

# **Statement of Proposal**

## **Draft Gambling Venues Policy**

# **Proposal to amend the policy approach under the current Gambling Venues Policy**

## **1. Introduction:**

The Gambling Act 2003 requires the Council to review its Gaming Venues Policy every three years. The Policy manages the number and location of new stand-alone TAB venues and new class 4 non-casino gaming venues (commonly referred to as 'pokie' venues) in Wellington City.

This document includes:

- reasons for the proposal
- overview of the proposed policy and the current situation
- a copy of the draft policy
- a submission form.

The Council is seeking public input on the draft policy. The consultation period runs from Tuesday 2 March 2010 – 5 pm Friday 9 April 2010.

## **2. Overview:**

This Statement of Proposal (**statement**) invites submissions on Wellington City Council's (the **Council**) proposal for its Gambling Venues Policy. This policy covers the number and location of class 4 non-casino gaming machines (or "pokies") and Totaliser Agency Boards (TAB) in the Wellington City district.

Under the Gambling Act, 2003, the Council must review its Gambling Venues Policy every three years. Following a review of the current policy, the Council proposes to target identified 'areas of concern' within the Wellington City district by setting a population-based cap on pokie numbers in the capped suburban zones. These caps would be based on a population ratio of one machine to 300 people.

The proposed approach would assist a gradual decline in pokie numbers (as a result of natural attrition of venues and machines), within targeted 'areas of concern' while allowing growth to continue in other parts of the city (the Central Area zone, the Onslow zone, the Lambton zone and, to an extent, the Western zone) where some potential for growth in pokie numbers continues to exist.

As required by section 87 of the Local Government Act 2002, this statement of proposal includes:

- a statement of the reasons for the proposal

- an analysis of the possible options available (including the proposal)
- other information that is relevant to the proposal.

Under the draft policy:

- there are no limitations on the number of TABs, pokies or venues allowed in the Central Area Zone
- there is a population-based “cap” on the number of pokies allowed in the six ‘capped’ suburban zones (based on a ratio of one machine to 300 people) as outlined below.

<b>Table one: current and proposed cap on gaming machines by area</b>		
<b>Gambling Venue Zone</b>	<b>Current Cap</b>	<b>Cap at ratio of one machine to 300 people</b>
Northern	146	136
Onslow	62	53
Lambton	107 <sup>1</sup>	95
Central	No limits	No limits
Western	73	67
Southern	116	100
Eastern	125	114

Class 4 gaming venues may be established anywhere in the Wellington City district, subject to the following restrictions:

- All gaming venues must have a full and current on-licence (with a designation) or club liquor licence under the Sale of Liquor Act 1989.
- Applicants whose licences were held on 17 October 2001 may have a maximum of either nine machines, or the number of machines lawfully operated on 23 September 2003, whichever is the higher number.
- Applications seeking Ministerial discretion to increase the number of gaming machines at a club venue above nine will not receive consent.
- Applications seeking Ministerial discretion to increase the number of gaming machines at a club, as a result of clubs merging, will receive consent subject to the limits prescribed by the Gambling Act.
- meeting Council application and fee requirements.

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<sup>1</sup> The review revealed that the original figure provided by Statistics New Zealand for the population of the Lambton gambling zone was incorrect. This means that the cap imposed on the Lambton gambling zone was inappropriate and should be ‘107’ instead of the current ‘55’. This has had no impact, however, on the regulation of this gambling zone as the number of pokie venues has been declining. In 2007, there was only one pokie venue with a total of nine machines. As of December 2009, there are no pokie venues and no pokie machines within this gambling zone.

- obtaining any necessary resource consents under the Wellington City District Plan or Resource Management Act.

TAB venues may be established anywhere in the Wellington City district, subject to the provisions of the Wellington City District Plan and meeting application and fee requirements. In respect of TAB venues, the Gambling Venues Policy only applies to applications for the establishment of stand-alone Board venues. It does not cover the installation of TAB terminals in premises not owned or leased by the TAB (e.g. hotels, bars and clubs).

### **Have your say**

The consultation period runs from Tuesday 2 March 2010 to Friday 9 April 2010. Additional copies of this Statement of Proposal may be viewed online at [www.Wellington.govt.nz](http://www.Wellington.govt.nz), obtained from a Wellington City Council service centre or requested by phone (499 4444).

Submissions on the statement may be made to the Council from Tuesday 2 March 2010 till 5 pm Friday 9 April 2010. Submissions can be made:

- electronically at [www.Wellington.govt.nz](http://www.Wellington.govt.nz), or
- in writing to Wellington City Council:

Gambling Venues Policy Review:  
C/o Brian O'Sullivan  
Policy Group  
Wellington City Council  
101 Wakefield Street  
PO Box 2199  
WELLINGTON 6140

Any person who makes a submission can make a request to be heard by the Council. Oral submissions will be heard by the Council on Thursday 22 April 2010.

The Local Government Act 2002 requires the Council to make all written submissions on this consultation available to the public. This requirement is subject to the provisions of the Local Government Official Information Act and Meetings Act 1987.

### **How to get more information:**

Further information, including the reports referred to in this document, is available on the Council's website [www.Wellington.govt.nz](http://www.Wellington.govt.nz)

### **3. Reasons for the Proposal**

The Gambling Act 2003 came into effect on 18 September 2003. The purpose of the Act is, amongst other things, to control the growth of gambling and prevent and minimise the harm caused by gambling, including problem gambling. The Department of Internal Affairs is the primary regulator of the sector, however, under the Act, territorial authorities are required to have a policy in place that:

- specifies whether or not class 4 venues (venues with non-casino gaming machines or “pokies”) may be established in its district and, if so, where they may be located
- may specify any restrictions on the maximum number of gaming machines that may be operated at any class 4 venue<sup>2</sup>
- specifies whether or not TAB stand-alone venues may be established in the district.

In addition, the Racing Act 2003 requires territorial authorities to consider a policy for the establishment of new stand alone TAB premises. The policy excludes TAB terminals in premises not owned or leased by the TAB (e.g. hotels, bars and clubs).

Pokie and TAB venues must have a venue licence issued by the Department of Internal Affairs (DIA). A prerequisite for such a licence is consent from the local authority. All consents must be in accordance with adopted policy. If territorial local authority consent is given, the DIA determines whether or not to approve the application.

The Gambling Act also states that a venue hosting gaming machines cannot have gaming machines as its primary purpose. The Gambling Act requires that territorial local authority consent must be sought by all venues that:

- are seeking a licence for the first time
- are seeking to increase machine numbers
- have a licence that has lapsed for six months or more

The proposed policy has been developed to meet the requirements of the Gambling Act 2003.

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<sup>2</sup> The maximum number of machines allowed in any venue licensed after 17 October 2001 is nine machines. Venues licensed prior to this date are allowed up to a maximum of 18 machines, but no more than they legally held as at September 2003.

