

ANNEX 2
SUMMARY OF MEETING CONVENED BY GAMBLING COMMISSION
ON THE PROBLEM GAMBLING LEVY
8 November 2012

Introduction

1. This report sets out a summary of submissions made by attendees at the meeting convened by the Gambling Commission on 8 November 2012. It does not include questions and answers, other than a series of responses by the Ministry to the submissions by New Zealand Community Trust (“**NZCT**”).

NCGMs – commercial venues

Pub Charity

2. Major industry stakeholders recommended a 30:70 weighting at the two previous meetings, however Cabinet rejected it. Is there a way 30:70 could be more strongly recommended?
3. Research by Storer, Stubb and Abbott has been incorrectly cited as showing a correlation between exposure and subsequent harm, and a ratio of gaming machines to eventual harm. However, that only represents half the study. Mr Abbott has enhanced the adaptation theory, which shows that these ratios are relevant when there are new products or new markets. Pub Charity submits that more machines in an existing environment may not necessarily cause harm. There is a crudeness in analysis which leads to over-forecast revenue in some areas and shortages in others. Pub Charity encourages the Ministry to refine and enhance its methodologies.
4. The presentation rate in pathological problem gambling has not changed in the past six years, despite \$120 million having been spent on problem gambling strategies and the loss of more than 10% of NCGMs.
5. Pub Charity continues to contribute its portion of the levy willingly as a good corporate citizen.

*Community Gaming Association (“**CGA**”)*

6. Any additional cost on class 4 operators should be carefully considered as the class 4 sector is already very constrained. Additional costs would lead to fewer machines and less money for the community.
7. The gaming landscape is changing, with things like the development of Super Lotto jackpots, internet gaming and social media. The imposition of any additional cost must be carefully considered in light of these developments.

8. CGA believes there may have been over-recovery. Perhaps some of the levy should be used to invest in better technology, such as facial recognition technology. There would be an attendant cost. Perhaps some of the funds sitting in accounts, and not being used for the purposes for which they were intended, could be used to help the industry work with providers to provide better harm minimisation.

NZCT

9. Endorses Pub Charity's submissions and the 30:70 weighting.
10. Three issues of concern regarding the Ministry's response to suggestions made by NZCT:
 - (a) In response to NZCT's suggestion that it maintain a register, updated annually, of qualifications of the problem gambling treatment provider workforce, the Ministry advised that maintaining a register would present significant administrative difficulties for little benefit. NZCT disagrees that there would be a limited benefit: minimum qualifications should be a pre-requisite for funding. NZCT assumes that the effectiveness of service providers is directly affected by qualifications. It does not think a register would be difficult, as there are only about 26 providers nationwide.
 - (b) In response to the NZCT's request for an evaluation of services that have and have not worked, the Ministry stated that the Act requires evaluation as a component of the integrated strategy and that more details were available on the website. Does this mean that the Ministry does not know what works? Further, the website is difficult to navigate.
 - (c) In response to NZCT's request for an outcomes report, particularly on research funded by the Problem Gambling Levy, the Ministry stated that the research was published on its website. However, the information on the Ministry's website was extensive and not focused on outcomes. It would be helpful to have a summary. The Ministry could compile an email list of stakeholders and keep them informed.
11. The Ministry replied as follows:
 - (a) There are just over 100 staff. The Ministry requires providers to meet minimum qualification standards under its contracts and has additional training contracts with organisations. Approximately half of contracted staff are registered members of DAPAANZ, and so have independent registration and assessment of their clinical practice. Generally the counselling workforce in mental health is

described as unregulated, however the Ministry has additional workforce training.

- (b) The Ministry accepted the suggestion that it could be more proactive when research reports are completed and made publicly available by emailing information on evaluations to stakeholders. Currently, whenever research is completed, the Ministry and researcher do a joint press release and put it on the Ministry's website.
- (c) The Ministry has a significant research project looking at the outcomes of the strategy. KPMG is contracted to look at all measures in relation to outcomes. Its baseline report will give measures on 65 indicators. Depending on the nature of the measure, they will be updated either annually, three-yearly or six-yearly.

