

Before Hearing Commissioners

Under: the s314 of the Gambling Act 2003

In the matter of: Application for renewal of casino licence

between: Christchurch Casinos Limited
Applicant

and: Gambling Commission
Respondent

Statement of Evidence of Paula Joy Snowden Problem Gambling Foundation

Dated: 19 November 2018

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**STATEMENT OF EVIDENCE OF PAULA JOY SNOWDEN,
CHIEF EXECUTIVE, PROBLEM GAMBLING FOUNDATION**

INTRODUCTION

1. My full name is Paula Joy Snowden.
2. I am the Chief Executive Officer of the Problem Gambling Foundation Inc (**'PGF'**).
3. PGF's purpose is to prevent and minimise the harm caused by gambling and this reflects the main purposes of the Gambling Act 2003. This Act also governs the licensing and operation of casinos in New Zealand.
4. My Statement of Evidence summarises the key points of the Submission made by PGF to the Application made by Christchurch Casino Limited (**'CCL'**), responds to the Statements of Evidence provided by CCL and has regard to the Professor Delfabbro Peer Review (**'Delfabbro Peer Review'**) and his Comments on Responses by CIR Authors (**'Delfabbro Responses'**).
5. I am familiar with the Application, the Submission made by PGF, the Statements of Evidence provided by CCL, the Delfabbro Peer Review and the Delfabbro Responses. I am authorised to give this evidence for PGF.

SUMMARY OF PGF SUBMISSION

6. A Submission was made by PGF to the Application by Christchurch Casino Limited (**'CCL'**) for an extension of its casino licence, dated 8 August 2018 (**'PGF Submission'**).

7. The PGF Submission covered the following:

- 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.

8. Rather than repeat all the matters raised in the PGF Submission, my Evidence summarises the main points.

The Problem Gambling Foundation

9. As noted from paragraphs [2.1] to [2.7] of the PGF Submission, PGF is one of two nationwide providers of clinical treatment services and public health education related to gambling (including in Christchurch). In the year to June 2017, PGF saw 4,138 clients across New Zealand that had at least one form of intervention. In the year to June 2018, PGF saw 4,273 clients. Also in this year, Māori clients made up about 19% of PGF's client base. Pacific peoples made up 10% and Asian clients made up 21%. In the year to June 2018, 34% of PGF clients identified casino gambling as their primary mode of gambling. Of the casino gambling products, casino electronic gaming machines ('EGMs') or pokies were 59%, casino table games were 57% and electronic table games were 17%. People who have more than one gambling mode are counted for each mode.

10. The PGF Christchurch office comprises the regional team leader, five counsellors, including one Mapu Maia (Pasifika service) counsellor, and one public health specialist. All the counsellors in Christchurch participate in public health projects and are well connected with the mental health and addictions workforce. They were

involved in drafting the PGF Submission and have been consulted regarding my Evidence.

The Casino Impact Report and Delfabbro Peer Review

11. A Casino Impact Report ('CIR') was produced by Taylor Baines & Butcher. Professor Delfabbro provided a peer review on behalf of the Gambling Commission ('Delfabbro Peer Review').

12. The Delfabbro Peer Review raised a number of concerns and deficiencies regarding the CIR. Paragraphs [5.1] and [5.2] of the PGF Submission refer to these concerns and concludes that the limitations were sufficiently significant that PGF believes that the CIR has not adequately reported on the expected social and economic effects of the operations of CCL. The PGF Submission suggested that it would be an error for the Gambling Commission to continue to progress the application without these limitations in the CIR being rectified by further research and preparation of an amended CIR. We still hold that view.

13. Although Professor Delfabbro, in his November Comments on Responses by CIR Authors, accepts a number of the responses to his Peer Review set out in the evidence of Mr Butcher and Mr Baines, he still holds a number of concerns. I address these later in my Evidence.

