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Gambling Commission  
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## **Christchurch City Council submission on the Gambling Commission review of the Charitable Trust licence conditions for the Auckland, Hamilton, Christchurch, Dunedin, Queenstown and Wharf Casinos (the Casinos)**

### **Introduction**

1. Christchurch City Council (the Council) thanks the Gambling Commission for the opportunity to provide comment on the review of the charitable trust licence conditions for the Casinos.
2. Our submission is focused on the questions posed by the Gambling Commission in the letter to stakeholders (dated 14 April 2021) and only pertains to the matter of charitable trust licence conditions.
3. While the Council believes the Casinos have a key role in avoiding the negative effects of problem gambling, we recognise that the purpose of this review is to consider charitable trust licence requirements in the context of section 3(g) of the Gambling Act 2003, which is to “ensure that money from gambling benefits the community”.
4. In 2018, the Council made a submission on the Christchurch Casino Limited (CCL) venue licence renewal application. In its submission the Council sought changes to the charitable trust conditions, particularly with respect to returning funds to the community. The Council requested the licence conditions include a requirement for the casino to provide a minimum level of funding to its independent charitable trust. The submission sought a minimum contribution of 2.5 per cent of net profit, consistent with the Auckland casino condition at the time which was incorporated into the renewed licence. The Council was looking to promote consistency, fairness and transparency in the charitable trust conditions and remains convinced this is in the best interests of both the Casinos and their host communities.

### ***A consistent approach***

5. The Council supports a review of all charitable trust licence conditions, noting that all current conditions vary significantly between the Casinos, and have never been considered as a group.
6. The Council agrees that the charitable trust conditions should align with the purpose of the Act, particularly with section 3(g).
7. The Council supports consistency in the licence conditions across all the Casino licences, particularly with respect to the calculation of charitable trust contributions.
8. Based on the above, the Council supports casino win being used as the basis for the charitable trust contribution requirement. Section 3(g) of the Gambling Act 2003 identifies one of the purposes of the Act is to “ensure that money from gambling benefits the community”. Basing charitable trust contribution requirements on casino win provides a direct correlation

between gambling activity (as opposed to other activities at a casino) and the funds granted to the community. Net profit reporting is impacted by other factors within the casino operation, including revenue from outside the gambling component of each business, which muddies the link between gambling revenue and benefit to the community.

9. The Council notes that casino win is the figure used to determine the problem gambling levy (as noted in the SKYCITY Auckland decision, paragraph 3.4(e)). This further strengthens the rationale for a consistent methodological basis for these calculations.

***A fair and equitable approach***

10. It has been difficult to establish a requirement for an appropriate proportion of casino win to be provided to the charitable trusts. Financial data on which to base a proposed funding requirement is not readily available in the public domain, as the information is either not collected in a way that could enable this or is withheld by the Department of Internal Affairs (DIA) and Gambling Commission due to commercial sensitivity.
11. The DIA has advised they do not collect prize and turnover information for casino gambling, despite collecting this information for TAB, Lotteries Commission and class 4 gambling (pokies outside of a casino). Council staff have queried whether the DIA could provide expenditure (casino win) at a regional level, but were advised this information is collected in-confidence with the casino win aggregated across all casinos due to commercial sensitivity.
12. While acknowledging we are not comparing apples with apples, the best benchmark or indicator we can find is comparing the community funding requirements for casinos with those for class 4 (pokie) corporate societies. We do note, however, that national casino gambling expenditure is approximately two-thirds that of class 4 gambling.
13. To illustrate the point we have looked at the publically available 2019/20 financial figures for CLL and class 4 venues operating in Christchurch. Class 4 Gaming Machine Profits (GMP) in the Christchurch district totalled \$66 million. With 40 per cent minimum required to be returned to community groups, at least \$26.4 million was distributed in funding grants from proceeds of pokie machines in the district. At 30 June 2020, Christchurch had 1,325 machines in operation, meaning each pokie machine generated around \$20,000 in community grant funding.
14. By comparison, the Christchurch Casino website reports they have 454 slot machines<sup>1</sup>. Skyline Enterprises' 2020 Annual Report notes that \$390,000 was made in charitable donations<sup>2</sup>, with \$317,000 to the Christchurch Casino Charitable Trust and \$73,000 in other donations. This equates to just \$859 per machine being provided in community funding. CCL have advised the Council that there is an error in the 2020 Annual Report and that their total charitable donations was slightly higher than reported. Even so, there is still a significant difference in community funding, per machine, between the two modes of gambling.
15. It is difficult to suggest what the required charitable contribution should be but the current requirements (for example the Auckland Casino requirement of 0.7% of casino win) appear to be set at a very low level.

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<sup>1</sup> <https://christchurchcasino.co.nz/gaming/slot-machines/>. Accessed 3 May 2021.

<sup>2</sup> This does not include other in-kind and miscellaneous support CCL provides to community organisations such as hosting fund raising events at a reduced rate.

16. The Council acknowledges that CCL is a legitimate business and must seek to return a fair profit to its owners. However, donations to the Casino's charitable trust seem small, especially when compared to the requirements placed on other forms of gambling.
17. The Gambling Act 2003 provides that no new casino licences are to be granted. This gives existing casinos an extremely privileged commercial position, while operating a business that can cause significant social harm. The Council believes that neither the current donations required, nor those actually provided, provide credible social license for the Casinos to operate in their host communities, or to actively meet the purpose in section 3(g) of the Act.

***A transparent approach***

18. The Council requests the Gambling Commission promote transparency as part of this review. More information, presented clearly and in the public domain, would enable submitters to provide the Commission with a clearly reasoned view of what an appropriate approach to charitable trust conditions might be. We do not believe it is appropriate for this information to be provided by the Casinos only on request (and unable to be verified) or simply to not be available at all.
19. The Council supports contributions being provided to a new model of charitable trusts, fully independent from the casino licence holders. The current model lacks the transparency and credibility the community expects from an organisation charged with dispersing community funding from the proceeds of gambling. For example, while the charitable trusts are required to provide details to their Casinos of unsuccessful funding applications made to the trusts, this information is not made publically available. If new trusts are to be established the disclosure requirements placed on them needs to be well thought through to achieve as high a level of transparency as possible.

**Conclusion**

20. The Council supports the Gambling Commission's review of the charitable trust licence conditions for the Casinos and believes the charitable donation conditions should be aligned across the country. We believe casino win is the most appropriate method to calculate the charitable trust contribution. We also support charitable trusts that are fully independent from the Casinos.
21. Thank you for the opportunity to provide this submission. We do not wish to be heard in support of our submission. For any clarification on points within this submission please contact Ellen Cavanagh, Policy Analyst at [ellen.cavanagh@ccc.govt.nz](mailto:ellen.cavanagh@ccc.govt.nz).

Yours faithfully



Dawn Baxendale  
**Chief Executive**



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