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Office of the Minister of Health and Office of the Minister of Internal Affairs

Chair, Cabinet Social Wellbeing Committee

## Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25

### Proposal

- 1 This paper reports back on and seeks approval for:
  - 1.1 the Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 (Appendix 1 refers);
  - 1.2 changes to the Ministry of Health's appropriation to fund the Strategy, and
  - 1.3 a problem gambling levy and levy rates to recover the cost of the Strategy from levy-paying gambling sectors, to be gazetted and come into force on 1 July 2022.

### Relation to Government Priorities

- 2 The 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 and people in lower income areas. It is closely aligned with the goals and objectives of *Kia Manawanui Aotearoa – Long-term pathway to mental wellbeing* and *Whakamaua: Māori Health Action Plan 2020–2025* and the broader goals of the Pae Ora Bill and ongoing Health and Disability System Reforms.
- 3 At the time of preparing the draft Strategy, the roles and responsibilities of the new health entities as they relate to preventing and minimising gambling harm were unknown. On this basis, the Strategy refers to the Ministry and acknowledges that this will be modified as appropriate to accommodate the PMGH roles for those entities once these details are known.

### Executive Summary

- 4 New Zealand takes a public health approach to reducing harm from gambling. About one in five people in New Zealand will experience harm in their lifetime due to their own or someone else's gambling. Māori, Pacific peoples, some Asian communities, young people/rangatahi, and people on lower incomes are disproportionately impacted by harm from gambling.
- 5 The Ministry of Health (the Ministry) is responsible for developing and implementing an integrated problem gambling strategy focused on public health, which is funded by a problem gambling levy on the gambling industry. The levy is set in regulation and the levy formula is contained in the Gambling Act 2003 (the

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Act). The current levy regulations and Strategy expire after 30 June 2022. On 11 August 2021, Cabinet approved release of a consultation draft of a new Strategy [SWC-21-MIN-0123 refers]. Most submissions supported the new proposals, though industry submissions tended to challenge the value of additional spending and wanted better monitoring and accountability for services provided.

- 6 We now seek your approval to the contents of the revised Strategy, including increased investment to strengthen our public health and service response and updated problem gambling levy rates for the next three years.
- 7 The revised Strategy provides for a greater focus on equity, aiming to reduce gambling harm for priority populations (Māori, Pacific peoples, Asian peoples and young people/rangatahi), and to better meet their needs, by strengthening:
  - 7.1 access to a range of more targeted, age appropriate, culturally responsive services and supports, developed in collaboration with affected communities and people with lived experience of gambling harm;
  - 7.2 public health initiatives to increase awareness and engagement by those at risk, with a greater focus on targeted initiatives developed in collaboration with priority populations, including addressing stigma and education in schools; and
  - 7.3 enablers that support the above, including: the gambling harm workforce capacity and capability, addressing cultural and language barriers, developing digital services and supports, action-oriented research, and evaluation to learn what works best and how to improve services.
- 8 The total cost for the Ministry to implement the Strategy for 2022/23 to 2024/25 is \$76.123 million, an increase of \$15.784 million from the current levy period (2019/20 to 2021/22). This increase will address health equity issues by strengthening gambling harm workforce capacity and capability, developing support for young people/rangatahi, and addressing stigma, which is a key deterrent to many people who experience gambling harm from seeking help.
- 9 A problem gambling levy is set to recover the costs of the Strategy, so it is fiscally neutral over time to the Crown. We propose that the levy weightings that determine the share that each levy-paying sector will pay towards the cost of the Strategy will be set at 30 percent on player expenditure, and 70 percent on presentations to problem gambling services, attributable to each levy-paying sector. The levy payments are collected by Inland Revenue.

### Background

- 10 The Act specifies the responsible Ministers are the Minister of Health, who is responsible for the department developing and implementing the integrated problem gambling strategy, and the Minister of Internal Affairs, who is responsible for the Gambling Act.

