

STATEMENT OF PROPOSAL



OPTIONS TO AMEND HUTT CITY COUNCIL'S CLASS 4 GAMBLING VENUE AND BOARD VENUE POLICY

Gaming machines or 'pokies' in pubs and clubs (ie outside a casino) are classified as 'Class 4' gambling. Every Territorial Authority (Council) in New Zealand must adopt a policy on Class 4 gambling venues, and that policy must be reviewed every three years.

Hutt City Council's Class 4 Gambling Venue and Board Venue Policy 2015 is currently under review. During this review Council will consider options to amend the policy. We are seeking feedback from the community on three proposed options.

This Statement of Proposal has been prepared in accordance with section 83 of the Local Government Act 2002. It includes information about the review process and on the three proposed options the Council will consider to amend the policy

SUBMISSIONS

Submission period

Submissions on proposed amendments open **Tuesday 5 October** close on **Wednesday 3 November at 5pm**.

The next stages are:

- After the consultation period has finished, Hutt City Council will hold a hearing where members of the public who have made a written submission can choose to speak to their submission.
- During that meeting Council will deliberate and decide about whether or not to amend the current policy.

Making a submission

Your submission can be made by [email or by writing](#).

For more information contact Wendy Moore at Hutt City Council on 5706958 or write to: Hutt City Council, Private Bag 31 912, Lower Hutt 5040. You can also make a submission [online](#).

Please make sure your contact details are sent along with your submission if you wish to speak in support of your submission or be updated on decisions and meeting times. For more information go to: www.huttcity.govt.nz/ Have-your-say or phone 04 570 6666.

BACKGROUND

In reviewing the Class 4 gambling venues policy, Councils must consider the effects that gambling has on their local communities. Hutt City Council has done this through the paper *The Social Impacts of Gambling in Hutt City 2021*. A copy of the social impact assessment is available online or at Hutt City libraries.

What are Class 4 Venues and Board Venues?

Class 4 gambling venues are places outside of casinos (typically TAB's, pubs, restaurants or clubs) where electronic gaming (or pokie) machines are operated.

Board venues are also known as Totalisator Agency Boards (or TABs).

How is gambling controlled in New Zealand?

The Department of Internal Affairs (DIA) is the main controller of the gambling sector in New Zealand. DIA regulate, audit and investigate all types of gambling activity and issue certificates and licenses.

Class 4 gambling operators must hold both an operator's and a venue license. DIA is responsible for operator licensing, but Councils are responsible for approving venue licences.

Council Gambling venue policies specify where new Class 4 venues and Board venues may be located and number of machines that can operate in the venue. Venue policies cannot take away licences that have already been granted.

Hutt City Council's current policy

The main purpose of the current policy is to control the growth of Class 4 gaming machine numbers within Hutt City and put in place measures to reduce the harm caused by problem gambling.

Where venues may be established

Hutt City Council's current policy places restrictions on where new Class 4 gambling venues may be established. For example, venues may not be established in residential areas, or next to another venue.

The policy specifies that gaming venues may be established within the Central Commercial and Petone Commercial activity areas; suburban commercial and special commercial zones; and general recreation activity areas and special recreation activity areas subject to:

- not being a venue at which the primary activity is a family or children's activity;
- not being adjacent or adjoining to any residential zone, school, early childhood centre, kindergarten, place of worship or other community facility;
- two Class 4 venues may not be adjacent or adjoining.

Venues that were established before the policy was approved in 2010 may continue to operate even if they do not meet the criteria set out for new venues.

Maximum number of venues and machines

The current policy also specifies the total maximum number of gaming machines and venues that may operate across the city.

The maximum number of gaming machines in Hutt City is capped at 545 and the maximum number of Class 4 venues is capped at 39 (the number of venues and gaming machines in operation in when the policy was adopted in 2010).

PROPOSED OPTIONS TO AMEND THE POLICY

Hutt City Council is currently consulting on options to improve the 2015 policy. The Council's vision is for a city where everyone thrives, reviewing our policies to ensure that they contribute to that vision is a fundamental role of Council.

The Social Impact Assessment undertaken by the Hutt City Council indicates that the current policy has largely been unsuccessful in meeting the Council's stated objectives. Effectively, the Council's current policy has had the effect of prioritising the Class 4 gaming proceeds available to the community above the harm caused to the community.

As of September 2020, Te Awa Kairangi/Lower Hutt had 425 non-casino gaming machines spread across 28 separate venues. In the preceding 12 months, these 425 gaming machines took in \$25.6 million despite the national lock-down due to Covid 19. This equates to \$69,500 per day and is the fourth highest level of gaming machine proceeds of any region in New Zealand.

Over the September 2020 quarter, the Te Awa Kairangi/Lower Hutt population spent an average of \$75 per-person on non-casino gaming machines; this is in the top 20 percent of all New Zealand Regions.

