

Regulatory Impact Statement: Regulatory amendments to reduce pokies harm

Coversheet

Purpose of Document	
Decision sought:	Cabinet decisions on amendments to the Gambling (Harm Prevention and Minimisation) Regulations 2004 to strengthen harm minimisation requirements in the Class 4 gambling sector.
Advising agencies:	Department of Internal Affairs
Proposing Ministers:	Minister of Internal Affairs
Date finalised:	21 September 2022
Problem Definition	
<p>Class 4 gambling (gambling on pokies in pubs, clubs and TABs) has a higher risk of harm than other forms of gambling and is causing harm to some gamblers. However, the current harm minimisation regulations do not reflect current best practice in harm reduction and are not adequately reducing the risk of harm.</p>	
Executive Summary	
<p>Pokies are the most harmful form of land-based gambling. The current regulation model does not appear to be adequately reducing the risk of harm, because there are not clear, consistent standards that venues must follow to identify and respond to harm.</p> <p>Public consultation on possible changes to regulations is now complete and has informed a package of changes to regulations to improve harm minimisation practices in Class 4 (pokies) venues. The changes will introduce:</p> <ul style="list-style-type: none">• Mandatory annual training for all staff dealing with gamblers, with specified components – this will mean they have a better understanding of the signs of harmful gambling and the skills to intervene when they identify harmful gambling.• Clear harm minimisation requirements that apply to all Class 4 venues, along with more enforcement tools – this will mean that harm prevention practices are more consistent across Class 4 venues.• Requirements for the steps venues must take to identify harmful gambling, along with better training – this will mean that at-risk and problem gamblers are identified and approached by venue staff more often. <p>This package has been informed by existing best practice (published by Te Whatu Ora, formerly the Health Promotion Agency). It will be practical for Class 4 venues to implement and should drive a stronger culture of care in these venues. Over time, it should help to reduce harm to both individuals and those affected by someone else’s gambling, such as whānau (second-hand harm). This should benefit groups more likely to experience harm from pokies, such as Māori, Pacific people, and people in higher deprivation areas.</p> <p>We expect that Class 4 venues and societies will be comfortable with some of the proposed changes. Many of the proposed requirements received a fair amount of support during public consultation (particular the proposals around offences for existing requirements and training).^{9(2)(f)(iv)}</p>	

stakeholders, such as organisations involved in gambling harm prevention and treatment, will support the proposals but will likely want to see the changes go further.

Limitations and Constraints on Analysis

The Minister restricted the scope to options to reduce harm in Class 4 gambling venues that use the existing regulation-making powers in the Gambling Act 2003 (the Act) and can be put in place quickly. Primary legislative change and using regulation-making powers to address wider system issues (operating environment, locational inequity, efficiency of community funding) is out of scope. The Minister has also confirmed that pokie machines in casinos, which are regulated differently to Class 4 venues, are out of scope.

Consequently, the scope of the policy work was set as:

- harm from Class 4 gambling in pubs, clubs and TABs; and
- proposals that:
 - are achievable through the existing regulation-making powers; and
 - can be in place within the current parliamentary term.

This is a first step towards reducing harm from pokies, but there is a second stage of work planned to look at the Class 4 gambling system more broadly (though scoping is still to be done). Some of the options which had promise but could not be progressed at this time (for example, because they would require wider system changes) should be considered in this second stage of work.

The key constraint on the analysis is the limited information available on the efficacy and cost of the various individual proposals. Few of the individual components proposed are delivered or researched in isolation, so determining effectiveness is challenging and even the academic researchers who work in this space do not always agree. Further, public consultation did not yield as much information as expected regarding the level and type of operational implications for the class 4 gambling industry.

We do not think these limitations and constraints should impact on Ministers' confidence in the proposed package and their decision to support it.

Responsible Manager(s)



Suzanne Doig, General Manager, Policy Group
Department of Internal Affairs

21 September 2022

Quality Assurance (completed by QA panel)

Reviewing Agency: Department of Internal Affairs

Panel Assessment & Comment:

The Department's Regulatory Impact Analysis (RIA) panel (the panel) has reviewed the Regulatory amendments to reduce pokies harm RIA in accordance with the quality assurance criteria set out in the [CabGuide](#).

The panel considers that the information and analysis summarised in the RIA *meets* the quality assurance criteria.

Ministerial decisions have constrained the scope of options available for the analysis described in the RIA. Similarly, the focus

on legislation administered by the Department has limited the policy and regulatory options available for assessment. Within these constraints, the RIA clearly explains the problem and issues to be addressed using plain English and is concise relative to the complexity of the issues being discussed. The RIA sets out the full range of options within scope. Assumptions, constraints and uncertainties are clearly stated.

The RIA is complete and includes all necessary information. Consultation with stakeholders was focussed primarily on the regulatory proposals, due to the scope constraints on the analysis. Discussions from this consultation informed refinement of the proposals focused on driving a stronger culture of care in gambling venues.

The RIA acknowledges that limited information and research were constraints in determining the effectiveness of individual proposals. The Panel is convinced that within this constraint, the assumptions in the analysis and intervention logic are reasonable. The Panel notes that the data obtained from the preferred option along with other related information streams will be used to inform the second stage of work on the Class 4 gambling system.

Proactively Released by the Department of Internal Affairs

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the counterfactual expected to develop?

A quick overview of pokies in New Zealand

1. Class 4 gambling means electronic gaming machines (EGMs), commonly known as pokies, in pubs, clubs and TABs¹ around New Zealand.
2. Pokies are operated by 'corporate societies' who must be licensed, operate in a not-for-profit manner, and return gambling proceeds to authorised purposes. As of 30 June 2022, the Class 4 gambling sector comprises:
 - a. 214 corporate societies (180 'clubs' and 34 'non-club'); with
 - b. 1,045 'venues' operating a combined total of 14,714 machines.²
3. Examples of non-club societies include Pub Charity and the Lion Foundation, who return at least 40% of their gambling proceeds to the community through grants. Their peak body is the Gaming Machine Association of New Zealand (GMANZ), though not all societies are members of GMANZ. Hospitality New Zealand report that they represent 75% of Class 4 venues (i.e. pubs).
4. Club societies are organisations such as RSAs, working men's clubs and cosmopolitan clubs. They run pokie machines within the clubs, and the net proceeds are usually returned to their own operations. The Department requires there to be rules about membership, election of officers, and purposes and operations of the club. Their peak body is Clubs New Zealand.

Expenditure on pokies is the highest since records began in 2007

5. Class 4 pokies are the type of gambling people spend the most on. Approximately 395,000 New Zealanders gamble on pokies in pubs and clubs each year, which is 9.6% of the adult population (Health and Lifestyles Survey (HLS) 2020). Data shows a trend for decreasing venues and machines, as venues peaked at more than 2,200 in the late 1990s and machines peaked at 25,221 in June 2003. Despite the decline in venues and machines, expenditure (i.e. total gambled minus total paid out) on pokies in Class 4 venues has increased annually from a low of \$806 million in 2013/14, to a high of \$987 million in 2020/2021, the highest since records began in 2007.

The Department of Internal Affairs regulates pokies...

6. The Department of Internal Affairs (the Department) is responsible for regulating Class 4 gambling in New Zealand.³ This includes:
 - a. licensing
 - b. monitoring compliance (such as conducting venue inspections)
 - c. providing guidance to the gambling sector
 - d. encouraging best practice⁴ for minimising harm caused by gambling

1 Class 4 gambling does not include pokies at casinos, which are regulated differently.

2 Compared to June 2021, there are 10 more EGMs in play but 14 fewer venues and 4 fewer club societies.

3 The other main types of gambling regulated in New Zealand (Lotto NZ, sports and racing betting with TAB NZ and casinos) have quite different regulatory settings to class 4. For example, casinos are licensed by the Gambling Commission.

4 The Health Promotion Agency (now Te Whatu Ora) have published a range of best practice guidance and resources for the Class 4 sector: <https://www.gamblehost.org.nz/>. It was developed in consultation with gamblers and venue staff (including through qualitative research). Technical aspects, such as the signs of harmful gambling, have drawn on the findings of validated research.

- e. enforcing compliance with the Gambling Act (the Act) and associated regulations.
7. In the past, a lot of resource went into ensuring the integrity of gambling operators. As a gambling regulator our current strategic direction is to shift to a much stronger focus on harm minimisation. This includes through:
- a. improving the operational guidance for the sector
 - b. increasing monitoring and enforcement of harm minimisation requirements; and
 - c. looking at how to make other operational processes more efficient, so that more time can be spend on harm minimisation activities.
8. In 2019, we conducted around 70 inspections of Class 4 venues, this almost doubled to approximately 125 by 2021.

...but the regulatory requirements for venue harm minimisation practices are relatively “light touch”

9. There are some legislative measures already in place that are intended to prevent and minimise harm from pokies. **Appendix A** provides an overview of class 4 venue requirements in the Act and the Gambling (Harm Prevention and Minimisation) Regulations 2004 (the harm minimisation regulations). These both set some standards for:
- a. pokie machine features (e.g. limiting the jackpot amounts)
 - b. advertising and branding;
 - c. training (e.g. one trained staff member must always be available); and
 - d. steps that venues must take once they have identified someone as a problem gambler.
10. In terms of venue practices there is a low level of prescription. Currently, Class 4 venues only need to have a harm minimisation policy in place. What needs to be in this policy is not specified by legislation. Inspections do check venues’ harm minimisation practices. ^{9(2)(g)(i)}
11. If there has been a breach of specific harm minimisation requirements, regulators can suspend or cancel a Class 4 venue licence, but this process typically takes several months. There are no appropriate and immediate enforcement actions for lower-level breaches.
12. There is also no ability for the Department to set minimum standards across the Class 4 sector for harm minimisation. For specific licences we can impose “conditions intended to minimise the risk of problem gambling”, which can be appealed through the Gambling Commission (an independent statutory decision-making body established under the Act). The Gambling Commission has held that licence conditions must be:
- a. applied on a case-by-case basis;
 - b. fair and reasonable, both to the licence holder and the community; and
 - c. for harm minimisation conditions, have evidence of a positive effect on problem gambling specifically, rather than just reducing gambling generally.
13. ^{9(2)(h)}
14. There are also no associated infringement offences for either the harm minimisation regulations or licence conditions. The only options to address non-compliance are prosecution, or suspension/cancellation of a licence. This means that a significant level

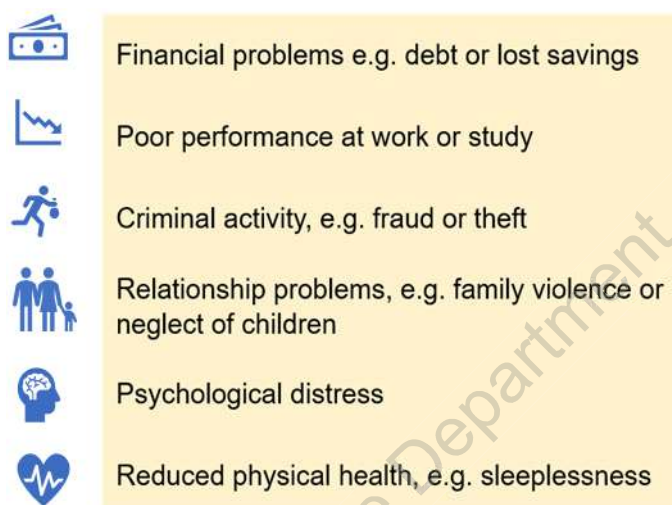
of resource can be required to act on a breach, and lower level breaches that do not justify this action in and of themselves do not receive any penalty.

15. As a result, we consider the regulatory requirements for Class 4 venue harm minimisation practices to be relatively “light touch”.

