REVIEW OF MINISTRY OF HEALTH STRATEGY TO PREVENT AND MINIMISE GAMBLING HARM, SERVICE PLAN AND FORMULA FOR LEVY CALCULATION

SYNERGIA

Report for the Gambling Commission

Dr David Rees
Dr Adrian Field
Angela Boswell

3rd December 2015

Synergia Ltd
P.O. Box 147 168
Ponsonby
Auckland 1144

www.synergia.co.nz

Contents

1. EXECUTIVE SUMMARY AND RECOMMENDATIONS 6

1.1 Strategic context 6
1.2 Trends in gambling and related harm 6
1.3 Gambling expenditure 6
1.4 Gambling Presentations and Gambling Harm 7
1.5 Key directions in Strategy, Service Plan and investment 7
1.6 Review of levy formula 8
1.7 Recommendations 10

2. INTRODUCTION AND METHOD 12

2.1 Background 12
2.2 Focus of this report 12
2.3 Scope and context 13
2.4 Method 13

3. OVERVIEW OF KEY DIRECTIONS IN MINISTRY SERVICE PLAN 14

3.1 Strategic Plan 2016/17 to 2024/25 14
3.2 Services Expenditure: Overview 14
3.3 Public Health Expenditure 15
3.4 Intervention Services Expenditure 16
3.5 Research Contracts Expenditure 16
3.6 Expenditure Overview 17

4. TRENDS IN GAMBLING AND RELATED HARM.. 18

4.1 Trends in gambling expenditure 18
4.2 Gambling and gambling-related harm prevalence 19
4.3 Gambling risks 21
4.4 Scale of effect 22
4.5 Gambling presentations over time 22
4.6 New client presentations over time 24
4.7 Accessing the Gambling Helpline 27
4.8 Patterns in problem gambling 28

5. REVIEWING PERFORMANCE AND FOCUS 29

5.1 Value for Money 29

5.2 Outcomes Framework 29
5.3 Alignment of Service Plan with leading strategic documents 30

6. REVIEW OF OVERALL FUNDING REQUIREMENTS AND GAMBLING LEVY 31

6.1 Review of Overall Funding 31
6.2 Review of Weighting 32
6.3 Impact of weighting changes 34
6.4 Estimated levy under-recovery or over-recovery, by sector (R) 35

7. CONCLUSIONS 36

8. REFERENCES 37

List of Figures

Figure 1: Service expenditure 2012/13 to 2018/19 15
Figure 2: Public Health expenditure 2012/13 to 2018/19 15
Figure 3: Intervention services expenditure 2012/13 to 2018/19 16
Figure 4: Research contracts expenditure 2012/13 to 2015/16 17
Figure 5: Gambling expenditure 1996 to 2014 18
Figure 6: Share of gambling expenditure 2010 to 2014 19
Figure 7: Past year gambling 1985 to 2012 19
Figure 8: Gambling prevalence by level of risk of gambling problems 2006 to 2012 20
Figure 9: Risk of problem gambling by monthly participation in specific gambling activities 2012 21
Figure 10: Participation in specific gambling activities by risk of problem gambling 2012 21
Figure 11: Gambling modes related to household harm in the past 12 months 2010 22
Figure 12: Share of client presentations (excluding brief interventions) by gambling sector 2010/11 to 2014/15 24
Figure 13: Share of new presentations (excluding brief interventions) by gambling sector 2012/13 to 2014/15 26
Figure 14: Gambling helpline clients 1999 to 2014 27
Figure 15: Presentations to Gambling Services (including brief interventions) Māori and Pacific 2012/13 to 2014/15 32
Figure 16: Change in sector gambling levies resulting from shift to 20:80 and 30:70 weightings ($m) 35

List of Tables

Table 1: Experience of problems because of someone else's gambling 22
Table 2: Total client presentations (including brief interventions) by gambling sector 2012/13 to 2014/15 23
Table 3: Client presentations (excluding brief interventions) by gambling sector 2012/13 to 2014/15 23
Table 4: New total client presentations (including brief interventions) by gambling sector 2012/13 to 2014/15 25
Table 5: New client presentations (excluding brief interventions) by gambling sector 2010/11 to 2014/15 25
Table 6: Prevalence of problem and moderate-risk gambling by ethnicity 2012 28
Table 7: Expected contribution by sector under different weighting scenarios 34
Table 8: Share of contribution by sector under different weighting scenarios 35

ABBREVIATIONS

EGM	Electronic Gaming Machines
HPA	Health Promotion Agency
NCGMs	Non-Casino Gaming Machines
NGS	National Gambling Study
NZLC	New Zealand Lotteries Commission
NZRB	New Zealand Racing Board

1. Executive Summary and Recommendations

1.1 Strategic context

Over 2015, the Ministry of Health has consulted on its proposals for a nine-year Strategy to Prevent and Minimise Gambling Harm (2016/17 to 2024/25) and a three-year Service Plan (2016/17 to 2018/19). This report, from Synergia Ltd, provides advice to the Gambling Commission in their consideration of both the Strategy and the Service Plan.

The Strategy sets the overall direction of activity to prevent and minimise gambling harm, and to reduce related health inequities, based on a public health approach. The Service Plan details the services that will be funded and the apportionment of funding to services via the Gambling Levy.

The intention of the Ministry is that each three-yearly plan will consist of a rolling nine-year strategic plan and a three-year service plan.

1.2 Trends in gambling and related harm

The decline in gambling participation noted in 2012, has continued and, pleasing from the perspective of gambling harm, participation in riskier forms of gambling has fallen markedly. In addition, the number of people experiencing gambling harm has remained relatively constant since the late 1990s, with around 84,000 adults experiencing significant gambling harm, or experiencing some gambling harm and being at risk for the development of more serious problems – despite overall population growth over this period from 3.8 million in 1999 to 4.5 million in 2014. New client presentations to gambling support services, excluding brief interventions, have increased by 30 percent since 2010/11, totalling 4,121 in 2014/15. Including brief interventions the numbers have risen from 9,111 to 9,579 during the same period. This is encouraging in the sense that more people are seeking help, but also indicates that presentations do not reflect the true extent of gambling harm, given the gap between presentations and estimates of gambling harm.

These do point to the strategy having positive impact. However, the clear patterns of inequality in gambling and gambling harm both reinforce the continuing need for a strategy, and for a concerted effort to counter both the causal drivers and the experiences of gambling harm.

1.3 Gambling expenditure

Gambling expenditure, following a period of rapid growth from 1987 to 2004, has stabilised at around $2 billion per year. In inflation-adjusted terms however, the $2.091 billion spent in 2013/14 is around half a billion dollars less that the $2.039 billion spent in 2003/04, although it does represent a small increase from 2009/10 when expenditure was $1.928 billion. Expenditure on Non-Casino Gaming Machines (NCGM) declined from 44% to 39%, Casino expenditure has remained static at 24% while New Zealand Racing Board (NZRB) products rose from 14% to 15%. Expenditure on New Zealand Lotteries Commission (NZLC) products increased from 18% to 22%

and given the scale of prizes being offered through Lotteries (particularly Lotto) and the shift to twice-weekly Powerball draws (where there is evidently seen to be a market that could be better tapped), we believe this trend is likely to continue.

1.4 Gambling Presentations and Gambling Harm

Although NCGM remains the dominant attribution for gambling support presentations, they have remained relatively static, falling slightly from 3,721 in 2012/13 to 3,674 in 2014/15[1]. While the total numbers are still small, a slight decrease is evident over this period in NZLC products, falling 4%, from 652 to 624. NZRB products increased by 28%, from 568 to 729, and Casino gaming tables rose by 15% from 574 to 624.

Māori, Pacific, Asian, and high deprivation populations continue to be at highest risk of gambling problems, and Māori and Pacific people are also at higher risk of broader familial or community harm from gambling. Given this situation, it is of concern that while the overall numbers of NCGM clearly shows a decline they are becoming increasingly concentrated in highly deprived areas. The percent of machines located in highly deprived areas, decile 8 and above was 48 percent in 2009, 52.4 percent in 2011 and 54.2 percent in 2014. There is also a higher number of TAB and Lotto outlets in higher deprivation areas. Given the research indicating that there is a correlation between levels of deprivation and the risk of problem gambling severity, this concentration of gambling outlets in highly deprived areas is of concern.

1.5 Key directions in Strategy, Service Plan and investment

We generally support the overall directions of both the Strategic Plan and the Service Plan, which are consistent with the public health approach set out in the Gambling Act 2003. They align with the overall strategic direction of the Gambling Strategy, and the approaches are supported by an evidence base.

The work programme itself remains largely unchanged, as do the Ministry's operating costs. The Service Plan signals again the need to look for ongoing service innovations and to contain costs. A 2011 Review noted that in general, gambling services funded through the Ministry offered good value for money; we see no reason to indicate from the latest plan that this has changed. The fact that costs have remained largely unchanged while service levels have continued indicates some success in this area. Whilst we endorse the efforts made to deliver service improvements within the same funding envelope in the coming period, in real terms, this represents a drop in funding of 11% over the last 6 years. The extent to which the sector can continue to absorb these cuts in real terms, while maintaining the same service levels, may be be tested beyond the current funding cycle.

The outcomes framework, proposed in the previous plan, has now been completed and should help in refining both the services and their costs.

[1] These numbers exclude brief interventions.

Furthermore, concerns about the high prevalence of Māori and Pacific people are responded to with a specific proposal to fund a national research project to increase understanding of why Māori and Pacific peoples experience enduring inequities related to gambling harm, and to provide evidence on effective ways to reduce these inequities.

While we support the overall direction, we also note that there are a range of major contextual developments that may have an impact within the next three years, including the Offshore Racing and Sports Betting Working Group's recommendations to the Minister for Racing, Hon. Nathan Guy. This report, which has just been released, provides up-to-date estimates of the amount of gambling undertaken by New Zealander's using offshore gambling products and the amount that offshore gambling product providers bet on New Zealand sporting events.

