

**Racing Industry Bill  
Transport and Infrastructure Committee**

**Te Ope Whakaora – The Salvation Army New Zealand Fiji Tonga and Samoa Territory Submission**

**Executive Summary**

1. The Salvation Army is **opposed** to the passing of this Bill into law. We are deeply opposed to any expansion of gambling in our country. The policy focus should be on controlling the growth of gambling and preventing and minimising the harm that already exists from gambling addiction, not seeking new opportunities to gamble with the associated risks to people and whanau. This Bill increases the risk of gambling harm by legislating a monopoly body (TAB NZ) to have the power to develop new betting products for the racing industry, as well as for other sports. The Salvation Army cannot support this expansion of the gambling industry.
2. Therefore, the focus of this submission will be on the gambling harm and harm minimisation aspects of this Bill that are directly relevant to our Oasis Preventing and Minimising Gambling Harm (Oasis) service and the clients that use Oasis and other social and Christian social services we provide in local communities.
3. The Salvation Army also wants to acknowledge our disappointment with the extremely rushed process with the legislative process around these racing industry reforms. In our submission to the *Racing Reform Bill* in 2019, we noted publicly how that *Racing Reform Bill* was posted on the Parliament website on Thursday 30 May 2019, with submissions expected by Tuesday 4 June 2019, the day after a public holiday.<sup>1</sup> That allowed barely two working days to formulate a written response and prepare for oral submissions for a crucial Bill! **Is that really the kind of open democratic system that we want for our nation? How do these kinds of rushed processes encourage good engagement in civil society by the NGO and community sector?** We appreciate that the process for this *Racing Industry Bill* has been more in line with normal Parliamentary processes.

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<sup>1</sup> <https://www.salvationarmy.org.nz/article/submission-racing-reform-bill>

## Background of The Salvation Army

4. The combined services of Te Ope Whakaora provided support to around 120,000 people in 2018. The main social service areas are Community Ministries (CM), Salvation Army Social Housing (SASH), and Addition, Supportive Accommodation and Reintegration Services (ASARS). These services included over 62,000 food parcels to more than 30,000 families and individuals, providing some 2,400 people with short- or long-term housing, nearly 7,000 families and individuals supported with social work or counselling, just over 17,000 addictions counselling sessions, more than 5,500 families and individuals helped with budgeting, other practical assistance to over 6,000 families and individuals, 6,500 hours of chaplaincy support, and some 9,000 victims, defendants and families supported at court. We are passionately committed to our communities as we aim to fulfil **our mission of caring for people, transforming lives and reforming society by God's power.**<sup>2</sup>
5. This submission has been jointly prepared by the Social Policy and Parliamentary Unit, and the Oasis service of The Salvation Army. This submission has been approved by Commissioner Mark Campbell, Territorial Commander of The Salvation Army's New Zealand Fiji Tonga and Samoa Territory. We would also like to acknowledge our support for the submissions of the Canterbury District Health Board and Hāpai te Hauora.
6. Oasis, formally established in 1997, offers free support, counselling, and education for gamblers, their families, whānau, and affected others, alongside public health services, and is staffed by qualified and experienced clinical and public health practitioners. We are supported under a national Addictions, Supportive Accommodation and Reintegration Services leadership team within the larger Salvation Army infrastructure.
  - a. In 2018, Oasis worked with 971 people directly across the country suffering from gambling addiction;<sup>3</sup>
  - b. In 2018, Oasis delivered 1,367 brief gambling harm interventions in the community;<sup>4</sup>
  - c. Oasis runs public health activities to prevent and minimise gambling harm at the national and community level. It participates in the development of health public policy and supports gambling venues to provide a safe gambling environment. It also works with businesses, community groups, health and social services to raise awareness, build resilience, and effectively screen for gambling harm and refer people to get the help they need.<sup>5</sup>
  - d. Additionally, for the year ending 30 August 2019, nearly 78 per cent of our total clients across the country had their main income source as a Government welfare benefit. Nearly 7 per cent of our clients (6.8% of clients) informed us they had no formal source of income at all.<sup>6</sup> Therefore any form of gambling addiction is even more harmful for those using our Oasis and general services because the financial

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<sup>2</sup> <http://www.salvationarmy.org.nz/our-community/mission/>

<sup>3</sup> TSA 2018 Annual Report, page 19.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Annual Budgeting Report 2019, SAMIS (Salvation Army internal data management system), retrieved 30 August 2019.

shocks caused by gambling are even more serious given the low and unstable income many of our service users have.

## General comments on the Bill

7. The Salvation Army is highly concerned with the expansion of gambling products entailed by this Bill. Experts suggest that increasing the availability of gambling products is likely to lead to an increase in the prevalence of gambling-related harm.<sup>7</sup> Considered alongside the New Zealand International Convention Centre Act 2013 and the Department of Internal Affairs' perceived priority to increase finance and revenue streams for the Government in its upcoming review of online gambling regulation, The Salvation Army senses a worrying trend emerging, where the Government appears to be side-lining its mandate to control the growth of gambling and reduce gambling harm in favour of exploiting the economic benefits of the gambling industry.
8. The Salvation Army is pleased by the sustained inclusion of harm prevention and minimisation statements in this Bill, particularly in the Bill's purposes clause. However, we question how this purpose can be meaningfully achieved alongside the Bill's concurrent aim to increase revenue for the racing industry, in part by enabling new racing and sports betting products. Key activities in a public health approach to gambling include managing the availability and marketing of gambling products.<sup>8</sup> These interventions are not compatible with profit-driven incentives. Additionally, The Salvation Army notices that some of the harm prevention and minimisation obligations included in this Bill will be regulated by TAB NZ itself, which is also tasked with facilitating and promoting betting. We believe the lack of independent accountability, coupled with competing incentives such as these, is likely to result in the adoption of inadequate measures to prevent and reduce harm.
9. The Government's decision to 'revitalise' racing comes with the rationale that the industry brings a great deal of value to New Zealand. This value is considered in almost exclusively economic terms. According to a 2018 report frequently referenced by John Messara, the Minister for Racing, and various media articles, racing is responsible for contributing more than \$1.6 billion to the New Zealand economy.<sup>9</sup> This crude figure fails to take into account the expansive social and economic harms that racing and sports betting inflict on New Zealanders. Almost ten percent (9.5%) of clients presenting to services like The Salvation Army Oasis are harmed by TAB gambling.<sup>10</sup> If this proportion is projected onto gambling harm prevalence rates, we might expect 3,515 New Zealanders to be experiencing 'problem