**Previous Cabinet consideration**

- 11 On 11 August 2021, this Committee approved the release of the Ministry's draft *Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25* consultation document and invited us to report back by 30 April 2022 [SWC-21-MIN-0123 refers]. This paper is that report-back.
- 12 In March 2022, Cabinet decided to defer consideration of Options for Restricting the Online Gambling Market until September 2022 in order for more research, evidence and analysis to be gathered on the best way to reduce harm from online gambling. s 9(2)(f)(iv)

**One in five people in New Zealand will be affected at some point by their own or someone else's' gambling**

- 13 Gambling harm affects five percent of the New Zealand population, while one in five will be affected at some time in their lives by their own or someone else's gambling<sup>1</sup>. About 65,000 people aged 16 years or older are at high risk (problem gamblers) or moderate-risk a of harm, and 119,000 are at low risk but would experience gambling related harm.<sup>2,3</sup>
- 14 The Act defines gambling harm broadly and includes harm from another person's gambling. Gambling harm can include depression, suicide, relationship breakdown, reduced work productivity, job loss, debt, bankruptcy and crime. Harm can extend to family, whānau, friends, employers, colleagues, hapū, iwi and communities. Research shows that children in families affected by harmful gambling are more likely to develop risky gambling behaviours in their lifetime.
- 15 There are well-established inequities based on ethnicity and socioeconomic factors. People most affected by gambling harm are more likely to be Māori, Pacific, or Asian, under 25 years of age, on a low income and/or living in an isolated area.
- 16 Over half the money spent on gambling comes from a smaller number of people who play 'continuous' forms of gambling such as gaming machines, which is the form of gambling most often associated with harm.
- 17 Each year, some of these people seek help. In 2020/21, 10,946 people received help from Ministry-funded clinical services (including brief interventions), for problems due to their own or someone else's gambling. Many people do not present to services until they are in crisis.

<sup>1</sup> Results from 2016 Health and Lifestyles Survey

<sup>2</sup> Results as reported from 2020 Health and Lifestyles Survey

<sup>3</sup> The burden of harm attributable to low-risk gambling is significant, at nearly 50 percent of all gambling harm.

***A strategy to prevent and minimise harm from gambling is required by legislation...***

- 18 The Act provides the regulatory framework for gambling. It includes a purpose to “prevent and minimise harm from gambling, including problem gambling”<sup>4</sup>. This includes a requirement to deliver an “integrated problem gambling strategy focused on public health.” This strategy is administered by the Ministry, and must include:
- 18.1 measures to promote public health by preventing and minimising the harm from gambling;
  - 18.2 services to treat and assist problem gamblers and their families and whānau;
  - 18.3 independent scientific research associated with gambling, including (for example) longitudinal research on the social and economic impacts of gambling, particularly the impacts on different cultural groups; and evaluation.

***...and is funded by a problem gambling levy on gambling operators***

- 19 The Ministry is funded through an appropriation to Vote: Health to develop and implement the Strategy. A problem gambling levy (the levy) is set by regulation at a different rate for each of the main gambling sectors, to reimburse the Crown the amount of that appropriation, ensuring the Strategy is broadly fiscally neutral over time. Inland Revenue collects the levy payments.

**Comment: The new Strategy**

- 20 The attached Strategy is the result of a detailed consultation process by the Ministry and the Gambling Commission (the Commission). It builds on previous strategies since 2004 and consists of a long-term strategic framework and a three-year service plan that sets out the activities required to make further progress towards preventing and minimising gambling harm.
- 21 Submissions on the consultation document indicated that Māori and Pacific people, Asian people and young people/rangatahi (the priority populations) supported the increased focus on equity and new investment areas; but cautioned against the adoption of a ‘one size fits all’ approach, which would in their view be ineffective. Each priority population called for greater involvement in service design, evaluation, and research, to develop services and supports that are more effectively targeted to respond to this diversity. Accordingly, the services described below includes additional investments targeting public health, digital services and research, to be developed collaboratively with each of the affected groups and people with lived experience.

