

Preventing and Minimising Gambling Harm 2019/20 to 2021/22

Consultation on:

Proposed Strategy and Service Plan

Proposed Levy Rates

<http://www.health.govt.nz/publication/strategy-prevent-and-minimise-gambling-harm-2019-20-2021-22-consultation-document>

Outline of Presentation

- Context
 - Gambling harm needs assessment.
 - The Consultation Document:
 - Draft Strategic Plan 2019/20 to 2024/25
 - Draft Service Plan 2019/20 to 2021/22
 - Draft problem gambling levy rates 2019/20 to 2021/22
 - Policy questions
 - How to make a submission
 - Next steps
 - Questions / points for clarification.
-

Context – what is gambling harm?

- The Gambling Act 2003 defines gambling harm as:
 - ‘Harm or distress of any kind arising from, or caused or exacerbated by, a person’s gambling; and
 - Including personal, social, or economic harm suffered –
 - i. By the person; or
 - ii. By the person’s spouse, civil union partner, de facto partner, family, whānau, or wider community; or
 - iii. In the workplace; or
 - iv. By society at large.’
-

Context – what is the Strategic Plan?

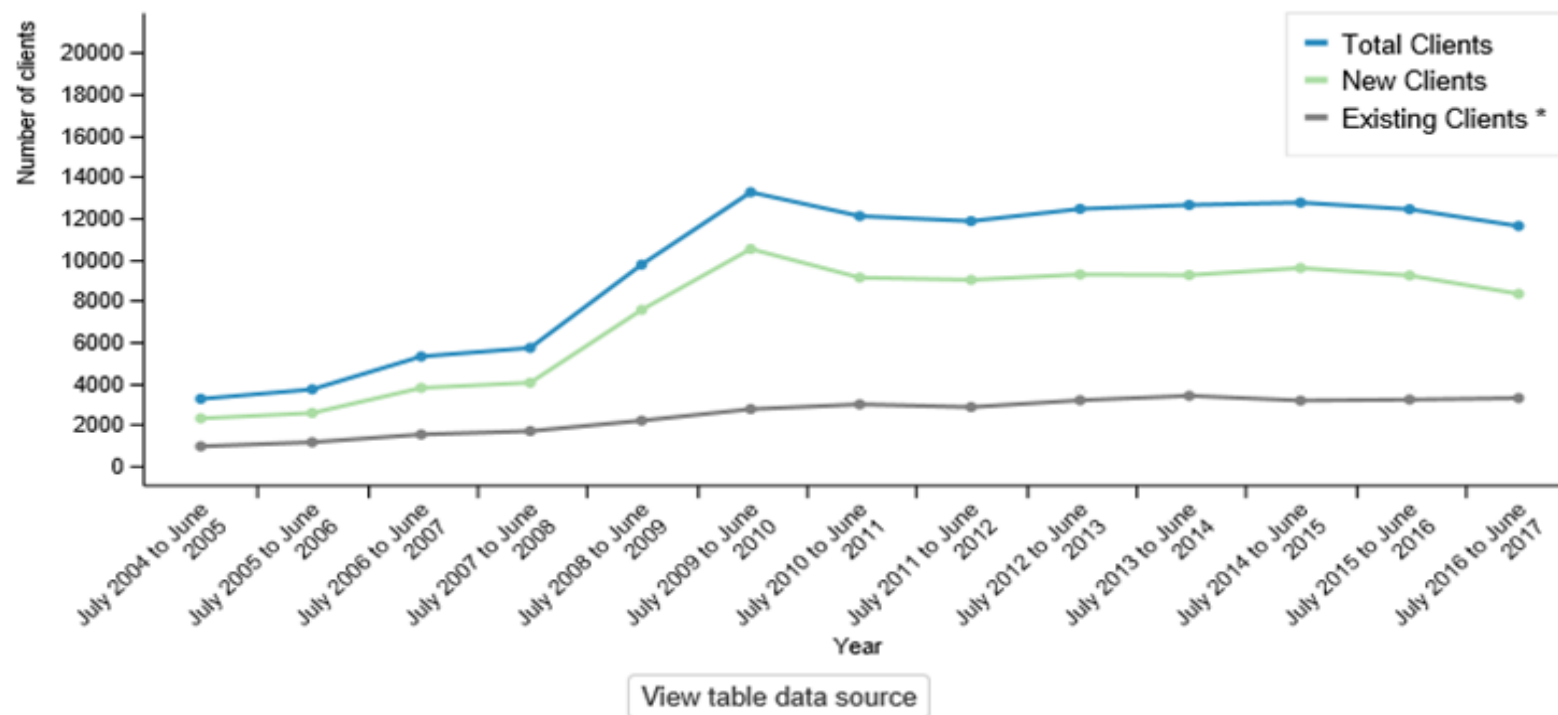
- The Gambling Act 2003 sets out requirements for an ‘integrated problem gambling strategy focused on public health’.
 - It must include:
 - measures to promote public health
 - Services to treat and assist problem gamblers and their families/whānau
 - Independent scientific research
 - evaluation.
 - The Ministry of Health is responsible for developing the strategy every three years, and for implementing it.
 - The Crown recovers the cost of developing and implementing the strategy using a ‘problem gambling levy’.
 - The process for this consultation is set out in the Act, and includes carrying out a Needs Assessment.
-

What did the Needs Assessment say (1 of 2)?

