



## New Zealand International Convention Centre Bill Commerce Committee

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

#### 1. BACKGROUND

- 1.1 The Salvation Army is an international Christian church and social services organisation that has worked in New Zealand for over one hundred and thirty years. During this time, The Salvation Army has established a national network of corps (churches), family stores and community ministry delivering essential Christian and social services for New Zealand communities.
- 1.2 One of the key components in this network is The Salvation Army Addiction Services Programme. Within this programme are our Oasis Problem Gambling Services Centres. Our Problem Gambling Services offer a free and confidential outpatient service for problem gamblers and their families. We also offer face-to-face counselling or group interactions for clients. We can also make referrals to other specialist services or self-help groups if appropriate.
- 1.3 Our Problem Gambling Services are located throughout Auckland (Royal Oak, Henderson, North Shore and Manukau), Hamilton, Tauranga, Wellington (Newtown, Upper Hutt and Lower Hutt), Dunedin and Christchurch. These services are primarily funded by the Ministry of Health.
- 1.4 The Salvation Army sees every day the damaging effects of people addicted to gambling through our Problem Gambling Services and through the other social services we provide. We have consistently advocated for a harm minimisation approach to addictions problems. In recent times, we have advocated for stronger controls and laws around the sale of liquor, psychoactive substances, and the reduction in harm arising from problem gambling. More often than not, our cries have fallen on deaf ears.
- 1.5 The Salvation Army believes this Bill will likely create more opportunities for people to engage in problem gambling behaviours and consequently cause more harm for an individual, their families, and their communities. This Bill will likely pass into law because the economic arguments espoused by the Bill's proponents will probably be favoured over alternative perspectives. However, The Salvation Army submits to this Committee that the social harm from these types of laws will haunt Aucklanders and New Zealanders for the coming generations. Furthermore, as this social harm materialises into reality, it will be initially borne by The Salvation Army and other

providers of problem gambling services, as well as by the problem gamblers' family and friends. This likely trickle-down effect from this Bill is a far cry from the razzle-dazzle images of fun, entertainment, and a busy convention centre proposed by the Sky City Entertainment Group Ltd (Skycity) and their supporters.

- 1.6 This submission has been approved by Commissioner Donald Bell, the Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.

## 2. THE SALVATION ARMY PERSPECTIVE

- 2.1 The Salvation Army is **strongly opposed** to the passing of this Bill into law.

The Salvation Army *does* support the development of an international-standard convention centre for Auckland and New Zealand, particularly if this helps boost the New Zealand economy and job market. But we are clearly against Skycity building this convention centre in return for numerous concessions for their casino that will likely cause significant harm that we are all too familiar in dealing with. The following sections detail our perspectives about this Bill.

### 2.2 **A call for political bravery**

- 2.2.1 One of the beautiful things about the Westminster system New Zealand has inherited is the opportunity for members of parliament to have a personal or conscience vote on specific issues. This has been used by the House as recently as the landmark Marriage (Definition of Marriage) Amendment Bill.

- 2.2.2 At the heart of a personal or conscience vote is the ability of the member to *not* vote according to party lines as per voice or party votes. But instead, a member can vote according to their own conscience, as influenced by their background, their beliefs and their constituents or electorates.

- 2.2.3 This Bill will face a conscience vote. We want to challenge the members of this Commerce Committee, as well as all members of the House, to truly vote with their conscience on this Bill. We also challenge all members to *not* vote according to their party lines, even if this might put their political careers at risk.

- 2.2.4 Throughout 2013, The Salvation Army has called on our national political leaders to exercise real political leadership and bravery when dealing with the various social issues facing our nation. This Bill, and the social and economic issues it covers, deserves a true conscience vote that is wholly reflective of the member, their actual conscience beliefs and background, and the constituents they represent.

