



JUST A CLICK AWAY: Online gambling in Aotearoa

BY RONJI TANIELU, SOCIAL POLICY ANALYST

The Salvation Army is strongly opposed to any liberalisation or expansion of online gambling in New Zealand. Over the last few years, the Department of Internal Affairs (DIA) has undertaken a review of online gambling in New Zealand.¹ In our submission to this review in 2019, we argued that the review (and other statements and rhetoric) was framed in a way that pointed to an intention to expand the online gambling sector in different ways. On the DIA website itself, it stated that the next step after the public consultation and submission process was to *provide advice to the Minister of Internal Affairs on a new regulatory system for online gambling.*² In 2021, our views have not changed. As a provider of gambling-harm treatment and support services (Salvation Army Oasis service), and a provider of numerous other Christian spiritual and social services in our communities, we remain opposed to any expansion in this area, as we daily see the damage of gambling harm and other social issues on people and whānau in local communities. We expect online gambling has the potential to be even more dangerous for people and whānau than pokie machines and other forms of gambling because of the ease of access and the private, hidden, or isolated nature of this form of gambling. This short advocacy paper summarises our views, provides some critical context to debate, and puts forward some key policy recommendations to contribute to this public debate.

‘Do not wear yourself out to get rich; do not trust your own cleverness. Cast but a glance at riches, and they are gone, for they will surely sprout wings and fly off to the sky like an eagle’ (Proverbs 23:4–5, NIV). This ancient proverb serves as a powerful warning to us all when pursuing money, especially through gambling. The quick financial fix that gambling promises to many often sprouts wings and flies off. According to Lotto New Zealand, if you buy a \$7 ticket your odds of winning first division are 1 in 383,838.³ These odds are even more ominous with online gambling.

BACKGROUND: THE STORY SO FAR

The DIA has for the last few years led a major review on online gambling in Aotearoa. Their process has been:

- July 2019—discussion document released *Online Gambling in New Zealand*
- August to September 2019—public consultation
- June 2020—summary of submissions to discussion document released.

Nearly 3000 submitters shared their views about this discussion document. The process is now at the *next steps* stage. The Salvation Army suspects that the ‘next steps stage’ is really about developing a regulatory framework to facilitate the expansion of online gambling in our nation. We are strongly opposed to this approach and any expansion of online gambling in our country.

In some ways, we believed this process was a foregone conclusion, as the review’s focus was more about what a regime for expanding online gambling should or could look like for our country, *not* whether we should even expand online gambling opportunities and products. We continue to challenge this framing of the review by DIA. We contend the ideal framing should have been centred on harm minimisation and prevention of expansion. This approach would fulfil the true intention of section 3(a) of the Gambling Act that states that one of the main purposes of this Act is to **control the growth of gambling**. In recent interactions with the DIA in 2021, we have been encouraged that there seems to be a renewed focus on community wellbeing and harm prevention and minimisation. We urge the DIA to keep this focus. With online gambling already legal in New Zealand (Lotto, TAB), and a coming regulatory framework, harm prevention and minimisation through regulating advertising and other key measures (discussed later in this paper) are even more crucial to ensure individual and community wellbeing.

Regulating online gambling was not mentioned in Labour’s 2020 policy manifesto. But the DIA’s briefing to the new incoming minister, the Honourable Jan Tinetti, was clear about their views on the online gambling review. The DIA briefing focussed on online gambling overseas and stated that *the online gambling review has identified that the Gambling Act is outdated and has significant regulatory gaps. In addition to updating the Gambling Act to regulate online gambling there are opportunities to modernise it in other important ways*⁴ (emphasis added).

With the inevitability of this new regulatory framework for online gambling coming soon to a sports advertisement, social media post, computer or smart phone near you, we now turn our attention in the rest of this paper to prioritising harm prevention and minimisation. This is consistent with the DIA’s summary document that stated: *in responding to the possibility of a regime for online gambling, there was significant support for a harm minimisation focus and much less support for increasing access to a range of gambling products*.⁵

IMPORTANT WIDER CONTEXT: WHAT DO THE NUMBERS SAY?

New Zealanders enjoy their gambling activities. Outside of Lotto, there were general declines in the amount of gambling expenditure spent at the TAB, Class 4 gaming machines (pokie machines) and casinos. **Table 1** shows that New Zealanders spent nearly \$2.3 billion on gambling in the year ending June 2020. The impacts of the Covid-19 restrictions might be seen, in that all forms of gambling expenditure decreased in 2020, except for gambling on Lotto that can be done online. Money spent on Lotto increased by 24 percent (\$125 million) between 2019 and 2020.