- Gambling participation & levels of harm have declined since a peak in the 1990s.
 - The proportion of people affected by gambling harm (measured by the PGSI) have remained static since 2012, but the total number of people affected by gambling harm has increased in line with population growth.
 - about 5% of the NZ population (191,000 people) participate in at least low risk gambling behaviour, of these 0.5% (37,000 people) fit the clinical definition of a 'problem gambler'.
 - Service uptake has been well below expected demand. Service utilisation rates have remained relatively unchanged over the last 5 to 6 years.
-

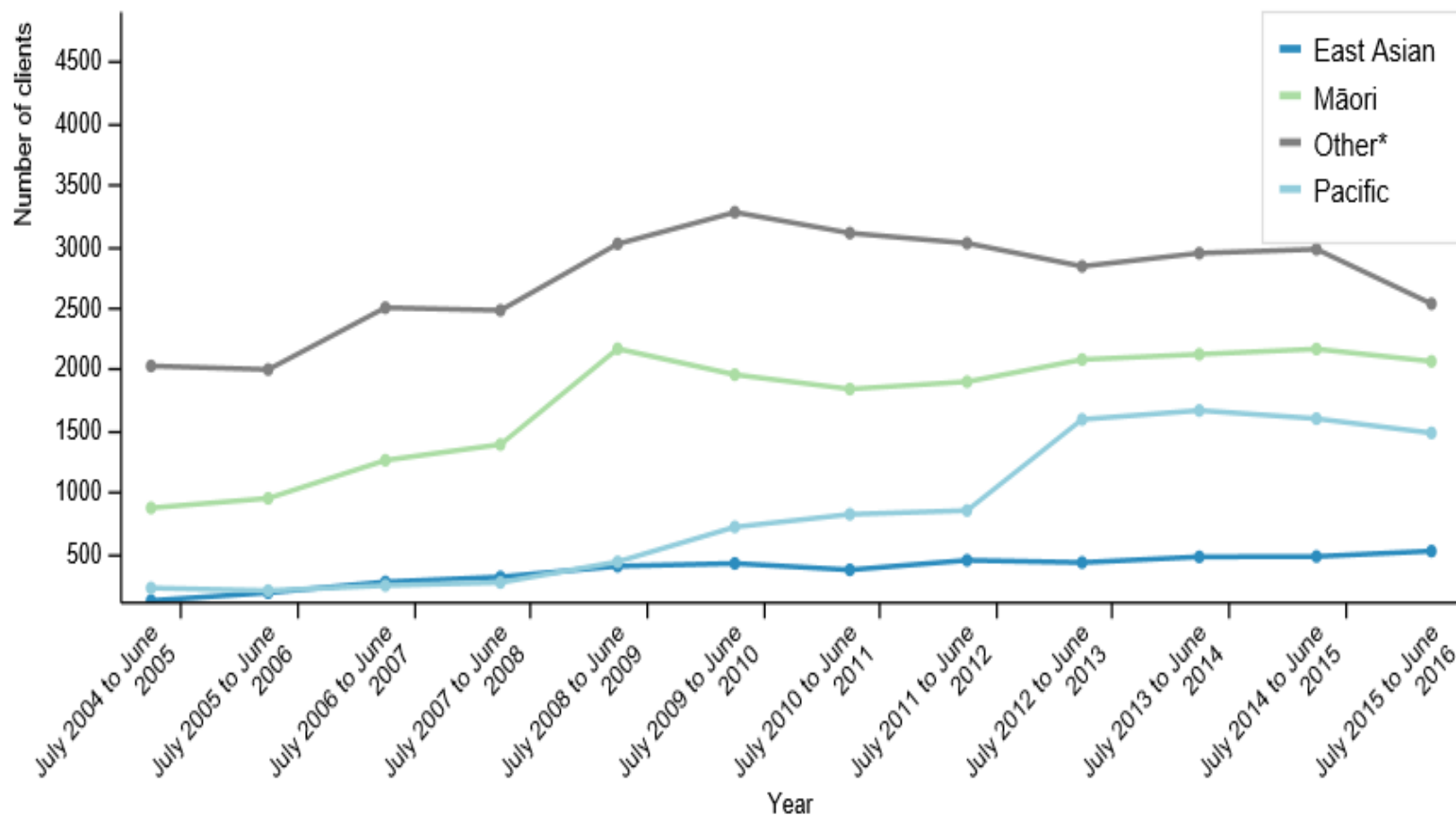
Utilisation of gambling harm services

Total Clients Recorded (All Interventions)



*Existing Clients - Clients who have accessed a service in a previous year.

Presentations by ethnicity (excluding brief interventions)



MODERATE RISK/ PROBLEM GAMBLING RATES

Rates of moderate risk/ problem gambling compared to European/Other:

- Maori population rates are in the region of 2.5 times higher
- Pacifica rates are in the region of 2.3 times higher
- Asian rates are in the region of 2 times higher

