

Class IV Gaming Venue Policy 2021-24

- Background
- Evidence and social impact assessment
- Council vision and four well beings
- Recommended policy objectives
- Options
 - Wellbeing - recommended
 - Status quo
 - Status quo plus
- Impacts – external and internal
- Risks and opportunities
- Future work

Background

- Gambling Act – a territorial authority must have a C4 Gaming Venue Policy and must review this every three years
- Council agreed last policy in 2015 - this review started in 2018 but couldn't complete due to lack of resource
- We are outside our statutory timeframes - this risk is mitigated by the fact that the review is underway
- There is a high level of community and sector interest in this policy – in particular the funding accessed
- There are C4 Gaming machines in the Regional Bowls Club and Council leases Pelorus House from a Gaming Trust.

Evidence and social impact assessment

- Objectives of the current policy are to:
 - to control the growth of Class IV gaming machine numbers in Lower Hutt and
 - put in place measures to reduce the harm caused by problem gambling.
- The data presents a grim picture - these objectives have not been achieved
- Harmful and problem gambling in the city is higher than it is nationally
- Our high deprivation communities at particularly high risk - large numbers of machines are located in these areas

Evidence and social impact assessment

- Taking a per capita approach to estimating the number of problem gamblers provides an artificial picture of the actual number of problem gamblers in an identified community such as Lower Hutt.
- A wellbeing approach offers a broader perspective on gambling, recognising the harms and benefits for individuals their families and whānau and communities.
- The NZIER report helps us to understand what is likely to be happening in our community (based on existing national data).
 - Of the approximate \$20m spent in Lower Hutt and just over 50% of this is estimated to be derived from high deprivation population areas.
 - Approximately \$4m is returned into the Lower Hutt community by way of grants.
 - There is a particularly high impact on Pacific and Māori communities.
 - The analysis suggests that Lower Hutt's population's exposure to and the level of Class 4 gaming are unusually high compared to that reported nationally.

NZIER presentation

Harmless fun for all?

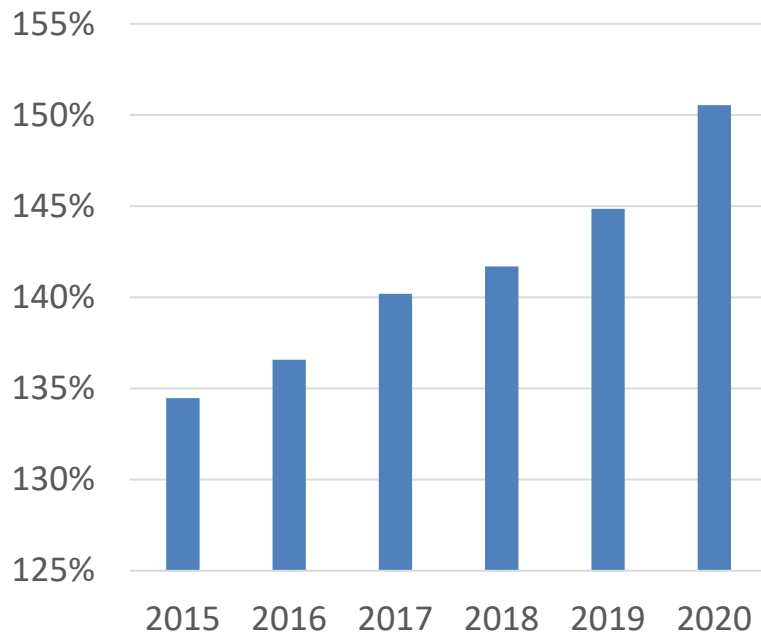
Class 4 gambling in Lower Hutt

| | |
|----------------------|----------------------------------|
| Name of presenter | Sarah Hogan, Principal Economist |
| Venue or event | Hutt City Council |
| Date of presentation | 18 August 2021 |

