



Gambling (Gambling Harm Reduction) Amendment Bill 2010 (Member's Bill)
Commerce Select Committee

The Salvation Army (New Zealand, Fiji and Tonga Territory) Submission:

1. BACKGROUND:

1.1 The Salvation Army is a worldwide evangelical Christian Church and human service provider committed to caring for people, transforming lives and reforming society. The Salvation Army works with people in need, whoever and wherever they are; transforming lives through spiritual renewal; working to reform society by alleviating poverty, deprivation and disadvantage; and challenging evil, injustice and oppression. During 125 years of operation in New Zealand, the Army has carried its social services to people of all ages, regardless of culture, financial position, religious belief or social class.

1.2 The Salvation Army Oasis Centre for Problem Gambling was established in Auckland in June 1997 in response to the growing evidence that the considerable influx of gambling opportunities were having a negative social impact on society¹. Since then the numbers of clients seeking help for gambling related problems have increased dramatically. Consequently The Army's problem gambling treatment services have expanded to six major cities (Auckland, Hamilton, Tauranga, Wellington, Christchurch and Dunedin), with satellite clinics across the country. We are funded by the Ministry of Health to provide problem gambling treatment services.

The Oasis Centres offer a free outpatient service for gamblers, their families and affected others, alongside public health services, and are staffed by qualified and experienced gambling and public health practitioners. The Army also has a national addictions leadership team supported by the larger Salvation Army administrative infrastructure.

1.2 This submission has been prepared by The Social Policy and Parliamentary Unit (SPPU) of The Salvation Army². SPPU is the social policy analysis and research arm of The Salvation Army. The Unit was founded by Major Campbell Roberts and works towards the eradication of poverty by encouraging policies, practices and structural systems that strengthen the social framework of New Zealand. SPPU releases research reports on specific social issues, a

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² <http://www.salvationarmy.org.nz/research-media/social-policy-and-parliamentary-unit/>

monthly e-newsletter, unique policy advice and analysis and engagement with policy and decision makers, business leaders, politicians and other members of our communities.

SPPU acknowledges the crucial support of our Oasis staff in the preparation of this submission. We particularly thank Lisa Campbell (National Operations Manager-Oasis), Jeanette Arnold (Oasis Tauranga) and Vicki Hirini (Oasis Wellington) for their invaluable insights.

- 1.3 This submission has been approved by Commissioner Donald Bell, the Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.
- 1.4 We would like the opportunity to publicly talk to these issues with the Government that are raised in this submission. Our contact details for this submission are at the end of this paper.

2. THE SALVATION ARMY PERSPECTIVE:

- 2.1 We wholeheartedly believe that problem gambling created and catalysed by things like electronic gaming machines (pokies) are hugely detrimental and destructive to whanau and communities around New Zealand. We believe it is abhorrent that up to 85 per cent of problem gamblers in New Zealand use pokies as their main form of gambling³. We are also acutely aware that Maori and Pacific adults are 3.5 times more likely than other adults to become problem gamblers⁴. These figures are alarming for The Salvation Army as we are located in communities with high Maori and Pasifika communities around the country and work with these people and whanau everyday of our work through our churches, employment programmes, food banks, family stores, social workers and budgeters.

Moreover, we want to highlight the scary fact that these pokie machines are more likely to be located in poorer, impoverished communities (1 machine to every 75 people) rather than wealthier communities (1 machine to every 465 people)⁵. Again, these poorer communities are exactly where The Salvation Army is situated and we deal with problem gambling issues, primarily through our Oasis Centres, every single day we are open!

- 2.2 We acknowledge that other groups such as the Problem Gambling Foundation New Zealand (PGFNZ) have provided valuable and voluminous information around the harms caused by problem gambling. We also acknowledge their expertise and innovation in this

³ <http://www.pgfnz.org.nz/Uploads/Library/01NZGam.pdf>, page 1.

⁴ Ibid page 2.

⁵ Ibid page 2.

area and we have partnered with PGFNZ and other partners with initiatives like the Community Awareness Bus Tours⁶.

- 2.3 The Salvation Army applauds the development of this Private Member's Bill. Furthermore, we particularly support the Bill's focus on the harm, both potential and real, that problem gambling can have amongst our whanau and communities. The Hon. Te Ururoa Flavell stated, in launching this Bill on 4 April 2012, that a social hazards agenda was a *part* of the relationship agreement between the Maori Party and the National Government in this new government.

We strongly implore both the Maori Party and National Government to continue to prioritise social hazards and social policy issues during this term in government. But we encourage policy makers and decision makers to develop creative and effective solutions that address poverty and social issues in New Zealand.

- 2.4 Our Mission Statement identifies our three key priorities: caring for people, transforming lives and reforming society. We believe that the Gaming/Gambling industry in New Zealand is a major cause of damage we see in the lives of people we walk alongside and work with. The fact that the location of over 50% of pokie venues is in the most vulnerable neighbourhoods is a social injustice of significant proportions.

