

**Online Gambling in New Zealand Review
Te Tari Taiwhenua – The Department of Internal Affairs (DIA)**

The Salvation Army – Te Ope Whakaora - New Zealand, Fiji, Tonga and Samoa Territory Submission

Summary of our Views:

1. The primary concern of Te Ope Whakaora in any gambling discussion is harm prevention and harm minimisation. We are very concerned about the potential ramifications of this Review. The statements and rhetoric from the Department of Internal Affairs seem to be indicating a desire or push to expand the online gambling market through either increasing what products existing companies like Lotto and the TAB can offer; or opening opportunities for new operators to enter into this market. We are opposed to this drive for market expansion through increased online gambling products and/or operators which appears to be based on an approach that it is advantageous that online gambling is regulated so it can be done safely, and its proceeds can benefit the community. Our contention is that the ideal framing of this Review should be centred on harm minimisation and prevention and the fulfilment of section 3(a) of the Gambling Act which states unequivocally that one of the main purposes of this Act is to *control the growth of gambling*.
2. One of the fundamental concerns we have is the potential effect this Review will have based on section 3(g) of the Gambling Act where the community is meant to benefit from gambling. The Salvation Army remains unconvinced that any level of charitable funding to the community can effectively mitigate the harms caused by gambling within these very communities, and in this case harm from online gambling. This core question about gambling and community benefits brings to light the morality, efficacy and legitimacy of people and whanau profiting from gambling harm and addiction suffered by other New Zealanders.
3. Finally, our view is that online gambling has the potential to be even more dangerous than electronic gaming machines or pokies because of the ease of access, hidden nature and other key factors. We refer to international and local research to validate these views.

Background of The Salvation Army:

4. The combined services of Te Ope Whakaora provided support to around 120,000 people in 2018. The main social service areas are Community Ministries (CM), Salvation Army Social Housing (SASH), and Addition, Supportive Accommodation and Reintegration Services (ASARS). These services included over 62,000 food parcels to more than 30,000 families and individuals, providing some 2,400 people with short- or long-term housing, nearly 7,000 families and individuals supported with social work or counselling, just over 17,000 addictions counselling sessions, more than 5,500 families and individuals helped with budgeting, other practical assistance to over 6,000 families and individuals, 6,500 hours of chaplaincy support, and some 9,000 victims, defendants and families supported at court. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society by God's power.¹
5. This submission has been jointly prepared by the Social Policy and Parliamentary Unit, and the Oasis Preventing and Minimising Gambling Harm Service of The Salvation Army. This submission has been approved by Commissioner Andrew Westrupp, Territorial Commander of The Salvation Army's New Zealand Fiji Tonga and Samoa Territory.
6. Oasis, formally established in 1997, offers free support, counselling, and education for gamblers, their families, whānau, and affected others, alongside public health services, and is staffed by qualified and experienced clinical and public health practitioners. We are supported under a national Addictions, Supportive Accommodation and Reintegration Services leadership team within the larger Salvation Army infrastructure.
 - a. In 2018, Oasis worked with 971 people directly across the country suffering from gambling addiction²;
 - b. In 2018, Oasis delivered 1,367 brief gambling harm interventions in the community³;
 - c. Oasis runs public health activities to prevent and minimise gambling harm at the national and community level. It participates in the development of health public policy and supports gambling venues to provide a safe gambling environment. It also works with businesses, community groups, health and social services to raise awareness, build resilience, and effectively screen for gambling harm and refer people to get the help they need.⁴
 - d. Additionally, for the year ending 30 August 2019, nearly 78 per cent of our total clients across the country had their main income source as a Government welfare benefit. Nearly 7 per cent of our clients (6.8% of clients) informed us they had no formal source of income at all.⁵ Therefore any form of gambling addiction is even more harmful for those using our Oasis and general services because the financial shocks caused by gambling are even more serious given the low and unstable income many of our service users have.

¹ <http://www.salvationarmy.org.nz/our-community/mission/>

² TSA 2018 Annual Report, page 19.

³ Ibid.

⁴ Ibid.

⁵ Annual Budgeting Report 2019, SAMIS (Salvation Army internal data management system), retrieved 30 August 2019.

