

Briefing to the Minister of Internal Affairs

January 2024

Executive Summary

PGF Services is the only provider of mainstream services for the prevention and minimisation of gambling harm in Aotearoa New Zealand. We have first-hand experience supporting gamblers and affected others in navigating the impact that harmful gambling has had on their lives. Our clinical and public health efforts are to prevent and minimise gambling harm by supporting clients, raising awareness, and advocating for policies that better protect our communities.

The Minister of Internal Affairs is the Minister responsible for the administration, legislation, and regulation of the Gambling Act 2003. The Gambling Act 2003 is first and foremost a public health act with the prevention and minimisation of harm at its core. While the purposes of the Act may be of equal weight, the definition of *harm* from gambling is inherently broad – “*means harm or distress of any kind arising from, or caused or exacerbated by, a person’s gambling; and includes personal, social, or economic harm suffered*”.

The Minister of Health shares the responsibility of administering the Act by reviewing the *Strategy to Prevent and Minimise Gambling Harm* every three years. The Minister of Health also has responsibility for the subsequent planned and contracted provision of clinical and public health services for the prevention and minimisation of gambling harm.

This briefing provides background on the impact of harmful gambling in Aotearoa New Zealand. Harmful gambling is widespread, and it is estimated that one in five people in New Zealand experience harm in their lifetime due to their own or someone else’s gambling. It also highlights some of the key issues within the gambling environment and the actions that are needed to better protect all New Zealanders from harmful gambling.

Summary of key actions required:

1. Regulate online gambling

- a. We welcome the government’s intention to regulate online gambling, which is long overdue.
- b. We urgently require robust consumer protection measures that prioritise the prevention and minimisation of harm, particularly from offshore online gambling products.

2. Review and update the Gambling Act 2003

- a. The Gambling Act 2003 is 20 years old and does not reflect the changes in the gambling environment that have taken place since its introduction.
- b. Amendments to the Act must include: 1) the convergence of gaming and gambling, and 2) uncoupling gambling and funding community groups, sports, and services.

3. Strengthen public health approach to further reduce gambling harm

- a. The normalisation of harmful gambling must be addressed to better protect New Zealanders. This includes: 1) restricting gambling advertising and sponsorship, and 2) ensuring robust host responsibility programmes across the gambling industry.

Impact of gambling harm

While most New Zealanders gamble without experiencing any apparent harm, a significant minority do experience harm from their gambling, including negative impacts on their own lives and the lives of others. It is estimated that about one in five people in New Zealand will experience harm in their lifetime due to their own or someone else's gambling (1). The impact of harmful gambling is diverse, affecting multiple domains of health and wellbeing, including physical, social, emotional, and mental health.

For the gambler, harmful gambling typically presents with other health concerns and has been consistently associated with a range of co-existing health issues, such as higher levels of smoking, hazardous alcohol consumption and other drug use (2). Several studies have also shown a clear link between problem gambling and suicidality (3), and our services regularly support clients who have considered or attempted taking their own lives. Unfortunately, the harm caused by gambling does not necessarily stop once a person stops gambling. Even if their gambling addiction has been resolved, a person may still experience impacts, such as gambling-related debt, relationship issues, loss of employment, and poor physical and mental health (4).

Wider impacts of harmful gambling to whānau cannot be ignored. According to the 2020 Health and Lifestyles Survey (HLS), 4.5% of respondents (183,000 New Zealanders aged 16 years and older) had reported that they either: 1) had an argument about time or money spent on gambling, or 2) had to go without something they needed or bills not being paid because too much money was spent on gambling by another person (5). Family violence is also a concern for whānau experiencing gambling harm. One study from New Zealand revealed that more than 50% of people in counselling reported being a victim of family violence, and 44% reported committing violence or abuse at least once in the past 12 months (6).

Research suggests that the accumulation of gambling harm likely has ongoing costs and impacts across all sectors of society (4). For example, monetary crimes, such as theft, fraud, and embezzlement, are often associated with gambling (7). Of those who engaged in illegal activities in New Zealand, 25% stated that they would not have committed such a crime if it had not been for their gambling (8). However, there is significant under-reporting and detection of gambling-related crime, particularly where offending is committed against family, friends, and employers who do not report the offence (7).

