

Submission to the Department of Internal Affairs

In the matter of four Class 4 gambling
proposals

Auckland Council, October 2013

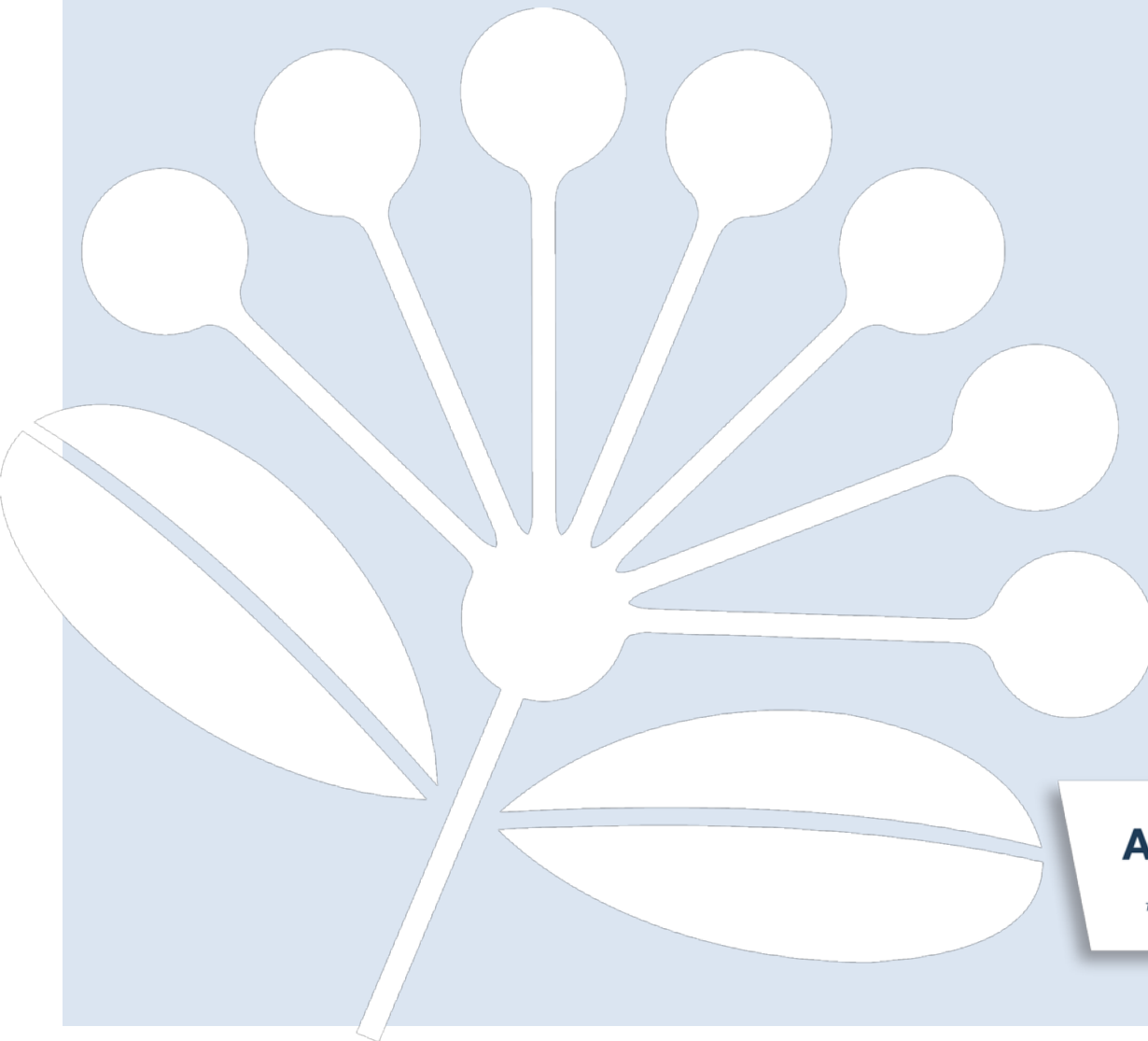


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EXECUTIVE SUMMARY

Introduction

This submission has been prepared by council officers, based on Auckland Council's detailed submission to the Commerce Committee on the *Gambling (Gambling Harm Reduction) Amendment Bill* (the Flavell Bill).

Due to the tight timeframes for providing feedback on this proposal, and the consultation period overlapping with territorial authority (TA) triennial elections, council officers have not had the opportunity to engage with elected representatives on the specific content of the discussion document and determine Auckland Council's formal position.

In this round of consultation the Minister is not contemplating new regulatory initiatives to prevent or reduce gambling harm. Auckland Council would welcome an opportunity to engage with the Minister about those matters in the future.

Increasing the transparency of grant-making decisions

The option recommended in the discussion document is the better of the two options presented, but it may not be sufficient to meet the needs of policy makers.

Sections 114 and 110 of the Gambling Act 2003 (the Act), taken together, could permit the Department of Internal Affairs to collect and publish information about grants and also to supply that information to local authorities.

The proposal to remove a requirement for pokie trusts to publish in a newspaper is supported, provided that the information is published in an easily accessible format.