## 4. Policy Objectives

Beyond the objectives outlined in the purpose of the Gambling Act<sup>3</sup>, Wellington City Council adopted a Gambling Venues Policy for the Wellington City district in March 2004. The objectives of the Gambling Venues Policy are to:

- manage the growth of gaming machines in ‘areas of concern’.
- ensure that, within the limits prescribed by the Gambling Act, people who wish to participate in gaming machine and TAB venue gambling can do so within the Wellington City district
- ensure that gaming machines are located within venues where there is a degree of supervision and control of those using the machines, to assist in reducing the risk of problem gambling, and gambling by those under 18 years of age.

## 5. Current Situation

Under the current Gambling Venues Policy, the Wellington City district is split into seven different gambling zones; Southern, Northern, Western, Eastern, Onslow, Lambton (excluding Central Area Zone) and the Central Area Zone. Although there are a number of general conditions:

- there are no limitations on the number of TABs, pokies or venues allowed in the Central Area Zone
- there is a fixed “cap” on the number of pokies allowed in the remaining six ‘capped’ zones but no restriction on the number of venues.

<b>Zone</b>	<b>Fixed cap on no. machines</b>
Southern	116
Northern	146
Eastern	125
Onslow	62
Western	73
Lambton (excluding Central Area Zone)	107
Central Area Zone	No limit

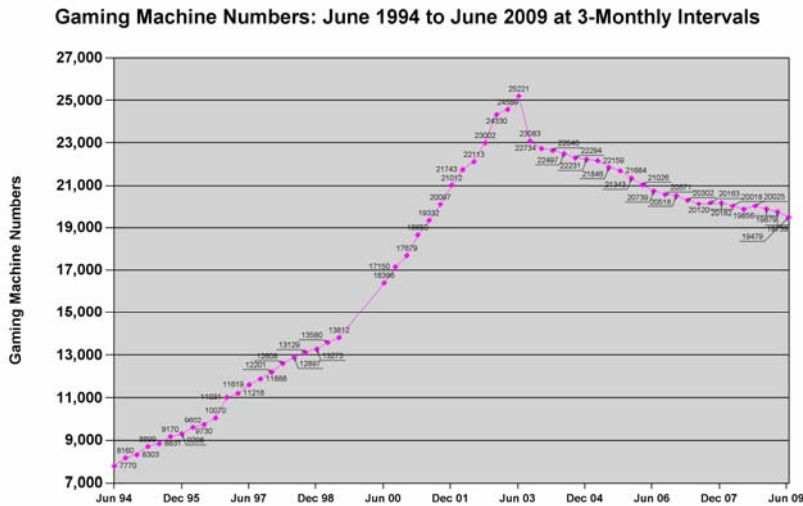
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<sup>3</sup> The purpose of the Act is to—  
(a) control the growth of gambling; (b) prevent and minimise the harm caused by gambling, including problem gambling; (c) authorise some gambling and prohibit the rest; (d) facilitate responsible gambling; (e) ensure the integrity and fairness of games; (f) limit opportunities for crime or dishonesty associated with gambling; (g) ensure that money from gambling benefits the community; (h) facilitate community involvement in decisions about the provision of gambling

## Trends in the Number of Pokies and Pokie and TAB Venues since the Introduction of the Gambling Act

The total number of pokies in New Zealand rose dramatically between 1994 and 2003. Since the Gambling Act 2003 was introduced (in September 2003), numbers have dropped markedly from a peak of over 25,000 in 2003 to 19,739 reported in March 2009.

**Figure 1:**



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Although, nationally, there were fewer pokies overall, pokie venues continue to be concentrated in more deprived areas.

### Change in Pokie Numbers in Wellington since 2007

In Wellington City, the number of pokies followed a roughly similar trend to the national trend from 2003 to 2007. In September 2003, at the time of the Act being introduced, the number of pokies in Wellington City was 1050 while the number of venues was 78. By December 2007, the number of pokies had dropped to 834 and the number of venues to 59.

Table one illustrates the geographical spread of pokies since 2007 in the Wellington City district (by zone) compared to the cap on each zone.

Table three: No. of pokies per zone from December 2007				
Gambling Venue Zone	No. Machines at 31 Dec 2007	No. Machines at 31 Dec 2008	No. Machines at 30 Sep 2009	Cap on No. Machines
Southern	115	97	115	116
Northern	150	130	146	146
Eastern	122	113	113	125
Onslow	9	9	9	62
Western	38	38	35	73
Lambton (excluding Central Area Zone)	9	0	0	(107)
Central Area Zone	391	382	379	No limit
<b>TOTAL</b>	<b>834</b>	<b>769</b>	<b>797</b>	

The key points to note from the above information are as follows:

#### All zones:

- The total number of pokies in the Wellington City district zones decreased significantly in 2008 but increased slightly again in 2009.

#### Capped zones:

- The number of pokies in the capped zones has remained relatively consistent. The numbers in three zones dropped in 2008 but increased again in two zones to the cap figure in 2009 (Southern and Northern zones).
- The decrease in machine numbers in 2008 and the subsequent increase in 2009 was due predominantly to changes of business/ownership of two pubs/bars at the same venue.
- The total number of pokies in some capped zones remain significantly below their established caps:
  - Onslow zone (nine to a cap of 62)
  - Lambton zone (nine to a cap of 107); and
  - Western zone also remains lower than its established cap (35 to a cap of 73).

#### Non-capped zone:

- The number of pokies in the Central Area Zone has dropped slightly by 12 (from 391 to 379)

### **Change in Number of Wellington Pokie Venues since 2007**

The total number of pokie venues in the Wellington City district dropped from 59 in 2007 to 54 in 2008 and remains at this figure as of September 2009. Trends in pokie venues in the capped zones and the non-capped zone since the adoption of the revised Gambling Venues Policy in 2007 are as follows:

#### Capped zones:

- The number of pokie venues in the capped zones has remained relatively consistent since 2007:
  - The Northern zone remains unchanged (10)
  - The Southern zone remains unchanged (eight)
  - The Onslow zone remains unchanged (nine)
  - The Eastern zone dropped from 10 venues to eight (the two were a bowling club and a golf club).
  - The Western zone dropped from three to two (one bowling club)
  - The Lambton zone dropped from 1 venue to 0.
- The minor decline in venues was predominantly in sports clubs (three out of four) that have very few gaming machines.
- Pokie venues in the capped zones tend to be dominated by bars/pubs that also hold the vast majority of pokies. The remainder of the venues tend to be sporting clubs (nearly all of them bowling clubs) or RSA clubs with smaller pokie numbers (one-three). The one exception was the Johnsonville RSA with 13 pokies.



Non-capped zone:

- Pokie venues dropped from 25 to 24 (all are pubs/bars).

Full details are provided in **Appendix A**.

### **Number of Wellington TAB Venues since 2007**

There are eight stand alone TAB venues across Wellington City. This figure has not changed from 2007.

### **Trends in Pokie Gambling Expenditure**

Between 1984 and 2005, total gaming expenditure (total money lost by players) in New Zealand increased every year, before dropping slightly in 2005/06 (to \$1.977 billion). In 2006/07 and 2007/08, the total gaming expenditure increased again and was \$2.024 billion in 2008.

