



**PROBLEM GAMBLING FOUNDATION
OF NEW ZEALAND**

Healthy communities free from gambling harm

**PGF submission on the application to the
New Zealand Gambling Commission
by Christchurch Casino Limited
for renewal of its casino licence
8 August 2018**

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1. INTRODUCTION

- 1.1 Christchurch Casino Limited (CCL) has applied to the Gambling Commission for an extension of its casino licence under the Gambling Act 2003. Section 138 determines that such a renewal will expire after 15 years. The latest operating profit figure reported by the owner of CCL, Skyline Enterprises Limited (SEL) is \$16 million. This indicates that, all other things being equal, there may be \$240 million at stake for SEL.
- 1.2 The Problem Gambling Foundation is submitting on this application because it sees the impact of gambling harm on communities throughout New Zealand and has studied the impacts of casinos generally and more specifically, in New Zealand.
- 1.3 The format of this submission is:
 - 1) Introduction and outline of the submission
 - 2) A description of the expertise of the Problem Gambling Foundation of New Zealand in relation to this re-license application
 - 3) A discussion of the relevant points from the Gambling Act 2003 in this process
 - 4) The evidence presented by CCL through its consultants, Taylor Baines Butcher, and its deficiencies
 - 5) The implications of the peer review by Professor Paul Delfabbro commissioned by the Gambling Commission
 - 6) Recommendations on license conditions
 - 7) Evidence assembled by the Problem Gambling Foundation
 - 8) Summary of the PGF submissions.
- 1.4 PGF has taken an initial position that the Taylor Baines Butcher Casino Impact Report does not provide enough evidence to satisfy the Gambling Commission that it can renew the licence; therefore, this will require the evidence to be amended and added to before the Commission can be satisfied that the renewal will be able to be approved. If this were to happen then PGF expects that the submission process will be continued with the new report.
- 1.5 If the Commission thinks it will renew the licence and there are no legal challenges to this, then PGF has taken the liberty of including background information and analysis of the peer review at this point.
- 1.6 This submission therefore, has a double purpose. PGF first submits that the Gambling Commission should obtain more evidence to satisfy itself that it can renew the license. Secondly PGF submits that should the Commission proceed on the basis of the current evidence or if new evidence is provided, then either way conditions should be placed on the new license.
- 1.7 PGF wishes to be heard by the Gambling Commission to speak to this submission at the public hearings.

2. THE PROBLEM GAMBLING FOUNDATION

- 2.1 The Problem Gambling Foundation (PGF), formerly the Compulsive Gambling Society, was established in 2001. It is one of two nationwide providers of clinical treatment services and public health education with offices in Auckland, Hamilton, Wellington and Christchurch, and outreach clinics across Auckland and in Tokoroa, Porirua, Lower Hutt, Timaru and Dunedin. PGF also works in prisons and with the Probation Service. In the year to June 2017, PGF saw 2,106 clients that have had at least one form of intervention. The national work gives PGF a broad perspective on gambling harm in New Zealand both in urban centres and provincial areas.
- 2.2 PGF has a team of qualified counsellors who provide free, professional and confidential counselling for gamblers and others affected by gambling. PGF also has a dedicated public health team who raise awareness on the risks of problem gambling and provide education and support to community groups and a range of social and health service providers on reducing gambling harm. Maori clients make up about 20% of PGF's client base and are supported across New Zealand.
- 2.3 Asian Family Services is part of PGF, delivering free, professional, confidential, nationwide face-to-face or telephone support to Asians living in New Zealand. This support is provided in several languages including Chinese, Korean, Thai, Hindi, Japanese, Vietnamese and English.
- 2.4 Mapu Maia is PGF's tailored and culturally appropriate service for Pacific peoples. Its focus is to work within Pacific communities, educating and raising awareness about the harm caused by gambling, especially for new migrants and families visiting from the Pacific. Mapu Maia provide counselling and support for Pacific families in Auckland, Wellington and Christchurch, delivering its services in Samoan, Tongan and English.
- 2.5 PGF Christchurch office comprises the regional team leader, five counsellors, including one Mapu Maia (Pasifika service) counsellor, and one public health specialist. AFS support primarily Chinese problem gamblers with telephone counselling in Cantonese and Mandarin. All the counsellors in Christchurch participate in public health projects and are well connected with the mental health and addictions workforce. The counsellors work in Christchurch Men's Prison and with the Probation Service. This workforce is very familiar with the impacts of problem gambling associated with CCL.
- 2.6 In this submission we argue that from a basis of evidence and practice we are providing a more balanced picture of CCL's operations, impact and contribution to Christchurch and the Canterbury area.
- 2.7 In making a submission on the renewal of CCL's licence, PGF wishes to ensure that the management and owners of the Christchurch Casino fully comply with the harm minimisation requirements of the Gambling Act 2003 and its attendant regulations.

