

Gambling Commission

Review of Levy Calculation

20 November 2009

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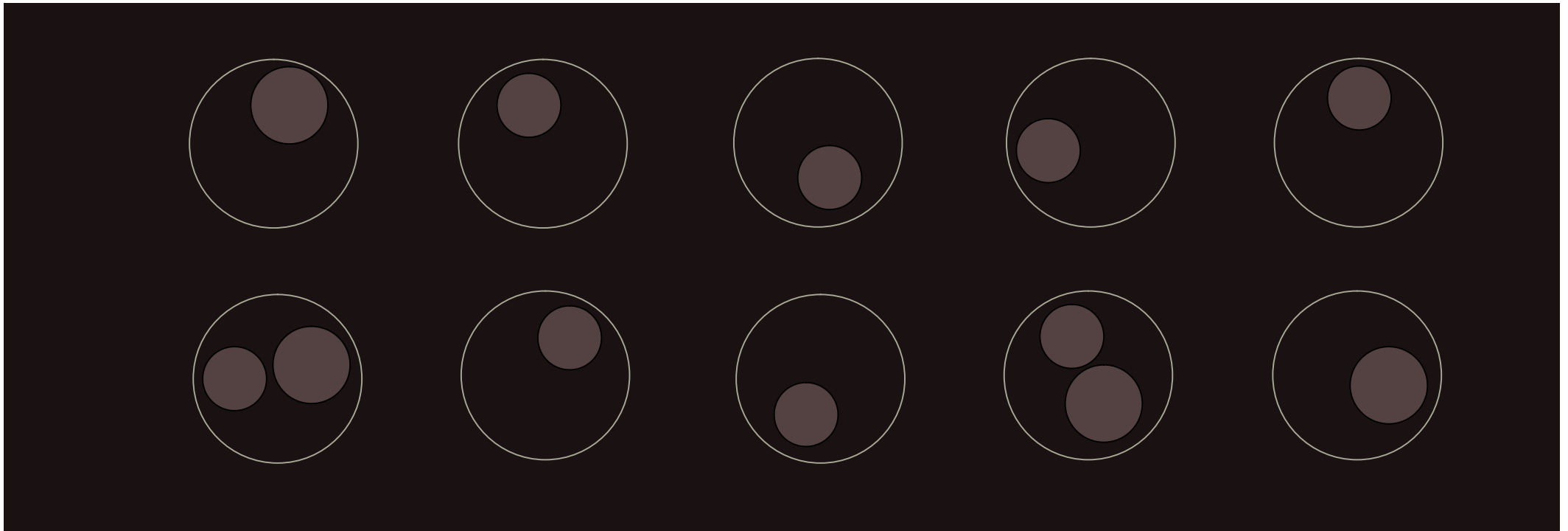


Table of Contents

Page

1 Findings & Recommendations	1
2 Background	5
3 Service Plan and Costings	7
4 Customer Presentations for Problem Gambling Services (Component B)	15
5 Calculation of the Funding Requirement (Component C)	19
6 Weightings W1 and W2	34
7 Additional Issues	42
 Appendices	
1 Scope of Work	45
2 Sources of Information & References	47
3 Glossary	50
4 Disclaimer	53

Disclaimer

This final report has been prepared solely for the Gambling Commission through the Department of Internal Affairs for discussion purposes only and should not be relied upon for any other purpose.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Problem Gambling Services Plan and Costings provided to us. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise. The statements and opinions expressed in this final report are based on information available as at the date of this final report.

We reserve the right, but will be under no obligation, to review or amend our report if any additional information, which was in existence on the date of this final report was not brought to our attention, or subsequently comes to light.

This final report is issued pursuant to the terms and conditions set out in our Agreement dated 5 October 2009.

Section 1

Findings & Recommendations

Findings & Recommendations

The Gambling Commission (the Commission) has engaged PricewaterhouseCoopers (PwC) to analyse the key components of the Gambling Levy Calculation for the 2010-2013 period. Our principal findings and recommendations follow.

Weightings

- The Ministry has proposed a change to the weightings used in the Levy calculation, moving from 10:90 weighting of expenditure and presentations to 30:70 weighting. The Ministry's decision to revise the weightings for W1 (expenditure weight) and W2 (presentation weight) is based upon the following considerations:
 - the overall costs within the strategy / Service Plan need to be borne by the entire sector;
 - presentations are not a proxy for the overall harm caused (costs relate to the range of complex issues such as diversion of funding from high deprivation communities, effects of criminal and anti-social behaviour, direct and indirect impact on family, and associated as well as direct consequences for individuals who gamble); and
 - the Ministry's perspective is based on its responsibility for the prevention *and* treatment of Problem Gambling.
- While we support the Ministry's perspective, the effect of the change has been to decrease the share of the Non-Casino Gaming Machines (NCGM) sector at the expense of the other sectors. While the NCGM sector is still paying by far the largest share of the Problem Gambling Levy, we recommend the Commission considers the sector relativities from this change recognising that Class 4 causes the most harm at an individual player level.

Component B

- The proposal amendments to legislation will allow for any deviation between forecast player expenditure and actual sector expenditure to be shared equitably.
- We would recommend the Commission investigate whether a similar "wash-up" could occur if Presentations (refer to Glossary for definitions) vary from historical presentations during the Service Plan. This would mean that the sector responsible incurs its fair and reasonable share of the costs related to the treatment of those individuals experiencing gambling harm.

Component C

- It is clear that the NPGT has responded to recommendations contained within the Hewlett Packard Consulting Report to the Commission (2006) as well as in refining and improving its approach to the planning and delivery of services. The service now appears to operate in an integrated manner enabling research and policy development to inform service development. The team appears to work effectively as a cohesive unit focused on the goals of the Problem Gambling Strategy. The Ministry advises that annual Problem Gambling service user data has shown improved outcomes for clients that have accessed services (MoH, 2008; MoH, July 2009).

Findings & Recommendations Continued

Component C Continued

In our assessment, the approach for setting the funding level (Component C) appears reasonable, however we recommend the Ministry undertake benchmarking nationally and internationally to ensure the quantum of its Service Plan is comparable to similar services aimed at preventing or treating harm.

We also recommend that the Ministry:

- continue to rigorously monitor the services delivered by its contracted providers. By the Ministry's own acknowledgment, the Problem Gambling Service Provider Sector is in a developmental stage. Structured monitoring of suppliers of services must continue in order to ensure a cost effective focus for preventing and minimising gambling harm;
- investigate the options to increase screening for Problem Gambling for primary care settings such as General Practices and Non Government Organisations (NGOs);
- undertake a rigorous calculation of the media campaign undertaken as part of the Public Health Services Awareness and Education Programmes to ensure it is effective and has reached its target audience, particularly at risk Maori, Pacific Island and Asian communities;
- report the outcomes from its revised model to calculate the required numbers of FTE (Problem Gambling Primary Prevention Service);
- continue its focus on the communities most at risk from gambling harm, given the prevalence data for Maori, Pacific Island and high deprivation communities;
- report its progress from the 2009-10 period against its objective to develop outcome measures, public health service guidelines and public health service workforce development services;
- closely monitor the impact of its reduction in intervention funding to ensure it does not reduce access to services for those in need;
- report the outcomes from the research (to be conducted in the 2010-13 service period) on the most effective forms of interventions for problem gamblers and detail how it plans to apply these findings to future Service Plans;
- report the outcomes and benefits of the additional research spend in the next Service Plan; and
- investigate options to proactively target youth within Awareness and Education Programmes and within the research component recognising that the NZ Health Survey (2006/07) identified that among young people aged 15 -17 years, 1 in 4 (25.3%) had gambled in the last 12 months, and one in six (17.5%) had played instant Kiwi or a similar lottery product in the last 12 months. This is despite most forms of gambling being illegal under the age of 18 under the Act (2003).

Findings & Recommendations Continued

Other Matters

- We support the recommendation that as part of the 2013 – 2016 Service Plan, the Non-Casino Gaming Machine (NCGM) sector be split into NCGM in Pubs and NCGM in Clubs.
- We recommend the Ministry actively monitors statistics from the Client Information Collection (CLIC) database to observe the effect of internet gambling as part of its overall requirement to prevent and minimise gambling harm, and that this trend is also monitored by the Department of Internal Affairs (DIA).
- We recommend that the Department of Internal Affairs be encouraged to develop a systematic forecast methodology to inform the next Levy calculation, and that it then be subject to external peer review to ensure that the process is robust.

Section 2

Background

Background

1. Scope for the review

The Gambling Commission (the Commission) has engaged PricewaterhouseCoopers (PwC) to review the Ministry of Health's Problem Gambling Service Plan and Costings and to analyse the Levy calculation for the period 2010-2013. The purpose of this review is to advise the Commission on key elements of the Levy and on the services the Ministry intends to purchase to alleviate the impact of Problem Gambling.

This report incorporates a review of the 'Preventing and Minimising Gambling Harm 2010 – 2016: Document for Consultation, July 2009'. However, we have based our findings and recommendations on the 'Preventing and Minimising Gambling Harm 2010 – 2016: Consultation Document, September 2009'.

Our work was performed over an eight week period commencing 21 September 2009. We met with Blair Cairncross (Acting Executive Director Gambling Commission), with the Commissioners, with the Department of Internal Affairs, Wellington, and with the Acting Manager Problem Gambling Team, Population Health Directorate, Wellington. Progress updates were provided to the Acting Executive Director of the Gambling Commission during the review.

2. Limitations

The report has been developed to guide the Commission by way of an expert opinion on the Ministry's Problem Gambling Service Plan 2010–2013 and costings. PwC has relied on the information provided by the Ministry's Problem Gambling Team, and in addition, information was obtained from the 'Preventing and Minimising Gambling Harm 2010 – 2016: Consultation Document, September 2009'. The scope of our work did not include a detailed review of the Strategy in its entirety, and has focused on the Service Plan and Levy calculations. Aside from our own review and investigations we have relied upon management representations to provide clarification and confirmation where requested.

