Internal Affairs Briefing

Hon Chris Tremain
Minister of Internal Affairs

Title: Policy Briefing: Overview of the suite of four briefings about Class 4 gambling and the Gambling (Gambling Harm Reduction) Amendment Bill

Date: 12 October 2012

Key issues

- This briefing provides a summary of your recent requests for advice on Class 4 gambling and the Gambling (Gambling Harm Reduction) Amendment Bill.
- This briefing also provides an overview of the following four attached briefings:
  - Policy Briefing: Paper 1 – Analysis of the Gambling (Gambling Harm Reduction) Amendment Bill;
  - Policy Briefing: Paper 2 – Response to your request for advice on various issues relating to Class 4 gambling;
  - Policy Briefing: Paper 3 – Options for raising the rate of return to authorised purpose; and
  - Policy Briefing: Paper 4 –

Action sought

Agree that the Department prepares a draft Cabinet paper seeking agreement to the Government’s position on the Gambling (Gambling Harm Reduction) Amendment Bill and further reform.

Timeframe

After you have considered the suite of briefings and had further discussions with Te Ururoa Flavell

Contact for telephone discussion (if required)

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<tr>
<th>Name</th>
<th>Position</th>
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<th>Suggested first contact</th>
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Return to:

DMS file reference: POL-3221-10-01
Ministerial database reference: IA20120000995
Purpose of briefing

1. This briefing summarises recent discussions with you on your policy objectives for Class 4 gambling and your subsequent requests for advice. It also provides an overview of, and introduction to, the suite of briefing papers containing our advice about achieving your objectives for Class 4 gambling and on the Gambling (Gambling Harm Reduction) Amendment Bill (the Bill).

Background information

Summary of meeting with officials (18 September 2012) on Class 4 gambling

2. You met with officials on 18 September 2012 to discuss the regulation of Class 4 gambling. In that meeting you confirmed that you would like the Department of Internal Affairs (the Department) to focus on key outcomes for Class 4 gambling, specifically:

- increasing the level of community returns from the proceeds of Class 4 gambling;
- developing a way to ensure that most gambling proceeds are distributed in the area where they were generated;
- simplifying compliance and reducing compliance costs to societies and the Department; and
- enhancing protections for problem gamblers.

3. We discussed with you the ways in which these outcomes could be achieved. The mechanisms available would likely be a mix of compliance activity by the Department, changes to regulation, and amendments to the Gambling Act 2003, potentially using the Bill as a vehicle for some changes.

Outcome of meeting with Mr Te Ururoa Flavell on the Bill

4. The Department’s view of the Bill was also discussed with you at the 18 September 2012 meeting. We provided a one page summary of these initial views to support your meeting with Te Ururoa Flavell on 19 September 2012. You discussed these points with Mr Flavell and asked the Department for some further advice in some areas, including:

- the benefits or advantages of the current distribution model compared with other options, particularly Community Trusts or the Lottery Grants Board system;
- specific options for tightening up the regulation of the existing distribution model;
- options for increasing the overall return to the community;
- alternative options for venue payments (in particular, fixed payments per machine or commission-based payments); and
- whether it would be possible to prevent management companies being used by societies.
Speech to HANZ and email from

[not related to Class 4 gambling reforms]

Overview of policy briefings on the Bill and Class 4 gambling

Introduction

6. We attach a suite of four briefings in response to your requests. A short outline of each is provided below.

Policy Briefing: Paper 1 – Analysis of the Gambling (Gambling Harm Reduction) Amendment Bill

7. This briefing provides our analysis of the Bill. The briefing explains the changes to the Gambling Act 2003 that are contained in the Bill. Each proposed area of change contains an overview of the issue and our analysis of the problem targeted by the change. The briefing broadly summarises submitters’ views on each issue. We also provide our views on each proposed change and suggest alternative methods of achieving a similar purpose where possible.

Policy Briefing: Paper 2 – Response to your request for advice on various issues relating to Class 4 gambling

8. This briefing provides our advice on the benefits or advantages of the current distribution model, the options for improving the regulation of the grant distribution system, reforming the venue payment scheme and society usage of management companies.

Policy Briefing: Paper 3 – Options for raising the minimum rate of return to authorised purpose

9. This briefing provides advice on increasing the minimum rate of return to authorised purposes and the effect that each percentage point increase would have on the estimated return to communities and the impacts of this on the Class 4 sector. Our modelling demonstrates the implications of a staged increase in the minimum rate of return, over a five year period, from 37.12 per cent to 45 per cent.

Policy Briefing: Paper 4 –

[not related to Class 4 gambling reforms]

Next steps

11. If you agree, once you have considered the suite of briefings and had a further discussion with Mr Flavell, we will draft a Cabinet paper about the Government’s preferred options for the Bill and areas where there could be further reform of Class 4 gambling.
12. The paper could incorporate the Department's analysis of the Bill, and recommend changes to the Bill where these specifically aligned with your identified key outcomes. The paper could also outline and consider your remaining areas for legislative and regulatory reform and seek agreement to progressing these.

**Recommendations**

13. The recommendation is that you:

   a) **agree** that the Department prepares a draft Cabinet paper seeking agreement to the Government's position on the Gambling (Gambling Harm Reduction) Amendment Bill and other related reforms you may wish to progress.

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\text{Yes/No}
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**Director Policy Group**

**Hon Chris Tremain**

Minister of Internal Affairs

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