3. THE GAMBLING ACT 2003 AND THE REQUIREMENTS OF THE GAMBLING COMMISSION

3.1 In the introduction of the Casino Impact Report, sections 134, 136 and 137 of the Gambling Act 2003, set out requirements regarding casino impact reports. PGF submits that there are key provisions in the Act that are material to considering whether CCL's impact report meets these requirements.

Independence from the applicant

3.2 Section 134 of the Gambling Act 2003 provides that a casino impact report must be prepared by a person approved by the Gambling Commission as independent of the applicant.

3.3 We note that Taylor, Baines & Butcher, the authors of the Casino Impact Report, have prepared a number of reports for parties involved in casino gambling in the past.¹ They also have their offices in Christchurch. While it does not appear that they have undertaken work for CCL, we ask for assurances from the Gambling Commission that Taylor, Baines & Butcher are independent of the applicant. We note from *New Zealand Greyhound Racing Association Inc v Minister for Racing* [2013] NZHC 245, that "independent of the applicant" means that Taylor, Baines & Butcher must not have had past or present relationships, associations or interests involving the applicant.

Expected social and economic effects

3.4 Section 134 of the Gambling Act 2003 also provides that a casino impact report must report on the expected social and economic effects on the local and regional areas affected by the operation of the casino, and on New Zealand generally, of the continued operation of the casino; and the closure of the casino.

3.5 The scope of what a casino impact report must include to properly report on the 'expected social and economic effects' is not defined in the Gambling Act 2003.

3.6 Because of the importance of this phrase, in addition to setting out the statutory provisions in the introduction of the Casino Impact Report, we would have expected the introduction to have included further discussion of what is meant by the 'expected social and economic effects'.

3.7 Although some guidance might be taken from the previous Casino Control Act 1990, which required assessments of the likely impact of the use of casino premises on tourism, employment, and economic development generally, and specifically required provision of a social impact report;² and there was considerable case law arising from the decisions of the Casino Control Authority and to some extent from appellate courts (such as the High Court) concerning those provisions, we note the more recent decision of the High Court in *Dunedin Casinos Ltd v The Gambling Commission* [2006] NZHC 1619, at para [3], that the philosophies that underpinned the Casino Control Act 1990 and those of the Gambling Act 2003 are very different. The former included as a defined purpose the promotion of licensed casinos, whereas the current Gambling Act 2003 has as its principal purpose the control of the growth of gambling. This is a marked change in purpose or philosophy.

3.8 As a consequence, taking account of the marked change in philosophy, we believe that what is meant by the 'expected social and economic effects' and the preparation of a casino

impact report must be guided by the purpose of the Gambling Act 2003, including that such effects must be assessed in terms of:

- controlling the growth of gambling;
- preventing and minimising harm from gambling, including problem gambling;
- limiting opportunities for crime or dishonesty associated with gambling and the conduct of gambling;
- ensuring that money from gambling benefits the community; and
- whether preparation of the Casino Impact Report ensured community involvement in decisions about the provision of gambling.