- 2.5 The Drivers of Crime initiative⁷ and research undertaken by this Government highlights some of the most potent behaviours that can lead people to criminal behaviour. Problem gambling is listed as one of these drivers of crime. Problem gambling is directly linked to:

2.5.1 High levels of Domestic violence - partners of problem gamblers are 10.5 times more likely to experience abuse than other adults.

2.5.2 Child abuse - children of problem gamblers are nearly 3 times more likely to suffer abuse and neglect than other children.

2.5.3 The second highest reason given by people guilty of fraud is problem gambling.

2.5.4 One in every 4 male prisoners and 1 in every 3 female prisoners is likely to have problem gambling issues. So we are acutely aware of the devastation and gambling in our communities and inter-generationally within our whanau!

- 2.6 The Army is also aware of the difficult tension here where positive social and community initiatives are being funded by detrimental activities like problem gambling. There is a culture of dependency wherein iwi and community groups are to some degree dependent on

⁶ These bus tours are hosted collaboratively by PGFNZ, Raukura Hauora o Tainui, The Salvation Army Oasis Centre, South Seas Healthcare Trust, Asian Family Services and Mapu Maia.

⁷ <http://www.justice.govt.nz/justice-sector/drivers-of-crime/documents/drivers-of-crime-ministerial-meeting-proceedings>

this type of funding. We believe this is a very tough position. Why are these groups applying for these types of funds? Are funding streams from local and central government adequate enough given the reliance on this type of funding? This dependency and culture must be broken with more sufficient funding and contracting schemes and processes.

3. RESPONSES TO SPECIFIC AMENDMENTS TO LEGISLATION:

The sections below are our responses to specific amendments to legislation. In Minister Flavell's speech in launching this Bill and in the General Policy Statement for the Bill, five key areas of statutory change are mentioned. We will comment accordingly on these areas.

3.1 *Local authorities and pokie machines - Clause 8 of Bill*

3.1.1 The new section 101 (2) under Clause 8 is a positive step. This new subsection broadens the matters councils need to regard with their gambling venues policies. We wonder if more clarity is needed around how these matters are considered and how this information is gathered, critiqued and disseminated.

3.1.2 We can see the huge amount of power and authority being delegated to councils via this Clause over the existence and location of class 4 gambling venues. This power needs to be managed effectively and held accountable. We continue to acknowledge the devastation caused from these machines. But we can see other flow-on effects of these new changes. These include effects on the businesses housing these pokies and potential populist campaigns to remove some or all venues by communities.

Again, this new transferral of power and responsibilities to local authorities is a step in the right direction but they are steps that need transparency, accountability and monitoring.

3.2 *Racing and racing-stake money as an authorised charitable purpose - Clause 5 of Bill*

3.2.1 This is one of the most reprehensible situations of the current system. Racing is a fully fledged business and industry. There have been some National MP's who have indicated that to remove racing and racing-stake money as a charitable purpose could have far-reaching effects on this industry. We refute these suggestions. We see this racing as a stand-alone industry that should not receive proceeds of gambling losses and should therefore not be considered a charitable purpose under this Act.

3.3 Distribution of proceeds - Clause 6(1) of Bill

- 3.3.1 We seek further clarification the phrase *all funds derived from gambling* found in Clause 6(1) of the Bill. Does this statement refer to the net player losses (stakes less prize money paid out) or does this refer to the net amount available for distribution after venue costs and taxation have been accounted for?
- 3.3.2 Clearly these are crucial elements. The current situation is that trusts have to distribute a minimum of 37.12 per cent of net player losses to authorised purposes. These trusts and corporate societies also pay GST, a levy to government, rental and site fees to venues and other administration costs and overheads. There needs to be greater clarity as to what funds this section is describing.
- 3.3.3 We acknowledge that Clause 9 of the Bill specifies the funds to be distributed as the 'net proceeds'. This is defined in the principal Act as the funds remaining after prizes, venue costs, taxation and administration costs have been paid. But we still advocate for consistency in these terms because large amounts of funds are affected here.
- 3.3.4 We would also like clarification as to why an 80 per cent figure is chosen by the government. We would like to see a greater amount set as a minimum benchmark to allow for more funds being made available to iwi and community groups. Until other alternative streams of funding are identified by the Government and communities, we believe greater clarity is needed here. We want iwi and community groups to be able to generate and access funds from other more positive sources. But until these are clearly identified or the Government's funding agenda changes, then these groups will continue to face the tension of applying to gambling and gaming related funds for social-good projects.
- 3.3.5 We are very supportive of the tenements of this Bill that funds are returned to the geographic areas where the losses were incurred.

However we note that there is, as a consequence, a smaller pool of funding for other initiatives that happen in other communities. This limited fund *after* the 'at least 80 per cent is removed' (more or less 20 per cent) will then have to service applications for projects that do not fit the geographic focus of the Act.

The crucial thing here is that the Act's focus on that geographical area becomes clearer in policy and practice. Applying for Pokie funding from Trusts is an ethical dilemma for many social service providers. But they are driven to this

putea or funds because there are limited funding streams available to them.

