



HOW AND WHY NEW ZEALAND REVAMPED ITS GAMBLING REGULATORY SCHEME

Presentation to

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APPROACH

- Thanks to organisers
- Government public policy perspective based on 25 years experience in Australia and New Zealand
- Not here to advocate New Zealand approach
 - Each jurisdiction unique
 - But we can learn from similarities and, especially, differences
- Treat this as a case study

ABOUT AOTEAROA

- 4 million people
- 270,000 sq km
- 85% urban population
- 3% urban land, 30% Parks
- 17% Māori, 7% Pacific Islander
- Unicameral Westminster democracy
- Trans-Tasman links





PUBLIC POLICY FORMULATION

- My definition: The structured, rational bringing together and analysis of facts, information, viewpoints and methods to devise a recommended approach for government in dealing with a defined issue or “problem”
- Complete information not always available - need to develop policy anyway if pressure is there
- Rarely black and white issues – relativities and risks
- Facts don’t always rule
- Government not one beast
- Researchers often not adept at influencing public policy



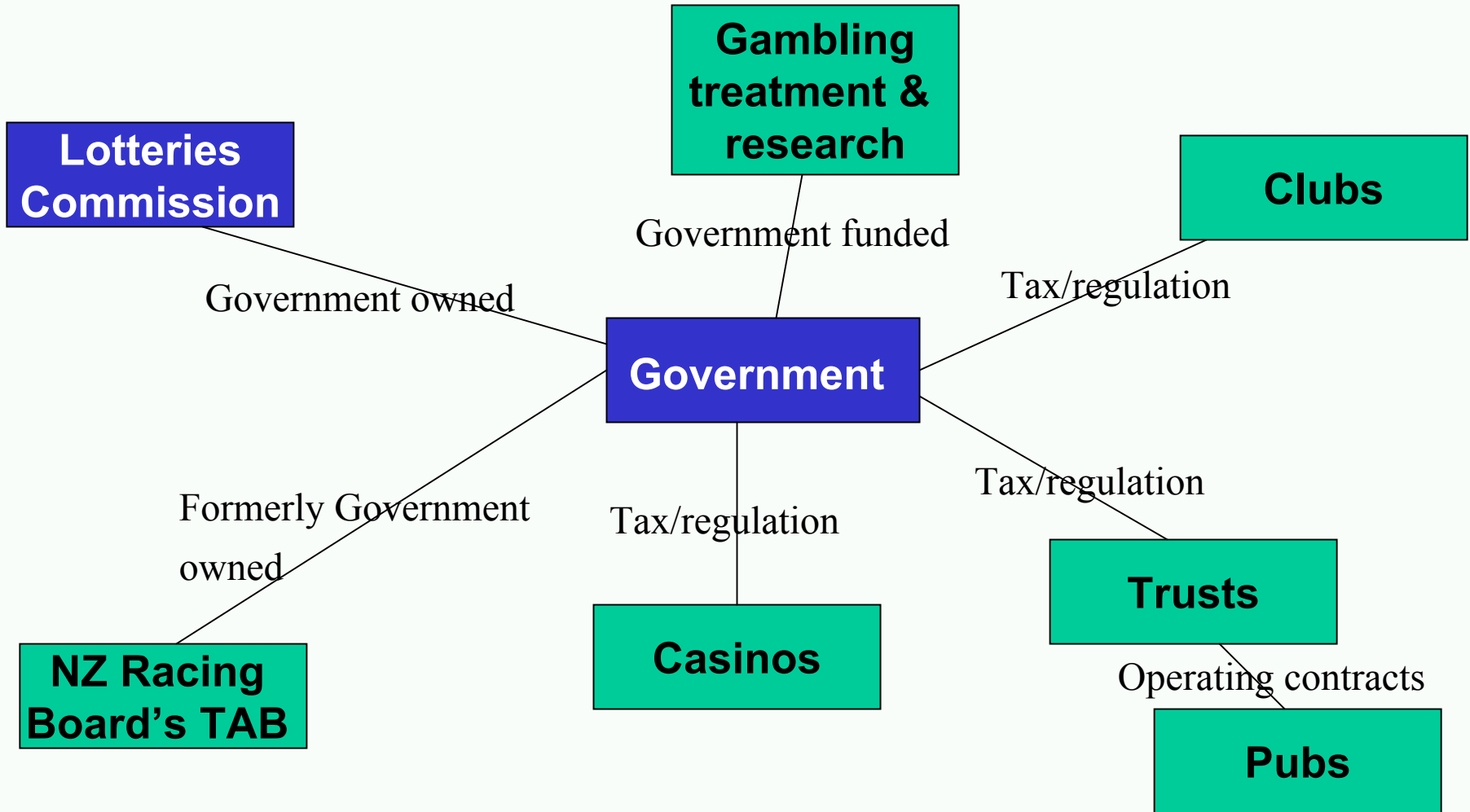
WHAT WE KNOW

- **At least 0.8% moderate + 0.5% severe = 1.3% of all adults**
 - **Conservative and does not include ripple effects on wider family/community (multiply by up to 5 times)**
 - **Equates to 35,000-40,000 adults**
 - **Comes from 1999 – before considerable gambling growth**
 - **Institutions higher rates (eg male prisons 23%; female 34%)**
- **Debate on adolescent problems – maybe double the adult rate**
- **Some communities (often low income) harder hit: Pacific Islander 4.3%; Māori 3.4%**
- **Some forms more harmful (eg at least 19% of regular non-casino machine and 13% of regular race bettors have problems)**
- **Almost half of machine 'spend' comes from problem gamblers**