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<sup>4</sup> “The Racing Industry Act 2020 has similar objectives to prevent and minimise gambling harm. The RIA 2020 also establishes TAB NZ.

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- 22 The resulting Strategy activities are focused on better meeting the needs of people affected by harmful gambling and reducing gambling harm-related health inequities for priority populations. Key changes in this strategy include strengthening our public health approach and service response by:
- 22.1 increasing awareness and engagement by those at risk, with a greater focus on targeted public health initiatives developed in collaboration with priority populations, particularly young people/rangatahi;
  - 22.2 developing and expanding digital services and supports and use of technology to improve the range of and access to services; and
  - 22.3 developing and evaluating new services to increase choice and strengthen evidenced based service improvement using more action research methods with affected communities.
- 23 Additional funding will enable current levels of service to be maintained while the Ministry expands its work programme and develops and tests new services and supports. The priorities for new investment, taking account of consultation feedback, are to:
- 23.1 provide a more targeted de-stigmatisation initiative, to better respond to the needs of Māori, Pacific and Asian people and young people/rangatahi;
  - 23.2 invest in expanding and developing digital services and supports to prevent and minimise gambling harm;
  - 23.3 fund new public health approaches within education settings focused on preventing and minimising gambling harm for young people/rangatahi;
  - 23.4 strengthen training pathways to enable a more skilled and diverse workforce; and
  - 23.5 sustain funding in research and evaluation and enable a greater focus on lived experience.
- 24 The Act requires the Strategy to also provide independent scientific gambling research and evaluation. The revised Strategy signals a move towards more targeted action research with affected communities, research into young people/rangatahi and online gambling as well as evaluations to inform policy and operational decision making. There were concerns from submitters about the risk of harm from the unregulated online gambling market, particularly for young people/rangatahi.
- 25 The Commission has endorsed the Ministry's proposed level of spending on the Strategy and also highlighted areas that would benefit from further work to inform development of the next strategy. This would commence with a needs assessment in 2023/24.

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**We propose an increase in investment in the Strategy to respond to our improved understanding of how to prevent and minimise harm from gambling**

- 26 The Ministry commissioned an independent gambling harm needs assessment to inform the Strategy, as required under the Act. This found that significant changes were necessary to make inroads into reducing gambling harm. The needs assessment recommended the Ministry take a significantly stronger focus on equity, service integration, workforce development, health promotion and research.
- 27 The Ministry has responded to this assessment with the most substantial changes to the strategic framework that guides the Strategy since 2010. The new framework puts greater emphasis on equity and partnership and adds rangatahi/young people as a priority population (alongside Māori, Pacific and Asian people). This strategic direction will be implemented via the Service Plan. Both the strategic framework and Service Plan were included in the consultation document.
- 28 In response to the consultation document, most submissions supported the findings of the needs assessment and the Ministry’s direction of travel, but recommended that the proposed services needed better targeting, and to be more strongly informed by engagement with priority populations and people with lived experience.<sup>5</sup>
- 29 Increased investment will enable the Strategy to address health equity issues by strengthening gambling harm workforce capacity and capability, develop support for young people/rangatahi and addressing stigma, which is a key deterrent to many people who experience gambling harm from seeking help.
- 30 We are seeking your agreement to a budget of \$76.123 million over 2022/23 to 2024/25 for the Strategy (Table 1 refers).

**Table 1 Ministry of Health proposed Strategy budget (GST exclusive), 2022/23 to 2024/25**

<b>Service area</b>	<b>2022/23 (\$m)</b>	<b>2023/24 (\$m)</b>	<b>2024/25 (\$m)</b>	<b>Total (\$m)</b>
Public health services (harm prevention and minimisation)	8.050	8.800	7.990	24.840
Clinical intervention and support services	10.571	11.571	12.071	34.213
Research and evaluation	1.765	2.393	1.500	5.658
New services and innovation	2.831	2.769	2.341	7.941
Ministry operating costs	1.157	1.157	1.157	3.471
<b>Total (\$m)</b>	<b>24.374</b>	<b>26.690</b>	<b>25.059</b>	<b>76.123</b>

- 31 This budget represents a \$15.784 million (26%) increase compared with the cost of the current levy period (\$60.339 million) but is still less than one percent of the \$8.723 billion forecast player expenditure over the same period (2022/23 to 2024/25).

