

CHURCH INVESTMENT & GAMBLING

Some Questions & Answers

Why do Church of England investment bodies avoid investment in companies whose business is wholly or mainly derived from gambling activities?

The prime ethical objection to investing in this area is the social damage caused by gambling abuse and misuse, which has tragic consequences for many families.

When was the last time this policy was considered?

An in depth review of the policy was carried out during 2005. It concluded that this is still a relevant exclusion for the Church of England investment bodies. The Church has avoided the activity of gambling since it first invested in equities in the 1940s.

What prompted the Ethical Investment Advisory Group to reconsider this exclusion?

The easing of social attitudes towards gambling such as the introduction of the National Lottery, the rapid rise of on-line and other forms of remote gambling and the UK Government's review that resulted in the new Gambling Act 2005, all added to the urgency of reviewing this industry for Church of England investment.

How is the activity of gambling defined?

Gambling is an activity that constitutes any behaviour involving betting or wagering one's property or money, no matter how slight or significant, where the outcome is uncertain or depends upon chance. It is a game of chance, with every transaction based on one party's gain and another party's losses. Winnings are not earned but a product of luck.

So how does "gambling" differ from "gaming"?

Gaming, the original word for a game of chance, was reintroduced, some say, as a way of re-inventing and softening the image of the gambling industry. Sometimes gaming is associated with bingo and gaming machines and gambling with casinos. Both terms are commonly used, with the industry opting for the earlier version in keeping with their image as a leisure industry.

What activities constitute gambling?

The industry is vast and fragmented but it would be fair to say that the UK gambling industry falls largely into two categories, "hard" and "soft" forms of gambling. Hard forms of gambling include casino games, betting shops, spread betting and gaming machines (e.g. slot machines). Soft forms of gambling include lotteries, bingo and pools.

What differences have been identified between these two types of gambling?

"Hard" forms of gambling tend to be more addictive and have characteristics prone to creating more problems than "soft" forms of gambling. Harder forms of gambling tend to

be those activities that allow the player to restake, or use his/her winnings to bet again. A player has the ability to chase losses, receive good odds, have a high level of interaction and the ability of quick gains. The opportunity both to win and lose large sums of money are provided through high stakes, continuous action, convenience of play and possibility of high returns. Softer forms of gambling have fewer of these characteristics with less ability to bet again or chase losses.

Did the EIAG consider a relaxation of investment in companies focused on soft forms of gambling?

Yes. However, the Group concluded, on balance, that all forms of gambling, both soft and hard, contribute to the social ills that result from severe addiction to the activity, and should therefore be avoided. Particular focus was given to those from economically disadvantaged backgrounds who view lotteries as the only way out of financial poverty and who are therefore disproportionately affected by a form of regressive taxation.

Isn't it hypocritical to exclude companies involved in gambling as an investment for Church funds on ethical grounds, whilst parishes are free to accept Lottery funding or organise bingo and raffle events to raise much needed money?

Gambling is a legitimate leisure activity for many people; nevertheless it can be abused, and has huge potential for abuse and unnecessary suffering. The Church distinguishes between the decisions made by individuals or individual churches on one hand who choose to accept monies from lotteries and bingo events, and judgements made by the Church as a whole in avoiding taking income from, or providing capital to, companies wholly or mainly involved in the gambling industry.

But the Church invests directly in the stock market; is this not gambling?

No. Investing in equity markets does not fit the definition of gambling and should be viewed as good stewardship of assets aligned neatly with the Parable of the Talents. Investment rationale focuses on the expectation of a return based on informed decisions and implies responsibilities of ownership. Owning shares is analogous to owning a house or other asset type. However, speculative decisions, or "punting" on market movements for gains dependent on another's loss may be more closely aligned with gambling. Spread betting, a market activity, has been viewed as an unacceptable investment for Church of England monies for this reason and is therefore avoided.

Does the same approach apply in relation to investment in property?

Yes. The Church refrains from letting its property to parties whose main business is in gambling, such as bingo halls, betting offices and casinos. However, it is not always possible for a landlord to restrict the use of a commercial property if the lease is being assigned.

Does the Church of England make its research on this topic publicly available?

Yes. Copies of a paper "Gambling or Gaming; Entertainment or Exploitation" are available in hard copy from the SRI Unit (detailed below) or the Church of England's website.

The Church of England Ethical Investment Advisory Group was established in 1994 and includes representation from the Church Commissioners for England, the CBF Church of England Funds, The Church of England Pensions Board, the General Synod, the Archbishops' Council, and the Mission & Public Affairs Council

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