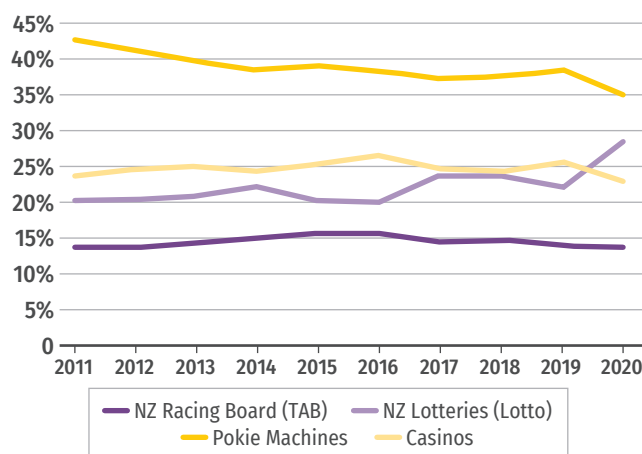
Table 1: Annual gambling expenditure—2015/16–2019/20

Gambling activity	2015/16 \$m	2016/17 \$m	2017/18 \$m	2018/19 \$m	2019/20 \$m
NZ RACING BOARD (TAB)	\$342	\$338	\$350	\$332	\$315
NZ LOTTERIES COMMISSION	\$437	\$555	\$561	\$530	\$631
GAMING MACHINES (outside Casinos)	\$843	\$870	\$895	\$924	\$802
CASINOS	\$586	\$572	\$578	\$616	\$504
TOTAL	\$2209	\$2334	\$2383	\$2402	\$2252

Figure 1 shows the proportion of gambling spend from the four main sources of gambling in New Zealand. Gambling losses through pokie machines have gradually declined over the last 10 years, but they still make up the largest share of gambling losses in our country. The proportion of losses through casinos and the TAB have remained consistent over the last decade. However, the share of losses through the NZ Lotteries

has steadily grown since 2011, and then surged between 2019 and 2020. Additionally, DIA statistics show that in the last two quarters of 2020, there were significant increases in class 4 spending. For example, from June to September 2020, gaming machine profits (for class 4 or pokie machines) increased by 116.1 percent (\$130,661,758.18), compared with an average increase of 3.2% in each of the previous five June to September quarters.⁶

Figure 1: Proportion of gambling losses in New Zealand—2011–2020



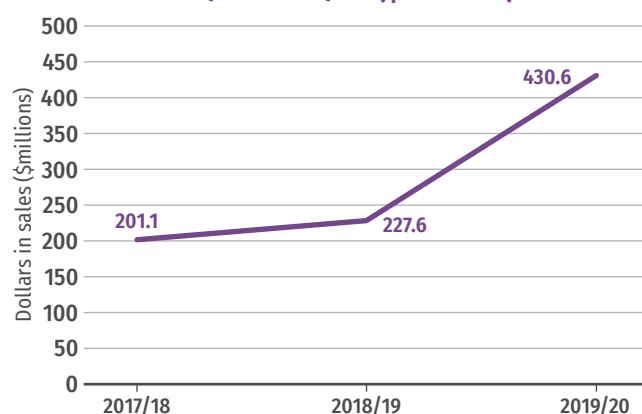
ONLINE GAMBLING IN NEW ZEALAND: WHAT DOES IT LOOK LIKE NOW?

The only authorised domestic online-gambling operators are Lotto New Zealand and TAB. But most New Zealanders might not know that it is not illegal for overseas operators to provide online gambling services to New Zealanders. Currently, the only restriction is that these overseas operators are not allowed to advertise in New Zealand. The DIA noted that in an 18-month period, New Zealanders spent about \$380 million on offshore online gambling sites, visiting approximately 3000 overseas gambling sites. Clearly there is an appetite for offshore online gambling. But local online gambling cannot be disregarded too.

Figures from Lotto New Zealand’s Annual Report 2019/20 show how lucrative online gambling is within our borders. **Figure 2** shows that New Zealanders spent significantly more on digital Lotto sales in 2020 (\$430 million) than they did on offshore online gambling (\$380 million). Lotto New Zealand acknowledged that *actual digital sales were \$160.4 million, or 59.3% higher than budget as the closure of the retail network during Covid-19 Alert Level 4, which resulted in a higher proportion of ticket sales via the online channel.*⁷

In terms of actual players of these online gambling products, in 2017/18 there were 746,000 registered MyLotto players. By 2019/20, there were 1,230,000 registered players. The Covid-19 restrictions actually led to higher than expected registered online players. The digital or online gambling arm of Lotto New Zealand is steadily growing in terms of sales and the number of New Zealanders gambling in this online way.

Figure 2: Digital sales for Lotto New Zealand—2017/18–2019/20 (\$millions)⁸



THE HARMS OF ONLINE GAMBLING: WHAT DOES THE HARM FROM THIS GAMBLING LOOK LIKE?