## 2.3 Constitutional questions

- 2.3.1 We believe many submissions to this Bill will discuss the constitutional questions raised by this Bill and the negotiation process between the Government and Skycity. Much investigation and media coverage has already occurred around these issues.
- 2.3.2 The Salvation Army's position is that if this Bill passes, then we are on a slippery slope regarding our constitutional law. While the Deputy Auditor-General's investigative report has effectively cleared the Government of any 'inappropriate considerations'<sup>1</sup> in negotiating with Skycity for a convention centre, this report also clearly indicated that there was a 'range of deficiencies...and procedural problems' throughout this negotiation and selection process.<sup>2</sup>
- 2.3.3 We submit that a flawed business agreement that clearly favours one private multinational enterprise is now being codified into New Zealand law via this law.
- 2.3.4 Additionally, the relationship between this Bill and the Gambling Act 2003 is unclear, as per clauses 6(2) and 6(3) of this Bill. The gambling regulatory framework implemented by the Gambling Act forbids any new casino applications in New Zealand. Yet we submit that the large number of concessions in this Bill for Skycity is essentially in conflict to the Gambling Act's true intentions to *not* increase casino gambling opportunities.
- 2.3.5 The Salvation Army questions whether the true intent and spirit of the Gambling Act 2003 can really be expressed here given the concessions given to Skycity that will clearly increase gambling opportunities, and subsequently increase instances of problem gambling harm. Again, the harm minimisation intent of the 2003 Act must be prioritised and applied under this new Bill.
- 2.3.6 This Bill, coupled with the recent heavy watering-down of the Gambling (Gambling Harm Reduction) Bill 2010, are major challenges to those groups providing problem gambling services in New Zealand. We note that the Gambling (Gambling Harm Reduction) Bill was also heard and analysed by this very same Commerce Committee. Again, we urge this Committee to exercise real bravery and recommend that this Convention Centre Bill not pass into New Zealand law. We believe that our nation's constitutional integrity and reputation is being tarnished by this Bill.
- 2.3.7 We also query where the voice of the Auckland people is being listened to during this process. The Salvation Army

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<sup>1</sup> Inquiry into the Government's decision to negotiate with SkyCity Entertainment Group Limited for an international convention centre, (2013), Deputy Auditor-General's Office, p. 9.

<sup>2</sup> Ibid p. 9.

strongly supported the Government's plan to create the Auckland Council and give this Council a stronger voice in the running of Auckland. We are therefore concerned that the view of the Auckland Council is not given appropriate weight in this legislation. The Auckland Council has officially voted against this deal and will be lodging a submission opposing this Bill. The mechanisms through which Aucklanders themselves can have a say on a major development that will happen in their city are being bypassed by this legislation.

## **2.4 A closer look at the concessions given to Skycity**

**2.4.1** We submit that the extension of the Skycity casino licence to 30 June 2048 is bad law-making as it directly and specifically benefits a private body for an unprecedented period of time. There are also the well-documented projected economic benefits that have been argued by the Bill's proponents as critical to Auckland and New Zealand's prosperity. However, we contend that in this deal and Bill, private interests are again unnecessarily trumping the public interest and wider common good. We also question the efficacy of locking future governments, Auckland Councils and communities into such a lengthy business arrangement.

**2.4.2** The proposed concessions represent an 8.1 per cent increase in the number of casino gaming machines in New Zealand, and a 20 per cent increase in the number of gaming tables in New Zealand respectively.<sup>3</sup> Therefore, these concessions represent the equivalent of 25.5 *new electronic gaming venues* in Auckland's CBD for a city that has recently passed a 'sinking lid' policy to decrease the amount of gaming machines for the entire city!

**2.4.3** The Salvation Army is also very concerned about the concession that allows 12 of these new gambling tables to be substituted by Automated Table Gambling Player Stations. We believe these stations will lead to more problem gambling situations because:

- Gamblers cannot 'play' the body language of another punter because of the way the electronic terminals are configured at these stations. This is a social disconnect in the game that minimises the social interaction gamblers would usually have at gambling tables.
- Up to 20 people can play at these each table which means Skycity can have more people gambling at these stations than they would usually have at a physical gambling table.