Populations most affected by gambling harm

Gambling harm disproportionately impacts Māori, Pacific peoples, Asian peoples, and young people/rangatahi. These populations have been identified in the Ministry of Health's *Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25* as bearing a burden of harm that greatly outweighs that being experienced by other groups.

The 2020 HLS results indicated that Māori were 3.13 times more likely to be moderate-risk or high-risk gamblers than non-Māori and non-Pacific peoples, and Pacific peoples were 2.56 times more likely to be moderate-risk or high-risk gamblers than non-Māori and non-Pacific peoples (5). While the proportion of Asian peoples who gamble is relatively low when compared with Māori, Pacific peoples and European/Other, Asian people who do gamble are more likely to experience harm compared with

European/Other (5).

Research also shows that young people/rangatahi are likely to be experiencing gambling harm. According to 2020 HLS results, about 46% of youth aged 16–24 years had gambled in the past year (5). While this is expectedly lower than the total population average, young people make up approximately 14% (9,000 people) of moderate- and high-risk gamblers (1.6% of all adults or 65,000 people) (5).

Unfortunately, the existing gambling environment in Aotearoa New Zealand does not adequately address nor have strong measures to prevent and minimise the inequitable harms experienced by these population groups. Further legislative and strategic reforms are necessary to recognise the needs and better protect Māori, Pasifika, Asian peoples, and rangatahi.

Regulation of online gambling

Online gambling is one of the riskier forms of gambling as it is continuous, easily accessible, and easy to hide. The Ministry of Health's *Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25* states that people using overseas gambling websites are much more likely to be at risk of experiencing harm (1). However, New Zealanders are largely unprotected from overseas online gambling as it is unregulated and not addressed in the Gambling Act 2003.

In 2019, the Department of Internal Affairs (DIA) commenced a [review into online gambling](#), which included a public consultation on New Zealanders' views on the future of online gambling. The outcome of this review is still to be released. Over this time, the number of clients accessing gambling harm service providers has increased. The Ministry of Health's 2021/22 client intervention data reveals a record number of people (826 clients) accessing support services for their own or someone else's gambling citing overseas gambling as their primary gambling mode (9).

Since the DIA's review into online gambling, some gambling operators, namely SkyCity Casino and Christchurch Casino, have circumnavigated New Zealand law by introducing online casino gambling with operations based in Malta. Advertisements of offshore online gambling sites, particularly on social media, have also increased despite it being illegal to advertise to New Zealanders. This is because New Zealand is viewed as an unregulated market, which makes us an attractive target for offshore online gambling operators to grow their consumer base. Last year, the aggressive marketing of [22Bet on YouTube](#) caused serious concern due to its misleading and incentivising messages. Presently, there are multiple advertisements for Jackpot City, which is another offshore online casino that exploits a loophole in our law by promoting a "free to play" site where someone can play casino games without paying. This site is advertised in some New Zealand media yet a person searching for this site would likely end up on Jackpot City's "pay to play" gambling site.

PGF Services has undertaken work with many banks to provide awareness training to staff on harmful gambling and how to approach the topic with customers showing signs of harmful gambling through bank transactions. Kiwibank was the first bank to address the issue after seeing online gambling spending spike during COVID-19 lockdowns. In 2020, [Kiwibank](#) estimated it helped 127 customers avoid

about \$13,000 each per year in losses in the year to June, which was about \$1.7 million in total. Kiwibank now offers customers the choice to block transactions for online gambling sites on their Visa debit or credit cards.

PGF strongly recommends the regulation of online gambling in Aotearoa New Zealand. Harm minimisation measures must be at the forefront of discussions to address existing and future harm that may be caused by online gambling. Other considerations, including changes to the calculation of the gambling levy and uncoupling gambling proceeds and community funding, must also be considered and addressed in conjunction with new regulations.

Review and update of the Gambling Act 2003

The proposed regulation of online gambling provides the government with an opportunity to further amend the Gambling Act 2003, much of which is outdated and no longer fit-for-purpose. PGF Services support the DIA's internal review of the Act and encourages them to extend this to public consultation for feedback and further change. PGF Services would like the following key areas to be considered in the review and update of the Act.

