

Briefing

Alcohol and gambling funding: contribution to sports, clubs and community groups

Date due to MO:	13 July 2023	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2023022750
To:	Hon Dr Ayesha Verrall, Minister of Health		
Consulted:	Health New Zealand: <input checked="" type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
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Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Alcohol and gambling funding: contribution to sports, clubs and community groups

Security level: IN CONFIDENCE

Date: 13 July 2023

To: Hon Dr Ayesha Verrall, Minister of Health

Purpose of report

1. You have requested advice on scoping an assessment of the reliance of local sports, clubs and community groups on funding from alcohol and gambling sources, with a view to undertaking the assessment by December 2023. You have requested that the assessment consider both the quantum and level of reliance on those sources.
2. This paper sets out the issues associated with fulfilling this request, a review of related work that has been undertaken or is already underway, findings from our scoping exercise, and options for next steps.

Summary

3. A number of similar pieces of work looking at sponsorship of sport by gambling or alcohol have been undertaken or are underway by the National Public Health Service, Sport Canterbury and Sport New Zealand – Ihi Aotearoa (Sport NZ).
4. Accurate and fulsome data and information identifying alcohol and gambling funding (both monetary and in-kind) of localised sports, clubs and community groups is not easily obtainable.
5. The scoping exercise revealed that conducting a survey of sports, other clubs and community groups on alcohol and gambling funding received is likely to only provide limited information based on expected low rates of participation and/or limited financial records.
6. Sport NZ have recently commissioned NZIER to investigate the funding that sport and recreation organisations receive from alcohol. The NZIER report reinforces the limitations of undertaking a similar survey.
7. Sport NZ is procuring a further review of sports club funding. It is expected that this will aim to identify funding from unhealthy commodities (and therefore will include both alcohol and gambling) and healthier sources.
8. It is recommended that we work with Sport NZ to understand the work already underway in order to advise meaningful next steps.

Recommendations

We recommend you:

- a) **Note** the difficulties in obtaining data regarding local sports, clubs and community groups that would enable an accurate assessment of the quantum received, and level of reliance on funding from alcohol and gambling sources. **Noted**

- b) **Note** the work already being carried out by the National Public Health Service in both their "*Sport & Alcohol: Breaking the Link*" demonstration project, and their work with Sport Canterbury regarding healthy sports clubs. **Noted**
- c) **Note** Sport NZ is undertaking a review of the play, active recreation, and sport system, that is expected to meet information needs. **Noted**
- d) **Note** that for non-sports clubs there remains an information gap that The Department of Internal Affairs held information does not cover. **Noted**
- e) **Agree** that the Public Health Agency support the review of funding for the play, active recreation, and sport system being undertaken by Sport New Zealand to reduce duplication of work and to provide useful information for future public health decision-making. **Yes/No**
- f) **Agree** to forward this report to the Minister for Sport and Recreation for his information. **Yes/No**

R.



Dr Diana Sarfati

Director-General of Health

Te Tumu Whakarae mō te Hauora

Date: 13/7/23



Hon. Dr Ayesha Verrall

Minister of Health

Date: 19/10/23

Alcohol and gambling funding: contribution to sports, clubs and community groups

Related and similar work, past and present

1. The Government has tackled certain funding streams of sports and other events in the past. The Smoke-free Environments Act 1990 established the phasing out of tobacco industry sponsorship of products, services and events. It also established and funded the Health Sponsorship Council which managed the replacement of tobacco sponsorship for a maximum of five years, (along with having a health promotion role). At the same time, alternative sponsorship of large sporting and other events was sought from the private sector.