A direct comparison with Gambling Statistics between the 2006, 2007 and 2008 calendar year data has limitations for the following reasons:

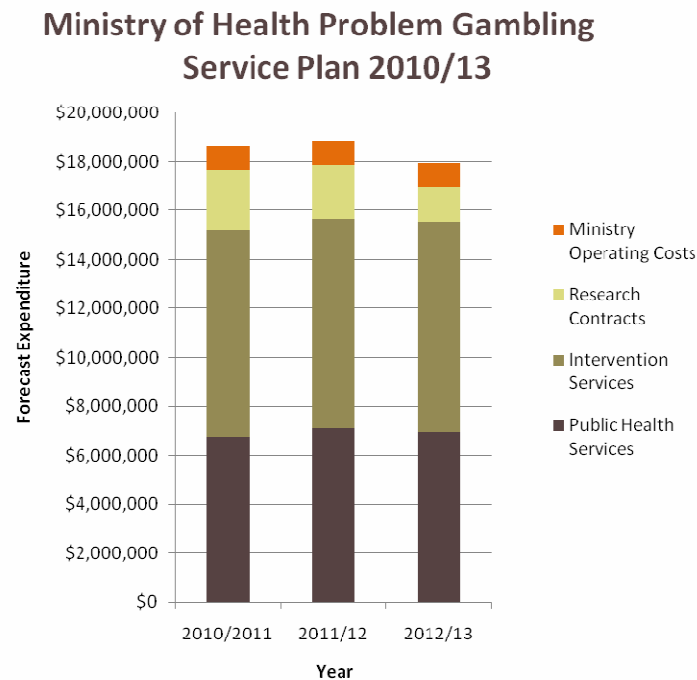
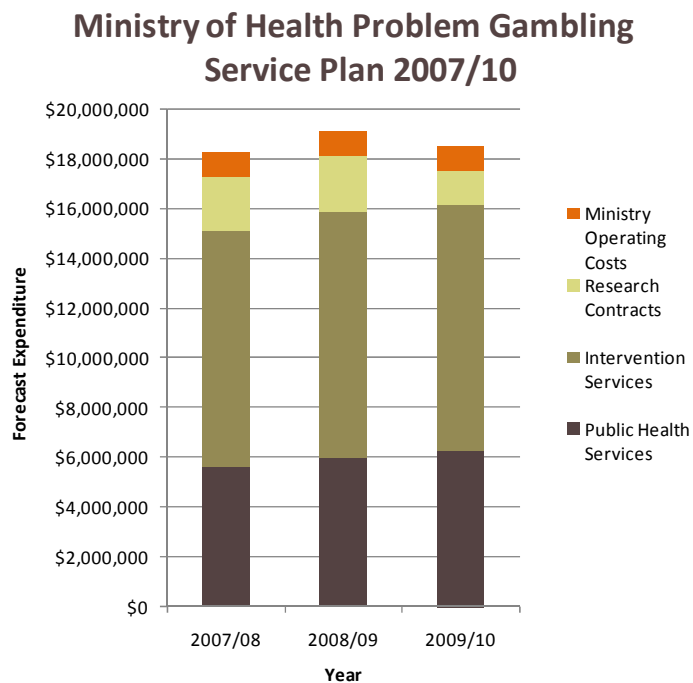
- new service specifications for Problem Gambling intervention service providers were implemented from January 2008 (which included collecting multiple sources of gambling harm, the prior Levy period only considered the primary mode);
- intervention services provided by the Gambling Helpline have been included in the data since November 2008; and
- changes have been made to the method and type of data collected via the CLIC database.

This report uses the Problem Gambling intervention service client data from the 2008 calendar year. The Ministry of Health also used this data to develop its Service Plan for the 2010-13 Levy period. The Gambling Act (2003) requires the most up to date information to be used to calculate the Levy and as a consequence the Ministry used presentation data from 1 July 2008 – 30 June 2009 to calculate the Levy.

Section 3

Service Plan and Costings

Overall analysis of Service Plan



Source: Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, Internal Memorandum.

The Ministry developed the 2010-13 Service Plan using intervention service client data collected during 1 January 2008 – 31 December 2008.

There has been an overall decrease of 0.77% in forecast expenditure between 2007-10 and 2010-13 Service Plans. The total Service Plan requirement for 2007-10 was \$55,854,000 while the total Service Plan requirement for 2010-13 is \$55,422,607.

Overall analysis of Service Plan continued ...

- The Service Plan identifies the activities the Ministry believes are required to achieve the outcomes set out in the Strategic Plan for Preventing and Minimising Gambling Harm in 2010-16. The Ministry of Health has based the Service Plan for 2010-13 period on presentation (Service User) data collected during the 2008 calendar year as well as on a Needs Assessment (Francis Group, 2009). The overall approach to budgeting and forecasting was discussed during an on-site meeting with the National Problem Gambling Team, and we were provided with Internal Memoranda detailing the rationale for proposed line by line budgets (refer Appendix for references).
- The Ministry has applied a Future Funding Track (FFT) increase to some of the services it contracts. The FFT is applied where the Ministry is purchasing a service that is directly resource related. The NPGT informed us that the Service Plan budget has been put together using a 'bottom up' approach, and the Internal Memoranda provide supporting evidence of this approach. We consider this to be more appropriate than traditional 'incremental or top down budgeting' where overall costs are increased by a set percentage across all areas.
- In the 2010-13 Service Plan the Ministry has categorised its budgeted expenditure into four areas: Public Health Services (primary prevention), Intervention Services (secondary and tertiary prevention), Research, and Ministry Operating Costs. The 2007-10 Levy period Service Plan had the additional budget lines of public health operating costs, mental health operating costs and audit. The 2010-13 Service Plan includes audit costs incurred within Public Health Services and Intervention Services whereas, in the previous period they were considered to be an operating cost rather than a service cost.
- The Ministry of Health anticipates an under-spend from the 2007-10 Levy period of \$1,604,300¹, and this has been subtracted from the overall funding requirement for the 2010-13 Levy period.

Public Health

- There has been an overall increase in public health expenditure between the two Service Plan periods 2007-10 and 2010-13 of \$2,880,708 (or 16.06%). We consider this to be consistent with the Ministry's Public Health approach that focuses on raising public awareness of harm caused by gambling.

Overall analysis of Service Plan continued ...

Intervention Services

- There has been a decrease of \$3,658,747 (or 12.54%) in intervention cost between the two periods.
- Between 1 January – 31 December 2007 and 1 January – 31 December 2008, clients accessing intervention services increased by 33%¹. The Ministry has allocated an increase of 1.38% to helpline services but has decreased psychosocial intervention and support allocation by 13.24%. It would seem that a reduction in funding for intervention services could reduce the services to those most in need of support especially in rural or remote areas. However, the Ministry notes that while service data and evaluation reports indicate presentations have increased, the average time each client spends with a clinician has reduced significantly. This reduction may be a positive outcome from the Ministry's Public Health Services – people are presenting to intervention services earlier and as a result may need less intensive intervention. The Ministry is confident the reduction is appropriate and intends to monitor the outcomes closely.

Research

- There has been a decrease of \$1,927,000 (or 33%) in the research project component of the overall research allocation between the two periods.
- The research allocation for the 2007-10 Service Plan was \$5,800,000. The research allocation for the 2010-13 Service Plan totals \$6,146,146. However, there was an under-spend of \$438,146 in the 2007-10 period which has been carried forward to 2010-13 and, in addition, the Ministry has included outcome reporting and service evaluation to the value of \$1,835,000 into the 2010-13 Service Plan. When the under-spend is excluded from the 2010-13 Service Plan, the net effect is a reduction of \$92,000 between the two Service Plans.
- In the last Service Plan period (2007-10) the Ministry under-spent its research budget. The reasons for this under-spend were provided in an Internal Memorandum. The under-spend was caused in part by the Ministry research programme running 18 months behind schedule as well as related to the Ministry restructure which included research services. The Ministry has now increased internal and external capacity to enable it to deliver on its research plan. The Ministry intends to reallocate this under-spend to the 2010-13 period to allow completion of those projects.
- The NZ Health Survey (2006/07) identified that among young people aged 15 -17 years, 1 in 4 (25.3%) had gambled in the last 12 months, and one in six (17.5%) had played instant Kiwi or a similar lottery product in the last 12 months. This is despite most forms of gambling being illegal under the age of 18 under the Act (2003). This would suggest that young people are being exposed to the risks of gambling harm from an early age and it would therefore be prudent to undertake youth specific research to explore the most effective method to lessen the potential for long term harm within this group. Youth specific research has not been detailed as part of the current Service Plan activities. We suggest this, along with monitoring of trends in internet gambling, is worthy of consideration.

¹ Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, p65.

Overall analysis of Service Plan continued ...

Ministry Operating Costs

- There has been an increase of \$500.00 (or 0.02%) between the two periods.
- In the 2007-10 Service Plan, audit costs were included as part of the Ministry Operating Costs. However, in the 2010-13 Service Plan, the audit component has been included into the Public Health and Intervention Service lines. Therefore, for the purposes of providing comparisons between the two Service Plan periods, the audit cost from the 2007-10 Service Plan has been separated out of the Ministry of Health's Operating Budget and included into Public Health and Intervention Service lines.
- The operating costs for the Ministry are based on 7.7 FTE as well as a departmental overhead allocation. A significant amount of work is being undertaken by the team (contract management, policy and service development, management of research, service provider monitoring and evaluation and management of the CLIC database), and given that the overall funding allocation is around 5% of total Service Plan expenditure, appears reasonable.

Overview of changes since the last Service Plan and Costings Review

The Ministry has proactively focused on improving the service it provides to Prevent and Minimise Gambling Harm and has acted on many of the recommendations contained within the Hewlett Packard Consulting Report to the Commission (2006). Some of the changes made since the last review are summarised below.

Ministry of Health restructure – establishment of the National Problem Gambling Team (NPGT)

- The Ministry of Health restructured Problem Gambling services in 2007. This was as a result of recommendations made during the Levy setting process in 2006. Prior to the restructure the service was split across different Directorates:
 - Public health operated from four regional offices;
 - The research component was operated by Public Health Intelligence;
 - Intervention services were managed by the Mental Health Services Directorate; and
 - Data Management was contracted to an external provider.

In 2007, the services were centralised in the Public Health Directorate and the NPGT was set up. Research and policy now directly inform service development in an integrated manner. The data is now managed in-house by a senior analyst, contributing to a more efficient Levy process. In our opinion, the NPGT appear to function cohesively and effectively as a unit.

Changes to definition of Client

- The Ministry of Health changed the definition of 'client' from 2008, previously the definition excluded those who accessed intervention services through telephone only. From 1 November 2008, helpline data includes full intervention via phone.

Changes to mode of collection

- Prior to 1 January 2008 service users were only able to detail the primary mode of gambling harm. From 1 January 2008 service users can detail multiple modes. This provides more information as to which modes are contributing to gambling harm. There is no weighting allocated, each entry is treated equally.

Change to Standard Operating Procedures

- The Ministry 'Standard Operating Procedures for Contract Monitoring and Support' includes a revised approach for stating and negotiating specific research questions to be addressed and in some instances includes a preferred methodology.