PGF Background Discussion

14. As noted in paragraphs [7.1] to [7.21] of the PGF Submission, PGF holds significant concerns regarding the harm caused by gambling, including gambling in casinos. This covers harm related to crime, problem gambling, harm caused to children, domestic violence and economic degradation. PGF are especially concerned with the results of the Christchurch City Council May 2009 Study *Economic Impacts of NCGMs on Christchurch* that suggests that over the course of a year, gambling (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.

15. Paragraphs [7.22] to [7.34] of the PGF Submission raise concerns regarding the compliance history of CCL and especially the 2007 Department of Internal Affairs briefing of the Minister of Internal Affairs regarding CCL. PGF does not believe these concerns have been adequately addressed in the evidence of CCL.

Recommendations on License Conditions

16. Paragraphs [6.1] to [6.3] of the PGF Submission set out recommendations for conditions to be placed on the licence should the licence be renewed. These include:

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.

THE RESPONSES OF MR BAINES TO THE PGF SUBMISSION

17. At paragraphs [83] to [86] of his evidence, Mr Baines responds to the PGF Submission.

18. At paragraph [83], Mr Baines says:

83 At [3.6], PGF states *"we would have expected the introduction to have included further discussion of what is meant by 'the expected social and economic effects.'"* I believe we have provided an appropriate discussion of this matter at the beginning of section 6.1 of the CIR (pp.77-78). As PGF acknowledges (at [3.5]), the phrase is not defined in the Gambling Act 2003.

19. With respect, PGF maintains its view that the introduction to the CIR should have included discussion of what is meant by 'the expected social and economic effects' and it is inappropriate to have included a discussion well into the CIR (pages 77-78).

20. Although the phrase is not defined in the Gambling Act, PGF would have expected a clear discussion by the authors of what this phrase means in the introduction of the CIR so that it guides the rest of the CIR.

21. Turning to the discussion at pages 77-78 of the CIR, PGF believes the identification by the authors of negative social effects or harm to be somewhat limited in scope. For example, it is unclear whether this includes effects on health and mental health.

22. At paragraphs [85] and [86], Mr Baines says:

85 The other criticisms of the CIR contained in the PGF submission (at [3.9]-[3.12]; [3.16]; [3.17] and [5.2]) appear to rely on, or at least align with, Professor Delfabbro's critique, which I have addressed above.

86 Consequently, I do not accept PGF's "*initial position*" (at [1.4]) that "*the Taylor Baines Butcher Casino Impact Report does not provide enough evidence to satisfy the Gambling Commission*".

23. As noted earlier in my Evidence, although Professor Delfabbro now accepts a number of the responses by the authors to his Peer Review, he still holds a number of concerns. I address these later in my Evidence.

THE RESPONSES OF MR BUTCHER TO THE PGF SUBMISSION

24. At paragraph [19] of his evidence, Mr Butcher responds to the PGF Submission.

19 The Problem Gambling Foundation of New Zealand (the *PGF*) has submitted that our report does not provide sufficient information. My response refers solely to the PGF comments about the economic impact assessment. At paragraph 3.9, the PGF says that our report "does not report on the expected ... economic effects on the local and regional areas affected by the operation of the casino, and on New Zealand generally". With respect, I disagree. I have reported on the local (Christchurch) and regional (Canterbury) impacts on employment, household income and value added. I have also reported on the expected New Zealand impacts on Value added. Our report also comments on the effects of the casino on immediately adjacent businesses.

25. With respect to Mr Butcher, paragraph 3.9 of the PGF Submission is actually referring to both social and economic effects and the need for these effects to be considered in light of the new purpose of the Gambling Act to control the growth of gambling. Paragraph 3.9 is set out below:

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.

26. PGF stands by its statement that the CIR does not report on the expected social and economic effects on local and regional areas, and on New Zealand generally in light of the new purpose of the Act to control the growth of gambling. Nor does the CIR report on the continued operation of the casino in terms of whether this would better control the growth of gambling.