The Social Impact Analysis (SIA) and associated modelling has shown the following:

- Lower Hutt's population has greater exposure to Class 4 gambling, with 4 EGMs per 1000 population, compared with 2.9 EGMs per 1000 population nationally. Lower Hutt also has more venues per 1000 population than nationally.
- The difference in exposure to Class 4 gambling indicates an excess of 100 EGMs and 4-5 venues in Lower Hutt relative to national Class 4 gambling exposure.
- Total gaming machine profits in Lower Hutt amounted to over \$26 million in 2020, representing a 45 percent increase since 2015, despite GMP dropping in 2020 due to the COVID-19 level 4 lockdown.
- Lower Hutt GMP per adult was \$100 higher than the national GMP per adult in 2019.
- The rapid increase in GMP in Lower Hutt cannot be explained by increasing incomes or local economic growth. Personal incomes in Lower Hutt grew by only 8 percent between the 2013 Census and the 2018 Census, and Lower Hutt's economy grew at a slower rate than the national economy from 2015 to 2020.
- GMP per EGM increased 66 percent between 2015 and 2020.
- Lower Hutt has a relatively high and increasing gaming machine profits per capita – it's placed 10th out of all New Zealand territorial authorities.
- Lower Hutt's GMP per adult is over 50 percent higher than national GMP per adult.
- Lower Hutt has the highest GMP per capita and per adult in a group of comparator territorial authorities selected for having a similar sized population (Palmerston North, Hastings, Tauranga and Whangarei) or being a neighbouring territorial authority (Porirua, Upper Hutt and Wellington).
- Lower Hutt's EGMs are disproportionately located in higher deprivation areas, including 93 of the 425 EGMs located in the most deprived areas (NZDep 10) and no EGMs located in the least deprived areas (NZDep 1).

The proposals developed to address these issues range from retaining the current policy to the adoption of key changes focusing on preventing and minimising gambling harm.

A. REFOCUS POLICY OBJECTIVES

Council is proposing a shift in focus for its C4 Gaming and Board Venue Policy to modify existing objectives to:

- a. recognise the addictive nature and inequitable impact of gambling on the Te Awa Kairangi ki Tai/Lower Hutt community and
- b. acknowledge the Council's role in mitigating this.

The alternative is remaining with the status quo and existing policy objectives.

Purpose

By taking a public health approach, focused on preventing and minimising gambling harms, the Council's policy objectives will move away from emphasising the individual responsibility of gamblers, to acknowledging the societal risks and harms of gambling. Such a change is in line with emerging research indicating the ineffectiveness of 'responsible gambling' programmes and other forms of self-regulation by the gaming industry.

Effective harm prevention and minimisation will, over time, lead to a reduction in gambling revenue available to the community. However, the health and well-being of the population will likely be enhanced by adoption of such an approach.

Amendments to the Policy Objectives

There are two options (Options 1 and 3) for amending the Council's Class 4 Gambling and Board Venue Policy to reflect a public health approach to the control of Class 4 Gaming within the Te Awa Kairangi ki Tai/Lower Hutt community – the proposed revised objectives are:

1. *to reduce Class 4 gaming machine numbers within Te Awa Kairangi/Lower Hutt;*
2. *to adopt public health approaches to prevent and minimise harm from gambling, supporting community problem gambling service providers and monitoring Class 4 Gaming venues; and*
3. *to provide community access to information about the funds produced and distributed from Class 4 gambling within the city*
4. *to facilitate community involvement in decisions about the provision of Class 4 Gaming in Te Awa Kairangi/Lower Hutt.*

How it would work

Under the revised objectives, the Hutt City Council will focus on reducing the number of gaming machines and venues in the Te Awa Kairangi/Lower Hutt community. Venues will be regularly monitored by Council Officers. In addition, problem gambling service providers will be supported by council activities to prevent and minimise the harms gaming venues contribute to.

Class 4 gaming venue and board venue detailed policy changes

IMPROVEMENT PROPOSALS

The proposed changes contained in policy options 1 and 3 signal the council's acknowledgement that current class 4 gaming venues are disproportionately affecting communities in lower socioeconomic areas of Te Awa Kairangi ki Tai Lower Hutt and that council has a role to play in mitigating this. The status quo option would mean choosing to retain the current policy (objectives and content) without amendment. The maximum limit of 545 gaming machines, and 39 venues and other restrictions (such as where in the city a venue may be established) would stay the same.