The casino developments are of note as they may add up to 230 new gaming machines, up to 40 gaming tables and up to 240 automated table game terminals, into a location with high numbers of Maori and Pacific people, who are at greater risk of gambling harm. Potential impacts include the harm from potentially increased levels of gambling or transferring gambling from NCGMs. The Ministry should be clearer on how it is going to monitor and evaluate these impacts.

Understanding the causal drivers underpinning gambling harm should be a top research priority. Much of the research, referred to in the Plan and in the Needs Analysis conducted by Allen & Clarke, highlights the complex mix of interdependent variables that underpin gambling harm. Whilst there are longitudinal studies that will provide clarity, there exists a great deal of existing data and knowledge, which could be utilised to explore the web of causal factors that drive gambling and gambling harm. The Ministry should commission studies that are able to shed greater light on key drivers of gambling harm if they are to give further momentum to reducing negative impacts of gambling, both in the general population level and in key at-risk groups.

1.6 Review of levy formula

The Gambling Act sets out a very specific formula for calculating the levy which was modified as a result of the Gambling Amendment Act 2015.

Since the last review, the Gambling Amendment Act 2015, which came into effect on 3 March 2015, changes the way in which the Ministry handles over and under recovery. Prior to the Act, the consequences of any over, or under recovery by any sector was shared by all. The Gambling Amendment Act requires the calculation of each sector's levy rate to take into account any under-recovery or over-recovery for that sector in the previous levy periods, dating back to 2004.

The key area for discretion within the formula is on the weighting between gambling expenditure, and gambling presentations; the two together provide proxies for the continuum between prevention services and treatment services.

Previously, a 10:90 weighting has applied, which emphasises presentations over expenditure. The effect of this is to require a larger contribution from the NCGM sector. The Ministry has recommended a 20:80 weighting, which would place a slightly

greater emphasis on expenditure, and in so doing, require a greater contribution from the other sectors – NZLC, casinos and NZRB. The Ministry also states that any weighting within the range of 5:95 to 30:70 would be appropriate. We do not accept that a 5:95 or 10:90 are appropriate weightings. Our reasons for this are:

- A shift to a 5:95 weighting puts further emphasis on the acute end of gambling harm and runs counter to the Public Health approach required by the legislation.
- There has been a steady decline in both expenditure and presentations attributed to NCGMs and the weighting needs to reflect this shift.
- The NCGM sector accounts for a higher burden of gambling related harm, and a 20:80 weighting still gives recognition to this.
- A weighting formula that increases the weight on expenditure is consistent with the public health approach of the Gambling Strategy and Service Plan. A 20:80 weighting is an appropriate step in the direction of looking beyond the acute end of the harm continuum and takes into account the wider determinants of harm.
- Expenditure on gambling by those in highly deprived populations adds financial pressure to families already under stress. An increased weighting on expenditure would reflect this.
- A substantial part of the gambling levy investment (around 37%) is in public health strategies that build resilience in the broader population to problem gambling, support safe gambling environments and supportive communities; a larger expenditure component would better reflect this aspect of how funds generated through levy are distributed.
- Presentations do not of themselves fully capture the harms that are due to gambling; a greater weighting towards expenditure would reflect this.

We note that earlier Service Plans recommended a 30:70 weighting. The most recent available data from the past three years suggests a more complex interaction of harm and expenditure across the four sectors:

- Declining share of expenditure and stable attributed presentations in the NCGM sector, although risk of gambling-problems remains dominated by this sector.
- Increase in share of expenditure and a small decrease in attributed presentations by the Lotteries sector.
- Stable share of expenditure but increased presentations by the Casinos sector.
- Relatively stable share of expenditure and increased presentations by the Racing Board's sector.

In addition, an almost total emphasis on presentations ignores the broader social determinants and is arguably inconsistent with the principles of the Gambling Act, which focuses across the continuum of gambling issues. A small shift away from a 10:90 weighting towards 20:80 or 30:70 reflects the importance of focusing on the broader determinants and impacts of problem gambling.

We note the continuing rise of online gambling, especially with NZRB and NZLC products. This is likely to continue as technology makes it easier and faster. The working group established by Hon. Nathan Guy has recently delivered its report and will need to be considered in finalising the Service Plan.

1.7 Recommendations

Our recommendations to the Gambling Commission on the Ministry's Service Plan are as follows:

1.7.1 Levy and weightings

- The $55 million proposed for the implementation of the Service Plan is approximately the same as the amount spent for the previous Service plan and reflects a good balance between a need for fiscal constraint and ongoing delivery of value for money. We recommend that this amount is accepted.
- The total quantum of funding recognises that while some gains have been made, further work needs to be done across the spectrum of harm minimisation and problem gambling intervention, particularly with high needs populations (including Māori, Pacific and high deprivation communities). We recommend that the focus on high needs populations continues.
- A 20:80 or 30:70 weighting should be endorsed as providing valid and robust weightings that take into account the contribution of all four sectors to the Gambling Levy.
- We do not agree with the inclusion of a 05:95 or a 10:90 weighting as being within the acceptable range. It runs counter to a Public Health approach and ignores that there is still much that is unknown about the causal pathways and impact of gambling expenditure, especially amongst the more highly deprived members of our society.

1.7.2 Recommendations on other issues in the 2015/16 to 2018/19 Service Plan

- Additional gambling products at the SkyCity Casino could have a substantial impact on the gambling environment in Auckland. Monitoring and evaluating these impacts should be an explicit part of the Service Plan's research agenda and funding.
- The service plan and the research it refers to comment on the impact of gambling on children, yet there is little in the Plan that says how this impact is going to be assessed or minimised. The importance of focusing on the needs of children was emphasised in the Vulnerable Children's Act 2014 and needs to be given a high profile in the plan.
- It is essential that the focus on meeting the needs of high needs populations (such as Māori, Pacific and Asian[2] populations) is maintained, including developing tailored prevention initiatives, and building further on the growing responsiveness of treatment services.
- The contribution of other gambling sectors (including overseas-based internet gambling, and New Zealand based options – including free products) to both expenditure and

[2] We would recommend that the Ministry be more specific within the category of 'Asian', which is too large a group to be meaningful. In terms of health statistics it is important to separate out South Asian, that is people who come from the Indian sub-continent, who have a significantly different health profile than people from other parts of Asia. Using the term 'Asian' can mask important differences that need to be addressed in the strategy.

harm should continue to be monitored, and assessed for the desirability and feasibility of their incorporation into gambling levy calculations.

2. INTRODUCTION AND METHOD

2.1 Background

In 2015, the Ministry consulted on and presented its proposed nine-year Strategic Plan (2016/17 to 2024/25), and the three-year Service Plan 2016/17 to 2018/19).[3] The Strategic Plan sets out the overarching approach to preventing and minimising gambling harm, high-level objectives, and priorities for action; whilst the Service Plan sets out the service priorities to prevent and minimise gambling harm in the three-year period.

The intention of the Ministry is that each three-yearly plan will consist of a rolling nine-year strategic plan and a three-year service plan. This is a departure from earlier approaches, in which the strategy was reviewed every six years, and the service plan reviewed every three years. The new approach brings the two together every three years.

Within the service plan is an assessment of the investment required to fulfil the service plan, funded through a problem gambling levy on four key sectors within the gambling industry:

- Non Casino Gambling Machines
- Casinos
- New Zealand Racing Board (TAB, including horse racing and sports betting)
- New Zealand Lotteries Commission

The plan includes an assessment of the total quantum required through the gambling levy, and recommendations for how the levy should be apportioned through its levy rates.

The Gambling Commission is tasked with consulting on the Strategy and rates, and making recommendations on the total annual amount of the problem gambling levy, and the levy rate for each gambling sector. In doing so, the review offers an opportunity to explore the underlying assumptions of the service plan and the broad approach proposed.

2.2 Focus of this report

This report, prepared by Synergia Ltd, provides an independent analysis of the 2016/17 to 2024/25 Strategic Plan, and the 2016/17 to 2018/19 Service Plan, to inform the Gambling Commission's review and recommendations to Ministers. The report explores:

- The overall directions of the Strategy and Service Plan
- Trends in gambling and gambling-related harm
- A review of the focus of services and their performance to date
- A review of the overall Gambling Levy, the allocation of the levy to service areas, and the weightings applied

[3] Ministry of Health. 2015. *Strategy to Prevent and Minimise Gambling Harm 2016/17 to 2018/19: Proposals document*. Wellington: Ministry of Health.

- Conclusions and recommendations to the Gambling Commission.

2.3 Scope and context

Under section 318 of the Gambling Act 2003 (the "Act"), the Ministry is responsible for developing and implementing a problem gambling strategy, including undertaking a needs assessment, developing costings and funding requirements, and estimating, using the formula in section 320 of the Act, the levy rates for each gambling sector liable to pay the levy.

The Gambling Commission, in turn, reviews the service plan and the levy rates set out in the plan. This report supports the Gambling Commission's review.

There are two key contextual developments that are outside the scope of this review, as their implications are not yet fully understood.

- The findings and recommendations of the Offshore Racing and Sports Betting Working Group, commissioned by Hon. Nathan Guy which was released a few days prior to the Commission's public consultation meeting
- The impacts of the forthcoming plan to extend the number of Gaming Machines at Auckland Casino.

2.4 Method

The following approach was undertaken for the review:

- Analysis of gambling statistics from a variety of sources (including presentation data, expenditure data, NZ Health Survey, National Gambling Study and NZ Health and Lifestyles Survey)
- Review of the trends in expenditure across the Service Plan, dating back to 2010/11
- Review of Ministry of Health documentation related to the Strategy and the 2016/17 to 2018/19 Service Plan
- Review of submissions made to the Ministry of Health's Strategy and 2016/17 to 2018/19 Service Plan
- Meeting with Ministry of Health staff to discuss the Service Plan
- Meeting with the Gambling Commission on emerging findings and potential directions
- Attendance, presentation and feedback at the Gambling Commission's consultation meeting
- Review and discussion with Gambling Commission.