Harm from gambling is wide ranging and includes harm to whānau and others

16. The Act defines a *problem gambler* as a person whose gambling causes harm or may cause harm. Harmful gambling is now a more widely used term because it moves the onus to the system, rather than as an individual responsibility. The Act defines *harm* as harm or distress of any kind, caused or exacerbated by a person’s gambling and includes personal, social or economic harm suffered by any person or society. See Figure 1 below for some of the main types of gambling harm.

Figure 1: Types of gambling harm



17. One New Zealand study found that that the total aggregate burden of harms occurring to gamblers, in terms of the decrease in health-related quality of life years, is greater than the aggregate burden of common health conditions such as diabetes and arthritis, and approaches the level of anxiety and depressive disorders.⁵
18. The study also found that a lot of this harm can be attributed to people who would normally be seen as “low risk” gamblers. This is why taking a public health approach to preventing and reducing gambling harm across the spectrum of risk is important.

Agencies and services involved in gambling harm prevention and reduction

19. A range of gambling treatment service providers, such as Problem Gambling Foundation (PGF) Services, Salvation Army Oasis and Asian Family Services provide intervention services contracted by the Ministry of Health. They offer a range of intervention services from helpline and information services through to full treatment services. Te Whatu Ora – Health New Zealand (previously the Health Promotion Agency) provides information and education services that aim to support New Zealand communities to prevent and respond to harmful gambling.

What is the policy problem or opportunity?

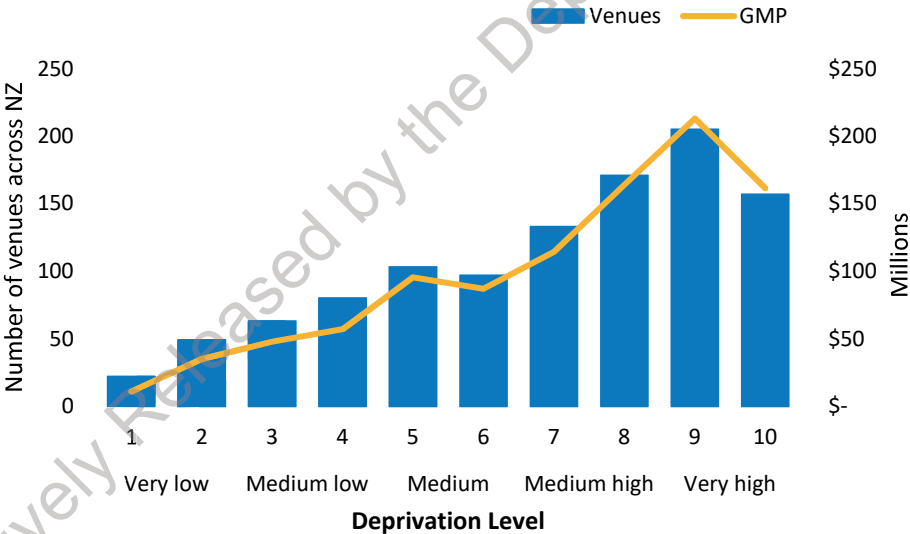
Pokies are the biggest driver of people needing help for their gambling

20. Pokies are a particularly addictive type of gambling because gamblers can immediately “reinvest” their winnings in further gambling (known as continuous gambling).

⁵ Measuring the Burden of Gambling Harm in New Zealand. Wellington: Ministry of Health.
<http://www.health.govt.nz/publication/measuring-burden-gambling-harm-new-zealand>

- 21. There is a concerning level of harm associated with pokies - while the number of pokie machines has been steadily reducing over time, the amount of money spent has increased. Pokies is the biggest driver of people needing help from gambling treatment services. Just under half of treatment service clients reported that pokies in pubs and clubs is the main cause of their need for help.
- 22. One in five people who gamble on pokies in pubs/clubs are considered at-risk gamblers, and 37,000 of them estimated to be moderate-risk or problem gamblers (Health and Lifestyles Survey, 2020). The burden of harm associated with this is likely to be significant.
- 23. Harmful gambling is not equitable. Data shows that Māori and Pacific people are disproportionately more likely to experience harm:
 - a. Māori are twice as likely than non-Māori to gamble on pokies and are also three times more likely than non-Māori and non-Pacific to be moderate risk/problem gamblers.
 - b. Pacific people are 1.6 times likely than non-Māori and non-Pacific to gamble on pokies and are also two and half times more likely than non-Māori and non-Pacific to be moderate risk/problem gamblers.
- 24. Pokie machines are also far more likely to be located in higher deprivation areas, where more Māori and Pacific people live. This increases their exposure to pokies. We know more of the spending comes from machines located in these areas (see Figure 2 below). Living closer to a gambling venue has previously been linked to problem gambling.⁶

Figure 2: Revenue from pokies (GMP) by deprivation level



- 25. The Crown has an obligation under Te Tiriti o Waitangi principles of equity and active protection to take steps to improve equity for Māori by reducing the harm they experience from pokies gambling. This includes considering whether changes to regulatory requirements could reduce the risk of harm to Māori.
- 26. Overall, we expect that under the status quo, it is likely that the level of harm caused by pokies will remain steady. This is because while the number of venues and machines has been decreasing, the expenditure on pokies continues to increase. The prevalence rate for moderate risk/problem gambling has also been relatively stable over the past 10 years.

⁶ Ministry of Health. 2008. Raising the Odds? Gambling behaviour and neighbourhood access to gambling venues in New Zealand. <https://www.health.govt.nz/system/files/documents/publications/raising-the-odds-may08.pdf>

27. Since 2018, there have been slight decreases in the number of clients accessing intervention services and significant decreases in those accessing the Gambling Helpline. However, estimates suggest that only around 10% of people affected by moderate to severe gambling harm are seeking help, so this only represents part of the at-risk population.

But current harm minimisation regulations are not adequately reducing the risk of harm from pokies

28. As described earlier, the current regulation model is “light touch”, as it relies on societies and class 4 venues to develop and apply strong harm minimisation policies. But there is evidence that this model is not effective, and more prescription is needed.
29. People who are experiencing harmful gambling due to pokies are not usually identified in pubs and clubs. According to the HLS 2020, over 70% of pokies gamblers reported that they had not had any interaction with staff about gambling.⁷ An earlier 2016 survey found that only 7.5% of pokies gamblers said they noticed staff monitoring the pokies room. There were also very few cases where staff had spoken to the pokie player with a concern about their gambling (0.3%) or given them a leaflet on gambling support services (0%). Given that one in five pokie gamblers are estimated to be at risk, it would be reasonable to expect a much higher level of interaction with staff.
30. But these results are not surprising, as without prescriptive regulatory requirements, there are not always strong incentives for venues to be proactive about reducing harm. This is because:
- it could drive patrons to other venues with weaker harm minimisation, resulting in lost business in terms of food/drink consumption;
 - the payments venues receive from Class 4 societies are based on gambling revenue at their venues; and
 - staff may not want to approach people about their gambling, as they often find these types of conversations awkward or embarrassing.⁸

The problem with having “light touch” regulatory requirements for class 4 venues was highlighted in a recent court case

31. A recent District Court decision identified that more prescriptive requirements are needed. A Christchurch patron with an addiction to pokies spent around \$500,000 of their earthquake insurance money on pokies over three years, before passing away suddenly. The manager of one of the venues this person frequented was the subject of prosecution for not identifying this person as a problem gambler.
32. The decision [*Department of Internal Affairs v Suppressed* [2021] NZDC 11625] has shown the need to set more prescriptive requirements for identifying gambling harm in venues. To summarise, the:
- venue manager was charged with failing to take reasonable steps to ensure the venue’s harm minimisation policy was used to identify a problem gambler;
 - regulator’s view was that reasonable steps included having systems to track multiple cash withdrawals and regular long play durations;
 - Judge held that as these steps were not included in the harm minimisation policy, they were not self-evident requirements; and

⁷ Interactions included: know my name or recognise me; monitor the pokie room; spoken to me with a concern about my gambling; given me a leaflet on gambling support services.

⁸ Armstrong, L. (2014). Host Responsibility in Class 4 Gambling Venues: A Qualitative Report. Wellington: Health Promotion Agency Research and Evaluation Unit.
<https://www.hpa.org.nz/sites/default/files/Host%20responsibility%20report%20final.pdf>

- d. decision noted that these steps could be prescribed by regulations and that venue staff and gamblers would benefit from this.

There is an opportunity to reduce some of the harm caused by pokies through changes to the regulations

33. Preventing and minimising harm is one of the purposes of the Act - and the sole purpose of the harm minimisation regulations. The Act contemplates a substantially higher level of regulation in relation to Class 4 gambling than is currently used. This includes harm minimisation regulation-making powers in the following sections:
 - a. harm prevention and minimisation (section 313);
 - b. exclusion of problem gamblers (section 316); and
 - c. infringement offences for the breach of any regulations (section 360).
34. In particular, regulations under section 316 can prescribe one or more procedures to enable a venue manager (or a person acting on their behalf) to identify problem gamblers. Venues must include any procedures prescribed by these regulations in their harm minimisation policy.
35. This provides an opportunity to set minimum standards for how the Class 4 venues must seek to identify problem gamblers. This could increase the likelihood that people experiencing harmful gambling will be identified at venues, which would then trigger the venue's obligations under the Act (for example, providing information about exclusion).

We have refined our proposals to strengthening the Regulations following public consultation

36. The Department prepared a discussion document for a six-week public consultation period, from 17 March 2022 to 28 April 2022. A few submitters were granted an extension to submit by 12 May 2022.
37. The Department held targeted consultation hui via zoom with community groups (including those with lived experience of gambling harm), gambling help service providers, Class 4 societies and venues, and other interested groups during the consultation period. The Department received a total of 1,983 submissions from individuals, groups, and organisations from in and outside Aotearoa, including 1,322 customised submission forms from Pub Charity.
38. The discussion document was split into three parts with high level options for changes to the Regulations:
 - a. Part 1 – reducing harm from pokies in venues (identifying and responding to signs of harmful gambling, and better staff training);
 - b. Part 2 – reducing harm from pokie machines (changes to machine features); and
 - c. Part 3 – reducing harm through stronger compliance (penalties and enforcement).
39. A summary of feedback is attached as **Appendix B**. While support varied, the feedback enabled us to determine which options were most useful and workable. The updated package of options is described in the next section. There were some key changes because of public consultation feedback:
 - a. including a new proposal around venue design (preventing pokie machines from being visible from outside the venue) that was suggested during consultation by treatment providers;
 - b. removing the option for mandatory pre-commitment for gamblers as it is infeasible without wider system changes;
 - c. dropping the proposal to require treatment for excluded gamblers before re-entry, because of strong feedback (including from treatment providers) that this

was not appropriate and could discourage gamblers from self-excluding from gambling venues; and

- d. excluding any changes to pokie machine features. This is because feedback made it clear that the cost of changes may not be justified by the information available about their potential effectiveness at this time.
40. This means the package is now primarily focused on driving a stronger culture of care in gambling venues.
41. As part of public consultation, we approached a number of iwi and Māori organisations seeking feedback on the discussion document. They received comments from a small number of Kaupapa Māori organisations who are involved in gambling harm prevention and treatment. These comments were broadly supportive of the proposals in the discussion document. Some Pacific providers also made submissions, which emphasised the importance of training for venue staff and stricter penalties as the most important areas for change. There were also concerns about the number of pokies in higher deprivation areas, and that the proposals did not go far enough to reduce the risk of harm.

What objectives are sought in relation to the policy problem?

42. Our ultimate objective is to reduce the level of gambling harm (individual and second-hand) being caused by pokies in pubs, clubs and TABs. To achieve this, our objectives are:
- a. all staff dealing with gamblers have a good understanding of the signs of harmful gambling and have the skills to intervene when they identify harmful gambling;
 - b. harm prevention practices are consistent across Class 4 venues; and
 - c. at-risk and problem gamblers are identified and approached by venue staff more often.
43. In **Appendix C** we outline the intervention logic⁹ for these changes and what outcomes could be achieved. In summary, we are likely to see the following **short to medium-term outcomes** as a result:
- a. more people seek help for their gambling (including from treatment services or by self-excluding from gambling venue(s));
 - b. there are more venue-initiated exclusions (where a person is banned from gambling at that venue); and
 - c. more people at risk of harm change their gambling behaviour (i.e. spending less time and/or money gambling on pokies).
44. Over the long-term, the package may lead to fewer gamblers experiencing harm, including for population groups disproportionately experiencing harm such as Māori and Pacific people.

