

**In Confidence**

Office of the Minister of Health

Chair, Cabinet Social Wellbeing Committee

**Release of draft *Strategy to Prevent and Minimise Gambling Harm 2022/23 – 2024/25* for public consultation**

**Proposal**

- 1 This paper seeks agreement to release the attached *Strategy to Prevent and Minimise Gambling Harm 2022/23 – 2024/25: Consultation Document* for public consultation, as required by the Gambling Act 2003 (the Act).

**Relation to Government Priorities**

- 2 The draft Strategy responds to the government's priority of wellbeing for all New Zealanders. Gambling is a source of inequity and harm, especially to Māori and Pacific peoples.

**Executive Summary**

- 3 About one in five people in New Zealand experience harm as a result of their gambling or someone else's gambling. Research shows that Māori and Pacific peoples, some Asian communities, young people/rangatahi, and people on lower incomes disproportionately experience gambling harm.
- 4 The Act sets the regulatory framework for gambling in New Zealand. Section 317 of the Act requires an 'integrated problem gambling strategy focused on public health'. The Act specifies key components that must be included in the strategy and consultation process. The Ministry of Health (the Ministry) is responsible for this strategy (the *Strategy to Prevent and Minimise Gambling Harm*, or the Strategy) and for setting the 'problem gambling levy' (the levy) which recovers the costs of activity under the Strategy.
- 5 The draft Strategy (attached) proposes a new strategic plan and service plan to address changes to the gambling environment and respond to gambling harm as an equity and public health issue. It sets out a move towards partnership through enabling Māori and Pacific leadership, working with Māori, Pacific peoples, communities and the sector and supporting co-design.
- 6 The draft service plan describes key initiatives including a proposed initiative to address stigma and discrimination, and investment to develop an enabled and more diverse workforce to support new modes of service delivery. The package of investment has been costed at \$67.374 million over the three years from 2022/23 – 2024/25, an increase of \$7.035 million on the 2019/20 - 2021/22 budget. The increase includes a transfer of \$5.602 million

underspend from the 2019/20 - 2021/22 levy period, so the proposed new funding is \$1.433 million.

- 7 While the Strategy is funded through a Vote Health appropriation, the Crown then recovers the cost of this appropriation through the levy. The levy is set by regulation at different rates on the profits of each of the four main gambling sectors. This means that the Strategy is cost neutral to the Crown. The Act specifies the formula used to calculate the levy rate for each gambling sector, which requires Ministers to determine the weightings between sector spending and people accessing problem gambling services (presentations), which will generate the levy for each sector.
- 8 The Act prescribes a detailed two-step consultation process: Ministry consultation with stakeholders followed by consultation on revised proposals led by the Gambling Commission. I have directed the Ministry to prepare for a six-week public consultation period starting on 23 August 2021, pending Cabinet's approval to release the attached consultation document (ie, the draft Strategy). Following analysis of submissions and other hui, the Ministry will submit revised proposals, in the form of a revised Strategy, to me, the Minister of Internal Affairs, and, subsequently, the Gambling Commission in November 2021.
- 9 The Minister of Internal Affairs and I will seek Cabinet agreement to the final Strategy and levy rates no later than April 2022. The rates will come into force on 1 July 2022.

## Background

- 10 Most New Zealanders gamble at least occasionally. The most recent data shows that over two thirds, or about 2.7 million people aged 15 years and older had participated in some form of gambling in the past 12 months. About one in five people in New Zealand experience harm as a result of their gambling or someone else's gambling.
- 11 Gambling participation has been dropping since 2006/07, as has the number of gambling venues, but rates of gambling harm have remained static for some time. Some forms of gambling are more harmful than others: in particular, electronic gaming machines and other continuous forms of gambling.
- 12 The Act sets the regulatory framework for gambling in New Zealand. It takes a strong harm minimisation approach. Section 317 of the Act requires an 'integrated problem gambling strategy focused on public health', and prescribes that this strategy include: measures to promote public health; services to treat and assist problem gamblers and their families and whānau; and independent scientific research associated with gambling and evaluation.
- 13 The Ministry is currently working to deliver the current Strategy, which expires on 30 June 2022. Although delivery has been affected by the response to COVID-19, activities already complete or that will be complete by the end of the current Strategy period include:

- 13.1 establishing a pilot to fund and evaluate the first peer workforce roles within gambling harm clinical services within New Zealand
  - 13.2 a lived experience advisory group for gambling harm has been established by the Ministry. Utilising the voices of lived experience better across mental health and addiction systems and services was a key recommendation of *He Ara Oranga – Report of the Government Inquiry into Mental Health and Addiction (He Ara Oranga)*. This group is making an important contribution to service design and delivery
  - 13.3 funding pilots to address inequities for those groups experiencing most gambling harm, with a focus on Māori, Pacific peoples and people living in isolated rural areas. These will be informed by co-design with communities to explore new ways of delivering services
  - 13.4 commissioning a broad range of research and evaluation, with a focus on inequities. This has included qualitative and quantitative research into current and emerging high-risk areas of gambling harm.
- 14 The Ministry will undertake a full re-tendering of all gambling harm prevention and minimisation public health and clinical intervention services within the current strategy period in order to have new contracts in place for 1 July 2022 (under the new Strategy). This tender will increase investment in areas that are experiencing the highest levels of gambling harm and economic deprivation, and with the highest Māori and Pacific populations.
  - 15 The environment within which gambling harm is occurring is changing. Spending on gambling has increased every year since 2013/14, with the exception of 2019/20 (likely due to the COVID-19 lockdowns). Most money spent on gambling in New Zealand comes from the relatively limited number of people who play non-casino gaming machines (NCGMs, known colloquially as “pokies”), and New Zealanders are losing over \$800 million per annum on NCGMs. The majority of NCGMs are located in higher deprivation areas. In addition, new forms of harmful gambling – such as unregulated online gambling – are expanding in New Zealand, as they are overseas.
  - 16 Whether an individual experiences harm from their or someone else’s gambling, and how this harm is experienced at a whānau and community level, results from many factors. This includes the wider determinants of health and wellbeing, the design and planning of built environments, and the nature of the gambling environment. The latter of these is largely determined by regulations under the Act. My colleague the Minister of Internal Affairs is currently investigating opportunities to address harm from NCGMs. I understand that she intends to report to Cabinet in due course.
  - 17 *Kia Manawanui – Long term pathway to mental wellbeing* proposes a review of the Act in the medium term.

## Advice

### Form of Consultation Document

- 18 A detailed two-step consultation process is prescribed in the Act: Ministry consultation with stakeholders followed by consultation on revised proposals led by the Gambling Commission. The attached consultation document consists of the draft Strategy which is made up of three main parts:
- 18.1 a strategic plan
  - 18.2 a three-year service plan including forecast budget
  - 18.3 setting the problem gambling levy.

### Inputs to the Development of the Consultation Document

- 19 The Act requires a needs assessment be undertaken to inform each iteration of the Strategy. This has been completed and informed by a literature review; focus groups and interviews with government agencies, research institutions and gambling harm services, the gambling industry, and people with lived experience of gambling; and surveys of the gambling prevention and harm minimisation workforce and gamblers. Its main findings are that:
- 19.1 gambling participation has decreased for the general population, but the prevalence of harmful gambling has not changed
  - 19.2 all forms of gambling remain widely accessible
  - 19.3 access to online gambling for money has increased. Offshore online gambling participation has increased slightly
  - 19.4 evidence shows a link between some forms of online gaming and harmful gambling
  - 19.5 gambling expenditure decreased during COVID-19 lockdowns but returned to pre-COVID levels shortly after lockdown lifted
  - 19.6 Māori, Pacific and young people continue to have the highest prevalence of harmful gambling compared with other groups
  - 19.7 harmful gambling risks are extensive and the enablers and barriers to help-seeking have not changed significantly since the last needs assessment was conducted in 2018.
- 20 The needs assessment also reviewed progress towards the strategic objectives set out in the past strategies and recommended the Ministry could enhance progress through a range of areas including a stronger focus on equity; service integration; workforce development; health promotion; and research. In addition to the needs assessment, my officials reviewed changes

in the strategic environment since the 2019/20 - 2021/22 Strategy was developed.