Infinity Foundation

- 12. Has no issues with the levy or the amount sought. Class 4 gambling is the only wholly charitable sector of the gambling industry. Its focus is on maximising returns back to the communities.
- 13. Class 4 venues are the first line of defence against problem gambling. Class 4 operators can reimburse the costs of class 4 venues, but often those are capped.
- 14. The costs for the materials and training of staff at class 4 venues are met by the society and therefore come out of charitable funds.
- 15. Welcomes the alignment by the Ministry of all the addiction services, including mental health. It would be good to see that the funding that's coming in is proportionate to where the greatest need is.
- 16. Would welcome a statutory reporting obligation.
- 17. Wholly supports the 30:70 weighting and wonders if the Commission might take a different angle in recommending the weighting for the levy this time.

The Lion Foundation

- 18. There is scope for improvement in the transparency, and communication to industry, of research projects.
- 19. Audits cover a huge range of issues. Perhaps the frequency could be reduced to every two years and provide more detail.
- 20. Ministry response – audits come at a cost dictated by frequency and scope. In the next audit round, the Ministry is looking at going into more depth, with a lesser scope. It is possible to change the scope and intensity between rounds.

NCGMs – non-commercial venues

Clubs NZ

21. Strongly supports splitting the NCGM sector (between commercial and non-commercial venues) as previously recommended by the Commission.
22. The statistics support the split.
23. An Official Information Act request confirmed that the only reason for not proceeding with the split was issues with the IRD's ability to implement the system.
24. It now seems as though the Ministry is going to renege on the split, solely on the basis of a single year's data. In the year to 30 June 2012, the club machine spend was 13.43% of all NCGM spend. In the same period, the Ministry advises that the percentage of help-seekers seeking help for problems associated with club machines was 12.8%. The 2012 data in isolation is not grounds for postponing or abandoning a levy split.
25. When setting a levy rate, the presentation data over the past three years should be taken into account. At all times over the past three years, the number of club presentations has been lower than the percentage of revenue generated from club machines.
26. Even if the data suggested similar presentation ratios for club and pub machines, it would still be prudent to proceed with a split levy.
27. There is strong support for a split levy.
28. Clubs NZ and its member clubs wish to continue to improve on their existing high harm minimisation practices.
29. If the Commission accepts that due to an apparently insurmountable IT issue, any levy split would have to be delayed for a further three years, Clubs NZ suggests that an amount equal to the over-contribution to the levy by clubs, approximately \$1.6 million, be included in the Ministry's 2013-2016 harm minimisation budget. This amount could then be paid to Clubs NZ at a rate of \$533,000 per year. This fund would be held in a separate trust account for the sole purpose of development and investment in additional class 4 harm minimisation provisions by member clubs.

Returned Services Association ("RSA")

30. There are 180 RSAs nationwide. The core of the RSA is care for its people and members, and in particular the veterans and ex-service community.
31. RSA has no issue with paying its levy and requests that the levy is set to take account of the fair burden on the club sector and RSA.

32. The Commission first raised the issue of a split (between commercial and non-commercial venues) in 2006. After this, the Ministry conducted a review of the relevant data, which indicated that there were differences in the rates of presentations between non-club and club venues in favour of the latter. In 2009, the Ministry advised that the split could not come into effect before the 2013-2016 levy period. Now, three years later, the Ministry is advising that it cannot go ahead because of issues with the IRD.
33. RSA made a submission to the Ministry that was highly critical of the fact that administrative impediments were cited as the sole reason for not making the provision for the split, when the possibility of a split was first raised six years earlier. In response, the Ministry has now sought to reverse its recommendations for a split levy on the basis that the evidence for the split is now more equivocal.
34. The RSA challenges this contention, particularly as it is based on only one year's presentation data.
35. RSA supports Clubs NZ's submission that when setting the levy rate, the presentation data for the past three years (2009–2012) should be taken into account.
36. It is unacceptable that RSAs and clubs continue to carry the burden of paying what had been acknowledged as an inflated levy, given that respective government agencies have now had six years to prepare to implement the initiative.