<sup>5</sup> Malatest International. *Gambling Harm Reduction Needs Assessment 2021*. Wellington: Ministry of Health.

- 32 Decisions are required about levy-paying sectors and the levy rate to be set in regulations. A detailed description and analysis of the levy formula, the levy components and weighting options, which affect levy rates, is provided in the attached Cost Recovery Impact Statement (Appendix 2 refers).

***A statutory formula determines the levy rate for each gambling sector...***

- 33 The levy applies to four gambling sectors: non-casino gaming machine (NCGM) operators, casinos, TAB NZ (previously the New Zealand Racing Board) and the New Zealand Lotteries Commission (NZLC). We recommend that these four sectors remain as the levy-paying gambling sectors for the levy period commencing 1 July 2022.
- 34 The Act prescribes a formula to calculate each levy-paying sector's contribution to the cost of the strategy and the levy rate that sector must pay. The formula considers:
- 34.1 player 'expenditure' (the money lost by players in each sector);
  - 34.2 'presentations' (the number of customer presentations for help to gambling harm services attributed to each sector);
  - 34.3 the total cost of the Strategy to the Ministry; and
  - 34.4 any over or under payment of the levy by each sector in the levy periods to date.
- 35 The levy rates for each sector are set in regulation. Payments are collected by Inland Revenue.
- 36 For the period to 30 June 2022, each sector's forecast over or underpayment is set as a credit or debit against that sector's levy liability in the next levy period.

***...but a decision is required on the "levy weightings"***

- 37 The levy formula applies weightings to player expenditure and customer presentations, as described in paragraph 34, as proxies for harm attributed to each levy-paying gambling sector. Each weighting is expressed as a combination of percent expenditure/percent presentations. For example, the current weighting is 30/70 which means that the levy rate is determined by 30 percent weighted to each sector's share of total expenditure and 70 percent weighted on that sector's share of total presentations.

**We recommend continuing to use the 30/70 levy weighting**

- 38 The Ministry consulted on four weighting options: 5/95; 10/90; 20/80; and 30/70. Details of these options and their impacts are set out in the attached Cost Recovery Impact Statement. Selecting a weighting option is a subjective judgment, there is no single "correct" option. Any of the weighting options from 5/95 to 30/70 would meet the statutory requirements of the Act.

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- 39 Half of those who commented on levy weightings submissions supported retaining the 30% weighting on expenditure (the 30/70 option). These submissions were mostly from the NCGM sector and some service providers. Conversely, one third of those who commented supported the 10/90 weighting including casinos, TAB NZ, NZLC which would limit their levy liability compared with the 30/70 option, and some service providers.
- 40 The Commission recommended the 30/70 weighting option as it is seen to represent a fairer allocation based on all components of the strategy. The Strategy includes public health, intervention, research and evaluation components, but ultimately it is intended to prevent and minimise gambling harm. Presentations tend to account for much, but not all, of the acute harm such as high-risk problem gambling, but do not reflect any of the low to moderate harm that represents about half of all gambling harm and might be addressed by public health measures. A high weighting on presentations therefore only accounts for this acute harm.
- 41 Player expenditure is more likely to attribute to a sector their share of this low to moderate harm and of the non-intervention service components of the Strategy such as research and public health. There is also a risk that too high a weighting on presentations financially penalises diligent gambling host operators from identifying and referring problem gamblers.
- 42 The Commission concluded those options with a greater weighting on presentations would not provide as fair an allocation of the levy as the 30/70 weighting.
- 43 The Ministry has considered this advice and the information and analysis in the attached Cost Recovery Impact Statement, the acute harm from gambling (through presentations), and its share of the low to moderate harm (through expenditure). On balance, the Ministry supports the 30/70 weighting option.
- 44 We therefore recommend a 30/70 weighting for the problem gambling levy is set for the period 2022/23 to 2024/25. Table 2 shows the resulting levy rates and amounts. The levy rates are calculated to two decimal places, therefore there is some variation between collection and expenditure, which is subsequently addressed through the calculation of each new levy.

