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## Report finds the Ministry of Health misled ministers on gambling

**Embargoed till 10am Wednesday 24 June**

An independent report has found the Ministry of Health repeatedly misled ministers on the effects of gambling in New Zealand.

The report by independent economic experts TDB Advisory, released today, finds the Ministry of Health (MoH) made false statements to ministers about the effects of gambling in 2017 and misled ministers again late last year in response to criticisms of MoH-commissioned research.

MoH advised ministers in 2017 that thousands of New Zealanders suffer large losses in wellbeing due to gambling based on the findings of a two-year study. MoH commissioned the study from Central Queensland University (CQU) and the Auckland University of Technology (AUT).

MoH told ministers: “A low-risk gambler typically has about 20% of their quality of life ‘subtracted’ by gambling... a problem gambler experiences about half the quality of life compared to ideal health and wellbeing”.

“Those statements by the Ministry of Health were false and extremely misleading. They were based on an analysis which did not support those conclusions,” says Matt Burgess, lead author of the TDB report.

The study by CQU and AUT found low-risk gambling – people who suffer only occasional or low-level harms from their gambling – is worse for quality of life than the untreated amputation of a leg. Problem gambling is worse than terminal cancer or a severe stroke, and nearly as bad as untreated AIDS according to the study.

The study has been cited in many submissions to council regulatory processes and in at least one Cabinet paper.

TDB published a review of the CQU/AUT study in August 2019. TDB found CQU and AUT had exaggerated losses from gambling in three ways.

First, the study only counted the costs of gambling. All positive effects of gambling on quality of life, including entertainment, mental health benefits and the community benefits gambling provides through charitable distributions, were excluded.

“Benefits are important and as relevant to the quality of life effects of gambling as costs. The decision to exclude benefits basically determined the main finding of the CQU/AUT study,” Mr Burgess says.

Documents released under the Official Information Act suggest health officials did not warn ministers that benefits had been excluded and the likely dramatic effect on findings.

“That is about as misleading as it gets from a government department,” says Mr Burgess, a former Beehive staffer.

Second, the study used a broad definition of gambling harms. For example, gambling harms included less money to spend on other things.

“Many of the ‘harms’ in the study are what most people would call ‘costs’,” says Mr Burgess. “If MoH ever commissions a study on the harms of supermarket shopping it will be carnage.”

Third, TDB found significant biases in the analysis by CQU/AUT. For example, recruitment posters for surveys asked “Have you experienced any negative effects from your own or someone else’s gambling?” Gamblers were substantially over-represented in some samples compared with the general population.

“No conclusions about changes in wellbeing should be based on such a one-sided analysis,” says Mr Burgess.

The CQU/AUT study cost \$315,000 plus GST. The study was funded by gamblers via the Problem Gambling Levy.

After the release of TDB’s critical review in August 2019, MoH sent advice to ministers responding to criticisms. That advice is the subject of TDB’s second report released today.

“Unfortunately, health officials have made further misleading statements to ministers and offered no convincing response to our concerns,” says Mr Burgess.

In its defence, MoH says it is entitled to measure gambling harms and the methods used by CQU/AUT are recognised overseas.

“As the agency responsible for problem gambling, of course the Ministry of Health is entitled to commission research on gambling harms,” says Mr Burgess.

“However, the Ministry and its consultants are not entitled to say they have measured changes in wellbeing based on a one-sided analysis of harms. That is like declaring huge losses to the IRD by ignoring revenues and only counting costs,” says Mr Burgess.

In today’s report, TDB recommends that MoH should:

- formally withdraw the CQU/AUT study;
- withdraw all advice to ministers based on the CQU/AUT study; and
- provide clear caveats to avoid misinterpretations on any future studies that consider only the costs but not the benefits of gambling.

“MoH has commissioned at least two studies which use a one-sided analysis to reach misleading conclusions. MoH was warned about the misleading use of one-sided analysis before it commissioned the CQU/AUT study,” Mr Burgess says.

“In view of this record, the government should consider shifting responsibility for problem gambling to the Department of Internal Affairs, which administers the Gambling Act,” says Mr Burgess.

“Ministers may also wish to consider obtaining second opinions on all advice from the Mental Health and Addictions group in the Ministry of Health.”

The reports by TDB Advisory were commissioned by the Gaming Machine Association of New Zealand. GMANZ asked TDB to consider whether the CQU/AUT study is reasonable, competent and capable of informing policy. GMANZ later asked TDB to respond to MoH’s advice to ministers in November 2019. The reports are the independent views of TDB.

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## Timeline

March 2009: A study by economic consultants BERL finds annual wellbeing losses of \$6.9 billion due to alcohol and drug use in New Zealand. The study was commissioned by the Ministry of Health and Accident Compensation Corporation. The Law Commission cites the study in support of tougher drinking laws. Link:

[https://www.dropbox.com/s/4rje8ieqh34lmhy/BERL\\_%282009%29\\_Costs\\_of\\_Harmful\\_Alcohol\\_and\\_Other\\_Drug\\_Use.pdf](https://www.dropbox.com/s/4rje8ieqh34lmhy/BERL_%282009%29_Costs_of_Harmful_Alcohol_and_Other_Drug_Use.pdf)

June 2009: A review by Matt Burgess and Dr Eric Crampton finds the BERL report is misleading. The exclusion of some benefits and other problems in the analysis exaggerated losses. The review was unpaid and not commissioned. Link: <https://ir.canterbury.ac.nz/handle/10092/2599>

June 2017: Ministry of Health sends advice to Associate Minister of Health Hon Peter Dunne, copied to Minister of Health Hon Jonathan Coleman, on the results of the CQU/AUT study. Link: [https://www.dropbox.com/s/d1le36wd3p8gxsu/5\\_Min\\_advice\\_June\\_2017.pdf](https://www.dropbox.com/s/d1le36wd3p8gxsu/5_Min_advice_June_2017.pdf)

31 August 2019: TDB Advisory publishes a review of the CQU/AUT study commissioned by the Gaming Machine Association of New Zealand. TDB concludes the CQU/AUT study is seriously flawed and unreliable. Link: <https://www.tdb.co.nz/wp-content/uploads/2019/12/Gambling-Review-Aug-19.pdf>

17 November 2019: Ministry of Health sends advice to Associate Minister of Health Hon Jenny Salesa, copied to Minister of Health Hon David Clark, responding to criticisms of CQU/AUT study in the August 2019 report by TDB. Link:

[https://www.dropbox.com/s/3albeuzjvuku5cv/1\\_MoH\\_Advice\\_17\\_Nov\\_19.pdf](https://www.dropbox.com/s/3albeuzjvuku5cv/1_MoH_Advice_17_Nov_19.pdf)

February 2020: The advice from MoH to ministers in November 2019, and other related documents, are released under the Official Information Act.

June 2020: TDB Advisory publishes a response to the November 2019 advice to ministers from MoH. TDB finds MoH has further misled ministers and has not provided a convincing response to TDB's August 2019 criticisms of the CQU/AUT study. TDB recommends MoH withdraw CQU/AUT study.

<https://www.tdb.co.nz/wp-content/uploads/2020/06/TDB-Gaming-Response-to-MoH-19-Jun-2020.pdf>