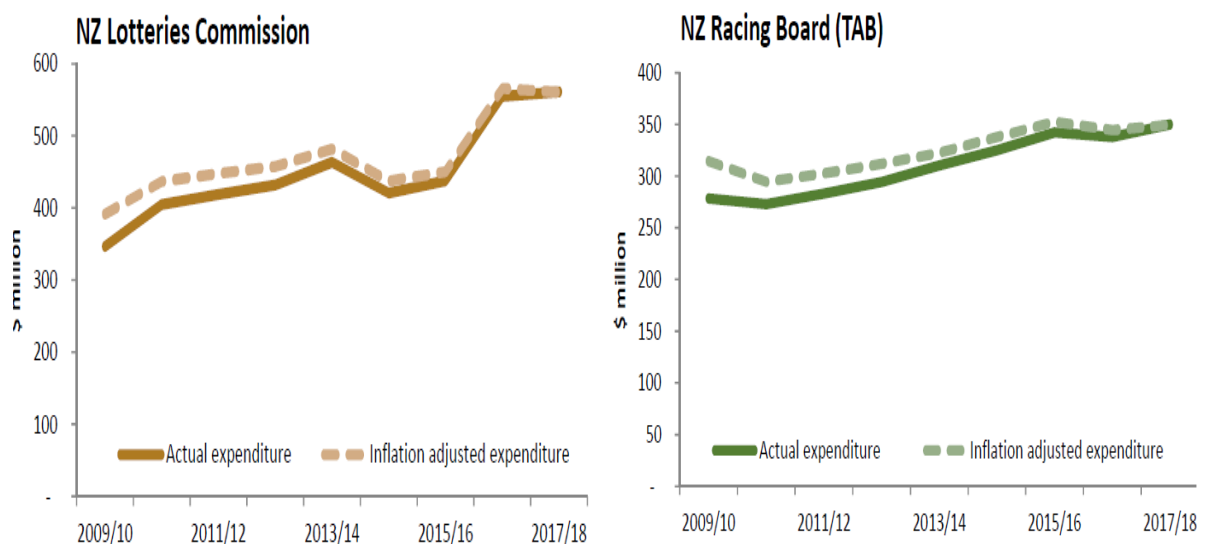
7. Recently, Te Ope Whakaora has been very vocal in our opposition to some crucial gambling-related public policy discussions. This Review and potential expansion of the online gambling sector is another push by the industry and the government to normalise gambling even more in our nation. Again, we are opposed to this. As one Oasis staff member stated; *we are concerned that expanding the online gambling market will further normalise gambling when we are already so saturated across multiple environments – gambling is in our physical environment, online environment, social media, and is becoming embedded in video games, sports, and so on. It is becoming easy for people to participate in multiple modes of gambling – a risk factor for gambling harm. We know that online gambling is a huge problem in other jurisdictions like the UK and is increasing here. Oversaturation of gambling advertising/gambling behaviour is an issue for people trying to cut back on their gambling and for children and vulnerable people.* The recent public debates were;
- a. Our submission to the Racing Reform Bill 2019. We opposed this Bill. But what was truly frustrating was we believed this Bill was not a good example of fair and open democracy and government. The Bill was posted on the Parliament website on Thursday 30 May, with feedback closing by Tuesday 4 June, the day after a public holiday. This allowed barely two working days to formulate a written response and prepare for oral submissions;
 - b. Our opposition to the application by SKYCITY Casino Management Limited to substitute 60 electronic gaming machines for three gaming tables at the Hamilton casino;
 - c. These current developments taken as a whole cause us to take the view that section 3(b) of the Gambling Act (prevent and minimise harm from gambling) is not a priority for DIA and this government, and that expansion and profit is taking precedent over harm, wellbeing and communities.

Specific Responses to the Review Questions:

8. Concerns about the framing of this Review

- a. Te Ope Whakaora is deeply opposed to any expansion of gambling in our country. The focus should be on gambling prevention and minimising the harm that already exists from gambling addiction, not seeking new ways to increase the risk of new or additional harm to people and whanau.
- b. We submit that the framing of this Review is seemingly focussed on expansion and determining how to regulate online gambling better, rather than asking critical questions such as should people and whanau benefit financially from the online gambling of other people and whanau, or do we even need an increase in gambling options for New Zealanders? We are opposed to this framing.
- c. Furthermore, the DIA has framed this Review through their public workshops and discussion documents about focussing on off-shore online gambling. We believe that this focus is misguided. Our Oasis service already deals with harm suffered from online gambling inside New Zealand through the so-called reputable operators already delivering products in our nation. As the graphs below indicate, there has been steady increases in gambling expenditure for both Lotto and the TAB since 2009/10. Clearly the government is trying to revive the struggling racing industry, especially since the Messara Report was released. But there has still been a significant increase in TAB spending since 2009/10, albeit with a slowing down of expenditure from 2015/16 to 2017/18.