Overview of changes continued...

Change from Research Strategy to Research Agenda

- The Ministry has changed its focus from a discrete research strategy to a research agenda that fits within a larger strategic context. The intent of this change is to enable the Ministry to better direct and focus its research activities towards specific aspects of Problem Gambling and gambling harm that it considers most relevant.

Evaluation of Public Health Services

- The Ministry plans to undertake an evaluation of public health services in the 2010-13 service period. It is recommended that the Ministry reports its progress and the outcomes of this review within the next Service Plan.

Revision of the Problem Gambling Public Health Service Specifications

- In late 2007, the Ministry revised and updated Public Health Service Specifications and the changes were added to provider service delivery contracts from January 2008.

Development of a model to estimate the required Problem Gambling prevention service

- The Ministry team has developed a model that uses a range of variables to estimate the FTE requirement for Problem Gambling prevention services. The intent of the model is to ensure improved service usage and coverage across at-risk populations particularly those living in high deprivation residential areas. It is intended that the model will bridge the gap identified between survey prevalence data (MoH, 2009) and data relating to presentation at treatment services.

Development of Data Improvement Project

- Developed in 2007, the programme includes seven projects to resolve problems identified in the Monitoring Data Improvement Analysis from April 2007. These include: a Ministry monthly reporting project, data collection improvement project, data quality project, service specification review, data definition review, website and documentation project and a monitoring report project.

Overview of changes continued...

Changes to CLIC database

- Providers of Problem Gambling services are now required to capture and submit additional data. These changes were made as a result of the Service Delivery Model review. Due to the Ministry's requirements for additional data, more providers have opted to use the CLIC system for their data capture. As of April 2009, 13 out of 18 providers were using CLIC as opposed to 5 out of 18 in 2008. This represents a significant improvement with potential for further efficiency gains.

Revised Service Delivery model

- A monitoring and evaluation framework for Problem Gambling services, an outcomes framework and a data quality improvement project have been developed and implemented.

Development of outcome based purchasing

- The Ministry has implemented an outcomes based purchasing approach to inform the effectiveness of intervention services for problem gamblers and affected others. The Ministry advises that annual Problem Gambling service user data has shown improved outcomes for clients accessing intervention services (MoH, 2008; MoH, July 2009).

Development of an outcomes framework

- The Ministry has focused on funding for outcomes and outputs and on providing clarity to stakeholders about the expectations that the Ministry places on its service providers. The Ministry has developed an outcomes framework based on the Strategic Plan and it details required outcomes at various time framed intervals. The intent is that all services purchased by the Ministry will have measurable outcomes and be evaluated to ensure that contract delivery is of an acceptable standard.

Independent Routine Audits of contracted Service Providers

- The Ministry now routinely audits all service providers. These audits review all aspects including business and financial management, service quality and delivery, and consumer and cultural perspectives.

Evaluation of Primary Prevention Services - future activity

- The Ministry has proposed short term annual and longer term six yearly reporting on its progress against its strategic outcomes. The Ministry proposes to evaluate primary prevention services in 2010-13 once the outcome measures, primary prevention service guidelines and workforce development services are finalised. This work should establish a clear direction for an evaluation of primary prevention services and inform the next Service Plan.

Section 4

Customer Presentations for Problem Gambling Services (Component B)

Customer presentation data

- The Problem Gambling Levy presentation data comprises the following elements (Ministry Correspondence, 15 October 2009):

All clients who recorded a primary gambling mode

All agencies (inpatient and outpatient)

All client types (Gambler, Affected Family Member, and Affected Other)

Total clients (new and existing)

Full intervention, facilitation, and follow-up services accessed by clients, including Gambling Helpline full and facilitation services (brief intervention clients are excluded)

Note that if a client records more than one primary gambling mode, it is split equally between the modes recorded.

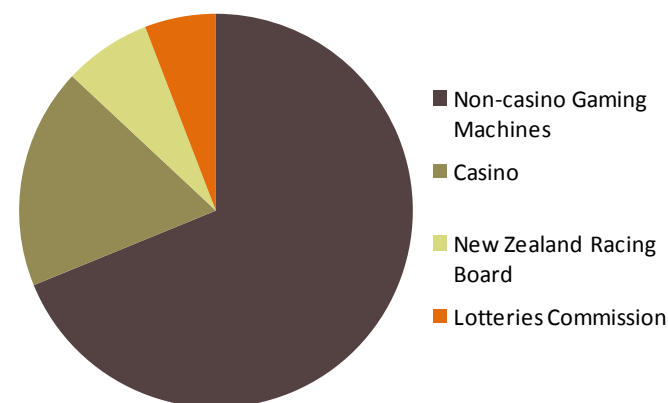
- The number of client presentations is an important component of the formula to allocate the proposed costs of delivering Problem Gambling services to the four gambling sectors.
- The data on Problem Gambling presentations that inform Levy calculations have been generated by the Ministry of Health from data collected by Problem Gambling intervention service providers.
- The presentation data relates to all clients who received a full, facilitation, (refer Glossary for definition) or follow-up Problem Gambling intervention session (including Gambling helpline full facilitation services) during 2008-09.
- A key issue that the Commission needs to consider is whether the current definition of presentations adopted by the Ministry of Health is appropriate. This issue was explored in the previous Commission report and during our investigations.
- The Ministry's view is that brief intervention (refer Glossary for definition) data should be excluded because there are service provider consistency issues around what is recorded as a brief intervention.
- We concur and support the view that the existing presentation data definition used by the Ministry is the best currently available source to calculate Component B. We would however note that as the Problem Gambling Strategy moves towards a more proactive (or primary and secondary prevention focused) approach, the presentation data should capture other forms of customer presentations to Problem Gambling services.

Customer presentation trends

- The accompanying table shows the sector share of presentations that has been used for the Levy calculations.
- As the table shows, non-casino gaming represents the single largest share of Problem Gambling presentations at 69% of the 5491 presentations in the period to June 2009 year.
- By contrast, the other three sectors combined account for less than half the Non-Casino Gaming Machine share.

	Non-casino Gaming Machines	Casinos	New Zealand Racing Board	Lotteries Commission	Total
Presentations June 2007	2989	814	311	76	4190
Sector Share %	71%	19%	7%	2%	100%
Presentations June 2008	3059	848	324	95	4326
Sector Share %	71%	20%	7%	2%	100%
Presentations June 2009	3777	998	394	321	5491
Sector Share %	69%	18%	7%	6%	100%
Increase since June 2007	788	184	83	245	1300
Percentage	26%	23%	27%	324%	31%

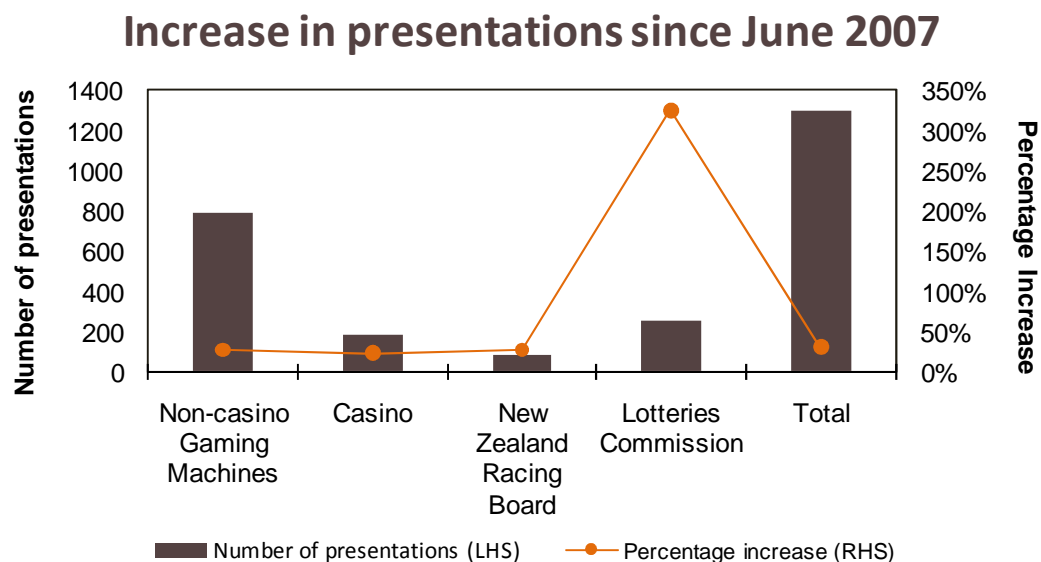
Sector Share of Presentations for Levy Purposes (Year end June 2009)



Source: NZLC presentation data for Levy calculations provided by Ministry Correspondence 15 October 2009

Customer presentation trends continued ...

- The three-year presentation trends (for Levy calculation purposes) show that there has been a significant increase in the number of presentations overall. Total presentations have increased by 1,300 in the two years since June 2007.
- The Lotteries Commission sector accounted for 6% of presentations in 2009, a three fold increase from the 2% share in 2007. The Ministry suggests that the number of large jackpots in 2009 and the introduction of higher frequency gaming options may have contributed to this increase in presentations.



Source: NZLC presentation data for Levy calculations provided by Ministry Correspondence 15 October 2009

Section 5

Calculation of the Funding Requirement (Component C)

Approach for setting funding level - component C

There has been an overall decrease of 0.77% between 2007-10 and 2010-13 Service Plans. The total Service Plan requirement for 2007-10 was \$55,854,000. The total Service Plan requirement for 2010-13 is \$55,422,607.

Our analysis of Component C has indicated that the Ministry has determined the 2010-13 costings based on:

- A strong public health focus aimed at decreasing the risk of Problem Gambling occurring and increasing presentation numbers amongst those who have problems with gambling. The Ministry has developed a FTE allocation model based on identifying what resources are required and where to bridge the gap between data relating to prevalence and presentations to treatment services. The model identifies predicted ideal FTE mix of primary prevention service providers by service type and also the optimal geographical placement of primary prevention services;
- A 'bottom up' rather than 'top down' approach to developing the budget lines within the Service Plan, combined with a Future Funding Track (FFT) increase. The Internal Memoranda provided to us demonstrate this approach. The FFT is a standard price increase which the Ministry applies to its providers as an agreed benchmark for inflating prices, and the FFT has been applied where the Ministry is purchasing a service that is directly resource related;
- The Needs Assessment undertaken by the Francis Group (April, 2009);
- Its experience in funding and coordinating Problem Gambling services under the Gambling Act (2003) since 1 July 2004;
- Information collected via the CLIC database during the 2008 calendar year; and
- Recommendations made within the Hewlett Packard Consulting Report to the Commission (2006).

