8. PREVENTING AND MINIMISING GAMBLING HARM 2007 – 2010: MINISTRY OF HEALTH CONSULTATION DOCUMENT

General Manager responsible:	General Manager Strategy and Planning, DDI 941-8177
Officer responsible:	Programme Manager Strong Communities
Author:	Terence Moody, Senior Professional

PURPOSE OF REPORT

1. To present for the adoption by the Council a submission on the above consultation document setting out the proposed three-year service plan, problem gambling needs assessment, and problem gambling levy calculations. The consultation period ends on 29 September 2006.

EXECUTIVE SUMMARY

2. The Ministry of Health has been allocated the responsibility for developing and implementing an integrated problem gambling strategy which must include:

   - *"measures to promote public health by preventing and minimising harm from gambling*
   - *services to treat and assist problem gamblers and their families and whanau*
   - *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*
   - *evaluation"*

3. The Ministry published Preventing and Minimising Gambling Harm Strategic Plan 2004-2010 in March 2005 and this current consultation document deals with proposals for the period from 2007-2010. It is in three parts covering the three-year service plan covering primary, secondary, and tertiary services; the results of research as part of a gambling needs assessment; and options for weightings for gambling sector levy calculations.

4. The document suggests, while not limiting feedback on any of the matters covered, that the following questions may be helpful in focusing any submission.

   "(1) Are there things you particularly endorse about the proposed approach in the service plan?
   (2) What changes do you suggest to the proposed approach in the service plan?
   (3) Does the service plan provide adequate service coverage to meet the needs of the population in the areas of primary, secondary and tertiary prevention?
   (4) Does the service plan adequately address research and workplace development?
   (5) Of the two options outlined in the levy calculations, do you support the 20:80 weighting or the 10:90 weighting? Why?"

5. The document points to a decrease in gambling expenditure from 2003/04 to 2004/05 although this was small (0.6% non-inflation adjusted) but a larger decrease in presentations to problem gambling treatment services of 15.8% in 2005. The Ministry of Health attributes this, in part, to a combination of the Gambling Act and its regulations and the Smokefree Environments Amendment Act 2003 although they indicate that it is not certain that it is the start of a trend or merely a transient period of adaptation. They point to international evidence suggesting that following the introduction of smoking bans expenditure returns to baseline levels within 3 or 4 years. While the number of clients seeking help declined in 2005 the numbers were still higher than in 2002 and it is estimated that only 10-15% of problem gamblers seek help.

6. The Ministry considers that a number of suggested projects for the three-year period will increase the demand for problem gambling services. These include a social marketing programme designed to encourage people to make healthy lifestyle choices in regard to gambling; to promote discussion about the effects of gambling in the community; and reduce the incidence of problem gambling generally with specific emphasis on 'at risk' populations. These latter include Maori and Pacific peoples as well as other low income groups. (See the following comments on Part 2: Problem Gambling Needs Assessment 2006.) It is considered that this, together with implementing screening through training of general practitioners and social service workers (for example budget advisors) could lead to an increased demand for services.

7. It is in the public health services (or primary prevention) area and to an extent research that effects may relate to the territorial authority role in controlling gaming venues. It is stated *"Factors that determine whether individuals experience harm from gambling can be split into three main categories; environmental, social and personal. These factors include the availability and accessibility of gambling opportunities, the way gambling is marketed and socioeconomic deprivation."* It is in the area of availability and accessibility of gaming opportunities, through gaming venue policies, that territorial authorities may have some influence. The report states that *"Public health activity around problem gambling has raised communities' awareness of the issue and mobilised communities to have a voice around gambling opportunities through working with territorial authorities."* The Social Marketing Campaign being developed by the Ministry is likely to increase community awareness of the problem in the coming three years.

8. Despite some reduction in the number of NCGMs in use in New Zealand from 2004 to 2005 (less than 3%) the distribution remains similar. The majority of machines and venues are located in more deprived areas (based on the New Zealand Deprivation Index) and the report considers that the 60% of problem gamblers residing in deciles 7 to 10 corresponds closely with the 62% of NCGM venues and 66% of NCGMs that are located in the same deciles. Some Australian research has indicated that gambling behaviour at the community level is supply driven, that it relates positively to the density of gambling opportunities. The report states: *"The relation between local-level accessibility to gambling venues and problem gambling in at-risk groups is one that warrants further investigation, and will contribute to understanding inequalities evident in gambling-related harm."*

9. The proposals for further research are included in the report and include a number of public health approaches to the problems caused, or arising from, gambling harm as defined in the Gambling Act. These may include longitudinal studies that incorporate a gambling component to enable causal inferences to be made regarding factors that lead to the prevention or minimisation of harm. These studies will assist in examining the social and economic impacts of gambling in New Zealand. It is also considered that research is needed on the extent to which accessibility on a local level, through the location of venues, influences the incident of gambling harm at an individual or community level for different groups in the community. The Council previously submitted that some research should also be undertaken on the effects of reducing the number of venues and machines on the incidence of gambling harm in communities.

