

# Class 4 Gambling & TAB Venue Gambling Policy Review: Summary of Submissions and Post-Consultation Analysis

## **Background**

On 24 August 2023, the Strategy and Operations Committee approved the draft Class 4 Gambling & TAB Venue Gambling Policy 2023 for public consultation.

The Statement of Proposal presented three policy options for Class 4 Gambling and TAB Venue Gambling (status quo, reduced caps and sinking lid), recommending the sinking lid policy option as most effective for achieving the policy's main objective of minimising gambling harm.

Using the special consultative procedure, from 30 August to 2 October 2023 we sought public feedback on proposed changes to the gambling policy (alongside the Smokefree Public Places policy).

The following four questions were asked:

- Do you agree that there should be no new consents for Class 4 gambling venues in Kāpiti?
- Do you agree that there should be no new consents for additional Class 4 gambling machines in Kāpiti?
- Do you agree that there should be no new consents for Class 4 relocations in Kāpiti?
- Do you agree that there should be no consents for standalone TAB venues in Kāpiti?
- To provide context for analysis purposes the following question was also asked: *Are you involved in a particular sector impacted by Class 4 or TAB venue gambling?*

Additional comments on responses to the above questions were also sought.

## **High Level Summary**

A total of 87 submissions were received during the consultation. The majority of respondents were in favour of a sinking lid approach for all four aspects proposed (as above) with more than 70% agreeing to a sinking lid approach that would prevent consents being issued for new TAB and Class 4 Gambling venues, additional Class 4 Gambling Machines, or for Class 4 venue relocations. The analysis of the specific feedback received through submissions is set out below.

A further addition to the sinking lid approach was mooted and supported by a number of organisations, mainly through the long form submissions. This was that we should also not permit venue mergers. In the draft policy this was laid out based on legislation as in-house legal advice at the time of drafting the policy was that separately specifying no mergers may be inconsistent with the Gambling Act. However it is now clear that it is in fact appropriate to state “no venue mergers” and amend the policy to reflect this if desired.

Some submissions contained feedback on aspects of gambling policy that are outside of the legislative scope of this policy. This has been included separately for completeness.

## **How the feedback was analysed**

Submitter feedback on each proposal or question in the *Statement of Proposal* was considered against the following evaluation criteria:

- The policy meets requirements under the Gambling Act 2003 or Racing Industry Act 2020 for setting of local limits on the location and number of Class 4 and TAB venues.
- The policy promotes the social, economic and cultural wellbeing of our community.
- The policy response is appropriate to the size and impact of problem being addressed.
- The policy is able to be practically implemented.
- The policy is likely to be effective at minimising harm from problem gambling.

Recommendations on how to address the submission feedback is noted after the feedback summary for each question.

**Question 1: Do you agree that there should be no new consents for Class 4 gambling venues in Kāpiti?**

**Submission Results**

Submitters	Yes	No	Somewhat
87	67 (77%)	17 (19.5%)	3 (3.4%)

Key themes for Yes respondents were:

- general support for the reduction in gambling facilities through this approach.
- don't need any more gambling opportunities in the community; there are enough.
- gambling presents risks; can create addiction; probably gambling can cause all sorts of harm; can affect the most vulnerable.
- TAs play a greater role in community wellbeing and equity.
- Accessibility should be restricted to minimise harm for the collective wellbeing of all peoples and communities particularly Māori.

Key themes for No respondents were:

- Council should not be regulating this; gaming is already highly regulated.
- opposed to restrictions on freedoms; gambling is an individual choice.
- there are very few venues in the area as it is; current caps are adequate; sinking lid is overkill.
- gambling is better conducted in a controlled environment rather than people turning to unregulated online gambling where profits go overseas.

Key themes for Somewhat respondents were:

- will have little impact, gamblers will simply go elsewhere or place bets online.
- total overreach, not council business what people spend money on.