The review occurred over October-November 2015.

3. Overview of key directions in Ministry Service Plan

3.1 Strategic Plan 2016/17 to 2024/25

The overall goal of the strategic plan remains unchanged and provides the focus for the proposed three-year plan:

> *'Government, the gambling sector, communities and families/whānau working together to prevent and minimise gambling harm, and to reduce related health inequities.'*

Underpinning the Strategy is a public health approach with the following principles:

- to achieve health equity
- to maintain a comprehensive range of public health services based on the Ottawa Charter for Health Promotion and New Zealand models of health
- to fund services that prevent and minimise gambling harm for priority populations
- to ensure culturally accessible and responsive services
- to ensure links between public health and intervention services
- to maintain a focus on healthy futures for Māori
- to maintain a focus on improving health outcomes for Pacific peoples
- to ensure services are evidence-based, effective and sustainable
- to develop the workforce
- to apply an intersectoral approach
- to strengthen communities.

Eleven objectives guide the strategy, which are similar to previous years. An important element of the latest strategy is the incorporation of a detailed outcomes framework, and which will support the sector in a shift towards a stronger outcomes focus.

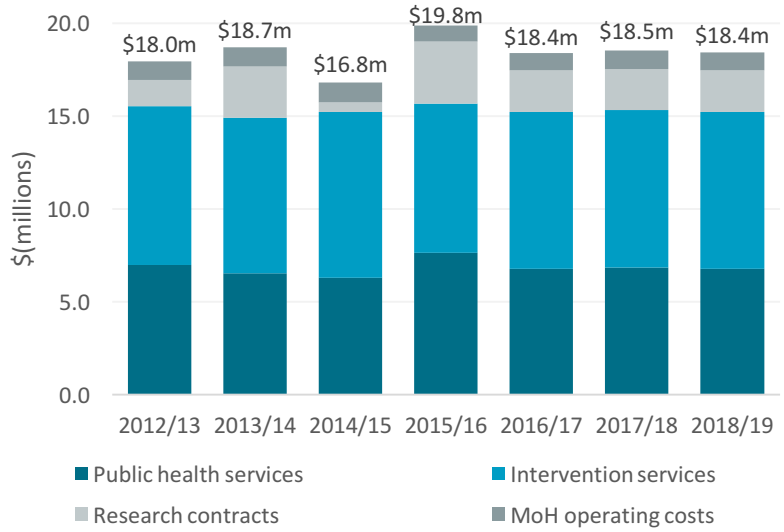
3.2 Services Expenditure: Overview

The Ministry of Health's Service Plan for 2016/17 to 2018/19 reflects a continuation of the approaches established by earlier Strategic and Service Plans.

Figure 1 on the following page shows the budgeted per annum expenditure in the Service Plan from 2012/13 to 2018/19. Expenditure for each year over this period ranges from $16.8m in 2014/15 to $19.8m in 2015/16. Planned expenditure from 2016/17 to 2018/19 ranges from $18.4m to $18.5m per annum.

Total proposed expenditure for the 2016/17 to 2018/19 Service Plan is $55.3 million. This figure is the same as the expenditure in the 2013/14 to 2015/16 Service Plan.

Figure 1: Service expenditure 2012/13 to 2018/19



(source: Ministry of Health)

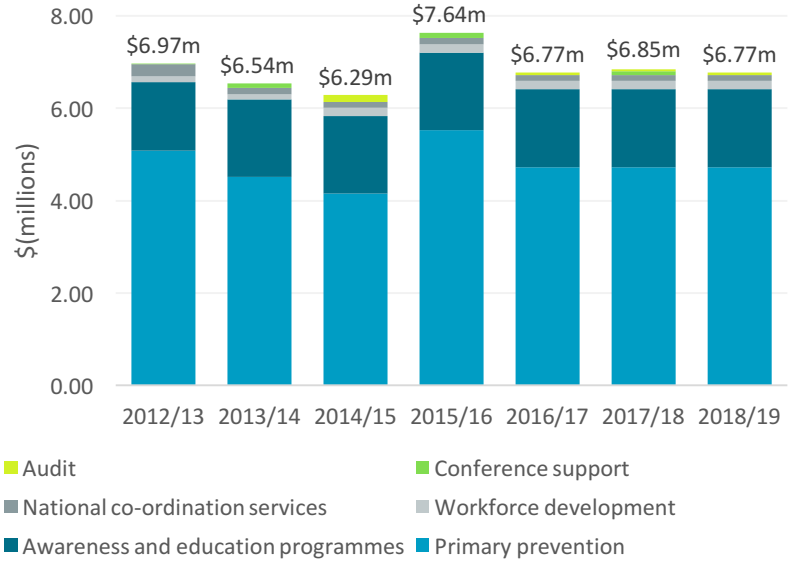
3.3 Public Health Expenditure

Public health expenditure continues to shows a small decrease from $20.81 million in the period 2010/11to 2012/13, $20.47 million in the period 2013/14 to 2015/16 to $20.39 in the forecast period 2016/17-2018/19, comprising 37% of the Ministry's total budget for the implementation of the service plan.

Within this service line, primary prevention remains the largest expenditure, at approximately 70%, (Figure 2). The focus of primary prevention activities includes improved policy and implementation, development of safe gambling environments, supportive communities, aware communities and effective screening environments. Given the inequities that continue to persist in the gambling harm statistics, it is important that the emphasis on primary prevention continues.

The second key area of expenditure is awareness and education programmes, which remain unchanged at $5 million (25%). A major component of this expenditure is the Health Promotion Agency's (HPA) health promotion programme. This budget is, in part, targeted to the development of new NCGM materials for the HPA, focused on Māori and Pacific peoples.

Figure 2: Public Health expenditure 2012/13 to 2018/19



(source: Ministry of Health)

In the previous service plan the Ministry acknowledged the need to develop greater clarity around competency-based requirements and expectations of the workforce. As a consequence, funding for workforce development increased by 33% to $480,000 over the previous three years. Having identified those core competencies, the focus in 2016/17 to 2018/18 will shift to implementing an ongoing training programme designed to facilitate their achievement. To support this, the Ministry's budget line for workforce development has been increased by a further $60,000 to $540,000.

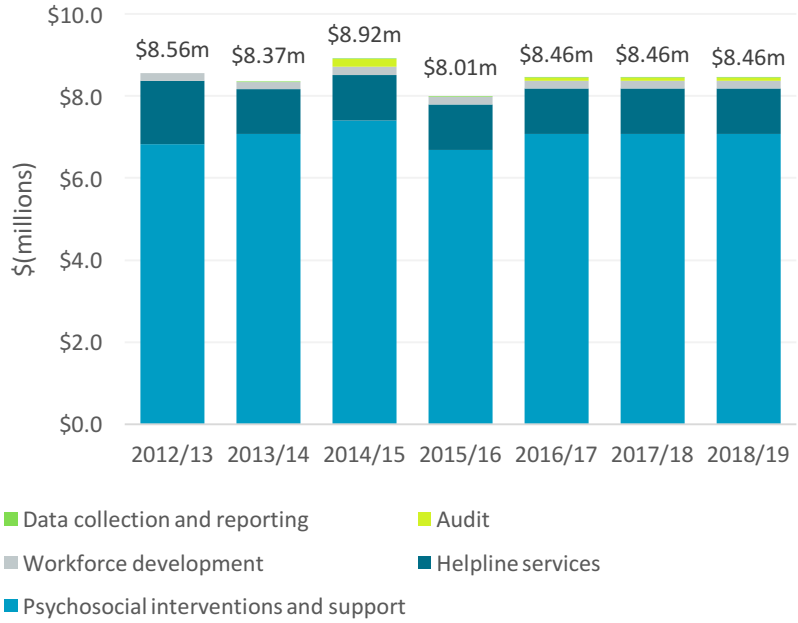
The previous plan incorporated a reduction in the national coordination service from $765,000 to $390,000 (49% decline). The figure of $390,000 has been maintained for the period 2016/17 to 2018/19.

3.4 Intervention Services Expenditure

The expenditure on intervention services planned for the next three years ($25,383,000) is slightly higher than the period 2013/14 to 2015/16 (by $83,000) (Figure 3).

The majority (84% for 2016/17-2018/19) of intervention services expenditure is spent on psychosocial interventions and support. There are no significant changes in expenditure on intervention services for the next three years (Figure 3).

Figure 3: Intervention services expenditure 2012/13 to 2018/19



(source: Ministry of Health)

3.5 Research Contracts Expenditure

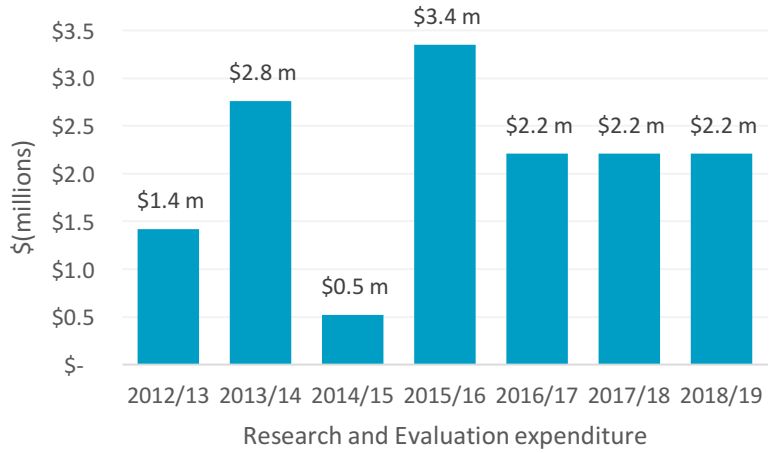
The planned expenditure on research contracts for the next three years of $6,629,000 is almost the same as the previous three years ($6,630,000) (Figure 4).