Gambling operators' expenditure statistics (actual, inflation and population adjusted)⁶



⁶ Gambling Expenditure Statistics, DIA, 2010-2018, https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

- d. The table below offers a summary of gambling expenditure for the financial year 2017/18. These figures are in actual dollars (not inflation adjusted). From this summary, we can see that gambling in New Zealand is not at a crisis point. In fact, it is healthier than ever. Spending at the TAB has increased by \$77 million since 2010/11, which is a 28.2 per cent increase. The situation for Lotto is significantly healthier with Lotto expenditure growing by \$157 million since 2010/11, a 38.9 per cent increase. We submit the focus from these figures should not be the expenditure itself or even the so-called community benefit and funding derived from this increased spending. Instead, the priority should be on the potential and real gambling harm that results from these massive figures.

Summary of gambling expenditure 2010/11 to 2017/18⁷

	2010/11 \$m	2011/12 \$m	2012/13 \$m	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m	2017/18 \$m
NZ RACING BOARD (TAB)	\$273	\$283	\$294	\$310	\$325	\$342	\$338	\$350
NZ LOTTERIES COMMISSION	\$404	\$419	\$432	\$463	\$420	\$437	\$555	\$561
GAMING MACHINES (outside Casinos)	\$856	\$854	\$827	\$806	\$818	\$843	\$870	\$895
CASINOS	\$448	\$483	\$490	\$486	\$527	\$586	\$572	\$578
TOTAL	\$1,982	\$2,038	\$2,042	\$2,065	\$2,091	\$2,209	\$2,334	\$2,383

⁷ https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics

- e. Taking Lotto’s *MyLotto* product, the figures indicating the current health and success of these online products are even more interesting. As the table indicates below, there are significant increases across the board for all the key indicators reported on by Lotto New Zealand – digital sales, the numbers of registered players and the average weekly visits to this online platform and product. We acknowledge that this Review is considering off-shore online gambling which is also increasing for New Zealanders. But these figures show that online products in our own country are performing very well financially and so the need for expansion is not substantial at this stage.

MyLotto statistics from 2015/16 to 2017/18⁸

	2015/16 (Actual)	2016/17 (Actual)	2017/18 (Actual)	Actual increase 2015/16 to 2017/18	% change 2015/16 to 2017/18
Digital sales (\$m)	97.4	159.9	201.1	103.7	106% increase
Numbers of registered MyLotto players	454,000	637,000	746,000	292,000	64% increase
MyLotto usage – average weekly visits	604,000	968,000	930,500	326,500	54% increase

- 9. Our responses to the four regulatory options** – We have stated throughout this submission that we are strongly opposed to any expansion of any form of gambling product in our country. We stand by this position. At the same time, we want to respond to the Review parameters to have a voice in these parts of the discourse because we know the voices pushing for online gambling expansion from the gambling industry and within government are loud, vocal and persistent. The table below gathers together the views of our Oasis staff in response to this Review.

⁸ Lotto Annual Report 2017/18

1. Status quo:	2. Extend Lotto and TAB offering	3. Licensing of domestic operators	4. Licensing of domestic and/or overseas operators
<p>Lotto and TAB offer existing gambling products</p> <p>(+ other online gambling is offered by offshore operators)</p>	<p>Now Lotto and TAB offer online lotteries/scratchies, racing and sports betting. With this option, they would be allowed to sell new varieties of gambling product such as casino-type games for example.</p>	<p>Other charitable/commercial operations in NZ (e.g. pokie trusts and so on) would be able to sell online products (e.g. casino-type games) in NZ</p>	<p>Requiring overseas commercial/charitable operators to fulfil licence criteria (e.g. fees, host responsibility measures)</p>
<p>DISADVANTAGES:</p> <ul style="list-style-type: none"> - People can freely access online gambling on overseas websites which don't have to comply with our harm minimisation laws. - These sites can be incredibly predatory and dangerous. That's why some people call it the 'Wild West' of gambling - No to any extra opportunities for gambling. Especially Casino games. The present Racing Sports and Lotto allow time between games ... there is an extra element... in Casino betting. ...the speed of games and the drawing the player into the games...there is less thought. In sports and racing there is the extra element of thought and 	<ul style="list-style-type: none"> - Still equates to expanding the market - Operators would be allowed to advertise. - Expanded visibility of the market which will likely lead to more participation, e.g. by people loyal to NZ brand/products 	<ul style="list-style-type: none"> - Advertising and expanding the market. - Also, we suspect the consistency of compliance would be an issue, looking at the existing inconsistencies in host responsibility standards of different pokie venues or pokie trusts. - This option may not be as effective at minimising harm as option 2 if there are an unlimited amount of licences. 	<ul style="list-style-type: none"> - Very difficult to regulate unless penalties were significant. - Cost would be huge. - As with option 3, inconsistencies in compliance would be an issue – if we can't regulate our own products how can we expect to influence offshore products?