Casino licence holders

SKYCITY Entertainment Group

37. The weighting should stay at 10:90 as presentations remain the best available quantitative proxy for harm and associated costs. Attributing a 90% weighting to those presentations would seem the fairest way of ensuring a balanced and appropriate apportioning of costs.

Lotteries

38. Social responsibility is integral to Lotteries business.
39. Lotteries has a statutory duty to maximise the profit from lottery gains whilst minimising the harm from problem gambling and underage gambling.
40. Unlike other forms of gambling, lottery gains are based on the principle of a very large pool of players entering a draw for a low entry price. Lotteries acknowledges that there is a small number of people for whom playing its products can create gambling problems.

41. Lotteries agrees that all gambling sectors ought to bear a responsibility for the costs of delivering problem gambling help services. However the cost of meeting that responsibility should be in proportion to the propensity of each sector of the caused harm.
42. It supports the retention of the current levy weighting at 10:90. This reflects the legislative intent of the levy more clearly. The arguments put forward for a change in the weighting are supported by insufficient evidence. Everyone knows the main causes of problem gambling and it is not Lotteries, however under the Ministry's proposals Lotteries would pay more and the gaming machine sector would pay less. It would also directly affect the amount of funds available to be distributed to the community via the Lottery Grants Board.

NZRB

43. NZRB supports anything that combats problem gambling.
44. It believes the document does not go far enough in addressing the risk posed by offshore gambling via the internet.
45. It does not agree with the proposed reduction in the weighting given to problem gambling presentations in the calculation of the levy as this fails to recognise the principle causes of problem gambling. It supports the 10:90 weighting.
46. Quite a few of its customers are not resident in New Zealand and therefore do not access problem gambling services here should they require them.
47. Invites the Ministry to recommend separating the NCGM sector into three sectors: traditional gaming societies, club societies, and the NZRB as a class 4 operator, which is as a society that only operates gaming machines at TAB venues or at race courses. These three categories are recognised as separate categories by the Act. A separate levy for each NCGM category would introduce healthy competition among operators and reward operators who strive to go beyond the minimum in addressing problem gambling.

LGNZ

48. LGNZ is required to produce a racing board venue policy (for standalone TABs) and class 4 venue policy every three years. It is required under the Act and the Racing Act to renew the policies every three years and to use the special consultative procedure in the Local Government Act to develop and implement those policies. It is required to take into account the social impacts of gambling on its communities.
49. A lot of the research and analysis done by the Ministry focuses on problem gamblers and the gambling sector, which is the consumption side of the equation. Very little of the research actually focuses on the supply side. It is a concern for LGNZ that, in developing its policy, there are a number of things that it does not know.

50. An issue that was raised in the Gambling Harm Reduction Amendment Bill was that there is a perception in the community that money comes from certain parts of the community and goes to other parts of the community. There is no information available on this.
51. The whole Act, and indeed this whole levy, is about how to balance the good and the harm. We do not know what the balance is.
52. It seems that the sector, when the benefit that comes from money flowing to the community is set aside, has an economically negative impact on the economy overall, although it is hard to actually separate out negative and positive effects of gambling.
53. What causes problems in gambling is the economic impact. We need to know where the money is going. We need to know what the balance is between the harm and the good. We need to know whether the very small number of problem gamblers really is producing 50% of the revenue in the class 4 sector. The Ministry's research strategy tends to focus on the psychological context of the problem gambler and the problem gambler's behaviour. The focus is on the consumption side. We are interested in the economic health, the financial transactions, and ask that the research brief be expanded so that we can get some more basic statistics out of the sector that LGNZ can use and better understand where the money goes.
54. The Act requires that corporate societies minimise the cost and maximise the benefit to the community. We do not know if they are doing that. We get figures from the Department on percentages returned but we don't know clearly which corporate societies could be doing better and which are doing the best they can.

