

Written response by the Institute of Public Health and Public Health Agency to specific requests from the Northern Ireland Assembly Committee for Communities.

Prepared by Dr Joanna Purdy, Dr Helen McAvoy and Mr Maurice Meehan (10 January 2021). Dr Purdy and Dr McAvoy have prepared the responses to points 1-4 and Mr Meehan has provided responses to points 5 and 6.

1. Statutory levy in New Zealand and player expenditure data as potential models for NI

The following section provides a summary of the process used in developing and implementing a statutory levy in New Zealand.

Background

The New Zealand Gambling Act 2003¹ sets out requirements for an ‘integrated problem gambling strategy focused on public health’². The Ministry of Health (the Ministry) is responsible for developing and refreshing this strategy every three years, as well as for implementing it. The Act specifies consultation requirements for developing the strategy and the levy rates.

Purpose of the Levy

The purpose of the problem gambling levy is ‘to recover the cost of developing, managing, and delivering the integrated problem gambling strategy’. The levy rates are set by regulation at least every three years. The current levy period is from 1 July 2019 to 30 June 2022 to match the current strategy.

The process for setting the levy

The Gambling Act sets out the process for developing and setting the levy rates needed to recover the cost of the strategy (refer to sections 318–320 of the Act). As part of this process, the Ministry consulted on its estimated annual funding requirements, and four alternative sets of estimated levy rates. After considering submissions, the Ministry revised its consultation document and submitted the new proposals to the Gambling Commission and responsible Ministers. The Gambling Commission reviewed the proposals and submitted its report to responsible Ministers. After considering the Gambling Commission report, the responsible Ministers recommended new problem gambling levy rates and regulations to the Governor General.

¹ [New Zealand Gambling Act 2003](#)

² [New Zealand Strategy to Prevent and Minimise Gambling Harm 2019/20 to 2021/22](#)

The Levy Formula

The formula in section 320 of the Gambling Act 'provides a mechanism for allocating among gambling operators, and collecting from them, the approximate cost' of the strategy.

The formula is: Levy rate for each sector = $\frac{\{[A \times W1] + [B \times W2]\} \times C}{D}$ plus or minus R where:

A = the estimated current expenditure in a sector divided by the total estimated current player expenditure in all sectors subject to the levy

B = the number of customer presentations to problem gambling services that can be attributed to gambling in a sector divided by the total number of customer presentations to problem gambling services in which a sector that is subject to the levy can be identified

C = the funding requirement for the period for which the levy is payable

D = the forecast player expenditure in a sector for the period for which the levy is payable

R = the estimated under-recovery or over-recovery of levy from a sector in the previous levy periods

W1 and **W2** are weights, the sum of which is 1.

The top line of the formula determines the dollar amount to be paid by each sector as its share of the total levy amount, taking into account any over- or under-recovery in previous levy periods.

The bottom line of the formula (D, forecast player expenditure in the sector) determines the levy rate that is necessary for a sector to pay its required contribution (the dollar amount) determined by the top line of the formula. All other things being equal, the higher the forecast player expenditure for a sector, the lower will be its levy rate. Player expenditure for each sector is defined in section 320(3) of the Act.

Each levy rate is the amount per dollar of player expenditure a sector must pay. A rate of 0.85 means a sector must pay 0.85 cents per dollar for every dollar of player expenditure in the levy period to which the rate applies.

Estimated current player expenditure (A)

The formula in the Act requires the levy rate calculation to take into account the latest, most reliable and most appropriate sources of information on player expenditure. Department of Internal Affairs (DIA) estimates of player expenditure are used and take into account the latest, most reliable and most appropriate sources of information, including DIA's Non-casino Gaming Machines electronic monitoring system (EMS), gambling operators' annual and half-yearly reports and information from the Inland Revenue Department (IRD). Other data on gambling expenditure is available on DIA's website (www.dia.govt.nz).

