



THE PRESS

Gaming lifelines

What a tangled web we have created from the profits of gambling. First the Eureka Trust was forced to halt grants derived from its gaming machines to the racing industry; now it emerges that a number of sporting organisations in Canterbury will also be adversely affected, with their funding also suspended. The core of the problem is that the deed of this trust, and many others across New Zealand, stipulates that gaming machine money must be used for charitable purposes, and neither racing nor many amateur sports groups are formal charities, although that in itself may not be clear. The trust could apply to the High Court to alter its deed, but the broader issue is how the money from Christchurch's pokie machines, and there are almost 2000 of them, should be used, and the process through which it is allocated.

Under current gambling law, the profits from gaming machines can go to charities, non-charitable purposes which benefit the community and to the racing industry, including the provision of prize money. Leaving aside the fact that the wording of the Eureka Trust's deed limited it to the first of these authorised purposes, whether other trusts should make grants to racing should be reviewed.

This has been a controversial issue for several years, and for good reason. It creates a situation in which the profits of one form of gambling, in hotels, are being used to financially prop up another

form of gambling, at the race track. In the case of the Eureka Trust, 27 per cent, or \$1.6 million, of its grants went to the ailing racing industry in the 2007 financial year and, as it transpired, this was unlawful.

When pokie machines were first legalised in New Zealand in the late 1980s, it was difficult to believe that racing would ever be considered an appropriate beneficiary of the new form of gaming. Instead, the belief was that the profits would go to charities or other worthy community organisations, with the added benefit to the Government that these groups would make fewer calls on it for funding.

Although gaming machine grants for racing are highly questionable, the funding of amateur sport by gaming trusts raises a more difficult issue. That is, how to justify giving the profits from playing the pokie machines, which can become an unhealthy addiction, to sporting groups which seek to encourage a healthy lifestyle.

The argument is similar to that which raged in the 1980s when the then Labour Government banned sporting and other sponsorship from makers of tobacco products on the grounds that these were unhealthy and that the funding sent the wrong signal to younger people about smoking.

Although many sports groups may not like being dependent on what might be termed vice money from a gaming trust, for many there is no real alternative. Traditional fundraising methods

have steadily fallen into disuse over the past decade. And, realistically, the proceeds of meat raffles at the local pub are unlikely to meet many of today's sporting costs, such as hefty affiliation fees and the expense of team trips.

Eureka Trust's decision to suspend non-charity grants will particularly impact on those groups which had built ongoing funding from it into their budgets. Presumably some will now seek money from trusts with deeds which allow them to fund amateur sport. Others will hope that Eureka is able to legally alter its deed, although this is likely to be opposed by organisations dealing with problem gambling.

Apart from the question of what types of groups should be eligible for gaming machine money, the way it is apportioned should also be examined. At present there are a multiplicity of trusts across New Zealand. This does have the benefit of community-level decisions being made, but the industry as a whole has never convinced many that it has shaken off its darker side, with allegations made of conflicts of interest.

A preferable approach might be to channel pokie money through Sparc nationally and the 17 regional sports trusts at a local level. This would be a major change, but it would also provide a higher degree of certainty that the profits made when New Zealanders play the pokies really are allocated in a transparent and accountable manner.