

Statement of Proposal

for Class 4 Gaming Venues and Racing Board Venues Policy Review

Marlborough District Council is seeking feedback on the proposed Gambling Venue Policy. This document is divided into five parts:

- Part 1: Introduction**
- Part 2: Reason for Proposed Change**
- Part 3: Proposed Changes**
- Part 4: Options**
- Part 5: Have your say**

Executive Summary

The Marlborough District Council (Council) want to hear your thoughts on its proposed Gambling Venue and TAB venue policies. This statement of proposal has been prepared as part of consultation with those with an interest in the proposed Gambling Venue Policy Review. Under the relevant legislation (Gambling Act 2003 and Racing Industry Act 2020) Council are required to review both Policies every three years.

Under the Gambling Act 2003 and the Racing Industry Act 2020, Territorial Authorities can approve consents for Class 4 (pokie machines) gambling venues and standalone racing (TAB) venues. Both Acts require Territorial Authorities to have a policy that guides if, where and how many Class 4 and TAB venues and machines may be establishes in the district.

When reviewing these Policies, we must consider the social impacts of gambling in our community. That is why your feedback is needed – it is crucial that or community have input to let us know what you think, and if we are on the right track.

In summary, the number of Class 4 gaming venues in the district has decreased since 2016 from 20 venues to 12, with the number of gaming machines also decreasing from 249 to 165 as of January 2023. There are no standalone TAB venues in the district.

Recent Gaming Machine Statistics released by the Department of Internal Affairs shows that while a 40% decrease in venues and 33.7% decrease in gaming machines in the District from March 2015 to December 2022, the quarterly gaming machine profits have increased by 33% in the same period.

The level of reported harm (problem gambling referrals) remains low, however anecdotal evidence received from the community indicates that there may be harm occurring as a result of Class 4 gambling in the community.

Council has considered the proposed changes along with other options and resolved to support the proposed changes highlighted in option one, subject to a special consultative procedure.

The special consultative procedure gives the public an opportunity to make submissions and provide feedback on the proposed fees. Once the submission period closes, hearings will be conducted if people indicate they want to speak in support of their submissions.

This statement of proposal has been prepared in accordance with the requirements of section 83 of the Local Government Act 2002.

Part 1: Introduction

The Gambling Act 2003 came into effect on 18 September 2003 and requires Territorial Authorities to adopt a policy that must have regard to the social impact of gambling within the Territorial Authority district.

The policy **must** specify whether or not class 4 venues may be established and if so, where they may be located.

It **may** specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue.

It **may** include a **relocation policy**

The purpose of the Gambling Act 2003 is to:

- **control** the **growth** of gambling; and
- **prevent** and **minimise** the **harm** caused by gambling, including problem gambling; and
- **authorise** some gambling and **prohibit** the rest, and
- **facilitate** responsible gambling; and
- ensure the **integrity** and **fairness** of games; and
- **limit opportunities** for **crime** or **dishonesty** associated with gambling; and
- ensure that money from gambling **benefits the community**; and
- facilitate **community involvement** in **decisions** about the provisions of gambling.

The Racing Industry Act 2020 came into effect on 1 August 2020 and requires Territorial Authorities to adopt a TAB venue policy and have regard to the social impact of gambling within the Territorial Authority district.

The policy **must** specify whether or not new TAB venues may be established and if so, where they may be located.

In determining its policy on whether TAB venues may be established in the Territorial Authority district and where any TAB venues may be located, the Territorial Authority **may** have regard to any relevant matters, including –

- a) the characteristics of the district and parts of the district.
- b) the location of kindergartens, early childhood centres, schools, places of worship, and other community facilities.
- c) the cumulative effects of additional opportunities for gambling in the district

The purpose of the Racing Industry Act 2020 is to: Reform the law relating to New Zealand racing in order to:

- provide **effective governance** arrangements for the racing industry; and
- **promote** the long-term viability of New Zealand racing; and
- **facilitate** betting on galloping, harness, and greyhound races, and other sporting events; and
- ensure that the **value** of racing property is **retained** in the industry and is used for maximum industry benefit; and
- **prevent** and **minimise harm** from gambling conducted under this Act, including harm **associated with problem gambling**.

