Preventing and Minimising Gambling Harm

Three-year service plan 2010/11–2012/13

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1 Introduction

Background

The Ministry of Health is the department responsible for developing and implementing an integrated problem gambling strategy to prevent and minimise gambling harm.

The Gambling Act 2003 says the strategy must include:

- measures to promote public health by preventing and minimising the harm from gambling
- services to treat and assist problem gamblers and their families/whānau
- independent scientific research associated with gambling, including (for example) longitudinal research on the social and economic impacts of gambling, particularly the impacts of gambling on different cultural groups
- evaluation.

In the Gambling Act 2003, 'harm':

(a) means harm or distress of any kind arising from, or caused or exacerbated by, a person's gambling; and

(b) includes personal, social, or economic harm suffered—

 (i) by the person; or

 (ii) by the person's spouse, civil union partner, de facto partner, family, wh nau, or wider community; or

 (iii) in the workplace; or

 (iv) by society at large.

The Ministry of Health appropriates funding for problem gambling services and activities through Vote Health. The Crown then recovers the cost of this appropriation through a levy, the problem gambling levy, on gambling operators.

Integrated problem gambling strategy

The Ministry of Health's integrated problem gambling strategy for consultation comprises:

- a six-year strategic plan 2010/11–2015/16 (Ministry of Health 2010)
- a needs assessment
- a levy calculation 2010/11–2012/13
- a three-year service plan 2010/11–2012/13 (this document).

The service plan outlines the Ministry's forecast budget and intentions for 2010/11–2012/13.

Principles underpinning the integrated problem gambling strategy

Key principles underpin the Ministry of Health's integrated problem gambling strategy. These principles have guided the planning and funding processes for problem gambling primary prevention (public health) and secondary and tertiary prevention services.

The principles are to:

- maintain a comprehensive range of public health services based on the Ottawa Charter for Health Promotion and New Zealand models of health (such as Te Pae Mahutonga and Whare Tapa Whā)
- fund services that target priority populations
- ensure culturally accessible and responsive services
- maintain a focus on improving Māori health gain
- address health inequalities
- strengthen communities
- ensure services are sustainable
- develop the workforce
- apply an intersectoral approach
- ensure links between public health and intervention services.

Relationship of service plan to strategic plan

The Ministry of Health's six-year strategic plan, *Preventing and Minimising Gambling Harm: Strategic Plan 2010/11–2015/16* (Ministry of Health 2010), outlines how the Ministry will address the continuum of gambling harm.

The draft strategic plan identifies 11 objectives.

Objective 1: There is a reduction in health inequalities related to problem gambling.

Objective 2: Māori families are supported to achieve their maximum health and wellbeing through minimising the negative impacts of gambling.

Objective 3: People participate in decision-making about local activities that prevent and minimise gambling harm in their communities.

Objective 4: Healthy policy at the national, regional and local levels prevents and minimises gambling harm.

Objective 5: Government, the gambling industry, communities, families/whānau and individuals understand and acknowledge the range of harms from gambling that affect individuals, families/whānau and communities.

Objective 6: A skilled workforce is developed to deliver effective services to prevent and minimise gambling harm.

Objective 7: People have the life skills and the resilience to make healthy choices that prevent and minimise gambling harm.

Objective 8: Gambling environments are designed to prevent and minimise gambling harm.

Objective 9: Problem gambling services[1] effectively raise awareness about the range of harms from gambling that affect individuals, families/whānau and communities for people who are directly and indirectly affected.

Objective 10: Accessible, responsive and effective interventions are developed and maintained.

Objective 11: A programme of research and evaluation establishes an evidence base, which underpins all problem gambling activities.

This service plan outlines the services required to advance these 11 objectives over the 2010/11–2012/13 levy period.

Needs assessment

The Ministry of Health's problem gambling needs assessment was developed in 2009 to inform strategic and service planning for 2010/11–2012/13. The Ministry contracted an external consultancy to undertake research for the needs assessment. The resulting report was *Informing the 2009 Problem Gambling Needs Assessment* (Francis Group 2009).

Findings from the problem gambling section of the 2006/07 New Zealand Health Survey were also included in the 2009 needs assessment (Ministry of Health 2008c).

The needs assessment found that problem gambling intervention services meet current demand and provide good geographical coverage across New Zealand. Some smaller populations are without services, primarily in areas where it is not cost-effective to site face-to-face services. However, few populated areas lack face-to-face services.

An increased role for the Helpline means all areas have a problem gambling service regardless of people's ability to access face-to-face services.

The geographical analysis for the 2009 needs assessment also confirmed the findings of previous needs assessments that people living in more deprived areas are at greater risk of developing problems with gambling.

The 2009 needs assessment also found that gambling opportunities are concentrated in high deprivation areas, which also have high Māori and Pacific populations.