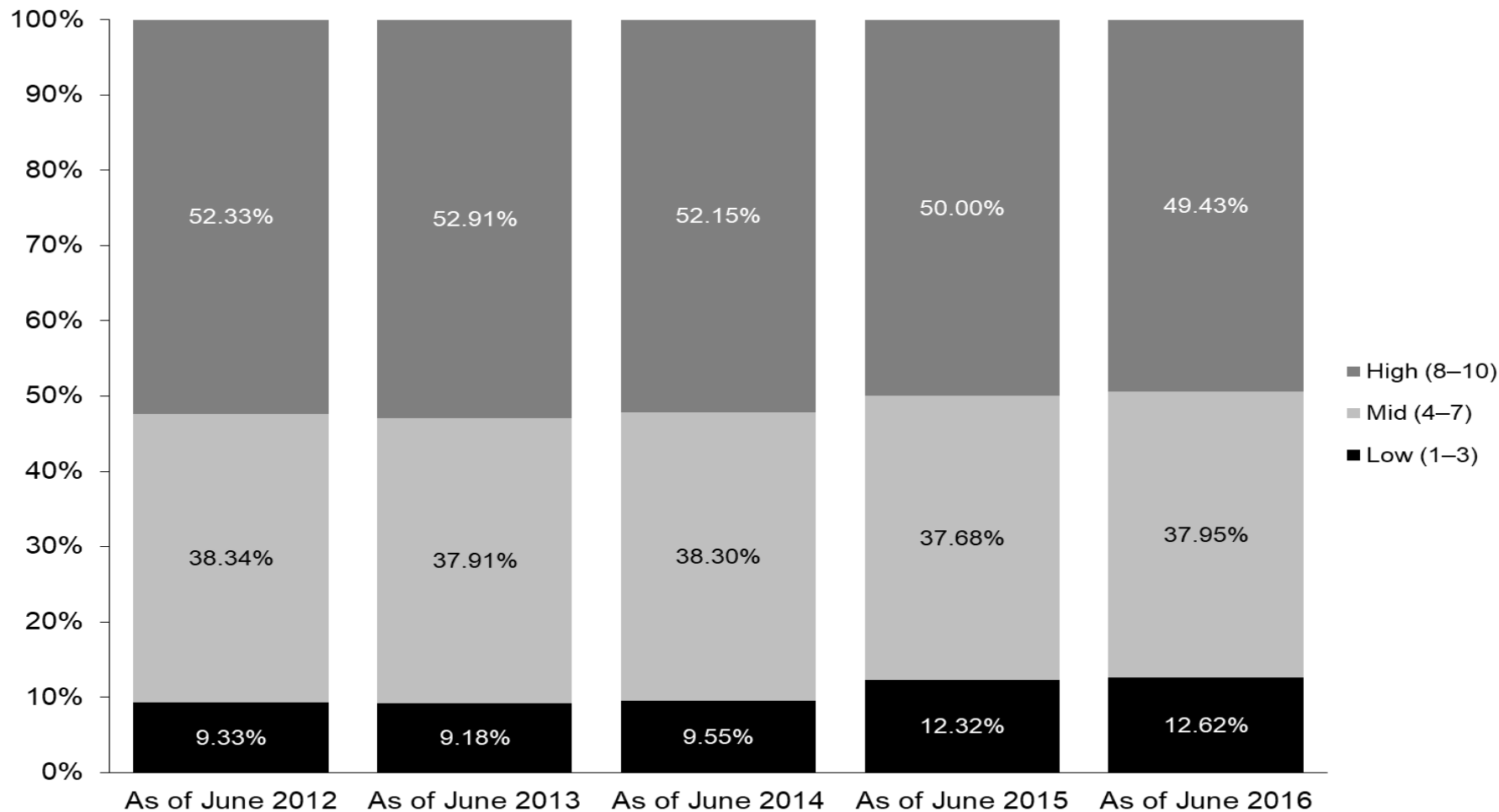
Use of gambling harm services 2016/17

- Of the 6,300 gamblers who sought treatment:
 - 38.1 percent identified as European/other
 - 33.0 percent identified as Māori
 - 21.2 percent identified as Pacific
 - 7.7 percent identified as East Asian
 - 53.1 percent were men.

What did the Needs Assessment say (2 of 2)?

- About half of all electronic gaming machines or ‘pokies’ (which research has shown is the source of the highest risk of harmful gambling activity) are located in the most socio-economically deprived areas of the country.
 - These are areas where Māori and Pacific peoples are also over-represented. These are also the groups that research tells us are associated with high levels of harm and are the least able to afford the costs of gambling.
 - Strengthen research and evaluation, particularly regarding the convergence of gambling and gaming.
-

