



## **NOTICE OF MEETING**

**Notice is hereby given of the Meeting of the  
Regulatory Services Committee  
to be held in the Council Chamber,  
First Floor, Civic Administration Building,  
101 Esk Street, Invercargill on  
Tuesday 1 September 2015 at 3.00 pm  
(Please note change of time)**

His Worship the Mayor Mr T R Shadbolt JP  
Cr D J Ludlow (Chair)  
Cr K F Arnold (Deputy Chair)  
Cr R R Amundsen  
Cr A G Dennis  
Cr I R Pottinger  
Cr G J Sycamore

**EIRWEN HARRIS  
MANAGER, SECRETARIAL SERVICES**



# AGENDA

	Page
1. <b>APOLOGIES</b>	
2. <b>REPORT OF THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES</b>	
2.1 <b>GAMBLING POLICY ADOPTION</b>	7
Appendix 1	11
Appendix 2	13
Appendix 3	27
Appendix 4	31
3. <b>PUBLIC FORUM</b>	
4. <b>MONITORING OF SERVICE PERFORMANCE</b>	
4.1 <b>LEVELS OF SERVICE</b>	215
4.1.1 <i>Alcohol Licensing</i>	216
4.1.2 <i>Animal Control</i>	217
4.1.3 <i>Building Consents</i>	218
4.1.4 <i>Compliance</i>	219
4.1.5 <i>Environmental Health</i>	220
4.1.6 <i>Resource Management</i>	221
4.1.7 <i>Valuation</i>	221
5. <b>MONITORING OF FINANCIAL PERFORMANCE</b>	
5.1 <b>DIRECTORATE OVERVIEW</b>	223
5.1.1 <b>ADMINISTRATION</b>	223
5.1.2 <b>ANIMAL CONTROL</b>	224
5.1.3 <b>ENVIRONMENTAL HEALTH</b>	224
5.1.4 <b>ALCOHOL (LIQUOR LICENSING)</b>	224
5.1.5 <b>COMPLIANCE (PARKING)</b>	224

5.1.6	<b>LIQUOR LICENSING</b>	<b>224</b>
5.1.7	<b>BUILDING</b>	<b>224</b>
5.1.8	<b>RESOURCE MANAGEMENT</b>	<b>224</b>
5.1.9	<b>VALUATIONS</b>	<b>224</b>
5.1.10	<b>DISTRICT LICENSING COMMITTEE</b>	<b>225</b>
5.1.10	<b>FINANCIAL SUMMARY</b>	<b>227</b>
6.	<b>ACTIVITY PLAN REVIEW</b>	
	N/A.	
7.	<b>DEVELOPMENT OF POLICIES/BYLAWS</b>	
	N/A.	
8.	<b>OTHER BUSINESS</b>	
8.1	<b>REPORT OF THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES</b>	
8.1.1	<b><i>Quality System Directorate</i></b>	<b>235</b>
	Appendix 1	<b>239</b>
8.1.2	<b><i>Submission on Proposed National Environmental Standard for Plantation Forestry</i></b>	<b>255</b>
	Appendix 1	<b>257</b>
8.1.3	<b><i>Update on Oreti Beach</i></b>	<b>261</b>
8.1.4	<b><i>Dog Control Annual Report</i></b>	<b>263</b>
	Appendix 1	<b>265</b>
9.	<b>URGENT BUSINESS</b>	



10. **PUBLIC EXCLUDED SESSION**

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting; namely

(a) *Report of the Director of Environmental and Planning Services*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1)(d) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
Summary of Legal Advisor's Activities Over the Last Nine Months	Maintain legal professional privilege	<b>Section 7(2)(g)</b>

\*\*\*\*\*



**TO: REGULATORY SERVICES COMMITTEE**  
**FROM: THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES**  
**MEETING DATE: TUESDAY 1 SEPTEMBER 2015**

**GAMBLING REVIEW AND ADOPTION OF NEW POLICIES**

**Report Prepared by:** Kari Graber – Reporting and Planning Analyst

**SUMMARY**

Council's two Gambling Venue Policies have been reviewed and undergone a public submission period. As a result of submissions some minor changes have been made to the policies post review and staff are making recommendations for the new policies based on these submissions.

**RECOMMENDATIONS**

**That the submissions be received and considered.**

**And**

**The following changes are made to the Class 4 Gambling Policy;**

- 1. The first paragraph of the introduction is modified to reflect the following changes:**

**As of August 2015 the Invercargill District had 22 Class 4 gaming venues and 284 electronic gaming machines in operation. This policy caps the number of operational electronic gaming machines at 284, with the possibility of 317 machines to operate under current licences.**

- 2. Section 4.2.2 Transfer or changes to existing venues and machine consents is modified to reflect the following changes:**

- (i) If the owners of the principal business of the venue changes, the Council consent remains allocated to the venue. The new owner is not required to obtain Council consent, but a new licence may be required from the Department of Internal Affairs (DIA).**
- (ii) Two or more licensed Class 4 Clubs may apply to the Council for consent to merge and increase the number of gaming machines subject to a social impact study. In this case, Council consent will only permit a maximum number of 25 gaming machines to be the sum total of the number of gaming machines in any clubs that are merging with a Class 4 venue licence at the time of application.**

**And**

The following changes are made to the TAB Gambling Venues Policy;

1. The title change to Board Venues Policy
2. Change all references to the Gambling Act 2003 to the Racing Act 2003
3. The first paragraph of the introduction is modified to reflect the following changes:
  - As required under the Racing Act 2003 the New Zealand Racing Board must seek consent of the Council if it intends to establish a stand-alone Board Venue for sport race betting.
  - This Gambling Policy covers New Zealand Racing Board (TAB) Venues.
  - This policy is required to be reviewed three yearly.

Include the following in the *Responsible Gambling Practices* section:

The Governor-General may, by Order in Council, make regulations for all or any of the following purposes:

- prescribing requirements for the design, layout, and furnishing of a Board venue:
- prescribing the information or messages that the Board must provide to persons about racing betting and sports betting at the venue:
- prescribing codes requiring the advertising of racing betting, sports betting, racecourses, and Board venues to be responsible:
- requiring the Board to provide problem gambling awareness training for employees involved in supervising racing betting and sports betting at Board venues:
- prescribing systems or processes ancillary to racing betting and sports betting, including the availability of automatic teller machines at a Board venue:
- prescribing any other requirements relating to harm prevention or minimization.

And

That these updated policies be adopted by Council at its meeting on 15 September 2015.

#### IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> No.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> <i>Two new Gambling Policies will be adopted.</i>
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Yes. Through a formal public consultation.

#### FINANCIAL IMPLICATIONS

No financial implications arise from this report.

## **GAMBLING POLICY**

Staff began the review of the Gambling Venues Policy in April 2015. As part of that review, prior to a formal public consultation staff arranged for two public meetings to gather input from the public, community organisations, and key stakeholders. The changes in what are now two separate policies are a culmination of the feedback received from those meetings and submissions received during the official submission period. A number of submitters have asked to be heard on this subject, timetable is attached (**Appendix 1**).

Staff are recommending changes that reflect the sinking lid policy that went into effect after the 2011 review of the Gambling Venues Policy and are also recommending that all new gambling venues be located only within the CBD. Staff have also separated the policy into two policies, one for Class 4 Venues and another for Board Venues. Attached are copies of the Class 4 Gambling Venue Policy and the Board Venues Policy (**Appendix 2**), with the changes made after submissions in red. Also included in this report is a copy of the submissions received (**Appendix 4**) and a summary of submissions (**Appendix 3**).

**\*\*\*\*\***



**GAMBLING POLICIES HEARING TIMETABLE****TUESDAY 1 SEPTEMBER 2015**

<b><i>Time</i></b>	<b><i>Submitter's Name</i></b>	<b><i>Submitter No</i></b>	<b><i>Page No.</i></b>
3.00 pm	New Zealand Racing Board – Jarrod True	004 and 005	31
3.20 pm	Club Southland – Peter McMillan	006	55
3.30 pm	Public Health South – Andrae Gold	007	59
3.40 pm	Nga Kete Matauranga Pounamu Charitable Trust – Daniel Tawaroa	011	61
3.50 pm	Problem Gambling Foundation of NZ – George Darroch	012	67
4.00 pm	New Zealand Community Trust – Angela Paul	014	113







## CLASS 4 GAMBLING VENUES POLICY

<b>Reference Number:</b>	A1312892
<b>Authorised by:</b>	<b>Effective Date:</b> <b>Supersedes: Gambling Venues Policy</b>
<b>Policy Owner:</b>	Invercargill City Council
<b>Purpose:</b> This defines the statement of intent of the policy.	To assist in limiting the harm of problem gambling in the community. To encourage responsible gambling practices and attitudes in Class 4 Venues. To reduce the number of electronic gaming machines in the community over time. To facilitate community involvement in decisions about gambling by ensuring that all communities in the Invercargill District are given the opportunity to consult with Council in a manner that is culturally appropriate.

## INTRODUCTION

The Gambling Act 2003 came into force on 18 September 2003. Under Section 101 of the Act, the Council is required to adopt a policy to regulate the number and location of non-casino electronic gaming machines (Class 4), more commonly known as pokie machines. This policy is a review of Council's December 2011 policy.

- As of August 2015 the Invercargill District had 22 Class 4 gaming venues and 284 electronic gaming machines **in operation**. This policy caps the number of **operational** electronic gaming machines at 284, **with the possibility of 317 machines to operate under current licences**.
- The Council has the ability to limit the number and location of venues and the number of electronic gaming machines. Council must have regard to the social impact of gambling in developing its policy. As required under the Act, this policy only applies to gambling venues licensed after 17 October 2001, or to venues licensed prior to this if they wish to increase the number of electronic gaming machines.
- The Gambling Act 2003 Section 3 states its purpose as follows
  - (a) control the growth of gambling; and
  - (b) prevent and minimise harm from gambling, including problem gambling; and
  - (c) authorise some gambling and prohibit the rest; and
  - (d) facilitate responsible gambling; and
  - (e) ensure the integrity and fairness of games; and
  - (f) limit opportunities for crime or dishonesty associated with gambling and the conduct of gambling; and
  - (g) ensure that money from gambling benefits the community; and
  - (h) facilitate community involvement in decisions about the provision of gambling
 This policy contributes towards achieving those outcomes.
- This Class 4 Gambling Venues Policy covers gambling venues that are licensed to corporate societies.
- This policy is required to be reviewed three yearly.

## DEFINITIONS

**CBD**—means the area defined by the map attached in Appendix 2.

**Class 4 Gambling** – means any activity that involves the use of a gaming machine outside a casino, and may be conducted only by a corporate society and only to raise money for authorised purposes.

**Class 4 Gambling Venue** – means a place used to conduct Class 4 gambling ie premises with Class 4 gaming machines licensed under the Gambling Act 2003. This includes any TAB venue with gaming machines.

**Corporate Society** – means a society that is:

- (a) Incorporated under the Incorporated Societies Act 1968 or
  - (b) Incorporated as a board under the Charitable Trusts Act 1957 or
  - (c) A company incorporated under the Companies Act 1993 that
    - (i) does not have the capacity or power to make a profit and
    - (ii) is incorporated and conducted solely for authorised purposes or,
  - (d) A Working Men’s Club registered under the Friendly Societies and Credit Unions Act 1982.
- Corporate Societies may therefore include Clubs (RSA, sports clubs etc.), Trusts and Racing Clubs.

**Invercargill District** – means all the area covered by the Invercargill Territorial Local Authority.

**New Venue** -means any venue that has not held a Class 4 venue licence for six months or more or that has never held a Class 4 venue consent.

**The Council** – means Invercargill City Council.

## POLICY STATEMENTS

### **Electronic Gaming Machine (Class 4) Venues**

#### **4.2.1 Restrictions on venue and machine consents**

- (i) The Council will not grant consent for the establishment of any additional Class 4 venues or additional gaming machines under this policy.
- (ii) A gambling venue consent is for one venue (one premises) and is not transferable to another venue unless consent is obtained from the Council, except as provided for in Clause 4.2.2. The consent is given to a venue at a given address, not to a person or business.
- (iii) Once a venue ceases to operate, the machine numbers will not be allocated to any new or existing venue except as specified in clause 4.2.2 below.
- (iv) Council will not provide consent under Sections 95(1)(f) or 96(1)(e) of the Gambling Act 2003 to any application by corporate societies with Class 4 licences seeking Ministerial discretion to increase the number of gaming machines permitted at a venue except as provided in clause 4.2.2 below.

#### **4.2.2 Transfer or changes to existing venues and machine consents**

- (i) If the owners of the principal business of the venue changes, the Council consent remains allocated to the venue. The new owner is not required to obtain Council consent and a new licence may be required from the Department of Internal Affairs (DIA).
- (ii) Council may consent to the transfer of a licence for an existing venue to a new venue where the venue will be operated by the same corporate society provided that the maximum number of gaming machines which can be transferred to the new venue will be nine.
- (iii) **Two or more licensed Class 4 Clubs may apply to the Council for consent to merge and increase the number of gaming machines subject to a social impact study. In this case, Council consent will only permit a maximum number of 25 gaming machines to be the sum total of the number of gaming machines in any clubs that are merging with a Class 4 venue licence at the time of application.**
- (iv) Any substitute venues may only be established in the CBD area of the map attached and in the zones permitted in conjunction with the District Plan. Council must also consider the location suitable taking into account the matters referred to in Section 101(4) of the Gambling Act 2003.
- (v) Council will not provide relocation consent in areas that are outside of the CBD as defined in the attached map.

## ENCOURAGING RESPONSIBLE GAMBLING PRACTICES

- Two of the stated purposes of the Gambling Act 2003 are to “prevent and minimise the harm caused by gambling, including problem gambling” and to “facilitate responsible gambling”.
- Enforcement and monitoring of gambling venues is the responsibility of the Department of Internal Affairs (DIA).
- Regulations made under the Gambling Act 2003 set out:
  - What constitutes an unsuitable venue.
  - Requirements and restrictions regarding gambling machines.
  - Requirements of venues to provide information about problem gambling.
  - Requirements of venues to provide problem gambling awareness training to staff.
- Council consent for a venue is not revocable once issued and cannot lapse or expire unless there is a period of six months or more where a Class 4 licence is not held for the venue. Further, Council has no retrospective powers with regards to any consented venues and cannot impose conditions subsequently on any venue which has an existing licence.
- The Council is supportive of initiatives and actions that would help to ensure there is a balanced gambling environment in the city where potential harm is managed effectively, and where those who wish to gamble can do so safely. In this regard, Council encourages responsible gambling practices as outlined in Appendix 1.
- Where Council has concerns about the operation of existing gambling venues these will be reported to the DIA. Council inspectors do not have enforcement powers over venues in terms of their gambling activities.
- The provision of information by the venues about problem gambling is required under the regulations and is a key way of promoting responsible gambling. Where Council has concerns about a venue in this regard it will be reported to the DIA.

## PROCEDURES

- (i) All applications will incur a fee which will be prescribed by the Council pursuant to section 150 of the Local Government Act 2002.
- (ii) Council will publicly notify applications for the merger or relocation of TAB Board Venues and Class 4 Gambling Venues and allow for public submissions to be lodged and heard.
- (iii) Applications for consent by the Council must be made to the Council and include:
  - Name and contact details of the applicant.
  - Names of venue management staff.
  - Street address of premises being relocated and new proposed address.
  - Fees.
  - Any other information that may reasonably be required to allow proper consideration of the application including how the applicant will encourage responsible gambling practices.

## REVIEW OF POLICY

The Council will review its Class 4 Gambling Venues Policy within three years from the date on which this policy comes into effect.

### **Monitoring & Auditing:**

This section describes who and how the application of the policy will be monitored.

### **Revision History:**

September 2007, December 2011, May 2015

### **Effective Date:**

### **Review Period:**

*Every 3 years*

### **Associated Documents / References:**

*Gambling Act 2003  
Board Venue Policy,  
NZ Census Index of Deprivation*

## APPENDIX 1

### ENCOURAGE RESPONSIBLE GAMBLING PRACTICES

BEST PRACTICE	SUPPORTING ACTION
Host Responsibility and Harm Minimisation policy	<p>The applicant has in place a host responsibility and harm minimisation policy.</p> <p>The programme conforms to best practice as set out by national guidelines or standards should these become available.</p>
Location of gaming machines	<p>Electronic gaming machines sites should be located so that:</p> <ul style="list-style-type: none"> <li>▪ The facility is ancillary to a principal business and is not the primary purpose of the site.</li> <li>▪ The facility is separate from the area of the principal business so that the legal age limit of 18 can be observed and enforced.</li> </ul>
Staff training programme or activities	<p>The applicant demonstrates that staff and management are familiar with its Host Responsibility and Harm Minimisation policy.</p> <p>The programme provides information on:</p> <ul style="list-style-type: none"> <li>▪ The potential effects of gambling on customers.</li> <li>▪ The identification of problem gambling traits.</li> <li>▪ The processes for approach, intervention and follow up for patrons with suspected problem gambling.</li> <li>▪ Identification practices for patrons appearing under 25 and actions to be followed.</li> <li>▪ Systems in place to support self barring.</li> <li>▪ Recognition of intoxicated patrons and steps to be followed to prevent intoxicated patrons from gambling.</li> <li>▪ Systems to be followed if children are left unattended in premises or nearby premises.</li> </ul>
Policy on under age access to gambling machines	<p>The licensee must ensure that appropriate signage is in place indicating age restrictions so that this is visible at every gambling machine and at the point(s) of entry into the gambling area.</p> <p>Policy on identification checks for patrons appearing under 25.</p> <p>Staff training on identification of patrons appearing under 25 and actions to be followed.</p>
Provision of problem gambling information	<p>The licensee must ensure that patrons have access to appropriate information on problem gambling and problem gambling help services.</p> <p>Gambling help line phone number information is placed on or near all gambling machines.</p> <p>Additional material on problem gambling and help services displayed in at least one other area within the premises, situated near to gambling machines.</p>
Clocks are visible in premises	<p>The licensee ensures that clocks are visible from gambling machines and are displayed on a wall large enough to be seen from a distance.</p>
There is good visibility where gambling machines are located	<p>Natural or artificial light illuminates the area where gambling machines are located at all times when machine are in operation.</p>
Self barring of patrons is supported	<p>The licensee ensures that systems to support self barring and exclusion by patrons are put in place.</p> <p>There is staff training on systems to support self barring or exclusion of patrons.</p>

BEST PRACTICE	SUPPORTING ACTION
Children are not left unattended while gambling is undertaken	<p>The licensee will take active steps to prevent parents leaving their children unattended without adult supervision including:</p> <ul style="list-style-type: none"> <li>▪ Requiring employees to report incidents where a child had been left unattended, either inside the premises or immediately outside the premises, and</li> <li>▪ Where the child has been left unattended, the licensee will take steps to locate an adult responsible for the child. If this attempt is unsuccessful, the licensee will contact the police.</li> </ul>
Intoxicated patrons are prevented from gambling	<p>Staff training on identification of intoxicated patrons and actions to be followed if intoxicated patrons attempt to gamble.</p> <p>The licensee will take all practicable steps to ensure that no person who appears intoxicated is allowed to gamble.</p>



APPENDIX 2



Gambling Venue Relocation Area

Legend  
 ■ Gambling Venue Relocation Area

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## BOARD VENUES POLICY

<b>Reference Number:</b>	A1347208
<b>Authorised by:</b>	<b>Effective Date:</b> <b>Supersedes: Gambling Venues Policy</b>
<b>Policy Owner:</b>	Invercargill City Council
<b>Purpose:</b> This defines the statement of intent of the policy.	To assist in limiting the harm of problem gambling in the community. To encourage responsible gambling practices and attitudes in stand alone Board Venues. To facilitate community involvement in decisions about gambling by ensuring that all communities in the Invercargill district are given the opportunity to consult with Council in a manner that is culturally appropriate.

### INTRODUCTION

- As required under the Racing Act 2003 the New Zealand Racing Board must seek consent of the Council if it intends to establish a stand-alone Board Venue for sport race betting.
- This Gambling Policy covers New Zealand Racing Board (TAB) Venues.
- This policy is required to be reviewed three yearly.

### DEFINITIONS

**Board Venues (TAB Venue)** – means 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 as provided for in Gambling Act 2003 and under the Racing Act 2003. It covers stand-alone TAB Board Venues only and Council consent is not required under the legislation to establish a TAB facility in a bar, hotel or club.

**CBD**—means the area defined by the map attached in appendix 2.

**Invercargill District** – means all the area covered by the Invercargill Territorial Local Authority.

**New Venue** - any venue that has not held a venue licence for six months or more or that has never held a venue consent.

**The Council** – means Invercargill City Council.

### POLICY STATEMENTS

#### Transfer or changes to existing venues

- (i) If the owner(s) of the principal business of the venue changes, the Council consent remains allocated to the New Zealand Racing Board for the venue. The new owner is not required to obtain a Council consent but a new licence may be required from the Department of Internal Affairs (DIA).
- (ii) Council will consent to the transfer of a licence for an existing venue to a new venue only in the Central Business District (CBD) area of the map attached. Council must also consider the location suitable taking into account the matters referred to in Part 6A Section 65D of the Racing Act 2003.
- (iv) Any substitute venues may only be established in the zones permitted for this purpose in the Invercargill City Council District Plan. Council must also consider the location suitable taking into account the matters referred to in Part 6A of the Racing Act 2003.



- (v) Council will not provide relocation consent in areas that are outside of the CBD as defined in the attached map.

## ENCOURAGING RESPONSIBLE GAMBLING PRACTICES

- Enforcement and monitoring of gambling venues is the responsibility of the Department of Internal Affairs (DIA)
- Regulations made under the **Racing Act 2003 Section 65F** set out:  
**The Governor-General may, by Order in Council, make regulations for all or any of the following purposes:**
  - prescribing requirements for the design, layout, and furnishing of a Board venue:
  - prescribing the information or messages that the Board must provide to persons about racing betting and sports betting at the venue:
  - prescribing codes requiring the advertising of racing betting, sports betting, racecourses, and Board venues to be responsible:
  - requiring the Board to provide problem gambling awareness training for employees involved in supervising racing betting and sports betting at Board venues:
  - prescribing systems or processes ancillary to racing betting and sports betting, including the availability of automatic teller machines at a Board venue:
  - prescribing any other requirements relating to harm prevention or minimization.
- The Council is supportive in general of initiatives and actions that would help to ensure there is a balanced gambling environment in the city where potential harm is managed effectively, and where those who wish to gamble can do so safely. In this regard, Council encourages responsible gambling practices as outlined in Appendix 1.
- Where Council has concerns about the operation of existing gambling venues these will be reported to DIA. Council inspectors do not have enforcement powers over venues in terms of their gambling activities.
- The provision of information by the venues about problem gambling is required under the regulations and is a key way of promoting responsible gambling. Where Council has concerns about a venue in this regard it will be reported to DIA.

## PROCEDURES

- (i) All applications will incur a fee which will be prescribed by the Council pursuant to section 150 of the Local Government Act 2002.
- (ii) Council will publicly notify applications for the merger or relocation of Board Venues and allow for public submissions to be lodged and heard.
- (iii) Applications for consent by the Council must be made to the Council on the form and include:
  - Name and contact details of the applicant.
  - Names of venue management staff.
  - Street address of premises being relocated and new proposed address.
  - Fees.
  - Any other information that may reasonably be required to allow proper consideration of the application including how the applicant will encourage responsible gambling practices.

## REVIEW OF POLICY

The Council will review its Board Venues Policy within three years from the date on which this policy comes into effect.

<b>Monitoring &amp; Auditing:</b> This section describes who and how the application of the policy will be monitored.	<i>This policy will be monitored by Environmental and Planning Services Directorate with reports as necessary to the Regulatory Services Committee.</i>
<b>Revision History:</b>	September 2007, December 2011, September 2015
<b>Effective Date:</b>	
<b>Review Period:</b>	<i>Every 3 years</i>
<b>Associated Documents / References:</b>	<i>Class 4 Gambling Venues Policy Racing Act 2003</i>

## ENCOURAGE RESPONSIBLE GAMBLING PRACTICES

BEST PRACTICE	SUPPORTING ACTION
Host Responsibility and Harm Minimisation policy	<p>The applicant has in place a host responsibility and harm minimisation policy.</p> <p>The programme conforms to best practice as set out by national guidelines or standards should these become available.</p>
Staff training programme or activities	<p>The applicant demonstrates that staff and management are familiar with its Host Responsibility and Harm Minimisation policy.</p> <p>The programme provides information on:</p> <ul style="list-style-type: none"> <li>▪ The potential effects of gambling on customers.</li> <li>▪ The identification of problem gambling traits.</li> <li>▪ The processes for approach, intervention and follow up for patrons with suspected problem gambling.</li> <li>▪ Identification practices for patrons appearing under 25 and actions to be followed.</li> <li>▪ Systems in place to support self barring.</li> <li>▪ Recognition of intoxicated patrons and steps to be followed to prevent intoxicated patrons from gambling.</li> <li>▪ Systems to be followed if children are left unattended in premises or nearby premises.</li> </ul>
Policy on under age access to TAB Venues	<p>The licensee must ensure that appropriate signage is in place indicating age restrictions so that this is visible, at the point(s) of entry into the gambling area.</p> <p>Policy on identification checks for patrons appearing under 25.</p> <p>Staff training on identification of patrons appearing under 25 and actions to be followed.</p>
Provision of problem gambling information	<p>The licensee must ensure that patrons have access to appropriate information on problem gambling and problem gambling help services and the gambling help line phone number information.</p> <p>Additional material on problem gambling and help services displayed in at least one other area within the premises.</p>
Clocks are visible in premises	<p>The licensee ensures that clocks are visible from gambling machines and are displayed on a wall large enough to be seen from a distance.</p>
Self barring of patrons is supported	<p>The licensee ensures that systems to support self barring and exclusion by patrons are put in place.</p> <p>There is staff training on systems to support self barring or exclusion of patrons.</p>

BEST PRACTICE	SUPPORTING ACTION
Children are not left unattended while gambling is undertaken	<p>The licensee will take active steps to prevent parents leaving their children unattended without adult supervision including:</p> <ul style="list-style-type: none"> <li>▪ Requiring employees to report incidents where a child had been left unattended, either inside the premises or immediately outside the premises, and</li> <li>▪ Where the child has been left unattended, the licensee will take steps to locate an adult responsible for the child. If this attempt is unsuccessful, the licensee will contact the police.</li> </ul>
Intoxicated patrons are prevented from gambling	<p>Staff training on identification of intoxicated patrons and actions to be followed if intoxicated patrons attempt to gamble.</p> <p>The licensee will take all practicable steps to ensure that no person who appears intoxicated is allowed to gamble.</p>



# APPENDIX 2



## Gambling Venue Relocation Area



Legend  
 Gambling Venue Relocation Area

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## SUMMARY OF COMMENTS ON Gambling

No.	Name	Submission
001	Invercargill Workingman's Club	<p>Submitter accepts the current policy but would only support the new policy if the following recommendations and content were added.</p> <p>Submitter recommends that the ICC allow for up to 30 machines at any one venue through amalgamation.</p> <p>Submitter recommends that the policy includes the ability for relocation of all of a club's gaming machines to a new venue, as per the number of machines prior to relocation.</p> <p>Submitter would like the following wording added to the policy <i>Numbers of Gaming Machines Allowed Per Venue Clubs that obtained a venue licence after 17 October 2001 may apply under Section 96 of the Gambling Act 2003 to operate up to 18 Machines.</i>  <i>Clubs that merge shall be allowed to increase the number of machines operated at a venue in accordance with Section 95 of the Gambling Act 2003 and must not exceed the lesser of 30 or the sum of the number of gaming machines specified in all of the corporate societies' class 4 venue licences at the time of the application.</i></p>
002	Makarewa Country Club Incorporated	<p>Submitter accepts the current policy but would only support the new policy if the following recommendations and content were added.</p> <p>Submitter would like the following wording added to the policy <i>Numbers of Gaming Machines Allowed Per Venue Clubs that obtained a venue licence after 17 October 2001 may apply under Section 96 of the Gambling Act 2003 to operate up to 18 Machines.</i>  <i>Clubs that merge shall be allowed to increase the number of machines operated at a venue in accordance with Section 95 of the Gambling Act 2003 and must not exceed the lesser of 30 or the sum of the number of gaming machines specified in all of the corporate societies' class 4 venue licences at the time of the application.</i></p> <p>Submitter recommends that the policy includes the ability for relocation of all of a club's gaming machines to a new venue, as per the number of machines prior to relocation</p>

No.	Name	Submission
003	Clubs New Zealand	<p>Submitter recommends the policy should be redrafted to provide for the unique provisions in the Gambling Act 2003 that apply only to clubs, namely to:</p> <ul style="list-style-type: none"> <li>• Allow two clubs that merge to host up to 30 gaming machines</li> <li>• Allow an existing club with 18 gaming machines to relocate and retain its 18 gaming Machines.</li> </ul> <p>Submitter also suggests that with out having the ability to run the maximum number of machines in clubs they might not be able to offer the best facilities to there members.</p>
004	The New Zealand Racing Board	<p>Submitter is supportive of a separate TAB Board Venue Policy and has no objection to TAB Board Venues being required to be located only within the CBD.</p> <p>Submitter suggests TAB Board Venue Policy should refer to the Racing Act 2003's purpose and be considered having regard to that purpose. As the Gambling Act 2003 has no implication in relation to TAB Board Venue consents, it is submitted that all the references to the Gambling Act 2003 be deleted.</p>
005	NZRB	<p>Submitter supports the proposal to cap the number of gaming machines at current numbers.</p> <p>Submitter suggests council clarify the proposed policy expressly allows existing venues to relocate to areas within the CBD. The current policy does not expressly allow relocations, but provides that a relocation consent will not be granted when a venue wants to relocate to a location outside the CBD.</p>
006	Club Southland	<p>Submitter would like the ability for relocation of all of a club's gaming machines to a new venue, as per the number of machines prior to relocation.</p> <p>Submitter recommends that the ICC allow for up to 30 machines at any one venue through amalgamation.</p> <p>Submitter would like the following added to the Class 4 policy:</p> <p>Clubs that obtained a venue licence after 17 October 2001 may apply under Section 96 of the Gambling Act 2003 to operate up to 18 Machines.</p> <p>Clubs that merge shall be allowed to increase the number of machines operated at a venue in accordance with Section 95 of the Gambling Act 2003 and must not exceed the lesser of 30 or the sum of the number of gaming machines specified in all of the corporate societies' class 4 venue licences at the time of the application.</p>



No.	Name	Submission
007	The Southern District Health Board	<p>Submitter supports the further reduction of gaming machines in Invercargill</p> <p>Supports the Separation of the TAB Board venues and Class 4 is a logical and sensible division of policy given the different nature and risk related to gambling activity.</p> <p>Supports the addition of a map defining areas where Council will not provide relocation consent is deemed useful.</p> <p>Supports the addition to Appendix guidelines regarding large enough clocks being displayed on a wall so they can be seen from a distance, is welcomed as another opportunity to remind patrons of the time involved in their gambling activity rather than just the legal requirement that time played is displayed on the machine.</p>
008	Invercargill City Council Youth Council	<p>Submitter supports the lowering of the cap further</p> <p>Submitter does not think any new venues should be added and that if they are they must buy an existing licence.</p> <p>Submitter supports the move to the CBD for gambling venues as an effectual way to reduce harm.</p>
009	The Lions Foundation	<p>Submitter suggests the Council should introduce a cap at the current number of electronic gaming machines that may operate as of right (which will be higher than 284 machines actually in operation). The setting of a cap means that new venues are not restricted only to situations where there is a relocation or transfer.</p> <p>Submitter supports a relocation provision to the CBD and considers this should be redrafted in express terms, to eliminate any doubt or ambiguity.</p> <p>Submitter does not support relocating venues can be limited to 9 machines.</p> <p>Submitter fully supports harm minimisation for gambling.</p>
010	Public Health Association Otago/Southland Branch	<p>Submitter supports the number of gaming machines has being reduced 286 and the inclusion of Encouraging Responsible Gambling Practices and the map clearly defining areas where relocation will not be permitted.</p> <p>The separation of the Class 4 and TAB Gambling Venues Policies is also appreciated.</p>

No.	Name	Submission
		<p>Submitter recommend not allowing consents to be transferred, and not allowing gaming machines to be moved, thus ensuring a genuine sinking lid policy.</p>
012	The Problem Gambling Foundation	<p>Submitter recommends the Council adopt a “sinking lid” policy: a district wide ban on any additional class 4 gambling venues or machines (reduction in the number of venues and machines over time as a result of existing venues closing and machines not being re-licensed)</p> <p>Submitter also recommends A ban on transfers of licences.</p> <p>Submitter also suggests a ban on any new venues and machines is preferable to a cap.</p>
013	<i>ILT Foundation</i>	<p>Submitter suggests adding the following wording to the policy:  <i>The Council acknowledges that in some cases moving existing gaming machines from one site to another will not necessarily create a new venue, and that Council’s consent to the transfer may not be required in those cases.</i>  <i>See for example ILT Foundation v Secretary for Internal Affairs [2013] NZHC 1330.”</i></p> <p>Submitter suggest that the requirements in the policy”  signage indicating age restrictions is to be visible at every gaming machine; and - that a clock is to be visible from gaming machines and displayed on a wall.”, may be difficult to comply with.</p>
014	NZ Community Trust	<p>Submitter recommends the policy be redrafted to set a cap of 317 gaming machines and section 4.2.1 (i) be removed.</p> <p>Recommends section 4.2.2 (ii) be rewritten to remove ambiguity and align with section 97A of the Gambling Act.</p>

# The New Zealand Racing Board's Submission on Invercargill City Council's Class 4 Gambling Venue Policy



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## **The New Zealand Racing Board's Submission on Invercargill City Council's Class 4 Gambling Venue Policy**

### Background

1. The New Zealand Racing Board holds a class 4 operator's licence. This licence enables it to operate gaming machines at its TAB Board Venues. Approximately 30 of the 80 TAB Board Venues in New Zealand have gaming machines on-site.

### Executive Summary

2. The New Zealand Racing Board supports the proposal to cap the number of gaming machines at current numbers. It is submitted that the policy should be redrafted to provide simply for a cap, rather than restrict new venues to situations where there is a transfer or relocation.
3. The New Zealand Racing Board invites council to clarify that the proposed policy expressly allows existing venues to relocate to areas within the CBD. The current policy does not expressly allow relocations, but provides that a relocation consent will not be granted when a venue wants to relocate to a location outside the CBD.

### Gaming Machines - Key Facts

4. Gaming machines have been present in New Zealand communities since the early 1980s. Initially the machines were operated without a gaming licence. The first gaming licence was issued to Pub Charity on 25 March 1988, over 26 years ago.
5. Gambling is a popular form of entertainment that most New Zealanders partake in. The Health and Lifestyles Survey 2012<sup>1</sup> found that 70.3% of New Zealanders aged 15 and over had participated in some form of gambling in the previous 12 months.
6. The number of gaming machines in New Zealand has been in steady decline since 2003. In 2003, New Zealand had 25,221 gaming machines. In March 2015, New Zealand had 16,614 gaming machines. Invercargill City has also experienced a natural decline in machine numbers. In 2003, Invercargill City had 39 class 4 venues and 366 machines. Invercargill City currently has 22 venues and 286 machines.

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<sup>1</sup> [http://www.hpa.org.nz/sites/default/files/NZers\\_participation\\_in\\_gambling.pdf](http://www.hpa.org.nz/sites/default/files/NZers_participation_in_gambling.pdf)

7. New Zealand has a very low problem gambling rate by international standards. The 2012 New Zealand Health Survey<sup>2</sup> found the problem gambling rate was 0.3% of people aged 15 years and over (Problem Gambling Severity Index screen). A second 2012 National Gambling Survey<sup>3</sup> undertaken slightly later found that the problem gambling rate was 0.7% of people aged 18 years and over (Problem Gambling Severity Index screen). Both problem gambling rates related to all forms of gambling, not just gaming machine gambling.
8. All gaming machine societies contribute to a problem gambling fund. This fund provides approximately \$18,500,000.00 per annum to the Ministry of Health to support and treat gambling addiction and to increase public awareness. The funding is ring fenced and not able to be redirected to other health areas.
9. An excellent, well-funded problem gambling treatment service exists. The problem gambling helpline is available 24 hours a day, 365 days per year. Free, confidential help is available in 40 different languages. Free face to face counselling is also available and specialist counselling is available for Maori, Pacifica and Asian clients. An anonymous, free text service (8006) is available. Support via email is also available ([help@pgfnz.org.nz](mailto:help@pgfnz.org.nz)).

#### Existing Gaming Machine Safeguards

10. Significant measures are already in place to minimise the harm from gaming machines.
11. Limits exist on the type of venues that can host gaming machines. The primary activity of all gaming venues must be focused on persons over 18 years of age. For example, it is prohibited to have gaming machines in venues such as sports stadiums, internet cafes, and cinemas.
12. There is a statutory age limit that prohibits persons under 18 years of age playing a gaming machine.

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<sup>2</sup> <http://www.health.govt.nz/system/files/documents/publications/problem-gambling-preliminary-findings.pdf>  
<sup>3</sup> [http://www.health.govt.nz/system/files/documents/pages/national\\_gambling\\_study\\_report\\_2.pdf](http://www.health.govt.nz/system/files/documents/pages/national_gambling_study_report_2.pdf)

13. There are very restrictive limits on the amount of money that can be staked and the amount of prize money that can be won. The maximum stake is \$2.50. The maximum prize for a non-jackpot machine is \$500.00. The maximum prize for a jackpot linked machine is \$1,000.00.
14. All gaming machines in New Zealand have a feature that interrupts play and displays a pop up message. The pop up message informs the player of the duration of the player's session, the amount spent and the amount won or lost. The message is then displayed asking the player whether they wish to continue with their session or collect their credits.
15. Gaming machines in New Zealand do not accept banknotes above \$20.00 in denomination.
16. ATMs are excluded from all gaming rooms.
17. All gaming venues have a harm minimisation policy.
18. All gaming venues have pamphlets which provide information about the characteristics of problem gambling and how to seek advice for problem gambling.
19. All gaming venues have signage which encourages players to gamble only at levels they can afford. The signage also details how to seek assistance for problem gambling.
20. All gaming venue staff are required to have undertaken comprehensive problem gambling awareness and intervention training.
21. Any person who advises that they have a problem with their gambling is required to be excluded from the venue.
22. It is not permissible for a player to play two gaming machines at once.
23. All gaming machines have a clock on the main screen. All gaming machines display the odds of winning.

24. The design of a gaming machine is highly regulated and controlled. For example, a gaming machine is not permitted to generate a result that indicates a near win (for example, if five symbols are required for a win, the machine is not permitted to intentionally generate four symbols in a row).
25. It is not permissible to use the word “jackpot” or any similar word in advertising that is visible from outside a venue.

#### A Cap at Current Numbers Reasonable

26. In light of harm minimisation measures that are now in place, it is submitted that it is reasonable to set a cap at current numbers.
27. There is no direct correlation between gaming machine numbers and problem gambling rates. The table below details the problem gambling surveys that have been undertaken.

Survey Year	Survey Name	Screen	Problem Gambling Rate	Survey Size
1991	1991 National Prevalence Survey	SOGS-R	1.2% of people were current pathological gamblers (SOGS-R score of 5)	3,933
1999	1999 National Prevalence Survey <sup>4</sup>	SOGS-R	0.5% of people aged over 18 years had a SOGS-R score of 5	6,452
2006/2007	2006/07 New Zealand Health Survey <sup>5</sup>	PGSI	0.4% of people aged 15 years and over	12,488
2010	2010 Health and Lifestyles Survey <sup>6</sup>	PGSI	0.70% of people aged 15 years and over	1,740
2011/2012	2011/12 New Zealand Health Survey <sup>7</sup>	PGSI	0.30% of people aged 15 years and over	9,821
2012 (March to October)	2012 National Gambling Survey <sup>8</sup>	PGSI	0.70% of people aged 18 years and over	6,251

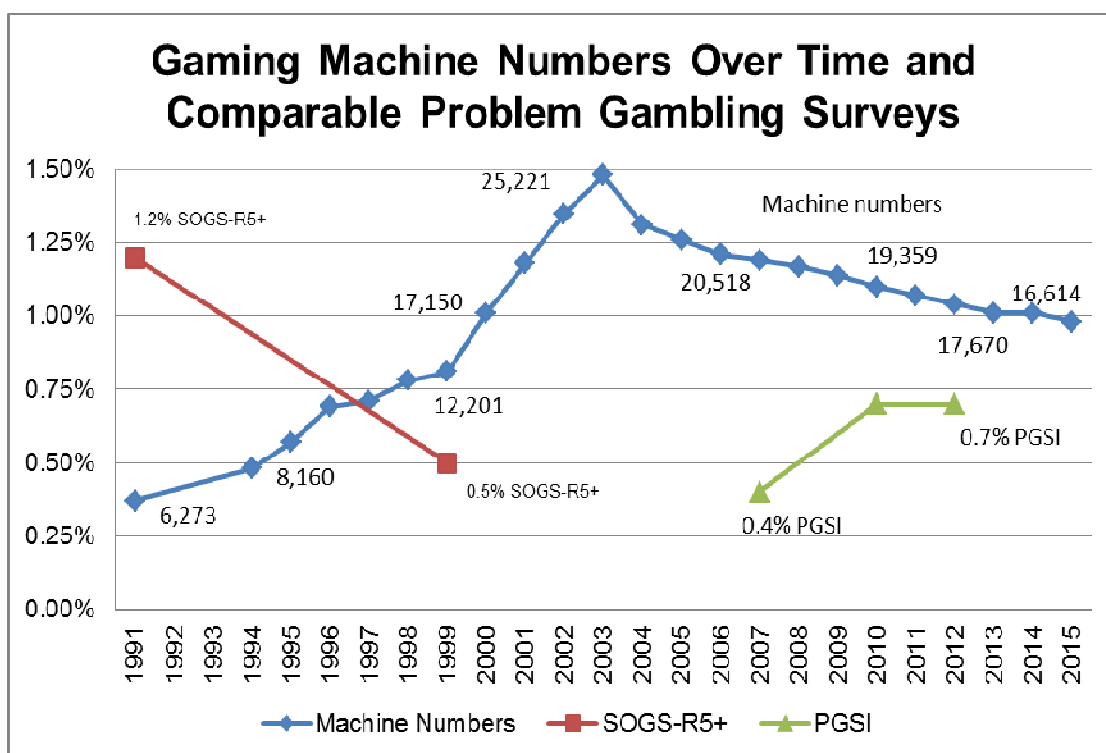
<sup>4</sup> [http://www.dia.govt.nz/pubforms.nsf/URL/TakingthePulse.pdf/\\$file/TakingthePulse.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/TakingthePulse.pdf/$file/TakingthePulse.pdf)

<sup>5</sup> <http://www.health.govt.nz/system/files/documents/publications/portrait-of-health-june08.pdf>

<sup>6</sup> Gray, R 2011 *New Zealanders' Participation in Gambling: Results from the 2010 Health and Lifestyles Survey – Health Sponsorship Council* [http://www.hsc.org.nz/sites/default/files/publications/Gambling\\_Participation\\_final-web.pdf](http://www.hsc.org.nz/sites/default/files/publications/Gambling_Participation_final-web.pdf) (page 14)

<sup>7</sup> <http://www.health.govt.nz/system/files/documents/publications/problem-gambling-preliminary-findings.pdf>

28. The graph below details the machine numbers over time and the problem gambling rate. Between 1991 and 1999 the problem gambling rate declined considerably despite gaming machine numbers doubling and gaming machine expenditure trebling. Between 2006 and 2010 the problem rate increased, despite the number of gaming machines in New Zealand falling considerably in the same period. Between 2010 and 2012 the problem gambling rate stayed the same, despite a continual decline in gaming machine numbers. When viewed as a whole, the above survey results confirm that there is no direct correlation between gaming machine numbers and problem gambling rates. The reasons for an increase or decrease in problem gambling is complex and multi-faceted, not simply the direct by-product of an increase or decrease in machine numbers.



29. The 2012 National Gambling Survey<sup>9</sup> concluded that the prevalence of problematic gambling reduced significantly during the 1990s and has since stayed about the same. The report stated on pages 17 and 18:

Problem gambling and related harms probably reduced significantly during the 1990s but have since remained at about the same level despite reductions in non-casino EGM numbers and the expansion of regulatory, public health and treatment measures. Given that gambling availability

<sup>8</sup> [http://www.health.govt.nz/system/files/documents/pages/national\\_gambling\\_study\\_report\\_2.pdf](http://www.health.govt.nz/system/files/documents/pages/national_gambling_study_report_2.pdf)  
<sup>9</sup> [http://www.health.govt.nz/system/files/documents/pages/national\\_gambling\\_study\\_report\\_2.pdf](http://www.health.govt.nz/system/files/documents/pages/national_gambling_study_report_2.pdf)



expanded markedly since 1987 and official expenditure continued to increase until 2004, these findings are consistent with the adaptation hypothesis. This hypothesis proposes that while gambling problems increase when high risk forms of gambling are first introduced and made widely available, over time individual and environmental adaptations occur that lead to problem reduction.

30. Professor Max Abbott is New Zealand's leading expert on problem gambling. In 2006, Professor Abbott published a paper *Do EGMs and Problem Gambling Go Together Like a Horse and Carriage?* The paper noted that gaming machine reductions and the introduction of caps generally appear to have little impact on problem gambling rates. Professor Max Abbott noted:

EGM reductions and the introduction of caps generally appears to have little impact (page 1).

Over time, years rather than decades, adaptation ('host' immunity and protective environmental changes) typically occurs and problem levels reduce, even in the face of increasing exposure. (page 6).

Contrary to expectation, as indicated previously, although EGM numbers and expenditure increased substantially in New Zealand from 1991 to 1999, the percentage of adults who gambled weekly dropped from 48% to 40%. This is of particular interest because it suggests that greater availability and expenditure do not necessarily increase high-risk exposure. (page 14).

31. A more restrictive cap or sinking lid policy is unlikely to reduce problem gambling but will reduce the amount of funding available to Invercargill City community groups. 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.

#### Temptation to Simply Reduce Gambling Activity

32. There may be a temptation to introduce a more restrictive cap or sinking lid policy to simply reduce the gambling spend as a whole. It must however be remembered that gambling is a lawful entertainment activity and that individuals in New Zealand remain free to make their own decisions as to how they spend their money on the lawful entertainment options that are available.

33. The Gambling Commission has been very critical of steps that have been taken in the past that have been aimed at reducing gambling spend as a whole. In the Gambling Commission decision GC16/06, the Commission stated:

...measures should only be imposed if they reduce the harm caused by problem gambling, as distinct from simply reducing gambling activity which is a lawful and permitted activity under the Act.

### Gaming Machine Funding

34. The Gambling Act 2003 seeks to balance the potential harm from gambling against the benefits of using gaming machines as a mechanism for community fundraising. In the 2013 year, money returned to authorised purposes through grants totalled approximately \$246 million.<sup>10</sup> This funding is crucial for a very large number of community groups.
35. By email dated 7 October 2013, the Department of Internal Affairs confirmed that in 2012, Invercargill City received more than 40% of the possible available net proceeds from the gaming machines located within the district, back by way of grants or other authorised purpose payments. The annual total authorised purpose funding (including the non-published club authorised purpose payments) is therefore over \$5.7 million.
36. Recently, the Auckland Council commissioned a community funding survey. The survey data is summarised in the report *Community Funding: A Focus on Gaming Grants* dated 4 September 2012.<sup>11</sup> This report also confirmed how essential gaming machine funding is and how extremely difficult it would be for such funding to be obtained from alternative sources. The key findings of this survey were:
- Most respondents (75%) indicated that their organisation is moderately or totally reliant on gaming machine funding to fund core business activities.
  - Most respondents (81%) believed that there would be a moderate to high risk to their organisation and their core business if they did not receive gaming funding.

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<sup>10</sup> [http://www.dia.govt.nz/pubforms.nsf/URL/Pokie-system-101-FAQs-February-2015-V2.docx/\\$file/Pokie-system-101-FAQs-February-2015-V2.docx](http://www.dia.govt.nz/pubforms.nsf/URL/Pokie-system-101-FAQs-February-2015-V2.docx/$file/Pokie-system-101-FAQs-February-2015-V2.docx)

<sup>11</sup> [www.gamblinglaw.co.nz/download/Research/Auckland\\_City\\_Community\\_Funding\\_Report.pdf](http://www.gamblinglaw.co.nz/download/Research/Auckland_City_Community_Funding_Report.pdf)

37. The report concluded:

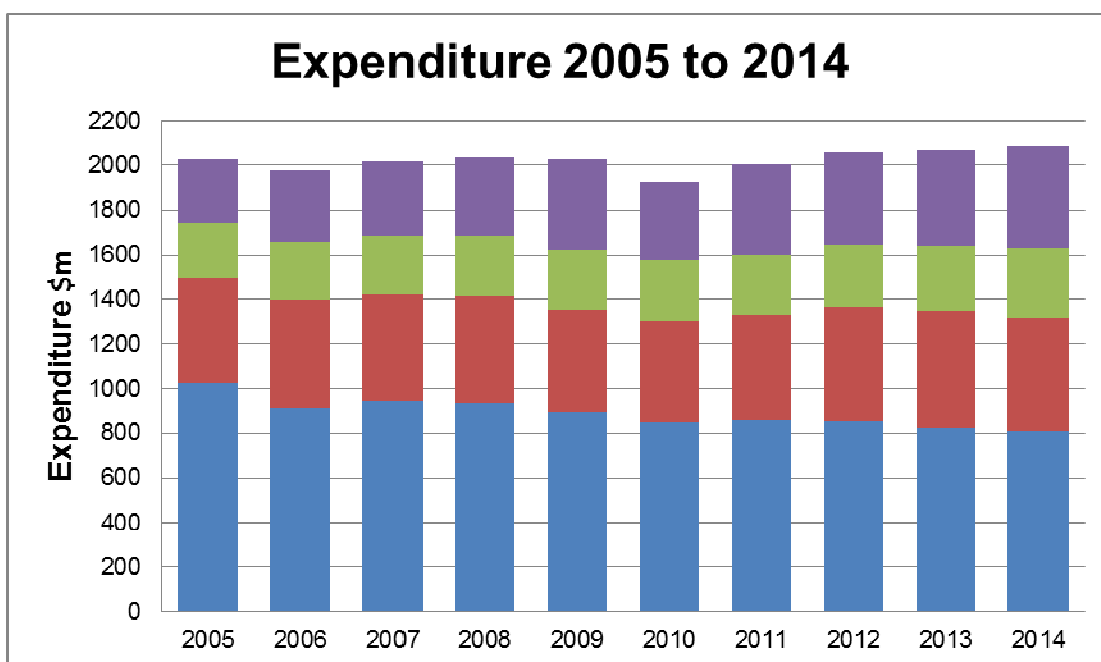
Gaming Trust funding is a major source of community funding for organisations in the Auckland Region. Most respondents believe that the funding for their organisations is not particularly secure and are highly dependent on gaming funding, not just for discretionary or extra activities, but to fund their core business. There is a dependence on this funding with over half the respondents believing that their organisations would be at extreme risk if they did not receive it. Most felt that if the funding was not available, they would struggle to find an alternative source of funding. Some would cut down the activities they undertook, others say they would be forced to close down.

Unintended Consequences – Increase in Internet and Mobile Phone Gambling

38. Any reduction in the local gaming machine offering may have unintended consequences as this may simply lead to a migration of the gambling spend to offshore internet and mobile based offerings. While it is illegal to advertise overseas gambling in New Zealand, it is not illegal to participate in gambling on an overseas based website or mobile phone application.

39. The internet is progressively becoming a normal feature of commercial and social exchange. In 2013, 51% of music sales in New Zealand were via an online download or online music streaming service. We all know of someone who has an addictive like passion for the mobile and tablet game, Candy Crush. Candy Crush has been downloaded more than 500 million times worldwide. Candy Crush's addictiveness is evident by its revenue of \$US10 million a week.

40. The graph below shows the total gambling expenditure for New Zealand from 2005 to 2014.



Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lotteries Commission	280	321	331	346	404	347	404	419	432	463
Racing Board (TAB)	247	258	269	272	269	278	273	283	294	311
Casinos	472	493	469	477	465	454	471	509	520	509
Gaming Machines (outside Casinos)	1027	906	950	938	889	849	856	854	826	808
<b>Total Expenditure</b>	<b>2027</b>	<b>1977</b>	<b>2020</b>	<b>2034</b>	<b>2028</b>	<b>1928</b>	<b>2005</b>	<b>2065</b>	<b>2072</b>	<b>2091</b>

41. The above data shows a downward trend for expenditure on non-casino gaming machines and an upward trend on the amount spent on TAB offerings and Lotteries Commission offerings. The total amount gambled from 2005 to date has remained reasonably steady. This data suggests that a reduction in gaming machine numbers reduces non-casino gaming machine expenditure, but not total gambling expenditure, i.e., it may promote a migration to other forms of gambling. Other forms of gambling have a lower return to player and a lower return to the community.
  
42. Traditionally overseas based online gambling has not been available to people in lower socio-economic areas due to limited access to computers, the internet and limited access to credit cards. However, this has all changed. The internet is progressively becoming a normal feature of commercial and social exchange. A Nextbook Android 4.4 Tablet (with a 7 inch screen and Wi-Fi) can currently be purchased from the Warehouse for a mere \$89.00. Today almost all cell phones include internet access and the ability to download apps. The introduction of Visa debit cards and Prezy Cards mean that a bad credit rating is no longer a barrier to being able to spend money online or via mobile apps.

43. It now takes only a simple search and a few minutes to download to your computer, tablet or mobile phone any type of casino game your imagination desires, including an exact replica of the gaming machine programs currently available in New Zealand venues. International Gaming Technology (an international provider of pokie machines with a New Zealand presence) has produced a 58 page brochure<sup>12</sup> detailing their online and mobile offering. The catch phrase is *The Playing Field is Now Everywhere, Online and Mobile Gaming by IGT, It's a whole new game.*
44. On 28 April 2015, the Problem Gambling Foundation circulated a link to an article published on Huffingtonpost about the rise of gaming on smart phones. Excerpts from the article are below:



Mobile is taking an increasing bite out of our lives - there is no longer any place safe zone from someone next to you texting, gaming, surfing or worse, yapping incessantly about God knows what.

I think the next horizon or maybe distraction for many will be gambling on smartphones.

...

"Traditional" gaming companies are quickly moving from online gaming to online gambling and much of the latter is via a phone. Bandwidth is cheap, smartphones are ubiquitous: by 2016 it's estimated over 2 billion people will have smartphones.

...

Global revenues from online gambling via pure play sites like TitanBet are leading the fray online gambling is projected to be over \$35 billion this year, with mobile gambling estimated to be over \$100 billion by 2017.

Clearly, the market is moving from desktop connectivity to mobile, especially as Apple and Samsung continue to improve the size of their screens, making it much easier to access and utilize any type of gaming site.

...