Presentations (B)

The formula in the Act requires the levy rate calculation to take into account the latest, most reliable and most appropriate sources of information from the Ministry on client presentations to problem gambling sources. Presentation figures used in the levy are based on data from psychosocial intervention service providers. The figures relate to all clients who received a full, facilitation or

follow-up intervention session during the 12 months from 1 July 2017 to 30 June 2018. The figures exclude brief screening interventions and primary problem gambling modes in gambling sectors that are not subject to the levy (although these are recorded).

The funding requirement (C)

The funding requirement represented by C in the formula is the total cost of the strategy for 2019/20–2021/22, which the Ministry estimates as \$60.339 million. The funding required may be comprised entirely of a new appropriation or a new appropriation and an expense transfer of any underspend from a previous levy period.

Forecast player expenditure (D)

The amounts represented by D in the formula are sector-by-sector forecasts of the amounts that DIA expects gamblers to spend on the gambling products of the four levy-paying gambling sectors in the period 2019/20–2021/22. The higher the forecast expenditure is, the lower the levy rate necessary for a sector to pay its required contribution (as determined by the top line of the formula). There may be changes in gambling expenditure as a result of future changes to the Act or regulations. It is not possible to forecast the likely impact of any changes until the nature of any legislative or policy changes is clearer.

Estimated levy under-recovery or over-recovery, by sector (R)

Section 107 of the Gambling Amendment Act 2015 requires the calculation of each sector's levy rate to take into account any underpayment or overpayment from that sector in previous levy periods. R is the difference between the expected levy payments for each sector and the actual amount received in payments.

The weights (W1 and W2)

The Act requires the Ministry to apply a weighting between current player expenditure (W1) and presentations (W2) to help determine each sector's share of the cost (C) that each sector is required to pay in levy. When a sector's proportion of expenditure is substantially different from its proportion of presentations (W1 and W2 respectively), the weighting between expenditure and presentations is critical to determine how much each sector will be required to pay.

Levy rates

The 30/70 weighting reflects changing patterns of player expenditure and presentations, and recognises that too high a weighting on presentations alone does not adequately attribute to each sector its fair share of costs for low to moderate harm, or of strategy activities such as public health not covered by presentations to intervention services. The top row of the table below shows the levy rate for each sector, as the percentage of player expenditure each sector must pay as a levy. The second row shows the expected levy amount each sector would pay if actual player expenditure matches the forecasts. The third row shows this amount as a percentage of the total expected in levy payments (having adjusted for R). The last row shows each sector's share of the total cost to fund the strategy over the levy period.

Levy rates per sector: 30/70 weighting (all figures Goods and Services Tax exclusive)

	Non-casino Gaming Machines	Casinos	New Zealand Racing Board	New Zealand Lotteries Commission
Sector levy rates (%)	0.78	0.56	0.52	0.43
Expected levy payment (\$m)	22.967	11.213	6.174	7.906
Share of total expected levy amount	47.59%	23.23%	12.79%	16.38%
Share of budget (C)	48.46%	23.34%	11.81%	16.39%

2. Research paper(s) detailing the correlation between opening hours of betting establishments and gambling harm.

There are no specific robust research studies examining the impacts of increased opening hours of land-based gambling venues and increased occurrence of gambling harms. However, there is reliable evidence that increasing accessibility and availability of gambling opportunities in general can contribute the development of problem gambling. A report by Rogers et al (2019) identified gambling availability as one of the early life risk factors for problem gambling³.

A qualitative study by Thomas et al (2011)⁴ examined what attracts people to gambling venues/products. They asked the question - does attraction relate to a multidimensional view of accessibility?

The study findings showed that attraction to venues was clearly associated with accessibility, one form of which was **geo-temporal accessibility** - meaning how accessible the venue was locally to the gambler and how accessible the opportunity to gamble was over time. The proximity of venues made them an easy option and in some cases could lead to impulsive gambling. The wide distribution of venues throughout suburbs, as well as in the city centres, meant that avoiding gambling venues was difficult for people with existing gambling problems. Venue opening hours were also clearly related to perceptions of accessibility. Twenty-four hour accessibility was highlighted by some participants as an attraction. Social and personal accessibility was also identified as it related to the potential for social interaction, the availability of other entertainment options, and retreat from the world.