⁹ One of the changes to venue design (pokie machines generally cannot be visible from outside the venue) is not included in this map because it has a different intervention logic.

Section 2: Deciding upon an option to address the policy problem

What criteria will be used to compare options to the counterfactual?

45. The assessment criteria are listed in the table below.

<p>Potential effectiveness</p> <ul style="list-style-type: none"> • What is the strength of evidence on the likely outcome of intervention? • What is the strength of evidence about the problem it is trying to address? • If evidence is not available, is the intervention still considered 'best practice'? • Overall, is the intervention likely to be effective at reducing harm?
<p>Magnitude of impact¹⁰</p> <ul style="list-style-type: none"> • What is the size of the expected impact of the intervention in and of itself?
<p>Cost-effectiveness for regulator</p> <ul style="list-style-type: none"> • Is the intervention a good fit with the regulator’s strategic direction? • Is it practical to monitor compliance with the intervention? That is, is the compliance with the intervention clearly observable and application expected to be consistent across different types of venues? • How resource intensive is monitoring and enforcement expected to be (administrative efficiency)?
<p>Cost and impact on industry</p> <ul style="list-style-type: none"> • How resource intensive (cost, staff time) would it be for the industry (e.g. societies, pubs, clubs, TABs) to implement the requirement? • What will be the ongoing impact on the industry? • Is the intervention considered to be a 'reasonable' requirement? Is the burden or cost incurred proportionate to the benefits expected? • Is it practically or technologically feasible to implement?
<p>Acceptability</p> <ul style="list-style-type: none"> • Strength of support from: those with lived experience [to be given priority consideration]; gambling operators (societies and venues); harm prevention and treatment sector (health sector, service providers); gamblers, and the public.

46. The criteria will be considered on how they compare to the counterfactual using a five-point scale of ratings (see below). **Appendix E** includes a more detailed description of how we assessed the options individual and as a package.

- ✓✓ much better than counterfactual
- ✓ better than counterfactual
- 0 about the same as counterfactual
- ✗ worse than counterfactual
- ✗✗ much worse than counterfactual

¹⁰ Magnitude of impact was assessed separately to effectiveness, to reflect that while there can be strong evidence that an intervention will be effective at reducing harm, the overall scale of impact might still be low (e.g. it may only affect a small number of gamblers OR the average reduction of harm could be relatively small).

What scope will options be considered within?

47. Under the scope set by the Minister, the scope of work is reducing harm in Class 4 venues quickly using existing regulatory powers:
- the **purpose** is restricted to reducing harm from pokies;
 - the **industry sector** is restricted to Class 4 gambling in pubs, clubs and TABs;
 - the **potential options** are restricted by:
 - the *existing regulation-making powers* being:
 - harm prevention and minimisation (section 313);
 - gaming machines (section 314);
 - admission to, and exclusion from, gambling venues (section 315);
 - exclusion of problem gamblers (section 316); and
 - infringement offences for the breach of any regulations (section 360), and
 - the *timeframe* for having regulations in place within the parliamentary term.
48. Options within the scope were further restricted, post-consultation, to exclude changes to pokie machine features (e.g. banning free spins). This is because the cost of the software changes could potentially be very high. Based on a quote from a gaming machine manufacturer, the cost of the software upgrades (including some machines needing to be replaced) could be in region of \$200m. The sector would struggle to meet this cost, and we consider that it is not justified by the information available about their potential effectiveness (including the likely size of impact) at this time.

What options are being considered?

49. A wide variety of individual options were proposed in the public discussion document and, along with several proposals that arose from the consultation, were assessed individually – and the worthwhile proposals have been combined into a single ‘package’ of components. This is because:
- a. generally, there was limited evidence available about the potential impact of each individual component on harm;¹¹ and
 - b. each component works together to create something with a much larger impact than the ‘sum of its parts’.
50. As such, the changes being proposed to Cabinet, and being compared to the counterfactual in this RIS, are presented as a ‘package’ of components. That is, the successful individual proposals are assessed as single packages, one regulatory and one operational, against the counterfactual.
51. **Appendix D** outlines the rationale and evidence behind each component in the package, including where international experience informed the design. The assessment of the individual components against the criteria (from the discussion document and the new proposals identified post-consultation) is provided in **Appendix E**. This information illustrates which proposals were assessed as ready to progress, and which did not meet this threshold.

Option One – the status quo/counterfactual

52. The status quo is that harm minimisation practices in venues are largely self-regulated and vary across venues (see paragraphs 9 to 15 for a description of why it is hard to

¹¹ We were unable to provide evidence of the potential efficacy of individual proposals against a counterfactual setting which is comprised of variable Class 4 society-based harm minimisation policies and practices across New Zealand’s 1,045 ‘venues’ (which are themselves a mix of settings, with public bars, private members clubs and TAB venues).

enforce consistent standards across the Class 4 sector). The table below summarises this scenario.

53. Under this option, many venue staff are unlikely to have received recent problem gambling awareness training. They may not have clear steps to follow in every shift to identify harmful gambling. It is also likely to be difficult to monitor their compliance in many instances as there are not clear, consistent standards that they must follow (including around record keeping).
54. This means there will be few interactions with gamblers around harmful gambling. As a result, the level of harm is likely to remain consistent.

Overview of option one: the status quo/counterfactual

Theme	Status quo
Practices to identify harmful gambling and record keeping	<ul style="list-style-type: none"> • At-risk and problem gamblers are not always identified or approached by venue staff, because there are: <ul style="list-style-type: none"> ○ no specific requirements for venue staff to regularly check on people who are gambling; ○ no specific requirements for venue staff to talk to people who have been gambling for a long period of time and/or showing other signs of harm; and ○ no requirements to record specific gambling room/area checks or people displaying signs of gambling harm.
Training for staff	<ul style="list-style-type: none"> • Training is specified at a high level, but the content varies as societies can devise the problem gambling training themselves. • Staff only need to complete the training once, regardless of how many years they continue in the role. • Only one person on duty is required to be trained, but the responsibilities for supervising the gambling room are often shared by many staff.
Venue design	<ul style="list-style-type: none"> • Pokie machines can sometimes be seen from outside a venue (exposure of gambling activities can be a trigger for at-risk gamblers). • ATMs may not be in view of staff, making it hard for them to monitor withdrawals (which can be a sign of harm).
Enforcement	<ul style="list-style-type: none"> • There are no offences and infringement fees that relate to the requirements in the current harm minimisation regulations. • Parties can only be prosecuted (an expensive process) or have their licence suspended or cancelled.

Option Two – changes to harm minimisation regulations (preferred option)

55. Under this option, amendments to the harm minimisation regulations set clear, consistent standards around:
 - a. the steps venues must take to identify harmful gambling
 - b. better training for staff; and
 - c. changes to venue design to support harm minimisation.
56. The table below summarises the changes, and **Appendix F** provides an overview of the detailed design. There are a number of benefits to this more prescriptive approach:
 - a. **Enforceability** – because there will be clear standards, required by regulations (rather than in optional guidance), regulators will be able to take enforcement action against any breaches. We expect that over time this will encourage higher

compliance, because the class 4 sector will want to maintain its social license to operate and avoid financial penalties.¹²

- b. **Consistency** – gamblers will be treated similarly regardless of which venues they go to. This reduces the likelihood of gamblers “shopping around” for venues with a weaker approach to harm minimisation. This is because, unlike with licensing conditions, all venues will have to meet the same requirements.
 - c. **Evidence-based** – standards have been informed by the available evidence and best practice advice, which have evolved significantly since the regulations were created in 2004 (for, example, since then there has been a lot of research into what the observable signs of harmful gambling are).
57. Under this option there would be new infringement offences for many of the harm minimisation requirements. This means that when regulators identify breaches during inspections or from complaints received, they will be able to issue an immediate infringement notice. Including the requirements in regulations will also make it easier for regulators to use existing enforcement actions in more serious cases. For example, if a venue is consistently failing to follow the new regulatory requirements, there will be much more definitive grounds for the suspension or cancellation of the Class 4 venue licence.
58. As such, we expect that a more prescriptive approach to harm minimisation would meet the policy objectives, and could reduce some of the harm New Zealanders experience from gambling on pokies.
59. There may be a perceived risk of displacement, where pokie gamblers who are approached by staff (and potentially excluded) because of the changes shift to other types of gambling such as casinos and online gambling. We note though that:
- a. over half of moderate risk/problem gamblers already participate in four or more types of gambling activities a year (HLS, 2020);
 - b. many pokie gamblers will not have regular easy access to casinos, which are only located in five locations across the motu; and
 - c. land-based pokies and online gambling are not direct substitutes, and at least one study has found that they may be complementary (i.e. increased gambling on one is linked to increased gambling on the other).¹³
60. As a result, we do not expect the changes to have a significant impact on the displacement risk. It is important to also note that in this circumstance, a gambler would have been made aware of the support available to them, and it could still encourage them to take it up in the future.

¹² While the infringement fees are relatively low, if there are multiple breaches then the responsible party could receive multiple infringements.

¹³ Marionneau, V. and Nikkinen, J. (2018). Market Cannibalization Within and Between Gambling Industries: A Systematic Review. Retrieved from: <https://doi.org/10.4309/jgi.2018.37.1>.

Overview of option two: changes to harm minimisation regulations

Theme	New requirements for Class 4 venues
Practices to identify harmful gambling and record keeping	<ul style="list-style-type: none"> • At-risk and problem gamblers are identified and approached by venue staff more often, because there will be requirements for staff at Class 4 venues to: <ul style="list-style-type: none"> ○ regularly check on gamblers in the gambling room (gambling area sweeps to monitor for signs of harm must be conducted at least three times each hour, and each sweep must be at least 10 minutes apart); ○ talk to people who have been gambling for a period of time equivalent to around three hours, to establish whether the person's gambling is causing them harm (staff members must take reasonable steps to identify and talk to any person who has been gambling during nine consecutive gambling area sweeps, and record these steps); ○ when dealing with gamblers, at a minimum, consider whether they are demonstrating any specified signs of gambling harm (as outlined in Table 2 in Appendix F); ○ talk to a gambler who has been identified as experiencing one or more signs of gambling harm to confirm whether the person's gambling is causing them harm; and ○ record in a logbook gambling room/area sweeps or people displaying any of the specified signs of gambling harm. • The venue manager would be responsible for making sure their venue meets the above requirements. • To help identify patterns over time and support monitoring, there will also be a requirement for: <ul style="list-style-type: none"> ○ the venue manager to review the logbook at least weekly; and ○ the venue operator to keep logbook records for at least three years.
Training for staff	<ul style="list-style-type: none"> • Required training components are explicitly specified (see Table 3 in Appendix F), so training is more consistent even though societies can still deliver the problem gambling training themselves. • Every venue staff member whose work involves dealing with gamblers must be trained. • Staff must complete the training annually.
Venue design	<ul style="list-style-type: none"> • Pokie machines must not be visible from outside a venue, which reduces a potential trigger for at-risk gamblers, unless the venue does not have a defined gambling area (which is only around 15 percent of venues).¹⁴ • Any ATMs in a venue must be within line of sight of staff working at the main bar area in the venue, to help them identify people making multiple withdrawals (a sign of gambling harm).
Enforcement	<ul style="list-style-type: none"> • There is a full range of offences and infringement fees of \$1,000 that relate to requirements in the harm minimisation Regulations (see Table 4 in Appendix F for more detail). Parties can be easily penalised for low-level non-compliance.

