

Submission by

**Hamilton City Council**

Private Bag 3010  
Hamilton 3240  
New Zealand

TEL 07 838 6699  
FAX 07 838 6599  
EMAIL [info@hcc.govt.nz](mailto:info@hcc.govt.nz)  
[hamilton.govt.nz](http://hamilton.govt.nz)

## REVIEW OF THE CHARITABLE TRUST LICENCE CONDITIONS ATTACHED TO THE VENUE LICENCES FOR THE AUCKLAND, HAMILTON, CHRISTCHURCH, DUNEDIN, QUEENSTOWN AND WHARF CASINOS

**11 June 2021**

### **1.0 EXECUTIVE SUMMARY AND RECOMMENDATIONS**

#### **1.1 Licence Conditions**

1.2 The proposed review should align all charitable trust licenses with Section 3(g) of the Gambling Act; ensure licence conditions require the establishment of new trusts (fully independent from casino licence holders), ensure any new trust is structured in a manner which creates community involvement in support of the Gambling Act Section 3(h); and promotes transparency.

#### **1.3 Avoid Replicating Class 4 Situation**

1.4 Hamilton City Council strongly cautions against a replication of the Class 4 community funding model or any similar model.

1.5 Hamilton City Council recommends focusing the allocation of casino contributions on reducing gambling harm and allocation in a manner which avoids recipient dependency.

#### **1.6 Revenue Amount Returned**

1.7 Hamilton City Council is of the view that the percentage that SkyCity provides to the community needs to be reviewed to ensure a fair contribution to the community; and supports the use of 'casino win' to calculate contributions.

1.8 Hamilton City Council supports a nationwide approach, with standardisation of licence conditions across all casinos; including being required to adhere to the same percentage contribution and minimum contribution levels.

### **2.0 INTRODUCTION**

2.1 Hamilton City Council would like to thank the Gambling Commission for the opportunity to make a submission to the ['Review of the Charitable Trust Licence Conditions attached to the venue licences for the Auckland, Hamilton, Christchurch, Dunedin, Queenstown and Wharf Casinos'](#).

2.2 The Gambling Commission notes in the review that it will consider whether the licence conditions require amendment and, if so, that it will advance specific variation proposals for further consultation.

2.3 Hamilton City Council emphasises SkyCity is a valued strategic partner for the Council.

- 2.4 Hamilton City Council is focused on increasing the vibrancy and vitality of the central city and acknowledges SkyCity's support to achieve this. Further, we recognise the economic contribution that SkyCity makes to not only the central city, but also the community as a whole.
- 2.5 Notwithstanding the above, Hamilton City Council is also of the view that SkyCity, and other casinos, should contribute a fair return to the community.
- 2.6 While our submission focuses primarily on SkyCity, the points outlined, and recommendations are also relevant to all casinos in New Zealand being reviewed by the Gambling Commission regarding Charitable Trust Licence Conditions.

### **3.0 RELEVANT SUBMISSIONS MADE BY HAMILTON CITY COUNCIL**

- 3.1 Hamilton City Council takes a very strong interest around the issue of gambling and has made a number of submissions in this space in recent years, including the following:
  - Discussion Document on Online Gambling in New Zealand (Department of Internal Affairs) - [Download Now](#)
  - Application to Amend Licence Conditions and Related Applications to Approve Design Changes and New Game Mix at SkyCity Hamilton Casino (New Zealand Gambling Commission) - [Download Now](#)
  - Public Consultation on Four Class 4 Gambling Proposals (Department of Internal Affairs) - [Download Now](#)
- 3.2 While this submission focuses on licence conditions and funding allocation, it should be viewed within a wider concern related to gambling related harm within our communities, particularly vulnerable communities such as those in high-deprivation areas.

### **4.0 LICENCE CONDITIONS**

- 4.1 Current licence conditions vary significantly between charitable trusts and have never been considered as a group. This submission supports a review of all charitable trust conditions, with the intention to achieve consistency across all six, particularly with respect to the calculation of charitable trust contribution requirements.
- 4.2 The current situation, where licence holders exercise control over significant aspects of the charitable trusts they fund, appears out of alignment with the Gambling Act Sections 3(b), (d), (f) and (g). This submission supports creating a clear separation between licence holders and any recipient of contribution requirements e.g., an independent trust.
- 4.3 The proposed review should:
  - 4.3.1 Align all charitable trust licences with Section 3(g) of the Gambling Act.
  - 4.3.2 Ensure licence conditions require the establishment of new trusts, which are fully independent from casino licence holders, in substitution for the current trusts.

Note that while this submission supports independent trusts, this should not preclude consideration of revenue being returned to a public organisation such as a council or the Department of Internal Affairs, with a directive to ring-fence funds for activities supporting gambling harm reduction, gambling research or activities in high-deprivation communities.
  - 4.3.3 Ensure any new trust is structured in a manner which creates community involvement, in support of the Gambling Act Section 3(f) and (h) e.g., through a requirement for specified community representatives on the board of the trust (e.g., representatives from relevant Mana Whenua, council, gambling harm reduction organisations and affected cultural groups), and clear criteria for funding allocation decisions.