There is too much reward baked in to smartphone gaming and I would wager by 2020 (or sooner) you will have to put up with that person next to you shouting bingo and possibly broadcasting a Periscope enabled hologram of a blackjack hand. Stay tuned and connected, or maybe not.

<sup>12</sup> [http://media.igt.com/marketing/PromotionalLiterature/IGT\\_Online\\_Mobile\\_Games\\_Portfolio.pdf](http://media.igt.com/marketing/PromotionalLiterature/IGT_Online_Mobile_Games_Portfolio.pdf)

45. Without the need to cover GST and gaming duties, overseas based gambling providers are able to attract customers from New Zealand with a comprehensive gambling offer. Due to the lower margins and costs the overseas based providers can engage in extensive advertising and provide large rebates to players.
46. Offshore based online gambling however poses considerable risks:
- Offshore based online gambling is highly accessible, being available 24 hours a day from the comfort and privacy of your home;
  - Offshore based online gambling has no restrictions on bet sizes;
  - Offshore based online gambling has no capacity for venue staff to observe and assist people in trouble;
  - Offshore based online gambling reaches new groups of people who may be vulnerable to the medium;
  - Offshore based online gambling provides no guaranteed return to player;
  - Offshore based online gambling is more easily abused by minors;
  - Offshore based online gambling has reduced protection to prevent fraud, money laundering or unfair gambling practices. The most notable recent example being 'Full Tilt Poker' which is alleged by the US Attorney's Office to have diverted \$USD444m from customer accounts to its directors and shareholders, despite being regulated by the Alderney Gambling Control Commission (Guernsey); and
  - As an unregulated form of gambling, on-line gamblers are often encouraged to gamble more by being offered inducements or by being offered the opportunity to gamble on credit. For example, many overseas sites offer sizable cash bonuses to a customer's account for each friend that they induce to also open an account and deposit funds.
47. If a reduction in gaming machines only redirects gamblers to offshore based internet gambling there is no harm minimisation advantage in that strategy. In addition, there are further disadvantages in the fact that no community funding is generated for New

Zealanders, no tax revenue is generated for the New Zealand Government and no contributions are made via the New Zealand problem gambling levy.

### Policy Wording

48. The introduction to the policy provides that there will be a cap set at current numbers. The policy states:

As of May 2015 the Invercargill District had 22 Class 4 gaming venues and 286 electronic gaming machines. This policy caps the number of electronic gaming machines at 286.

49. The policy then provides that no new consents will be granted, but notes that consents to “transfers” or “relocations” would be granted. Under the proposed wording, if a venue licensed to one society closed, it would not be possible for a new venue to subsequently have gaming if that venue wished to be with another society.
50. It is submitted that the policy would be much clearer if it provided for a cap of machines at the current numbers and allowed new consents, when granting the consent would not result in the cap being breached and the new venue is located within the CBD.

### Setting a Machine Number Limit

51. When setting a cap at the number of existing machines, the cap needs to be set based on the number of machines that can operate as of right, not the number of machines that are currently in operation.
52. Section 67(1)(f) of the Gambling Act 2003 provides that before the Department of Internal Affairs grants a venue licence, it must be satisfied that the territorial authority has provided a consent. Before acting on a consent, the Department undertakes a check to see if the consent has been validly granted.
53. The quarterly gaming machine statistics released by the Department refer to the number of gaming machines operating at a certain date. This is different from the number that may operate without territorial authority consent. The Department’s validation typically involves a count of the number of machines operating, along with the number that are not operating, but may operate as of right. Machines which are not operating, but which may operate as of right, are at:

- Venues which have closed but have not been unlicensed for six months or more;
  - Venues which have obtained a dispensation to be inactive for more than four weeks (typically while renovations are being undertaken);
  - Venues which hold licences for more machines than they are currently operating and the number of machines they are currently operating is less than the number that was notified on 22 September 2003; and
  - Venues which have been granted a consent but have not yet operated the machines.
54. If the Department considers that the consent has been issued in breach of the cap specified in the territorial authority's policy, or in breach of any other requirement, it will refuse to process the venue licence application.
55. An example of a clause that caps machine numbers at their current number is set out below:

**Cap on class 4 venues**

Council will permit [X number] gaming machines in the District. The [X number] cap is calculated not by the number of existing machines that are operating, but by the number of gaming machines that may operate as of right in the District. The machines that are included in the cap therefore include:

- a. the number of gaming machines that are currently licensed and operating;
- b. the number of gaming machines that are not operating but were at a venue that has closed but has not been unlicensed for six months or more;
- c. the number of gaming machines that are not operating but are located at a venue which has obtained a dispensation to be inactive for more than four weeks (this will typically include venues that are having renovations undertaken);
- d. the machines that are licenced but not operational due to a venue holding a licence to operate more machines than they are currently operating (e.g. if a venue holds a licence to operate 18 gaming machines but is only operating 16 gaming machines, the full 18 machines will be counted as part of the cap); and
- e. the machines for which council has granted a consent but where the machines have yet to be installed and made operational.



56. We therefore suggest that the cap be set at the current number of machines in Invercargill City that may operate as of right. By email dated 3 July 2015, the Department of Internal Affairs advised that **the number of machines that may operate as of right is 317.**

#### Clarification of the Relocation Provision

57. The Gambling (Gambling Harm Reduction) Amendment Act 2013 amended sections 101 and 102 of the Gambling Act 2003. The amendments require that the first time a territorial authority commences a review of its gambling venue policy after 14 September 2013, the territorial authority must consider whether to include a venue relocation policy: s 102(5A) Gambling Act 2003.
58. A relocation policy is a policy that sets out if and when the territorial authority will grant consent for a venue to be established in its district, when the venue is intended to replace an existing venue within the district: s 101(5) Gambling Act 2003.
59. Allowing venues to relocate has a number of benefits.
60. Enabling relocation removes the entrenchment and gives venue owners the ability to move from undesirable areas such as residential areas to more desirable areas such as the CBD and commercial zones without losing their ability to host the same number of gaming machines. Allowing relocation enables venues to move away from high deprivation areas.
61. Allowing relocation enables gaming venues to move to new, modern, refurbished premises. Allowing local businesses to upgrade their premises and provide a more modern, attractive offering to the public helps to revitalise the business districts, improves the local economy and encourages tourism.
62. The first venue to relocate under the amendments made to the Gambling Act 2003 was the Te Rapa Tavern in Hamilton. The photos below show the old rundown premises and the new modern premises. The redevelopment cost \$3,000,000.00.



The old Te Rapa Tavern



The new Te Rapa Tavern

63. A venue is sometimes required to relocate to adjacent premises due to its fixed lease coming to an end or public works acquisition. When it is clear that the same business exists but has simply relocated a short distance, it is fair and reasonable for the policy to permit the venue to continue its current gaming machine operation.
64. Enabling relocation enables venues to move out of buildings that may be earthquake prone.
65. Currently, once a venue has obtained a licence to host gaming machines its value is artificially increased. This often leads to landlords demanding higher than normal rentals. Allowing relocation prevents landlords demanding unreasonable rentals as it gives the venue operator the ability to relocate to an alternative venue.
66. Enabling relocation enables venues to re-establish after a natural disaster or fire.
67. The current policy provides that relocation will not be allowed outside the CBD, but does not expressly state that relocation is permitted, when the venue wishes to relocate to an area within the CBD. It is submitted that the policy be amended to read:

Council will grant a relocation consent, but only when a venue is to be relocated to an area within the CBD as defined in the attached map. The relocation site must also meet the District Plan requirements.

### Conclusion

68. It is acknowledged that the council needs to strike a balance between the costs and benefits of gaming machine gambling. It is accepted that a small percentage of people (0.7% of people aged 18 years and over) have a problem with their gambling

(all forms of gambling). However, for the vast majority of people, casual expenditure on gaming machines is a form of entertainment that they participate in and enjoy, without any harm being caused. Gaming machines also provide a considerable amount of community funding to local community groups. This funding (over \$5.7 million per annum) is the lifeblood of many organisations within Invercargill City.

69. Gaming machine numbers are in natural decline, gaming machine revenue is naturally trending down and gaming machine participation is reducing. However, the harm minimisation measures that are now in place have never been higher. In light of the new regulations which are now in place and the natural decline in machine numbers, it is submitted that a cap at current numbers is appropriate. A more restrictive cap or sinking lid will not reduce problem gambling, but will reduce local community funding opportunities and may encourage people to seek out other forms of gambling, including offshore based internet and mobile phone based gambling. This form of gambling is very harmful and provides no return to the local community and no contribution to employment, taxation and health services in New Zealand.
70. If council agrees to set a cap at current numbers, the current wording of the policy would need to be amended to enable a new venue to establish after another venue has closed (the policy currently only allows transfers and relocations). The cap will also need to be set at the number of machines that may operate as of right, not the number that are currently operating.
71. The New Zealand Racing Board suggests that council clarifies that the policy allows venues to relocate by expressly permitting relocations when the relocation is to a site located within the CBD. Allowing relocation enables venues to move from undesirable areas to more desirable areas and the gaming offering moving from rundown premises to new, modern, premises. Allowing relocation also enables venues to move out of earthquake prone buildings, prevents artificially inflated rentals being charged and creates fairness in the event of public works acquisition.

72. We wish to speak to our submission. Please allocate 10 minutes to discuss the gaming machine policy and a further 10 minutes to discuss the separate TAB Board Venue policy.

  
\_\_\_\_\_  
Jarrod True  
Solicitor for New Zealand Racing Board  
[Jarrod.True@harkness.co.nz](mailto:Jarrod.True@harkness.co.nz)  
0800 426 254  
0274 527 763

3 July 2015

# The New Zealand Racing Board's Submission on Invercargill City Council's TAB Board Venue Policy



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Contact Person:

Jarrold True  
Phone: 0800 426 254  
Mobile: 0274 527 763  
Email: Jarrod.True@harkness.co.nz



## The New Zealand Racing Board's Submission on Invercargill City Council's TAB Board Venue Policy

### Executive Summary

1. The New Zealand Racing Board is supportive of a separate TAB Board Venue Policy and has no objection to TAB Board Venues being required to be located only within the CBD.
2. The draft policy however has a number of technical errors that require correction. The policy refers to the Gambling Act 2003. A TAB Board Venue Policy is made under the Racing Act 2003, not the Gambling Act 2003. The Gambling Act 2003 has no implication to TAB Board Venues.
3. The draft policy makes reference to the ownership of a TAB Board Venue business changing. By definition, a TAB Board Venue must be a business that is owned and run by the New Zealand Racing Board.
4. The draft policy makes reference to existing TAB Board Venues relocating, but is unclear on how the establishment of a new TAB Board Venue in the CBD should be treated.

### Gambling Act 2003 and Racing Act 2003

5. When council adopts a gaming machine policy, the policy is adopted under section 101 of the Gambling Act 2003. When formulating the gaming machine policy, council has regard to the purpose of the Gambling Act 2003.
6. In contrast to the gaming machine policy, a TAB Board Venue policy is adopted under section 65D of the Racing Act 2003. Council must have regard to the Racing Act 2003's purpose when formulating the TAB Board Venue policy.
7. The Gambling Act 2003 and Racing Act 2003 have very different purposes. For example, the Racing Act 2003's purpose does not include the "*control of growth*", quite the opposite. The Racing Act 2003 has a very clear purpose, namely to facilitate race and sports betting. The Racing Act 2003's purpose is:
  - To provide effective governance arrangements for the racing industry; and

- To facilitate betting on galloping, harness, and greyhound races, and other sporting events; and
  - To promote the long-term viability of New Zealand racing.
8. It is submitted that the TAB Board Venue Policy should refer to the Racing Act 2003's purpose and be considered having regard to that purpose. As the Gambling Act 2003 has no implication in relation to TAB Board Venue consents, it is submitted that all the references to the Gambling Act 2003 be deleted.

#### TAB Board Venue Ownership

9. The definition of a TAB Board Venue is set out in section 5 of the Racing Act 2003. The definition is:

**Board venue** means premises that are owned or leased by the Board and where the main business carried on at the premises is providing racing betting or sports betting services under this Act

10. A venue that is not owned or leased by the New Zealand Racing Board (such as a pub TAB) does not come within council's jurisdiction. Council only has the ability under the Racing Act 2003 to require consents for TAB Board Venues. Council consent is not required for TAB terminals located in pubs, clubs and hotels.
11. It is submitted that the TAB Board Venue Policy includes the formal definition in the Racing Act 2003 and the references to a change in business ownership be deleted.

#### Allowing New TAB Board Venues

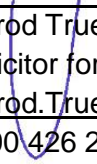
12. The policy currently only makes reference to existing TAB Board Venues relocating. It is submitted that the wording be replaced with a simple requirement that any new TAB Board Venue must be located within the CBD.

#### Suggested Wording

13. The suggested wording of an updated TAB Board Venue Policy is set out in schedule A.

Oral Hearing

14. We wish to speak to our submission. Please allocate 10 minutes to discuss the TAB Board Venue Policy and a further 10 minutes to discuss the proposed gaming machine policy.



---

Jarrod True  
Solicitor for New Zealand Racing Board  
Jarrod.True@harkness.co.nz  
0800 426 254  
0274 527 763

30 June 2015



## Schedule A – Suggested Wording for the TAB Board Venue Policy

### COUNCIL POLICY

**TITLE:** TAB BOARD VENUE POLICY

**REFERENCE NUMBER:** A1347208

---

#### **1. Racing Act 2003**

1.1 This policy is adopted under section 65D of the Racing Act 2003.

1.2 A TAB Board Venue is defined in section 5 of the Racing Act 2003 as:

**Board venue** means premises that are owned or leased by the Board and where the main business carried on at the premises is providing racing betting or sports betting services under this Act

1.3 The objectives of this policy are to support the purpose and intent of the Racing Act 2003. The purpose of the Racing Act 2003 is:

- (a) To provide effective governance arrangements for the racing industry;
- (b) To facilitate betting on galloping, harness, and greyhound races, and other sporting events; and
- (c) To promote the long-term viability of New Zealand racing.

#### **2. Policy Scope**

2.1 This policy covers standalone TAB Board Venues, which are owned or leased by the New Zealand Racing Board. Council consent is not required under the legislation to establish a TAB facility in a bar, hotel or club. If a TAB Board Venue wishes to host gaming machines, a separate application must be made under Council's class 4 gambling policy and the TAB Board Venue must also meet the additional criteria set out in that policy.

#### **3. Location Restriction**

3.1 Consent will be granted for new TAB Board Venues. However, consent will only be granted when the TAB Board Venue is located in the Central Business District (CBD) area as set out in the map attached.

#### **4. Applications**

4.1 All applications for Council consent must be made on the approved form and must provide:

- (a) Name and contact details for the application;
- (b) Street address of the proposed TAB Board Venue;
- (c) The fees payable; and
- (d) Any other information that may reasonably be required to allow proper consideration of the application including how the applicant will encourage responsible gambling practices.

#### **5. Application Fees**

5.1 All applications will incur a fee which will be prescribed by the Council pursuant to section 150 of the Local Government Act 2002.

16 JUL 2015 17 JUL 2015

SCANNED



Submission Number:

SUBMISSION FORM CLASS 4 GAMBLING VENUES POLICY AND TAB GAMBLING VENUES POLICY

CONTACT DETAILS (Please print clearly)

Name: Club Southland Inc

Contact Person: (if the name above is an organisation)

Peter McMillan

Postal Address:

PO Box 1608

Invercargill

Daytime Telephone: 027 3877668

Email: mgkck@xtra.co.nz

Signature: [Handwritten Signature]

I wish to speak to the Mayor and Councillors about my submission: Yes  No

(Note: if you wish to be heard, please supply contact email or phone number)

My submission on Class 4 Gambling Venues Policy and TAB Gambling Venues Policy is:

as per attached letter

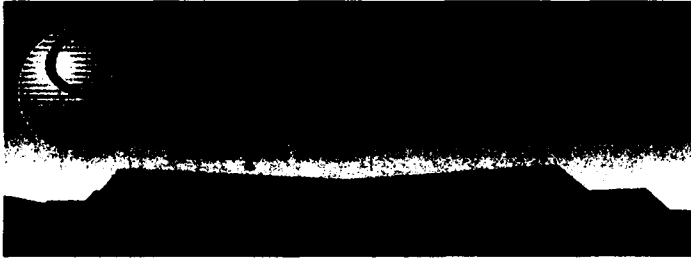
(Please turn over)

Postal address: Submission - Gambling Policies Invercargill City Council Private Bag 90104 INVERCARGILL

Email address: policy@icc.govt.nz

Submissions close at 5.00 pm on Monday 20 July 2015

Please Note: submissions, including your name and address, will be included in papers which will be available to the public.



115 Leet Street  
Invercargill  
New Zealand 9840  
(03) 218 4868

[www.clubsouthland.co.nz](http://www.clubsouthland.co.nz)  
[office@clubsouthland.co.nz](mailto:office@clubsouthland.co.nz)

14 July 2015

Submissions – Gambling Policies  
Invercargill City Council  
Private Bag 90104  
Invercargill

#### Invercargill City Council Class 4 Gaming Submission

Club Southland Inc. has accepted the current Invercargill City Council Class 4 Gaming Venue Policy, however Club Southlands support for this policy and future policies is conditional on maintaining/including the fundamental issues listed at the conclusion of this paper.

Club Southland is a responsible gaming machine venue who provides its members with many forms of entertainment not just specifically gaming.

Club Southland takes all steps to ensure its members understand that gaming can cause harm. The Club monitors all entry to the Club, including non-members who do not have the ability to just walk in off the street.

Club Southland is a member of Clubs New Zealand, an organisation that has set the standards in harm minimisation in gaming long before there was a legal requirement to do so - Clubs New Zealand has its own online training available to all its members.

While we acknowledge that gaming machines can cause harm we take steps to eliminate that harm, the other side is that gaming gives Club Southland Inc. opportunities to help its Members who engage in sport within the Club and for travel away to tournaments. Club Southland also supports the Invercargill Community, not only through our Class 4 Gaming Authorised Purposed but also through the use of the Club's facilities.

We at Club Southland support many Community Groups for example-

Koru Care Southland, yearly donation.

Canteen Southland, yearly donation.

Hospice Southland, yearly donation.

Cancer Society of NZ (Sld div), yearly donation.

Numerous not for profit organisations, free use of rooms, tea/coffee for meetings and suchlike.

Club Southland is pleased that the Invercargill City Council acknowledges the proceeds that go back into the community. We are all aware that it would be impossible to fund community groups and organisations in any other way.

Club Southland would like to point out that there is a cost relating to running gaming machines in relation to compliance; therefore fewer machines can affect the viability of a site.

Gambling in all its forms can cause harm; for example there is no safety net for the person who puts \$1000 (Thousand Dollars) into Lotto for a Big Wednesday draw, or mortgages the house to visit the casino. We don't see that level of spending within our own Club venue.

It is not illegal to gamble on or operate gaming machines. The Government in no way attempted to remove this form of entertainment from the country. They did however require operators to radically reduce the potential harm of gambling machines on the slim minority of the population. Figures in the club movement indicate that there has been a huge improvement in this area.

Club Southland supports a policy that allows venues to move and venues to amalgamate. It makes good business sense for the Invercargill City Council to allow flexibility to good gaming operators.

Club Southland would like to point out that the gaming machines that it operates are primarily only used by its Members, Affiliated Members and their Guests, thereby limiting gambling harm.

In closing Club Southland Inc. only asks that it be treated fairly by the Invercargill City Council and asks that the council ensures the following two paragraphs are included into new policy to mirror sections 95 and 96 of the Act. This will ensure that the new policy does not impinge on the number of machines a club may be allowed to operate according to the Gambling Act 2003.

#### Numbers of Gaming Machines Allowed Per Venue

- Clubs that obtained a venue licence after 17 October 2001 may apply under Section 96 of the Gambling Act 2003 to operate up to 18 Machines.
- Clubs that merge shall be allowed to increase the number of machines operated at a venue in accordance with Section 95 of the Gambling Act 2003 and must not exceed the lesser of 30 or the sum of the number of gaming machines specified in all of the corporate societies' class 4 venue licences at the time of the application.

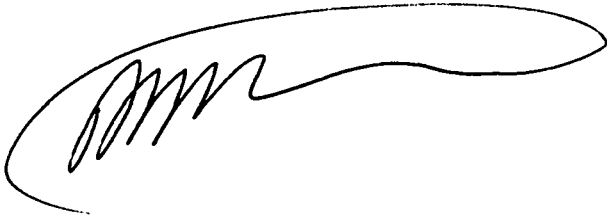
These statements are consistent with those stated in Sections 95 and 96 of the Gambling Act 2003.

Club Southland further recommends that the policy includes the ability for relocation of all of a club's gaming machines to a new venue, as per the number of machines prior to relocation.

This gives operators the opportunity of more flexibility in their businesses, an opportunity especially in economic times such as these that may enhance their chance of viability. It would allow clubs to shift premises should the need arise through natural disaster or economic requirements such as mergers, amalgamations or upgrading of facilities.

Finally Club Southland Inc. wishes to speak to its submission at your upcoming policy review hearing.

Yours Faithfully

A handwritten signature in black ink, consisting of a large, sweeping loop on the left side and several smaller, connected loops extending to the right.

Peter McMillan

President Club Southland Incorporated.

16 JUL 2015



ANNED

17 JUL 2015

**Public Health South**

**Dunedin:** Private Bag 1921, Dunedin 9054  
Ph: 03 476 9800 Fax: 03 476 9858

**Invercargill:** PO Box 1601, Invercargill 9840  
Ph: 03 211 0900 Fax: 03 211 0899

**Queenstown:** PO Box 2180, Wakatipu, Queenstown 9349  
Ph: 03 450 9156 Fax: 03 450 9169

**Invercargill City Council Class 4 Gambling Venues Policy  
Reference Number: A1312892**

**To:** Invercargill City Council

**Details of Submitter:** The Southern District Health Board

**Address for Service:** Public Health South  
Southern District Health Board  
PO Box 1601  
INVERCARGILL 9840

**Contact Person:** Andrae Gold.  
Phone (03) 2110900 ext. 718  
[andrae.gold@southerndhb.govt.nz](mailto:andrae.gold@southerndhb.govt.nz)

**Our Reference:** 15Jun07

**Date:** 10<sup>th</sup> July 2015

---

**Introduction**

Southern District Health Board (Southern DHB) presents this submission through its Public Health Service - Public Health South. This Service is the principal source of expert advice within Southern DHB regarding matters concerning Public Health. Southern DHB has responsibility under the New Zealand Public Health and Disability Act 2000 to improve, promote and protect the health of people and communities. Additionally there is a responsibility to promote the reduction of adverse social and environmental effects on the health of people and communities. With 4,250 staff, we are located in the lower South Island (South of the Waitaki River) and deliver health services to a population of 306,500.

Public health services are offered to populations rather than individuals and are considered a "public good". They fall into two broad categories – health protection and health promotion. They aim to create or advocate for healthy social, physical and cultural environments.

Public Health South appreciates the opportunity to make a submission on the 2015 review of Invercargill City Council Class 4 Gambling Venues Policy.

As previously submitted in 2011, we advocate a harm-minimisation approach at all levels. We consider this review period an excellent opportunity for Invercargill City Council to take into account and respond to the social impact of gambling in their district.

We note that in September 2007 the policy capped the number of gaming machines at 338 and are pleased to see the continued reduction over time, to 286 machines.

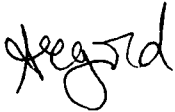
Public Health South appreciated the opportunity to participate in pre-hearing consultation and would like to make comment on the following points:

- The revised format of the policy document makes it easier to read and understand.
- Separation of the TAB Board venues and Class 4 is a logical and sensible division of policy given the different nature and risk related to gambling activity.
- The addition of a map defining areas where Council will not provide relocation consent is deemed useful.
- The addition to Appendix 1 guidelines regarding large enough clocks being displayed on a wall so they can be seen from a distance, is welcomed as another opportunity to remind patrons of the time involved in their gambling activity rather than just the legal requirement that time played is displayed on the machine.

We consider the current policy with restrictions on transfer or changes to existing venues, machine consents, and the continued inclusion of concise, clear procedure and best practice information to be effective.

Public Health South wishes to be heard on this submission.

Please contact the writer should you require any further information.



Andrae Gold  
For Public Health South





SCANNED

Submission Number:

A1312892

SUBMISSION FORM CLASS 4 GAMBLING VENUES POLICY AND TAB GAMBLING VENUES POLICY

CONTACT DETAILS (Please print clearly)

Name: Nga Kete Matauranga Pounamu Charitable Trust

Contact Person: (if the name above is an organisation)

Daniel Raniera Tanaroa

Postal Address:

92 Spey Street, Invercargill

Daytime Telephone: (03) 214 5123

Email: daniel.tanaroa@kaitiaki.maori.nz

Signature: [Handwritten Signature]

I wish to speak to the Mayor and Councillors about my submission: Yes [checked] No [ ]

(Note: if you wish to be heard, please supply contact email or phone number)

My submission on Class 4 Gambling Venues Policy and TAB Gambling Venues Policy is:

[Dotted lines for submission content]

(Please turn over)

Postal address: Submission - Gambling Policies, Invercargill City Council, Private Bag 90104, INVERCARGILL

Email address: policy@icc.govt.nz

Submissions close at 5.00 pm on Monday 20 July 2015

Please Note: submissions, including your name and address, will be included in papers which will be available to the public.



# **Nga Kete Matauranga Pounamu Charitable Trust**

## **Submission to the Invercargill City Council**

**CLASS 4 GAMBLING VENUES POLICY – REF A1312892**

---

20 July 2015

Inquires to: Daniel Raniera Tawaroa  
Chief Operations Manager  
Maori Public Health Manager

Nga Kete Matauranga Pounamu Charitable Trust  
92 Spey Street, Invercargill  
Phone: (03) 214 5123  
Email: [daniel.tawaroa@kaitahu.maori.nz](mailto:daniel.tawaroa@kaitahu.maori.nz)



## **Background**

Whakatauki – ‘Ma wai e whakakii te poha? Maku, Mau, Ma tatua katoa’.  
‘Who will help prepare the poha? I will, you will, we will together’.

Nga Kete Matauranga Pounamu Charitable Trust (NKMP) established in September 2000 is a mana whenua mandated kaupapa Māori provider delivering a wide range of health and social services in Murihiku - Southland.

Contributing to the 2015 Class 4 Gambling Venue Policy submission process is an integral function of the Problem Gambling Public Health role of NKMP in the prevention and minimisation of gambling and problem gambling harm in the Invercargill city and Bluff.

In determining the Invercargill City Council (ICC) Class 4 Gambling Venues Policy, consideration must be given to where any venue may be located, and any restrictions on the maximum number of gaming machines that may be operated at venues, the territorial authority may have regard to any relevant matters, including;

- a) the characteristics of the district and parts of the district:
- b) the location of kindergartens, early childhood centres, schools, places of worship, and other community facilities:
- c) the number of gaming machines that should be permitted to operate at any venue or class of venue:
- d) the cumulative effects of additional opportunities for gambling in the district:
- e) how close any venue should be permitted to be to any other venue:
- f) What the primary activity at any venue should be.

The Department of Internal Affairs (DIA) has reported on gaming proceeds nationally and by district. Gaming proceeds have reduced nationally from \$856 million in 2011, \$854 million in 2012, \$826 million in 2013, and \$808 million in 2014. The Invercargill City gaming proceeds reported at \$15.45 million in 2012, \$13.39 million in 2013, and \$14.33 million in 2014. The proposed 2015 Invercargill City Council Class 4 Gambling Venues policy should contribute to minimising and preventing gambling harm within the Invercargill city and Bluff.

## **Introduction**

NKMP appreciates the opportunity to make submission on the review of the ICC Class 4 Gambling Venues Policy. NKMP welcomes the opportunity to speak with the Invercargill City Council members. NKMP acknowledges the progress ICC has made within the proposed 2015 Class 4 Gambling Venues Policy.



## Review of ICC Class 4 Gambling Venues Policy

*Nga Kete Matauranga Pounamu would like to make comment on the following points:*

1. NKMP acknowledges and supports the capped number of gaming machines that has been reduced from 338 (2007), to 286 (2015). NKMP recognises this as a marked improvement and as a positive however;
  - NKMPPT recommends that the 2015 ICC Class 4 Gambling Venues Policy clearly state that the proposed policy is a **'capped policy'**<sup>1</sup> not a **'sinking lid policy'**<sup>2</sup>. There has been some confusion by individuals and agencies in the past.
  - NKMP strongly recommends the adoption of a formal 'sinking lid policy' by the ICC to contribute to the prevention and minimisation of gambling and problem gambling harm in Invercargill city and Bluff. A 'sinking lid policy' is defined as a district-wide ban on any new class 4 gambling venues or machines. If a venue closes, the gaming machines cannot be transferred or replaced elsewhere. This would result in natural attrition to the reduction of venues and number of machines over a period of time. Councils adopting a 'sinking-lid policy' have evidently shown to have positive impacts on individuals, families and community health and social well-being.
2. NKMP acknowledges the council will not grant consent for the establishment of any additional Class 4 venues or additional gaming machines under this policy, **however** the relocation clause of the proposed policy suggests that gaming venues that close are able to reallocate a number of gaming machines to the Invercargill CBD where the venue will be operated by the same corporate society as indicated within the map provided in appendix 2.
  - NKMPPT opposes the increase of gaming machine numbers within the Invercargill CBD and raises the issue of enhanced access to gambling opportunities for retail, hospitality, office and clerical staff, including students at CBD based youth training establishments and the Southern Institute of Technology and students living within residential facilities within the Invercargill CBD locality as indicated within the map provided refer Appendix 2
  - NKMP recommends the Invercargill City Council commission a social impact assessment report of gambling to identify the cumulative effects of additional opportunities for gambling within the Invercargill CBD.

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<sup>1</sup> A licence cap limits the maximum number of machines in a district. A cap is usually expressed as the maximum number of machines per 1000 adult residents. A licence cap can result in venues shifting to vulnerable communities and lead to no reduction in the density or number of gambling machines  
<http://www.ttophs.govt.nz/vdb/document/851>

<sup>2</sup> A Sinking lid policy means no new licenses can be granted for pokie venues and machines can't be transferred if a venue closes. That means that over time, the number of venues and pokie machines will reduce.  
<http://pgfnz.org.nz/news/sinking-lid-on-pokies-a-victory-for-the-people-of-auckland/>



3. Appendix 1 of the proposed policy – Encourage Responsible Gambling Practices outlines aspects of best practice in regard to problem gambling harm minimisation.
  - NKMPT would like to recommend the addition of local, regional and national Problem Gambling support services be provided as an added Appendix to compliment Appendix 1 of the proposed policy. This would support in enhancing access to problem gambling support services.
4. The separation of the TAB Board Venues Policy and Class 4 Gambling Venues Policy is appropriate given the different aspects and risks related to problem gambling activity within the Invercargill city and Bluff.

### **Conclusion**

Overall it is clear that the 2015 ICC Class 4 Gambling Venues policy is an improvement on the 2011 ICC Gaming Venues policy however, there are still major aspects of the proposed policy in need of further discussion.

Nga Kete Matauranga Pounamu wishes to be heard on this submission.

Thank you for the opportunity to comment on the Invercargill City Council Class 4 Gambling Venues policy.

Yours sincerely,

Daniel Tawaroa  
Chief Operations & Maori Public Health Manager  
Nga Kete Matauranga Pounamu Charitable Trust

Co-Author  
Mikayla Unahi  
Maori Public Health Coordinator  
Nga Kete Matauranga Pounamu Charitable Trust



TE RŌPŪ ĀWHINA MATE PETIPETI O AOTEAROA  
**Problem Gambling Foundation  
of New Zealand**



**Submission on the  
Invercargill City Council  
Gambling Venue Policy**

George Darroch

Public Health Advisor

Problem Gambling Foundation of New Zealand

P. 09 3681520 Ext. 4001

E. [george.darroch@pgfnz.org.nz](mailto:george.darroch@pgfnz.org.nz)

# CONTENTS

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<b>Contents .....</b>	<b>0</b>
<b>Executive Summary.....</b>	<b>1</b>
Recommendations.....	2
<b>Context and Summary of Local Statistics .....</b>	<b>3</b>
<b>Gambling and Problem Gambling.....</b>	<b>6</b>
Gambling Machines Are the Problem .....	6
How Gambling Machines Work.....	8
Gambling Numbers .....	11
Gambling Machine Density and Location.....	13
Vulnerability .....	14
<b>How Gambling Hurts Invercargill.....</b>	<b>17</b>
Personal and Social Costs .....	17
Problem Gambling and Children.....	18
Crime.....	21
Economic Degradation.....	22
<b>Reducing Gambling Harm in Invercargill.....</b>	<b>24</b>
<b>Ethics of Gambling Funding .....</b>	<b>27</b>
How Gambling Machine Trusts Work.....	27
Regressive nature.....	29
Impact of Proposed Policy on Community Funding.....	31
<b>Public Attitudes .....</b>	<b>33</b>
<b>Conclusion .....</b>	<b>36</b>
Suggested Policy .....	36
National Outcomes.....	36
Community Outcomes .....	<b>Error! Bookmark not defined.</b>
Closing Thoughts .....	<b>Error! Bookmark not defined.</b>
<b>Appendix – Rebuttals to Industry Claims.....</b>	<b>38</b>



## EXECUTIVE SUMMARY

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Electronic gambling machines (pokies) are not a harmless product that a few “weak willed” individuals need help with. These machines are designed to addict and are doing significant harm, which is why 2 in 5 regular gambling machine users develop a problem at some point. The 2.5% of our population experiencing direct—and often severe—harm from gambling is just the tip of the iceberg.

Each person with a gambling problem affects about 5-10 others. This means as many as 500,000 people are affected by the significant economic, health, personal, and social costs that gambling problems cause in New Zealand. The harms caused by gambling problems extend beyond individuals, affecting their families, friends, workmates, businesses and our community. For example, a study of gambling machines in Christchurch suggested that gambling machines in the region resulted in lost economic output of \$13 million, lost household income of \$8 million, and lost employment for 630 full-time equivalents.

How do we begin making changes? It’s obvious. We know that gambling machines are the major cause of gambling harm in New Zealand and have been identified as the main gambling mode of problem gambling clients seeking help. We know that a significant amount of the money lost in gambling machines—about 40-60%—is lost at the expense of people with gambling problems. We know these machines are concentrated in low-income areas.

Councils can make a difference. “Sinking lid” policies will help reduce gambling machine venue numbers over time, reducing availability and accessibility to gambling machines, and therefore reducing gambling harm. Seventeen Councils around New Zealand have taken the lead and introduced “sinking lid” policies, backed by majority public opinions that these machines are socially undesirable and that there should be fewer of them.

A “sinking lid” policy is a modest policy that only prevents new venues being allowed gambling machines. The strongest sinking lid policies state that when venues close those machines can’t be re-allocated elsewhere. In the absence of policies that give communities and Councils more power (such as being able to remove existing licences from poor or deprived communities), “sinking lid” policies are the best policies that Councils can introduce to minimise gambling harm in their local area.

It’s also important to remember that just 18% of adults use pub/club gambling machines over a given year. And even fewer people (1.7%) use them on a weekly basis. The vast majority of adults (82%) never use gambling machines.

We’ve assembled the information that follows from a vast body of research. We have included information from government agencies, government-commissioned reports, and peer-reviewed journals so that you have the best body of evidence possible to inform your decision. We have also included some less formal local information that we think you will find valuable.

Please do not hesitate to contact us if you have any questions.

## Recommendations

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- The Problem Gambling Foundation recommends that the Council adopt a “sinking lid” policy: a district wide ban on any additional class 4 gambling venues or machines (reduction in the number of venues and machines over time as a result of existing venues closing and machines not being re-licensed). A “sinking lid” policy would reduce the number of venues over time but would not affect existing venues or current community funding in the short term. A district-wide ban on any new venues or machines would reduce the harm caused by gambling, including the social and economic harm.

### ***A ban on transfers is preferred***

- Allowing venues to transfer will not lead to a reduction of venues, and therefore will not reduce harm from gambling in the way that a strong “sinking lid” policy would.

### ***A ban on any new venues and machines is preferable to a cap***

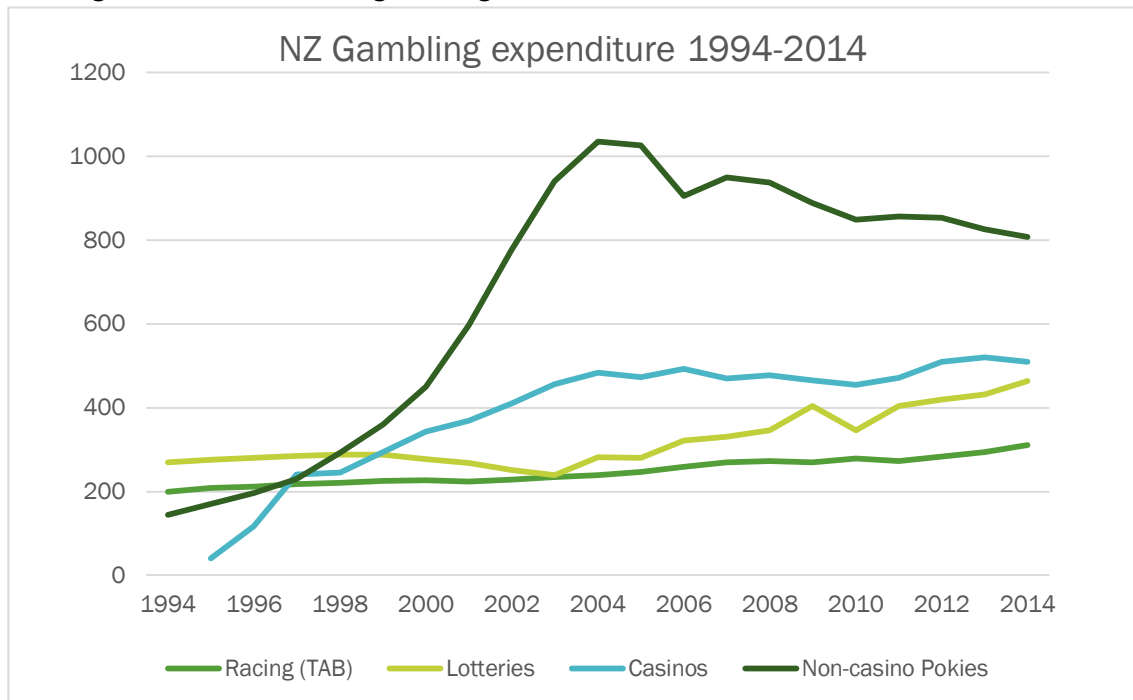
A ban on any new venues and machines is preferable to a cap. It is possible that a cap on machine numbers or venues may result in a greater number of licensed venues and machines being located in poorer areas (i.e. venues shift from more prosperous localities, suburbs and town centres).

- We would like to be heard in support of this submission.

## CONTEXT AND SUMMARY OF LOCAL STATISTICS

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- Gambling expenditure<sup>1</sup> has expanded rapidly in New Zealand during the last 20 years. Gambling expenditure nearly quadrupled from \$482 million in 1990 to \$2.091 billion in 2014.<sup>2</sup> Of that amount, nearly 40% is lost to non-casino gambling machines, making it the largest of the four main gambling sectors.



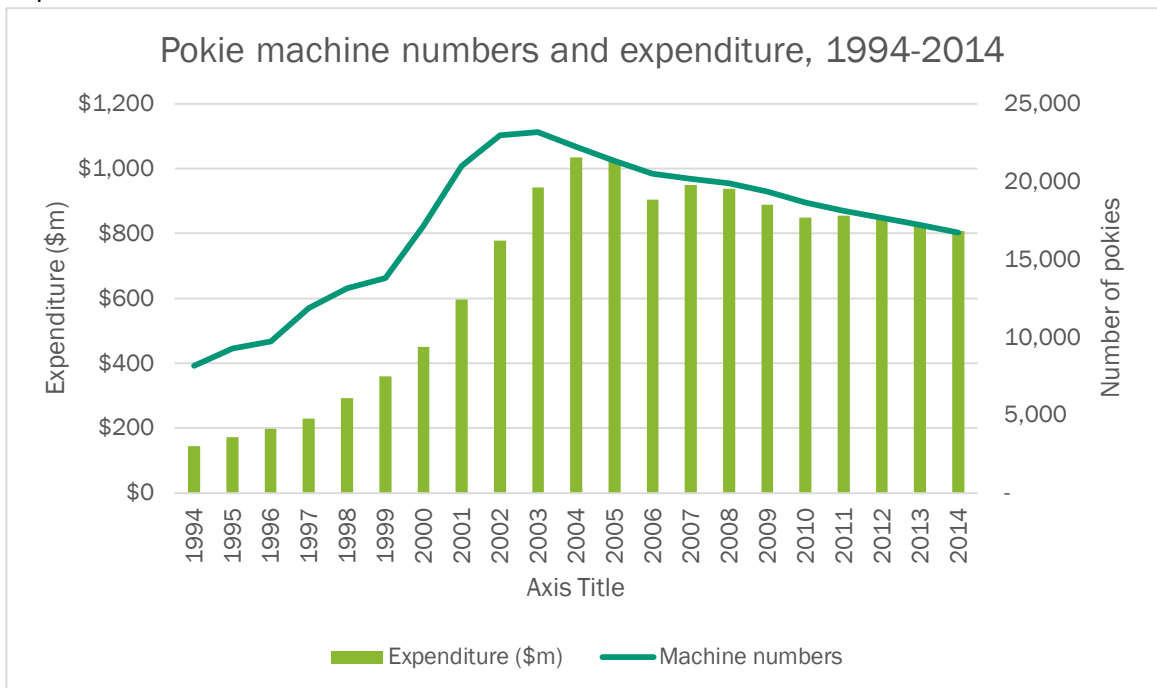
- In the 2013/14 financial year, total gambling expenditure for the four main sectors increased 0.9% from the previous year due to an increase in expenditure on Lotteries and racing products.

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1 Expenditure and Gross Profit are interchangeable terms - they mean the gross amount wagered minus the amount paid out or credited as prizes or dividends. Expenditure is the amount lost or spent by users or the gross profit of the gambling operator.

2 Department of Internal Affairs. (2014). Gambling Expenditure Statistics. Retrieved 24 June 2015 from: [http://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

- For the most part, however, a decrease in machines has led to a gradual decrease in expenditure.



- New Zealand lost \$808 million to non-casino gambling machines last year, or \$2.21 million a day.
- This is equivalent to about 55 million minimum wage hours.
- Invercargill city lost over \$14 million to non-casino gambling machines in the last year, or approximately \$39,000 per day.
- With an average machine income of approximately \$49,000 per annum, this means that the average gambling machine in Invercargill makes over twice as much money as the average person living here (based on median income for people aged 15 years and over).
- Invercargill currently has a density of 1 machine per 137 people over 18.<sup>3</sup> 56% of those machines are in the poorest areas of the Council area.<sup>4</sup>
- Estimates are that 2.5% of the adult population in New Zealand – one in 40 – are problem gamblers or moderate-risk gamblers<sup>5</sup> at any particular time.<sup>6</sup> Based on these

<sup>3</sup> Calculated using DIA gambling expenditure statistics and Statistics NZ 2013 Census data.

<sup>4</sup> Poorest areas of the council are areas that scored 8, 9 or 10 on the deprivation index.

<sup>5</sup> The term “problem gambler” refers to someone who scores 8 or more on the Problem Gambling Severity Index, and is defined as “Problem gambling with negative consequences and a possible loss of control.” The term “moderate-risk gambler” refers to someone who scores 3-7 on the PGSI, and is defined as “Moderate level of

estimates approximately 975 people in Invercargill could be problem or moderate risk gamblers.<sup>7</sup>

- There are also a significant number of people who are harmed by someone else's gambling. It is estimated that at approximately 5-10 people are adversely affected to varying degrees by behaviour from a person experiencing problem gambling.<sup>8</sup> This could be 4875 to 9750 people harmed from others' gambling in Invercargill.
- Over 74,000 people in New Zealand (2.4% of the total population) would expect to have a better state of mental health if there was no gambling.<sup>9</sup> Of these, 69,500 would benefit from stopping gambling on gambling machines. In Invercargill, approximately 1250 people would be better off without gambling.
- Submissions by the New Zealand Community Trust and other gambling machine trusts have attempted to down-play the number of local problem gamblers by reporting the number of people who have sought help for gambling within the Council area. There is a difference between the number of people with gambling problems and the number of people who have sought help for those problems; it is a gap we are seeking to close, and it is not a gap any of us can ignore. Those who seek help are just the tip of the iceberg both in terms of those with problem gambling but also in terms of the wide impact that problem gambling has on the community.

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problems leading to some negative consequences". The two terms are often combined when reporting prevalence of problem gambling.

6 Based on the New Zealand 2012 National Gambling Study, which reports that "0.7% of adults (23,504 people) are current (past 12 months) problem gamblers experiencing significant problems, and a further 1.8% (60,440) are moderate-risk gamblers, experience some gambling-related harms and at risk for the development of more serious problems". Source: Abbott, M., Bellringer, M., Garrett, N., & Mundy-McPherson, S. (2014). New Zealand 2012 National gambling study: Gambling harm and problem gambling. Wellington: Ministry of Health.

7 Adult population for this district was determined using 2013 census data and the NZ.Stat tool from Statistics New Zealand, found online at <http://nzdotstat.stats.govt.nz/wbos/Index.aspx>.

8 The 2006/2007 New Zealand Health Survey found that "almost 3% of people had experienced problems due to someone's gambling in the previous 12 months, and this is consistent with overseas studies that estimate that between 5 and 10 people are affected by behaviour of a serious problem gambler."

Ministry of Health. 2009. Preventing and Minimising Gambling Harm: Consultation document. Six-year strategic plan; three-year service plan; problem gambling needs assessment; and problem gambling levy calculations. Wellington: Ministry of Health.

The Australian Productivity Commission estimated 5-10 people (average: 7.3) were impacted by problem gambling. Productivity Commission. (1999). Australia's Gambling Industries, Report No. 10, AusInfo, Canberra, Vol 1, p. 7.34

9 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE.

# GAMBLING AND PROBLEM GAMBLING

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## Gambling Machines Are the Problem

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- About 18% of adults use pub/club gambling machines over a 12 month period.<sup>10</sup>
- This means that at any given time in New Zealand, there is a ratio of 34 possible gambling machine users to any 1 machine.
- This means the \$808 million that gambling machines took last year doesn't add up from many people putting in a few coins. This figure would require each gambling machine user to spend—and lose—an average of over \$1,400.<sup>11</sup>
- Even fewer people use gambling machines on a regular basis (1.7% weekly or more often). The vast majority of adults (82%) never use gambling machines.<sup>12</sup>
- Furthermore, the Council may find it helpful to know that the number of people who gamble on non-casino gambling machines is small compared to the number of people who find that form of gambling socially undesirable.<sup>13</sup>
- While 18% may not seem like a lot, this number means much bigger problems; there is a serious concern for the 18% of the population that uses non-casino gambling machines because of the risk involved with gambling machine use.<sup>14</sup>

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10 Abbott, M., Bellringer, M., Garrett, N., & Mundy-McPherson, S. (2014). New Zealand 2012 National gambling study: Overview and gambling participation. Wellington: AUT.

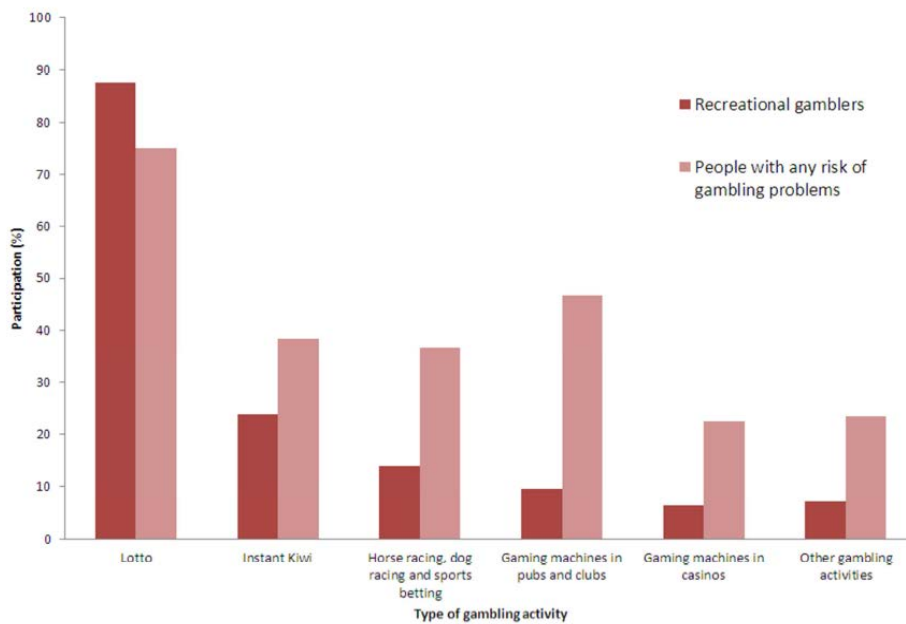
11 Adult population for this district was determined using 2013 census data and the NZ.Stat tool from Statistics New Zealand, found online at <http://nzdotstat.stats.govt.nz/wbos/Index.aspx>.

12 Abbott, M., Bellringer, M., Garrett, N., & Mundy-McPherson, S. (2014). New Zealand 2012 National gambling study: Overview and gambling participation. Wellington: AUT.

13 Department of Internal Affairs (2008). Peoples participation in, and attitudes to, gambling, 1985-2005. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/\\$file/GamblingParticipationSurvey1985-2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/$file/GamblingParticipationSurvey1985-2005.pdf)

14 Ministry of Health (2012). Problem Gambling in New Zealand: Preliminary Results from the New Zealand Health Survey. Wellington: Ministry of Health. Retrieved 29 January 2013 from <http://www.health.govt.nz/publication/problem-gambling-new-zealand-preliminary-results-new-zealand-health-survey>

**Proportion participating in various forms of gambling: recreational gamblers compared to gamblers at any risk of gambling problems**



- Gambling machines are no ordinary commodity; it is estimated that:
  - 2 in 5 (40%) of regular gambling machine users (participates weekly or more) report experiencing a problem at some point.<sup>15</sup>
  - 1 in 5 (20%) of regular gambling machine users have current problems.<sup>16</sup>
- Non-casino gambling machines are the major cause of gambling harm in New Zealand (to individuals as well as the community). Non-casino gambling machines are the main gambling mode of problem gambling clients seeking help. In the most recently published Gambling Helpline report<sup>17</sup>:

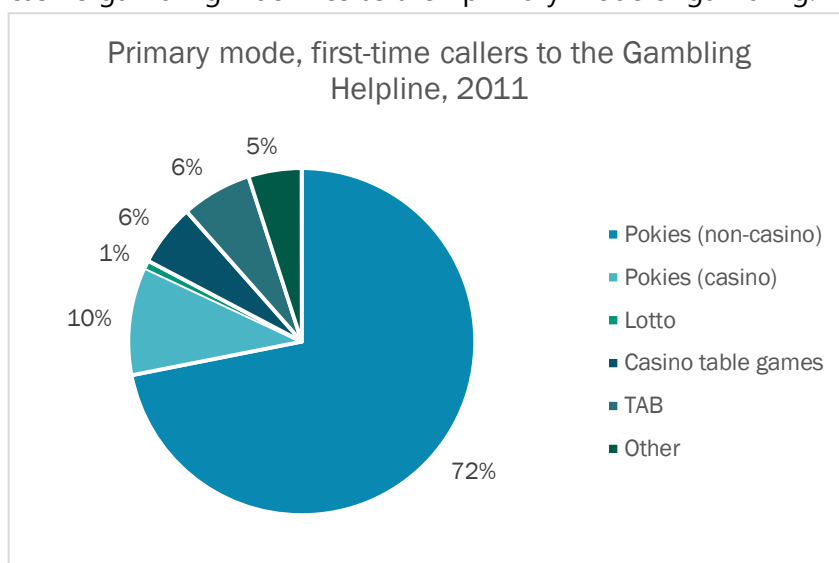
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15 Devlin, M. & Walton, D. (2012). The prevalence of problem gambling in New Zealand as measured by the PGSI: adjusting prevalence estimates using meta-analysis. *International Gambling Studies*, 10.1080/14459795.2011.653384. Retrieved 31-May 2012 from <http://www.tandfonline.com/doi/abs/10.1080/14459795.2011.653384>

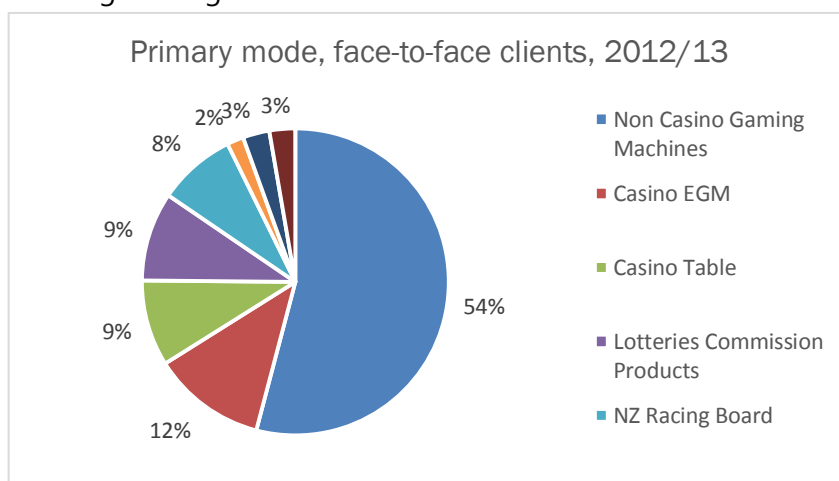
16 Department of Internal Affairs (DIA). (2009) Problem gambling in New Zealand – a brief summary. Retrieved 29 January 2013 from [http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/\\$file/ProblemGamblingFactsFinal.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/$file/ProblemGamblingFactsFinal.pdf)

17 Ministry of Health. (2012). Gambling Helpline report for national statistics to 31 December 2011. Wellington: MOH.

- 72% of first-time callers to gambling helpline counselling services cited non-casino gambling machines as their primary mode of gambling.