Option Three – new operational guidance

61. Under option three, the requirements from option two are instead set out in a new Departmental “best practice statement” for the sector. This would set a clearer, more

¹⁴ The exemption for venues without a defined gambling area (i.e. those venues where the pokies are not in a separate room) reflects that meeting this requirement may sometimes have an unreasonable impact on a venue's non-gambling business. For example, it could result in a venue having to block a lot of the natural light to their dining area.

detailed expectation about what we want to see in terms of harm minimisation practices.

62. This is because while there is information available about best practice under the status quo (especially from Te Whatu Ora), we have not provided detailed, public guidance about what we think the minimum standards should be.
63. While we can monitor compliance through inspections, following the guidance would be optional for venues. Regulators can educate and encourage venues to comply but would not be able to take enforcement action if they do not follow the guidance. There may be some opportunities to encourage compliance by linking it to incentives like longer licensing periods, though the overall impact of these incentives is likely to be low.
64. Given this, we expect that many venues would be unlikely to follow the guidance and harm minimisation practices would continue to vary. The level of harm caused by pokies may decrease slightly compared to the counterfactual (assuming some venues voluntarily comply), but overall, it is not expected to have a significant impact.

Overview of option three: new operational guidance

Theme	“Best practice” statement
Practices to identify harmful gambling and record keeping	<p>At-risk and problem gamblers may be identified and/or approached by venue staff more often, because there will be guidance recommending:</p> <ul style="list-style-type: none"> • regular checks on gamblers in the gambling room; • talking to people who have been gambling for a period of time equivalent to around three hours to establish whether the person’s gambling is causing them harm; • that staff consider whether anyone gambling is demonstrating any specified signs of gambling harm (as outlined in Table 1 in Appendix F); • talking to a gambler who has been identified as experiencing one or more signs of gambling harm to confirm whether the person’s gambling is causing them harm; • recording in a logbook gambling room/area sweeps or people displaying any of the specified signs of gambling harm; • reviewing the logbook at least weekly; and • keeping logbook records for at least three years.
Training for staff	<ul style="list-style-type: none"> • Recommended training components are specified, so training may be more consistent. • Some societies may ask staff to complete training annually, but this is not mandatory. • Some societies may require that every person involved in supervising gambling is trained but are unlikely to prohibit untrained staff from dealing with gamblers.
Venue design	<ul style="list-style-type: none"> • Pokie machines may still be visible from outside a venue (exposure of gambling activities can be a trigger for at-risk gamblers). • Venues can provide ATMs on site, though guidance suggests placing them in sight of the main working area of the bar.
Enforcement	<ul style="list-style-type: none"> • There are no offences and infringement fees for the current regulations and the Department’s ‘minimum best practice’ is optional. • Parties can only be prosecuted (an expensive process) or have their licence suspended or cancelled. There are no penalties for low-level offences.

How do the options compare to the counterfactual?

	Option One – Counterfactual	Option Two – changes to harm minimisation regulations	Option Three – new operational guidance
Potential effectiveness	0	✓✓ There is reasonable evidence that the package of changes will reduce some of the harm from pokies. It requires practical actions to help staff identify when harmful gambling is occurring, and many components reflect existing best practice. This will support consistent practices across the class 4 sector. It should increase the number of interactions between staff and gamblers, though the effectiveness will be dependent on having attentive operators and staff. The supporting infringement regime is expected to help drive ongoing compliance, as it provides penalties for lower-level breaches.	✓ Under this option there will be new, more detailed guidance recommending practical actions for venues to identify and respond to harmful gambling. This would be based on existing best practice and the evidence available. The voluntary nature of the proposal is not expected to result in a high adoption rate. This will reduce the effectiveness of this option, as it is unlikely to lead to consistent harm minimisation practices across the class 4 sector and gamblers will be able to “shop around”.
Magnitude of impact	0	✓ The level of impact will vary for individual components but the overall impact on harm is expected to be moderate assuming that compliance is relatively high. However, as with the ‘effectiveness’ criterion, the level and type of impact will also be dependent on having attentive operators and staff who do not only treat the requirements as a “tick box” exercise. This will influence whether the increase in interactions leads to staff identifying more people as problem gamblers, and how at-risk gamblers respond to interventions (such as offering information about exclusion and support services). It is expected that the improvements to training will help encourage venue staff to recognise that the responsibility to respond to harmful gambling does not only sit with the individual.	- Due to the voluntary nature of the option the level of impact is expected to be low. This means that the level of harm caused by pokies may decrease slightly compared to the counterfactual (assuming some venues voluntarily comply).
Cost effectiveness for regulator	0	✓✓ Additional costs and resources are expected to be relatively low. Unlike under the counterfactual, regulators will be able to consistently enforce the requirements, and the infringement regime will help ensure that any breaches observed can be acted on, even when it is a non-compliance at a lower level. This aligns strongly with the strategic approach and means that regulator activities will be more cost effective.	- Additional costs and resources will be minimal compared to the counterfactual. As guidance would be optional, regulators would be unable to enforce compliance so there will be no change to how cost effective their activities are. This would not align with their current strategic direction.
Cost and impact on industry	0	✓ The requirements are reasonable, and none incur a high cost or a cost that is not already covered by existing payments. Many industry representatives have said that they take harm minimisation seriously and want to be proactive, and some operators are already implementing similar policies. Compliance may be seen to increase the perceived integrity of Class 4 gambling operators.	✓✓ The recommendations would be reasonable, and none incur a high cost or a cost that is not already covered by existing payments. The voluntary nature means the costs of meeting best practice are optional.
Acceptability	0	✓ Some parties feel the current light touch model is not successful and will welcome the new requirements. We expect that the gambling harm sector (including service providers and those with lived experience) will be supportive of the package but would want the changes to go further, particularly since changes to pokie machine features are no longer included. As individual proposals, many of the changes in the package were supported by consultation stakeholders, including many in the Class 4 sector. Some of the individual proposals (such as the requirements to talk to gamblers present for several consecutive sweeps) are likely to be seen as excessive by some Class 4 venues and societies. The supporting infringement regime will be welcomed by most stakeholders.	* Although most industry operators were reasonably comfortable with many regulatory proposals, they would be happier with a voluntary model. However, the current self-regulation model is not seen as successful by the gambling harm sector, and a voluntary proposal is unlikely to be welcomed. Many consultation stakeholders will feel that they have not been heard.
OVERALL ASSESSMENT	0	✓/✓✓ The package is expected to result in an improved culture of care and over time could help reduce some of the harm caused by pokies in Class 4 venues.	-/✓ The proposal may reduce harm, but it is unlikely to have a significant impact compared to the counterfactual as it depends on the class 4 sector voluntarily adopting the recommendations.

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

65. The preferred option is option two – changes to the harm minimisation regulations.
66. While the “standards” could be the same under either option two or option three, we would actually be able to enforce them if they are specified in regulations, which will mean more consistent harm minimisation practices across Class 4 venues. Under option three (and option one) we would generally only be able to educate and encourage operators to meet best practice. This leads to a lot of variability in compliance.
67. Given this, we expect that changes to the regulations will achieve the policy objectives (see paragraph 42):
 - a. Mandatory annual training for all staff dealing with gamblers, with specified components – this will mean they have a better understanding of the signs of harmful gambling and the skills to intervene when they identify harmful gambling;
 - b. Clear harm minimisation requirements that apply to all Class 4 venues, along with more enforcement tools – this will mean that harm prevention practices are more consistent across Class 4 venues; and
 - c. Requirements for the steps venues must take to identify harmful gambling – along with better training this will mean that at-risk and problem gamblers are identified and approached by venue staff more often.
68. We think it is reasonable to assume that the proposals should help reduce some of the harm caused by pokies. While there is no direct evidence about the level of impact option two might have on harm, the requirements are informed by existing best practice and were widely supported by gambling treatment providers and gambling academics.
69. The cost of the package is relatively low (for the industry and the regulator) and is generally expected to be accepted.

What are the marginal costs and benefits of the preferred option?

Affected groups	Comment	Impact	Evidence certainty
Additional COSTS of the preferred option compared to taking no action			
Regulated industry groups (societies and venues)	<ul style="list-style-type: none"> • Increased ongoing FTE impacts (training and duties) but some societies already doing these • Implementation costs of new policies and processes • Minor refurbishment costs • Increase in training costs 	Low and covered by existing allowances (staff FTEs covered by venue payment, society FTEs would be covered as “actual, reasonable and necessary” costs).	High
Regulators (DIA)	FTE impacts from increased compliance tasks (ongoing monitoring)	Low	High
Harm agencies/groups (health sector, service providers)	Increase in treatment placements in the <u>short to medium term</u> (more harm identified, and people seek or are referred for treatment)	Minimal	Medium

Community groups/organisations who receive funding from pokies community grants	<ul style="list-style-type: none"> • Could be a one-off decrease in grants available for these organisations if societies have to pay more ARN to venues for implementation • A decrease in gambling harm may mean that there is less spent on pokies, reducing the amount available for community grants 	Low	Medium
Gamblers	-	-	-
Others	-	-	-
Total monetised costs	N/A	Minimal	High/Medium
Regulated industry groups (societies and venues)	-	-	-
Regulators (DIA)	-	-	-
Harm agencies/groups (health sector, service providers)	-	-	-
Gamblers	Personal time involved in sourcing and attending specified treatment	Low	High
Others	-	-	-
Non-monetised costs	N/A	Low	High
Additional BENEFITS of the preferred option compared to taking no action			
Regulated industry groups (societies and venues)	-	-	-
Regulators (DIA)	FTE savings because breaches can be addressed through infringements rather than prosecution or suspending venue licences (ongoing)	Low	High
Harm agencies/groups (health sector, service providers)	Decrease in treatment in the <u>long term</u> (fewer people suffer harm and need treatment)	Low	Medium
Gamblers	Reduction in expenditure on harmful gambling, monies available for other uses	Low/Medium	Medium
Others	-	-	-
Total monetised benefits	N/A	Low	High/Medium
Regulated industry groups (societies and venues)	Improved social licence as venues will be providing a safer environment for people choosing to gamble	Low	Low

	Venue staff feel encouraged and have the right skills to intervene.	Medium	Medium
Regulators (DIA)	Clear directives will make it easier to monitor and record compliance, and so increase the likelihood of successful prosecution for non-compliance	High	Medium
Harm agencies/groups (health sector, service providers)	-	-	-
Gamblers	Reduction in individuals experiencing harmful gambling.	Medium	Medium
Others	Reduction in second hand harm in the community.	Medium	Medium
Non-monetised benefits	N/A	Medium	Medium

Section 3: Delivering an option

How will the new arrangements be implemented?

70. ^{9(2)(f)(iv)} [REDACTED]
71. ^{9(2)(f)(iv)} [REDACTED] but we are looking at:
- what additional resources is required internally, and
 - the operational guidance that could be provided to the class 4 sector to support implementation (including linking to existing guidance about training published by Te Whatu Ora).
72. There would be funding available for additional resources through the Gaming Memorandum Account. The changes will be communicated to the Class 4 sector via our regular channels (such as email updates). ^{9(2)(f)(iv)} [REDACTED]
- In terms of responsibilities:
- the Department will be responsible for the introduction, ongoing monitoring, and enforcement of the regulatory changes; and
 - Class 4 operators and venues will be responsible for meeting the new obligations from a specified date(s).
73. The main risk around implementation is that compliance could initially be patchy, given that in the past there has been less focus on harm minimisation practices in venues. Culture change will take time, but we will be emphasising to Class 4 societies (who hold the Class 4 licence) that we will have a strong focus on the monitoring and enforcement of the new requirements.

How will the new arrangements be monitored, evaluated, and reviewed?