Increase the minimum rate of return to authorised purposes

The discussion document offers five options, including the status quo.

Auckland Council supports Option Five or a variation of it, which would set an initial rate of return and an increase over time.

A number of policy objectives may be achieved by increasing the rate of return over a period of time, and the initial rate of return and the annual increase in that rate should be considered in light of these downstream benefits.

Changing the class 4 venue payments system

The status quo appears to be unsatisfactory.

Auckland Council would not support a commission-based payment, if it created an incentive for corporate societies and venues to increase gambling harm.

Regulating local distribution of gambling proceeds

None of the options discussed will ensure an equitable allocation of pokie grants to their communities of origin within Auckland. It is proposed that the Minister:

- Defer making a decision on this matter for at least six months, allowing territorial authorities sufficient time to properly consider the issues and provide advice on how the local distribution of gambling proceeds should be regulated in their districts.
- Consider that different required rates of return may need to be applied to different areas identified within the Auckland Council district.
- Proceed with the other three proposals in the discussion paper, on the basis that those decisions can be made and implemented independently of this one.

INTRODUCTION

The *Gambling (Gambling Harm Reduction) Amendment Act 2013* received royal assent on 13 September 2013. Among other things, It inserted into the *Gambling Act 2003* (the Act) a new section 114 (3), providing the Minister of Internal Affairs with new regulation-making powers:

- “(3) Regulations may also be made under subsection (1) for the following purposes:
- (a) requiring that a specified portion of the net proceeds of class 4 gambling be applied or distributed to or for authorised purposes in, or operating in, the geographical area from which those net proceeds were derived:
 - (b) limiting the amount of the proceeds of class 4 gambling that may be applied or distributed to or for authorised purposes in, or operating in, any specified geographical areas, or all geographical areas, that are outside the geographical area from which those net proceeds were derived:
 - (c) setting out how geographical areas are to be identified or defined for the purposes of the regulations; and different definitions may be adopted for different purposes:
 - (d) imposing rules about the application or distribution of net proceeds that are not required to be, or are not prohibited from being, applied or distributed to or for authorised purposes in, or operating in, a particular geographical area.”

On 25 September 2013 Auckland Council received an email from the Department of Internal Affairs titled *Gambling Act 2003: Public consultation on four class 4 gambling proposals*. The four proposals were titled:

- increasing the transparency of grant-making decisions;
- increasing the minimum rate of return to authorised purposes;
- regulating local distribution of gambling proceeds; and
- changing the Class 4 venue payments system.

All of the proposals relate to the new regulation making power noted above, and existing regulatory powers already in the Act. Feedback is due by no later than 25 October 2013.

Due to the tight timeframes for providing feedback on this proposal, and the consultation period overlapping with territorial authority (TA) triennial elections, council officers have not had the opportunity to engage with elected representatives on the specific content of the discussion document and determine Auckland Council’s formal position.

This submission has therefore been prepared by council officers on the basis of Auckland Council’s detailed submission to the Commerce Committee on the *Gambling (Gambling Harm Reduction) Amendment Bill*, (the Flavell Bill). That submission was endorsed by Auckland Council and it traversed most of the matters on which the Minister is seeking feedback.

Council’s Flavell Bill submission covered two main areas:

Stronger regulatory powers: the bill proposed that TAs would have a new regulatory power, allowing them to reduce the number of Class 4 gambling venues and thereby reduce gambling harm.

New Funding Role: the bill proposed that TAs would take on a new role as distributor of the net proceeds of class 4 gambling. Of total net proceeds, 80% would be returned to the community of origin.

Regulatory Powers

The Flavell Bill proposed that TAs could reduce the availability of class 4 gambling by reducing the number of venues in specified areas.

In this round of consultation the Minister is not considering new regulatory initiatives, or changes to existing regulations, with the intention of preventing or reducing gambling harm. However Auckland Council would welcome an opportunity to engage with the Minister about those matters as his programme of gambling reforms continues.

In its submission to the Commerce Committee, Auckland Council went further than the Flavell Bill proposals, requesting a more extensive “toolkit” of powers that could be applied differently in different parts of a TA district and to different types of venue. In particular, the council asked for the powers to:

1. Reduce the availability of class 4 gambling by reducing the number of machines, or by restricting the hours during which machines may be operated.
2. Declare a venue, or type of venue, as unsuitable to be a class 4 venue.
3. Place conditions on the layout, design and furnishing of venues.
4. Apply a “reduction” policy, as proposed by the bill, in a flexible manner reflecting the needs of different types of venues and the will of different communities.

Council noted that all of those powers currently exist and are held by the Minister under sections 313 and 314 of the Gambling Act 2003 (with the possible exception of restricting the hours of operation).

Council’s submission to the Commerce Committee proposed that some of the Ministers regulatory powers be transferred to TAs. Auckland Council might equally encourage the Minister to use his existing regulatory powers to prevent and reduce gambling harm, taking the views of local authorities into account.

New funding role

The Flavell Bill proposed to make the distribution of proceeds from class 4 gambling fairer and more transparent, by requiring TAs to set up and administer distribution committees.