3.9 While our concerns are set out more fully in our general submissions below, from a broad perspective, we are concerned that the Casino Impact Report:

- does not report on the expected social and economic effects on the local and regional areas affected by the operation of the casino, and on New Zealand generally, or the continued operation of the casino in light of the purpose of the Act to control the growth of gambling.
- does not adequately report on preventing and minimising harm from gambling, including problem gambling as noted at paragraphs [21] and [22] of the Peer Review of Professor Delfabbro where he says that the conclusions in the report around CCL's impact on problem gambling and gambling-related harm needs to be treated with some caution.
- does not report on limiting opportunities for crime or dishonesty associated with money laundering, despite casinos being recognised as providing money laundering and terrorism financing opportunities;³
- does not adequately report on ensuring that money from gambling from continued operation of CCL will benefit the community; and
- did not ensure adequate community involvement in its development, particularly by not conducting a formal survey of residents in the local area, wider region or nationally.

Peer Review by Professor Delfabbro

3.10 We note that the Peer Review of Professor Delfabbro sought by the Gambling Commission identifies numerous limitations in the Casino Impact Report.

3.11 While our concerns regarding these limitations are set out more fully in our submissions below, we note the concerns of Professor Delfabbro (especially in paragraphs [12] to [19]) that: there is a lack of methodological detail; a lack of analytical detail in qualitative analyses; limitations in primary data; and a lack of clarity in reporting. As noted earlier, we are especially concerned with his views at paragraph [22] that CCL's impact on problem gambling and gambling-related harm needs to be treated with some caution.

3.12 In light of these limitations and especially his views at paragraph [22], we believe it would be an error for the Gambling Commission to continue to progress the application without these limitations in the Casino Impact Report being rectified by further research and the

preparation of an amended Casino Impact Report. In this regard, we note that section 135(3) of the Gambling Act 2003 allows the Gambling Commission to take additional steps, or repeat or combine processes, as the Gambling Commission considers appropriate.

Renewal of casino licence

- 3.13 Section 137(c) of the Gambling Act 2003 provides that the Gambling Commission must not renew a casino venue licence unless it is satisfied that renewing the licence will result in a net benefit to the local and regional communities around the casino and to New Zealand generally. In assessing whether there is a net benefit, the Gambling Commission must consider: the social and economic effects of granting, or refusing to grant, the renewal; and the level of support for the application.
- 3.14 Albeit in a different statutory context,⁴ the word “satisfied” was considered by the High Court in *Working Capital Solutions Holdings Ltd v Pezaro* [2014] 3 NZLR 379. Here the High Court stated that to be “satisfied” means that there has to be an actual persuasion, or a mind not troubled by doubt or a mind which has reached a clear conclusion (or that the decision-maker must be “satisfied with the preponderance of probability arrived at by due caution in light of the seriousness of the [matter]”).
- 3.15 Turning to the requirement that the Gambling Commission must not renew a licence unless it is satisfied that this will result in a “net benefit”, we believe such an analysis requires that both private and public costs and benefits need to be considered in determining that renewing the licence will result in a net benefit. Costs and benefits are usually expressed in market prices, but in this case, where there are no or few market valuations for many of the costs, we believe that the Gambling Commission must identify and measure the costs very carefully against the benefits (especially those costs with no clear market valuation). In our view, to be satisfied, the quantified benefits of the renewal of CCL’s licence need to clearly eclipse the costs.
- 3.16 Overall, we believe that the concerns of Professor Delfabbro must mean that the Gambling Commission cannot be satisfied that there will be a net benefit if the licence is renewed. The doubts cast by Professor Delfabbro are such that the quantified benefits of the renewal of CCL’s licence do not clearly eclipse the costs.

Treaty of Waitangi

- 3.17 We also believe that the Gambling Act 2003, including sections 134, 136 and 137 must be interpreted in light of the Crown’s obligation of active protection of Māori under the Treaty of Waitangi. Through the Treaty, the Crown assured Māori that their existing rights would be actively protected with the utmost good faith and to the fullest practicable extent. The principle of active protection applies to all Māori people and to all Māori interests, including protection from the harm caused by CCL. In this regard we are concerned by the very limited consultation with Māori in the development of the Casino Impact Report and the view of Professor Delfabbro at paragraph [59] that some caution must be applied in the extent to which the Casino Impact Report investigated the impacts on Māori.