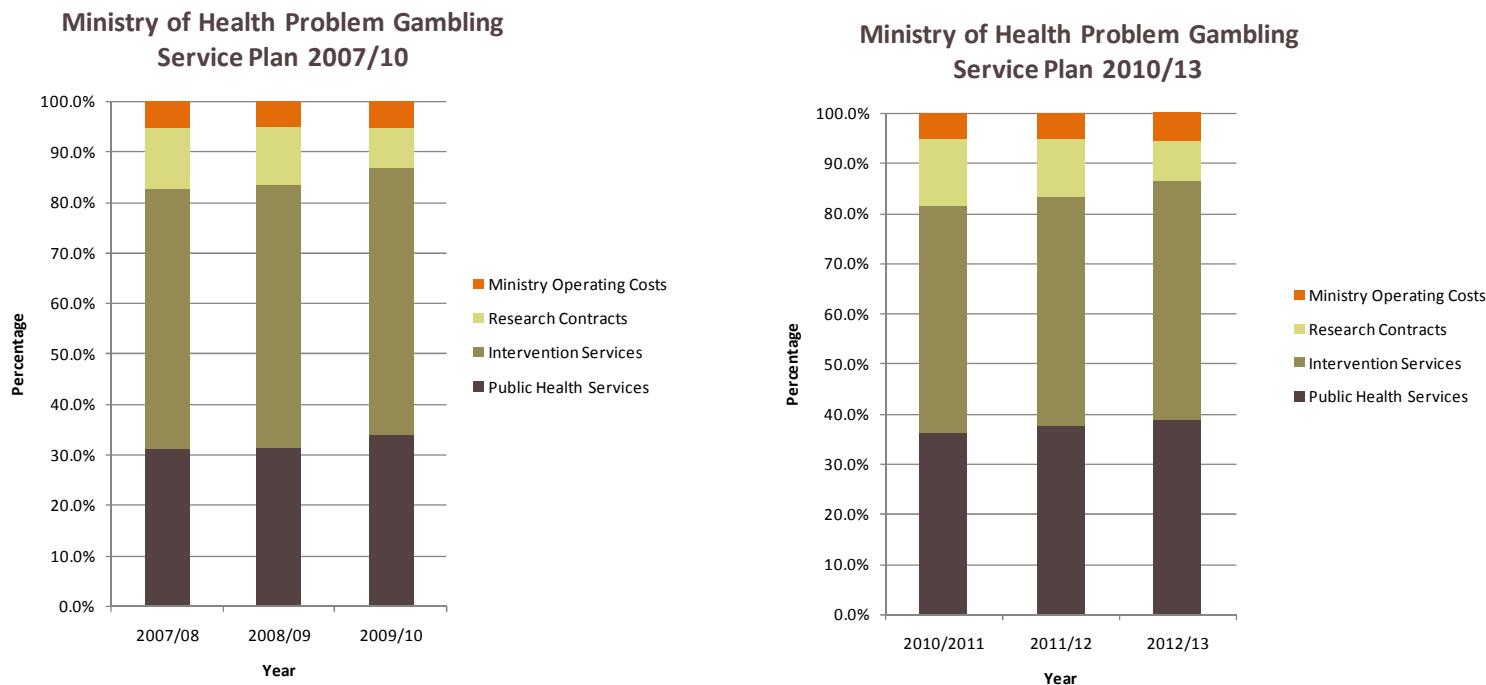
Our review has concluded that the Ministry's method to determine Component C appears reasonable.

Overview of funding including underlying assumptions

This section includes comparison of the 2010-13 Ministry Service Plan requirement with the 2007-10 Service Plan requirement.

We have also analysed the total Service Plan allocation per problem gambler both from a prevalence (MoH, 2009) and presentation perspective (please refer to page 33 for this analysis).

The diagram below summarises the overall funding strategy over the service period. An under-spend of \$1,604,300² occurred in the 2007-10 Service Plan, and the Ministry has subtracted this amount from the Levy calculation. Note that the data presented **includes** the \$1,604,300 under-spend.



Source: Ministry of Health (September 09), Preventing and Minimising Gambling Harm 2010-2016, Internal Memorandum

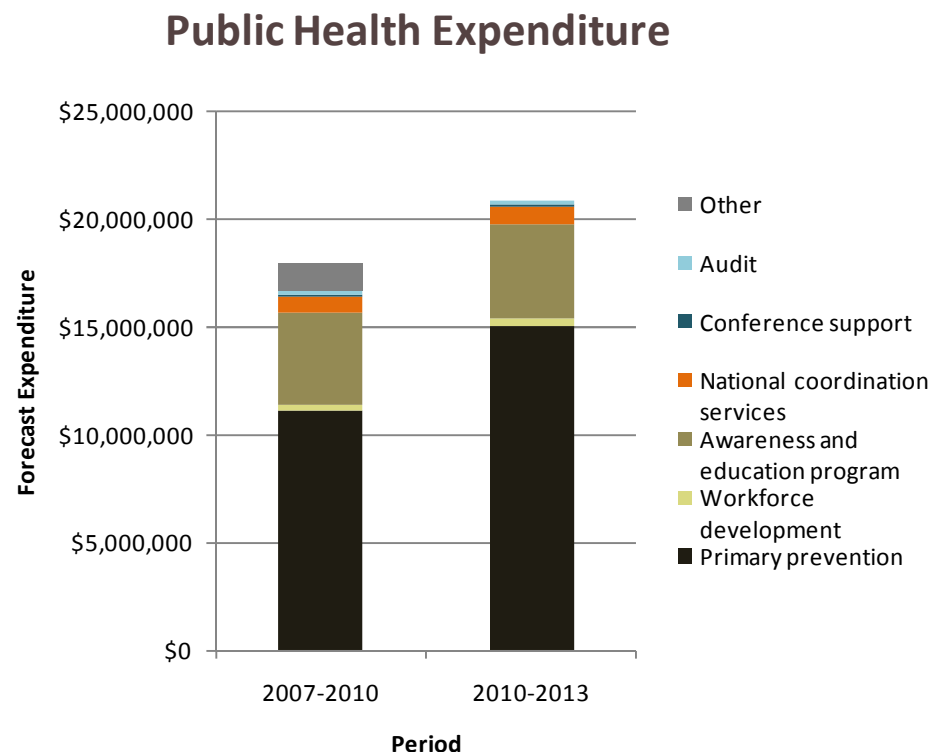
² Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, p65.

Overview of funding (Public Health Services) continued ...

Public Health Services – increases overall by 16.06% between 2007-10 and 2010-13 Service Plans. The Ministry appears to be putting additional resource into activities such as health promotion, increasing community awareness about gambling and Problem Gambling and undertaking awareness and education campaigns at a local and regional level. This is consistent with a primary prevention approach that seeks to prevent, and raise awareness of gambling harm.

Primary Prevention (public health action) has increased by 35.38%.

The graph opposite shows that the increase in funding allocated in the 2010-2013 service period to public health has focused on primary prevention.



Source: Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, Internal Memorandum.

Overview of funding (Public Health Services) continued ...

- The Ministry team provided us with an Internal Memorandum detailing a revised model to estimate its required Problem Gambling Prevention Service FTE capacity, calculating both the total sum FTE and the spread and mix of FTE at a regional level. The model considers NCGM numbers, TAB outlets, Lottery outlets, Casino Gaming Machines, dollars spent per machine, census area units (including high deprivation areas), census population by ethnicity and a broad range of risk factors as well as five key elements relating to gambling harm. This methodology should provide more accurate forecasting of services required by the Ministry for Prevention Services. The revised FTE calculation is intended to:
 - a) Bridge the gap between known prevalence and presentation to treatment services;
 - b) Enable greater emphasis on effective screening, providing greater awareness and client referrals from social service agencies to Problem Gambling treatment services;
 - c) Improve community awareness and policy implementation in a wide range of settings and reduce barriers for problem gamblers seeking help; and
 - d) Increase responses to indigenous and ethnic groups through increasing the mix and spread of services.
- The Ministry has devised a detailed model to calculate the required FTE, however the Ministry should be required to report on the benefits of the increased resourcing in the next service period.
- The Ministry notes in an Internal Memorandum the amount it pays Non Government Organisations (NGO) for public health service delivery increases by 3% per annum. This annual percentage increase in total salary seems reasonable and is reflective of a Consumer Price Index adjustment.

Overview of funding (Public Health Services) continued ...

Public Health Workforce Development – remains constant

- The Ministry allocates funding within this line for services that:
 - (1) align public health practice to the Ministry's requirements and reporting processes;
 - (2) provide gambling specific training including orientating new staff and issues and ongoing workforce development training for experienced staff; and
 - (3) deliver training consistent with the Ministry's Public Health Workforce Development Plan (2007 - 2016).

Awareness and Education Programme increases by 4.59%

- The Ministry notes in an Internal Memorandum that it intends to build public understanding of gambling harm, and supporting measures that prevent harm using a national media campaign as a key part of its proposed future work programme. In addition it seeks to strengthen links from the community and national level, and to de-stigmatise help-seeking behaviour and to explore venue based awareness initiatives with the industry. The impact of these programmes is assessed by measuring responses to the programme in terms of changes in awareness, knowledge, understanding and behaviour. A Gaming and Betting Activities survey (GBAS) is scheduled to be repeated in 2010 to begin tracking changes as a result of the awareness and education programme. In particular, we recommend a continuing rigorous evaluation of the media campaign should be undertaken to ensure it has been an effective spend.
- The increase in this funding line is considered appropriate and reflects an increased focus on raising awareness of gambling harm but also seeks to evaluate the outcomes from the associated spend.

National Coordination Services are increasing by 7.61%.

- The Ministry contracts an external organisation with expertise in the sector to facilitate and coordinate training and workforce development events, and to disseminate consistent messages across the Problem Gambling sector. The Ministry conducted an internal analysis as to whether an independent coordination service was required, or whether the Ministry could in fact provide this service in-house. The Ministry felt that it was more cost effective to contract this service externally rather than to increase Ministry Departmental Expenditure. We agree that there is merit in this service being externally contracted, providing the costs of all aspects of this service are transparent and reported in six-monthly provider performance reports.

Overview of funding (Public Health Services) continued ...

Conference spend increases by 66.67% in the 2011-12 year due to support for the international conference to be held in NZ in 2011-12.