27. At paragraph [20] of his evidence, Mr Butcher responds further to the PGF Submission.

20 A wider definition of "economic effects" includes non-market costs and benefits. I accept that I have only reported on those matters covered by markets and monetary transactions and have not tried to place a financial value on the various social impacts which Mr Baines reports on. As we explain in our report, we have not attempted such valuation because previous studies which have tried to do this have generated enormously different results, thus demonstrating the difficulty, and arguably the pointlessness, of such valuations. In our view, it is the role of the commissioners to weigh up and compare the financial impacts and the social impacts. That this is the role of the commissioners seems to be also the conclusion reached by the PGF (paragraph 3.15).

28. PGF acknowledges the admission by Mr Butcher that he has only reported on those matters covered by markets and monetary transactions (or financial effects) and not non-market costs and benefits (or economic effects). In that respect, PGF maintains that the CIR is deficient.

29. While PGF agrees that it is the role of the Commissioners to address the matters under section 137 of the Act, it is the role of those preparing the CIR to report on the expected social and economic effects.

30. At paragraph [21] of his evidence, Mr Butcher responds further to the Submission made by PGF.

21 In paragraph 5.2.6, the PGF says that “the modelling used to determine economic benefit ... is questionable, and probably requires more work to be done to state more clearly whether there has been a benefit” and appeals to para 24 of the Peer Review for support. Paragraph 24 simply refers to General Equilibrium modelling, and does not seem to say anything about whether the modelling is either questionable or sufficient. Paragraph 25 of the Peer Review describes the way in which such modelling is generally done, which was the way my modelling was undertaken, and then concludes in paragraph 26 that “on the whole, the information contained in this [economic impact] section is clear,” while paragraph 27 says that “there are a few areas which could have been made clearer or need to be treated with caution.” Given Professor Delfabbro’s conclusions, and my responses earlier in this evidence to the minor alleged shortcomings identified by the Peer Review (see paragraphs 14 to 18 above), it is my view that the PGF’s statement that the modelling is “questionable” is not substantiated.

31. As noted by Mr Butcher, the PGF statement relies on the concerns raised by Professor Delfabbro at paragraphs 27 to 30 of his Peer Review and especially his statement that “there are a few areas which could have been made clearer or need to be treated with caution.”

32. While PGF acknowledges that Professor Delfabbro accepts the explanations of Mr Butcher in paragraphs [2.1] to [2.5] of his November Comments on Responses by CIR Authors, we remain concerned that Mr Butcher applies a standard economist’s assumption of rational decision-making to gambling. In our view, the addictive nature of gambling results in irrational decision-making and the standard economist’s assumption of rationality on the part of gamblers is questionable.

33. At paragraph [22] of his evidence, Mr Butcher responds further to the PGF Submission.

22 In paragraphs 7.19 et seq, the PGF refers to "Economic degradation". First, I want to make the point that whereas the submission refers to the harm from gambling per se, it should be focussing on the difference in harm from gambling at the casino as opposed to whatever people would do instead, which may well be some other forms of gambling.¹

34. With respect to Mr Butcher, PGF was making the point that there is limited data and analysis regarding the economic impact of gambling in New Zealand.

Economic degradatlon

- 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

35. At paragraph [23] of his evidence, Mr Butcher responds further to the PGF Submission.

23 Second, in paragraph 7.20 the submission refers to the increase in employment generated by gambling, and contrasts this with the loss of employment which might otherwise occur in the industries where

money might otherwise be spent, implying that the casino possibly reduces net employment. My economic impact modelling takes explicit account of the reduction in expenditure in other areas. Whereas the submitter refers to potential lost employment per million dollars of spend in one area (retail), I have considered the loss of employment in the whole range of other areas where people say they would otherwise have spent their money.

36. Again, with respect to Mr Butcher, PGF was simply re-enforcing the points made by Professor Delfabbro in paragraphs [27] to [30] of his Peer Review. PGF also acknowledges that Professor Delfabbro now accepts the explanations of Mr Butcher in paragraphs [2.1] to [2.5] of his November Comments on Responses by CIR Authors.