3.4 *Pokie trusts or corporate societies - Clause 10 of Bill*

3.4.1 We believe the shift away from corporate societies managing these funds is somewhat positive. But there must be caution exhibited here. We understand that councils are large bureaucratic organisations that perform a multitude of functions for their communities. Therefore we are aware of the potential politicisation in and pressure put on councils to perform the functions once undertaken by these trusts or societies. There has been a long history in New Zealand of exerted influence by specific industries, businesses and lobby groups on council decisions and processes. We want to ensure that there is transparency and accountability for councils as they undertake these new statutory obligations.

3.4.2 Under Clause 10 with the new section 110 (A), corporate societies will have to distribute all proceeds they have from class 4 gambling by June 2012.

3.4.2.1 We are interested to know what will now happen with these organisations. Although there has been some evidence of extreme secrecy and some complaints of how these groups operated, they were still funding iwi and community projects. What will now happen to them during this transition period?

3.4.2.2 Additionally, what will happen to the projects these societies are currently funding? How do councils ensure that these projects are assessed fairly when deciding their new funding agreements? If these current projects fit within the new statutory criteria, what will happen to them?

3.4.3 Some councils provide some social services for their communities. Like other sectors, local government funding has been limited by central government decisions. We want to ensure that the temptation for councils to use pokie funds for existing council social projects is eliminated.

3.4.4 The scale of these new responsibilities is massive. The Explanatory Note to this Bill stated that this new funding responsibility for councils is modelled on the Creative New Zealand creative funding committees⁸. In 2011, the Department of Internal Affairs detailed that 42 of the 49 non-club corporate societies across the country distributed over \$230 million to communities. The new council funding

⁸ Explanatory Note, page 2.

committees will be charged with distributing a similar amount. Will they be adequately supported and informed to do this? Will the members be skilled enough to handle these large amounts of funds?

3.4.5 Related to this is the criteria for members of the new council funding committees under the new section 110 (B) (3). How will potential and real conflicts of interests for these members be handled? Will they be skilled enough and equipped by the council to perform these tasks properly? How do we ensure that appointments to these committees are fair and not politicised?

3.4.6 Under the new section 110 (B) (2), community consultation is made mandatory. We applaud this. However, we believe a common, consistent and effective definition of what actually constitutes 'community consultation' for these purposes needs to be established for all councils.

There needs to be consistency as to how this engagement takes place, the relevant timeframes, who will undertake the consultation, what will happen to the information gathered here and other critical factors. The Salvation Army is a national and international organisation. We understand that every community is unique and different and we want the opportunity to speak into any community consultation or engagement taking place in the communities we are located.

3.4.7 We can also see other issues that may arise with this statutory transition to council funding committees. Who will own the actual machines? How will councils who *were* regular applicants to corporate societies handle this new process with transparency?

3.4.8 Additionally, these funding committees, under the new section 101 (3) (c) can prohibit and even eliminate the operation of pokies in their communities. If pokies are indeed limited or prohibited, what other consequences if they disappear? Will other mechanisms for problem gambling emerge?

The Salvation Army definitely wants the prohibition and/or removal of pokie machines from our communities. However, we know that some people in our communities might turn to other forms of gambling to fuel their addictions. If this happens, these people would remain trapped in these cycles of addiction and poverty. These new committees must be aware of the ramifications of their decisions and we invite them to consult with groups like The Salvation Army and PGFNZ when making these decisions.

3.5 *Player tracking devices etc - Clause 6 (2) of Bill*

- 3.5.1 We see some merit in pre commitment cards, and or player tracking devices in assisting people to contain their gambling, or at the least to flag issues arising from their gambling. We acknowledge that player-tracking devices are to be introduced to all machines since this Bill was drafted. This follows the practice in Australia around pokie machines. We support this process both in legislation and practice.
- 3.5.2 Since we are working with and alongside problem gamblers, we have become aware of other elements which contribute to a person's gambling issues.

We strongly recommend that there is investigation and legislation to prohibit money machines from gambling venues. The more money is made available to problem gamblers, the more temptation and accessibility they have to fuelling their addictions. We want more support to train venue staff to identify possible problems around repeat eftpost withdrawal transactions by patrons and provide tips for staff in addressing these situations.

4. SUMMARY:

Overall, The Salvation Army is very supportive of the changes set out in this Bill. We applaud the Member of Parliament who designed and moved this Bill. We commend the Government for again venturing into a tough social area, problem gambling, that adversely affects many of our whanau and communities.

However, as stated throughout our submission, caution is needed in several areas. Also, further investigation is needed in areas like determining alternative funding streams or the composition and support of the new council funding committees.

We continue to strongly advocate for greater clarity, transparency and accountability in this area, particularly as councils will foreseeably take on these new significant tasks.

We also advocate for continued bravery and creativity for the Government to continue to prioritise social issues and hazards in their agenda for the country. Thank you for this opportunity to speak to these issues. God bless our nation.

For more information, please contact:

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