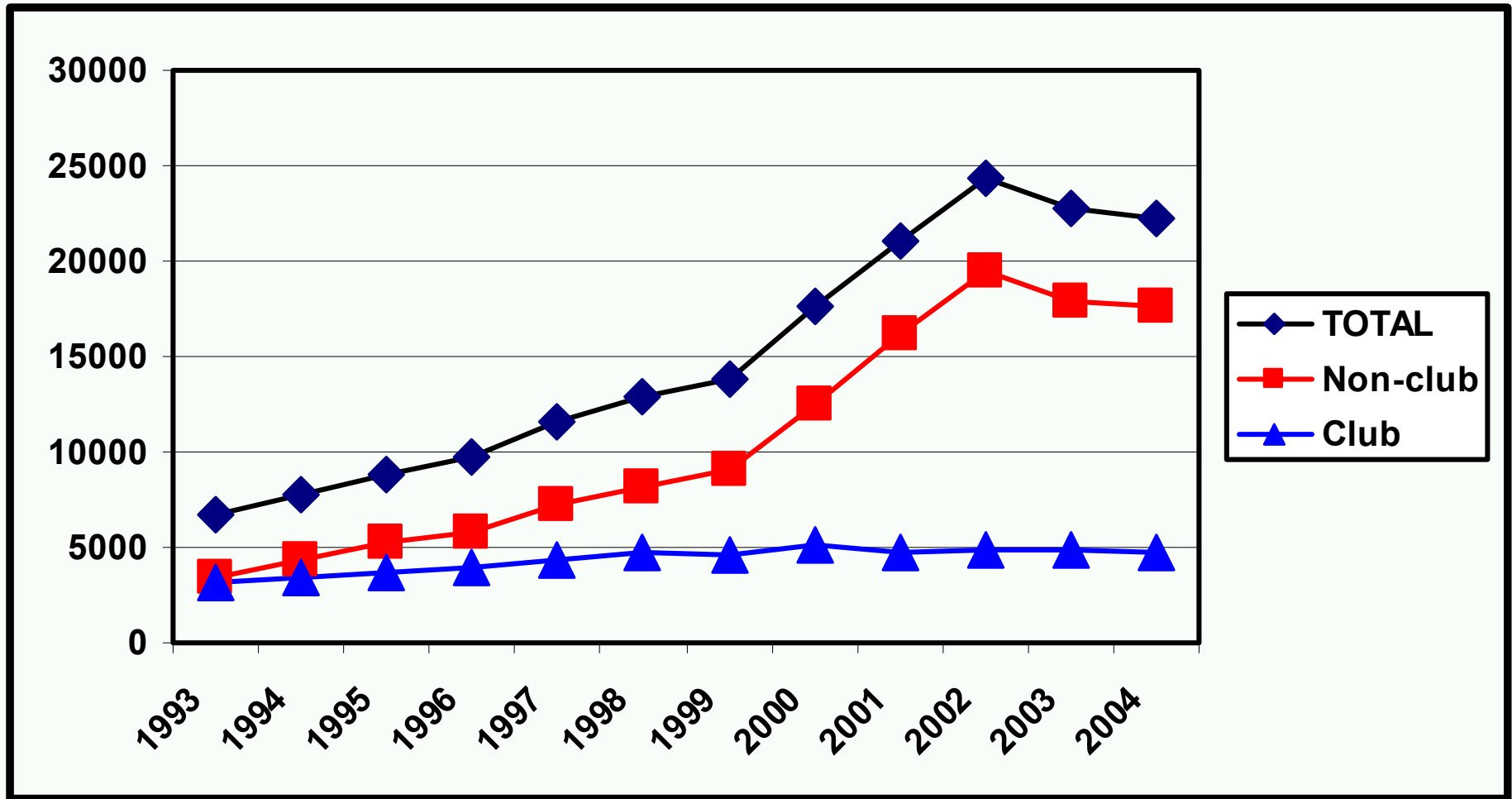
2004

- Expenditure (losses) \$2 billion +
- >22,000 non-casino machines on ~1,850 sites
 - Private pubs and clubs
 - 20% tax, rest back to community groups through Trusts
 - Less Government dependency, but more community dependency
- 6 private casinos in 5 locations (includes 2,800 machines)
- Lotteries Commission (Government owned)
- Betting - horses, dogs, sport (Government owned till 2003, now owned by racing industry)