Table two (below) summarises the total gaming expenditure statistics for 2006–2008 for the four main types of recorded gaming activity (racing, New Zealand Lotteries Commission, pokies and casinos).

<b>Table four: Gambling expenditure, 2006–2008</b>						
<b>Gambling venue</b>	<b>2003 \$ m</b>	<b>2004 \$ m</b>	<b>2005 \$ m</b>	<b>2006 \$ m</b>	<b>2007 \$ m</b>	<b>2008 \$ m</b>
Casinos	457	484	472	493	469	477
NZ Lotteries Commission	239	282	280	321	331	346
Racing	234	239	247	258	269	273
Pokies (outside casinos)	941	1035	1027	906	950	938
<b>Pokies as % of total gambling expenditure</b>	<b>50.2%</b>	<b>50.8%</b>	<b>50.7%</b>	<b>52%</b>	<b>47%</b>	<b>46%</b>
<b>Total</b>	<b>1871</b>	<b>2039</b>	<b>2027</b>	<b>1977</b>	<b>2020</b>	<b>2034</b>

Source: Gambling Expenditure Statistics, The Department of Internal Affairs (2009).

Total gambling expenditure in New Zealand continues to be dominated by pokie machines although there has been a minor decline in the pokies proportion of the total gambling expenditure. Quarterly pokie gaming expenditure collected for the Wellington City district since 2007 (See Appendix B) also suggests there has been a slight decline in gambling expenditure within the city. The Wellington City district's proportion of the total pokie gambling expenditure (in New Zealand), however, appears to remain relatively constant.

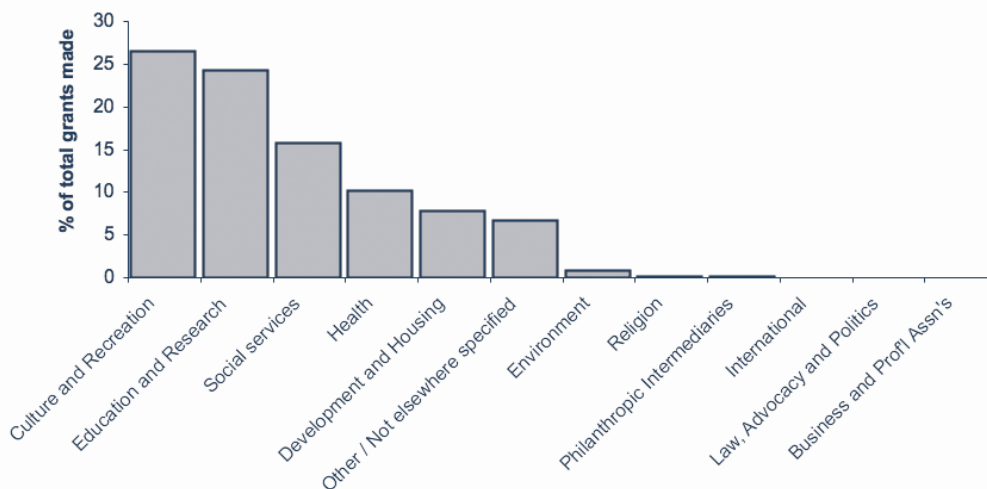
### **Revenue from Pokie Machines**

Although individuals lose money on pokies, there are benefits to some sections of the general community from these machines. Approximately one third of the income generated by pokies is allocated to local gaming trusts to be distributed to 'not-for-profit' sector and recreation organisations that provide services to

the community. Revenue sourced from Wellington City’s pokie machines, therefore, part-funds sporting, recreation and community organisations and associated social infrastructure in Wellington City.

The following graph shows the national distribution of funding to various ‘not-for-profit’ community organisations by gaming trusts indicating that a significant proportion of national revenue from pokies funds activities in the culture and recreation, education and research, social services, health and development and housing sectors. In 2006, Business and Economic Research Limited (BERL) estimated that gaming machine societies provided over 45% of the funding in the first category (culture and recreation) to sports activities alone.

**Figure 2: Distribution of funding by Gaming Trusts**



Historical grants/revenue for the Wellington City district from pokie machine funded community trusts (from April 2005 to August 2009) totalled \$38,395,178.794. The largest recipient sectors were ‘other sports’ (23%), ‘community groups’(22%), ‘education’ (10%) and ‘soccer’ (8%).

Some stakeholders have raised concerns that declining pokie numbers and venues might impact on the revenue received from this source, and may impact on the ability of some community organisations to provide services and activities. Stakeholders from the New Zealand Trust, the Shakespeare Globe, the Lion Foundation and Cuba Street Carnival have all indicated that funding from gaming trusts is becoming increasingly scarce in Wellington City. In 2006 Wellington City received the 4<sup>th</sup> highest per-capita funding (in New Zealand) from gaming trusts.

### **The Social Impact of Pokies**

The Gambling Act 2003 defines a problem gambler as ‘a person whose gambling causes harm or may cause harm’. Harm is also defined in the Act, in very broad terms, recognising the fact that the impact of problem gambling goes far beyond the immediate impact on the problem gambler to affect family, friends and the wider community.

<sup>4</sup> Gambling Report with Grants and Analysis - PGFNZ

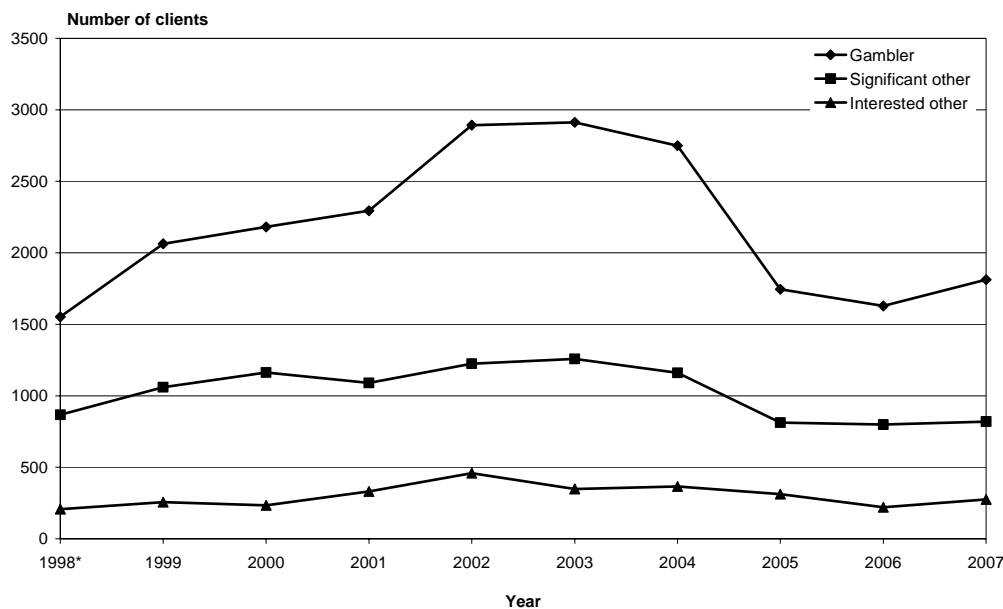
It should be noted that, in general, it is very difficult to obtain accurate data on problem gambling because of the ‘shame barrier’ associated with it. Much of the problem gambling activity takes place outside of supervision and is not recorded or measured unless an individual decides to contact an organisation such as the Problem Gambling Foundation of New Zealand (PGFNZ) or the National Gambling Helpline.

