

***Improving gambling laws in New Zealand***  
*Green discussion paper*

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*This paper spells out measures the Green Party will introduce in Government to **reduce** the harm caused by problem gambling, both in casinos and in the community.*

## **Introduction**

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We all want to live in a country where everyone has a good life and a fair future. Families and communities deserve a government that makes good laws to improve wellbeing and reduce inequality. Problem gambling has a corrosive effect on communities, increasing the risk to families of break-ups, crime, child abuse and suicide.<sup>1</sup>

The Gambling Act 2003 restricts the number of pokie machines, caps the number of casinos in New Zealand, and prevents those already here from increasing gambling tables and machines.

However, the National Government's International Convention Centre Bill (NZICC Bill), which is currently before Parliament, creates a special case for SkyCity Auckland Casino (SkyCity) by exempting it from these restrictions in the Gambling Act.

The NZICC Bill allows SkyCity to grow by what is effectively the size of another casino on the same site.

It is the right and the responsibility of government to legislate to protect public health. We believe that responsibility should drive government policy, not be dispensed with when it gets in the way of a corporate deal.

The Green Party has already announced that we will repeal the SkyCity deal once in Government. However, the measures outlined here can be introduced independently of that law change. These targeted measures will significantly reduce problem gambling at its source.

*It is the right and the responsibility of government to legislate to **protect** public health. We will do this regardless of the impact on the gambling industry.*



**Metiria Turei**

GREEN PARTY CO-LEADER

## **Green solutions**

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1 Require mandatory pre-commitment cards for all electronic gambling machines.

2 Protect people from pressure to gamble.

3 Strengthen the oversight of the Gambling Commission.

We welcome your feedback on this discussion document.

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GREEN PARTY GAMBLING SPOKESPERSON

**Every single day** New Zealanders lose \$5.5 million on gambling.

## **Problem Gambling in New Zealand**

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Every single day New Zealanders lose \$5.5 million on gambling. That is around \$2 billion each year. Half of this – around \$1 billion – is lost on pokie machines.<sup>2</sup>

More than 13,000 Kiwis have a problem with gambling according to research from the Ministry of Health.<sup>3</sup> Problem gambling doesn't just hurt those who are addicted. There is a ripple effect that harms others.

According to the 2012 New Zealand Health Survey, 89,000 adults had experienced problems that year because of someone else's gambling. This figure does not include children.<sup>4</sup>

The most dangerous gambling of all was identified as pokies.

In 1995, casinos accounted for around \$40 million of gamblers' losses. By 2012, the Problem Gambling Foundation estimated these losses at almost \$510 million.<sup>5</sup>

A report by the Australian Productivity Commission in 2010 estimated that 40% of revenue comes from problem gamblers.<sup>6</sup>

The social cost of gambling-related harm includes crime to fund gambling habits, divorce, violence, depression, emotional stress, attempted suicide, and suicide.<sup>7</sup>

*An estimated 6500  
**children** will be  
affected by gambling  
harm from the  
SkyCity deal.*

## ***The SkyCity deal***

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A \$402 million deal has been signed between the Key Government and SkyCity casino to design, build, and operate an international convention centre in Auckland.<sup>8</sup>

Under the deal, SkyCity has received a number of gambling concessions. It has had its licence, that was due to expire in 2021, extended to 2048. It will be allowed 230 extra pokie machines and a further 12 gaming tables, which can be automated, with up to 20 terminals per table. The real impact of the deal is actually these 470 extra electronic gaming terminals.

The increase in gambling opportunities allowed by this legislation will mean that SkyCity is able to absorb the cost of building a convention centre. In essence the gamblers of SkyCity are paying for the Government's convention centre. The NZICC Bill has already passed its First Reading and is due to be debated by Parliament shortly.

## ***Problem Gambling and the NZICC Bill***

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Government Ministers were warned by Department of Internal Affairs (DIA) officials that the extra gambling concessions in the NZICC Bill would “almost certainly” increase gambling-related harm.<sup>9</sup> Officials also warned that those who presented for help were likely to be just the tip of the iceberg.

