



Statement of Proposal

**PROPOSAL TO REVIEW POLICY THE KĀPITI COAST DISTRICT CLASS 4
GAMBLING POLICY**

January 2011

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INTRODUCTION

The Gambling Act 2003 (the Act) came into effect on 18th September 2003 and replaced the Gaming and Lotteries Act 1977 and the Casino Control Act 1990. It covers both casinos, premises containing electronic gambling machines, and TABs.

The Gambling Act 2003 was introduced at time when the country was experiencing very rapid growth in Class 4 gaming venues and gaming machine numbers. This growth in Class 4 gambling opportunities was causing serious concern amongst many communities and social agencies. Domestic and overseas studies were presenting more evidence to show that Class 4 gambling was a significant driver of problem gambling. Class 4 gambling encompasses pubs and clubs who operate non-casino gaming machines (commonly referred to as 'pokies'), it also includes TABs and sports betting outlets.

A gambling survey conducted in 2003 showed that 83.6% of callers to the gambling helpline blamed Class 4 gambling machines (pokies) as the primary cause for their gambling addiction. TABs and other forms of sports betting did not appear to be so addictive.

Problem gambling is described as a pattern of gambling behaviour that disrupts and damages a person's life, their friendships, family relationships and job interests. Problem gamblers suffer from increased rates of bankruptcy, arrest, imprisonment, unemployment, divorce and poor physical and mental health. There is also evidence to suggest that problem gamblers have higher rates of alcohol abuse and suicide. Their effect on the community is far reaching and a 1999 Australian report estimated that around seven other people are affected to some extent by a single problem gambler's behaviour.

Two key sections of the Gambling Act 2003 focused on attempting to manage the growth and social impact of Class 4 Gambling. Section 101 of the Act empowered territorial authorities to set their own local limits on the location and number of Class 4 gambling venues and machines, following an assessment of the social impacts of Class 4 gambling in their

respective communities. Section 102 of the Act established an additional requirement that every territorial authority must review their policy every 3 years.

KĀPITI COAST DISTRICT COUNCIL GAMBLING POLICY 2004

In June 2004 a study was conducted to measure the demographics of the Kāpiti Coast District relative to the indicators that identify problem gamblers. The indicators for problem gambling were: 'aged 25 – 34, Maori, Asian or Polynesian, no formal qualifications, unemployed, plant and machine operators and other elementary occupations, lower income earners and larger household size'. Overall the Kāpiti Coast District scored low in terms of susceptibility to problem gambling, but there were specific areas such as Ōtaki that were at higher risk.

In late 2003 the Kāpiti Coast District Council recognised the negative potential impact of problem gambling and the spiralling growth of Class 4 venue and gaming machine numbers at that time. The 2004 Class 4 Gambling Policy introduced a cap on stand-alone TAB venues (1), Class 4 gaming venues (15) and gaming machines (228), effectively holding them at December 2003 levels.

KĀPITI COAST DISTRICT COUNCIL GAMBLING POLICY 2007

In July 2007 in accordance with section 102 of the Gambling Act 2003 the Kāpiti Coast District Council conducted a second review of its Class 4 Gambling Policy.

At that point national statistics showed that Class 4 Gambling expenditure had experienced a slight decline (less than 1%), possibly as a result of the impact of the Gambling Act 2003, but more likely as a result of competition from other modes of gambling, such as internet gambling, Lotto or racing and sports betting, which all experienced an increase in gambling expenditure.

Despite this slight reduction in Class 4 gambling expenditure the Problem Gambling Foundation of New Zealand¹ reported that the most addictive mode of gambling remained non-casino gaming machines (pokies), with 78.6% of callers to the Gambling Helpline still reporting that pokies were their primary problem (PGF 2005).

The 2007 Social Impact Review showed that the 2004 Gambling Policy Cap on stand alone TABs, gaming venues and machines, had been beneficial for the Kāpiti Coast District in terms of curtailing the rapid growth of Class 4 gambling. By December 2007 the District recorded an average of 1 gaming machine to 154 adults over the age of 18 years compared to 1 gaming machine to 149 adults in December 2003. Over the same period a combination of factors such as the impact of territorial authorities' gambling policies, industry consolidation of

¹ The Problem Gambling Foundation of New Zealand (PGF) is a national non-profit organisation predominantly funded by the Ministry of Health with funds received from the gambling levy. PGF is the largest single treatment provider for problem gambling in Australasia with over 60 locations throughout New Zealand and a website providing information on gambling statistics, gambling harm and trends: www.pgfnz.org.nz

venues and gaming machine numbers, and a rising national population, resulted in a national improvement of gaming machines to adults from 1 machine for every 121 adults in December 2003, to 1 machine to 152 adults in December 2007.