As highlighted in our written submission, we are concerned that increasing trading hours in licensed offices is likely to increase overall gambling activity which can, in turn, drive increases in problem gambling. It is our view that any extension of trading hours to land-based betting offices/gambling venues should only be approved based on an assessment of a gambling regulator and an appropriate

³ [Gambling as a public health issue in Wales](#)

⁴ [Thomas, A. C., Bates, G., Moore, S., Kyrios, M., Meredyth, D., & Jessop, G. \(2011\). Gambling and the multidimensionality of accessibility: More than just proximity to venues. International Journal of Mental Health Addiction, 9, 88-101.](#)

assessment of potential benefits and harms. On the ‘first of all do no harm’ principle, we propose deferring this measure until such time as a regulator and a strategy to mitigate gambling harms is in place.

Changing access and availability to gambling is related to the total amount of harm experienced within a community.⁵ Community and societal factors such as availability and advertising are risk factors for gambling and problem gambling.⁶ Access to and availability of gambling is a necessary precursor to the experience of harms. There is a relationship between how much gambling goes on in a population and how much harm is experienced (Total Consumption Theory).⁷

The implications of this relationship are that policy measures which lead to a reduction in total consumption are also more likely to lead to a reduction in harms. This suggests that an increase in consumption due to increased availability of gambling in society- through increasing opening times an extra day a week, for example- may lead to an increase in harms. This is supported by recent research that found problem gambling to be closely related to the time and/or amount of money spent on gambling.⁸ Northern Ireland has fewer safeguards in place than most other jurisdictions and the current lack of regulation is placing the region at risk of high rates of gambling and high rates of harm.

When considering the extension of opening hours for land-based gambling premises, it is important to note that land-based and online gambling providers often serve different groups. It is not necessarily the case, that when land-based gambling is not available, people switch to online.⁹ Evidence from a study by Wardle et al (2021)¹⁰ found that among previously regular male and female sports bettors, the main impact of the initial Covid-19 lockdown was either a reduction in gambling activity or, for around a third of the sample, stopping gambling altogether. This is to be expected, given that the primary segment of sports bettors’ gambling repertoires was generally unavailable to them during this time. This study shows that when sports betting wasn’t available, those who regularly bet on sports didn’t switch to alternative forms of gambling, but rather only a minority of gamblers initiated gambling on forms of activity they had not previously engaged in. It is worth noting that issues relating to land-based gambling are different to those associated with online gambling.

In a letter published in the Lancet on 11 December 2021, Kesaite and Wardle¹¹ note that “retail-based gambling is a multi-billion industry that contributes over a third of revenues to the gambling industry and affects huge swathes of society. Given the stubborn stability of problem gambling rates in Britain observed over the last ten years, we should carefully consider the range of factors that influence their reduction. Inconvenient as it may be to some sectors of the gambling industry,

⁵ Wardle H. Appeal against refusal of premises licence. 2021.

⁶ Orford J. The Gambling Establishment: Challenging the Power of the Modern Gambling Industry and its Allies. London: Routledge; 2019.

⁷ Rossow I. The total consumption model applied to gambling: Empirical validity and implications for gambling policy. Nordisk Alkohol Nark. 2019;36(2):66-76.

⁸ Mazar A, Zorn M, Becker N, Volberg RA. Gambling formats, involvement, and problem gambling: which types of gambling are more risky? BMC Public Health. 2020;20(1):711.

⁹ Personal communication from Dr Heather Wardle (14 December 2021)

¹⁰ [The impact of the initial Covid-19 lockdown upon regular sports bettors in Britain: Findings from a cross-sectional online study](#)

¹¹ [Changes in gambling harms show need to consider the relationship between harms and availability](#)

considering the relationship between gambling availability and its relationship to harms should be part of this equation.”

3. Information regarding criminal proceedings against any bookmakers in other jurisdictions

The Institute was unable to identify any cases where criminal proceedings have been taken against bookmakers in other jurisdictions. The Committee may be interested to note the position taken by the Gambling Commission. According to Gambling Commission UK¹², businesses and individuals who do not follow rules and regulations aimed at ensuring gambling is fair, safe and crime-free can expect regulatory action.