- 54% of gambler clients attending face-to-face counselling cited non-casino gambling machines as their primary mode of gambling, and a further 12% cited casino gambling machines.<sup>18</sup>



## How Gambling Machines Work

- Gambling machines are not a simple or harmless form of entertainment. A modern gambling machine is a subtle and sophisticated media experience, designed to keep

<sup>18</sup> Ministry of Health (2013). Table 11: Problem gambling client presentation data. Provides information on client presentation numbers, both new and existing clients, by gambling industry sector, for the 2004/05 to 2012/13 Financial Years. Wellington, MOH. Retrieved from 30 June 2014 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data>



people using the machine as long as possible.<sup>19</sup>

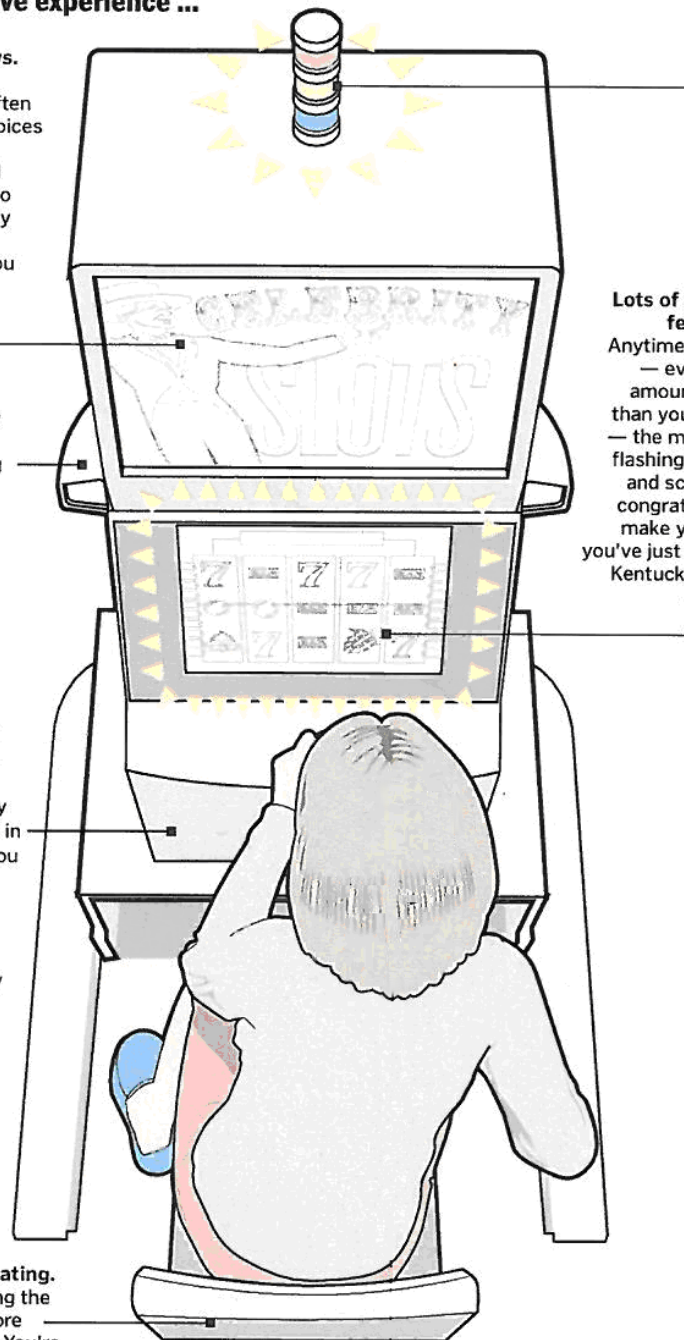
### An immersive experience ...

**Snazzy displays.** Animated, entertaining, often including the voices and images of beloved TV and movie stars who goad you to play more and congratulate you when you win.

**Directional speakers.** They bathe you in sound, blocking out the noises from the room around you.

**Easy payment plans.** The new machines don't display dollar amounts — they deal exclusively in "credits" that you cash out later. This serves to separate you from the idea that it's actually **money** you're losing.

**Comfortable seating.** The higher paying the machine, the more comfy the chair. You're supposed to sink in and **never** want to get up.



**Lots of positive feedback.** Anytime you win — even if the amount is less than your wager — the machine's flashing screens and screaming congratulations make you think you've just won the Kentucky Derby.

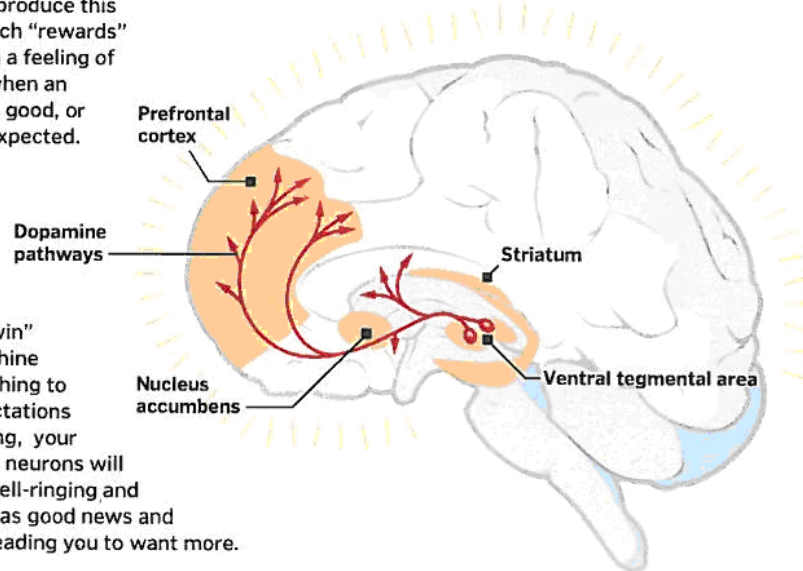
19 Mangels, J. and W. Neff (2011 May 15). How the machine works on you [infographic]. The Plain Dealer. Cleveland, OH.

### ... that has a profound effect

All this stimulation plays havoc with the **reward centers** of the human brain: those areas that are wired to anticipate some good result — such as the learning of a new skill — and make you feel good when it happens.

This reaction is fueled, in part, by the neurotransmitter **dopamine**. Special neurons in certain areas of your brain produce this chemical, which “rewards” the brain with a feeling of satisfaction when an outcome is as good, or better, than expected.

Although a “win” on a slot machine may have nothing to do with expectations or skill-learning, your dopaminergic neurons will take all that bell-ringing and light-flashing as good news and reward it — leading you to want more.



SOURCE: Luke Clark, University of Cambridge

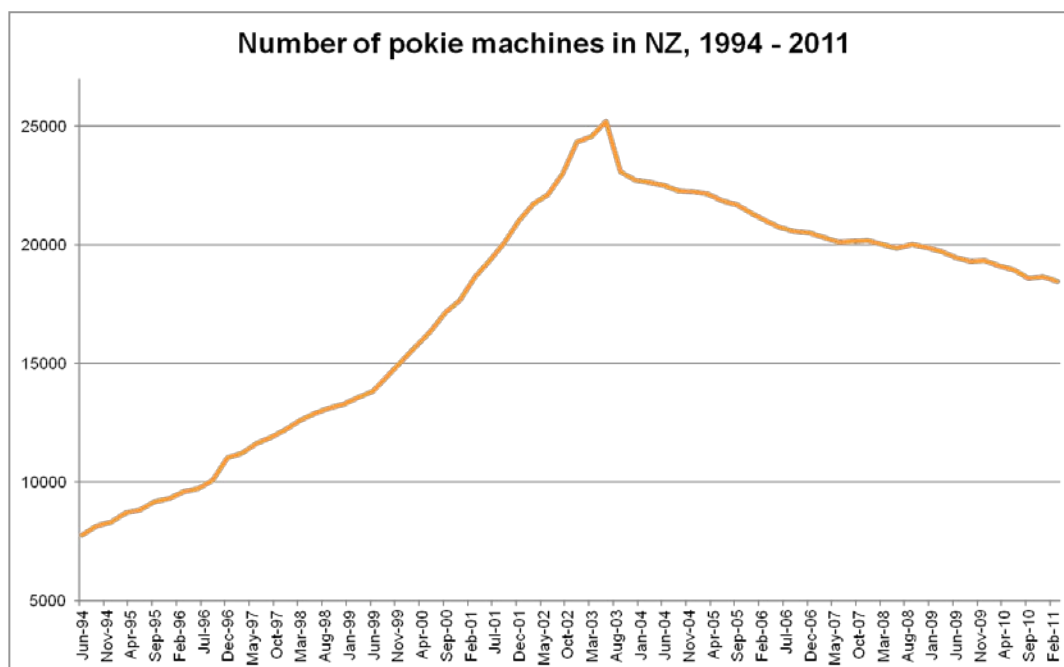
JOHN MANGELS, WILLIAM NEFF | THE PLAIN DEALER

- Gambling products use psychological tricks which take advantage of some of the faulty ways that we all, as human beings, think.
  - You haven't won all night, so the big win is on the way: This is not true. Gambling exploits our human misunderstanding of statistical probability and our ingrained belief in luck (even though statistics always prove us wrong).
  - The near-miss effect: Gambling machines exploit this, because a near-miss will trigger your brain in the same areas as if you had really won. These are also the same areas which are involved in drug addiction. This is why problem gamblers crave gambling and have compulsive thoughts about it. Machines will be programmed to show as many near-misses as they can get away with (most countries legislate how many times they can do this).
  - Creating immersive environments: Gambling machines make you forget the outside world through clever design. Dark backgrounds and deep but bright jewel-like colours attract and stimulate the brain. Spot-lit areas draw your focus in. Sound and light at random times both disorients the user and stimulates the brain at the same time.
  - Brain stimulation: The anticipation of gambling causes excitement, raised heart-rate, shallow breathing, and other nervous system responses. Winning and losing cause even greater responses, which are tied directly into our brain's reward centres. The design of modern gambling amplifies these even more. The reward areas of your brain take all the bell-ringing and light-flashing as good news and

reward your neurons with large hits of dopamine. This happens even when you are losing, and is why gambling can operate just like a drug or alcohol addiction.

## Gambling Numbers

- Before 1988 there were no legal electronic gambling machines in New Zealand. In March 2014 there were 17,182 machines.<sup>20</sup>



- A New Zealand study acknowledged that there are many forces of work at play that can reduce problem gambling prevalence, including public health work, adaptation (when no new machines are introduced) and policy. The report found strong support for the “access thesis,” which says that increases of non-casino gambling machines lead to an increase in problem gambling prevalence. **Specifically, the study found that there is an increase in problem gambling by nearly one person per each new machine.**<sup>21</sup>
- The report went so far as to state in its conclusion that, “from the perspective of public policy, and particularly harm minimisation, holding or reducing EGM [electronic gambling machine] numbers would appear to be prudent based on our findings, and is likely to

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<sup>20</sup> Department of Internal Affairs (DIA). (2014). Society, Venue and Gaming Machine Numbers: 31 March 2014. Retrieved 30 June 2014 from

[http://www.dia.govt.nz/Pubforms.nsf/URL/Stats\\_31%20March%202014.pdf/\\$file/Stats\\_31%20March%202014.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/Stats_31%20March%202014.pdf/$file/Stats_31%20March%202014.pdf)

<sup>21</sup> Abbott, M., Storer, J., & Stubbs, J. (2009 December). Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines. *International Gambling Studies*, 9 (3), 225 – 244.

lead to reduced harm both through reduced availability and by enabling adaptation processes.”

- The same study supported the view that restricting the per capita density of gambling machines leads to a decrease in gambling harm.<sup>22</sup>
- In submissions to Councils, Jarrod True of the TAB challenged the findings of this study. Mr. True explains that “after reading the full study and reading the research data it does not appear that any strong correlation exists [between gambling machine access and problem gambling].” This claim should be disregarded for two obvious reasons.
- Mr. True’s analysis is contrary to conclusions articulated in the very abstract of the article, which states that “strong statistically meaningful relationships were found for an increase in prevalence with increasing per capita density of EGMs, consistent with the access hypothesis and supported by no evidence of plateauing of prevalence with increasing density of EGMs.”
- The assertions put forth by Mr. True carry less authority than that of three well-respected and qualified researchers, who almost unarguably are more qualified to interpret statistics and judge research. Mr. True’s assertions are also contrary to those accepted by the peer-review team that accepted the article for publication in the interdisciplinary journal where it appeared (a journal that was launched by a team of international experts with a commitment to the highest scholarly standards).
- The industry has, in the past, claimed that a decrease in gambling machine numbers will lead to an increase in other forms of gambling, but there is no need to be concerned that a sinking lid would have any such impact. **There is no evidence that a decrease or removal of non-casino gambling machines leads to a “transfer” to other types of gambling.**<sup>23</sup>

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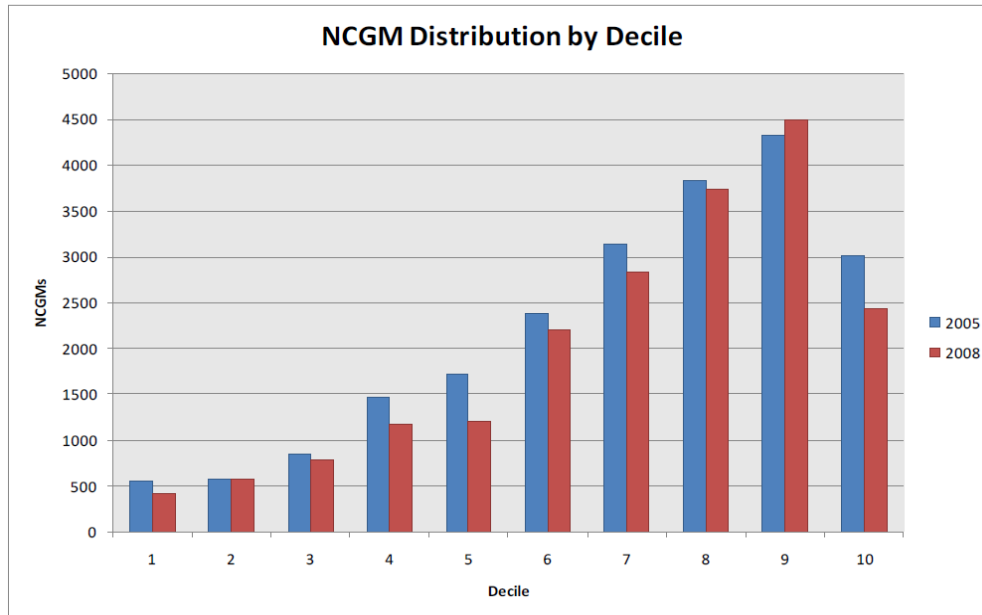
22 Ibid, p.241.

23 Lund, I. (2009 March 26). Gambling behaviour and the prevalence of gambling problems in adult EGM gamblers when EGMs are banned: A natural experiment. *Journal of Gambling Studies*, 25:215-225.

Abbott MW. Do EGMs and problem gambling go together like a horse and carriage? *Gambling Research*. 2006;8(1):7-38.

## Gambling Machine Density and Location

- Studies and data from New Zealand<sup>24</sup> and Australia<sup>25</sup> indicate that there are significantly more venues and electronic gambling machines in low-socio economic communities.
- Across New Zealand there is a clear trend in the concentration of machines across deprivation areas: electronic gambling machines are more likely to be found in the more deprived areas of New Zealand.<sup>26</sup>



- Another way of interpreting this data is to consider that in wealthy areas, the ratio of gambling machines to people is 1 to 465. In poorer areas, the ratio of gambling machines to people is 1 to 75. This means that a young person growing up in a poorer area will have 6 times more gambling machines in their community than a better-off

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24 Francis Group. (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: MOH.

Huriwai, T., Rigby, J. E., & Wheeler, B.W. (2006) Pokies and poverty: Problem gambling risk factor geography in New Zealand. *Health and Place*, 12 (1): 86-96.

25 Livingston, C., & Woolley, R. (2008). The relevance and role of gaming machine games and game features on the play of problem gamblers: Report for the Independent Gambling Authority (IGA). Adelaide, South Australia: IGA.  
Doughney, J. (2007). Ethical blindness, EGMs and public policy. *Journal of Mental Health Addiction*, 5, 311-319.

26 Francis Group. (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: MOH.

peer.<sup>27</sup>



- The key drivers for the comparative over-abundance of non-casino gambling machine venues in disadvantaged areas and areas with high proportions of “at risk” groups are unclear. On the demand side, there may be greater incentives to allocate machines in areas where they will be used more intensively and potential returns are highest. However, another explanation for the location may be in the distribution of venues, such as hotels and taverns. Affluent areas have a greater ability to resist the location of hotels and taverns in their communities; communities with high rates of home ownership tend to take a more long term view of planning and zoning issues.
- Whatever the explanation, the location of venues tends to concentrate the social costs in communities that are less able to bear them.<sup>28</sup>

## Vulnerability

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- Certain population groups are more vulnerable to gambling problems in New Zealand. One major demographic factor is ethnicity.<sup>29</sup>

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27 Wheeler, B., Rigby J., & Huriwai T. (2006). Pokies and poverty: problem gambling risk factor geography in NZ. *Health & Place*. 12(1)

28 Hancock, L. & O’Neil, M. (2010, August). Risky business: Why the commonwealth needs to take over gambling legislation (Alfred Deakin Research Institute). Retrieved 29 January 2013 from <http://www.deakin.edu.au/alfred-deakin-research-institute/assets/resources/publications/workingpapers/adri-working-paper-11.pdf>

Francis Group. (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: MOH.

Ministry of Health. (2008) Raising the odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: MOH. Retrieved 29 January 2013 from <http://www.health.govt.nz/system/files/documents/publications/raising-the-odds-may08.pdf>

29 Ministry of Health. (2009). Preventing and minimising gambling harm: Consultation document; six-year strategic plan; three-year service plan; problem gambling needs assessment; and problem gambling levy calculations. Wellington: Ministry of Health. Retrieved 29 January 2013 from <http://www.health.govt.nz/our-work/preventative-health-wellness/problem-gambling/strategic-direction-overview/strategic-plans>

- Māori populations comprise 36.1% of intervention service clients<sup>30</sup> and 17.9% of Helpline callers<sup>31</sup>, but make up only 15% of the population<sup>32</sup>.
  - There has been a rise in the number of Māori women seeking help for gambling problems. Māori women seeking help for their gambling problems almost exclusively (85.6% in 2008) cite non-casino gambling machines as their problematic mode of gambling.<sup>33</sup>
  - Pacific populations comprise 19.8% of intervention service clients<sup>34</sup> and 6.2% of Helpline callers<sup>35</sup>, but make up only 7% of the population<sup>36</sup>.
  - Overall, Māori and Pacific adults are approximately four times more likely to be problem gamblers compared to the population.<sup>37</sup>
- Another major demographic factor in problem gambling is location in a highly deprived socio-economic area.<sup>38</sup>
- Although there has been a reduction in the number of non-casino gambling machines since 2005, they continue to be concentrated in more deprived areas.

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30 For the most recently reported period, July 2013-June 2014. Ministry of Health (2015). Intervention Client Data. Retrieved 11 May 2015 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data#ethnicity>

31 For the most recently reported period, 2011. Ministry of Health (2012). Gambling Helpline client data. Retrieved 2 July 2014 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/gambling-helpline-client-data>

32 Statistics New Zealand (2014). 2013 Census – Major ethnic groups in New Zealand. Retrieved 2 July 2014 from <http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/infographic-culture-identity.aspx>

33 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

34 For the most recently reported period, July 2013-June 2014. Ministry of Health (2015). Intervention Client Data. Retrieved 11 May 2015 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data#ethnicity>

35 For the most recently reported period, 2011. Ministry of Health (2012). Gambling Helpline client data. Retrieved 2 July 2014 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/gambling-helpline-client-data>

36 Statistics New Zealand (2014). 2013 Census – Major ethnic groups in New Zealand. Retrieved 2 July 2014 from <http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/infographic-culture-identity.aspx>

37 Ministry of Health (2009). A focus on problem gambling: results of the 2006/07 New Zealand Health Survey. Wellington: Ministry of Health.

38 Ibid.

- Census area units with a deprivation decile rating of 8 or above accounted for 56% of all non-casino gambling machine expenditure.
- Māori and Pacific peoples are over-represented in these deciles, which may make them more vulnerable.
- Other demographic factors of vulnerable populations include age (35-44) and lack of educational qualifications, as well as workforce status (unemployed or out of workforce).<sup>39</sup>
- Problem gambling is more common in individuals with major depression, anxiety, and personality disorders.<sup>40</sup>
- Substance abusers have a 2-10 fold increased risk for problem gambling.<sup>41</sup>
- There is increasing concern around the vulnerability of youth populations to gambling as well; youth and young adults have high rates of problem gambling.<sup>42</sup>

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39 Ibid.

40 Ibid

Petry, N.M., Stinson, F.S. & Grant, B.F. (2005). Comorbidity of DSM-IV pathological gambling and psychiatric disorders: Results from the National Epidemiologic Survey on Alcohol and Related Conditions. *The Journal of Clinical Psychiatry*, 66, 564-574.

41 Ministry of Health (2009). *A focus on problem gambling: results of the 2006/07 New Zealand Health Survey*. Wellington: Ministry of Health.

42 C. Messerlian, J. Derevensky & R. Gupta (2005) Youth gambling problems: a public health perspective. *Health Promotion International* 20 (1): 6-79.



# HOW GAMBLING HURTS INVERCARGILL

## Personal and Social Costs

***“For many people and their families, however, gambling has harmful consequences, and the negative effects on the community are far-reaching. The social costs of gambling are out of proportion to the number of problem gamblers.”<sup>43</sup>***

- Though the number of problem gamblers in your community may seem small, the impact is serious and affects us all.
- Problem gambling imposes:
  - Personal costs (on the problem gambler).
  - Social costs (on family members, friends, co-workers, those with whom he or she has business relationships, and the general public as well).



Adapted from Australian Productivity Commission Report 1999

43 Ministry of Health. 2010. Preventing and Minimising Gambling Harm: Six-year strategic plan 2010/11–2015/16. Wellington: Ministry of Health.

- The “personal costs” can include: **depression and anxiety; suicide** (either thoughts or attempts); financial indebtedness; **bankruptcy**, arrest, imprisonment, **unemployment, divorce**, and poor physical and mental health.<sup>44</sup>
- The “social costs” can include: impacts on the families of people experiencing gambling harm (through **family violence**, household stress, poor parenting, and family break-up); impacts on employers (through lost production, **fraud and theft**); impacts on the government (through **costs to the police, the criminal justice system, and the social welfare system**).<sup>45</sup>
- A 2008 study found that “those who had higher levels of participation in gambling activities (based on time spent and losses relative to income) reported experiencing significantly **worse physical health, worse mental health**, and poorer feelings about self and **lower satisfaction with life**”.<sup>46</sup>
- Recent research confirms that the proportion of New Zealanders experiencing broader gambling harms is much higher than the prevalence for problem gambling. **One in six New Zealanders say a family member has gone without something they needed or a bill has gone unpaid because of gambling.**<sup>47</sup> This percentage was higher among Māori (38%) and Pacific (28%), and among those in more deprived (deciles 8-10) neighbourhoods.

## Problem Gambling and Children

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- When parents have problems with gambling, it is often children who suffer most. Young children can miss out on basic essentials if a parent has gambled away household money. Gambling can lead to broken homes, damaged relationships, physical and

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44 Abbott, M. W. (2001, June). What do we know about gambling and problem gambling in New Zealand? Report number seven of the New Zealand gaming survey. Wellington: Department of Internal Affairs. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/Report7.pdf/\\$file/Report7.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/Report7.pdf/$file/Report7.pdf)

45 Ibid.

South Australian Centre for Economic Studies with the Department of Psychology, University of Adelaide. (2005, November). Problem gambling and harm: Towards a national definition. Victoria: Department of Justice. Retrieved online 29 January 2013 from <http://www.adelaide.edu.au/saces/gambling/publications/ProblemGamblingAndHarmTowardNationalDefinition.pdf>

46 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

47 Abbott, M.W., Gray, R.J., & Walker, S.E. (2012 April). Knowledge, views, and experiences of gambling and gambling-related harms in different ethnic and socio-economic groups in New Zealand. *Australian and New Zealand Journal of Public Health*, 36, 2 (153-159).

emotional harm, and a higher risk of the children becoming problem gamblers themselves. A single person's harmful gambling can affect five to ten people, and children are vulnerable when it's their parent or other close relative.

- A North American study found that children are often aware that their parents cannot provide them with items such as presents, school trips and even food not because of a lack of money but as a direct result of gambling behaviour.<sup>48</sup>
- If children's needs are not being met, they can suffer from health problems due to poor nutrition or malnutrition, and the responsibility of meeting these needs may fall on extended family, schools and social services. This can cause those children to feel that they are not cared for – or cared about – by their parents.<sup>49</sup>
- For children of problem gamblers, feelings of neglect can be a daily struggle. The parent may spend a great deal of time gambling, move out due to arguments about their gambling, or just disappear unpredictably.
- Losses can be emotional too. The parent's personality can become unrecognisable to their children, who feel gambling has become more important than family. Their relationship with their child or children can be damaged as they become more secretive, unreliable and prone to breaking promises.<sup>50</sup>
- Children are more likely to suffer physical violence or abuse if they have parents with problem gambling, especially when combined with other problems such as alcohol abuse.<sup>51</sup> One study found that six out of 10 communities had increases in reported domestic violence (including spousal and partner abuse) after casinos were introduced in the area.<sup>52</sup>

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48 McComb, J., B. Lee and D. Sprenkle (2009). "Conceptualizing and treating problem gambling as a family issue." *Journal of Marital & Family Therapy* 35(4): 415-431.

49 Dyall, L., Y. L. Thomas and D. Thomas (2009). "The impact of gambling on Māori." *Ngā Pae o te Māramatanga* 50 Ibid.

Darbyshire, P., C. Oster and H. Carrig (2001). "The experience of pervasive loss: Children and young people living in a family where parental gambling is a problem." *Journal of Gambling Studies* 17(1).

51 Lesieur, H. and J. Rothschild (1989). "Children of Gamblers Anonymous members." *Journal of Gambling Behavior* 5(4): 269-281.

52 Shaw, M., K. Forbush, J. Schlinder, E. Rosenman and D. Black (2007). "The effect of pathological gambling on families, marriages and children." *CNS Spectrums* 12(8).

- Problem gambling, especially when it is present alongside other disorders such as alcohol and drug abuse,<sup>53</sup> can increase the risk of children developing unhealthy behaviours. Alcohol abuse, educational difficulties, emotional disorders and suicidal tendencies are more likely when a parent gambles.<sup>54</sup> Other associated problems include eating disorders, trouble sleeping<sup>55</sup>, asthma, allergies, and gastrointestinal disorders.<sup>56</sup>
- Of all the studies done on children of problem gamblers, one of the most consistent findings is that they are far more likely to become problem gamblers themselves. Children with a family history of problem gambling are between 2 and 10 times more likely to develop gambling problems later in life. If the person in their life who gambled was their father, it may be as much as 14 times more likely.<sup>57</sup>
- A study of gambling in Māori communities outlines a model of how children are at risk if gambling is a part of their young lives. When exposed to gambling activities from an early age, in the form of housie games at home or Marae fundraising activities played by their parents or whānau, children grow up seeing gambling as a normal activity and central to social life. They may be allowed – even encouraged – to participate from a young age. Dysfunction at home, in the form of financial problems or domestic violence increases the risk that they will look to gambling for an escape. As they grow their gambling may become more intense until it has become problematic. From there, debt may spiral out of control, relationships may erode, and their children may be neglected.<sup>58</sup>
- Children of problem gamblers face higher likelihoods of having some of the following disorders at some point in their life as compared to the general population.<sup>59</sup>

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53 Rossen, F., R. Butler and S. Denny (2011). "An exploration of youth participation in gambling & the impact of problem gambling on young people in New Zealand." Ministry of Health.

54 Shaw, M., K. Forbush, J. Schlinder, E. Rosenman and D. Black (2007). "The effect of pathological gambling on families, marriages and children." *CNS Spectrums* 12(8).

55 Lesieur, H. and J. Rothschild (1989). "Children of Gamblers Anonymous members." *Journal of Gambling Behavior* 5(4): 269-281.

56 Horvath, V. and R. Pierce (2002). Pathological gambling and child neglect: A cause for concern. *The Downside: Problem and Pathological Gambling*. J. J. Marotta, J. A. Cornelius and W. R. Eadington. Carson City, Institute for the Study of Gambling and Commercial Gaming.

57 Dowling, N., A. Jackson, S. Thomas and E. Frydenberg (2010). "Children at risk of developing problem gambling." The Problem Gambling Research and Treatment Centre.

58 Dyall, L., Y. L. Thomas and D. Thomas (2009). "The impact of gambling on Māori." *Ngā Pae o te Māramatanga*.

59 Data based on a study of problem gamblers' family members vs a control group. Shaw, M., K. Forbush, J. Schlinder, E. Rosenman and D. Black (2007). "The effect of pathological gambling on families, marriages and children." *CNS Spectrums* 12(8).

- Alcohol disorders (31% vs 4%)
- Major depression (19% vs 7%)
- Drug use disorders (5% vs 2%)
- Antisocial personality disorder (5% vs 0%)
- Generalised anxiety disorder (8% vs 0%)
- Any psychiatric disorder (50% vs 11%)

## Crime

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***Problem gamblers are at high risk of committing crimes in order to finance their gambling activities.***

- Gambling-related crime has received considerable public attention in recent years, including recent media attention.
- Offending by gamblers has been investigated in a number of New Zealand and international studies. Despite difficulties in determining the extent of gambling-related crime and the causal pathways, it appears that problem gamblers are at high risk of committing crimes in order to finance their gambling activities.<sup>60</sup>
- In 2008 a New Zealand study found that 25% of those engaged in criminal activity would not have done so if it had not been for their gambling. This suggests that just below a

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60 Wheeler, S., Round, D. and Wilson, J. (2010), 'The Relationship between crime and gaming expenditure in Victoria', Melbourne: Department of Justice, Victoria.

Abbott, M., Bellringer, M., Brown, R., Coombes, D., Dyall, L., McKenna, B., & Rossen, F. (2009). Problem gambling: Formative investigation of the links between gambling (including problem gambling and crime in New Zealand). Auckland: Auckland University of Technology, report prepared for the Ministry of Health. Retrieved 29 January 2013 from [http://www.aut.ac.nz/resources/research/research\\_institutes/niphmhr/report\\_final\\_gambling\\_and\\_crime.pdf](http://www.aut.ac.nz/resources/research/research_institutes/niphmhr/report_final_gambling_and_crime.pdf)

South Australian Centre for Economic Studies (SACES) (2009), Social Impacts of Gambling: A Comparative Study. Report commissioned by the South Australian Independent Gaming Authority, April. Adelaide: South Australian Independent Gaming Authority. Retrieved 29 January 2013 from <http://www.iga.sa.gov.au/pdf/research/SocialImpactsOfGamblingAComparativeStudyApril2009-PublishedVersion.pdf>

Ministry of Health. (2008). Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: MOH.

May-Chahal, C. et al. (2007), Scoping Study for a UK Gambling Act: 2005 Impact Assessment Framework, London: Department for Culture, Media, and Sport. Retrieved 29 January 2013 from [http://www.culture.gov.uk/images/research/scopingstudy\\_ga05iaf.pdf](http://www.culture.gov.uk/images/research/scopingstudy_ga05iaf.pdf)

third of the relevant population—10,000 people—committed illegal activities because of gambling.<sup>61</sup>

- Problem gambling has been linked to criminal activity and studies have suggested that much of the crime goes unreported.<sup>62</sup> Apart from the financial cost of gambling-related crime to organisations and individuals directly involved, there are often financial and other costs for people experiencing problem gambling who are convicted, as well as for their families.<sup>63</sup>
- A 2009 New Zealand study found that “gamblers and significant others believe that a relationship exists between gambling and crime” and that “there is substantial unreported crime, a large proportion of which is likely to be related to gambling and that there are a large range of crimes committed in relation to gambling (particularly continuous forms of gambling), and not just financial crimes”.<sup>64</sup> They suggest that 10% of people experiencing problem gambling and 2/3 of those receiving counselling for gambling-related issues have committed a crime because of their gambling.

## Economic Degradation

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- There is limited data and analysis regarding the economic impact of gambling in New Zealand. Still, New Zealand and international research have pointed out the losses that offer a sharp contrast to the often celebrated economic gains the gambling industry produces. Money for gambling is diverted from savings and/or other expenditure, and

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61 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

62 Abbott, M., Bellringer, M., Brown, R., Coombes, Dyall, L., R., McKenna, B., & Rossen, F. (2009). Problem gambling: Formative investigation of the links between gambling (including problem gambling and crime in New Zealand). Auckland: Auckland University of Technology, report prepared for the Ministry of Health. Retrieved 29 January 2013 from [http://www.aut.ac.nz/resources/research/research\\_institutes/nipmhr/report\\_final\\_gambling\\_and\\_crime.pdf](http://www.aut.ac.nz/resources/research/research_institutes/nipmhr/report_final_gambling_and_crime.pdf)

63 Australian Productivity Commission. (2010). Gambling: Inquiry Report. Canberra: Commonwealth of Australia. 16, 231, 280.

Department of Internal Affairs (DIA). (2009) Problem gambling in New Zealand – a brief summary. Retrieved 29 January 2013 from [http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/\\$file/ProblemGamblingFactsFinal.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/$file/ProblemGamblingFactsFinal.pdf)

64 Abbott, M., Bellringer, M., Brown, R., Coombes, Dyall, L., R., McKenna, B., & Rossen, F. (2009). Problem gambling: Formative investigation of the links between gambling (including problem gambling and crime in New Zealand). Auckland: Auckland University of Technology, report prepared for Ministry of Health. Retrieved 29 January 2013 from [http://www.aut.ac.nz/resources/research/research\\_institutes/nipmhr/report\\_final\\_gambling\\_and\\_crime.pdf](http://www.aut.ac.nz/resources/research/research_institutes/nipmhr/report_final_gambling_and_crime.pdf)

can have a negative impact on local businesses and the economic health and welfare of whole communities.<sup>65</sup>

- A recent report noted that jobs and economic activities generated by gambling expenditure would exist elsewhere if that money was spent outside the gambling industry.<sup>66</sup>
- Employment, normally considered a standard business cost, is framed within the gambling industry as a special benefit to the community. Even if gambling does create employment opportunities, a comparison of gambling and retail in terms of jobs created for every million dollars spent shows that gambling creates about half as many jobs as retail.<sup>67</sup>
- The Christchurch City Council May 2009 study *Economic Impacts of NCGMs on Christchurch City* suggests that over the course of a year, gambling machines in Christchurch result in lost economic output of \$13 million, additional GDP of \$2 million, lost employment for 630 full-time equivalents, and lost household income of \$8 million.<sup>68</sup>

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65 Harrison, B. (2007). Casinos and regeneration: the story so far, briefing paper no. 1. London: IPPR (Institute for Public Policy Research, UK). Retrieved 29 January 2013 from <http://www.eukn.org/dsresource?objectid=146582>

66 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

67 Per million dollars spent, gambling generates approximately 3.2 jobs while retail produces approximately 6.3. South Australian Centre for Economic Studies with the Department of Psychology, University of Adelaide. (2005, November). Problem gambling and harm: Towards a national definition. Victoria: Department of Justice. Retrieved online 29 January 2013 from [http://www.gamblingresearch.org.au/CA256902000FE154/Lookup/GRA\\_Reports\\_Files1/\\$file/FinalReportPrinter.pdf](http://www.gamblingresearch.org.au/CA256902000FE154/Lookup/GRA_Reports_Files1/$file/FinalReportPrinter.pdf)

68 Colegrave, F. & Simpson, M. (2009 May). The economic impacts of NCGMs on Christchurch City: Prepared for Christchurch City Council. Auckland: Covec, Ltd.

## REDUCING GAMBLING HARM IN INVERCARGILL

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***Increased availability of opportunities to gamble is associated with more gambling and more problem gambling.***

- Although it is sometimes difficult to determine whether gambling *causes* problems, or is merely *associated* with them, there is evidence that problem gambling harms can be reversed.<sup>69</sup> This means that at the least, there is the potential to reduce the prevalence of problem gambling, and at most, the prevalence of many other problems as well.
- A key question has been whether gambling machine supply contributes to problem gambling. Research has signalled that indeed restricting accessibility of gambling venues and machines would help curb problem gambling.
- A recent New Zealand Ministry of Health survey found some significant associations between gambling accessibility and gambling behaviour. Gambling behaviour, they state, is strongly associated with the distance to the nearest gambling venue.<sup>70</sup> The more gambling venues there are within 5kms of a person's neighbourhood the more likely that the person would have gambled at the gambling venue in the last year.
- A range of other studies have also indicated a link between the availability of some types of legal gambling and problem gambling. The evidence for the availability hypothesis has been considered by official review bodies in New Zealand<sup>71</sup>, Australia<sup>72</sup>, the United

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69 Winters, K. C., Stinchfield, R. D., Botzet, A., & Slutske, W. S. (2005). Pathways of youth gambling problem severity. *Psychology of Addictive Behaviors*, 19(1), 104-107.

Abbott, M., Bellringer, M., Reith, G., & Volberg, R. (2004). A review of research on aspects of problem gambling: Final report. Auckland: Auckland University of Technology, report prepared for Responsibility in Gambling Trust, UK.

70 Ministry of Health. (2008) Raising the odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: MOH. Retrieved 29 January 2013 from <http://www.health.govt.nz/system/files/documents/publications/raising-the-odds-may08.pdf>

71 Ibid.

Day, P., Hiscock, R., Mason, K., & Pearce, J. (2008). A national study of neighbourhood access to gambling opportunities and individual gambling behaviour [Abstract]. *Journal of Epidemiology and Community Health*, 26, 849, 862-868.

Abbott, M., Clarke, D., Townsend, S., & Tse, S. (2006, July). Key indicators of the transition from social to problem gambling. *Journal of Mental Health and Addiction* 3, 29-40.

72 Hancock, L. & O'Neil, M. (2010, August). Risky business: Why the commonwealth needs to take over gambling legislation (Alfred Deakin Research Institute). Retrieved 29 January 2013 from <http://www.deakin.edu.au/alfred-deakin-research-institute/assets/resources/publications/workingpapers/adri-working-paper-11.pdf>

Bates, G., Jessop, G., Kyrios, M., Meredyth, D., Moore, S., & Thomas, A. C. (2009, November) Gambling and the multidimensionality of accessibility: More than just proximity to venues [Abstract]. *International Journal of Mental*



States<sup>73</sup>, and Canada<sup>74</sup>. Each concluded that increased availability of opportunities to gamble was associated with more gambling and more problem gambling.

- A recently produced report, cited in a previous section, conducted a meta-analysis from numerous key Australian and New Zealand studies and found a strong statistically meaningful relationship between the increases in gambling prevalence with increased per capita gambling machine density. It also found that contrary to previous studies, there was no evidence for plateau of gambling prevalence with increased density of machines.<sup>75</sup>
- A later study in the UK acknowledged that decreases in gambling-related problems are a complex process involving not only social adaptation, but also the implementation of public health policies and the provision of specialist services. The adaptation process also seems to be inconsistent across communities; different groups of people are affected differently by the process.<sup>76</sup>
- Most reliable research would indicate that there is no single cause which triggers problem gambling. The phenomenon is a result of the combination of several factors, some of which have been outlined in the diagram below.<sup>77</sup> Several of these factors can

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Health and Addiction. Retrieved 29 January 2013 from <http://www.springerlink.com/content/9712354144832410/>  
Doughney, J. 2006. The poker machine state in Australia: A consideration of ethical and policy issues. *International Journal of Mental Health and Addiction*, 4, 351-368.

73 Barnes, G. M., Hoffman, J. H., Tidwell, M. C. O., Wiczorek, W. F., & Welte, J. W. (2007). Type of gambling and availability as risk factors for problem gambling: A Tobit regression analysis by age and gender. *International Gaming Studies*, 7(2), 183-198.

74 Ontario Problem Gambling Research Centre. (2010). Problem Gambling Framework. Retrieved 29 January 2013 from Ontario Problem Gambling Research Centre Web site:  
<http://www.gamblingresearch.org/content/default.php?id=2007>

Robitaille, E., & Herjean, P. (2008). An analysis of the accessibility of video lottery terminals: the case of Montréal. *International Journal of Health Geographics*, 7(2).

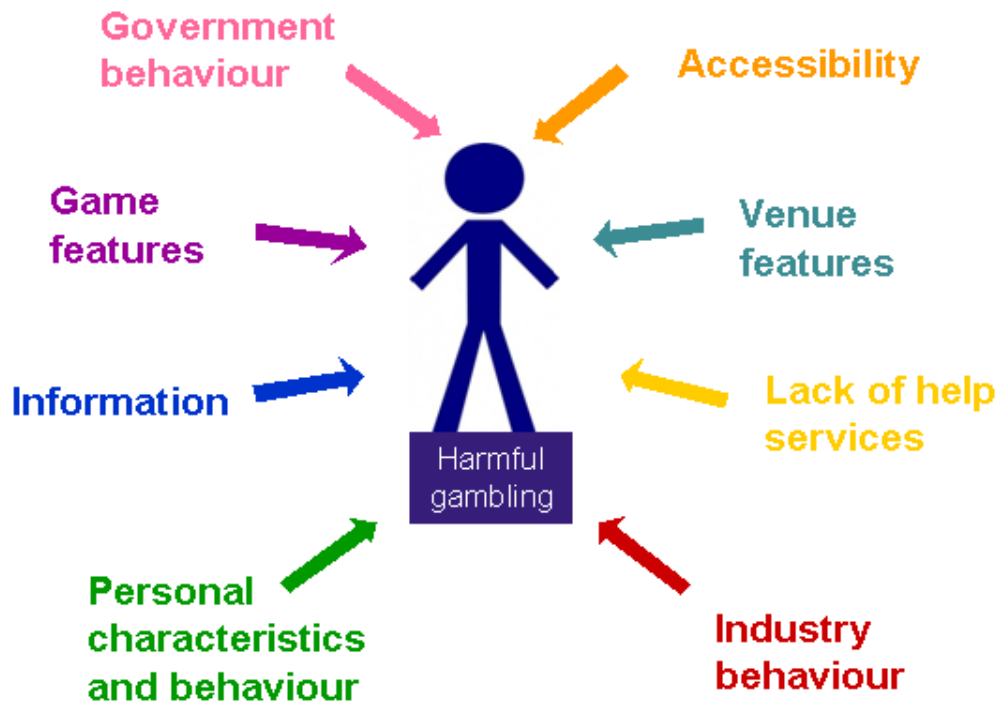
Cantinotti, M., Jacques, C., Ladouceru, R., & Sevigny, S. (2008). Links between casino proximity and gambling participation, expenditure, and pathology. *Psychology of Addictive Behaviors*, 22(2), 295-301.

75 Abbott, M., Storer, J., & Stubbs, J. (2009). Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines. *International Gambling Studies*, 9, 225-244.

76 Griffiths, M.D (2007). *Gambling addiction and its treatment within the NHS*. London: British Medical Association. Retrieved 29 January 2013 from [http://www.bma.org.uk/images/gambling\\_tcm41-146741.pdf](http://www.bma.org.uk/images/gambling_tcm41-146741.pdf)

77 Productivity Commission. (1999). *Australia's Gambling Industries, Report No. 10, AusInfo, Canberra, Vol 1, p. 323*. Retrieved 29 January 2013 from [http://www.pc.gov.au/\\_data/assets/pdf\\_file/0004/82552/gambling1.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0004/82552/gambling1.pdf)

be influenced by the Council.



# ETHICS OF GAMBLING FUNDING

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## How Gambling Machine Trusts Work

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- Gambling trusts were established under the Gambling Act 2003 in an attempt to off-set some of the harm caused by gambling by returning some of the gambling expenditure to the people in the form of community grants. **Although the purpose of the trusts is to distribute money to the community, the purpose of gambling is not to raise money for the community, and it should not be perceived as such.**
- Gambling machines are licensed to operate in pubs and clubs only as a form of community fundraising.<sup>78</sup> Licence holders must distribute their net proceeds to the community by way of grants.
- They are currently required to distribute a minimum of 40% of their GST exclusive gross proceeds for each of its financial years (Gambling (Class 4 Net Proceeds) Regulations 2004. Part 2 Section 9 (1) and 10).<sup>79</sup>
- Legislation dictates that each dollar of gross proceeds (i.e., turnover [aggregate stakes] minus user wins) must be distributed in accordance with the pie chart shown in the figure below.<sup>80</sup> These include the fixed amounts towards gambling duty and the problem

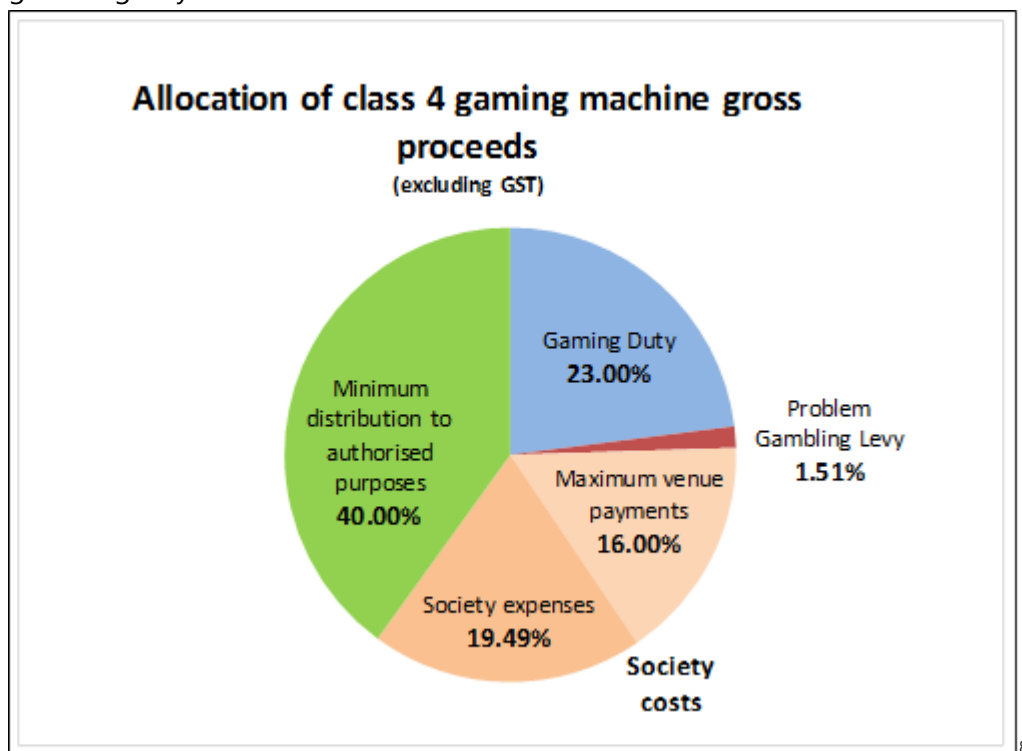
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78 Clubs are permitted to be societies and to operate their own machines in their own clubrooms. They are not required to make grants to other community organisations but can do so.

79 Government also receives tax revenue from gambling taxes and levies which it redistributes for public purposes. NCGM gambling machines are the largest source of tax revenue: 20 percent tax rate, 1.1 percent problem gambling levy and GST (Inland Revenue 2006).

80 Ministry of Health. 2009. Problem Gambling Resource for Local Government. Wellington: Ministry of Health. Retrieved 29 January 2013 from <http://www.health.govt.nz/system/files/documents/publications/problem-gambling-resource-local-government.doc>

gambling levy.



- In 2005 (the last time DIA completed an analysis of grants), gambling machine societies allocated \$317 million to authorised purposes. 47% of that went to sports and physical activities, the single largest category of recipient in 2005. **In 2005 almost 8% (over \$20 million) went to horse racing, mostly for stake money for races.**<sup>82</sup>
- While the grants made by community funding bodies like the New Zealand Lottery Grants Board are well documented, no comparable aggregate statistics are readily available for the allocation to authorised purposes of the profits of non-casino gambling machines.<sup>83</sup>
- The Problem Gambling Foundation believes that we need a more open, lower cost, and transparent system to end the rorts, the lack of compliance, and the illegal activity

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81 Chart originally published by the DIA in the document "Pokies in New Zealand: A guide to how the system works", downloaded from <http://www.dia.govt.nz/Services-Casino-and-Non-Casino-Gaming-Gambling-in-Pubs-and-Clubs-%28Class-4%29>

82 Department of Internal Affairs. (2007). Where do gaming profits go? A survey of the allocation for authorized purposes of non-casino gaming machine profits in 2005. Page 33. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits\\_2005.pdf/\\$file/GamingMachineProfits\\_2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits_2005.pdf/$file/GamingMachineProfits_2005.pdf)

83 Ibid.

associated with the current gambling machine trusts system.<sup>84</sup> We also want greater transparency around who does and doesn't get grants and why.

- The current gambling machine trust system (around 50 gambling machine trusts) is inefficient. Society expenses are approximately 22%<sup>85</sup> (over \$150 million) with much duplication of roles and resources.

## Regressive nature

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- Gambling generates significant funding for community purposes. However, gambling funding raises revenue at a very high cost. International and New Zealand studies have identified that gambling is sharply regressive. Income is effectively being redistributed away from low income communities.<sup>86</sup>
- One attraction of using gambling to collect public funding is that it appears to be "painless" or "voluntary". The "painless voluntary donation" view has been criticised on grounds that it is highly regressive and exploits the false hopes or financial risk-taking of those on lower incomes. It is also argued that many of the gamblers contributing are, at the time of making their contribution, affected by drugs, alcohol, and possibly mental illness. **In other words, for a problem gambler, the contribution is not a voluntary one.**<sup>87</sup>
- **A significant amount of the money generated from gambling comes at the expense of people with gambling problems.** A 2000 study in New Zealand estimated that

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84 There have been a steady stream of media stories in recent years highlighting rorts and illegal activity surrounding pokie trusts and the pokie grant system. PGF has these documented in its online library and they can be made available on request.

85 Department of Internal Affairs. (2007). Where do gaming profits go? A survey of the allocation for authorized purposes of non-casino gaming machine profits in 2005. Page 33. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits\\_2005.pdf/\\$file/GamingMachineProfits\\_2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits_2005.pdf/$file/GamingMachineProfits_2005.pdf)

86 Hancock, L. & O'Neil, M. (2010, August). Risky business: Why the commonwealth needs to take over gambling legislation (Alfred Deakin Research Institute working paper 11). Retrieved 29 January 2013 from <http://www.deakin.edu.au/alfred-deakin-research-institute/assets/resources/publications/workingpapers/adri-working-paper-11.pdf>

Uniting Care Australia (2009), Submission to the Productivity Commission Inquiry into Australia's Gambling Industries. Page 50. Retrieved 29 January 2013 from [http://www.unitingcare.org.au/images/stories/submissions/sub\\_productivity\\_com\\_gambling\\_may09.pdf](http://www.unitingcare.org.au/images/stories/submissions/sub_productivity_com_gambling_may09.pdf)

87 Bostock, W. (2005) Australia's gambling policy: motivations, implications and options. Journal of Gambling Issues, 13. Retrieved 29 January 2013 from <http://jgi.camh.net/doi/full/10.4309/jgi.2005.13.4>

problem gamblers account for about 20% of gambling expenditure.<sup>88</sup> A 2010 report in Australia said figures could be as high as 40-60% for gambling machine gambling.<sup>89</sup>

- Studies involving cost benefit analysis have argued that the benefits from gambling for the majority of people gambling are individually very small relative to the costs borne by the minority of people experiencing gambling harm.<sup>90</sup>
- Lower-income households spend proportionately more of their money on gambling than higher-income households.<sup>91</sup> People who are already socially and economically disadvantaged are most susceptible to gambling problems.<sup>92</sup> This can concentrate the negative impact of gambling in areas which are already deprived, and thereby increase inequalities in our communities.
- Furthermore, the revenue generated by gambling within a community is often spent in a more affluent community.<sup>93</sup> A 2004 study examining distribution of community benefit funding from six major EGM trusts found that more affluent areas (such as Central

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88 Abbott, M. W. and Volberg, R. A. (2000), Taking the Pulse on Gambling and Problem Gambling in New Zealand: A Report on Phase One of the 1999 National Prevalence Study, Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Our-Research-and-Reports-New-Zealand-Gaming-Survey?OpenDocument#ph1](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Our-Research-and-Reports-New-Zealand-Gaming-Survey?OpenDocument#ph1)

89 Australian Productivity Commission. (2010). Gambling: Inquiry Report. Canberra: Commonwealth of Australia. 16. Retrieved 29 January 2013 from [http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0010/95680/gambling-report-volume1.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0010/95680/gambling-report-volume1.pdf)

90 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

91 McMullan, J.L. (2005). The Gambling Problem and Problem Gambling. Conference conducted at the 4th Annual Alberta Conference on Gambling Research, Public Policy Implication of Gambling Research, University of Alberta, Canada. Retrieved 29 January 2013 from <https://dspace.ucalgary.ca/bitstream/1880/47421/13/mcmullan.pdf>

92 Abbott, M., Landon, J., Page, A., Palmer, K., Thorne, H. (2010). Focused literature review for the problem gambling programme: Final report for the Health Sponsorship Council. Auckland University of Technology, Auckland. Retrieved 29 January 2013 from <http://www.hsc.org.nz/sites/default/files/publications/HSC-PG-ReviewFinal-Sept2010.pdf>  
Doughney, J. , & Kelleher, T. (2008/09). Victorian and Maribyrnong gambling: a case of diverted consumer spending. An Unconscionable Business: TheBusiness: The Ugly Reality of Electronic Gambling: a Selection of Critical Essays on Gambling Research, Ethics and Economics. Cited in Borrell, J. (2009). Submission to the productivity commission gambling inquiry. Kildonan Uniting Care: Whittlesea, Melbourne. Retrieved 29 January 2013 from [http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0006/87630/sub163.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0006/87630/sub163.pdf)

93 Adams, P.J., & Rossen, F.V. (2005). The ethics of receiving funds from the proceeds of gambling. Centre for Gambling Studies, University of Auckland: Auckland.