The 2007 Social Impact Review also continued to show a significant disparity in the spread of machines across the District, with higher risk locations like Ōtaki continuing to record a far higher ratio of gambling machines to adults. The review also showed that from the grants information supplied, on average only 24%² of the monies lost on gambling in the Kāpiti Coast Community was directly returned to charities or sports institutions in the District. This is well below the 33% that societies are required to return, which means that the Kāpiti Coast loses money to charities outside of the District³.

The primary goal of the Kāpiti Coast District Council Gambling Policy 2007 was to acknowledge and deal with the disproportionate number of Class 4 gambling machines in some of the District's most vulnerable locations. In response to this issue the 2007 Policy retained the district wide cap of venues and gaming machines at existing levels thereby retaining the ratio of gaming machines to adults at 1:154, but applied this ratio at a ward rather than district level. The Policy acknowledged the vulnerability of some communities in the District to problem gambling. It meant that some wards in the District, such as Ōtaki and Paekākāriki, were left with a 'sinking lid'⁴ on gaming machine numbers, while other areas of the District could increase their number of gaming machines. However, increases could only occur if there were corresponding decreases in Ōtaki and Paekākāriki first.

Despite adopting a sinking lid policy in the wards with the highest vulnerability, the Council could not force existing venues in those locations to reduce the number of gaming machines in operation. The Policy is very effective at stopping new venues and gaming machines from entering the District, but only impacts on existing Class 4 gambling activities when those venues close for six months or more and lose their Class 4 vending license.

In addition to the above changes the 2007 Policy also approved a TAB venue at the Ōtaki Māori Racing Club. This was done in recognition of the Māori Racing Club's importance to the District and the need to help secure its ongoing financial viability. This change increased the number of TABs in the District to a maximum of two, but made no provision for the Ōtaki Maori Racing Club to install Class 4 gaming machines.

SUMMARY OF THE KĀPITI COAST DISTRICT COUNCIL SOCIAL IMPACT REVIEW 2010

The Kāpiti Coast District Council last reviewed its Class 4 Gambling Policy in early 2004 and again in July 2007. Three years on, it is now time to review the social impact of Class 4 gambling and determine if the existing Policy requires any modifications. Attached as Appendix One is a social impact study conducted in July this year. This report covers both

² This figure may not include regional charities or sports groups that serve the wider region including Kāpiti.

³ Some of this money may be given to charities or sports organisations who service the wider region including Kāpiti.

⁴ A sinking lid policy means that if a current venue loses its trading license for a period of 6 months or more then it also automatically loses its license to run gaming machines.

national and local gambling trends and considers the impact of Class 4 gambling in the Kāpiti Coast District. Key trends from the study are as follows.

- There is a continuing decline at a national level in gambling expenditure on Class 4 gambling (including TABs), and a shift to other modes of gambling such as Lotto.
- Class 4 gambling still accounts for a significant proportion of problem gambling calls to the gambling hotline⁵.
- The Kāpiti Coast District now records on average more gaming machines to adults than the national average (refer Table 1).
- At a ward level Ōtaki continues to record a very high number of machines to adults – over double the national average.
- In terms of problem gambling indicators the District continues to show an overall low to mid range problem gambling risk. However, at a ward level, Ōtaki records a much higher potential risk for problem gambling.
- The District spends slightly less on Class 4 gambling than the national average.
- There has been little change to venue and gaming machine numbers in Ōtaki despite a sinking lid policy being adopted in July 2007.
- Since the last Policy review in July 2007 there has been some policy success with five Class 4 gaming machines shifting from the Paekākāriki community to Paraparaumu Ward.
- It appears that the Ōtaki community continues to subsidise sports and charity groups throughout the District and wider region. More gambling money could be spent on appropriate community groups and social services that directly mitigate the affects of problem gambling in this community.

Table 1: Ratio of Class 4 Gaming Machines to adults per Ward as at June 2010.

