

Briefing

Approach to the development of the Strategy to Prevent and Minimise Gambling Harm 2025/26 to 2027/28

Date due to MO:	23 May 2024	Action required by:	27 May 2024
Security level:	IN CONFIDENCE	Health Report number:	H2024041445
To:	Hon Matt Doocey, Minister for Mental Health		
Consulted:	Health New Zealand: <input type="checkbox"/>		

Contact for telephone discussion

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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 Withdrawn | |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:

Approach to the development of the Strategy to Prevent and Minimise Gambling Harm 2025/26 to 2027/28

Security level: IN CONFIDENCE **Date:** 23 May 2024

To: Hon Matt Doocay, Minister for Mental Health

Purpose of report

1. This briefing sets out the requirements to update the Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 (the Strategy) for the period 2025/26 to 2027/28 and seeks your agreement to a proposed approach. It follows a Weekly Report item on 6 March 2024 which discussed the process to develop the Strategy.

Summary

2. The scope of your Mental Health portfolio includes responsibility for the prevention of gambling harm, and you have statutory powers for developing and implementing an *'integrated problem gambling strategy focused on public health'* under Section 317 of the Gambling Act 2003 (the Act).
3. Under the Act, the Ministry of Health | Manatū Hauora (the Ministry) is required to develop and implement the Strategy, which includes both strategic and service aspects. This requires input from Health New Zealand | Te Whatu Ora (Health New Zealand), as the commissioner of gambling harm minimisation services, to plan services and budgets.
4. The Act is prescriptive in terms of how, when and what must be done to develop the Strategy. It sets out a process that takes approximately 18 months, noting that this work is already underway, culminating in the setting of the problem gambling levy through regulations.
5. The link between the Strategy, the levy, and the levy regulations is that the budget for the Strategy is set every three years and recovered from the gambling industry via the levy. This is mandated by the Gambling (Problem Gambling Levy) Regulations 2022, administered by the Department of Internal Affairs, which expire on 30 June 2025.
6. To set a budget for the next three years, and inform the setting of a new levy, we need to review the current Strategy. Following the health reforms, this is the first year that the Strategy will be jointly reviewed and updated by the Ministry and Health New Zealand.
7. To ensure the continuation of levy funding, work is underway so that we can meet the requirements for public consultation, along with consultation with the Gambling Commission, contained in the Act.
8. In this paper we seek your direction on the scale of change to the existing Strategy you would like to see. We consider the current Strategy is still fit for purpose and reflective of best evidence but recommend that we tread a middle path between a major review, as sought by the Gambling Commission in 2022, and minimal change.
9. This approach takes account of the changes made in 2022 and 2023 that are yet to bed in, including the ongoing implications of health system structural reforms and related

changes to gambling harm services commissioning. It also avoids the pressure that conducting a major review over a short period (this year) would place on the gambling sector, and the limitations that the required speed would place on inter-agency collaboration.

10. We would like to discuss the options in this paper with you ahead of providing a draft Strategy and a draft Cabinet Paper seeking agreement to public consultation in July 2024.

Recommendations

We recommend you:

- a) **Note** that under the Gambling Act 2003, the Ministry is responsible for the development and implementation of an integrated problem gambling strategy focused on public health to prevent and minimise gambling harm
- b) **Note** that you have been delegated responsibility for this strategy by the Prime Minister in your capacity as the Minister for Mental Health
- c) **Note** that work has begun to update the Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 for the period 2025/26 to 2027/28, which is required to be in place by 30 June 2025 to set the Problem Gambling Levy to fund the Strategy for that period
- d) **Note** that in 2022 the Strategy was substantially updated and in 2023, all clinical (non-public-health) gambling harm services were re-procured by Health New Zealand and the Maori Health Authority | Te Aka Whai Ora
- e) **Agree** that the approach to the Strategy update have the following parameters:
 - i. the retention of the existing strategic framework, updated where appropriate with your priority areas and a stronger focus on cross-agency collaboration **Yes/No**
 - ii. a focus on implementation of new services procured in 2023 **Yes/No**
 - iii. the inclusion of a substantial review of the outcomes of the Strategy in the next levy period as recommended by the Gambling Commission in 2022, potentially in collaboration with the Department of Internal Affairs **Yes/No**

- f) **Note** that this briefing will be discussed with you at the Ministry officials meeting on 27 May 2024.