- 21 *Kia Manawanui: Long-term pathway to mental wellbeing (Kia Manawanui)* was recently approved by Cabinet (CBC-21-MIN-0063 refers). This draft Strategy was prepared prior to the publication of *Kia Manawanui*. Officials have worked to keep the two documents in line during their drafting, and any amendments that may be required to ensure the Strategy reflects the published version of *Kia Manawanui* will be incorporated into the version of the Strategy that is submitted to me, the Minister of Internal Affairs, and the Gambling Commission after public consultation.
- 22 The draft Strategy has been prepared with the intent to be agile enough to respond to changes that may arise due to our upcoming health reform, such as the establishment of a Māori Health Authority and the mandate for a new Pacific Health Strategy.

## Our Proposed Response

### Key shifts

- 23 The new strategic framework and service plan have been developed to address the changes to the gambling environment and the inequitable pattern of gambling harm. They therefore articulate a key shift to partnership working: enabling Māori and Pacific leadership; working with Māori, Pacific peoples, communities and the sector; and supporting co-design.
- 24 The updated Strategy adds young people/rangatahi as a priority population, alongside Māori, Pacific and Asian people (prioritised in the previous Strategy). Young people/rangatahi have been added on several grounds, including emerging research evidence that online gambling may be increasing their vulnerability to gambling harm.

### New Strategic Framework

- 25 In order to respond to the risks and challenges that remain or are emerging, the draft Strategy proposes a new strategic framework consisting of:
  - 25.1 a population outcome: *Pae Ora – Healthy Futures*
  - 25.2 a strategic goal: *Promoting equity and wellbeing by preventing and reducing gambling-related harm*. This is aligned to DIA's strategic goal, *Delivering community wellbeing through reducing gambling related harms*
  - 25.3 priority action areas under each focus area, mapped against both the objectives and outcomes derived from *Whakamaua: Māori Health Action Plan 2020-2025*.

- 26 This will be the most significant change to the strategic framework since 2010 and was signalled in our 2018 consultation on the 2019/20 - 2021/22 Strategy. This framework is intended to:
- 26.1 position gambling harm prevention and minimisation explicitly as an equity issue
  - 26.2 situate harm prevention and minimisation activities within the broader context of public health promotion and the regulation of gambling
  - 26.3 create a greater clarity of focus and a clearer line of sight from goals to actions
  - 26.4 respond to changes in the gambling harm prevention and minimisation environment, including new research and evidence.
- 27 The new framework will also drive some changes to the Ministry's policy and commissioning work programme for gambling, for example, increasing the drive to formally partner with Māori either nationally or locally, and to better integrate gambling prevention and harm minimisation services with other mental health and addiction services.

### **Updated Service Plan**

- 28 A new three-year service plan has been developed based on the strategic framework above. The draft service plan outlines a package of investment costing at \$67.374 million, an increase of \$7.035 million on the 2019/20 to 2021/22 budget. The plan will maintain investment in high quality public health and clinical services, with an enhanced focus on areas such as:
- 28.1 workforce: to enable a more diverse (both in terms of workers and of roles, such as peer roles) and qualified workforce. This includes an increase in FTE rates to align with similar mental health and addiction clinical roles
  - 28.2 new service modes: a strong focus on developing and testing innovative gambling prevention and harm minimisation interventions and services
  - 28.3 destigmatisation: to improve service access rates. Research shows that the stigma of gambling harm is affecting people's ability to access harm minimisation services
  - 28.4 strengthening the focus on service delivery based on kaupapa Māori and Pacific world views, and enhancing lived experience representations and input.

### **Indicative budget**

- 29 The draft service plan outlines a package of investment costing at \$67.374 million, which is an increase of \$7.035 million on the 2019/20 to 2021/22

service plan budget. I am proposing a transfer of \$5.602 million forecast underspend from this period ending June 2022 into the new levy period. This forecast underspend is a consequence of \$5 million underspend being transferred from 2018/19 (the previous levy period) to 2019/20 (the current levy period), along with some delays in spending as a consequence of the response to COVID-19.