Auckland Council supported the intention of the Bill, but opposed the mechanism that was proposed for a number of reasons, principally because:

1. TAs would have a conflict of interest between their roles as regulators of Class 4 gambling and the proposed new role as distributors of funding, and
2. The costs of servicing the distribution committees could potentially have been an additional burden of cost to ratepayers.

The council was supportive of reforms that would increase the transparency and fairness of the distribution of funds from Class 4 gambling. It also stated in its submission that:

“...the Bill does not address the minimum distribution of 37.12%, which is currently set by regulations made by the government. There is no process in place to ensure it is regularly reviewed, and such a review is long overdue.”

Auckland Council is therefore supportive of the Minister’s initiative in addressing these matters.

Local Board resolutions

During the preparation of council’s Flavell Bill submission, most Local Boards made formal resolutions regarding the issues raised by the bill.

Appendix one to this submission includes the relevant parts of all those resolutions that referred to the distribution of proceeds from class 4 gambling.

INCREASING THE TRANSPARENCY OF GRANT-MAKING DECISIONS

The preferred option in the discussion document is to introduce regulatory requirements through section 114 of the Gambling Act 2003 (the Act), specifying the information that societies must provide.

The preferred option is the better of the two options presented, but it may not be sufficient to meet the needs of policy makers. Sections 114 and 110 of the Act, taken together, could permit the Department of Internal Affairs to collect and publish information about grants.

The proposal to remove a requirement for pokie trusts to publish in a newspaper is supported, providing that the information is readily publicly available by other means.

Discussion

The Department of Internal Affairs (DIA) currently does not collect detailed information on Class 4 grants. Policy-makers therefore rely on the Problem Gambling Foundation (PGF) to compile information from websites and newspapers. As noted in the DIA consultation document, the data has a number of limitations and cannot be relied on as an accurate and authoritative record.

Auckland Council notes that TAs are required by section 101(2) of the Act to “*have regard to the social impact of gambling*” in their districts, when adopting or amending a Class 4 venue policy. It is assumed that the “*social impact of gambling*” should include the positive social benefits derived from funding for community and sports groups out of the proceeds of gambling. But in the absence of timely and accurate information about the amount of grant funding, and how it is distributed, that statutory requirement is extremely difficult to fulfil.

The proposals in section 5 of the discussion document (*Increasing the proportion of proceeds returned to the communities that generated them*); could not be effectively monitored or regulated unless timely and accurate information about grants is collected by the Department and made available for use by policy-makers.

Proposal

Sections 114(1)(e) and (f) and 110(6)(b) of the Act, taken together, appear to provide the Minister with the power to make regulations requiring that Class 4 operators provide accurate and timely information about grants that they make, and those they decline, directly to the Department of Internal Affairs.

Section 114(1)(e) provides regulation making powers for: “...*prescribing requirements for the publication of information about the application and distribution of net proceeds from class 4 gambling, including what amounts to publication for the purposes of section 110.*”

Section 110(6)(b) defines the word “publish” to mean (a) publish in at least 1 newspaper; and (b) *as specified by regulations made under section 114.*

Taking these two sections together, it is conceivable that regulations could be made that would require pokie trusts to supply information about grants to the Department, enabling the Department to publish the information.

Some of the considerations that might be included in a regulation are:

- 1) The information provided to the Department about grants must include:
 - a) Name of recipient person or group
 - b) Amount of grant
 - c) Date on which the decision to make a grant was made
 - d) Purpose for which grant is to be used
 - e) The people who will benefit from the grant, and
 - f) The area or areas where those people normally reside.

- 2) Corporate societies must supply the information monthly (or at least quarterly), in a format specified by the Secretary of Internal Affairs by notice in the *Gazette* (similar to the Secretary's powers under section 116 of the Act to set limits on venue payments).
- 3) The Secretary must be empowered to set requirements and standards for the supply of information, so that data integrity and consistency among corporate societies is ensured (also by notice in the *Gazette*).
- 4) The Secretary should be required to publish the information, so that the public can obtain authoritative and reliable information about all pokie grants from one source.

If legislative changes are required to implement this proposal, then the Secretary should be required to supply to TAs, on request, data about pokie grants and the recipients of pokie grants on a similar basis as the requirements currently set out in section 103 of the Act with respect to corporate societies and venues.

INCREASE THE MINIMUM RATE OF RETURN TO AUTHORISED PURPOSES

The discussion document offers five options, including the status quo.

The Auckland Council supports Option Five or a variation of it, which would set an initial rate of return and an increase over time.

Discussion

Auckland Council's submission on the Flavell Bill did not directly address this issue, but noted that a review is needed:

- (a) *Community funding margin*: the Bill does not address the minimum distribution of 37.12%, which is currently set by regulations made by the government. There is no process in place to ensure it is regularly reviewed, and such a review is long overdue.

Paragraph 36 of the discussion document notes that *"since 2003 the average actual rate of return for non-club societies has been increasing at 0.5% per annum, from 37 per cent to almost 42 percent in 2012"*.

