

ANNEX 2
SUMMARY OF MEETING CONVENED BY GAMBLING COMMISSION ON THE
PROBLEM GAMBLING LEVY
12 NOVEMBER 2009

Introduction

1. This report sets out a summary of submissions made by attendees at the meeting convened by the Gambling Commission on 12 November 2009.

Non casino gaming machine operators (“NCGM”) – commercial venues

Charity Gaming Association (“CGA”)

2. Five areas of concern:
 - (a) *Lack of focus of public health initiatives* – Public health represents a significant proportion of the levy expenditure, but is very weak on monitoring and accountability. No confidence that the levy portion is appropriate. There should be a recommendation by the Commission to the Ministers that there should be much more rigour in service specification and contract monitoring for public health.
 - (b) *Weightings* – CGA proposes a 50:50 split. Public health services and research are not driven by incidence of problem gambling, but together they make up 50% of total levy costs. It would be more equitable for sectors to bear these costs according to their ability to pay – ie on sector revenue. Interventions should be funded on the basis of presentations.
 - (c) *Impacts of internet gambling not provided for* – The Ministry of Health (“**Ministry**”) has not been specific regarding what will be done in relation to internet gambling, which is a major loss of revenue and presents challenges for harm prevention and minimisation.
 - (d) *Pubs and clubs split* – Although numbers show differential rate of presentation, higher rate of presentation for pubs can be explained on the basis that pubs are more effective at identifying people with gambling problems and referring them to treatment services.
 - (e) *Future consultation meeting by video conference* – To avoid cost of travelling to meeting.

Lion Foundation

3. Intervention services:

- (a) There is a proposal to reduce funding for full-time employees for intervention services in next period. This continues to be a source of frustration for those treatment providers who have met their contract specifications versus those who have not.
- (b) A key priority should be more analysis regarding which treatment providers are delivering effective results.

4. Presentation data:

- (a) Is concerned that the Ministry continues to base levy calculations on historical annual presentation data, which it projects forward. This forecast data has never been correlated to the actual presentation data over the levy periods. Clear that level of presentations and ongoing prevalence rates continue to decline, yet Ministry continues to base further levy calculations on data that is obsolete and outdated.
- (b) It is artificial for CLIC data to record only five primary gambling modes, given 6% of all problem gamblers record "other" as their primary gambling mode. Costs of treating problem gamblers whose primary gambling mode is "other" falls disproportionately on NCGM sector.

5. Supports 30:70 split.

6. There is a decline in gaming and the large amount of money spent on problem gambling for a declining group needs to be justified when it is compared to other social causes.

Pub Charity

7. Supports a 30:70 split, but also applauds CGA's proposal of 50:50 split.

8. The public health focus has allowed too much moral reasoning into the Ministry's strategy. Problem gambling preventions receives an embarrassment of riches. New Zealand's problem gambling levels are amongst lowest in western world.

9. Gross presentations are not a proxy for harm and there is bias evident in statistical analysis.

10. The “other” category is now statistically significant. There is no reflection of the problems arising from internet gambling in the strategy. Class 4 does not contribute to online gambling, unlike others such as Lotteries and Racing Board.

Hospitality Association

11. Congratulates Ministry on improvement in robustness of data.
12. Appreciates the move to 30:70 but thinks there is a possibility to take it to 50:50 for the reasons given by CGA.
13. Class 4 sector in decline, while others are in growth mode and Lotto and Racing are engaged in online gambling.
14. Not enough projection has been done regarding future trends.
15. Opposes any difference between pubs and clubs. Further research is required in relation to why data regarding presentation is different. It may be that pubs are better at encouraging problem gamblers to seek treatment.

Clubs New Zealand

16. Members welcome the pub/club split. Members are community-based organisations, which are committed to harm training and invest heavily in innovations.
17. Is concerned by ever-increasing bureaucracy. Losing clubs as a result is inevitable.

