



Statement of Proposal



Class 4 (Gambling) Venue Policy

Ruapehu District Council (RDC) is seeking feedback on a sinking lid policy for its Class 4 (Gambling) and TAB Venues Policy 2021. This Policy has been prepared under the Gambling Act 2003, and once adopted will replace the existing Class 4 (Gambling) Venue Policy 2015.

Background

Although the majority of people in New Zealand gamble responsibly, problem gambling is recognised as a significant health issue because it disproportionately harms the most socially and economically disadvantaged people within New Zealand. According to the Ministry of Health, approximately 11% of the New Zealand population experience gambling harm, of which Māori and Pacific Islanders make up a high proportion.

Compared to other modes of gambling, Class 4 Gambling, commonly referred to as "the Pokies", causes the most harm to its users. According to the National Gambling Study (2014), over half of the total Class 4 gambling expenditure comes from individuals considered to be high risk or problem gamblers.

The Ruapehu District Social Impact Assessment, carried out by RDC found that people living in high deprivation areas within the Ruapehu district are at higher risk of experiencing harm caused by problem gambling related to Pokies. To minimise harm caused by problem gambling, Councils are given the power, by the Gambling Act 2003 through the Class 4 Policy, to control the number of Pokie machines and class 4 venues that can operate within their boundary and where they can operate.

In response to the findings of the Social Impact Assessment, Council is proposing to adopt a sinking lid and no relocation option in its Class 4 policy to minimise harm through reducing the number of Pokie machines and Class 4 venues and restricting the relocation opportunity for these venues.

Consultation Period - 20 December 2021 to 2 February 2022

Current Class 4 Policy

Council's existing Class 4 (Gambling) Venue Policy reiterates the baseline set of restrictions mandated under the Act, which states that existing venues with licences issued before 17 October 2001 are permitted to operate a maximum of 18 Pokie machines and venues with licences issued after 17 October 2001 are permitted to operate a maximum of nine Pokie machines.

The Act also gives councils the option of including a 'relocation' provision within their Class 4 Policy. This gives Councils the option to restrict where venues can relocate to. Under RDC's current policy, venues are restricted to operate within designated commercial boundaries.

Sinking lid

RDC is proposing to adopt a sinking lid which would mean that there will be a no new Pokie machines or venues allowed to be established in the Ruapehu District. This would mean:

- No additional Pokie machines would be given consent to operate.
- If a Class 4 venue relinquishes their licence to operate Pokie machines, there will be a permanent decrease in the number of Pokie machines in the district.

This will not affect "TAB venues" as defined in the Council's existing policy and the Racing Industry Act 2020.

A sinking lid is the strictest measure one can implement under the Class 4 policy. A recent study undertaken by the Auckland University Technology (AUT)¹ found that compared to other options, the sinking lid option is proven to be the most effective in controlling the growth of problem gambling. It achieves this through drastically reducing the amount spent on Pokies.

A sinking lid operates on the availability theory which holds that problem gambling is positively linked to exposure. This theory predicts that restrictions on Class 4 gambling, including a reduction in venues and/ or Pokies (on a per capita basis), will indefinitely decrease rates of problem gambling and associated harms.

The downside of this option is that it minimises the funding available to community sports groups, organisations, and clubs. However, RDC believes that the rate of the effects would likely be slow enough to enable organisations to identify alternative funding models that will not cause harm.

No relocation

Under the 'No Relocation' provision, Class 4 (Gambling) will not be permitted to relocate to new venues, with exceptions made to venues that need to be relocated because it is likely to become damaged or otherwise uninhabited due to fire and/or natural disaster. TAB venues are not included under this restriction.

Some kind of moves will not trigger council's relocation policy. A new location may not be a change of venue if:

- the new building will be in a site that is very close to the existing site;
- the Class 4 venue's name will be the same;
- the ownership and management of the venue will be the same; and
- for all intents and purposes, the patrons and the public will regard the venue as being the same venue, even though its physical location will change in a relatively minor way.

Analysis of Policy proposal

| Pros | Cons |
|--|---|
| Limits and reduces the number of Pokies and Venues established in the district. | Does not allow for business opportunities created by establishing new Class 4 venues. |
| Reduces gambling expenditure by an estimated 13-14%. | Potentially decreases funding opportunities for community groups. |
| Continues to provide access to community organisations and club premises who rely on Pokie proceeds for funding. | The research on the sinking lid approach is not conclusive that it is effective at combatting problem gambling, or the negative impacts of gambling |
| Developed in consideration of the social impact assessment of gambling in the Ruapehu District. | |

Council has decided to consult on the sinking lid option because this option is the most suitable method to strike a balance between providing for entertainment and gambling opportunities for those who wish to partake, while minimising negative social and economic impacts of gambling.

Class 4 gambling FAQ's

Q1. Is there a 'problem gambling' issue in the district?

It is difficult to have a definite number on the scale of problem gambling across the district. This is due to a combination of reasons, including the fact that referral to support services is usually by self, and there are no local providers of problem gambling services within the district.

The most recent year we have statistics on record for is June 2018 – June 2020, it showed that no client accessed a problem gambling service². We suspect that this is an underestimation of the true scale of the problem. Research by scholar's estimates that at any given time, between 0.3% and 1.8% of adults living in the community in New Zealand are likely to score as problem gamblers on standard questionnaires. In Ruapehu, this would be between 28 and 168 people; excluding family and household members who may be impacted on by their gambling.

Q2. Will implementing a sinking lid policy hinder district wide economic development?