The research continues and builds upon previous research. We endorse the expansion of the 2012 National Gambling Study (NGS) focusing on risk and resilience factors associated with gambling

harm. We also endorse the collection and analysis of longitudinal data to inform an understanding of risk and resilience factors for Pacific families and the establishment of a national research project that addresses why Māori and Pacific people continue to experience inequities in regard to gambling harm.

We would however, recommend that a meta-analysis is undertaken to establish what we already know from the years of New Zealand and international research, and use that to provide guidelines for intervention services. Ongoing research is crucial, however it also important that some focus is given to understanding, consolidating and disseminating what is already known, so that the fruits of the research already undertaken can be used to inform and improve provider services.

Figure 4: Research contracts expenditure 2012/13 to 2015/16



(source: Ministry of Health)

3.6 Expenditure Overview

The expenditure pattern for the next three years of the Service Plan is a continuation and refinement of the last three years. The overall quantum remains largely unchanged, reducing from $55.4 million to $55.3 million. Within each expenditure line there is very little change in planned expenditure. Public health service expenditure is planned to decrease by 0.4%, while interventions services, research and evaluation and Ministry operating costs remain essentially unchanged.

Overall, the figures indicate a continuation of an existing pathway, although a slight refocusing of expenditure within the budget lines shows an increasing focus on inequities, especially amongst Māori and Pacific people.

The development of the *Outcomes Framework for Preventing and Minimising Gambling Harm – Baseline Report*, in July 2013, will improve the Ministry's ability to ensure the effectiveness of the money spent by tracking, changes against the baseline. This framework should provide a robust mechanism to assess whether or not the approximately $55 million spent each year of reducing gambling harm does in fact help achieve the stated objectives and make progress towards the overall goal of the strategy.

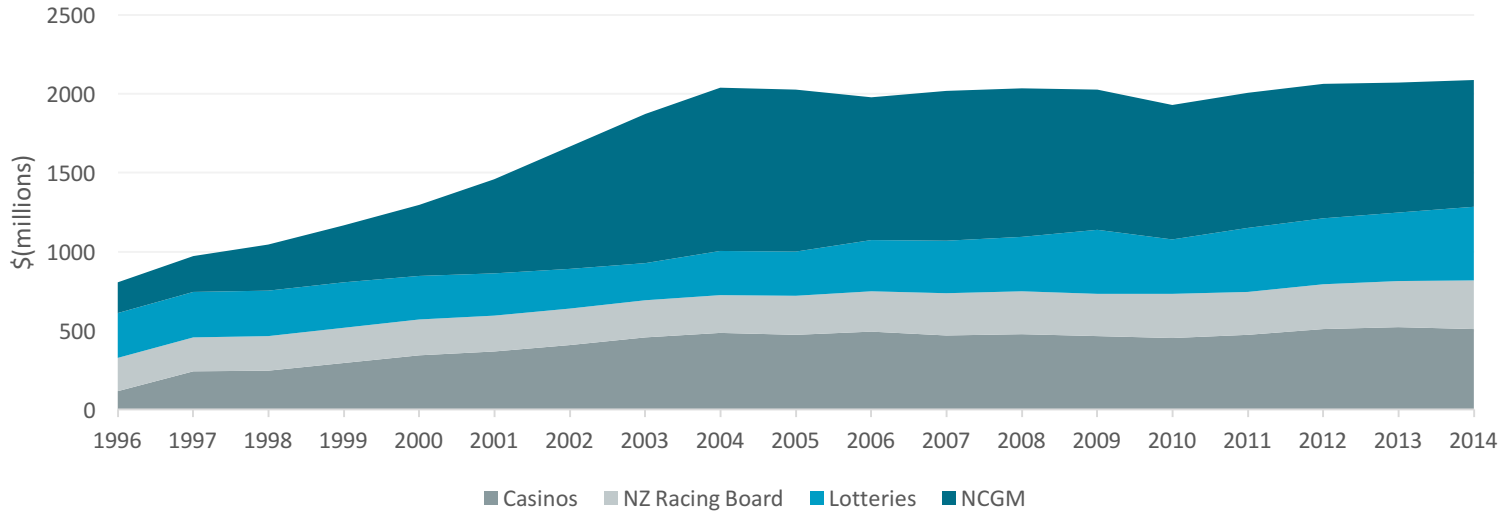
4. TRENDS IN GAMBLING AND RELATED HARM

4.1 Trends in gambling expenditure

The Department of Internal Affairs monitors expenditure in all four gambling sectors. 'Expenditure' is classified as the gross amount wagered minus the amount paid out or credited as prizes or dividends. Expenditure is therefore the amount lost or spent by players or the gross profit of the gaming operators.

Figure 5 shows gambling expenditure since 1996. Gambling expenditure rose significantly from $806m in 1996 to $2b in 2004; and since then has been relatively stable, reaching $2.1b in 2014. This was driven by large growth in the non-casino gaming machine sector which rose by $600m across the period.

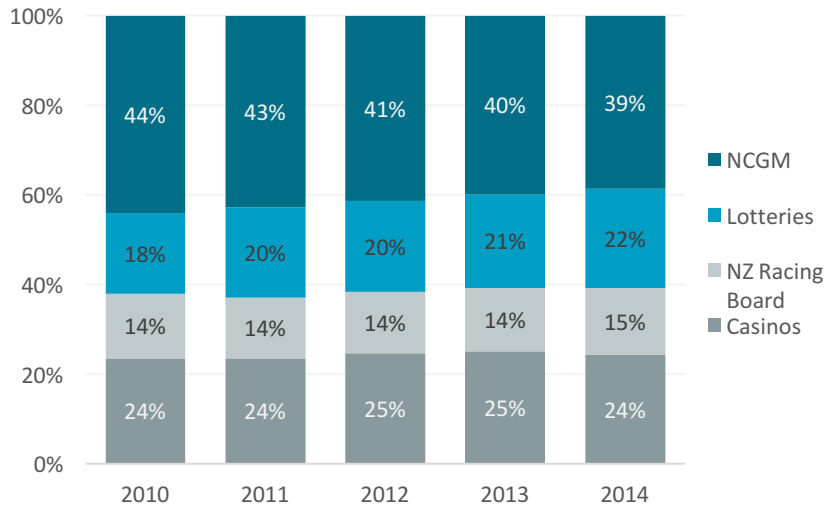
Figure 5: Gambling expenditure 1996 to 2014



(source: Department of Internal Affairs)

In recent years non-casino gaming machine expenditure and share of gambling expenditure has declined from $849m (44%) in 2010 to $806m (39%) in 2014. A steady increase in gambling expenditure was seen in the lotteries sector from $347m in 2010 (18%) to $463m (22%) in 2014 (Figure 6).

Figure 6: Share of gambling expenditure 2010 to 2014

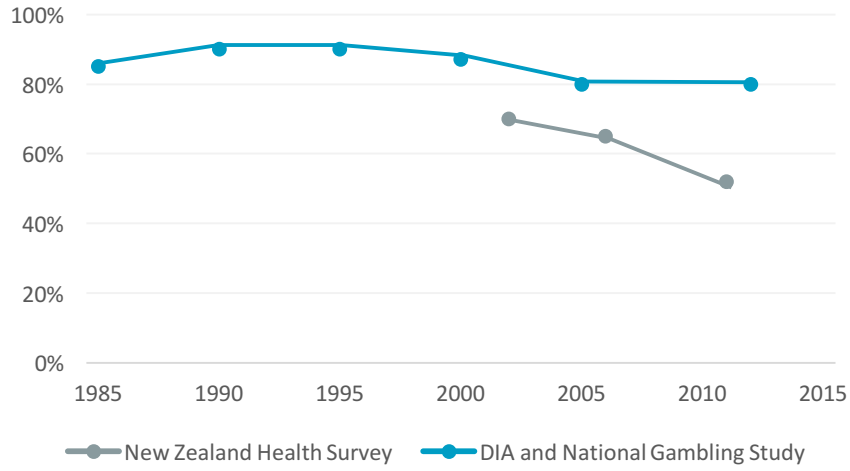


(source: Department of Internal Affairs)

4.2 Gambling and gambling-related harm prevalence

Gambling is a well-established feature of New Zealand society. The NGS indicates 80% of New Zealanders have participated in a form of gambling in the year prior to the study in 2012. The New Zealand Health Survey, which is not specifically a gambling study and excludes some forms of gambling, has a lower estimation of past year gambling prevalence at 52% in 2011/12 (Figure 7).

Figure 7: Past year gambling 1985 to 2012



(source: National Gambling Study, 2012)

While the study methodologies are different, both the NGS and the New Zealand Health Survey show participation has been decreasing since 1995 (90% participation; Figure 7).

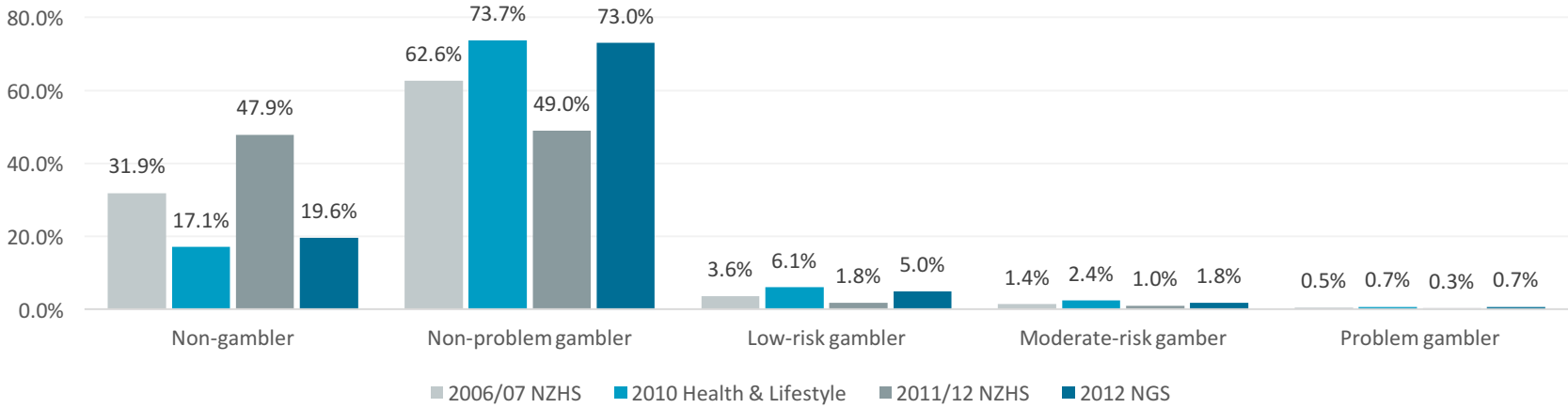
Gambling-related harm is experienced by a relatively small proportion of the population. The NGS in 2012 found that problem gamblers combined with those at moderate risk of gambling problems make up 2.5% of the adult population. This is a lower rate than the 3.1% indicated in 2010 by the Health and Lifestyle survey. In line with gambling participation rates, the New Zealand Health

Survey shows lower rate of gambling-related harm but the same decreasing trend (Figure 8).

