

Non Casino Gambling Machines in Hotels and Clubs: Points of Difference

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Executive Summary

Data are presented demonstrating that Clubs offer New Zealand gamblers a safer class 4 gambling environment than Hotels or Casinos. On this basis Clubs should be treated as a separate gambling mode and Ministry of Health (MOH) and Gambling Commission are obliged to reflect the relative safety of Club gambling in the calculation of the gambling levy.

The demonstrated relative safety of Club class 4 gambling gives the other participants in the gambling sector an objective harm minimisation performance goal to strive for and the MOH needs to ensure that Hotel and Casino gambling providers work towards this goal by acknowledging the success of Clubs in minimising gambling harms when setting the levy.

Introduction

The data collected on non-casino machine gambling by the Department of Internal Affairs (DIA), MOH and others regard machine gambling in Hotels and Clubs as a single category presumably on the basis that the rules governing these machines and the actual machines in Hotels and Clubs are the same. However in the lead up to the 07 levy round the Gambling Commission directed the MOH to record the primary gambling mode of presenting gamblers so that any differences between the number of problem gamblers presenting to treatment services for Video Gaming Machine (VGM or Pokie Machine) gambling from Clubs, Pubs and Casinos could be established.

The data collected show that for every five machines in Pub venues one problem gambler presents for treatment whereas the ratio for Clubs is one problem gambler to every twelve

machines, suggesting that a Pokie machine in a Club is about 2 ½ times safer than a machine in a Pub.

Despite showing that Clubs are safer venues than Pubs these data overestimate the relative danger of Club machines as the MOH data includes problem gamblers counted on presentations to multiple treatment providers. For this reason the Gambling Helpline presentation statistics are included as this is the main first presentation service for problem gamblers.

The Helpline figures for problem gamblers presentations show one problem gambler presenting for every 24 Hotel machines and one problem gambler for every 181 Club machines suggesting that Club machines are approximately 7 times safer than Hotel machines. This is strong evidence that Club machines are safer than Pub machines and given that the rules and machines are the same the difference must be in the way that gambling is provided in the Club setting.

The data that the Ministry of Health have are combined with other data from New Zealand and shown in Table 1 below.

Table 1
Gambling by Venue or Mode in NZ

Variable	Hotels VGM	Clubs VGM
Market Share (%) 1	55	6
MOH Problem Gambler Presentations 2	3168	335
Helpline Problem Gambler Presentations 3	657	22
No. of Pokie Machines 4	15,752	3,987
Total \$m lost 5	778.56	124.11
Loss per machine \$	49,426	31,129

1. By \$ lost

2. MOH Service User Stats 2008

3. Helpline 2008
4. DIA 2009
5. DIA 2008

These data show that on a VGM per problem gambler basis Clubs are dramatically safer than Hotels. On a problem gamblers per \$ lost basis, using the MOH data there are 1.5 times as many problem gamblers per \$ lost in Hotels compared with Clubs and using the Helpline data there are 4.8 times as many problem gamblers per \$ lost in Hotels than in Clubs.

Since the gambling environment and gamblers safety is demonstrably different in Clubs from that in Hotels this difference should be reflected in the Gambling Levy.

The Problem Gambling Levy

The levy is collected to fund the Ministry of Health's Problem Gambling Strategy and as a result is closely tied in to the harms of various sectors of the gambling industry. The levy regulations are in Part 4 of the Act which deals with Harm Minimisation, S319 (2) defines the purpose of the levy as to

“Recover the cost of developing, managing and delivering the integrated problem gambling strategy”.

Further the levy is weighted S320 (2) with a variable “B” which is

“the customer presentations to problem gambling services that can be attributed to gambling in a sector divided by total customer presentations in which a sector that is subject to the levy can be identified”

This clearly identifies the levy as being explicitly moderated by a variable representing the harms that identified sectors of the gambling provider industry produce. As Clubs are an identifiable sector of the gambling provider industry that can be differentiated from other class 4 gambling providers Clubs are entitled to a separate levy calculation based on identified sector harms. A separate levy calculation for a provider that is demonstrably

providing class 4 gambling more safely than the rest of the class 4 sector has the power of natural justice behind it and also sets a target for the rest of the Class 4 sector on what can be achieved in providing a safe gambling environment.

The obligation on the Ministry and Gambling Commission to use evidence based process in setting the levy arises from S317 of the Act the “Integrated problem gambling strategy” (which the levy exists to fund) should be informed by independent scientific research and evaluation. Now that rigorously collected data has now been collected showing that Clubs offer safer gambling the Ministry of Health and Gambling Commission is required to take this into account in setting the levy.

Key Distinctions between Hotel and Club Gambling

The following is a description of key areas of differences between Clubs and Hotels with respect to gambling harms.

Clubs as a Coherent Community

It is a matter of law that the Club environment is highly controlled; this is explicit in the liquor licences of Clubs. Entry to all Clubs is restricted to members and their guests and Clubs have formal processes with tested integrity for recording who guests are by signing them in to the Club. The members of a club constitute a sub section of the community who with their guests have private access to liquor, class 4 gambling and a host of other activities. This community consists of members who are likely to be familiar with each other and the Club staff and more likely to watch out for and intervene to prevent problem behaviour including problem gambling behaviour. The degree to which this affects the gambling of problem gamblers could be assessed through a survey of gambling clients presenting to the Problem Gambling Foundation.

Funds return directly to gamblers

Clubs can make a strong claim to ameliorate the gambling harms they do contribute to by returning the funds collected through gambling machines directly to their members. Frequently this is in the form of specific welfare services to club members and in larger

clubs can include job finding and training, budgeting etc. While Hotels host gambling machines on behalf of charitable trusts that return 39% of funds collected to the community this money often finds its way out of the actual community in which it is collected. In contrast Clubs explicitly put this money back into the community in which it is collected, in fact often directly back to the gamblers who lost the money.

Host Responsibility: Through other club Activities

All class 4 venues in New Zealand are required by the Gambling Act to have host responsibility measures in place however in Hotels these are directly targeted at identifying problem gamblers and referring them to helping services. Clubs provide this level of host responsibility and in addition provide a plethora of Club social, hobby, recreational and entertainment opportunities for the benefit of their members. Each of these activities is in fact of host responsibility activity as it contributes to an environment rich in alternatives to gambling. These non gambling opportunities are not available to anything like the same extent in casinos and Hotels. These activities would be the envy of other class 4 gambling venues and from a public health perspective represent the quintessential harm minimisation model for reducing the risks in a class 4 gambling environment.

Hours of Operation

The hours of operation of Clubs and Hotels are very different with some Hotels in some areas open 24 hours which potentially makes class 4 gambling available 24 hours. Clubs frequently close at 10pm on weekdays and are not open on weekends to the same extent that Hotels are. This limits the exposure to members to class 4 gambling and though no evidence currently exist to support this reduced hours would be expected to contribute to a safer gambling environment.