Ward	*Population over 18 yrs	Number of Licensed Class 4 Gaming Machines as at June 2010	Gaming machines to adults
Paekākāriki-Raumati	7,290	27	1:270
Paraparaumu	14,353	95	1:151
Waikanae	8,505	30	1:283
Ōtaki	6,847	**76	1:90
Kāpiti Coast District	36,910	228	1:162
New Zealand	4,184,600	19,115	1:218

*Total population statistics for NZ and Kāpiti District have been sourced from the Department of Statistics using 2006 Census results. Kāpiti ward population statistics have been calculated by KCDC Electoral Role counts which in total show an 85 person difference to the total Kāpiti District Population as recorded in the 2006 Census results.

**Licensed for 76 but only operating 72

⁵ PGF Gambling Hotline Survey, 2007.

The area of greatest concern remains the Ōtaki Ward. With five venues (one less than the Paraparaumu Ward), the second highest number of machines, and the lowest ward population, it appears to be targeted because of the community's higher likelihood of gambling. According to the indicators for problem gambling Ōtaki remains high risk. It has the highest Māori, Asian and Pasifika population in the District and the lowest socio-economic indicators. It is the ward with the least money to spend but has the largest number of gaming machines to adult population.

Compounding the situation is the fact that many of Ōtaki's gambling machines are highly concentrated in a shopping area more popular with locals than visitors⁶. Four venues and fifty four gaming machines are in close proximity of each other along Main Street, Ōtaki. These venues are well away from the State Highway One retail area which receives the greatest volume of visitors from outside of the Ōtaki area. The argument that these venues and gaming machines service a large number of visitors in addition to local residents is less persuasive than for the Paraparaumu Ward for example. In some cases there are exceptions, such as the Ōtaki Returned Services Association whose members come from throughout the wider area. However, some of the worst deprivation statistics in the District are recorded in the immediate vicinity of Main Street. It is an area least able to afford gambling losses, placing extra pressure on the community's wellbeing⁷.

Under existing legislation the Council has no capacity to arbitrarily reduce existing Class 4 venue or machine numbers, no matter how vulnerable the community is to problem gambling. However, despite this limitation, it is still important that the Council implement a Policy that recognises the risk of problem gambling in some of Kāpiti's most vulnerable communities, and at the very least, continues to take steps to ensure these vulnerable communities are not made any worse off.

PROPOSED OPTIONS FOR THE CLASS 4 GAMBLING POLICY 2010

Option One

Option One proposes an amendment to the current Gambling Policy, whereby the *national* ratio of gaming machines to adults rather than the *district* ratio is used to set district and ward caps.

⁶ The availability of gambling opportunities is fundamental to problem gambling and gambling-related harm. The opportunity to gamble has been identified for some time as an important risk factor for problem gambling. Both participation in gambling and the likelihood of problem gambling increase when gambling opportunities increase (Dickson et al 2002; Korn and Shaffer 1999; Lester 1994; Volberg 1994). Marshall (2005), in a study of two communities on the Gold Coast of Australia, showed that this was the case even when the average distance to a gambling venue was the same, but the density of gambling venues was higher. Marshall went as far as to suggest that his data supported the notion that gambling was 'supply' rather than 'demand' driven.

⁷ Refer to PGF report: 'Pokies, poverty, foodbanks and problem gambling in New Zealand', Problem Gambling Foundation, June 2010. www.pgfnz.org.nz.

The current 2007 Gambling Policy maintained the existing 2003 venue and gaming machine caps, but also uses the District wide ratio of gaming machines to adult population (as measured at the time of the last social impact review) to set gaming machine limits at a ward level. However, using the district ratio to set ward limits does little to ensure that this District's controls on gaming machines are measurable against the rest of the country. Using the national ratio of machines to adults as a benchmark to set ward limits is a more useful measure to ensure Kāpiti's gaming machine objectives are both reasonable and consistent in the national context.

The national ratio (or average) of gaming machines to adults is a reliable goalpost that helps to ensure Kāpiti's Gambling Policy is continuing to aim for a 'middle of the road' policy position that is neither 'anti' or 'pro' Class 4 gambling. This policy position is justified by:

- the District's low to mid level overall gambling risk;
- the potential for problem gambling in specific communities; and
- the benefits Class 4 gambling proceeds bring to many local charities and sports groups.

The national average is constantly changing, but it is recommended that the Kāpiti Coast District Council gauge its policy position relative to the national average every three years when the social impact review is done.