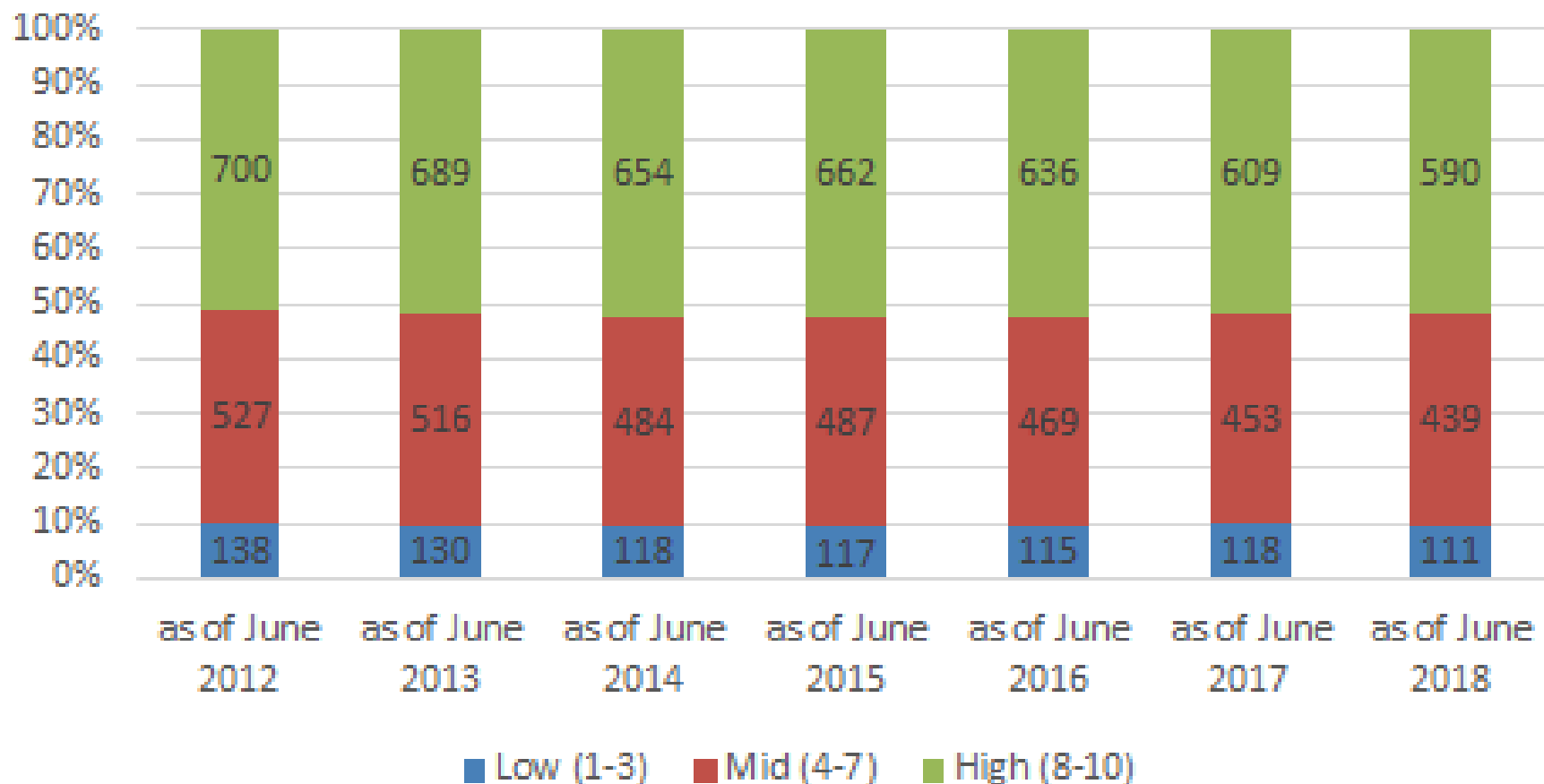
Distribution of class 4 NCGMs by low, mid and high deprivation areas



Source: Department of Internal Affairs

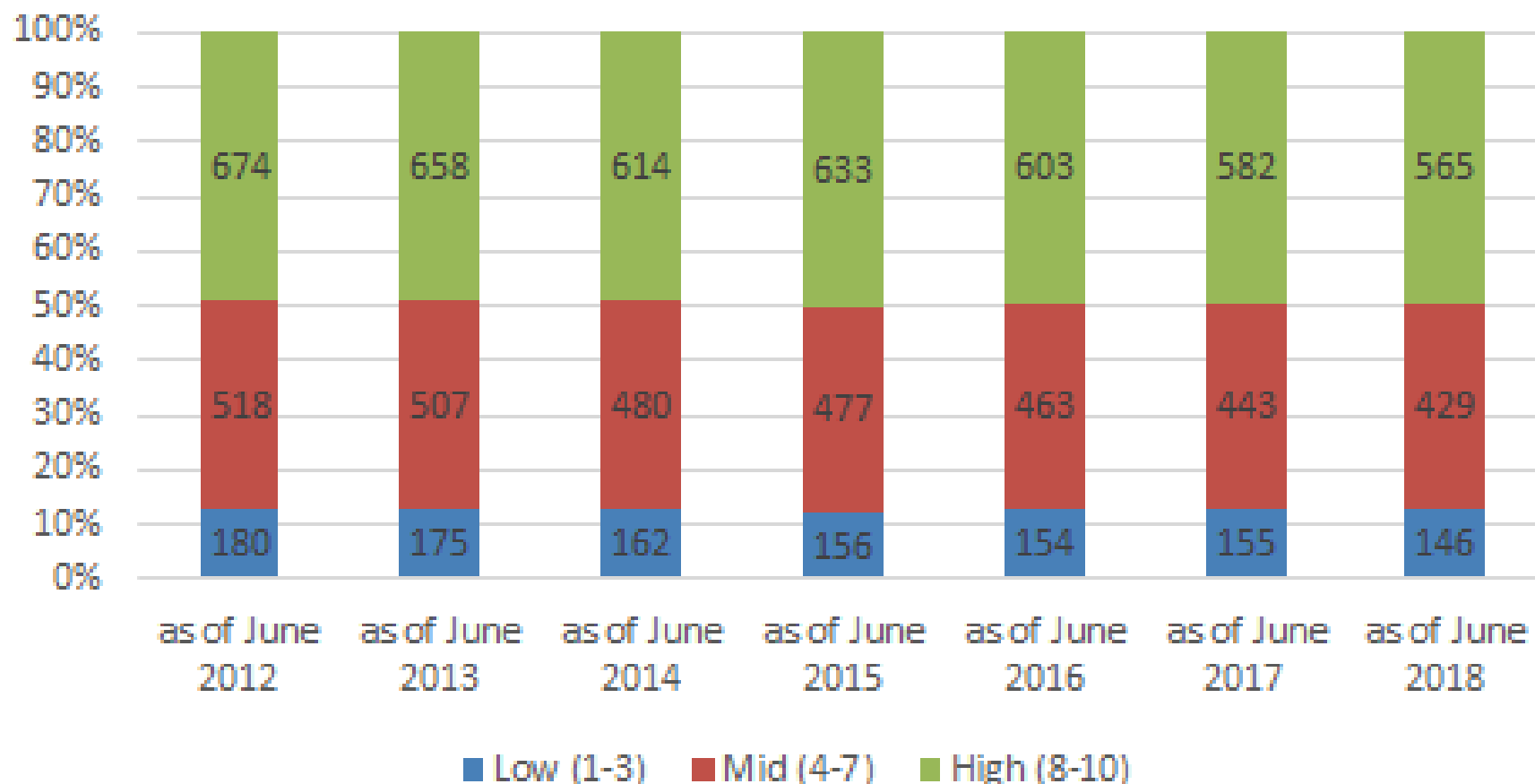
Location of pokies by social deprivation index

