy Options, Impacts, Costs, Benefits, and Risks.

Policy option	Impacts	Costs	Benefits	Risks
Option 1: Allow establishment of new venues and allow relocation and mergers	Probable increased numbers of EGM venues and EGMs, and increased participation in EGM use. Increased gaming machine proceeds.	Greater level of expenditure from the community.	More employment opportunities for venue staff. More money available to be distributed for community benefit.	This option would be likely to lead to a greater level of gambling-related harm, and demand for gambling help services.
Option 2: Cap the number of venues and allow relocation and mergers	May result in an increase in the number of EGMs, participation rates.	Potentially greater level of expenditure from the community.	May benefit businesses that are not viable in their current location.	Possible increase in gambling-related harm.
Option 3: Cap the number of venues/EGMs and restrict relocations/mergers	Would allow the level of access to EGMs to remain as it is currently.	Unlikely to impact on gambling-related harm	Continued employment for staff. Continuity of funding for community benefit.	Continued level of gambling related harm in the community.
Option 4: Sinking lid on venues/EGMs and allow restricted relocation and merger (status quo)	The number of venues and EGMs would decline over time, which may mean less access to EGMs, and lower EGM participation.	Less funding available for distribution for community benefit. Reduced access to EGMs for recreation.	If EGM participation rates decrease, there may be in reduction in EGM gambling related harm.	Reduced access to EGM may lead people who use EGM to turn to other forms of gambling (e.g. offshore online gambling which is untaxed and returns no money to the community).
Option 5: Sinking lid on venues/EGMS and allow relocation	Decline in EGM and venue numbers over time.	As for Option 4.	As for Option 4.	EGM users switch to online gaming, which is unsupervised and unlicensed.
Option 6: No establishment of new venues and no relocation or mergers	Decline in EGM and venue numbers over time.	As for Option 4.	As for Option 4.	EGM users switch to online gaming, which is unsupervised and unlicensed.



2021 Social Impact Assessment of Class 4 Gambling in the Whangārei District



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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.

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INTRODUCTION

The Whangārei 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 Whangārei District.

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

The Gambling Act 2003¹ (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 Whangārei 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) Dashboard²** – 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 2020 and forms a basis of the statistical insight for this report. The *Allen + Clarke* team accessed this Dashboard in April 2021. The main data drawn on for this report is included in Appendix A.
- **Statistics New Zealand data³** – 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 2021. 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 Index⁴** – 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;

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

² Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

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

⁴ 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>

unemployment; household income; sole parenting; educational qualifications; home 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)**⁵ - 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**⁶ – 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)⁷, every territorial authority must adopt a Class 4 Gambling Venue Policy and review that policy every three years.⁸ 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 Whangārei District Council adopted a Class 4 Venue Policy in 2004 and it was most recently amended by Council in July 2019.⁹

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.¹⁰

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.¹¹

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

⁶ CLIC Data retrieved from personal communication (2021) sent to Greg Martin.

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

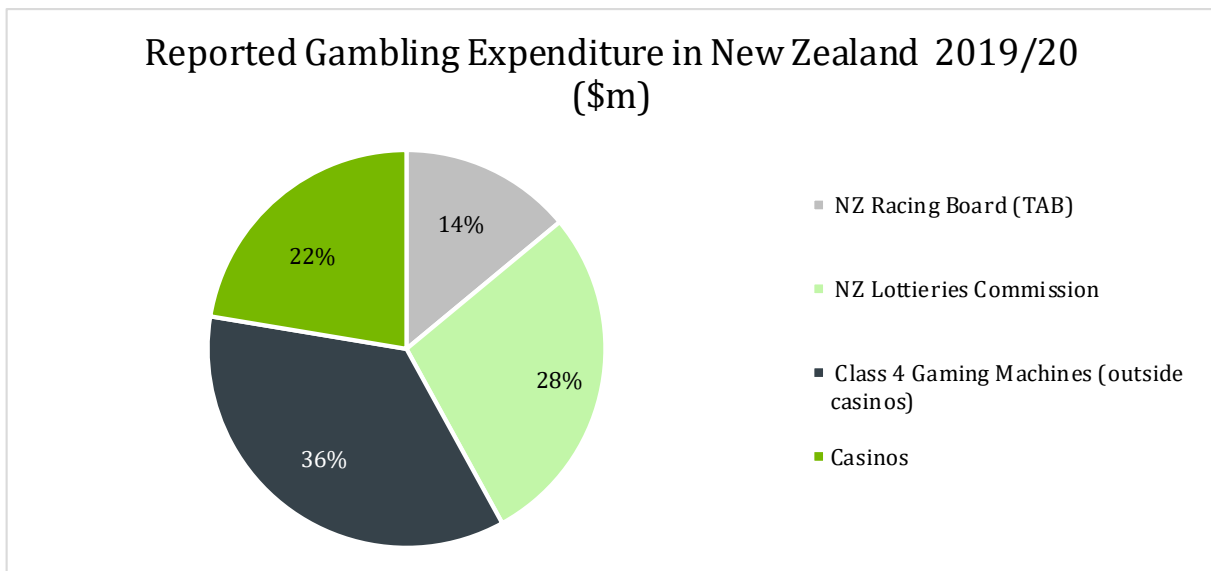
⁸ Gambling Act 2003, s 102.