74. As the regulator, we will monitor venues' compliance with the package through inspections. Having specific requirements in place will make monitoring easier as there will be some 'observable' actions that we can check.
75. National prevalence surveys conducted by Te Whatu Ora include questions around pokies gambling, such as interactions with staff and the number of at-risk gamblers. These may provide some insight into the impact of the changes, for example we would expect to see more interactions between staff and gamblers. It also provides data on the number of pokies gamblers who are at risk. However, data collection faces some of the same issues as research does in this space, in that the private nature of the activity (and stigma attached) limits both the quantitative and qualitative data available.
76. The Ministry of Health / Health New Zealand provide data on presentations at gambling harm services. We may initially see an increase in presentations, though qualitative research would be needed to confirm if a presentation is a positive or negative outcome (e.g., is someone seeking help who would not have before, or have the measures not significantly reduced harmful gambling).
77. Stakeholders will have opportunities to raise concerns through a number of channels, for example through:
 - a. regular meetings with a number of the chairs of the larger Class 4 societies;
 - b. engagement with the gambling regulator part of the Department; and
 - c. the Ministry of Health/Te Whatu Ora, who have contractual relationships with gambling harm service providers, who can raise concerns about current practices that can then be passed on to the Department.
78. While no formal review or evaluation is planned, the sources of information outlined above will be used to inform the second stage of work on the Class 4 gambling system.

Appendix A: Class 4 Venue requirements of the Gambling Act 2003 and the Gambling (Harm Prevention and Minimisation) Regulations 2004

The [Gambling Act 2003](#) and the [Gambling \(Harm Prevention and Minimisation\) Regulations 2004](#) require:

1. The venue has a policy for identifying problem gamblers. The venue manager, or person acting on their behalf, must take all reasonable steps to ensure that the policy is used to identify actual or potential problem gamblers ([Section 308](#)). Failure to do so may result in a fine of up to \$5,000.
2. There is always a staff member who has received problem gambling awareness training at the venue whenever gambling is available. A trained staff member must be able to approach a player and provide appropriate information about problem gambling ([Regulation 12](#)).
3. A notice is displayed in the gambling area advising customers that you have such a policy and that a copy of the policy will be made available on request ([Section 308](#)). Failure to supply a copy of this policy when requested may result in the venue manager being fined up to \$5,000.
4. Once a problem gambler has been identified, or there are reasonable grounds to believe that the person is a problem gambler, staff must approach that person and offer information or advice about problem gambling ([Section 309](#)). That information or advice must include a description of the self-exclusion procedure ([Section 309\(2\)](#)).
5. After offering the advice and information an exclusion order may be issued by the venue manager (or person acting on their behalf). This prohibits the person from entering the gambling area for a period of up to two years ([Section 309\(3\)](#)).
6. An exclusion order must be issued promptly if a person has identified themselves as being a problem gambler and has requested that the venue prohibit them from entering the gambling area ([Section 310](#)). A venue manager (or person acting on their behalf) that fails to issue a self-exclusion order when requested commits an offence and is liable for a fine of up to \$5,000.
7. Staff must take all reasonable steps (including issuing an exclusion order) to provide continued assistance on an on-going basis to a person they believe is a problem gambler after the initial approach if the person's ongoing behaviour means there are still reasonable grounds to believe the person is a problem gambler ([Section 309A](#)).
8. Excluded persons must not be permitted to enter the gambling area and must be removed if they do so ([Section 311](#)). A venue manager (or person acting on their behalf) who allows an excluded person to enter the gambling area or fails to remove an excluded person may commit an offence and is liable for a fine of up to \$5,000 ([Section 312](#)).
9. The venue manager must keep a record of exclusion orders ([Section 312A](#)), including:
 - The person's name and date of birth (if provided); and
 - Whether the person self-excluded, or received a venue-initiated exclusion; and
 - The date which the exclusion order was issued and the date of expiry; and
 - Any conditions imposed on the person's re-entry into the venue.
10. No one aged 18 or under can gamble at the venue ([Section 302](#)). Offences may result in a fine of up to \$5,000.
11. Providing credit for gambling is prohibited ([Section 15](#)).
12. No ATMs are permitted in the gambling area of a venue ([Regulation 5](#)).
13. Class 4 operators must ensure that: the maximum amount single play stake (for stand-alone or linked machine) does not exceed \$2.50; the maximum prize single play prize does not exceed \$500, and; the maximum single play jackpot prize of a linked gaming machine does not exceed \$1,000 ([Regulation 6](#)).
14. Gaming machines must display certain messages at the election of the player, specifically: game information (odds, average winnings, player spend rates), player information (duration, amount spent, net wins/losses). Machines must also display correct time ([Regulation 7](#)).
15. Gaming machines must include a feature that interrupts play every 30 minutes and provides player information (duration, amount spent, net wins/losses). Machines must include a feature that automatically pays out any winnings and credits to the player if they do not wish to continue ([Regulation 8](#)).
16. No advertising relating to a gaming machine jackpots can be published either outside the venue, or inside the venue in a way that is visible or audible to persons outside the venue ([Regulations 9 and 10](#)).
17. The following must be available to players ([Regulations 11](#)):
 - Pamphlets containing information about the odds of winning on gaming machines and the characteristics of problem gambling, including the recognised signs of harmful gambling and how to seek advice; and
 - Signage that is clearly visible that encourages players to gamble only at levels they can afford and contains advice about how to seek assistance for problem gambling.

Appendix B: Summary of stakeholder engagement and consultation

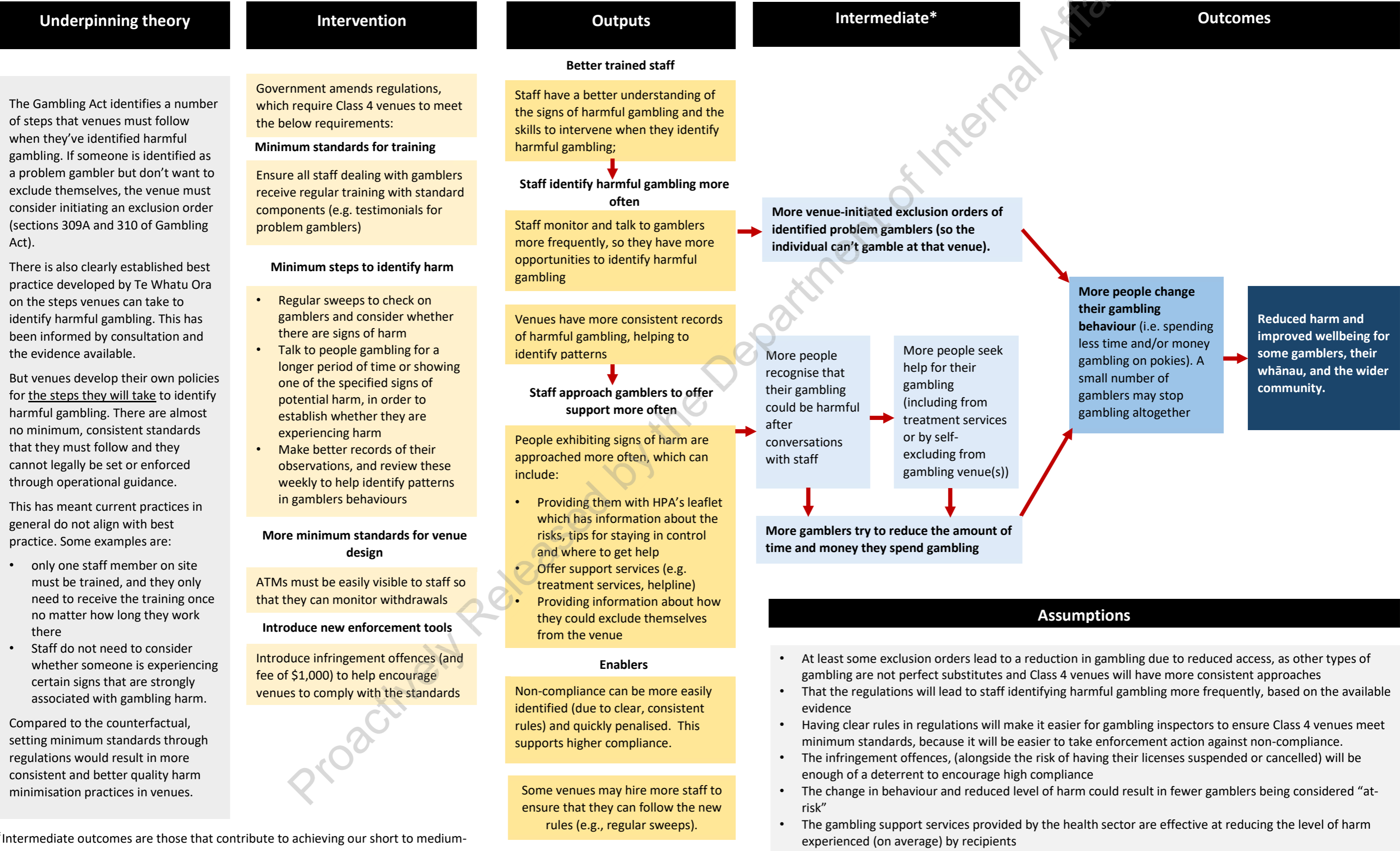
79. A total of 1,983 submissions were received on the discussion document. Key themes from submitters on each of the three parts of the document included:
- Part 1 – many venues said they already had some of the proposed harm minimisation actions in place, and there was strong support for improvements to staff harm minimisation training;
 - Part 2 – changes to pokie machine features are prohibitively expensive and too many changes will push people to gamble online; and
 - Part 3 – there was strong support for creating new offences for the existing requirements with an increased infringement fee.
80. The tables below outline the percentage of submitters who agreed with each of the proposals in the discussion document. Proposals highlighted in green are those that are included in the final package without major changes.

Part 1 proposals	Submitters agree	Submitters disagree	Total number of submitters
A Venues could be required to monitor the gambling area at set intervals (regular sweeps) to ensure patrons are not displaying signs of gambling harm	132	108	240
B Venue staff could be required to talk to a person who has been gambling for a specified period (e.g., two hours)	111	122	233
C Class 4 venues could be required to record a specified range of harm-related events and signs	116	118	234
D Societies could be required to keep records of their use of Management Service Providers (MSPs) to deliver services on behalf of the society	154	53	207
E There could be no access to ATMs from inside a venue, only from outside	80	173	253
F Opportunities to increase people's awareness of self-exclusion from venues	195	39	234
G Excluded gamblers could be required to complete treatment before they can return to a venue	99	137	236
H Venue design could be considered in how gambling harm could be prevented or minimised	97	150	247
I All gamblers could be required to pre-commit to the amount of money or time they intend to spend prior to gambling	57	185	242
J Standardised content for harmful gambling awareness training could be established	154	99	253
K All staff who supervise gambling could be required to be trained	154	95	249
Part 2 proposals	Submitters agree	Submitters disagree	Total number of submitters
K Pokie machines could be required to display more information (return to player ratio of games, volatility of games, harm minimisation messaging)	140	459	599

L Gaming machines should provide true information on true losses (as opposed to presenting losses as wins)	138	450	588
M Prevent or limit the ability to make multi-row bets	96	496	592
N The maximum stake of \$2.50 could be reduced	95	471	566
O Prevent or limit the number of “free spins”	86	478	564
P Pokie machines could be required to have a max number of games that could be played in an hour	94	471	565
Q Pokie machines could be required to provide information about how much of any stake is being used for jackpots	69	452	521
R Maximum jackpot size could be reduced	54	471	525
S Signage showing jackpot levels could be prohibited	51	468	519
Part 3 proposals	Submitters agree	Submitters disagree	Total number of submitters
T Offence for societies/venue operators/venue managers of “failing to meet requirements in regard to restrictions on jackpot advertising and/or branding at Class 4 venues” (an existing requirement) – with an infringement fee of \$1000	193	76	269
U Offence of “failing to meet requirements in regard to ... providing information about problem gambling to patrons and where to get help” (an existing requirement) – with an infringement fee of \$1,000	201	71	272
V Offence for societies of “failing to meet requirements in regard to ... required components of problem gambling awareness training to staff who supervise gambling” (an existing requirement) – with an infringement fee of \$1,000	197	71	268
W Offence for venue operators/venue managers of “failing to meet requirements in regard to monitoring and recording harm minimisation actions” (a proposed new requirement) – with an infringement fee of \$1,000	120	151	271
X Offence for venue operators/venue managers of “failing to meet requirements in regard to harm minimisation machine features” (a proposed new requirement) – with an infringement fee of \$1,000	102	162	264

Appendix C: Intervention logic map for changes to Class 4 harm minimisation regulations

Problem statement: Pokies cause the most harm out of any type of gambling in New Zealand, and it disproportionately affects Māori, Pacific people and people in high deprivation areas. Venues are well-placed to identify and respond to harmful gambling caused by pokies, but there is evidence that this is not happening often.