Venue count by NZDep2013 - Meshblock



Location of pokies by social deprivation index

Venue count by NZDep2013 - Census Area Unit



What has been the Ministry's response?

- **What** we aim to achieve has not changed
 - But we need to change **how** we try to achieve those objectives
 - The Service Plan shows a desire to do things differently, including:
 - Expanding the range of services available to match more closely those available in the wider addiction and mental health sector
 - Taking the opportunities offered by existing gaps to pilot new models of working and to evaluate them
 - Research into relapse prevention, online gambling.
 - The government is also asking some different questions through this consultation process.
-

Policy questions (1 of 2)

- The draft strategy proposes that the Ministry and Department of Internal Affairs report back to responsible Ministers with options to address the location of EGMs in high social deprivation areas.

Seeking your views on:

- What barriers exist (if any) to relocation of non-casino gaming machine venues from high social deprivation areas to low social deprivation areas
 - What incentives could be put in place for relocation
-

Policy questions (2 of 2)

Seeking your views on:

- Effectiveness of the levy formula in apportioning payments to sectors in proportion to harm
- Changes to the levy formula to make it more effective (if any)

These will NOT affect the strategy and levy rates to be set for 1 July 2019, which will be set using current legislation.

Specific policy proposals will follow if changes are contemplated.



Draft six-year Strategic Plan ('the what')

- Based on Outcomes Framework developed in 2011 with the gambling industry and harm minimisation services
 - Broadly fit for purpose, with relatively minor changes proposed, notably:
 - Alignment with NZ Health Strategy
 - Framework for organising the strategic objectives
 - Include a focus on reducing inequalities and equities in Objectives 9 and 10
 - Stronger emphasise on recovery through enhancing the mana of service users
 - Introduce 'priorities for action' informed by the needs assessment, such as:
 - pilot initiatives focused on reducing gambling relapse and persistent gambling harm-related health inequities.
-

Draft three-year Service Plan 1 of 3 ('the how')

- Priorities (informed by the needs assessment) include:
 - maintaining the focus on vulnerable, at risk populations, particularly for Maori, Pacific and Asian communities, to reduce gambling harm health inequities
 - Propose to:
 - Introduce peer support
 - Introduce residential care
 - refocus the mix of current services to increase awareness and engagement by those at risk (most likely via tender process)
 - fill service gaps and pilot/evaluate new service models
 - refocus/evaluate current activities to inform service development
 - Establish a consumer network to inform service co-design and activities
 - research into the growth of internet based gambling and the convergence between gambling and gaming, relapse prevention.
-

Draft three-year Service Plan 2 of 3

- Maintains emphasis on an outcomes and results-based approach to services
 - Retains key elements from current service plan:
 - Fosters innovation in primary prevention & psychosocial intervention
 - Encourages workforce development: public health training (in core competencies & minimum qualifications) and intervention training (for DAPAANZ registration or equivalent)
 - Funding for HPA to develop / maintain
 - Good practice materials for gambling operators and venues
 - Enhanced focus on Māori and Pacific
 - Gambling helpline service through the integrated national telehealth service
-

Draft three-year Service Plan 3 of 3

- Ministry seeking funding of \$55.339m for 2019/20-2021/22.
 - The Ministry is estimated to have a \$5 million underspend, accumulated over time since 2013.
 - It is proposed to use that funding to pilot new activities, rather than increase the appropriation.
 - The appropriation will maintain existing levels of service while this work proceeds.
 - The level of funding will be reviewed, based on what is learnt from the pilots and evaluations.
 - It is possible that an increase to the appropriation may be requested for the levy period beginning 1 July 2022.
 - There is no change to the Ministry's proposed operating costs.
-

Proposed indicative budget to prevent and minimise gambling harm (GST exclusive) 2019/20 to 2021/22

- The table below refers to the amount proposed to be appropriated and does not include the proposed underspend
- The underspend of approximately \$5 million is proposed to be applied to new / piloted services, spanning public health and intervention, and to their evaluation.

	2019/20 (\$m)	2020/21 (\$m)	2021/22 (\$m)	Total (\$m)
Public health services	6.870	6.840	6.880	20.590
Intervention services	8.461	8.361	8.361	25.183
Research & evaluation	2.209	2.210	2.210	6.629
Ministry operating costs	0.957	0.990	0.990	2.937
Total (\$m)	18.497	18.401	18.441	55.339

What is the problem gambling levy for?