⁹ Whangārei District Council. (2019). *Class 4 Gambling Venue Policy*. Whangārei District Council. [Online] Available from: <https://www.wdc.govt.nz/Council/Council-documents/Policies/Class-4-Gambling-Venue-Policy>

¹⁰ Abbott (2017). Gambling and gambling harm in New Zealand: a 28 year case study. *International Journal of Mental Health and Addiction*, 15, 1221–1241 <https://doi.org/10.1007/s11469-017-9767-6>

¹¹ Department of Internal Affairs. (2020) Gambling Expenditure Statistics. [Online] Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

Figure 1: Reported gambling expenditure of the four main types of gambling activity in New Zealand 2019/20 - Actual dollars (non-inflation adjusted) for gambling operators' financial year-end



Across New Zealand, over \$810 million was spent on pokies in 2020, which equates to approximately \$2.22 million per day.¹² New Zealand had an average number of 14,781 machines which equates to approximately \$54,864.50 lost on each machine in 2020.¹³

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 2003.¹⁴ An example of an authorised purpose could therefore be a pub distributing gaming machine proceeds to a local amateur sports group.

¹² Department of Internal Affairs. (2020), *Class 4 Gambling Key Performance Indicators*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-key-performance-indicators?OpenDocument>

¹³ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

¹⁴ Section 4.

Current state of gambling in the Whangārei District

The Council currently adopts a ‘sinking lid’ policy to Class 4 venues.¹⁵ 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 2020, Whangārei had 19 venues and 269 gaming machines.¹⁶ During 2020, Whangārei players spent \$16.3 million on EGMs which is approximately \$44,484 per day.¹⁷

Table 1: Class 4 Gambling Venues in Whangārei District as at December 2020

Venue Name	Society Name	Club or non-club	Number of Gaming Machines
Tote & Poke	Oxford Sports Trust Inc	Non-Club	18
Kamo Hotel	Grassroots Trust Limited	Non-Club	18
The Grand Hotel (Whangarei)	Pub Charity Limited	Non-Club	18
Northland Club Inc	Northland Club Inc	Club - Chartered	18
Judge - House of Ale	Oxford Sports Trust Inc	Non-Club	18
Tikipunga Tavern	Oxford Sports Trust Inc	Non-Club	18
Pure Bar & Grill	Oxford Sports Trust Inc	Non-Club	18
Onerahi Tavern	Pub Charity Limited	Non-Club	18
Ruakaka Tavern	Pub Charity Limited	Non-Club	18
Kensington Tavern	Oxford Sports Trust Inc	Non-Club	18
Kamo Club	Kamo Club Incorporated	Club - Chartered	16
Hikurangi Hotel	Rano Community Trust Limited	Non-Club	13
Waipu Hotel	Four Winds Foundation Limited	Non-Club	12
Coalies Sports Bar and Grill	The Lion Foundation (2008)	Non-Club	11
Ngunguru Sports Complex	Ngunguru Sports & Recreation Society Incorporated	Club -Sports	10
The Whangarei Returned Services Association Incorporated	The Whangarei Returned and Services Association Inc	Club - RSA	9
Triple Crown	Four Winds Foundation Limited	Non-Club	9
Kensington Club	Kensington Club Incorporated	Club -Sports	6
Poroti Tavern	Pub Charity Limited	Non-Club	3
19 Venues	11 Societies	5 Club 14 non-club	269 Machines

¹⁵ Whangārei District Council. (2019). *Class 4 Gambling Venue Policy*. Whangārei District Council. [Online] Available from: <https://www.wdc.govt.nz/Council/Council-documents/Policies/Class-4-Gambling-Venue-Policy>

¹⁶ Department of Internal Affairs. (2020), *All venues and numbers by territorial authority at 31 December 2020 XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-historical-data-venues-machine-numbers>

¹⁷ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

Whangārei has seen a decrease in venue and electronic gaming machine numbers

Figures 2 and 3 show DIA data from March 2015 to December 2020.¹⁸ In the Whangārei District, venues decreased by 3 or -13.5% and the number of EGMs decreased by 35 or -11.5% during this period. At a national level over the same period, venues decreased by 209 or -16.4% and EGM numbers decreased by 1,833 or -11.0%. The number of venues in Whangārei during the period Covid-19 restrictions lowered to 18 in December 2019 but increased back to 19, remaining at 19 for the year 2020. EGMs in Whangārei during Covid decreased from 274 to 269.