DIA officials estimated that about 6500 children would be affected by gambling harm from the deal, and this could include “being inadequately

clothed and fed, and suffering other examples of deprivation and poor parenting”.<sup>10</sup>

Ministers were also warned by Ministry of Health (MOH) and DIA officials that the so-called harm reduction measures in the Bill were either already being used by SkyCity and offered no additional protections at all, or in the case of voluntary pre-commitment schemes, were largely useless.

## **Harm minimisation measures in the NZICC Bill**

Harm minimisation measures in the NZICC Bill won't protect problem gamblers.

The Government has tried to justify the SkyCity deal by claiming that any harm resulting from the gambling concessions in the deal will be offset by the “significant additional harm minimisation measures” the casino has signed up to.<sup>11</sup>

The measures are neither new nor significant. The Regulatory Impact Statement on the NZICC Bill left out crucial evidence from the MOH which dismissed the harm minimisation measures as both old and ineffective.<sup>12</sup>

### **These proposed new harm minimisation measures are:**

**1** Doubling the number of full-time host responsibility staff in Auckland from three to six and providing dedicated host responsibility staff onsite at all times.<sup>13</sup>

**The Facts:** The MOH's expert gambling harm team's advice concerning the NZICC Bill said doubling host responsibility staff at SkyCity

was likely to have “minimal” effect.

As part of the 2012 Gambling Commission's review of SkyCity's existing Host Responsibility Programme (HRP), former SkyCity host responsibility programme managers Debbie Edwards and Shannon Hanrahan<sup>14</sup> expressed concern regarding SkyCity's current performance on Host Responsibility, noting that it was not reducing problem gambling and that from 2008 to 2011 there had been:

- A fourfold increase in the number of customers who have been observed showing one or more signs of problem gambling since the new HRP came into effect at the end of December 2007.
- Nearly a threefold increase in the number of observed indicators of problem gambling reported to Host Responsibility since the new HRP came into effect at the end of December 2007.

**2** Introducing predictive modelling technology which analyses player data to help identify customers most at risk from gambling harm.

**The Facts:** MOH advice was that simply including predictive modelling technology in the deal wouldn't achieve anything, unless SkyCity was required to achieve specific improvements using the technology.

**3** Continuing to roll out SkyCity's Voluntary Pre-commitment Programme allowing customers to set both the time and the amount they wish to spend over a given period.

**The Facts:** The MOH's expert gambling harm team's advice concerning the Bill was clear that voluntary pre-commitment was unlikely to work.

## Green Party Harm Minimisation solutions

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The Green Party is committed to a suite of initiatives that will reduce problem gambling across the board and address some of the perverse tactics specifically used by casinos to induce gambling.<sup>15</sup> Our goal is to significantly reduce problem gambling and the amount of profit casinos elicit from problem gamblers.

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*To tackle problem gambling harm **effectively** the Green Party will introduce pre-commitment cards and expand mandatory pre-commitment technology to pokie machines across the country.*

## Mandatory pre-commitment

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People often go to casinos and end up losing far more money than they can afford. Casinos use techniques that are designed to keep people gambling and racking up the losses. This is a particular trap for problem gamblers.

Pre-commitment cards require players to pre-set limits on the amount and duration of their gambling. Trials in Australia have demonstrated pre-commitment cards are a very effective tool to reduce problem gambling.<sup>16</sup>

To tackle problem gambling harm effectively the Green Party will introduce pre-commitment cards and expand pre-commitment technology to pokie machines across the country.

- By 30 June 2017 all pokie machines must be part of a New Zealand-wide pre-commitment system that will mandate time breaks and upper spending limits.
- We will also implement the DIA proposals that complement pre-commitment cards, including requiring machines to display the odds of winning and how long a gambler has been playing.

Once all pokie machines have this technology, New Zealand will be able to move to a best-practice compulsory pre-commitment system.