Auckland and the North Shore) were receiving considerably more funding per capita than the lower income areas (such as Manukau City).<sup>94</sup>

## Impact of Proposed Policy on Community Funding

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- There are concerns that a reduction in gambling machines will cause a reduction in gambling machine income to societies which will have the flow on effect of cutting the level of grants made to local community groups.
- While gambling machine revenue is declining, recent years have still seen record gambling machine grants to the community.<sup>95</sup>
- Gambling machine trusts often insinuate that many community groups would not survive without gambling machine money. While it's true that some groups would suffer, gambling machine trusts account for only 10.2% of charitable giving in New Zealand; as a comparison, personal giving accounts for 58% of charitable giving in New Zealand.
- Existing gambling machine venues are not affected by a "sinking lid" policy. A "sinking lid" only prevents new venues from being granted a licence, so the decline in venues and machines happens gradually. Therefore, a "sinking lid" policy should not have an immediate or significant impact on community funding.
- Some groups have even argued that gambling machine handouts actually weaken community groups and that traditional fundraisers are much better at building community spirit and keeping sports and other groups strong.<sup>96</sup>

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94 Adams, P., Brown, P., Brown, R., Garland, J., Perese, L., Rossen, F., & Townsend, S. (2004) Gambling Impact Assessment for Seven Auckland Territorial Authorities. Part One: Introduction and Overview. Centre for Gambling Studies, University of Auckland. Retrieved 29 January 2013 from [http://www.fmhs.auckland.ac.nz/soph/centres/cgs/\\_docs/2004adams2\\_overview.pdf](http://www.fmhs.auckland.ac.nz/soph/centres/cgs/_docs/2004adams2_overview.pdf)

95 Department of Internal Affairs. (2010). Gambling Expenditure Statistics 1986-2010. Retrieved 29 January 2013 from: [http://www.dia.govt.nz/pubforms.nsf/URL/Expendstats1986-2010.pdf/\\$file/Expendstats1986-2010.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/Expendstats1986-2010.pdf/$file/Expendstats1986-2010.pdf)  
Department of Internal Affairs. (2007). Where do gaming profits go? A survey of the allocation for authorized purposes of non-casino gaming machine profits in 2005. Page 33. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits\\_2005.pdf/\\$file/GamingMachineProfits\\_2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits_2005.pdf/$file/GamingMachineProfits_2005.pdf)

96 Gamblefree Day prompts call for funding boycott. (2011 September 1). ONE News. Retrieved 29 January 2013 from <http://tvnz.co.nz/national-news/gamblefree-day-prompts-call-funding-boycott-4378621>

Inglis, S. (2011 August 20). Editorial: Gambling much bigger problem. Bay of Plenty Times. Copy available upon request.

de Graaf, P. (2010 July 18). Pub: Ditching pokies worth the gamble. Northern Advocate. Retrieved 29 January 2013 from <http://www.northernadvocate.co.nz/local/news/pub-ditching-pokies-worth-the-gamble/3917450/>

Thomas, A. (2009 February 16). Rugby – 'crisis meeting' resuscitates Mangakahia. Northern Advocate Retrieved 29 January 2013 from <http://www.northernadvocate.co.nz/sport/news/rugby-crisis-meeting-resuscitates->

- When it comes to raising money through gambling, a 2007 survey indicated 51% of people felt that it did more harm than good. Only 26% felt that it did more good than harm.<sup>97</sup>
- Very few people (12%) support the current gambling machine trust system of distributing gambling machine funding. People were most supportive of a system similar to the Lottery Grants Board.<sup>98</sup>

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mangakahia/3795053/

McNeilly, H. (2008 July 31). Giving up pokie funding right call: Mission. Otago Daily Times. Retrieved 29 January 2013 from <http://www.odt.co.nz/news/dunedin/15633/giving-pokie-funding-right-call-mission>

97 National Research Council. (2007). 2006/07 Gaming and betting activities survey: New Zealanders' knowledge, views and experiences of gambling and gambling related harm. Commissioned by the Health Sponsorship Council. National Research Council: Auckland.

98 Ibid.



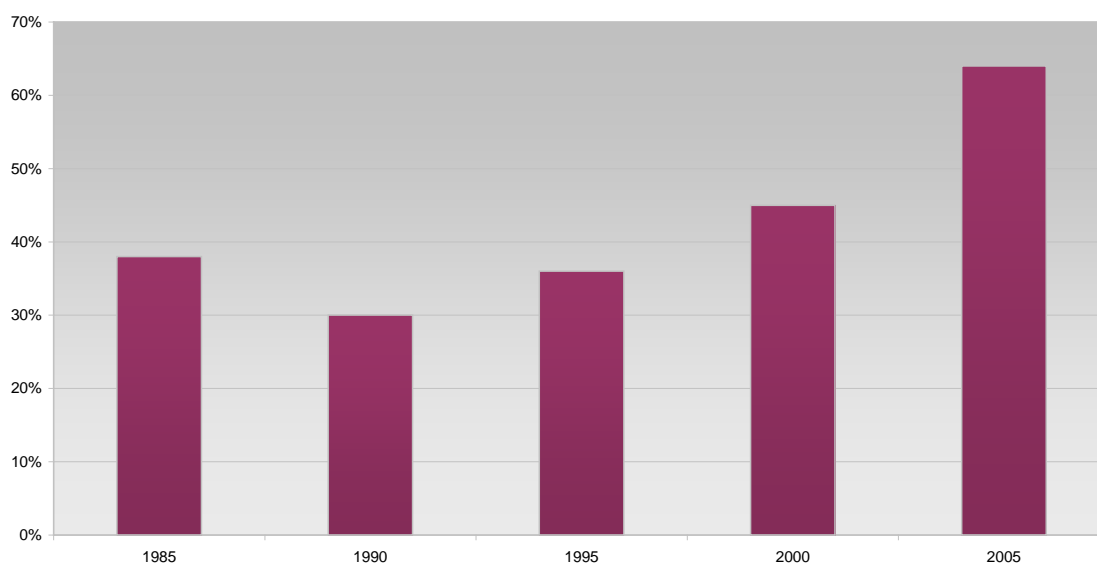
## PUBLIC ATTITUDES

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*The majority of people consider gambling machines socially undesirable.*

- The Department of Internal Affairs' national surveys of gambling conducted in 1985, 1990, 1995, 2000 and 2005 provide some indication of public attitudes over time.<sup>99</sup>
- Over the period surveyed, New Zealanders had become increasingly concerned about the negative social impacts of gambling. There had been a steady increase in public awareness about problem gambling and the adverse impacts on individuals and the community.
- Those widely available forms most strongly linked to problem gambling in New Zealand (gambling machines, track betting and casino gambling) are also the forms of gambling that increasing proportions of adults regard as undesirable.
- In particular, the surveys found that the majority of respondents (64%) considered class 4 gambling machines to be socially undesirable.<sup>100</sup>

**DIA Survey: Respondents' views on socially undesirable activities:  
Non-casino gambling machines**



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<sup>99</sup> Department of Internal Affairs (2008) Peoples participation in, and attitudes to, gambling, 1985-2005. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/\\$file/GamblingParticipationSurvey1985-2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/$file/GamblingParticipationSurvey1985-2005.pdf)

- Only 1% of adults said that there were any additional forms of gambling that they would like to see in New Zealand. Nearly half of respondents (46%) felt that the number of gambling venues in their area was about right, a further 41% thought there were too many places, and only 1% thought there were not enough places to gamble in the area they lived in.
  - Most of the 41% of respondents who thought that there were too many places to gamble in their area said that there were too many gambling machine venues (87%), followed by TABs (20%), Lotto/Keno/Instant Kiwi outlets and casinos (both 14%).
  - Over three-quarters of adults said that there should be special laws controlling gambling.
  - Over half said preventing criminal activity was a relevant consideration.
  - Over a third mentioned restricting opportunities to gamble.
  - 72% of people believed the role of Government in addressing gambling harm should be extensive.
- Community perception studies undertaken by other territorial authorities also indicate that communities generally hold negative views on gambling, with specific concerns that communities are being seriously damaged by the growth of the gambling industry.<sup>101</sup>
  - A Napier survey of residents (October 2009) showed that 82% think there are too many gambling machines.<sup>102</sup> A public survey in Nelson demonstrated overwhelming support for Councils having stronger powers to control the location and number of gambling machines.

100 Department of Internal Affairs (2008) Peoples participation in, and attitudes to, gambling, 1985-2005. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/\\$file/GamblingParticipationSurvey1985-2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/$file/GamblingParticipationSurvey1985-2005.pdf)

101 E.g. Nelson, Wanganui, Hastings, amongst others.

Support for tougher control on pokies. (2011 January 18). The Nelson Mail. Retrieved 29 January 2013 from <http://www.stuff.co.nz/nelson-mail/news/4552424/Support-for-tougher-controls-on-pokies>

Final results of referendum 10. (2010 October 9). Wanganui District Council Website. Retrieved 29 January 2013 from <http://www.wanganuireferendum.govt.nz/Results.asp>

McCracken, H. (2010 September 15). \$100,000 a day lost on pokies. Hawke's Bay Today. Retrieved 29 January 2013 from <http://www.hawkesbaytoday.co.nz/local/news/100000-a-day-lost-on-pokies/3922735/>

102 Napier City Council. (2009). Social Impact Assessment: Class 4 and TAB venues in Napier. Copy available upon request.

- Similarly, a 2010 referendum of 14,386 people in Wanganui resulted in 11,491 people (80%) supporting a reduction of gambling machines.
- Seventeen councils now have adopted a “sinking lid” policy; twenty-three have adopted a sinking lid or a district-wide cap that is below their existing number of venues and machines.<sup>103</sup>

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103 The strongest sinking lid policies have been adopted by councils such as Auckland, Christchurch City and Kawerau; these policies ban new venues, new machines, and transfers of existing venues or machines. Weak sinking lids (sinking lids that don't explicitly forbid transfers of pokie machines) exist in Far North, Gisborne, Gore, Hamilton, Gisborne, Hastings, Horowhenua, Invercargill, Kaipara, Otorohanga, South Waikato, Thames-Coromandel, Waiora, Wanganui, and Whangarei.

It is also worth noting that in effect, Central Hawkes Bay, Hauraki, Lower Hutt, Rotorua, Tararua, and Whakatane are currently practicing sinking lid policies; the caps they have set are lower than the current number of pokies in their council areas.

## CONCLUSION

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### Suggested Policy

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As stated at the beginning of this report, the Problem Gambling Foundation recommends that Invercargill Council adopt a “sinking lid” policy with a district ban on any new class 4 venues and machines or transfers.

### National Outcomes

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- The Ministry of Health Six-Year Strategic Plan (2010-2016)<sup>104</sup> has not changed significantly since the first strategic plan for problem gambling (2004-2010). A sinking lid policy would be consistent with the first four of the ten Ministry objectives to minimise the harms of problem gambling:
  - To reduce health inequalities related to problem gambling
  - That people participate in decision-making about local activities that prevent and minimise gambling harm in their communities
  - That healthy policy at the national, regional, and local level prevents and minimises gambling harm
  - That government, the gambling industry, communities, family/ whānau and individuals understand and acknowledge the range of harms from gambling that affect individuals, families/whānau and communities.

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104 Ministry of Health. (2009) Preventing and minimising gambling harm 2010-2016 (Revised Final Draft): Consultation document; Six-year strategic plan; three-year service plan; problem gambling needs assessment; and problem gambling levy calculations. Wellington: MOH.

## Closing Thoughts

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- Gambling machines are not a harmless bit of fun for everyone. Gambling machines are addictive and dangerous machines, with harms that have dire consequences in Invercargill. The monetary benefits from gambling are small relative to the high social and health costs which affect communities, families/whanau and individuals.
- Given that access to gambling is necessary for the development of problem gambling, reducing access is key to a public health approach. From a public health perspective, there are already too many gambling machines in Invercargill. Relocations do not reduce the number of machines and undermine the effect of a “sinking lid” policy. The Problem Gambling Foundation urges that the Invercargill City Council adopts a “sinking lid” policy without relocations as an important beginning step for the gradual reduction of gambling machine harm in Invercargill.

## APPENDIX – REBUTTALS TO INDUSTRY CLAIMS

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- With estimates that 2.5% of adults in New Zealand are experiencing direct harm from gambling, the industry often asks why Council should worry about such a small number of people. The fact is small numbers don't mean small problems. Though only one in 40 adults fall into this group, they have families and friends who feel the repercussions of the harm they experience.
- Only .003% of the population were killed or injured in traffic accidents in 2009, but Central and Local Government take the issue seriously because that minority affects us all: drink drivers, violence, costs on the health and justice system, not to mention emotional distress. The same is true of problem gambling—the social and economic impacts of problem gambling affect us all and need to be taken seriously.
- The industry frequently claims that the “best evidence” of a relationship between gambling accessibility and gambling harm is to look at the correlation between machine numbers and problem gambling prevalence rates because “these factors are known.” At best, this argument has oversimplified the issue, and at worst, it has misrepresented it.
- They present a strange graph, with inconsistently spread dates on the X-axis, and no citation indicating where their prevalence rates for problem gambling come from making one of the “known factors” devoid of clarity and possibly applicability.
- Failing to cite or define “prevalence” makes this graph meaningless. The industry does say whether the figure is based on estimates of actual problem gambling prevalence, or on the prevalence of people seeking help. Plus, we know the impact of strong public health work and social marketing (i.e. television campaigns) can influence the numbers of people seeking help.
- The industry has also told other Councils that they ought to consider other problems, such as obesity, cocaine, or methamphetamine addiction, and focus on those instead. However, this policy review is about gambling and not these other issues, so it is meant to be the focus. A strong gambling policy won't prevent other community issues from being addressed.
- The industry breaks down the distribution of their funds in a way that conceals how much people lose. The image below implies that people only lose 8 cents for every dollar

put into a machine.



Figure A

- Gambling machines involve large amounts of repetition, and when this is clearly understood then the losses suggested in this diagram are magnified. Take an example where a user is on a machine with a 5-second spin rate (which is not even the minimum). If the user is betting 9 lines on a 5-cent machine with the maximum of 5 credits per line, the \$2.25 they wager every bet adds up to \$1,620 per hour.<sup>105</sup> If we actually apply what this diagram says, the numbers are less innocent than they initially appear.
- The industry has made recommendations based on what's best—for "community funds." However the gambling policy in Invercargill is not about what's best for these funds—it's about what's best for people.

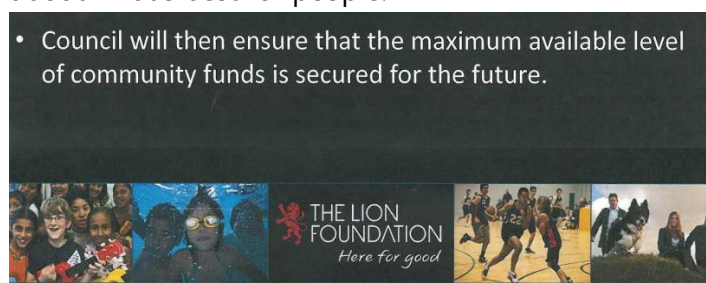


Figure B

- In the "FAQ" section of their website, when Pub Charity is asked where their funding comes from, they state, "Pub Charity licensed gaming machines."<sup>106</sup> Where the money

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105 GamblingWatch. (2004). Pokies: Know the Facts Before You Spin.

106 Pub Charity. (2011). Frequently asked questions: Where do the donation funds come from? Retrieved 19-January 2012 from <http://www.pubcharity.org.nz/index.php/faqs>

actually comes from is people, and a significant amount of that money (an estimated 40-60%) comes from people with gambling problems.

- No one wants to deny that organisations accepting gambling machine funding are doing valuable work, but it is Council's responsibility to seriously reflect on where that money is coming from. **A sinking lid policy takes a courageous stance against the harms caused by gambling machines with only a gradual impact on the availability of gambling machine funding.**
- Studies cited earlier that used cost benefit analysis have argued that the benefits from gambling are individually very small relative to the costs borne by people experiencing gambling harm.<sup>107</sup>
- As mentioned previously in this document, many of the people governed by the Council recognise the harms of gambling machines. In fact, a 2007 survey indicated that only 26% of people felt raising money through gambling did more good than harm.<sup>108</sup>
- The industry has tried to frame the gradual decrease in non-casino gambling machine expenditure as a threat to community funding.



Figure C

- The Lion Foundation figure above illustrates an uncomfortable truth about the return on a community's investment in gambling—for every \$3 lost to a gambling machine, only

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107 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

108 National Research Council. (2007). 2006/07 Gaming and betting activities survey: New Zealanders' knowledge, views and experiences of gambling and gambling related harm. Commissioned by the Health Sponsorship Council. National Research Council: Auckland.



about \$1 is returned to the community. It is more sustainable to prevent that money being lost from the community in the first place.

- The industry has also tried to assert that the decrease in non-casino gambling machine expenditure has led to an increase in other forms of gambling. This is an unfounded claim, and it detracts from the real issue.



Figure D

- The gambling machine industry is attempting to establish a causal relationship between these two trends. This supposed relationship has not been verified in any research.
- The gambling machine industry has ignored the Department of Internal Affairs' explanation for this trend; the DIA attributed the 2009/2010 increase in sports betting to the FIFA World Cup, and the lotteries increase to two unusually large jackpot draws.<sup>109</sup>
- While we should be concerned about the growth of online gambling, Councils are advised to bear in mind that this is not the issue at hand; Councils have no policy role to regulate online gambling.
- Online gambling also only represents a small fraction of people experiencing harm, compared with a majority of people experiencing harm from gambling machines. This policy review gives the Council an opportunity to reduce the extensive harm caused by non-casino gambling machines.

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109 Department of Internal Affairs (DIA). (2010). Gamblers spent a little less in 2009/10. Retrieved 19-January 2012 from <http://www.dia.govt.nz/press.nsf/d77da9b523f12931cc256ac5000d19b6/8bdb1e0c7308dcb6cc2577ed0081c1a5!OpenDocument>

- The industry wants the council to feel that gambling restrictions will not have a meaningful impact on harm. They have attempted to use help-seeking statistics to demonstrate this.<sup>110</sup>

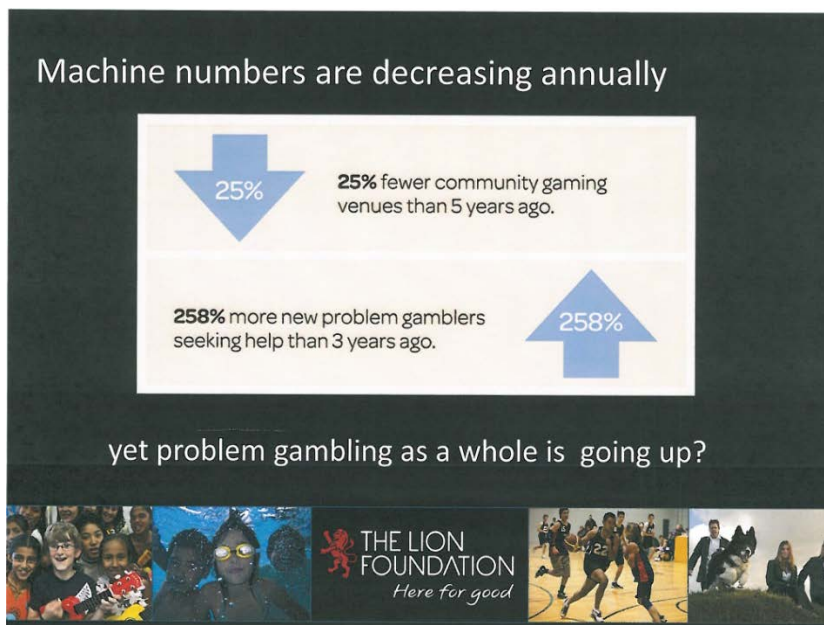


Figure E

- While there is a correlation between gambling machine numbers and problem gambling, there is no significant correlation between machine numbers and help seeking. This graph implies that as gambling venue numbers decline, so too should help seeking. However, the number of people *seeking help* for problem gambling is not directly related to the number of gambling venues.
- The industry themselves have inadvertently acknowledged this. For instance, when Dunedin reviewed their gambling policy in 2010, gambling machine trusts such as Pub Charity argued that the increase in help-seeking that year was unrelated to the existing gambling policy.
- The industry also claims "the best problem gambling solution is based on education, prevention, and treatment." It is indeed such public health efforts (particularly the increase in radio and television ads promoting awareness of gambling harm, and other awareness-raising activities in the community) that have increased the number of people with gambling problems seeking help regardless of the number of venues.

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110 The Lion Foundation. (2011). Submission to the Invercargill City Council.

- Still, research has indicated that regulating the accessibility of gambling plays an important role in reducing gambling and its harms. **The Council has the power to do this swiftly and effectively by implementing a “sinking lid” policy.**
- Numerous industry submissions claim that 98% of people are not “adversely affected” by gambling. This is a non-sequitur. People with gambling problems do not exist in a vacuum; their partners, children, and whanau are impacted by problem gambling, as are their workplaces and communities. Furthermore, the relationship between gambling and harms such as crime and economic degradation suggest that we are all in some way adversely affected by problem gambling.
- The Jarrod True (TAB) submission also criticises the Problem Gambling Foundation, saying, “What the Problem Gambling Foundation doesn’t mention in their submissions is that when Professor Max Abbott looked only at the New Zealand data in 2006 he concluded that a sinking lid policy or a cap on machine numbers will have little (if any) impact on problem gambling.”
- It’s strange that the TAB submission would reference another Max Abbott study, since it previously attempted to discredit the statistical analysis that Professor Abbott and his colleagues completed together. The TAB submission doesn’t seem to mind this inconsistency, however.
- The TAB submission also skews the findings of this report, which does not actually “look only at New Zealand data.” Professor Abbott looks at a decade of international findings in order to convey the complexity of problem gambling issues, and the challenges surrounding the establishment of causation and the interplay of a variety of other factors. Abbott goes on to say that “it is apparent that future research, apart from refining the measurement of EGM exposure at macro and micro levels, will need to pay greater attention to the roles that other environmental and individual factors play in problem development and cessation.” This contemplative paper and call for additional research, if anything, should urge us to carefully consider and monitor gambling policy and its outcomes.
- Since the release of this paper, a later (2009) Abbott study found that for every new machine in a community, there is an increase of about 1 (.8) problem gamblers; the same study supported the view that restricting the per capita density of gambling machines

leads to a decrease in gambling harm.<sup>111</sup> These sorts of causal impacts can have very real impacts on our communities.

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111 Abbott, M., Storer, J., & Stubbs, J. (2009 December). Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines. *International Gambling Studies*, 9 (3), 225 – 244.



**Submission to  
Invercargill City Council  
on the proposed  
Class 4 Gambling Policy**

**17 July 2015**

## Executive summary

The purpose of the pub gaming sector is to raise funds for the community. In 2013 the sector raised \$246 million<sup>1</sup> for thousands of worthwhile sports and community groups. Many of these groups depend on pub gaming to survive<sup>2</sup> so it is important this fundraising system is sustainable. Unfortunately during the last 10 years the pub gaming sector has seen a significant decline. Between 2004 and 2014:

- The number of gaming venues reduced from 1,850 to 1,287 (a 30% reduction)
- The number of gaming machines operating reduced from 22,231 to 16,717 (a 25% reduction)
- Pub gaming revenue fell from \$1,035 million to \$808 million (a 22% reduction)<sup>3</sup>, which resulted in \$91 million less being distributed to the community<sup>4</sup>.

One of the contributors to this decline is the inflexibility of some council gambling policies – particularly sinking lid policies. Such policies are based on the erroneous belief that limiting gaming machine numbers will limit problem gambling. In actual fact, despite the 25% reduction in gaming machine numbers during the past 10 years, New Zealand’s problem gambling rate has remained consistently low (around 0.3% - 0.7% of the population). The New Zealand 2012 Gambling Study concluded “...there has probably been no change in the prevalence of current problem and moderate-risk gambling since 2006”<sup>5</sup>. Research<sup>6</sup> suggests that when it comes to preventing and minimising gambling harm, the *location* of gaming machines is more important than the *number* of gaming machines operating.

The proposed Class 4 gambling policy for Invercargill City Council is somewhat confusing. Section 4.2.1 (i) suggests a sinking lid policy is in place, however the policy introduction sets a limit of 22 venues and 286 gaming machines. Section 4.2.2 refers to a “transfer” and “substitute venues”, when ‘venue relocation’ would be a more appropriate term. This section also attempts to apply limits to the number of gaming machines that can be relocated. This would be in conflict with section 97A of the Gambling Act and could not be enforced by council. Finally, section 4.2.2 of the proposed policy states that a venue relocation is not permitted outside the CBD, but does not expressly state that relocations are permitted within the CBD. Therefore NZCT:

- **Recommends** the policy be redrafted to set a cap of 317<sup>7</sup> gaming machines and section 4.2.1 (i) be removed.
- **Recommends** section 4.2.2 (ii) be rewritten to remove ambiguity and align with section 97A of the Gambling Act.

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<sup>1</sup> Pg 13, Q11, Pokies in New Zealand, a guide to how the system works <http://www.dia.govt.nz/Gambling>.

<sup>2</sup> Pg iii, Community Funding Survey, Point Research 2012, 75% of survey participants indicated their organisation is moderately or totally reliant on gaming funding to fund core business. 55% said there would be a high to extreme risk (and a further 26% said there would be a moderate risk) to their organisation and their core business if they did not receive this funding.

<sup>3</sup> DIA statistics.

<sup>4</sup> Based on an average return of 40%.

<sup>5</sup> Pg 7, New Zealand 2012 Gambling Study: Gambling harm and problem gambling.

<sup>6</sup> Brief Literature Review to Summarise the Social Impacts of Gaming Machines and TAB Gambling in Auckland, Gambling & Addictions Research Centre, AUT University, 2012.

<sup>7</sup> This being the number of machines the DIA has confirmed are licenced to operate in the ICC area as of 3 July 2015.

## About NZCT

Established in 1998, NZCT is one of New Zealand's largest gaming trusts. Our publicans raise funds by operating gaming lounges within their hotels. In the 12 months to 30 September 2014, NZCT distributed \$39.2 million to sporting, local government and community groups nationwide.

We have twin goals of serving both our publicans and the communities in which they operate. At least 80% of the funds we distribute are directed towards sports activities, making NZCT the largest funder of amateur sport in New Zealand. We focus on sport because of the many positive benefits it offers communities, such as:

- crime reduction and community safety
- economic impact and regeneration of local communities
- education and lifelong learning
- participation
- physical fitness and health
- psychological health and wellbeing
- social capital and cohesion<sup>8</sup>.



**In February 2015 NZCT granted \$6,500 to Netball South towards venue hire costs**

Overseas research<sup>9</sup> has found participation in sport can lead to increased health and productivity for individuals, and increased wealth or wellbeing of society as a whole.

While amateur sport is our main focus, we are also strong supporters of other worthy community activities, including local government projects. The list of grants appended to this submission shows the local organisations that have benefited from NZCT funding recently.

We are proud of our robust grants system and of the quality of people involved with NZCT. Our trustees<sup>10</sup> are all highly-regarded business and community leaders with extensive governance experience. Our trustees are supported by an experienced staff and eight Regional Advisory Committees (RACs) who add local knowledge and insight to our grant decisions.

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<sup>8</sup> Sport England's Value of Sport Monitor.

<sup>9</sup> [http://www.ausport.gov.au/information/asc\\_research/publications/value\\_of\\_sport](http://www.ausport.gov.au/information/asc_research/publications/value_of_sport).

<sup>10</sup> Alan Isaac (NZCT chairman, professional director and sports administrator), Peter Dale (former Hillary Commission chief executive), David Pilkington (professional director), Kerry Prendergast (former mayor of Wellington) and Lesley Murdoch (Olympian and former New Zealand cricket captain, broadcaster).

## Current situation

In most countries, gambling is purely for commercial gain. New Zealand is different. We are one of only a few countries in the world with a 'community owned' model for pub gaming, where the proceeds are returned to the community instead of to the private sector. Unfortunately, during the past 10 years the sector has experienced a significant decline:

- The number of gaming venues reduced from 1,850 to 1,287 (a 30% reduction)
- The number of gaming machines operating reduced from 22,231 to 16,717 (a 25% reduction)
- Pub gaming revenue fell from \$1,035 million to \$808 million (a 22% reduction)<sup>11</sup>, which resulted in \$91 million less being distributed to the community<sup>12</sup>.

### Invercargill's gaming machine numbers

Invercargill's gaming sector has declined in line with national trends. Department of Internal Affairs (DIA) gambling statistics<sup>13</sup> show there are currently 21 venues and 284 gaming machines operating<sup>14</sup> in Invercargill. Since 2005 the number of gaming venues has fallen 32% and the number of gaming machine has fallen 18% (in 2005 there were 31 venues and 345 machines in operation).

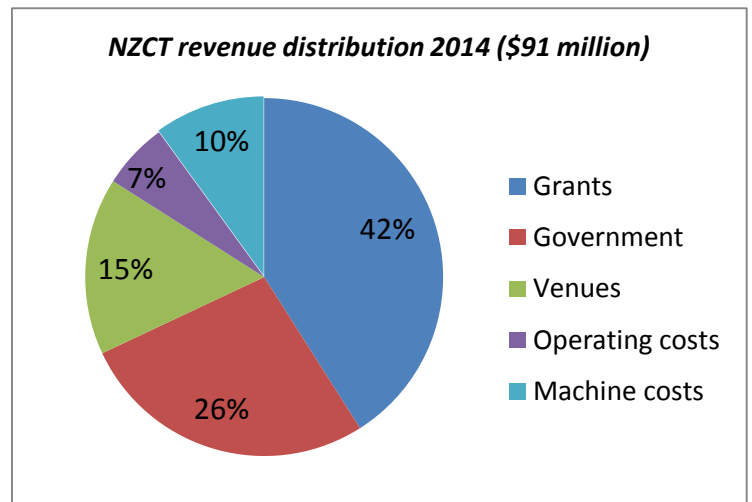
## The Class 4 sector faces multiple challenges

The Class 4 gambling sector is vulnerable to a number of new cost pressures. These may contribute to (or indeed accelerate) the market decline noted above.

### 1. Increased minimum return

In September 2014 regulations were promulgated which set new minimum thresholds for the return of gaming funds to the community. In the first financial year following promulgation, societies must return a minimum of 40% of net proceeds (up from 37.12%). This rises to a minimum of 41% in year three and 42% in year five.

While NZCT achieved a 42% return in its last financial year, we have serious concerns about our ability to sustain this level of distribution. Indeed, we expect the increased minimum return will put pressure on many gaming societies.



<sup>11</sup> DIA statistics.

<sup>12</sup> Based on an average return of 40%.

<sup>13</sup> DIA website, Gaming machines venues and numbers by region at 30 June 2015.

<sup>14</sup> Although the DIA has confirmed the number of machines that may operate in the ICC area as of right is 317.



It is highly likely many societies will be forced to shed their lower performing gaming venues in order to achieve the new percentage return. Such venues are typically located in provincial towns – so it is likely regions like Southland will see a significant reduction in gaming revenue (and therefore community grants) in the coming months. Within the gaming sector, there is a concern that the increased percentage requirement will result in a lower overall dollar amount being returned to the New Zealand community via pub gaming grants.

## **2. Proposed fee increase**

The DIA has proposed to increase Class 4 gambling licence fees by 53%. If this increase goes ahead it will be the equivalent of adding approximately \$1m to NZCT's annual operating costs. This additional cost will exacerbate the financial pressure imposed by the new minimum return requirement.

## **3. Increased competition**

During the past four years, other modes of gambling (casinos, Lotteries products and the New Zealand Racing Board (NZRB)) have seen revenue increases – Lotto by 33%. While the Lotteries Commission does return funds to the community, casinos' profits go directly to their shareholders and the majority of NZRB distributions are directed towards the racing industry<sup>15</sup>. Many Lotto and NZRB products are available online, but the Class 4 gambling sector is prohibited from operating in the online space.

In addition, the public has access to many overseas gambling websites where they can spend their entertainment dollar. These sites are highly accessible (even to minors), often offer inducements to players to keep betting, have no bet size restrictions and no guaranteed return to players. They do not return any funds to the New Zealand community or the New Zealand Government. The 2010 Health and Lifestyles Survey found that 19% of survey participants played an internet game for money via an overseas website.<sup>16</sup> According to the Problem Gambling Foundation, problem gambling rates among those who gamble on the internet are 10 times higher than that of the general population<sup>17</sup>.

## **4. High compliance requirements**

The sector is closely monitored by the DIA to ensure it complies with a multitude of rules, regulations and laws. The resources needed to meet these compliance thresholds can be prohibitive and could explain why some people and organisations are exiting the sector.

## **5. Imminent one-off costs**

The introduction of new bank notes in 2015 and 2016 will require gaming operators to outlay considerable costs in terms of the software and hardware required for gaming machine note acceptor upgrades. For NZCT alone the cost of this project is around \$1m. In addition, by December 2015 all gaming machine jackpots must be downloadable. Each conversion from a manual to a downloadable jackpot costs somewhere between \$3,000 - \$20,000 per venue. Based on today's number of venues (1,287), this project has added a cost burden to the sector in the order of \$3.8m - \$25m. As a result of these two projects, gaming societies have fewer funds available for distribution to the community.

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<sup>15</sup> Pg 6, NZRB Annual Report 2014 reports \$137.4 million total distributions, of which \$134.1m (97%) was directed to racing.

<sup>16</sup> Pg 16, [http://archive.hsc.org.nz/sites/default/files/publications/Gambling\\_Participation\\_final-web.pdf](http://archive.hsc.org.nz/sites/default/files/publications/Gambling_Participation_final-web.pdf).

<sup>17</sup> Problem Gambling Foundation Fact Sheet 04, July 2011.

## Our position

In the following pages we provide six key reasons why NZCT recommends capping Invercargill’s gaming machine numbers at today’s rate, rather than enforcing a sinking lid policy. We also provide four reasons in support of gaming venues being able to relocate to new premises.

### Reasons to cap gaming machine numbers:

#### 1. Gaming machines are a legal and valid entertainment choice

Pub gaming is a valid and enjoyable source of entertainment for residents and tourists alike. Most players, regard gaming as light entertainment and know when to stop. The Gambling Commission has reminded councils and the regulator that “... measures should only be imposed if they reduce the harm caused by problem gambling, as distinct from simply reducing gambling activity which is a lawful and permitted activity under the Act.”<sup>18</sup>

We recognise that Invercargill City Council aims, through its Long Term Plan, to balance the needs of visitors and residents while achieving economic development. We support this objective and believe a vibrant hospitality sector is a key component to achieving this. It’s important to note that pub gaming brings many benefits to New Zealand. Business and Economic Research Ltd (BERL) research<sup>19</sup> has calculated that each year the entertainment value to recreational players is circa \$250m, the grants value to the community is circa \$250m, and the government revenue value in the form of duties and levies is circa \$190m.

#### 2. Gaming machines are an important component of your local hospitality sector and an important source of community funding

##### Local hospitality

Businesses that host gaming are typically pubs and hotels – like the Golden Age Tavern in Gore Street, which hosts four of NZCT’s gaming machines. These businesses contribute to your local economy, employing staff and providing hospitality options for residents and tourists.

##### Community funding

In the last 18 months the machines at the Golden Age Tavern have enabled NZCT to raise \$95,465 for local community and sports groups in your region, of which \$66,450 was returned directly to the community. A portion of funds generated at all of NZCT’s lower South Island venues were distributed to regional organisations (like Footballsouth) who provide benefits to Invercargill residents (see Appendix 1 for details).

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<sup>18</sup> Gambling Commission decision GC16/06.

<sup>19</sup> Maximising the benefits to communities from New Zealand’s Community Gaming Model, BERL, February 2013.

### Difference between societies, clubs and NZRB

It is worth noting that the pub gaming model differs from the gaming run at clubs (like RSAs) and in NZRB venues. Those entities are able to apply the funds they raise to their own purposes (eg: maintaining clubrooms or funding race meetings. For example, in its 2014 annual report, NZRB advised its distributions totalled \$137.4 million. The majority of which (97% or \$134.1 million) was used for racing purposes. In contrast, but Class 4 societies like NZCT distribute all net proceeds to the community.

### 3. Gaming machine numbers have little effect on problem gambling numbers

It is misleading and inaccurate to assume that fewer gaming machines will result in fewer problem gamblers. A gambling addiction is a complex psychological condition, which is influenced by many factors. As shown in the graph below, a reduction of nearly 4,000 machines across the country between 2007 and 2015 has had almost no impact on the small percentage of problem gamblers nationally.



In the 2006/07 Ministry of Health NZ Health Survey 0.4% of the population were categorised as problem gamblers using the Problem Gambling Severity Index (PGSI). In the 2010 Health and Lifestyles Survey the rate increased to 0.7%. In the preliminary findings from the 2012 New Zealand Health Survey the rate was 0.3% of the population, but the 2012 National Gambling Survey found the rate was 0.7% of people aged 18 years and over.

### **Problem gambling rates have plateaued**

The New Zealand 2012 National Gambling Study found that the number of people who regularly participate in continuous forms of gambling (like gaming machines) has decreased from 18% in 1991 to 6% in 2012.<sup>20</sup> The study concluded that “Problem gambling and related harms probably reduced significantly during the 1990s but have remained at about the same level despite reductions in non-casino EGM [electronic gaming machine] numbers and the expansion of regulatory, public health and treatment measures.”<sup>21</sup>

### **Sinking lids are ineffective**

Sinking lid policies became popular because councils believed they would help reduce gambling harm in their community. However, after studying the effectiveness of different council policies, the DIA acknowledged the limitations of sinking lid policies. In a briefing paper to the Minister of Internal Affairs dated 28 March 2013, the DIA noted that “Different types of territorial authority Class 4 venue policies, such as sinking lids, caps ....make little difference on gaming machine numbers and expenditure...”. Relocation policies, which allow machines to be moved away from high risk areas, are considered more effective in reducing problem gambling than reducing machine numbers (see page 11 for more information).

## **4. Problem gambling rates in New Zealand are relatively low**

NZCT is committed to reducing and minimising the harm that can be caused by gambling. Thankfully, as can be seen in the table below, New Zealand has one of the lowest rates of problem gambling in the world<sup>22</sup>. The fact is relatively few New Zealanders are gambling at levels that lead to negative consequences. The majority of people who gamble know when to stop.

<b>Country</b>	<b>Problem Gambling Prevalence (% population*)</b>
<b>New Zealand</b>	0.3 - 0.7
<b>UK</b>	0.6
<b>Norway</b>	0.7
<b>Australia</b>	0.5 – 1.0
<b>USA</b>	2.3
<b>Canada</b>	2.6
*Mixture of CPGI, PGSI and SOGS scores <sup>23</sup>	

<sup>20</sup> Pg 8, NZ 2012 National Gambling Study: Overview and gambling participation.

<sup>21</sup> Pg 18, *ibid.*

<sup>22</sup> Maximising the benefits to communities from New Zealand’s community gaming model, BERL, February 2013.

<sup>23</sup> A range of different measurements are available to measure problem gambling rates. CPGI refers to the Canadian Problem Gambling Index, PGSI is the Problem Gambling Severity Index and SOGS is the South Oaks Gambling Screen.

## **The vast majority of Invercargill residents gamble responsibly**

The latest available statistics from the Ministry of Health show that during the 12 months to June 2014, 85 people in Invercargill sought help for problem gambling<sup>24</sup>. Based on an adult population of 38,082<sup>25</sup> we can estimate that approximately 0.2% of Invercargill's adult population could be problem gamblers. This is much lower than the 0.7% rate estimated by the 2012 National Gambling Survey.

## **5. Gaming machines can only be played in strictly controlled environments**

As a corporate society licensed to conduct Class 4 gambling, NZCT is fully aware of its obligations under the Gambling Act 2003. All our gaming rooms are operated by trained staff at licensed venues. The DIA is responsible for monitoring the Class 4 gambling industry (including venue 'key people', bar staff and societies) to ensure they adhere to relevant rules, regulations and legislative requirements. The penalties for non-compliance include fines, suspensions, loss of operating licence and potential criminal charges.

### **Strict harm minimisation obligations**

A key purpose of the Gambling Act is to prevent and minimise the harm that can be caused by gambling, including problem gambling. To that end, in all Class 4 gambling venues:

- Stake and prize money is limited
- Odds of winning must be displayed
- Gaming rooms are restricted to people over the age of 18 years
- Gaming rooms can only be operated in adult environments (eg: pubs, nightclubs, clubs)
- Play is interrupted every 30 minutes with an update on how long the player has been at the machine, how much money they've spent and their net wins/losses
- \$50 and \$100 notes are not accepted
- No ATMs are allowed in licensed gambling areas
- Gaming advertising is prohibited
- The DIA monitors every gaming machine's takings
- Syndicated play is prohibited
- All venues must have staff trained in gambling harm minimisation on duty whenever gaming machines are operating
- All venues must have a gambling harm minimisation policy in place
- All venues must display pamphlets and signs directing gamblers to help services
- Venue staff must be able to issue and enforce Exclusion Orders.

### **NZCT's harm minimisation activities**

NZCT takes all its legal obligations very seriously, none more so than those around minimising the harm which can be caused by gambling. To meet our harm prevention and minimisation requirements, NZCT provides a problem gambling resource kit to each of its gaming venues. The kit includes:

- NZCT's Harm Prevention and Minimisation Policy
- Exclusion Orders and guidance on the Exclusion Order process

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<sup>24</sup> Intervention Client Data, Service User Data, Problem Gambling, Ministry of Health website, 2014.

<sup>25</sup> People in Invercargill aged 20 years +, 2013 census data, Department of Statistics.

- A Harm Minimisation Incident Register to record any problem gambling issues and action taken by staff
- Problem gambling pamphlets for distribution.

NZCT also provides all its gaming venues with harm minimisation signs to display in and around the gaming area.

### **Training**

NZCT provides problem gambling training to staff at each of its gaming venues (during 2014 we provided harm min training to 394 venue staff). Trainers deliver a presentation on problem gambling and take staff members through each part of the problem gambling resource kit in detail. Refresher training is also provided at regular intervals. Gaming venues are continually reminded of their obligation to ensure a person trained in harm minimisation is on duty.



## **6. Support is available for problem gamblers**

Each year the gambling industry pays around \$18.5m to the government (in the form of a problem gambling levy) so the Ministry of Health can implement its Preventing and Minimising Gambling Harm Strategic Plan (PMGH). These funds pay for the implementation of public health services, intervention services, research, evaluation and workforce development.

Encouragingly, two of the findings from the inaugural PMGH baseline report were: problem gambling services are effectively raising awareness about the harms from gambling and; interventions for gambling-related harm are moderately accessible, highly responsive and moderate to highly effective<sup>26</sup>.

It is also pleasing to note that the world's largest clinical trial<sup>27</sup> for problem gambling treatment found that, one year after calling the Gambling Helpline, three-quarters of callers had quit or significantly reduced their gambling. This research provides a level of assurance for local communities, councils and the government.

## **Reasons to allow gaming operations to relocate:**

### **1. Relocation clauses provide sensible options**

Research<sup>28</sup> by Auckland University of Technology shows that problem gambling behaviour is influenced more by the *distance* to the nearest gambling venue, rather than the *number* of gambling venues within walking distance. The Ministry of Health's 2013 Gambling Resource for Local Government acknowledges this point and states that one of the major factors associated with increased prevalence of problem

<sup>26</sup> Pg 16, Outcomes Framework for Preventing and Minimising Gambling Harm Baseline Report, May 2013.

<sup>27</sup> The Effectiveness of Problem Gambling Brief Telephone Interventions, AUT, Gambling & Addictions Research Centre.

<sup>28</sup> Brief Literature Review to Summarise the Social Impacts of Gaming Machines and TAB Gambling in Auckland, Gambling & Addictions Research Centre, AUT University, 2012.

gambling is “location and/or density of gambling venues and machines”<sup>29</sup>. The Ministry of Health also found “being a problem gambler is significantly associated with living closer to gambling venues”<sup>30</sup>. Therefore, allowing gaming operations to move out of high deprivation areas could potentially diminish gambling harm for at-risk communities.

## **2. Support local hospitality businesses**

Relocation clauses also help ensure the continual improvement and growth of your local hospitality sector. Rather than tying gaming operations to a physical address, which may over time become a less desirable location, relocations allow gaming operators to move their operations to more suitable premises. The DIA has recommended relocation policies as a way of allowing territorial authorities to “future proof” their Class 4 gambling policies<sup>31</sup>. Relocation clauses also help the hospitality sector respond to consumer demand for attractive and safe entertainment environments. This is particularly important if premises are deemed unsafe or unusable for a lengthy period of time (eg: in the event of a fire or earthquake). And they incentivise building owners to upgrade their premises in order to attract and retain quality tenants (hospitality and gambling operators).

## **3. Respond to future demand**

Relocation policies help ensure Class 4 gambling policies can accommodate urban growth, re-zoning changes or changes in population demographics. This is not possible while gambling machine entitlements are linked to a physical address.

## **4. Appropriate benefit/responsibility**

Gaming machine entitlements run with the property at a physical address, yet property owners are not regulated under the Gambling Act. In effect, the property owner holds the power, but has limited responsibility in terms of the gambling operation. There have been instances where building owners hike rents and/or do not maintain premises, because they know they have a ‘captive’ tenant where no relocation option exists. A relocation policy distributes the benefit and responsibility more fairly, enabling the gambling operator to choose where they wish to establish their business.

### **Proposed relocation clause**

We have identified a few issues with the wording of section 4.2.2 of the proposed policy and recommend it be rewritten to remove ambiguity. For instance, section 4.2.2 (ii) refers to a consent to ‘transfer’ - which we have interpreted as being the same as a venue relocation. In 4.2.2 (iv) there is a reference to ‘substitute venues’ - which we understand to be the gaming operation at its new location. The section also fails to expressly clarify that venue relocations will be allowed to and within Invercargill’s CBD – although this seems to be the intention.

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<sup>29</sup> Pg 21, Ministry of Health Gambling Resource for Local Government, 2013.

<sup>30</sup> Ibid.

<sup>31</sup> Internal Affairs Policy Briefing 3: Options for improving territorial authority gaming machine policies, 28 March 2013.

Finally, we believe there has been a misunderstanding of the impact of the Gambling (Gambling Harm Reduction) Amendment Act 2013. Section 4.2.2 (ii) limits the number of gaming machines which can be “transferred to the new venue” to nine machines. This conflicts with section 97A of the Gambling Act which allows relocating venues to operate the same number of gaming machines at their new premises as they did at their old premises. This point was confirmed in the DIA’s September 2013 issue of Gambits<sup>32</sup>.

NZCT recommends the following clause in substitution to that contained in the proposed policy:

***“Venue Relocation***

*A new venue consent will be issued by Council in the following circumstances:*

- (a) where the venue is intended to replace an existing venue within the district;*
- (b) where the existing venue operator consents to the relocation; and*
- (c) where the proposed new location meets all the other requirements in this policy.*

*In accordance with section 97A of the Gambling Act 2003, when consent is sought to relocate a venue under this relocation provision, the new venue may operate up to the same number of machines that was permitted to operate at the old venue immediately before the old venue licence is cancelled as a result of the relocation.*

*In accordance with section 97A(c) of the Gambling Act 2003, when the new venue is established following a consent being granted under this relocation provision, the old venue is treated as if no class 4 venue licence was ever held for the venue. The old venue will therefore require a new territorial authority consent from Council before being relicensed to host gaming machines and will be limited to a maximum of 9 machines if such a consent is issued by Council.”*

## **What does the future hold?**

### **Online gambling a growing trend**

In the United Kingdom about the same proportion of gamblers who play gaming machines in person, play online<sup>33</sup>. Unfortunately the NZ Health Survey does not cover online gambling, but we can assume the numbers here are not too different to the UK. This is a major concern for the gaming sector and your community. It must also be a concern for your council. Not only is there no help available for online gamblers, but the money gambled does not return any funds to the community or the government.

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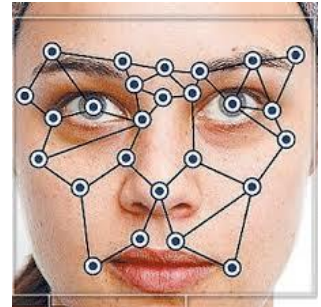
<sup>32</sup> [http://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambits-September-2013#4](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambits-September-2013#4).

<sup>33</sup> British Gambling Prevalence Survey 2010, the Gambling Commission.



### Harm minimisation tool being trialled

NZCT is assisting with the trial of a potentially ground-breaking harm minimisation tool. Using the facial recognition software found at international airports, a Hamilton company has developed a version that will cause a gaming machine to stop playing when it recognises a problem gambler that has requested to be excluded from playing. Subject to this software being approved by the regulatory authorities for use in the Class 4 gambling sector, this tool could be available in 12 to 18 months.



## Summary

We appreciate Invercargill City Council wants to do its best to protect its residents from any potential harm that may be caused by gambling. Thankfully New Zealand has a relatively low problem gambling rate and there is effective help available to those who need it. The Class 4 gambling sector exists to generate funds for the community. This model is working well, with thousands of people benefitting from the financial support provided to community and sports groups.

Unfortunately the Class 4 gambling sector, and therefore the money it generates for the community, is declining. If current trends continue, there could be a real funding shortfall for such groups in future. Our view is that it is unnecessary and undesirable to place any further restrictions which could limit the ability of gaming societies to generate community funds.

## Recommendations

Our recommendations are that the council:

- **Redrafts** the policy to set a cap of 317<sup>34</sup> gaming machines and clause 4.2.1 (i) is removed.
- **Redrafts** section 4.2.2 (ii) to remove ambiguity and align with section 97A of the Gambling Act.

For further information, or if you have any queries about this submission, please contact:

**Angela Paul**  
**NZCT Communications Manager**  
Ph: 04 495-1594  
Email: [angela.paul@nzct.org.nz](mailto:angela.paul@nzct.org.nz).

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<sup>34</sup> This being the number of machines the DIA has confirmed are licenced to operate as of 3 July 2015.

## Appendix 1: NZCT Invercargill and regional grants

In the 18 months to 30 June 2015, NZCT distributed 15 grants to the value of \$66,450 sports and community groups in your area. We also funded two regional organisations who provide benefits to Invercargill residents.

### Invercargill TLA

Organisation	Grant Number	Amount Approved	Purpose
Awarua Boating Club Inc	59,802	\$2,500	Towards repairs to boat shed and club rooms
Bluff Memorial R S A Inc	60,967	\$2,000	Towards plastering on exterior of building
Bluff Oyster & Food Festival Charitable Trust	57,053	\$10,000	Towards hire of equipment for Food Festival in Bluff in May 2014
Bluff Oyster & Food Festival Charitable Trust	61,486	\$10,000	Towards hire of equipment for 2015 Bluff Oyster & Food Festival in Bluff
Bluff Promotions Association Inc	58,959	\$2,000	Printing of entry form, posters, fees, traffic mangmt and medals for Bluff Hill Grunt
Cycling Southland Inc	59,090	\$5,000	Towards hire of public address systems and costs of programme printing
Netball South Zone Inc	57,094	\$6,500	Towards venue hire from May 2014
Netball South Zone Inc	60,962	\$6,500	Towards venue hire from March 2015
Rimu School	56,590	\$5,000	Towards cost of junior playground equipment
Southland Amateur Rowing Association Inc	56,869	\$7,600	Towards salary of Programme Coordinator from March 2014
Southland Amateur Rowing Association Inc	61,648	\$2,400	Towards salary of Programme Coordinator from May 2015
Southland Badminton Assn	57,879	\$1,000	Towards racquets and shuttles
Table Tennis Southland Inc	62,308	\$1,300	Towards van hire for SI Table Tennis Team Champs and Canterbury Open
Touch Southland Inc	57,148	\$2,400	Towards van hire to Youth & Open Touch NZ Nationals in Auckland, March 2014
Woodlands Rugby Football Club	57,489	\$2,250	Towards jerseys
		<b>\$66,450</b>	

### Regional organisations

Footballsouth	\$127,000	Towards salaries of Football Development staff and airfares for National Age Grade Tournament
Southern Zone Rugby League	\$200,000	Towards salary of Development Officer, General Manager, Life Coordinators and airfares to Inter District Academy Rugby League Tournament from April 2015

10 JUL 2015

P: Office 03 218 8693 F: 03 218 3011 A: P O Box 1233, 154 Esk Street, Invercargill 9840 E: office@iwmc.co.nz W: www.iwmc.co.nz



8 July 2015

The Manager

Strategy and Policy

Invercargill City Council

Re: **Class 4 Gambling Venues Policy**

Please find attached submission from the Invercargill Workingmen's Club regarding the Class 4 gambling Venues Policy review. We do not wish to speak to our submission.

Yours faithfully,

A handwritten signature in black ink, appearing to be "K. J. Gray", written over a horizontal line. The signature is stylized and somewhat vertical.

K. J. Gray—Manager



## **Invercargill Workingmen's Club Council Class 4 Gaming Submission**

The Invercargill Workingmen's Club has accepted the current Invercargill City Council Class 4 Gaming Venue Policy, however the Invercargill Workingmen's Club's support for this policy and future policies is conditional on maintaining/including the fundamental issues listed at the conclusion of this paper.

The Invercargill Workingmen's Club is a responsible gaming machine venue who provides its members with many forms of entertainment not just specifically gaming.

The Invercargill Workingmen's Club takes all steps to ensure its members understand that gaming can cause harm. The Club monitors all entry to the Club, including non-members who do not have the ability to just walk in off the street. All Duty Managers of the Invercargill Workingmen's Club have had harm minimisation training which not only covers gaming machines but also the TAB.

The Invercargill Workingmen's Club is a member of Clubs New Zealand, an organisation that has set the standards in harm minimisation in gaming long before there was a legal requirement to do so - Clubs New Zealand has its own online training available to all its members.

While we acknowledge that gaming machines can cause harm we take steps to eliminate that harm, the other side is that gaming gives the Invercargill Workingmen's Club opportunities to help its Members who engage in sport within the Club and for travel away to tournaments. The Invercargill Workingmen's Club also supports the Invercargill Community, not only through our Class 4 Gaming Authorised Purposed but also through the use of the Club's facilities.

We at the Invercargill Workingmen's Club (Inc) support Community Groups for example-

*Invercargill Stroke Club use club premises on a fortnightly basis*

*Lions Club of Invercargill use of club premises for meetings*

*Rotary Club South use of club premises for meetings*

*Home of the Invercargill RSA*

*Pool for Schools secondary school student's use of facilities on a weekly basis*

*Donation to Rugby Southland development squad \$7,000.00*

*Donation to Southland basketball development squad \$3,000.00*

*Donation to Hospice Southland \$10,000.00*

*Donations to club members and families for travel to sporting tournaments, school camps, student exchange programmes approx. \$64,000.00 last financial year.*

The Invercargill Workingmen's Club is pleased that the Invercargill City Council acknowledges the proceeds that go back into the community. We are all aware that it would be impossible to fund community groups and organisations in any other way.

The Invercargill Workingmen's Club would like to point out that there is a cost relating to running gaming machines in relation to compliance, therefore fewer machines can affect the viability of a site.

Gambling in all its forms can cause harm; for example there is no safety net for the person who puts \$1000 (Thousand Dollars) into Lotto for a Big Wednesday draw, or mortgages the house to visit the casino. We don't see that level of spending within our own Club venue.

It is not illegal to gamble on or operate gaming machines. The Government in no way attempted to remove this form of entertainment from the country. They did however require operators to radically reduce the potential harm of gambling machines on the slim minority of the population. Figures in the club movement indicate that there has been a huge improvement in this area.

**The Invercargill Workingmen's Club supports a policy that allows venues to move and venues to amalgamate. It makes good business sense for the Invercargill City Council to allow flexibility to good gaming operators.**

The Invercargill Workingmen's Club would like to point out that the gaming machines that it operates are only used by its Members, their Guests and Affiliated Members, thereby limiting gambling harm.

It is well documented that Clubs provide a safe and friendly environment and excellent support for its members, their guests and affiliated club members.

In closing the Invercargill Workingmen's Club (Inc) only asks that it be treated fairly by the Invercargill City Council and asks that the council ensures the following two paragraphs are included into new policy to mirror sections 95 and 96 of the Act. This will ensure that the new policy does not impinge on the number of machines a club may be allowed to operate according to the Gambling Act 2003.

### **Numbers of Gaming Machines Allowed Per Venue**

- **Clubs that obtained a venue licence after 17 October 2001 may apply under Section 96 of the Gambling Act 2003 to operate up to 18 Machines.**
- **Clubs that merge shall be allowed to increase the number of machines operated at a venue in accordance with Section 95 of the Gambling Act 2003 and must not exceed the lesser of 30 or the sum of the number of gaming machines specified in all of the corporate societies' class 4 venue licences at the time of the application.**

These statements are consistent with those stated in Sections 95 and 96 of the Gambling Act 2003.