Proposal

Option Five consists of setting the minimum rate of return at or near the current average, and steadily increasing it at a fixed percentage each year, over a number of years. Some of the logical consequences of adopting this approach would include:

- Initially some corporate societies (pokie trusts) with high cost structures would exit the market, allowing their venues, machines and administrative functions to be taken over by more efficient operators.
- This could reduce the number of pokie trusts. Assuming that there are efficiencies in making and monitoring grant decisions, trust mergers should result in an overall reduction in the administrative costs of funding distribution and an increase in returns to the community. Fewer pokie trusts would also be easier for the DIA to monitor - thereby reducing the cost for central government as well.
- As the rate of return continued to increase, the remaining corporate societies would start to exert downward pressure on payments to venues, thereby reducing venues payments to the "actual, necessary and reasonable costs" without the need for extensive monitoring and intervention by the DIA.
- As downward pressure on venue costs continued, the less productive venues might exit the market. On a venue-by-venue basis, those that provide too low a rate of return to the community after government levies, venue payments and operator costs have been met would have to be closed.
- Eventually an optimum level of returns to the community would be reached. The closure of low productivity venues would begin to reduce total GMP, and a negative impact on the total amount available for community grants would be detected. At this point the Minister should review the situation again.

These downstream effects would achieve a number of policy goals expressed by the current Act, especially those of maximising returns to the community and minimising costs (for corporate societies), and ensuring that only actual and necessary costs are incurred (by venue owners).

However these effects will not be achieved unless the start point and annual rate of return are set at the right levels to achieve them.

Option Five: start at 40% and increase at 1% per year for 4 years

Now	Year 1	Year 2	Year 3	Year 4	Year 5
37.12%	40.0%	41.0%	42.0%	43.0%	-

Option Five in the proposal document could be described as a low starting point and low an annual increase (Low/Low) approach. Instead of this Low/Low approach, the Minister might consider either increasing the starting point or the increase rate of annual increase (or both) in order accelerate the impact of this mechanism. The following are examples of such alternative approaches:

Low/High: start at proposed level (40%) and increase at 1.5% per year

Now	Year 1	Year 2	Year 3	Year 4	Year 5
37.12%	40.0%	41.5%	43.0%	44.5%	Review

High/Low: start at current average (42%) and increase at 1 % per year

Now	Year 1	Year 2	Year 3	Year 4	Year 5
37.12%	42%	43.0%	44.0%	45.0%	Review

High/High: start at current average (42%) and increase at 1.5% per year

Now	Year 1	Year 2	Year 3	Year 4	Year 5
37.12%	42.0%	43.5%	45.0%	46.5%	Review

In any case, the objective should be to provide pokie trusts and venues with:

- Challenging goals.
- Certainty about timeframes for achieving those goals.
- Strong incentives for sector restructuring.
- Sufficient time to allow for sector restructuring.

The four year time period will ensure that every Class 4 venue will have renewed the *Class 4 Venue Agreement* required by section 69 of the Act.

At the end of that period, if there were no evidence that the optimum level of community returns had been reached, the Minister could review the situation with a view to further increasing the required rate of return.

CHANGING THE CLASS 4 VENUE PAYMENTS SYSTEM

The discussion document provides three options:

- 1) The status quo, in which detailed information gathering and monitoring is required on a venue-by-venue basis.
- 2) Payment per number of machines to cover costs.
- 3) A commission-based venue payment system.

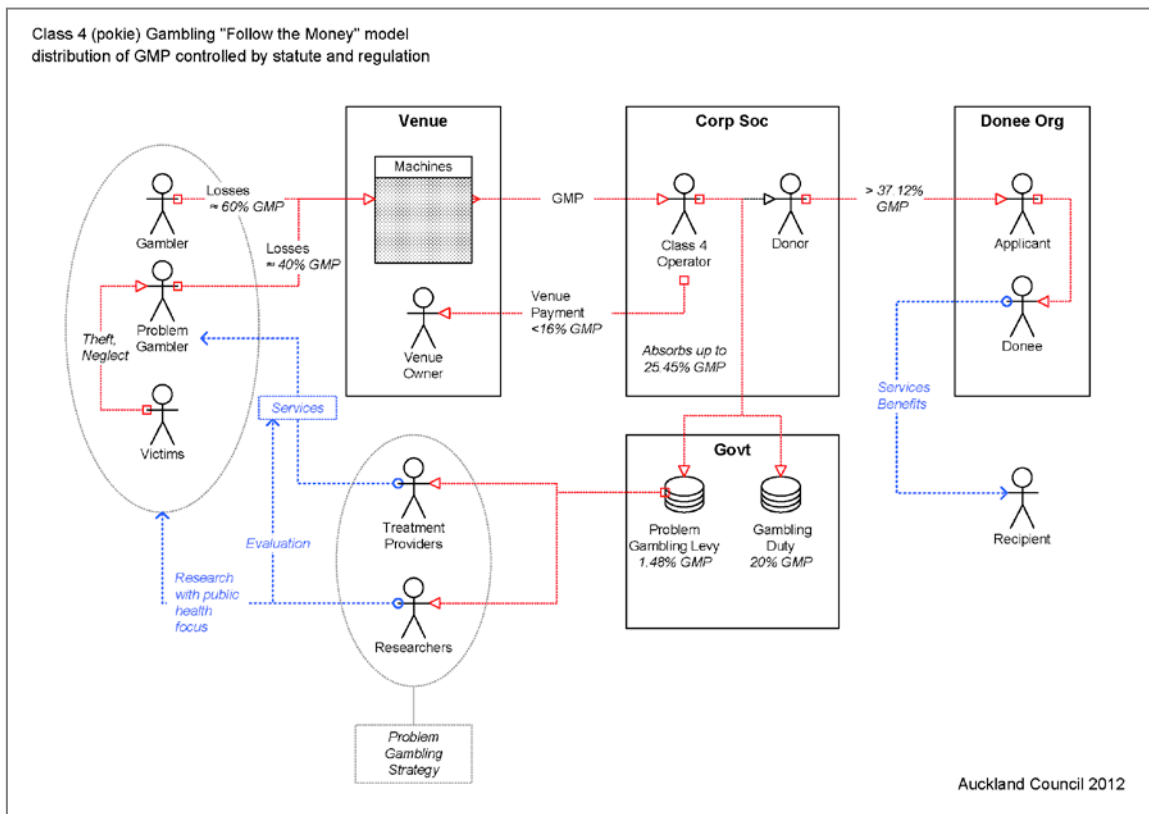
The consultation paper appears to suggest that the status quo is unsatisfactory because of the high compliance costs involved for venues and the cost to the government of information gathering, monitoring and compliance activities.