The impact of technology (particularly the introduction of internet gambling for which there is no New Zealand research available) is believed to be significantly exacerbating the issue. For this reason, figures based on measures such as ‘presentation’ are likely to significantly under-estimate the size of the problem.

### Trends in Problem Gambling

Despite a decrease in numbers of new clients accessing the National Gambling Helpline between 2003 and 2006, increases in all categories of new clients (resulting in a 9.8% increase in the overall number of new clients) was reported in 2007.

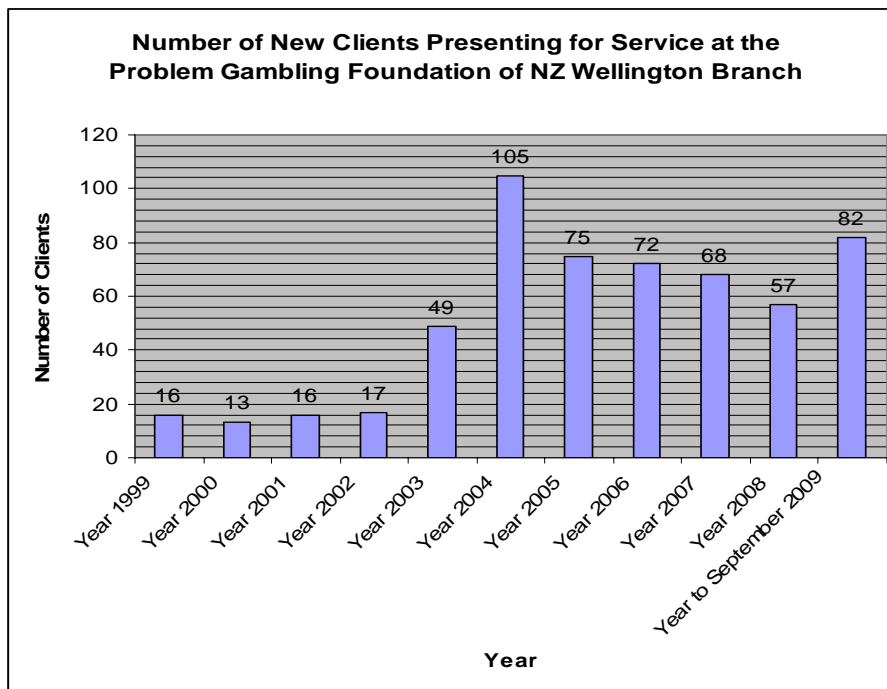
**Figure 3: Gambling Helpline Ltd: new clients by type 1998–2007**



Within the Wellington City district, the PGFNZ has identified a 43% increase in overall client presentations to the service in 2009 (including 36% of clients who were ‘affected others’ and 64% who were gamblers). The reasons for increased client presentation are unknown, however the PGFNZ suspect it may be due to increased public health promotion activities and other public health initiatives such as Gamble Free Day that have helped to raise awareness in the local community.

The trend in presentations in the Wellington City district since 1999 is illustrated below. The trend from 2003 appears to align with the national trend. As noted earlier, real figures are likely to be significantly higher.

**Figure 4:**



### **The Association between Pokies and Problem Gambling**

There is a significant amount of research linking pokies with problem gambling. The 2006/07 New Zealand Health Survey reported that pokies were the primary mode of gambling for those seeking help from face-to-face problem gambling intervention services (66.8%) and Gambling Helpline calls (75.6%). It also reported that pokie machine activity was cited by 53% of people (affected others) as responsible for the problems they experience from someone else's gambling

The trend of pokies being identified as the primary mode of problem gambling continued with a 2009 Ministry of Health consultation document that reported that:

- in 2007, pokies continued to be the primary mode of problem gambling cited by new clients (75.6% of new Helpline clients and 66.8% of new face-to-face intervention clients)
- in 2008, these continued to be the primary mode of problem gambling represented in presentation data. Around 80% of gambler callers to the gambling helpline and 64% of clients presenting to face-to-face services cited pokies as the primary gambling mode in 2008.

This trend aligns with advice provided from the PGFNZ who report that the primary mode of gambling cited by PGFNZ Wellington branch clients as causing the most harm continues to be pokies. Exact figures on the modes of gambling specific to the Wellington branch were not available for this report.

A financial evaluation of pokies also suggests that they play a significant role in problem gambling. When pokie activity between 2006 and 2008 is considered against New Zealand's total gambling expenditure, they represent only 15.6% of

gambling activity, yet between 2003-2008 they have been seen to represent a disproportionate 46-52% of the total gambling expenditure.

There is also a significant body of research linking the proximity of pokies to vulnerable communities with problem gambling and indicating that people are more likely to gamble if pokies are accessible or near their immediate vicinity. A 2009 Ministry of Health geographical analysis of gambling/problems, confirmed the findings of previous needs assessments that people living in more deprived areas are at greater risk of developing problems with gambling. Wesley Care, the Salvation Army, and the PGFNZ have also reported that close proximity of pokies to areas where people are more susceptible to the risks of problem gambling is an issue.

## **6. Assessment of the Policy to Date**

Beyond the objectives outlined in the purpose of the Gambling Act, the Gambling Venues Policy has three objectives. They are to:

- manage the growth of gaming machines in areas of concern.
- ensure that, within the limits prescribed by the Gambling Act, people who wish to participate in gaming machine and TAB venue gambling can do so within the Wellington City district.
- ensure that gaming machines are located within venues where there is a degree of supervision and control of those using the machines, to assist in reducing the risk of problem gambling, and gambling by those under 18 years of age.

Since the adoption of the Gambling Venues Policy in 2007, the following trends have been noted:

### **Pokie Expenditure:**

- the total gambling expenditure in New Zealand continues to be dominated by pokie machines
- there was an increase (2007) and then a slight decrease (2008) in pokie gambling expenditure across New Zealand (and in gambling expenditure overall)
- there appears to have been a slight decline in gambling expenditure within the Wellington City district. The Wellington City district's proportion of the national gambling expenditure, however, appears to remain relatively constant.

### **Pokie Numbers and Venues:**

- The total number of pokies in the Wellington City district decreased in 2008 but increased slightly in 2009.
- The total number of pokie venues in the Wellington City district has decreased.

- The number of pokies in the Central Area Zone has dropped slightly by 12 since 2007 (from 391 to 379).
- The total number of pokies in the capped zones has remained relatively consistent.
- The number of pokie venues in the capped zones has remained relatively consistent since 2007.