Models of public health service demand (based on the findings of the needs assessment) have shown gaps in service coverage and capacity. The Ministry has moved to address these gaps by increasing public health funding for the 2010/11–2012/13 service period.

1. The reference to problem gambling services for this objective includes health services that treat problem gamblers and excludes all primary health care services.

Research agenda

To inform its research programme for 2010/11–2012/13, the Ministry of Health reviewed its research agenda for the whole 2010/11–2015/16 period. The research agenda was developed from the:

- priorities and rationale from the 2004/05–2009/10 problem gambling strategic plan
- findings of commissioned research
- 2009 problem gambling needs assessment
- outputs from the International Think Tank on Gambling Research, Policy and Practice
- feedback from the Ministry's gambling research reference group
- feedback from the joint Ministry of Health and Department of Internal Affairs Stakeholder Reference Group on Preventing and Minimising Gambling Harm
- a process of alignment with Gambling Research Australia projects that were recently completed, are under way, or are scheduled for 2010/11–2012/13.

The research agenda outlines the full range of questions identified, the rationale for each category of investigation, and the links between categories and related national and international evidence and the questions the projects will address during 2010/11–2012/13. The research agenda will be available on the Ministry of Health website (http://www.moh.govt.nz/problemgambling) from 1 July 1010.

2 Service Period 2007/08–2009/10

Service changes

Over the 2007/08–2009/10 service period, the Ministry of Health introduced service changes, including:

- the implementation of a revised service delivery model for public health and intervention services
- the expansion of helpline services to 24 hours a day and expansion of intervention services
- improved data collection and monitoring requirements.

Public health and intervention service delivery model review

The revised public health and intervention service model aligned public health and intervention service delivery. The new model ensures clear links between public health and intervention services to ensure a comprehensive range of services along the continuum of care.

The revised service delivery model meant the requirements for brief interventions were also revised, all services were required to follow up clients, and a facilitation role was introduced to better integrate services with other relevant agencies on a client-by-client basis.

To support the implementation of the revised model, the Ministry undertook a significant amount of education and alignment work with service providers. Central to this work was the clarification of the core components of the Ministry's model for addressing problem gambling and the development of key documents to assist providers. These documents were the:

- *Intervention Service Practice Requirements Handbook* (Ministry of Health 2008d)
- *Data Management Manual* (Ministry of Health 2008b)
- *Data Collection and Submission Manual* (Ministry of Health 2008a).

The handbook, in particular, sets out clear definitions for all purchase units and includes guidance on ideal patterns of care. The resulting increase in the number of people presenting to services (ie, presentations) in 2008 reflected the work being undertaken to better address the needs of people experiencing gambling harm.

Helpline services

The Ministry moved to a 24-hour helpline service in late 2008. This service also began providing full intervention services, ensuring access for people in areas without face-to-face services and for people who prefer a telephone-based service.

Improved data collection

The revised service delivery model improved data collection and monitoring, allowing the Ministry to better measure the workload of intervention service providers. The improved data available in 2008 allowed the Ministry to adjust the capacity it purchased to meet clinical service demand.

Ongoing delivery

Despite the changes introduced to the sector in 2007/08–2009/10, service delivery continued unabated. Ongoing service delivery as it relates to intervention and public health activity, accessibility for and responsiveness to Māori, and research is discussed below.

Intervention

In 2008 the number of people accessing intervention services increased significantly. Although the Ministry of Health changed the definition of 'presentations' at the start of 2008, these changes were minor, and comparing both 2007 and 2008 data, using identical definitions, presentations increased 38 percent from 2007. Much of this increase was attributable to the increased emphasis on brief interventions, but full interventions also increased 22 percent over the same period.

Public health

Central to the Ministry's national public health activity has been the Kiwi Lives awareness-raising campaign, co-ordinated by the Health Sponsorship Council. Stage 2 of the campaign focused on what people could do to address their problems at both individual and community levels.

Public health service delivery included a variety of community-level activities across the country, including work with government agencies, church groups, educational institutions, marae and gambling venue operators.

Service providers continued to participate in the three-yearly territorial authority review of gambling venue policies. This participation ensured the review had a community perspective. The review has resulted in several authorities capping the number of gaming-machines or introducing sinking-lid policies in their regions.

Accessibility and responsiveness for Māori

Access to services by Māori continued to improve over 2007/08–2009/10. Dedicated Māori public health and intervention services are a key strand of the Ministry's commitment to improving Māori health outcomes. Dedicated Māori service delivery continued to develop, with a variety of diverse service activities delivered nationwide.

Research

The research programme has been a key focus for the Ministry over 2007/08–2009/10. Research included the:

- completion of eight projects begun in 2004/05–2006/07
- commencement of seven national projects
- establishment of a scholarship programme to encourage research in gambling and problem gambling
- establishment of a small competitive fund to support and encourage innovation in gambling and problem gambling research
- establishment of protocols for reviewing and accepting final reports and publishing the findings

- development of a monitoring programme for reporting progress against the sector's strategic objectives
- commencement of a national effectiveness trial for an internationally validated brief intervention.