The convergence of gaming and gambling

The convergence of gaming and gambling is becoming increasingly problematic with gambling regulators around the world facing challenges with how to effectively regulate some of the elements within popular games that simulate gambling.

An example of this is loot boxes. These digital containers hold random items that players can use in a game such as new characters, costumes, in-game currency, or upgrades that allow a player to progress in the game. The rewarded items, which a player typically has to pay for, are based on chance, with attractive items being relatively rare and worthless items considerably more common. According to Statista, in 2025, loot boxes are projected to generate USD \$20.3 billion in annual revenues, up from an estimated USD \$15 billion in 2020 (10).

A recent paper from Massey University and the University of Tasmania examined loot boxes in 22 games rated as appropriate for audiences 17 years of age or younger (11). Results revealed that these loot boxes have structural and psychological similarities with gambling and that nearly half (45%) of games analysed met all five of the psychological criteria to be considered a form of gambling (11).

The Ministry of Health has recognised that while games may look and feel like gambling, they do not meet the current definition under the Act because there is no opportunity to stake, win or lose real money (1). However, while research in Aotearoa is limited, there is now robust evidence of an association between harmful gambling and loot box spending. This link is twice as strong in adolescents aged 16 to 18 than it is in adults. In 2021, it was reported that more parents in Aotearoa were asking for support for rangatahi who were 'addicted' to gaming (12).

Currently, there is no regulation for loot boxes in games in New Zealand although the DIA's *Safer Online*

Services and Media Platforms submission process last year may result in some form of regulatory intervention. In comparison, some countries, such as Belgium and The Netherlands, have banned them outright. The UK's gaming industry is taking steps to self-regulate, proposing to the UK Government that loot boxes for under 18 year olds should be banned unless they have parental or guardian consent. They are also calling for awareness campaigns and full-disclosure labelling on games that contain loot boxes. The Australian Government has also proposed giving games with loot boxes M ratings, restricting them to over 15 year olds.

The convergence of gaming and gambling has been addressed as a growing concern in the Ministry's recent *Strategy to Prevent and Minimise Gambling Harm*. PGF Services strongly recommends the DIA review and regulate the use of simulated gambling in games to protect our rangatahi from experiencing harmful gambling in the future. This includes consumer protection measures, such as improving parental controls and opt-out mechanisms and enhancing education and awareness of the potential negative effects of loot boxes. The classification framework should also restrict players under 18 years of age from accessing games with loot boxes that meet the psychological criteria for gambling (allowing players to cash out items). There should be clear labelling of games that contain loot boxes.

Review of the Class 4 community funding model

Class 4 gambling is the most harmful form of gambling in Aotearoa New Zealand (13). Historically, pokies were introduced with the primary purpose of funding communities following the removal of tobacco funding. Class 4 Trusts and Societies are required to return 40% of the gaming machine profits (GMP) to the community by way of grants or applied funding. This has inextricably linked gambling harm with the survival of community groups, sports, and services.

Approximately 61% of Class 4 venues (or pokies in pubs, clubs and TABs) are in areas of medium-high or very-high deprivation in Aotearoa New Zealand (14). We also know that Māori and Pacific communities disproportionately reside in areas where the majority of gambling venues are located.

Additionally, the distribution of Class 4 gambling funds is inequitable as funds are less likely to return to the communities in which they were raised. Overall, less deprived communities (decile 1-5) provide 26% of the GMP but receive 88% of the grants. Conversely, more deprived communities (decile 6-10) provide 74% of the GMP but receive only 12% of the grants (15). Further reports reveal that pokies in the most deprived areas provide over half of the total Class 4 gambling expenditure (16).

A report commissioned by the DIA, *Assessment of the effects of Class 4 gambling on wellbeing in New Zealand*, revealed that both qualitative and quantitative analyses "indicate that Class 4 gambling tends to magnify community disadvantage. The evidence strongly suggests that it transfers wealth from more deprived communities to less deprived communities" (15).

Given that losses on Class 4 pokies are now over \$1 billion per annum, the source of these funds needs to be considered in the interests of justice and equity when assessing the societal and ethical value of this funding system. Currently, around \$250-\$300 million per annum is provided to a range of beneficiaries from 34 different Trusts and Societies. The gap between the amount lost on Class 4 gambling and the amount returned to community and sports groups continues to widen as a significant

amount of this money is used in operational costs.