- The problem gambling levy recovers the cost of the Ministry-funded services to prevent and minimise gambling harm and of the Ministry's costs for implementing and managing those services.

The Act prescribes a levy formula which takes into account:

- forecast and actual expenditure over time
 - any over or underpayments by each sector
 - changes in each sector's share of expenditure and presentations (as two proxy indicators of harm).
-

Draft levy rates

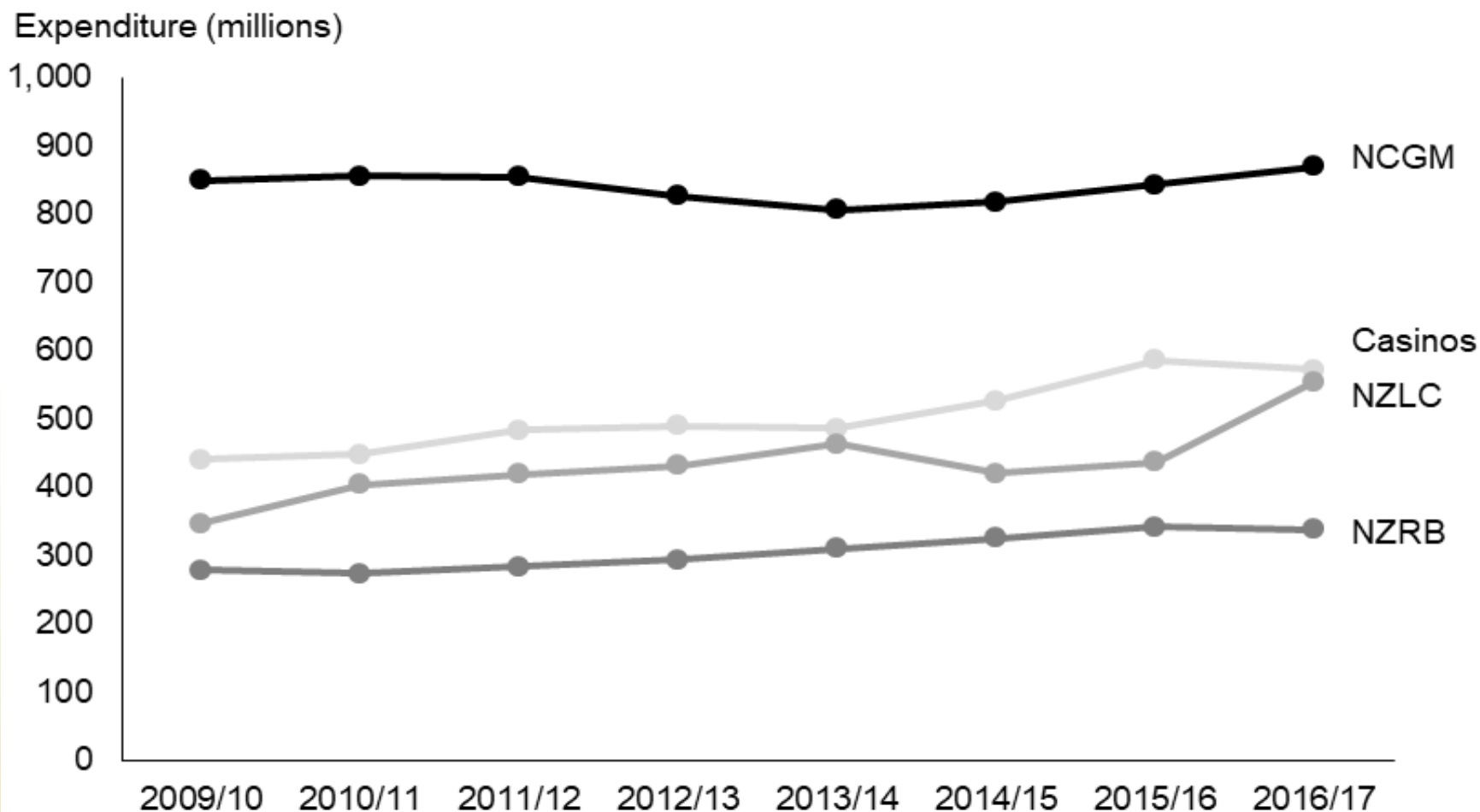
- Levies set by formula in legislation to recover costs of providing strategy
 - The formula is informed by
 - gambling industry sector share of expenditure and share of presentations for gambling harm services
 - compares actuals to forecasts, and adjusts for any over or underpayment of levy compared with costs
 - Adjusts for changes in sector share of presentations & forecast expenditure
 - Four levy options presented, but government has only chosen 10/90 previously (10% weighted to expenditure, 90% weighted to presentations)
 - Tables will be updated with most recent data in revised proposals for Gambling Commission
-