Part 2: Reason for Proposed Changes

The policy determines whether Class 4 and standalone TAB venues can be established in the district and, if so, where they can be located. Through these controls, the policy aims to minimise harm to the community caused by this type of gambling while allowing for it as a provision for funding given out to the community from proceeds.

Class 4 gambling is defined as gambling that involves a gaming machine (also known as pokies) and legislated under the Gambling Act 2003. The machines are run by societies or clubs and a proportion of the net proceeds are required to be distributed to the community, or to a club's approved purposes.

TAB venues are legislated for under the Racing Industry Act 2020. Council only has jurisdiction over numbers and locations of standalone TAB venues, not TAB outlets or agencies.

In reviewing the policy, a territorial authority may have regard to the social impact of gambling within the territorial authority district (positive and negative impacts).

In determining its policy on whether class 4 venues and standalone TAB venues may be established in the territorial authority district, where any venue may be located, and any restrictions on the maximum number of gaming machines that may be operated at venues, the territorial authority may have regard to any relevant matters, including;

- characteristics of the district and parts of the district.
- location of kindergartens, early childhood centres, schools, places of worship, and other community facilities.
- 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 the venue should be.
- a relocation policy.

It may consider other matters that are relevant.

Council may prescribe fees with a sole purpose of the charge to recover reasonable costs incurred by the local authority in respect of the activity to which the charge relates.

Part 3: Proposed Change

Council considers that the current policy requires changes; its existing policy has a cap on the number of gaming machines at 240 which is greater than the demand. Since the implementation of the previous policy operating numbers have been lower than the cap and are currently significantly lower than the cap. Council are looking to adopt a sinking lid policy for class 4 gaming venues to ensure the numbers of venues and gaming machines are managed effectively to represent the current numbers. While Council proposes to adopt a sinking lid policy, it also recommends that the total number of gaming machines allowed in a club merger is reduced from 30 to 18 machines. With the new Racing Industry Act the TAB Venue Policy will be updated to reflect the new legislation, and to align with the new format of the Gambling venue Policy.

Council is proposing the following amendments to the policy:

1. Adopt a sinking lid policy for Class 4 Gaming Venues.
2. Where two or more clubs merge legally and physically and combine their premises, they may apply to have up to the lesser of:
 - the sum of the number of gaming machines specified in all of the class 4 venues licences at the time of the application.
 - or 18 machines (change from 30 to 18 machines).
3. Separate out class 4 venues and standalone TAB venues within the policy.
4. Amendments to the wording and layout of the policy to update changes in legislation and improve its readability.

A copy of the proposed Gambling Policy is available on Councils Website at www.marlborough.govt.nz or at Council offices.

Part 4: Options

The Council, in consultation with the community, have the opportunity to influence gambling through restrictions on the number and locations of TAB venues. The Council considered the following options in relation to numbers of machines and venues and have established the three options below.

Option One – Preferred Option

Class 4 Gaming Venues

1. Adopt a sinking lid approach for the number of class 4 venues and gaming machines.

Therefore, Council will not grant consent for:

- The establishment of any additional Class 4 venues or additional gaming machines, including Class 4 machines in TAB venues under this policy.

Example: If a class 4 venue closes, the Council will not issue any other society a licence to replace that venue. Or that once the number of machines licenced to operate in a community decreases, Councils will not issue any other society a licence to replace those machines.

2. Club Mergers

- Permitted number of machines when clubs merge is the sum of machines previously operated by each club, or 18 machines whichever is the less.

Example: two clubs with 9 machines each are currently allowed 18 machines at a new combined club.

3. Relocation

- Allow relocation as per the current policy, but only allow relocation to a deprivation level the same or lower.

Example: If a venue had earthquake damage to the building it would be able to relocate to a new venue if the deprivation level was the same or lower.

4. TAB Venues

- Allow the establishment of TAB venues if it meets the application requirements.

Example: If a new TAB standalone venue wanted to open in the District, Council would allow application for consent.

Option Two

Class 4 Gaming Venues

1. Cap the total number of gaming machine numbers to current machines in use in the District currently.
 - Cap the number of gaming machines to 165

Example: Council set a number of gaming machines to be 165, no further gaming machines will be issued unless other machines are surrendered. The total number of gaming machines in the district would not exceed 165. However, if numbers dropped a new venue could be established and have no more than 9 machines if the cap allows

2. Club Mergers
 - Permitted number of machines when clubs merge is the sum of machines previously operated by each club, or 18 machines whichever is the less.