Nevertheless, the costs borne by this group, and their immediate families and communities, is significant. It is worth noting that:

- The prevalence of problem gambling has continued to remain constant at around 84,000 people who are either problem gamblers or at moderate-risk.
- A further 89,000 people were estimated in 2011/12 to be affected by someone else's gambling.
- Māori males are four times more likely to be problem gamblers that adult males in the total population. The corresponding rates were three times for Pacific males and Māori females, two times for Asian males and 1.5 for Pacific females.

Figure 8: Gambling prevalence by level of risk of gambling problems 2006 to 2012



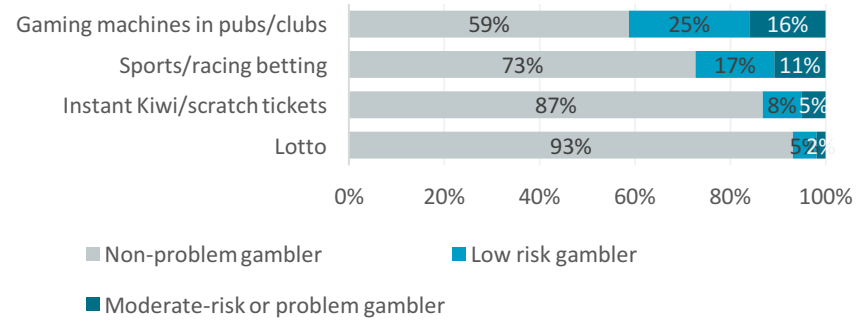
(source: National Gambling Study, 2012)

4.3 Gambling risks

Figure 10 shows there is clear variation in participation in different forms of gambling by non-problem gamblers compared to low-risk and moderate-risk or problem gamblers. Lotto is the most common form of gambling undertaken in New Zealand by gamblers of all levels of risk. However, prevalence rates for instant kiwi, horse or dog races, gaming machines in pubs, clubs and casinos all show higher participation by at-risk gamblers.

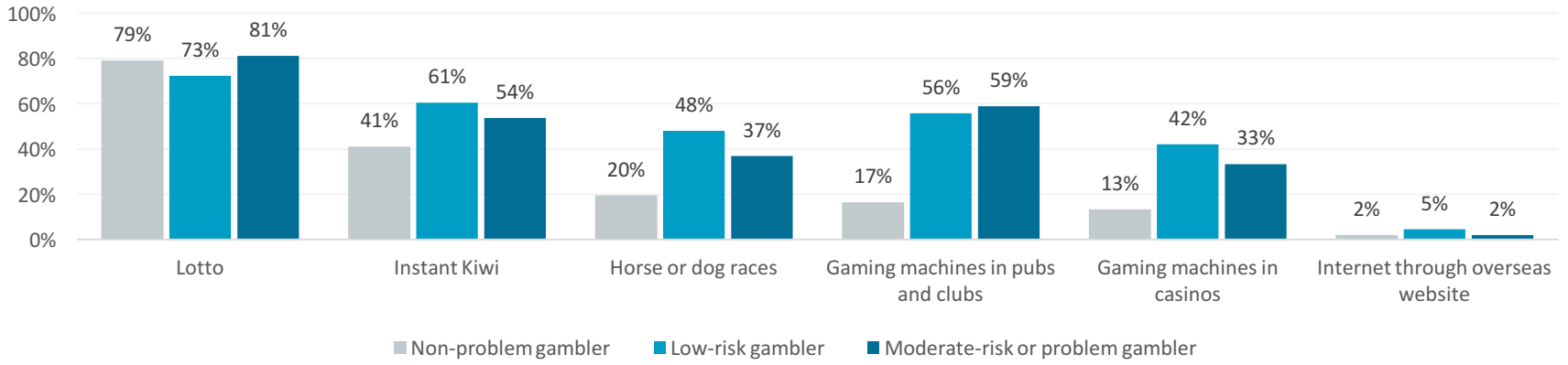
Figure 9 shows the risk of gambling problems by preferred method of gambling. It indicates higher levels of risk in gaming machines and Racing Board products than Lotteries Commission products.

Figure 9: Risk of problem gambling by monthly participation in specific gambling activities 2012



(source: Health and Lifestyle Survey, 2012)

Figure 10: Participation in specific gambling activities by risk of problem gambling 2012



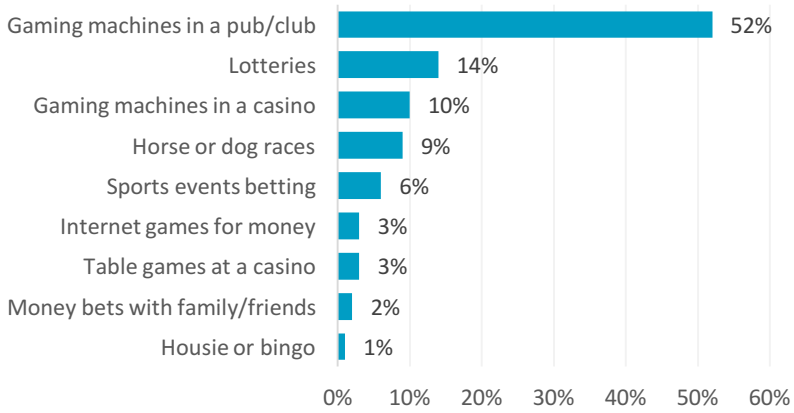
(source: Health and Lifestyle Survey, 2012)

4.4 Scale of effect

The 2012 NGS found that 11.5% of gamblers had ever had an argument in their household about gambling and 8% had ever had someone in their wider family or household go without something they needed because too much was spent on gambling. Within the past 12 months, 3.2% of gamblers had an argument and 2.6% had someone go without something they needed.

The 2010 Health and Lifestyles Survey found that 6.4% of respondents said there had been an argument and/or people were going without or not paying bills because of gambling in the last 12 months. Over half of these problems were attributed to gaming machines in a pub or club (Figure 11).

Figure 11: Gambling modes related to household harm in the past 12 months 2010



(source: Health and Lifestyles Survey, 2010)

In 2011/12, approximately 89,000 people experienced problems because of someone else's gambling. Table 1 below shows that those affected were substantially women (52,000), and that Māori and Pacific people were more likely to be affected.

Table 1: Experience of problems because of someone else's gambling

	Prevalence (%)	Estimated number
Total population	**2.5**	**89,000**
Male	2.1	36,000
Female	2.9	52,000
Māori	6	27,000
Pacific	5.3	11,000
Asian	1.9	7000
European/Other	2.1	57,000

(source: New Zealand Health Survey 2011/12)

In addition to the 89,000 who have experienced problems because of someone else's gambling, the 2012 NGS (Abbot et al 2014b) estimated that there are around 84,000 people who are either current problem gamblers, or current moderate risk gamblers, a figure which the researchers consider has remained constant since the late 1990s.

4.5 Gambling presentations over time

Since 2012/13, presentations for support by problem gamblers grew by 2% to reach 12,742 presentations in 2014/15 (Table 2). Excluding brief interventions, presentations increased by 4% over the same period to reach 7,210.

The majority of total presentations are attributed to non-casino gaming machines (6,407 or 50% in 2014/15). However, presentations from this sector have declined by 365 presentations (5%) from three years ago. The largest growth in presentations has come from the casino table sector which contributed 428 (98%) more presentations than three years ago (Table 2).

Table 2: Total client presentations (including brief interventions) by gambling sector 2012/13 to 2014/15[4]

	2012/13	2013/14	2014/15	Change (%)
NCGM	6772	7007	6407	-5%
Casino EGM	1147	1110	1081	-6%
Casino table	882	884	1310	46%
Lotteries Commission	1361	1155	1170	-14%
NZ Racing Board	1096	1176	1224	12%
Other	1180	1297	1550	31%
Total	**12438**	**12629**	**12742**	**2%**

(source: MoH intervention client data)

[4] To ensure consistency of presentations reported over time, we have chosen 2012/13 as the starting year for these tables, as that was the first full financial year in which data using the new coding system for presentations was available (the system was implemented in October 2011).

The majority of full and follow-up interventions are also attributed to non-casino gaming machines (3674 or 51% in 2014/15). However, presentations from this sector have declined by 47 presentations (1%), presentations for Lotteries has declined by 28 (4%), while presentations from the Casino and Racing sectors have increased (Table 3).