30 Table 1 shows the proposed budget for 2022/23–2024/25.

Table 1: Budget to prevent and minimise gambling harm 2022/23–2024/25

Service area	2022/23 (\$m)	2023/24 (\$m)	2024/25 (\$m)	Total (\$m)
Public health services (harm prevention and minimisation)	7.168	7.490	7.482	22.140
Clinical intervention and support services (to treat and help problem gamblers and their families and whānau)	10.571	10.571	10.897	32.039
Research and evaluation	1.079	1.383	1.370	3.832
New services, pilots, investment and innovations	2.477	2.257	1.691	6.426
Ministry operating costs	0.957	0.990	0.990	2.937
<b>Total (\$m)*GST Exclusive</b>	<b>22.252</b>	<b>22.691</b>	<b>22.430</b>	<b>67.374</b>

### Problem Gambling Levy

31 The Act sets out the process for developing and setting the levy rates needed to recover the cost of the Strategy, including the levy formula. The levy rates are set by regulation at least every three years. The next levy period is from 1 July 2022 to 30 June 2025 which aligns with the next Strategy.

32 The statutory formula contains a number of elements, including:

32.1 the estimated current player expenditure for the levy paying sectors

32.2 the number of customer presentations to problem gambling services that can be attributed to gambling in a sector

32.3 the funding requirement (ie, the costs of the Ministry’s proposed services) for the period for which the levy is payable

32.4 the forecast player expenditure in a sector for the period for which the levy is payable

32.5 the estimated under-recovery or over-recovery of levy from a sector in the previous levy periods.

33 The Act requires the Ministry to apply an appropriate weighting between current player expenditure and customer presentations to help determine each sector’s share of the cost that each sector is required to pay in levy.

- 34 A range of possible weighting options for the proposed levy rates for each sector (non-casino gaming machines, casinos, TAB NZ and the New Zealand Lotteries Commission) are included in the consultation document.
- 35 The proposed levy rates and expected levy payments for each sector would be higher than they are for the 2019/20 - 2021/22 period under all weighting options. This is primarily because the Ministry proposes an increase in its appropriation for 2022/23–2024/25.
- 36 The levy formula (as described above) takes into account any historic under- or over-recovery and adjusts for these in generating new levy rates. Details on these figures and the levy calculation are all included in the consultation document.

### Likely Points of Discussion in Consultation Period

- 37 The Ministry's past experience has been that the levy components, weightings, and sector payments have often sparked considerable discussion with the gambling industry, and we anticipate that will be the case this year. A key aspect of the Ministry's risk management is the opportunity for discussion and debate afforded by the consultation process, and that the Ministry will revise its draft Strategy if presented with compelling evidence.
- 38 Conversely, the effectiveness of the Strategy has been repeatedly raised by the gambling harm prevention and minimisation sector in past consultation rounds, especially the most recent. It was also raised by stakeholders interviewed for the needs assessment. The proposed revisions to the Strategy and service plan may therefore be well received by the sector.

### Consultation Process

- 39 I have directed the Ministry to prepare for a six-week public consultation period starting on 23 August 2021. The proposed process, following Cabinet's agreement, is that the Ministry will:
- 39.1 publish the Consultation Document (ie, the draft Strategy) on its website and invite written submissions via the Consultation Hub and other networks. This will include key messages and consultation questions in Te Reo, key Pacific and Asian languages and Easy Read
  - 39.2 publish the *Gambling Harm Needs Assessment 2021* and a report on Gambling harm and service delivery in New Zealand 2019/20 and 2021/22
  - 39.3 hold up to 13 public hui, both in person and virtual, including some targeted to Māori and Pacific communities, and to communities and other groups with high rates of gambling-related harm such as young people/rangatahi
  - 39.4 engage with representatives of the gambling sector.
- 40 Following analysis of submissions and other hui, the Ministry will submit revised proposals (in the form of a revised Strategy) to me, the Minister of



Internal Affairs, and subsequently the Gambling Commission in November 2021.