3 Factors for Consideration 2010/11–2012/13

The Ministry of Health is confident that despite the current changeable environment, proposed funding for both intervention and public health services is adequate to meet demand and deliver a quality service consistent with the Gambling Act 2003 and the Ministry's service standards and strategic requirements.

Revised service delivery model

The Ministry of Health allowed for a 'bedding-in' period following the implementation of the revised service model in 2008. However, the Ministry's ability to accurately forecast demand for services will continue to evolve. The Ministry expects its future forecasts to continue to improve in accuracy.

Prevalence of internet gambling

Several stakeholders have raised concerns about the potential for internet gambling to increase. The Ministry is aware of anecdotal evidence from service providers that internet gambling and associated problems are increasing. Industry-sponsored research shows that levels of offshore internet gambling may be higher than government research suggests.

Analysis of the Ministry's 2009 service-user data shows that internet gambling makes up only a very small percentage of primary problem gambling mode presentations. However, the Ministry will continue to monitor participation in internet gambling and associated problem gambling to identify changes to internet gambling activity or presentations as a result of such activity. An increase in internet gambling is possible with the continued rise in the popularity and coverage of internet poker, the Government's move to increase internet speed and capacity, and internet gambling patterns in overseas jurisdictions.

Difficulty of forecasting demand in a recession

The uncertainty in forecasting gambling behaviours during recessionary periods complicates estimates of future gambling activity and behaviour. One school of thought is that participation in gambling and problem gambling increases during a recession; the other school of thought is that, as with other discretionary spending, participation in gambling falls in a recession and problem gambling declines correspondingly.

It is too early to tell the likely impact of the current recession on gambling in New Zealand over the next three years. However, forecast expenditure trends from the Department of Internal Affairs suggest patterns of gambling will not change markedly.

4 Service Plan for 2010/11–2012/13

This service plan for 2010/11–2012/13 is guided by the objectives in the strategic plan. The service plan sets out the funding for primary (public health), secondary and tertiary prevention (intervention) services, including research, evaluation and workforce development.

The service plan signals a shift to a more outcome- and results-based approach to funding problem gambling services, with a focus on achieving greater value for money alongside optimal service coverage. The 2010/11–2012/13 service period will see the establishment of baseline measures for measuring progress across intervention and public health services against the Ministry's strategic objectives. These measures will be developed collaboratively with the gambling and problem gambling sector.

The service plan takes into account the needs assessment, the changes in the gambling environment since the previous plan was developed, and feedback received from public consultation.

The four core intervention components of the Ministry of Health's comprehensive approach are brief intervention, full intervention, facilitation and follow-up services. The emphasis on improving the delivery, performance monitoring and evidence for the four core intervention components will continue. The Ministry will also continue to emphasise the need for innovative, targeted approaches to public health activity, with clear and comprehensive reporting on these activities.

One Ministry priority is to investigate opportunities for greater efficiency and improved outcomes. With this priority in mind, further alignment of problem gambling services with alcohol and other drug services may occur as the Ministry assesses the benefits of such alignment with District Health Board (DHB) services during 2010/11–2012/13. However, the Ministry appreciates that although aligning problem gambling services with other addiction services has potential efficiencies, devolution of these services to DHBs will be a significant change to the way services are contracted. Such devolution requires careful assessment of the potential positive and negative impacts of such a move and prevailing government imperatives.

As evident through a variety of sources, Māori and Pacific people continue to be over-represented in problem gambling prevalence statistics. Services tailored to these population groups will continue to be a focus in 2010/11–2012/13. Service providers are expected to contribute to improvements in whānau ora and a reduction in health inequalities, recognising the cultural values and beliefs that influence the effectiveness of services for Māori and other at-risk groups, including Asian and Pacific peoples.

5 Funding

This section sets out the services and funding the Ministry of Health believes are required to achieve the outcomes set out in the strategic plan for preventing and minimising gambling harm 2010/11–2015/16. The funding requirements for each service period include a reconciliation of actual and forecast expenditure for the previous funding period. This reconciliation is discussed next, followed by an overview of forecast expenditure for 2010/11–2012/13.

Reconciliation of actual and forecast expenditure 2007/08–2009/10

Table 1 shows the funding outlined in the 2007/08–2009/10 service plan. Over this period, the Ministry of Health maintained adequate service delivery without spending the total amount allocated in the service plan. It is expected that over 2007/08–2009/10, the Ministry will spend $1.604 million (GST exclusive) less than the amount allocated in the service plan.