Figure 2: Number of Venues in Whangārei and New Zealand

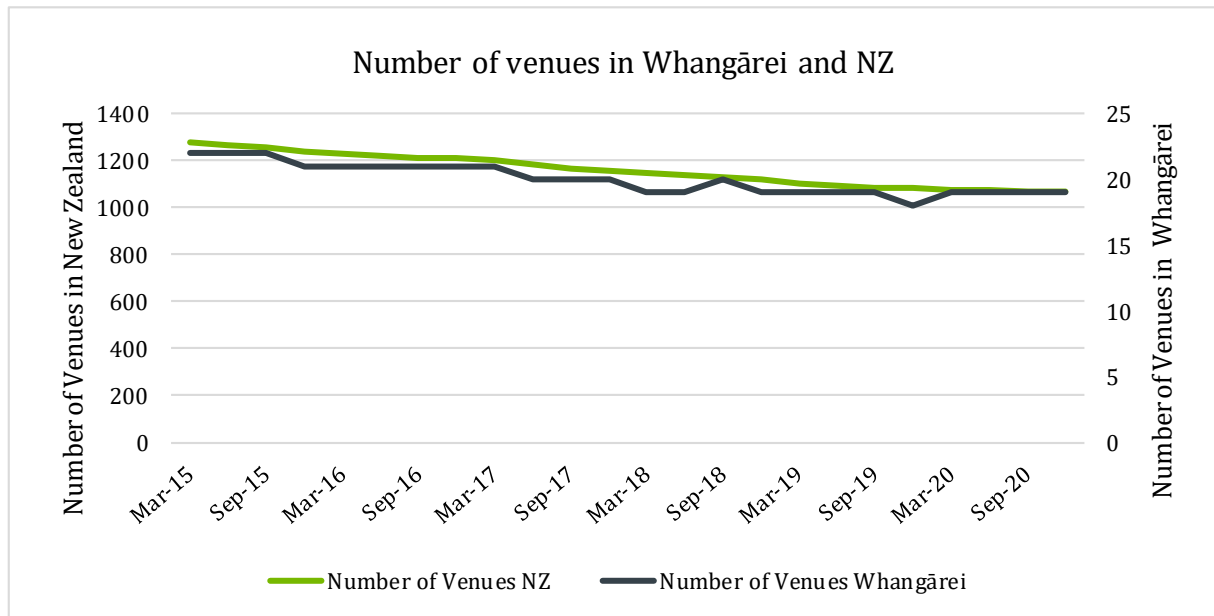
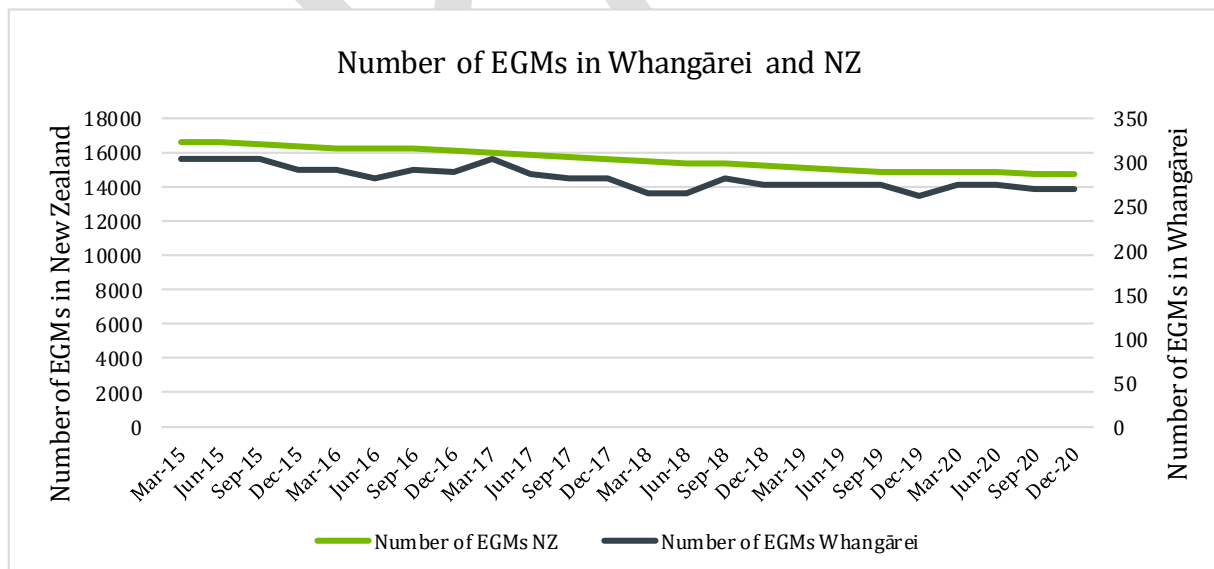


Figure 3: Number of EGMs in Whangārei and New Zealand



¹⁸ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

Whangārei 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 2020 Whangārei had 274 machines, which equates to an average of 28 machines per 10,000 people and an average of \$165.63 spent per person. Nationally, EGM density is an estimated 29 machines per 10,000 people. Other districts with similar population size estimates such as Dunedin, New Plymouth and Rotorua all have a higher EGM density than Whangārei.