*Intermediate outcomes are those that contribute to achieving our short to medium-term outcomes, and our ultimate objective of reducing harm and improving wellbeing.
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Appendix D: Rationale and supporting evidence behind proposed changes to harm minimisation regulations

Component	Rationale and supporting evidence
Gambling room sweeps	<p>To identify harmful gambling, venue staff need to be monitoring gamblers more consistently. This approach of performing three sweeps an hour (rather than at set intervals) balances flexibility for venue staff, with the need for consistency. Studies have shown staff are able to identify pokie gamblers exhibiting signs of gambling harm (Delfabbro et al. 2012).</p>
Talk to people who have been gambling for nine consecutive sweeps	<p>There is strong evidence that suggests people who have been gambling for at least three hours (which is roughly equivalent to the period covered by nine sweeps) meets the definition of a “problem gambler” under the Act (Delfabbro et al., 2016; Abbot, M. et al., 2014). Talking to the gambler provides an opportunity for the staff to confirm whether the individual is experiencing harm, and potentially offer them support.</p> <p>Without a requirement to talk to the gambler, many staff may only record the sign of harm but not take any further action. This is because studies have found that venue staff can find these conversations awkward (Armstrong, L., 2014) and are reluctant to make a “moral judgement” about people’s gambling (Riley, B. et al., 2018).</p> <p>The requirement to record the steps they are taking to monitor whether people have been gambling over consecutive sweeps should support enforceability and venues will need to demonstrate that they are keeping track of how long (approximately) people are gambling for.</p>
Consider and record whether any people gambling are demonstrating specified signs of gambling harm Talk to people identified as experiencing one or more signs of harm	<p>The specified list of signs were selected on the basis that they:</p> <ul style="list-style-type: none"> • are strong, evidence-based indicators of gambling harm; and • could reasonably be identified by a staff member without them having to make a subjective judgement call. <p>The signs were based on those found in an Australian study (Armstrong, A. et al., 2014), along with best guidance developed by the former Health Promotion Agency.</p> <p>Most of the signs selected are considered “strong signs” of harm, and are behaviours that were at least two and a half times more likely to be seen in moderate risk/problem gamblers compared to low-risk gamblers. Note most gamblers classified as “moderate risk” using statistical measures would likely be considered problem gamblers under the Gambling Act.</p> <p>An Australian study found that for less experienced staff (<2 years pokies experience), having a checklist with specified signs of gambling harm helped in identification of problem behaviours, and increased confidence when managing customers (Armstrong, A. et al., 2014). Without a standardised set of problem gambling indicators that they must use, staff rely on anecdotal experience and assumptions, which makes it more likely that they miss potential signs of harm. An Australian study found that venue staff often rely on their own knowledge around gambling as they are not confident that indicators that they have been taught were representative of gambling harm (Hing, N. and Nuske, E., 2009).</p> <p>Talking to the gambler provides an opportunity for the staff to confirm whether the individual is experiencing harm, and potentially offer them support. The requirement to keep records allows venues to identify patterns and determine when it may be appropriate to escalate their approach (such as initiating an exclusion order).</p>

Component	Rationale and supporting evidence
Every staff member who deals with gamblers must be trained	<p>Untrained staff cannot be expected to identify or respond to signs of gambling harm.</p> <p>This change ensures that all staff responsible for interacting with gamblers have enough harm minimisation knowledge to feel confident identifying signs of gambling and intervening where appropriate.</p> <p>A systematic review of responsible gambling staff training suggests staff members do benefit from training, including increased confidence and knowledge (Beckett, M et al., 2020). We have not identified any studies that clearly evaluate whether improved training leads to a reduction of gambling harm.</p>
Required training components are explicitly specified	<p>This change will support training to be more standardised, and will enable staff to be trained to an appropriate level and feel more confident about supervising gambling. This will help grow a consistent culture of care across the class 4 sector. Components are based on existing best practice developed by the Health Promotion Agency.</p>
EGMs must not be visible from outside a venue	<p>Ensuring machines cannot be seen from outside venues may remove a potential trigger for at-risk gamblers, which could encourage them to start gambling. There is already a similar requirement in place for jackpot signage. This proposal was suggested by a gambling harm treatment provider during public consultation. We have not identified any direct evidence about its potential effectiveness, but there is a similar requirement in the New South Wales' gaming machine regulations.</p>
Any ATMs in a venue must be within line of sight	<p>Staff would be more likely to see gamblers making multiple ATM withdrawals. This is one of the specified signs of harm, as moderate risk/problem gamblers are 2.7 times more likely to get cash out (using ATMs or Eftpos) on two or more occasions during a single gambling session (Armstrong, A. et al). Academics who made a submission during public consultation noted the importance of venue staff monitoring cash withdrawals.</p>

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Appendix E: Reducing Pokies Harm – Evaluation of individual options considered for changes to harm minimisation regulations

<p>Criteria</p> <p>Criteria will be considered on <u>how they compare to the counterfactual</u> using a five-point scale of ratings.</p>	<p>Other considerations</p> <p>What are we considering in our final evaluation of <u>the package of options</u>?</p> <ul style="list-style-type: none"> Is it a coherent and relevant package that is likely to reduce harm from pokies? Is the burden or cost incurred proportionate to the benefits expected? Is the package likely to be effective at reducing harm for Māori, Pacific people, and other at-risk groups? Is the package likely to drive a culture change where harm minimisation is an active priority? <p>Factors or implications <u>not covered by the criteria</u> and why</p> <ul style="list-style-type: none"> Fiscal impact on community benefit - There is no objective in terms of maintaining community return and the impact on the level of community return is not a relevant consideration if harmful gambling is reduced. Honouring Te Tiriti (in particular, upholding the principles of equity and active protection) - We do not have evidence that any option will more or less effective for Māori, but the package as a whole aims to reduce harm from pokies, which disproportionately impacts on Māori.
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Options Assessment

Criteria (weighting)	Assessment guidance	Rating	Interpretation
Potential effectiveness (high)	<ul style="list-style-type: none"> What is the strength of evidence on the likely outcome of intervention? What is the strength of evidence about the problem it is trying to address? If evidence is not available, is the intervention still considered 'best practice'? Overall, is the intervention likely to be effective at reducing harm? 	✓✓ much better than counterfactual	Strong evidence / best practice recommendation that this will reduce harm
		✓ better than counterfactual	Some evidence / best practice advice that this will reduce harm
		0 about the same as counterfactual	Evidence / best practice advice is neutral or <u>absent</u>
		✗ worse than counterfactual	Some evidence / best practice advice that this will create harm
		✗✗ much worse than counterfactual	Strong evidence / best practice recommendation that this will create harm
Magnitude of impact (high)	<ul style="list-style-type: none"> What is the size of the expected impact of the intervention in and of itself? 	✓✓ much better than counterfactual	Strong / moderate impacts on reducing harm
		✓ better than counterfactual	Low / some impact on reducing harm
		0 about the same as counterfactual	The requirement is not likely to have an impact
		✗ worse than counterfactual	Low / some impact that creates harm
		✗✗ much worse than counterfactual	Strong / moderate impacts that creates harm
Cost-effectiveness for regulator (medium)	<ul style="list-style-type: none"> Is the intervention a good fit with the regulator's strategic direction? Is it practical to monitor compliance with the intervention? That is, is the compliance with the intervention observable and application expected to be consistent across different types of venues? How resource intensive is compliance monitoring and enforcement expected to be (administrative efficiency)? 	✓✓ much better than counterfactual	Fits well with strategic direction – very efficient - practical and useful
		✓ better than counterfactual	Fits with strategic direction – somewhat efficient – practical
		0 about the same as counterfactual	Not very practical or has some challenges – resource use may not be justifiable?
		✗ worse than counterfactual	Doesn't fit with strategic direction – not that efficient – a bit impractical
		✗✗ much worse than counterfactual	Doesn't fit with strategic direction – not efficient – impractical
Cost and impact on industry (medium)	<ul style="list-style-type: none"> How resource intensive (cost, staff time) would it be for the industry (e.g. societies, pubs, clubs, TABs) to implement the requirement? What will be the ongoing impact on the industry? Is the intervention considered to be a 'reasonable' requirement? Is it practically or technologically feasible to implement? 	✓✓ much better than counterfactual	Very reasonable requirement – very feasible - costs/burden well justified
		✓ better than counterfactual	Realistic requirement – feasible - costs/burden proportionate
		0 about the same as counterfactual	Tolerable requirement - somewhat feasible - cost/burden may not be justifiable?
		✗ worse than counterfactual	Unnecessary requirement – may be hard to do - costs/burden not justified
		✗✗ much worse than counterfactual	Excessive requirement – hard to meet/implement – costs/burden not justified
Acceptability (low)	<ul style="list-style-type: none"> Strength of support from those with lived experience (priority consideration)? Strength of support from industry operators (societies and venues)? Strength of support from harm prevention and treatment sector (health sector and service providers)? Strength of support from the public? 	✓✓ much better than counterfactual	Very reasonable expectation – strong support (maybe two or more groups)
		✓ better than counterfactual	Realistic expectation – some support, some opposition
		0 about the same as counterfactual	Acceptable – but mixed support
		✗ worse than counterfactual	Not seen as realistic expectation - some support, some opposition