**2.4.4** We also submit that the concessions involving cashless facilities and the \$100 bank note limit on 17 per cent of

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<sup>3</sup> Ministry of Business, Innovation and Employment Regulatory Impact Statement: New Zealand International Convention Centre, p 15 at [92].

gaming machines is another problematic measure that will likely increase problem gambling behaviours and the number of problem gamblers. These concessions fly directly in the face of reports from the Department of Internal Affairs (DIA - 2006) and the Ministry of Business Innovation and Employment (Regulatory Impact Statement - 2013) that clearly warn the Government about the damaging effects of the misuse of cashless facilities, the \$100 limit, and the subsequent erosion of the \$20 note safeguard against problem gambling.

2.4.5 Our contention is that such large concessions should not be given to Skycity and therefore this Bill should not be passed into law.

## 2.5 The interconnectedness of social harm

2.5.1 The Salvation Army works with a wide range of people, particularly those who are facing some form of social, economic or spiritual harm.

2.5.2 We are accustomed to the connections between various issues people are facing. For example, our clients might present initially with a food welfare issue that requires immediate food assistance. But as the situation is unpacked, this food issue is directly related to possibly a debt or budgeting issue. Or it is connected to an addictions issue. The harm, difficulties or injustices people suffer are usually multiple in nature and extremely complex.

2.5.3 The situation is no different with gambling related harm. For instance, in our Manukau Community Ministry Centre between January and July 2013, there were 1152 clients who presented for other services e.g. food welfare, budgeting, other social welfare etc. Forty-four per cent, or 507 of these clients, *also* screened positive for some sort of gambling harm.

2.5.4 This is just a specific example of the complex interconnectedness of harm that our centres across Auckland (and New Zealand) face when people are presenting with gambling related harm. This interconnectedness cannot be underestimated.

2.5.5 The MBIE Regulatory Impact Statement estimates that these concessions if passed will result in nearly 200 more problem gamblers and over 10,000 other people suffering from someone else's gambling. These people are likely to be facing other social harm or issues as well as gambling issues. MBIE claims that this deal has the least financial cost or long-term risk for the Government.

2.5.6 But as we have stated earlier, the social, cultural and health costs that these concessions will cause also need to be accurately factored into any debate of this Bill.

### 3. RESPONSES TO SPECIFIC AMENDMENTS TO LEGISLATION

3.1 As aforementioned, The Salvation Army is strongly opposed to the passing of this Bill into New Zealand law. Therefore, we will not comment on any specific provisions in the Bill.

3.2 However, in the event that this Bill does indeed pass into law, we propose the following key amendments:

#### 3.3 Host Responsibility

3.3.1 One of the conditions of the Agreement between the Crown and Skycity is the doubling by Skycity of its Host Responsibility executives in Auckland casino under this new deal.<sup>4</sup> We believe this would a step in the right direction if the Bill passes.

3.3.2 However, we submit that these Host Responsibility professionals need to be better trained to effectively identify problem gamblers and address any problem gambling issues that will likely result from this significant increase in the number of gambling machines. We also contend that all frontline casino staff, and not just the Host Responsibility executives, must also be better trained around problem gambling issues for their customers.

3.3.3 We propose that Skycity work in partnership with the problem gambling sector around their Host Responsibility Plan, and possibly even use problem gambling service providers or staff to deliver the initial and/or on-going training for these Host Responsibility executives.

3.3.4 Furthermore, if this Bill passes, we wish to propose that a *new* public monitoring organisation comprised of key individuals and/or organisations could be established alongside the existing Crown regulatory bodies. The composition of this group could include representatives from the problem gambling sector as well as other key and strategic voices.

3.3.5 We submit that a model could be developed wherein the casino's Host Responsibility staff is paid *by* the casino but employed or reporting back to this newly formed public organisation or some similar body.

