Gambling (Gambling Harm Reduction) Bill: Proposed Government Position

Portfolio: Internal Affairs

On 6 May 2013, following reference from the Cabinet Economic Growth and Infrastructure Committee (EGI), Cabinet:

Background

1 noted that the Commerce Committee (the Committee) is currently considering the Gambling (Gambling Harm Reduction) Amendment Bill (the Amendment Bill), a Member’s Bill in the name of Te Ururuoa Flavell, and is due to report back on the Amendment Bill by 4 June 2013;

2 noted that the Amendment Bill proposes significant changes to Class 4 gambling through amendments to the Gambling Act 2003 (the Act), and has attracted over 30,000 submissions;

3 noted that on 12 December 2012, EGI:

3.1 invited the Minister of Internal Affairs (the Minister) to continue to work with the Maori Party on proposed changes to Class 4 gambling and the options for progressing legislation;

3.2 noted that the Minister will report back as soon as practicable on these issues;

3.3 agreed that racing not be included in the work referred to above;

[EGI Min (12) 29/17]

4 noted that the Minister’s key priorities for Class 4 gambling are to:

4.1 increase the proportion of proceeds that the community receives from Class 4 gambling;

4.2 increase transparency around grant decisions and better address conflict of interest situations;

4.3 simplify compliance for societies, venues and the Department of Internal Affairs (DIA), and reduce associated costs;
4.4 develop a way for gambling proceeds to be generally distributed in the region where they were generated;

4.5 enhance protections for problem gamblers;

5 noted that there is some alignment between these priorities and the issues that the Amendment Bill seeks to address;

Government position on the Gambling (Gambling Harm Reduction) Amendment Bill

6 noted that the Minister has reached some broad areas of potential agreement with the Maori Party on where changes to Class 4 gambling could be made;

7 agreed that the government support the Amendment Bill with the following amendments:

7.1 deletion of the clauses making territorial authorities responsible for distributing funds;

7.2 deletion of the clauses to extend the criteria for developing, and the effect of, territorial authorities’ Class 4 venue policies;

7.3 insertion of a clause requiring territorial authorities, when revising their Class 4 venue policies, to consult about whether existing Class 4 venues should be able to relocate within their districts, having regard to the social impact of gambling in high deprivation communities;

7.4 insertion of a clause requiring each venue relocation to be supported by the society, venue operator, and the relevant territorial authority;

7.5 insertion of a clause permitting the transfer of a Class 4 licence if territorial authority consent for a different location for that venue has been given;

7.6 deletion of the clauses requiring 80 percent of net proceeds to be distributed in the district or ward where the gambling occurred;

7.7 insertion of a regulation-making power to provide for regulations that would require societies to return a certain amount of net proceeds to the area where they were generated;

7.8 deletion of the clause introducing an ability for the Secretary for Internal Affairs (the Secretary) to include a licence condition requiring harm minimisation technologies to be used in gaming machines;

7.9 insertion of a regulation-making power to provide for regulations that would require harm minimisation technology or devices to be used in gaming machines;

7.10 deletion of the clause excluding racing from the definition of authorised purposes;

8 noted that DIA’s report to the Committee on the Amendment Bill will reflect the above amendments and any amendments agreed to below that are within scope of the Amendment Bill;
Other changes for Class 4 gambling

9 agreed to a new Gambling Amendment Bill to support the Minister’s key priorities and to address Maori Party and submitter concerns, with amendments to the Act included as follows:

Reduce red tape relating to venue costs

9.1 agreed to a regulation-making power to specify how venue operators are compensated, and removal of the current prohibition on commission payments;

9.2 noted that Cabinet’s approval will be sought by mid-2013 for the release of a discussion document setting out the options for regulations to establish a new venue payment system;

Increase the rate of return to communities

9.3 noted that the discussion document will also outline a proposed increase to the minimum rate of return to authorised purposes, which is set in regulation;

Give communities better information on grant-making decisions

9.4 agreed that the regulation-making power relating to the reporting requirements for societies be extended, so that societies report standardised information about their individual grant applicants and provide this information to the Secretary electronically, and indicate whether net proceeds committee members had any direct or indirect interest in successful grant applicants;

9.5 agreed that the requirement in the Act for societies to publish grant application information in a newspaper be removed so that publication requirements can be set in regulations and can be tailored to meet stakeholder needs;

9.6 agreed to a new regulation-making power to prescribe how societies’ financial information and key indicators of operational efficiency should be published;

Strengthen provisions that deal with conflicts of interest

9.7 agreed that the indirect interests and relationships of venue operators are captured in the conflict of interest provisions;

9.8 agreed that the test for determining if a person not explicitly specified in the Act as a key person has an interest in a venue that indicates he or she is in essence a key person be simplified;

9.9 agreed that the requirement for a “condition attached” where there is receipt or seeking of a benefit or gift be removed, between the key persons of societies and key persons of venues;

9.10 agreed that key people in societies and venues be prohibited from receiving any benefits that a reasonable person would believe could influence the grant-making process;

9.11 agreed that the Secretary be provided with a power to audit companies that provide management services to societies, and that the key person definition be extended to apply to those running these management companies;
Reduce some further compliance costs for Class 4 operators and the Department of Internal Affairs

9.12 agreed that an enabling power be provided so that the Secretary may issue licences for Class 4 operators and Class 4 venues for a period of up to three years;

Gambling Amendment Bill (No 2)

10 noted that the Minister wishes to progress the Gambling Amendment Bill (No 2), which is currently awaiting the committee of the whole House stage, and which contains minor policy changes and technical amendments;

11 noted that the Minister will seek Cabinet’s agreement to a Supplementary Order Paper to include additional technical amendments in the Gambling Amendment Bill (No 2) that have arisen since that Amendment Bill was reported back from a select committee in 2008;

Clarify the powers to suspend and cancel licences issued under the Gambling Act 2003

12 agreed that the Act be amended to clarify that the Secretary’s suspension and cancellation powers for licences issued under the Act be available for past, one-off breaches;

Drafting instructions

13 invited the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the proposals in accordance with the above decisions.

Reference: CAB (13) 197, EGI Min (13) 7/10