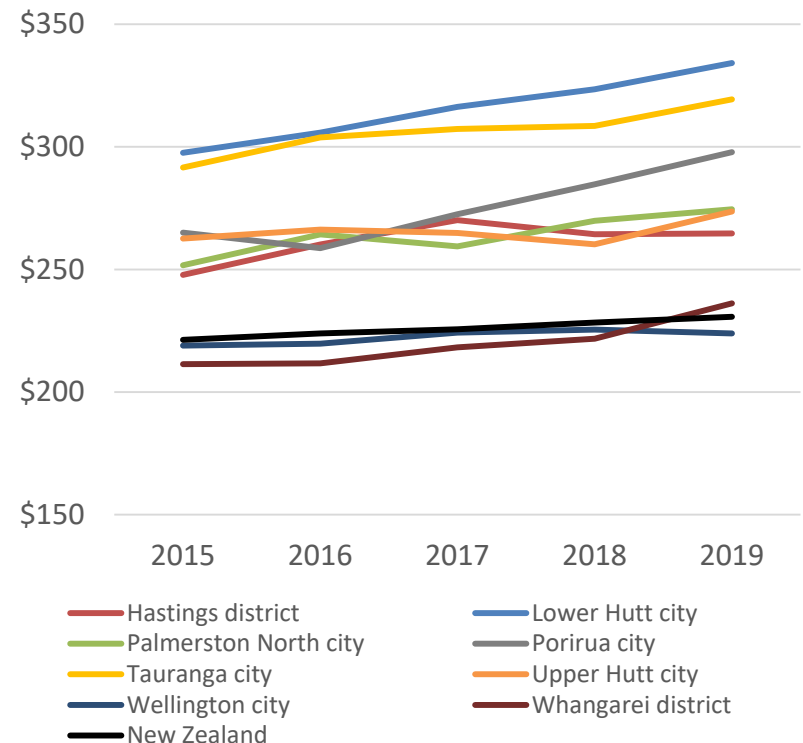
Data analysis – How does Lower Hutt compare?

- Lower Hutt average expenditure per adult is higher and growing fast relative to national. EGM spend per capita puts Lower Hutt in the top 10 nationally (out of 68) at \$334 per adult.

Lower Hutt GMP per adult as percentage of National GMP per adult

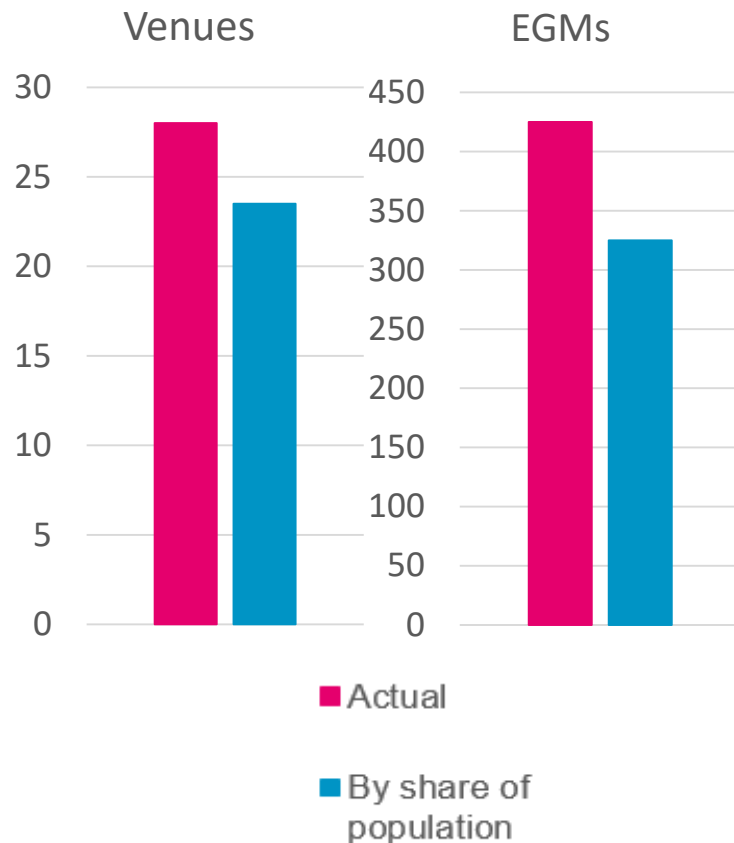


Lower Hutt GMP per adult compared with neighbouring and similar sized centres



Data analysis – Exposure to Class 4 gambling

- Lower Hutt residents have a high level of exposure to Class 4 gambling.
- 28 venues, 425 EGMs



If Lower Hutt had its 'fair share' of national EGMs and venues (based on population):

- 4-5 fewer venues
- 100 fewer EGMs

Currently there are 143 machines in high deprivation areas (NZDep8-10)

‘What if?’ analysis – Why we did it

- No data on Lower Hutt gambling participation, spending, or harm at a suburb, household or individual level.
- Conventional approaches, e.g. CBA, treat unknown harms as non-existent.
- Councils are making decisions under extreme uncertainty. This is a policy problem rather than an economic one.

