

ANNEX 2

Summary of submissions made at the 30 January 2019 Proposed Problem Gambling Levy consultation meeting

1. MINISTRY OF HEALTH

Richard Taylor

- 1.1 Mr Taylor noted the changes in the proposal document, including a new technology/innovative fund. He indicated that there was broad support about weightings from 10/90 to 30/70 from both gambling harm providers and from service providers. He also explained that the \$5 million underspend in the current period arose as a result of previous legal challenges that meant the Ministry was unable to place contracts, such as that in Waikato for \$800,000.
- 1.2 Mr Taylor outlined the two proposed options for dealing with the underspend (Option 1 and Option 2), noting the Ministry's preference for Option 1 but indicating that the bottom line remained the same regardless of the option used.

2. DEPARTMENT OF INTERNAL AFFAIRS

Bruce Atmore

- 2.1 Mr Atmore noted that the 2017/2018 expenditure estimates would be issued soon, likely in the next couple of weeks.
- 2.2 He noted that Component D would garner different statistical results depending on the sector and that Component R would redress the balance in terms of over or under recovery.

3. NON-CASINO GAMING MACHINE OPERATORS

Helen van Druten – Compliance & Operations Support Manager, The Lion Foundation

- 3.1 Ms Van Druten made general comments regarding the need to do things differently. She noted that technology was key but that there ought not to be a pilot as there was "no need to pilot the pilot." She also noted that there was no need to prioritise research and secondary analysis of that research and emphasised the importance of having correct information to Councils regarding funding allocations and statistics.

Mike Knell – Chief Executive, New Zealand Community Trust

- 3.2 Mr Knell made submissions regarding the growing sector culture of care over the past 12 years, the need to balance the Act's principles in considering benefits and harm, and the key role of technology in reducing harm and the need for funding to assist societies with the cost of implementing facial recognition technologies. He also noted that there was no need for trial after trial of the technology.
- 3.3 Mr Knell indicated NZCT's support for a 30/70 weighting as being evidence based. He also noted the presence of the growing and non-contributing blackmarket online gambling industry.

4. CASINO LICENCE HOLDERS

Tim Bergin – Risk & Compliance Manager, Christchurch Casinos Limited

- 4.1 Mr Bergin noted that as part of Christchurch Casino's licence renewal application process a number of technology innovations had been introduced, and those, along with collaboration with key service providers had resulted in positive outcomes for the casino.

5. LOTTERIES COMMISSION

Dan Balasoglou – Chief Financial Officer

- 5.1 Mr Balasoglou indicated the Lotteries Commission's support for a 90/10 weighting allocation. He submitted that with Component A player expenditure should be defined as turnover of total sales. As to Component B, it was unfair in spreading distribution across all modes named such that Lotto's contribution was disproportionately high – the focus should be on the primary product instead. There was no issue with the proposed Component C.
- 5.2 As to Component D, Mr Balasoglou submitted that the forecast player expenditure in a sector figures do not take into account online offshore gambling, which has a market sized at figures ranging from \$36m, \$270m or double that.

6. NZ RACING BOARD

Cameron Rodger – Legal Counsel

- 6.1 Mr Rodger indicated the NZ Racing Board's support for a 10/90 weighting. He noted that while it was accepted that presentation data may not be a perfect measure for assessing harm, the Board was not persuaded that this data was as inaccurate as suggested, absent formal and robust research.

7. PROVIDERS OF PROBLEM GAMBLING SERVICES AND RESEARCHERS

Lisa Campbell – National Operations Manager, Oasis/The Salvation Army

- 7.1 Ms Campbell submitted that a broader view of the scope of gambling harm was needed. She noted that funding levels for problem gambling services was inadequate and that there had been no cost-price adjustment to funding since 2014.
- 7.2 Ms Campbell noted that presentations only captured acute cases of harm, with only 10 per cent of people suffering gambling harm accessing services and that the continuing trend of reduction in presentations reflected low service uptake rather than reduced rates of harm. She indicated Salvation Army Oasis' support for either a 20/80 or 30/70 weighting, noting that increasing the weighting for expenditure would more accurately reflect the proportion of gambling harm attributable across the sectors other than just Class 4, particularly if the casinos, EGM products and Racing Board expands.

Paula Snowden – CEO, Problem Gambling Foundation

- 7.3 Ms Snowden's submissions centred around the environment in which people are developing problem gambling and the need to remove EGMs from high debt communities and to use technology to address problem gambling.
- 7.4 She noted that the Problem Gambling Foundation does not care how the levy is calculated, emphasising instead that the amount of funding generated is not sufficient for the needs of problem gambling services.

Kelly Feng – Director, Asian Family Services

- 7.5 Ms Feng submitted that there were significant service gaps for the Asian population and that presentation figures do not accurately reflect harm for a number of reasons. She also noted the growing demand for culturally appropriate services.