### **Social Impact of Pokie Machines:**

- There has been an increase in the level of problem gambling, both nationally and within the Wellington City district.
- Pokies continue to be identified as the primary mode of problem gambling.
- Close proximity of pokies to areas where people are more likely to become problem gamblers is an issue.
- There are five significant ‘areas of concern’ with respect to pokie-associated problem gambling within the Wellington District (based on socio-demographic ‘risk factors’ found to be significantly associated with problem gambling). These are located in the Northern, Southern and Western zones and, to a lesser extent, the Eastern zone.
- The “areas of concern” contain significant clusters of pokies.
- Pokie numbers in those zones with ‘areas of concern’ have seen no (or minimal) reduction since 2007.

By setting a ‘cap’ on the suburban zones, the current policy has managed the **growth** of pokies in ‘areas of concern’. Since 2007, the number of pokies has decreased in the Eastern, Western and Northern zones and has not been allowed to rise above the cap in the Southern zone. In this respect, the Gambling Venues Policy has met objective one of the policy.

Allowing unrestricted pokie numbers and unrestricted pokie /TAB venues within the Central Area Zone (and unrestricted TAB venues across the district), has ensured that, within the limits prescribed by the Gambling Act, people who wish to participate in gaming machine and TAB venue gambling within the Wellington City District can do so, thereby meeting objective two of the policy.

Meanwhile, the requirement on pokie venues to hold a liquor licence (and the controls and monitoring this entails) ensures that pokies are located within venues where there is a degree of supervision and control of those using the machines, to assist in reducing the risk of problem gambling, and gambling by those under 18 years of age (objective three of the policy).

Five specific ‘areas of concern’ with significant clusters of pokies were identified within the Wellington City district. These are located in the Northern, Southern and Western zones and, to a lesser extent, the Eastern zone. Given the continuing interest and applications from pokie venue owners (and potential venue owners) it is clear that a significant gambling market exists in these areas.

Although the current ‘cap’ has machine numbers at a fixed level, these machines are likely to be having an impact on vulnerable members of the community within these areas.

## 7. The ‘Areas of Concern’ for Problem Gambling in the Wellington District

For the purposes of this review, the Wellington City District was assessed for ‘areas of concern’ using the Ministry of Health’s socio-demographic ‘risk factors’ found to be significantly associated with problem gambling. These included:

- identifying as being of Māori or Pacific ethnicity (approximately four times more likely than the total population to experience gambling related harm<sup>5</sup>)
- having fewer educational qualifications
- living in areas of higher neighbourhood deprivation.
- being aged 35–44 years

Using these criteria, five areas within the Wellington City district were identified as having populations with the socio-demographic profiles of a higher likelihood of engaging in problem gambling activities. These five ‘areas of concern’ included areas in each of Tawa, Johnsonville, Miramar, Karori, Newtown suburbs located in the ‘capped’ Northern, Western, Southern and Eastern zones.

It was also noted that these ‘areas of concern’ had significant clusters of pokies, an issue given the studies linking accessibility to pokies by susceptible populations with problem gambling. The numbers involved were as follows.

<b>Suburb of concern</b>	<b>No. of Pokies</b>	<b>Zone</b>
Tawa	41	<b>Northern Zone</b>
Johnsonville	87	<b>Northern Zone</b>
Miramar	18	<b>Eastern Zone</b>
Karori	35	<b>Western Zone</b>
Newtown	72	<b>Southern Zone</b>

Indicative figures from the Department of Internal Affairs on total gaming machine profits (i.e. total turnover minus player wins plus adjustments) for 2008 and 2009<sup>6</sup> also suggest that around 40% of the total gaming machine profit in the Wellington City district could have been obtained from the identified ‘areas of concern’.

<sup>5</sup> Informing the 2009 Problem Gambling Needs Assessment: Report for the Ministry of Health

<sup>6</sup> Year ending September 2008 = \$41,650,758 and year ending September 2009 = \$39,590,100

Despite the fact that these zones are capped, officers have continued to receive applications for new pokies and venues in these zones (although these are now tailing off as the policy is better understood). The fact that applications continue to be received and that numbers of pokies and pokie venues have not significantly reduced in the identified “areas of concern” also suggests that a strong gambling ‘market’ exists in these areas.

Although the current ‘cap’ has kept machine numbers at a fixed level, these machines are likely to be having an impact on vulnerable members of the community within these areas.

## **8. Items to Consider When Analysing the Issue**

It is important to note the restrictions the Council operates under with respect to pokie machines. Under the Gambling Act:

- venues licensed before 17 October 2001 are entitled to have up to 18 pokie machines, but may not have more machines than they were licensed for at that date.
- venues licensed after 17 October 2001 are entitled to have up to nine pokie machines.
- the Council can set a lower maximum number of machines – that is the number that must apply to all bars/clubs licensed after October 2001, and to any bars/clubs that have had a gap in operations of six months or more.
- the Council can, however, only set a lower maximum number at pokie venues where an application for a pokie venue licence is received. Existing pokie venue licences, therefore, are ‘grandfathered’ under the Act.

## **9. Wellington City Council’s Proposed Approach**

- *Permit pokie venues to be established anywhere in the Wellington City district.*
- *Set a population-based cap on the number of pokies that may be permitted in each zone (except the Central Area zone).*
- *No restriction on TABs.*

Wellington City Council is proposing that pokie venues could continue to be established anywhere across the Wellington City district although there would be a cap on the total number of pokies permitted within the current suburban zones (based on a ratio of one machine to 300 people<sup>7</sup> within the current capped zones).

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<sup>7</sup> This ratio was believed to be the most appropriate to allow a meaningful reduction in pokie numbers in areas of concern and a reduction in the disparity between pokie numbers and caps in other zones while allowing some potential for growth



Gambling Zone	Current cap (based on one machine to 250 people) – 2004 data	Ratio of one machine to 250 people (2006 data)	Ratio of one machine to 300 people (2006 data)	Population per zone (2006 census data)
Northern	146	163	136	40,761
Onslow	62	64	53	16,047
Lambton	(107)	113	95	28,473
Central	NA	NA	NA	9,507
Western	73	80	67	20,112
Southern	116	119	100	29,874
Eastern	125	137	114	34,305

At present, most pokie venues in the Wellington City district have the maximum number of gaming machines permitted under the Gambling Act. They are almost all ‘grandfathered’ under the Act and any restriction could not be applied to them. The Council, therefore, can only set a lower maximum number of machines for any new pokie venue licence applications.

This would not affect current pokie venues except where they voluntarily decrease their numbers or do not hold a licence for more than six months (i.e. by going out of business, on-selling business etc.). Under the Gambling Act, loss of a licence and subsequent renewal would automatically result in the reduction of the maximum number of gaming machines at such venues from 18 to nine.