ISSUES ARISING FROM THE BAINES AND BUTCHER EVIDENCE AND PROFESSOR DELFABBRO

37. As mentioned earlier in my Evidence, Mr Baines and Mr Butcher prepared the CIR for the Gambling Commission. In addition, Professor Delfabbro prepared a peer review of the CIR for the Gambling Commission that included a number of comments critical of both the methodology and content of the CIR. PGF welcomed this initiative of the Gambling Commission to have a peer review prepared by an independent expert.

38. In their Evidence for CCL, Mr Baines and Mr Butcher responded in some detail to the Delfabbro Peer Review and finally Professor Delfabbro prepared Comments on these Responses.

39. I have read all those documents. I have also read the Evidence of The Salvation Army Oasis which cover these same concerns.

40. In my view, while Professor Delfabbro accepts many of the responses of Mr Baines and Mr Butcher contained in their Evidence for CCL, there are several differences between these three experts:

- a. The use of the National Gambling Survey data;
- b. Relative proportion of statements in support or not in support;

- c. Capturing the views of the wider community;
- d. Australian or International Research; and
- e. Narrow Range of Public Submissions and Community Consultation.

The use of the National Gambling Survey data

41. At paragraphs [3.2] to [3.5] of his Response, Professor Delfabbro states:

- 3.2 Paragraphs 38-44 relate to the question raised about the validity of the National Gambling Survey (NGS) data and whether they were a sufficient basis to draw conclusions about the Christchurch region.
- 3.3 JB referred to estimates of the number of visitors to the casino in a 12 month period (Appendix K) and to the NGS figures. The clarification provided around the visitor estimates lead me to conclude that they are reasonable, but my issue was more specifically with the use of the NGS figures.
- 3.4 In relation to the NGS figures, he confirmed that, of the 6251 people included in the national NGS sample, 402 were from the Christchurch region. In paragraph 40, he says that the number is "totally unreliable for ethnic sub-populations". I concur. In my view, the total of 402 is a reasonable number for examining gambling generally in the region. What I question is whether the sample size enables one to say anything useful about gambling at the Casino, as opposed to gambling in all gambling venues.
- 3.5 I agree with the logic outlined in paragraph 41. It is reasonable to adjust the estimates of gambling risk based on differences between the ethnic profile of the region and the national profile. Such an adjustment involves identification of elevated (or diminished) rates of problem gambling for minority groups and then adjusting the local Christchurch estimates on the basis of the representation of those groups in the area. It should be noted that PGSI scores or classifications are NOT measures of harm per se. The PGSI contains only 4 of 9 items which come close to measuring harm, although I accept that higher scores would usually correlate with higher scores on dedicated harm measures (e.g., Browne et al., 2016). My point does not challenge the validity of the conclusions drawn, but it should be noted that references to the distribution of PGSI scores is more about the prevalence of riskier patterns of behaviour which may lead to harm than about measures of harm.

42. At paragraph [3.4], Professor Delfabbro concurs with the acknowledgement of Mr Baines that because only 402 people in the NGS figures are from the Christchurch region, the number is "totally unreliable for ethnic sub-populations".

43. Professor Delfabbro goes on to say that he questions whether the sample size of 402 enables one to say anything useful about gambling at the Casino, as opposed to gambling in all gambling venues.

44. I am concerned about the conclusion of Professor Delfabbro and believe this is a significant deficiency in the CIR.

45. PGF believes Māori, Pacific, and Asian communities are disproportionately burdened by gambling harm and that all steps should have been taken to ensure these groups were fully involved in the development of the CIR. This is especially the case for Māori who must be consulted in accordance with Te Tiriti o Waitangi.
46. PGF believes that more robust data of the effects on these ethnic sub-populations must be undertaken before a decision on the social and economic impacts can be properly made.
47. CCL has had 25 years to properly prepare for the renewal of its licence and PGF does not accept that Māori, Pacific and Asian communities could not be fully involved in the development of the CIR.
48. At paragraph [3.5], Professor Delfabbro reinforces his view that PGSI scores or classifications are NOT measures of harm per se and that the distribution of PGSI scores is more about the prevalence of riskier patterns of behaviour which may lead to harm than about measures of harm.
49. PGF is also concerned about this point made by Professor Delfabbro and believe this is a deficiency in the CIR.

