

PUBLIC PRIVATE SECTOR
PARTNERSHIPS AND PROBLEM
GAMBLING

Peter Collins
University of Salford

OUTLINE OF ARGUMENT

- Why the Gambling Industry is Always a PPP
- What government want
- What the Industry wants
- Problem Gambling: Why should governments care
- Problem Gambling: Why should the industry care
- The South African and UK response
- Realism and Enlightened Self-interest

WHAT DOES THE GAMBLING INDUSTRY DO?

- Sells pleasure of playing games for money
- By offering bets on terms favourable to the House

WHY DON'T WE HAVE FREE MARKETS IN GAMBLING SERVICES

- Significant numbers of people disapprove of gambling
- Gambling is dangerous, can ruin lives
- Too many gambling venues are unpopular with communities
- Gambling is easily taxed

So the gambling industry is a public-private sector partnership in which both parties have an interest in maximising profits and minimising negative public perceptions

WHY GOVERNMENTS HAVE LEGAL GAMBLING INDUSTRIES

- Better than illegal ones
- Adults in a free society ought to be choose how to spend their own time and their own money in pursuit of pleasure – provided only that they don't harm others in the process but even if they make bad choices and harm themselves
- Taxes
- Tourism

What does government want?

Votes secured by doing what the public wants:

- Providing best possible public services
- Paid for by the least unpopular taxes
- Not causing offence, causing people to feel bad about their society

WHAT DOES THE INDUSTRY WANT FROM THIS PARTNERSHIP?

What all businesses want, i.e. Maximising return on investment (profits) by:

- Minimising investment and therefore cost of capital
- Minimising operational costs (esp staff costs)
- Maximising prices
- Minimising risk

i.e. optimising risk-return ratio

WHAT DETERMINES PROFITS IN THE GAMBLING INDUSTRY

Because the industry is a partnership in which govt is the senior partner and in jurisdictions like SA the principal beneficiary, private sector profits depend primarily:

- Not on successful competition against competitors for customers
- But on getting government to do what you want to do and not require you to do things you don't want to do

WHAT IS THE IDEAL ENVIRONMENT FOR A GAMBLING BUSINESS?

- Unlimited opportunity to offer gambling services and products
- Freedom to set odds and prices
- Low taxes and other costs
- No competition: monopoly

WHAT IS THE REALITY?

- Many restrictions on freedom to trade
- High taxes and administrative costs
- BUT: Limits on competition

Where does Problem Gambling Fit in? Why does Government care?

- When government does the cost-benefit analysis, PG is the principal kind of cost:
 - Human costs
 - Social costs
- But PG also becomes the focus for all anti-gambling sentiment whether:
 - Religious
 - Ethical
 - Political
 - Aesthetic

But why should industry care about PG?

- The ethical duty of gambling industry managers??
- Interests of share-holders and responsible gambling programmes
- Avoid levies
- Public Relations: Proactive, caring and responsible as opp reluctant, reckless and
- Defence against the backlash
- Common humanity

So what should industry do?

- Fund a responsible gambling programme – like this one
- Take it seriously:
 - e.g. unsupervised children
 - collateral
 - codes of conduct
 - exclusion etc

THE SOUTH AFRICAN NRGP

Aims to enable government to say that everything that reasonably can be done to minimise the incidence of, and harm caused by problem gambling

THE UK GAMBLING INDUSTRY CHARITABLE TRUST

- The Budd Proposal
- The Government Response
- The Establishment of GICT
- The Consultancy Report
- Possible problems:
 - Independence?
 - Monopoly Suppliers?

Research

Understanding PG in respect of:

- its prevalence
- its demographics
- Its causes; its consequences
- Its prevention
- its cure

Public Education

- How gambling works
- Harmless gambling
- Describing the PG
- Signs of trouble
- How to get help

Treatment

- Helpline
- Outpatient
- In-patient

CONCLUSIONS

- Gambling industry is rather unimportant in the larger social picture
- Good policy irt gambling is like good policy irt alcohol – not cigs or sex
- You cannot force people to submit to treatment for self-destructive behaviours
- Allowing some people to make self-damaging choices is the price of allowing most people to make harmless ones
- A sense of perspective and proportion