Conclusion

- 3.18 We are of the view that the limitations in the Casino Impact Report are sufficiently significant that it has not adequately reported on the expected social and economic effects on the local and regional areas affected by the operation of CCL, and on New Zealand generally or of the

impacts of the continued operation of CCL. In light of these limitations, we believe it would be an error for the Gambling Commission to continue to progress the application without these limitations in the Casino Impact Report being rectified by further research and the preparation of an amended Casino Impact Report. Furthermore, without this further research and amendments, we cannot see how the Gambling Commission could be satisfied that renewing the licence will result in a net benefit to the local and regional communities around CCL and to New Zealand generally.

4. THE TAYLOR BAINES & BUTCHER CASINO IMPACT REPORT

- 4.1 A Casino Impact Report has been produced by Taylor Baines & Butcher who have experience over the last 20 years in providing reports of this nature for NZ casinos and policy reports for some Territorial Local Authorities. The Gambling Commission has approved Taylor Baines & Butcher as the reporters and this implies that the Commission is satisfied that they have sufficient independence to provide an unbiased report.
- 4.2 See comments on Peer Review in Section 5.

5. THE PAUL DELFABBRO REPORT

- 5.1 The Gambling Commission has commissioned Professor Paul Delfabbro of the School of Psychology University of Adelaide to provide a peer review of the Casino Impact Report provided by Taylor Baines & Butcher. This was to provide the Gambling Commission with some expert opinion on gambling harm description and deliberation in the Taylor Baines Butcher report.
- 5.2 The Delfabbro report raises some questions around the analysis of net benefit and harm, and the harm experienced by groups of the population of Christchurch and its surrounding districts. Specifically, the following has been raised.
- 5.2.1 The data on gambling harm to Christchurch and its surrounding districts is drawn from secondary data sets and could be misleading. More specific work should have been done on this. (Peer Review 12)
- 5.2.2 CCL does provide funding to the community which is one of the purposes of the Gambling Act but it is a meagre sum compared to funding from a class 4 venue with the same pokie machine turnover (\$36 million). Other money is sponsorship which is part of the marketing costs and not provision of funds to the community. (Peer Review 19)
- 5.2.3 The claim that Maori and Pasifika are not impacted by CCL is not borne out by the presentation rates that are recorded in the Ministry of Health's problem gambling data base. (Peer Review 11)
- 5.2.4 The use of national data to extract a statement about gambling impact is deficient and specific work should have been done. (Peer Review 12)
- 5.2.5 The description of both qualitative and quantitative data collection is deficient in that limitations can't be identified and thus the Commission cannot be satisfied about any claims that there is a net benefit to Christchurch, the region or the nation. (Peer Review 13, 14)
- 5.2.6 The modelling used to determine economic benefit which is the only proxy available is questionable and probably requires more work to be done to state more clearly whether there has been a benefit. (Peer Review 24)
- 5.2.7 The social analysis does not provide convincing reasons for the existence of a casino in Christchurch. (Peer Review 29)
- 5.2.8 The lack of distinction between table games and pokie machines when determining public attitude to harm caused by CCL is a deficiency. The differentiation may have had the public describing the class 4 pokies and CCL's pokies as equally harmful. (Peer Review 36, 37).
- 5.2.9 The help-seeker analysis is deficient and thus unreliable. (Peer Review 41)
- 5.2.10 The simple analysis of why people gamble (entertainment) is a glaring deficiency and undermines the whole harm minimisation analysis of the consultant's report. (Peer Review 46)

5.2.11 The “isolated” instances reported by the consultant appears to be selective and without a lot more access to the consultant’s interview notes, this cannot be determined. (Peer Review 47, 48)

5.2.12 The implied conclusion of the consultant’s report is described by Delfabbro in section 52 as a deficiency.

5.2.13 The possible use of a survey using, for example, the PGSI (Problem Gambling Severity Index, which is a reliable and standardised measure of at-risk behaviour in problem gambling), would clarify whether there is a worrying level of harm. This might be costly to do but \$240 million is at stake. (Peer Review 53, 54)

5.2.14 Delfabbro draws attention to the deficiency of the cultural impact nature of the consultant’s report. There should be a far more searching analysis. (Peer Review 59)

5.2.15 It is the view of PGF that these issues with the Taylor Baines & Butcher report form a barrier to the Gambling Commission performing its function in considering the application and being satisfied that there will be local and national net benefit. It is our view that more evidence is required to prove this and that without this the Commission, in terms of section 137 subsection 1 (c) of the Gambling Act must not renew CCL’s licence.