The overall impact of this option, therefore, would likely be a gradual decline in pokie numbers (as a result of natural attrition of venues) within the capped zones with ‘areas of concern’. Growth would be allowed in the Central Area zone or alternatively in the Onslow zone, Lambton zone and, to an extent, the Western zone, where potential for growth in pokie numbers still exists. The anticipated slow decline in numbers would mean no sudden impact on the funding for sporting, recreation and community organisations generated through Wellington’s pokies. Any decline might also be offset by growth in numbers outside areas of concern.

## 10. Other Considerations for the Proposed Approach

### Other Options Considered

A number of other options were also considered during the review of the Gambling Venues Policy, 2007. These were:

#### Option One: No restrictions on pokie venues or pokie numbers

- *Permit unlimited numbers of pokie venues to be established in the Wellington City district.*
- *Permit unlimited numbers of pokies at these venues (to the maximum permitted under the Gambling Act).*
- *No restriction on TABs.*

At present, the vast majority of venues (predominantly pubs/bars) in the Wellington City district are already licensed to have the maximum number (18) of pokies permissible under the Gambling Act. Given the trend of increasing pokie numbers observed in non-regulated conditions (i.e. prior to the introduction of the Gambling Act 2003), it is likely that any new venues will also request the maximum number of pokies.

Although numbers of pokies have decreased in the Central Area zone, this is unlikely to be the case in the identified 'areas of concern' where significant clusters of pokies already exist and requests for increased numbers of venues and machines continue to be received. If there are no restrictions on the location of pokie venues, the likely outcome of this option, therefore, would be an exodus of pokies and venues from the inner city to the (cheaper) suburbs and 'areas of concern'. This option, therefore, would not permit Council to manage the growth of gaming machines in 'areas of concern'.

### **Option two: Restriction on location of pokie venues**

- *Permit pokie venues to be established in the Wellington City district but specify where they may be located.*
- *No restriction on the maximum number of pokies that may be operated at a pokie venue.*
- *No restriction on TABs.*

If a restriction was to be placed on the location of pokie venues, this would most likely apply to the four zones with identified 'areas of concern'. The majority of venues in two of the zones with 'areas of concern' already have the maximum number of pokies permitted under the Gambling Act (Northern and Southern) so it is unlikely that a venue restriction would cause any major change to the number of pokies there (although the number could increase slightly in some of the minor venues). The two other zones with 'areas of concern' (the Eastern and Western zones) have more potential for an increase in pokie numbers however, again, the majority of venues in these zones already have the maximum number of pokies permitted under the Act (although there could be a slight increase in some of the minor venues). A restriction on new venues, therefore, would mean that pokie numbers in these four zones would be unlikely to decrease and could potentially undergo a minor increase.

There is currently no restriction on the Central Area Zone. Most venues have the maximum available under the Gambling Act, yet numbers have decreased overall. Placing a restriction on venues therefore is unlikely to significantly change the number of pokies although there may be natural attrition over time.

The Lambton zone - a zone that is unlikely to have a restriction as it is not an identified 'area of concern' - has not seen an increase in pokie numbers despite being well below its cap. Like the Central Area Zone, therefore, numbers of pokies are likely to remain static. This would also mean that there would be no effect on pokie-generated revenue for community activities funded through community trusts.

In summary, under this option, there is unlikely to be any major change in the current numbers of pokies or pokie venues in the Wellington City district

compared with the current policy although there might be a minor increase in pokies. This option, therefore, would be less likely than the current policy to manage the growth of gaming machines in ‘areas of concern’.

### **Option three: Restriction on pokie numbers and location of pokie venues (current policy position)**

- *Permit pokie venues to be established in the Wellington City district and specify where they may be located.*
- *Specify restrictions on the maximum number of pokies that may be operated at the pokie venues.*
- *No restriction on TABs.*

Machine numbers have not been allowed to go above the fixed cap set in 2007 and this has resulted in the management of growth of pokies in “areas of concern” while allowing people who wish to participate in gaming machine gambling to do so within the Central Area Zone (and those who wish to participate in TAB gambling to do so in all zones).

This option has resulted in minor fluctuations of pokies in “areas of concern”, although these have all been within the specified cap. Although this option has allowed the identified objectives of the current policy to be achieved and restricts growth of the pokie numbers within the ‘areas of concern’, it does not address the risk of problem gambling to susceptible communities in these ‘areas of concern’ due to accessibility to pokies.

### **Option four: Restriction on total pokie numbers in the Wellington City district**

- *Permit pokie venues to be established anywhere in the Wellington City district.*
- *Restrict the total number of pokies that may be operated in the Wellington City District.*
- *No restriction on TABs.*

Under this option, pokie venues could be established anywhere across the Wellington City district although there would be a cap on the total number of pokies within the district. This could be set lower than the current number of pokies in the district. Zones would no longer be relevant under this scenario.

At present, the vast majority of pokie venues in the Wellington City district have the maximum number of gaming machines permitted under the Gambling Act. They are almost all ‘grandfathered’ under the Act and any restriction in numbers could not be applied to them. The Council, therefore, can only set a lower maximum number of machines for any new venue applications. Over time, this would lead to a drop in pokie numbers across the district.

Applications/queries for new pokie venue licences tend to be focussed primarily on those zones with ‘areas of concern’ whereas the trend is for a drop in pokie numbers in the Central Area Zone. This option, therefore, could result in pokie numbers dropping in the Central Area Zone as opposed to the ‘areas of concern’.

This option would also mean an ongoing decline in pokie-generated revenue for community activities funded through community trusts.

### **Option five: Total restriction on pokie venues and numbers**

- *Restrict the establishment of new pokie venues in Wellington City district.*
- *Restrict introduction of any new pokie machines in Wellington City District.*
- *No restriction on TABs.*

This option would see a total restriction on all applications for new pokie venues or for an increase in pokie numbers. Given the fact that the vast majority of commercial pokies in the Wellington City district already have the maximum number of permitted gaming machines and are grandfathered under the Gambling Act, any change in pokie numbers will be driven by the dissolution of existing venues (i.e. where the venue goes out of business, makes a business decision to remove pokies etc.). This would result in a gradual decline by attrition of both pokie numbers and venues in all Wellington City district zones. Over time, this could result in the prevention of recreational pokie gambling, particularly in those zones with low numbers of pokie venues (e.g. Western, Onslow and Lambton zones). As with option four, gambling zones would no longer be relevant under this scenario.

### **Option six: Restriction on pokie venues**

- *Restrict any new pokie venues being established in the Wellington City district.*
- *No restrictions on the maximum number of pokies that may be operated at pokie venues.*
- *No restriction on TABs.*

Under this option, no new pokie venues would be licensed in the Wellington City district. Given the continuing applications received for pokie venues in the zones with 'areas of concern', it is unlikely that current businesses in that area would discontinue their licences (unless due to business closure etc.). In addition, with the current trend of a decrease of pokies in the Central Area Zone, this option would most likely result in a decline of pokie venues in the Central Area Zone as opposed to the 'areas of concern'.