Royal New Zealand Returned and Services' Association

18. Supports pub/club split. There is evidence that there are more presentations from the pubs sector, which the RSA attributes to clubs' rigid harm minimisation policies and the fact that club members are often personally known to club management.
19. RSA believes the Strategic Plan fails to recognise the importance of early intervention at venue level, which is an important and cost-effective way of intervening. Staff should be provided opportunity to receive more training on harm minimisation through HSI [Hospitality Services Institute].
20. Supports the 30:70 split; too much weight has been given to presentations in the past.
21. Would like to see Ministry reduce its costs and is concerned by the increase in expenditure on public health.
22. There is not enough emphasis on early intervention or targeting risk groups.

Lotteries Commission

23. Lotteries works closely with retailers to reduce the risk of problem gambling.
24. Ministry's proposed change to 30:70 is not justified, given that the overwhelming majority of harm comes from machines and not Lotto.
25. A 30:70 split would have a major impact on Lotteries as a business and its ability to fund community resources; any increase in the levy payable by Lotteries would come directly from the amounts NZ Lotteries would otherwise transfer to the NZ Lottery Grants Board for distribution to community causes.

Responses to questions

26. What is the explanation for the recent significant increase in Lotteries presentations?
 - The spike is unusual and relates to one quarter. Lotteries' presentations have consistently been 3%. Lotteries are working with Ministry to find an explanation. Lotteries thinks it is abnormal and will return to 3%.
27. Do you think the licence and number of products Lotteries has had an effect?
 - The proportion of people using Lotteries products has gone down, and the products are low risk. Lotteries products will not satisfy addicted gamblers, because they do not offer repetitive play.
 - Also, Ministry now allows for more than one problem gambling mode to be cited by problem gamblers. As 70% of people have bought a Lotto ticket within the last year, gamblers' second mode is likely to be Lotto. This does not mean that Lotto is causing their problems.
28. The data shows that the increase was for two quarters, not one, and that it is a trend rather than a spike.
 - The Lotteries representative did not have the data relating to the second quarter. Lotteries does not have information to explain the increase, and does not know if it was regionally-based, or caused by the one in twenty year jackpot. There were two weeks of huge media attention. This, and the ability to cite multiple gambling modes are likely to be the answer.

29. What is the proportion of internal spend on your work on harm minimisation with retailers?
- Lotteries train 1,000 retail staff within a year and produces a booklet, which costs tens of thousands of dollars. It monitors complaints and follows each one up with the retailer concerned.
30. What is the percentage of your online component?
- 3–4% of sales. Over 100,000 customers are registered, but only a portion plays frequently. Online sales allow Lotteries to monitor spend much more closely. There is a limit of \$69 a week. If customers meet that limit in several weeks consecutively, Karen Jones (presenter) emails them personally to ask if they are comfortable their spending. She has only had to send a couple of hundred emails.
31. Ministry clarifies that Ministry has been collecting data for multiple modes for a couple of years now, so it is unlikely that the reporting of multiple modes is the cause of the increase.
32. Has Lotteries, or Ministry, done any research on whether Lotto being online acts as a stepping stone to other online gambling?
- Lotteries does not think it acts as a stepping stone, because the markets are so different. The profile of the most common internet gambler is a young male interested in poker. Lotto players are different, for example elderly in rural areas.
33. Would an increase in the levy payable by Lotto really result in a reduction in community funding; could the increase not come from discretionary funding?
- It would be possible to reprioritise spending, but it is not easy to just find an extra million dollars.

Casino licence holders

SKYCITY Entertainment Group

34. Supports the intent of the levy. Echoes Hospitality Association's comments regarding the improvement in the consultation process this time.
35. Recaps two points in its submissions.

- (a) *No increase in public health spend* – commends the outcome-based process in relation to interventions, but the same checks and balances are not in place in relation to public health spending. Ministry should assess the effectiveness of the existing expenditure before increasing it.
- (b) *No change to weighting* – presentations are the best proxy for the harms that can occur from gambling. The statistics are now more accurate and should be used to their fullest extent. Public health activities are a direct and deliberate response to harms caused by gambling. A 10% weighting for expenditure still allows changes in expenditure for particular sectors to be reflected in the levy.

36. SKYCITY wants to extract overseas VIP spending from the levy, because these people do not use problem gambling services in New Zealand.