Robyn Shearer
Deputy Director-General
**Clinical, Community and Mental Health Te Pou
Whakakaha**
Date: 21 May 2024

Hon Matt Doocey
Minister for Mental Health
Date:

Approach to the development of the Strategy to Prevent and Minimise Gambling Harm 2025/26 to 2027/28

Background

1. The scope of your Mental Health portfolio includes responsibility for, and oversight of, matters and activities relating to gambling harm.
2. You have also been delegated statutory powers previously held by the Minister of Health, as the Minister responsible for the department (the Ministry) developing and implementing the integrated problem gambling strategy under the Gambling Act 2003 (the Act).

Context

Gambling in New Zealand

3. While many New Zealanders who gamble do so without experiencing harm, about 1 in 5 people in New Zealand will experience harm in their lifetime due to their own or someone else's gambling.
4. In 2020, the Health and Lifestyles Survey found that around 70% of New Zealanders had participated in some kind of gambling activity in the previous 12 months. The most common form of gambling is buying a lotto product (60% of people), followed by online gambling (27%) and electronic gaming machines (EGMs or pokies) and horse/dog/sport events (around 11% each).
5. The same survey found around 4.5% of adult New Zealanders were at some level of risk or already experiencing harm from their own or somebody else's gambling: low risk, moderate risk, or problem gamblers. About the same number reported experiencing an argument or that their household 'went without' because of gambling at least once in the past 12 months.
6. There are differences between harm accruing to different population groups. For example, Māori are over three times more likely than non-Māori, non-Pacific people to be at

moderate risk or problem gamblers. Other populations at greater risk of harm include Pacific people, young people, and Asian people.

The Gambling Act 2003

7. Gambling in New Zealand is regulated by the Act. The Act has a range of purposes, including to prevent and minimise harm from gambling, including problem gambling (section 318(3)(b)). The Act also mandates an integrated strategy to prevent harm from gambling, and its contents and the statutory requirements around how this must be developed are extremely prescriptive - leaving little room for variation in content, approach, or timing.

Roles of agencies

8. The Department of Internal Affairs (Internal Affairs) administers the Act, but the Ministry has a role in terms of addressing problem gambling, and both work towards the purpose of preventing and minimising harm. The Ministers for Mental Health (by delegation from the Prime Minister) and Internal Affairs recommend the amount of the levy to the Governor-General, who then makes regulations by Order in Council.
9. Internal Affairs also has a role to prevent harm through industry regulation. For example, in 2023 it made changes to the Harm Minimisation Regulations to reduce harm from pokies.
10. The Ministry's role is to develop and implement an integrated problem gambling strategy focussed on public health (section 317(1) refers). It must include:
 - i. measures to promote public health by preventing and minimising the harm from gambling
 - ii. services to treat and assist problem gamblers and their families and whānau
 - iii. independent scientific research associated with gambling
 - iv. evaluation (section 317(2)).
11. Since the recent health reforms, items i, ii, and iv are now administered by Health New Zealand | Te Whatu Ora (Health New Zealand) while iii is managed by the Ministry. The cost of the Strategy is met from Vote Health and recovered from the levy.
12. The Gambling Commission is an independent statutory decision-making body established under the Act. One of its roles is to advise Ministers on the setting of the problem gambling levy which is collected from the profits of New Zealand's four main gambling operators: gaming machines in pubs and clubs; casinos; the New Zealand Racing Board; and the New Zealand Lotteries Commission.

The current Strategy

13. The current Strategy was published in 2022. It is made up of:
 - i. a strategic overview
 - ii. a strategic plan
 - iii. a three-year service plan
 - iv. the problem gambling levy rates for three years.

