The Salvation Army Oasis

Submission to

The Gambling Commission

on the

Review of the charitable trust licence conditions for New Zealand casinos

Authorisation statement:

"This submission has been authorised by the National Operations Manager – Oasis within the Addiction, Supportive Accommodation and Reintegration Services of The Salvation Army."

We welcome the opportunity to make oral submissions

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About The Salvation Army Oasis

1. The Salvation Army is an international Christian and social services organisation that has been operating in Aotearoa New Zealand for over one hundred and thirty years. The Army provides a range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.

2. The Salvation Army Oasis, formally established in 1997, offers free support, counselling, and education for gamblers, their families, whānau, and affected others, alongside public health services, and is staffed by qualified and experienced clinical and public health practitioners. Operating out of seven regions (Auckland, Waikato, Tauranga, Wairarapa, Wellington, Christchurch and Dunedin), The Salvation Army Oasis is supported under a national Addictions, Supportive Accommodation and Reintegration Services leadership team within the larger Salvation Army infrastructure.

Executive summary

3. Overall, The Salvation Army Oasis is opposed to the use of gambling proceeds to fund charities and community organisations. Particularly in the class four environment, we have seen how this funding model can distort the relationship between gambling providers and community organisations, who come to rely on gambling to fund their activities. This is a broken funding model which encourages the growth of gambling and increased consumption of gambling products, contrary to the public health principles of the Gambling Act 2003.

4. We do not believe that gambling proceeds can 'balance' the harm caused by gambling, particularly when they are often derived from harmful gambling.

5. The recipients of gambling proceeds are worthy organisations, and in our view deserve access to funding that does put them in moral jeopardy.

6. We submit that under section 224(1)(f) of the Gambling Act 2003 the Gambling Commission should review the host responsibility programme licence conditions for New Zealand casinos to ensure the programmes are effectively preventing and minimising gambling harm. In our view this would include a condition requiring regular independent evaluation of the programmes and their implementation.

Submission context

7. The Salvation Army Oasis welcomes the opportunity to comment on this review of casino charitable trust licence conditions. In our opinion this is a timely review, and not only in respect of the Casino Control Act 1990's obsolescence. The Salvation Army has a long history in being opposed to the expansion of gambling and gambling-related harm. Over several years, The Salvation Army New Zealand has considered its position on gambling proceeds very carefully. In 2008, the Army decided to no longer seek or receive funding directly derived from the gambling industry. In 2020, the impact of the COVID-19 lockdown on class four gambling proceeds forced us to reflect again on the desirability this entrenched funding model. This led to The Salvation Army Oasis, PGF Group and Hāpai Te Hauora publishing the *Ending Community Sector Reliance on Pokie Funding* white paper during the lockdown, to raise public awareness and advocate for a more ethical, equitable and sustainable system for grant recipients.

8. The white paper, and this submission, stem from a public health perspective that considers the health impact of a broad range of determinants, including charitable funding arrangements that contribute to the social and political acceptability of gambling.

9. The Salvation Army Oasis is acutely aware that legal gambling is entrenched in our nation. However, we firmly believe that progress is needed to ensure that legal gambling products and environments are non-exploitative.

A public health approach to gambling harm

10. Public health, as distinguished from personal health, focuses on protecting and promoting the health of populations, rather than treating individuals.[1] Public health measures are often described as 'upstream'

[1] Ministry of Health, "About public health," *Ministry of Health,* https://www.health.govt.nz/our-work/public-health-workforce-development/about-public-health (accessed May 21, 2021).

(rather than downstream), systemic (rather than individualistic), and colloquially as 'the fence at the top of the cliff' (rather than the ambulance at the bottom).

11. Public health takes a macro approach, in doing so recognising that the health of a population can be influenced by a wide range of factors such as environment (including gambling environment), policy, structures, systems and social norms, which affect the circumstances in which people are born, grow, live, learn, work and age—otherwise known as the social and political determinants of health.[2] In order to be effective, initiatives to improve health must take these determinants into account.

