

CHiLD POVERTY ACTION GROUP

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*Social Services Select Committee
Parliament Buildings
Wellington*

Submission:

Gambling (Gambling Harm Reduction) Amendment Bill

Child Poverty Action Group (Inc) (CPAG) is a non-profit group formed in 1994, and made up of academics, activists, practitioners and supporters. CPAG has a strong education and research role which enables it to contribute to better informed social policy to support children in Aotearoa New Zealand, specifically children who live in poverty.

Submissions

- CPAG broadly supports the aim of this Bill to minimize the harm from gambling in low-income communities, especially among Maori and Pasifika. Reducing the harm from gambling is a valid and worthwhile social policy goal
- CPAG submits that the legislation needs to specify that 80% of **net** funds goes back into the community (as specified in clause 9) in order to ensure trusts can meet expenses including rent and administrative expenses and to avoid confusion over what this 80% figure refers to.
- CPAG supports the part of the clause specifying funds must be returned to the local area from whence they were derived.
- CPAG submits steps to minimize on-site harm must be backed up by credible and adequately enforcement and that more onerous penalties be put in place to back such enforcement.
- CPAG submits that repeat offenders (say three violations of licence conditions) results in permanent cancellation of that operators venue licence.
- CPAG submits that clause 8 (2) (c) which refers to 'public sentiment' as a basis for deciding whether or not to issue a licence be deleted. We believe that the idea of 'public sentiment' is too loose to be seriously included as a criteria for determining public policy questions.
- CPAG submits greater thought needs to be given to who would administer pokie machine money in the event that the existing trusts are wound down. We do not support the distribution of fund pokie machine funds by local councils, especially as councils are also charged with administering other aspects of the legislation, including issuing licences to operate.

Overview

CPAG welcomes this review of the Gambling Act 2003, and the chance to revisit the impact of class 4 gaming machines ('pokies') and venues.

A key feature of the existing legislation is the limited opportunity communities currently have to limit the number of pokie machines in their neighbourhoods. While CPAG generally welcomes communities having a greater say in the number of pokies in their neighbourhoods, we have some reservations about some aspects of the Bill.

CPAG also welcomes the chance to reconsider the role of gaming machine trusts in the collection and distribution of gaming funds, although we do not view the role for Councils suggested here as a suitable alternative for reasons discussed below.

We are, however, broadly supportive of the Bill and endorse its aim of reducing the harm done by pokie machines in low-income communities, and to Maori and Pasifika peoples in particular. Notwithstanding the claims of the gaming trusts, the fact is that only a small proportion of the funds lost to pokie machines in the poorest communities ever come back as grants.

CPAG also supports the emphasis on the right to operate a class 4 machine as set out in local authority policy as a licence to operate rather than a property right. Operators are in communities often against the will of communities themselves, and as such they do not have an inalienable right to be there.

The diagrams at the end of this submission show the expenditure per capita on pokie machines alongside the number of machines per capita in New Zealand as a whole, and for the Auckland region. What is striking is that the most affluent regions and suburbs do not have the same density of pokie machines as much poorer towns and suburbs, for example Kowhai and Papakura in South Auckland. So, for example, Orakei which includes Remuera, Mission Bay and Kohimarama, has an exceptionally low concentration of 17 machines for every 10,000 local population and a spend of \$69 per person per year. This compares with Papakura, which has a concentration of 45 machines per 10,000 people and spend per person of \$271. It is not enough to argue that low-income communities are simply exercising 'choice'. Pokie machines present a clear social hazard in communities with a high proportion of residents desperate for cash, and are designed to be addictive. Like any addiction, it is not just the individuals concerned who are affected: it is their families, communities, and in some cases their employers. Reducing the damage from pokie machines does not limit anyone's 'choice', and is a valid and worthwhile social policy goal.

Clause 6

At present about one third of class 4 gaming funds goes to the government, a third goes to the charitable trusts, and an average of 37% goes back to the community as grants (only 3% in the case of SkyCity). Some smaller community trusts put a much larger proportion of funds back into the community, although we are not aware of any who put 80% back in grants as specified by Clause 6 of this Bill.

CPAG submits that the legislation needs to specify that 80% of **net** funds goes back into the community (as specified in clause 9) in order to ensure trusts can meet expenses including rent and administrative expenses. We support the part of the clause specifying funds must be returned to the local area from whence they were derived.

CPAG supports clause 6(2) which specifies gamblers should be given information, and seeks to minimise gambling harm at the venue. We also note this must be backed up by credible and adequately resourced enforcement, especially in view of revelations of the hands-off monitoring of SkyCity's host responsibility programme by the Gambling Commission. We submit that repeat offenders (say three violations of licence conditions) results in permanent cancellation of that operators venue licence.

Clause 8

CPAG supports local authorities adopting a class 4 gaming machine policy, but we have reservations about "public sentiment" being used to determine policy. What, exactly, is "public sentiment"? Given that this term is vague and has no legal basis, CPAG submits that clause 8 (2) (c) be deleted.