In addition to the forecast underspend for 2007/08–2009/10, at the end of the 2004/05–2006/07 service period, the Ministry reconciled a further underspend of $893,000 over and above the $1.45 million (GST exclusive) accounted for in the 2007/08–2009/10 service plan. Therefore, the total underspend accounted for in this service plan is $2.497 million (GST exclusive).

Table 1: Problem gambling services: Ministry of Health service plan (GST exclusive), 2007/08–2009/10

Services	2007/08 ($)	2008/09 ($)	2009/10 ($)
Public health services	5,653,000	5,810,000	6,270,000
Intervention services	9,436,000	9,709,000	9,840,000
Research contracts	2,200,000	2,200,000	1,400,000
Public health operating	475,000	489,000	504,000
Audit (public health operating)		200,000	
Mental health operating	475,000	489,000	504,000
Audit (mental health operating)		200,000	
Total	**18,239,000**	**19,097,000**	**18,518,000**

Note:
This table has been prepared in accordance with the Cabinet Office guidelines on GST status as GST exclusive and in accordance with the Public Finance Amendment Act 2004 requirement that appropriations should be exclusive of GST. However, the costs to industry will be inclusive of GST, so the cost including GST is 12.5 percent higher than is shown in the table.

Services forecast for 2010/11–2012/13

The Ministry of Health has calculated its budget requirements for 2010/11–2012/13 based on the needs assessment and the Ministry's assessment of future service needs and requirements. The forecast budgets for the four main service lines are shown in Table 2.

Each budget line is discussed in more detail in section 6.

Table 2: Problem gambling services: Ministry of Health spend (GST exclusive), 2010/11–2012/13

Services	2010/11 ($)	2011/12 ($)	2012/13 ($)
Public health services	6,757,795	7,090,551	6,965,362
Intervention services	8,413,180	8,549,343	8,563,730
Research contracts	2,499,073	2,224,073	1,423,000
Ministry of Health operating costs*	957,044	978,617	1,000,839
Total	18,627,092	18,842,584	17,952,931

* The Ministry of Health operating cost increases between years are due to the cost of consultation in the 2012 calendar year.

6 Existing and New Services

The Ministry of Health has grouped its services into four budget lines. These lines are:

- public health services
- intervention services
- research contracts
- Ministry operating costs.

Public health services

The public health component of the Ministry of Health's integrated strategy to prevent and minimise gambling harm includes:

- primary prevention services
- public health workforce development and training
- a problem gambling awareness and education programme
- national co-ordination[2]
- conference support
- audit.

Table 3: Public health expenditure on problem gambling, by service area (GST exclusive), 2010/11–2012/13

Service	2010/11 ($)	2011/12 ($)	2012/13 ($)
Primary prevention (public health action)	4,887,795	4,985,551	5,085,262
Workforce development	120,000	120,000	120,000
Awareness and education programme	1,480,000	1,480,000	1,480,000
National co-ordination services	250,000	255,000	260,100
Conference support	20,000	100,000	20,000
Audit	–	150,000	–
Total	**6,757,795**	**7,090,551**	**6,965,362**

Note: All service areas include provision for dedicated Māori, Pacific, and Asian services and activities.

Primary prevention services

Primary prevention services include health promotion, increasing community action, raising community awareness about gambling and problem gambling, working with territorial authorities on gambling venue policies, and supporting the awareness and education programme at local and regional levels.

2 Although the national co-ordination and conference support services represent overall sector capacity, the nature of the services aligns with public health principles, so they have been budgeted to reflect this alignment.

In line with the Ministry's strategic funding principles, the Ministry will continue to fund dedicated Māori, Pacific and Asian public health services to provide appropriate and relevant services in their respective communities.

Public health workforce development and training

The Ministry regards public health workforce development and training as a key activity in 2010/11–2012/13. The development of broader public health competencies and career pathways has been an ongoing activity for the public health sector for many years. Progressing this area for the problem gambling sector is timely, with the opportunity to align with the national strategic approach to public health workforce development – *Te Uru Kahikatea: The public health workforce development plan 2007–2016* (Ministry of Health 2007b).

Workforce development and training for public health will focus on assisting staff to implement problem gambling public health programmes that are evidenced-based, accessible, easy to understand, and relevant to a particular community's needs.

Problem gambling awareness and education programme

A key foundation of the Ministry's population-focused public health approach is to continue building public awareness and understanding of gambling harm using national media as a crucial part of the future work programme. The concept of Kiwi Lives was developed to implement the Ministry's Problem Gambling Awareness and Education Programme. Kiwi Lives, launched in April 2007, asks New Zealanders to think and talk about the broad impacts of problem gambling on individuals, communities and families and to understand solutions that can prevent and minimise gambling harm.

The next phase of the programme builds on stages one and two of the Kiwi Lives campaign and includes a national media component, the development of resources to support public health and intervention strategies, and a continued focus on evaluating the effectiveness of the programme. The programme is also central to developing and strengthening links between national and community-level activities, promoting and destigmatising help-seeking behaviour, and working with the industry to promote harm-minimisation initiatives.

