

**The belief:**

“Problem gambling is on the increase.”

**The belief:**

“The more gaming machines there are, the more likely it is that there will be problem gambling.”

**The belief:**

“People spend a lot of money on gaming machines.”

**The belief:**

“Very little of the money from gaming machines goes back to the community.”

**The belief:**

“Most of the money goes to special interest groups.”

**The belief:**

“Gaming trusts take a lot of the profit from gaming machines.”

**The reality:**

A survey completed by the Ministry of Health shows that, in fact, problem gambling has been stable or in decline since 1991.

**The reality:**

Again, it may be surprising, but the Ministry of Health survey shows that, while gaming machines have increased, the number of people with problem gambling has not increased; in fact, in that period, they have decreased.

**The reality:**

Those people who play gaming machines regularly spend, on average, just over \$25 a week. For the adult population as a whole, this sum is just \$5.89 a week.

**The reality:**

The law requires that a minimum of 37.12% of gaming machine profits is returned to the community. Pub Charity's policy is to return more than this minimum to benefit local communities.

**The reality:**

Pub Charity's policy is to distribute the funds across all sectors of the community including sport, environment, music, community, health, cultural, education, youth, emergency service and heritage groups.

**The reality:**

80% of society costs relate to the licensing and ownership of the gaming machines.

Gaming machines:  
**The belief  
and the reality**



Level 2, Radio Network House  
Corner Abel Smith and Taranaki Streets  
PO Box 27-009  
Freepost 956  
Wellington

Phone: 0800 42 64 64 (0800 GAMING)  
Fax: 04 384 1630  
Email: [pubcharity@pubcharity.org.nz](mailto:pubcharity@pubcharity.org.nz)  
[www.pubcharity.org.nz](http://www.pubcharity.org.nz)



Hospitality Association of New Zealand

PO Box 503  
Wellington  
New Zealand

Phone: 04 385 1369  
Fax: 04 384 8044  
Email: [nsc@hanz.org.nz](mailto:nsc@hanz.org.nz)



### To have Trusts or not to have Trusts?

Gaming machines are run by Community Trusts. Opponents of gaming machines make the argument that perhaps it would be better to have State control or even a Public Private Partnership.

Accepting that we have a vested interest in this argument, we'll make the case as dispassionately as we can.

With State Control, the regional structure of community grants activity would restrict the opportunity to retain funds locally. Plus, we have to say, there is an inevitable and we think, distasteful, risk of political interference when funds are administered by political bodies.

In a Public Private Partnership, the state would sell licences to the highest bidder and provide commission-based payments to the operator. While more favourable to business, the cost of ownership of gaming machines and the high fees for licences would put this option out of reach for many, particularly in rural and provincial areas. This is the model used in Australia where problem gambling rates are almost 5 times higher than in New Zealand.

We believe that the current Trust model of gaming operations provides the best balance between economic opportunity, freedom of choice and community responsibility.

Pub Charity has served the New Zealand community for over 20 years. We've provided a valuable funding vehicle for local communities and we've represented the interests of business owners wishing to provide an entertainment option and a diversified income stream with legitimate gambling opportunities.

**We think we can rightly be proud of any of those things. If you want to know more please don't hesitate to contact Martin Cheer (CEO of Pub Charity) on 0800 GAMING.**

### Problem gambling and gaming machines. Cause and effect?

In recent times there has been no small amount of media coverage about problem gambling. At Pub Charity, our business is running gaming machines and returning the profits to the community. So when people talk about problem gambling, they look for the causes. Which, often as not, seems to be us.

In our opinion, the increase in awareness of problem gambling is being interpreted as an actual increase in problem gambling. Misinterpreted may be a better word.

Why do we say that? Well, the Ministry of Health carries out studies at four yearly intervals to monitor the prevalence of problem gambling (see figure 1). Their most current study – 2003 – shows the prevalence of problem gambling has been steady or in decline since the first study in 1991. Statistics also show New Zealand as having one of the lowest rates of problem gambling in the world.

