

Review of the Class IV Gambling and Board Venue Policy

Statement of Proposal

Background

Rotorua Lakes Council ('Council') adopted a policy about gambling machines (or pokie machines) and TAB Board Venues in 2004, which is currently the 'Class IV Gambling and Board Venue Policy 2011' ('RLC Gambling Policy').

The RLC Gambling Policy is made under the Gambling Act 2003 and the Racing Act 2003. In particular, the RLC Gambling Policy:

- establishes a 'cap' of 380 on the number of gambling machines in the district;
- sets the number of gambling machines allowed per venue (in line with the Gambling Act);
- allows for the relocation of gambling machines between venues when a venue closes; and
- establishes certain criteria and conditions about where 'gambling machine' venues and TAB Board venues may establish in the Central Business District, other commercial zones and other locations in the district.

As at March 2017 there was one TAB Board Venue in the district, and 26 Class 4 gambling venues licenced to contain 389 gambling machines.

Although the RLC Gambling Policy had the effect of significantly reducing the number of venues and gambling machines in its first five years of operation, the reductions have been far less in the last five years. Indeed, the number of venues and gambling machines has remained at around the same level since 2010. The actual number of gambling machines is currently 382, which is still above the cap of 380 set in 2004.

The RLC Gambling Policy must be occasionally reviewed. This requires consideration of the social impact of gambling in the district. However, in addition to this, the Council commissioned an independent community survey.

Independent Community Survey

The Council decided at its meeting on 1 December 2016 to supplement the review of the 'Class 4 Gambling Venue and Board Venue Policy 2011' with an independent community survey (Minute C16/12/018). Key findings include:

- Rotorua Residents Gambling Habits
 - o 389 of the 496 respondents (78.4%) indicated having done some form of gambling over a 6 month period
 - o Most popular was entering a NZ raffle like LOTTO (60.7%), followed by entering a competition or purchasing raffle tickets (38.9%) and buying a scratch ticket like Instant Kiwi (30.2%)
 - o 40 respondents (8.1%) had played a pokie machine outside a casino (i.e. at a pub or club)
 - o Of the respondents, the average spend over a six month period was \$435.38. The minimum spend was \$1 and the highest \$20,870.
- Rotorua Residents Gambling Activity
 - o The most money was spent while playing pokie machines despite this only being the sixth highest popular gambling activity
 - o Respondents spent on average \$1,412.81 playing pokie machines over six months
 - o Of the 40 respondents (8.1%) who played pokie machines, the average visit in the six month period was 31.81 visits
 - o The average spend was \$44.31 per visit
 - o The 40 respondents spent \$56,512.50 in a six month period playing pokie machines
 - o Although only the sixth most popular form of gambling, pokie machines had the highest average spend over the sixth month period.
- Problem Gamblers
 - o 81 respondents (16.3%) had been impacted by a problem gambler
 - o The highest frequency of effects were not being able to pay bills (6.9%), followed by affecting relationships (5.0%), wasting money (4.2%) and losing savings/going bankrupt (2.4%)
- Pokie Machines in Rotorua
 - o Most respondents wanted the number of pokie machines to decrease (with 76.5% indicating a desire to decrease (34.6%) or greatly decrease (41.95))
 - o Most respondents wanted the number of venues to decrease (with 75.5% indicating a desire to decrease (39.6%) or greatly decrease (35.9%))
- Location of Pokie Machines
 - o In response to information about the current placement of pokie venues in Rotorua (13 in the city centre and 13 in the suburbs), a major issue identified was the venues in the suburbs that seemed to be targeted at low socio-economic groups. This was followed by a desire for venues to be centralised, with the possibility of a high class Casino
 - o A majority of respondents (60.2%) were opposed to (26.1%) or strongly opposed (34.1%) to the ability to move machines around venues in special circumstances.

- Reducing Pokie Machines

- o Most respondents indicated that the numbers of pokie machines should be reduced (87.2%) with 49.4% indicating that the numbers should be reduced at a fast rate and 37.8% indicating that numbers should be reduced at a slow rate.