This suggests that the relative accessibility and opportunity for gambling is slightly lower in Whangārei than in some broadly comparable regions.

Table 2: Number of Electronic Gaming Machines per 10,000 people

	Estimated Resident Population as at June 30 2020 ¹⁹	Number of gaming machines in the area as at June 2020 ²⁰	Number of gaming machines per 10,000 residents
Whangārei District	98,300	274	28
New Zealand	5,107,700	14,847	29
Dunedin City	134,100	397	30
New Plymouth District	86,100	303	35
Rotorua District	77,300	365	47

¹⁹ 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/>

²⁰ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

SOCIAL HARMS OF GAMBLING IN THE WHANGĀREI DISTRICT

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

Financial costs

Whangārei has seen an increase in expenditure on electronic gaming machines

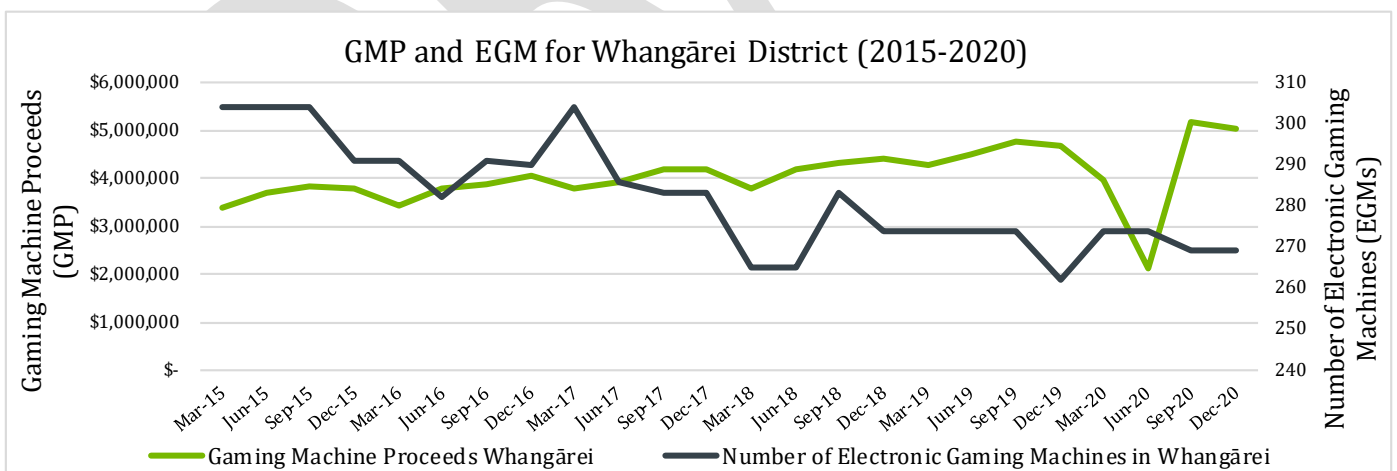
Gaming Machine Proceeds (GMP) is used to measure the amount of money lost by gamblers. It is defined as the total dollar turn-over minus the player pay-outs. It is therefore a measure of the actual losses incurred by pokie players.

As can be seen in Figure 4, Whangārei has seen an increase in pokie expenditure (green line) from March 2015 to December 2020, with a 49.5% GMP increase (as a comparator this is higher than the national average which increased by 30.6%).²¹ Over the same period, Whangārei experienced a decrease in the number of EGMs (black line). Higher pokie expenditure occurred despite a decrease in the number of machines and venues.

The impact of Covid-19 is demonstrated in the decrease in expenditure on EGMs between December 2019 to June 2020. In Whangārei District, the expenditure decreased from \$4.69m in December 2019 to \$2.12m in June 2020. The enforcement of level 3 and 4 lockdowns in New Zealand likely had a huge part in restricting people's access to EGMs. As the lockdowns lessened from June 2020 to September 2020, there was a large increase in expenditure on EGMs in Whangārei, increasing to \$5.17m, which is higher when comparing to the last peak in 2019 of \$4.78m. So, despite observing a decrease in expenditure in 2020 during the period of Covid-19 lockdown and restrictions, Whangārei has seen an increased expenditure overall.

For long term trends of GMP and number of EGMs from 2007-2020 see Appendix B.