- The Ministry uses this service line to fund an annual national addiction / public health conference as well as for a biennial international conference held in New Zealand. The Internal Memorandum notes that the Ministry believes it is more cost effective for the Ministry to contribute to a national addiction / public health conference than to hold a Problem Gambling specific national conference. In addition it provides an opportunity for better alignment between addiction and Problem Gambling service providers.

Audit cost decreases by 25% - the routine audits are undertaken every three years and will occur once in this Service Plan period.

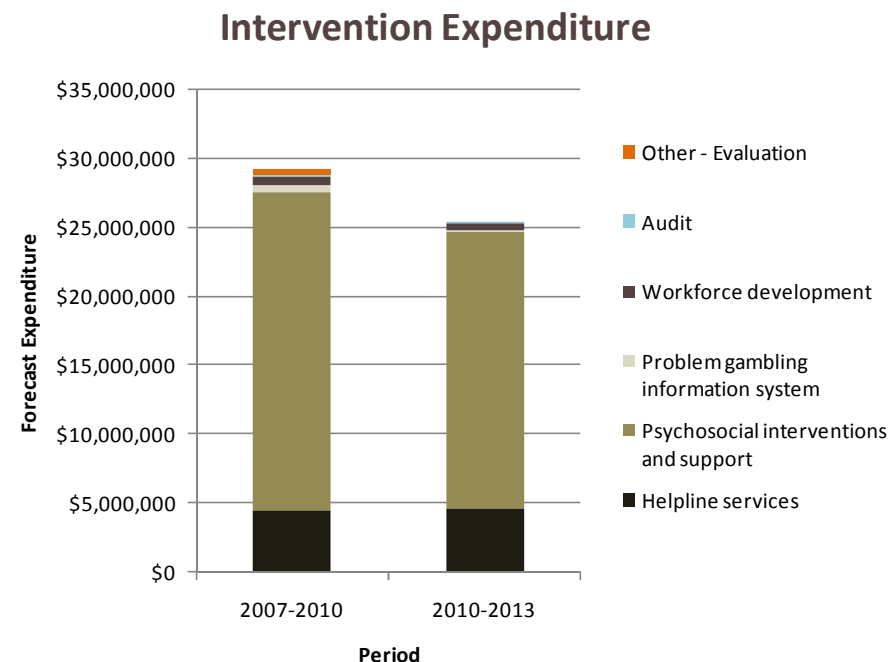
Overview of funding (Intervention Services) continued ...

Intervention Services – decrease of 12.54% from the 2007-10 period.

- In 2008, presentations increased by 33% and full interventions increased by 12%³. Despite this, the Ministry has indicated it believes the reduction in intervention services is appropriate. While we agree with the Ministry’s rationale for the reduction, we would recommend the Ministry monitors the effect of this reduction closely.
- The Problem Gambling Needs Assessment identified that there is a gap in New Zealand research to indicate which types of intervention are most effective for problem gamblers. Research for the 2010-13 Service Plan includes work in this area. The next Service Plan would need to incorporate the outcomes of this research to ensure the Ministry is funding the most effective interventions for problem gamblers.

Helpline Services is increasing by 1.38%.

- There was a reduction in the number of callers to the Helpline service between the 2007 and 2008 calendar years. The Ministry attributed this to the ceasing of its promotional programme and to incorrect publicity regarding closure of the helpline. The provision of support and intervention services via telephone is considered to be a cost effective mode of reaching people experiencing harm from gambling, especially to those who live in remote locations. The increase to helpline services is justified on this basis. The Ministry plans to explore extending the hours of operation of its dedicated Maori and Pacific helpline service within this service period.



Source: Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, Internal Memorandum.

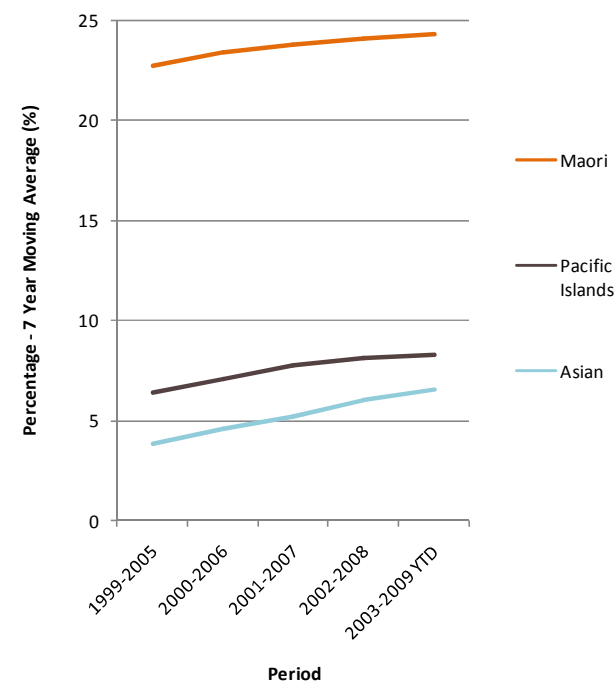
³ Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, p47.

Overview of funding (Intervention Services) continued ...

Helpline Services - continued

- Results from the 2006/7 NZ Health Survey (Published May, 2009) identified that Maori and Pacific adults were approximately four times more likely to be problem gamblers compared to males and females in the total population, after adjusting for age.
- The Gambling Helpline Service User statistics demonstrate that there is a significant increase of Maori, Pacific and Asian people accessing services between 1999-2009. The percentage Maori calling the Helpline increased by 5.1%, the percentage of Pacific Island has increased by 4.4% and the percentage of Asian has increased by 6.1% (Source: Gambling Helpline New Zealand database: Report for National Statistics to June 2009).

Gambling Helpline Usage by Ethnicity



Source: Gambling Helpline Report for National Statistics to June 2009, p10.

Overview of funding (Intervention Services) continued ...

Psychosocial Interventions and Support is decreasing by 13.24%.

- Brief and early interventions are well recognised as an effective means of motivating behavioural change. Further, they are a cost effective way of tackling addiction-related problems. The New Zealand Health Survey (MoH, 2009) indicated 9 out of 10 Problem Gamblers had visited their General Practice within the last 12 months. It would seem the General Practice setting may be an ideal opportunity to screen for Problem Gambling and provide brief interventions. We would suggest the Ministry investigate this further.

Problem Gambling Information System funding is decreasing by 58.73%.

- The project to improve the CLIC database will be complete at the end of the 2010/11 year. The ongoing cost associated with the CLIC database will then be allocated to the Ministry's operating cost.

Workforce Development is decreasing by 10%.

- The Ministry uses funding allocated within this service line for aligning clinical practice of its contracted providers to the Ministry's requirements and reporting processes, for Gambling Specific training, and for aligning the Problem Gambling intervention workforce with other addiction services. Alignment between these sectors enables the Ministry to more comprehensively identify individuals at risk of or experiencing harm from gambling. The 10% reduction arises because of the training modules were developed in the 2007-10 period; they now only require updating. On that basis, the reduction in cost seems reasonable.

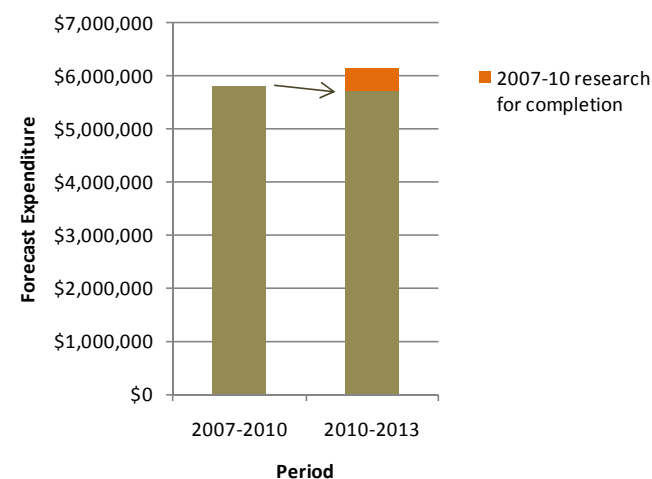
An **audit** will be conducted in the 2011-12 year as part of the three year audit programme of Problem Gambling services; overall the audit component has reduced by 25% between the Service Plan periods.

Overview of funding (Research)

Research – there has been a decrease of \$1,927,000 (or 33%) in the research project component of the overall research allocation between the two periods.

- The research allocation for the 2007-10 Service Plan was \$5,800,000. The research allocation for the 2010-13 Service Plan totals \$6,146,146. However, there was an under-spend of \$438,146 in the 2007-10 period which has been carried forward to 2010-13, and in addition the Ministry has included outcome reporting and service evaluation to the value of \$1,835,000 into the 2010-13 Service Plan. When the under-spend is excluded from the 2010-13 Service Plan, the net effect is a reduction of \$92,000 between the two Service Plans.
- The 2007-10 period had three research components; Ongoing Research Programme, Gaming Survey and Clinical Trial. The 2010-13 period has been separated into four components; 2007-10 completion, 2010-13 project, Outcome reporting and Service Evaluation.
- The NZ Health Survey 2006-07 identified that among young people aged 15-17 years, 1 in 4 (25.3%) had gambled in the last 12 months, and one in six (17.5%) had played Instant Kiwi or other similar lottery products in the last 12 months. The percentage of young persons aged 15 -17 that are already gambling represents potential for future harm. We note that the Ministry Service Plan for the 2010-13 does not incorporate youth specific research.

Research Expenditure



Source: Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, Internal Memorandum.

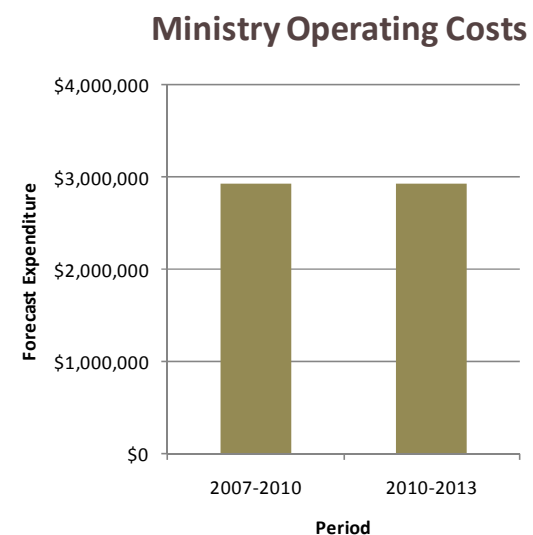
Overview of funding (Research) continued...