**Key iwi or stakeholder view(s):**

Stakeholder	View
Iwi	<ul style="list-style-type: none"> <li>• <b>Tainui Marae on behalf of Ngāti Kapu (Ōtaki)</b> support the sinking lid approach. Māori are more likely to be affected by gambling harm than any other group. It is estimated over 50% of pokies are deliberately placed in low income decile communities, where Māori predominantly live. The range of problems arising from harmful gambling has resulted in inequities in health outcomes between Māori and non-Māori.</li> </ul>
Gambling Support / Health Services	<ul style="list-style-type: none"> <li>• <b>Asian Family Services (AFS)</b> support the sinking lid approach and suggest we need to incorporate Asian perspectives into policy making. One contributing factor to mental health issues for Asian people is problem gambling. There is a significant correlation between gambling-related harm and suicidal risk among individuals engaging with EGMs. Some aspects of Asian culture (e.g. yin-yang in Chinese culture) encourage Asian people to take greater risks on low-probability games than Europeans, making Asian people more susceptible to gambling harm.</li> <li>• <b>Problem Gambling Foundation Group (PGF)</b> support the sinking lid approach. Encourage local and central government to take a closer look at the relationships between harmful gambling,</li> </ul>

Stakeholder	View
Gambling Support / Health Services	<p>social disparity and a funding model that enables it. The saturation of class 4 venues in areas of high social deprivation and the resulting harm placed on these communities is disproportionately borne by Māori and Pasifika. Māori, Pasifika and Asian peoples experience harmful gambling differently, and that this disparity has not diminished over the years. This is a systemic issue that is inequitable. From a public health perspective, there is a generally held view that the easier it is to access an addictive product, the more people there are who will consume that product.</p> <ul style="list-style-type: none"> <li>• <b>Te Whatu Ora</b> support the sinking lid approach and note there should be a commitment to Te Tiriti o Waitangi principle, equity - equitable outcomes for Māori. Concerned about the people of Ōtaki in particular, the level of potential harm will adversely impact on whānau already struggling.</li> <li>• <b>The Salvation Army Oasis (SA)</b> support the sinking lid approach. One of the key purposes of the Gambling Act being to prevent and minimise harm from gambling should guide decision-making by TAs. Most of the harm observed in NZ is from pokies. One of the best supported strategies is to limit access to EGMs. The significant concern is the density of pokies located in the high deprivation areas, such as Ōtaki and Paraparaumu, where many Māori reside in Kāpiti Coast. As Māori are over-represented in lower socio-economic groupings, this is a direct breach of article 3 of Te Tiriti o Waitangi which requires the Crown to promote equity between tāngata whaiora and other citizens of Aotearoa NZ.</li> </ul>
Gambling Sector Organisations/Trusts	<ul style="list-style-type: none"> <li>• <b>Gambling Machine Association on NZ (GMANZ)</b> do not support the sinking lid approach stating there is no evidence or new concern to justify a more restrictive policy. Gambling is a popular form of entertainment. NZ has a very low problem gambling rate by international standards.  Reducing gaming machine venues reduces casual and recreational play, and therefore reduces machine turnover and the amount of money generated for grant distribution. However, problem gamblers are people who are addicted to gambling. If a new bar is established and the policy prevents that bar from hosting gaming machines, a person who is addicted to gambling will simply travel the short distance to the next bar that has gaming machines, or worse, may move to another form of gambling such as offshore-based internet and mobile phone gambling.</li> <li>• <b>NZCT</b> do not support the sinking lid approach. Where a sinking lid is used it is a blunt instrument that does little to address problem gambling and reduces community funding by removing the fundraising infrastructure over time.  A gambling addiction is a complex psychological condition, which is influenced by many factors and usually has co-morbidities, such as mental health issues and other addictions. Evidence shows that problem gambling rates have plateaued.</li> <li>• <b>The Lion Foundation</b> do not support a sinking lid approach as this is supporting and encouraging the closure of physical and safe Class 4 gambling environments; the advocates of sinking lid policies are driving [potential problem] gamblers into a world of unregulated and potentially harmful gambling.</li> </ul>