The primary objective of Auckland Council in all of its policy work in relation to class 4 gambling venues is the reduction of gambling related harm in the community. Secondary to this; but still of high importance is maximising the rate of return to the community from the proceeds of class 4 gambling.

The council would be concerned about any changes which could directly or indirectly create an incentive for venues to increase gambling harm in order to increase Gaming Machine Proceeds (GMP). It is therefore imperative that any proposed amendment to the payment system be carefully scrutinised and tested before it is introduced to ensure that it will not unintentionally produce outcomes that are contrary to these objectives.

Discussion

The diagram below was developed to explain to councillors how Gaming Machine Proceeds (GMP), are allocated between government, corporate societies, venue operators and community donees. It was presented to them during deliberations on the council's recent adoption of an Auckland-wide class 4 venue policy.



The diagram shows how, after duties and levies have been paid (21.48% of GMP), and grants have been distributed to authorised purposes (at least 37.12% of GMP), there remains a residual of up to 41.4% of GMP which may be divided between venues and corporate societies.

The policy objective expressed by the Gambling Act is that the cost of pokie trust and venue operations should be minimised so that distributions to authorised purposes (donees) will be maximised. A flat rate payment system, if it is not carefully structured, might reduce the incentive to genuinely minimise operating costs.

The question that needs to be addressed is what point (or points) in this flow of funds would intervention be most effective and what is the best intervention to use to achieve that objective?

If the percentage required for distribution is increased to an optimum level, as proposed in the section above (*Increase the minimum rate of return to authorised purposes*), then the total residual (for both corporate societies and venue operators) must also be reduced to the optimal minimum.

However, it is another objective of the Act to prevent and minimise gambling harm: [in Purposes, section 3(b)], and this also needs to be taken into account.

Any system of venue payments that would encourage venue operators to increase GMP has the potential to increase gambling harm – either in the broad sense of harm defined in the Act, or in the much narrower sense of increasing the number of problem gamblers. Gambling harm might be increased if a venue owner and/or corporate society were to:

- Increase hours of venue operation.
- Increase gamblers' time-on-machine (by providing food, drink, other enticements).
- Increase gamblers' frequency of play (encouraging repeat visits).
- Increase the intensity of machine play (installing more sophisticated gaming machines).

A commission-based system, if it is not carefully structured, might provide an incentive to do some or all of those things.

Conclusion

Auckland Council has not expressed a direct preference regarding this matter, other than a concern that returns to the community should be optimised, and the class 4 gambling sector should not increase gambling harm.

Whatever payment system is adopted, it must not provide structural incentives for venue operators and/or pokie trusts to increase GMP.

REGULATING LOCAL DISTRIBUTION OF GAMBLING PROCEEDS

Auckland Council introduced the concept of Gambling Policy Areas (GPAs) in its submission on the Flavell Bill:

When making its policy, a territorial authority may also define different geographical policy areas in which its policies will be applied. When defining a policy area, the TA may take into account:

- (a) the electoral boundaries of its wards, local board areas or community board areas; and*
- (b) the provisions in its district plan; and*
- (d) the demographic and socio-economic characteristics of the population in its district, to the level of a census area unit; and*
- (e) any of the matters it must have regard to in section 101 of this Act.*

These gambling policy areas were to be used as a basis for the proposed approach to funding distribution, as well as for applying harm prevention and reduction measures.