Policy Options

1. Wellbeing approach – sinking lid	2. Status quo	3. Per capita approach (uses a population based cap on number of machines and venues in the city)
Prevent new gaming machine venues from opening and reduce the number of gaming machines over time.	Retain the current policy without amendment.	Continue to prohibit the location of C4 gaming venues in suburban areas and encourage a limited number of venues to relocate to the two commercial areas. ¹ Place some additional obligations on venue owners.
Objectives - to reduce C4 gaming machine numbers and venues in Te Awa Kairangi ki Tai Lower Hutt; - to adopt public health approaches to prevent and minimise harm from gambling to support community problem gambling service providers, and monitor C4 Gaming venues; - to provide community access to information about the funds produced and distributed from C4 gaming within the city; and - to facilitate community involvement in decisions about the provision of C4 gaming in Te Awa Kairangi ki Tai Lower Hutt.	Current objectives - to control the growth of C4 gaming machine numbers in Lower Hutt - put in place measures to reduce the harm caused by problem gambling	Objectives - to reduce C4 gaming machine numbers and venues in Te Awa Kairangi ki Tai Lower Hutt; - to adopt public health approaches to prevent and minimise harm from gambling, support community problem gambling service providers, and monitor C4 gaming venues; - to provide community access to information about the funds produced and distributed from C4 gaming within the city; and - to facilitate community involvement in decisions about the provision of C\$ gaming in Te Awa Kairangi ki Tai Lower Hutt.
Sinking lid policy introduced	Leave cap as it is i.e. 545	Reduce cap to the national average per capita – 325 machines and 25 venues.
No new gaming machine licences granted	Retain relocation policy	Retain relocation policy
No merger of venues	Retain merger policy	Remove merger policy – treat as new application
Venue licences cannot be transferred to a new location	Social impact assessment not a current requirement	Social impact assessment completed by venue owner
Establish council operational policy on C4 gaming machines in council owned buildings – remove machines when policy approved	No policy or restriction on C4 gaming machines in Council owned buildings	Establish council operational policy on C4 gaming machines in council owned buildings – no new machines in venues but no effect on current venues

¹ See attached maps

Establish council policy on gaming machine funds – do not apply for these funds	No policy on Council use of gaming machine funds	No policy on council use of gaming machine funds – reduce then exclude over 3 year period of Class 4 Policy
Kaitiaki (operational) approach • Location assessed as appropriate • All applications incur a licensing fee • Best practice guidelines • Gaming venues assessed as part of routine enforcement work • Self-excluded patrons supported • Non-club Class 4 to provide additional evidence of primary business sustainability.	Status quo operations	Kaitiaki (operational) approach • Location assessed as appropriate • All applications incur a licensing fee • Best practice guidelines • Gaming venues assessed as part of routine enforcement work • Self-excluded patrons supported • Non-club Class 4 to provide additional evidence of primary business sustainability.

Option 1- adopt the revised policy objectives and a sinking lid policy

Under this option no new Class 4 licenses will to be granted by Hutt City Council. Venues licences would not be allowed to be transferred to another location, and once a Class 4 venue is closed for more than 6 months it cannot be reopened by another operator.

Option 2 – status quo

Under this option the current policy remains in force.

A venue operator would be permitted to relocate Class 4 gaming machines to a venue located within the Petone Commercial Area or the Central Commercial Area, if the proposed venue meets the location requirements of the policy.

Figure 1: Map Central Commercial Area

Figure 2: Map Petone Commercial Area

Option 3 – per capita cap

Under this option, a cap of 325 machines and 25 venues would be introduced. This would align the number of machines and venues with the national average. The relocation aspect of the current policy would remain as will the prohibition of the location of class 4 gaming venues in suburban areas and encourage a limited number of venues to relocate to the two commercial areas. Some additional obligations would be placed on venue owners and Council would play a more active role.

The purpose of this option is to reduce the numbers of gaming venues in the city over time to align with the national average and to prohibit the location of new Class 4 Gaming venues in suburban areas to encourage gaming machine venues in suburban areas to relocate to the Central Commercial and Petone Commercial Areas.

Amendments to the Policy

Under this option Council's Class 4 Gambling and Board Venue Policy would be amended through the addition of a section prohibiting any new venues from being established in the city.

How it would work

This policy options establishes a goal of reducing the number of EGMs and Class 4 gambling venues in Lower Hutt to align with the national average (a reduction of 100 EGMs and a reduction of 4 to 5 venues) as a conservative approach to potential risk.