Actions include:

- issuing a warning
- attaching an additional licence condition
- removing or amending a licence condition
- suspending a licence
- revoking a licence
- imposing a financial penalty.

A register of regulatory actions can be found [here](#).

In November 2021, there was media coverage of the online casino Sky Vegas, after promotional emails were sent to recovering gambling addicts. It was reported that the law firm PGMBM is exploring the possibility of bringing legal proceedings on behalf of up to 120,000 people who are believed to have been sent the promotional emails offering “free online spins” despite asking not to receive betting correspondence. Sky Vegas apologised last week after promotional emails were mistakenly sent to those who had opted out of betting correspondence.¹³

4. Additional information

Scratch Cards

During the oral evidence session on 14 December, the Institute of Public Health was asked to comment on scratch cards. To supplement our response, we have provided a summary of a study undertaken by Stark et al (2021)¹⁴ which examined whether lottery and scratch card participation is related to gambling problems among 16-24 year olds in Great Britain and whether general and mental health and gambling behaviours explain this relationship.

Young people 16-24 are frequently among the highest risk age groups for problem gambling among adults in Great Britain. Often one of the first and most popular games among young people is lottery products, particularly scratch cards. A secondary analysis of the England and Scottish Health Surveys series in 2012, 2015, and 2016 was carried out. Results from this study show that gambling problems are higher among: males (2.1%), 20-24 year olds (1.6%), lottery players (2.7%), scratch card players

¹² <https://www.gamblingcommission.gov.uk/>

¹³ <https://www.independent.co.uk/business/legal-action-considered-after-betting-offers-sent-to-recovering-gambling-addicts-b1955674.html>

¹⁴ [Stark, S., Wardle, H., & Burdett, I. \(2021\). Examining Lottery Play & Risk among Young People in Great Britain. Toronto: Responsible Gambling Council.](#)

(3.0%), those with the lowest wellbeing (3.0%), those with mental health conditions (2.0%), those with fair/bad/very bad self-assessed health (2.5%), and those who play any other games (3.2%).

This analysis investigated whether lottery draw and scratch card play is associated with gambling problems among 16-24 year olds. It found that scratch card play was associated with gambling problems even after a number of other factors including lottery play and mental health disorders were included in the analysis. The study also found that nearly one third (31%) of 16-24 year olds reported having spent money on scratch cards in the past year, 29.9% reported having spent money on lottery tickets in the past year and 19% spent money on both scratch cards and lottery tickets. Of the sample surveyed, 1.2% experienced gambling problems in the past year.

The authors of this study recommended targeting education, initiatives, and research on high-risk populations (20-24 year olds and males) and high-risk gambling behaviours (playing scratch cards and playing other gambling games as well). Their recommendations include:

- Warning messages on physical and digital scratch cards
- Education and site messaging on how scratch cards work and the risks for players
- Limiting the use of risky game features such as losses disguised as wins in scratch card design
- Targeted training for retail staff selling scratch cards
- Information on low-risk gambling guidelines such as limiting the number of games played.

As part of this legislative reform, it will be important to consider the capacity for widespread display of scratch cards in venues that are not age-gated gambling venues and how these may contribute to a normalising of gambling behaviour.

Although we are not aware of any evidence relating to the impacts of reducing point of sale display of scratch cards, we believe this issue should be kept under review and that use of scratch cards and the prevalence of addiction issues relating to their use should be investigated in Northern Ireland.

We would advise that the precautionary principle is applied in relation to decision making surrounding scratch cards, supported by enhanced data collection on scratch card usage across the population. The study referenced above highlights the association between scratch card participation and gambling problems. It is important the Committee is aware of the potential implications from scratch card participation, in addition to the harms resulting from other types of gambling activity. We would reiterate the need for a gambling strategy and regulatory authority to produce advice on this issue.

5. National Institute for Health and Care Excellence Guidance (NICE)

Please see link to the [Gambling: Identification, diagnosis and management Guidance](#) which is currently under development, with expected publication February 2024.

6. Northern Ireland Gambling Prevalence Survey

Please see link to the [2016 Northern Ireland Gambling Prevalence Survey](#).

End