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



²¹ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

The decrease in expenditure on EGMs does not account for the expenditure in online gambling. It is possible that the decrease in expenditure on EGMs was shifted to online forms of gambling during Covid-19 restrictions.

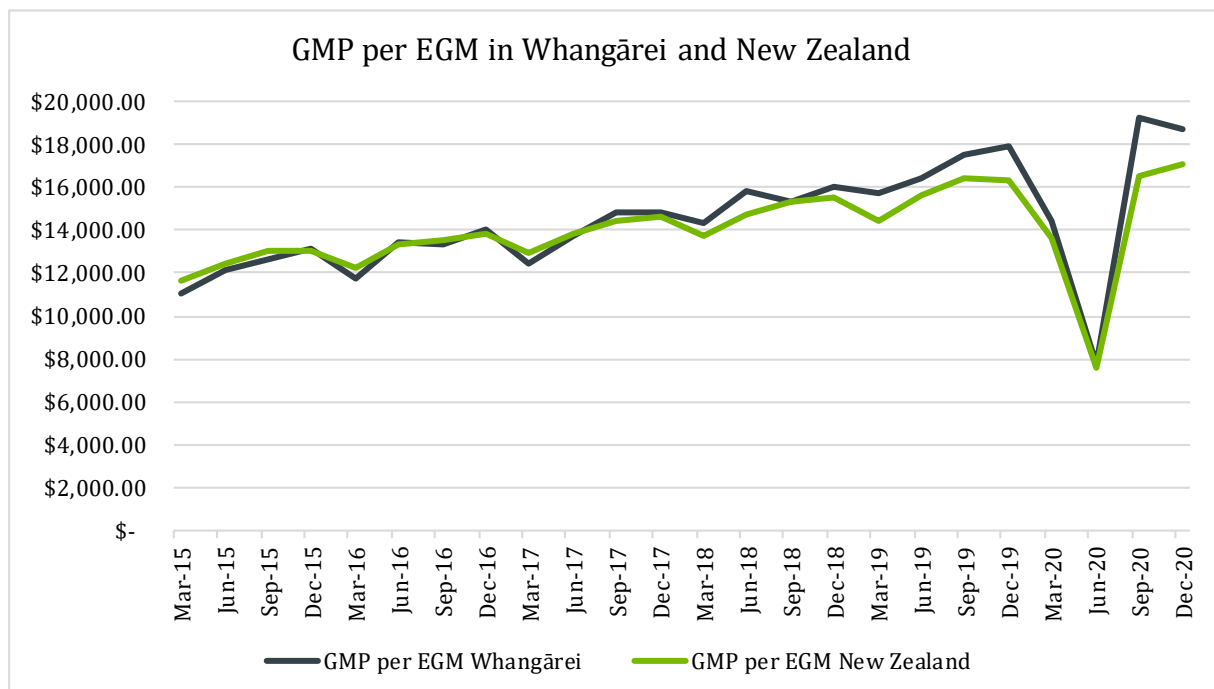
Whangārei has seen increased expenditure per electronic gaming machine

With more money being spent and fewer machines being available, the conclusion can be drawn that Whangārei EGM 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.

As shown in Figure 5, GMP per gaming machine in the Whangārei District has increased by 68.9% since March 2015. This means that the average spending per machine in December 2020 was \$7,635 more than it was in March 2015. As a comparison overall, New Zealand spend per machine increased by 46.8% with machines making \$5,440 more than they did in March 2015.²² Similar to Figure 4, in Figure 5 we observe a large decrease in GMP per EGM during the Covid-19 restrictions period between December 2019 and June 2020, and then increasing back to its peak from June 2020 to September 2020.

These data demonstrate that while both Whangārei and New Zealand are experiencing a growth in GMP per EGM. Whangārei's growth in expenditure is higher than the national average spend. In 2020, Whangārei players were losing an average of \$60,525.85 per pokie machine.²³

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



²² Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

²³ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

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'.²⁴ 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.²⁵ 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.²⁶

There is consistent evidence linking harmful gambling and family violence.²⁷ 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.²⁸

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.²⁹ 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.

²⁴ Department of Internal Affairs. (2019) Problem Gambling. [Online] Available from: <https://www.dia.govt.nz/Services-Casino-and-Non-Casino-Gaming-Problem-Gambling>

²⁵ Dowling, N. (2014). The impact of gambling problems on families (AGRC Discussion Paper No. 1). Melbourne: Australian Gambling Research Centre.

²⁶ 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>

²⁷ 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

²⁸ 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>

²⁹ 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.³⁰

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.³¹

Table 3: 2018 Health and Lifestyles Survey Problem Gambling Severity Index by ethnicity

Indicator ³²	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 Whangārei adult population, as at the 2018 census.³³ As shown, Whangārei has a relatively high adult Māori population. Of the adult Whangārei 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.³⁴ Having a higher Māori population than the national average means that Whangārei is likely to experience greater gambling harm as this community is at significantly higher risk of gambling harm than other ethnicities.