Potential harms are related to:

- People from high deprivation groups 7 times as likely to be moderate-risk/problem gamblers.
- Māori nearly six times as likely to be moderate-risk/problem gamblers as NZ Europeans.

(NZHLS, 2016)



‘What if?’ analysis - Participation matters...

- What % of the population participates in Class 4 gambling?
- The NZ Health and Lifestyles survey indicates around 10% of NZ adults participate in Class 4 gambling.

| | Low deprivation (NZDep13 1-3, least deprived) | Medium Deprivation (NZDep13 4-7) | High Deprivation (NZDep13 8-10, most deprived) |
|--|--|---|---|
| Class 4 gambling participation rate | 8.2% | 11% | 10% |

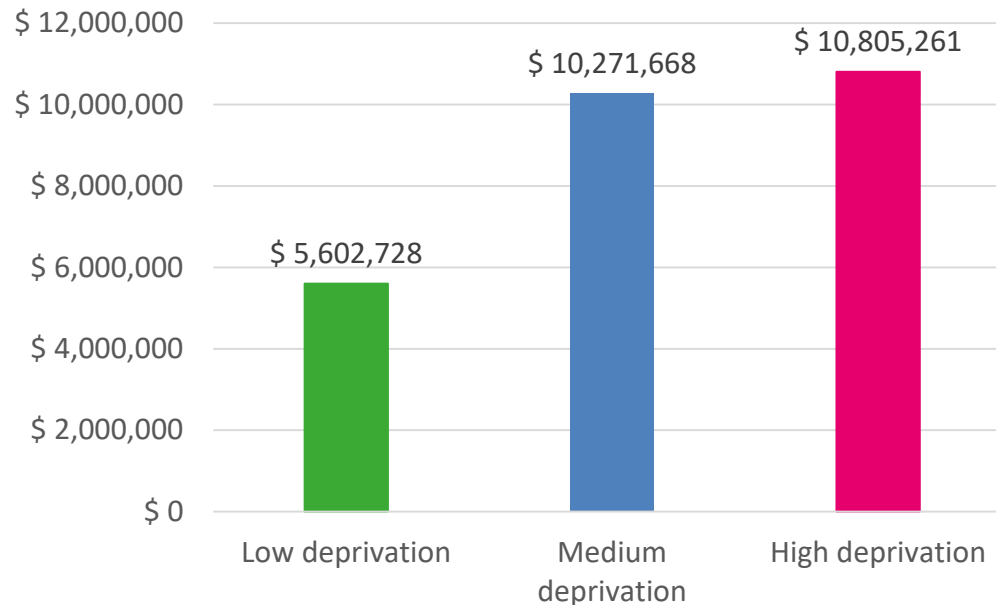
Source: Source: Thimasarn-Anwar, Squire, and Trowland (2017)

- If that is true for Lower Hutt, the average participant in Lower Hutt spent \$2,390 in 2020 – a low year for Class 4 gambling.

'What if?' analysis – Suburb view...

- Previously published national research suggests most GMP is derived from medium to high deprivation areas.
- If this is true for Lower Hut, nearly \$11m came out of high dep areas in 2020.