Table 3: Client presentations (excluding brief interventions) by gambling sector 2012/13 to 2014/15

	2012/13	2013/14	2014/15	Change (%)
NCGM	3721	3871	3674	-1%
Casino EGM	829	789	788	-5%
Casino table	574	624	661	15%
Lotteries Commission	652	590	624	-4%
NZ Racing Board	568	651	729	28%
Other	587	676	734	25%
Total	**6931**	**7201**	**7210**	**4%**

(source: MoH intervention client data)

4.5.1 Share of gambling presentations by industry sectors

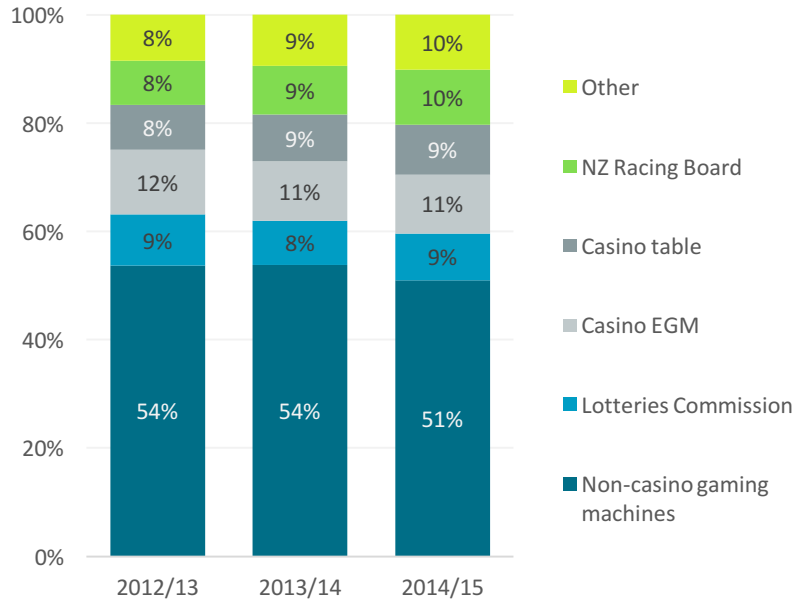
The share of gambling presentations (excluding brief interventions) by sector has shifted over the last five years. Figure 12 shows:

- In 2014/15, Non-casino gaming machines was the largest contributor towards client presentations with just over half

(51%) of clients indicating non-casino gaming machines as their primary gambling mode.

- Non-casino gaming machines' share of presentation decreased by 3% from 54% in 2012/13.
- Lotteries decreased slightly from just over 9% to just under 9% over the same period.
- Casinos' share of presentations has remained constant at 20%
- NZ Racing Board increased from 8% to 10% over the same period.
- All other forms increased from 8% to 10%.

Figure 12: Share of client presentations (excluding brief interventions) by gambling sector 2010/11 to 2014/15



(source: MoH intervention client data)

4.6 New client presentations over time

New clients point to the rate of growth of presentations; if there are fewer new clients, we can expect a declining number of overall clients over time. New total client presentations have increased by 3% over the past five years (Table 4). However, the number of new

presentations is lower than the peak of 10,498 new presentations in 2009/10.

Non-casino gaming machines was the most common primary gambling mode by new clients, although this declined to 4747 in 2014/15 from 5005 in 2012/13 (5% decline).

Table 4: New total client presentations (including brief interventions) by gambling sector 2012/13 to 2014/15

	2012/ 13	2013/ 14	2014/ 15	Change (%)
NCGM	5005	5162	4747	-5%
Casino EGM	819	745	727	-11%
Casino table	616	579	1003	63%
Lotteries Commission	1116	888	926	-17%
NZ Racing Board	819	905	927	13%
Other	886	955	1250	41%
Total	**9263**	**9235**	**9579**	**3%**

(source: MoH intervention client data)

New client presentations for full and follow-up interventions (table 5) has increased by 9% from 2012/13 to 2014/15. The largest rise was in the 'Other' and NZ Racing Board (48% each), followed by Casino Tables (15%). The majority of new full and follow-up interventions are still attributed to non-casino gaming machines (2071 or 50% in 2014/15) (Table 5).

Table 5: New client presentations (excluding brief interventions) by gambling sector 2010/11 to 2014/15

	2012/ 13	2013/ 14	2014/ 15	Change (%)
NCGM	1982	2082	2071	4%
Casino EGM	502	425	434	-14%
Casino table	310	319	358	15%
Lotteries Commission	409	324	383	-6%
NZ Racing Board	297	389	439	48%
Other	295	344	436	48%
Total	**3795**	**3883**	**4121**	**9%**

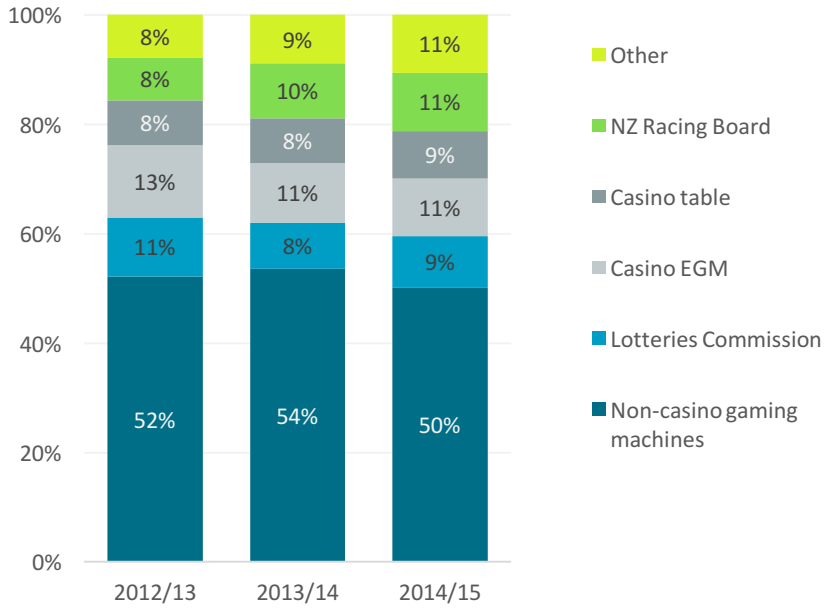
(source: MoH intervention client data)

4.6.1 Share of new presentations by industry sectors

Over the three years from 2012/13 to 2014/15 the share of new presentations by industry sector shows similar trends to the share of all presentations:

- Non-casino gaming machines share decreased from 52% in 2012/13 to 50% in 2014/15.
- Lotteries decreased from 11% to 9% in the same period.
- Casino's share decreased from 21% to 20% in the same period.
- New Zealand Racing Board increased from 8% to 11%.
- All other forms increased from 8% to 11% (Figure 13).

Figure 13: Share of new presentations (excluding brief interventions) by gambling sector 2012/13 to 2014/15



(source: MoH intervention client data)

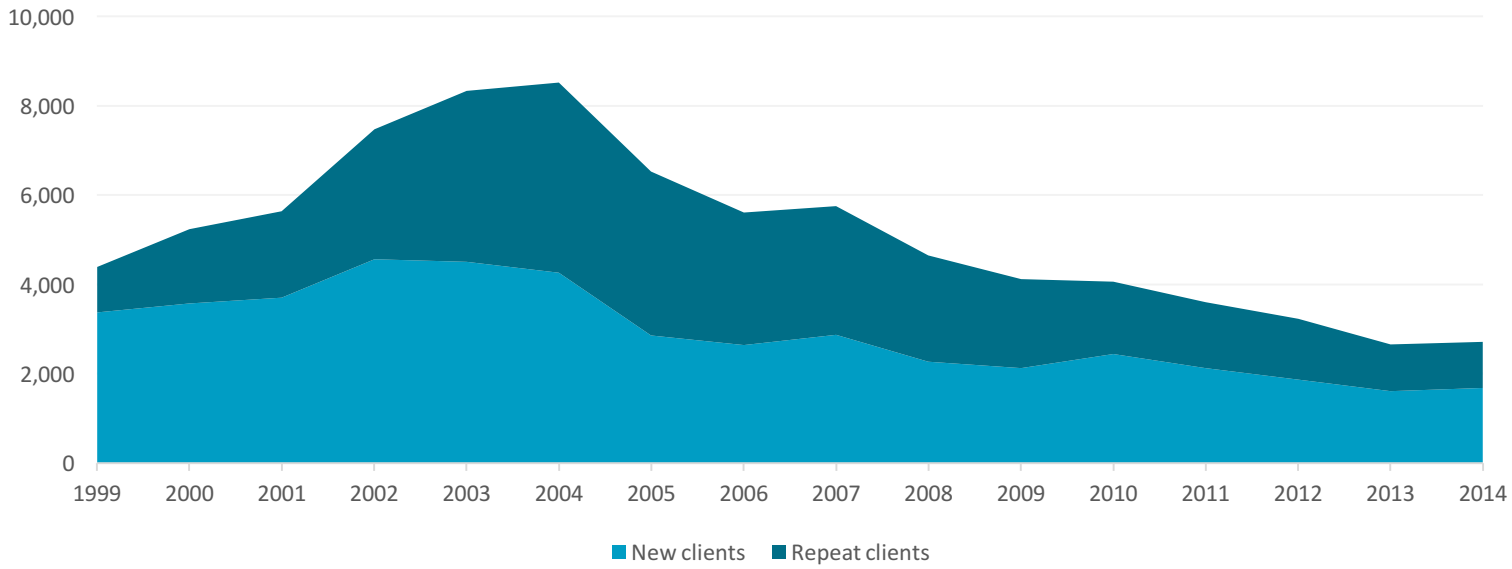
One of the encouraging trends over the last three years is that the high level of service use by Māori has continued and there has been a substantial increase in the uptake of services by Pacific peoples.

4.7 Accessing the Gambling Helpline

Data from the gambling helpline shows that after some initial growth where demand peaked at 8,524 in 2004, demand has declined significantly to 2,713 in 2014 (Figure 14).

- New clients fell from a peak of 4,567 in 2002 to 1,680 in 2014 (63% decrease).
- Repeat clients peaked at 4,258 in 2004 and fell to 1,033 in 2914 (76% decrease).