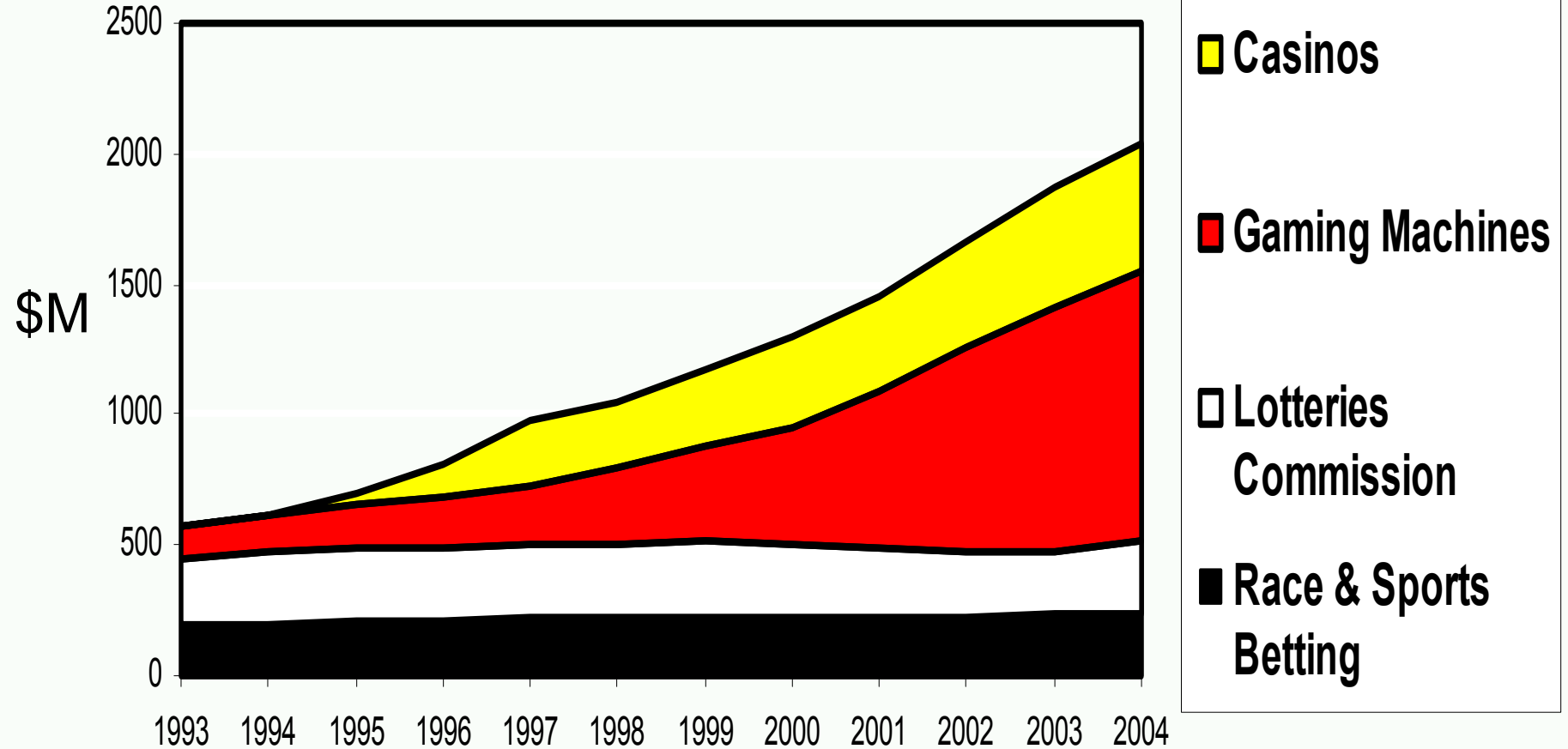
HOW IT LOOKS



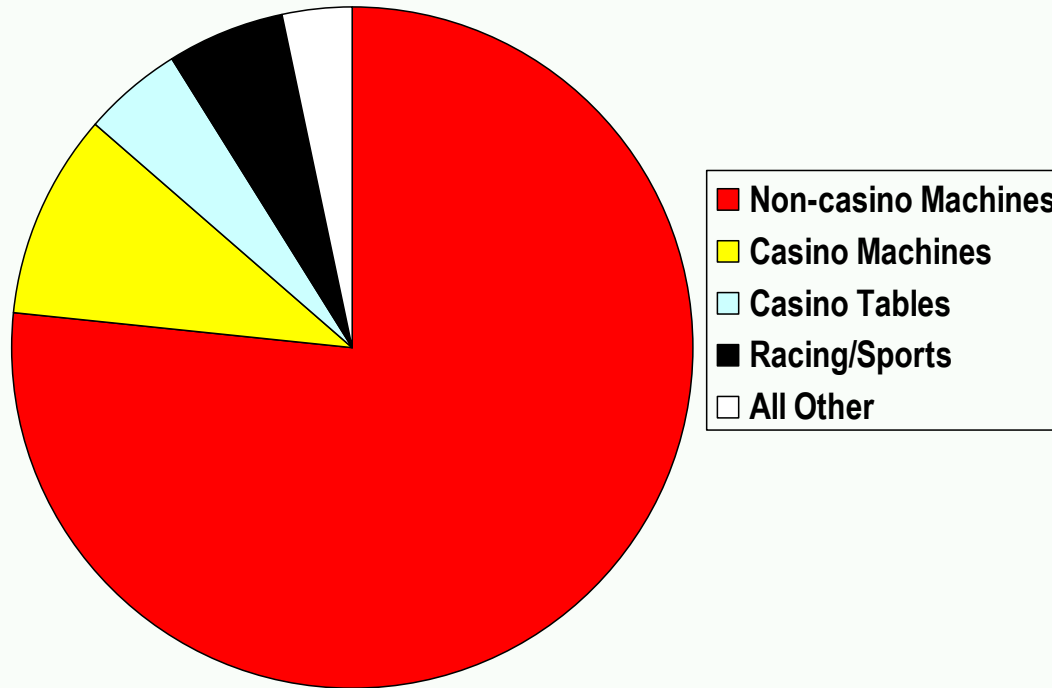
PUB AND CLUB MACHINES



EXPENDITURE (“LOSSES”) 1993 –2004



SOURCE OF HARM – 2003



NEW GAMBLER COUNSELLING CLIENTS IN 2003

Source: Paton-Simpson GR; Gruys MA; and Hannifin JB:
“Problem Gambling Counselling in New Zealand 2003
National Statistics”, The Problem Gambling Committee, 2004



2000 PARTICIPATION AND ATTITUDES

- **87% at least once a year**
- **Few regular (once a week) - Lotto 30%; non-casino machines 3%; racing 2%**
- **Do it to win money: Lotto 82%; racing 58%; non-casino machines 57%; housie 50%**
- **87% said people's heavy involvement is a problem**
- **Regulate to: limit harm 74%; fund worthy causes 72%; prevent crime 57%**
- **New survey in 2005**



2000 – DRIVERS FOR CHANGE

- **Growth in gambling, especially more harmful forms (gaming machines)**
- **More people seeking help for gambling problems**
- **Frustrated communities wanted a say, especially in establishing casinos**
- **Inconsistent legislative treatment**
- **Commercial pressures in “non-commercial” sector**
- **Answer to this pressure could not be “no research; therefore, no action”**



POLICY RESPONSE

- Up to late-2002, DIA advised Government on sector issues based on information collected (industry, community and treatment providers) and operational experience
- Response formulated as *Responsible Gambling Bill*
- Lengthy debate, Select Committee hearings
- Passed Parliament as **Gambling Act** in Sep 2003
- Act into operation from 1 July 2004 and now DIA starting next policy phase of monitoring/evaluating how Act works, and advising accordingly