³⁰ 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.

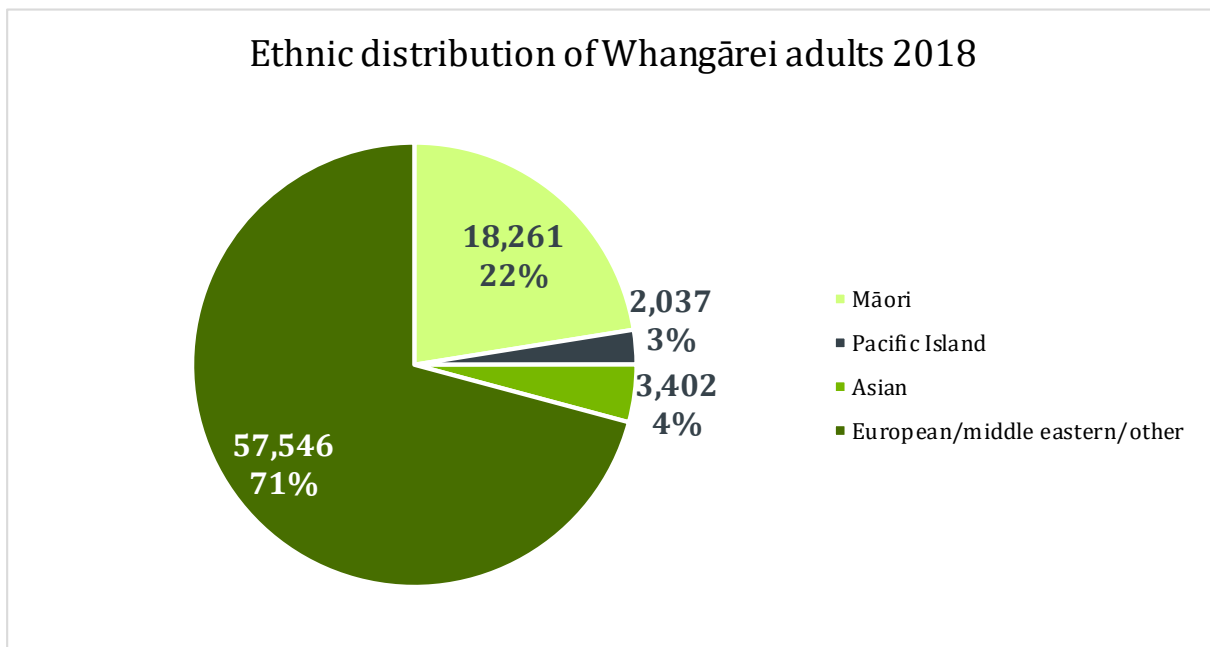
³¹ Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-harm>

³² 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'.

³³ 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 Whangārei 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.

³⁴ 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, Whangārei and New Zealand. [Online]. Available from: <http://archive.stats.govt.nz/infoshare/>

Figure 6: Ethnic distribution of Whangārei adults 2018



EGMs are more prevalent in the more deprived communities of Whangārei

While EGM density is relatively low in Whangārei and gaming machine numbers and venues are decreasing, the remaining EGMs continue to be disproportionately located in the most deprived 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).³⁵

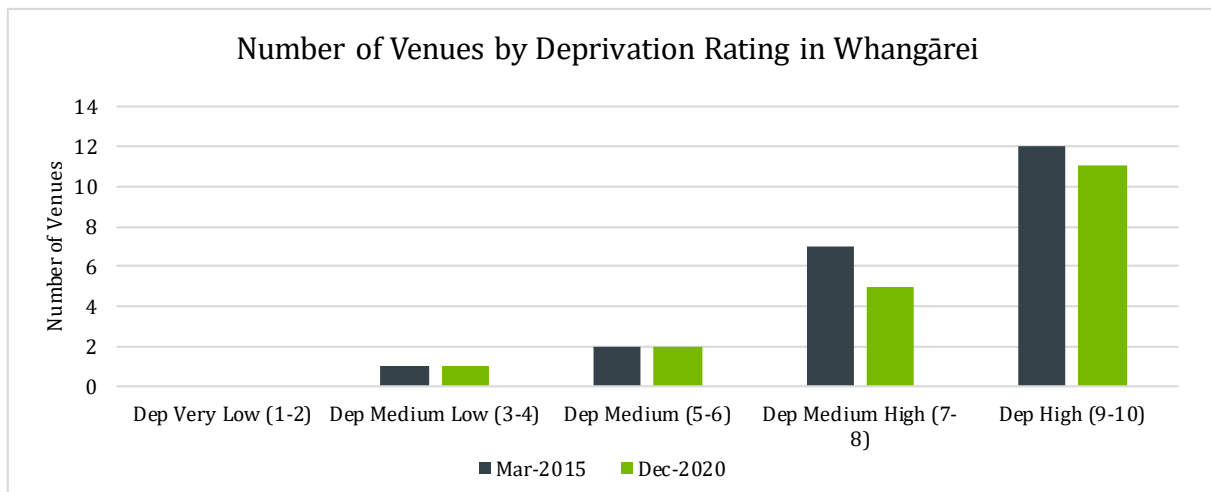
Having gaming machines located in high deprivation areas is therefore of concern as it may lead to a higher prevalence of gambling harm. Figure 7 shows the correlation in Whangārei between a higher deprivation index score and more gaming venues.³⁶ This trend is consistent across Whangārei since 2015 where more deprived communities had more gaming machine venues.