The council's proposal in its Flavell Bill submission was that these GPAs would be identified as part of the process of developing a Class 4 gambling policy area. This would have required extensive engagement with Local Boards, and use of the special consultative procedure in the Local Government Act 2002 so that community and stakeholder views could be taken into account.

Proportion of grants returned to each area

A key issue that has been identified in preparing this submission is that the proportion of grants that should be returned to each area may vary. Table 1, on the next page shows:

- The GMP for each local board (combined club and non-club venues)
- The 2012 population estimates for each local board
- A calculated GMP per head per local board and
- The average deprivation index for each local board (average of mesh block values).

In this table, the Central Business District (CBD) area has been calculated separately from the rest of the Waitemata Local Board because the CBD produces a very high GMP per head and we assume a large proportion of that is extracted from gamblers who do not live in that area. There is therefore a good case for a smaller share of the grants derived from this area to be returned back to it, and a larger share to be redistributed to support organisations operating on a region-wide basis.

By comparison, the four local boards that make up the Southern Initiative area produce a much higher GMP per head than other local boards, but for different reasons (i.e. rates of gambling, and gambling-related harm, are much higher in these local population than elsewhere in Auckland). It appears that there is a good case for a significantly higher proportion of the grant money produced in the Southern Initiative Area to be returned to that area in order to reflect the increase costs and harms incurred within these communities.

An initial analysis of grant data indicates that the proportion of GMP currently returned to the Southern Initiative area local boards is much lower than for others: approximately \$12 million in 2011. That is just 18% of GMP, or 47% of the minimum amount of grant money generated from the area. The analysis of grant data certainly needs to be improved, but it is not wholly inaccurate and an argument for a higher rate of return in this area could also be made in order to correct this historical misallocation.

Table 1: Gaming Machine Proceeds (GMP) and Deprivation Index for all Local Boards

Local Board	2012-13 GMP	2012 Popn Est	GMP per head	Avg dep index
Albert-Eden	\$12,173,171	102,100	\$119	5.10
CBD	\$18,423,632	28,290	\$651	7.44
Devonport-Takapuna	\$4,430,348	59,100	\$75	3.40
Franklin	\$7,876,904	66,900	\$118	3.90
Great Barrier	\$0	920	\$ 0	9.00
Henderson-Massey	\$17,674,175	115,800	\$ 153	6.72
Hibiscus and Bays	\$10,690,188	92,400	\$116	3.40
Howick	\$23,791,602	135,100	\$176	3.64
Kaipatiki	\$15,303,185	89,300	\$171	4.72
Mangere - Otahuhu*	\$17,452,253	80,100	\$218	8.87
Manurewa*	\$17,882,038	92,000	\$194	7.49
Maungakiekie -Tamaki	\$18,035,760	76,800	\$235	7.25
Orakei	\$4,460,042	85,000	\$52	2.75
Otara - Papatoetoe*	\$22,187,215	84,800	\$262	8.55
Papakura*	\$12,786,153	47,600	\$269	6.78
Puketapapa	\$3,633,611	58,300	\$62	5.86
Rodney	\$5,422,363	57,100	\$95	3.97
Upper Harbour	\$8,207,439	52,900	\$155	3.02
Waiheke	\$773,800	8,910	\$87	6.84
Waitakere Ranges	\$6,206,028	51,100	\$121	4.28
Waitemata (excl.CBD)	\$2,047,070	43,310	\$47	3.87
Whau	\$11,150,794	79,700	\$140	6.54
* Southern Initiative area combined subtotal:	\$70,307,658	304,500	\$231	7.98

Conclusions

It can be safely inferred that Auckland Council's view is that the Minister should:

- Enable TAs to define gambling policy areas appropriate to their local context.
- Enable TAs to specify the required rate of return to each of these policy areas.
- Allow for the rates of return to vary depending on the characteristics of each policy area, including the number of class 4 machines and venues; the population size and density; the socio-demographic characteristics of each area.
- Acknowledge that national and regional grants may still benefit the local community within which the revenue has been generated.
- Delay the introduction of the proposed regulations until the council has had an opportunity to provide properly formulated and agreed advice to the Minister.

It is proposed that the Minister defer making a decision on this matter for at least six months, allowing TAs sufficient time to properly consider the issues and provide advice on how the local distribution of gambling proceeds should be regulated in their districts.

The Minister should however proceed with the other three proposals in the discussion paper, on the basis that those decisions can be made and implemented independently of this one.

APPENDIX ONE: LOCAL BOARD RESOLUTIONS

The resolutions in this section were passed by local boards, during the preparation of Auckland Council's submission on the Flavell Bill.

Over the course of June and July 2012 the content of the bill was considered at local board meetings. Most local boards had a 30-60 minute workshop on the bill, followed by a business meeting at which formal resolutions were passed.

The resolutions have been edited to include only those local boards that referred to the distribution of proceeds from gambling in their resolutions, and only those parts of the resolutions.

Franklin

That the Franklin Local Board supports reform to the way in which gaming machine grants are allocated to ensure that funding is fairly and transparently distributed, including giving local authorities the power to:

- i. Specify the purposes for which funding may or may not be distributed;
- ii. Ensure that a fair proportion of funding is returned to the communities from which it originated, and;
- iii. Appoint community members to funding distribution committees.