**The Invercargill Workingmen's Club further recommends that the policy includes the ability for relocation of all of a club's gaming machines to a new venue, as per the number of machines prior to relocation.**

This gives operators the opportunity of more flexibility in their businesses, an opportunity especially in economic times such as these that may enhance their chance of viability. It would allow clubs to shift premises should the need arise through natural disaster or economic requirements such as mergers, amalgamations or upgrading of facilities.

Yours Faithfully

K. J. Gray – Manager, Invercargill Workingmen's Club.







Submission Number:

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SUBMISSION FORM: CLASS 4 GAMBLING VENUES POLICY AND TAB GAMBLING VENUES POLICY

CONTACT DETAILS (Please print clearly)

Name: Makarewa Country Club

Contact Person: (if the name above is an organisation)

Joanne Dickison (manager)

Postal Address:

P.O Box 591, Invercargill

Daytime Telephone: 027 3303274

Email: makcountryclub@xtra.co.nz

Signature: [Handwritten signature]

I wish to speak to the Mayor and Councillors about my submission: Yes [ ] No [x]

(Note: if you wish to be heard, please supply contact email or phone number)

My submission on Class 4 Gambling Venues Policy and TAB Gambling Venues Policy is:

[Large dotted area for submission content]

(Please turn over)

Postal address: Submission - Gambling Policies, Invercargill City Council, Private Bag 90104, INVERCARGILL

Email address: policy@icc.govt.nz

Submissions close at 5.00 pm on Monday 20 July 2015

Please Note: submissions, including your name and address, will be included in papers which will be available to the public.





## **MAKAREWA COUNTRY CLUB INCORPORATED**

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### **Invercargill City Council Class 4 Gaming Submission**

The Makarewa Country Club has accepted the current Invercargill City Council Class 4 Gaming Venue Policy, however the Makarewa Country Club's support for this policy and future policies is conditional on maintaining/including the fundamental issues listed at the conclusion of this paper.

The Makarewa Country Club is a responsible gaming machine venue who provides its members with many forms of entertainment not just specifically gaming.

The Makarewa Country Club takes all steps to ensure its members understand that gaming can cause harm. The Club monitors all entry to the Club, including non-members who do not have the ability to just walk in off the street.

The Makarewa Country Club is a member of Clubs New Zealand, an organisation that has set the standards in harm minimisation in gaming long before there was a legal requirement to do so - Clubs New Zealand has its own online training available to all its members.

While we acknowledge that gaming machines can cause harm we take steps to eliminate that harm, the other side is that gaming gives the Makarewa Country Club opportunities to help its Members who engage in sport within the Club and for travel away to tournaments. The Makarewa Country Club also supports the Makarewa Community, not only through our Class 4 Gaming Authorised Purposed but also through the use of the Club's facilities.

We at the Makarewa Country Club (Inc) support many Community Groups for example-

Wallacetown Softball - Donation

Red Cross - Donation

Hospice Southland - Donation

Systic Fibrosis Association - Donation

Makarewa School - venue for school disco, meeting venue, newsletter sponsor

Makarewa Playgroup - venue to hold fundraising, prizes, donations

Makarewa Bowling Club - Donations, funding bowling tournament

Southland Drag Club – venue for meetings,  
Southland Horse Club – Venue for meetings  
Makarewa Squash Club – Venue for monthly meeting, donations,  
Landrover Club – Venue for monthly meeting  
Wine Club – Venue for monthly meeting, provide nibbles free of charge  
Caduicus Club- Venue for meetings, Photocopying, Sponsorship  
Makarewa Lions Club – Donations, venue for meetings, use of our van.

The Makarewa Country Club is pleased that the Invercargill City Council acknowledges the proceeds that go back into the community. We are all aware that it would be impossible to fund community groups and organisations in any other way.

The Makarewa Country Club would like to point out that there is a cost relating to running gaming machines in relation to compliance, therefore fewer machines can affect the viability of a site.

Gambling in all its forms can cause harm; for example there is no safety net for the person who puts \$1000 (Thousand Dollars) into Lotto for a Big Wednesday draw, or mortgages the house to visit the casino. We don't see that level of spending within our own Club venue.

It is not illegal to gamble on or operate gaming machines. The Government in no way attempted to remove this form of entertainment from the country. They did however require operators to radically reduce the potential harm of gambling machines on the slim minority of the population. Figures in the club movement indicate that there has been a huge improvement in this area.

The Makarewa Country Club supports a policy that allows venues to move and venues to amalgamate. It makes good business sense for the Invercargill City Council to allow flexibility to good gaming operators.

The Makarewa Country Club would like to point out that the gaming machines that it operates are primarily only used by its Members, Affiliated Members and their Guests, thereby limiting gambling harm.

It is well documented that Clubs provide a safer environment and excellent support. The Makarewa Country Club can give examples where groups have been asked to leave the premises when gambling behaviour become unacceptable.

In closing the Makarewa Country Club (Inc) only asks that it be treated fairly by the Invercargill City Council and asks that the council ensures the following two paragraphs are included into new policy to mirror sections 95 and 96 of the Act. This will ensure that the new policy does not impinge on the number of

machines a club may be allowed to operate according to the Gambling Act 2003.

**Numbers of Gaming Machines Allowed Per Venue**

- Clubs that obtained a venue licence after 17 October 2001 may apply under Section 96 of the Gambling Act 2003 to operate up to 18 Machines.
- Clubs that merge shall be allowed to increase the number of machines operated at a venue in accordance with Section 95 of the Gambling Act 2003 and must not exceed the lesser of 30 or the sum of the number of gaming machines specified in all of the corporate societies' class 4 venue licences at the time of the application.

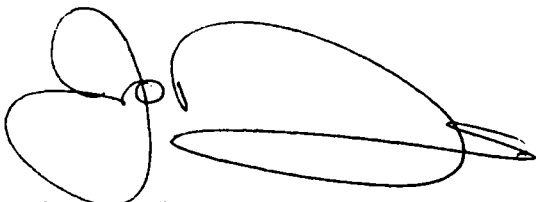
These statements are consistent with those stated in Sections 95 and 96 of the Gambling Act 2003.

The Makarewa Country Club further recommends that the policy includes the ability for relocation of all of a club's gaming machines to a new venue, as per the number of machines prior to relocation.

This gives operators the opportunity of more flexibility in their businesses, an opportunity especially in economic times such as these that may enhance their chance of viability. It would allow clubs to shift premises should the need arise through natural disaster or economic requirements such as mergers, amalgamations or upgrading of facilities.

Finally the Makarewa Country Club (Inc) doesn't wish to speak to its submission at your upcoming policy review hearing.

Yours  
Faithfully

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above the typed name.

Joanne Dickison  
Manager  
Makarewa Country Club



# Clubs New Zealand Submission

## Review of the Invercargill City Council

### Class 4 Venues Gambling Act Policy

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#### **Clubs New Zealand**

Clubs New Zealand Incorporated is a not-for-profit organisation that represents more than 300 chartered clubs across communities throughout New Zealand including cosmopolitan clubs, workingmen's clubs, returned service associations, commercial traveller clubs and sporting clubs.

#### **Clubs Located in the Invercargill District**

The following clubs in the Invercargill District have gaming machines:

- 2<sup>ND</sup> NZEF Association
- Club Southland
- Invercargill Workingmen's Club
- Makarewa Country Club

#### **Policy Review**

Clubs New Zealand and the local member clubs support the proposal to cap the number of gaming machines at current numbers. It is submitted that the policy should be redrafted to provide for the unique provisions in the Gambling Act 2003 that apply only to clubs, namely to:

- Allow two clubs that merge to host up to 30 gaming machines (section 95 of the Gambling Act); and
- Allow an existing club with 18 gaming machines to relocate and retain its 18 gaming machines (section 96 of the Gambling Act 2003).

Council's proposed policy clause 4.2.2(iii) does provide for club mergers. However the proposed policy will only permit the maximum number of 25 gaming machines to be the sum of the number of gaming machines in all of the corporate societies' (the clubs that are merging) Class 4 venue licences at the time of application.

Council's proposed policy clause 4.2.2 may allow a club(s) to relocate and retain its current number of machines but only if the class 4 gambling venue area is inside of the CBD as defined in the map provided by the Council and in conjunction with the District Plan.

#### **Club Mergers and 30 Machine Sites Expressly Permitted by the Gambling Act 2003**

It is a sign of the times that to survive clubs must think outside the square, work smarter and consolidate their assets and equity.

A number of clubs throughout New Zealand have or are in the process of merging or amalgamating with other clubs. This is creating better facilities for their members and more opportunities for clubs to support their communities.

The Gambling Act 2003 recognises that clubs offer a uniquely safe and secure gaming environment. Section 95 of the Gambling Act 2003 (a copy is set out in Schedule A) makes an express exemption for clubs from the general limits on gaming machine numbers. Section 95 permits a club venue to host up to 30 machines when two long standing clubs with gaming machines merge and operate from one single venue.

However, before the clubs can merge they first need to obtain territorial authority consent to host up to 30 machines and then the consent of the Minister of Internal Affairs to proceed with the merger.

Examples of previous club mergers are detailed in Schedule B.

Allowing club mergers and a 30 machine site will not result in a large number of merger applications. To qualify for Ministerial consent the clubs under section 95 must:

- Demonstrate a significant history of operating as a non-commercial club;
- Demonstrate a significant history of operating gaming machines;
- Operate from non-commercial premises; and
- Demonstrate that the merged club will have a substantial active membership.

The merger of two clubs is seen as a positive harm minimisation step. A merger results in:

- A reduction in gaming venues (from 2 to 1);
- A reduction in the total number of machines (two 18 machine sites i.e. 36 machines, being reduced to one venue with 30 machines); and
- A large single venue which can provide enhanced harm minimisation measures through specialisation and the concentration of dedicated resources.

The ability to merge and host up to 30 machines is limited only to clubs. Two commercial pubs cannot merge and increase their gaming machine numbers.

It is reasonably common for councils to permit club mergers. The following are some of the Territorial Authorities across the country that allows clubs which merge to host up to 30 machines:

- Central Otago District Council
- Clutha District Council
- Dunedin City Council
- Hastings District Council
- Horowhenua District Council
- Hutt City Council
- Kaipara District Council
- Kapiti Coast District Council
- Manawatu District Council
- Manukau City Council
- Marlborough District Council



- Matamata-Piako District Council
- Nelson City Council
- Porirua City Council
- Ruapehu District Council
- Tauranga City Council
- Upper Hutt City Council
- Wellington City Council
- Western Bay of Plenty District Council
- Whangarei District Council

Council is invited to review its proposed policy by including the following provision:

Two or more non-commercial clubs that merge may consolidate the number of gambling machines operated at the merged non-commercial club venue to the lesser of:

- a. 30 gambling machines; or
- b. the sum of the number of gambling machines previously operated by each non-commercial club individually.

### **Clubs Relocation and Retention of 18 Machines**

When a gaming venue relocates it is considered to be a new venue and accordingly is limited by the Gambling Act 2003 to a maximum of 9 gaming machines. Due to the unique nature of clubs, section 96 of the Gambling Act 2003 (a copy of which is set out in Schedule C) expressly allows a club with a substantial active membership to apply for Ministerial consent to increase the number of machines hosted from 9 to 18 at a relocated site.

Some examples of when section 96 has been used to allow a club to relocate are set out in Schedule D.

Council is invited to review and amend its proposed policy by including the following provision:

Notwithstanding any other provision in this policy, a non-commercial club may relocate and operate up to 18 gaming machines. It is noted that before a club can increase its machine numbers above 9 at the relocated site it must apply under section 96 of the Gambling Act 2003 and obtain the formal consent of the Minister of Internal Affairs.

Allowing a club to relocate and retain its gaming offering recognises that there are circumstances where it is either desirable or in fact necessary for a club to establish at a new site.

The ability to relocate gives a club the ability to consider more economical premises in hard economic times. The ability to relocate will also enable a club to move from “tired” premises to more modern premises. Allowing relocation will also make it possible for a club venue to locate from a residential area to a CBD area and from a high deprivation area to a low deprivation area.

Allowing relocation also creates fairness in the event of destruction or damage to existing premises (fire, earthquake etc), lease termination, and public works acquisition.

## Why Have Unique Provisions for Clubs?

### Clubs provide a safe and secure gaming environment

It is appropriate to have specific provisions for clubs in the policy as these provisions will mirror the provisions in the Gambling Act 2003. Further, different provisions for pub venues and club venues are appropriate because clubs provide a very safe and secure gaming environment.

The culture that exists in clubs is one of care and protection of the club's members. Clubs are a central community facility; they provide a social focal point, and a safe and secure venue in which members can enjoy food, gaming, sports, and alcohol.

Due to the club alcohol licence requirements clubs are only permitted to serve alcohol to members, visitors with reciprocal visiting rights and guests of members who are accompanied by members. As a result the people who frequent the club become well known to staff.

Staff quickly become aware of any member that shows any problem gambling symptoms. Due to the fact that the member is known personally by the staff and management it is easy to approach the person discreetly and enquire about the person's gambling and if appropriate, offer support or exclude the person from the gaming area. Members are less inclined to be defensive when such an approach is made in a club environment as opposed to a commercial establishment where there would be little (if any) rapport with the venue's management.

Clubs are not venues which focus on family or children's activities. The average age of club members is typically in excess of 45 years.

Clubs New Zealand and its member clubs are dedicated to having in place industry leading harm minimisation measures.

#### *The ClubCare Programme*

The ClubCare problem gambling harm minimisation programme is used by clubs throughout New Zealand. The ClubCare program includes an industry leading harm minimisation training package that was developed by Clubs New Zealand.

The ClubCare programme includes:

- a. A comprehensive host responsibility policy. The policy details how to identify a potential problem gambler and what steps need to be taken when a potential problem gambler is identified;
- b. A full complement of harm minimisation and host responsibility posters. The posters include statements such as *Our staff can't ignore the signs; There is more to this Club than pokies – take a break and give it a go; What's your limit?*
- c. Club specific problem gambling brochure. The brochure is entitled *Gambling in Clubs, Looking out for each other*;
- d. A ClubCare wallet card – *Looking out for each other*
- e. A venue education inspection checklist – *What is problem gambling?*

- f. An exclusion order pad and national exclusion/self exclusion website hosted database;
- g. Gaming machine stickers that detail the free problem gambling support available;
- h. A dedicated, unique 0800 problem gambling helpline number for club members; and
- i. Host responsibility training – a compulsory harm minimisation online training course for new staff members.

#### *Class 4 Audit Tool*

Clubs New Zealand in conjunction with the Doctor Philip Townshend has also developed a class 4 audit tool to ensure that clubs are offering class 4 gambling at the highest possible standards. The audit is completed by the gambling manager at each club. The audit documentation is then sent to Clubs New Zealand where all completed audits are reviewed and assessed.

The audit:

- a. Looks at the club culture and ensures that several other entertainment activities are being offered regularly by the club as an alternative to gambling;
- b. Looks at the degree of club contributions made to non-club activities and encourages a wider community focus;
- c. Looks at the revenue streams the club receives from all its activities and the level of reliance (if any) on proceeds from gambling;
- d. Looks at the gambling environment and policies/steps that can be taken to reduce harm including:
  - i. making jackpot pay outs by cheque, or holding money for collection at a later date;
  - ii. cashless gaming systems;
  - iii. gaming room layout and design (supervised entry points, lighting, openness of the gaming areas to the bar, location of gaming room to Eftpos machines or ATMs etc.); and
  - iv. frequency of staff visits into the gaming room.
- e. Checks that all the statutory requirements regarding identifying problem gamblers, exclusion orders, signage, harm minimisation policies, and training etc. are in place; and
- f. Surveys the club's staff's knowledge and general attitude towards harm minimisation.

#### *Supporting Evidence That Clubs Provide a Safer Environment*

There is a wealth of evidence that confirms that the club environment is a safer environment to gamble than the commercial pub environment.

In 2006, Dr Philip Townshend, Research Director for the Problem Gambling Foundation, produced a paper entitled *The Case for a Reduced Levy on Gambling in Clubs compared with Gambling in Hotels*. Dr Townshend reviewed several overseas studies and came to the conclusion that the club environment is different to the commercial environment. In his paper, he noted:

... there is clear evidence from both Australian and New Zealand research that clubs provide a safer gambling environment than hotels. The gambling experience is different in clubs from that in hotels, and as these differences are reflected in the reduced risk of harm while gambling in clubs as opposed to hotels ...

The finding that clubs provide a less harmful gambling environment was also found in a study commissioned by the Victorian Gambling Research Panel prepared by the Australian Institute for Primary Care at La Trobe University Melbourne 2006. Notably this study showed found

... "that there are significant differentiations within the aggregated EGM [Electronic Gaming Machine] gambling consumption data"

This finding has been supported by New Zealand Research carried out jointly by the Problem Gambling Foundation of New Zealand and CBG Health Ltd (PGF-CBD) (2006, in print). This research indicates that though clubs operate 21% of the EGMs in New Zealand club patrons lose only 13% of the total money lost in this country.

In October 2006, a report was prepared by the Problem Gambling Foundation entitled *Host responsibility, venue type and comparative harm*. The report concluded that clubs incur less problem gambling harm than other gaming machine operators.

In 2008, the Ministry of Health engaged the Centre for Social Health Outcomes Research and Evaluation and Te Ropu Whariki ("SHORE/Whariki")<sup>1</sup> to conduct a survey on problem gambling. Shore and Whariki concluded that participants that played gaming machines located in clubs had far fewer negative associations than those players who played a gaming machine located in a commercial bar. The report records at page 63:

The length of time playing EGMs (electronic gaming machines) in different settings, however, had different impact on participants' domains of life. While playing EGMS in bars was associated with poorer self-ratings in regard to several life domains, playing EGMs in clubs showed only one negative association with quality of a life domain (namely, physical health).

In August 2009, Dr Philip Townshend produced a further paper entitled *Non-Casino Gambling Machines in Hotels and Clubs: Points of difference*. The paper was based on the helpline figures for problem gambler presentations. Dr Townshend concluded that club gaming machines are approximately seven times safer than hotel machines. In his paper, he noted:

... The gambling environment and gamblers' safety is demonstrably different in clubs from that in hotels ...

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<sup>1</sup> [http://research.uleth.ca/seiga/documents/SHORE&Whariki\\_2009\\_NZ.pdf](http://research.uleth.ca/seiga/documents/SHORE&Whariki_2009_NZ.pdf)

The Problem Gambling Foundation has acknowledged the very good host responsibility programmes that exist in clubs. By letter dated 1 June 2011, Graeme Ramsey, the CEO of the Problem Gambling Foundation stated:

Clubs have demonstratively shown that overall they are a safer environment than pubs. ...

Clubs are based on a collective ethos. Overall we have seen that Clubs take responsibilities to their members and guests seriously. They have worked hard on host responsibility.

A copy of the Problem Gambling Foundation letter is annexed in Schedule E.

In May 2012, Opus International Consultants Limited was engaged to produce a report on gambling venue characteristics. The Opus report<sup>2</sup> found that club players had significantly lower problem gambling severity index scores. The study recorded at page 38:

Chi square analyses suggest that non-problem gamblers were significantly more likely in the chartered club venues than the pub/bar venues and moderate risk gamblers were significantly more likely in pub/bar venues than chartered clubs.

## Conclusion

It is submitted that it is appropriate for council's policy to mirror section 95 of the Gambling Act and expressly permit two clubs to merge and operate up to 30 machines at the merged site. A 30 machine site will often see a reduction in overall machine numbers, and a reduction in overall venue numbers (two 18 machine venues will go from a total of 36 machines to 30). A single dedicated venue will see greater specialisation and harm minimisation support.

It is also submitted that it is appropriate for council's policy to reflect section 96 of the Gambling Act 2003 and enable a club to relocate and retain its current number of machines. This will enable a club to relocate to modern premises in a more desirable area and prevent unfairness in the event of a fire, earthquake or public works acquisition.

Clubs provide a uniquely safe and secure gaming environment and as such it is appropriate that council's policy mirrors the legislative provisions which expressly apply to clubs.

## Opportunity to Speak to Our Application

Clubs New Zealand does not wish to speak to our written submission. The contact person is:

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<sup>2</sup> <http://www.gamblinglaw.co.nz/download/Research/Opus%20Report.pdf>

## Schedule A

### 95. Ministerial discretion to permit more gaming machines if clubs merge

- (1) This section applies to 2 or more corporate societies that the Minister is satisfied are clubs and—
  - (a) 2 or more of which hold class 4 venue licences; and
  - (b) can each demonstrate a significant history of—
    - (i) operating as clubs for club purposes; and
    - (ii) operating the number of machines specified in any class 4 venue licences held immediately before making an application to the Minister under subsection (2); and
  - (c) can each demonstrate that they intend to merge into a single club operating at a single class 4 venue to which section 92 applies; and
  - (d) can demonstrate to the Minister's satisfaction that the proposed class 4 venue is not a commercial premises; and
  - (e) can demonstrate to the Minister's satisfaction that the merged club will have a substantial active membership; and
  - (f) have obtained a territorial authority consent for the venue, either without a condition on numbers of gaming machines or with a condition on numbers that is consistent with the number of gaming machines that it is proposed to operate at the venue.
- (2) The corporate societies may apply jointly to the Minister for approval to operate up to the number of gaming machines consented to by the territorial authority at the proposed venue.
- (3) The Minister may approve an application under subsection (2) as the Minister thinks fit, but may not consider an application before the earlier of the following dates:
  - (a) when an electronic monitoring system approved by the Secretary is operating at the proposed venue;
  - (b) 1 January 2005.
- (4) The Minister's approval must specify the number of gaming machines that may be operated, but the number—
  - (a) must not exceed the number of gaming machines specified in a territorial authority consent; and
  - (b) must not in any case exceed the lesser of—
    - (i) 30; or
    - (ii) the sum of the number of gaming machines specified in all of the corporate societies' class 4 venue licences at the time of the application.
- (5) The corporate societies may then apply jointly to the Secretary for a class 4 venue licence for the proposed venue in accordance with section 65, but the Secretary must not issue a class 4 venue licence until the corporate societies have—
  - (a) merged; and
  - (b) obtained a class 4 operator's licence.
- (6) On issue of the class 4 venue licence,—
  - (a) the Secretary must cancel the previous class 4 venue licences held by the corporate societies, and there is no right of appeal against that cancellation; and
  - (b) the Secretary must not consider an application for a class 4 venue licence for any of the venues for which the corporate societies held class 4 venue licences within 6 months after the cancellation.
- (7) The limits in subsection (4) may be reduced by regulations made under section 314(1)(a).

## Schedule B

### Examples of clubs who have merged and obtained Ministerial consent to host up to 30 machines

<b>Taradale Club and Napier Cosmopolitan Club</b>	
History of operating as a club:	TC was incorporated in 1970. NCC was incorporated in 1932.
History of operating gaming machines:	TC had operated gaming machines for more than 20 years. NCC had also operated gaming machines for more than 20 years.
Substantial active membership:	TC had a membership of approximately 2,000 members. NCC had a membership of approximately 1,500 members. It was anticipated that the merged club would have over 3,000 members.
Outcome:	Ministerial consent was granted in March 2013.

<b>Petone Workingmen's Club and Lower Hutt RSA</b>	
History of operating as a club:	PWMC was established in 1887. LHRSA was founded in 1926.
History of operating gaming machines:	PWMC had operated gaming machines since 2001. LHRSA had operated gaming machines since 2003.
Substantial active membership:	PWMC had a membership in excess of 10,500. LHRSA had a membership of 381. The merged club was considered to have a membership approaching 11,000.
Outcome:	Ministerial consent was granted on 4 December 2009.

<b>Opotiki Country RSA and Opotiki Club</b>	
History of operating as a club:	Both the RSA and the Club were formed in 1919.
History of operating gaming machines:	Both the RSA and the Club had operated gaming machines since 1994. The RSA operated 9 machines, the Club operated 6 machines. The request made was for the merged club to host 15 machines.
Substantial active membership:	The RSA had approximately 400 members. The Club had approximately 300 members. It was expected that the majority of the active members of the Club and the RSA would continue to be active members of the new merged club.
Outcome:	Ministerial consent was granted on 4 October 2007 for the merged club to host 15 machines.



<b>Invercargill Workingmen's Club and Invercargill RSA</b>	
History of operating as a club:	IWMC was formed in 1932. The RSA was formed in 1917.
History of operating gaming machines:	IWMC had operated gaming machines since 1996. The RSA had operated gaming machines since 1988.
Substantial active membership:	IWMC had approximately 3,000 members. The RSA had approximately 1,025 members.
Outcome:	Ministerial consent was granted on 12 December 2005.

<b>Blenheim Workingmen's Club and Marlborough RSA</b>	
History of operating as a club:	BWMC was formed in 1888. The RSA was formed in 1986.
History of operating gaming machines:	BWMC had operated gaming machines since 1985. The RSA had operated gaming machines since 1987.
Substantial active membership:	BWMC had a membership in excess of 4,500. The RSA had a membership in excess of 1,800. The merged club was considered to have approximately 6,300 members.
Outcome:	Ministerial consent was granted on 1 August 2005.

<b>Upper Hutt Cosmopolitan Club and Upper Hutt RSA</b>	
History of operating as a club:	UHCC was formed in 1961. The RSA was formed in 1931.
History of operating gaming machines:	UHCC had operated gaming machines since 1996. The RSA had operated gaming machines since 2003.
Substantial active membership:	UHCC had approximately 4,500 members. The RSA had approximately 800 members.
Outcome:	Ministerial consent was granted on 4 March 2005.

<b>Hastings RSA and Hibernian Catholic Club</b>	
History of operating as a club:	The latest two clubs to merge received Ministerial Consent in February 2014 to operate 30 gaming machines in the Hastings RSA venue.



## Schedule C

- 96. Ministerial discretion to permit more than 9 machines at certain class 4 venues**
- (1) This section applies to a corporate society that the Minister is satisfied is a club that proposes to operate gaming machines at a class 4 venue and to which section 92 does not apply and that—
- (a) holds a class 4 operator's licence; and
  - (b) can demonstrate a significant history of—
    - (i) operating as a club for club purposes; and
    - (ii) operating the number of machines specified in any class 4 venue licence held immediately before making an application to the Minister under subsection (2); and
  - (c) can demonstrate to the Minister's satisfaction that the proposed class 4 venue is not a commercial premises; and
  - (d) can demonstrate to the Minister's satisfaction that it has a substantial active membership; and
  - (e) has obtained a territorial authority consent for the venue, either without a condition on numbers of machines or with a condition on numbers that is consistent with the number of machines that it is proposed to operate at the venue.
- (2) The corporate society may apply to the Minister for approval to operate up to 18 gaming machines at the proposed venue.
- (3) The Minister may approve an application under subsection (2) as the Minister thinks fit, but may not consider an application before the earlier of the following dates:
- (a) when an electronic monitoring system approved by the Secretary is operating at the proposed venue;
  - (b) 1 January 2005.
- (4) The Minister's approval must specify the number of gaming machines that may be operated but the number—
- (a) must not exceed the number of gaming machines specified in the territorial authority consent; and
  - (b) must not in any case exceed 18.
- (5) The corporate society may then apply to the Secretary for a class 4 venue licence for the venue in accordance with section 65 or, if it holds a class 4 venue licence for the venue, an amendment to the licence in accordance with section 73.
- (6) The limits in subsection (4) may be reduced by regulations made under section 314(1)(a).

### Schedule D

#### Examples of clubs who have obtained Ministerial consent to increase the number of machines hosted from 9 to 18

<b>Club Mount Maunganui</b>	
History of operating as a club:	The Club was incorporated on 30 January 1951.
History of operating gaming machines:	The Club operated gaming machines since 2003.  The Club operated 18 gaming machines but wanted to relocate. The application was to increase the number of machines at the proposed new site from 9 to 18.
Substantial active membership:	The Club had approximately 3,000 members.
Outcome:	Ministerial consent was granted on 6 December 2010.

<b>Hastings Returned Services' Association</b>	
History of operating as a club:	The Club was incorporated on 9 July 1917.
History of operating gaming machines:	The Club had operated gaming machines since 1998.  The Club operated 18 gaming machines but wanted to relocate. The application was to increase the number of machines at the proposed new site from 9 to 18. Although the consent was granted, it was never implemented as the RSA chose not to relocate to the new site.
Substantial active membership:	The Club had 2,400 members.
Outcome:	Ministerial consent was granted on 6 November 2008.

<b>Palmerston North Cosmopolitan Club</b>	
History of operating as a club:	The Club was issued a Queen's Charter in 1889.
History of operating gaming machines:	The Club operated gaming machines from 1991. The Club operated 18 gaming machines but wanted to relocate.  The application was to increase the number of machines at the proposed new site from 9 to 18.
Substantial active membership:	The Club had approximately 1,000 members.
Outcome:	Ministerial consent was granted on 22 November 2005.

## Schedule E

TE RÖPŪ ĀWHINA MATE PETIPETI O AOTEAROA  
**Problem Gambling Foundation  
of New Zealand**



1 June 2011

Gus Rieper  
Club Sports Advisor  
Clubs New Zealand  
P.O. Box 11749  
Wellington 6142

Dear Gus

I have recently had an opportunity to have a look at the oral submission that you have made to the Hauraki District Council.

I would like you to correct the spelling of my name if you are to quote me. In addition I would suggest that you might care to use the following quotes as opposed to relying upon your shorthand for my comments.

"Clubs have demonstratively shown that overall they are a safer environment than pubs. The Problem Gambling Foundation supports Clubs being treated differently than pubs for the purposes of the levy calculation which is based on problem gambling presentations".

"Clubs are based on a collective ethos. Overall we have seen that Clubs take responsibilities to their members and guests seriously. They have worked hard on host responsibility".

"PGF does not support any policy other than a sinking lid for Territorial Local Authorities. Given the harm that these machines do in our communities the responsible policy is to reduce the number of machines in total. If there was a choice between having machines in pubs or in clubs the Problem Gambling Foundation would choose to have these within a Clubs environment. However, our preference would be to have no machines at all".

I hope that these quotes are useful, and of course are entirely accurate.

Good luck in your future submissions!

Yours sincerely



**Graeme Ramsey**  
Chief Executive Officer

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Submission Number:

**SUBMISSION FORM: CLASS 4 GAMBLING VENUES POLICY  
AND TAB GAMBLING VENUES POLICY**

**CONTACT DETAILS (Please print clearly)**

Name: INVERCARGILL CITY YOUTH COUNCIL

Contact Person: (if the name above is an organisation)

Oliver Mortensen

**Postal Address:**

PRIVATE BAG 90104

INVERCARGILL 9840

Daytime Telephone: 03 211 1697

Email: Oliver.Mortensen@icc.govt.nz

Signature: 

I wish to speak to the Mayor and Councillors about my submission: Yes  No

(Note: if you wish to be heard, please supply contact email or phone number)

**My submission on Class 4 Gambling Venues Policy and TAB Gambling Venues Policy is:**

The Invercargill City Youth Council;

- believe that the ICC should maintain the cap on gaming machines in the CBD at 286 machines, and that no new machines be added.

- believe that the ICC should not allow any new Class 4 gaming venues in. (Please turn over)

Postal address: Submission - Gambling Policies  
Invercargill City Council  
Private Bag 90104  
INVERCARGILL

Email address: policy@icc.govt.nz

Submissions close at 5.00 pm on Monday 20 July 2015

Please Note: submissions, including your name and address, will be included in papers which will be available to the public.

the city. If new venues are to be allowed then this should operate within the capped amount of gaming machines.

- believe that any new Class 4 gaming venues be located within the C.B.D) to minimise harm.

- The Invercargill Youth Council acknowledge that the revenue from gaming machines provides benefit to the Invercargill community and its residents. However, the Invercargill Youth Council are aware of the social cost related to gambling and gambling addiction, and believe that gambling and gaming machines need to be managed in a responsible manner.

(include extra pages if you wish)

Postal address: Submission – Gambling Policies  
Invercargill City Council  
Private Bag 90104  
INVERCARGILL

Email address: [policy@icc.govt.nz](mailto:policy@icc.govt.nz)

Submissions close at 5.00 pm on Monday 20 July 2015

Please Note: submissions, including your name and address, will be included in papers which will be available to the public.



Submission Number:

**SUBMISSION FORM: CLASS 4 GAMBLING VENUES POLICY AND TAB GAMBLING VENUES POLICY**

**CONTACT DETAILS (Please print clearly)**

Name: The Lion Foundation

Contact Person: (if the name above is an organisation)  
Emma Lamont-Messer / Alan Goodman

Postal Address:  
The Lion Foundation, Private Bag 106605  
Auckland City, Auckland 1143

Daytime Telephone: (09) 4870390 Email: emma.lamont-messer@lionfoundation.org.nz  
alan.goodman@lionfoundation.org.nz

Signature: E.L.M.

I wish to speak to the Mayor and Councillors about my submission: Yes  No

(Note: if you wish to be heard, please supply contact email or phone number)

**My submission on Class 4 Gambling Venues Policy and TAB Gambling Venues Policy is:**

Please see attached submissions on  
behalf of The Lion Foundation.

(Please turn over)

Postal address: Submission – Gambling Policies  
Invercargill City Council  
Private Bag 90104  
INVERCARGILL

Email address: policy@icc.govt.nz

**Submissions close at 5.00 pm on Monday 20 July 2015**

Please Note: submissions, including your name and address, will be included in papers which will be available to the public.





Submission to Invercargill City Council: Class 4 Gambling  
Venue and Board Venue Review

20 July 2015



## Executive Summary

Our submission outlines The Lion Foundation's response to the Invercargill City Council's proposed Class 4 and TAB Gaming Venue Policy.

The current policy (adopted on 13 December 2011) does not allow for the establishment of additional Class 4 venues or gaming machines. The proposed policy continues this provision, and caps the number of electronic gaming machines at 286. Relocation is not expressly permitted, but the Council will consent to the transfer of a licence for an existing venue to a new venue, where the new venue will be operated by the same corporate society and providing that a maximum of nine machines are transferred.

According to the Department of Internal Affairs website, as at 30 June 2015 there were 21 class 4 venues and 284 gaming machines operating within the Invercargill City TLA.

- **We consider that the Council should introduce a cap at the current number of electronic gaming machines that may operate as of right (which will be higher than 284 machines actually in operation). The setting of a cap means that new venues are not restricted only to situations where there is a relocation or transfer.** This will ensure the class 4 sector can continue to put money back into the community and provide benefits by way of economic growth and employment in the local community. A cap on machines ensures that the Council is still meeting overall harm minimisation objectives.
- **We support a relocation provision to the CBD and consider this should be redrafted in express terms, to eliminate any doubt or ambiguity.** If operators can relocate their gaming rooms from suburban areas into the commercial areas, the Council retains control over the growth of gambling while maintaining the levels of funding that are currently in place.
- **We do not believe that relocating venues can be limited to 9 machines.** The effect of relocation at s 97A(2)(b) of the Gambling Act 2003 is to set the maximum number of machines that may be operated at the new venue as being the same as the maximum number of gaming machines that were operating at the old venue immediately before the licence was cancelled under s 97A(2)(a).
- **We fully support harm minimisation measures that assist in reducing gambling harm.** We have robust systems in place to minimise the harm caused by gambling and there is a high level of funding from the sector to support problem gamblers. We believe that making these measures more effective is a better way of dealing with the issue of

gambling harm than imposing a policy that will have the inevitable result of reducing funding to the community.

### **Introduction to the Lion Foundation**

- The Lion Foundation is New Zealand's largest gaming society by venue number, machine number and money returned to the community through grants. We operate around 1,875 gaming machines in 140 venues across New Zealand.
- We aim to return 80% to 90% of funds back to the community of origin (where the funds were generated), with the remainder going to important national causes such as St John Ambulance, Coastguard, Plunket, Surf Lifesaving and many others. These national funds are usually spent providing services to regional areas or supporting projects implemented at regional level.
- Formed in 1985, we have given back over \$645m in grants to regional and national community causes since our inception and over \$41m in our 2013/2014 financial year, representing over 40% of gross machine revenue.
- We are a broad based funder - that is, we fund a wide range of organisations across all community groups. Our policy prescribes that our grants are committed to the following community sectors:  
  
Sport and Community: 70%  
  
Health and Education: 30%
- Our aim is to be New Zealand's leading charitable trust, nationally recognised and respected for helping people achieve great things in the community.

### **The Lion Foundation in Invercargill City TLA**

The Lion Foundation currently operates 9 gaming machines at the Class 4 venue **Eagle Hotel** in Bluff.

### **Grants**

In the last financial year, the Lion Foundation has given a total of \$24,590 in grants to 16 local groups operating in the Invercargill City area (including local groups affiliated to a national or regional organisations). This is a significant and important contribution to local community groups, many of which would not survive without funding generated through gaming.

A full list of the grants given to groups and organisations in the Invercargill City community is included as an appendix to this submission.

## The Value of Gaming to Community Funding

There is a significant reliance on gaming trusts for community funding. Research undertaken by Auckland Council<sup>1</sup> for their gambling policy review in 2013 clearly demonstrates the reliance on gaming funds to support community causes. A total of 990 grant recipients were contacted and 192 completed an on-line survey. One of the key findings from the research is that 75% of respondents indicate their organisation is moderately or totally reliant on this source of funding. Over two-thirds (68%) thought they would be unlikely to find another source of funding if gaming funding was unavailable.

## Problem Gambling in Context

The social costs associated with problem gambling are of a much smaller magnitude than alcohol, tobacco and other drugs. Problem gambling is 1 to 2 percent of the social cost of alcohol, tobacco or other drugs.<sup>2</sup> The costs of problem gambling are not to be trivialised, but the policy formulated to address this issue should be based on the evidence of its prevalence and impact, and considered in light of the magnitude and response to other products where there is harmful use.

We consider that maintaining a cap at present numbers will ensure that there is an incentive for the hospitality industry to invest in new premises, and will help with a continuation of funds available for distribution to the community.

We also support a policy that allows existing venues to relocate to a new site (excluding areas of high deprivation).

The majority of gamblers are recreational gamblers with only a very small proportion at risk of problem gambling. The prevalence of problem gambling is low and has dropped from a rate of 0.4% of the adult population in 2006/7 to 0.3% in 2011/12, as per the following table<sup>3</sup>.

Problem gambling level	2006/07	2011/12
No gambling	34.9%	47.9%
Recreational gambling	59.9%	49.0%
Low-risk gambling	3.5%	1.8%
Moderate-risk gambling	1.3%	1.0%
Problem gambling	0.4%	0.3%

<sup>1</sup> Auckland Council Research - Community Funding: A Focus on Gaming Grants, Sept 2012

<sup>2</sup> BERL Report: Maximising the Benefits to Communities from New Zealand's Community Gaming Model

<sup>3</sup> Problem Gambling in New Zealand, preliminary findings from the NZ Health Survey, Ministry of Health, August 2012

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Problem gambling rates bear no correlation with any change in the number of gaming venues and machines.

The Council's policy also needs to optimise the balance between reasonable controls over the incidence of problem gambling against the generation of funds for the community from legitimate gaming.

We consider that a cap set at the number of electronic gaming machines that may operate as of right is an appropriate policy that will maintain community funding and support local business, while being cognisant of the harm caused by gambling.

### **Gaming machine and venue numbers**

- Since the peak in Class 4 gaming machine numbers of 25,221 in 2003 the number of machines has declined steadily with the latest figures showing 16,614 machines as at 31 March 2015.<sup>4</sup>
- The reduction over the past 3 years has been across most territorial authorities throughout New Zealand, with total Class 4 venue numbers presently at 1,277 venues nationwide.

### **Gambling Participation**

There have been significant changes in gambling participation levels over the 5 year period between 2006/07 and 2011/12, as reported by the Ministry of Health National Health Survey<sup>5</sup>.

Some of the key findings are as follows:

- The proportion of New Zealanders taking part in gambling declined between 2006/07 and 2011/12 from 65.1% to 52.1%.
- The biggest decline was among Maori, from 71.6% to 53.3%.
- The prevalence of problem gambling declined between 2006/07 and 2011/12 from 0.4% to 0.3% of the total population.
- The prevalence of gambling by type has changed significantly with a big drop in the percentage of the population engaging in certain gambling types. Of relevance, gaming machines in pubs and clubs has dropped from 10.3% to 6.1% which may well reflect the decline and therefore availability of gaming machines.

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<sup>4</sup> Department of Internal Affairs website

<sup>5</sup> Problem Gambling in New Zealand, preliminary findings from the NZ Health Survey, Ministry of Health, August 2012

## Harm Minimisation

- At the Lion Foundation we are committed to creating safe gambling environments in all our venues, and minimising the harm caused by problem gambling. In our last financial year we contributed over \$1.2 for intervention and treatment services through the Problem Gambling Foundation. We have also built strong relationships with problem gambling service providers such as The Salvation Army.
- We put a lot of effort into ensuring our venue operators and their gaming staff are fully trained in all relevant areas of harm minimisation. All staff involved in gaming at Lion Foundation venues undertake a 1 hour training course run by experienced Lion Foundation personnel. As well as the administration side of managing excluded persons, the training focuses on how to identify a potential problem gambler and what steps to take when one is identified.
- We, along with other trusts, have been heavily involved with problem gambling treatment providers and the DIA in helping to shape the Multi Venue Exclusion (MVE) programme being implemented currently across New Zealand. This allows problem gamblers to exclude themselves from multiple venues just by visiting a treatment provider, and not having to visit all or any venues.
- We fully support the aims of the programme and ensure our venue operators and staff understands the rationale and process to make the MVE programme work successfully.
- From 1 July 2009 all gaming machines were required to have software installed that advises players how long they have been playing a machine, how much they have spent, and whether they wish to continue playing. This is known as PID (Player Information Display), and pops up on the screen automatically every 30 minutes.
- We support the introduction of new harm minimisation measures, provided they are based on good evidence that they will have a positive impact on the reduction in harm caused by gambling.

Finally, we are not here to grow gambling; we believe though that pragmatic use of funds generated by this legalised form of entertainment make a hugely positive contribution to community life across New Zealand.

*For further comment or information please contact Alan Goodman, Account Manager on [alan.goodman@lionfoundation.org.nz](mailto:alan.goodman@lionfoundation.org.nz) or Emma Lamont-Messer, Compliance Manager on [emma.lamont-messer@lionfoundation.org.nz](mailto:emma.lamont-messer@lionfoundation.org.nz).*

**Appendix: Lion Foundation grants to Invercargill City TLA: 1 April 2013 - March 2014**

(Sourced from The Lion Foundation Grants List April 2013-March 2014.  
Includes allocated funding from national and regional grants)

Bluff Community Charitable Trust	\$2,000
Bluff Oyster & Food Festival	\$5,000
Cycling Southland Inc	\$1,000
Hospice Southland Charitable Trust	\$2,000
Invercargill Netball Centre Inc	\$2,000
Makarewa Squash Rackets Club Inc	\$500
Netball South Zone Inc	\$1,000
Orca Swimming Club Inc	\$1,600
Performing Arts Competitions Assn of NZ Inc	\$1,600
Pregnancy Help Inc Invercargill	\$1,500
SKA - Waverley Kindergarten	\$1,000
Southland Amateur Rowing Assn	\$2,000
Southland Social Studies Fair Inc	\$690
Southland Workers Educational Assn Inc	\$1,200
Sport Southland Inc	\$500
Youthline Southland Inc	\$1,000
Total:	\$24,590

## **CLASS 4 GAMBLING VENUES POLICY and TAB GAMBLING VENUES POLICY**

**To:** Gambling Policies  
Private Bag 90104  
Invercargill City Council  
INVERCARGILL  
policy@icc.govt.nz

**Name:** Public Health Association Otago/Southland Branch

**Contact Person:** Bridget Forsyth  
Public Health Association, Otago/Southland Branch

**Postal Address:** 149 Spey Street, Invercargill, 9810

**Daytime Telephone:** 03 218 4108

**Email:** bforsyth.otago@gmail.com

**I do notwish to speak to the Mayor and Councillors about my submission, thank you.**

### **About the Public Health Association**

The Public Health Association of New Zealand (PHA) is a national association, with members from the public, private and voluntary sector. Our goal is to improve the health of all New Zealanders by progressively strengthening the organised efforts of society by being an informed collaborative and strong advocate for public health. Good health does not start and stop at the doctor's office, but depends heavily on a variety of building blocks outside the health sector such as education, employment, housing, transport and social connection. The PHA works to support the development and introduction of policies across a number of sectors that promote good health in all New Zealanders.

This submission has been developed by the Otago-Southland Branch of the PHA and represents the views of the Otago-Southland PHA Branch only. We have no direct or indirect links to the gambling industry, and we receive no funding from the gambling industry.

### **Introduction**

Thank you for the opportunity to make a submission on the review of the Invercargill City Council Class 4 Gambling Venues Policy and the TAB Gambling Venues Policy.

The PHA recognises the substantial negative impact gambling and the use of gaming machines has on people's health and social wellbeing, particularly with regard to the inequalities to which it contributes<sup>12</sup>. We recommend a harm-minimisation approach at all

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<sup>1</sup>Ministry of Health. 2010. Preventing and Minimising Gambling Harm: Six-year strategic plan 2010/11–2015/16. Wellington: Ministry of Health.

<sup>2</sup>Ministry of Health. 2013. Intervention client data. Available online at <http://www.health.govt.nz/ourwork/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data>

levels and see this review as a great opportunity for the Invercargill City Council to continue to respond to (and minimise) the impact of gambling in the area.

### **Policy Comments**

We are pleased to see the number of gaming machines has been reduced from 338 in 2007, to 309 in 2011, and will now be capped at 286 at the introduction of this policy. We are also pleased with the inclusion of Encouraging Responsible Gambling Practices and the map clearly defining areas where relocation will not be permitted. The separation of the Class 4 and TAB Gambling Venues Policies is also appreciated.

The restrictions for relocation within a set CBD area are commendable, however, a genuine sinking lid approach would be considerably better. Restricting relocations so they can only be within the CBD will ease the reach of gaming machines in residential areas but they will still be accessible in this CBD zone. Also potentially people will fail to be identified as problem gamblers due to the anonymity centralised venues offer. A solution to this would be to not transfer consents when a venue relocates, thereby ensuring a genuine sinking lid policy. Other territorial authorities have adopted sinking lid policies and this is an important aspect in the minimisation of harm from problem gambling.<sup>3</sup> The most beneficial policy would be to not grant consent for moving gaming machines at all.

### **Recommendation**

We recommend not allowing consents to be transferred, and not allowing gaming machines to be moved, thus ensuring a genuine sinking lid policy.

### **Conclusion**

Overall this is a very good policy and provides an excellent opportunity to manage and reduce the harm of gambling in the Invercargill district. As noted our view is that using a genuine sinking lid policy would be more successful for reducing the harm problem gambling causes.

Thank you for the opportunity to submit on this issue.

Yours sincerely,



Toni Paterson  
Secretary  
Otago/Southland Branch  
Public Health Association of New Zealand

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<sup>3</sup>Problem Gambling Foundation of New Zealand. 2010. *New Research Should Inform Gambling Policy*. Available online at: <http://www.pgfnz.org.nz/Article/0,2792k1923-21,00.html>



TE RŌPŪ ĀWHINA MATE PETIPETI O AOTEAROA  
**Problem Gambling Foundation  
of New Zealand**



**Submission on the  
Invercargill City Council  
Gambling Venue Policy**

George Darroch

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Problem Gambling Foundation of New Zealand

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# CONTENTS

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<b>Contents</b> .....	<b>0</b>
<b>Executive Summary</b> .....	<b>1</b>
Recommendations.....	2
<b>Context and Summary of Local Statistics</b> .....	<b>3</b>
<b>Gambling and Problem Gambling</b> .....	<b>6</b>
Gambling Machines Are the Problem .....	6
How Gambling Machines Work.....	8
Gambling Numbers .....	11
Gambling Machine Density and Location.....	13
Vulnerability .....	14
<b>How Gambling Hurts Invercargill</b> .....	<b>17</b>
Personal and Social Costs .....	17
Problem Gambling and Children.....	18
Crime.....	21
Economic Degradation.....	22
<b>Reducing Gambling Harm in Invercargill</b> .....	<b>24</b>
<b>Ethics of Gambling Funding</b> .....	<b>27</b>
How Gambling Machine Trusts Work.....	27
Regressive nature.....	29
Impact of Proposed Policy on Community Funding.....	31
<b>Public Attitudes</b> .....	<b>33</b>
<b>Conclusion</b> .....	<b>36</b>
Suggested Policy .....	36
National Outcomes.....	36
Community Outcomes .....	<b>Error! Bookmark not defined.</b>
Closing Thoughts .....	<b>Error! Bookmark not defined.</b>
<b>Appendix – Rebuttals to Industry Claims</b> .....	<b>38</b>

## EXECUTIVE SUMMARY

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Electronic gambling machines (pokies) are not a harmless product that a few “weak willed” individuals need help with. These machines are designed to addict and are doing significant harm, which is why 2 in 5 regular gambling machine users develop a problem at some point. The 2.5% of our population experiencing direct—and often severe—harm from gambling is just the tip of the iceberg.

Each person with a gambling problem affects about 5-10 others. This means as many as 500,000 people are affected by the significant economic, health, personal, and social costs that gambling problems cause in New Zealand. The harms caused by gambling problems extend beyond individuals, affecting their families, friends, workmates, businesses and our community. For example, a study of gambling machines in Christchurch suggested that gambling machines in the region resulted in lost economic output of \$13 million, lost household income of \$8 million, and lost employment for 630 full-time equivalents.

How do we begin making changes? It’s obvious. We know that gambling machines are the major cause of gambling harm in New Zealand and have been identified as the main gambling mode of problem gambling clients seeking help. We know that a significant amount of the money lost in gambling machines—about 40-60%—is lost at the expense of people with gambling problems. We know these machines are concentrated in low-income areas.

Councils can make a difference. “Sinking lid” policies will help reduce gambling machine venue numbers over time, reducing availability and accessibility to gambling machines, and therefore reducing gambling harm. Seventeen Councils around New Zealand have taken the lead and introduced “sinking lid” policies, backed by majority public opinions that these machines are socially undesirable and that there should be fewer of them.

A “sinking lid” policy is a modest policy that only prevents new venues being allowed gambling machines. The strongest sinking lid policies state that when venues close those machines can’t be re-allocated elsewhere. In the absence of policies that give communities and Councils more power (such as being able to remove existing licences from poor or deprived communities), “sinking lid” policies are the best policies that Councils can introduce to minimise gambling harm in their local area.

It’s also important to remember that just 18% of adults use pub/club gambling machines over a given year. And even fewer people (1.7%) use them on a weekly basis. The vast majority of adults (82%) never use gambling machines.

We’ve assembled the information that follows from a vast body of research. We have included information from government agencies, government-commissioned reports, and peer-reviewed journals so that you have the best body of evidence possible to inform your decision. We have also included some less formal local information that we think you will find valuable.

Please do not hesitate to contact us if you have any questions.

## Recommendations

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- The Problem Gambling Foundation recommends that the Council adopt a “sinking lid” policy: a district wide ban on any additional class 4 gambling venues or machines (reduction in the number of venues and machines over time as a result of existing venues closing and machines not being re-licensed). A “sinking lid” policy would reduce the number of venues over time but would not affect existing venues or current community funding in the short term. A district-wide ban on any new venues or machines would reduce the harm caused by gambling, including the social and economic harm.

### ***A ban on transfers is preferred***

- Allowing venues to transfer will not lead to a reduction of venues, and therefore will not reduce harm from gambling in the way that a strong “sinking lid” policy would.

### ***A ban on any new venues and machines is preferable to a cap***

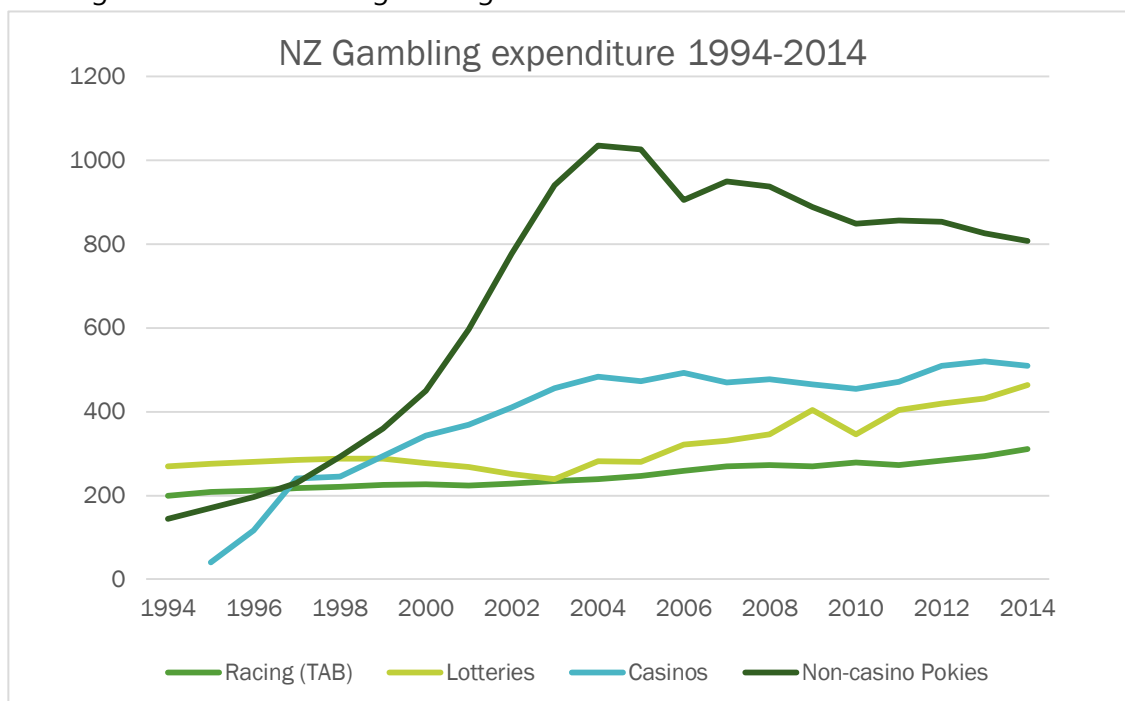
A ban on any new venues and machines is preferable to a cap. It is possible that a cap on machine numbers or venues may result in a greater number of licensed venues and machines being located in poorer areas (i.e. venues shift from more prosperous localities, suburbs and town centres).

- We would like to be heard in support of this submission.

## CONTEXT AND SUMMARY OF LOCAL STATISTICS

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- Gambling expenditure<sup>1</sup> has expanded rapidly in New Zealand during the last 20 years. Gambling expenditure nearly quadrupled from \$482 million in 1990 to \$2.091 billion in 2014.<sup>2</sup> Of that amount, nearly 40% is lost to non-casino gambling machines, making it the largest of the four main gambling sectors.