The Class 4 funding model is inequitable and breaches the principles of Te Tiriti o Waitangi. Relying on a model that disproportionately affects Māori, Pasifika, and most deprived communities is unethical. PGF Services strongly recommends the consideration of a taxpayer contribution for activities of nationwide benefit or need, or a user-pay method, or a combination of both approaches to replace the existing funding model.

Further opportunities to reduce gambling harm

While changes to the Gambling Act 2003 are vital, we have identified other key concerns that require the Minister's attention to prevent and minimise gambling harm. The solutions to these concerns may include addressing them in the revision of the Act. However, immediate action can be taken by the DIA with support from the Minister in order to reduce gambling harm in a timelier manner.

Advertising, sponsorship, and the growth of gambling

Restrictions around the advertising and sponsorship of gambling need to be tightened and be more aligned with the promotion of alcohol. Currently, there is very little regulation of gambling advertising and sponsorship aside from the Advertising Standards Authority's gambling advertising code. Evidence shows that advertising normalises gambling activities. People experience a 'dose-response' effect meaning advertising exposure increases participation, which leads to a greater risk of harm (17). This is particularly concerning as children and young people are at greater risk due to their higher awareness and recall of advertisements and brands (17).

We are concerned about the development of new and more harmful gambling products, especially in the online space. For example, Lotto is proposing to develop online bingo, which has the potential to disproportionately harm Māori and Pasifika populations (18). In June 2023, TAB also signed a 25-year partnership with the global online betting giant, Entain. This was despite Entain's raft of regulatory failures, including a £17 million fine in 2021 by the UK Gambling Commission for failures in social responsibility and anti-money laundering practices.

Marketing efforts through advertisements have proliferated. The TAB, in particular, use predatory marketing tactics, including providing financial incentives to encourage gambling. These tactics target young working professionals and will likely create a new demographic of gamblers. Alongside that, Entain estimates the New Zealand sports betting market could see a 35% growth over the next five years (19). This growth will not occur without investing in strategies that will increase offerings, engagement, and incentives to New Zealand consumers.

Understanding the term "problem gambler"

The Gambling Act 2003 defines a problem gambler as "a person whose gambling causes harm or may cause harm", while harm, as mentioned in the introduction, employs a broad definition. The Ministry of Health has also employed this definition and applies a continuum-of-harm approach, which describes levels of gambling behaviour and its associated harm as mild, moderate, and severe (1). These

categories have been aligned with the Problem Gambling Severity Index (PGSI), which is a classification tool that identifies at-risk behaviour in problem gambling. A low-risk gambler may experience mild gambling harm, a moderate-risk gambler may experience moderate gambling harm, and a problem gambler may experience severe gambling harm.

In practice, we have observed that gambling operators focus on the PGSI classification of problem gambler who experience severe gambling harm rather than the Act's broader definition. This has led to host responsibility programmes that *only* focus on those experiencing severe gambling harm and disregarding those experiencing mild and moderate harm. This misinterpretation has undermined the purposes of the Act to prevent and minimise harm and is yet to be addressed by the DIA.

Next Steps

PGF Services will continue working on ways to prevent and minimise gambling harm in our communities and to support the work of the DIA to uphold the purposes of the Gambling Act 2003.

We welcome any opportunity to engage with the Minister, officials, and the industry to achieve the public health goals for the safe provision and oversight of gambling in Aotearoa New Zealand.

About PGF Services



PGF Services is part of the Problem Gambling Foundation (trading as PGF Group). We work closely with our subsidiary charitable companies, Asian Family Services and Mapu Maia Pasifika Service, united by a shared purpose to provide public health and clinical services that contribute to the wellbeing of whānau and communities. The organisation is a charitable trust operating nationally with services delivered under contract to Te Whatu Ora and funded from the gambling levy.

PGF Services delivers treatment and public health services nationwide. We have a skilled and diverse workforce with staff who are qualified in clinical work and in health promotion.

We provide free counselling, advice and support to gamblers and their families and work to ensure that support for our Māori clients fits a kaupapa Māori way of working.