Making this change will result in a Policy goal for the next three years that encourages the following shift in gaming machines across the District:

Table 2: Gaming machine limits under Option One

Ward	Current no. of gaming machines as at June 2010	Permitted no. of gaming machines in each ward under 2010 Policy	Potential Change	Gaming machines to adults (apprx)
Paekakariki – Raumati	27	33	+6	1:218
Paraparaumu	95	66	-29	1:218
Waikanae	30	39	+9	1:218
Ōtaki	76	31	-45	1:218
TOTAL DISTRICT	228	169	-59	1:218

The changes proposed in Table 2 will result in the current sinking lid policy on gaming machines remaining in place for the Ōtaki Ward. It will also mean a sinking lid policy on gaming machines in the Paraparaumu Ward. The overall result of these two sinking lid policies is a district wide reduction of 59 gaming machines. This will mean that for the next three years the district wide cap on gaming machines will change from 228 machines to 169 machines.

Table 2 also shows that there are opportunities for more gaming machines in the Paekākāriki-Raumati and Waikanae Wards, but only once the new district wide cap of 169 non-casino gaming machines has been achieved and subject to the following conditions:

- the total overall district wide venue cap (15) is not breached;
- that any additional gaming machines in the Paekākāriki-Raumati Ward will only be placed in Raumati;
- Section One of the Kāpiti Coast District Gambling Policy is not breached, and
- the Gambling Act 2003 is not breached.

Option One directly focuses on the Kāpiti Coast’s biggest issue with regard to Class 4 gambling – the clustering of gambling machines in Kāpiti’s most vulnerable communities. The national average will be subject to rises and falls but is unlikely to ever record ratios of gaming machines to adults as intense as Ōtaki’s. Aiming for the national average is a mid range goal for a District with an overall mid range problem gambling risk.

An example of what Option One would look like as a Draft Policy is attached as Appendix 2.

Option Two

Option Two proposes no change to the existing district and ward caps as proposed in the 2007 Kāpiti Coast District Class 4 Gambling Policy. This would mean that the District’s wards would continue to aim for the District average which now stands at a ratio of 1 machine to 162 adults (as at June 2010). Although a slight improvement on the 2007 average (on account of population increase), this ratio is now well behind the national ratio of 1:218. Three years ago Kāpiti recorded a better ratio than the national average. Table 3 provides a summary of Class 4 gaming machine controls under Option Two.

Table 3: Gaming machine limits under Option Two.

Ward	Current no. of gaming machines as at June 2010	Permitted no. of gaming machines in each ward under 2010 Policy	Potential Change	Machines to adult ratio if changes are made (apprx)
Paekākāriki – Raumati	27	45	+18	1:162
Paraparaumu	95	88	-6	1:162
Waikanae	30	53	+23	1:162
Ōtaki	76	42	-34	1:162
TOTAL DISTRICT	228	228	0	1:162

Retaining the District average to set ward gaming machine limits would still mean that a sinking lid policy would remain in place in the Ōtaki Ward. Paraparaumu Ward would also be

subject to a sinking lid policy for the next three years and increases in other wards would only be able to occur if there were corresponding decreases in Ōtaki and Paraparaumu first. Increases in these other wards with spare capacity would also only occur subject to the following conditions:

- the total overall district wide venue cap (15) is not breached;
- that any additional gaming machines in the Paekākāriki-Raumati Ward will only be placed in Raumati;
- section one of the Kāpiti Coast District Gambling Policy is not breached, and
- the Gambling Act 2003 is not breached.

Option Two, like Option One, prevents Kāpiti's most vulnerable community, Ōtaki, from getting any worse and encourages gaming machine reductions in the most oversupplied wards. The difference between the two Options is that Option One is measured against national trends, Option Two compares Kāpiti against itself.

RECOMMENDED OPTION

It is recommended that the Kāpiti Coast District Council adopt Option One. Setting a benchmark against the national average establishes a middle ground Class 4 gaming machine policy position appropriate to Kāpiti's mid range level of gambling risk.

The strength of Option One lies in that, while adopting a middle ground approach overall, it also targets the greatest area of concern in the District with regard to social well-being.

Option One aims to achieve a more even spread of gaming machines to adults across each ward by adopting a policy approach that determines gaming machine numbers based off the national average of gaming machines to adult population. Using the national average as a guide to setting gaming machine controls is justified on the basis that Kāpiti's latest Social Impact Review continues to indicate that the District (as a whole) is at low to mid range risk of problem gambling harm.