#### *Role of the Gambling Commission*

- 41 The Gambling Commission is required to engage with officials, industry and service providers and form a view on the government's proposals. I anticipate that the Gambling Commission may schedule a consultation meeting for the new year. The Gambling Commission reports to the Minister of Internal Affairs and me within 10 working days of its consultation meeting. The Ministry and DIA will provide advice on the Gambling Commission's report to the Ministers of Health and Internal Affairs, so that we can form a view of indicative appropriations in December to inform Budget 2022 processes.
- 42 The Minister of Internal Affairs and I intend to report back to Cabinet Social Wellbeing Committee no later than April 2022 so that Cabinet can make final policy decisions on the Strategy, the Ministry's appropriation, the amount of the levy and the levy rates for the period from 1 July 2022 to 30 June 2025. The report-back date will be timed before the close-off date for changes to appropriations in Budget 2022.

#### **Adjustments to Future Strategy Development Process**

- 43 As noted above, the Act sets out the process for developing the Strategy. Section 318(1)(f) requires that annual funding requirements for the Strategy be estimated in three-year periods. In recent years, this has been interpreted as requiring that the Strategy as a whole be updated every three years. This timeframe mitigates against truly strategic, long-term action, whilst also diverting Ministry resources, that are funded by the levy, away from the delivery of the existing Strategy and service plan.
- 44 I have asked officials to review the appropriate timing and sequencing of the Strategy, service plan, funding estimation and levy setting and advise me if any changes to practice are needed. If appropriate, this will be included in the paper I bring to Cabinet seeking agreement to the final 2022/23–2024/25 Strategy next year.

#### **Financial Implications**

- 45 The proposal to release the consultation document has no financial implications. Financial implications of the Strategy will be contained in the Cabinet Paper seeking agreement to the final Strategy.

#### **Impact Analysis**

- 46 The Treasury's Regulatory Quality Team has determined that the regulatory decisions sought in this paper are exempt from the requirement to provide an impact assessment as the relevant issues have been addressed in the consultation draft.

## Population Implications

- 47 Gambling harm is inequitably distributed and Māori, Pacific, some Asian communities, and young people/rangatahi are more likely to be affected. This and other population considerations are discussed in the table below.

Population group	How the proposal may affect this group
Māori	The 2018 Health and Lifestyles Survey (HLS) shows that Māori were four times more likely to be moderate risk and problem gamblers compared to non-Māori (HLS 2018). In the Māori adult population, approximately 5.9% were moderate risk and problem gamblers and a further 4.5% were low risk gamblers. After adjusting for deprivation level, Māori were over two and a half times more likely to report either gambling-related arguments or money problems related to gambling. Māori are also more likely to have other risk factors for gambling harm, such as having low incomes, and living in low socio-economic communities where some forms of gambling, particularly NCGMs, are more accessible. Māori are a priority population for the draft Strategy, and the strategic framework and service plan have been designed to address these issues and risks.
Pacific	The same survey shows that Pacific people were about 1.6 times more likely to be moderate risk and problem gamblers compared non-Pacific peoples. Approximately 3.5% of Pacific adults were moderate risk and problem gamblers and a further 3.0% were low risk gamblers. Pacific people are also more likely to have other risk factors for gambling harm, such as having low incomes, and living in low socio-economic communities where some forms of gambling, particularly NCGMs, are more accessible. Pacific people are a priority population for the draft Strategy, and the strategic framework and service plan have been designed to address these issues and risks.
Asian people	Past HLS survey results show the proportion of Asians who gamble is relatively low when compared to Māori, Pacific and European/Other; however, those who do gamble are more likely to experience harm compared to European/Other. Awareness of what to do to help a friend or family member who gambles too much is also lower for Asian communities. Asian people are a priority population for the draft Strategy, and the strategic framework and service plan have been designed to address these issues and risks.
Young people/rangatahi	There is evidence that children and young adults are exposed to considerable gambling messaging; for example, through advertising, which can help to normalise gambling behaviours. There are growing concerns about the accessibility of online gambling and gaming convergence and these impacts on the wellbeing of children, youth and young adults. Young people/rangatahi are an added priority population for the draft Strategy, and the strategic framework and service plan have been designed to address these issues and risks.
Women	Women, who are commonly the primary caregivers within their family or whānau, are particularly vulnerable to the economic strain caused by problem gambling. Gambling venues in local communities appear to offer women respite, distraction, comfort, time-out and/or connection – while placing them at heightened risk of experiencing problems and harm. The strategic framework and service plan have been designed to address these issues and risks.
Disabled people	Almost one in four New Zealanders identify as disabled. We know that Māori and Pacific people and people with low incomes (groups that experience higher levels of gambling harm) also experience high rates of disability. We have limited information about gambling among the disabled community in New Zealand, but a 2006 American study found