Problem gambling levy formula

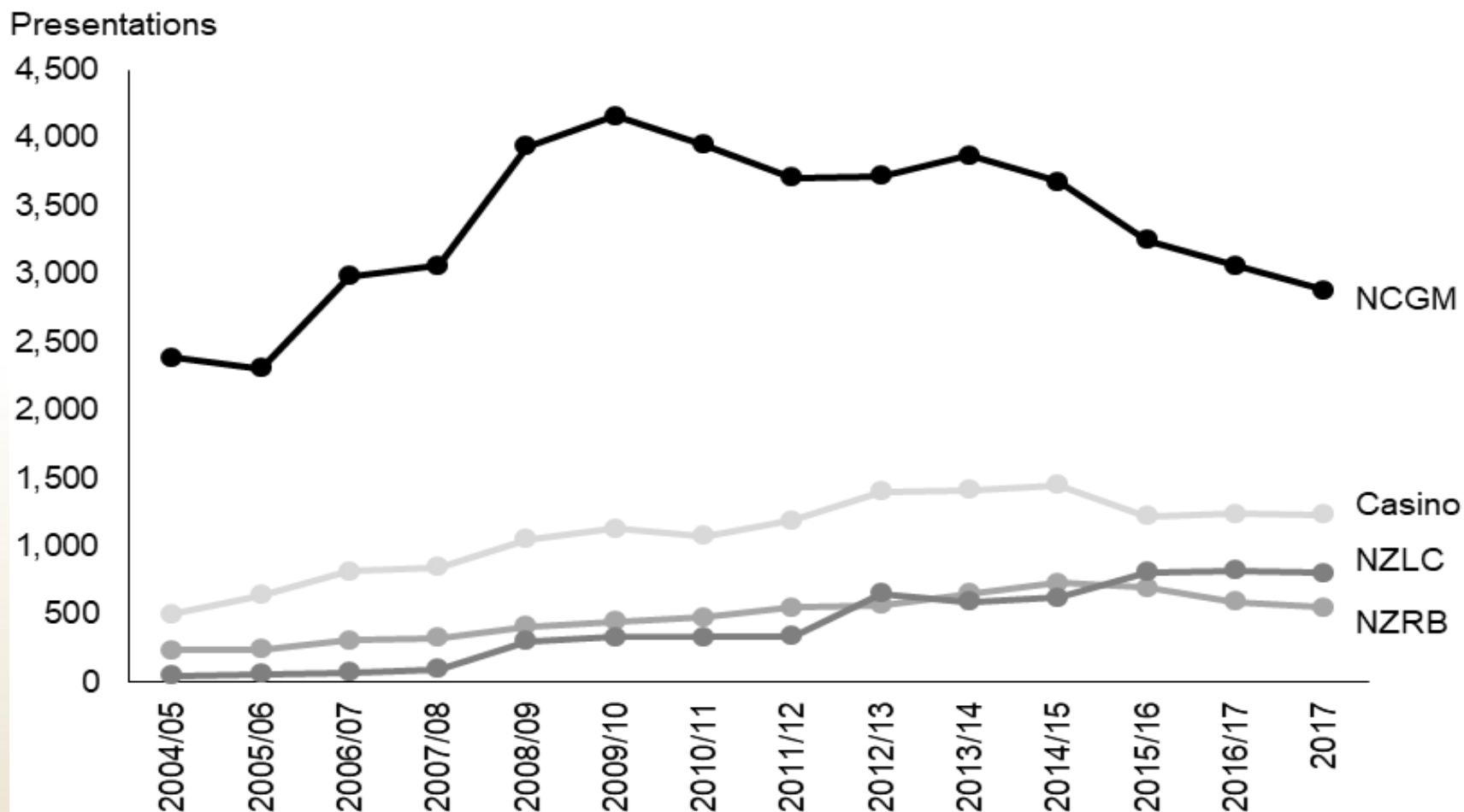
Levy rate for each sector = $\frac{([A \times W1] + [B \times W2]) \times C}{D}$ plus or minus R

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

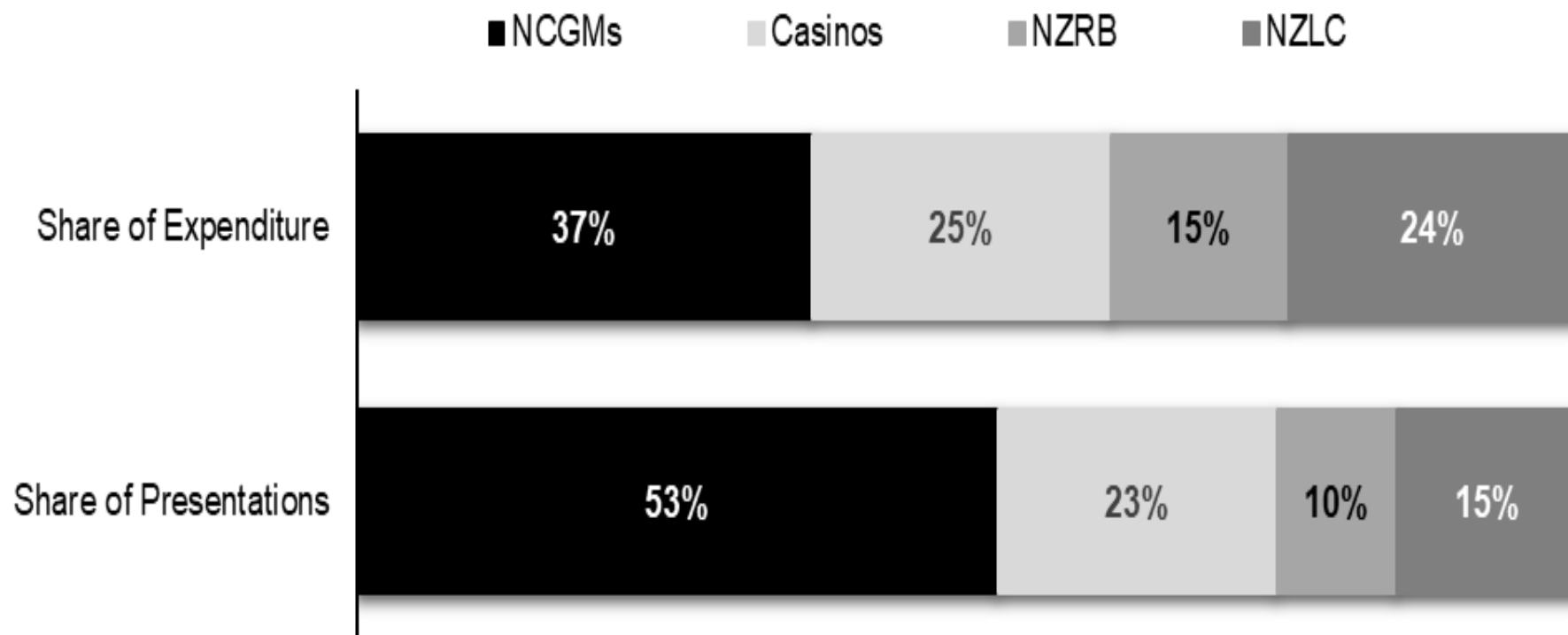
Expenditure by main gambling sectors 2009 - 2017