Henderson-Massey

That the Henderson-Massey Local Board supports reform to the way in which gaming machine grants are allocated to ensure that funding is fairly and transparently distributed, including giving local authorities the power to:

- i. Specify the purposes for which funding may or may not be distributed;
- ii. Ensure that a fair proportion of funding is returned to the communities from which it originated,

Kaipatiki

That the Kaipatiki Local Board submits that the distribution of funds should balance the need of the broad range of community uses and that legislation should prescribe the purposes to which funding can be granted and that all funding should be distributed under that legislation (including arts, culture, sport, health and general community uses).

That the Kaipatiki Local Board notes that there is no information on cost implications of:

- management;
 - disbursement; or
 - accountability
- if these aspects are to be a Territorial Authority responsibility.

That the Kaipatiki Local Board submits that the allocation of casino revenues for community grant purposes be reviewed to introduce greater equity of the redistribution requirements for Pokies outside of casinos.

Mangere-Otahuhu

That the Māngere-Ōtahuhu Local Board supports reform to the way in which gaming grants are allocated to ensure that funding is fairly and transparently distributed, including giving local authorities the power to:

- i. Specify the purposes for which funding may or may not be distributed
- ii. Ensure that a fair proportion of funding is returned to the communities from which it originated
- iii. Appoint local board members to funding distribution committees as well as community representatives, similar to the Creative Communities funding distribution model
- iv. Enable a local board, in line with its local board plan, to decide which purposes will and will not be funded within its area, and the proportion of such funding
- v. Require that licensed casinos be required to distribute a percentage of net proceeds to authorised community purposes

Manurewa

That the Manurewa Local Board opposes the new funding role proposed for Local Government in the Gambling (Gambling Harm Reduction) Amendment Bill for the following reasons:

- i) ratepayers should not be subsidising the administration costs for distributing gaming machine grant money
- ii) grass roots sports organisations will be adversely impacted
- iii) it is not the business of Auckland Council or any other territorial authorities to determine the allocation of the proceeds of gaming machines. Territorial authorities cannot concurrently be a regulator, a distributor and a potential beneficiary of gaming money.

Maungakiekie-Tamaki

That the Maungakiekie-Tamaki Local Board makes the following submissions to the working party on the Auckland Council submission on the Gambling (Gambling Harm Reduction) Amendment Bill:

- ii) distributing the funds derived from Class 4 gaming
 - a. The Maungakiekie-Tamaki Local Board recognises that the current distribution model of funding through corporate societies does not achieve community desires of serving the community from where the pokie machines are located, and also around transparency of process.
 - b. The Board supports any move which shifts distribution of the net proceeds from gambling machines to committees with closer connection to the communities where the proceeds are generated from. The board supports the general mechanism proposed in the Bill, especially with the stipulations surrounding appointed members of such committees and the consultation process prescribed, but would suggest that, in the case of Auckland Council, the committees and the associated administration would be overly expensive and that funding committees could cover multiple areas with membership being allocated to areas based on the percentage of machines in each area.
 - c. The Board further supports a defined minimum percentage of net Gambling Machine Proceeds for distribution locally, although would suggest further examination of the definition of 'local' in the Bill as some pokies can take from a catchment that is not accounted for in political divisions. The Board further supports that this percentage be set at, at least 80% of net Gambling Machine Proceeds.
 - d. The Board would suggest greater clarity be given in the Bill to what reasonable expenses can be taken by corporate societies given the removal of this funding role

from them, and what reasonable expenses for the administration of this funding can be allocated to TLAs

Orakei

“In summary, the OLB (Orakei Local Board):

- Supports a change to the current legislation that would require a minimum of 80% of distributable funds to be returned to community groups in the region where the money was raised- region determined to be TLA regions. I.e AUCKLAND.
- Does not support changes to the Act to enabling (Territorial Authorities) to determine location and extent of community-based gaming. The current Gambling Act already states the onus is the territorial authority to manage the social impact aspect of community-based gaming and 84% of (Territorial Authorities) have either a cap on the number of gaming machines or a sinking lid policy in place already.
- Does not support phasing out Pokie Trusts in lieu of local government committees as the current model is already very efficient and replicating that process elsewhere simply adds additional cost with no benefit.
- Supports the appointment of a Ministerial Advisory Group using people involved across the whole spectrum of the current Gaming sector to look at potential areas of improvement to the legislation that will increase transparency in the distribution guidelines and accountability, reduce harm/negative effects by supporting problem gaming with funding for education and support to approved specialist organisations able to deliver in this field and increase the benefit to the general New Zealand community who benefit from the funding from this source.”

Otara-Papatoetoe

That the Otara-Papatoetoe Local Board supports reform to the way in which gaming grants are allocated to ensure that funding is fairly and transparently distributed, including giving local authorities the power to:

- i) Specify the purposes for which funding may or may not be distributed
- ii) Ensure that a fair proportion of funding is returned to the communities from which it originated; and
- iii) Appoint the majority of local board members to funding distribution committees
- iv) Enable a local board, in line with its local board plan, to decide which purposes will and will not be funded within its area, and the proportion of such funding
- v) Require that licensed casinos be required to distribute a percentage of net proceeds to authorised community purposes.