The only significant issue with this policy approach is that it is a fairly simplistic instrument, in that it only uses one measure (machines to adult population) to determine appropriate ward caps. It fails to take into account other factors such as the potential for outside visitors to each ward, the average age of ward residents or their respective incomes. For example some wards such as Paraparaumu could possibly accommodate more machines than the national average, while others such as Waikanae, with a high number of elderly fixed income residents, less. Overall however, the national average is a sound guide that helps to ensure the Council cannot be perceived as biased for or against Class 4 gambling (particularly when the District records a low to medium risk of gambling harm) while still allowing the targeting of areas of concern.

NEW ZEALAND BILL OF RIGHTS IMPLICATIONS

The Local Government Act 2002 requires that the Council determine whether there are any implications for the policy under the New Zealand Bill of Rights Act 1990. No bylaw or policy may be made that is inconsistent with that Act. It is not foreseen that the proposed policy will contain any provisions that will be in conflict with the New Zealand Bill of Rights Act 1990.

The final draft of the policy will be considered by the Council following the prescribed special consultative procedure and the Council may then consider the final format of the policy and its New Zealand Bill of Rights Act 1990 implications, if any.

CONSULTATIVE PROCEDURE

Section 102 of the Gambling Act 2003 stipulates that the must be used when consulting on this Policy. The Gambling Act 2003 also requires direct consultation with gambling societies and organisations representing Maori. The Special Consultative Procedure requires the initiation of a formally advertised Summary of Information, presentation of a Statement of Proposal with a submission form (Appendix 4), and a minimum 1 month public consultation period.

The proposed consultation plan is as follows:

TASK	DATE
Council approval of Statement of Proposal for public consultation	16 December 2010
Submissions Open	21 January 2011
Submissions Close	25 February 2011
Hearing of Public Submissions	TBA*
Council Decision	TBA*
Effective Date of Bylaw	TBA*

** Meeting dates will be confirmed in the New Year*

METHODS FOR MAKING SUBMISSIONS

Submissions may be made in writing. A submission form is attached. Additional forms can be obtained from the Council website: www.Kāpiti.coast.govt.nz, at Council service centres or requested through the mail.

THE PERIOD WITHIN WHICH SUBMISSIONS CAN BE MADE

The closing date for submissions is 4pm on Friday 25 February 2011.

Submissions may be delivered by hand to the above-named service centres or posted to:

Kāpiti Coast District Council
Private Bag 60601
PARAPARAUMU

Submissions can also be faxed to 04 296 4830 or e-mailed to:
kapiti.council@kapiticoast.govt.nz

All submissions should be marked: **“Draft Kapiti Coast District Council Gambling Policy 2010”**

HEARING OF SUBMISSIONS

Persons making submissions who wish to be heard by Council will be given the opportunity to do so. The time and venue for the hearing of submissions will be advised later. Submitters wishing to be heard will be advised individually but must indicate on their written submission that they wish to also present an oral submission.

ATTACHMENTS

Appendix 1: **Class 4 Gambling Social Impact Review 2010**

Appendix 2: Draft Class 4 Gambling Policy

Appendix 3: Submission Form

APPENDIX ONE:

Social Impact Review

APPENDIX TWO:

Class 4 Gambling Policy

APPENDIX THREE:

Submission Form

Pursuant to the Gambling Act 2003

SUBMISSION to the Draft Kapiti Coast District Class 4 Gambling Policy 2010

Name:

Address:

.....

.....

.....

Phone Number:

Fax Number:

Email Address:

Do you wish to be heard in support of your submission?

Yes

No

If others wish to make a similar submission would you be prepared to consider presenting a joint case?

Yes

No

I have attached pages to this submission

Signature:

(Signature of person making submission or person authorised to sign on behalf of person making submission)

Date:

Please note that all submissions (including names and contact details) may be made publicly available at council offices, public libraries and on the Kapiti Coast District Council website. A summary of submissions, including the name of the submitter may also be made available. Personal information will also be used for administration relating to the subject matter of the submissions, including notifying submitters of subsequent steps and decisions. All information will be held by the Kapiti Coast District Council at 175 Rimu Road, Paraparaumu, with submitters having the right to access and correct personal information.



Office Use only

File Ref:

Draft KCDC Gambling Policy 2010

Submission No:

Date Received:

Submissions close:

Friday 25 February 2011 at 4pm

Please send your submission to:

*Kapiti Coast District Council
Private Bag 60601
PARAPARAUMU*

Fax: 04 296 4830

Email: kapiti.council@kapiticoast.govt.nz