Providers of Problem Gambling Services and researchers

PGF

55. Overall PGF supports the plan. The amount is a decrease in real terms but it agrees with the public health/intervention split which is critical in dealing with this issue. In the current environment it seems like an appropriate level of funding.
56. PGF has a hypothesis based on what its counsellors tell it. This is that usually there is one form of gambling which drives people to treatment. But then when recording types of treatment a person will identify a number of modes of gambling. For example when there is a big Lotto jackpot, people with problems with pokie machines may try to chase their losses on Lotto. Lotto then gets cited as a form of gambling which causes harm but the real issue is the pokies.
57. PGF data represents about 50% of the sector. Over 70% of people identify only one harmful mode of gambling. Looking at that, it is very clear that it is all still about pokie machines in pubs. The incidences for Lotteries and the incidences for clubs remain very

low. This is a hypothesis which backs up what PGF's counsellors are quite clear about; namely the real issue in terms of people coming to PGF is pub pokies.

58. PGF does not support a 30:70 weighting, but rather a 10:90 weighting. The proposal is one which is going to financially advantage the class 4 sector and disadvantage other forms of gambling. This does not seem appropriate or fair.
59. PGF supports the case made by Clubs NZ. Those who are doing good should be rewarded.
60. Three years ago there was an awful lot of talk about the internet. The Ministry's data and PGF's data does not suggest that it is growing as had been anticipated. It is not really on the radar in harm terms. It gets quoted a lot, possibly as a diversionary tactic. It will be necessary to keep an eye on Australia and sports betting, and mobile devices may become a bigger issue here, but they may not. Further observation is required before action.
61. There will be an absolute need for flexibility in the way that services are delivered. PGF will start to deliver them across the internet and is trying to get to different demographics of people and trying to deal with different forms of gambling.

Woodlands

62. It is very important to refer problem gambling clients to the right clinician, someone with the particular skills necessary. If you get the right fit, you will get a result.
63. Proposes seamless levying. Currently presentations are estimated on the basis of previous years and mapped onto the future for the levy. However no one goes back to analyse whether the estimate was correct. They do on turnover but not on presentations. The Commission would be better served by having a report on just how well particular presentation data matches with the levying situation.
64. Over 15% of people presenting are outside of the levy areas. Who will pick up the tab for that?
65. Woodlands is comfortable with a 30:70 weighting. It is sure that over time it will move even more, for example, 40:60 in the next round.
66. It notes that the Commission's recommendations on levy weightings have historically never been adopted. Is there any scope for a statutory amendment so that the Commission's recommendations are final?

Mapu Maia

67. The number one product or number one form of gambling that is destroying specific communities is gaming machines. This is shown in the data and in terms of people presenting with problems.
68. There is a high stigma associated with problem gambling. It has been necessary to adjust Mapu Maia's approach to one that is not threatening and not confrontational. Mapu Maia would like the plan to be more flexible to allow for more innovative approaches when dealing with problem gambling. It is not just about dealing with the issue of problem gambling. A person does not come for treatment with all their problems in their families caused by problem gambling. It is connected to alcohol abuse, domestic violence, rebellious teenagers, and the whole gamut of a person's life.
69. It is necessary to have qualifications from the Western world and also confidence in one's cultural competency.
70. There is an issue with class 4 gaming venues in Manukau. Self-exclusion is very effective for clients however in some venues in Manukau, host responsibility is not up to the level that it should be. It is quite relaxed in some venues.