Presentations by main gambling sectors 2004-2017



Share of presentations and expenditure by sector, for 2017



Levy rate (%) per sector by presentation weighting options

Table 1 Levy rate (%) per sector				
presentation weighting %	NCGM	Casino	NZRB	NZLC
current levy (10/90)	1.30	0.87	0.52	0.40
95 (Option 1)	0.86	0.53	0.44	0.31
90 (Option 2)	0.84	0.53	0.45	0.32
80 (Option 3)	0.81	0.54	0.48	0.34
70 (Option 4)	0.78	0.54	0.50	0.36

Levy payments (\$millions) per sector by presentation weighting options

Levy payment 3-year total per sector (\$m)				
presentation weighting %	NCGM	Casino	NZRB	NZLC
Current levy forecast (10/90)	31.683	14.058	5.148	5.141
95 (Option 1)	25.323	10.613	5.224	6.620
90 (Option 2)	24.734	10.613	5.343	6.833
80 (Option 3)	23.850	10.813	5.699	7.260
70 (Option 4)	22.967	10.813	5.937	7.687

Example 10/90 and 20/80 weightings

	NCGMs	Casinos	NZRB	NZLC
Rate to <u>30.6.19</u> at <u>10/90</u>	1.3	0.87	0.52	0.40
Expected levy \$m to 30.6.19	31.683	14.058	5.148	5.141
Rate to <u>30.6.22</u> at <u>10/90</u>	0.84	0.53	0.45	0.32
Expected levy \$m to 30.6.22	24.734	10.613	5.343	6.833
Rate to <u>30.6.22</u> at <u>20/80</u>	0.81	0.54	0.48	0.34
Expected levy \$m to 30.6.22	23.850	10.813	5.699	7.260

Making a submission

- Submissions form includes series of questions
 - Written submissions: Please include a copy of the submission form at the back of the consultation document.
 - Must be received by **Friday 21 September** (after that = not in analysis)
 - Prefer electronic copy:
 - online form or by email to gamblingharm@moh.govt.nz either the submission form as Word document, pdf or short email
 - For hard copy post to (allow time for it to be received by close-off date)
Preventing and Minimising Gambling Harm Submissions
Mental Health and Addictions
Ministry of Health
PO Box 5013
WELLINGTON 6145.
-


Next steps

- Submissions close 21 September 2018
 - Analysis of submissions and possible revision of draft Strategy (updated levy calculations)
 - Late October revised Proposals Document to Ministers & Gambling Commission
 - November Gambling Commission meeting and report
 - March 2019 Cabinet decisions on shape of strategy and levy
 - Approximately late May 2019 strategy and levy made public
 - 1 July 2019 start of new strategy and levy
-

Thank you

Questions & points for clarification?

Additional Information – Post Consultation Meetings

- During the course of the consultation meetings, a number of people raised similar / related questions regarding:
 - The proportion of funding provided to Māori and Pacific providers
 - Whether the \$5 million underspend on the Problem Gambling appropriation received by the Ministry was sufficient to cover the proposed pilots, residential care and peer support, and associated evaluations, and/or more requests for more detailed costings for this proposal
 - The Ministry has accordingly set out these details on the following two slides.
- 

Additional Information – Post Consultation Meetings

Indicative detailed costings for the \$5 million underspend are set out below.

Please note:

- indicative costs for peer support services include provision for training/workforce development
- indicative costs for residential care services includes provision for commissioning work on a model of care for gambling harm residential care.

Service area	2019/20 (\$m)	2020/21 (\$m)	2021/22 (\$m)	Total (\$m)
Pilots (public health and intervention services)	0.500	1.250	1.250	3.000
Pilots (evaluation)	0.200	0.100	0.200	0.500
Peer Support services	0.035	0.235	0.530	0.800
Residential care services	0.100	0.100	0.500	0.700
Total (\$m)				5.000

Additional Information – Post Consultation Meetings

Total spending 2018/19 financial year on Māori providers and Pacific providers

Māori providers (rounded total per annum): \$3.4m

Pacific providers (rounded total per annum): \$0.87m

Total funding for all services (rounded total per annum): \$15.3m

Please note that:

- The totals above include both public health and intervention services, including infrastructure and workforce development services.
 - The figures above refer to Māori for Māori and Pacific for Pacific services. The Ministry also funds two mainstream providers that have dedicated Pacific teams. Were these providers included, the total increases to approximately \$1.7m.
-