6. RECOMMENDATIONS ON LICENSE CONDITIONS

- 6.1 PGF submits that the Commission must require much more evidence to support claims of a net benefit and a much improved analysis of impacts on Maori in terms of Treaty of Waitangi protections. PGF further submits the gaps identified by Delfabbro, and the lack of independence of Taylor Baines & Butcher must be addressed before the application could proceed.
- 6.2 However, if the Commission should decide to proceed based on the current information put before it then PGF submits the new license must have a set of conditions to strengthen the harm minimisation protections to be afforded to the people of, and visitors to, Christchurch.
- 6.3 These conditions are to ensure CCL improves standards of host responsibility and will provide clarity to CCL about the expectations of the Commission and the Department of Internal Affairs. These are outlined below:

6.3.1 Improved harm minimisation standards

- a) Increased monitoring of log books and staff interventions
- b) referrals to treatment providers
- c) independent audits of host responsibility records and actions taken
- d) pre-commitment to be available for all customers (not just VIP carded customers).

6.3.2 Annual independent audit of the outcomes of the Host Responsibility Programme (HRP).

We further recommend that CCL seek assistance from problem gambling researchers and providers of support services to design such an audit tool which seeks to establish outcome measures.

6.3.4 Annual report on the impacts for Maori under the Treaty of Waitangi.

PGF's clinical records indicate that for the 2017 year, 22% of full intervention clients identified as Maori. This is considerably higher than the normal distribution for Maori in New Zealand/Aotearoa of 15%.

6.3.5 Annual report on the impacts of CCL on vulnerable populations, specifically Pasifika and Asian peoples.

The burgeoning growth in Gamblers of Interest data may indicate that CCL is trying a lot harder to identify people with gambling problems but the concern about this is that we do not know what has happened to these people. An outcome measuring system which showed that there were good outcomes and that the HRP was effective would be a great improvement. This could result in a world-leading casino-based Gambling Host Responsibility Programme.

6.3.6 Minimum number of counselling sessions as part of the exclusion intervention.

A requirement to ensure a reduction in harm to excluded gamblers, that states six counselling sessions are needed at the beginning of the exclusion period and six sessions towards the end of the exclusion period.

6.6.6 Staff training and salary arrangements.

- a) if business grows, additional resources need to go into providing more qualified hosts
- b) casino staff are required to undertake regular training sessions run by inspectors on, for example, dealing with minors, breach of exclusion orders, notification requirements, and the legislation
- c) rosters should ensure that at all times CCL is open there are sufficient staff to monitor patron behaviour for signs of problem gambling and harm.

Under schedule 1 clause 12 (e) and (f) of the Gambling Act 2003, conditions relating to staff salary arrangements and personal practices may attach to the renewed licence.

7. PGF BACKGROUND DISCUSSION

7.1 The position of PGF is stated under the section entitled “The Gambling Act 2003 and the Requirements of the Gambling Commission”. PGF holds that considerably more evidence is needed to enable the Gambling Commission to determine that there is a net benefit in renewing CCL’s licence.

7.2 There are no clear steps described as to how the Commission should proceed if it is accepted that this is the correct position. Logically we see that the Gambling Commission should ask CCL to re-submit its Casino Impact Report with further evidence that allows the Commission to be satisfied that there is a net benefit. This may require further research and possibly polling the people of Christchurch. If this is what happens then we would expect that a further opportunity would be given to submitters to submit on the amended report. The following comments are provided in case the report is not amended and/or submitters do not get another opportunity to comment.

Gambling Harms

7.3 When granting, or refusing to grant, the renewal of the licence, the benefits of providing entertainment and any economic benefits of the casino need to be weighed against the social and economic effects of gambling harm. This balancing could also lead to an identified need for additional licence conditions.

7.4 Child neglect, poverty, family violence, fraud, poor mental health and loss of employment are all issues exacerbated by problem gambling and are hugely damaging to society. In particular, criminal activity is closely associated with casino gambling.