Relative proportion of statements in support or not in support

50. At paragraph [3.9] of his Response, Professor Delfabbro states:

3.9 Paragraphs 53 and 54 summarised the proportion of responses which fell into each thematic category. While the analysis tells us little about the relative proportion of statements in support or not in support (e.g., Casino's role in the city generally: good or bad?), the evidence is quite consistent and my earlier criticisms of the clarity of presentation do not undermine the general validity or direction of the findings. I observe, however, that the respondents, who were consistently positive about the ongoing operation of the Casino, were supply chain partners, charitable trusts and corporate sponsorship recipients, all of whom benefit from the Casino's operation.

51. Here Professor Delfabbro raises a concern that the respondents who were consistently positive about the ongoing operation of the Casino were supply chain partners, charitable trusts and corporate sponsorship recipients, all of whom benefit from the Casino's operation.

52. I am also concerned about this point made by Professor Delfabbro and believe this is a deficiency in the CIR.

Capturing the views of the wider community

53. At paragraph [3.12] of his Response, Professor Delfabbro states:

3.12 Paragraph 70 refers to my criticism of the presentation of isolated quotes. I agree that the point would not have been reflected in different conclusions because the community organisations that were interviewed were generally very positive about the Casino. I have already observed the common features of the organisations interviewed. As a result, it is questionable that the CIR adequately captured the views of what might be called the 'broader community'.

54. Here Professor Delfabbro reinforces his concern that it is questionable that the CIR adequately captured the views of what might be called the 'broader community'.

55. Again, I am also concerned about this point made by Professor Delfabbro and believe this is a significant deficiency in the CIR.

Australian or International Research

56. At paragraphs [3.14] and [3.15] of his Response, Professor Delfabbro states:

3.14 Paragraph 74 dismisses the possible benefits of drawing on Australian research. In my view, it is perfectly reasonable to draw on research conducted in a country as similar as Australia as well as on the results of other international research to advance the hypothesis that the Casino is likely to attract a higher proportion of higher risk gamblers. The hypothesis arises from the point already made that the size of the NGS Christchurch sample does not allow separate analysis of casino patrons, as opposed to gambling patrons in Christchurch generally.

3.15 My point is that national Australian research (a major report by the S.A. Centre for Economic Studies on casino gambling in Australia in 2016 produced for Gambling Research Australia) showed that the risk-profile for casino gamblers is generally higher than for other venue types. This is due to the demographic profile of gamblers who tend to choose casinos as a place to gamble. In other words, when one is considering the social impact of gambling in the region with reference to where higher risk gamblers are likely to be found gambling, the casinos may have a disproportionate number of these people. To be clear, it does not imply an exposure effect (casinos cause problems), but rather a selection effect (casinos are likely to attract more of these sorts of people). This is an area of social impact which I consider that the CIR could have mentioned, even though appropriate data to conduct analyses of the risk profile of the Casino's patrons was not available.

57. Here Professor Delfabbro reinforces his view that it is perfectly reasonable to draw on research conducted in a country as similar as Australia as well as other international research, especially that concerning the hypothesis that the Casino is likely to attract a higher proportion of higher risk gamblers.

58. I agree with Professor Delfabbro that this is an area of social impact which the CIR could have mentioned, even though the appropriate data to conduct analyses of the risk profile of the Casino's patrons was not available.