National co-ordination and conference support

The national co-ordination and conference support services support the overall public health and intervention service capacity. Because the nature of these services aligns with public health principles, these services have been budgeted in this service area.

National co-ordination

The national co-ordination service is a central point for disseminating key messages and information across the problem gambling provider sector, ensures problem gambling providers across the range of services are kept informed of significant developments, and assists collaboration among agencies involved in preventing and minimising gambling-related harm. The service also facilitates the co-ordination of training and workforce development events for all problem gambling services. For smaller providers, it facilitates networks and collegial support through hui, fono and other national events.

A key component of this service will be the co-ordination of the dedicated Māori problem gambling service to ensure issues of capacity and capability are addressed.

Conference support

Conference support funding represents the Ministry's contribution to a biennial international problem gambling conference held in New Zealand and an annual contribution to a national addiction and/or public health conference relevant to problem gambling.

Holding an international conference in New Zealand reflects and promotes New Zealand's role as a world leader in minimising and preventing gambling harm. Such a conference enables problem gambling practitioners, researchers, industry representatives, and government officials from around the world to meet and exchange ideas specific to problem gambling. Those attending will benefit from exposure to international speakers.

National addiction sector or wider public health conferences enable problem gambling practitioners to meet and exchange ideas with practitioners from other related sectors, and enable a wider network for the exchange of knowledge. By contributing to and making use of existing workforce development opportunities, such as conferences, the Ministry is encouraging greater alignment across the addiction sector. This alignment is cost-effective and extends the skills of alcohol and other drug and problem gambling practitioners. This extension of skills will allow for greater service flexibility, particularly in smaller towns and remote areas.

The funding for national and international conference support is shown in Table 4.

Table 4: Conference support budget (GST exclusive), 2010/11–2012/13

Conference	2010/11 ($)	20011/12 ($)	2012/13 ($)
National addictions sector and/or public health conference support	20,000	20,000	20,000
New Zealand-based international problem gambling conference support	–	80,000	–

Audit

The Ministry audits problem gambling services every three years. The audits focus on governance and financial management, cultural responsiveness, data management, and service quality and delivery.

Intervention services (secondary and tertiary prevention)

The Ministry of Health's approach to preventing and minimising gambling harm at a secondary and tertiary prevention level includes:

- a helpline and web-based services
- psychosocial interventions and support
- the problem gambling information system
- workforce development and training
- audit.

Intervention services expenditure on problem gambling is shown in Table 5.

Table 5: Intervention services expenditure on problem gambling, by service area, (GST exclusive), 2010/11–2012/13

Services	2010/11 ($)	2011/12 ($)	2012/13 ($)
Helpline services	1,500,000	1,530,000	1,560,600
Psychosocial interventions and support	6,558,180	6,689,343	6,823,130
Problem gambling information system	175,000	–	–
Workforce development	180,000	180,000	180,000
Audit activities	–	150,000	–
Total	8,413,180	8,549,343	8,563,730

Note: All services include provision for dedicated Māori, Pacific and Asian services.

Helpline and web-based services

Helpline services provide a first point of contact for people experiencing gambling-related harm either directly or as a result of a family/whānau member's or significant other's gambling. A 24-hour helpline service is a first contact point for people in crisis as a result of their own or someone else's gambling. The helpline service also represents a public contact point for national campaigns and for general enquiries by the media and interested parties.

Helpline services encompass several aspects of the Ministry of Health's service delivery model nationally, including:

- the provision of direct information
- access by phone or other telecommunication or electronic means to intervention services for people unable or unwilling to access face-to-face services
- referral to other problem gambling service providers
- web-based information on self-help and peer-to-peer support options and assessment guides.

Helpline services include dedicated Māori, Pacific and Asian phone lines and access points for other population groups, such as youth, who present with significant need.

Psychosocial interventions and support

Problem gambling psychosocial intervention and support services include a variety of interventions that are delivered to individuals or groups in a variety of settings. The Ministry remains committed to improving access to services for all people adversely affected by gambling. The Ministry recognises that identifying people experiencing harm from gambling before they reach crisis is crucial to minimising the impact gambling may have on individuals and families and may lessen the need for more intensive interventions.

Specialist services include assessment, interventions (including brief and psychosocial interventions, active case management, referrals, and facilitation to allied health and social services), and follow-up. Family/whānau members affected by someone else's gambling can access the same range of services as are available to those experiencing gambling harm due to their own gambling.

All services are expected to be culturally safe and culturally competent. Dedicated Māori, Pacific and Asian problem gambling services will continue to be provided to ensure appropriate access and services for these population groups.