Papakura

Funding Role:

- a) That the Papakura Local Board supports the funding role, as proposed in the *Gambling (Gambling Harm Reduction) Amendment Bill*, (on the understanding that a local authority will be able to meet, out of gaming machine proceeds (and not out of ratepayers' funds), the costs of servicing the proposed distribution committees, processing applications and administering grants).
- b) That the Papakura Local Board supports reform to the way in which gaming machine grants are allocated to ensure that funding is fairly and transparently distributed, including giving local authorities the power to:
 - i. Specify the purposes for which funding may or may not be distributed;
 - ii. Ensure that a fair proportion of funding is returned to the communities from which it originated, and;

- iii. Appoint members of funding distribution committees.

Puketapapa

That the Puketapapa Local Board recognises that the current distribution model of funding through pokie trusts does not achieve community desires of serving the community in which the pokie machines are located, and also around transparency of process. The Board notes that the current model may also inadvertently disincentivise harm minimisation measures in relation to gambling.

That the Puketapapa Local Board supports reform to the way in which gaming machine grants are allocated to ensure that funding is fairly and transparently distributed. Any such system must ensure that a fair proportion of funding is returned to the communities from which it originated. While the Board does not unanimously support the current model outlined in the Bill, if that were to be pursued we advocate that:

- i) Local authorities are empowered to determine an appropriate funding model within their own area; and
- ii) The Bill clarifies what reasonable expenses for the administration of this funding can be allocated to TLAs, and clearly states that any administration expenses falling to TLAs as a result of a new funding model would be covered by gambling machine proceeds, and not from rates; and
- iii) That particular attention be paid to the issue of conflicts and how those conflicts could be addressed in the funding model.

That the Puketapapa Local Board supports a defined minimum percentage of net gambling machine proceeds for distribution locally, although would suggest further examination of the definition of local in the Bill, as current political boundaries within Auckland Council may not accurately reflect the catchment of Class 4 venues, and may not be practical units to operate separate funding mechanisms for.

That the Puketapapa Local Board suggests that the Bill give clarity to what reasonable expenses for the administration of this funding can be allocated to TLAs and clearly states that any administration expenses falling to TLAs as a result of the new funding model would be covered by gambling machine proceeds, and not from rates

That the Puketapapa Local board reiterates its advocacy for measures to address any loss of income experienced by genuine community organisations as a result of a reduction in pokie machines, as outlined in resolution PKTPP/2012/112, and suggests that the bill consider incorporating the establishment of a similar body to the Health Sponsorship Council for this purpose.

Rodney

That the Rodney Local Board support having a greater role in the regulation of Class 4 gaming and reject having any involvement in distributing the funds derived from Class 4 gaming.

Upper Harbour

That it be noted that the Upper Harbour Local Board is concerned that changes to legislation may lead to a reduction of funds available to community groups, preventing them from providing services to their local communities. This would result in an increase in funding applications to the Governing Body and Local Boards who do not have additional funding available for this purpose.

That the Upper Harbour Local Board supports reform to the way in which gaming machine grants are allocated to ensure that funding is fairly and transparently distributed, and that the legislation should specify the purposes for which funding may be considered for distribution.

That the Upper Harbour Local Board opposes the new funding role proposed for Local Government in the Gambling (Gambling Harm Reduction) Amendment Bill.

That the Upper Harbour Local Board supports the review by the Department of Internal Affairs (DIA) of the percentage of funds to be allocated for authorised purposes.

Waiheke

The Waiheke Local Board:

- Supports the Amendment Bill in that it seeks to address possible adverse effects on community and social well-being and may enhance the economic well-being of the families of problem gamblers.
- Believes that a positive benefit from the Amendment Bill is that 80% of the funds will remain in the local board area from which they are taken, and that there will be an important correlation between the money raised from a community and money spent in that community.
- Supports the establishment of a local board committee, which is 80% comprised of members from the wider community. This committee would oversee the distribution of gambling funds to people and organisations other than the gambling establishments from which they have been generated.

Waitakere Ranges

That the Waitakere Ranges Local Board encourages the Governing Body to advocate to Government a request that the percentage of profits returned to community funding paid by casinos is increased beyond the current level of 2.5%.

That the Waitakere Ranges Local Board seeks that the Governing Body advocate to Government for the introduction of measures to address any loss of income experienced by genuine community organisations as result of the sinking-lid policy.

Waitemata

The board wishes to highlight its support for the following key points:

- the ability of local authorities (in Auckland's case local boards) to reduce or eliminate pokie machines and venues
- the establishment of independent distributional committees to distribute gambling proceeds with 80% of these funds been distributed back to the community in which each class 4 venue is located; and,
- further investigation of other mechanisms and tools for the reduction of gambling.

Whau

That the Whau Local Board requests that as part of the submission an emphasis is placed on the need for transparency in the future decision making bodies distributing gaming funds.