Clause 10

Clause 10 moves the administration and distribution of the proceeds from class 4 gaming machines from the existing trusts to council-appointed organisations. CPAG submits that this is problematic for two main reasons. The first is that councils do not have the expertise to administer, control and distribute such funds.

More importantly, as councils are also tasked with setting gaming machine policy, there is an inherent conflict of interest in one organisation setting policy on the one hand and distributing funds, or appointing boards to distribute funds, on the other. Given the nature of council politics it is easy to imagine a situation whereby low-income communities are tasked with funding their own infrastructure and social infrastructure improvements through the proceeds of the gambling of the most vulnerable members of that community. We submit greater thought needs to be given to who would administer pokie machine money in the event that the existing trusts are wound down. We do however believe that the process of allocation needs to be more transparent than it is at present.

FIGURE 1: Comparison of availability of gaming machines with per-capita gambling losses for New Zealand communities - year ending March 2012

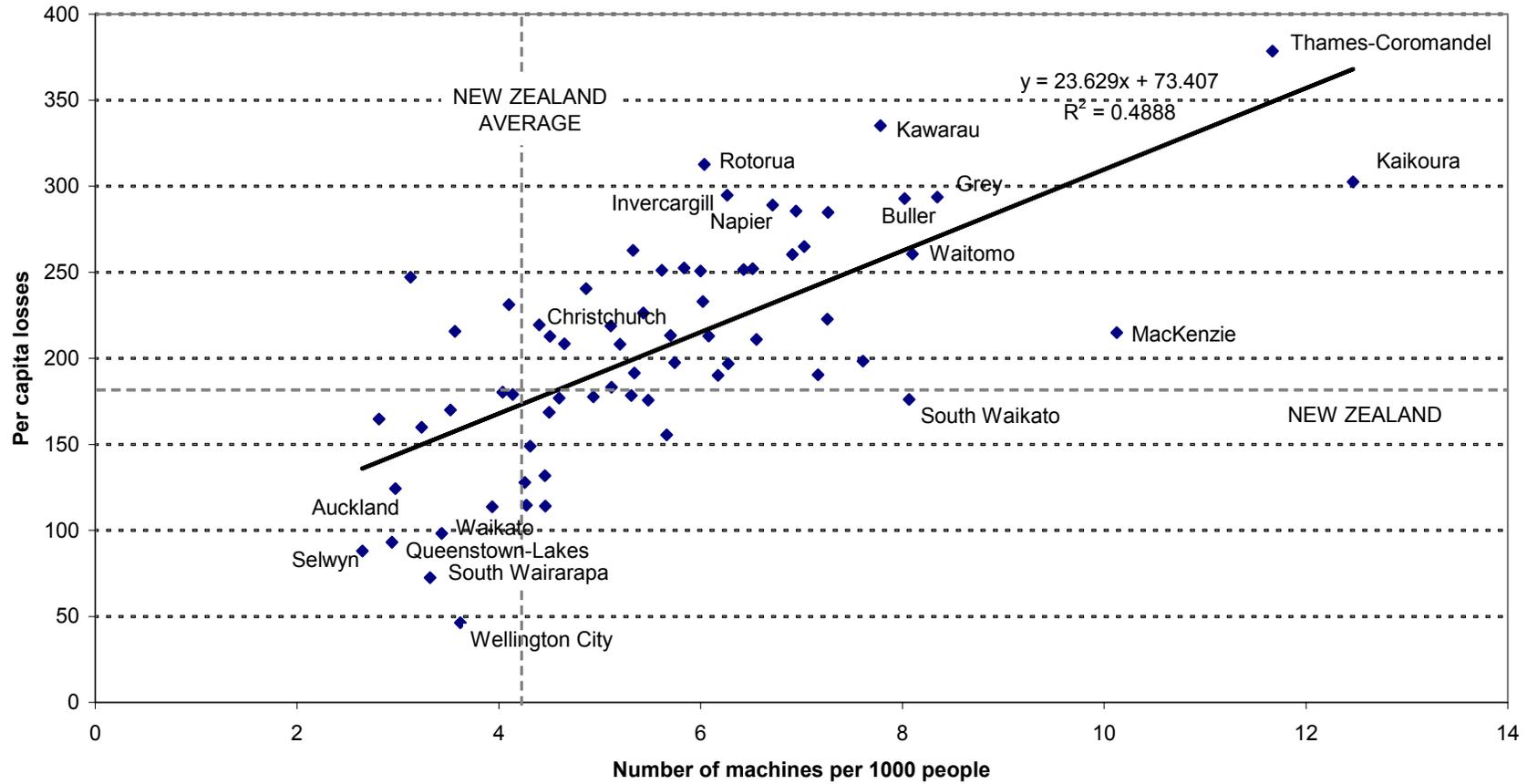


FIGURE 2: Comparison of availability of gaming machines with per-capita gambling losses for Auckland communities - year ending March 2012