12. It is therefore poor public health practice to promote 'healthy choices' without recognising the reality of how people make decisions, and the barriers posed by high-risk products and environments. Educating the public about the risks of gambling, for example, is important but insufficient when we are saturated in gambling marketing, when the activity is highly normalised and ubiquitously available, when alternative recreations are limited, when the health information provided (e.g., the payoff odds in gaming machines) is too complex to comprehend, when we are impaired by poor mental wellbeing, or when the product's addictive properties impair our ability to make healthy decisions.[3]

13. The government of Aotearoa New Zealand was the first in the world to declare gambling a public health issue and has enshrined its public health approach in the Gambling Act 2003. Much of the content of the Gambling Act (and its legislative instruments) relates to public health or imposes public health measures. For example:

    - The purpose of the Act includes preventing and minimising harm from gambling; facilitating responsible gambling; ensuring the integrity and fairness of games; and facilitating community involvement about the provision of gambling.[4]
    - Class four gaming machines cannot accept banknotes over $20.[5]
    - Territorial authorities have the power to determine whether class four venues may be established in their district, where they may be located, the maximum number of machines permitted at each venue, and whether venues are permitted to relocate.[6]
    - Gambling at class four and casino venues is restricted to persons aged over 18 and 20 years respectively.[7]
    - An integrated problem gambling strategy focused on public health must be developed and implemented.[8]
    - No automatic teller machines are permitted in the gambling area of class four and casino venues.[9]

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[2] World Health Organization, "Social determinants of health," *World Health Organization*, https://www.who.int/health-topics/social-determinants-of-health (accessed May 21, 2021).
[3] David Hodgins, "Personal choice is a nuanced concept – Lessons learned from the gambling field," *Journal of Behavioural Addictions* 9, no. 4 (2020): 877.
[4] *Gambling Act 2003*, Pt. 1, s 3, https://www.legislation.govt.nz/act/public/2003/0051/latest/whole.html#DLM207803 (accessed May 21, 2021).
[5] *Gambling Act 2003*, Pt. 2, s 84.
[6] *Gambling Act 2003*, Pt. 2, ss 98-103.
[7] *Gambling Act 2003*, Pt. 4, ss 302-303.
[8] *Gambling Act 2003*, Pt. 4, s 317.

- The maximum stake permitted for class four gaming machines is $2.50.[10]
- Class four and casino gaming machines must include a feature that interrupts play at irregular intervals; informs the gambler the duration of their session, amount spent, and net wins or losses; and allows the player to immediately stop the session and collect any winnings or credits.[11]
- Advertising class four and casino gaming machine jackpots outside a venue is prohibited.[12]
- Class four and casino gaming machines are not permitted to display 'near misses' (e.g., four of the same icon in a row on a five-reel machine).[13]

14. These provisions show that our government aligns on some level with the World Health Organization's well-evidenced position that the 'best buys' (in terms of health impact and cost-effectiveness) for reducing population-level harm from unhealthy commodities tend to be those affecting price, availability, promotion and product design.[14]

15. However, there are also elements within the Gambling Act that impede public health. For example, the Act aims to control gambling and prevent and minimise harm, on the one hand, but also grants the industry significant influence over the landscape of gambling research and public health initiatives, on the other.[15] It also frames 'community benefit' purely in terms of financial returns, particularly for class four and lotteries, creating a political environment which favours increased consumption of gambling products.[16] Purpose 3(g) of the Act ("ensure that money from gambling benefits the community") is practically impossible to balance with the Act's other purposes, especially (a) ("control the growth of gambling") and (b) ("prevent and minimise harm from gambling, including problem gambling"). In our view this has led to ineffective decision-making and an overall weakening of the Act's public health intent.

Corporate social responsibility

16. Hazardous commodity industries (e.g., tobacco, alcohol, and gambling) will typically employ corporate social responsibility measures to manage and balance their impact on society. Alcohol producers, for example, might commit themselves to harm reduction actions, donate to charity, and launch responsible drinking campaigns. Unfortunately, these activities rarely have scientific support,

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[9] *Gambling (Harm Prevention and Minimisation) Regulations 2004*, c 5, https://www.legislation.govt.nz/regulation/public/2004/0276/latest/whole.html#DLM283950 (accessed May 21, 2021).
[10] *Gambling (Harm Prevention and Minimisation) Regulations 2004*, c 6.
[11] *Gambling (Harm Prevention and Minimisation) Regulations 2004*, c 8.
[12] *Gambling (Harm Prevention and Minimisation) Regulations 2004*, cc 9-10.
[13] Victorian Commission for Gambling and Liquor Regulation, *Australian/New Zealand Gaming Machine National Standards 2016*, 2016.
[14] World Health Organization, *'Best buys' and Other Recommended Interventions*, 2017; Such measures also indicated for gambling in: Charles Livingstone and Richard Woolley, "Risky Business: A Few Provocations on the Regulation of Electronic Gaming Machines," *International Gambling Studies* 7, no. 3 (2007): 367-371.
[15] See Section 318(1)(h) and (4)(c)
[16] Peter J. Adams and Fiona Rossen, "A tale of missed opportunities: pursuit of a public health approach to gambling in New Zealand," *Addiction* 107 (2012): 1053.