Stakeholder	View
Gambling Sector Organisations/Trusts	<ul style="list-style-type: none"> <li>• <b>Pelorus Trust</b> state there is no pressure on the current cap of venues and machines but leaving the policy as a cap with relocations allows for future economic growth. Changing the policy to a sinking lid will have no impact on the current operating numbers.</li> <li>• <b>Pub Charity</b> do not support a sinking lid approach. Prohibition was not envisaged by the Gambling Act, quite the opposite, and such an objective sits outside of the legislated mandate.  Rather than being something to suppress or prohibit, Class 4 venues represent a 'best case' scenario for the monitoring of intervention in gambling behaviour.</li> <li>• <b>One Foundation</b> do not support a sinking lid approach as the current policy caps strike a fair and reasonable balance. They limit the number of gaming venues in high deprivation areas, while allowing modest growth in areas of lower deprivation. This helps to ensure harm is minimised, while protecting and sustaining the valuable community funding that is generated from the gaming machines.</li> </ul>

***Note:** The responses from the Gambling Sector Organisations/Trusts generally align with common themes so not all the feedback is noted for each named trust.*

### **Analysis and Recommended response**

Councils have limited tools available to attempt to minimise the harm to communities from problem gambling. It is important to view the effects of a proposed policy within the context of the wider system of gambling regulation and gambling/addiction support services. Council does not expect to 'solve' problem gambling through this policy but intends to contribute to the wider system that manages gambling, and thereby improving of the social, economic and cultural wellbeing of our community.

The Gambling Sector Organisations/Trusts did not support the move to a sinking lid policy, on the basis that problem gambling rates are low, and if gamblers are addicted, they will find a way to gamble even if the numbers of venues reduce over time, and that this gambling may be more harmful (e.g. unregulated online gambling). However, in looking to minimise harm from gambling in our community, a large part of the long-term solution is to prevent people from being exposed to gambling activities and thereby preventing the addiction from occurring in the first place. Reducing access (through a reduced number of venues) is a key part of that strategy.

Similarly, the argument that there are other forms of gambling – such as online gambling – that are more harmful and less regulated should not be used as a reason to prevent Council taking action to reduce the real harm that occurs as a result of Class 4 gambling within the District. This meets the intention of this policy to reduce harm from problem gambling.

The functional difference in a capped vs sinking lid approach to Class 4 gambling is admittedly unlikely to be significant in the short-to-medium term. Over these timeframes, both policies rely on the voluntary closure of existing venues to reduce the ratio of machines to adults in the district, which happens at a very slow rate. However, over the long-term, population growth will enable additional venues and machines to open across the district under the scenario of a capped policy (as changes in either the number of venues/machines OR changes in the gambling-aged population will affect the ratio used to set the caps). Officers therefore consider that the outcome of reducing harm from gambling over time is best served by a sinking lid policy.

### **Recommendation**

No change to the recommended approach of introducing a sinking lid approach for Class 4 venues.

**Question 2: Do you agree that there should be no new consents for additional Class 4 gambling machines in Kāpiti?**

**Submission results**

Submitters	Yes	No	Somewhat
87	66 (75.9%)	17 (19.5%)	4 (4.6%)

Key themes for Yes respondents were:

- general support – refer to the key themes noted in response to question 1 also.
- community grants are essentially providing a transfer of funds from lower socio economic groups to higher socio economic groups; the returns are at what cost to families who gamble.

Key themes for No respondents were:

- Lack of support – refer to the key themes noted in response to question 1 also. A reduction in machines and venues would severely impact on community organisations (and already has in the past when venues or machines have been lost) which have limited means of generating this type of income from either internal (members) or external (other funding providers). This would affect sports clubs, schools, not for profits and the like and would have a major impact on the community that would far exceed the minimal negative impacts of any problem gambling.

Key themes for Somewhat respondents were:

- refer to the key themes noted in response to question 1 also.

**Key iwi or stakeholder view(s):**

Stakeholder	View
Iwi	<ul style="list-style-type: none"> <li>• <b>Tainui Marae (Ōtaki)</b> support the sinking lid approach. There is currently no requirement for the pokies industry to measure the return of pokies proceeds to kaupapa-Māori organisations, therefore it is unknown how much of the proceeds were returned specifically to kaupapa-Māori and marae in Ōtaki for example.</li> </ul>
Gambling Support / Health Services	<ul style="list-style-type: none"> <li>• <b>PGF</b> support the sinking lid approach. Funding communities that relies on our lowest income households putting money they can ill-afford into EGMs is both unethical and inequitable. There is a need for a transparent and sustainable funding system to support groups in our communities.</li> <li>• <b>SA</b> support the sinking lid approach and state the Class 4 community funding model is not sustainable in the long-term or favourable in the short term, where social services can become reliant on funding from the very whānau and communities they are trying to support to wellbeing. The values of justice, fairness, community stability and safety are paramount in our community.</li> </ul> <p>Class 4 gambling has contributed to an increase in disparity between the richest and poorest members of the population. This disparity entrenches and creates poverty, which is associated with the substantial number of people accessing Salvation Army food banks. We believe making a profit based on the losses of those impacted by harmful gambling and the exploitation of vulnerable people is unjust.</p>