Narrow Range of Public Submissions and Community Consultation

59. At paragraphs [3.17] to [3.20] of his Response, Professor Delfabbro states:

- 3.17 My remaining observation of concern relates the narrow range of public submissions in addition to the narrowness of the community consultation responses for the CIR.
- 3.18 The vast majority of the submissions are very brief and generally contain little more than an endorsement or disapproval of the licence continuation. Around 90% of the submissions appear to be in support of licence renewal.
- 3.19 The submissions strongly reflect the vested and personal experiences of the parties concerned. Endorsement of licence renewal comes from parties who work at the Christchurch Casino, have dealings with the Casino, who receive financial support or other benefits from the Casino's operation (e.g., community groups and sporting clubs); or people who work in tourism, hospitality and entertainment. In contrast, the smaller number of adverse submissions came from parties who have been affected by problem gambling or whose principal organisational mission is to address the problems caused by problem gambling.
- 3.20 The result is a relative lack of feedback from the wider community, who presumably do not experience such direct benefits or detriments from the Casino as the parties who were consulted for the CIR or who made submissions. This is unsurprising; unless members of a community feel directly affected by something, they seldom feel compelled to file submissions.

60. Here Professor Delfabbro's remaining concern relates to the narrow range of public submissions in addition to the narrowness of the community consultation responses for the CIR. He is especially concerned that the submissions strongly reflect the vested and personal experiences of the various submitters. The result he says is a relative lack of feedback from the wider community.

61. I hold similar concerns to Professor Delfabbro and believe that the relative lack of feedback from the wider community is a deficiency both of the CIR and the overall feedback from submissions.

62. I support Professor Delfabbro's view that a formal survey specifically asking about the Casino would have been a better way to have assessed such views.

FURTHER OUTSTANDING ISSUES IN THE CIR AND CCL EVIDENCE

63. I understand that the Commissioners essentially have two decisions to make at this Hearing:

- a. whether or not to renew the licence; and
- b. if the licence is renewed, what new or different conditions to attach to the licence.

64. Schedule 1 of the Gambling Act 2003 sets out the Conditions that may attach to a casino licence. These include:

Initiatives to encourage responsible gambling.

Initiatives to minimise harm.

Arrangements for any contributions to the community.

...

Conditions regulating the number of gaming machines and table games, and the ratio of one to the other, and player space and positions at tables and machines.

65. Condition 9 is important because PGF believes a key weakness of the CIR and the evidence of CCL is a failure to distinguish clearly between the different modes of gambling that CCL provides, and especially how much of the social harm is caused by the 500 electronic gaming machines ('EGMs') in the casino, compared to table games.

Product Differentiation

66. I note that Professor Delfabbro said the following in his Peer Review of the CIR regarding product differentiation:

“The only substantial concern I had concerning the CIR was the validity of its conclusions concerning the impact of Casino gambling on problem gambling.” (paragraph [22])

“I was also surprised to see so little analysis of the different products offered by the Casino in this chapter ... Moreover, when considering the social impacts of the Casino’s activity, it would be useful to know if there is a difference between table games and EGMs.” (paragraph [36])

“Another example of where I questioned the lack of product differentiation was on page 60 where Table 5.5 sets out people’s views on socially undesirable gambling activities. Non-casino gaming machines are rated the highest (i.e., worst), but there is only reference to ‘casinos’. A casino has both gaming machines and table games. Without any comment on the limitations of these categories, the reader might come away thinking: ‘EGMs outside casinos = bad’, casinos = not so bad, but what if the questions had referred to gaming machines in casinos?” (paragraph [37])

67. In response to these criticisms raised by Professor Delfabbro, Mr Baines says the following in his Evidence for CCL:

63 At [36], again with reference to Chapter 5, Professor Delfabbro expresses surprise at “*so little analysis of the different products offered by the Casino in this chapter.*” The different products offered by the Casino are described in Chapter 3 (section 3.3.3) entitled The Christchurch Casino ...

64 At [37], Professor Delfabbro “*questioned the lack of product differentiation*” regarding the data presented in Table 5.5 of the CIR, noting that “*A casino has both gaming machines and table games.*” The simple fact is that the NGS question about views on socially undesirable gambling activities did not differentiate table games and EGMs inside casinos. I am inclined to agree with Professor Delfabbro’s implied preference – that it would have been interesting if the NGS question had provided for such differentiation. Nevertheless, I am not prepared to speculate on what that might have revealed regarding the comparison of attitudes between non-casino gaming machines and casino-based EGM’s.