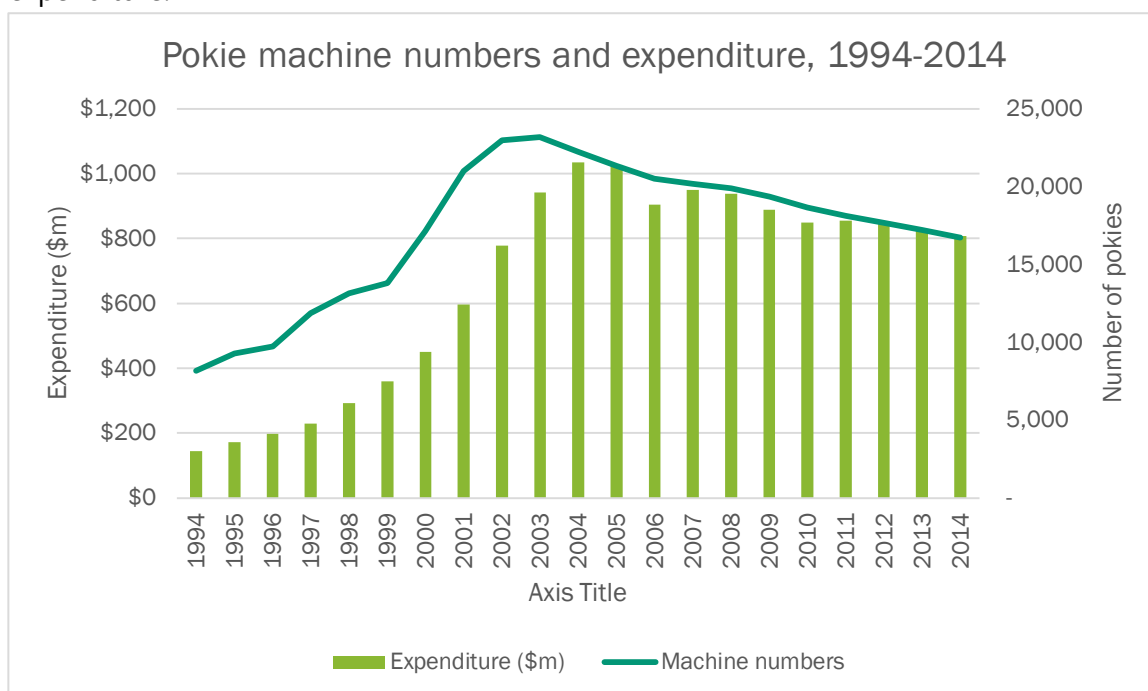
- In the 2013/14 financial year, total gambling expenditure for the four main sectors increased 0.9% from the previous year due to an increase in expenditure on Lotteries and racing products.

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1 Expenditure and Gross Profit are interchangeable terms - they mean the gross amount wagered minus the amount paid out or credited as prizes or dividends. Expenditure is the amount lost or spent by users or the gross profit of the gambling operator.

2 Department of Internal Affairs. (2014). Gambling Expenditure Statistics. Retrieved 24 June 2015 from: [http://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics)

- For the most part, however, a decrease in machines has led to a gradual decrease in expenditure.



- New Zealand lost \$808 million to non-casino gambling machines last year, or \$2.21 million a day.
- This is equivalent to about 55 million minimum wage hours.
- Invercargill city lost over \$14 million to non-casino gambling machines in the last year, or approximately \$39,000 per day.
- With an average machine income of approximately \$49,000 per annum, this means that the average gambling machine in Invercargill makes over twice as much money as the average person living here (based on median income for people aged 15 years and over).
- Invercargill currently has a density of 1 machine per 137 people over 18.<sup>3</sup> 56% of those machines are in the poorest areas of the Council area.<sup>4</sup>
- Estimates are that 2.5% of the adult population in New Zealand – one in 40 – are problem gamblers or moderate-risk gamblers<sup>5</sup> at any particular time.<sup>6</sup> Based on these

<sup>3</sup> Calculated using DIA gambling expenditure statistics and Statistics NZ 2013 Census data.

<sup>4</sup> Poorest areas of the council are areas that scored 8, 9 or 10 on the deprivation index.

<sup>5</sup> The term “problem gambler” refers to someone who scores 8 or more on the Problem Gambling Severity Index, and is defined as “Problem gambling with negative consequences and a possible loss of control.” The term “moderate-risk gambler” refers to someone who scores 3-7 on the PGSI, and is defined as “Moderate level of

estimates approximately 975 people in Invercargill could be problem or moderate risk gamblers.<sup>7</sup>

- There are also a significant number of people who are harmed by someone else's gambling. It is estimated that at approximately 5-10 people are adversely affected to varying degrees by behaviour from a person experiencing problem gambling.<sup>8</sup> This could be 4875 to 9750 people harmed from others' gambling in Invercargill.
- Over 74,000 people in New Zealand (2.4% of the total population) would expect to have a better state of mental health if there was no gambling.<sup>9</sup> Of these, 69,500 would benefit from stopping gambling on gambling machines. In Invercargill, approximately 1250 people would be better off without gambling.
- Submissions by the New Zealand Community Trust and other gambling machine trusts have attempted to down-play the number of local problem gamblers by reporting the number of people who have sought help for gambling within the Council area. There is a difference between the number of people with gambling problems and the number of people who have sought help for those problems; it is a gap we are seeking to close, and it is not a gap any of us can ignore. Those who seek help are just the tip of the iceberg both in terms of those with problem gambling but also in terms of the wide impact that problem gambling has on the community.

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problems leading to some negative consequences". The two terms are often combined when reporting prevalence of problem gambling.

6 Based on the New Zealand 2012 National Gambling Study, which reports that "0.7% of adults (23,504 people) are current (past 12 months) problem gamblers experiencing significant problems, and a further 1.8% (60,440) are moderate-risk gamblers, experience some gambling-related harms and at risk for the development of more serious problems". Source: Abbott, M., Bellringer, M., Garrett, N., & Mundy-McPherson, S. (2014). New Zealand 2012 National gambling study: Gambling harm and problem gambling. Wellington: Ministry of Health.

7 Adult population for this district was determined using 2013 census data and the NZ.Stat tool from Statistics New Zealand, found online at <http://nzdotstat.stats.govt.nz/wbos/Index.aspx>.

8 The 2006/2007 New Zealand Health Survey found that "almost 3% of people had experienced problems due to someone's gambling in the previous 12 months, and this is consistent with overseas studies that estimate that between 5 and 10 people are affected by behaviour of a serious problem gambler." Ministry of Health. 2009. Preventing and Minimising Gambling Harm: Consultation document. Six-year strategic plan; three-year service plan; problem gambling needs assessment; and problem gambling levy calculations. Wellington: Ministry of Health.

The Australian Productivity Commission estimated 5-10 people (average: 7.3) were impacted by problem gambling. Productivity Commission. (1999). Australia's Gambling Industries, Report No. 10, AusInfo, Canberra, Vol 1, p. 7.34

9 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE.

# GAMBLING AND PROBLEM GAMBLING

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## Gambling Machines Are the Problem

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- About 18% of adults use pub/club gambling machines over a 12 month period.<sup>10</sup>
- This means that at any given time in New Zealand, there is a ratio of 34 possible gambling machine users to any 1 machine.
- This means the \$808 million that gambling machines took last year doesn't add up from many people putting in a few coins. This figure would require each gambling machine user to spend—and lose—an average of over \$1,400.<sup>11</sup>
- Even fewer people use gambling machines on a regular basis (1.7% weekly or more often). The vast majority of adults (82%) never use gambling machines.<sup>12</sup>
- Furthermore, the Council may find it helpful to know that the number of people who gamble on non-casino gambling machines is small compared to the number of people who find that form of gambling socially undesirable.<sup>13</sup>
- While 18% may not seem like a lot, this number means much bigger problems; there is a serious concern for the 18% of the population that uses non-casino gambling machines because of the risk involved with gambling machine use.<sup>14</sup>

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10 Abbott, M., Bellringer, M., Garrett, N., & Mundy-McPherson, S. (2014). New Zealand 2012 National gambling study: Overview and gambling participation. Wellington: AUT.

11 Adult population for this district was determined using 2013 census data and the NZ.Stat tool from Statistics New Zealand, found online at <http://nzdotstat.stats.govt.nz/wbos/Index.aspx>.

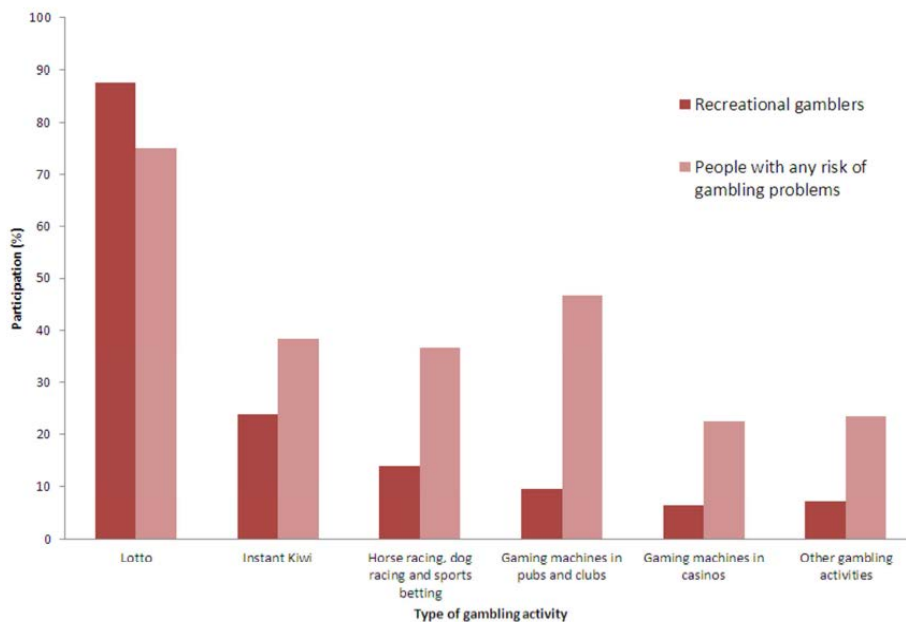
12 Abbott, M., Bellringer, M., Garrett, N., & Mundy-McPherson, S. (2014). New Zealand 2012 National gambling study: Overview and gambling participation. Wellington: AUT.

13 Department of Internal Affairs (2008). Peoples participation in, and attitudes to, gambling, 1985-2005. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/\\$file/GamblingParticipationSurvey1985-2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/$file/GamblingParticipationSurvey1985-2005.pdf)

14 Ministry of Health (2012). Problem Gambling in New Zealand: Preliminary Results from the New Zealand Health Survey. Wellington: Ministry of Health. Retrieved 29 January 2013 from <http://www.health.govt.nz/publication/problem-gambling-new-zealand-preliminary-results-new-zealand-health-survey>



**Proportion participating in various forms of gambling: recreational gamblers compared to gamblers at any risk of gambling problems**



- Gambling machines are no ordinary commodity; it is estimated that:
  - 2 in 5 (40%) of regular gambling machine users (participates weekly or more) report experiencing a problem at some point.<sup>15</sup>
  - 1 in 5 (20%) of regular gambling machine users have current problems.<sup>16</sup>
- Non-casino gambling machines are the major cause of gambling harm in New Zealand (to individuals as well as the community). Non-casino gambling machines are the main gambling mode of problem gambling clients seeking help. In the most recently published Gambling Helpline report<sup>17</sup>:

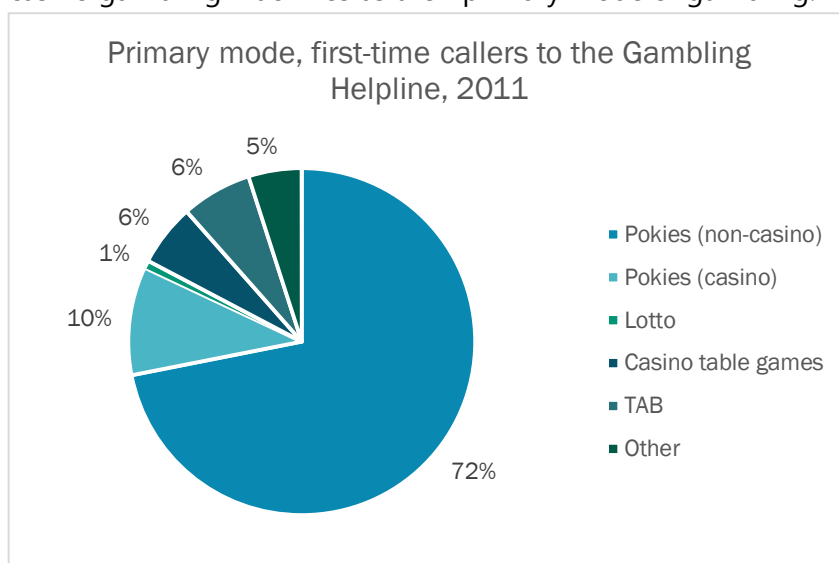
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15 Devlin, M. & Walton, D. (2012). The prevalence of problem gambling in New Zealand as measured by the PGSI: adjusting prevalence estimates using meta-analysis. *International Gambling Studies*, 10.1080/14459795.2011.653384. Retrieved 31-May 2012 from <http://www.tandfonline.com/doi/abs/10.1080/14459795.2011.653384>

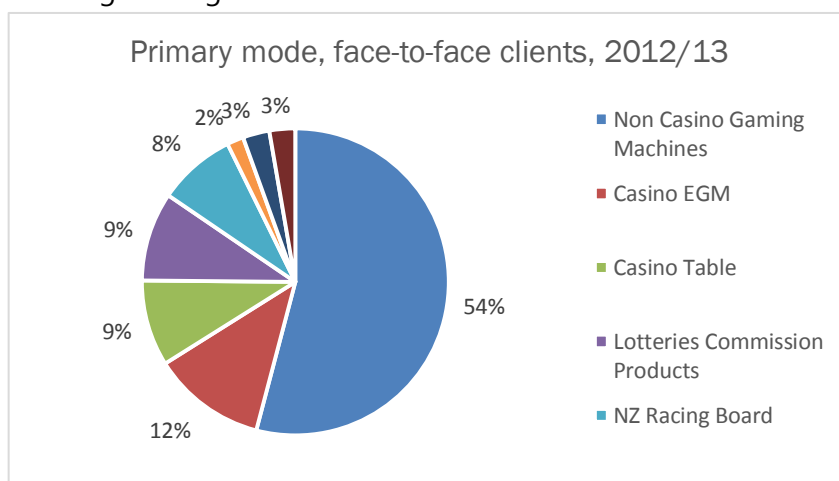
16 Department of Internal Affairs (DIA). (2009) Problem gambling in New Zealand – a brief summary. Retrieved 29 January 2013 from [http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/\\$file/ProblemGamblingFactsFinal.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/$file/ProblemGamblingFactsFinal.pdf)

17 Ministry of Health. (2012). Gambling Helpline report for national statistics to 31 December 2011. Wellington: MOH.

- 72% of first-time callers to gambling helpline counselling services cited non-casino gambling machines as their primary mode of gambling.



- 54% of gambler clients attending face-to-face counselling cited non-casino gambling machines as their primary mode of gambling, and a further 12% cited casino gambling machines.<sup>18</sup>



## How Gambling Machines Work

- Gambling machines are not a simple or harmless form of entertainment. A modern gambling machine is a subtle and sophisticated media experience, designed to keep

<sup>18</sup> Ministry of Health (2013). Table 11: Problem gambling client presentation data. Provides information on client presentation numbers, both new and existing clients, by gambling industry sector, for the 2004/05 to 2012/13 Financial Years. Wellington, MOH. Retrieved from 30 June 2014 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data>

people using the machine as long as possible.<sup>19</sup>

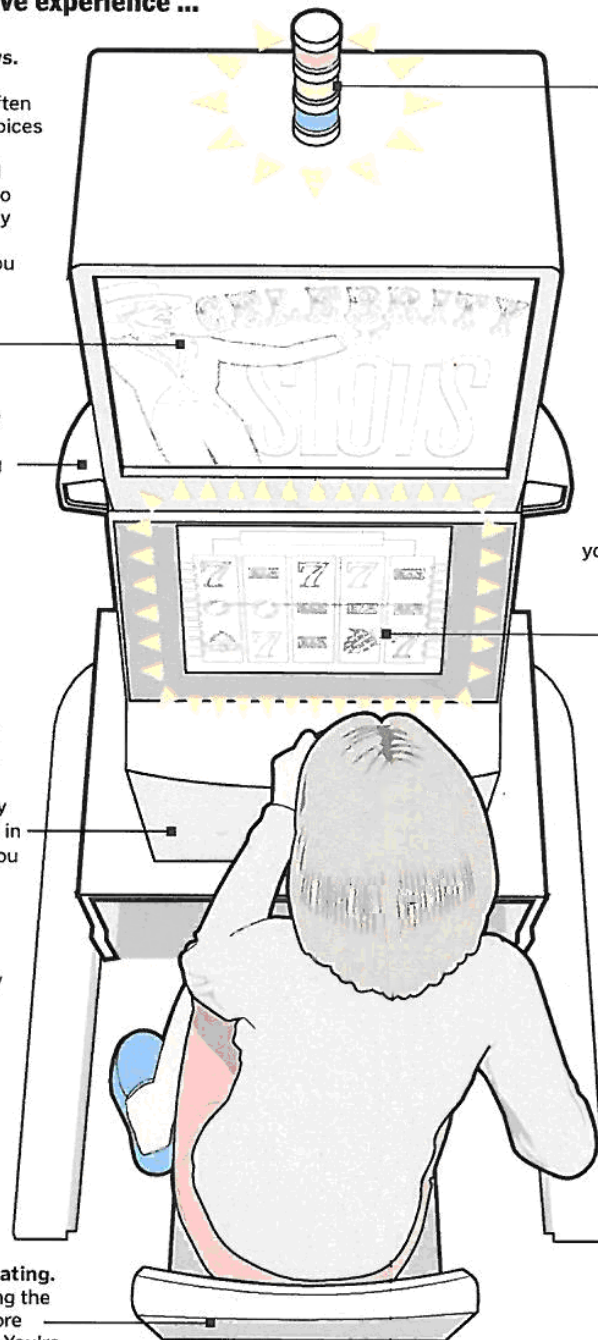
### An immersive experience ...

**Snazzy displays.** Animated, entertaining, often including the voices and images of beloved TV and movie stars who goad you to play more and congratulate you when you win.

**Directional speakers.** They bathe you in sound, blocking out the noises from the room around you.

**Easy payment plans.** The new machines don't display dollar amounts — they deal exclusively in "credits" that you cash out later. This serves to separate you from the idea that it's actually **money** you're losing.

**Comfortable seating.** The higher paying the machine, the more comfy the chair. You're supposed to sink in and **never** want to get up.



**Lots of positive feedback.** Anytime you win — even if the amount is less than your wager — the machine's flashing screens and screaming congratulations make you think you've just won the Kentucky Derby.

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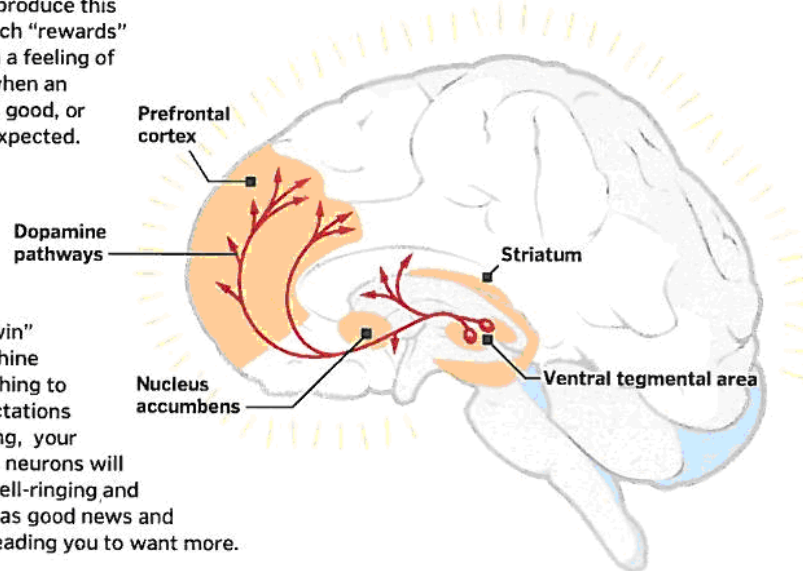
19 Mangels, J. and W. Neff (2011 May 15). How the machine works on you [infographic]. The Plain Dealer. Cleveland, OH.

### ... that has a profound effect

All this stimulation plays havoc with the **reward centers** of the human brain: those areas that are wired to anticipate some good result — such as the learning of a new skill — and make you feel good when it happens.

This reaction is fueled, in part, by the neurotransmitter **dopamine**. Special neurons in certain areas of your brain produce this chemical, which “rewards” the brain with a feeling of satisfaction when an outcome is as good, or better, than expected.

Although a “win” on a slot machine may have nothing to do with expectations or skill-learning, your dopaminergic neurons will take all that bell-ringing and light-flashing as good news and reward it — leading you to want more.



SOURCE: Luke Clark, University of Cambridge

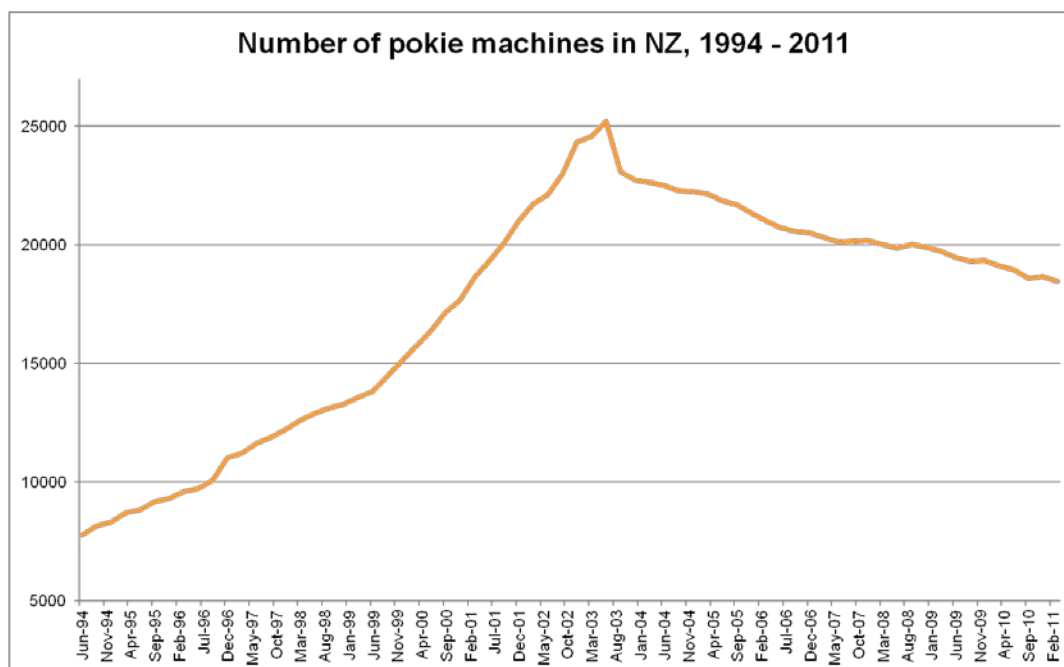
JOHN MANGELS, WILLIAM NEFF | THE PLAIN DEALER

- Gambling products use psychological tricks which take advantage of some of the faulty ways that we all, as human beings, think.
  - You haven't won all night, so the big win is on the way: This is not true. Gambling exploits our human misunderstanding of statistical probability and our ingrained belief in luck (even though statistics always prove us wrong).
  - The near-miss effect: Gambling machines exploit this, because a near-miss will trigger your brain in the same areas as if you had really won. These are also the same areas which are involved in drug addiction. This is why problem gamblers crave gambling and have compulsive thoughts about it. Machines will be programmed to show as many near-misses as they can get away with (most countries legislate how many times they can do this).
  - Creating immersive environments: Gambling machines make you forget the outside world through clever design. Dark backgrounds and deep but bright jewel-like colours attract and stimulate the brain. Spot-lit areas draw your focus in. Sound and light at random times both disorients the user and stimulates the brain at the same time.
  - Brain stimulation: The anticipation of gambling causes excitement, raised heart-rate, shallow breathing, and other nervous system responses. Winning and losing cause even greater responses, which are tied directly into our brain's reward centres. The design of modern gambling amplifies these even more. The reward areas of your brain take all the bell-ringing and light-flashing as good news and

reward your neurons with large hits of dopamine. This happens even when you are losing, and is why gambling can operate just like a drug or alcohol addiction.

## Gambling Numbers

- Before 1988 there were no legal electronic gambling machines in New Zealand. In March 2014 there were 17,182 machines.<sup>20</sup>



- A New Zealand study acknowledged that there are many forces of work at play that can reduce problem gambling prevalence, including public health work, adaptation (when no new machines are introduced) and policy. The report found strong support for the “access thesis,” which says that increases of non-casino gambling machines lead to an increase in problem gambling prevalence. **Specifically, the study found that there is an increase in problem gambling by nearly one person per each new machine.**<sup>21</sup>
- The report went so far as to state in its conclusion that, “from the perspective of public policy, and particularly harm minimisation, holding or reducing EGM [electronic gambling machine] numbers would appear to be prudent based on our findings, and is likely to

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<sup>20</sup> Department of Internal Affairs (DIA). (2014). Society, Venue and Gaming Machine Numbers: 31 March 2014. Retrieved 30 June 2014 from

[http://www.dia.govt.nz/Pubforms.nsf/URL/Stats\\_31%20March%202014.pdf/\\$file/Stats\\_31%20March%202014.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/Stats_31%20March%202014.pdf/$file/Stats_31%20March%202014.pdf)

<sup>21</sup> Abbott, M., Storer, J., & Stubbs, J. (2009 December). Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines. *International Gambling Studies*, 9 (3), 225 – 244.

lead to reduced harm both through reduced availability and by enabling adaptation processes.”

- The same study supported the view that restricting the per capita density of gambling machines leads to a decrease in gambling harm.<sup>22</sup>
- In submissions to Councils, Jarrod True of the TAB challenged the findings of this study. Mr. True explains that “after reading the full study and reading the research data it does not appear that any strong correlation exists [between gambling machine access and problem gambling].” This claim should be disregarded for two obvious reasons.
- Mr. True’s analysis is contrary to conclusions articulated in the very abstract of the article, which states that “strong statistically meaningful relationships were found for an increase in prevalence with increasing per capita density of EGMs, consistent with the access hypothesis and supported by no evidence of plateauing of prevalence with increasing density of EGMs.”
- The assertions put forth by Mr. True carry less authority than that of three well-respected and qualified researchers, who almost unarguably are more qualified to interpret statistics and judge research. Mr. True’s assertions are also contrary to those accepted by the peer-review team that accepted the article for publication in the interdisciplinary journal where it appeared (a journal that was launched by a team of international experts with a commitment to the highest scholarly standards).
- The industry has, in the past, claimed that a decrease in gambling machine numbers will lead to an increase in other forms of gambling, but there is no need to be concerned that a sinking lid would have any such impact. **There is no evidence that a decrease or removal of non-casino gambling machines leads to a “transfer” to other types of gambling.**<sup>23</sup>

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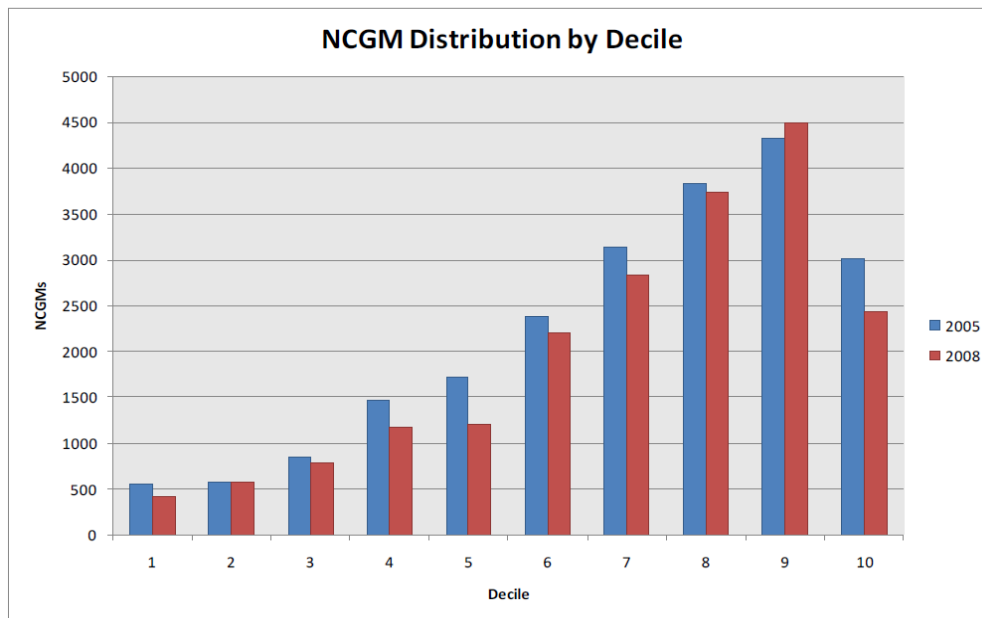
22 Ibid, p.241.

23 Lund, I. (2009 March 26). Gambling behaviour and the prevalence of gambling problems in adult EGM gamblers when EGMs are banned: A natural experiment. *Journal of Gambling Studies*, 25:215-225.

Abbott MW. Do EGMs and problem gambling go together like a horse and carriage? *Gambling Research*. 2006;8(1):7-38.

## Gambling Machine Density and Location

- Studies and data from New Zealand<sup>24</sup> and Australia<sup>25</sup> indicate that there are significantly more venues and electronic gambling machines in low-socio economic communities.
- Across New Zealand there is a clear trend in the concentration of machines across deprivation areas: electronic gambling machines are more likely to be found in the more deprived areas of New Zealand.<sup>26</sup>



- Another way of interpreting this data is to consider that in wealthy areas, the ratio of gambling machines to people is 1 to 465. In poorer areas, the ratio of gambling machines to people is 1 to 75. This means that a young person growing up in a poorer area will have 6 times more gambling machines in their community than a better-off

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24 Francis Group. (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: MOH.

Huriwai, T., Rigby, J. E., & Wheeler, B.W. (2006) Pokies and poverty: Problem gambling risk factor geography in New Zealand. *Health and Place*, 12 (1): 86-96.

25 Livingston, C., & Woolley, R. (2008). The relevance and role of gaming machine games and game features on the play of problem gamblers: Report for the Independent Gambling Authority (IGA). Adelaide, South Australia: IGA.

Doughney, J. (2007). Ethical blindness, EGMs and public policy. *Journal of Mental Health Addiction*, 5, 311-319.

26 Francis Group. (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: MOH.

peer.<sup>27</sup>



- The key drivers for the comparative over-abundance of non-casino gambling machine venues in disadvantaged areas and areas with high proportions of “at risk” groups are unclear. On the demand side, there may be greater incentives to allocate machines in areas where they will be used more intensively and potential returns are highest. However, another explanation for the location may be in the distribution of venues, such as hotels and taverns. Affluent areas have a greater ability to resist the location of hotels and taverns in their communities; communities with high rates of home ownership tend to take a more long term view of planning and zoning issues.
- Whatever the explanation, the location of venues tends to concentrate the social costs in communities that are less able to bear them.<sup>28</sup>

## Vulnerability

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- Certain population groups are more vulnerable to gambling problems in New Zealand. One major demographic factor is ethnicity.<sup>29</sup>

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27 Wheeler, B., Rigby J., & Huriwai T. (2006). Pokies and poverty: problem gambling risk factor geography in NZ. *Health & Place*. 12(1)

28 Hancock, L. & O’Neil, M. (2010, August). Risky business: Why the commonwealth needs to take over gambling legislation (Alfred Deakin Research Institute). Retrieved 29 January 2013 from <http://www.deakin.edu.au/alfred-deakin-research-institute/assets/resources/publications/workingpapers/adri-working-paper-11.pdf>

Francis Group. (2009). Informing the 2009 problem gambling needs assessment: Report for the Ministry of Health. Wellington: MOH.

Ministry of Health. (2008) Raising the odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: MOH. Retrieved 29 January 2013 from <http://www.health.govt.nz/system/files/documents/publications/raising-the-odds-may08.pdf>

29 Ministry of Health. (2009). Preventing and minimising gambling harm: Consultation document; six-year strategic plan; three-year service plan; problem gambling needs assessment; and problem gambling levy calculations. Wellington: Ministry of Health. Retrieved 29 January 2013 from <http://www.health.govt.nz/our-work/preventative-health-wellness/problem-gambling/strategic-direction-overview/strategic-plans>



- Māori populations comprise 36.1% of intervention service clients<sup>30</sup> and 17.9% of Helpline callers<sup>31</sup>, but make up only 15% of the population<sup>32</sup>.
  - There has been a rise in the number of Māori women seeking help for gambling problems. Māori women seeking help for their gambling problems almost exclusively (85.6% in 2008) cite non-casino gambling machines as their problematic mode of gambling.<sup>33</sup>
  - Pacific populations comprise 19.8% of intervention service clients<sup>34</sup> and 6.2% of Helpline callers<sup>35</sup>, but make up only 7% of the population<sup>36</sup>.
  - Overall, Māori and Pacific adults are approximately four times more likely to be problem gamblers compared to the population.<sup>37</sup>
- Another major demographic factor in problem gambling is location in a highly deprived socio-economic area.<sup>38</sup>
- Although there has been a reduction in the number of non-casino gambling machines since 2005, they continue to be concentrated in more deprived areas.

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30 For the most recently reported period, July 2013-June 2014. Ministry of Health (2015). Intervention Client Data. Retrieved 11 May 2015 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data#ethnicity>

31 For the most recently reported period, 2011. Ministry of Health (2012). Gambling Helpline client data. Retrieved 2 July 2014 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/gambling-helpline-client-data>

32 Statistics New Zealand (2014). 2013 Census – Major ethnic groups in New Zealand. Retrieved 2 July 2014 from <http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/infographic-culture-identity.aspx>

33 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

34 For the most recently reported period, July 2013-June 2014. Ministry of Health (2015). Intervention Client Data. Retrieved 11 May 2015 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data#ethnicity>

35 For the most recently reported period, 2011. Ministry of Health (2012). Gambling Helpline client data. Retrieved 2 July 2014 from <http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/gambling-helpline-client-data>

36 Statistics New Zealand (2014). 2013 Census – Major ethnic groups in New Zealand. Retrieved 2 July 2014 from <http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/infographic-culture-identity.aspx>

37 Ministry of Health (2009). A focus on problem gambling: results of the 2006/07 New Zealand Health Survey. Wellington: Ministry of Health.

38 Ibid.

- Census area units with a deprivation decile rating of 8 or above accounted for 56% of all non-casino gambling machine expenditure.
  - Māori and Pacific peoples are over-represented in these deciles, which may make them more vulnerable.
- Other demographic factors of vulnerable populations include age (35-44) and lack of educational qualifications, as well as workforce status (unemployed or out of workforce).<sup>39</sup>
  - Problem gambling is more common in individuals with major depression, anxiety, and personality disorders.<sup>40</sup>
  - Substance abusers have a 2-10 fold increased risk for problem gambling.<sup>41</sup>
  - There is increasing concern around the vulnerability of youth populations to gambling as well; youth and young adults have high rates of problem gambling.<sup>42</sup>

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39 Ibid.

40 Ibid

Petry, N.M., Stinson, F.S. & Grant, B.F. (2005). Comorbidity of DSM-IV pathological gambling and psychiatric disorders: Results from the National Epidemiologic Survey on Alcohol and Related Conditions. *The Journal of Clinical Psychiatry*, 66, 564-574.

41 Ministry of Health (2009). *A focus on problem gambling: results of the 2006/07 New Zealand Health Survey*. Wellington: Ministry of Health.

42 C. Messerlian, J. Derevensky & R. Gupta (2005) Youth gambling problems: a public health perspective. *Health Promotion International* 20 (1): 6-79.

# HOW GAMBLING HURTS INVERCARGILL

## Personal and Social Costs

***“For many people and their families, however, gambling has harmful consequences, and the negative effects on the community are far-reaching. The social costs of gambling are out of proportion to the number of problem gamblers.”<sup>43</sup>***

- Though the number of problem gamblers in your community may seem small, the impact is serious and affects us all.
- Problem gambling imposes:
  - Personal costs (on the problem gambler).
  - Social costs (on family members, friends, co-workers, those with whom he or she has business relationships, and the general public as well).



Adapted from Australian Productivity Commission Report 1999

43 Ministry of Health. 2010. Preventing and Minimising Gambling Harm: Six-year strategic plan 2010/11–2015/16. Wellington: Ministry of Health.

- The “personal costs” can include: **depression and anxiety; suicide** (either thoughts or attempts); financial indebtedness; **bankruptcy**, arrest, imprisonment, **unemployment, divorce**, and poor physical and mental health.<sup>44</sup>
- The “social costs” can include: impacts on the families of people experiencing gambling harm (through **family violence**, household stress, poor parenting, and family break-up); impacts on employers (through lost production, **fraud and theft**); impacts on the government (through **costs to the police, the criminal justice system, and the social welfare system**).<sup>45</sup>
- A 2008 study found that “those who had higher levels of participation in gambling activities (based on time spent and losses relative to income) reported experiencing significantly **worse physical health, worse mental health**, and poorer feelings about self and **lower satisfaction with life**”.<sup>46</sup>
- Recent research confirms that the proportion of New Zealanders experiencing broader gambling harms is much higher than the prevalence for problem gambling. **One in six New Zealanders say a family member has gone without something they needed or a bill has gone unpaid because of gambling.**<sup>47</sup> This percentage was higher among Māori (38%) and Pacific (28%), and among those in more deprived (deciles 8-10) neighbourhoods.

## Problem Gambling and Children

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- When parents have problems with gambling, it is often children who suffer most. Young children can miss out on basic essentials if a parent has gambled away household money. Gambling can lead to broken homes, damaged relationships, physical and

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44 Abbott, M. W. (2001, June). What do we know about gambling and problem gambling in New Zealand? Report number seven of the New Zealand gaming survey. Wellington: Department of Internal Affairs. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/Report7.pdf/\\$file/Report7.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/Report7.pdf/$file/Report7.pdf)

45 Ibid.

South Australian Centre for Economic Studies with the Department of Psychology, University of Adelaide. (2005, November). Problem gambling and harm: Towards a national definition. Victoria: Department of Justice. Retrieved online 29 January 2013 from <http://www.adelaide.edu.au/saces/gambling/publications/ProblemGamblingAndHarmTowardNationalDefinition.pdf>

46 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

47 Abbott, M.W., Gray, R.J., & Walker, S.E. (2012 April). Knowledge, views, and experiences of gambling and gambling-related harms in different ethnic and socio-economic groups in New Zealand. *Australian and New Zealand Journal of Public Health*, 36, 2 (153-159).

emotional harm, and a higher risk of the children becoming problem gamblers themselves. A single person's harmful gambling can affect five to ten people, and children are vulnerable when it's their parent or other close relative.

- A North American study found that children are often aware that their parents cannot provide them with items such as presents, school trips and even food not because of a lack of money but as a direct result of gambling behaviour.<sup>48</sup>
- If children's needs are not being met, they can suffer from health problems due to poor nutrition or malnutrition, and the responsibility of meeting these needs may fall on extended family, schools and social services. This can cause those children to feel that they are not cared for – or cared about – by their parents.<sup>49</sup>
- For children of problem gamblers, feelings of neglect can be a daily struggle. The parent may spend a great deal of time gambling, move out due to arguments about their gambling, or just disappear unpredictably.
- Losses can be emotional too. The parent's personality can become unrecognisable to their children, who feel gambling has become more important than family. Their relationship with their child or children can be damaged as they become more secretive, unreliable and prone to breaking promises.<sup>50</sup>
- Children are more likely to suffer physical violence or abuse if they have parents with problem gambling, especially when combined with other problems such as alcohol abuse.<sup>51</sup> One study found that six out of 10 communities had increases in reported domestic violence (including spousal and partner abuse) after casinos were introduced in the area.<sup>52</sup>

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48 McComb, J., B. Lee and D. Sprenkle (2009). "Conceptualizing and treating problem gambling as a family issue." *Journal of Marital & Family Therapy* 35(4): 415-431.

49 Dyall, L., Y. L. Thomas and D. Thomas (2009). "The impact of gambling on Māori." *Ngā Pae o te Māramatanga* 50 Ibid.

Darbyshire, P., C. Oster and H. Carrig (2001). "The experience of pervasive loss: Children and young people living in a family where parental gambling is a problem." *Journal of Gambling Studies* 17(1).

51 Lesieur, H. and J. Rothschild (1989). "Children of Gamblers Anonymous members." *Journal of Gambling Behavior* 5(4): 269-281.

52 Shaw, M., K. Forbush, J. Schlinder, E. Rosenman and D. Black (2007). "The effect of pathological gambling on families, marriages and children." *CNS Spectrums* 12(8).

- Problem gambling, especially when it is present alongside other disorders such as alcohol and drug abuse,<sup>53</sup> can increase the risk of children developing unhealthy behaviours. Alcohol abuse, educational difficulties, emotional disorders and suicidal tendencies are more likely when a parent gambles.<sup>54</sup> Other associated problems include eating disorders, trouble sleeping<sup>55</sup>, asthma, allergies, and gastrointestinal disorders.<sup>56</sup>
- Of all the studies done on children of problem gamblers, one of the most consistent findings is that they are far more likely to become problem gamblers themselves. Children with a family history of problem gambling are between 2 and 10 times more likely to develop gambling problems later in life. If the person in their life who gambled was their father, it may be as much as 14 times more likely.<sup>57</sup>
- A study of gambling in Māori communities outlines a model of how children are at risk if gambling is a part of their young lives. When exposed to gambling activities from an early age, in the form of housie games at home or Marae fundraising activities played by their parents or whānau, children grow up seeing gambling as a normal activity and central to social life. They may be allowed – even encouraged – to participate from a young age. Dysfunction at home, in the form of financial problems or domestic violence increases the risk that they will look to gambling for an escape. As they grow their gambling may become more intense until it has become problematic. From there, debt may spiral out of control, relationships may erode, and their children may be neglected.<sup>58</sup>
- Children of problem gamblers face higher likelihoods of having some of the following disorders at some point in their life as compared to the general population.<sup>59</sup>

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53 Rossen, F., R. Butler and S. Denny (2011). "An exploration of youth participation in gambling & the impact of problem gambling on young people in New Zealand." Ministry of Health.

54 Shaw, M., K. Forbush, J. Schlinder, E. Rosenman and D. Black (2007). "The effect of pathological gambling on families, marriages and children." *CNS Spectrums* 12(8).

55 Lesieur, H. and J. Rothschild (1989). "Children of Gamblers Anonymous members." *Journal of Gambling Behavior* 5(4): 269-281.

56 Horvath, V. and R. Pierce (2002). Pathological gambling and child neglect: A cause for concern. *The Downside: Problem and Pathological Gambling*. J. J. Marotta, J. A. Cornelius and W. R. Eadington. Carson City, Institute for the Study of Gambling and Commercial Gaming.

57 Dowling, N., A. Jackson, S. Thomas and E. Frydenberg (2010). "Children at risk of developing problem gambling." The Problem Gambling Research and Treatment Centre.

58 Dyall, L., Y. L. Thomas and D. Thomas (2009). "The impact of gambling on Māori." *Ngā Pae o te Māramatanga*.

59 Data based on a study of problem gamblers' family members vs a control group. Shaw, M., K. Forbush, J. Schlinder, E. Rosenman and D. Black (2007). "The effect of pathological gambling on families, marriages and children." *CNS Spectrums* 12(8).

- Alcohol disorders (31% vs 4%)
- Major depression (19% vs 7%)
- Drug use disorders (5% vs 2%)
- Antisocial personality disorder (5% vs 0%)
- Generalised anxiety disorder (8% vs 0%)
- Any psychiatric disorder (50% vs 11%)

## Crime

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***Problem gamblers are at high risk of committing crimes in order to finance their gambling activities.***

- Gambling-related crime has received considerable public attention in recent years, including recent media attention.
- Offending by gamblers has been investigated in a number of New Zealand and international studies. Despite difficulties in determining the extent of gambling-related crime and the causal pathways, it appears that problem gamblers are at high risk of committing crimes in order to finance their gambling activities.<sup>60</sup>
- In 2008 a New Zealand study found that 25% of those engaged in criminal activity would not have done so if it had not been for their gambling. This suggests that just below a

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60 Wheeler, S., Round, D. and Wilson, J. (2010), 'The Relationship between crime and gaming expenditure in Victoria', Melbourne: Department of Justice, Victoria.

Abbott, M., Bellringer, M., Brown, R., Coombes, D., Dyall, L., McKenna, B., & Rossen, F. (2009). Problem gambling: Formative investigation of the links between gambling (including problem gambling and crime in New Zealand). Auckland: Auckland University of Technology, report prepared for the Ministry of Health. Retrieved 29 January 2013 from [http://www.aut.ac.nz/resources/research/research\\_institutes/niphmhr/report\\_final\\_gambling\\_and\\_crime.pdf](http://www.aut.ac.nz/resources/research/research_institutes/niphmhr/report_final_gambling_and_crime.pdf)

South Australian Centre for Economic Studies (SACES) (2009), Social Impacts of Gambling: A Comparative Study. Report commissioned by the South Australian Independent Gaming Authority, April. Adelaide: South Australian Independent Gaming Authority. Retrieved 29 January 2013 from <http://www.iga.sa.gov.au/pdf/research/SocialImpactsOfGamblingAComparativeStudyApril2009-PublishedVersion.pdf>

Ministry of Health. (2008). Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: MOH.

May-Chahal, C. et al. (2007), Scoping Study for a UK Gambling Act: 2005 Impact Assessment Framework, London: Department for Culture, Media, and Sport. Retrieved 29 January 2013 from [http://www.culture.gov.uk/images/research/scopingstudy\\_ga05iaf.pdf](http://www.culture.gov.uk/images/research/scopingstudy_ga05iaf.pdf)

third of the relevant population—10,000 people—committed illegal activities because of gambling.<sup>61</sup>

- Problem gambling has been linked to criminal activity and studies have suggested that much of the crime goes unreported.<sup>62</sup> Apart from the financial cost of gambling-related crime to organisations and individuals directly involved, there are often financial and other costs for people experiencing problem gambling who are convicted, as well as for their families.<sup>63</sup>
- A 2009 New Zealand study found that “gamblers and significant others believe that a relationship exists between gambling and crime” and that “there is substantial unreported crime, a large proportion of which is likely to be related to gambling and that there are a large range of crimes committed in relation to gambling (particularly continuous forms of gambling), and not just financial crimes”.<sup>64</sup> They suggest that 10% of people experiencing problem gambling and 2/3 of those receiving counselling for gambling-related issues have committed a crime because of their gambling.

## Economic Degradation

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- There is limited data and analysis regarding the economic impact of gambling in New Zealand. Still, New Zealand and international research have pointed out the losses that offer a sharp contrast to the often celebrated economic gains the gambling industry produces. Money for gambling is diverted from savings and/or other expenditure, and

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61 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

62 Abbott, M., Bellringer, M., Brown, R., Coombes, Dyall, L., R., McKenna, B., & Rossen, F. (2009). Problem gambling: Formative investigation of the links between gambling (including problem gambling and crime in New Zealand). Auckland: Auckland University of Technology, report prepared for the Ministry of Health. Retrieved 29 January 2013 from [http://www.aut.ac.nz/resources/research/research\\_institutes/nipmhr/report\\_final\\_gambling\\_and\\_crime.pdf](http://www.aut.ac.nz/resources/research/research_institutes/nipmhr/report_final_gambling_and_crime.pdf)

63 Australian Productivity Commission. (2010). Gambling: Inquiry Report. Canberra: Commonwealth of Australia. 16, 231, 280.

Department of Internal Affairs (DIA). (2009) Problem gambling in New Zealand – a brief summary. Retrieved 29 January 2013 from [http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/\\$file/ProblemGamblingFactsFinal.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/ProblemGamblingFactsFinal.pdf/$file/ProblemGamblingFactsFinal.pdf)

64 Abbott, M., Bellringer, M., Brown, R., Coombes, Dyall, L., R., McKenna, B., & Rossen, F. (2009). Problem gambling: Formative investigation of the links between gambling (including problem gambling and crime in New Zealand). Auckland: Auckland University of Technology, report prepared for Ministry of Health. Retrieved 29 January 2013 from [http://www.aut.ac.nz/resources/research/research\\_institutes/nipmhr/report\\_final\\_gambling\\_and\\_crime.pdf](http://www.aut.ac.nz/resources/research/research_institutes/nipmhr/report_final_gambling_and_crime.pdf)



can have a negative impact on local businesses and the economic health and welfare of whole communities.<sup>65</sup>

- A recent report noted that jobs and economic activities generated by gambling expenditure would exist elsewhere if that money was spent outside the gambling industry.<sup>66</sup>
- Employment, normally considered a standard business cost, is framed within the gambling industry as a special benefit to the community. Even if gambling does create employment opportunities, a comparison of gambling and retail in terms of jobs created for every million dollars spent shows that gambling creates about half as many jobs as retail.<sup>67</sup>
- The Christchurch City Council May 2009 study *Economic Impacts of NCGMs on Christchurch City* suggests that over the course of a year, gambling machines in Christchurch result in lost economic output of \$13 million, additional GDP of \$2 million, lost employment for 630 full-time equivalents, and lost household income of \$8 million.<sup>68</sup>

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65 Harrison, B. (2007). Casinos and regeneration: the story so far, briefing paper no. 1. London: IPPR (Institute for Public Policy Research, UK). Retrieved 29 January 2013 from <http://www.eukn.org/dsresource?objectid=146582>

66 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

67 Per million dollars spent, gambling generates approximately 3.2 jobs while retail produces approximately 6.3. South Australian Centre for Economic Studies with the Department of Psychology, University of Adelaide. (2005, November). Problem gambling and harm: Towards a national definition. Victoria: Department of Justice. Retrieved online 29 January 2013 from [http://www.gamblingresearch.org.au/CA256902000FE154/Lookup/GRA\\_Reports\\_Files1/\\$file/FinalReportPrinter.pdf](http://www.gamblingresearch.org.au/CA256902000FE154/Lookup/GRA_Reports_Files1/$file/FinalReportPrinter.pdf)

68 Colegrave, F. & Simpson, M. (2009 May). The economic impacts of NCGMs on Christchurch City: Prepared for Christchurch City Council. Auckland: Covec, Ltd.

## REDUCING GAMBLING HARM IN INVERCARGILL

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***Increased availability of opportunities to gamble is associated with more gambling and more problem gambling.***

- Although it is sometimes difficult to determine whether gambling *causes* problems, or is merely *associated* with them, there is evidence that problem gambling harms can be reversed.<sup>69</sup> This means that at the least, there is the potential to reduce the prevalence of problem gambling, and at most, the prevalence of many other problems as well.
- A key question has been whether gambling machine supply contributes to problem gambling. Research has signalled that indeed restricting accessibility of gambling venues and machines would help curb problem gambling.
- A recent New Zealand Ministry of Health survey found some significant associations between gambling accessibility and gambling behaviour. Gambling behaviour, they state, is strongly associated with the distance to the nearest gambling venue.<sup>70</sup> The more gambling venues there are within 5kms of a person's neighbourhood the more likely that the person would have gambled at the gambling venue in the last year.
- A range of other studies have also indicated a link between the availability of some types of legal gambling and problem gambling. The evidence for the availability hypothesis has been considered by official review bodies in New Zealand<sup>71</sup>, Australia<sup>72</sup>, the United

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69 Winters, K. C., Stinchfield, R. D., Botzet, A., & Slutske, W. S. (2005). Pathways of youth gambling problem severity. *Psychology of Addictive Behaviors*, 19(1), 104-107.

Abbott, M., Bellringer, M., Reith, G., & Volberg, R. (2004). A review of research on aspects of problem gambling: Final report. Auckland: Auckland University of Technology, report prepared for Responsibility in Gambling Trust, UK.

70 Ministry of Health. (2008) Raising the odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. Wellington: MOH. Retrieved 29 January 2013 from <http://www.health.govt.nz/system/files/documents/publications/raising-the-odds-may08.pdf>

71 Ibid.

Day, P., Hiscock, R., Mason, K., & Pearce, J. (2008). A national study of neighbourhood access to gambling opportunities and individual gambling behaviour [Abstract]. *Journal of Epidemiology and Community Health*, 26, 849, 862-868.

Abbott, M., Clarke, D., Townsend, S., & Tse, S. (2006, July). Key indicators of the transition from social to problem gambling. *Journal of Mental Health and Addiction* 3, 29-40.

72 Hancock, L. & O'Neil, M. (2010, August). Risky business: Why the commonwealth needs to take over gambling legislation (Alfred Deakin Research Institute). Retrieved 29 January 2013 from <http://www.deakin.edu.au/alfred-deakin-research-institute/assets/resources/publications/workingpapers/adri-working-paper-11.pdf>

Bates, G., Jessop, G., Kyrios, M., Meredyth, D., Moore, S., & Thomas, A. C. (2009, November) Gambling and the multidimensionality of accessibility: More than just proximity to venues [Abstract]. *International Journal of Mental*

States<sup>73</sup>, and Canada<sup>74</sup>. Each concluded that increased availability of opportunities to gamble was associated with more gambling and more problem gambling.

- A recently produced report, cited in a previous section, conducted a meta-analysis from numerous key Australian and New Zealand studies and found a strong statistically meaningful relationship between the increases in gambling prevalence with increased per capita gambling machine density. It also found that contrary to previous studies, there was no evidence for plateau of gambling prevalence with increased density of machines.<sup>75</sup>
- A later study in the UK acknowledged that decreases in gambling-related problems are a complex process involving not only social adaptation, but also the implementation of public health policies and the provision of specialist services. The adaptation process also seems to be inconsistent across communities; different groups of people are affected differently by the process.<sup>76</sup>
- Most reliable research would indicate that there is no single cause which triggers problem gambling. The phenomenon is a result of the combination of several factors, some of which have been outlined in the diagram below.<sup>77</sup> Several of these factors can

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Health and Addiction. Retrieved 29 January 2013 from <http://www.springerlink.com/content/9712354144832410/>  
Doughney, J. 2006. The poker machine state in Australia: A consideration of ethical and policy issues. *International Journal of Mental Health and Addiction*, 4, 351-368.

73 Barnes, G. M., Hoffman, J. H., Tidwell, M. C. O., Wieczorek, W. F., & Welte, J. W. (2007). Type of gambling and availability as risk factors for problem gambling: A Tobit regression analysis by age and gender. *International Gaming Studies*, 7(2), 183-198.

74 Ontario Problem Gambling Research Centre. (2010). Problem Gambling Framework. Retrieved 29 January 2013 from Ontario Problem Gambling Research Centre Web site:  
<http://www.gamblingresearch.org/content/default.php?id=2007>

Robitaille, E., & Herjean, P. (2008). An analysis of the accessibility of video lottery terminals: the case of Montréal. *International Journal of Health Geographics*, 7(2).