Stakeholder	View
Gambling Sector Organisations/Trusts	<ul style="list-style-type: none"> <li>• <b>GMANZ</b> say introducing a more restrictive policy is unlikely to reduce problem gambling, but will, over time, reduce the amount of funding available to community groups based in the Kāpiti Coast District.</li> <li>• <b>NZCT</b> do not support the sinking lid approach: Where will the community receive funds from if this legitimate and legal channel is no longer available? A sinking lid is a blunt instrument that does little to address problem gambling and reduces community funding by removing the fundraising infrastructure over time. Many community sports, arts, and other groups, including councils accept grants and may depend on pub gaming grants to survive.  In most countries, gambling is purely for commercial gain. NZ is different. We are one of the few countries with a community-focused model for pub gaming, where the proceeds are returned to the community instead of the private sector.</li> <li>• <b>The Lion Foundation</b> do not support a sinking lid approach; with regards to funding: Might it not be better to provide a sustainable alternative before removing the option for a vast array of community organisations.</li> <li>• <b>Pub Charity</b> do not support a sinking lid approach stating that there is clear independently verified international and local evidence that sinking lids on EGM numbers do not reduce problem gambling prevalence.</li> </ul>

**Note:** The responses from the Gambling Sector Organisations/Trusts generally align with common themes so not all the feedback is noted for each named trust. The comments in this table align with funding that comes from Electronic Gaming Machine (EGM) spend.

### **Analysis and Recommended response**

There is strong public support for attempting to reduce EGMs through a sinking lid approach. The analysis made in response to question 1, applies to question 2 also.

### **Recommendation**

No change to the recommended approach of introducing a sinking lid approach for EGMs.

### Question 3: Do you agree that there should be no new consents for Class 4 relocations in Kāpiti?

#### Submission results:

Submitters	Yes	No	Somewhat
87	62 (71.3%)	20 (23%)	5 (5.7%)

Key themes for Yes respondents were:

- general support

Key themes for No respondents were:

- general lack of support, refer pokie trust stakeholder comments below

Any iwi or key stakeholder view(s):

- **GMANZ/NZCT/One Foundation** do not support a sinking lid approach to relocations noting it would be counterproductive from a harm minimisation perspective to remove the relocation provision as it is a harm minimisation tool. Venues should continue to be able to relocate in circumstances when the applicant can demonstrate that the new site is more desirable from a harm minimisation perspective. This would allow venues to move to lower deprivation areas and away from residential areas/sensitive sites for example.

#### Analysis and Recommended response

There is strong public support for not allowing consents for venues to relocate.

Gaming trusts claim that a relocation provision is a harm-minimisation tool so that Class 4 venues in lower socio economic areas are enabled to relocate to more desirable areas such as the “CBD”, but this scenario is not so applicable to the Kāpiti Coast District because we are not a city, we have community hubs across our district that are easy walking distance from residential areas.

Our Council records show there have been no intentional relocations of venues out of low socio-economic areas. Furthermore, no trust has provided a specific example of where this has occurred elsewhere in the country.

It seems reasonable to consider relocations for reasons such as lease expiry or natural disaster, however the Waikiwi precedent\* allows for relocating nearby without the need for a consent and the draft policy aligns with this.

*\*The Lion Foundation reports comms from DIA (24/08/2023) regarding the Waikiwi Relocation Decision and that the DIA Secretary has reassessed legal basis for Waikiwi relocations in response to legal proceedings and has formed the view that they are not lawful. (This will be looked into prior the briefing as there is nothing on the DIA website currently).*

#### Recommendation

Progress the proposal to a sinking lid approach and do not allow venue relocations.