Problem gambling information system

During the 2007/08–2009/10 service plan, the Ministry commenced a data improvement programme to improve the accuracy and timeliness of the monitoring data collected from problem gambling intervention service providers. The data is collected for both contract management purposes and calculating the problem gambling levy. The changes made in this period resolved many of the data issues the Ministry had noted during 2004/05–2006/07 and have provided a good platform from which to implement ongoing improvements.

In 2009, the Ministry started a project to further improve the client information collection (CLIC) database and transfer CLIC's operation to the Ministry for ongoing management. The project will continue into 2010/11, with the outcome being a simpler version of CLIC available to providers to support data entry workflow and electronic collection of data from provider branches. This will reduce the time and skills required to enter data and data entry errors.

By simplifying the national CLIC database collation and management functions, the Ministry will be able to collate the data and manage the database. Once the transition is complete, ongoing data management costs will be incurred through the Ministry's operational expenditure.

Intervention workforce development and training

Training and development of the problem gambling workforce will continue to be important service components to support psychosocial intervention services.

A key focus for intervention workforce development over 2010/11–2012/13 will be to better align the problem gambling intervention workforce with other addiction services. Research shows that people experiencing harm from gambling often also have alcohol and other drug problems. There will also be a focus on increasing provider access to Māori-specific training programmes for problem gambling practitioners.

A review of addiction sector competencies was initiated in 2008 to support the alignment of problem gambling workforce development with the wider addictions sector. The review is exploring the development of integrated base addiction treatment competencies to improve support for the addiction treatment workforce. These competencies will ensure the workforce has the essential knowledge, skills and attitudes required to deliver effective co-existing treatment services. The outcomes of the review will be implemented over the term of this service plan.

Audit

The Ministry audits problem gambling services every three years. The audits focus on governance and financial management, data management and service quality and delivery.

Research and evaluation

The Ministry of Health will continue to undertake independent research in accordance with the Gambling Act 2003. The Act states (in section 317(2)(c) and (d)) that an integrated problem gambling strategy must include:

‘(c) independent scientific research associated with gambling, including (for example) longitudinal research on the social and economic impacts of gambling, particularly the impacts on different cultural groups; and

(d) evaluation.’

It is important to note the Act supports a research agenda that is broader than specific health interests. The Ministry has considered the information needs of the Department of Internal Affairs and the wider gambling and problem gambling sector interests in developing its research agenda.

The research and evaluation priorities the Ministry has identified for 2010/11–2012/13 are:

- refining the routine collection of gambling participation and problem gambling prevalence data in the New Zealand Health Survey
- enhancing the sector’s knowledge of the impact of gambling for Māori, Pacific and Asian populations
- supporting the collection and analysis of longitudinal data to inform an understanding of risk and resiliency factors relating to the incidence of problem gambling
- aligning projects with research occurring in Australia and other international jurisdictions, where appropriate
- developing the evidence informing intervention services
- developing and trialling protocols for the collection of gambling and problem gambling data in relevant government agencies such as the Department of Corrections, and the Ministries of Justice, Housing and Social Development
- supporting ongoing quality improvements in public health and intervention service delivery
- supporting and building problem gambling research capacity in New Zealand
- collecting and analysing data to inform the Ministry’s outcome and reporting programme for the gambling sector.

As with all other areas of the service plan, the Ministry’s purchasing principles underpin the research agenda, including the prioritisation of methodologies and approaches that ensure Māori involvement and participation in all research and build Māori research capacity.

The Ministry’s research budget is shown in Table 6.

Table 6: Research budget, by service area (GST exclusive), 2010/11–2012/13

Service area	2010/11 ($)	2011/12 ($)	2012/13 ($)	Project total ($)
2007/08–2009/10 completion	339,073	99,073	–	438,146
2010/11–2012/13 project	1,480,000	1,350,000	1,043,000	3,873,000
Outcome reporting	500,000	450,000	300,000	1,250,000
Service evaluation	180,000	325,000	80,000	585,000
Research budget total	2,499,073	2,224,073	1,423,000	6,146,146

Ministry of Health operating costs

Ministry of Health operating costs (ie, departmental expenditure) include the costs of contract management, ongoing policy and service development work, the management of the research, the monitoring and evaluation programme, and the management of the CLIC database within the Ministry. The operating costs budget is shown in Table 7.

Table 7: Operating costs budget (GST exclusive), 2010/11–2012/13

	2010/11 ($)	2011/12 ($)	2012/13 ($)
Operating costs	957,044	978,617	1,000,839
Total	**957,044**	**978,617**	**1,000,839**

7 Problem Gambling Levy

Background

The Ministry of Health funds and co-ordinates problem gambling services. The Crown collects a problem gambling levy on the profits of the gambling industry (ie, player expenditure), which reimburses the Crown for the costs of delivering problem gambling services. This approach ensures such costs are fiscally neutral to the Crown.

The problem gambling levy is set under the Gambling Act 2003. The purpose of the levy is 'to recover the cost of developing, managing, and delivering the integrated problem gambling strategy' (section 319(2)).