Current health sector work

2. Since 2021, the Health Promotion Directorate (formally Te Hīringa Hauora - the Health Promotion Agency, now within the National Public Health Service of Te Whatu Ora) has been piloting a demonstration project to support sports clubs seeking to end reliance on alcohol sponsorship. The "*Sport & Alcohol: Breaking the Link*" demonstration project has been funded from the Alcohol Levy by \$500,000 per annum. It aims to improve the health promoting aspects of sports. Te Whatu Ora has entered 3-year arrangements with a number of provincial rugby unions to assist them to replace alcohol sponsorship with health promoting messaging and to find alternative private-sector sponsors. Unlike the large-scale sponsorship replacement undertaken by the Health Sponsorship Council (for tobacco), this demonstration project is not taking place in an environment which prohibits alcohol sponsorship.
 3. At a national and regional level some noteworthy examples exist of teams choosing to pursue alcohol-free sports funding and avoiding sponsorship from alcohol-related sources. These include three of the four Women's Aupiki Super Rugby teams, Moana Pasifika Super Rugby team, Touch New Zealand, Tactix netball team*, and Bay of Plenty Basketball. Te Whatu Ora - Health Promotion is also supporting these teams and sporting bodies to achieve this.
- Addendum at time of proactive release: The relationship between Te Whatu Ora and the Tactix was a one year pilot which is no longer active.*
4. Manatū Hauora's Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 focuses on equity. The Health Promotion Directorate's 2021 Health and Lifestyles Survey focuses on increased on-line gambling. Financial information on gambling funding is largely collected by The Department of Internal Affairs (DIA). However, the information is often not available to a grassroots level.
 5. DIA also has some oversight responsibilities for specified community group funding which goes beyond gambling sources. There remain gaps in DIA-held information on total funding, including any reliance on alcohol funding, of community organisations.
 6. In 2022, Sport Canterbury, (with Healthy Families Ōtautahi Christchurch and Te Whatu Ora) released a strengths-based discovery stage report on what a health promoting sports club might look like without unhealthy commodity funding. The report does not describe the nominal value of reliance on funding from sources inconsistent with health promotion. However, contributors noted strongly the perception that current funding models force clubs to rely on unhealthy commodity funding or sponsorship.

Recent work being undertaken by Sport NZ and Law Reform

7. In September 2022, Sport NZ briefed the Minister for Sport and Recreation on work underway to review the funding for the play, active recreation, and sport system (Appendix 1). This involves a comprehensive review of the current funding system to support the development of future policy positions and possible interventions to strengthen the system. The timeframe for this work has been extended since the initial briefing noted in Appendix 1 with the first phase of this work now expected to be completed by the end of 2023.
8. Also in September, Sport NZ provided a briefing on work underway in New Zealand sports to transition away from alcohol sponsorship (Appendix 2). This was initiated in response to Sale and Supply of Alcohol (Harm Minimisation) Amendment Members Bill by Chloe Swarbrick which included provisions prohibiting alcohol advertising for broadcast sports. The briefing mentioned the initiatives described in paragraphs 9-12 above.
9. The Government indicated in late 2022 that it would not support the Bill but would undertake further work looking into the matters contained in the Bill, including alcohol sponsorship of sport. In March this year, the Government announced it was reprioritising some elements of its work programme, including deferring advice on the second phase of alcohol reform. In April next year, the Government will consider further options for reforming New Zealand's alcohol regulatory regime. This will cover issues such as sponsorship, advertising, and pricing. This will ensure the Government makes informed, evidence-based decisions and avoids unintended consequences.
10. To inform future work about alcohol sponsorship in sport, in late 2022 Sport NZ commissioned NZIER to provide an updated estimate of the value of alcohol sponsorship to the sport and recreation sector. This work included conducting a survey of sport and recreation organisations to understand the value of alcohol sponsorship to their organisations. The findings of the NZIER report would be compared to the results of the last survey undertaken in 2015 which estimated the quantum of alcohol sponsorship to be approximately \$21 million.
11. The Public Health Agency has received a copy of this survey report and its findings are discussed below in light of our preliminary scoping of a Health-led survey.

Scoping of a health-led survey

12. The Public Health Agency, before becoming aware of the Sport NZ commissioned survey, began scoping a Health-led survey of gambling and alcohol sponsored sports groups and clubs as commissioned by you. The following information was collated after discussions with the Department of Internal Affairs (gambling) and groups within Manatū Hauora and notes the constraints of getting useful quantum and reliance information.

Currently available data

13. Availability of relevant funding information needs to be considered separately for gambling and for alcohol, given the differences in reporting requirements within each of those regulatory regimes. It is noted that where data is not publicly available there is no obligation on local sports, clubs or community organisations to share information they consider to be sensitive.

Gambling

14. Pokies: Information on funding grants made by Class 4 (pokies) Societies is collected and published by the Department of Internal Affairs (DIA) for half-year periods (<https://granted.govt.nz>) showing grants by District and Type of Activity, and by Society (data

can be filtered to show details nationally). The data does not, however, identify the purposes of the recipient, creating ambiguity as to which grants are relevant within the ambit of information you are interested in. For example, in the Kapiti Coast District in Q1&2 2022 grants are shown separately for "community" and "health/welfare/rescue services" but each of these categories could include clubs and community groups.