**Table 2: Levy rates per sector: 30/70 weighting 2022/23 to 2024/25 (all figures GST exclusive)**

	NCGMs	Casinos	TAB NZ	NZLC
Sector levy rates (%)	1.08	0.87	0.76	0.44
Expected levy payment (\$m)	34.926	15.960	8.750	11.016
Share of total expected levy amount	49.43%	22.59%	12.38%	15.59%
Share of total budget cost	50.91%	20.73%	11.54%	16.82%

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45 Historically, there is a risk of judicial review of the levy setting or strategy development process, most likely from the gambling sector. The Ministry is, however, confident that it has met all the statutory requirements to develop and consult on the Strategy and levy proposals for 2022/23 to 2024/25, as required under the Act.

**Financial Implications**

46 The problem gambling levy is set to recover the costs of the Strategy, so it is fiscally neutral over time to the Crown. The Strategy is funded by an appropriation to Vote Health. The levy is adjusted to reflect changes in planned expenditure and collected by Inland Revenue to recoup the cost of the Strategy, so it is fiscally neutral over time to the Crown. The levy formula noted above includes a means to adjust levy rates for changes between forecasts and actual expenditure, to maintain fiscal neutrality.

47 The Ministry proposes to spend \$76.123 million to implement the Strategy over the next levy period from 2022/23 to 2024/25. This is an increase in \$15.784 million over the cost of the Strategy for the current period (2019/20 to 2021/22).

48 The \$76.123 million cost is offset by a net \$5.327 million over-recovery in the previous plan period<sup>6</sup>, reducing the levy funding requirement to be collected to \$70.796 million to maintain cost neutrality.

**Table 3: Proposed Ministry of Health baselines to prevent and minimise gambling harm**

<b>Vote Health Minister of Health</b>	<b>2022/23 (\$m)</b>	<b>2023/24 (\$m)</b>	<b>2024/25 (\$m)</b>	<b>2025/26 (\$m)</b>	<b>2026/27 &amp; out-years (\$m)</b>
Total baselines currently held by the Ministry of Health for Problem Gambling Services	11.224	11.224	11.224	11.224	11.224
Transfers from earlier plan period, subject to Ministers' approval and confirmation of amount	6.700	-	-	-	-
Increase in appropriations sought based on forecast impact of levy increases	6.450	15.466	13.835	-	-
<b>Total Proposed Budget for Problem Gambling</b>	<b>24.374</b>	<b>26.690</b>	<b>25.059</b>	<b>11.224</b>	<b>11.224</b>

<sup>6</sup> An expected \$6.7 million underspend in the purchase of services which Ministers of Health and Finance have been requested to transfer into the new plan period, offset by \$1.373 million less levy revenue than forecast.

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- 49 To reflect the increase in the cost of implementing the Strategy from 2022/23, we recommend that the Committee approves the increases in appropriations for 2022/23 to 2024/25, as set out in the above Table 3 (with no impact on the operating balance). The budget for problem gambling services would then be as set out in Table 3. The detailed budget is shown earlier in Table 1. Baseline funding is maintained in the appropriation to ensure services can continue in the event of any issues striking the levy [CAB Min (07) 13/3 refers].
- 50 From a levy perspective, on current projections there is a forecast over recovery of \$5.327 million which reduces the amount to be collected from the levy paying sectors in the 2022/23 to 2024/25 levy period to \$70.796 million to maintain cost neutrality.
- 51 Inland Revenue (IR) will absorb the cost of implementing the problem gambling levy rate change, effective from 1 July 2022, within its existing baseline. Current IR forecasts are to collect \$51.333 million through the problem gambling levy in the three years from 2022/23 to 2024/25 using the current levy rates. These forecast numbers are lower than the \$70.796 million forecast in the new levy period, therefore the forecast will be increased by approximately \$19.463 million as shown in Table 4 below, to reflect the amount to be collected by the new levy rate settings for 2022/23 to 2024/25.