10. This discussion document has raised the possibility of changing the weightings used to determine the relative share of the levy applying to each of the sectors. For the original levy period of 2005 to 2007 Government decided a 10:90 weighting should be used. This meant that the relative share for each sector was based on the number of presentations to problem gaming providers associated with that sector. In simple terms it means that the higher the weighting placed on presentations the higher amount that must be paid by the gambling sector that contributes most harm. There has been some suggestion that a 20:80 weighting would be more appropriate to reflect the public health approach being undertaken rather than just the intervention services to address gambling harm. As the NCGM sector is the largest, in expenditure terms and is associated highly with presentations to problem gambling services, it could be that the 10:90 weighting more properly represents the adverse effects of gambling. Conversely the 20:80 weighting may more properly represent the changes in emphasis to a public health approach of preventing the gambling harm. While the discussion document requests some indication of support for one or other of the options, and why, it is not considered the Council has sufficient information to make an informed decision on the matter. If a view could be put forward it may be that further information through research is needed on the primary causes of problem gambling before any change is made.

FINANCIAL AND LEGAL CONSIDERATIONS

11. There are no direct financial implications to the Council if a submission was to be made.

STAFF RECOMMENDATION

It is recommended that the Council approve the submission attached to this report for presentation to the Ministry of Health.

BACKGROUND ON CONSULTATION DOCUMENT PREVENTING AND MINIMISING GAMBLING HARM STRATEGIC PLAN 2007-2010

12. The Gambling Act 2003 has as one of its purposes *"to prevent and minimise the harm caused by gambling, including problem gambling"*. The Ministry of Health was allocated the responsibility for developing and implementing an integrated problem gambling strategy, which must include;

    "
    - *measures to promote public health by preventing and minimising harm from gambling*
    - *services to treat and assist problem gamblers and their families and whanau*
    - *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*
    - *evaluation"*

13. After a period of consultation in 2004 the Ministry of Health published Preventing and Minimising Gambling Harm Strategic Plan 2004-2010 in March 2005. The Council had made submissions on the consultation document leading to the Strategic Plan and supported the development and implementation of an integrated approach to preventing and minimising gambling related harm. It was stated that the Council's interest went beyond its regulatory function set down in the Act of introducing a gaming venue policy but was required, both by the Gambling Act 2003 and the Local Government Act 2002 to consider the social, economic, and cultural well-being of its communities.

14. The submission specifically requested that the Ministry of Health undertake work that can be disaggregated to a city level to aid in undertaking social impact assessments. This could include research into the environmental, social and personal factors that may influence the incidence of problem gamblers and the effects of limiting the numbers of gaming machines and venues on problem gambling. The current consultation document contains the results of a considerable amount of research from a public health perspective about the matter including the 'Problem Gambling Geography of New Zealand 2005' and the 'Problem Gambling in New Zealand: Analysis of the 2002/03 New Zealand Health Survey', for example. To a degree it addresses some of the issues influencing problem gambling but not necessarily effects of limiting numbers of venues or machines on the creation of problem gamblers.

15. The current consultation document is in three parts; Part 1: Three-Year Service Plan 2007 - 2010 covering service priorities for primary, secondary and tertiary services, including research and workforce development; Part 2: Problem Gambling Needs Assessment 2006 bringing together information on the impact of gambling harm in terms of population need; and Part 3: Problem Gambling Levy Calculations 2007 - 2010 setting levy rates for the four gambling sectors (casinos, non-casino gaming machines, the New Zealand Racing Board and the New Zealand Lottery Commission) to provide for the costs of the problem gambling strategy. The Current consultation document can be viewed on the Ministry of Health website at http://www.moh.govt.nz/moh.nsf/199ed83545fe9213cc25710f007c3e32/f629a18dbfe170e3cc2571bf002134a7?OpenDocument

16. The document suggests, while not limiting feedback on any of the matters covered, that the following questions may be helpful in focusing any submission.

    "(1) Are there things you particularly endorse about the proposed approach in the service plan?
    (2) What changes do you suggest to the proposed approach in the service plan?
    (3) Does the service plan provide adequate service coverage to meet the needs of the population in the areas of primary, secondary and tertiary prevention?
    (4) Does the service plan adequately address research and workplace development?
    (5) Of the two options outlined in the levy calculations, do you support the 20:80 weighting or the 10:90 weighting? Why?"