New Zealand Racing Board

37. Key point to highlight is that internet gambling has not been dealt with sufficiently by the strategy. Some of the Racing Board's online customers are based overseas. They make up a small percentage, but their numbers are likely to grow. Also, a significant number of New Zealand residents gamble on overseas sites, and their dollars do not contribute to the levy. There needs to be a way of charging for this, either by levying providers of online internet gambling, or taxing the New Zealand gamblers.

38. Weighting should be 10:90 for the reasons given by SKYCITY and NZ Lotteries.

39. Greater clarity is required regarding presentation data and gamblers who use multiple modes of gambling. At present, the presentations of those who have problems with internet gambling on overseas sites might be accorded to NZ Racing instead rather than overseas sites.

Providers of problem gambling services and researchers

Problem Gambling Foundation (“PGF”)

40. Strongly supports focus on vulnerable groups – Asian, Māori, Pasifika, rural – for the next period. These groups require investments over long periods to build trust and overcome stigma within them.

41. The ratio is fairly immaterial; funding is the issue. Ministry plans are based on an under-spend in the last period, reduction in clinical capacity and maintaining the current spending level overall. Although funding was constant, there has been a reduction in real terms over the levy period.

42. The quantum must not be set too tight, as there is a need to take into account targeting new groups and PGF expects presentations to rise. It is not possible to target new groups and maintain current services with a cap on funding. The quantum must allow for changes to the provider environment.
43. It is appropriate to recognise changes in behaviour and give rewards. Thinks the different figures for clubs as opposed to pubs reflects clubs' better prevention, and this should be rewarded.

Problem Gambling Foundation – Asian Services

44. There is a rapidly increasing Asian population. For many Asians, counselling is a foreign concept. At the same time, there is a strong stigma associated with problem gambling in the Asian community.
45. A long-term strategy is required to overcome hurdles in the Asian community. PGF Asian Services' combination of public health and mental health has been effective. Expects increased presentation as a result of increased awareness.
46. As a result of Ministry's cut in funding, PGF Asian Services has had to disestablish its services in Hamilton, Wellington and Dunedin. This has placed increased pressure on Asian Services staff in Auckland and Christchurch.
47. Appreciates that Ministry has included Asian Services in its Strategic Plan, but strongly recommends that it continue to fund long term public health initiatives and invest more money in Asian, Pacific, Māori and rural communities, as they take longer to respond.
48. Recommends investigation of problems inherent in internet gambling.

Abacus Counselling

49. The scale of the problem gambling problem is underestimated. The tendency to gauge size from surveys or presentations is flawed, first because gamblers don't participate in surveys and secondly, because only those with very serious problems present.
50. Research suggests that 3% of people with serious problems seek help. It is likely that no one with moderate problems seeks help, but they should be targeted as they are easier and cheaper to help, and their families haven't yet been as affected.
51. Research shows that other treatment providers, eg for alcohol and drugs, and other services such as WINZ, and Corrections, regularly identify significant numbers of their clients as having gambling problems. These numbers are not always captured in presentation figures, nor are numbers of patients who seek private treatment.

52. The budget as set out in the strategy is not enough. It decreases over the period, and there is no contingency plan in case internet gambling becomes more of a problem.
53. The allocation of \$180,000 p/a for all workforce development is insufficient.
54. A number of problem gamblers have multiple problems, which makes them difficult to treat; however providers are expected to treat them in silos.
55. The small amount allocated in the budget for research suggests that we know what we need to know about problem gambling already. This assumption is not correct.
56. In reply to an observation from Pub Charity concerning the apparent contradiction between Abacus' assertion those presenting for treatment are at the high end of the scale and the Ministry statistics showing that those 40% of problem gamblers require less than three hours' treatment, and a significant percentage require less than nine. Dr Sullivan said people disconnect from treatment for a number of reasons. Some people present because of a crisis, and when the crisis is over they think they are better. Some people think they are better quickly. People like short bursts. These factors just mean we have to vary our approach to allow people to take steps.