**Table 4: Problem gambling levy payment forecasts to Inland Revenue**

	2022/23	2023/24	2024/25	Total
	(\$m)	(\$m)	(\$m)	(\$m)
Current forecast Problem gambling levy	16.553	17.127	17.653	51.333
Increase in Non-Tax Revenue Problem Gambling Levy	6.276	6.494	6.693	19.463
<b>Total Operating</b>	<b>22.829</b>	<b>23.621</b>	<b>24.346</b>	<b>70.796</b>

### Legislative Implications

- 52 Regulations are required to implement the proposal. We seek approval to issue drafting instructions for problem gambling levy regulations to be made under the Gambling Act 2003 for the 2022/23 to 2024/25 period. The regulations should commence on 1 July 2022.

### Impact Analysis

- 53 The Ministry of Health Quality Assurance panel has reviewed the Impact Statement titled "Problem Gambling Levy 2022/23 to 2024/25", produced by the Ministry of Health and dated February 2022.
- 54 The panel considers that the Impact Statement meets the quality assurance criteria. The Impact Statement is clear, concise, consulted, complete and convincing. The analysis addresses the decisions sought from Cabinet, is balanced in its presentation of the information and the major impacts are identified and assessed.

**Population Implications**

55 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	<p>The 2020 Health and Lifestyles Survey (HLS 2020) shows that Māori were more than three times more likely to be moderate risk and problem gamblers compared to non-Māori and non-Pacific (HLS 2020). In the Māori adult population, approximately 3.7% were moderate risk and problem gamblers and a further 5.7% were low risk gamblers. After adjusting for deprivation level, Māori were over three times more likely to report either gambling-related arguments or money problems related to gambling compared to non-Māori and non-Pacific. 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.</p> <p>Māori are significantly more likely than non-Māori to gamble online with offshore operators. It is likely that Māori are experiencing more harm as a result.</p> <p>Māori are identified as a priority population for the Strategy, and the strategic framework and service plan have been designed to address these issues and risks by engaging with Māori in the design and development of services.</p>
Pacific	<p>The same survey shows that Pacific people were over two and a half times more likely to be moderate risk and problem gamblers compared non-Māori &amp; non-Pacific peoples. Approximately 3.0% of Pacific adults were moderate risk and problem gamblers and a further 4.4% were low risk gamblers. After adjusting for deprivation level, Pacific people were over two and a half times more likely to report either gambling-related arguments or money problems related to gambling compared to non-Māori and non-Pacific. 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 Strategy, and the strategic framework and service plan have been designed to address these issues and risks.</p>
Asian people	<p>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 (HLS 2016). Approximately 1.0 percent of Asian adults in 2020 were moderate-risk / problem gamblers, and 3.2 percent were low-risk gamblers. 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 Strategy, and the strategic framework and service plan have been designed to address these issues and risks.</p>
Young people/rangatahi	<p>Gambling is harmful in terms of mental well-being due to its addictive nature and the financial stress and anxiety it causes families, contributing to neglect of children and family violence". Research shows that children in families affected by harmful gambling are more likely to develop risky gambling behaviours.</p> <p>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 included as a new priority population for the Strategy, and the strategic framework and service plan have been designed to address these issues and risks.</p>