Figure 14: Gambling helpline clients 1999 to 2014



(source: Gambling Helpline report for national statistics)

4.8 Patterns in problem gambling

The NGS examined the different socio-demographic risk factors for current problem gambling and moderate-risk gambling combined. The following patterns were found:

- Males had greater risk of problem or moderate-risk gambling than females.
- People of Māori, Pacific, and to a lesser extent Asian, were at greater risk than European/Other (Table 6).
- People aged 18-44 were at higher risk than those 45 years and older.
- People without a formal qualification at greater risk than people with a school, trade/vocational, and degree or higher qualification.
- Unemployed people had greater risk than employed people.
- People living in a household of five or more people were at greater risk than those with smaller households.
- People residing in quintile five (most deprived) areas were at greater risk than those in less deprived areas.
- People with a personal income over $80,000 were at lower risk of problem or moderate-risk gambling.
- People living in Christchurch were at lower risk than those outside of Christchurch.

Table 6: Prevalence of problem and moderate-risk gambling by ethnicity 2012

Ethnic group	Moderate-risk gambler	Problem gambler
European/Other	1.3	0.5
Māori	3.9	2.3
Pacific	6.4	1.6
Asian	2.3	0.7

(source: National Gambling Study, 2012)

5. Reviewing Performance and Focus

5.1 Value for Money

In 2011, a substantial review of value for money of problem gambling services was undertaken for the Ministry of Health by KPMG Ltd. While the KPMG 'Value for Money' report was unable, because of a lack of outcome data, to determine the overall value for money provided by the Ministry's Gambling Services, it did make the point that when the focus was put on inputs and outputs value for money (VfM) was assessed as good.

Since that report was completed, the Ministry has developed the outcomes framework (discussed below), which will provide a mechanism to go beyond a focus on inputs, such as time providers spend face-to-face with clients, to assessing the money spent against the achievement or non-achievement of the key objectives outlined in the framework.

While it is not possible, in this review period, to answer the 'value for money' question, the Ministry should, in the forthcoming years, be better able to assess whether or not the $55 million being spent on minimising gambling harm is in fact being well spent. We note however that there is no indication within the current strategic plan or service plan that the funding is being poorly spent.

5.2 Outcomes Framework

The outcomes framework, constructed In the course of developing the strategy and service plan, consists of a set of 11 measurable objectives, a series of short-term to medium-term and long-term priorities for action and 65 outcome indicators. The outcome indicators were designed to measure progress towards achieving the objectives and the overall goal of the strategy.

In 2013 the Ministry published a Baseline Report that provided an assessment of the current state of gambling and problem gambling as measured against the outcome indicators. The key conclusions in that report, which presents a positive picture of progress are:

1. Between 2006 and 2012 there was a reduction in health inequalities related to problem gambling, yet inequalities remain for Māori compared with non-Māori and low-income communities compared with higher-income communities.
2. Support is available for Māori to achieve their maximum health and well-being through minimising the negative impacts of gambling. However, it is clear that gambling negatively and inequitably impacts Māori.
3. People do participate in decision-making about local activities. However, while participation in decision-making is good at a regional level it is less effective at a local level, outside of submissions to Local Councils.
4. Healthy policy exists at national, regional and local levels that prevents and minimises gambling harm.
5. Government through to communities and individuals generally do understand and acknowledge the range of harms that gambling causes to individuals, family and communities.

6. A skilled workforce has been developed to deliver services that are effective at preventing and minimising gambling harm.
7. A full assessment of whether people have the life skills and resiliency to make healthy choices that prevent and minimise gambling harm cannot be made at this time.
8. Many of the elements that influence the design of gambling environments in New Zealand are incorporated into legislation.
9. Problem gambling services are effectively raising awareness about the range of harms from gambling.
10. Interventions are moderately accessible, highly responsive and moderate to highly effective.
11. An evidence base to underpin problem gambling is being developed.

Taken together, these provide a credible base of evidence to support the overall strategic approach and the value obtained from funding.

The Ministry notes that the large number of indicators used in the Outcomes Framework Baseline Report was seen by many to be as quite sizeable, and that some refocusing of indicators may be useful. It was also noted that data was only available for 56 of the 65. The Ministry intends to work with its Advisory Group and other key stakeholders to review the number of indicators to no more than 20.

5.3 Alignment of Service Plan with leading strategic documents

The overarching strategy goes to some effort to demonstrate alignment with the WHO's Ottawa Charter for Health Promotion and New Zealand models of health (particularly Māori models, such as Te Pae Mahutonga and Te Whare Tapa Whā); along with two leading strategic documents: *He Korowai Oranga: Māori Health Strategy*, and *'Ala Mo'ui: Pathways to Pacific Health and Wellbeing*.

The strategy to prevent and minimise gambling harm also notes the need to align with the refresh of the New Zealand Health Strategy, currently underway.

6. Review of Overall Funding Requirements and Gambling Levy

6.1 Review of Overall Funding

The overall funding proposed for the 2016/17 to 2018/19 Service Plan is $55.339 million, almost identical to the $55.338 million spent during the previous three years. Whilst we endorse the efforts made to deliver service improvements within the same funding envelope in the coming period, in real terms, this represents a drop in funding of 11% over the last 6 years. The extent to which the sector can continue to absorb these cuts in real terms, while maintaining the same service levels, may be be tested beyond the current funding cycle

As with previous years, the funding requirement has been calculated using detailed 'bottom up' models which identifies the resource required to deliver the required services, with adjustments made for a range of factors, including population, availability of gambling opportunities, gambling expenditure, presentations and levels of deprivation. The model identifies the required FTEs by service type and also optimises the geographical and ethnic split across all 23 providers.

In addition, the Ministry has determined the service requirements based on the Gambling Harm Needs Assessment undertaken by the Allen and Clarke in 2015 and the Ministry's research agenda.

Consistent with the earlier reports to the Gambling Commission, the method used to establish the funding level appears well founded and valid.

There are clearly gains to be shown from the investment in gambling harm prevention and minimisation, as discussed in previous sections. Nevertheless, the scale of the problem remains significant and requires a multi-faceted approach.

We can see that there has been a steady reduction in overall gambling since 2006/07 and the prevalence of problem gambling has remained steady, despite substantial population growth since the late 1990s (from 3.8 million people in 1999 to 4.5 million in 2014).

Furthermore, total presentation data indicates an increase in Māori and Pacific using gambling harm intervention services. For Māori, presentations increased from 4,317 in 2012/13 to 4,457 in 2014/15 (3% increase). For Pacific people presentations increased by 18% over the last three years. The overall proportion of Māori and Pacific people presenting to intervention services has increased from 53% in 2012/13 to 56% in 2014/15 (Figure 15).

When brief interventions are excluded, the overall proportion of Māori and Pacific people presenting to full or follow-up interventions decreased slightly from 53% in 2012/13 to 52% in 2014/15.

While this is generally a positive outcome, indicating that the services are being accessed by the target populations, it does indicate a continuing need for such services.

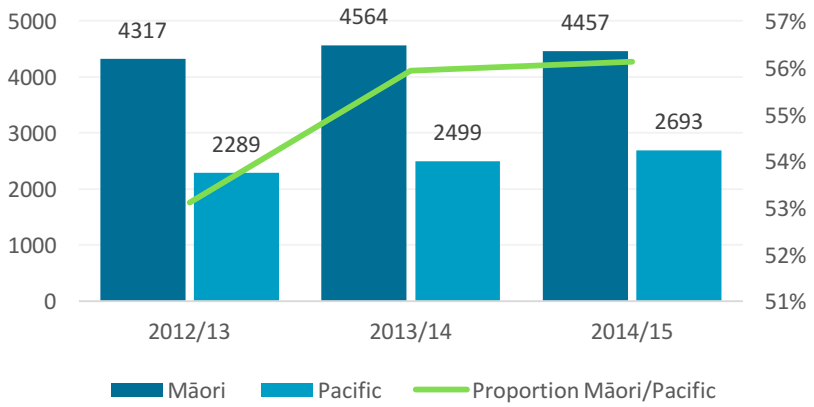
Overall, presentations (including brief interventions) have levelled off in recent years; however, the number of full and follow-up

interventions has continued to slowly increase (2%) over the last three years. These further signal ongoing need.

Given that expenditure and presentations continue to rise, and the prevalence of gambling harm remains static, there does not appear to be a strong rationale for making significant reductions in the levy.

The continuation of funding at current levels also provides the opportunity to embed the gains made to date.

Figure 15: Presentations to Gambling Services (including brief interventions) Māori and Pacific 2012/13 to 2014/15



(source: MoH intervention client data)

6.2 Review of Weighting

The funding requirements for the next three years remain largely unchanged

The formula for calculating the levy is specified in the Gambling Act (2003) and is set out below.

The current weightings are set at 10% for W1 (expenditure) and 90% for W2 (presentations).

$$\frac{(((AxW1)+(BxW2))xC)\pm R}{D}$$

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

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

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

The Ministry has proposed, in their three-year service plan that the weighting should be changed to 20% for W1 and 80% for W2.

The Ministry's three-year Service Plan lays out a broad argument for a weighting based on 20% expenditure and 80% presentations. However, unlike earlier years, the service plan does not offer a strong argument for such a shift, and goes so far as to suggest that a weighting in the range of 5:95 to 30:70 would be appropriate, noting that "the change in the pattern of presentations from 2012/13 onwards means that the arguments in favour of the 30/70 weighting are no longer as strong."

We would argue that the public health focus of the Service Plan requires an approach that is wider than the acute end of the continuum covered by presentations. If the public health approach is to be continued, and we would support it doing so, then the funding levy needs to be based on the same underpinning philosophy. Once broader indicators, such as 'household harm' are taken into account then a shift away from 10:90 is indicated.