Interestingly, in the period between 1991 and 2003, gaming machines have increased four-fold.

We raise this because we are faced with constant and continual calls for there to be a 'sinking lid' on gaming machines; that is, no new sites. The argument made is that more gaming machines will cause more problem gambling. The statistics, we would suggest, show otherwise.

### Funding the community or funding the operators?

There are two arguments that we often hear about the money raised by gaming machines. The first is that most of the gaming machine profits go to the operators rather than the community. The second is that the money that goes to the community is distributed to interest groups that are 'favourites' of the operators.

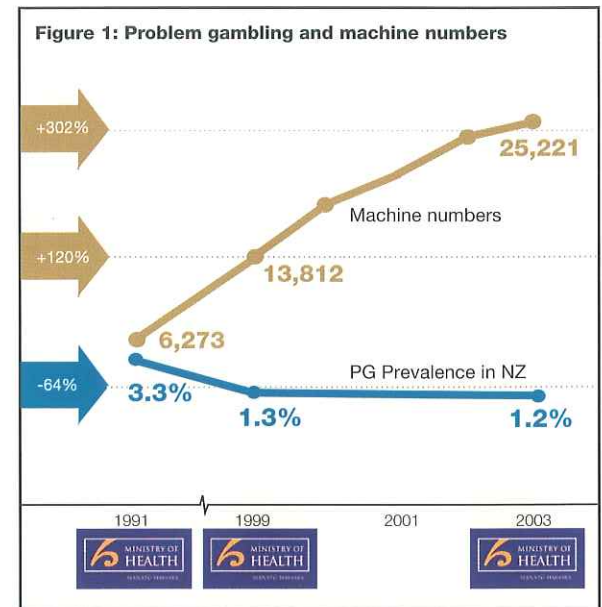
By law gaming trusts must return a minimum of 37.12% of gaming machine profits to the community. That's what the law says. At Pub Charity we endeavour to return more than this minimum. But there are other things that you should understand (see figure 2). 32.1% of money from gaming machines goes to the government in tax and duties. Approximately 16% goes to the business owners which, through business and employment, makes its way into the community. So, in effect, around 85% of the profits goes into the community.

But when the money goes into the community, where exactly does it go? There is some criticism – and it is valid – that some Trusts limit their distributions to select groups.

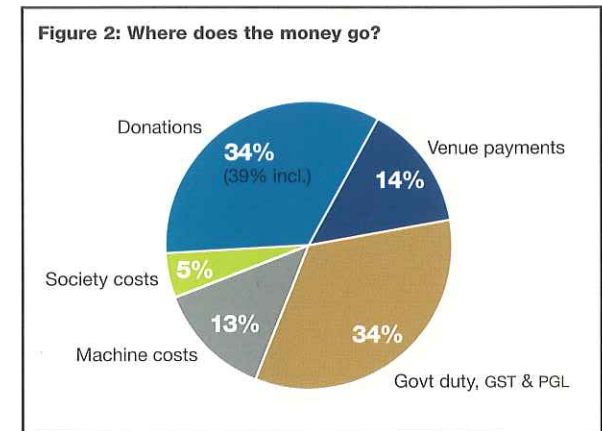
At Pub Charity, we believe that it is morally unacceptable to operate this form of favouritism. We have no affiliation with any special interest groups, nor will we.

We believe that funds generated from gaming should be used to benefit the communities that expended the money in the first place. 95% of donations distributed go to local communities. Each donation is carefully considered with the aim of seeing the money spent not just in the local authority area (region), but in the very community or district where the funds were raised.

Over the past 20 years, Pub Charity has returned \$350 million to a broad range of recipients in local communities. We're proud of that.



Source: SOGS; Ministry of Health, National Prevalence Surveys 1991, 1999, 2003; DIA website



Source: Pub Charity Inc. 2004-2007