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Women	<p>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. Women also make up most of those who seek help for problems associated with someone else’s gambling.</p> <p>There are some differences in problems by gender within different forms of gambling, and by gender within some ethnic groups. For example, women, particularly Māori women, may now be more at risk than men from problems associated with NCGMs. The mix of services currently funded by the Ministry, and that the Ministry proposes to fund in future, is sufficiently comprehensive and flexible to address any differences in gambling harm, or risk of harm, by gender.</p>
Disabled people	<p>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. The proposals in the Strategy include a focus on service accessibility and researching barriers to access.</p> <p>The mix of services currently funded by the Ministry, and that the Ministry proposes to fund in future, are intended to be accessible to all, including disabled people. . For example, the Ministry contracts services which offer a range of accessibility options.</p>
Older people	<p>Older people (65+) are less likely to gamble and report gambling related harms than the average New Zealander. The 2020 Health and Lifestyles survey shows that about 1% of New Zealanders aged 65+ were moderate-risk or problem gamblers compared to 1.6% of the Total population. Those aged 65+ were significantly less likely to experience household-level gambling harm (an argument or going without due to gambling) caused by their own or someone else’s gambling.</p> <p>That said, research indicates older people may be vulnerable and factors like being retired are associated with harmful gambling behaviours. The proposals in the Strategy include a focus on service accessibility and researching barriers to access. Similarly, the mix of services and supports is sufficiently comprehensive and flexible to address gambling harm, or risk of harm, by older people.</p>

56 The proposals in the attached Strategy have been developed with the intent to address these issues and ensure that voices of affected groups and communities, such as those identified above, are heard.

**Human Rights**

57 The proposals in this paper are not inconsistent with either the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

## Consultation

- 58 The following agencies were consulted in the preparation of this paper: Ministries of Business Innovation and Employment, Education, Ethnic Communities, Social Development, Justice, Pacific Peoples, Women, Youth Development, Oranga Tamariki-Ministry for Children, the Departments of Internal Affairs, the Prime Minister and Cabinet, Inland Revenue, Corrections; New Zealand Police, Office of Disability Issues, Treasury, Te Puni Kōkiri, the Health Promotion Agency - Te Hiringa Hauora and Sport New Zealand.
- 59 The Ministry of Health and Commission have met the consultation requirements in section 318 of the Gambling Act 2003. Gambling operators and other industry groups, gambling harm service providers, health sector groups, researchers, local government authorities, people with lived experience and affected community organisations were invited to comment on the draft Strategy and levy proposals, the needs assessment and proposed costs to be recovered by the new problem gambling levy. In addition, dedicated meetings were facilitated with industry, people with lived experience, Māori, Pacific, Asian people, young people/rangatahi, service providers and community representatives to hear their respective viewpoints and for them to make submissions.

## Publicity and Proactive release

- 60 Media statements about the Strategy and new levy rates, and proactive release of the Cabinet paper and impact statement, will be timed to coincide with announcements about Budget 2022 and after the regulations are made. Once the regulations are notified in the Gazette, the Ministry will inform submitters and put information on its website, the Department will advise gambling operators, and Inland Revenue will provide information on the new levy rates via its website and other relevant communication channels.
- 61 This paper will be proactively released as soon as possible following public release of the Strategy, subject to any redactions as appropriate under the Official Information Act 1982.

## Recommendations

The Minister of Health and Minister of Internal Affairs recommend that the Committee:

- 1 **note** that on 20 August 2021, Cabinet approved the release of a consultation document and invited the Ministers responsible to report to Cabinet Social Wellbeing Committee by 30 April 2022 seeking approval for the Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 and new problem gambling levy rates;
- 2 **note** that the problem gambling levy is intended to recover the cost of developing, managing and delivering the “integrated problem gambling strategy focused on public health” required by the Gambling Act 2003;
- 3 **note** that the Ministry of Health and the Gambling Commission have met the consultation requirements in the Gambling Act 2003;

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- 4 **note** that the proposed Strategy meets all the statutory requirements for an integrated problem gambling strategy, and is the proposed integrated problem gambling strategy for the 2022/23 to 2024/25 period;
- 5 **note** the revised Strategy provides for a greater focus on equity and services to better meet the needs of people affected by gambling harm, by strengthening:
- 5.1 the range of, and access to, services, facilitating service co-design and use of people with lived experience and affected communities to develop more targeted and appropriate services
- 5.2 enablers that support these including the gambling harm workforce capacity and capability, addressing cultural and language barriers, use of digital services and supports and action-oriented research and evaluation.
- 6 **approve** the Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 at a cost of \$76.123 million;
- 7 **note** that an expense transfer of \$4 million and an in-principle expense transfer of \$2.7 million from 2021/22 to 2022/23 in the Problem Gambling Services appropriation were approved in the March Baseline Update, which will partially offset the cost of implementing the Strategy;