Example: two clubs with 9 machines each are currently allowed 18 machines at a new combined club.

3. Relocation
 - Allow relocation as per the current policy, but only allow relocation to a deprivation level the same or lower.

Example: If a venue had earthquake damage to the building it would be able to relocate to a new venue if the deprivation level was the same.

4. TAB Venues
 - Allow the establishment of TAB venues if it meets the application requirements.

Example: If a new TAB standalone venue wanted to open in the District, Council would allow application for consent.

Option Three

1. Retain the existing Class 4 Policy but amend wording to allow for the new Racing Industry Act 2020.

Example: the current policy position remains in place until it is reviewed in 2026

Benefits and Disadvantages

	Benefits	Disadvantages
Sinking lid	<p>The Gambling Act 2003 was introduced to limit the number of pokies in non-casino establishments.</p> <p>Pokies are still the most harmful form of gambling in NZ.</p> <p>Sinking lid policies are designed to control the growth of gambling. They work by gradually reducing the number of machines by prohibiting the transfer of gambling licences.</p> <p>By adopting a sinking lid policy, it shows strong alignment with the Gambling Act.</p> <p>Effective in reducing gambling expenditure i.e, player losses over time.</p> <p>Reduces the potential for harmful gambling by reducing the opportunities to gamble, while still enabling existing gambling venues to continue to operate.</p> <p>Reduced likelihood that gambling and associated harms could become a significant problem in our district.</p>	<p>May discourage new hospitality businesses if they need gaming machines to be financially viable. However, under section 67(1)(k) Gambling Act 2003 it states that a class 4 venue cannot have gambling as its primary activity.</p> <p>Class 4 venues that are taverns must hold an appropriate licence for the sale and supply of alcohol. District Licensing Committees have at times refused the renewal of alcohol licences where the main activity of the premises has been found to be gambling. Similarly, the Gambling Commission has upheld a number of decisions not to renew Class 4 venue licences; a point in case is GC25/12 (Whiskey Jacks).</p> <p>Over time may reduce proceeds to the community if venues were to close.</p>
Lower cap (165)	<p>Reduces the opportunities to gamble and reduces gambling expenditure i.e, player losses therefore reducing the potential for harmful gambling, while still enabling existing gambling venues to continue to operate.</p> <p>Does not allow any more machines above the current allowed number or any more venues to operate currently.</p>	<p>May reduce the return to the community.</p> <p>May discourage new hospitality businesses if they need gaming machines to be financially viable. However same issues as above.</p>
Cap remains at 240	<p>May encourage new businesses if machines influence a business's financial viability. However as discussed above s67(1)(k) of the Gambling Act states that gambling cannot be its primary activity.</p> <p>May increase the return to the community.</p>	<p>An increase in the number of gaming machines may increase the potential for problem gambling.</p> <p>Increased likelihood that gambling and associated harms could be a significant problem in our district.</p>

Part 5: Have your Say

Make a submission on our proposed Gaming Venue Policy

You can make a submission by filling in a submission form and returning it.

Post to:

Gambling Policy Consultation
Marlborough District Council
PO Box 443
Blenheim 7240

Deliver to:

Marlborough District Council
15 Seymour Street
Blenheim

Marlborough District Council
67 High Street
Picton

Email to: georgia.murrin@marlborough.govt.nz

Any questions, call Council's Environmental Health Team on 03 520 7400.

Submissions close at 5.00pm Tuesday, 8 August 2023.

Timeline for considering the proposed fees

Monday 10 July 2023 6:00pm DATE TBC	Consultation period Community Group Meeting
Tuesday 8 August 2023	Submissions close
As soon as possible after submissions close	Hearing of submissions to proposal
Date TBC	Sub-committee to deliberate and make recommendation
Date TBC	Full Council to ratify hearing panel's recommendation
Date TBC	The Council decides whether to adopt the proposed policy at Environment and Planning Committee
Date TBC	Formally adopt the new policy in accordance with our governance requirements and Local Government Act. And send a copy of the Policy to DIA