**Question 4: Do you agree that there should be no consents for standalone TAB venues in Kāpiti?**

**Submission results:**

Submitters	Yes	No	Somewhat
87	64 (73.6%)	12 (13.8%)	11 (12.6%)

Key themes for Yes respondents were:

- general support, no further comments.

Key themes for No respondents were:

- general lack of support, no further comments.

Key themes for Somewhat respondents were:

- no general comments.

Any iwi or key stakeholder view(s):

- None specifically relating strongly to stance on standalone TAB venues.

**Analysis and Recommended response**

There is strong public support for not allowing consents for standalone TAB venues. There are currently none so it is practical to implement a policy to retain that scenario.

TAB NZ did not respond to the formal consultation but previously informed Council that they had no plans to establish a standalone venue in the district, despite still liking the ability to do so.

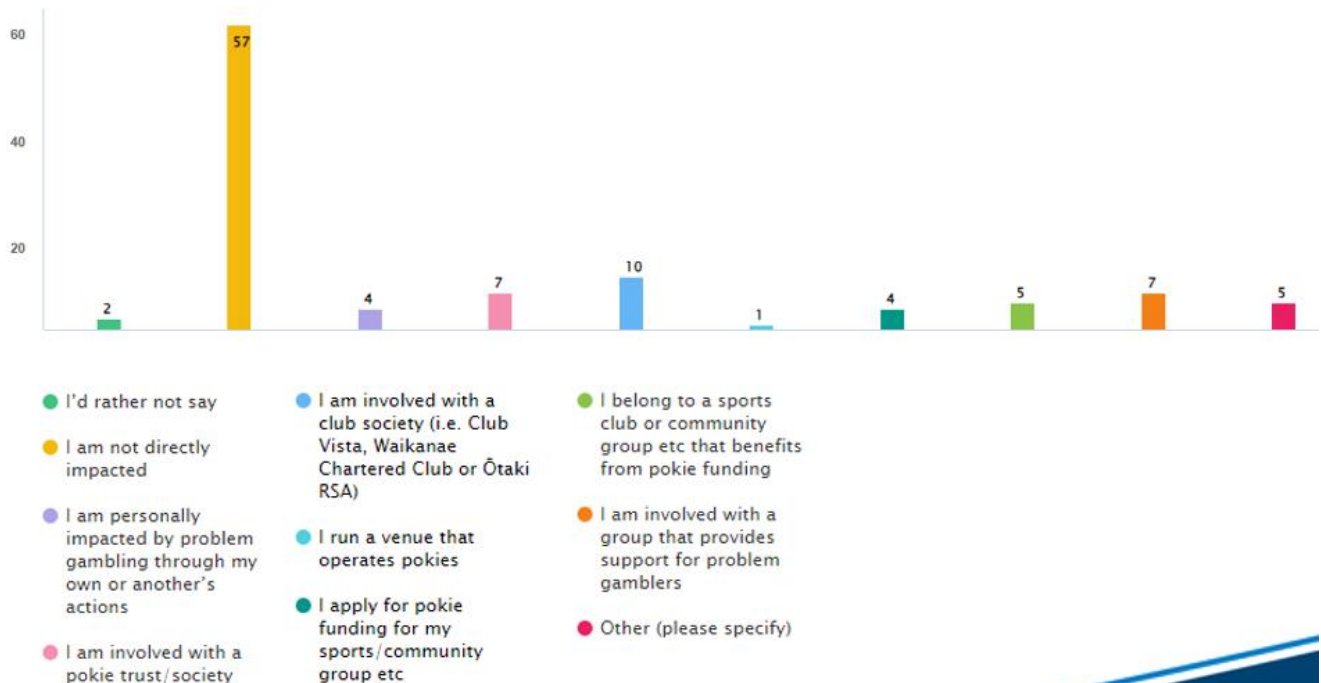
**Recommendation**

Progress the proposal to a sinking lid approach and do not allow standalone TAB venues.



## Question 5: Are you involved in a particular sector impacted by Class 4 or TAB venue gambling?

### Submission results



### Analysis

The majority of submitters (65.5%) stated that they are “not directly impacted” by Class 4 or TAB venue gambling, implying they are not at-risk or problem gamblers. Slightly more than half of these supported all the proposals.