Jarrod True – Director, True Legal Ltd (speaking for Gaming Machine Association of NZ)

- 7.6 Mr True submitted that given the levy in the current three year period was \$50.4 million, there is no justification for now seeking \$60.3 million because New Zealand's problem gambling rate is low by international standards and the number of problem gambling representations is declining despite population increase. He also submitted that there is no need for more pilots of technology – rather the funding should go towards putting the technology into venues.
- 7.7 Mr True also noted the concern that there was no detailed costings or budget put forward in relation to the \$5 million underspend and that an OIA request for workings was denied because no such documents existed. He noted that the initial consultation document did not include the \$5 million under the levy formula at all, but was “appropriated” into the Ministry's “slush fund”, although the Ministry now accepts that the underspend must be dealt with under the levy formula.
- 7.8 Mr True submitted that the Association's preference was for the underspend to be accounted for under Component R, as this deals with over-recoveries and is more accurate because it looks at actual revenue. Although the difference between inclusion under Component C and Component R is not a large difference, for the non-casino gaming machine sector, the difference amounts to \$300,000.

Jarrod True – Director, True Legal Ltd (speaking for Trust House Foundation, Akarana Community Trust, Dragon Community Trust, and BlueSky Community Trust)

- 7.9 Mr True submitted that change was needed, for example, a national database of excluded players and funding support for new technology. He noted that funding for trials and pilots was not supported as the preference was for actually setting up the technologies in venues. Nor were study of studies.
- 7.10 Mr True indicated that there was support for a 30/70 weighting because this did not penalise proactive operators referring people to treatment providers. It would also ensure that the non-casino gaming machine sector would not have to contribute disproportionately to research into online gambling where they have no ability to provide online offerings in the future, and in comparison to providers like the NZ Racing Board and Lotto which already have online offerings.

Cath Healey – Counsellor, Te Rangihaeata Oranga Trust

- 7.11 Ms Healey submitted that it was important to remember that it is people and their wellbeing that the levy, however the formula is calculated, contributes to and that gambling related harm affects financial, social and physical wellbeing.

Netini Vaeau – Manager, Tupu, Waitemata District Health Board

- 7.12 Ms Vaeau submitted that the current funding model needed to change in order to be able to service the Pacific community. She emphasised the importance of people and noted that it is ethical and fair to put funding back into the community where it came from.

Sean Sullivan – Abacus, Counselling, Training & Supervision Limited

- 7.13 Mr Sullivan made submissions on three issues. First, he noted the low presentation rate for problem gamblers and their affected family members and suggested proactive funding of television advertising. Second, he noted the merging of gaming and gambling online and the rise of “loot boxes”, which is not covered by the Act and the need to address this. Finally, Mr Sullivan submits that clinical funding is currently underfunded and the Strategic Plan is currently for a problematic reduction of clinical treatment from 200,000 per annum to 150,000.

Rob Smith – General Manager, BlueSync Limited

- 7.14 Mr Smith submitted that additional technology funding was welcomed but that further piloting of various technologies is unnecessary. All that is required is funding.

Rebecca Ruwhiu-Collins – National Coordinator for Prevention & Minimising Gambling Harm, Hapai Te Hauora

- 7.15 Ms Ruwhiu-Collins noted that a disruption method needed to be applied to community funding. She noted the need for an increase in the amount levied, but was not concerned about the formula used. Rather, she placed emphasis on funding the areas in need and recognised the importance of technology and aligning the relationship between services and the industry.

- 7.16 She also submitted that prime time advertising of gambling should be prohibited.

Chris Yu – Torutek Limited

- 7.17 Mr Yu noted that a pilot of facial recognition technology had already been done by the societies at about 19 to 20 venues, meaning there is no need for further pilots. He emphasised the importance of having a national problem gambling database to assist with data collection.
- 7.18 Mr Yu referred to the CONCERN database which Torutek developed and which has facial recognition technologies. He submitted that the Ministry of Health should take over ownership of the CONCERN database.

Paul Andrew – Director, COMS Systems Limited

- 7.19 Mr Andrew submitted that facial recognition technology is able to assist venue staff dealing with excluded patrons. He noted there was no need for another trial of the technology as the C4 gaming industry trialed the technology back in November 2017 and the technology has been successfully used for the last 15 months.
- 7.20 Mr Andrew further submitted that \$3.5 million of the \$5 million underspend should be allocated to a technology fund, specifically to cover the ongoing licencing costs of the facial recognition technology over the next three years. This would allow for facial recognition technology to be established in 350 venues nationwide.

Colin Bridle, Chairperson – Chairperson, Feed Families Not Pokies

- 7.21 Mr Bridle noted that Tokoroa is the fourth most concentrated area for pokie machines and that presentation figures are low for a number of reasons, including because gambling is often one of a number of reasons affecting those that seek help and the massive under reporting of gambling harm. He noted that services were under funded and under resourced. He submitted that Class 4 gaming machines should be removed from high deprivation communities.

Louis Smith – Taeaomanino Trust

- 7.22 Mr Smith presented a video clip at the hearing involving a person who accessed the Trust's services. He noted that whatever the outcome, service providers would have to use the funds generated to continue working in a space where inequalities and disparities are evident.