15. Class 4 gambling society grants data also only shows the immediate recipient of the grant not the eventual beneficiary of the monies paid under the grant. Regionally operating recipients may pass on the benefit of grants to more localised affiliates. That extra tier of data is not readily available.
16. TAB: The TAB annually publishes details of its Class 4 gaming operations grants made. These show the recipient and the purpose for which the grant was requested. There is no available information on grants or use of proceeds from other betting undertaken by the TAB beyond aggregate figures in its annual accounts.
17. Casinos: There is little available information on sponsorship undertaken by casinos. Each casino has a grants section on its website for charitable grants made. Again, beyond the initial recipient, how such grants may reach local community levels is not apparent.
18. Lotteries Commission: It should be possible to approach the Lotteries Commission and the four statutory bodies (Creative New Zealand, Sport NZ, New Zealand Film Commission and Ngā Taonga Sound & Vision) that provide onward funding which may include local community level groups and organisations to request information on grants. It may, however, be impracticable to understand which grants are received by local sports, clubs and community groups, especially where the immediate recipient is a regional or national body which then makes onward grants to a more local level. The remainder was distributed to 20 specialist and regional committees which then on-fund organisations and charities. The DIA is currently reviewing the Lotteries grants system.

**Addendum at time of proactive release: the 'Lotteries Commission' was referred to in error, this should read the 'Lottery Grants Board'.*

Alcohol

19. There is no alcohol-related data that is equivalent to the DIA's Class 4 gambling grants data.
20. Identifying grassroots organisations: It would be necessary to identify sports clubs, other clubs and community groups. This would theoretically be possible to the extent such community-based activities either operate through a registrable legal entity structure (e.g. an incorporated society) or have registered as a charity. It would not be possible to capture information for community-based activities that are not registered as a charity and/or operate under an unregistered arrangement (e.g. a trust) unless they are affiliated with a national or regional sports organisation or similar or informally with certain members taking legal responsibility for the activities of the group in a personal capacity. Unregistered organisations may not (depending on their legal structure) even be required to keep accounts.
21. Surveying grassroots organisations: Undertaking a survey of sports clubs, other clubs and community groups relies on their goodwill and knowledge to articulate the extent to which they rely on alcohol "funding". It is important to note that funding can take many forms. It can include equipment, subsidised alcohol products for a club bar, prizes for giveaways and end of year/season prize-givings. Much of local club funding and sponsorship is intermittent and comes via personal connections to the club – members who own their own business, or

through whānau connections. This type of contribution can be by way of free or discounted product, or gifts 'in-kind', and is not easily quantifiable or traceable.¹

22. Additionally, given the many thousands of sports clubs, other clubs and community groups across the country, a survey design may be quite complex, and require a large sample to be representative. Surveys of this kind also commonly have low response rates. This may be exacerbated by the nature of the sensitive financial questions being asked, especially when clubs' existence relies on certain funding streams. It is likely many groups will be suspicious of sharing such information which may impact the reliability of any data obtained.
23. Furthermore, the data may be skewed as responses may be more likely to be received from groups who have lower reliance on alcohol and gambling funding.

Preliminary Literature Review

24. Our preliminary scan identified some research related to alcohol sponsorship. It focusses only on sports, and not other clubs or community groups more generally. The most relevant example is a University of Newcastle, New South Wales (Gonzalez et al, 2020²) study that surveyed sports clubs with junior teams which were already accredited under the State government's "Good Sports" (wellbeing) programme and so already had taken an interest in taking a health promotion approach. By focussing their study group and having a well-regarded study design (two cross-sectional surveys as part of a larger cluster randomised intervention trial) the research produced interesting but potentially non-generalisable results.
25. Half the clubs identified received alcohol industry sponsorship and most of those (80%) reported receiving money as part of their sponsorship deal. This was the case despite 77% of club representatives interviewed agreeing it was unacceptable for clubs with junior members to receive alcohol-related sponsorship.