Lower Hutt Class 4 gambling expenditure 2020
according to Ward et al.(2020) proportions

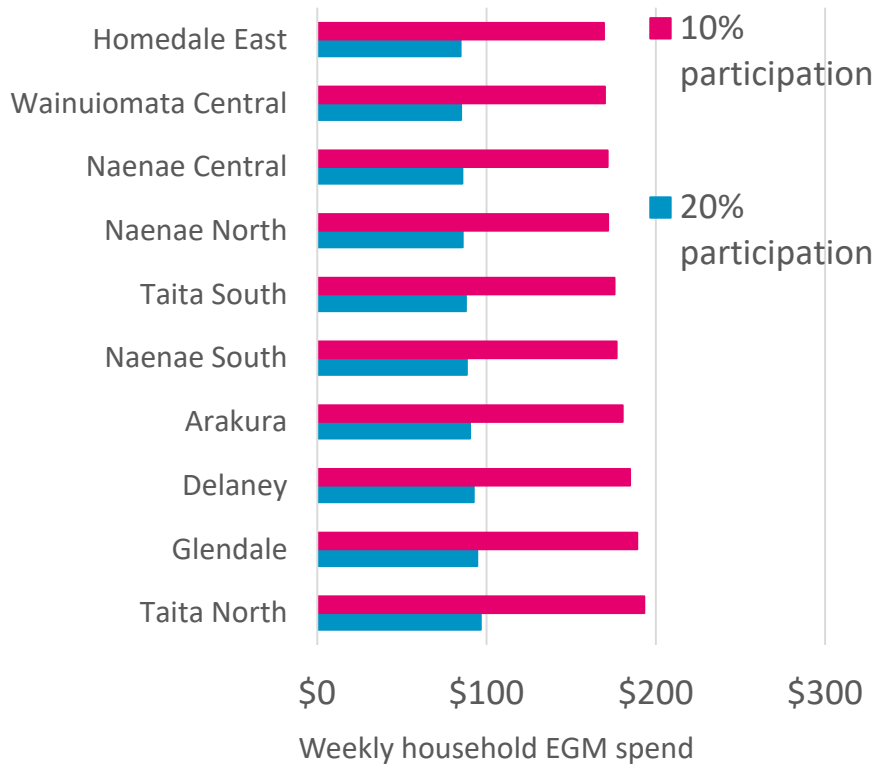


'What if?' analysis – Household view...

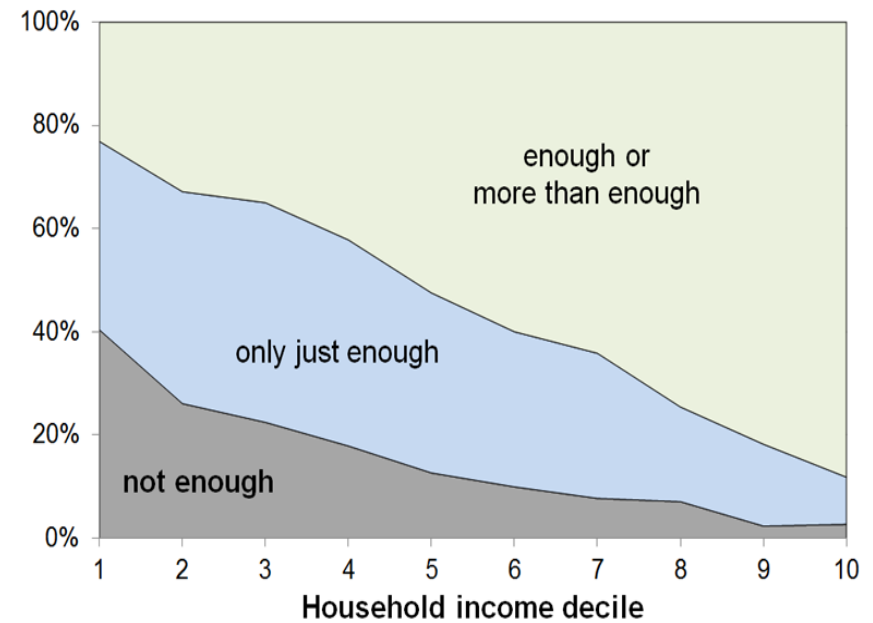
The suburbs with the highest spending households are all high deprivation areas.

Would \$80 - \$100 per week on pokies harm a low income household?

Suburbs of highest spending households



Household income adequacy



Perry, B. 2017.

NZIER recommendations

- In-depth research into gambling behaviours at the individual and household level.
- Lower Hutt should implement a Class 4 gambling policy to align with the national average for venues and EGMs v population.
- Choice of absolute cap, sinking lid, or per capita cap:
 - all effective in reducing venue and machine numbers
 - sinking lids and per capita caps most effective at reducing spending

(Erwin, C., Lees, K., Pacheco, G. & Turcu, A. 2020.)

