

# The social contract – Class 4 gambling

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Auckland City

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*Raising money for our communities*

# Social Contract = Balance

- Class 4 gambling is lawful provided
  1. Profits are returned to the community, and;
  2. The community has a say about gambling, and;
  3. Gambling is fair, and;
  4. Responsible gambling is promoted, and;
  5. Harm is minimised
- Class 4 societies are licensed fund-raisers for the community
- Use EGMs to raise money in hotels – instead of meat raffles

# Gambling Commission reinforces need for balance

“The Act permits gambling and accordingly it is not permissible to reduce the permitted activity (gambling) in order to reduce problem gambling.”

“...measures can only be imposed which reduce the harm caused by problem gambling as distinct from simply reducing gambling activity, which is a lawful and permitted activity under the Act...”

# Rights of gamblers

- “...[DIA] cannot seek to make gambling less attractive generally in order that it appeal less to problem gamblers.”
- Rights of problem gamblers and community to prevent and minimise harm must be balanced against legal right of gamblers to gamble

# National costs & benefits

- Gaming machine profits declined 13% in 2005
- Grants declined \$55m in 2005 (approx 16%)
- Machines declined 5,000 from June 2003 to Sept 2006
- People seeking treatment for gambling problems declined 20% in 2004 and 2005

## Abbott working hypotheses – incorporate both exposure and adaptation models

1. During exposure to new forms of gambling, particularly continuous forms, previously unexposed individuals, population sectors and societies are at high risk for the development of gambling problems
2. Over time, years rather than decades, adaptation ('host' immunity and protective environmental changes) typically occurs and problem levels reduce, even in the face of increasing exposure
3. Adaptation can be accelerated by regulatory and public health measures
4. While strongly associated with problem development (albeit comparable to many other continuous forms when exposure is held constant) EGMs typically give rise to more transient problems

*Abbott - NZ Gaming Expo 2007*

Abbott (2005): “Most things that go up usually come down. This is also true in epidemiology. Abbott et al (2004b) cite research strongly suggesting that problem gambling prevalence will eventually level out and decline, even if accessibility continues to increase.”

Shaffer (2005): “Observations about gambling-related problems in Nevada provide support for the adaptation hypothesis of addiction. That is, after the novelty of initial exposure, people gradually adapt to the risks and hazards associated with potential objects of addiction.”

*Abbott - NZ Gaming Expo 2007*

# Local benefits

- Class 4 gambling at CGA venues (1155 EGMs) in Auckland City ('05-'06) – 70% of total - generated
  - Proceeds of \$85.6m (turnover less winnings)
  - Grants of +\$40.6m to Auckland City entities
  - Some unallocated grant money
  - Payments to the Crown of \$28.4m
  - Direct payments to local businesses of more than \$13.7 m = total to Auckland of \$99m
  - At least \$100m of revealed entertainment value
  - Jobs, service contracts etc

# v Local costs

- Primary mode of gambling statistics
  - Gambling Helpline helped 656 new clients citing pokies in Auckland region in 2004, 436 in 2005 (- 33%)
    - » Auckland City is 31% of Ak region popn therefore likely to be about 135 new clients on Helpline from Auckland City in 2005 – 0.032% out of a population of 425,400
  - Face to Face (counselling) treatment providers helped 171 new clients citing pokies in Auckland City in 2004, 188 new clients in 2005 (services expanded) – 0.044% out of a population of 425,400
  - Each problem gambler may represent up to 7 affected persons)
- Approx \$17m less in grants in 2005 c.f. 2004 - affects many Auckland City residents

# The need for public consultation

- Auckland City has a special role in fund raising for local and national communities of interest
- High public interest in issues
- Substantial change has occurred since 2004

	@30/9/04	@30/9/05	@30/9/06	@31/3/07
venues	159	142	128	125
machines	1975	1842	1643	1634
ratio m/v	12.42	12.97	12.84	13.07

# Future

- More information necessary to deliver on the Social Contract
  - EMS for revenue
  - Grant information database standardisation for community benefit
  - Improvements to MOH data gathering on problem gambling
- CGA members committed to transparency and best practice