There is no universal definition of gambling harm in use that can completely capture the true impact of problem gambling. In New Zealand, problem gambling is defined as *gambling that causes or may cause harm to an individual, his or her family, or the wider community*.⁹ The Gambling Act 2003 defines gambling harm as:

- a** harm or distress of any kind arising from, or caused or exacerbated by, a person’s gambling; and
- b** includes personal, social, or economic harm suffered—(i) by the person; or (ii) by the person’s spouse, civil union partner, de facto partner, family, whānau, or wider community; or (iii) in the workplace; or (iv) by society at large.¹⁰

The impacts and harm of different forms of gambling are well-researched. This paper does not seek to repeat the large volumes of research and analysis on the harm. But it is helpful to note some of the key findings from the *Measuring the Burden of Gambling Harm in New Zealand* report, released in 2017 for the Ministry of Health.¹¹ This report noted that harms [from problem gambling] can also affect multiple domains of life including, but not limited to, financial hardships and problem debt, poorer health, psychological and emotional distress, and impaired social and cultural relationships.¹² The harms to the problem gambler themselves, and to those around them, are far-reaching. New Zealand takes a public health approach to defining and quantifying gambling harm. Additionally, there is a strong cultural element involved in minimising or preventing gambling harm in New Zealand with ethnic-specific services such as Hapai te Hauora, Raukura o Tainui, Mapu Maia and Asian Family Services.

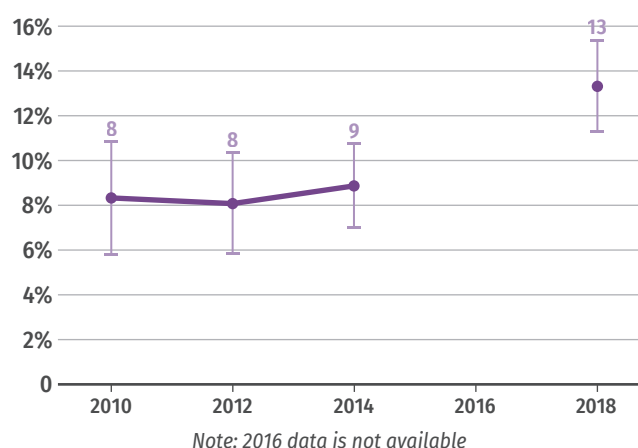
The Health Promotion Agency (HPA) in 2018 released a paper titled *Online Gambling in New Zealand: Results from the 2018 Health and Lifestyles Survey*.¹³ The key findings from this review included:

- over 520,000 (13%) New Zealand adults (aged 15 years and over) took part in online gambling in 2018.
- 1 in 5 (20%) gamblers gambled online in the previous 12 months.
- online gamblers were more than twice as likely to be at-risk of some level of gambling-related harm compared with gamblers who did not gamble online.
- domestic online gambling was most popular, with gambling on Lotto, Powerball or Strike draws and the TAB most frequently reported by online gamblers. Only 2% of New Zealand adults reported gambling on an overseas website.
- The proportion of New Zealanders gambling on overseas websites has remained stable at around 2% since 2010. Those who gambled online overseas were 80% more likely to be at-risk gamblers compared with other gamblers.
- Māori were more likely to gamble online overseas than non-Māori (6% versus 2%).¹⁴

One of the most concerning comments from this report is that online gambling rates have increased significantly between 2014 and 2018.

Figure 3 illustrates this. The HPA also warned that **online gambling rates are likely to continue to increase with young people being exposed to online gambling via in-game gambling (HPA, n.d.) and New Zealand companies providing a greater range of online gambling options.**¹⁵

Figure 3: New Zealand online gambling rates—2010–2018¹⁶



THE SALVATION ARMY PERSPECTIVE: WHAT ARE WE SEEING?

The Salvation Army Oasis service supports people concerned about gambling harm. In the last year, we have seen a significant increase in the number of people experiencing harm from gambling online on overseas sites. The numbers below illustrate why we are so concerned by any expansion (or loose regulation) of online gambling.

- 2018/19: 5% of Oasis clients sought help for online gambling harm (predominantly from gambling on overseas websites).
- 2019/20: 10% of Oasis clients seeking help for online gambling.
- March to May 2020 (Covid-19 lockdowns): 14% of Oasis clients stated they were suffering harm from online gambling—a major increase from previous year.
- From July to December 2020 (Covid-19 restrictions relaxed) nearly 15% of clients reported facing harm from online gambling.

During 2020, The Salvation Army released six Covid-19 Social Impact Dashboards to monitor the social impact of the pandemic and lockdowns in our communities, specifically in food security, housing, financial hardship, work and incomes, and addictions.¹⁷ In the addictions sections of these six Dashboards, we referred to the impact of Covid-19 on gambling harm and those people using our Oasis services. Some of our relevant observations in this Dashboard series include the following.