We do not accept that a 5:95 or 10:90 are appropriate weightings. Our reasons for this are:

- A shift to a 5:95 weighting puts further emphasis on the acute end of gambling harm and runs counter to the Public Health approach required by the legislation.
- There has been a steady decline in both expenditure and presentations attributed to NCGMs and the weighting needs to reflect this shift.
- The NCGM sector accounts for a higher burden of gambling related harm, and the 20:80 and 30:70 weightings still give recognition to this.
- A weighting formula that increases the weight on expenditure is consistent with the public health approach of the Gambling Strategy and Service Plan. A 20:80 or 30:70 weighting is an appropriate step in the direction of looking beyond the acute end of the harm continuum and takes into account the wider determinants of harm.
- Expenditure on gambling by those in highly deprived populations adds financial pressure to families already under stress. An increased weighting on expenditure would reflect this. This is of special significance, given that much of the harm resulting from this expenditure is experienced by children. As the Ministry point out, in their review of the research, this can occur through 'gambling-related neglect', 'poverty', 'impacts of arguments', anger and violence, and 'a higher risk of withdrawal, depression, anger and suicidality'[5].
- A substantial part of the gambling levy investment (around 37%) is in public health strategies that build resilience in the broader population to problem gambling, support safe gambling environments and supportive communities; a larger expenditure component would better reflect this aspect of how funds generated through levy are distributed.
- Presentations do not of themselves fully capture the harms that are due to gambling; a greater weighting towards expenditure would reflect this.

[5] Ministry of Health. 2015. *Strategy to Prevent and Minimise Gambling Harm 2016/17 to 2018/19: Proposals document*. Wellington: Ministry of Health. P 7.

We note that earlier Service Plans recommended a 30:70 weighting. The most recent available data from the past five years suggests a more complex interaction of harm and expenditure across the four sectors:

- Declining expenditure and declining attributed presentations in the NCGM sector, although risk of gambling-problems remains dominated by this sector.
- Significant increase in expenditure and attributed presentations by the Lotteries sector
- Stable expenditure but increased presentations by the Casinos sector
- Stable expenditure and increased presentations by the Racing Board's sector

In addition, an almost total emphasis on presentations ignores the broader social determinants and is arguably inconsistent with the principles of the Gambling Act, which focuses across the continuum of gambling issues. A shift away from a 10:90 weighting towards 20:80 or 30:70 reflects the importance of focusing on the broader determinants and impacts of problem gambling.

If one also takes into account the need to ensure the burden falls fairly across the sector then a 20:80 weighting seems justifiable. Furthermore, while we accept the Ministry's contention that there could be some acceptable variation around this weighting we do not support staying at 10:90, nor do we support putting an even greater weighting on presentations by shifting to 5:95, as they both run counter to the Public Health emphasis of the legislation and the acknowledgment that presentations only reflect a small percentage of total gambling harm.

6.3 Impact of weighting changes

The most significant impact of a shift in the weighting of the levy would be on the Non-Casino Gaming Machine sector (reduction in levy) and the New Zealand Lotteries Commission (increase in levy). There would be smaller impacts upon casinos and the NZ Racing Board (Figure 18).

A shift to a 30:70 would reduce the levy paid by the NCGM by 5.4%, from $31.68 million to $29.98 million. The levy paid by the New Zealand Lotteries Commission would rise by 20%, from $5.14 million to $6.17 million. The New Zealand Racing Board and the Casinos would have rises in their levy of 9.5% and 3.4% respectively (Table 7 and Figure 18).

A shift to 20:80 would reduce the levy paid by NCGM by 3.1%, to $30.71 million, and the Lotteries levy would increase by 10.1% to $5.66 million. The New Zealand Racing Board and the Casinos would have rises in their levy of 3.9% and 2.3% respectively. (Table 7 and Figure 16)

Table 7: Expected contribution by sector under different weighting scenarios

	NCGM	Casinos	NZ Racing Board	Lotteries Commission
10:90	$31.68m	$14.06m	$5.15m	$5.14m
20:80	$30.71m	$14.38m	$5.35m	$5.66m
30:70	$29.98m	$14.54m	$5.64m	$6.17

(source: MoH Strategy proposals document)

Table 8 details the relative contribution of each sector to the levy under three scenarios (10:90, 20:80 and 30:70). Even with a shift to

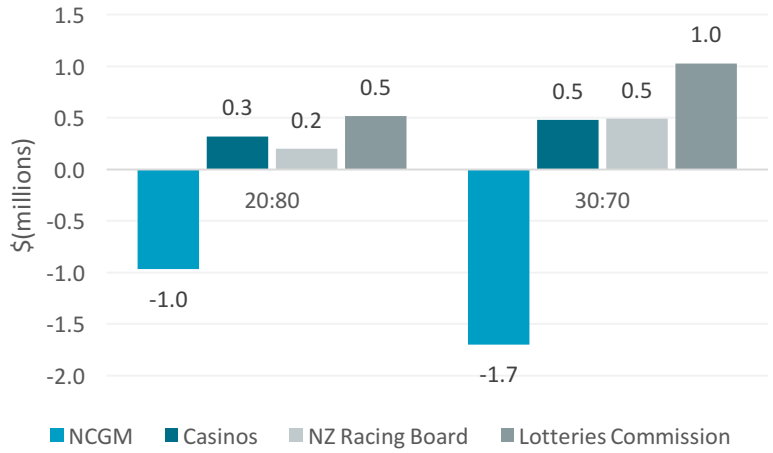
30:70, the NCGM sector retains the bulk of the levy, but the levy would be apportioned more across other sectors.

Table 8: Share of contribution by sector under different weighting scenarios

	NCGM	Casinos	NZ Racing Board	Lotteries Commission
10:90	56.5%	25.1%	9.2%	9.2%
20:80	54.7%	25.6%	9.5%	10.1%
30:70	53.2%	25.8%	10.0%	11.0%

(source: MoH Strategy proposals document)

Figure 16: Change in sector gambling levies resulting from shift to 20:80 and 30:70 weightings ($m)



(source: MoH Strategy proposals document)

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

Amendments to the Gambling Act in 2015 introduced a further factor in the levy calculations, by taking into account any under-recovery or over-recovery from that sector in previous levy periods (R). The effect of this is to apportion over-recover or under-recovery directly from each sector, rather than being shared to some degree across sectors, as previously occurred. The Ministry notes that:

> "Substantial adjustments are required in the 2016/17 to 2018/19 levy period as a result of this legislative change. This is effectively a one-off sector-by-sector correction for under-payments and over-payments dating back to 1 July 2004."

We note that calculation of over and under-recovery was the subject of some discussion in submissions on the service plan, with some in the NCGM sector holding the view that this unfairly penalised NCGM operators. The 'R' formula was also the subject of considerable discussion at the Commission's consultation meeting.

In our view, the method by which R is calculated is an issue of statutory interpretation and is therefore outside the brief of this report.

7. Conclusions

The 2016/17 to 2024/25 Strategy, and the 2016/17 to 2018/19 Service Plan continues well-established strategic and service funding directions that have been regularly tested and refined. Of note is the willingness of the Ministry to regularly reflect on its own practice and the performance of the sector in preventing and minimising gambling harm, and to adapt and make improvements accordingly.

For this, the fourth review of the plan, a methodical and evidence-based approach has been followed that is broadly consistent with the public health framework that guides gambling-related legislation and strategy.

The underlying approach of both the Strategy and the Service Plan aligns with the evidence base for public health and service interventions in the gambling arena; maintains a focus on ensuring value for money; and continues to foster the development of the health workforce in this field.

We endorse the development of the Outcomes Framework and support its use to track progress in achieving the 11 stated objectives and overall goal to 'prevent and minimise gambling harm, and to reduce related health inequities'. The use of this framework will support the ongoing analysis and refinement of investment strategies into the future.

There have been some encouraging signs in overall levels of gambling-related harm, but there remains a clear and pressing need for investment in public health and intervention services, supported by a portfolio of research that builds a solid base of evidence of effectiveness, to guide activity in the sector in the future. Of continuing concern are the inequities in gambling harm and high number of gambling venues, in areas of high deprivation.

For these reasons, we endorse the overall gambling levy that is proposed and emphasize the need to ensure that activity continues to work with populations of need.

Our recommendations regarding the weightings for the levy reflect a changing profile of expenditure and harm that is showing a greater spread across all forms of gambling than has occurred in previous years. Although NCGM retains the greatest share of harm, rapidly increasing expenditure and presentations on NZLC products supports the case for a greater levy contribution to be made by other sectors. The proposed shift to the 20:80 weighting reflects a stronger factoring of broader harm impacts, beyond simply the acute end of problem gambling presentations.

8. REFERENCES

Abbott, M., et al. 2014a. New Zealand 2012 National Gambling Study: Overview and Gambling Participation. Report Number 1.

Abbott, M., et al. 2014b. New Zealand 2012 National Gambling Study: Gambling Harm and Problem Gambling. Report Number 2.

Allen & Clarke. 2015. Informing the 2015 Gambling Harm Needs Assessment. Final Report for the Ministry of Health.

Department of Internal Affairs. 2014. Gambling Expenditure Statistics 1994-2014. Wellington: Department of Internal Affairs.

Field A, Rees D, Stephenson P. 2012. Review of the Ministry of Health Service Plan and Formula for Levy Calculation. Auckland: Synergia Ltd.

Gambling Helpline. 2015. *Report for National Statistics to 30 June 2015.* Gambling Helpline Database

KPMG. 2013. Outcomes Framework for Preventing and Minimising Gambling Harm. Baseline Report

Ministry of Health. 2012. *Problem Gambling in New Zealand: Preliminary findings from the New Zealand Health Survey (July 2011 to March 2012).* Wellington: Ministry of Health.

Ministry of Health. 2015. *Intervention client data.* Data tables available online: http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data

Ministry of Health. 2015. *Strategy to Prevent and Minimise Gambling Harm 2016/17 to 2018/19: Proposals document*. Wellington: Ministry of Health.

Ministry of Health. 2015. *Strategy to Prevent and Minimise Gambling Harm 2016/17 to 2018/19: Consultation document*. Wellington: Ministry of Health.

Ministry of Health. Personal communication, November 18, 2015.

Rossen, F. 2015. *Gambling and Problem Gambling: Results of the 2011/12 New Zealand Health Survey*. Auckland: Auckland UniServices Ltd, The University of Auckland.

Tu, D. 2013. *New Zealanders' Participation in Gambling: Results from the 2012 Health and Lifestyles Survey*. Wellington: Health Promotion Agency.