Some other responses by sector are:

- All four submitters that identified as being “impacted by problem gambling” supported all the proposals.
- 6 of the 7 submitters who identified as “I am involved in a pokie trust/society” did not support any of the Class 4 proposals.
- 6 of the 10 submitters who identified as “I am involved with a club society” did not support any of the Class 4 proposals.
- 3 of the 5 submitters who identified as “I belong to a sports club or community group etc that benefits from pokie funding” did not support any of the Class 4 proposals.
- There was a 50/50 split of support for and against the proposals from those that identified as “I apply for pokie funding for my sports/community group”.
- 6 of the 7 submitters who identified as “I am involved with a group that provides support for problem gamblers” supported all of the Class 4 proposals.

It is clear that there is a fairly divisive split between those that benefit from Class 4 gambling not supporting a sinking lid approach, and those that are involved in providing support services or are not impacted but believe the harm from problem gambling outweighs the benefits, do.

## Other in-scope feedback not directly related to a survey question.

Other key themes for overall Yes respondents were:

Gambling Support / Health Services	<ul style="list-style-type: none"><li>• <b>PGF:</b><ul style="list-style-type: none"><li>▪ Encourage Council to go one step further and adopt a <b>comprehensive</b> sinking lid approach where no club mergers are permitted, to provide better protection for those at risk.</li><li>▪ There is no evidence to suggest that gamblers will turn to online gambling more rapidly due to a sinking lid policy. Rather, it is the access and convenience provided by mobile devices coupled with a lack of regulation that is driving the online gambling market.</li><li>▪ A 25-year strategic partnership between TAB and Entain (global sports betting etc group) commenced in June 2023. It has been signalled that geoblocking may be used to prevent New Zealanders gambling on overseas websites, thereby creating an online gambling monopoly for the TAB. PGF Group are uncertain how this partnership will impact participation or harm from online gambling in the future or how this will impact Class 4 gambling venue policy decision making at the TA level.</li><li>▪ We continue to encourage Council to advocate to central government for the following:<ul style="list-style-type: none"><li>a. Adoption of a more sustainable, ethical, and transparent community funding system.</li><li>b. More powers for councils to remove EGMs from their communities.</li><li>c. The urgent removal of Class 4 EGMs from high deprivation areas 7-10 in New Zealand.</li></ul></li></ul></li><li>• <b>AFS</b> urge the council to take a more proactive approach by enhancing their sinking lid policy to disallow venue mergers. Such a policy, devoid of relocation and club merger provisions, offers superior protection for those vulnerable to gambling harm and represents the most effective public health strategy for councils seeking to mitigate gambling-related harm in their communities.</li><li>• <b>SA and Tainui Marae</b> also endorse the approach to incorporate no mergers into the policy.</li></ul>
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## Analysis and Recommended response

A key theme noted by a number of organisational supporters is the recommendation to include **no club mergers** in the policy. If taking a sinking lid approach it is a practical approach to specify club mergers in the same way thereby joining three other councils in the country currently with a **comprehensive sinking lid**.

## Recommendation

Progress the proposal to a comprehensive sinking lid approach by not consenting any mergers of Class 4 Gambling venues.

**Other out-of-scope feedback not directly related to a survey question.**

Other key themes for overall Yes respondents were:

- Close all venues/do more to actively reduce number of venues.
- Would like lotto outlets limited the same way pokies are.
- Collaborate with public health and addiction services to ensure that Kapiti residents have problem gambling services that are accessible and appropriate.

**Analysis**

Council does not have legislative powers to close venues or regulate lotto outlets.

Council will work with public health and addiction services in the development of its Health Strategy, which is currently underway.

**Further Post-Consultation Analysis**

Consultation identified a range of views, and people will not necessarily see their individual preferences reflected in the draft 2023 Policy. The draft 2023 Policy seeks to find a reasonable balance for minimising harm versus the benefits such as community funding as the sinking lid policy is more of an approach than an action given the length of time it takes for venues to close.

Based on this analysis, it is proposed that the sinking lid approach is carried forward with the addition of clearly not permitting club mergers.