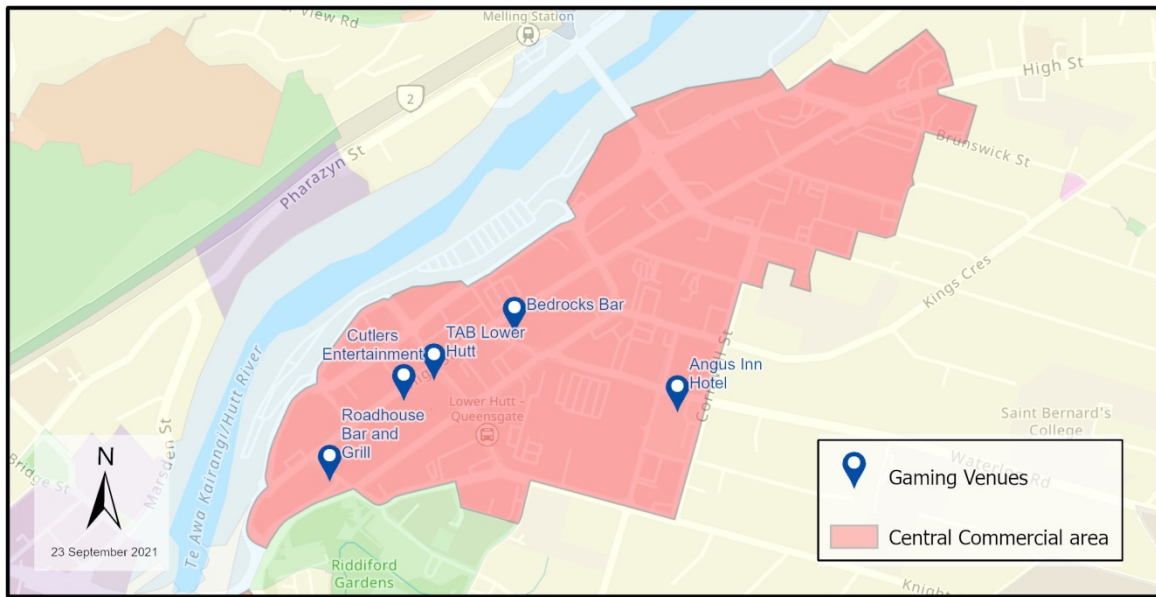
Under a per-capita reduction policy venues cannot relocate and no new licences would be issued. This means that the number of gaming venues may reduce over time, as new venue licences will not be given.

It should be noted, however, that Section 98 of the Gambling Act states that territorial consent is only required for a venue if it has not been held by a public society for more than 6 months.

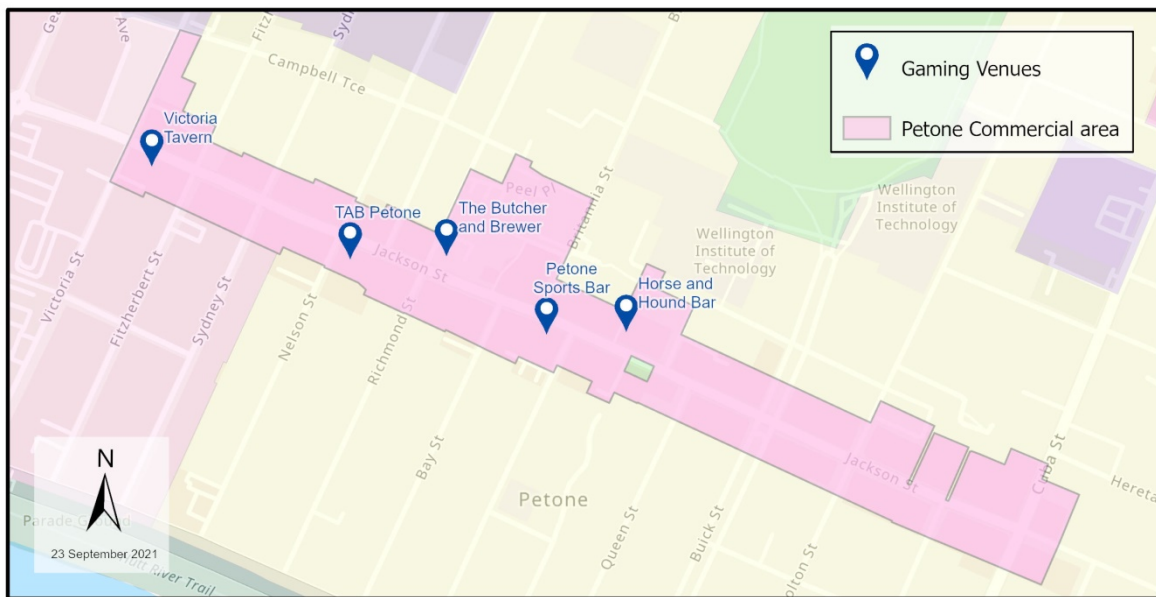
Therefore under this option a venue operator could get consent to take over an existing venue that had been closed for less than 6 months. This significantly undermines the effectiveness of a reduction policy, especially because venues are in high demand from operators.

MORE INFORMATION

For more information contact Wendy Moore at Hutt City Council on 04 570 6666 or write to: Hutt City Council, Private Bag 31 912, Lower Hutt 5040 or email haveyoursay@huttcity.govt.nz



Gaming Venues in Central Commercial Area



Gaming Venues in Petone Commercial Area