<p>belief the you can beat the system. You might check form, watch games on TV, develop systems. There is often some social interaction. This is not the case with Casino games or on-line games.</p>			
<p>POTENTIAL BENEFITS:</p> <ul style="list-style-type: none"> - no taxes, levies, community grants so no 'community benefit' (although we question the 'community benefit' principle anyway) 	<ul style="list-style-type: none"> - Compliance costs would be lower, people would support local business, money would go to the community. - Considering the growing popularity and demand for online gambling sites, from a harm minimisation perspective, this option may be most effective at reducing gambling harm whilst still having an array of online gambling available to New Zealanders. Harm minimisation could be achieved with stringent mandatory responsible gambling tools – which could be implemented effectively through considerations of other countries experiences – such as France. - In relation to the Gambling Act and the control of gambling growth, this option would allow the Government to have a better understanding of gambling growth as these sites would be regulated and monitored. This would allow for accurate statistics on online gambling (if geo-blocking is in place to block access to unregulated offshore sites). These statistics would enable better targeted public health interventions to minimise harm from gambling on these regulated sites. 		

	<ul style="list-style-type: none"> - There should be a set of mandatory responsible gambling features/tools on the sites with strict guidelines surrounding these to ensure compliance for harm minimisation purposes. 		
<p>RELEVANT RESEARCH:</p>	<ul style="list-style-type: none"> - Governments should be mindful of the fact that the online gambling market is well-established. - A Canadian study has demonstrated that the introduction of regulated sites may be insufficient at deterring players from participating on unregulated sites, therefore licensing systems may be more appropriate (Kairouz, Fiedler, Monson & Arsenault., 2017). - Licensing is a legislative means of monitoring compliance with consumer protection measures for reducing harms associated with online gambling (Marionneau & Järvinen-Tassopoulos, 2017). - This suggestion aligns with research showing that gambling on unlicensed websites is associated with more gambling-related harm (Kairouz et al., 2017). 	<ul style="list-style-type: none"> - Since 2010, the online gambling market in France has been regulated by a governmental body which requires online operators to undergo a licencing process (Marionneau & Järvinen-Tassopoulos, 2017). - Findings from the licenced websites (18 total) showed that all sites fulfilled their obligations by displaying all mandatory responsible gambling tools. This is indicative of licencing as an effective means of providing a safer online gambling environment. - A licencing system in New Zealand might benefit from a limited supply of licences with licensure fees attached (Mogenson, 2018). These fees could be spent on the monitoring of licencing compliance as well as supplementing the New Zealand problem gambling levy to fund further harm minimisation efforts. 	<p>Gainsbury, S. M., Blaszczynski, A., Russell, A. M., & Hing, N. (2018). Consumer engagement with and perceptions of offshore online gambling sites. <i>New Media & Society</i>, 20(8), 2990–3010. doi:10.1177/1461444817738783</p> <ul style="list-style-type: none"> - This study by Gainsbury et al. (2018) highlights the importance of understanding consumer perceptions and motivations for using offshore gambling sites. The study found that most Australian online gamblers preferred domestic sites. - This study found that offshore gamblers were significantly more likely to report being exposed to gambling promotions than domestic gamblers. This may have potential impacts on individual’s frequency of online gambling participation. - The study also found that offshore gamblers were significantly more likely to have three or more accounts with different sites in comparison to domestic gamblers. - Offshore gamblers were more likely to report the advantages of online gambling as being related to price (including bonuses, free credits, odds) which may indicate distorted beliefs about gambling when in comparison, domestic gamblers were more