Given that the majority of venues hold the maximum numbers of pokies permitted under the Gambling Act, the loss of a venue would most likely result in an instant reduction of 18 pokies. If two or three venues were to close in some areas of the city, this could lead to sudden, significant and irreversible drops in pokie numbers with subsequent income risks for community trusts. Zones would no longer be relevant under this scenario.

## **Managing the Growth of TAB Venues**

The Gambling Venues Policy incorporates the TAB Venues Policy. The current policy enables stand alone TAB venues to be established anywhere in the district. There are eight stand alone TAB venues distributed across Wellington City. Although the policy allows for growth, no new venues have been established in Wellington City since 1998. It is recommended that the current policy for TABs be retained.

### **11. Have Your Say**

The consultation period runs from Tuesday 2 March 2010 to Friday 9 April 2010. Additional copies of this Statement of Proposal may be viewed online at [www.Wellington.govt.nz](http://www.Wellington.govt.nz), obtained from a Wellington City Council service centre or requested by phone (499 4444).

Submissions on the statement may be made to the Council from Tuesday 2 March 2010 until 5 pm on Friday 9 April 2010. Submissions can be made:

- electronically at [www.Wellington.govt.nz](http://www.Wellington.govt.nz), or
- in writing to Wellington City Council:

Gambling Venues Policy Review:  
C/o Brian O'Sullivan  
Policy Group  
Wellington City Council  
101 Wakefield Street  
PO Box 2199  
WELLINGTON 6140

Any person who makes a submission can request to be heard by the Council. Oral submissions will be heard by the Council on Thursday 22 April 2010.

The Local Act 2002 requires the Council to make all written submissions on this consultation available to the public. This requirement is subject to the provisions of the Local Government Official Information Act and Meetings Act 1987.

#### **How to get more information:**

Further information, including the reports referred to in this document, is available on the Council's website [www.Wellington.govt.nz](http://www.Wellington.govt.nz)

### **12. Conclusion**

Under the Gambling Act 2003, the Council is required to review its Gambling Venues Policy every three years. There are a limited number of policy options available to the Council. However, the Council must balance the protection of vulnerable members of the community from problem gambling with the right of people to participate in recreational gambling and to recognise the positive

aspects of revenue generated from pokies for 'not-for-profit' community organisations.

Because of the 'shame barrier' associated with problem gambling, it is difficult to get precise data on the scope of problem gambling within the Wellington City district. Nevertheless, five specific 'areas of concern' have been identified in the Northern, Southern and Western zones and, to a lesser extent, the Eastern zone. Although the current 'cap' has kept machine numbers at a fixed level, these machines are likely to be having an impact on vulnerable members of the community within these areas.

It is recommended that these 'areas of concern' are targeted by setting a population-based cap on pokie numbers in the capped suburban zones and adopt this as the new policy approach. These caps would be based on a pokie: population ratio of one machine to 300 people within the currently capped zones.

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## APPENDIX A: Trends in the Number of Pokies and Pokie Venues in the Capped Wellington City District Zones

<b>No. of Pokies Per Venue for EASTERN ZONE from December 2007</b>			
<b>Eastern Zone Venues</b>	<b>No. Machines at 31 Dec 2007</b>	<b>No. Machines at 31 Dec 2008</b>	<b>No. Machines at 30 Sep 2009</b>
Bay Bar	18	18	18
Kilbirnie Tavern	18	18	18
Miramar Bowling Club	6		
Miramar Golf Club	3		
Park Bowling Club	3	3	3
Seatoun RSA	4	4	4
The Corner	18	18	18
The Cutting Sports Cafe	18	18	18
The Local Bar	18	18	18
The Realm Tavern	16	16	16
<b>TOTAL</b>	<b>122</b>	<b>113</b>	<b>113</b>

<b>No. of Pokies Per Venue for SOUTHERN ZONE from December 2007</b>			
<b>Southern Zone Venues</b>	<b>No. Machines at 31 Dec 2007</b>	<b>No. Machines at 31 Dec 2008</b>	<b>No. Machines at 30 Sep 2009</b>
Bus Stop	18	18	18
Island Bay Rowing Club	4	4	4
Island Bay Services Club	3	3	3
Isonar	18	-	-
Newtown Sports Bar	18	18	18
The Island Bay Bar	-	-	18
The Office Café and Bar*	18	18	18
Windmill Bar and Café	18	18	18
Zoobar	18	18	18
<b>TOTAL</b>	<b>115</b>	<b>97</b>	<b>115</b>

\*This bar on premises previously held by Isonar

<b>No. of Pokies Per Venue for ONSLOW ZONE from December 2007</b>			
<b>Onslow Zone Venues</b>	<b>No. Machines at 31 Dec 2007</b>	<b>No. Machines at 31 Dec 2008</b>	<b>No. Machines at 30 Sep 2009</b>
The Village Patisserie	9	9	9
<b>TOTAL</b>	<b>9</b>	<b>9</b>	<b>9</b>

<b>No. of Pokies Per Venue for WESTERN ZONE from December 2007</b>			
<b>Western Zone Venues</b>	<b>No. Machines at 31 Dec 2007</b>	<b>No. Machines at 31 Dec 2008</b>	<b>No. Machines at 30 Sep 2009</b>
Café 162	17	17	17
Quiet Lady	18	18	18
Wilton Bowling Club	3	3	-
<b>TOTAL</b>	<b>38</b>	<b>38</b>	<b>35</b>

<b>No. of Pokies Per Venue for LAMBTON ZONE from December 2007</b>			
<b>Western Zone Venues</b>	<b>No. Machines at 31 Dec 2007</b>	<b>No. Machines at 31 Dec 2008</b>	<b>No. Machines at 30 Sep 2009</b>
Caledonian Hotel	9	-	-
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>

<b>No. of Pokies Per Venue for NORTHERN ZONE from December 2007</b>			
<b>Northern Zone Venues</b>	<b>No. Machines at 31 Dec 2007</b>	<b>No. Machines at 31 Dec 2008</b>	<b>No. Machines at 30 Sep 2009</b>
Bull and Gate	18	-	-
Clockworks	18	18	18
Jay's Bar	18	18	18
Johnsonville RSA	13	13	13
Johnsonville Bowling Club	6	4	2
Johnsonville Club	18	18	18
Tawa RSA	5	5	5
The Innkeeper Newland	18	18	18
The Innkeeper Johnsonville	18	18	18
Skipping Bull	18	18	18
Casa Bar*	-	-	18
<b>TOTAL</b>	<b>150</b>	<b>130</b>	<b>146</b>

\* This bar on premises previously held by Bull and Gate



## **APPENDIX B: Gaming Expenditure within the Wellington City District**

This data has been collected quarterly since 2007, as follows:

<b>Quarter period</b>	<b>Total GMP Quarter</b>	<b>% of total gaming expenditure</b>
April- June 2007	\$10,666,103	4.49
July- September 2007	\$11,230,608	4.61
October- September 2007	\$11,118,101	4.53
January –March 2008	\$9,672,972	4.43
April-June 2008	\$10,363,529	4.49
July – September 2008	\$10,496,153	4.52
October – December 2008	\$10,332,560	4.48
January – March 2008	\$9,444,239	4.53
April – June 2008	\$9,678,581	4.45
July – September 2009	\$10,134,719	4.59

Source: Gaming Machine Proceeds by District and Society Type – Gambling Statistics: DIA

# **APPENDIX C: GAMBLING VENUES POLICY 2007**

## **1. Introduction**

The Gambling Act 2003 (the Act) came into effect on 18 September 2003 and requires territorial local authorities to have in place a policy which:

- specifies whether or not class 4 venues (hereafter referred to as gaming machine venues) may be established in its district and, if so, where they may be located
- may specify any restrictions on the maximum number of gaming machines that may be operated at any class 4 venue. (The Gambling Act establishes a limit of nine machines on gaming machines venues)
- specifies whether or not TAB stand-alone venues may be established in the district<sup>8</sup>.