14. It also contains, under the service plan, a set of research priorities, as research and evaluation are required parts of the Strategy under the Act (as per paragraph 9).
15. This 2022 iteration represented a substantial refresh and included a new strategic framework. The framework contains four objectives related to problem gambling:
- i. create a full spectrum of services and supports;
 - ii. shift cultural and social norms;
 - iii. strengthen leadership and accountability to achieve equity; and
 - iv. strengthen the health and health equity of Māori, Pacific people, Asian people and young people.
16. In 2022, young people were added as a priority population to the Strategy for the first time since the Act came into force, joining the existing priority populations Māori, Pacific, and Asian.
17. The strategic framework has 12 action areas under the objectives that are delivered by the Ministry, Health New Zealand (both through service commissioning and the business unit formerly known as the Health Promotion Agency), and Internal Affairs. A graphic of the current strategic framework is attached as **Appendix 1**.
18. The 2022 service plan includes the following measures:
- i. strengthening partnership approaches to design and delivery of services
 - ii. increasing awareness and engagement for those at risk, with a greater focus on targeted public health initiatives developed in collaboration with priority populations, particularly young people
 - iii. developing and expanding digital services and supports to improve the range of services and service access
 - iv. developing and evaluating new services to increase choice and strengthen evidenced based service improvements, using more action research methods with affected communities.
19. During 2023, to support the refreshed strategy, Health New Zealand ran an open competitive procurement to commission new services to prevent and minimise gambling harm across the entire country. The procurement process sought to purchase new prevention, clinical intervention, and digital services; utilising funding allocated through the 2022/23 to 2024/25 Strategy. Prior to the 2023 procurement process, 21 service providers had been delivering services in this area for many years prior.
20. Three service providers (mainstream, Asian, Pacific) were successful in obtaining new contracts with Health New Zealand. Health New Zealand will invest \$37.45 million over three and half years (1 January 2024 to 30 June 2027) into these new services.
21. Alongside Health New Zealand's procurement process, the Māori Health Authority ran a parallel process to commission new Kaupapa Māori services to prevent and minimise gambling harm. Through that process 15 new Kaupapa Māori service providers were selected (a total investment of \$18.33 million over three and a half years). These contracts have since been transferred to Health New Zealand for ongoing management, giving a total of 18 providers.

How successful is the Strategy?

22. Although the Strategy is evidence based, at present we do not have a strong understanding of how successful the Strategy is. This is for a range of reasons including that it is difficult to measure outcomes because it is a public health strategy (that is, whole of population/ environmental) that aims to prevent and minimise something (usually harm). It is important to note also that harm minimisation is the goal of Internal Affairs' regulation as well, so it can be challenging to identify the cause of observed changes to gambling behaviours and outcomes in the population.
23. The Strategy includes both public health measures, such as information and de-stigmatisation campaigns and support for health policies at national regional and local levels, and clinical services (for example, brief interventions and individual or group therapy). It is difficult, though not impossible, to measure how much something has not happened and also difficult to disaggregate the large number of activities under the Strategy, which have been designed to operate as a reinforced set of initiatives.
24. However, we know that our rates of gambling harm are not significantly outside the norm of many other countries, being around the same as England's but less than Australia's. Also, our overall population rates of gambling harm have remained stable for the past decade despite growth in gambling opportunities.

2022 report of the Gambling Commission

25. As noted above, the current Strategy was substantially modified from the previous version: in particular, through the addition of a new strategic framework. However, the Gambling Commission recommended in its 2022 report that a more extensive review into the outcomes being purchased through the Strategy be undertaken in the period 2022-2025. It made this recommendation based on a limited analysis of the kinds of metrics that might be considered as measures of the outcomes of the Strategy.
26. We have not undertaken such a review for several reasons. Primarily, we do not believe that the Gambling Commission took account of the nature of the Strategy as a public health strategy or identified the key issues at play. Nor do we feel it gave sufficient weight to the changes made in 2022, or the research commissioned through that Strategy, and so the recommended approach was to allow these to bed in prior to undertaking a more substantial review.
27. Further, the period 2022-2025 has been characterised by significant change in the health system, from the response to the COVID-19 pandemic through to the health and disability system reforms. Also, Health New Zealand carried out a major re-procurement exercise involving all gambling harm services. These factors taken together informed our view that the sector could not have engaged with a first-principles review in the way the Gambling Commission recommended.
28. The Ministry supports the idea of more extensive reviewing and monitoring of the Strategy's outcomes, at a more appropriate time and in a considered way.

Developing the new strategy

What must be done

29. The Act states that the budget for the Strategy needs to be set every three years: this then informs the setting of the levy. While budgeting does not require a full re-writing of the entire Strategy every three years, it does mean that the service plan should be reviewed every three years to ensure that budgets are reasonable and likely to support successful delivery of government priorities. In 2024, this service reviewing and planning work will be carried out by Health New Zealand for the first time.
30. The Ministry will retain responsibility for the strategic overview, strategic framework and setting research priorities (noting that research is also funded by the levy). The Act does not require these elements to be updated every three years, but they can of course be updated at any time. Too frequent updating of such documents, however, can negate the long-term vision strategic frameworks try to bring to service delivery.
31. We have already commissioned and received an independent needs assessment, as required by the Act. It reflected strong sector views that they found the 2023 re-procurement process challenging and that they want better coordination and communication across the system, reinforcing that a period of settling in is now desirable.