- A strong research foundation is key to effectively and accurately identifying those areas of most significance to Problem Gambling. The Ministry developed a Research Strategy for the 2005-2010 period. For the next Levy period the Ministry has changed its focus to a research agenda that fits within a larger strategic context. The intent of this change is to enable the Ministry to better direct and focus its research activities towards aspects of Problem Gambling and gambling harm that it considers most relevant.
- Overall we consider the research allocation to be appropriate especially considering that the Ministry is embarking on outcome reporting and service evaluation processes during 2010-13 time period. We recommend the Ministry reports the outcomes and benefits of this additional spend in the next Service Plan.

Overview of funding (Ministry Operating Costs)

Ministry Operating Costs - the Ministry Operating Costs represent 5.30% of the total Service Plan, which is considered to be within an acceptable range.

- Ministry Operating Costs will increase by 2.25% in the 2011/12 year because of the ongoing data management costs for the CLIC database being incurred through this expenditure line. In addition the Ministry will incur additional costs in the 2012 calendar year for consultation on the next Service Plan. A predicted increase in expenditure of \$22,222 for these activities does not seem excessive.
- The Problem Gambling Team at the Ministry has undergone significant changes since the 2006 report. The increased focus on monitoring and reporting / outcomes framework contributes to this cost. The Ministry team is comprises of 7.7 FTE, at an average cost of \$127,121pa per FTE (including overheads, OPEX and personnel costs).



Source: Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, Internal Memorandum.

Comparison of Costings – National and International

National Comparison

- Based on figures provided by the Ministry, overall expenditure for tobacco control for 2009/10 was approx \$56 million and does not include direct DHB investment (this includes Nicotine Replacement Therapy to the value of \$8.5 million)⁴.
- Public health expenditure on Alcohol and Other Drug (AOD) activities was approximately \$11 million. This figure does not include treatment services and is not broken down between alcohol and other drug sectors.

International Comparison

- In Australia the prevalence of adults suffering 'significant problems from their gambling' combined with those who 'experience moderate risks that may make them vulnerable to Problem Gambling' totalled 1.4% - 2.1% of all adults (Productivity Commission, 2009, p.139). In the 2007/08 year AU\$48million was spent on specialist gambling counselling and support services, community education and research (Productivity Commission, 2009, p.186). This compares to 1.7% of New Zealand adults experiencing either 'problem' or 'moderate risk gambling' (Ministry of Health, 2009), and a total spend of NZ\$17,289,000 for the 2007/08 Service Plan (for Public Health, Intervention and Research expenditure lines).
- While the information collection methods and Service Plan costings may not be identical, it suggests that the New Zealand Ministry of Health costings are higher on a per head of population prevalence basis.

We caution against drawing definitive conclusions from this information given a lack of published comparative studies. We would however recommend that the Ministry considers undertaking a benchmarking exercise to compare the quantum of spend per capita both internationally against other countries' overall Problem Gambling Health Research Service and against other addiction services nationally such as drug, alcohol and tobacco.

⁴ Ministry Correspondence, 21 October 2009.

Comparison of Costings – National and International continued ...

The table below identifies the total Service Plan cost on a per person basis for Problem Gambling Services using data from the 2006-07 New Zealand Health Survey (Ministry of Health, 2009) and the presentation data used to calculate Component B of the Levy. The New Zealand Health Survey (2006-07) identified there were 54,000 people with either problem or moderate risk gambling and the presentation data identified that 5491 presentations were recorded during the 12 month timeframe from 1 July 2008 – 30 June 2009 (MoH, 2009). Our analysis below divides the cost within each line of the 2007-10 and 2010-13 Service Plan by the total number of people identified based on Prevalence and Presentation. This gives an alternative perspective to compare the per person allocation contained within the 2007-10 and the 2010-13 Service Plans:

	Cost per person based on prevalence		Cost per person based on presentation	
	2007-2010	2010-2013	2007-2010	2010-2013
Public Health				
Primary prevention	\$68.20	\$92.34	\$670.80	\$908.15
Workforce development	\$2.22	\$2.22	\$21.86	\$21.86
Awareness and education program	\$26.20	\$27.41	\$257.72	\$269.56
National coordination services	\$4.39	\$4.72	\$43.17	\$46.45
Conference support	\$0.52	\$0.86	\$5.10	\$8.50
Audit	\$1.23	\$0.93	\$12.14	\$9.11
Other - Evaluation, Resources, Behaviour Change Indicators	\$7.93	\$0.00	\$77.95	\$0.00
TOTAL	\$110.70	\$128.48	\$1,088.73	\$1,263.62
Intervention				
Helpline services	\$27.95	\$28.34	\$274.90	\$278.70
Psychosocial interventions and support	\$142.80	\$123.89	\$1,404.43	\$1,218.51
Problem gambling information system	\$2.62	\$1.08	\$25.74	\$10.62
Workforce development	\$3.70	\$3.33	\$36.43	\$32.78
Audit	\$1.23	\$0.93	\$12.14	\$9.11
Other - Evaluation	\$1.85	\$0.00	\$18.21	\$0.00
TOTAL	\$180.15	\$157.57	\$1,771.85	\$1,549.72
Research				
TOTAL	\$35.80	\$37.94	\$352.12	\$373.14
MoH operating costs				
TOTAL	\$18.12	\$18.13	\$178.25	\$178.28
TOTAL SERVICE PLAN	\$344.78	\$342.11	\$3,390.95	\$3,364.76

Source: Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, Internal Memorandum, Department of Internal Affairs Correspondence 24 August 2009 and NZ Health Survey 2006/07, and PwC calculations.

Section 6

Weightings W1 and W2

Analysis

- The formula for calculating the Levy is specified in the Gambling Act 2003 (section 320) and is set out below.

$$\text{Levy rate} = \frac{((A \times W1) + (B \times W2)) \times C}{D}$$

where:

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

B = the number of customer presentations to Problem Gambling services that can be attributed to gambling in a sector, divided by the total number of customer presentations

C = the funding requirement for the period for which the Levy is payable, taking into account any under- or over- recovery in the previous Levy period

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

W1 (expenditure weight) and W2 (presentations weight), the sum of which is 1

- The current weightings are set at 10% for W1 (expenditure) and 90% for W2 (presentations).
- The Ministry has proposed that the respective weighting should be changed in the forthcoming Levy period to 30% for W1 and 70% for W2.

Analysis continued...

- The Ministry based its recommendation for the 30:70 split on the following reasons:
 - the overall costs within the strategy / Service Plan need to be borne by the entire sector;
 - presentations are not a proxy for the overall harm caused (costs relate to the range of complex issues such as diversion of funding from high deprivation communities, effects of criminal and anti-social behaviour, direct and indirect impact on family, and associated as well as direct consequences for individuals who gamble);
 - the Ministry noted that their recommendation for the 30:70 split was not based on looking at the financial impact this would have on each of the four sectors. Rather, the Ministry based this decision on research and evidence and on the two principles detailed above; and
 - in accordance with the Gambling Act 2003, the Ministry of Health is responsible for the prevention and treatment of Problem Gambling. The role includes funding and co-ordination of national and local Problem Gambling services, risk awareness and in-depth research into the burden and extent of harm.
- The Gambling Act (2003)'s definition of gambling harm is very broad; this provides the basis for a focus on the public health approach to addressing gambling harm, targeted at the wider population rather than the Problem Gambling subset of the population.
- The New Zealand Health Survey 2006-07 identified that over 80% of people aged 15 years and over have gambled in the past 12 months (MoH, 2009). The survey showed a prevalence of Problem Gambling in New Zealand for past-year gamblers (people aged 15 years and over) of 0.6 percent with an additional 2 percent of adults identified as moderate-risk gamblers. This means that a significant percentage of the 80% who have gambled in the past 12 months may benefit from a public health approach.
- The public health approach is targeted towards increasing recognition, and activities to address the harm caused by Problem Gambling. Its benefits are felt across the gambling sectors. Accordingly, we concur that an appropriate and fair method of allocating this public health cost across the sectors is by expenditure as a proxy for each sector's "benefit" share.
- The Ministry agrees that the Levy rates should continue to apply a heavier weighting to presentations over expenditure because presentation is a reasonable indicator of the proportion of responsibility each gambling sector should carry for the **individual harm** of Problem Gambling.

Analysis continued...

- The Ministry's proposed expenditure is segmented into four main budget lines – public health services, intervention services, research contracts and Ministry Operating Costs. It could be argued that the funding for public health services, research contracts and Ministry Operating Costs should be allocated across as broad a basis as possible and gambling sector expenditure is a reasonable basis to do so. Intervention services costs on the other hand are incurred due to Problem Gambling hence presentations is a more reasonable basis to allocate these costs across the four sectors.
- Applying this analysis to the expenditure figures, the table that follows shows a calculation of costs that each sector should bear differentially between intervention services and other costs. This could be used as a cross check on the impact of the weightings chosen to allocate the Levy burden across the sectors.

Analysis continued...

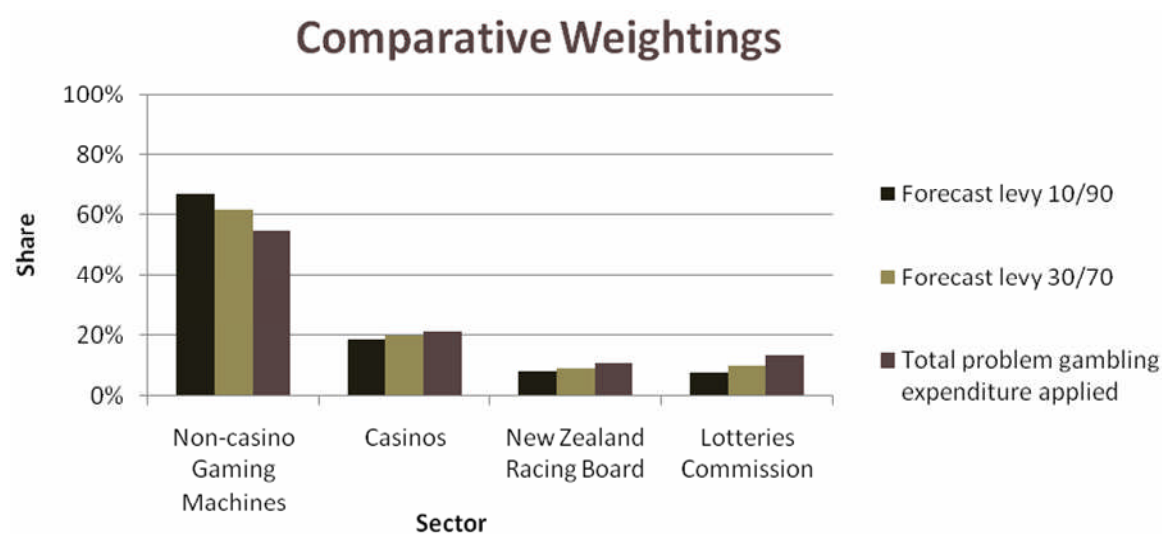
	Non-casino Gaming Machines	Casinos	New Zealand Racing Board	Lotteries Commission	Total
Presentations (2008/09)	3777	998	394	321	5491
Sector Share %	69%	18%	7%	6%	100%
Forecast gambling expenditure (2010/11) (\$M)	861	469	276	383	1,989
Sector Share %	43%	24%	14%	19%	100%
2010/11 Intervention expenditure applied based on presentations share (\$M)	5.788	1.530	0.603	0.492	8.413
2010/11 Other expenditure applied based on forecast gambling expenditure share (\$M)	4.423	2.407	1.416	1.968	10.214
Total problem gambling expenditure applied (\$M)	10.211	3.936	2.019	2.460	18.627
Sector Share %	55%	21%	11%	13%	100%
Forecast levy 10/90 (\$M)	36.44	10.18	4.30	3.97	54.90
Sector Share %	66%	19%	8%	7%	100%
Forecast levy 30/70 (\$M)	33.62	10.75	4.89	5.49	54.76
Sector Share %	61%	20%	9%	10%	100%