References

1. Ministry of Health. Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25. Wellington: Ministry of Health; 2022.
2. Bellringer M, Janicot, S., Ikeda, T., Lowe, G., Garret., N., & Abbott, M. New Zealand National Gambling Study: Correspondence between changes in gambling and gambling risk levels and health, quality of life, and health and social inequities (Report No. 9). Auckland: Auckland University of Technology, Gambling and Addictions Research Centre; 2020.
3. Moghaddam JF, Yoon G, Dickerson DL, Kim SW, Westermeyer J. Suicidal ideation and suicide attempts in five groups with different severities of gambling: Findings from the National Epidemiologic Survey on Alcohol and Related Conditions. *The American journal on addictions*. 2015;24(4):292-8.
4. Rockloff M, Bellringer, M. E., Lowe, G., Armstrong, T., Brown, M., Palmer du Preez, K., Russell, A., Hing, N., & Greer, N. Life Course and Legacy Gambling Harms in New Zealand. Queensland and Auckland: Central Queensland University, Experimental Gambling Research Laboratory and Auckland University of Technology, Gambling and Addictions Research Centre; 2021.
5. Te Hiringa Hauora. Results from the Health and Lifestyles Survey 2020. Wellington: Te Hiringa Hauora; 2021.
6. Bellringer M, Palmer du Preez, K., Pearson, J., Garrett, N., Koziol-McLain, J., Wilson, D., & Abbott, M. Problem Gambling and Family Violence in Help-Seeking Populations: Co-occurrence, Impact and Coping. Auckland: Auckland University of Technology, Gambling and Addictions Research Centre and Centre for Interdisciplinary Trauma Research; 2016.
7. Bellringer M, Abbott, M., Coombes, R., Brown., R., McKenna, B., Dyal, L., & Rossen, F. Problem gambling – Formative investigation of the links between gambling (including problem gambling) and crime in New Zealand. Auckland: Auckland University of Technology, Gambling and Addictions Research Centre; 2009.
8. Li E, & Casswell, S. Assessment of the Social Impacts of Gambling in New Zealand. Auckland: Massey University, Centre for Social and Health Outcomes Research and Evaluation & Te Ropu Whariki; 2008.
9. Ministry of Health. Intervention client data Wellington: Ministry of Health; 2023 [Available from: <https://www.health.govt.nz/our-work/mental-health-and-addiction/addiction/gambling/service-user-data/intervention-client-data#ppgm>].
10. Statista. Consumer spending on gaming loot boxes and currency packs worldwide from 2020 to 2025. 2021 [Available from: <https://www.statista.com/statistics/829395/consumer-spending-loot-boxes-skins/>].
11. Drummond A, Sauer JD. Video game loot boxes are psychologically akin to gambling. *Nature human behaviour*. 2018;2(8):530-2.
12. Malatest International. Final Report: Gambling Harm Needs Assessment 2021. Wellington: Ministry of Health; 2021.
13. Department of Internal Affairs. Reducing Pokies Harm: Public Discussion Document. Wellington: Department of Internal Affairs; 2022.
14. Department of Internal Affairs. **Gaming machine profits (GMP dashboard)** 2023 [Available from: <https://catalogue.data.govt.nz/dataset/gaming-machine-profits-gmp-dashboard>].
15. Cox M, Hurren K, Nana G. Assessment of the effects of Class 4 gambling on Wellbeing in New Zealand: Final Report. Wellington: Business and Economic Research Limited; 2020.
16. Allen & Clarke. Informing the 2015 gambling harm needs assessment: Final report for the Ministry of Health. Wellington: Ministry of Health; 2015.
17. McGrane E, Wardle H, Clowes M, Blank L, Pryce R, Field M, et al. What is the evidence that advertising policies could have an impact on gambling-related harms? A systematic umbrella review of the literature. *Public Health*. 2023.
18. Espiner G. Lotto warned \$25 million online Bingo plan could create more harm. *Radio New Zealand*. 2022.

19. Entain Group. Update on TAB NZ and 365scores opportunities 2023 [Available from: <https://www.entaingroup.com/news-insights/latest-news/2023/update-on-tab-nz-partnership-and-365scores-opportunities/>].