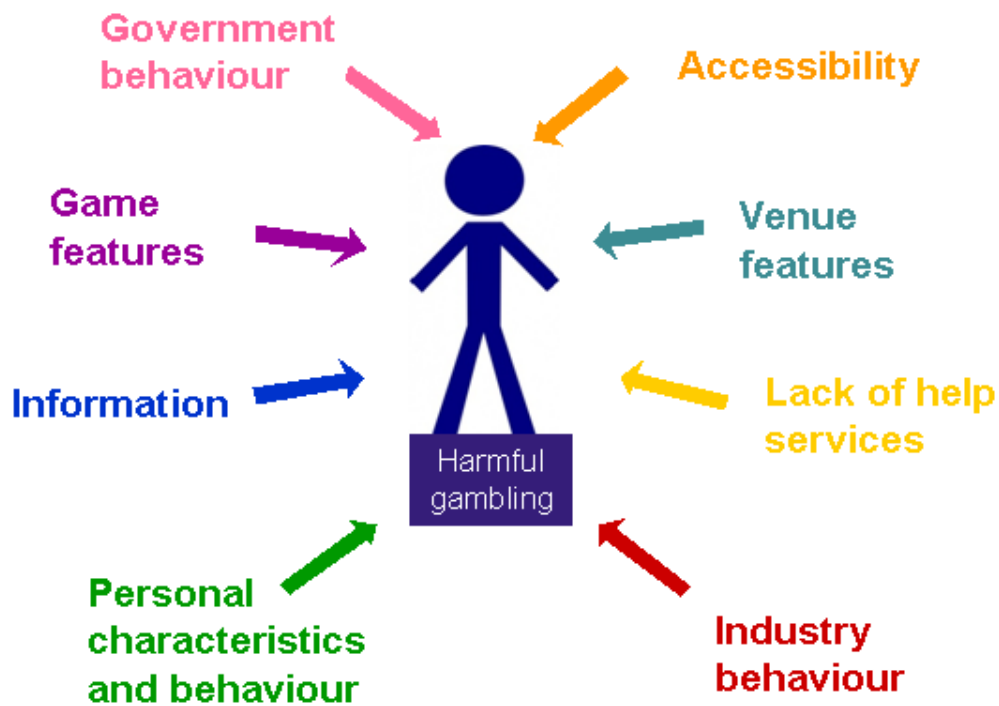
Cantinotti, M., Jacques, C., Ladouceru, R., & Sevigny, S. (2008). Links between casino proximity and gambling participation, expenditure, and pathology. *Psychology of Addictive Behaviors*, 22(2), 295-301.

75 Abbott, M., Storer, J., & Stubbs, J. (2009). Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines. *International Gambling Studies*, 9, 225-244.

76 Griffiths, M.D (2007). *Gambling addiction and its treatment within the NHS*. London: British Medical Association. Retrieved 29 January 2013 from [http://www.bma.org.uk/images/gambling\\_tcm41-146741.pdf](http://www.bma.org.uk/images/gambling_tcm41-146741.pdf)

77 Productivity Commission. (1999). *Australia's Gambling Industries, Report No. 10, AusInfo, Canberra, Vol 1, p. 323*. Retrieved 29 January 2013 from [http://www.pc.gov.au/\\_data/assets/pdf\\_file/0004/82552/gambling1.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0004/82552/gambling1.pdf)

be influenced by the Council.



# ETHICS OF GAMBLING FUNDING

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## How Gambling Machine Trusts Work

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- Gambling trusts were established under the Gambling Act 2003 in an attempt to off-set some of the harm caused by gambling by returning some of the gambling expenditure to the people in the form of community grants. **Although the purpose of the trusts is to distribute money to the community, the purpose of gambling is not to raise money for the community, and it should not be perceived as such.**
- Gambling machines are licensed to operate in pubs and clubs only as a form of community fundraising.<sup>78</sup> Licence holders must distribute their net proceeds to the community by way of grants.
- They are currently required to distribute a minimum of 40% of their GST exclusive gross proceeds for each of its financial years (Gambling (Class 4 Net Proceeds) Regulations 2004. Part 2 Section 9 (1) and 10).<sup>79</sup>
- Legislation dictates that each dollar of gross proceeds (i.e., turnover [aggregate stakes] minus user wins) must be distributed in accordance with the pie chart shown in the figure below.<sup>80</sup> These include the fixed amounts towards gambling duty and the problem

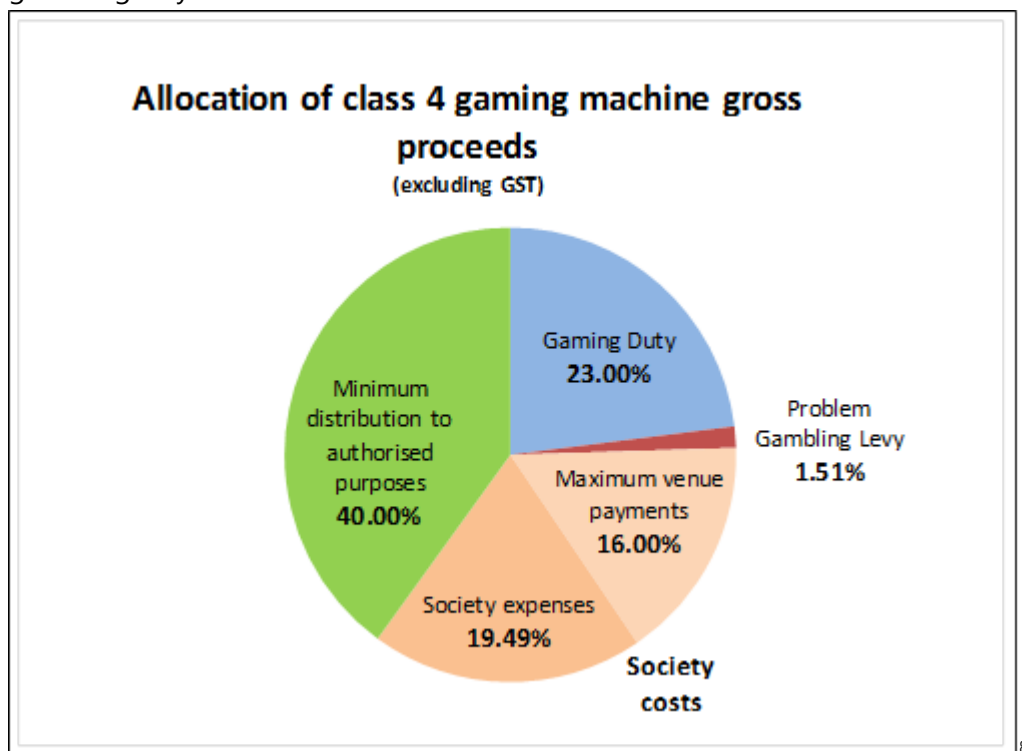
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78 Clubs are permitted to be societies and to operate their own machines in their own clubrooms. They are not required to make grants to other community organisations but can do so.

79 Government also receives tax revenue from gambling taxes and levies which it redistributes for public purposes. NCGM gambling machines are the largest source of tax revenue: 20 percent tax rate, 1.1 percent problem gambling levy and GST (Inland Revenue 2006).

80 Ministry of Health. 2009. Problem Gambling Resource for Local Government. Wellington: Ministry of Health. Retrieved 29 January 2013 from <http://www.health.govt.nz/system/files/documents/publications/problem-gambling-resource-local-government.doc>

gambling levy.



- In 2005 (the last time DIA completed an analysis of grants), gambling machine societies allocated \$317 million to authorised purposes. 47% of that went to sports and physical activities, the single largest category of recipient in 2005. **In 2005 almost 8% (over \$20 million) went to horse racing, mostly for stake money for races.**<sup>82</sup>
- While the grants made by community funding bodies like the New Zealand Lottery Grants Board are well documented, no comparable aggregate statistics are readily available for the allocation to authorised purposes of the profits of non-casino gambling machines.<sup>83</sup>
- The Problem Gambling Foundation believes that we need a more open, lower cost, and transparent system to end the rorts, the lack of compliance, and the illegal activity

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81 Chart originally published by the DIA in the document "Pokies in New Zealand: A guide to how the system works", downloaded from <http://www.dia.govt.nz/Services-Casino-and-Non-Casino-Gaming-Gambling-in-Pubs-and-Clubs-%28Class-4%29>

82 Department of Internal Affairs. (2007). Where do gaming profits go? A survey of the allocation for authorized purposes of non-casino gaming machine profits in 2005. Page 33. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits\\_2005.pdf/\\$file/GamingMachineProfits\\_2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits_2005.pdf/$file/GamingMachineProfits_2005.pdf)

83 Ibid.

associated with the current gambling machine trusts system.<sup>84</sup> We also want greater transparency around who does and doesn't get grants and why.

- The current gambling machine trust system (around 50 gambling machine trusts) is inefficient. Society expenses are approximately 22%<sup>85</sup> (over \$150 million) with much duplication of roles and resources.

## Regressive nature

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- Gambling generates significant funding for community purposes. However, gambling funding raises revenue at a very high cost. International and New Zealand studies have identified that gambling is sharply regressive. Income is effectively being redistributed away from low income communities.<sup>86</sup>
- One attraction of using gambling to collect public funding is that it appears to be "painless" or "voluntary". The "painless voluntary donation" view has been criticised on grounds that it is highly regressive and exploits the false hopes or financial risk-taking of those on lower incomes. It is also argued that many of the gamblers contributing are, at the time of making their contribution, affected by drugs, alcohol, and possibly mental illness. **In other words, for a problem gambler, the contribution is not a voluntary one.**<sup>87</sup>
- **A significant amount of the money generated from gambling comes at the expense of people with gambling problems.** A 2000 study in New Zealand estimated that

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84 There have been a steady stream of media stories in recent years highlighting rorts and illegal activity surrounding pokie trusts and the pokie grant system. PGF has these documented in its online library and they can be made available on request.

85 Department of Internal Affairs. (2007). Where do gaming profits go? A survey of the allocation for authorized purposes of non-casino gaming machine profits in 2005. Page 33. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits\\_2005.pdf/\\$file/GamingMachineProfits\\_2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits_2005.pdf/$file/GamingMachineProfits_2005.pdf)

86 Hancock, L. & O'Neil, M. (2010, August). Risky business: Why the commonwealth needs to take over gambling legislation (Alfred Deakin Research Institute working paper 11). Retrieved 29 January 2013 from <http://www.deakin.edu.au/alfred-deakin-research-institute/assets/resources/publications/workingpapers/adri-working-paper-11.pdf>

Uniting Care Australia (2009), Submission to the Productivity Commission Inquiry into Australia's Gambling Industries. Page 50. Retrieved 29 January 2013 from [http://www.unitingcare.org.au/images/stories/submissions/sub\\_productivity\\_com\\_gambling\\_may09.pdf](http://www.unitingcare.org.au/images/stories/submissions/sub_productivity_com_gambling_may09.pdf)

87 Bostock, W. (2005) Australia's gambling policy: motivations, implications and options. Journal of Gambling Issues, 13. Retrieved 29 January 2013 from <http://jgi.camh.net/doi/full/10.4309/jgi.2005.13.4>

problem gamblers account for about 20% of gambling expenditure.<sup>88</sup> A 2010 report in Australia said figures could be as high as 40-60% for gambling machine gambling.<sup>89</sup>

- Studies involving cost benefit analysis have argued that the benefits from gambling for the majority of people gambling are individually very small relative to the costs borne by the minority of people experiencing gambling harm.<sup>90</sup>
- Lower-income households spend proportionately more of their money on gambling than higher-income households.<sup>91</sup> People who are already socially and economically disadvantaged are most susceptible to gambling problems.<sup>92</sup> This can concentrate the negative impact of gambling in areas which are already deprived, and thereby increase inequalities in our communities.
- Furthermore, the revenue generated by gambling within a community is often spent in a more affluent community.<sup>93</sup> A 2004 study examining distribution of community benefit funding from six major EGM trusts found that more affluent areas (such as Central

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88 Abbott, M. W. and Volberg, R. A. (2000), Taking the Pulse on Gambling and Problem Gambling in New Zealand: A Report on Phase One of the 1999 National Prevalence Study, Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Our-Research-and-Reports-New-Zealand-Gaming-Survey?OpenDocument#ph1](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Our-Research-and-Reports-New-Zealand-Gaming-Survey?OpenDocument#ph1)

89 Australian Productivity Commission. (2010). Gambling: Inquiry Report. Canberra: Commonwealth of Australia. 16. Retrieved 29 January 2013 from [http://www.pc.gov.au/\\_data/assets/pdf\\_file/0010/95680/gambling-report-volume1.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0010/95680/gambling-report-volume1.pdf)

90 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

91 McMullan, J.L. (2005). The Gambling Problem and Problem Gambling. Conference conducted at the 4th Annual Alberta Conference on Gambling Research, Public Policy Implication of Gambling Research, University of Alberta, Canada. Retrieved 29 January 2013 from <https://dspace.ucalgary.ca/bitstream/1880/47421/13/mcmullan.pdf>

92 Abbott, M., Landon, J., Page, A., Palmer, K., Thorne, H. (2010). Focused literature review for the problem gambling programme: Final report for the Health Sponsorship Council. Auckland University of Technology, Auckland. Retrieved 29 January 2013 from <http://www.hsc.org.nz/sites/default/files/publications/HSC-PG-ReviewFinal-Sept2010.pdf>  
Doughney, J. , & Kelleher, T. (2008/09). Victorian and Maribyrnong gambling: a case of diverted consumer spending. An Unconscionable Business: TheBusiness: The Ugly Reality of Electronic Gambling: a Selection of Critical Essays on Gambling Research, Ethics and Economics. Cited in Borrell, J. (2009). Submission to the productivity commission gambling inquiry. Kildonan Uniting Care: Whittlesea, Melbourne. Retrieved 29 January 2013 from [http://www.pc.gov.au/\\_data/assets/pdf\\_file/0006/87630/sub163.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0006/87630/sub163.pdf)

93 Adams, P.J., & Rossen, F.V. (2005). The ethics of receiving funds from the proceeds of gambling. Centre for Gambling Studies, University of Auckland: Auckland.



Auckland and the North Shore) were receiving considerably more funding per capita than the lower income areas (such as Manukau City).<sup>94</sup>

## Impact of Proposed Policy on Community Funding

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- There are concerns that a reduction in gambling machines will cause a reduction in gambling machine income to societies which will have the flow on effect of cutting the level of grants made to local community groups.
- While gambling machine revenue is declining, recent years have still seen record gambling machine grants to the community.<sup>95</sup>
- Gambling machine trusts often insinuate that many community groups would not survive without gambling machine money. While it's true that some groups would suffer, gambling machine trusts account for only 10.2% of charitable giving in New Zealand; as a comparison, personal giving accounts for 58% of charitable giving in New Zealand.
- Existing gambling machine venues are not affected by a "sinking lid" policy. A "sinking lid" only prevents new venues from being granted a licence, so the decline in venues and machines happens gradually. Therefore, a "sinking lid" policy should not have an immediate or significant impact on community funding.
- Some groups have even argued that gambling machine handouts actually weaken community groups and that traditional fundraisers are much better at building community spirit and keeping sports and other groups strong.<sup>96</sup>

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94 Adams, P., Brown, P., Brown, R., Garland, J., Perese, L., Rossen, F., & Townsend, S. (2004) Gambling Impact Assessment for Seven Auckland Territorial Authorities. Part One: Introduction and Overview. Centre for Gambling Studies, University of Auckland. Retrieved 29 January 2013 from [http://www.fmhs.auckland.ac.nz/soph/centres/cgs/\\_docs/2004adams2\\_overview.pdf](http://www.fmhs.auckland.ac.nz/soph/centres/cgs/_docs/2004adams2_overview.pdf)

95 Department of Internal Affairs. (2010). Gambling Expenditure Statistics 1986-2010. Retrieved 29 January 2013 from: [http://www.dia.govt.nz/pubforms.nsf/URL/Expendstats1986-2010.pdf/\\$file/Expendstats1986-2010.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/Expendstats1986-2010.pdf/$file/Expendstats1986-2010.pdf)  
Department of Internal Affairs. (2007). Where do gaming profits go? A survey of the allocation for authorized purposes of non-casino gaming machine profits in 2005. Page 33. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits\\_2005.pdf/\\$file/GamingMachineProfits\\_2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamingMachineProfits_2005.pdf/$file/GamingMachineProfits_2005.pdf)

96 Gamblefree Day prompts call for funding boycott. (2011 September 1). ONE News. Retrieved 29 January 2013 from <http://tvnz.co.nz/national-news/gamblefree-day-prompts-call-funding-boycott-4378621>

Inglis, S. (2011 August 20). Editorial: Gambling much bigger problem. Bay of Plenty Times. Copy available upon request.

de Graaf, P. (2010 July 18). Pub: Ditching pokies worth the gamble. Northern Advocate. Retrieved 29 January 2013 from <http://www.northernadvocate.co.nz/local/news/pub-ditching-pokies-worth-the-gamble/3917450/>

Thomas, A. (2009 February 16). Rugby – 'crisis meeting' resuscitates Mangakahia. Northern Advocate Retrieved 29 January 2013 from <http://www.northernadvocate.co.nz/sport/news/rugby-crisis-meeting-resuscitates->

- When it comes to raising money through gambling, a 2007 survey indicated 51% of people felt that it did more harm than good. Only 26% felt that it did more good than harm.<sup>97</sup>
- Very few people (12%) support the current gambling machine trust system of distributing gambling machine funding. People were most supportive of a system similar to the Lottery Grants Board.<sup>98</sup>

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mangakahia/3795053/

McNeilly, H. (2008 July 31). Giving up pokie funding right call: Mission. Otago Daily Times. Retrieved 29 January 2013 from <http://www.odt.co.nz/news/dunedin/15633/giving-pokie-funding-right-call-mission>

97 National Research Council. (2007). 2006/07 Gaming and betting activities survey: New Zealanders' knowledge, views and experiences of gambling and gambling related harm. Commissioned by the Health Sponsorship Council. National Research Council: Auckland.

98 Ibid.

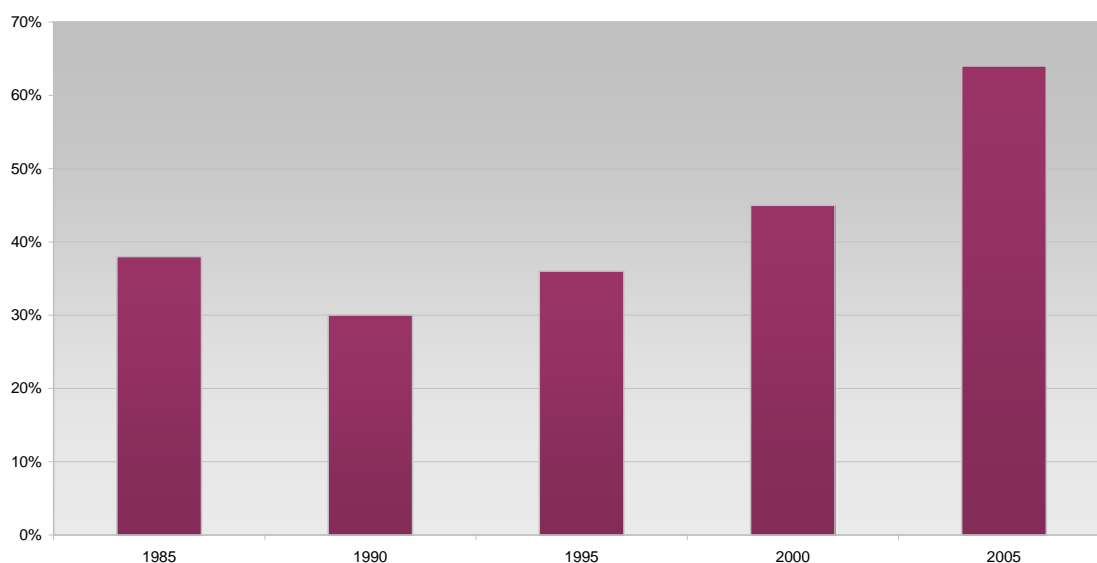
## PUBLIC ATTITUDES

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*The majority of people consider gambling machines socially undesirable.*

- The Department of Internal Affairs' national surveys of gambling conducted in 1985, 1990, 1995, 2000 and 2005 provide some indication of public attitudes over time.<sup>99</sup>
- Over the period surveyed, New Zealanders had become increasingly concerned about the negative social impacts of gambling. There had been a steady increase in public awareness about problem gambling and the adverse impacts on individuals and the community.
- Those widely available forms most strongly linked to problem gambling in New Zealand (gambling machines, track betting and casino gambling) are also the forms of gambling that increasing proportions of adults regard as undesirable.
- In particular, the surveys found that the majority of respondents (64%) considered class 4 gambling machines to be socially undesirable.<sup>100</sup>

**DIA Survey: Respondents' views on socially undesirable activities:  
Non-casino gambling machines**



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99 Department of Internal Affairs (2008) Peoples participation in, and attitudes to, gambling, 1985-2005. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/\\$file/GamblingParticipationSurvey1985-2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/$file/GamblingParticipationSurvey1985-2005.pdf)

- Only 1% of adults said that there were any additional forms of gambling that they would like to see in New Zealand. Nearly half of respondents (46%) felt that the number of gambling venues in their area was about right, a further 41% thought there were too many places, and only 1% thought there were not enough places to gamble in the area they lived in.
  - Most of the 41% of respondents who thought that there were too many places to gamble in their area said that there were too many gambling machine venues (87%), followed by TABs (20%), Lotto/Keno/Instant Kiwi outlets and casinos (both 14%).
  - Over three-quarters of adults said that there should be special laws controlling gambling.
  - Over half said preventing criminal activity was a relevant consideration.
  - Over a third mentioned restricting opportunities to gamble.
  - 72% of people believed the role of Government in addressing gambling harm should be extensive.
- Community perception studies undertaken by other territorial authorities also indicate that communities generally hold negative views on gambling, with specific concerns that communities are being seriously damaged by the growth of the gambling industry.<sup>101</sup>
  - A Napier survey of residents (October 2009) showed that 82% think there are too many gambling machines.<sup>102</sup> A public survey in Nelson demonstrated overwhelming support for Councils having stronger powers to control the location and number of gambling machines.

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100 Department of Internal Affairs (2008) Peoples participation in, and attitudes to, gambling, 1985-2005. Wellington: DIA. Retrieved 29 January 2013 from [http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/\\$file/GamblingParticipationSurvey1985-2005.pdf](http://www.dia.govt.nz/Pubforms.nsf/URL/GamblingParticipationSurvey1985-2005.pdf/$file/GamblingParticipationSurvey1985-2005.pdf)

101 E.g. Nelson, Wanganui, Hastings, amongst others.

Support for tougher control on pokies. (2011 January 18). The Nelson Mail. Retrieved 29 January 2013 from <http://www.stuff.co.nz/nelson-mail/news/4552424/Support-for-tougher-controls-on-pokies>

Final results of referendum 10. (2010 October 9). Wanganui District Council Website. Retrieved 29 January 2013 from <http://www.wanganuireferendum.govt.nz/Results.asp>

McCracken, H. (2010 September 15). \$100,000 a day lost on pokies. Hawke's Bay Today. Retrieved 29 January 2013 from <http://www.hawkesbaytoday.co.nz/local/news/100000-a-day-lost-on-pokies/3922735/>

102 Napier City Council. (2009). Social Impact Assessment: Class 4 and TAB venues in Napier. Copy available upon request.

- Similarly, a 2010 referendum of 14,386 people in Wanganui resulted in 11,491 people (80%) supporting a reduction of gambling machines.
- Seventeen councils now have adopted a “sinking lid” policy; twenty-three have adopted a sinking lid or a district-wide cap that is below their existing number of venues and machines.<sup>103</sup>

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103 The strongest sinking lid policies have been adopted by councils such as Auckland, Christchurch City and Kawerau; these policies ban new venues, new machines, and transfers of existing venues or machines. Weak sinking lids (sinking lids that don't explicitly forbid transfers of pokie machines) exist in Far North, Gisborne, Gore, Hamilton, Gisborne, Hastings, Horowhenua, Invercargill, Kaipara, Otorohanga, South Waikato, Thames-Coromandel, Waiora, Wanganui, and Whangarei.

It is also worth noting that in effect, Central Hawkes Bay, Hauraki, Lower Hutt, Rotorua, Tararua, and Whakatane are currently practicing sinking lid policies; the caps they have set are lower than the current number of pokies in their council areas.

# CONCLUSION

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## Suggested Policy

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As stated at the beginning of this report, the Problem Gambling Foundation recommends that Invercargill Council adopt a “sinking lid” policy with a district ban on any new class 4 venues and machines or transfers.

## National Outcomes

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- The Ministry of Health Six-Year Strategic Plan (2010-2016)<sup>104</sup> has not changed significantly since the first strategic plan for problem gambling (2004-2010). A sinking lid policy would be consistent with the first four of the ten Ministry objectives to minimise the harms of problem gambling:
  - To reduce health inequalities related to problem gambling
  - That people participate in decision-making about local activities that prevent and minimise gambling harm in their communities
  - That healthy policy at the national, regional, and local level prevents and minimises gambling harm
  - That government, the gambling industry, communities, family/ whānau and individuals understand and acknowledge the range of harms from gambling that affect individuals, families/whānau and communities.

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104 Ministry of Health. (2009) Preventing and minimising gambling harm 2010-2016 (Revised Final Draft): Consultation document; Six-year strategic plan; three-year service plan; problem gambling needs assessment; and problem gambling levy calculations. Wellington: MOH.

## Closing Thoughts

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- Gambling machines are not a harmless bit of fun for everyone. Gambling machines are addictive and dangerous machines, with harms that have dire consequences in Invercargill. The monetary benefits from gambling are small relative to the high social and health costs which affect communities, families/whanau and individuals.
- Given that access to gambling is necessary for the development of problem gambling, reducing access is key to a public health approach. From a public health perspective, there are already too many gambling machines in Invercargill. Relocations do not reduce the number of machines and undermine the effect of a “sinking lid” policy. The Problem Gambling Foundation urges that the Invercargill City Council adopts a “sinking lid” policy without relocations as an important beginning step for the gradual reduction of gambling machine harm in Invercargill.

## APPENDIX – REBUTTALS TO INDUSTRY CLAIMS

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- With estimates that 2.5% of adults in New Zealand are experiencing direct harm from gambling, the industry often asks why Council should worry about such a small number of people. The fact is small numbers don't mean small problems. Though only one in 40 adults fall into this group, they have families and friends who feel the repercussions of the harm they experience.
- Only .003% of the population were killed or injured in traffic accidents in 2009, but Central and Local Government take the issue seriously because that minority affects us all: drink drivers, violence, costs on the health and justice system, not to mention emotional distress. The same is true of problem gambling—the social and economic impacts of problem gambling affect us all and need to be taken seriously.
- The industry frequently claims that the “best evidence” of a relationship between gambling accessibility and gambling harm is to look at the correlation between machine numbers and problem gambling prevalence rates because “these factors are known.” At best, this argument has oversimplified the issue, and at worst, it has misrepresented it.
- They present a strange graph, with inconsistently spread dates on the X-axis, and no citation indicating where their prevalence rates for problem gambling come from making one of the “known factors” devoid of clarity and possibly applicability.
- Failing to cite or define “prevalence” makes this graph meaningless. The industry does say whether the figure is based on estimates of actual problem gambling prevalence, or on the prevalence of people seeking help. Plus, we know the impact of strong public health work and social marketing (i.e. television campaigns) can influence the numbers of people seeking help.
- The industry has also told other Councils that they ought to consider other problems, such as obesity, cocaine, or methamphetamine addiction, and focus on those instead. However, this policy review is about gambling and not these other issues, so it is meant to be the focus. A strong gambling policy won't prevent other community issues from being addressed.
- The industry breaks down the distribution of their funds in a way that conceals how much people lose. The image below implies that people only lose 8 cents for every dollar



put into a machine.



Figure A

- Gambling machines involve large amounts of repetition, and when this is clearly understood then the losses suggested in this diagram are magnified. Take an example where a user is on a machine with a 5-second spin rate (which is not even the minimum). If the user is betting 9 lines on a 5-cent machine with the maximum of 5 credits per line, the \$2.25 they wager every bet adds up to \$1,620 per hour.<sup>105</sup> If we actually apply what this diagram says, the numbers are less innocent than they initially appear.
- The industry has made recommendations based on what's best—for "community funds." However the gambling policy in Invercargill is not about what's best for these funds—it's about what's best for people.



Figure B

- In the "FAQ" section of their website, when Pub Charity is asked where their funding comes from, they state, "Pub Charity licensed gaming machines."<sup>106</sup> Where the money

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105 GamblingWatch. (2004). Pokies: Know the Facts Before You Spin.

106 Pub Charity. (2011). Frequently asked questions: Where do the donation funds come from? Retrieved 19-January 2012 from <http://www.pubcharity.org.nz/index.php/faqs>

actually comes from is people, and a significant amount of that money (an estimated 40-60%) comes from people with gambling problems.

- No one wants to deny that organisations accepting gambling machine funding are doing valuable work, but it is Council's responsibility to seriously reflect on where that money is coming from. **A sinking lid policy takes a courageous stance against the harms caused by gambling machines with only a gradual impact on the availability of gambling machine funding.**
- Studies cited earlier that used cost benefit analysis have argued that the benefits from gambling are individually very small relative to the costs borne by people experiencing gambling harm.<sup>107</sup>
- As mentioned previously in this document, many of the people governed by the Council recognise the harms of gambling machines. In fact, a 2007 survey indicated that only 26% of people felt raising money through gambling did more good than harm.<sup>108</sup>
- The industry has tried to frame the gradual decrease in non-casino gambling machine expenditure as a threat to community funding.



Figure C

- The Lion Foundation figure above illustrates an uncomfortable truth about the return on a community's investment in gambling—for every \$3 lost to a gambling machine, only

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107 Centre for Social and Health Outcomes Research and Evaluation. (2008). Assessment of the social impacts of gambling in New Zealand. Auckland: SHORE. Retrieved 29 January 2013 from [http://www.shore.ac.nz/projects/Gambling\\_impacts\\_Final%2010\\_02\\_09.pdf](http://www.shore.ac.nz/projects/Gambling_impacts_Final%2010_02_09.pdf)

108 National Research Council. (2007). 2006/07 Gaming and betting activities survey: New Zealanders' knowledge, views and experiences of gambling and gambling related harm. Commissioned by the Health Sponsorship Council. National Research Council: Auckland.

about \$1 is returned to the community. It is more sustainable to prevent that money being lost from the community in the first place.

- The industry has also tried to assert that the decrease in non-casino gambling machine expenditure has led to an increase in other forms of gambling. This is an unfounded claim, and it detracts from the real issue.



Figure D

- The gambling machine industry is attempting to establish a causal relationship between these two trends. This supposed relationship has not been verified in any research.
- The gambling machine industry has ignored the Department of Internal Affairs' explanation for this trend; the DIA attributed the 2009/2010 increase in sports betting to the FIFA World Cup, and the lotteries increase to two unusually large jackpot draws.<sup>109</sup>
- While we should be concerned about the growth of online gambling, Councils are advised to bear in mind that this is not the issue at hand; Councils have no policy role to regulate online gambling.
- Online gambling also only represents a small fraction of people experiencing harm, compared with a majority of people experiencing harm from gambling machines. This policy review gives the Council an opportunity to reduce the extensive harm caused by non-casino gambling machines.

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109 Department of Internal Affairs (DIA). (2010). Gamblers spent a little less in 2009/10. Retrieved 19-January 2012 from <http://www.dia.govt.nz/press.nsf/d77da9b523f12931cc256ac5000d19b6/8bdb1e0c7308dcb6cc2577ed0081c1a5!OpenDocument>

- The industry wants the council to feel that gambling restrictions will not have a meaningful impact on harm. They have attempted to use help-seeking statistics to demonstrate this.<sup>110</sup>

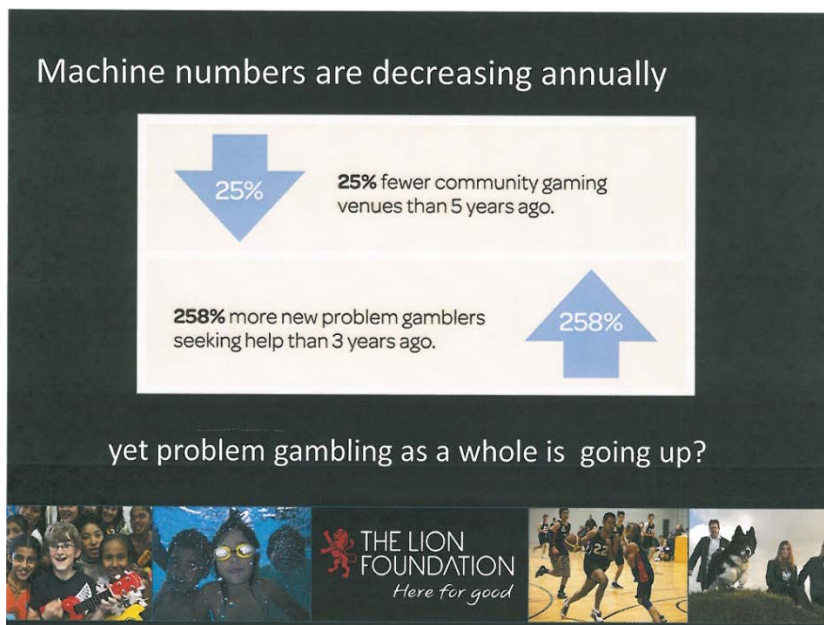


Figure E

- While there is a correlation between gambling machine numbers and problem gambling, there is no significant correlation between machine numbers and help seeking. This graph implies that as gambling venue numbers decline, so too should help seeking. However, the number of people *seeking help* for problem gambling is not directly related to the number of gambling venues.
- The industry themselves have inadvertently acknowledged this. For instance, when Dunedin reviewed their gambling policy in 2010, gambling machine trusts such as Pub Charity argued that the increase in help-seeking that year was unrelated to the existing gambling policy.
- The industry also claims “the best problem gambling solution is based on education, prevention, and treatment.” It is indeed such public health efforts (particularly the increase in radio and television ads promoting awareness of gambling harm, and other awareness-raising activities in the community) that have increased the number of people with gambling problems seeking help regardless of the number of venues.

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110 The Lion Foundation. (2011). Submission to the Invercargill City Council.

- Still, research has indicated that regulating the accessibility of gambling plays an important role in reducing gambling and its harms. **The Council has the power to do this swiftly and effectively by implementing a “sinking lid” policy.**
- Numerous industry submissions claim that 98% of people are not “adversely affected” by gambling. This is a non-sequitur. People with gambling problems do not exist in a vacuum; their partners, children, and whanau are impacted by problem gambling, as are their workplaces and communities. Furthermore, the relationship between gambling and harms such as crime and economic degradation suggest that we are all in some way adversely affected by problem gambling.
- The Jarrod True (TAB) submission also criticises the Problem Gambling Foundation, saying, “What the Problem Gambling Foundation doesn’t mention in their submissions is that when Professor Max Abbott looked only at the New Zealand data in 2006 he concluded that a sinking lid policy or a cap on machine numbers will have little (if any) impact on problem gambling.”
- It’s strange that the TAB submission would reference another Max Abbott study, since it previously attempted to discredit the statistical analysis that Professor Abbott and his colleagues completed together. The TAB submission doesn’t seem to mind this inconsistency, however.
- The TAB submission also skews the findings of this report, which does not actually “look only at New Zealand data.” Professor Abbott looks at a decade of international findings in order to convey the complexity of problem gambling issues, and the challenges surrounding the establishment of causation and the interplay of a variety of other factors. Abbott goes on to say that “it is apparent that future research, apart from refining the measurement of EGM exposure at macro and micro levels, will need to pay greater attention to the roles that other environmental and individual factors play in problem development and cessation.” This contemplative paper and call for additional research, if anything, should urge us to carefully consider and monitor gambling policy and its outcomes.
- Since the release of this paper, a later (2009) Abbott study found that for every new machine in a community, there is an increase of about 1 (.8) problem gamblers; the same study supported the view that restricting the per capita density of gambling machines

leads to a decrease in gambling harm.<sup>111</sup> These sorts of causal impacts can have very real impacts on our communities.

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111 Abbott, M., Storer, J., & Stubbs, J. (2009 December). Access or adaptation? A meta-analysis of surveys of problem gambling prevalence in Australia and New Zealand with respect to concentration of electronic gaming machines. *International Gambling Studies*, 9 (3), 225 – 244.

**Invercargill City Council**  
**Class 4 Gambling Venues Policy**

Submission by ILT Foundation

20 July 2015

**1. Background**

- 1.1. ILT Foundation holds a class 4 operators licence and owns 181 class 4 gaming machines within the Invercargill City Council area.
- 1.2. The gaming machines are all located in premises owned by the Invercargill Licensing Trust.
- 1.3. ILT Foundation is a Charitable Trust incorporated as a Board under the Charitable Trusts Act 1957. The Board consists of the 6 elected Board members of the Invercargill Licensing Trust plus up to 3 co-opted members (there are two at present, making a total of 8 members).
- 1.4. ILT Foundation endeavours to operate within the letter and spirit of the Gambling Act 2003. It has consistently for many years made grants to the community at a level higher than almost all other corporate societies within New Zealand which make distributions of gaming machine proceeds to the community. The Foundation believes that the Department of Internal Affairs considers that its operations are a model which other societies should strive to emulate.
- 1.5. The Foundation makes the following points on specific parts of the draft policy.

**2. Definitions**

- 2.1. Under the definition of 'Corporate Society' the following statement appears:

*“Corporate Societies may therefore include clubs (RSA, sports clubs, etc) Trusts, and Racing Clubs.”*

In New Zealand there are many private trusts, but the only trusts that can have corporate status and hold gaming machine licences are Charitable Trusts. To avoid any confusion the Foundation considers the word “Charitable” should be added before the word “Trusts”.

### **3. Restrictions on venue and machine consents**

- 3.1. The Council is aware of the 2013 High Court decision relating to the Waikiwi Tavern.
- 3.2. To ensure that the policy is complete it is suggested that the following statement be made at 4.2.1 (v):

*“The Council acknowledges that in some cases moving existing gaming machines from one site to another will not necessarily create a new venue, and that Council’s consent to the transfer may not be required in those cases. See for example ILT Foundation v Secretary for Internal Affairs [2013] NZHC 1330.”*

### **4. Appendix 1 – Responsible Gambling Practices**

- 4.1. The draft policy requires:
  - that signage indicating age restrictions is to be visible at every gaming machine; and
  - that a clock is to be visible from gaming machines and displayed on a wall.
- 4.2. The design of some gaming machine areas means that it will be difficult to comply with this requirement without having to hang more than one wall clock,



and the machine design means they are not suitable to add signage on the front of the machines themselves.

4.3. Each machine now has its own built in digital clock visible to the players, and also has the PIDS (Player Information Display) scheme, by which players are regularly reminded of the time they have spent at the machine. In the circumstances the Foundation suggests that it would be more than adequate for the policy to provide:

- *signage relating to age restrictions must be prominently displayed both at the entrance to the gaming machine area, and in a prominent place within the area itself so it is readily visible to players; and*
- *at least one wall clock large enough to be seen from a distance must be displayed in a prominent place within the gaming machine area so that it is readily visible to players.*

## **5. Contacts**

5.1. Contact details for this submission are:

Submitter:

ILT Foundation

P O Box 1771

Invercargill

Contact persons:

Ann Eustace            03 211 3751

Chris Ward            03 218 2833

5.2. ILT Foundation does not wish to be heard in person in relation to this submission.



**TO: REGULATORY SERVICES COMMITTEE**

**FROM: THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES**

**MEETING DATE: TUESDAY 1 SEPTEMBER 2015**

<b>LEVELS OF SERVICE REPORT – 1 JULY 2014 TO 30 JUNE 2015</b>
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**Report Prepared by:** Melissa Short – Manager Strategy and Policy

**SUMMARY**

Reporting on the Regulatory Services levels of service measures for the period comprising 1 July 2014 to 30 June 2015.
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**RECOMMENDATIONS**

**That the report be received.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> The report monitors performance in relation to levels of service measures identified in the Long Term Plan and the Annual Plan.
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No

**FINANCIAL IMPLICATIONS**

No financial implications result from this report.

## ALCOHOL LICENSING

<b>Applications Lodged</b>	<b>July 2015</b>
On Licence	10
Off Licence	15
Club Licence	4
Manager's Certificate	15
Special Licence	8
Acting Manager	1
<b>Total</b>	<b>53</b>

<b>Applications Determined</b>	<b>July 2015</b>
On Licence	4
Off Licence	1
Manager's Certificate	21
Special Licence	4
On Licence Corrigendum	1
Special Licence Amendment	1
<b>Total</b>	<b>32</b>

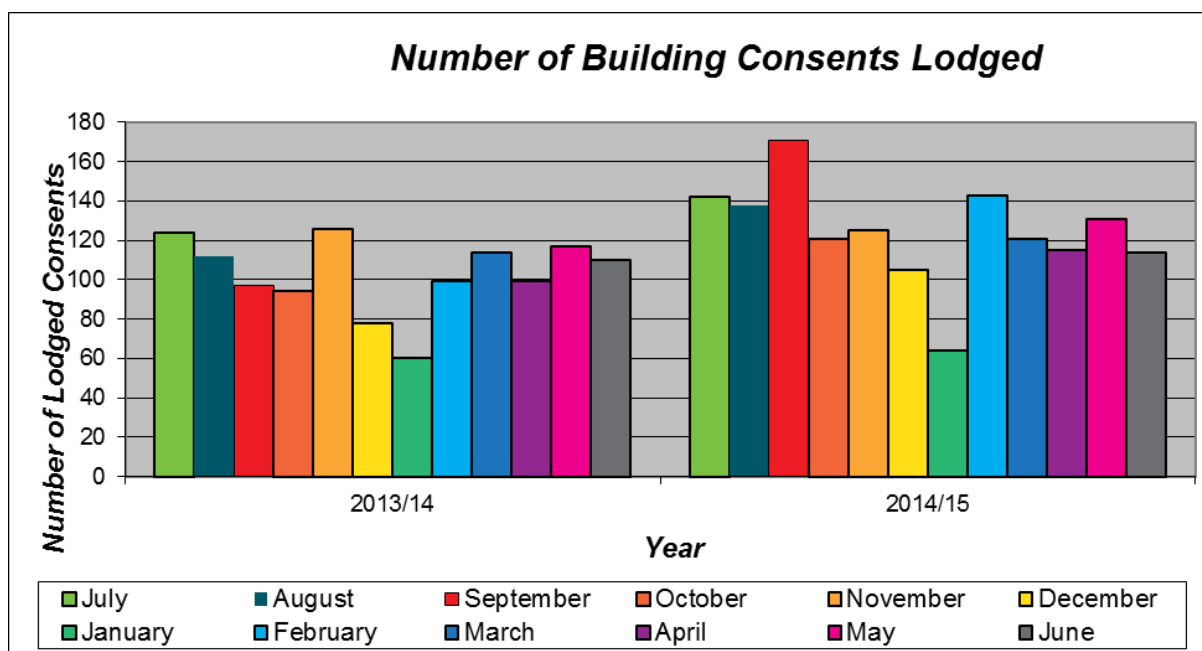
Results for July 2015 have been shown, and Alcohol applications will continue to be reported to the Regulatory Services Committee.

## ANIMAL CONTROL

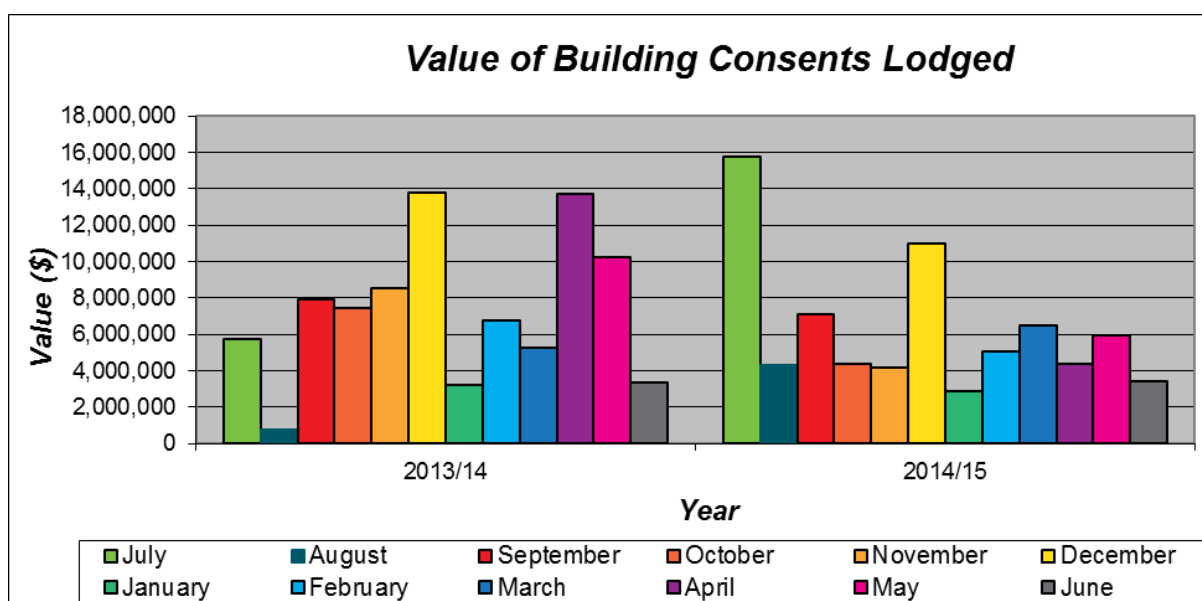
	1 July 2013 to 30 June 2014	1 July 2014 to 30 June 2015
<b>Dog Population</b>	7,970	8,612
Percentage Unregistered	2.65%	1.28%
Percentage Aggressive	1.00%	1.72%
Percentage Inspected	39.86%	15.54%
Percentage Passed Inspection	15.79%	78.26%
<b>Impounded</b>	566	950
Registered Dogs	38.34%	33.05%
Destroyed	168	183
Died	2	1
Dogs out of District	5	40
Rehoused	66	86
Released	325	640
<b>Requests for Service – Complaints Received</b>		
Barking Dogs	812	771
Aggressive Dogs	241	238
Wandering Dogs	1,541	1,526

## BUILDING CONSENTS

	1 July 2013 to 30 June 2014	1 July 2014 to 30 June 2015
<b>Building Consent Applications</b>		
Number of consents lodged	1,256	1,323
Number (percentage) of consents processed within statutory timeframes ( <i>LTP measure</i> )	99.52%	99.77%
Number (percentage) of consents receiving requests for further information ( <i>LTP measure</i> )	48.29%	45.29%



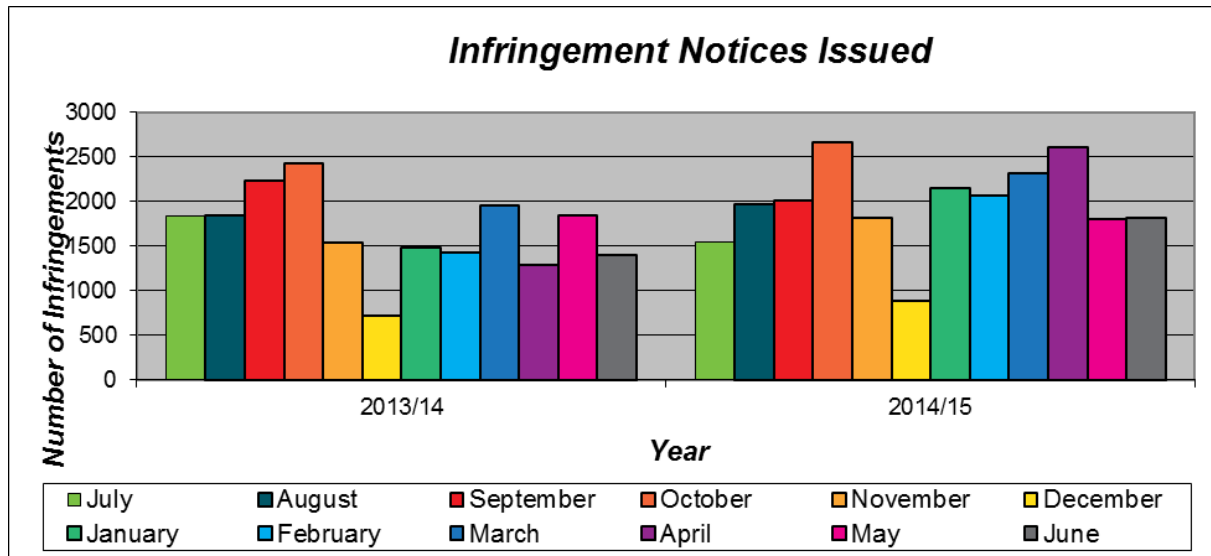
**Graph of number of consents lodged.**



**Graph of value of consents lodged.**

## COMPLIANCE

	1 July 2013 to 30 June 2014	1 July 2014 to 30 June 2015
<b>Parking Infringements Issued</b>		
Total infringements issued for pedestrian safety	447	760
Total infringements issued for vehicle safety	2,293	2,970
Total infringements issued for parking nuisance	17,106	19,584
Average hours patrolling per week (LTP target = 80 hours)	55	91.7



**Graph of Infringement Notices Issues**

### Total Mobility

	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
Total Trip Numbers*	3,762	3,595	4,349	4,090	4,249	4,148

\* This number is for Invercargill trips only. The Total Mobility Scheme is also administered by the Invercargill City Council on behalf of Gore and Southland.

## ENVIRONMENTAL HEALTH SECTION

	1 July 2013 to 30 June 2014	1 July 2014 to 30 June 2015
<b>Inspections</b>		
Number of premises holding an Alcohol Licence and percentage inspected ( <i>LTP measure</i> )	149 (69.8% inspected )	154 (88% inspected)
Number of medium risk food premises (HFPB) and percentage inspected / audited ( <i>LTP measure</i> )	128 (53% Inspected )	127 (81% inspected)
Number of low risk food premises (HFPC) and percentage inspected / audited ( <i>LTP measure</i> )	58 (62% inspected)	57 (80% inspected)
Number of premises with food safety plan	34	66
<b>Excessive Noise</b>		
Number of noise complaints received and percentage responded to within one hour	1,616 (81% responded within 1 hour)	1,607 (95% responded to within 1 hour)

### Commentary:

- In all categories inspection rates are up from the previous period.
- Move to food safety plans continues to grow.
- Noise complaint numbers continue to be tracking downwards which is pleasing and indicates that the new policy is having a positive impact. The noise response target of 95% is now also being achieved by the Contractor.



## RESOURCE MANAGEMENT SECTION

	1 July 2013 to 30 June 2014	1 July 2014 to 30 June 2015
<b>Resource Consent Applications</b>		
Number of consents lodged	195	182
Number of non notified consents and percentage processed within statutory timeframes ( <i>LTP measure</i> )	168 (100%)	161 (100%)
Number of notified consents and percentage processed within statutory timeframes ( <i>LTP measure</i> )	6 (100%)	9 (100%)

*The Resource Management maps will be provided at the next Regulatory Services Committee meeting.*

## VALUATION

QV no longer provide the map previously included in this section. The information below shows residential price movement and is provided on QV's website.

Area	Average value June 2015	Average value June 2014	Change in value
Invercargill City	\$208,191	\$211,625	-1.6%
Central Otago District	\$328,285	\$313,350	4.8%
Queenstown-Lakes District	\$719,562	\$664,353	8.3%
Dunedin City	\$296,048	\$288,609	2.6%
Clutha District	\$167,959	\$166,917	0.6%
Southland District	\$212,794	\$206,422	3.1%
Gore District	\$178,920	\$177,748	0.7%
Auckland Area	\$1,003,144	\$848,024	18.3%
Wellington Area	\$546,577	\$535,962	2.0%

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**TO: REGULATORY SERVICES COMMITTEE**

**FROM: THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES**

**MEETING DATE: TUESDAY 1 SEPTEMBER 2015**

<b>DIRECTORATE FINANCIAL COMMENTS</b>
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**Report Prepared by:** P M Gare – Director of Environmental and Planning Services

**SUMMARY**

<p>The Directorate is \$132,954 over budget for the 2014/15 year, which is a reflection of the lower level of income received in the Building Consents area than projected and the use of additional external support to continue the progress of the District Plan review.</p>
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**RECOMMENDATION**

**That the report be received.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Nil
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> N/A

**DIRECTORATE OVERVIEW**

***Administration:***

Expenditure was lower than budget for the Directorate Administration which has resulted in a small surplus.

Report prepared by: Pamela Gare  
Director of Environmental and Planning Services

***Animal Control:***

As previously reported this service exceeded the budget by \$55,280. The exceedance relates to income as the projected income was not achieved.

This has been fully reported on over the last three reports but the deficit is smaller than was previously projected.

It should be noted that the Animal Care Facility has previously been an area that did not achieve budget and operated at a large loss. This year the facility was under budget by \$44,329 and we are looking at further efficiencies to enable the facility to reach a break even position so that substantially little or no ratepayer funding will be required in the future.

***Environmental Health:***

As per last month's report this area continues to perform well and has achieved a \$73,188 surplus from that budgeted. The main savings relate to expenditure on legal fees and consultants. Having an in house legal advisor has been beneficial both in terms of the budget and improved service provision.

***Alcohol (Liquor Licensing):***

A transfer was made from the District Licensing Committee to the Inspector cost centre to offset the Inspector's cost. This has left a small deficit of \$9,943.

***Compliance (Parking):***

This service continues to perform well and a surplus of \$70,084 from that budgeted was achieved.

***Comment***

Overall the Environmental Health and Compliance cost centres performed well and as an overall position a surplus from that budgeted was achieved

Report prepared by: John Youngson  
Manager – Environmental Compliance

***Building:***

The Building Consents area is over budget due to less income being generated. Expenditure has been held in order to minimise the impact on the budget.

Report prepared by: Simon Tonkin  
Manager – Building Regulation Services

***Resource Management:***

This activity was over budget for the period ended June 2015. The reason for this was the extra spending on the District Plan review which was approved.

***Valuations:***

This activity was under budget for the period ended June 2015.

**District Licensing Committee:**

The budget for this activity balanced as at the end of June 2015. A transfer was made to the Liquor Inspection Services budget as this area was over budget.