The problem gambling levy is collected on the profits of New Zealand's four main gambling sectors. These sectors are:

- non-casino gaming machine operators
- casinos
- the New Zealand Racing Board
- the New Zealand Lotteries Commission.

The formula used for calculating the levy rate for each sector is specified in the Gambling Act 2003 (section 320). The levy is calculated using rates of player expenditure (losses) on each gambling sector and rates of client presentations to problem gambling services attributable to each gambling sector. The levy rates are set every three years.

Levy formula and definitions

The formula for calculating the levy allocates among and collects from gambling operators the approximate cost of developing, managing and delivering the services required to implement the first three years of the strategic plan.

Process for calculating the levy

The process for calculating the levy is set in the Gambling Act 2003. As part of this process, the Ministry of Health prepared a needs assessment, outlined the funding required to implement the first three years of the problem gambling strategic plan for 2010/11–2015/16 (Ministry of Health 2010), and proposed the problem gambling levy calculation. The Ministry consulted on these documents widely, as required under the Act.

Following the Ministry's consultation process, the Gambling Commission undertook its own consultation process and made recommendations to the Ministers of Health and Internal Affairs.

Cabinet made the final decision on the funding appropriated to the Ministry of Health, following recommendations from the Ministers of Health and Internal Affairs and submitted to the Governor-General the levy amount and the rates it considers appropriate.

Expenditure data

Player expenditure data has been supplied by the Inland Revenue Department through the Department of Internal Affairs electronic monitoring system. This data must be kept confidential. The levels of gambling expenditure are available on the Department of Internal Affairs website (http://www.dia.govt.nz).

Presentations data

The Ministry generated figures on problem gambling presentations from data collected by problem gambling intervention service providers. Presentation figures relate to all clients who received a full, facilitation or follow-up problem gambling intervention session during 2008/09. Brief interventions are not included as presentations because of the nature of the contact with the client.

Forecast expenditure

The current climate of economic uncertainty has made forecasting expenditure levels difficult. It remains to be seen what longer term effect the economic downturn will have on New Zealand and whether expenditure in the main gambling sectors will contract or expand. The matters considered when projecting player expenditure in the main gambling sectors is discussed next.

Non-casino gaming machines

Spending in this sector decreased from $950 million in 2007 to $938 million in 2008. More recent electronic monitoring system data suggests this decline is continuing.

The number of gaming machines is also declining. There were 20,182 non-casino gaming machines in December 2007 and 19,359 in December 2009. Territorial authority venue policies in major centres do not seem conducive to growth, although there is no direct relationship between gaming machine numbers and expenditure. The introduction of player information displays on all gaming machines from 1 July 2009 may have an impact on spending on non-casino gaming machines.

The Ministry of Health, in consultation with the Department of Internal Affairs and the Inland Revenue Department, has considered splitting the non-casino gaming machine sector into two gambling sectors: (gaming machines in pubs and gaming machines in clubs) for calculating and collecting the 2010/11–2012/13 problem gambling levy.

The Gambling Commission raised the idea of splitting the sector in its 2006 report to ministers. Following the Commission's recommendation, the Ministry reviewed the relevant data. The Ministry found differences in the rates of presentation among people who cited gaming at pub venues and gaming at club venues as their main mode of gambling.

Splitting the non-casino gaming machine sector would likely result in club venues contributing slightly less and pub venues slightly more to the levy.

The proposal to split the non-casino gaming machine sector into two gambling sectors (gaming machines in pubs and gaming machines in clubs) for calculating and collecting the levy will be considered for the 2013/14–2015/16 problem gambling levy, subject to the data continuing to justify this split.

Casinos

Casino spending increased from $469 million in 2007 to $477 million in 2008, but may have been limited by the refurbishment of SKYCITY Auckland's gaming floor. Information suggests the resilience of overseas casinos to economic conditions may be at an end. However, this information is derived from destination casinos, which constitute only a small percentage of the casino sector in New Zealand. Modest growth can be expected during the period of the proposed levy.

New Zealand Racing Board

Gambling on New Zealand Racing Board products has shown annual growth of about 2.5 percent. Although there are indications the current economic conditions are having a negative impact on betting expenditure, it is expected that the amount people gamble at the TAB will change only slightly.

New Zealand Lotteries Commission

Spending on New Zealand Lotteries Commission products has shown considerable volatility and appears to be most influenced by the number of large jackpots in any given period. In 2008/09, a larger than expected number of jackpots resulted in a very high level of player expenditure. These circumstances are unlikely to be repeated, so player expenditure in 2009/10 is expected to decline. Overseas experience suggests lottery markets mature and that more modest growth can be expected for the period of the proposed levy.