Part 1: Three-Year Service Plan 2007-2010

17. The document points to a decrease in gambling expenditure from 2003/04 to 2004/05 although this was small (0.6% non-inflation adjusted) but a larger decrease in presentations to problem gambling treatment services of 15.8% in 2005. The Ministry of Health attributes this, in part, to a combination of the Gambling Act and its regulations and the Smokefree Environments Amendment Act 2003 although they indicate that it is not certain that it is the start of a trend or merely a transient period of adaptation. They point to international evidence suggesting that following the introduction of smoking bans expenditure returns to baseline levels within three or four years. While the number of clients seeking help declined in 2005 the numbers were still higher than in 2002 and it is estimated that only 10-15% of problem gamblers seek help.

18. The Ministry considers that a number of suggested projects for the three-year period will increase the demand for problem gambling services. These include a social marketing programme designed to encourage people to make healthy lifestyle choices in regard to gambling; to promote discussion about the effects of gambling in the community; and reduce the incidence of problem gambling generally with specific emphasis on at risk populations. These latter include Maori and Pacific peoples as well as other low income groups. (See comments on Part 2: Problem Gambling Needs Assessment 2006 below.) It is considered that this, together with implementing screening through training of general practitioners and social service workers (for example budget advisors) could lead to an increased demand for services.

19. The Ministry document refers to the progress made towards meeting the goals of the 2004 - 2007 funding plan to prevent and minimise gambling harm. They have arranged contracts for the providers of new services, and commenced a behaviour change indicator survey and the development of a social marketing plan which will be introduced during the term of the proposed service plan. They have introduced training programmes on public health and health promotion for all existing providers and specific packages on problem gambling to the wider public health workforce. The Ministry has completed, or has underway, research on a number of issues related to gambling and gambling harm including those referred to above and the effectiveness of problem gambling interventions; the social and economic impacts of gambling; and links between the distribution of gaming venues and gambling behaviour.

20. The goals for services for the next three years will include a range of new and existing responses. The Ministry intends to fund a variety of problem gambling services covering primary prevention through public health programmes and activities; secondary and tertiary prevention through problem gambling services for individuals and families; and research, evaluation and monitoring projects that support problem gambling prevention activity. These will be based on funding principles set down as follows:

    - maintain a comprehensive range of public health services based on the Ottawa Charter
    - fund services that target priority populations
    - strengthen communities
    - address health inequalities
    - build the knowledge base
    - develop the workforce
    - apply an intersectoral approach
    - ensure links between public health and intervention/addiction services.

21. The projected costs of the proposed projects over the three-year period (2007-2010) total $61,097,000 (GST exclusive) compared with $50,983,998 for the 2004-2007 period an increase of approximately 19%. These costs are recouped by the Government through the problem gambling levy which applies to casinos, non-casino gaming machines, New Zealand Racing Board, and Lotteries Commission. The expenditure, over the three-year period, is spread over the following services and operations and the figures following each sum represents the percentage of total expected funding. Public Health Services $17.6M (28.8%); Intervention Services $34.5M (56.5%); Research Contracts $6.8M (11.0%); Public Health Operating $11.4M (1.9%); Mental Health Operating $1.1M (1.8%).

22. It is in the public health services (or primary prevention) area and to an extent research that effects may relate to the territorial authority role in controlling gaming venues. It is stated *"Factors that determine whether individuals experience harm from gambling can be split into three main categories; environmental, social and personal. These factors include the availability and accessibility of gambling opportunities, the way gambling is marketed and socioeconomic deprivation"*. It is in the area of availability and accessibility of gaming opportunities, through gaming venue policies, that territorial authorities may have some influence. The report states that *"Public health activity around problem gambling has raised communities' awareness of the issue and mobilised communities to have a voice around gambling opportunities through working with territorial authorities"*. The Social Marketing Campaign being developed by the Ministry is likely to increase community awareness of the problem in the coming three years.

Part 2: Problem Gambling Needs Assessment 2006

23. This part of the document examines a range of research and information related to the current problem gambling need in New Zealand. The Executive summary points out those national surveys have shown that Maori and Pacific peoples disproportionately experience harm from gambling but about half of problem gamblers, and half of those seeking help, are New Zealand European/Pakeha. There appears to be some evidence that the combination of living in deprived areas in which gambling opportunities are overrepresented leads to the higher risks amongst Maori and Pacific peoples. These areas continue to require attention in terms of problem gambler service delivery, health promotion, community development and research to understand the links between socioeconomic deprivation, gambling exposure and accessibility, and harmful gambling.