	that a quarter of recipients of disability benefits were experiencing severe harm from their own gambling. Additionally, recent small-scale Australian research found people with intellectual disability are engaging with gambling in the same ways as the general public. There is also some concern that the expansion of unregulated online gambling may present a particular risk to disabled people. We are working with DIA on this issue, and the proposals in the draft Strategy include a focus on service accessibility, and on undertaking research on gambling and disability.
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- 48 The proposals in the attached draft Strategy have been developed with the intent to address these issues. The proposed public consultation has also been designed to ensure that voices of affected groups and communities, such as those identified above, are heard.

### Human Rights

- 49 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

### Consultation

- 50 The Ministry of Health prepared this paper in consultation with the Ministries of Education, Housing and Urban Development, Justice, Social Development, and Business, Innovation and Employment; the Ministries for Pacific Peoples, and Women, Ara Poutama Aotearoa - the Department of Corrections, the New Zealand Police, Oranga Tamariki - Ministry for Children, Te Puni Kōkiri, the Department of Internal Affairs (including the Office of Ethnic Communities), the Office for Disability Issues, the Department of the Prime Minister and Cabinet, the Treasury and Te Hiringa Hauora/Health Promotion Agency.

### Communications

- 51 Once Cabinet agrees the release of the consultation document, it will be placed on the Ministry of Health's website and interested parties invited to engage. I will issue a press release to this effect.

### Proactive Release

- 52 This paper will be proactively released as soon as possible following public release of the draft consultation document, subject to redactions as appropriate under the Official Information Act 1982.

### Recommendations

The Minister of Health recommends that the Committee:

- 1 note that one in five New Zealanders experience harm from their own or someone else's gambling, and that Māori and Pacific people are more likely to experience harm

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- 2 note that the Gambling Act 2003 prescribes components that an integrated problem gambling strategy focused on public health must include a formula to estimate problem gambling levy rates, matters for consultation and a multi-stage consultation process
- 3 note that because the Gambling Act 2003 prescribes a lengthy consultation process to develop the integrated problem gambling strategy and problem gambling levy rates, the Ministry of Health intends to begin consultation on 23 August 2021 in order to meet the 1 July 2022 deadline for a new strategy and levy to be in place
- 4 note that the attached *Strategy to Prevent and Minimise Gambling Harm 2022/23 - 2024/25: Consultation Document* meets the statutory requirements
- 5 note that the Ministry of Health will ensure that the consultation process includes targeted consultation with Māori, Pacific peoples, Asian groups and young people/rangatahi, as the groups most vulnerable to gambling harm
- 6 note that the Ministry has prepared a draft three-year service plan costing at \$67.374m, an increase of \$7.035 million on the 2019/20 - 2021/22 service plan budget. This includes a proposed transfer of \$5.602 million forecast underspend from the 2019/20 - 2021/22 service plan budget
- 7 note that the consultation document includes a range of possible weighting options for the proposed levy rates for each sector (non-casino gaming machines, casinos, TAB NZ and the New Zealand Lotteries Commission). The proposed levy rates and expected levy payments would be higher than they are currently under all weighting options
- 8 agree that the attached document *Strategy to Prevent and Minimise Gambling Harm 2022/23 – 2024/25: Consultation Document* be released for public consultation, subject to any minor editing and formatting changes
- 9 invite the Ministers of Health and Internal Affairs to report back to the Cabinet Social Wellbeing Committee by the end of April 2022, following the required consultation processes, seeking approval for the Strategy, the Ministry of Health's appropriation and the problem gambling levy rates for the period from 1 July 2022 to 30 June 2025.

Authorised for lodgement

Hon Andrew Little

Minister of Health

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