7.5 To be satisfied that the renewal of the licence will result in a net benefit, full consideration of casino gambling harm needs to occur. Harm is defined in the Gambling Act 2003 as:

harm—

(a) means harm or distress of any kind arising from, or caused or exacerbated by, a person’s gambling; and

(b) includes personal, social, or economic harm suffered—

(i) by the person; or

(ii) by the person’s spouse, civil union partner, de facto partner, family, whanau, or wider community; or

(iii) in the workplace; or

(iv) by society at large

7.6 Community and societal harm can be determined by incidence and prevalence data and research. It can also be determined by expenditure which has some correlation with harm, as is acknowledged implicitly by making it a consideration for the levy calculation in the Act.

Harm related to crime

7.7 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.⁵

- 7.8 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 a quarter of the relevant population, or about 10,000 people, committed illegal activities because of gambling.⁶
- 7.9 Studies of problem gambling and links to criminal activity suggest that much of the related crime goes unreported.⁷ Apart from the financial cost of gambling-related crime to organisations and individuals directly involved, further serious consequences are experienced by problem gamblers and their families if they are convicted of criminal activities.⁸
- 7.10 A 2009 New Zealand study found that “gamblers and significant others believe that a relationship exists between gambling and crime” and “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”.⁹ They suggest that 10% of people experiencing problem gambling and two thirds of those receiving counselling for gambling-related issues have committed a crime because of their gambling.

Harm relating to problem gambling

- 7.11 Recent research confirms the broad proportion of New Zealanders experiencing gambling harm is 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 gambling¹⁰ and 6% of adults reported experiencing at least one household harm (an argument or going without due to gambling) in the past 12 months.¹¹
- 7.12 Broader harm for many is also critical harm for some. A number of studies have shown a clear link between problem gambling and suicidality¹² and PGF regularly see people who have considered or attempted taking their own lives. Suicide is another acute phenomenon in New Zealand and should be carefully considered in terms of gambling policy making.

Children

- 7.13 Children suffer greatly because of problem gambling. They can regularly miss out on basic essentials if a parent has gambled away household money and there is a far greater risk the children of problem gamblers will inherit the same issue themselves.¹³
- 7.14 Children become aware 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. If a child’s most basic needs are not 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.
- 7.15 The children of problem gamblers can also suffer emotionally and 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 disappear unpredictably. Their relationship with their child or children can be damaged as they become more secretive, unreliable and prone to

breaking promises. The parent's personality can become unrecognisable to their children, who feel gambling has become more important than family.¹⁴

- 7.16 A study of gambling in Māori communities outlines a model of how children are at risk if gambling is part of their young lives. When exposed to gambling activities from an early age, children grow up seeing gambling as a normal activity and central to social life. They may be 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.¹⁵
- 7.17 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.
- 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%)¹⁶

Domestic violence

- 7.18 The Ministry of Health and Auckland University of Technology have recently released research highlighting the links between problem gambling and family violence. Fifty per cent of participants (people seeking help from problem gambling services) claimed to be victims of family violence, and 44% of participants claimed to be perpetrators of family violence, in the past year.¹⁷

Economic degradation

- 7.19 There is limited data and analysis regarding the economic impact of gambling in New Zealand. However, New Zealand and international research has revealed the losses offer a sharp contrast to the often-celebrated economic gains. Money for gambling is diverted from savings and/or other expenditure and can have a negative impact on local businesses and the economic health and welfare of whole communities.¹⁸
- 7.20 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.¹⁹ 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.²⁰
- 7.21 The Christchurch City Council May 2009 study *Economic Impacts of NCGMs on Christchurch City* suggests that over the course of a year, pokie 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.²¹

Compliance History

- 7.22 Compliance Audit Reports have not been attached to CCL's application for licence renewal. This is a significant omission and the reports should be made available for all parties to consider. However, a briefing to Minister Rick Barker is available from 2007 and this highlights the culture around the casino and certain compliance issues.