plausibility, or evidence of effectiveness, nor alignment with World Health Organization target areas.[17] In some cases, they have been found to have the potential to actually increase harm.[18]

Charitable gambling

17. The Salvation Army Oasis believes that 'charitable gambling' is, at its core, a corporate social responsibility activity along these lines. By providing grants to community groups, gambling providers can position themselves as morally upright corporate citizens and bolster their social licence to operate. The arrangement also creates ethically dubious relationships between gambling providers and charity recipients. In Aotearoa New Zealand, this is seen most starkly in the class four and lottery environments where community contributions are highest. Many charities, sports clubs, churches, schools, arts groups and other recipients, locked into long-term dependence on gambling profits, have become "vociferous advocates for gambling" and opponents of public health interventions that might reduce consumption—even organisations that might otherwise have played an advocacy role in shaping public health approaches to gambling.[19]

18. We do not doubt that the recipients of casino trust grants are highly deserving causes, in many cases essential. In our view, they deserve access to funding that does not create moral jeopardy for them or compromise their integrity and purpose (particularly for community organisations dealing in areas related to gambling, such as mental health).

19. Additionally, The Salvation Army Oasis does not believe that the harm caused by gambling can be 'offset' by charitable contributions. The focus should be on preventing harm in the first place and minimising its impact—and there is certainly much work to be done in this space.

Casino host responsibility

20. One area for improvement we continually raise in submissions is casino host responsibility. Aside from what is required by law, most casino host responsibility programmes in Aotearoa appear to derive from 'responsible gambling' principles which tend to focus on informed choice, treatment for 'problem gamblers' and staff awareness over prevention efforts that affect the products or environmental conditions.[20]

21. As mentioned earlier, an issue with providing education alone (e.g., about the risks of gambling via pamphlets or posters) is that—while necessary—often these messages are not fully comprehended,[21]

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[17] See Thomas F. Babor, *Alcohol: No Ordinary Commodity* (New York: Oxford University Press, 2003); World Health Organization, *Tobacco Industry and Corporate Responsibility… An Inherent Contradiction*, 2003, Geneva; and David R. Foxcroft, Deborah-Lister-Sharp and Geoff Lowe, "Alcohol misuse prevention for young people: A systematic review reveals methodological concerns and lack of reliable evidence of effectiveness," *Addiction* 92, no. 5 (1997): 531-537.
[18] Thomas F. Babor, Katherine Robaina, Katherine Brown, Jonathon Noel, Mairana Cremonte, Daniela Pantani, Raquel I. Peltzer, and Ilana Pinsky, "Is the alcohol industry going well by 'doing good'? Findings from a content analysis of the alcohol industry's actions to reduce harmful drinking," *BMJ Open* 8 (2018).
[19] Adams and Rossen, "A tale of missed opportunities," 1054.
[20] Linda Hancock and Garry Smith, "Critiquing the Reno Model I-IV International Influence on Regulators and Governments (2004-2015)—the Distorted Reality of 'Responsible Gambling'," *International Journal of Mental Health Addiction* 15 (2017): 1151-1176.
[21] Kate Beresford and Alexander Blaszczynski, "Return-to-Player Percentage in Gaming Machines: Impact of Informative Materials on Player Understanding," *Journal of Gambling Studies* 36 (2020): 51-67.

or are only understood for a limited amount of time.[22] And for immersive forms of gambling like gaming machines, in many cases the ability to make informed choices is lost when in 'the zone'.[23] This is not to say that people are not responsible for their choices, but illustrates that a level of consumer protection is required to ensure that gambling products are not "deceptive and misleading".[24] This becomes even more relevant when considering people who may be more vulnerable to cognitive distortions, such as those experiencing mental illness or addiction, or people with intellectual disabilities.

22. An inconvenient truth for gambling providers is that, cumulatively, low-risk gamblers account for the majority of gambling harm (48 percent), followed by those at moderate risk (33.6 percent) and problem gamblers (18.4 percent).[25] Also, in our experience as clinical practitioners, it is much more effective to work with gamblers before they develop severe problems. This justifies host responsibility interventions that address low- and moderate-risk gambling. Measures like self-exclusion, voluntary pre-commitment, information about treatment services, and a list of visible signs and behaviours that suggest 'problem gambling' are mostly passive practices and/or only apply to gamblers on the severe end of the spectrum of harm. By the time someone self-excludes, contacts help services, or shows any visible signs, it is likely they have already experienced a great deal of harm and have a long recovery journey ahead.