Option	Effectiveness (high)	Magnitude of impact (high)	Cost-effectiveness for regulator (medium)	Cost and impact on industry (medium)	Acceptability (low)	Overall assessment
Part 1 of Discussion Document - Venues						
Discussion Document (DD) Option A - Regular sweeps of gambling room <i>(three an hour, at least 10 minutes apart)</i>	 Significantly better than counterfactual There is good evidence supporting this intervention and that it could increase the number of gamblers experiencing harm who are identified.	 Better than counterfactual It is expected to have a low to moderate impact. Impact is dependent on staff training and the quality of sweeps/interactions.	 Better than counterfactual The clearer requirements should make it easier for the regulator to monitor and enforce, as there would be minimal subjectiveness.	 About same as counterfactual Venues will generally need to allocate more staff time to monitoring the gambling area, and monitoring gamblers over a number of sweeps will be complex during busy times. However, extra workload is compensated by venue payments and many venues claimed to be undertaking regular room sweeps and checking on gamblers.	 Better than / Same as counterfactual Based on the stakeholder feedback there is good support for sweeps of the gambling area. However, venues and some gamblers are unlikely to support the requirement to talk to gamblers after a set interval.	 This is a key intervention for identifying gambling harm. Identifying long duration gamblers and approaching them should be a key part of societies and venues duty of care. Over time it is likely that this option can contribute to reducing harm experienced by people gambling on pokies in pubs and clubs.
DD Option B Approach person gambling for a long period <i>(nine consecutive sweeps)</i>	There is good evidence that most people gambling for the length of time in option B will be problem gamblers.					PROGRESSING
DD Option C Recording specified events and signs <i>(expanded to include approach person experiencing one or more signs)</i>	 Significantly better than counterfactual There is evidence that having a clear list of specified signs will increase identification of gamblers experiencing harm. Based on best practice, and only signs that are clearly observable have been selected. Talking to gamblers showing signs will help clarify whether harm is being experienced. Supports consistent practice across staff and venues, though the effectiveness will be dependent on having attentive, trained staff.	 Better than counterfactual Expected to have a low to moderate impact. Will be a strong tool for identifying those who are in immediate need of assistance. Records will allow staff to track signs of harm over time, which can encourage them to intervene if necessary as required under the Act when someone is identified as a problem gambler.	 Significantly better than counterfactual Clear requirements should make it easier for regulators to monitor. Easily observable with negligible cost (i.e. they can check the logbook).	 Better than counterfactual Will increase training for staff and workload during shifts but does provide clear guidance. This is reasonable and most venues commented they are already doing this in some capacity.	 Better than counterfactual Expected this will be accepted by many stakeholders (particularly treatment providers and those with lived experience). Some venues will consider the requirement excessive.	 We recommend progressing this option as it will increase identification of harmful gambling. Doing this alongside the new training requirements will help to reduce harm.
DD Option D Records required for use of MSPs	N/A Further work has identified that this option is no longer necessary, as records can be required using another provision in the Gambling (Class 4 Net Proceeds) Regulations.					N/A Not necessary.
DD Option E ATMs are within line of sight of main bar. <i>(Modified, was previously described as 'No ATMs inside venue'. The original option was not progressed due to concerns from many submitters that it could be a safety risk.)</i>	 Better than counterfactual Creates a chance for staff to observe a significant sign of gambling harm.	 Better than counterfactual There will be a low impact where machines are moved.	 Significantly better than counterfactual Negligible cost involved for regulator. Primarily updating operational policy and monitoring compliance.	 Worse than counterfactual One-off cost of relocating ATMs is estimated to be \$2,000 per venue, with building costs on top of this (so total cost could be around \$5,000 for some venues). It's not clear how many venues would need to move their ATMs, but change would be phased in. Covered by actual and reasonable costs provided by societies to venues.	 Better than counterfactual This modification was implied or suggested by a number of stakeholders, including PGF Services and GMANZ. No safety issues for staff or patrons.	 A good middle ground solution in response to original proposal. Costs only incurred where ATMs to are not well located. Staff will be more likely to be able to observe a significant sign of gambling harm.
DD Option F Increase awareness of self-exclusion	 Better than counterfactual Self-exclusion is a tool that can help people control their gambling. More promotion of it (e.g. more signage) could encourage uptake.	N/A			 Significantly better than counterfactual Broad support through consultation.	N/A Not a regulatory change. But can be covered under operational work to develop guidance on Class 4 venue "best practice" for harm minimisation.
						TRANSFER TO OPERATIONAL GUIDANCE

Option	Effectiveness (high)	Magnitude of impact (high)	Cost-effectiveness for regulator (medium)	Cost and impact on industry (medium)	Acceptability (low)	Overall assessment
DD Option G Re-entry requirements for excluded gamblers (they must complete treatment first)	✘✘ Much worse than counterfactual Clear feedback from almost all submitters (including treatment providers) that this could discourage people from self-excluding themselves, which could lead to more harm. A secondary concern was that to be fully successful, treatment services must be entered into on a voluntary basis – and treatment is only one of a variety of gambling harm interventions, and not suited to everyone or all situations.	0 / ✘ Same as / worse than counterfactual Limited information on the potential size of the negative impact	N/A		✘✘ Very little support through consultation.	✘ Major concern (most parties) it will change the nature of self-exclusion and reduce the number of people trying to control their gambling through that mechanism. Attaching the requirement to venue-initiated exclusions was discussed, but also not supported for the same reasons. NOT PROGRESSED
DD Option H Venue design requirements	N/A				Various ideas presented by submitters through consultation – some are being progressed as ‘NEW’ options (see below).	N/A PROGRESS AS ‘NEW’ OPTIONS
DD Option J Standardised content for training	✓✓ Significantly better than counterfactual There is moderate to strong evidence supporting this intervention. This should help staff identify gamblers experiencing harm and know how to approach them.	✓✓ Significantly better than counterfactual It is expected to have a moderate impact. Ensures consistency of experience across sector. Raises awareness of best practice and goes some way in creating culture of care. Content will be delivered by multiple different groups/ societies will change the impact of this intervention, won't be as consistent as hoped.	✓ Better than counterfactual Clearer requirements for training should make it easier for regulators to monitor and enforce. Negligible cost involved.	✓ / 0 Better than counterfactual Venues and societies will need to allocate more resources to train staff. This is already compensated through venue payments	✓ Better than counterfactual This was suggested by a range of stakeholders. Strongly supported by lived experience and treatment providers. Some Class 4 societies may not be supportive of having to delivering more prescribed training.	✓✓ We recommend progressing this option to upskill the workforce so that staff are better able to respond to harmful gambling. PROGRESSING
DD Option K - All gambling staff must be trained	✓✓ Significantly better than counterfactual Evidence shows training helps staff identify and deal with gambling harm. Untrained staff cannot be expected to recognise or interpret signs of gambling harm. Ensures that all staff responsible for interacting with gamblers have harm minimisation knowledge through training.	✓✓ Significantly better than counterfactual It is expected to have a moderate impact based on the evidence – it can increase staff confidence, though there is less clear evidence on the size of the impact on harmful gambling.	✓✓ Significantly better than counterfactual Practical intervention to monitor, negligible cost involved.	✓ Better than counterfactual Venues will need to allocate more staff time to training. This will be covered by venue payments. Will be an additional cost when the hire new staff. Many venues are already training staff so this could limit any new cost. Will help staff to feel more confident supervising gambling.	✓ Better than counterfactual Based on submissions, this is generally supported and often already done. May be pushback from some venues who will think this is excessive.	✓✓ We recommend progressing this option, as it will increase the skill set of staff identifying and dealing with gambling harm. Over time this option is likely to contribute to reducing harmful gambling. PROGRESSING
NEW option – Mandatory ticket-in and ticket-out systems for high-turnover sites	N/A				Insufficient time to undertake the required policy work, and it would be better to look at moving to a full cashless card-based system for whole Class 4 sector. Explore this in the Stage two work programme on the Class 4 sector.	✘ Insufficient time to undertake the required policy work, and it would be better to look at moving to a full cashless card-based system for whole Class 4 sector. EXPLORE IN STAGE TWO WORK

Option	Effectiveness (high)	Magnitude of impact (high)	Cost-effectiveness for regulator (medium)	Cost and impact on industry (medium)	Acceptability (low)	Overall assessment
NEW option – Maximum sound level for machines.	✓ / 0 Better than counterfactual There is limited evidence supporting that it may help gamblers stay out of “the zone”, and it would be considered best practice.	✓ / 0 Better than counterfactual Some impact possible – but does not appear to be significant. We do not have good information about what venues currently do, and how big the problem of loud pokie machines are.	✓✓ Significantly better than counterfactual Clear requirement that will be straightforward to monitor with little impact on resourcing for regulators.	✓✓ Significantly better than counterfactual Intervention is a reasonable requirement which will have no impact on resourcing. Intervention is low cost, and designed to be flexible.	✓ Better than counterfactual Based on stakeholder feedback, including support from treatment providers. Stakeholders were not asked explicitly, but with limited cost this should be accepted by most in the Class 4 sector.	Will provide a standard across the industry without a significant impact on resourcing for the industry. Would have a low effect but could help keep gamblers out of “the zone”. in-zone play. Can’t be included in regulations but can be included in minimum standards set by the Secretary. TRANSFER TO OPERATIONAL STANDARDS
NEW option – Minimum lighting requirement for gambling room/area	✓ / 0 Better than counterfactual There is limited evidence supporting that it may help gamblers stay out of “the zone”, and it would be considered best practice.	✓ / 0 Better than counterfactual Low impact possible – but does not appear to be significant. We do not have good information about what venues currently do, and how big the problem of dimly lit gambling areas is. Burden of cost to get venues up to intervention standard may outweigh the significance of this proposal.	✓✓ Significantly better than counterfactual Negligible cost for regulator. Updating of operational policy and assessment. Conducting lighting checks will be needed although these will be straightforward.	✗ Worse than the counterfactual Cost of refitting and wiring for some venues. Cost will be dependent on the venue. Costs for upgrading venue will come from the society, a fair and reasonable cost.	✗ Worse than the counterfactual This was suggested by some submitters who wanted changes to venue design. However, stakeholders were not asked explicitly. There is likely to be pushback from venues and other stakeholders. Argument will revolve around cost/benefit – especially with limited evidence.	✗ Has potential, but there is not good information about the size of the problem. Intervention was not tested in the discussion document, and there is likely to be some pushback from stakeholders due to the potential cost. EXPLORE IN STAGE TWO WORK
NEW option – EGMs cannot be visible from outside the venue (unless the venue does not have a defined gambling area)	✓ / 0 Better than counterfactual Anecdotal evidence that this could be helpful to some at-risk gamblers, and it is a “common sense” option.	✓ / 0 Better than counterfactual Low impact.	✓ Better than counterfactual Negligible cost involved for regulator. Primarily updating operational policy and monitoring compliance.	✓ Better than counterfactual Minimal impact/cost to most venues who have a separate gambling room. Exemption for those without a defined gambling area, given that meeting this requirement could have an unreasonable impact on their non-gambling business (e.g. blocking natural light).	✓ Better than counterfactual Not tested as an option in the discussion document but suggested by a treatment provider. Likely to be supported, or not opposed, by the industry, as minimal cost/change.	✓ Has potential to prevent harm to at-risk gamblers a part of suite of changes. Not tested in the discussion document but a result of consultation. PROGRESSING
NEW option – Advertising must refer to ‘gambling’ not ‘gaming’?	✓ / 0 Better than counterfactual Evidence exists but it is weak in relation to this specific proposal. (Adolescents are at risk of erroneous schema formation regarding gambling, based on the positive framing of gambling and normalisation of gambling as a harmless leisure activity and “fun”.)	✓ / 0 Better than counterfactual Low impact.	✓ Better than counterfactual Negligible cost involved for regulator. Primarily updating operational policy and monitoring compliance.	✗ Worse than the counterfactual Moderate cost to industry in terms of replacing signage.	✗ Worse than the counterfactual Not tested as an option in the discussion document. The Class 4 sector is likely to be opposed due to the cost and lack of strong evidence.	✗ Might prevent harm to young people a part of package of changes, but not tested as an option in the discussion document. 9(2)(h) EXPLORE IN STAGE TWO WORK