- There has been a reduction of referrals for problem gambling support, but existing clients have asked for more support than normal, because of real concerns they have about how they will cope during the lockdown period. Twice weekly or even daily check-ins have been provided where necessary (Frontline gambling support worker, Dashboard 1, 09/04/20).
- Clients are reporting that avoiding gambling has become somewhat easier with bars closed, placing limits on the usual ways they accessed pokie machines. The limitations of connecting remotely for support and the lower level of temptation has meant that some clients have put ongoing support for their addiction on hold until after the lockdown (Frontline gambling support worker, Dashboard 2, 24/04/20).
- SKYCITY noted that their registrations to their online overseas gambling site significantly increased during lockdown. This is consistent with the increased number of clients, accessing preventative and minimising gambling-harm services post-lockdown, reporting significant problems with online gambling. Many clients are presenting with stress and anxiety, in crisis, coming out of lockdown period (Dashboard 5, 31/07/20).
- Active clients report that advertising is prolific and intrusive from online gambling sites and is triggering a desire to gamble. Have noted more mental health concerns starting to arise in clients and expect this will continue into next year (Dashboard 6, 27/11/20).

These Dashboard findings are critical as we propose that the social impact tail of Covid-19 will stretch into 2021 and beyond. The interconnectedness of these issues cannot be discounted. For example, the complexity of social issues for many of those using our services can involve housing problems that are compounded by a financial issue, an addiction of some sort and other hardships. In this context then, we find it confusing that there seems to be a strong drive by the government to expand online gambling in Aotearoa.

MOVING FORWARD: STRONGER HARM PREVENTION AND MINIMISATION

The Salvation Army again is strongly opposed to any expansion of online gambling services or operators in Aotearoa. This short advocacy paper is intended to reinforce this position. We submit that any expansion of online gambling will lead directly to increased gambling harm in our whānau and communities. The HPA indicated this in their 2018 report. And the statistics from Lotto New Zealand, and gambling expenditure in general, all point to the likelihood of increased harm. The huge popularity and infiltration of Lotto in our daily lives is hugely significant. All of these, in our view, are contrary to the fundamental purposes of the Gambling Act 2003.

Expanding online gambling should not be a policy mechanism used to revitalise a struggling TAB industry or increase the revenue for other gambling operators (and therefore the government). Gambling proponents constantly point out the benefits to the community from gambling because of the distribution of gambling losses to community groups. The Salvation Army is unconvinced that any level of charitable funding to the community can effectively mitigate the major harms caused by gambling within these very communities. In our view, this ‘community benefit’ argument raises major questions about the morality, efficacy and legitimacy of people, whānau and community organisations profiting from gambling harm and addiction suffered by other New Zealanders, including those from their very own communities.

The DIA has signalled their clear intentions with this review and their advice to Minister Tinetti. While we remain opposed to the likely introduction of a new regulatory framework that will facilitate some form of expansion to online gambling, we urge the following harm minimisation and protective measures for online gambling activities to be integral parts of this framework. We strongly recommend that the coming regulatory framework must include all these proven mechanisms to minimise and/or prevent online gambling harm.

Table 2: Harm prevention and minimisation measures for online gambling

Measure
‘Opt-out’ pre-commitment measures before people can engage in online gambling activities, they must set pricing/time and other variables such as 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 could lead to more mental health issues, as well as other social problems.
Enforce credit card spending limits 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 and credit cards are overdrawn.
Strong limits or prohibitions on advertising , for example, no targeted social media ads, no bet pushing or bonus bets, protection of children, young people, and other vulnerable people (for example, 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. ¹⁸
Restriction of use of public Wi-Fi for online gambling and restriction of online gambling in public spaces, for example, in internet Cafés, 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. ¹⁹
Limits on hours of play, daily spend limits , 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). ²⁰
Regulations should ban bonus schemes to encourage initial play as they may encourage online gamblers to open other accounts , increasing potential for harm. ²¹
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; 3) info about possibility to self-exclude; 4) limit-setting tool; 5) info on account balance and time spent. ²²
Licensing process evaluated as important so that government can require operators to comply with harm minimisation principles. ²³
Regulations should be very specific on required size and placement of responsible gambling info on websites as operators can try to find ‘loopholes’. ²⁴
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. ²⁵

ENDNOTES

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Te Ope Whakaora

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Every effort is made to ensure the accuracy of facts and information in this report. Inaccuracies or errors in interpretation remain ours and we are happy to discuss any brought to our attention. The views are the authors', expressed in the name of The Salvation Army, Te Ope Whakaora.

We welcome your comments.

Please contact the author at social.policy@salvationarmy.org.nz