Overall, key feedback from the Survey for the policy review is that:

- Most respondents wanted the number of pokie machines to decrease in the district;
- Most respondents wanted the number of venues to decrease in the district.

Initial Stakeholder Engagement

Officers also undertook initial engagement with key stakeholders to inform the policy review.

A meeting was held with stakeholders dealing with gambling related harm, most of whom strongly supported a 'sinking lid' and 'no relocations' Policy which would result in reducing venue and machine numbers over time. They were also very clear that should relocations be allowed in any future Policy, the current rules needed to be amended to stop situations where venues could relocate close to schools.

A second meeting was held with stakeholders including gambling societies and venue operators. The view at this meeting was that the status quo should remain and that relocations should continue to be allowed for the sustainability of the businesses.

The topic was also discussed at the Destination Rotorua Board 29 January 2016 to understand any impact to the visitor sector. The Board's agreed position was "There is minimal support for continued proliferation of existing arrangements; such as pokie gaming rooms and machines attached to various public bar environments across Rotorua". (Board meeting minutes)

Options

The Gambling Act and Racing Act give councils certain limited powers to regulate the number and location of venues and gambling machines. There are four main options the Council can consider going forward:

- Adopt a 'sinking lid' and no relocations;
- Lower the 'cap' and no relocations;
- Adopt a 'sinking lid' (or lower the 'cap'), but allow relocations; or
- Status quo (with refinement to relocations).

Option 1: Adopt a 'sinking lid' and no relocations

One option open to the Council is to amend the current Policy by introducing a 'sinking lid' and 'no relocations' approach. This would involve:

- limiting TAB venues to the existing venues;
- limiting Class 4 gambling venues to the existing venues;
- limiting gambling machines to the current number of gambling machines;
- not allowing relocations of gambling machines (in other words, if a venue closes, the machines at that venue cannot be relocated or replaced elsewhere).

As a consequence, should venues close over time, the 'sinking lid' and 'no relocations' approach will reduce the number of venues and the gambling machines in them as those venues close. Extraordinary circumstances could still be managed through the Council making decisions inconsistent with the Policy (for example, if a natural event made a business unviable in its existing location). The Council has made extraordinary decisions inconsistent with the RLC Gambling Policy in the past regarding the Rotorua Club.

Seventeen other Councils around New Zealand have introduced 'sinking lid' policies along the lines above, including the Kawerau District Council.

Auckland Council has a 'sinking lid' and 'no relocations' policy.

This approach would result in natural attrition of the number of venues and machines over time, if venues closed. The Policy would not affect existing venues that remained open. In the event that the effect of the policy rapidly reduced the number of machines to the current national average of 3.8 machines per 1000 population, or 273 machines (based on the projected population of Rotorua in 2018 of 71,800; Census medium projection 2016 update) before the expiry of the policy, an earlier review of the policy than defined by statute could be triggered.

Option 2: Lower the 'cap' and no relocations

Currently the 'cap' is 380 machines and the number is now 382. Essentially the 'cap' has been reached.

An alternative to a 'sinking lid' would be to lower the 'cap', perhaps to the national average of 3.8 gambling machines per 1000 people, or 273 machines in Rotorua (based on the projected population of Rotorua in 2018) and not allow relocations. This would have a similar effect to a sinking lid until the cap was reached.

Again, this approach would result in natural attrition of the number of venues and machines over time until the 'cap' was reached. The Policy would not affect existing venues that remained open.

Option 3: Adopt a 'sinking lid' (or lower the 'cap'), but allow relocations

The other option open to the Council is to adopt either a 'sinking lid' or lower the 'cap' as above, but allow relocations.

The current RLC Gambling Policy allows for a process similar to a relocation in Section G. Where a society surrenders its venue licence at one location, Council may consent to that society or another society opening at a different venue, subject to the number of gambling machines complying with Sections C, D and E and these being met within the 'cap'. Sections C, D and E respectively allow for venues to be established within the CBD, or in other commercial zones not having a deprivation score of 8 or above, or in locations commonly used for sporting or other recreation purposes. This provision in Section G has, for example, had the effect of supporting venues to shift from certain locations in the CBD to other locations in the CBD.