3.3.6 We believe there is an intrinsic conflict of interest for these Host Responsibility staff as they are employed by the casino

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<sup>4</sup> Heads of Agreement: New Zealand International Convention Centre (2013), p. 1.

which has a primary goal of maximising benefits for shareholders, yet they are also expected to monitor problem gamblers or any problem gambling behaviours that occur in the casino. If these staff members were truly independent of the casino, and highly trained in problem gambling issues, then they would be better able to monitor gamblers and intervene according to the Host Responsibility Plan the casino has in place.

**3.3.7** This suggestion will probably be challenged as creating unnecessary costs and adding new levels of bureaucracy. However, we believe this model would allow for more efficiency in dealing with problem gambling issues, it would allow for an independent public body to assist with the DIA and the Gambling Commission with monitoring the casino, and it would show to the public Skycity's real commitment to ensuring it is a 'responsible host' as per its website and other marketing materials.

**3.3.8** We also ask for clarification that the Skycity Host Responsibility Plan is comprehensive enough to adequately cover the increase in machines and other concessions under this Bill. The DIA is tasked with the on-going monitoring of this Plan. However, we also contend that regular independent evaluations of this Plan, alongside the DIA monitoring, would be beneficial in ensuring that gambling related harm is minimised at the Auckland casino. Given the pending large increases in gaming machines and tables for the Auckland casino, and the other concessions, an independent evaluation of Skycity's Host Responsibility Plan would act as another safeguard that would highlight the Crown and Skycity's commitment to reducing gambling harm.

**3.3.9** As per paragraphs 3.3.4 to 3.3.7, we propose that this new public monitoring body could also conduct these independent evaluations of the Host Responsibility Plan mentioned in 3.3.8.

**3.3.10** If this regular independent evaluation is accepted, we submit that social, cultural and other key indicators, and not just economic indicators, are surveyed by the evaluators. Again, we propose that the problem gambling sector, or a new public monitoring body, could possibly be involved in this type of monitoring if appropriate.

#### **3.4 Casino Impact Reports**

**3.4.1** Pursuant to section 134 of the Gambling Act 2003, casino venue licence holders must permit a Casino Impact Report to be prepared when applying for a licence renewal. This Report is to be prepared by an independent party who is approved by the Gambling Commission.

- 3.4.2 With the concession in this Bill of extending the Skycity licence for the Auckland casino from 2021 to now 2048, these provisions around an independent Casino Impact Report have essentially been waived for Skycity for this deal. We believe this is an untenable position and that this kind of liberty should not be given in this situation.
- 3.4.3 This valuable piece of information, and the associated democratic process involving public submissions and greater transparency of critical public information, is no longer available as we prepare for the single biggest increase of gambling machines and tables ever in our nation's history. There is no evidence that this is actually what the public wants.
- 3.4.4 This is compounded by the fact that Skycity has not produced a Casino Impact Report since circa 2006. And it will not need to do so again, under this Bill, until it applies for a licence renewal circa 2048.
- 3.4.5 We strongly urge this committee to include in this Bill an amendment that a regular Casino Impact Report is required for Skycity at their Auckland casino, particularly with the new concessions. We recommend that this Report is undertaken independently for Skycity, the Crown and the public at regular intervals between 3-5 years during the life of this new extended licence period for Skycity. Again, the newly formed public monitoring body mentioned above could greatly assist with these matters.

#### 4. CONCLUSION

The Salvation Army strongly opposes the passage of this Bill into law. We are confident that this Committee will receive massive numbers of submissions that will analyse and discuss this Bill and other related matters from almost every angle possible.

In our submission, we have not touched on other areas such as the economic arguments for and against this Bill. But we have tried to challenge our political leaders to exercise real political bravery in considering their conscience vote for this Bill. We have also proposed some key changes if indeed this Bill does continue on its passage into law.

The Salvation Army is not adverse to economic development or the construction of a convention centre that would likely greatly benefit our nation and create jobs. But we will not support this Bill given the high likelihood that significant social harm will result from the concessions for Skycity in this Bill.

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