24. The report, based on the results of the New Zealand Health Survey 2002/03, found the significant risk factors for problem gambling included:

- being aged 15-55, with the highest risk being aged 25-34
- being of Maori or Pacific ethnicity
- having lower educational attainment
- being employed
- living alone

25. The report considers accessibility to gambling opportunities as a determinant of gambling problems based on the 'Problem Gambling Geography of New Zealand 2005'. There is evidence that the opportunity to gamble is an important risk factor for problem gambling. Gambling that allows for continuous play and short time spans between staking and outcomes, such as electronic gaming machines (EGMs) and 'scratchies', has been most strongly implicated in the development of problem gambling. Studies have shown that non-casino gaming machines (NCGMs) are highly mentioned as the primary mode of problem gambling in those presenting for help. Of new clients, presenting face to face for help 82% reported problems with NCGMs and a further 16% with casino based EGMs.

26. Despite some reduction in the number of NCGMs in use in New Zealand from 2004 to 2005 (less than 3%) the distribution remains similar. The majority of machines and venues are located in more deprived areas (based on the New Zealand Deprivation Index) and the report considers that the 60% of problem gamblers residing in deciles 7 to 10 corresponds closely with the 62% of NCGM venues and 66% of NCGMs that are located in the same deciles. Some Australian research has indicated that gambling behaviour at the community level is supply driven, that it relates positively to the density of gambling opportunities. The report states: *"The relation between local-level accessibility to gambling venues and problem gambling in at-risk groups is one that warrants further investigation, and will contribute to understanding inequalities evident in gambling-related harm."*

27. The proposals for further research are included in the report and include a number of public health approaches to the problems caused, or arising from, gambling harm as defined in the Gambling Act. These may include longitudinal studies that incorporate a gambling component to enable causal inferences to be made regarding factors that lead to the prevention or minimisation of harm. These studies will assist in examining the social and economic impacts of gambling in New Zealand. It is also considered that research is needed on the extent to which accessibility on a local level, through the location of venues, influences the incident of gambling harm at an individual or community level for different groups in the community. The Council previously submitted that some research should also be undertaken on the effects of reducing the number of venues and machines on the incidence of gambling harm in communities.

Part 3: Proposed Problem Gambling Levy Calculations

28. The problem gambling services co-ordinated by the Ministry of Health, which include public health services, intervention or treatment services, research, and administration, are funded by an appropriation from the Crown. The problem gambling levy is to reimburse the Crown for the cost of the appropriation. The Act sets down the formula used for this purpose and allocates among gambling operators, which covers the New Zealand Racing Board; the Lotteries Commission; casino operators; and non-casino gaming machine operators, levies for the three years of the plan. The total is based on the costs for the three year period for the services and the levy is based on projected player expenditure in each of the four sectors. Once the consultation has been completed the Ministry submits proposals to the Ministers of Health and Internal Affairs and the Gambling Commission, the latter undertakes consultation and makes recommendations to the Ministers. The Cabinet then makes the final decision which is recommended to the Governor-General for adoption as to the levy rates.

29. This discussion document has raised the possibility of changing the weightings used to determine the relative share of the levy applying to each of the sectors. For the original levy period of 2005 to 2007 Government decided a 10:90 weighting should be used. This meant that the relative share for each sector was based on the number of presentations to problem gaming providers associated with that sector. In simple terms it means that the higher the weighting placed on presentations the higher amount that must be paid by the gambling sector that contributes most harm. There has been some suggestion that a 20:80 weighting would be more appropriate to reflect the public health approach being undertaken rather than just the intervention services to address gambling harm.

30. The effects of the two weightings could be seen as significant, at least in regard to NCGMs. In the 10:90 weighting over the 36 months NCGMs would pay 1.76% of expenditure compared with 1.69% under a 20:80 weighting. In all other sectors there would be increases in the sector levy rates with the 20:80 option. As the NCGM sector is the largest, in expenditure terms and is associated highly with presentations to problem gambling services, it could be that the 10:90 weighting more properly represents the adverse effects of gambling. Conversely the 20:80 weighting may more properly represent the changes in emphasis to a public health approach of preventing the gambling harm. While the discussion document requests some indication of support for one or other of the options, and why, it is not considered the Council has sufficient information to make an informed decision on the matter. It is known the gambling sector has one view while problem gambling treatment providers, and the public health providers, have another. The point is made that while the primary mode of gambling is used to define the weightings it is possible that the initiating cause may be different. If a view could be put forward it may be that further information through research is needed on the primary causes of problem gambling before any change is made.