2007 Briefing on the Christchurch Casino

- 7.23 The Department of Internal Affairs (DIA) briefed the Minister of Internal Affairs on the 13th July 2007 on allegations of improprieties at, or associated with, the Christchurch Casino. A whole of government approach to undesirable or illegal activities associated with casinos was canvased.
- 7.24 The briefing provides a picture of the socio-cultural nature of casinos and details some of the criminal cases associated with the Christchurch Casino.
- 7.25 Despite not making a finding on the alleged improprieties and illegal activities, the DIA believed that gambling-related loan sharking does occur in New Zealand casinos that is often linked to organised crime and money laundering.²²
- 7.28 In 2007 the Acting Chief Executive and Deputy Chief Executive and the Senior Gaming Manager at Christchurch Casino resigned giving their reasons as "... to clean up the casino sector, threats from the criminal underworld and drunkenness by a member of the casino Board." Despite the possible motives of these resignations the reasons given are not surprising given the socio-cultural context of the casino.
- 7.29 Loan sharking and money lending are discussed in the briefing. The police advised that there had been eight money lenders that had operated since CCL had opened.²³ The casino attracts loansharking and money lending along with other criminal activity.
- 7.30 At paragraph 52 the briefing acknowledges the problems associated with casino responsibilities to crime and dishonesty and harm minimisation:

The Department also notes that there is an intrinsic tension between the incentives for casinos and their responsibility to ensure that opportunities for crime or dishonesty are limited and that harm is prevented and minimised. Casinos make their profits from customer expenditure. They have an incentive to maximise that expenditure, rather than focusing on the source of the money. In addition, the casino environment is quite different from, say, a bank. In the fast-paced casino gambling environment, customer identification and transaction reporting procedures can be perceived as detracting from the customer's entertainment experience.

- 7.31 Christchurch Casino indicated that there had been 22 reports between 2005 and 2007 in which money lending was an issue.²⁴ The briefing gives an example of strategies to counter undesirable behaviour at the Christchurch Casino. There was an investigation into an illegal gambling operation which assisted police in investigating a wider drug dealing operation. There were 17 arrests and seizure of methamphetamine with a street value of more than \$1 million, cash totalling close to \$NZ 800,000 and miscellaneous weapons, ammunition and explosives.²⁵
- 7.32 In March 2007, the Christchurch Casino was prosecuted for knowingly permitting an underage person into the gambling area.²⁶

- 7.33 The only incident report that has been made public is from July 2006 to July 2007 and it shows 39 breaches of exclusion orders, 25 other offences e.g. thefts, assaults, child neglect, and 25 minors in the casino. Between June 2006 and May 2007 163 exclusion orders had been issued, there were 39 notified breaches of these exclusions.²⁷ The socio-cultural context of the casino would not have changed significantly since this level of investigated incidents.
- 7.34 Other significant investigations included Operation Mue/Wisdom which included identity theft and money laundering, an Asian drug investigation resulting in the arrest of 13 alleged drug dealers, and Kiwicasino where the Christchurch Casino was acting in contravention of the Gambling Act 2003 and closed down its internet relationship with Kiwicasino.

8. THE PROBLEM GAMBLING FOUNDATION SUBMISSION SUMMARY

8.1 The Problem Gambling Foundation submits:

- 8.1.1 That the Gambling Commission cannot renew this licence until it has satisfied itself that there is compelling evidence that harm is being minimised and this may require research using a tool such as the PGSI.
- 8.1.2 That the Gambling Commission cannot renew this licence because the economic analysis indicating a net benefit is deficient; there is no economic analysis of the personal, social and national harm cost allowed for. This again may require more in-depth research.
- 8.1.3 That the Gambling Commission cannot renew this licence until the cultural impact nature of the consultant's report is resubmitted as it is clearly deficient.
- 8.1.4 That the Gambling Commission cannot renew this licence until the problems with the report identified by the Gambling Commission's peer reviewer are dealt with. These require action by CCL before its licence can be renewed.
- 8.1.5 That when, or if the licence can be renewed, it is renewed with the new conditions PGF recommends.

Date: 8 August 2018

Signed:



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¹ <http://www.tba.co.nz/>

² See sections 29 and 30, Casino Control Act 1990.

³ See, for example, New Zealand Police, New Zealand Financial Intelligence Unit, *National Money Laundering and Terrorism Financing Risk Assessment 2018*.

⁴ Section 167 of the Personal Property Securities Act 1999.

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