65 At [38], Professor Delfabbro states *“it is clear that the authors wanted to mount a case that the probability of problem gambling was highest for gaming machines”* (emphasis added). His inference is incorrect. Our report simply reflects the consistent messages derived from interviews with a range of counsellors and gambling inspectors and also from the NGS. I note that later in [38], Professor Delfabbro himself states *“gaming machines which most research has shown to be the highest risk activity.”*

68. In paragraph 63, Mr Baines responds to Professor Delfabbro by referring to section 3.3.3 of the CIR. But I am of the view that this section of the CIR merely provides a description of the casino’s different offerings, not an analysis of the different products offered by the casino.

69. In para 64 of his Evidence, I believe Mr Baines avoids the issue by focusing on the NGS data and not the Ministry of Health data that he has used elsewhere.

70. In para 65, it appears that Mr Baines and Professor Delfabbro are in agreement: problem gambling is in fact highest for gaming machines.

71. PGF remains concerned at how Mr Baines handles ‘product differentiation in various places within the CIR. These are as follows:

- a. the two figures on page 66 of the CIR (figures 5.2 and 5.3) provide a breakdown of problem gamblers receiving assistance, for New Zealand as a whole and for the Canterbury region, and they both provide a breakdown between Casino EGMs and Casino Table Games.
- b. Visually, these tables show that EGMs create more gambling harm than all other modes of gambling combined, and that casino EGMs appear to create more gambling harm than table games (by this measure) in Christchurch than for the whole of New Zealand. But neither the CIR nor Mr Baines in his Evidence draw attention to these conclusions that can be taken from those graphs.
- c. Later in the CIR, there is a focus on the gambling mode preferences of different ethnicities (under the subheading “Analysis by ethnicity”, pages 118

to 123), but this aggregates Casino EGMs and Table Games together into a single category of “Casino Gambling” throughout that discussion.

d. The CIR discusses modes of gambling again under the subheading “*MoH data on help-seeking by ‘affected others’*” on pages 126-127, but again only in terms of casino gambling as one category.

e. In section 6.4.3 of the CIR (pages 151-152), the graph in figure 5.3 is repeated as figure 6.4, in the context of discussing changes in gambling harm that might be seen should the casino close. Again, the two casino gambling modes are aggregated together.

72. Overall, PGF believes the criticisms of Professor Delfabbro that there has been little analysis in the CIR of the different products offered by the Casino (that is, table games and EGMs) are well founded. PGF believes that this is a major deficiency in the CIR and Evidence of CCL.

73. Because the Gambling Commission may place conditions on the casino’s licence and those conditions may include “*regulating the number of gaming machines and table games, and the ratio of one to the other*”, this deficiency in the CIR and Evidence of CCL is of further significance as it undermines the ability of the Commission to make such conditions. Without a proper analysis of the effects of the number of gaming machines and table games, and the ratio of one to the other, the Commission is hamstrung in making any considered decisions about conditions it might apply in this regard.

74. PGF believes that the relative harm caused by each mode (EGMs and table games), and therefore the social impacts of changing the number of gaming machines and table games, and the ratio of one to the other, should have been a key consideration of the CIR.