If the Council wished to allow for relocations, it would be useful to clarify Section G further by ensuring any relocation could only be carried out if the new location:

- had a deprivation index score that was the same or lower than the existing location;
- was in the CBD, another commercial zone or a location commonly used for sporting or other recreation purposes; and
- met the other criteria in Sections C, D and E (for example, being no closer than 100m from a school).

On this last point, it might be noted that the RLC Gambling Policy provides that the 100m be measured along the footpath rather than it being a radial distance. This aspect of the Policy might be amended to a radial distance if a relocation policy is to be included.

Option 4: Status quo (with refinement to relocations)

Finally, the Council could retain the status quo, but clarifying Section G as set out above.

Proposal Recommendation

In light of the overview above concerning the social costs of gambling in Rotorua, the Survey, the Initial Stakeholder Engagement and the fact that reductions in venues and machines have been far less in the last five years, the Council is proposing a 'sinking lid' and no relocations policy. This was also the preferred option supported by those present at the Council workshop held 20 March 2017 to discuss the options and the independent community survey results. The proposal also includes a provision that the policy be reassessed in the event that the effect of the policy is that the number of gaming machines in Rotorua reaches the national average of machines per capita (or 273 machines).

A draft Replacement RLC Gambling Policy incorporating this proposal is attached.

Consultation Process - How can I have my say?

Submissions are welcomed on the proposed Replacement RLC Gambling Policy.

The Council must use the special consultative procedure when replacing a Gambling Policy. Section 83(1) (a) of Local Government Act 2002 ('LGA 2002') requires the Council to prepare a Statement of Proposal.

The Statement of Proposal and supporting documents include

- Proposed policy
- Social Impact Report and
- Rotorua Residents Gambling Survey (and summary version)

These documents are available from our website rotorualakescouncil.nz/letstalk or in hard copy from the Rotorua District Library or Rotorua Lakes Council Customer Services centre, Haupapa Street.

You can submit your opinions online via an electronic submission form on the Council's online engagement hub rotorualakescouncil.nz/letstalk

You may also post or fax submissions to the Council.

You will need to indicate whether you wish to appear in person before the Council to speak in support of your submission.

Email to: submissions@rotorualc.nz

Fax: 07 346 3143

Visit our website: rotorualakescouncil.nz/letstalk or rotorualakescouncil.nz/koreromai

Post to: Rotorua Lakes Council, Private Bag 3029, Rotorua Mail Centre, Rotorua 3046

The submission period runs from 28 April to 29 May 2017 and will be followed by hearings.

Submissions on the proposed replacement policy are available to the public and the media. This includes your personal information. All submissions will be acknowledged. Submitters who wish to speak to their submission will be advised of the Council meeting date following the closure of submissions.

For further information on the policy, please phone the Council on 07 348 4199 or email us at info@rotorualc.nz

Relevant Legislation

The Council is able to review and replace a gambling policy under the Gambling Act 2003 and the Racing Act 2003.

In addition, every decision of a local authority must be made in accordance within the provisions of sections 77, 78, 79, 80, 81 and 82 of the LGA 2002. Section 77 requires the Council to identify all reasonably practicable options for the achievement of the objective of a decision, and to assess those options by considering a number of matters set out in section 77(1) (b). These matters include: the costs and benefits of each option in terms of the present and future interests of the district; and the extent to which each option would

promote or achieve community outcomes in an integrated and efficient manner; and the impact of each option on the Council's capacity to meet present and future needs in relation to any statutory responsibility; and any other matters, that in the opinion of the Council are relevant.

Section 78 sets out the requirement to consider the views and preferences of persons likely to be affected by, or to have an interest in, a matter. Section 79 whilst giving the Council discretion about how best to achieve compliance with sections 77 and 78 requires the Council to consider the significance of all relevant matters, including those set out in section 14 of the Act.