³⁵ Allen & Clarke. (2015). *Informing the 2015 Gambling Harm Needs Assessment*. Report for the Ministry of Health, Wellington: Allen & Clarke Policy and Regulatory Specialists Ltd.

³⁶ 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. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

Figure 7: A comparison of the number of venues by deprivation index in Whangārei (March 2015, December 2020)



The 2015 report also found that pokies in the most deprived areas provided over half of the total expenditure.³⁷ 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 relatively higher expenditure in more deprived areas could have a negative socioeconomic impact, further driving people to lower levels of poverty and deprivation due to income being more distributed to gambling. Furthermore, this might lead to a lessening of social cohesion between community members.

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.³⁸ 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.³⁹ Applying this to the Whangārei District means that the annual losses on pokies in 2020, of around \$16.28million,⁴⁰ came from approximately 10,270 people (of which an estimated 1,027 people were playing at least weekly).⁴¹

Intervention services in Whangārei

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 Whangārei District 2019/20.⁴² 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.

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

³⁸ 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/hls-gaming-machines-in-pub-club-at-least-weekly>

³⁹ Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling/gambling-participation>

⁴⁰ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online]. Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

⁴¹ Stats NZ: Age and sex by ethnic group (group total responses), for census night population counts, 2018 Censuses (TA) Whangārei District aged 15 and above. [Online]. Available from: <http://archive.stats.govt.nz/infoshare/>

⁴² CLIC Data retrieved from personal communication (2021) sent to Greg Martin.

In 2019/20, 331 people accessed gambling support services. Of those that accessed services, 192 were female and 139 were male. Almost two thirds of the clients identified as Māori, suggesting that Māori are one of the groups most impacted by gambling harm in Whangārei. Compared to 2018/19, there was a 9.24% increase in people accessing gambling support services in 2019/20, going from 303 to 331 people. In figure 8, it is observed that during the Covid lockdown restrictions there was no apparent decrease in help seeking. This suggests that people were still experiencing gambling harms through other means such as online gambling. Online gambling and related harm is an area that requires urgent research attention, and investigation with gambling harm service providers.

Table 4: CLIC data of people accessing gambling support services in Whangārei 2019/20

Gender	Ethnic group	Family/Affected Other	Gambler	Total
Female	EastAsian	1	0	1
	Maori	69	50	119
	Pacific	5	2	7
	Other	23	42	65
Male	EastAsian	1	1	2
	Maori	39	52	91
	Pacific	1	3	4
	Other	15	27	42
Total		154	177	331

Figure 8: CLIC data of clients assisted for problem gambling (all intervention type) from June 2005 to June 2020



SOCIAL BENEFITS OF GAMBLING IN THE WHANGĀREI DISTRICT

Gambling can provide a social benefit to the Whangārei 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.⁴³ 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 gambling 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 Whangārei 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.⁴⁴ 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).⁴⁵

In 2018, proceeds from 32 societies nationally were returned to communities. This totalled approximately \$276 million and was distributed among 11,000 community organisations.⁴⁶ The significant investment gambling offers highlights what an important source of funding this is for many communities in New Zealand.

⁴³ Health Promotion Agency. (2018) 2018 Health and Lifestyles Survey. Wellington: Health Promotion Agency. [Online] Available from: <https://kupe.hpa.org.nz/#!/gambling>

⁴⁴ Gambling (Class 4 Net Proceeds) Regulations 2004, s 10.

⁴⁵ Problem Gambling Fund (2019) *Class 4 Gambling "The Pokies"*. [Online]. Available from: https://www.pgfnz.com/downloads/assets/13511/1/fs_13%20class%204%20gambling%20%27the%20pokies%27%20sep%202019.pdf

⁴⁶ Gaming Machine Association New Zealand. (2019) *2018 Community Distribution*. [Online] Available from: <https://www.gmanz.org.nz/resource/2018-community-distribution/>

In the Whangārei 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 2020 was \$16.28 million.⁴⁷ Accordingly, approximately \$6.51 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 Whangārei community would therefore be less than \$6.51 million.