Weightings

For the 2007/08–2009/10 levy period, a weighting of 10 percent on expenditure and 90 percent on presentations was applied to determine the relative shares for each gambling sector. The same weighting has been applied for 2010/11–2012/13.

The Ministry considers the levy rates should continue to apply a heavier weighting to presentations than to expenditure. A presentation represents an individual who has been harmed by their own or someone else's gambling, and has sought help at a Ministry-funded problem gambling service. This harm is directly attributable to a gambling sector or sectors through the recording of the primary gambling modes cited by clients. Therefore, presentations are a reasonable indicator of the proportion of responsibility each gambling sector should carry for the individual harm of problem gambling occurring in New Zealand (see Table 8).

Levy calculations[3]

Levy formula

Tables 8–11 set out the Ministry of Health's proposed costs for delivering the first three years of the strategic plan and allocate those costs to each gambling sector, weighted as outlined in the three options above.

3 The Inland Revenue Department provides information to the Department of Internal Affairs and Ministry of Health about the gaming duty that gaming operators pay. The Tax Administration Act 1994 requires the Department of Internal Affairs and Ministry of Health to maintain the secrecy of the information they receive.

The formula for calculating the levy rate is:

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

where:

A = estimated current expenditure in a sector, divided by the total estimated current player 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 to problem gambling services in which a sector that is subject to the levy can be identified

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

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

W1 and **W2** are weights, the sum of which is 1.

Over-strike and under-recovery in the previous levy period

In calculating the amount of C (the funding requirement for the period for which the levy is payable) in the levy formula, the Gambling Act 2003 (section 320) provides that any under-recovery or over-recovery of levy in the previous period (2007/08–2009/10) must be taken into account. Because the 2007/08–2009/10 levy period has not yet finished, a forecast of the levy collection is required. The Department of Internal Affairs has forecast an under-recovery of $2,774,855 (GST exclusive) for 2007/08–2009/10. This figure must be added to the funding requirement for the 2010/11–2012/13 levy period (see Table 11).

The two reasons for the under-recovery were:

- forecast expenditure levels for casinos, non-casino gaming machines, and the New Zealand Racing Board were not achieved
- a better than expected performance by the New Zealand Lotteries Commission because of a larger than expected number of jackpots.

In calculating the amount of C in the levy formula, it is also necessary to take into account the Ministry of Health's forecast spending towards implementing the integrated problem gambling strategy in the 2007/08–2009/10 levy period. The Ministry has forecast an under-spend of $1,604,300 (GST exclusive) for this period. This figure must be subtracted from the funding requirement for 2010/11–2012/13 (see Table 11).

It is also necessary to account for any actual levy collection and Ministry spending for the 2004/05–2006/07 levy period, over or below what was forecast when the 2007/08–2009/10 levy was calculated. In 2004/05–2006/07, an additional $347,060 (GST exclusive) of levy funding was collected and the Ministry of Health spent $893,000 (GST exclusive) less than was forecast. The additional levy collected and the under-spend are added to give a total $1,240,060 (GST exclusive) over-strike in 2007/08–2009/10. This over-strike is subtracted from the funding requirement for 2010/11–2012/13 (see Table 11).

Table 8: Sector share of presentations, 2008/09

	Non-casino gaming machines	Casinos	New Zealand Racing Board	New Zealand Lotteries Commission
Sector share (%)	0.69	0.18	0.07	0.06

Table 9: Forecast expenditure by sector (GST inclusive), 2010/11–2012/13

Forecast expenditure	Non-casino gaming machines	Casinos	New Zealand Racing Board	New Zealand Lotteries Commission
2010/11 ($m)	834.8152	468.5276	275.7243	383.1311
2011/12 ($m)	826.4670	477.8981	281.2387	390.7937
2012/13 ($m)	826.4670	487.4561	286.8635	394.7016

Table 10: Problem gambling funding requirement (taking into account forecast under-recovery, underspend, and over-strike in 2007/08–2009/10 levy period)

Problem gambling funding requirement	$ (GST exclusive)
2010/11	18,627,092
2011/12	18,842,584
2012/13	17,952,931
Subtotal	55,422,607
Plus forecast under-recovery from 2007/08–2009/10	2,774,855
Less forecast Ministry of Health underspend from 2007/08–2009/10	(1,604,300)
Less over-strike due to additional underspend from forecast ($893,000) and additional levy collect from forecast ($347,060) for 2004/05–2006/07 levy period	(1,240,060)
Total funding requirement for 2010/11–2012/13	55,353,101

Table 11: Proposed problem gambling levy rates for gambling sectors with a 10 : 90 expenditure to presentations weighting

Collection period starts 1 July 2010 (GST exclusive)	Non-casino gaming machines	Casinos	New Zealand Racing Board	New Zealand Lotteries Commission
Sector levy rates (%)	1.48	0.72	0.51	0.34
Expected levy ($m)	36.819	10.324	4.303	3.973

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