Salvation Army

71. Supports the 30:70 split.

Nga Manga Puriri Trust

72. The tools used to measure presentations to gambling services are not entirely accurate. The Lie-Bet screen enables identification of harm to individuals or family, but if they choose not to engage in treatment then that particular screen, or time spent identifying gambling harm, is not a valid presentation. The PGSI is also reliant upon individual motivation to engage with an intervention service. This is almost always pre-empted by crisis. This affects the number of sessions attended. Harm cannot be adequately measured when the tools we currently use lack the ability to identify and minimise gambling harm. If the measure of harm is not correct then how can a levy be correct?
73. Professor Max Abbott of AUT refers to the "intergenerational multiplier", which implies that problem gambling is compounded with each subsequent generation. Children of problem gamblers are four times more likely to gamble than those who are not. Māori in New Zealand are a youthful population, extremely mobile and technologically literate. Therefore online gaming, with its inability to regulate gambling times, sessions, hours, age, or even expenditure, is a growing concern. The Trust does not think that this is sufficiently planned for.

74. Lotto products are the most commonly stated contributor to the harm of problem gambling. It is a major risk to young people and the future of Māori wellbeing as there are no age restrictions and gambling behaviour is modelled from generation to generation.
75. The current formula for determining the levy which casinos, class 4 gambling venues, and the Lotteries should have to pay is inadequate.
76. Local research and monitoring has shown that the harm minimisation regulations have not been totally successful.
77. Supports the 30:70 weighting.

Abacus

78. There is no contingency for help-seeking. Historical data shows fluctuations in the number of people who seek help. If there is a sudden change or jump in presentations, or if providers are more effective in identifying problem gamblers and motivating people to seek help, there will not be funding available to meet that contingency, and we would have to wait another three years for that to happen.
79. It cannot be assumed that, because non-casino gaming machine numbers are reducing, numbers of problem gamblers will reduce. It is more important to look at the money lost in respect of the machines, rather than the number of machines. Since 2003 there has been a 30% reduction in the number of gaming machines but very little difference to the amount of money lost on the remaining machines. It has gone down from \$940 million in 2003 to \$860 million in 2012. In other words from \$37,000 per machine in 2003 it has gone up to about \$47,000 lost per machine in 2012.
80. The number of people presenting for treatment is a small fraction of those who are experiencing problems. The research is very sparse around the percentage of people who seek help but it could be as low as 2% of people with gambling problems.
81. There may be good reasons why there have not been more presentations relating to internet gambling than had been predicted. The internet has been slower in New Zealand for the types of graphics necessary for some gambling. People have also been careful about giving their credit card details to overseas gambling sites. However these factors are changing.
82. Research from overseas suggests that some of the biggest shifts are not from offline gaming to online gaming, but from online gambling to mobile gambling. This is concerning because people carry their mobile phones or smart phones with them everywhere. Worldwide growth in gambling via mobile phones is projected to increase from \$20 billion in 2011 to \$100 billion in 2017.

83. Another type of online gaming is Zynga Poker which is available to people from any age on Facebook and which has 306 million players worldwide. From next year Zynga will offer gambling for money. A lot of people trust Facebook and practice on Zynga and will suddenly be invited to move across to gambling for money sites.
84. People gambling at home do not have the same level of monitoring as people gambling in public.
85. There should be innovation in approaches for treatment of problem gambling. Government and other agencies, other than problem gambling providers, are in a position to screen for problem gambling. For example, in the past WINZ has said that their clients have often told them about gambling problems. However WINZ does not fall under the Ministry or its strategy.
86. Findings that the problem gambling rate is stagnant and therefore the problem is not increasing, fail to take into account increased stigma around disclosing a gambling problem. For example there is good research in Australia to indicate that possibly only 28% of people tell the truth about their gambling problems.
87. In relation to qualifications there are papers available at AUT. DAPAANZ, the addiction professional body, has now taken on problem gambling treatment providers and will monitor and ensure ethics and qualifications as well as ongoing training as part of registration. This has happened because in the past 12 to 18 months the competencies for problem gambling have been developed and are now being accepted.
88. The fact that many people present only once, or only a few times, for treatment does not mean that they are not successful the first time. It is common across addiction intervention for people to stop and start before gradually making changes. This happens in all forms of addiction.
89. A 30:70 weighting probably takes into account the fact that instead of taking bald figures of presentations, we are looking at the process whereby people may develop a problem.