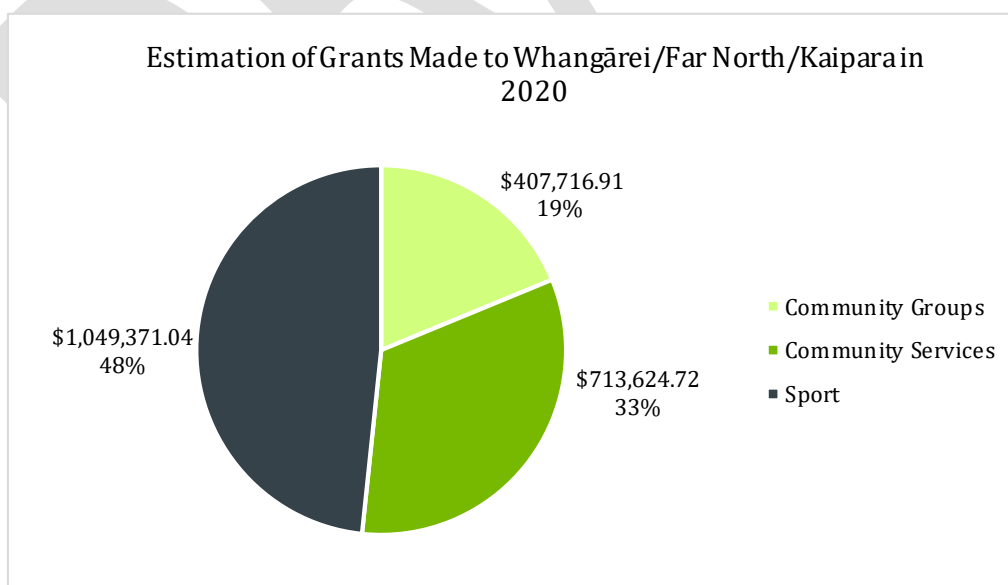
The Grants Database, maintained by The Problem Gambling Foundation, provides an indicative estimate of investment into the community. It is not precise due to incomplete reporting and delays in reporting, but it provides the best available data. In 2020, the database recorded \$2.17 million of grants made to Whangārei/Far North/Kaipara. This is a large decrease from the 5.60 million of grants made to Whangārei/Far North/Kaipara. Examples of investment include the Oxford Trust supporting amateur sports teams and Pub Charity supporting local social initiatives.

One issue to contend with is the presence of online gambling. While 40% of the GMP expenditure is distributed back into the community, expenditure that goes into online gambling cannot be distributed back into the community as this is often pooled back into other countries. It has been argued that reducing the access to poker machines at pubs and casinos would lead to an influx in online gambling. With an influx of online gambling occurring, this would lead to a reduced amount of money available to be redistributed back in the community.

Figure 8 provides an estimation of the distribution of gaming machine proceeds in the Whangārei community into three categories: Community Groups (which includes arts, scouts etc), Community Services (which includes education and health), and Sport. As can be seen in the graph the largest recipient of grants in the Whangārei 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 9: Estimation of the EGM grants made to the Whangārei/Far North/Kaipara in 2020



⁴⁷ Department of Internal Affairs. (2020), *2011-2020 Gambling Expenditure Statistics XLSX*. [Online] Available from: <https://www.dia.govt.nz/gambling-statistics-expenditure>

Having over \$2.17 million invested back into Whangārei/Far North/Kaipara has a significant impact on the community. In May 2019, the Council sought public consultation on the proposed Policy.⁴⁸ 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 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.

⁴⁸ Whangārei District Council. (2019) *Whangārei District Council Meeting Minutes 11 June 2019*. [Online] Available from: <https://pub.wdc.escribemeetings.com/FileStream.ashx?DocumentId=1154>

CONCLUSION

Class 4 gambling continues to be a popular form of entertainment for the people of Whangārei. It creates employment opportunities for Whangārei 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 Whangārei has seen a decrease in venue and electronic gaming machine numbers, but an increase in gambling expenditure. Electronic gaming machines remain prevalent in Whangārei'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 Whangārei 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 5: Statistics on Whangārei 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
Mar-20	\$ 3,951,342.00	-\$736,934.01	\$ 14,420.96	19	1	274	12
Jun-20	\$ 2,123,195.88	-\$1,828,146.12	\$ 7,748.89	19	0	274	0
Sep-20	\$ 5,174,159.38	\$3,050,963.50	\$ 19,234.79	19	0	269	-5
Dec-20	\$ 5,032,757.17	-\$141,402.21	\$ 18,709.13	19	0	269	0

Δ symbol represents change in value.

APPENDIX B

Figure 10: Number of Electronic Gaming Machines and Gaming Machine Proceeds in Whangārei over time (Jun-07 – Dec-20)