Gambling has been associated with increased government revenue and overall economic growth on a national scale as Central Government earns revenue from gambling. At the local and territorial level, the economic benefits are less clear cut.

A few gambling industry funded studies^{3,4} report a beneficial relationship between employment and wage impacts in casino-hosting regions overseas. The positive impact on employment and earnings appears to last only for about 5 years and is limited to the hospitality and entertainment sector. This is with casinos though, and not the Class 4 type of gambling venues.

Conversely, other research studies^{5,6} argue that the losses offer a sharp contrast to any local economic gains. They report that money for gambling is diverted from savings and/or other expenditure and can have a negative impact on local businesses and the economic health and welfare of whole communities.

The reports suggest that even in instances where gambling creates employment opportunities, a comparison of gambling and retail in terms of jobs created for every million dollars spent shows that gambling creates about half as many jobs as retail. They further argue that any jobs and economic activity generated by gambling expenditure are easily replaced and would exist elsewhere if that money was spent outside the gambling industry.

Q3. Will allowing a gaming venue to establish in Taumarunui or Ohakune contribute to the towns' economic development?

As discussed above, a few gambling industry funded studies report a beneficial relationship between employment and wage impacts in casino-hosting regions overseas⁷. The same reports also find that not only do positive income and employment effects erode over time, but the economic effects are larger in urban areas and may actually be negative in smaller towns.

Q4. Don't most gamblers just have a quick flutter on the machines - a bit of bright lights and harmless fun?

Gambling is meant to be a fun and social form of entertainment. It offers the player a chance of winning but all forms of gambling are designed to pay out less than they take in. Pokie machines do this particularly well and are designed to make money for their operators. They do that by getting players to stay at them for as long as possible; but each spin will have as much chance of winning as the last one, so it doesn't matter if you have a system, you can't beat or cheat a Pokie machine.

Rather than being harmless gimmicks, the bright lights and sounds the machines make are deliberate features designed to grab attention and pull players into the machine. While many people are able to gamble without significant or long-term impacts, there are members of our community who become addicted; and as a consequence, they (and their families) suffer from gambling related harm.

Q5. What does adopting a sinking lid mean for community and sports groups that receive funding from machine operators?

Sinking lid policies do not result in immediate or drastic cuts in funding available for community groups this is a misconception. Sinking lids are long-term strategies to balance the reduction of Pokies, and Pokie related harm, with the need to provide funding to benefit the community.

Sinking lids are policies, of attrition, venues are not forced to close or remove their Pokies it simply means if a venue closes, Pokies cannot go to another pub and no new operator's license will be issued.

There are many councils around the country with sinking lid policies which have seen no reduction in the amount of funding available because they are designed for long-term effect.

1. Erwin, Lees, Pacheco & Turcu 2020
(Ministry of Health, 2021)

3. Walker, D.M. & Sobel, R.S. (2016), Social and Economic Impacts of Gambling in Current Addiction Reports – June 2016. DOI: 10.1007/s40429-016-0109-8

4. Gambling Research Australia. (2010). A Review of Australian Gambling Research _ Updated Report.

5. Ibid.

6. Centre for Social and Health Outcomes Research and Evaluation & Te Ropu Whariki (Massey University). (2008). Assessment of the Social Impacts of Gambling in New Zealand.

7. Walker, D.M. & Sobel, R.S. (2016), Social and Economic Impacts of Gambling in Current Addiction Reports – June 2016. DOI: 10.1007/s40429-016-0109-8

Feedback form.

Te Kaunihera-ā-Rohe o Ruapehu
Ruapehu District Council

CLASS 4 (GAMBLING) VENUE POLICY



Name:

Organisation (if applicable):

Postal address:

Best daytime contact number:

Email:

Would you like to support your feedback by speaking to Council at the public Hearings?

Yes

No

If you ticked 'yes' we will contact you to arrange a speaking time. The Hearings are scheduled for 9 March 2022. A maximum of two speakers and ten (10) minutes of total speaking time is permitted.

Do you support Councils recommendation to place a sinking lid on the number of Electric Gaming Machines (Pokies) in the district?

Yes

No

Tell us why or any other option you prefer

Do you support Councils recommendation to place a no relocation policy on the number of class 4 venues in the district?

Yes

No

Tell us why or any other option you prefer

Do you have any additional comments on the proposed Class 4 Gambling Policy or gambling in Ruapehu?

All submissions (including your name, address and contact details) are provided to Council officers and elected members for the purpose of analysing feedback. Your personal information will also be used for the administration of the engagement and decision-making process. Submissions (with individuals names only) will be available online. If requested, submitter details may be released under the Local Government Official Information and Meetings Act 1987. If there are good reasons why your details and/or submission should be kept confidential please contact our Privacy Officer on 07 895-8188 or through: info@ruapehudc.govt.nz

Key dates

- Public Consultation Period 20 December 2021 to 2 February 2022
- Hearing 9 March 2022
- Deliberation and Adoption 30 March 2022

Having your say is easy

Making a submission can be as simple as ticking the box on this feedback form indicating which option you support or telling what you think by one of the other methods below. If you tick 'no' however we would appreciate your ideas on the alternative.

You can get your feedback to us by:

• via the mail

Freepost 492
Ruapehu District Council, Private Bag 1001
Taumarunui 3946



• via email

consultation@ruapehudc.govt.nz



• On-line

Use our on-line submission form on our website www.ruapehudc.govt.nz or comment via our Facebook page www.facebook.com/ruapehudc



• In person

Drop your completed Feedback Form with your comments and any other supporting documentation into your local Council office.