Proactively Released by the Department of Internal Affairs

Option	Effectiveness (high)	Magnitude of impact (high)	Cost-effectiveness for regulator (medium)	Cost and impact on industry (medium)	Acceptability (low)	Overall assessment
Part 2 – Gaming Machines						
DD Option I Mandatory pre-commitment	✓ Better than the counterfactual Few mandatory systems in place, so evidence is very limited. Depending on the design, it could reduce people's spending. But if limited to an individual machine, likely to result in machine/venue hopping rather than reducing spending.	✓ Better than the counterfactual Evidence could be a useful tool for some gamblers.	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✗ Worse than counterfactual Significant cost to industry to acquire technology. Would ideally be systems-wide (so people could set a pre-commitment across all pokies machine), but this is unlikely to be feasible to set up in the short/medium-term. Could assist with their host responsibility requirements.	✗ Worse than counterfactual Very little support by submitters. While some gamblers may find it useful, others may find it a limitation on their freedom in how they spend their money.	✗ Individual machines already equipped with software to use this technology as an add-on, so it wouldn't require full 'cashless' system to implement a version of this option, but cost would likely outweigh benefit. A system-wide mandatory pre-commitment is not feasible to explore in short to medium-term. NOT PROGRESSSED
DD Option K - EGMs display more information	✓ / 0 Better than / Same as counterfactual Mixed evidence on the type/value of the information.	✓ / 0 Better than / Same as counterfactual Evidence of some impact – but does not appear to be significant. Adjusting the option to focus on interruption time is likely to have more impact.	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✗✗ Much worse than counterfactual A relatively high-cost software change for little benefit (estimated at approximately \$96 million).	0 / ✗ Same as / worse than counterfactual Some gamblers may benefit from more information. Possibly recent immigrants who are new to legal gambling. Many gamblers may ignore information displayed and/or find it irritating.	✗ Mixed evidence on the type/value of the information. NZ machines already have significant information displayed. Cost of change not justified. NOT PROGRESSSED
DD Option L - Display losses as losses	✓✓ - ✓ Some evidence that it may be able to reduce harm, as losses disguised as wins have been found to reinforce continued gambling where people may spend more than intended.	✓ Better than counterfactual Limited evidence on likely impact.	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✗✗ Much worse than counterfactual A relatively high-cost software change estimated at \$200 million plus.	✗ Worse than counterfactual Would be well received by the treatment sector, but prohibitively expensive for the Class 4 sector.	✗ Cost is prohibitive \$200m+, needs more research to justify. NOT PROGRESSSED
DD Option M - Prevent the ability to make multi-row bets	✓ - 0 Better than / Same as counterfactual Limited evidence about whether this would be effective at reducing harm. Advice from AUT is that there is some evidence that multi-line betting increases "psychological immersion in EGM gambling". More research would be needed to establish its potential impact.	✓ / 0 Better than / Same as counterfactual Limited evidence that it could help some at-risk gamblers	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✗✗ Much worse than counterfactual Likely to be expensive to change, not justified by the available evidence.	✗ Worse than counterfactual Would be well received by the treatment sector, but not many gamblers and the Class 4 sector.	✗ Cost of software change/update outweighs benefit based on available information. NOT PROGRESSSED
DD Option N - Reduce maximum stake of \$2.50	0 Same as counterfactual Not enough evidence available and could have unintended consequences. Advice from AUT is that some studies suggest it might not reduce gambling harm, and gamblers might have false sense of safety from smaller bets.	0 Same as counterfactual Not enough evidence available on the potential size of impact.	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✗✗ Much worse than counterfactual Likely to be expensive to change, not justified by the available evidence.	✗ Worse than counterfactual Would be well received by the treatment sector, but not many gamblers and the Class 4 sector.	✗ Cost of software change/update outweighs benefit based on available information. NOT PROGRESSSED
DD Option O - Prevent or limit the number of "free spins"	✓ Better than counterfactual While no direct causal evidence has been identified, it has the potential to reduce harm, as free-spins can encourage gambling for longer.	✓ Better than counterfactual Could have low to moderate impact, though limited evidence on the potential size.	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✗✗ Much worse than counterfactual Likely to be very expensive to change, not justified by the available evidence.	✗ Worse than counterfactual Would be well received by the treatment sector, but not many gamblers and the Class 4 sector.	✗ Cost of software change outweighs any identifiable and quantifiable benefit. NOT PROGRESSSED

Option	Effectiveness (high)	Magnitude of impact (high)	Cost-effectiveness for regulator (medium)	Cost and impact on industry (medium)	Acceptability (low)	Overall assessment
DD Option P - Maximum number of games in an hour	✘ Worse than counterfactual No evidence available and could have unintended consequences such as people swapping machines.	0 Same as counterfactual Not enough evidence available on the potential size of impact	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✘✘ Much worse than counterfactual Likely to be very expensive to change, not justified by the available evidence.	✘ Worse than counterfactual Would be well received by the treatment sector, but not many gamblers and the Class 4 sector.	✘ Cost of software change/update outweighs benefit based on available information. NOT PROGRESSED
DD Option Q - Jackpots - More information on how bets contribute	0 Same as counterfactual No evidence available about whether this would be effective at reducing harm.	0 Same as counterfactual Not enough evidence available on the potential size of impact	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✘ Worse than counterfactual No information on how much this information would cost but may not be justified given the lack of evidence.	0 Same as counterfactual A few gamblers may appreciate the information.	✘ Negligible impact. NOT PROGRESSED
DD Option R - Jackpots - Maximum size could be reduced	0 Same as counterfactual Not enough evidence available, and the jackpot size is already comparatively low. Advice from AUT was that further research is required to work out the effectiveness, or otherwise, of this measure.	0 Same as counterfactual Not enough evidence available on the potential size of impact	✓ / 0 Better than / Same as counterfactual Negligible ongoing costs. Could be administrative costs to monitor the software update.	✘ Worse than counterfactual Likely to be expensive, and may not be justified given the lack of evidence	✘ Worse than counterfactual Would be well received by the treatment sector, but not many gamblers and the Class 4 sector.	✘ Cost of software change could outweigh benefit. NOT PROGRESSED
DD Option S – Jackpots - Signage showing jackpot levels could be prohibited (modifications, such as only allowing signage in the gambling room, were also considered)	0 Same as counterfactual Not enough evidence available, may have unintended consequences (such as encouraging people enter the gambling room to check the size, which could trigger them to start gambling).	0 Same as counterfactual Not enough evidence available on the potential size of impact.	✓ Better than counterfactual Negligible ongoing costs.	✘ No information on how much this information would cost but may not be justified given the lack of evidence.	✘ Based on stakeholder feedback, this is not supported.	✘ Not enough evidence available at this stage to justify this option NOT PROGRESSED
Part 3 – Enforcement tools						
DD Options T - X Infringement regime of offences and fees	✓✓ Significantly better than counterfactual Creating a fully developed compliance model that is effective in dealing with the many forms of non-compliance requires a combination of tools/ A range of lower-level enforcement tools are missing from the Regulator's toolkit. There are currently <u>no</u> infringement offences in relation to the Harm Minimisation regulations and the Regulator can generally only suspend or cancel a licence (an action often challenged by societies).	✓✓ Significantly better than counterfactual Will have a significant impact if regulators are checking compliance and issuing infringements for non-compliance. A proportionate response.	✓✓ Significantly better than counterfactual Negligible ongoing costs and cover a gap in the current toolkit.	✓ Better than counterfactual Most societies/venues say they are taking harm minimisation seriously and already doing some of the proposed interventions. Costs/impacts on industry will only occur when non-compliance with requirements is detected.	✓✓ Significantly better than counterfactual Most parties (including some Class 4 sector representatives) seem to consider infringements to be a relatively reasonable requirement.	✓✓ It is difficult to argue against a fair infringement regime that encourages adherence to purposeful, clear requirements. Fills a current gap in the gambling regulator toolkit and will support more proportionate responses. PROGRESSING (modified versions)

Appendix F: Detailed design of proposed changes to the Gambling (Harm Prevention and Minimisation) Regulations

Table 1: Information that must be recorded in Class 4 venue logbooks

New requirement(s)	Information to be recorded
Conduct a gambling area sweep to monitor for signs of gambling harm at least three times each hour	<ul style="list-style-type: none"> the time and date the sweep was completed how many gamblers were checked the name of the staff member who completed the check.
Take all reasonable steps to identify whether any people have been gambling during nine or more consecutive sweeps	<ul style="list-style-type: none"> the steps they are taking to monitor whether people have been gambling over consecutive sweeps.
Talk to any person who has been gambling during nine or more consecutive gambling area sweeps Talk to a gambler who has been identified as experiencing one or more signs of gambling harm	<ul style="list-style-type: none"> when they have talked to a gambler as required under these provisions name of the individual if known, and/or any description of them which would help other staff to identify them a summary of their approach to the conversation and any further action taken the name of the staff member who spoke to the gambler.
Record in a logbook when they have identified a person gambling experiencing one or more of the specified signs	<ul style="list-style-type: none"> the sign(s) observed the date and time of observation name of the individual if known, and/or any description of them which would help other staff identify them the staff member's name and any further action taken
Venue manager must review new records in the logbook at least weekly	<ul style="list-style-type: none"> when the venue manager (or someone acting on their behalf) has reviewed the new records any further follow up action taken

Table 2: Specified signs of gambling harm

	Signs of gambling harm at Class 4 venues
Someone gambling in a Class 4 venue could be experiencing harm if they show any of these signs:	Seen to get cash out on two or more occasions through an ATM or EFTPOS which they use to gamble at that venue
	Is gambling during nine or more consecutive gambling area sweeps (equivalent to a period of around three hours)
	Tries to borrow money to use for gambling from staff or other customers (for example, if the staff member hears about this from other patrons)
	Leaves children in the car, or otherwise unattended at the venue, while they are gambling
	Appears to be waiting for the venue to open so that they can begin gambling
	Appears to find it difficult to stop gambling at closing time (for example, refusing to stop gambling despite a staff member telling them to)
	Appears to be visibly distressed because of their gambling either during or after a gambling session (for example, crying or holding their head in their hand while at the pokie machine)
	Appears to be visibly angry because of their gambling during or after a gambling session (for example, hitting the pokie machine or acting rudely to venue staff)

Table 3: Specified components of problem gambling awareness training for Class 4 venues

Current provision in regulations	Minimum components that must be covered
12 (2) (a) Approach a player that the manager or employee has reasonable grounds to believe may be experiencing difficulties related to gambling	Practical sessions on getting to know all gamblers
	Practical sessions on initiating effective conversations with a gambler who may be experiencing harm
	Conflict resolution – What to do when a gambler is distressed or agitated during the interaction with venue staff
12 (2) (b) Provide information to a player about the characteristics of problem gambling (including recognised signs of problem gambling)	Content on identifying signs of gambling harm
	How to maintain an effective logbook (including meeting privacy requirements)
	How to conduct effective gambling room sweeps
	Debunking common myths around pokie machines
	Basic information about how pokie machines work, including why they can be addictive.
12 (2) (c) Provide information to a player about the potential dangers of problem gambling	Testimonials from problem gamblers
	Information about the types of harm that can be caused by gambling (both individual and second-hand harm)
12 (2) (d) Provide information to a player about how to access problem gambling services	Information on the local and national gambling treatment services and other organisations that can provide support for harmful gambling
	Content on the gambling harm resources available for venues
12 (2) (e-f) Exclusions	Content on the referral process for self and venue-initiated exclusion
	Content on supporting gamblers through the exclusion process

Table 4: List of proposed infringement offences

Offence (“Failing to...”	Recommendation in Cabinet Paper and/or existing section in Harm Minimisation Regulations	Individual(s) responsible
New: Conduct gambling area sweeps	Recommendation 6.1 and 6.2	Venue Manager
New: Record the steps they are taking to monitor whether people have been gambling over consecutive sweeps	Recommendation 6.4	Venue manager
New: Talk to people gambling for nine consecutive sweeps	Recommendation 6.5	Venue Manager

Offence (“Failing to...”	Recommendation in Cabinet Paper and/or existing section in Harm Minimisation Regulations	Individual(s) responsible
New: Record specified signs	Recommendation 6.7	Venue Manager
New: Talk to gambler experiencing signs	Recommendation 6.8	Venue Manager
New: Review new records in logbook weekly	Recommendation 8	Venue Manager
New: Keep records for three years	Recommendation 9	Venue Operator
New: Ensure EGMs are not visible outside the venue	Recommendation 11	Venue Operator
Meet jackpot advertising requirements	Regulation 9	Class 4 Venue License Holder, Venue Operator
Meet jackpot branding requirements	Regulation 10	Class 4 Venue License Holder, Venue Operator
Provide problem gambling information (make information available to players)	Regulation 11 (a)	Class 4 Venue License Holder
Provide problem gambling information (display specified signage)	Regulation 11 (b)	Class 4 Venue License Holder
Provide problem gambling awareness training with specified components	Regulation 12 and recommendation 10.3	Class 4 Venue License Holder
Ensure all staff dealing with gamblers are trained	Regulation 12 and recommendation 10.1 – 10.2	Class 4 Venue License Holder