Gambling Helpline

57. Agree with 30:70 weighting, but also agree with PGF and Abacus that weighting doesn't affect total.
58. As PGF submits, proposed total funding requirement is effectively less than in the 2007–2010 period.
59. Numbers of callers in the period to September 2009 have matched those of the previous year, and indicate at least a stabilisation, but those numbers represent only a portion of what Gambling Helpline does. Ministry's numbers only look at new callers, and a third of callers are repeat callers.
60. There are on average 550 visits to Gambling Helpline's website each day, as opposed to an average of 350 last year. This does not necessarily show an increase in problems, but it does show an increase in the use of such technology.
61. Increased public awareness could result in a long-term increase in presentations. AUT research shows that only $\frac{3}{4}$ of people have heard of Gambling Helpline and a much smaller number know of main providers.
62. Supports a pubs/clubs split.

Salvation Army

63. Client presentations to Salvation Army services have increased from 2008 to 2009 across all service components. This can be attributed to increased awareness and innovation.
64. The prevalence of gambling harm in the community is not proportionate to presentations. The brief intervention project at the Salvation Army Community Ministry in Manukau has continued to consistently identify 40% of people accessing its social services as affected by problem gambling. This information is not included in the presentation data utilised to calculate the levy.
65. It is evident that services are only reaching a small percentage of people suffering gambling-related problems.
66. There needs to be a continued investment in public health to reduce stigma and raise awareness of harm and help. This work takes time to develop and maintain, and providers are still discovering the extent of harm, particularly in at-risk groups such as the elderly, Asian and Māori.
67. Supports the separation between pubs and clubs. Its experience is that most clients cite pubs as their primary gambling mode. Has also noticed that Lotto has increased as a feature in the last two quarters, and is investigating this at Ministry's request.

Woodlands Charitable Trust

68. Presentation rates:
 - (a) Each treatment provider has the *option* of recording up to five primary problem gambling modes and up to five secondary problem gambling modes. To date there has been no national template that would assist in the accurate data collection of all primary problem gambling modes. This continues to result in an under-reporting of primary problem gambling modes used as presentation data in the levy calculation. This has skewed towards an historical "over-weighting" towards presentations in levy-setting to date.
 - (b) The lack of auditing process to validate the presentation data also has implications for the levy calculation.
 - (c) The presentation data used in the levy calculation is based on the last annual presentation data available. This data is then projected forward over the next levy period and used as forecast data. Unfortunately this forecast data has never correlated to the actual presentation data over any levy period. There is

no provision in relation to presentation data similar to the provision for under- or over-recovery of expenditure. Such provision could easily be introduced into the levy formula to improve equity in the levy process. The Trust asks the Commission for its comments, and suggests that Treasury might also be interested in the process.

- (d) The percentage of problem gamblers who select “other” as their primary gambling mode is on the increase, and needs to be addressed in the levy process. The Trust asks the Commission to comment.

69. Intervention under-spend:

- (a) The continued under-spending is a source of frustration to treatment providers. The Ministry has been forced to cancel some contracts, and found itself with an “allocated but unspent” intervention budget, but no mechanism by which to reallocate the funding within the contract period to those providers that have met with all contract specifications and still have unsatisfied demand for their service.
- (b) The lack of reallocation of funding within a levy period also affects presentation data and intervention delivery.
- (c) Looks forward to the day when Ministry includes in its audit process clinical effectiveness of treatment providers on contracted “dollars lost” and “control over gambling” and gambler harm screen measures.

70. Suggests that Ministry needs to develop its current presentation data collection system and have it audited before any proposed pubs/clubs split is considered.

71. Strongly supports 30:70 weighting.

72. Urges Ministry to look more closely at casino machines.

73. Commends the National Problem Gambling Team in the Ministry for the considerable improvements already made and looks forward to working with it over the next six year period.

He Oranga Pounamu

74. Has found under-reporting of presentations to services under the new model. For example, how do you translate the brief intervention that turned into a full intervention into the data that is required for the provider to enter into the system? We have found that intervention services take a lot longer than what is noted in the model. There are

therefore issues around the model and how presentations are recorded, because the split on presentation might not give the true picture.