Smart card technology allows limits to be set to help a player control their gambling across a number of pokie machines. These limits can take several forms:

- A maximum on deposits made to a card.
- A maximum bet per game.

- A maximum net loss per day.
- Maximum time limits over a day or accumulated over a longer period of time.

Players will need to obtain a pre-commitment card before starting a gambling session, which is inserted into a reader on gambling machines. The player will not be able to breach pre-committed spending limits or time periods as the card will block access once those limits are reached. Limits can be reset after a set period of time. The player will then be able to look at their records and see how much they have spent and on what.

Pre-commitment time limits can also take the form of a temporary exclusion, in which a player is able to disable their account for a period of time.

This is already being done in Norway. Upper limits on pre-commitment cards are set by Government mandate. Time limits are also enforced with a mandatory break each hour of play, to give players a chance to ‘cool off’. Players are also able to set lower limits on their pre-commitment cards.

### **Player tracking:**

Mandatory pre-commitment is a great way of protecting those playing pokie machines. However, for this system to work effectively we will also require gaming venues that provide electronic gambling opportunities to move to a mandatory system of player tracking. This moves the responsibility of monitoring problem gamblers onto the venues that provide pokie machines and reap the profits.

This is simply good host responsibility. Venues selling alcohol are by law required to make certain they don’t serve patrons who are extremely intoxicated. By the same token

gambling venues should make certain that those playing their games are not doing so to the detriment of themselves and their community.

Monitoring players and their gambling habits is a key to strengthening host responsibility obligations that we consider vital in protecting problem gamblers.

Studies in Canada, Australia, and Norway have shown that when players use pre-commitment and player tracking features, they are more aware of how much they are gambling and are likely to spend less. The Green Party will introduce legislation that will require this transparency.

### **The cost for those in the industry:**

In response to the Commerce Committee during its consideration of the Gambling (Harm Reduction) Amendment Bill, the DIA produced a paper looking at the cost of implementing a pre-commitment scheme into New Zealand.

It estimated that the annual cost of monitoring and administering a system here would be approximately \$10-20 million, based on Australian estimates of around \$A1-2 a day per machine.

Upgrading machines in order to make the technology work would also incur costs.

According to the DIA, a South Australian system required the installation of card readers, cabling and computers, costing \$A1500 per machine. A similar trial in Nova Scotia, Canada, cost around \$CAD2000.

The Green Party considers that this investment is reasonable to tackle the worst effects of problem gambling in New Zealand.

*The evidence suggests that direct advertising and inducements to gamble increase the frequency of gambling, which can lead to problem gambling and make it harder for problem gamblers to **quit**.*

## **Protecting people from pressure to gamble**

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Reports suggest that casinos use their loyalty scheme data to target high-frequency gamblers who stop gambling – that is, problem gamblers who are trying to quit.<sup>17</sup>

The evidence suggests that direct advertising and inducements to gamble increase the frequency of gambling, which can lead to problem gambling and make it harder for problem gamblers to quit.<sup>18</sup>

Instances have been reported of people who have voluntarily excluded themselves from casinos or been trespassing by the casino receiving direct advertising and inducements including free gambling tokens.

SkyCity’s own Code of Business Practice states: “We do not endorse or encourage gambling by those who show signs of having a gambling problem”.<sup>19</sup> In the Green Party’s view, the practice of direct advertising and inducements that target problem gamblers do not meet the standard that SkyCity has set for itself.

In most Australian jurisdictions, the offering of inducements is banned or restricted. The Australian Productivity Commission has recommended that “Governments should prohibit venues from offering inducements that are likely to lead to problem gambling, or are likely to exacerbate existing problems”.<sup>20</sup>

Direct advertising and offering inducements to people who the casino knows are problem gamblers are insidious tools. They encourage more frequent gambling, which can lead to more problem gambling, and they allow casinos to

target people who are trying to quit and hook them back into gambling.

### **Stopping direct advertising and inducements to gambling**

The Green Party will prohibit casinos from undertaking direct advertising of gambling opportunities to any person or people who have excluded themselves or been excluded from casinos, including mailouts and text messages encouraging the targeted people to come to the casino.