Sport NZ Survey – Public Health Agency view

26. The 2023 NZIER survey report for Sport NZ concludes that alcohol sponsorship of sports has reduced to \$10-12 million per year (Appendix 3). The report is an estimate and is subject to a number of the constraints the PHA identified in our scoping work relating to surveys. In particular, a very low (1.2%) overall response rate from all groups surveyed, and a notably low 0.2% response rate from all community level sports groups. We note however that the survey was just one aspect of the methodology used by NZIER in producing its estimate. Information from interviews with National Sporting Organisations, the review of financial reports of local clubs and discussions with alcohol industry figures were also used to derive the overall estimate of \$10-12 million per year.
27. The report did not consider funding from bar-takings and pourage rights as these were not considered in scope for the study of funding from alcohol sponsorship. While the NZIER study, with appropriate caveats, provides one estimate on current funding from alcohol sponsorship, additional information is required to understand funding from other alcohol-related sources such as bar takings and pourage rights.
28. The review of funding for the play, active recreation, and sport system noted earlier will include consideration of funding from all sources so will include income from bar takings and pourage rights (although these are not specific focusses of this broader project). Sport NZ

¹ *Healthy Sports Clubs Report: Discovery Phase* (Sept 2022) Sport Canterbury, Te Whatu Ora, He oranga whānau.

² <https://pubmed.ncbi.nlm.nih.gov/32050304/>

does not intend to proactively publish the NZIER report but the findings from this report will be used to inform the wider project looking at the overall funding of the play, active recreation and sport sector and its ongoing sustainability.

29. The 2023 report suggests a drop in local sports funding from alcohol from a previous report commissioned by Sport NZ in 2015. The 2015 report referenced quantum of alcohol sponsorship of sport is approximately \$21.3m. Over \$10.7m of that total was estimated to be received by community level sports. The 2015 report also noted limitations in the accuracy of the estimate based on limited responses to the surveys issued to club, regional and national sports bodies. It also noted the subjectivity inevitable in responses to valuing non-cash contributions (e.g. donations of prizes), acknowledging that (especially at club level) such contributions are often not reflected in financial accounts.³
30. Analysis by the PHA of the methodology of both the 2015 report and the 2023 report indicate that there are sufficient differences in methodology to be cautious about a direct comparison of the conclusions of the quantum of sports sponsorship.
31. Given the constraints of the recent survey, and caution over comparability of the two reports, the PHA consider the headline conclusions of a 50% drop in alcohol sponsorship may be overstated, but acknowledge the ongoing work to gather broader information across all funding streams for sport, and the survey is just one input into that work.

Equity

32. Alcohol and gambling related harms are experienced disproportionately by Māori, Pacific peoples, and people from lower socio-economic groups.
33. The recommendations made support an equity approach to reducing harms from alcohol and gambling. We aim to ensure Health resources are used to provide meaningful outputs that can inform decision making about future interventions to limit the connections between alcohol and gambling, and community sports, clubs and organisations.

Next Steps

34. There are two potential options to progress identification of information on the quantum and level of reliance of sports, clubs and community groups on funding from alcohol and gambling:
 - a. A survey procured or undertaken by Manatū Hauora of an agreed number of sports, other clubs and community groups to request information on alcohol and gambling support received (both in nominal terms and as a percentage of total funding). The survey option could provide a limited snapshot of alcohol and gambling funding across certain categories of groups. However, the accuracy of information gathered may be severely limited, as described above, and the assumption of relevant applicability of the findings across all clubs/groups across the country may be tenuous. As such, the Ministry does not consider a survey of this kind to be the preferred option. This option would proceed with the following assumptions:

³ *An Estimation of the Value of Alcohol Sponsorship in Sports (2015)* Sport New Zealand at p6

- i. the willingness of groups to participate⁴ and reveal the level of detail of their financial situation required to be useful (as described above this may result in a low response rate, and possibly only from clubs who have a health promotion interest),
 - ii. that clubs/groups have detailed records of all funding streams across all categories, including in kind support and discounted product for sale etc that contribute to their overall percentage from alcohol and gambling,
 - iii. that an additional survey would be able to obtain information different, or more fulsome than the data that Sport NZ have been able to obtain through their survey.
- b. Supporting the ongoing Sport NZ project on reviewing the funding for the play, active recreation, and sport system (preferred option):
- i. to understand the information that will be available through this project (including breadth of analysis of funding from all sources which it is understood will extend beyond alcohol related funding analysis in the 2023 NZIER report and will therefore include gambling funding) to support PHA work and explore options for filling any information gaps,
 - ii. to avoid the potential for duplication of work between agencies.

Other considerations

- 35. There is currently no departmental budget available for survey work. If a study was to be commissioned a funding stream would need to be identified.
- 36. If the recommended option is agreed, the Ministry will report back on the progress of the Sport NZ project and the Ministry's involvement in that project.

ENDS

⁴ Some additional practical issues with surveys include:

- lack of a database of contact details for sports/sport and recreation clubs
- that clubs are generally run by volunteers and so are impacted by constraints on people's time
- general fatigue, particularly in this sector, for surveys.