4.3.4 Promote transparency. We note that it has not been possible to obtain robust financial information relating to casino gambling activities, which limits the ability of submitters to provide the Commission with clear views on the current and future funding requirements for the charitable trusts.

4.4 As required under the Gambling Act 2003, Hamilton City Council has a Class 4 Gambling Venue Policy, which was adopted following consultation with the community. This submission notes the legislative exclusion of casino-based Electronic Gaming Machines (EGMs) from council policy undermines Council's ability to manage the number and location of EGMs in the community in accordance with the wishes of the community.

## **5.0 AVOID REPLICATING CLASS 4 SITUATION**

5.1 Hamilton City Council strongly cautions against a replication of the Class 4 community funding model or any similar model.

5.2 The funding of community groups via Class 4 Gaming Machine Profit (through Gaming Trusts) has created an unhealthy dependency on gambling funding for some community groups.

5.3 As with other councils, Hamilton City Council has faced challenges to managing gambling related harm via our Class 4 Gambling Venue Policy, in part due to concern from community groups that stricter measures to minimise gambling harm will reduce funding to community groups. Hamilton City Council has not determined any evidence that our sinking lid policy has adversely impacted the availability of community funding.

5.4 This submission recommends focusing the allocation of casino contributions on reducing gambling harm e.g., through the funding of research into gambling related harm; funding attendance at training or conferences focused on reducing gambling harm; or to provide additional funding to gambling harm support organisations.

5.5 If allocated outside of gambling harm reduction activities, this submission supports allocation in a manner which avoids funding recipient dependency, such as not funding salaries; funding only single projects (avoiding ongoing support); and limiting the frequency of applications for funding submitted e.g., new applications must not be made within 2 years of a previous successful application.

5.6 If allocated outside of gambling harm reduction activities, consideration should also be given to limiting allocation to activities to be carried out within geographic locations determined to be 'high-deprivation' according to the NZ Index of Deprivation. Such requirements may reduce concerns related to gambling proceeds originating from high deprivation communities and being transferred to low-deprivation communities.

## **6.0 REVENUE AMOUNT RETURNED**

6.1 We note that for EGMs in non-casino venues, 40% of net proceeds are returned to the community by venue operators. In comparison, SkyCity returns 1.5% of revenue from the total operation of the casino, including EGMs and all other forms of gambling. The two calculation methodologies are difficult to compare directly.

6.2 Hamilton City Council is of the view that the 1.5% of revenue currently returned by SkyCity to Hamilton's community does not align well with the 40% net proceeds that Class 4 venue operators are required to return.

6.3 Hamilton City Council also hold this view for all other casinos in New Zealand (noting that some are slightly higher at 2.5% - but still 'out of sync' with the 40% net proceeds required from Class 4 venue operators).

6.4 This position is reinforced in Hamilton City Council's 17 May 2019 submission to the Gambling Commission opposing an application by SkyCity Casino Management Limited to vary the

Hamilton casino licence conditions, where we noted that:

*“The variations would permit SkyCity to introduce 60 new EGMs into the Central City area. This is over 50% of the total number of class 4 venue EGMs in the Central City (116 in total). To the extent that the provision of 60 new EGMs at the casino takes custom away from existing venues, which is likely to some extent, this would not be in the interests of the community. Class 4 venue operators are required to return 40% of profits from EGMs to the community. By contrast, Skycity is required to return only 1.5% of profits to the community. A change in licence conditions that gives rise to the risk of migration of EGM expenditure from class 4 venues to the casino is not in the interests of the community and does not further the purpose of ensuring that money from gambling benefits the community”.*

- 6.5 Hamilton City Council is of the view that the percentage that SkyCity provides to the community needs to be reviewed to ensure a fair contribution to the community; and supports the introduction of ‘casino win’<sup>1</sup> to calculate contributions (as opposed to revenue from the whole operation of the casino).
- 6.6 It should be noted that Hamilton City Council is not suggesting a specific percentage for contributions, as it is anticipated an appropriate percentage will be identified through the Gambling Commission’s review process.
- 6.7 This submission also supports a nationwide approach, with standardisation of licence conditions across all casinos; including being required to adhere to the same percentage contribution and minimum contribution levels.

## **7.0 FURTHER INFORMATION AND OPPORTUNITY TO DISCUSS OUR SUBMISSION**

- 7.1 Should the Gambling Commission require clarification of Hamilton City Council’s submission, or additional information, please contact **Sandra Murray** (City Growth Policy Consultant) on 021 890 629 or email [sandra.murray@hcc.govt.nz](mailto:sandra.murray@hcc.govt.nz) in the first instance.
- 7.2 **Hamilton City Council would welcome the opportunity to discuss the content of our submission further with the Gambling Commission.**
- 7.3 We also look forward to providing further feedback when the submissions from other key stakeholders are made available by the Gambling Commission for comment.

Yours faithfully



**Richard Briggs**  
**CHIEF EXECUTIVE**

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<sup>1</sup> Casino win meaning: in any return period, an amount ascertained by deducting from the gaming income of the casino the aggregate of:

(a) the amount of gaming wins paid out by the casino in the return period; and  
(b) the amount of casino losses (if any) of the casino for the immediately preceding return period (or similar meaning).  
This provides a direct correlation between money lost by gamblers and funds available for allocation.