We will prohibit casinos from offering any inducement to gamble to any person. Prohibited inducements will include gambling tokens; discounted or free alcohol, food, transport, and accommodation; and other rewards that can only be realised by gambling at the casino.

Australian jurisdictions use different tools to enforce these rules: statute, regulation, mandatory codes of conduct, and voluntary codes of conduct. The Green Party's preferred method to achieve these changes is amending the gambling legislation. The new provisions will be accompanied by meaningful penalties for casinos that break the law.

These restrictions are not an unreasonable burden on casinos. If casinos genuinely do not want to encourage problem gambling and if their business model does not depend on exploiting problem gamblers, then they do not need tools that are used to keep problem gamblers hooked.

To give people who are struggling with a gambling addiction a fair chance to stop and to reduce the harm that problem gambling causes

our communities, we must stop casinos offering people inducements to gamble.

### **Strengthening self-exclusion arrangements**

There are currently penalties in place if a venue allows someone to gamble in a premise they have excluded themselves from.

Families write to us saying their mother or father banned themselves from the casino, but no one stopped them going back – no one helped them.

We will strengthen the enforcement of these penalties so that effective systems are in place to ensure that people who choose to be excluded are not admitted and, if they do enter, are removed.

*The Gambling Commission needs **greater** powers in order to tackle problem gambling.*

## **Strengthening the Gambling Commission**

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The Green Party will also reform the Gambling Commission to play a stronger role in the regulation and enforcement of gambling law.

### **A strengthened Commission would:**

- Set targets for reducing the proportion of turnover that casinos generate from at-risk and problem gamblers.
- Require independent impact evaluation of all casino Host Responsibility Programmes.
- Require all harm minimisation data held by casinos to be made publicly available in an anonymised form for independent analysis and assessment.
- Include a stronger consumer voice. This could be done by appointing a consumer commissioner, setting requirements to consult and setting up a consumer review panel to consider and respond to any changes to programmes targeting problem or at-risk gamblers.
- Improve training for staff in gambling venues. All staff working in the gambling industry need to undergo a set programme of mandatory training in harm minimisation prior to starting employment on the floor.

*Problem gambling is a reality that the industry and any **responsible** Government must deal with. If they don't, then they are simply asking the rest of us to pay the price for their failure.*

## **Conclusion**

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The damage inflicted by problem gambling on society is real and the effects are felt by all of us.

New Zealand bears the cost every day in increased crime, broken relationships, destroyed careers, increased child abuse and neglect, and even suicides.

But while communities throughout the country have been working hard to get rid of pokies in pubs and clubs, the National Government has undermined their efforts by saddling Auckland with 230 more pokie machines, and 240 table-based electronic gaming terminals, for the next 35 years.

We think that is wrong.

We don't agree that laws should be sold to the highest bidder, especially if those laws are designed to reduce harm, and the changes to those laws benefit only a select few. The Bill of Rights is with us on this.

We also don't agree that future governments and future citizens should be held to ransom by decisions made by politicians today, and threatened with huge financial penalties if they use their right to change the law, for the better, in the future.

Legal advice we have received is that we can repeal the NZICC Bill and we will.

But that's not enough to minimise the harm from pokies in New Zealand. Mandatory pre-commitment technology across all pokie machines will not completely stop problem gambling but it will go a long way towards

mitigating the worst excesses of it. A stronger Gambling Commission will have greater powers to regulate and control gambling in New Zealand. Stopping direct advertising and inducements to gambling, and strengthening self-exclusion arrangements will help to give people who are struggling with problem gambling a fair chance to stop.

This will have an impact on those who profit from these machines. But these businesses have generated a lot of money off problem gamblers and it is time they stopped relying on it.

Problem gambling is a reality that the industry and any responsible Government must deal with. If they don't, then they are simply asking the rest of us to pay the price for their failure.

**We hope this paper will inspire discussion and generate ideas about ways we can all work together to counter gambling-related harm.**

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