23. The Salvation Army Oasis believes that many of the host responsibility measures employed by casinos in Aotearoa are ineffective, while more robust options—such as reducing machine salience (e.g., slower spin rate, lower bet stakes, longer pay out intervals), mandatory pre-commitment, and restricting venue hours of operation—are avoided.[26] We are concerned that casino host responsibility measures in their current form are perceived as a 'silver bullet' solution to preventing and minimising gambling harm when, in our view, it is not plausible that they effectively prevent harm at all.

24. The Salvation Army Oasis has often suggested that casino host responsibility programmes be independently evaluated in terms of their effectiveness in preventing and minimising harm. We are aware that casinos must provide host responsibility programme implementation reports to the Commission on a yearly basis. Having read one of these reports (SkyCity Auckland's report for the 12 months ending 31 December 2017), it is evident that they largely provide descriptive statistics (e.g., the number of people excluded from the casino per year). While useful in tracking trends over time, this type of information does not tell us very much about the effect of the interventions being measured.

25. If research (as mentioned above) suggests host responsibility programmes in their current form are ineffective, and there is also no impetus from the industry or the regulators to test them, then we must ask: what is the point of host responsibility programmes in the first place, beyond meeting minimum

[22] Michael J. A. Wohl, Sally Gainsbury, Melissa J. Stewart and Travis Sztainert, "Facilitating Responsible Gambling: The Relative Effectiveness of Education-Based Animation and Monetary Limit Setting Pop-up Messages Among Electronic Gaming Machine Players," *Journal of Gambling* Studies 29 (2013): 703-717.
[23] John O'Connor and Mark Dickerson, "Impaired control over gambling in gaming machine and off-course gamblers," *Addiction* 98, no. 1 (2013): 53-60.
[24] Hancock and Smith, "Critiquing the Reno Model," 1156.
[25] Matthew Browne, Maria Bellringer, Nancy Greer, Komathi Kolandai-Matchett, Vijay Rawat, Erika Langham, Matthew Rockloff, Katie Palmer Du Preez, and Max Abbott, *Measuring the Burden of Gambling Harm in New Zealand* (Wellington: Ministry of Health, 2017): 184.
[26] Burrhus F. Skinner, *Science and Human Behaviour* (New York: Free Press, 1953); Charles B. Ferster, *Schedules of Reinforcement* (New York: Appleton, 1957); Hancock and Smith, "Critiquing the Reno Model,"; and Livingstone and Woolley, "Risky Business,".

legal requirements or to manage business risk? The purpose of host responsibility programmes should be to minimise and prevent harm, rather than to position casinos as 'doing good'.

Specific comments on the review

26. The Salvation Army Oasis is opposed to the use of gambling proceeds to fund charities and community organisations. We believe that this arrangement can lead to community sector reliance on these proceeds, creating vested interests in the growth of gambling, and ethical and moral challenges for those working to prevent harm and enhance community wellbeing.

27. Under section 224(1)(f) of the Gambling Act 2003, the Gambling Commission should review the host responsibility programme licence conditions for New Zealand casinos. Licences could be altered to include a condition that allocates funding for independent evaluation of the effectiveness of current host responsibility programmes. This could also incorporate a requirement to explore better harm minimisation practices and innovations such as mandatory pre-commitment for carded play.

28. We understand that our position presents a challenge to section 3(g) of the Gambling Act which states that "money from gambling should benefit the community". This purpose, while benign on paper, appears to have had the unintended effect of eroding the rest of the Act's purposes (especially preventing and minimising harm) by justifying the expansion (or uncontrolled growth) of gambling even in evidence of there being a risk of harm, and by then also appearing to 'mitigate' any harm caused.

29. We understand that many of the implications of this submission (e.g., suggested re-regulation of gambling environments and products), may be outside the scope of this consultation and indeed the Gambling Commission's powers. That said, we have taken this opportunity to raise some contextual points about the current 'business-as-usual' and suggest that it is problematic to frame gambling proceeds as a 'community benefit' when they are often derived by harmful means. If gambling environments were adjusted to be more ethical, empathetic, equitable and non-exploitative, perhaps we could then consider the charitable gambling question more easily.

If charitable contributions are retained

30. The Salvation Army Oasis supports a more consistent approach across all casinos. We do not have any comment about what proportion would be suitable, but believe it is appropriate to derive the funds from casino win.

31. Charitable trust(s) should be fully independent and separate from the licence holders. This in our view creates as little 'moral jeopardy' as possible. We also recommend that branding and sponsorship through the charitable trusts are prohibited.

32. We submit that one single national casino charitable trust could be more efficient and help bring more of a separation between the individual casinos and the charitable trusts connected to them. We believe there is merit in exploring this idea further.