75. Concern at the reduction in intervention spend.
76. While a 30:70 split may be more relevant than a 10:90 split, there also has to be room to move over next three years, because it is hard to know what rate of gambling will occur.
77. There is a range of gambling activities, such as internet gambling and housie, that are left out of the formula altogether.

Te Rangihaeata Oranga Trust

78. There needs to be more of a focus on internet gambling, such as research into whether it acts as a gateway.
79. Initially supported the pub/club split, but now considers that more research needs to be done to be sure the differential is real.
80. Supports the 30:70 weighting for the reasons in the Ministry report.
81. Presentation data does not include the secondary prevention mode of intervening early. The Trust would include as a “brief” intervention screening activity – some diagnostic tools can give clear definition of risk – and the early activity can be apportioned. Activity that the Trust is spending huge amounts of time and energy on are not being recorded. Some people’s interventions do turn into full and get recorded, but others break off early and come back later. Further, the indicators of harm do not show the complexity of problems the Trust sees in the Hawkes Bay. For example the likelihood of self-harm in relation to problem gamblers.

Northern District Health Board

82. Supports the population health approach. It is consistent with what is done across the health and disability sector.
83. Understands that when identifying numbers through a continuum, you have to make a call about how to allocate funding.
84. The issue is quantum; no position on weighting.
85. Whatever model is produced needs to be flexible in order to take into account changes in behaviour.

Health Sponsorship Council (“HSC”)

86. Rather than repeat submission on consultation round, will deal with two specific concerns raised by others about HSC’s programme:
- (a) Impact – research shows high recall of HSC’s advertisement and an increase in knowledge of gambling harm.
 - (b) Cost – the \$1.6 million plus additional research budget has allowed HSC to show 200 advertisements. This is lower than what is recommended for public health campaigns.
87. [Discussion in response to questions regarding targeting of advertisements]. HSC’s campaign is across the board, about gambling harm in general.

Components A and D – Estimated current player expenditure for each sector and forecast player expenditure

Comments by DIA on components A and D, and the revised figures

88. The top line of the formula is for apportioning funding to each sector in dollar terms.
89. *D* is the DIA’s forecast of likely expenditure over the coming three years. Because the DIA makes the forecast before the end of the current period, it is making it four years into the future. This is a difficult process, and can be affected by things like fluctuations in the international economy and large Lotto jackpots.
90. The DIA has improved its forecast. The cumulative under-collect is less than the \$9½ million last time.
91. The expectation is that there will be a drop in Lotto revenue.
92. The Gambling Amendment Bill introduces a change in formula, with the specific inclusion of $\pm R$ as under- or over-collect. This will be fairer than the current formula, under which an under-collect is spread across all sectors, including sectors that may in fact have over-collected.

Comments by Commission’s expert

93. Recognises challenges in forecasting and has noted the proposed legislative change, which will make the wash-up process more equitable.

Comments by participants on components A and D

94. Request by Pub Charities to DIA to go into the detail of the forecast for the NCGM sector. Pub Charities is concerned that there has again been a shortfall. Response:

- (a) DIA's forecast is for a 2% decline for NCGM and then a further 1% over the next two years. This is fairly conservative. It takes into account what the DIA knows about loss. There is a decline in machine numbers, but at the same time an increase in expenditure, so there is not a direct relationship. The DIA has also tried to take a view about the potential toughening of territorial authorities as well as relevant data from overseas and the Minister's decision not to make any changes to the gambling environment.
- (b) The first year of the levy showed an increase in gaming machine expenditure in line with the DIA's forecast, but then the global economic crisis occurred, which no one could have forecast.

95. Pub Charities – the analysis has holes in it. There is a direct correlation between the number of machines and expenditure. When machines go, people do not migrate to other machines. The DIA is over-optimistic in its forecast of revenue for NCGMs over the next three years.

96. SKYCITY asks that the DIA's forecasts be peer-reviewed.

Component B – Presentations

Comments by Grant Paton-Simpson (CLIC)

97. CLIC collects data from all face-to-face providers. Providers enter data, select as many modes as they like and indicate the level of intervention. An export process puts the data in the national database. If CLIC needs to cross-check any results it can get the exact results and email them to recipients.

