Terms of reference: offshore racing and sports betting working group

Purpose

The offshore racing and sports betting working group (the working group) is appointed to consider and recommend practical options for addressing the issues of:

- New Zealanders betting on racing and sports with offshore providers;
- offshore providers taking bets on New Zealand racing and sports without contributing to the local industry.

Context

The New Zealand Racing Board (the NZRB) is the sole New Zealand-based provider of racing and sports betting in New Zealand. The NZRB is charged with distributing profits back to the racing industry in accordance with an agreed funding model. The NZRB also pays a commission to national sporting bodies for sports on which bets are taken. This ensures that any betting dollar contributes to racing and sports in New Zealand. The NZRB is also required to pay a problem gambling levy, provide problem gambling training and invest in responsible gambling measures. This helps ensure a regulatory safety net to mitigate gambling harm.

The NZRB and the racing industry are concerned that New Zealanders are increasingly turning to overseas betting agencies through the internet, particularly agencies based out of Australia, instead of betting through the TAB (the NZRB’s betting brand).

While legislation allows New Zealanders to bet on overseas-based websites, it takes place outside the domestic regulatory framework. This creates a number of issues. The industry is particularly concerned with the issue of ‘leakage,’ i.e. investment and employment in the racing industry is potentially undermined as offshore bookmakers take bets from New Zealanders, and on New Zealand sport and racing, without contributing to local industries. The TAB considers that it is operating on an uneven playing field because it is in competition with much larger corporations, specifically established in jurisdictions with lower tax and regulatory obligations. There is also an increased risk of problem gambling and underage gambling from New Zealanders betting with unregulated providers. Finally, it deprives the government of potential revenue through taxation.

The specific extent of New Zealanders participating in betting on racing or sports with overseas betting agencies is not clear, with different surveys indicating different results. Accordingly, the amount of profits not returned to the local racing industry, and the amount of New Zealanders potentially engaged in harmful betting practices with overseas betting agencies is also unclear.
Role and establishment

The Minister for Racing has directed the Department of Internal Affairs (the Department) to work with the NZRB to establish a working group to consider and recommend practical options for addressing the issues mentioned in the ‘purpose’. The working group is jointly appointed by the Department and the NZRB to fulfil this role.

The working group will report to the Chief Executive of the Department through the General Manager, Policy, and to the Chair of the NZRB through the NZRB’s Head of Government Relations. The working group will also be expected to report to the Minister for Racing’s office directly, if required.

Scope of work

The working group will look at:

- the size and causes of the issues;
- approaches in international jurisdictions and their applicability in the New Zealand context;
- practical options for addressing the issues; and
- the costs, benefits and risks of the options.

If the working group considers that industry and/or government action is required to address the issues, the working group is asked to recommend a preferred option or combination of options.

Options for addressing the problem will need to be consistent with the key purpose of the Racing Act 2003, which is to promote the long-term viability of New Zealand racing, and the purposes of the Gambling Act 2003 which are to:

- control the growth of gambling;
- prevent and minimise the harm caused by gambling, including problem gambling;
- authorise some gambling and prohibit the rest;
- facilitate responsible gambling;
- ensure the integrity and fairness of games;
- limit opportunities for crime or dishonesty associated with gambling;
- ensure that money from gambling benefits the community; and
- facilitate community involvement in decisions about the provision of gambling.

Out of scope

Other forms of gambling such as casino gambling, gaming machine gambling, instant games, purchasing lottery tickets, submitting entries into prize competitions or any other form of “gambling”, as defined in the Gambling Act 2003, is not within the scope of the working group.
Any consideration of the application of revenue from sports betting, as outlined in the Racing Act 2003, is not within the scope of the working group.

**Deliverables**

The working group will meet from April to September 2015.

The working group will have four main deliverables:

- The Chair of the working group will provide a progress report to the Department and to the NZRB by 30 June 2015;
- The Chair of the working group will provide a progress report to a meeting of the Combined Racing Industry Group (CRIG)\(^1\) prior to drafting the report;
- The working group will provide a draft report to the Department and the NZRB by 1 September 2015;
- The working group will provide its final report to the Department and the NZRB by 30 September 2015.

The written report will contain:

- a clear identification of the causes and extent of the problem, supported by evidence;
- the range of options identified and considered;
- an assessment of the main options; and
- recommendations for industry and government action (if such action is indicated).

The working group shall consider the impacts of any recommendations on the broader gambling policy framework, other gambling sectors and on trade policy and relationships with key overseas jurisdictions.

The Chair and/or working group members are to be available to provide oral advice to the Minister for Racing following the delivery of the final report (if required).

**Process**

The Department and the NZRB shall appoint the members of the working group, including the Chair.

The working group shall determine its own proceedings and meet approximately 8-10 times from April to September 2015 until it reports back with its final report.

The working group is expected to work collaboratively and cooperatively to produce its final report and endeavour to come to agreement on all recommendations.

The Department and the NZRB will:

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\(^{1}\) The CRIG comprises the chief executives and Chairpersons of the Boards of the NZ Racing Board, NZ Thoroughbred Racing, Harness Racing NZ and Greyhound Racing NZ.
be available to answer questions and provide advice to the working group, as it works through the processes agreed in these terms of reference;

- manage access to officials from other departments, and to other governmental and external expertise as required; and
- provide feedback to the working group on the draft report.

In undertaking its work, the working group is expected to support its identification and assessment of issues and options with evidence, and to consult with organisations and individuals as it sees fit.

The working group is expected to work to a “no surprises” policy and inform the Department and the NZRB as fully and as early as possible of any issues that may be contentious.

**Secretariat**

Secretariat functions will be provided by the NZRB. The Chair should provide the NZRB with as much notice of proposed meetings as possible to ensure that the necessary resources are provided.

**Confidentiality**

The proceedings of the working group and any material that it produces shall remain confidential at all times. Until the publication of its final report, and subject to the requirements of the Official Information Act 1982, the proceedings of the working group and any material that it produces shall not be released publicly.

Members are expected to keep the work of the working group confidential until its report has been made public.

**Communications and media contact**

All public communications, interactions with the media, and the release of information related to the working group will be handled by the Department in consultation with the Chair and the NZRB.