Source: Problem Gambling Levy calculations comparing 10/90, 20/80, 30/70 weightings provided by Department of Internal Affairs Correspondence 24 August 2009, NZLC presentation data for Levy calculations provided by Ministry Correspondence 15 October 2009, and PwC calculations.

- The total cost of the three main budget lines that could reasonably be allocated on an expenditure basis is \$10.2 million in 2010/11. The intervention services cost is \$8.4 million in the same year. Allocating costs on these basis across the four gambling sectors results in a sectoral split of 55% for the Non-Casino Gaming Machines sector, 21% for the casino sector, 11% for NZ Racing Board sector and 13% for the New Zealand Lotteries sector.

Analysis continued...

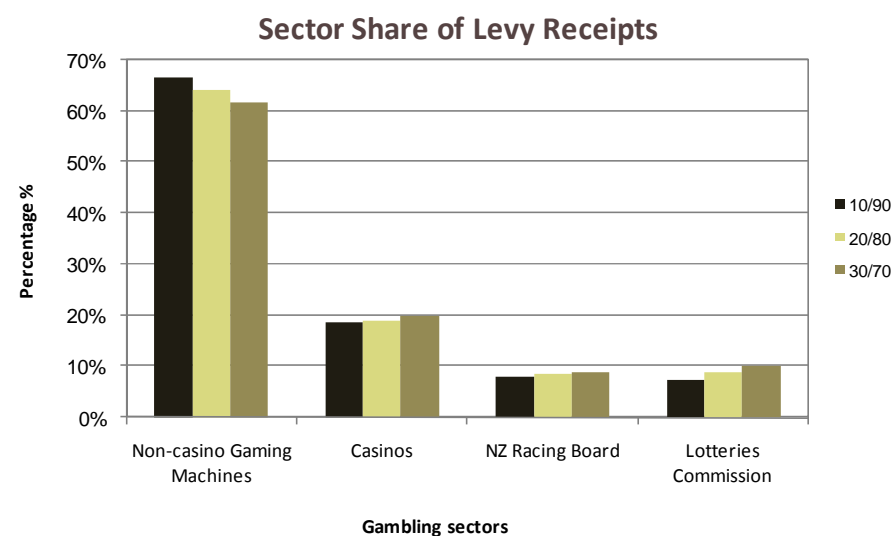
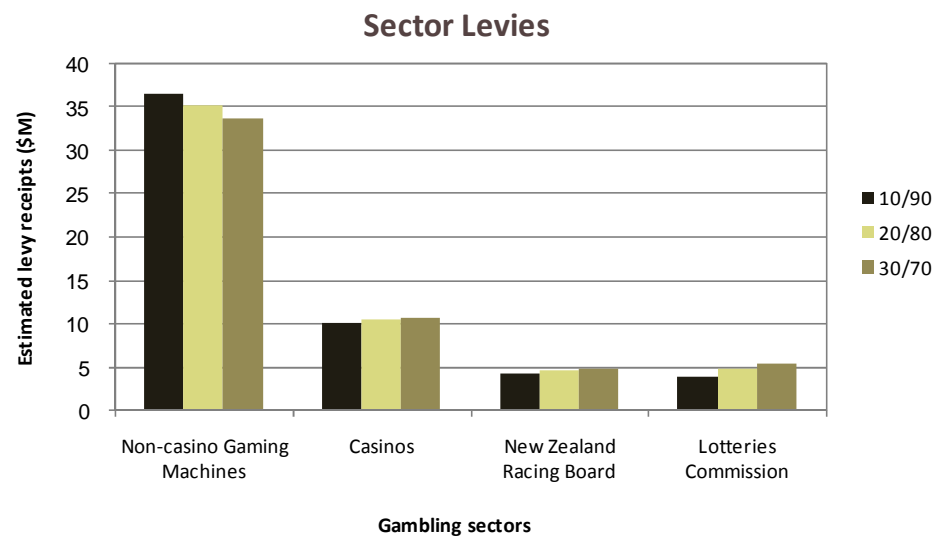
- Changing the Levy weighting from 10:90 to 30:70 would move the overall Levy allocation share of the sectors towards the assessed share on the previous page.
- It needs to be recognised however that the effect of this change, is to place emphasis on overall sector expenditure, resulting in a decreased share of costs being borne by the class 4 sector.



Source: Problem Gambling Levy calculations comparing 10/90, 20/80, 30/70 weightings provided by Department of Internal Affairs Correspondence 24 August 2009, NZLC presentation data for Levy calculations provided by Ministry Correspondence 15 October 2009, and PwC calculations.

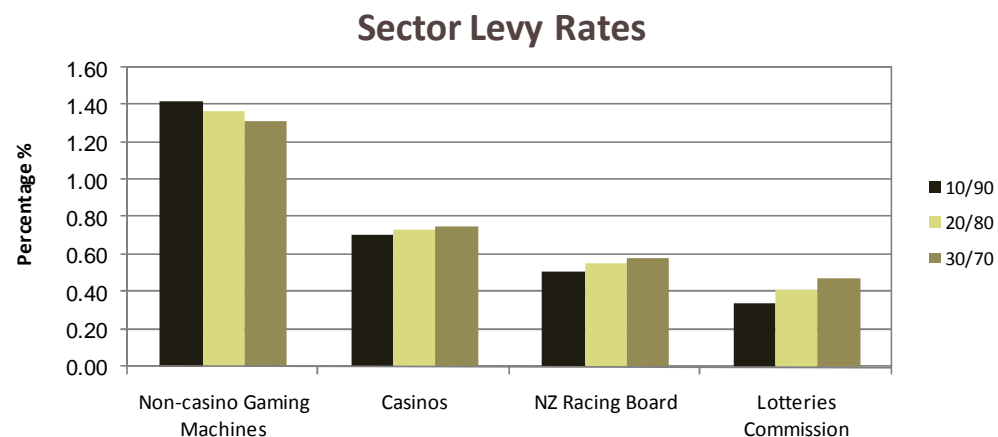
Effect of weightings

- The effect of the new proposed weightings is to **redistribute** the burden away from the Non-Casino Gaming Machines sector to the other gambling sectors with the NZ Lotteries commission carrying the greatest relative increase in burden. The NCGM sector estimated Levy receipts is reduced by \$2.82 million by the move to the new proposed weightings.
- This reduced burden is redistributed to the other sectors with the NZ Lotteries Commission Levy receipts increasing by \$1.52 million and the Casinos and NZ Racing Board sector increasing by \$0.57 million and \$0.59 million respectively.
- The NCGM sector share of total levies decreases from 66% to 61% and the NCGM sector Levy rate decreases from 1.42 cents in the dollar of expenditure to 1.31 cents in the dollar. It is worth noting that the Non-Casino Gaming Machines Levy is still significantly greater than the NZ Lotteries commission (1.31 cents in the dollar compared to 0.47 cents in the dollar). However the NZ Lotteries Commission’s Levy rate has increased by 38% (from 0.34 cents in the dollar to 0.47 cents in the dollar) comparing the proposed new 30:70 weighting to the current 10:90 weighting.
- While we can understand the Ministry’s comment that the overall costs of the Problem Gambling Strategy need to be borne by the entire sector, we suggest that the Commission may wish to consider the impact of this change on Class 4, recognising that it causes the most harm (and therefore potentially causes the greatest costs for intervention services) on an individual player level.



Source: Problem Gambling Levy calculations comparing 10/90, 20/80, 30/70 weightings provided by Department of Internal Affairs Correspondence 24 August 2009

Effect of weightings continued...



	Weightings	Non-casino Gaming Machines	Casinos	NZ Racing Board	Lotteries Commission	Total
Estimated levy receipts (\$m)	30/70	33.62	10.75	4.89	5.49	54.76
	20/80	35.16	10.47	4.64	4.79	55.06
	10/90	36.44	10.18	4.30	3.97	54.90
Change from current 10/90 (\$m)	30/70	-2.82	0.57	0.59	1.52	-0.14
	20/80	-1.28	0.29	0.34	0.82	0.16
Share of levy receipts	30/70	61%	20%	9%	10%	100%
	20/80	64%	19%	8%	9%	100%
	10/90	66%	19%	8%	7%	100%
Sector levy rates (%)	30/70	1.31	0.75	0.58	0.47	
	20/80	1.37	0.73	0.55	0.41	
	10/90	1.42	0.71	0.51	0.34	

Source: Problem Gambling Levy calculations comparing 10/90, 20/80, 30/70 weightings provided by Department of Internal Affairs Correspondence 24 August 2009

Section 7

Additional Issues

Other points to consider

1. Forecasting Problem Gambling expenditure and gambling sectoral expenditure growth

Gambling Sector Expenditure

The Act provides that any under- or over-recovery of the Levy in the previous period (2007-2010) must be taken into account when calculating the funding requirement for the period (2010-2013).

There is a forecast under-recovery of \$2,322,200⁵ for the 2007-2010 period which must be added to the funding requirement for the 2010-2013 period. The following reasons were provided for the under-recovery:

- forecast expenditure levels for Non-Casino Gaming Machines, casino and racing were not achieved; and
- a larger than expected number of jackpots resulted in better than forecast expenditure for the New Zealand Lotteries Commission.