Economic Scenarios

75. PGF believes the same criticism can be made of the economic analysis.
76. Professor Delfabbro's criticisms in his Peer Review were addressed by Mr Butcher, and Professor Delfabbro accepted this response.
77. However, Professor Delfabbro does not appear to have identified a flaw in the economic analysis, which is that the economic analysis only puts forward two scenarios: (1) the casino continues to operate or (2) it does not.
78. Neither the CIR, nor the Evidence of Mr Butcher presents a scenario in which the number of EGMs at the casino is reduced by (say) 25%, 50%, 75% - or even reduced to zero, leaving only the table games.
79. While PGF accepts that incorporating such scenarios might have made the economic modelling more complex, we believe it would have been feasible. Certainly modelling the financial impacts on the casino would have been feasible.
80. Again, because the Gambling Commission may place conditions on the licence that include *"regulating the number of gaming machines and table games, and the ratio of one to the other"*, this deficiency in the CIR and the Evidence of CCL in terms of modelling the economic impacts of reducing the number of EGMs at the casino by (say) 25%, 50%, 75% - or even reduced to zero, leaving only the table games is of further significance as it undermines the ability of the Commission to make such conditions. Without a proper analysis of the effects of reducing the number of gaming machines versus table games, and the ratio of one to the other, the Commission is hamstrung in making any considered decisions about conditions it might apply in this regard.

CONCLUSIONS

81. In conclusion, PGF holds the following outstanding concerns:

- a. the introduction to the CIR should have included a thorough discussion of what is meant by the expected social and economic effects (including, for example, effects on health and mental health, families and children);
- b. the CIR does not report on the expected social and economic effects in light of the purpose of the Act to control the growth of gambling;
- c. the CIR has only reported on those matters covered by markets and monetary transactions (or financial effects) and not non-market costs and benefits (or economic effects);
- d. there is only limited data and analysis regarding the economic impact of casino gambling in New Zealand, despite 25 years of casino gambling and the opportunity for CCL to have properly funded such research in the Christchurch region;
- e. the CIR applies the standard economist's assumption of rational decision-making to gambling (despite gambling being addictive and therefore resulting in irrational decision-making);
- f. there is a deficiency in the level of consultation undertaken in preparing the CIR, especially regarding the broader Christchurch community;
- g. there are limitations in using NGS data to gauge local attitudes towards the Casino and a formal survey should have been undertaken;
- h. there is a deficiency in the level of consultation with ethnic communities and especially Māori (who as Te Tiriti o Waitangi partners must be consulted);

- i. there is a deficiency in the information used for the CIR suggesting that the results have under-represented harm related to casino gambling in the Christchurch community;
- j. there is an over-representation of respondents from supply chain partners, charitable trusts and corporate sponsorship recipients, all of whom benefit from the Casino's operation;
- k. there was a reluctance on the part of the authors of the CIR to use relevant Australian or other international research;
- l. there was a narrow range of public submissions in addition to the narrowness of the community consultation responses for the CIR such that there has not been sufficient feedback from the wider community;
- m. there has been little analysis in the CIR of the different products offered by the Casino (that is, table games and EGMs) and this is a major deficiency in the CIR and Evidence of CCL. Further, without a proper analysis of the effects of the number of gaming machines and table games, and the ratio of one to the other, the Commission is hamstrung in making any considered decisions about conditions it might apply in this regard.
- n. neither the CIR, nor the Evidence of Mr Butcher presents a scenario of the economic effects of the number of EGMs at the casino being reduced by (say) 25%, 50%, 75% - or even reduced to zero, leaving only the table games. Again, this leaves the Gambling Commission hamstrung in making any considered decisions about conditions it might apply to reduce EGMs.
- o. CCL had 25 years to properly prepare for the renewal of its licence and any responsibility for deficiencies in the CIR or other information before the Commissioners must fall to CCL and not to the general community.


82. PGF believes that many of these concerns are such that there is insufficient information on which the Commissioners can make an informed decision.

Specific Recommendations on License Conditions

83. In addition to these concerns, PGF has made recommendations concerning the licence conditions as detailed earlier in my Evidence:

- a. Improved harm minimisation standards;
- b. annual independent audit of the outcomes of the Host Responsibility Programme;
- c. annual report on the impacts for Maori under the Treaty of Waitangi;
- d. annual report on the impacts on vulnerable populations, such as Pasifika and Asian populations;
- e. a minimum number of counselling sessions as part of exclusion interventions;
and
- f. better staff training and salary arrangements

Dated 19 November 2018



Paula Snowden