Comments by Commission's expert

98. It would be good to record multiple sources of problem gambling.

99. Overall there has been an increase in the presentation numbers that were used for purposes of the calculation. This might be due to the public health awareness strategy. It will be interesting to see what comes out of the next health survey regarding underlying prevalence.

100. The definition of a brief intervention is an area worth exploring further.

101. Category of "other" is important in terms of presentation and performance data.

102. There have been comments this morning about the fact that wash-up of presentations is not treated in the same way as wash-up of expenditure. There might be merit in exploring this further.

Comments by participants on Component B

103. Ministry – there has been a robust audit of presentation data. Ministry has a national provider interface with constant evaluation of the information coming in and checks and balances. Ministry has also used a consultant to come in and do a snapshot of the data and confirmed that the data was coming through as expected. In relation to comments regarding definitions, the handbook gives robust direction on reporting of information for consistency.
104. Question from Commissioner: Are particular problems arising from particular modes of gambling more complex and therefore likely to take longer to treat?
- Ministry – Now that we are collecting multiple modes, it will be much harder to attribute the length of treatment to a particular mode.
 - CLIC – It is more difficult to do, but not impossible.
 - PGF Asian Services – It is not about the mode, but about the seriousness of the problem, for example whether the client has a lot of debt, has suicidal thoughts, is being chased by a loan shark.
 - Te Rangihaeata Oranga Trust – You have to differentiate between the symptom (gambling behaviour) and the problem.
 - Abacus – Some earlier research showed, for example, that gambling machine problems were quicker to treat. However, earlier research was based on how long people took to get help – the longer they took, the greater the accrual of problems and deterioration of health. The research tended to look at gambling machines as being rapid onset, in relation to which people sought help sooner. But it is too complex to work out how long treatment takes for different types of gambling.

Component C – Ministry's costings

Comments by Commission's expert

105. Overall costings have gone down.
106. An increase in the public health spend of just over 16%. There is a decrease in spending on intervention services.
107. It is clear that a rigorous process has been applied, including a detailed bottom-up process.

Comments by participants on Component C

108. Woodlands Trust – There is a real issue with FTE funding. Most providers would not have had enough in FTE funding to cover advertising. It would be worth looking at putting an advertising component in FTE so that it is fair across providers.
109. CGA – It is disappointing that the same rigour has not been applied to monitoring public health as has been applied to intervention. There is no evidence to justify an increase in public health expenditure. CGA’s view is that funding for public health should be held at the current level or even reduced until further proof is available.
110. Te Rangihaeata Oranga Trust – Concerned at the drop in the research budget.
111. Ministry – Although the focus over the last three years was on interventions, to get robust data in relation to it, public health has not been missed. Ministry is using internationally supported approaches and plans to do an evaluation in the next Service Plan period.

Weightings

Comments by Commission’s expert

112. Some speakers have argued that the benefit of public health and research should be borne across the whole industry.
113. If you look at presentations for intervention services as a proxy for general harm, and you look at the proportions between the two components [intervention and public health] then a move away from the 10:90 model would appear to be justified.

Comments by participants on weighting

114. CGA – If you treat research and administration costs in the same way as public health, ie as a cost that should be spread across the industry, a 50:50 split is fairer.
115. SKYCITY – Although the presentation statistics are not perfect, they remain the best available proxy.
116. Question from Commissioner – If we are to do this crude type of cutting, and say that 60% is spent on intervention and 40% is spent on public health, and use this as a basis for the weighting, then how much of the public health proportion of expenditure is targeted at high risk modes of gambling, and how much is more general? In other words should some of the public health spend be “tagged” as intervention?

- Ministry – Public health spend is not targeted at a particular industry. Some is targeted at democracy and decision-making, which doesn't look at harm.
- PGF – Without any data, would support the proposition put forward [by the Commissioner], the democracy issues tend to fall around class 4, the democracy a lot of our practical work on the ground is around class 4.
- SKYCITY – Some of the public health activities are directly related to territorial work, which is directly targeted at class 4 gambling and how territorial authorities deal with them. This supports a heavier weighting on presentations.
- Hospitality Association – Some of the territorial work is around TABs.