Timelines

32. The Act sets out a detailed process for setting the budgets and levy. This includes:
 - i. the commissioning of a needs assessment
 - ii. the development of a draft strategy and budgets and public consultation on them
 - iii. the estimation of levy rates, according to a formula contained in the Act, by the Ministry
 - iv. the submission of the strategy and proposed levy rates to the Gambling Commission and responsible Ministers (you and the Minister of Internal Affairs)
 - v. the convening a meeting of the gambling industry and harm minimisation sector by the Gambling Commission
 - vi. advice from the Gambling Commission on the proposed levy to responsible Ministers
 - vii. confirmation of the Strategy, budgets, and levy by Cabinet
 - viii. engagement with the Budget 2025 process to ensure that the levy recovers the costs of the Strategy to Vote Health
 - ix. the gazetting of the Problem Gambling Levy Regulations, made by the Governor-General on the advice of responsible Ministers before the current regulations expire.
33. The Ministry and Health New Zealand have established a joint project to deliver the Strategy. The first deliverable for your approval will be a draft Cabinet paper seeking public consultation on a draft Strategy. We have identified the 24 July 2024 Social Outcomes Committee (SOU) meeting as an appropriate date for you to discuss this paper with your ministerial colleagues. This will enable 6 weeks of public consultation to occur across

August and September 2024, and for revised proposals to be developed in September and October 2024.

34. **Appendix 2** provides a table that sets out the high-level milestones that need to be met to meet the Act's requirements.

The approach - options

35. Within the bounds of the above sections, you have some choices to make about focus and scale of change to the new Strategy, set out in the table below:

Option	Description	Assessment
A – minimal change	Focus on stabilisation and continuity after substantial recent changes	This option provides the greatest amount of confidence that we can deliver a robust strategy and service plan on time, and without creating additional stress in the sector/among providers. The strategic framework has only been in place 3 years, and all service providers have recently been re-contracted.
B – some key changes (Preferred option)	<p>Prioritise a focus on prevention and early intervention, access to services, and workforce development, in line with your portfolio priorities along with inter-agency collaboration, within the existing strategic framework</p> <p>Commit to substantial review of outcomes purchased by Strategy (and potentially the Department's harm minimisation work) in the forthcoming Strategy period.</p>	<p>This option is feasible and would provide the opportunity to update the document so that it aligned better with your other mental health and addiction work programme priorities, as well as the direction of the coalition Government. It would include a planned response to the Gambling Commission's 2022 recommendation.</p> <p>This approach aligns to the finding of the needs assessment.</p>
C – substantial change	Address concerns raised by the Gambling Commission in 2022 and undertake a review of the Ministry's recent approach, with potentially a full rewrite of the Strategy.	<p>This option would be very challenging to achieve in the timeframes available.</p> <p>This option also negates the opportunity to do a larger review of harm minimisation outcomes more broadly (potentially including the Department's work) as part of the next levy period.</p>

Equity

36. Gambling harm is not evenly spread across the population, with Māori, Pacific, Asian and young people experiencing greater harm from their own or somebody else's gambling. These groups are priorities in the current Strategy, and we do not envisage this changing.