Report prepared by: Terence Boylan  
Manager - Planning





**Regulatory Services Committee  
Directorate Administration**

**Operational Statement**

Twelve months to 30 June 2015

	<b>Actual</b>	<b>Year to Date Budget</b>	<b>Variance</b>	<b>12 Month Budget</b>
<b><u>Operational Income</u></b>				
Administration	999,456 CR	962,461 CR	36,995 CR	962,461 CR
Valuations	36,456 CR	33,000 CR	3,456 CR	33,000 CR
<b>Total Income</b>	<b>1,035,912 CR</b>	<b>995,461 CR</b>	<b>40,451 CR</b>	<b>995,461 CR</b>
<b><u>Operational Expenditure</u></b>				
Administration	881,081	945,461	64,380 CR	945,461
Valuations	326,992	351,080	24,088 CR	351,080
<b>Total Expenditure</b>	<b>1,208,073</b>	<b>1,296,541</b>	<b>88,468 CR</b>	<b>1,296,541</b>
<b>Net Operational Surplus (CR) / Deficit</b>	<b>172,161</b>	<b>301,080</b>	<b>128,919 CR</b>	<b>301,080</b>

**Appropriation (Rates Required) Account**

Twelve months to 30 June 2015

	<b>Actual</b>	<b>Year to Date Budget</b>	<b>Variance</b>	<b>12 Month Budget</b>
<i>Net Operational Surplus (CR) / Deficit b/fwd</i>	<i>172,161</i>	<i>301,080</i>	<i>128,919 CR</i>	<i>301,080</i>
<b><u>Capital Expenditure</u></b>				
Administration	0	502,000	502,000 CR	502,000
Valuations	0	0	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>502,000</b>	<b>502,000 CR</b>	<b>502,000</b>
<b><u>Capital Movements</u></b>				
Administration	41,524	500,000 CR	541,524	500,000 CR
Valuations	0	0	0	0
<b>Total Capital Funds</b>	<b>41,524</b>	<b>500,000 CR</b>	<b>541,524</b>	<b>500,000 CR</b>
<b>Rates Required</b>	<b>213,684</b>	<b>303,080</b>	<b>89,396 CR</b>	<b>303,080</b>

**Regulatory Services Committee**  
**Building Consents**

*Operational Statement*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<b><u>Operational Income</u></b>				
Building Inspectors	1,876,926 CR	2,595,100 CR	718,174	2,595,100 CR
<b>Total Income</b>	<b>1,876,926 CR</b>	<b>2,595,100 CR</b>	<b>718,174</b>	<b>2,595,100 CR</b>
<b><u>Operational Expenditure</u></b>				
Building Inspectors	2,516,605	3,014,430	497,825 CR	3,014,430
<b>Total Expenditure</b>	<b>2,516,605</b>	<b>3,014,430</b>	<b>497,825 CR</b>	<b>3,014,430</b>
<b>Net Operational Surplus (CR) / Deficit</b>	<b>639,678</b>	<b>419,330</b>	<b>220,348</b>	<b>419,330</b>

*Appropriation (Rates Required) Account*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<i>Net Operational Surplus (CR) / Deficit b/fwd</i>	639,678	419,330	220,348	419,330
<b><u>Less: Capital Expenditure</u></b>				
Building Inspectors	9,992 CR	80,000	89,992 CR	80,000
<b>Total Capital Expenditure</b>	<b>9,992 CR</b>	<b>80,000</b>	<b>89,992 CR</b>	<b>80,000</b>
<b><u>Capital Movements</u></b>				
Building Inspectors	0	80,000 CR	80,000	80,000 CR
<b>Total Capital Funds</b>	<b>0</b>	<b>80,000 CR</b>	<b>80,000</b>	<b>80,000 CR</b>
<b>Rates Required</b>	<b>629,686</b>	<b>419,330</b>	<b>210,356</b>	<b>419,330</b>



**Regulatory Services Committee**  
**Alcohol Licensing**

*Operational Statement*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<b><u>Operational Income</u></b>				
Alcohol Licensing	260,723 CR	117,000 CR	143,723 CR	117,000 CR
<b>Total Income</b>	<b>260,723 CR</b>	<b>117,000 CR</b>	<b>143,723 CR</b>	<b>117,000 CR</b>
<b><u>Operational Expenditure</u></b>				
Alcohol Licensing	411,389	257,746	153,643	257,746
<b>Total Expenditure</b>	<b>411,389</b>	<b>257,746</b>	<b>153,643</b>	<b>257,746</b>
<b>Net Operational Surplus (CR) / Deficit</b>	<b>150,666</b>	<b>140,746</b>	<b>9,920</b>	<b>140,746</b>

*Appropriation (Rates Required) Account*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<i>Net Operational Surplus (CR) / Deficit b/fwd</i>	150,666	140,746	9,920	140,746
<b><u>Capital Expenditure</u></b>				
Alcohol Licensing	0	0	0	0
<b>Total Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Capital Movements</u></b>				
Alcohol Licensing	23	0	23	0
<b>Total Capital Funds</b>	<b>23</b>	<b>0</b>	<b>23</b>	<b>0</b>
<b>Rates Required</b>	<b>150,689</b>	<b>140,746</b>	<b>9,943</b>	<b>140,746</b>

**Regulatory Services Committee**  
**Animal Services**

*Operational Statement*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<b><u>Operational Income</u></b>				
Animal Control	630,957 CR	750,900 CR	119,943	750,900 CR
<b>Total Income</b>	<b>630,957 CR</b>	<b>750,900 CR</b>	<b>119,943</b>	<b>750,900 CR</b>
<b><u>Operational Expenditure</u></b>				
Animal Control	984,981	1,050,305	65,324 CR	1,050,305
<b>Total Expenditure</b>	<b>984,981</b>	<b>1,050,305</b>	<b>65,324 CR</b>	<b>1,050,305</b>
<b>Net Operational Surplus (CR) / Deficit</b>	<b>354,023</b>	<b>299,405</b>	<b>54,618</b>	<b>299,405</b>

*Appropriation (Rates Required) Account*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<i>Net Operational Surplus (CR) / Deficit b/fwd</i>	354,023	299,405	54,618	299,405
<b><u>Capital Expenditure</u></b>				
Animal Control	23,661	0	23,661	0
<b>Total Capital</b>	<b>23,661</b>	<b>0</b>	<b>23,661</b>	<b>0</b>
<b><u>Capital Movements</u></b>				
Animal Control	6,241 CR	16,758	22,999 CR	16,758
<b>Total Capital Funds</b>	<b>6,241 CR</b>	<b>16,758</b>	<b>22,999 CR</b>	<b>16,758</b>
<b>Rates Required</b>	<b>371,443</b>	<b>316,163</b>	<b>55,280</b>	<b>316,163</b>

**Regulatory Services Committee**  
**Environmental Health Section**

*Operational Statement*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<b><u>Operational Income</u></b>				
Environmental Health	187,955 CR	185,000 CR	2,955 CR	185,000 CR
<b>Total Income</b>	<b>187,955 CR</b>	<b>185,000 CR</b>	<b>2,955 CR</b>	<b>185,000 CR</b>
<b><u>Operational Expenditure</u></b>				
Environmental Health	847,906	932,603	84,697 CR	932,603
<b>Total Expenditure</b>	<b>847,906</b>	<b>932,603</b>	<b>84,697 CR</b>	<b>932,603</b>
<b>Net Operational Surplus (CR) / Deficit</b>	<b>659,951</b>	<b>747,603</b>	<b>87,652 CR</b>	<b>747,603</b>

*Appropriation (Rates Required) Account*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<i>Net Operational Surplus (CR) / Deficit b/fwd</i>	659,951	747,603	87,652 CR	747,603
<b><u>Capital Expenditure</u></b>				
Environmental Health	35,464	21,000	14,464	21,000
<b>Total Capital</b>	<b>35,464</b>	<b>21,000</b>	<b>14,464</b>	<b>21,000</b>
<b><u>Capital Movements</u></b>				
Environmental Health	21,000 CR	21,000 CR	0	21,000 CR
<b>Total Capital Funds</b>	<b>21,000 CR</b>	<b>21,000 CR</b>	<b>0</b>	<b>21,000 CR</b>
<b>Rates Required</b>	<b>674,415</b>	<b>747,603</b>	<b>73,188 CR</b>	<b>747,603</b>

## Regulatory Services Committee Compliance

### Operational Statement

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<b><u>Operational Income</u></b>				
Compliance	835,711 CR	790,875 CR	44,836 CR	790,875 CR
<b>Total Income</b>	<b>835,711 CR</b>	<b>790,875 CR</b>	<b>44,836 CR</b>	<b>790,875 CR</b>
<b><u>Operational Expenditure</u></b>				
Compliance	637,962	663,091	25,129 CR	663,091
<b>Total Expenditure</b>	<b>637,962</b>	<b>663,091</b>	<b>25,129 CR</b>	<b>663,091</b>
<b>Net Operational Surplus (CR) / Deficit</b>	<b>197,749 CR</b>	<b>127,784 CR</b>	<b>69,965 CR</b>	<b>127,784 CR</b>

### Appropriation (Rates Required) Account

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<i>Net Operational Surplus (CR) / Deficit b/fwd</i>	<i>197,749 CR</i>	<i>127,784 CR</i>	<i>69,965 CR</i>	<i>127,784 CR</i>
<b><u>Capital Expenditure</u></b>				
Compliance	119 CR	15,000	15,119 CR	15,000
<b>Total Capital</b>	<b>119 CR</b>	<b>15,000</b>	<b>15,119 CR</b>	<b>15,000</b>
<b><u>Capital Movements</u></b>				
Compliance	0	15,000 CR	15,000	15,000 CR
<b>Total Capital Funds</b>	<b>0</b>	<b>15,000 CR</b>	<b>15,000</b>	<b>15,000 CR</b>
<b>Rates Required</b>	<b>197,868 CR</b>	<b>127,784 CR</b>	<b>70,084 CR</b>	<b>127,784 CR</b>



**Regulatory Services Committee**  
**Resource Management**

*Operational Statement*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<b><u>Operational Income</u></b>				
Resource Management	153,573 CR	204,000 CR	50,427	204,000 CR
<b>Total Income</b>	<b>153,573 CR</b>	<b>204,000 CR</b>	<b>50,427</b>	<b>204,000 CR</b>
<b><u>Operational Expenditure</u></b>				
Resource Management	1,466,221	1,406,606	59,615	1,406,606
<b>Total Expenditure</b>	<b>1,466,221</b>	<b>1,406,606</b>	<b>59,615</b>	<b>1,406,606</b>
<b>Net Operational Surplus (CR) / Deficit</b>	<b>1,312,648</b>	<b>1,202,606</b>	<b>110,042</b>	<b>1,202,606</b>

*Appropriation (Rates Required) Account*

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
<i>Net Operational Surplus (CR) / Deficit b/fwd</i>	<i>1,312,648</i>	<i>1,202,606</i>	<i>110,042</i>	<i>1,202,606</i>
<b><u>Capital Expenditure</u></b>				
Resource Management	18,769	29,000	10,231 CR	29,000
<b>Total Capital Expenditure</b>	<b>18,769</b>	<b>29,000</b>	<b>10,231 CR</b>	<b>29,000</b>
<b><u>Capital Movements</u></b>				
Resource Management	18,769 CR	9,000 CR	9,769 CR	9,000 CR
<b>Total Capital Funds</b>	<b>18,769 CR</b>	<b>9,000 CR</b>	<b>9,769 CR</b>	<b>9,000 CR</b>
<b>Rates Required</b>	<b>1,312,649</b>	<b>1,222,606</b>	<b>90,043</b>	<b>1,222,606</b>

# Regulatory Services Committee

## Financial Summary

### Operational Statement

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
Administration	172,161	301,080	128,919 CR	301,080
Building and Resources	639,678	419,330	220,348	419,330
Environmental Health	659,951	747,603	87,652 CR	747,603
Animal Control	354,023	299,405	54,618	299,405
Alcohol Licensing	150,666	140,746	9,920	140,746
Compliance	197,749 CR	127,784 CR	69,965 CR	127,784 CR
Resource Management	1,312,648	1,202,606	110,042	1,202,606
<b>Net Operational Surplus (CR) / Deficit</b>	<b>3,091,378</b>	<b>2,982,986</b>	<b>108,392</b>	<b>2,982,986</b>

### Appropriation (Rates Required) Account

Twelve months to 30 June 2015

	Actual	Year to Date Budget	Variance	12 Month Budget
Administration	213,684	303,080	89,396 CR	303,080
Building and Resources	629,686	419,330	210,356	419,330
Environmental Health	674,415	747,603	73,188 CR	747,603
Animal Control	371,443	316,163	55,280	316,163
Alcohol Licensing	150,689	140,746	9,943	140,746
Compliance	197,868 CR	127,784 CR	70,084 CR	127,784 CR
Resource Management	1,312,649	1,222,606	90,043	1,222,606
<b>Rates Required</b>	<b>3,154,698</b>	<b>3,021,744</b>	<b>132,954</b>	<b>3,021,744</b>

**TO: REGULATORY SERVICES COMMITTEE**

**FROM: THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES**

**MEETING DATE: TUESDAY 1 SEPTEMBER 2015**

**QUALITY SYSTEM FOR DIRECTORATE**

**Report Prepared by:** P M Gare – Director of Environmental and Planning Services

**SUMMARY**

The purpose of local government is:

(a) *to enable democratic local decision-making and action by, and on behalf of, communities; and*

(b) *to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.*

(Section 10, Local Government Act 2002)

There is an increasing expectation being placed on councils to be able to provide robust reporting on the services which show how we are providing a “good-quality” service.

The Building Act requires our Building Consent Authority to have a quality system which is externally audited as part of retaining accreditation every two years. The Food Act requires us to have a quality system (but no requirement for external auditing) and annual reports on activity are required for alcohol, resource management, alcohol and animal control.

Having a Directorate – wide approach to providing “good-quality” is therefore an efficient and effective use of resources. It also ensures that we take a consistent approach to services across the Directorate and that, through the internal audit and continuous improvement processes, our levels of service improve.

**RECOMMENDATION**

**That Council endorses and supports the development of a Quality System for the Environmental and Planning Services Directorate which will incorporate the Southern Shared Services Group BCA Quality Assurance System.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No.

4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> N/A.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No.

## QUALITY SYSTEM AND MANAGEMENT INTRODUCED

Quality means different things for different industries, and takes a different meaning depending on whether a product, a service, or a combination of both is offered. The core of quality management is being able to guide a business towards improved performance.

Once set up a Quality System does this by providing a systematic process of continual improvement through a cycle of:

- Planning – When an improvement is identified either by staff or through structured reviews or audits a plan of how improvement will be achieved is created.
- Doing - Proceeding with approved changes in a controlled and documented way.
- Checking / Reviewing - To ensure we are meeting specified requirements through customer surveys, audits etc.
- Acting – Rolling out and communicating any changes or updates across the Department, Directorate, Council and if required customer.

In addition a management system defines roles, responsibilities, documents procedures, establishes training systems and provides a clear picture of how roles affect the overall success of the Council. This all helps provide consistency of service within and between departments which increases customer confidence and contributes to more satisfied and motivated staff. It is an approach that seeks to improve quality and performance which will meet or exceed customer expectations.

## AS/NZS ISO/IEC 17020:2012

All ISO Standards require documentation of all processes and any changes, errors and discrepancies. This ensures consistency throughout and accountability of all staff. It also guarantees traceable records are available in case of non-conformance.

The objective of AS/NZS ISO/IEC 17020:2012 is to promote confidence in bodies **performing Inspections**. Key Activities of Inspection are the determination of their conformity with requirements such as Acts, Legislation and Bylaws as well as reporting of results to clients, and at times authorities. Inspection could include examination of materials, products, installations, plants, processes, work procedures or services.

Due to the nature of inspections this normally requires the exercise of professional judgement, therefore ISO 17020 specifies requirements for the **Competence, Impartiality, Independence** and **Consistency** of inspection activities as well as those requirements of Quality in General.

The overarching principles for the Directorate Quality System is attached as **Appendix 1**.



## **BUILDING ACT 2004**

The Building (Accreditation of Building Consent Authorities) Regulations 2006 require councils to have a Quality Assurance Programme which details its policies, procedures and systems. The Southland Shared Services Forum appointed the Southland District Council as the lead in developing a Shared Quality Assurance System. Southland District, Gore District, Clutha District and Invercargill City Councils have been involved in the development of the system.

A Powerpoint presentation will be shown.

**\*\*\*\*\***





# QUALITY MANUAL

ISO/IEC 17020:2013



## ENVIRONMENTAL AND PLANNING SERVICES DIRECTORATE

Section 1 – 4 only  
August 2015

V12 DRAFT

Hard copies may be printed but these are 'UNCONTROLLED' copies and are not subject to amendment.



## REVISION HISTORY

Version No	Reason / Details of Revision	Approved by	Effective Date
1	Final Draft Adopted Section 1-4 Only	Pamela Gare	
2			
3			
4			
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- Updates to this manual will be communicated by editing and publishing via BURT following the default document management principles.
- The Amendment History page of the master copy shall be updated by the final approver with each update.
- The electronic version held within BURT is the true current version of this manual.
- Hard copies of this manual are Uncontrolled unless otherwise marked and are not subject to amendment.



V11

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## TABLE OF CONTENTS AND CROSS REFERENCE TO BCA REGULATIONS AND ISO 17020:2012 STANDARDS

Detail	ICC Clause	ISO 17020 :2013 Clause	BCA Regulations	Page Number
Revision History				2
Table of Contents				3-4
Normative References		2.0		5
Terms and Definitions		3.0		6
Introduction	1.0	iv	15	7
Scope	2.0	1.0		8
Quality Policy Statement	3.0	8.2.2 8.2.3 (a) (b)	17(2)(b)	9-10
Invercargill City Council Values	-	-	-	11
<b>Objectives</b>	4.0	8.2.1	17(2)(n)	12-16
• (A) Accountability to our Customers and Ratepayers				13
• (B) Customer Services				13
• (C) Consistency of Processes and Procedures				14
• (D) Commitment through Values and Vision				14
• (E) Communication				15
• (F) Effective Policy and Processes				15
• (G) Efficient				16



## NORMATIVE REFERENCES

The following reference documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references the latest edition of the referenced document (including any amendments) applies.

<b>ISO/IEC 17020:2013</b>	Australian / New Zealand Standard Conformity assessment - Requirements for the operation of various types of bodies performing inspections.
<b>Building Act 2004</b>	Territorial Functions and Requirements.
<b>ISO/IEC 17000:2004</b>	Conformity assessment Vocabulary and general principles.
<b>ILAC P10:01/2013</b>	ILAC Policy on Traceability of Measurement Results.
<b>ILAC-G24 2007 (E)</b>	Guidelines for the determination of calibration intervals of measuring instruments.
<b>ISO/NZS ISO 31000:2009</b>	Risk Management Principles and Guidelines.



## TERMS AND DEFINITIONS

The terms and descriptions used in this Manual are generally defined within AS/NZS ISO/IEC 17020:2013. Additional definitions apply for items not covered.

<b>Accountable</b>	The person who makes the final decision and is responsible for the accuracy, sign off etc.
<b>Auditor Internal</b>	Auditor resides within the company (company employee).
<b>Auditor External</b>	Independent body that resides outside the organisation.
<b>“Can”</b>	Indicates a possibility or a capability.
<b>Customer External</b>	Ratepayer, Resident, Visitor.
<b>Customer Internal</b>	Are usually internally connected to the Council such as employees, or departments.
<b>Impartiality</b>	Presence of objectivity – Conflicts of interest do not exist so as not to adversely influence subsequent activities of the body. No conflict of interest, bias or prejudice.
<b>Input</b>	What is required in order to review.
<b>Inspection</b>	Includes Product, Process, service or installation.
<b>Installation (Plant)</b>	A collection of components assembled to jointly achieve a purpose not achievable by the components separately.
<b>Invercargill City Council District</b>	Invercargill City Council District includes all areas as shown in the <a href="#">Gazette Notice</a> .
<b>Invercargill City Council Long Term Plan</b>	The Long Term Plan (LTP) shows how the Invercargill City Council will plan and deliver projects, programmes and services.
<b>Invercargill City Council Annual Plan</b>	Annual Plans are produced in the two years between the adoptions of Long Term Plans (LTPs). The Annual Plan implements the LTP and provides a budget for the next financial year to achieve this. The Annual Plan also explains variations between the two documents.
<b>Management Representative</b>	Please refer to <a href="#">QM8001</a> for a full description of this Role and others within the Quality System.
<b>“May”</b>	Indicates a permission.
<b>Procedures</b>	Detailed information on each step of the process.
<b>Responsible</b>	The person who completes the work to achieve the task.
<b>“Shall”</b>	Indicates a requirement.
<b>“Should”</b>	Indicates a recommendation.



## 1.0 INTRODUCTION

The New Zealand Local Government Act 2002 3(d) *“provides for local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance or regulatory functions.”*

Invercargill City Council is one of New Zealand’s democratically elected and accountable local authorities. Under Section 10(1) of the Local Government Act 2002 the purpose of Local Government is *“to enable democratic local decision-making and action by, and on behalf of, communities and to meet the current and future needs of the communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.”*

Our Council Vision clearly sets out what we want to achieve at a local level and this is reflected in the values of Our Compass.

***“To create an exciting, innovative, safe, caring and friendly City, offering lifestyles based on a healthy Environment and a diverse growing economy” while incorporating the Values of “Our Compass”. “Making it better by making it happen” through Responsibility, Respect, Positivity while going above and beyond.”***

The role of the Invercargill City Council is to lead and represent the community, engage with the community and encourage community participation in decision-making while considering the needs of people currently living in the Invercargill City District and those who will live there in the future.

The Environmental and Planning Services Directorate provides regulatory functions that include those activities which enable people to live closely together by establishing with and on behalf of the Council and the community minimum standards for development and behaviour.

Section 10(2) of the Local Government Act 2002 states **“good-quality”**, *in relation to local infrastructure, local public services, and performances of regulatory functions, means infrastructure, services and performance that are -*

- (a) *efficient; and*
- (b) *effective; and*
- (c) *appropriate to present and anticipated future circumstances.*

Quality Management is one way that the Environmental and Planning Services Directorate strives to meet these legislative requirements and the Council Vision.





## 2.0 SCOPE

This document details the Directorate Quality System and references appropriate Operating Procedures for the Inspection Body Accreditation AS/NZS ISO/IEC 17020:2013 and Building Consent Authority.

It is implemented in the Administration, Operational, Technical, Legislative, and Health and Safety Processes and Procedures for the Directorate. This includes Animal Services, Building Control, Civil Defence Emergency Management, Compliance, Environmental Health, Resource Management and Directorate Support Services.

Where cross directorate procedures are required to ensure the system is complete, AS/NZS/ISO/IEC 17020:2013 will be adopted for that procedure.

This Manual adheres to and incorporates, but is not limited to, current Invercargill City Council Policies including Code of Conduct, Health and Safety, Employee Handbook, Long Term Plan and Annual Plan.



## 3.0 QUALITY POLICY STATEMENT

August 2015

The Invercargill City Council Environmental and Planning Services Directorate is committed to sustaining and improving the quality of regulatory services provided to our community by:

- Accountability to our customers and ratepayers by open reporting of our service levels and progress to achievement.
- Customer services by providing multiple opportunities for people to interact with us with a consistent service offered.
- Consistency across and within departments by implementing common processes and procedures.
- Commitment to “Our Compass” values and the Council Vision by “*Making it Better by Making it Happen*”.
- Communication internally and externally to keep our customers and community informed of our services and expectations.
- Effective policy and processes which are developed and reviewed with customer and community input.
- Efficient use of time, money and resources by greater use of technology and delegation of responsibilities.

To honour these commitments and achieve our Objectives we undertake to carry out the following in accordance with the Authority Accreditation ISO 17020 and the Building Consent Authority Accreditation Regulations:

- Create policies and procedures to ensure that duties are carried out in a timely and professional manner.
- Provide relevant technical expertise through ongoing training and development of employees in order to meet current and future demands.
- Respond promptly to enquiries and complaints.
- Communicate with stakeholders.

Cont...

- Monitor and review customer feedback.
- Ongoing Continuous Improvement.
- Conduct regular Senior Management reviews.
- Undertake regular audits.

The Director of Environmental and Planning Services retains ultimate responsibility for Quality in the Directorate and has appointed sufficient and qualified staff to support the Quality System and actively supports all employees, through job descriptions, inductions and training, to:

- Take personal responsibility to ensure that they work to, and actively participate in improving Quality Systems and;
  - Strive to create the Invercargill City Council Vision
  - Embody the Values and Behaviours of “Our Compass”

Pamela Gare

**Director of Environmental and Planning Services**

Richard King

**Chief Executive Officer**

This Version One (1) dated: .....



## INVERCARGILL CITY COUNCIL VALUES



### *Responsibility*

Take ownership of decisions and outcomes, both collectively and individually.

- We willingly share our knowledge.
- We acknowledge our mistakes, work to resolve them and learn from them.
- We give and receive feedback in a constructive manner to resolve issues.
- We do our job with total commitment.

### *Respect*

Everyone is important, as are their views.

- We support and care for each other.
- We stop to listen, learn and understand.
- We communicate in an honest, up-front, and considerate manner.
- We maintain confidences and avoid hurtful gossip.

### *Positivity*

Always look on the bright side of life.

- We are approachable, interested and friendly.
- We are open and receptive to change.
- We acknowledge and praise the efforts of others.
- We work together as a team to get the job done.

### *Above + Beyond*

Take opportunities to go the extra mile.

- We take the initiative to improve our work practices to get the best result.
- We challenge ourselves and each other to make it better.
- We take pride in providing the best possible outcomes.
- We are ambassadors for our Council at all times.



## 4.0 OBJECTIVES

### 4.0 Objectives

**Purpose:** To review, document, communicate and maintain the Objectives as recorded below for the fulfilment of the ISO: 17020 Standard and ensure the Objectives are acknowledged and implemented at all levels of the Directorate.

#### Relevant Documents

Regulation 17(2)(n)

ISO 17020 8.2.1

[QM8001 Quality Calendar](#)

#### Authority

Management Representative has overall responsibility

Regulatory Services Committee

Department Managers

#### Procedure

<b>Reviewing Policy Statement Objectives</b>	<ol style="list-style-type: none"> <li>1. Each year as scheduled in the Annual Quality Calendar QM8001.</li> <li>2. The Objectives set out in the Quality Policy Statement are reviewed with the Management Representative and CEO for continued relevance and adjusted if appropriate.</li> </ol>
<b>Objectives, Activities and Key Measures</b>	<ol style="list-style-type: none"> <li>3. Objectives, Activities and Key Measures that continue to Support the Quality Policy Objectives are discussed and agreed with the Management representative and Quality Team.</li> <li>4. Time lines are set in conjunction with Key Measures.</li> </ol>
<b>Adopting the Objectives</b>	<ol style="list-style-type: none"> <li>5. The Objectives and Activities are presented to the next Scheduled Regulatory Services Committee Meeting where they are reviewed and adopted.</li> <li>6. Once adopted the Quality Officer updates the Quality Manual as set out in Section 7.1 Control and Updating QAS Manual.</li> <li>7. Key dates are added to the Annual Quality Calendar QM8001.</li> </ol>
<b>Monitoring and Completion</b>	<ol style="list-style-type: none"> <li>8. Progress is monitored by the Management Representative and Quality Officer at the Quality Team fortnightly meetings.</li> <li>9. Each Activity must be completed in a timely manner and will be reviewed for completeness against the Key Measures.</li> </ol>
<b>Reviewing Key Measures</b>	<ol style="list-style-type: none"> <li>10. The Objectives and the Key Measures will be reviewed as part of the Management Quality Review to help assess the effectiveness of the Quality System.</li> </ol>
<b>Communication</b>	<ol style="list-style-type: none"> <li>11. After the Objectives are adopted or reviewed this information will be communicated to all levels of staff via emails, workshops and/or staff meetings.</li> <li>12. Reported to Council at earliest opportunity.</li> </ol>

## A. Accountability to our Customers and Ratepayers

### **Business Objective**

Take ownership of decisions and outcomes both collectively and individually.

### **Quality Policy Statement**

Accountability to our ratepayers by open reporting of our service levels and progress to achievement.

<b>Objective</b>	<b>Activities</b>	<b>Key Measures</b>
<b>Have meaningful and appropriate KPIs for the entire directorate</b>	• Review Directorate KPIs	Collected by October 2015
	• Council Adoption of KPIs	February 2016
<b>Keep elected representatives, clients and staff informed of appropriate KPIs</b>	• Reports to Regulatory Services staff meetings	Every six weeks
	• Managers report to staff on progress with meeting objectives	Recorded in Minutes.
	• Directorate Annual Meeting (State of the Nation)	December 2015

## B. Customer Services

### **Business Objective**

Everyone is important as are their views.

### **Quality Policy Statement**

Customer services by providing multiple opportunities for people to interact with us with a consistent service offered.

<b>Objective</b>	<b>Activities</b>	<b>Key Measures</b>
<b>Provide customers with options in how they interact with us</b>	• Promote Electronic Services to Increase Electronic Activities	Increasing use of electronic services
	• Better use of Council Website	
	• Notice Board to advertise services	

**C. Consistency of Service**

**Business Objective**

We take the initiative to improve our work practices to get the best results.

**Quality Policy Statement**

Consistency across and within departments by implementing common processes and procedures.

<b>Objective</b>	<b>Activities</b>	<b>Key Measures</b>
<b>Have a system which fosters a culture of continual improvement</b>	<ul style="list-style-type: none"> <li>Quality Management System for BCA</li> <li>Pre Audit – By external body</li> </ul>	Any CARs, recommendations or Strong Recommendations identified in the Pre Audit are resolved and do not resurface in the IANZ audit.
	<ul style="list-style-type: none"> <li>Quality Management System for ISO 17020</li> </ul>	Manual and Procedures are completed by July 2016.
<b>Staff Participation in Continual Improvement (CI) Process</b>	<ul style="list-style-type: none"> <li>Procedures</li> <li>Training</li> <li>Team Leader and Management Encouragement</li> </ul>	All sections of the Directorate are lodging CIs Staff and managers are reviewing and actioning in a timely manner.

**D. Commitment to “Our Compass”**

**Business Objective**

*“Making it Better by Making it Happen”.*

**Quality Policy Statements**

Commitment to “Our Compass” values and the Council Vision.  
Vision reflected in activities throughout the Directorate.

<b>Objective</b>	<b>Activities</b>	<b>Key Measures</b>
<b>Our Customers receive a consistent experience.</b>	<ul style="list-style-type: none"> <li>Complaints are managed, lodged and investigated in a consistent manner.</li> </ul>	Customer Satisfaction Survey results show an increased level of Satisfaction.
<b>Living the Vision</b>	<ul style="list-style-type: none"> <li>Staff are encouraged to “Live the Vision” through attending corporate and Directorate training.</li> </ul>	Staff attendance at corporate training performance reviews.

## ENVIRONMENTAL AND PLANNING SERVICES DIRECTORATE QUALITY MANUAL

### E. Communication

#### Business Objective

We communicate in an honest, up-front, and considerate manner.

#### Quality Policy Statement

Communication internally and externally to keep our customers and community informed of our services.

Objective	Activities	Key Measures
Information is easily available and up to date.	<ul style="list-style-type: none"> <li>Regular review of written and electronic material to ensure its relevance and that it is appropriate to the target audience.</li> </ul>	Six Monthly Audits of Material
	<ul style="list-style-type: none"> <li>Develop directorate communication plan.</li> </ul>	Plan developed by April 2016 and Implemented  Response to activities / adverts
Communication is clear and understandable to our clients / reader.	<ul style="list-style-type: none"> <li>Review of form letters.</li> </ul>	July 2016 review process in place
	<ul style="list-style-type: none"> <li>Writing with Confidence Course.</li> </ul>	All staff have completed by June 2016.
	<ul style="list-style-type: none"> <li>Peer Review of letters.</li> </ul>	All processes reflect this requirement

### F. Effective Policy and Procedures

#### Business Objectives

We Take the Initiative to improve our work practices to get the best result.  
We challenge ourselves and each other to make it better.

#### Quality Policy Statement

Effective policy and procedures which are developed and reviewed with customer and community input.

Objective	Activities	Key Measures
Obtain views of our elected representatives on our services and areas for improvement	<ul style="list-style-type: none"> <li>Annual Quality Review report out to Executive.</li> </ul>	Every 12 Months
	<ul style="list-style-type: none"> <li>Workshops where KPIs and Quality Annual review findings are shared and reviewed.</li> </ul>	Every 12 Months
	<ul style="list-style-type: none"> <li>Reporting of KPIs in Council's annual report.</li> </ul>	Meeting KPIs or explanation of reasons



**G. Effective use of Time, Money and Resources**

**Business Objective**

Best possible outcomes.

**Quality Policy Statement**

Efficient use of time, money and resources by greater use of technology and delegation of responsibilities.

Objective	Activities	Key Measures
<b>Increased transparency of our services and decisions.</b>	<ul style="list-style-type: none"> <li>Electronic Lodgement, Payment and tracking of applications /services, inspection reports and letters available electronically as well as by post.</li> </ul>	Increasing number of Applications received on line  Increasing number of payments received on line  Increasing number of requests for reports etc. to be received electronically
<b>Staff to use more electronic field and office technology.</b>	<ul style="list-style-type: none"> <li>Staff to receive training on electronic process by June 2016.</li> </ul>	Audit of use



**TO: REGULATORY SERVICES COMMITTEE**

**FROM: THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES**

**MEETING DATE: TUESDAY 1 SEPTEMBER 2015**

**SUBMISSION ON PROPOSED NATIONAL ENVIRONMENTAL STANDARD FOR PLANTATION FORESTRY**

**Report Prepared by:** Gareth Clarke – Senior Policy Planner

**SUMMARY**

The Ministry for Primary Industries has recently consulted on a Proposed National Environmental Standard for Plantation Forestry. The consultation period closed on 11 August 2015. This report provides an overview of the proposed NES and the feedback staff provided to the Ministry.

**RECOMMENDATION**

**That the report be received**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> N/A.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> If implemented the Proposed National Environment Standard for Plantation Forestry may require amendments to the District Plan.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> N/A.

**SUBMISSION ON PROPOSED NATIONAL ENVIRONMENTAL STANDARD FOR PLANTATION FORESTRY**

The Ministry for the Environment and Ministry for Primary Industries have recently released a consultation document relating to the proposed National Environmental Standard for Plantation Forestry (NES-PF). The stated purpose of the proposed NES-PF is to change how plantation forestry activities are managed under the RMA by replacing the Council's

existing district and regional planning rules with a “... *nationally consistent approach that is responsive to local environments*”.

The NES, which is a national regulatory instrument provided for under Sections 43-44A of the Resource Management Act 1991, introduces technical standards for eight key plantation forestry activities that are based on good industry and environmental practice, and up-to-date science. The Council has an interest in the proposed NES-PF because, if implemented, it will alter the Council’s planning functions. For example, the Proposed Invercargill City District Plan only permits forestry activity in the rural areas. In all other areas it is considered either a discretionary or non-complying activity requiring resource consent. However, if implemented, the provisions of the proposed NES-PF will replace the relevant provisions of the District Plan, meaning forestry will generally be a permitted activity in all zones, subject to performance standards such as setbacks from dwellings etc. There are only limited circumstances in which the Council can apply rules that are more stringent than the proposed NES-PF, including where plantation forestry occurs within significant natural areas or identified Outstanding Natural Features and Landscapes.

Due to the relatively small amount of commercial plantation forestry occurring within our district and the absence of any land considered to be at high risk of adverse environmental effects from forestry activities, the impact of the proposed NES-PF is not likely to be significant for Invercargill. However, the consultation document does raise a number of questions regarding the capacity of the proposed NES-PF to deliver cost-effective environmental outcomes that are any improvement over and above those provided by existing Planning frameworks. With a large number of regulatory and environmental matters remaining outside the scope of the proposed NES-PF (for example, traffic nuisance effects; effects on roading infrastructure etc), there is still likely to be a significant amount of local variation that foresters will have negotiate when undertaking forestry activities. In fact, it could be that the proposed NES-PF actually serves to create an additional layer of planning controls which may make the process more complex than it currently is.

The consultation period for the proposed NES-PF closed on 11 August 2015. Staff provided feedback (**Appendix 1**) to the Ministry for Primary Industries prior to the cut-off date to ensure that the matters discussed above, and a number of additional matters relating to the more specific details of the proposed NES-PF, were considered prior to the document being finalised.

**CONCLUSION**

While the proposed NES-PF is not likely to have a significant impact on the way the Council manages forestry activities occurring within the Invercargill City district, staff have provided feedback to the Ministry raising concerns regarding the ability of the proposed regulations to deliver cost-effective environmental outcomes compared to existing processes, and its effectiveness in removing unjustified local variation across the country. The submission also raised a number of issues relating to the implementation of specific provisions within the proposed NES-PF.





**To: Stuart Miller**  
**Spatial, Forestry and Land Management**  
**Ministry for Primary Industries**  
**PO Box 2526**  
**WELLINGTON 6140**

**e-mail: NES-PFConsultation@mpu.govt.nz**

**Submission by the Invercargill City Council on the Proposed National Environmental Standards for Plantation Forestry**

**The Invercargill City Council makes the following submission points for consideration:**

1. Thank you for the opportunity to comment on the proposed National Environmental Standard for Plantation Forestry. While the Invercargill City Council supports the intent of the proposed NES-PF, it does question the capacity of the NES to deliver cost-effective environmental outcomes that are in effect any better than those currently being delivered by existing Planning frameworks that provide context specific solutions. The Council also questions the effectiveness of the proposed NES-PF in removing variation between local authorities and improving certainty of process. In addition to the NES-PF there are still a large number of matters outside the scope of the NES-PF that foresters will have to consider (for example, effects on roading infrastructure, traffic nuisance effects etc.), as well as any local variation within district and regional plans relating to those matters local authorities have the ability to be more stringent on. The NES-PF will effectively create an additional layer of planning controls for foresters and local authorities to navigate, potentially making the process more complex than it currently is.
2. The Invercargill City Council considers the reliance on permitted activity performance conditions will create additional monitoring work and associated costs for local authorities. The proposal will have the effect of shifting the focus of Council's resources away from processing any consents triggered by a small number of existing regional and district rules, for which cost is recovered from the applicant, to now focusing on the monitoring of permitted activity performance conditions of forestry activities now managed by an increased number of rules, for which no revenue is recovered from the resource users. While the Council supports the intent of the NES-PF and sees value in achieving a greater degree of consistency in how forestry activities are managed across the country, it is considered more desirable to manage potential adverse effects through resource consents before operations commence, rather than addressing the adverse effects of permitted activities after the fact through monitoring e.g. noise breaches, set back breaches etc. The Council considers that those who create the need for monitoring work should bear the cost of that work. Notwithstanding the requirement for Erosion and Sediment Control Plans and Harvest Plans to be submitted to regional authorities, the Council believes that a requirement could be introduced into the NES-PF to ensure that,


at the time of notifying local authorities of commencement of operations, foresters provide all local authorities with full management plans that include the minimum level of information necessary for a local authority to be able to meet its monitoring obligations under the NES-PF. This would go some way to helping reduce the costs and resourcing burden the proposed NES-PF will have through its permitted activity performance conditions.

3. Under both the current and proposed Invercargill City District Plans forestry activity has been restricted to generally being permitted only within rural zones. The use of zoning as a tool for controlling land use is widely accepted and limiting forestry to rural zones is likely to be a common approach taken to managing forestry activities in District Plans across the country. The Proposed NES-PF, however, will have the effect of permitting forestry activity in all zones, subject to meeting performance conditions including setbacks. This means that forestry activity that complies with performance conditions could establish within any residential or industrial zone as of right. This could be particularly troublesome in fringe urban areas where land intended for future urban expansion may also be seen as attractive for foresters, resulting in an inefficient and unsustainable use of the land resource, and leading to conflicts in amenity and potential reverse sensitivity issues as a result of incompatible and competing land uses. It is noted that a 30m setback from urban/residential zones is required as a permitted activity condition for afforestation activities. This implies that such activities are not appropriate within these types of zones; however there does not appear to be anything actually preventing them from establishing within the zones themselves, as long as setbacks are met at the time of afforestation. The Council considers that the NES-PF should provide local authorities with the ability to apply more stringent rules in Plans to restrict forestry activities in non-rural areas where they may conflict with existing or potential non-rural land uses.
4. The majority of plantation forestry present in the Invercargill City district occurs on Council managed reserve. This is likely to be a situation occurring elsewhere the country also. The Operative and Proposed Invercargill City District Plans both provide for activities that comply with a relevant Reserve Management Plan developed under the Reserves Act 1977 as permitted activities. However, that may no longer be a relevant consideration when taking the NES-PF into consideration as well. This may be undesirable in some cases where the Reserve Management Plan has been developed in such a way as to ensure forestry activities are tightly controlled and managed under a more stringent environmental model than is provided for under the NES-PF. Therefore the proposed NES-PF may have the effect of not only imposing an additional layer of Planning controls on these forestry activities, but may also relax, or lead to a perception of relaxing, the more stringent existing environmental controls. For this reason the Council believes local authorities should have the ability to be more stringent on reserves managed under the Reserves Act. It would be useful if the guidance material produced to assist local authorities in implementing the proposed NES-PF included some clarification as to the relationship between the proposed NES-PF and Reserve Management Plans that provide for the management of the reserves upon which the forestry is located.

5. It is noted that with regard to the proposed setbacks for afforestation activities, the permitted activity performance conditions provide an exemption where the approval of the adjoining landowner has been obtained. The Council considers it unclear how this approval process is intended to operate and what responsibilities local authorities have in monitoring compliance with such performance conditions. Do local authorities have a duty to ensure the neighbouring owner approval is obtained before afforestation work begins? In what format are the approvals required to be provided, and is the intention for local authorities to be responsible for the recording and holding of these approvals? Are local authorities actually intended to be involved in the neighbouring property approvals at all? The Council considers that it would be preferable for any requirements for setbacks to stand on their own merits with any approvals that are provided by neighbouring property owners being considered as part of the resource consent process, as is the approach adopted by both the Operative and Proposed Invercargill City District Plans.
6. Additionally, further clarification is considered necessary with regard to setback requirements for afforestation activities from adjoining existing dwellings under different ownership, and from roads. Does the permitted activity performance condition that states *"Where vegetation could shade a dwelling or paved public road between 10am and 2pm on the shortest day of the year..."* refer to a continuous period of shading, or any shading within that specific period i.e. is some degree of shading acceptable, or does the setback have to be such that it allows access to sunlight at all times between those hours? Is the setback to be taken from the boundary of the property that has the existing dwelling, or is it taken from the dwelling itself?
7. It is also considered important that any setbacks take into account any potential adverse effects on consented dwellings or approved building platforms that form part of the "existing environment", and that the greater degree of shading that occurs on adjacent land to the south of plantation forestry is also considered.
8. The setbacks should also take into account the variation in shading effects that occur throughout the country as a result of the differences in sun angles at different latitudes. For example, the shading effects of plantation forestry will be greater in Southland, where the sun angles are lower, than they will be in Northland where the sun angles are higher. The Council considers that it is important that setbacks are set in a way that ensures they account for areas that have the lowest sun angles and therefore the greatest degree of potential shading effects.
9. The Council also has concerns regarding the height of plantation forestry upon which the setbacks have been based. Is it based on the average height of a plantation at the time of harvest? Is it sufficient to allow for a 'worst case scenario' whereby market conditions might lead to plantations being left in situ well beyond the intended harvest dates while forest owners wait for more favourable market conditions? In such a scenario the trees may keep growing beyond the height that the setbacks have been designed to mitigate against, potentially leading to significant shading effects on neighbouring properties,

dwellings and roads that would otherwise have been protected by the NES setbacks, had the plantation been harvested on the harvest date that was anticipated at the time the plantation was established. The Council believes that setbacks need to be set in a way which takes into account such scenarios.

10. The Invercargill City Council is also concerned at the potential impacts the proposed NES-PF may have on the permitted baseline. For example, the setting of limits and setbacks for forestry quarrying activities in the proposed NES-PF creates a permitted baseline argument for other non-forestry quarrying and gravel extraction. Drawing any meaningful distinction between the effects of forestry type quarrying and other types of quarrying will be difficult when considering any potential limit setting or introducing setbacks for such activities.
11. The Invercargill City Council supports the ability for local authorities to use more stringent rules in plans where outstanding natural features and landscapes and/or significant natural areas are identified and mapped and requested that it be retained, although it is unclear what constitutes 'incidental damage' to riparian and indigenous vegetation adjacent to plantation forest. Maps accompanying district plans should be used to identify those significant natural areas that warrant protection. This provides landowners with certainty and is an efficient method for managing indigenous biodiversity. Reliance of a list of criteria to be applied on a case by case basis is not considered efficient and does not provide sufficient clarity or certainty for landowners and is not supported by the Council.

**Signature:**  .....

**Date:** 11-08-2015 .....

**Contact Details:**  
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Invercargill City Council  
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**TO: REGULATORY SERVICES COMMITTEE**

**FROM: THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES**

**MEETING DATE: TUESDAY 1 SEPTEMBER 2015**

**UPDATE ON ORETI BEACH – REVISED MANAGEMENT**

**Report Prepared by:** John Youngson – Environmental Health Services Manager

**SUMMARY**

In 2002 a Memorandum of Understanding between the Invercargill City Council, Department of Conservation, NZ Police and Environment Southland was developed in an endeavour to implement pragmatic solutions to manage the public activities at Oreti Beach.

Issues have changed since 2002 and a wider group is now considered necessary to manage the issues facing this iconic area. Since November 2014, led by Cr A Dennis and Kaupapa Taiao manager, Michael Skerrett, a series of Huis have been held to consider a revised Memorandum of Understanding.

Issues include the impact vehicles are having on the toheroa population, dumping of rubbish, driver behaviour (speeding and dangerous driving) and damage to the sand dunes by motorbikes and four-wheel drive vehicles.

**RECOMMENDATIONS**

**That the progress report be received**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> No.
2.	<i>Is a budget amendment required?</i> Not at this stage.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Possibility of new Bylaw.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Not at this stage.

## **FINANCIAL IMPLICATIONS**

Not at this stage but indications are that any changes in activities to manage the beach will need to be reflected in budgets which will fund the tasks allocated to the Council as outlined in any revised Memorandum of Understanding.

## **UPDATE: ORETI BEACH MONITORING AND RESEARCH**

### *1. Monitoring*

Since November 2014 Invercargill City Council Animal Control Officers have been monitoring the beach at least once a week during winter months and twice weekly during summer months to observe public behaviour and determine any issues.

### *2. Memorandum of Understanding update meetings*

Two meetings have been held which included Iwi, Government Departments, Public and Council Representatives. This included a field trip to the beach.

In addition separate Huis have been held in which researchers presented their findings on:

- The impact vehicles were having on recruitment of toheroa.
- The findings of the latest toheroa population survey.

As a result the main issues have been assessed as:

- Negative impact on toheroa beds from public activity.
- Extensive sand dune damage from four-wheel drive vehicles and motor bikes. Sand dunes are recognised as an effective barrier against storm surges and it is imperative that they be protected.
- Driver behaviour: Speeding, wheelies and “donuts” on the beach.
- Rubbish dumping, particularly at the North Entrance (Ferry Road) – whiteware, cars/car parts, tyres, household items. No clarity on whose responsibility it is to enforce or remove.

## **CONCLUSION**

Oreti Beach is acknowledged as an iconic area and of special significance to Iwi. To ensure it is protected for future generations the Review Committee is considering the following:

- A Bylaw to enable better enforcement to manage the issues. This includes researching what other councils have in place.
- Improved public education measures including education boards. It is noted that little is known about Toheroa.
- Revised Memorandum of Understanding that includes a wider range of groups, including Iwi, to address the negative impacts of public activity while promoting the positive recreational and educational opportunities the area provides.



**TO: REGULATORY SERVICES COMMITTEE**

**FROM: THE DIRECTOR OF ENVIRONMENTAL AND PLANNING SERVICES**

**MEETING DATE: TUESDAY 1 SEPTEMBER 2015**

<b>DOG CONTROL ANNUAL REPORT 2014-2015</b>
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**Report Prepared by:** J C Lambeth – Team Leader - Compliance

**SUMMARY**

This report is a statutory requirement under the Dog Control Act 1996 (Section 10A). It is the Annual Report of the Invercargill City Council's Dog Control Policy and Practices.
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**RECOMMENDATIONS**

**That the report be adopted.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No public consultation is required.

**BACKGROUND INFORMATION**

Under Section 10A of the Dog Control Act 1996, each Territorial Authority must report on Dog Control Policies and Practices.

**Appendix 1** is the 2014-2015 Annual Report. It is a summary of the work undertaken by Animal Services during that time, and it contains statistical data in relation to numbers of dogs, owners, infringement notices, complaints and impoundments.

Under Section 10A(3) the Territorial Authority must give public notice of the report in one or more daily papers and, under Section 10A(4), within one month after adopting the report, send a copy of it to the Secretary for Local Government.

**\*\*\*\*\***

# **DOG CONTROL POLICY AND PRACTICES**

## **ANNUAL REPORT 2014 – 2015**

This is the Annual Report in respect of the Invercargill City Council's Dog Control Activities.

This is required pursuant to Section 10A of the Dog Control Act 1996 (*Appendix I*).

### **PART I - ADMINISTRATION**

#### **Policy on Dogs**

Pursuant to the Dog Control Amendment Act the Invercargill City Council adopted its Dog Control Policy on 19 July 2011.

This policy was adopted in accordance with the provisions of Section 10 of the Dog Control Act 1996 and addresses each of the requirements and obligations contained therein.

This policy has been reviewed. A new Dog Control Policy and Dog Control Bylaw were both adopted by the Invercargill City Council on 1 July 2015.

#### **Accommodation**

The Animal Services Office is located in the Invercargill City Council's Civic Administration Building situated in central Invercargill. The Animal Care Facility (pound) is situated in Lake Street, Invercargill. The facility was purpose built and opened in September 2013. The pound has kennel facilities for 28 dogs.

#### **Personnel**

The Animal Services Team is based within the Environmental and Planning Services Department and reports to the Environmental Health and Compliance Manager. The team comprises of one Team Leader, five Animal Control Officers, one Administration Support Officer and one Pound Facility Operator.

Permanent staffing of the Animal Control Team amounts to seven Full Time Employees and one Fixed Term Employee.

## **Hours of Operation**

Officers provide cover from 7.00 am – 7.00 pm (summer), and 8.00 am – 7.00 pm (winter) five days a week (Monday – Friday), and 8.00 am – 5.00 pm Saturday/Sunday.

An after hours services contractor is utilised for emergency calls outside core hours, and Noise Control deals with barking complaints.

The Dog Pound is open to the public to allow pick ups of impounded dogs between 3.30 pm – 4.00 pm Monday – Saturday. Pick ups outside of these hours are only done by pre-arrangement.

## **PART II - SERVICES**

### **Dog Registration**

During the year 8694 dogs were registered. Of those, 1437 were new dogs.

### **Dog Licences**

Licences are required to keep more than three dogs in residential areas. Licences are issued upon inspection of the property and with the consent of neighbours. Contested applications are heard by Council's Hearings Committee.

57 residents currently have three or more dogs in the area.

### **Responsible Dog Owners**

The Invercargill City Council has two Dog Owner classifications. The two categories are:

- **Standard Dog Ownership**

All owners not classified as category "A", along with those owners whose dogs have been classified as menacing, are classified as "standard".

- **Category "A" Ownership**

Owners may be granted this category at the discretion of an Animal Control Officer when the Officer is satisfied that the owner has attained a suitable level of responsibility with consideration given to ownership and compliance history. The owner's signature on a declaration, terms of acceptance or similar form may be required for inclusion in this category. An Animal Control Officer may revoke the privileges associated with this category and remove the owner's classification if they have good reason to believe that the terms of the classification have not or are not being complied with. The owner concerned will then be ineligible for reassessment for inclusion in category "A" for a two year period.

The Council will charge a lower registration fee to those owners within Category “A” to recognise their high-quality dog ownership history. These dog owners are shown to have “Responsible Dog Owner” status.

- **Working Dog Ownership**

A dog shall be deemed to be a working dog as per the definition as outlined in the interpretation for a working dog in the Dog Control Act 1996.

A working dog classification shall not apply to dogs used solely for hunting or sporting activities.

There are 5818 dogs whose owners have Responsible Dog Owner Status in the area, 2249 dogs whose owners have Standard Dog Owner Status and 384 Working Dogs.

## **PART III - ENFORCEMENT**

### **Complaints**

2584 complaints were registered as a Request for Service (RFS) from the public during the year 1 July 2014 to 30 June 2015.

#### *Nature of Complaints*

#### **Aggressive Dogs 241**

Dog Attacking People	55
Dog Attacking Stock/Animals	95
Dog Dangerous/Menacing Complaint	91

#### **Barking Dogs 808**

#### **Wandering Dogs 1535**

Dog Amongst Stock/Animals	8
Dog Wandering/Fouling Complaint	1396
Wandering Stock	131

### **Impounding**

A total of 950 dogs were impounded during the year.

Dogs Rehoused	86
Dogs Released	640
Dogs Euthanized	183
Dogs Died	1

## **Legal Action**

(i) *Court Proceedings*

One matter was prosecuted in the District Court. This was for two dogs attacking two elderly ladies. This resulted in a conviction on three charges.

(ii) *Infringements*

270 Infringements were issued during the year. Of those, 54 exemptions were given after compliance was achieved and 46 have proceeded to Court.

(iii) *Hearings*

Council's Hearings Committee sat twice in June 2015. These were both in relation to appeals of menacing classifications.

(iv) *Classification of Dog Owners*

Upon verification via the National Dog Database (NDD), a territorial authority may classify a dog owner as probationary or disqualified after they commit three or more infringement offences (not relating to a single incident or occasion) within a continuous period of 24 months (depending on severity of offence and prosecution method used).

No Probationary/Disqualified owners on file at year end.

(v) *Classification of Dogs*

Two Dogs classed as Dangerous

150 Dogs classed as Menacing



## APPENDIX I

### Dog Control Act 1996

#### Section 10A: Territorial authority must report on dog control policy and practices

- (1) A territorial authority must, in respect of each financial year, report on the administration of-
  - (a) its dog control policy adopted under section 10; and
  - (b) its dog control practices.
  
- (2) The report must include, in respect of each financial year, information relating to-
  - (a) the number of registered dogs in the territorial authority district:
  - (b) the number of probationary owners and disqualified owners in the territorial authority district:
  - (c) the number of dogs in the territorial authority district classified as dangerous under section 31 and the relevant provision under which the classification is made:
  - (d) the number of dogs in the territorial authority district classified as menacing under section 33A or section 33C and the relevant provision under which the classification is made:
  - (e) the number of infringement notices issued by the territorial authority:
  - (f) the number of dog related complaints received by the territorial authority in the previous year and the nature of those complaints:
  - (g) the number of prosecutions taken by the territorial authority under this act.
  
- (3) The territorial authority must give public notice of the report-
  - (a) by means of a notice published in-
    - (i) 1 or more daily newspapers circulating in the territorial authority district; or
    - (ii) 1 or more other newspapers that have at least an equivalent circulation in that district to the daily newspapers circulating in that district; and
  - (b) by any means that the territorial authority thinks desirable in the circumstances.
  
- (4) The territorial authority must also, within 1 month after adopting the report, send a copy of it to the Secretary for Local Government.