GAMBLING ACT SCHEME

- “Gambling is prohibited and illegal unless ...” (section 9)
- Reverse onus and use of “may cause”
- Purposes of Act (section 3)
 - Ensure integrity and fairness of games
 - Limit opportunities for crime or dishonesty
 - Authorise some gambling, prohibit the rest
 - Ensure money from gambling “benefits” the community
 - Control growth of gambling
 - Prevent and minimise harm caused by gambling, including problem gambling
 - Facilitate responsible gambling
 - Facilitate community involvement in gambling decisions
- Collection of tax revenue NOT a stated purpose



DEFINITIONS [s. 4(1)]

- **Problem gambling** “causes or may cause harm”
- **“Harm”**
 - harm or distress of any kind from or related to a person’s gambling
 - Includes personal, social or economic harm suffered :
 - **By the gambler**
 - **By his/her spouse, partner, family, whānau (Māori extended family), wider community**
 - **In the workplace**
 - No mention of addiction, compulsion or loss of control



DEFINITIONS [s. 4(1)]

- **“Responsible gambling”**
 - Lawful participation in gambling that is lawful, fair and honest, and conducted :
 - In a safe & secure environment,
 - Without pressure or devices designed to encourage gambling at levels that may cause harm,
 - By informed participants who understand the nature of the activity and do not participate in ways that may cause harm.



DIA ROLE

- **Statutory powers with Secretary of Internal Affairs**
 - Cover matters such as licensing of gaming machine operators and venues; gambling equipment standards; approval of key persons; game rules; casino operating standards; scrutinising / auditing / investigating gambling and associated business operations
- **Change in focus: “must not [license] ... unless ...”**
 - Includes financial; viability, fitness of persons, harm minimisation measures, etc
- **Policy advisor to Minister**
- www.dia.govt.nz



MINISTRY OF HEALTH ROLE

- **Develop and implement integrated problem gambling strategy – public health approach**
- **Treatment of problem gamblers (non-government providers)**
- **Research**
- **Funded by Problem Gambling Levy (~NZ\$56 m over 3 years)**
- **See “Preventing and Minimising Gambling Harm: Strategic Plan 2004-2010”**
- **www.moh.govt.nz/problemgambling**



GAMBLING COMMISSION ROLE

- **Separate statutory body**
- **Deals with:**
 - **Casino licence applications (eg change of owner)**
 - **Appeals against regulatory and licensing decisions of Department**
 - **Recommending Problem Gambling Levy**
- **Nascent impact**



HARM MINIMISATION

- **Harm risks reflected in classes of gambling**
- **Licensees must minimise risks**
- **Operators to provide information/staff training**
- **Minors prohibited from playing**
- **Remote interactive gambling banned (except by New Zealand Racing Board or Lotteries Commission)**
- **Advertising of overseas gambling prohibited**
- **Gambling banned in some premises (eg where minors may frequent – such as shopping malls)**
- **New casinos and any increase in opportunities for casino gambling prohibited**
- **Commission payments to pubs prohibited**



BALANCES / TENSIONS

- Suppose operator seeks licence renewal
- Very successful in increasing community contribution
- But also takes no steps to detect problem gamblers
- Leads to local complaints
- Should the licence be renewed?
- What if the operator has several venues, only one of which has these issues?



SUMMARY

- NZ has moved beyond “traditional” regulation to include community / public health criteria
- Gambling is potentially harmful (cf alcohol) and unlawful except to the extent permitted under the Act, and requires consideration of possible effects
 - Leads to prudent, cautious, reverse onus approach
- Creates tensions not always easy to balance
- Likely to arise in other jurisdictions in coming years
- Need more definitive research to establish facts about what does and does not affect problem gambling – but can’t stand still in the meantime, and not conclusive of final adopted policy



COMMENTS

- Government ownership of gambling a marginal matter – just shifts/creates new risks and issues
 - Decision often historical, maybe to legitimise illegal activities
 - Less worried about money side of Government ownership, but more directly affected by community pressure
 - Divestment decisions not related to harm but financial risk
- Researchers not as effective as industry in influencing public policy debate
 - Need to separate objectives from approach adopted
- Attitude to Reno Model depends on what “collaborate” means
 - Danger of public policy capture by industry