Council vision and four well beings

Our Council's vision is a city where everyone thrives

The SIA and NZIER report clearly indicate that our current approach has:

- had the unintended effect of prioritising access to Class 4 Gaming proceeds for community and Council projects creating a funding dependency in the community
- failed to reduce the harm caused in the community.

A wellbeing approach and focus on the wellbeing outcomes we are seeking to achieve across the organisation means a change policy direction.

Recommended policy objectives

The recommended policy objectives are:

- Reducing the number of gaming machines in Lower Hutt and establishing a goal to reduce the number of machines in Lower Hutt to align with the national average – reducing opportunity
- Adopting public health approaches to prevent and minimise harm, support community problem gambling intervention services and monitoring C4 venues – increasing monitoring
- Providing community access to information about the funds produced and distributed from C4 Gaming in the city – providing information
- Facilitating community involvement in decisions about the provision of C4 Gaming in Lower Hutt – ensuring the community is involved
- Putting our own house in order

Options

| Wellbeing approach (Recommended) | Status quo | Status quo plus |
|--|---|--|
| Reduce cap to current number of venues and machines | Leave cap as is | Reduce cap to current number of venues and machines |
| Establish council policy on pokies in council owned buildings – remove when policy approved – and the leasing of council buildings | No policy or restriction on pokies in council owned buildings | Establish council policy on pokies in council owned buildings and leasing of council buildings– future only |
| Establish council policy on gaming machine funds - exclude | No policy on council use of gaming machine funds | No policy on council use of gaming machine funds – reduce then exclude over 3 year period of Policy |
| Remove relocation policy- treated as new application | Retain relocation policy | Remove relocation policy – treated as new application |
| Remove merger policy – treated as new applications | Retain merger policy | Remove merger policy – treated as new application |
| Social impact assessment completed by venue owner | Not a current requirement | Social impact assessment completed by venue owner |
| Kaitiaki (operational) approach <ul style="list-style-type: none"> • Location assessed as appropriate • All applications incur a licensing fee • Best practice guidelines • Gaming venues assessed as part of routine enforcement work • Self excluded patrons supported • Non-club Class 4 to provide additional evidence of primary business sustainability | Status quo operations | Kaitiaki (operational) approach <ul style="list-style-type: none"> • Location assessed as appropriate • All applications incur a licensing fee • Best practice guidelines • Gaming venues assessed as part of routine enforcement work • Self excluded patrons supported • Non-club Class 4 to provide additional evidence of primary business sustainability |

Impacts – external/internal

Likely external (community) impacts:

- Perception in sports sector that this will have an immediate impact on funding available
- Reality is minimal impact externally in short to medium term – the suggested policy approach, if agreed, will ultimately lead to a decrease in the number of machines in the city and therefore the funding available. Long term will only have an impact if venues close.
- Gaming sector declines in the city over time

Likely impacts on organisation:

- No new licences issued
- Removing gaming machines from Council-owned facilities – there is one only, the Regional Bowls Centre
- Not applying for C4 gaming funding for Council projects
- Stewardship approach – more policy work and likely to be more resource for environmental health - increased oversight to ensure that operators are complying with Council policy. Monitoring could be integrated with liquor licensing regulatory activities.

Risks and opportunities

Benefits

- Brings a wellbeing focus to regulatory activity increasing our contribution to achieving overall wellbeing in the city – a city where everyone thrives
- Proactively acting against harm in our community – the use of Class 4 gaming machines in Lower Hutt is above national average per capita

Risks

- Limits business opportunities – no new venues can be established
- Legal challenge from gaming sector – legal advice to be sought
- Opposition and legal challenge from NGO sector and community if status quo remains

Future work if recommended approach agreed

- Development of kaitiaki (stewardship) framework using a wellbeing rationale (see central government work on regulatory governance models)
- Applying the kaitiaki framework to all public health policies e.g. Local Alcohol Policy, Smokefree Policy
- Operational changes – officers assess gambling venues compliance as part of routine work with licensed and club premises
- All applications publicly notified and require a social impact assessment
- Best practice guidelines developed – collaborate with PGF and Oasis and sector
- Financial impact analysis to assess impact on project delivery