***Decisions on the problem gambling levy***

- 8 **note** that after taking into account forecasting overs and unders from the previous plan period and the in-principle expense transfer referred to in recommendation 7, a total of \$70.796 million needs to be recovered in problem gambling levies for the plan period 2022/23 to 2024/25 to fund the \$76.123 million cost of the Strategy in that period;
- 9 **agree** to increase the rates of the problem gambling levy to recover \$70.796 million (GST exclusive) over the years 2022/23 to 2024/25;
- 10 **agree** that the four levy-paying sectors remain as non-casino gaming machines, casinos, TAB NZ, and the New Zealand Lotteries Commission;
- 11 **agree** to apply 'weightings' of 30 percent on player expenditure and 70 percent on customer presentations in the problem gambling levy formula for the new levy period;
- 12 **approve** the resulting levy rates (which are percentages of player expenditure in each sector over the period from 1 July 2022 to 30 June 2025 inclusive), as set out in the table below, to take effect on 1 July 2022;

	2022/23 to 2024/25 levy rates (GST excl)
	<b>30/70 Weighting</b>
Non-Casino Gaming Machines	1.08 % of player expenditure
Casinos	0.87 % of player expenditure
TAB NZ	0.76 % of player expenditure
New Zealand Lotteries Commission	0.44 % of player expenditure

**BUDGET SENSITIVE**

**Changes to Vote Health appropriations**

13 **note** that the current Vote Health baseline for developing, managing and delivering the Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 is a total of \$33.672 million for those three financial years;

14 **approve** the following increase to appropriations to implement the policy decisions in recommendations 6 and 7 above;

Vote Health Minister of Health	\$m – increase/(decrease)			
	2022/23	2023/24	2024/25	2025/26 & outyears
Non-Departmental Output Expense: Delivering Primary, Community, Public and Population Health Services	0.460	0.460	0.460	-
Problem Gambling Services:	5.990	15.006	13.375	-
<b>Total Operating</b>	<b>6.450</b>	<b>15.466</b>	<b>13.835</b>	-

15 **note** that Inland Revenue forecast the following problem gambling revenue from the current levy rates and from the increase in the rates of the problem gambling levy approved in recommendations 9 and 12 above:

	2022/23	2023/24	2024/25	Total
	(\$m)	(\$m)	(\$m)	(\$m)
Forecast problem gambling revenue on the basis of current levy rates	16.553	17.127	17.653	51.333
Forecast problem gambling revenue from increase in levy rates	6.276	6.494	6.693	19.463
<b>Total Operating</b>	<b>22.829</b>	<b>23.621</b>	<b>24.346</b>	<b>70.796</b>

16 **note** that the increase in expenditure in recommendation 14 is fiscally neutral as total forecast problem gambling revenue in recommendation 15 is the amount required to be recovered to meet the cost of implementing the Strategy for the plan period 2022/23 to 2024/25 as agreed in recommendation 9 above;

**Publication of the Ministry’s Strategy**

17 **note** the publication of the Ministry of Health’s Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 will occur after Budget day 2022, and is subject to any necessary editing and formatting changes;

18 **agree** to proactive release of cabinet papers as soon as practicable following publication of the Strategy;

**Issuing drafting instructions**

- 19 **invite** the Minister of Internal Affairs to issue drafting instructions for problem gambling levy regulations to be made under the Gambling Act 2003 for the 2022/23 to 2024/25 period, to give effect to the decisions in recommendations 8 to 12.

Authorised for lodgement

Hon Andrew Little

**Minister of Health**

Hon Jan Tinetti

**Minister of Internal Affairs**

PROACTIVELY RELEASED