We consulted with the Department of Internal Affairs around their forecasting processes, and make the following observations.

Firstly, the consequence of any errors in forecast expenditure for the four sectors is in the share of expenditure borne by the four sectors. There is no fiscal implication for the Crown, rather the allocation to the four gambling sectors will change, and as a result some sectors may end up paying less than originally forecasted. We do however recognise that an equitable “wash-up” process is now planned in the proposed legislation to address these under or over-recoveries in the next period. We recommend the Commission consider whether a similar “wash-up” approach to Presentation data actuals versus forecast may be appropriate.

Secondly, forecasting is an inexact science and forecast “errors” are to be expected. The key element of what constitutes a good forecast is that any “errors” are unbiased and can be explained with reference to how key input variables into the forecast differ from what was expected at the time the forecast was made.

Finally, it would also be helpful to have a systematic forecast process and methodology in place. We would recommend the Gambling Commission encourage the Department to review this area and consider a peer assessment of the forecast process and outcome.

Problem Gambling Services Expenditure

The Ministry of Health has forecast an under-spend of \$1,604,300⁵ for the 2007-10 period. This figure has been subtracted from the funding requirement for the 2010-13 Levy period. The Ministry forecast under-spend represents 2.87% of the total expenditure (\$1,604,300 / \$55,854,000).

⁵ Ministry of Health (September 2009), Preventing and Minimising Gambling Harm 2010-2016, p65.

Other points to consider continued...

We have had discussions with the Ministry regarding this under-spend and their internal memorandum indicates that the reasons include the internal restructure of key directorates within the Ministry of Health, and subsequent realignment of key staff, and the limited NPGT capacity during the transition from Public Health Intelligence contributed to the underspend.

We would suggest that it is important that the Ministry accurately forecasts and budgets for the level of funding required to fulfil its obligations for the Levy collection under the Gambling Act (2003).

2. DHB devolution

- The concept of devolution was mentioned in the 2010-13 Service Plan as part of the Ministry's consultation process. The Ministry has indicated it does not plan to undertake further activity on this in the immediate future, but will review this as part of the wider health sector reforms.

3. Effect of recession on gambling

- The Ministry will continue to monitor the effect of the economic recession via its service providers and through data collected on a monthly, quarterly and annual basis via its CLIC databases.

4. Internet gambling

- The current presentation data shows over 6.6%⁶ of people citing 'other' as a reason for seeking help. This may be due to internet or other forms of gambling becoming more prevalent.
- The Ministry plans to actively monitor the statistics it receives from the CLIC database on a monthly basis and based on this will report and respond to this issue within the next Service Plan. We understand DIA has similar plans to review this trend.

5. Data recording

- Ministry has proactively responded to the issues raised as part of the GC report (2006), and has developed a 'Data Improvement Programme Plan: 2007'.
- The Prevalence and Presentation information is now collected and detailed at an ethnicity as well as demographic level.

6. Split of NCGM into NCGM in Pubs and NCGM in Clubs

- The Ministry indicates that the 2013-2016 Service Plan will include this split, we support this development.

⁶ Ministry of Health (July 2009), Report to Commissioners. Preventing and Minimising Gambling Harm 2010-2016: Document for Consultation, p26.

Appendix 1

Scope of Work

Services (clause 1.1):

During the currency of this agreement the Contractor agrees to provide the following services to the Gambling Commission:

1. PricewaterhouseCoopers shall provide services to assist with the Commission's:
 - (a) review of the Ministry of Health's integrated problem gambling strategy and costings; and
 - (b) report to the responsible Ministers making recommendations on the total amount of the problem gambling levy and levy rate payable by each sector.
2. PricewaterhouseCoopers shall undertake analysis of the levy calculation for the period 2010-2013 on the basis set out in its proposal of 9 June 2009, except as is varied by the provisions of this Agreement. PricewaterhouseCoopers's key objectives shall be to:
 - (a) Undertake the preparation of a report on certain aspects of the proposed problem gambling levy 2010-2013, in order to inform the preparation by the Gambling Commission of a report to Ministers on the levy. A first draft of the Contractor's report is to be available by 29 October 2009, and a final report by 24 November 2009.
 - (b) Attend a meeting of the Commission on 16 October 2009 to brief the Gambling Commission orally on preliminary findings and outline the proposed approach to the draft report.
 - (c) Assist the Gambling Commission with the preparations for, attendance at and participation in consultation meeting on 12 and 13 November 2009.
 - (d) Assist the Gambling Commission in the finalisation of its report to Ministers, as required.
2. The services shall be provided on the terms set out herein and PricewaterhouseCoopers's Terms and Conditions for Consulting Services supplied with its proposal, shall not apply.

Appendix 2

Sources of Information & References

References to documents provided by the Ministry

It should be understood that this should not be taken as an assertion that we have reviewed each and every page of these documents or that we have identified all matters included in these documents that may be relevant. Our review of these documents has only been what we consider appropriate in the context of the scope of our work as set out in our engagement letter.

Internal Memorandum provided by the Ministry:

- Internal Memorandum, Ministry of Health, Problem Gambling Funding 2007-10 Forecast against Funding Plan
- Correspondence to Blair Cairncross from Population Health Directorate, Ministry of Health (18/03/09), regarding 'Presentations as an Indicator of Harm'
- Correspondence to Andrew Gaukrodger from Population Health Directorate, Ministry of Health (10/08/09) in response to an email from the Ministry of Health (27 July 2009)
- Internal Memorandum, Ministry of Health (08/04/09), titled 'Research and Evaluation Section – Service Plan 2010-2013'
- Internal Memorandum, Ministry of Health (19/04/09), titled 'Problem Gambling Services – Helpline Services for Problem Gambling'
- Internal Memorandum, Ministry of Health (19/04/09), titled 'Draft Problem Gambling Service Plan 2010-2013 Psychosocial Intervention and Support'
- Internal Memorandum, Ministry of Health (21/04/09), titled 'Service Plan 2010-2013 – Departmental Expenditure'

References to documents provided by the Ministry continued...

- Internal Memorandum, Ministry of Health (21/04/09), titled 'Problem Gambling Services – Primary Prevention Services for Problem Gambling'
- Internal Memorandum, Ministry of Health (22/04/09), titled 'Draft Problem Gambling Service Plan 2010-2013: Data Collection and Reporting' Services
- Internal Memorandum, Ministry of Health (22/04/09), titled 'Three Year Service Plan 2010-13 – Problem Gambling Awareness and Education Programme (Social Marketing)
- Internal Memorandum, Ministry of Health (20/04/09), titled 'Three Year Service Plan 2010-13 – Workforce Development Service Lines and Funding Estimates

Other references referred to during our work:

- Francis Group (9 April, 2009). Informing the 2009 Problem Gambling Needs Assessment: Report for the Ministry of Health
- Hewlett Packard Consulting (2006). Review of Problem Gambling Service Plan Costings and Formula for Levy Calculation
- Ministry of Public Safety and Solicitor General (2003). British Columbia Problem Gambling Prevalence Study
- Ministry of Health (July, 2008). Intervention Service Practice Requirements Handbook (version 1.1). Wellington: Ministry of Health
- Ministry of Health (2008). Problem Gambling Intervention Services in New Zealand: Service-user Statistics. Wellington: Ministry of Health
- Ministry of Health (2009). A focus on Problem Gambling: Results of the 2006/07 New Zealand Health Survey. Wellington: Ministry of Health
- Ministry of Health (July, 2009). Report to Commissioners. Preventing and Minimising Gambling Harm 2010-2016: Document for Consultation
Wellington: Ministry of Health
- Ministry of Health (Sept, 2009). Preventing and Minimising Gambling Harm 2010-2016: Report to Commissioners Post Consultation
Wellington: Ministry of Health
- Productivity Commission (2009). Gambling, Draft Report, Canberra, October

Appendix 3

Glossary

Glossary of Abbreviations

Abbreviation	Definition
<i>ALAC</i>	Alcohol Advisory Council of New Zealand
<i>AOD</i>	Alcohol and Other Drug
<i>CLIC</i>	Client Information Collection database
<i>DIA</i>	The Department of Internal Affairs
<i>FFT</i>	Future Funding Track
<i>FTE</i>	Full Time Equivalent
<i>GBAS</i>	Gaming and Betting Activities Survey
<i>GC, the Commission</i>	Gambling Commission
<i>HP</i>	Hewlett Packard
<i>HRC</i>	Health Research Council
<i>MoH, the Ministry</i>	Ministry of Health
<i>NCGM</i>	Non-Casino Gaming Machines
<i>NZ</i>	New Zealand
<i>NGO</i>	Non Government Organisation
<i>NPGT</i>	National Problem Gambling Team
<i>PwC</i>	PricewaterhouseCoopers

Glossary of Terms

Term

Presentation

Definition

The problem gambling levy presentation data comprises the following elements:

- All clients who recorded a primary gambling mode;
- All agencies (inpatient and outpatient);
- All client types (Gambler, Affected Family Members, and Affected Other);
- Total clients (new and existing); and
- Full intervention, facilitation, and follow-up services accessed by clients, including Gambling Helpline full and facilitation services (brief intervention clients are excluded).

Please note that if a client records more than one primary gambling mode, it is split equally between the modes recorded.

Source: Ministry of Health website www.moh.govt.nz/moh.nsf/indexmh/problemgambling-userdata-levydata

Full Intervention

Full intervention services are community-based assessment and intervention services for people with gambling-related problems. They aim to minimise problem gambling-related harm to the service user and their family/whanau and significant others by providing a range of psychosocial interventions.

Facilitation

Facilitation services involve minimising gambling-related harm to individuals and their families/whanau and significant others by facilitating people's access to health and social services.

Many people presenting at gambling services have more problems in their life than just gambling; sometimes they are connected to the gambling and sometimes they are separate from the gambling.

Facilitation services recognise that merely referring someone to another service is not usually effective. Active effort and support are often required to help clients to receive the support they need for other problems in their life.

Brief Intervention

Brief intervention services are for people early in the course of developing gambling problems. The services aim to encourage individuals experiencing harm from gambling to recognise and acknowledge the consequences of their gambling and to change their gambling behaviour or seek specialist support where necessary.

The focus of this service is people who are at risk of gambling harm and who may be experiencing some of the effects of such harm, but who do not yet associate their gambling with the problems in their lives.

Brief intervention services will typically delivered in settings frequented by people likely to be at risk of gambling harm.

Source: Ministry of Health (July, 2008). Invention Service Practice Requirements Handbook (version 1.1). Wellington: Ministry of Health.

Appendix 3

Disclaimer

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