			<p>likely to report main advantages of online gambling being related to convenience.</p> <ul style="list-style-type: none">- Important to note that these findings might be influenced by the higher proportions of moderate risk (29.9% vs 24.0% domestic) and problem gamblers (25.6% vs 10.1% domestic) in the offshore gambler's group. Domestic gamblers significantly more likely to be non-problem gamblers (40.3% domestic vs 21.5% offshore).- It would be much more difficult to monitor compliance with harm minimisation tools for offshore sites in comparison to domestic sites, and there is a risk of illegal laundering activity.- Findings from this study highlight that option 4 will not be effective at minimising harm from online gambling.- The DIA's public discussion document itself has identified that this option is likely to increase gambling harm in New Zealand and therefore it should not be considered as it does not align with the 3 principles of the NZ gambling framework.
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10. Harm minimisation and protective measures – In conclusion, if this expansion of online gambling continues as we expect, then we contend for strong harm minimisation and protection measures to be developed to protect New Zealand gamblers. Again, these are recommendations from various Oasis staff from around the country. These measures include:

Measure
Opt-out' pre-commitment measures – before people can engage in online gambling activities, they must set pricing/time/etc. limits on their play. Currently pre-commitment is largely an 'opt-in' measure and patrons must actively search for it, or it is only offered after a problem has been identified. We would like to see it built-in and mandatory. The solitary position of online gambling is even more isolating than pokies and TAB. This may increase suicidal tendencies. This is another assault on mental health in New Zealand.
Ban credit card use for online gambling to protect people from going into debt. In our experience, online gambling is hidden and not noticed or observed by anyone else. It is only noticed when the bills come in credit cards are overdrawn etc.
Strong limits or prohibitions on advertising e.g. no targeted social media ads, no bet pushing or bonus bets etc., protection of children, young people and other vulnerable people (e.g. people trying to cut back on gambling). United Kingdom Gambling Commission Review 2018: continued expansion of online market has led to increased advertising, including on TV and social media which increases the exposure of young people to gambling advertising. This has raised concerns about the normalisation of gambling for young people. ⁹
Restriction of use of public Wi-Fi for online gambling and restriction of online gambling in public spaces, e.g. in internet cafes, libraries and so on.
Strong age restrictions to make sure that under-18s are 100% unable to participate. Supporting evidence: French identity safeguards were identified as not stringent enough as a youth survey revealed 17% of French 16-year olds had gambled online at least once in 2015 despite identity safeguards. ¹⁰
Limits on hours of play, daily spend limits etc – cooldown periods before gambling can resume (would need to carry across products/operators so that gamblers can't easily switch from one product to another)
No delays in cashing out winnings/credit (these can deter people from cashing out and encourage continued play) ¹¹
Regulations should ban bonus schemes to encourage initial play as they may encourage online gamblers to open other accounts, increasing potential for harm. ¹²
Compulsory responsible gambling tools which must be displayed on French websites are: 1) Name and age verification 2) Top-of-page banner with risk info and helpline number/ help now button. 3) Info about possibility to self-exclude 4) Limit setting tool 5) Info on account balance and time spent. ¹³

⁹ <http://www.gamblingcommission.gov.uk/PDF/Online-review-March-2018.pdf> (p.4)

¹⁰ http://www.espad.org/sites/espad.org/files/ESPAD_report_2015.pdf

¹¹ Sourced from - Marionneau, V., & Järvinen-Tassopoulos, J. (2017). Consumer protection in licenced online gambling markets in France: The role of responsible gambling tools. *Addiction Research & Theory*, 25(6), 436–443. doi:10.1080/16066359.2017.1314464

¹² Ibid.

¹³ Ibid.

Licensing process evaluated as important so that government can require operators to comply with harm minimisation principles,¹⁴

Regulations should be very specific on required size and placement of responsible gambling info on websites as operators can try to find 'loopholes'.¹⁵

There needs to be strict identity verification processes to prevent underage access to online gambling. **Supporting evidence:** French identity safeguards were identified as not stringent enough as a youth survey revealed 17% of French 16-year olds had gambled online at least once in 2015 despite identity safeguards.¹⁶

Experimental RCT evaluating effectiveness of a French online self-exclusion tool which lasts minimum of 7 days, is non-reducible and applies only to websites selected by the gambler. Results: No objective short-term impact. In medium term (after 2 months), the gambler's "illusion of control" and "perceived inability to stop gambling" decreased more for those who had experienced a 7-day self-exclusion.¹⁷ So any exclusion period should be at least a month.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ http://www.espad.org/sites/espad.org/files/ESPAD_report_2015.pdf

¹⁷ Retrieved from Caillon, J., Grall-Bronnec, M., Perrot, B., Leboucher, J., Donnio, Y., Romo, L., & Challet-Bouju, G. (2019). Effectiveness of at-risk gamblers' temporary self-exclusion from internet gambling sites. *Journal of Gambling Studies*, 35(2), 601–615. doi:10.1007/s10899-018-9782-y