In adopting the policy, the Council must have regard to the social impacts of gambling in its district.

Wellington City Council adopted a policy in March 2004 – it has now been reviewed as required by the Gambling Act 2003.

## **2. Objectives of the Policy**

The objectives of the Gambling Act are, amongst other things, to control the growth of gambling and prevent and minimise the harm caused by gambling, including problem gambling. Beyond the objectives stated in the Act, the objectives of Wellington City Council's Gambling Venues Policy are to:

- manage the growth of gaming machines in areas of concern
- ensure that, within the limits prescribed by the Gambling Act, people who wish to participate in gaming machine and TAB venue gambling can do so within the Wellington City District
- ensure that gaming machines are located within venues where there is a degree of supervision and control of those using the machines, to assist in reducing the risk of problem gambling, and gambling by those under 18 years of age.

## **3. General Conditions**

A society requires the Council's consent in respect of a class 4 venue:

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<sup>8</sup> The Racing Act 2003 specifies that a Board venue means the premises that are owned or leased by the New Zealand Racing Board and where the main business carried on at the premises is providing racing betting or sports betting services. Historically, these venues were referred to as Totalisator Agency Board (TAB) venues.

- to increase the number of gaming machines that may be operated at such a venue
- to operate gaming machines at such a venue that was not on any society's licence within the previous six months
- to operate gaming machines at such a venue for which a licence was not held on 17 October 2001.

The New Zealand Racing Board requires the consent of the Council if it proposes to establish a Board/TAB venue. In respect of TAB venues, the Gambling Venues Policy will only apply to applications for the establishment of stand-alone Board venues.

Board venues are premises that are owned or leased by the New Zealand Racing Board, where the main business is providing racing and/or sports betting services. It does not cover the installation of TAB terminals in premises not owned or leased by the TAB (e.g. hotels, bars and clubs).

An applicant for Council consent under this policy must:

- meet the application conditions specified in this policy
- meet the fee requirements specified in this policy.

#### **4. Where Class 4 (Gaming Machine) Venues may be Established**

Class 4 gaming venues may be established anywhere in the Wellington City district, subject to the following restrictions. Failure to comply with any of the relevant restrictions will result in consent being refused.

For the purposes of this policy the Wellington City District is divided into seven zones. The total number of gaming machines in any zone may not exceed the machine levels detailed in the table below. The maximum number is based on a machine to population ratio of one machine to 250 people.

<b>Gaming Venue Zones</b>	<b>Maximum Number of Machines</b>
Southern	116
Northern	146
Eastern	125
Onslow	62
Western	73
Lambton (excluding the Central Area Zone)	55
Central Area Zone	No limits

- Central Area Zone – is the central area as defined by the District Plan excluding land zoned residential

- Lambton Zone – is that area comprising the Lambton electoral ward as at September 2003 except for the central area.
- Southern Zone – is that area made up of the Southern electoral ward as at September 2003
- Northern Zone - is that area made up of the Northern electoral ward as at September 2003
- Eastern Zone - is that area made up of the Eastern electoral ward as at September 2003
- Western Zone - is that area made up of the Western electoral ward as at September 2003
- Onslow Zone - is that area made up of the Onslow electoral ward as at September 2003

All gaming machine venues must have a current on-licence with a designation, a club liquor licence, or a permanent club charter, under the Sale of Liquor Act 1989

Applicants whose licences were held on 17 October 2001 may have a maximum of either nine machines, or the number of machines lawfully operated on 23 September 2003, whichever is the higher number

Applications seeking Ministerial discretion to increase the number of gaming machines at a club venue above nine will not receive local authority consent

Applications seeking Ministerial discretion to increase the number of gaming machines at a club venue, as the result of clubs merging, will receive consent, subject to the limits prescribed by the Gambling Act

Meeting application and fee requirements

Obtaining any necessary resource consents under the Wellington City District Plan or Resource Management Act.

## **5. Where TAB Venues may be established**

TAB venues may be established anywhere in the Wellington City District, subject to the provisions of the Wellington City District Plan and meeting application and fee requirements.

## **6. Applications and Fees for Consents**

All applications for consents must be made on the approved form. All applications will incur a fee, to be known as the Gaming/Gambling Venue

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<sup>9</sup> Applications where the operator is trading on a temporary authority under the Sale of Liquor Act 1989 will not be determined until an on licence has been granted for the operator.

Consent Fee, which is prescribed by the Council pursuant to section 150 of the Local Government Act 2002.

Fees will be charged for consideration of applications, at the rate of \$90 per hour (GST inclusive). A deposit can be required, with the actual fees incurred coming firstly off the amount of the deposit.

## **7. Decision Making**

The Council has 30 working days in which to determine a consent application.

That decision will be made at officer level pursuant to delegated authority and be based on the criteria detailed in this Policy.

In the case of an application relating to a class 4 venue the assessment of the number of gaming machines in the Wellington City district will be based on Department of Internal Affairs' official records.

## **8. Appeals**

Applicants have the right to request a review of the decision by Council officers, if it is believed that an error of fact or process has been made.

## **9. Monitoring and Review**

The Council will complete a review of the policy within three years of its adoption, in accordance with the special consultative procedure outlined in the Local Government Act 2002. Subsequent reviews will take place on a three-yearly cycle, as required by the Gambling Act 2003.

## **10. Commencement of Policy**

The policy will take effect from the time the Council resolves to adopt it. The March 2007 policy is revoked on the adoption of this policy. All applications for territorial local authority (Council) consent will be considered under the policy in place at the time the application is received.

## **11. Explanation of Terms**

*Class 4 Venue* - The Act categorises gambling activities according to their intensity and potential for harm. Class 4 gambling (non-casino gaming machines) is the highest-risk form outside of a casino. Racing and sports betting, which are covered by the Racing Act 2003, do not fall within this classification system

*Gaming Machine* – Refers to Class 4 non casino gaming machines

*TAB/Board Venue* - The Racing Act 2003 specifies that a Board venue means the premises that are owned or leased by the New Zealand Racing Board and

where the main business carried on at the premises is providing racing betting or sports betting services.