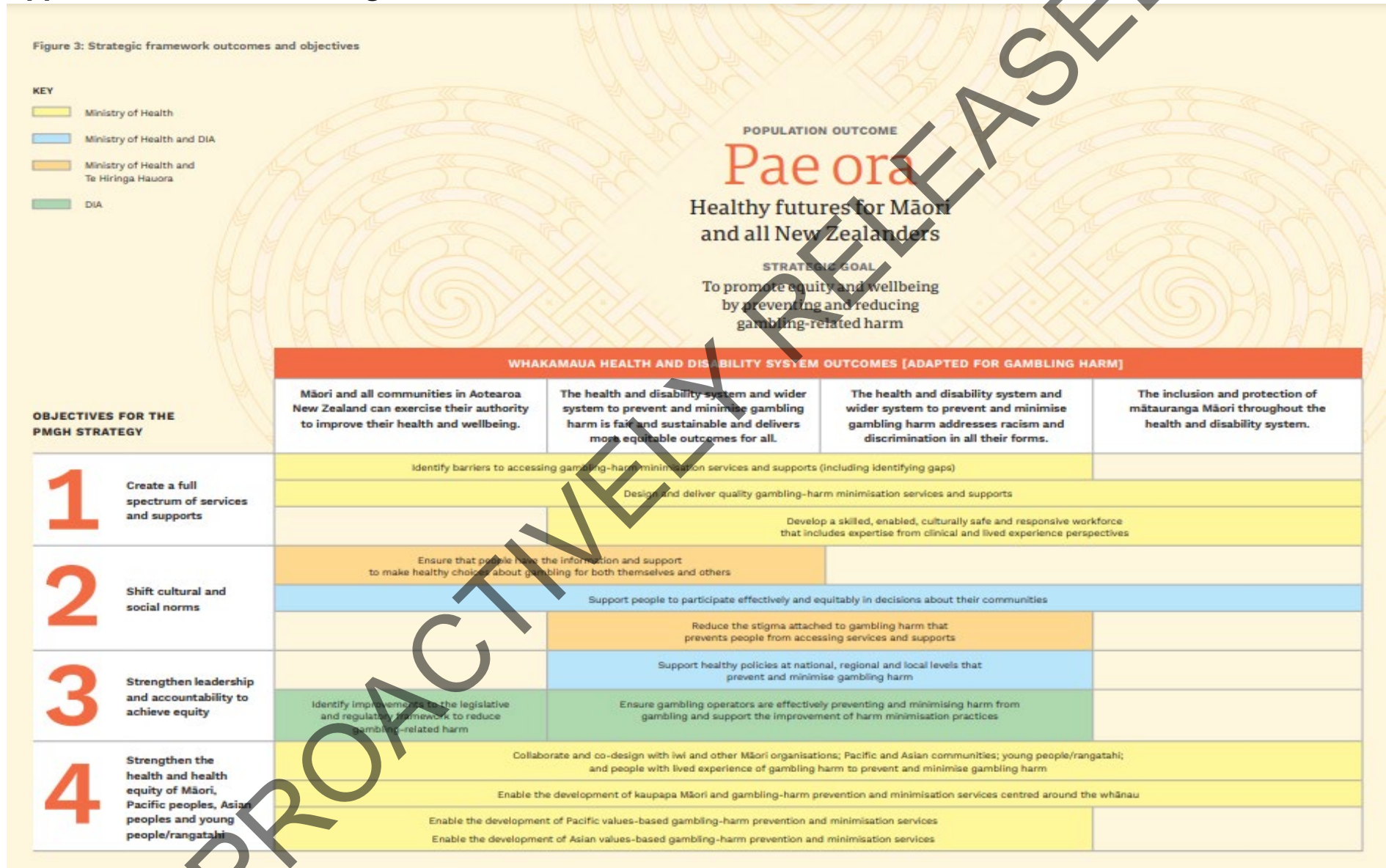
Next steps

37. There will be an opportunity to discuss this briefing further at your next meeting with Ministry Officials on 27 May 2024. We will then provide you with a draft Strategy and draft Cabinet paper seeking permission for public consultation in July 2024.

ENDS.

PROACTIVELY RELEASED

Appendix 1 – Current Strategic Framework



Appendix 2 – Timeline

Actions and Milestones	Timeframes
Provide briefing, draft Cabinet paper and Strategy to you for Ministerial consultation.	July 2024
Cabinet approval to consult on strategy.	24 July 2024 SOU 29 July 2024 Cabinet
Consultation Strategy published on the Ministry's website (6 weeks for submissions).	August – September 2024
Analysis of submissions completed. Feedback incorporated into revised draft (Proposals Document). Briefing sent to responsible Ministers (Mental Health and Internal Affairs).	Early October 2024
Proposals Document submitted to the Gambling Commission and published on Ministry's website.	Mid-October 2024
Gambling Commission convenes its consultation meeting on the Proposals Document and then submits its report to the responsible Ministers within 10 working days.	November 2024
Ministry of Health and the Department of Internal Affairs provide advice to responsible Ministers on Gambling Commission's recommendations, and Ministers meet with Gambling Commission.	Early December 2024
Briefing, Cabinet paper and regulatory impact statement provided to responsible Ministers for Ministerial consultation.	March 2025
Cabinet considers the paper, the Strategy, the regulatory impact statement, appropriations, and levy rates.	Late March 2025
Department of Internal Affairs provides Cabinet paper to Minister of Internal Affairs with proposed Problem Gambling Levy regulations.	Early May 2025
Cabinet approves regulations and Governor-General then makes the Regulations in Executive Council.	Mid-Late May 2025
Regulations notified in Gazette in time to comply with 28-day rule (on or after Budget Day).	Late May 2025
Strategy and Regulatory Impact Statement published on Ministry's website.	Late May 2025
Strategy and Regulations come into effect.	1 July 2025