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<sup>7</sup> Volberg, R. (2000). "The future of gambling in the United Kingdom: Increasing access creates more problem gamblers". *British Medical Journal*, 320(7249): 1556. DOI: 10.1136/bmj.320.7249.1556.

<sup>8</sup> Wardle, H., Gerda, R., Langham, E., & Rogers, R. (2019). "Gambling and public health: we need policy action to prevent harm". *British Medical Journal*, 365(1807). DOI: 10.1136/bmj.l1807.

<sup>9</sup> IER Pty. Ltd. (February 2018). *Size & Scope of the New Zealand Racing Industry*. Commissioned by the New Zealand Racing Board. <https://www.rita.org.nz/sites/default/files/documents/NZ%20Racing%20Size%20and%20Scope%202018%20Full%20Report.pdf>.

<sup>10</sup> Ministry of Health. (2019). *Clients Assisted by Primary Problem Gambling Mode*. <https://www.health.govt.nz/our-work/mental-health-and-addictions/gambling/service-user-data/intervention-client-data>.

gambling' or severe gambling harm associated with TAB products at any one time, and an additional 14,535 people experiencing low-moderate harm.<sup>11</sup> Harmful gambling impacts physical, mental, and social wellbeing, and also contributes to debt.<sup>12</sup> It can seriously affect marital relationships, childcare, work performance, and the likelihood of crime or suicide.<sup>13</sup> Studies report that 'problem' or 'pathological' gamblers are more likely to have been divorced, had physical and psychological problems, lost a job, been on welfare, been declared bankrupt, and been imprisoned, than the general population.<sup>14</sup> Gambling harm is also a predictor of family violence: in New Zealand, half of those seeking help for gambling-related problems are victims of physical, psychological, emotional, verbal or sexual abuse, and 44 percent are perpetrators.<sup>15</sup> Even beyond severe levels of harm, the cumulative impact of low to moderate harms on the population of New Zealand is significant. In light of these impacts, The Salvation Army is unconvinced of the racing industry's supposed benefit to society and the validity of the data / information used to promote the benefits.

10. A further rationale for revitalisation is that the industry is in decline (see, for example, the Bill's explanatory note). While return to racehorse owners may be comparatively poor in New Zealand,<sup>16</sup> the wagering side of the industry is as healthy as ever. New Zealand gambling expenditure has been steadily rising since the 2009/10 financial year, even after adjusting for inflation, from \$2.136 billion in 2009/10 to \$2.383 billion in 2018/18.<sup>17</sup> Likewise, expenditure on TAB products has increased 11 percent from \$315 million to \$350 million.<sup>18</sup> It is estimated that 12 percent of New Zealand adults have participated in racing or sports betting in the past 12 months.<sup>19</sup> Sports and racing betting advertisements are the second most commonly seen in New Zealand, after internet games.<sup>20</sup> Accordingly, The Salvation Army rejects the assumption that it is necessary or desirable for the racing industry to expand its offering of gambling products and associated marketing. Does this Government wish to replicate settings in the United Kingdom and regions of Australia, where sports

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<sup>11</sup> The Ministry of Health *Strategy* estimates that 37,000 New Zealanders are current 'problem gamblers', with a combined 153,000 experiencing low to moderate levels of harm. Multiplying these figures by 9.5% gives a speculative 3,441 and 14,229 respectively. Source: Ministry of Health. (2019). *Strategy to Prevent and Minimise Gambling Harm 2019/20 to 2021/22*. Wellington: Ministry of Health. <https://www.health.govt.nz/system/files/documents/publications/hp7137-strategy-minimise-gambling-harm-jun19.pdf>.

<sup>12</sup> Middleton, J. & Latif, F. (2007) "Gambling with the nation's health." *British Medical Journal*, 334(7598): 828-289.

<sup>13</sup> Ibid.

<sup>14</sup> Gerstein, D., Murphy, S., Toce, M., Hoffmann, J., Palmer, A., Johnson, R., Larison, C., Chuchro, L., Bard, A., Engelman, L., Hill, M. A., Buie, T., Volberg, R., Harwood, H., Tucker, A., Christiansen, E., Cummings, W., & Sinclair, S. (1999). *Gambling impact and behaviour study: Report to the National Gambling Impact Study Commission*. Chicago: National Opinion Research Centre.

<sup>15</sup> Auckland University of Technology. (2017). *Problem Gambling and Family Violence in Help-Seeking Populations: Co-Occurrence, Impact and Coping*. Wellington: Ministry of Health.

<sup>16</sup> Messara, J. (2018). *Review of the New Zealand Racing Industry*. Commissioned by the New Zealand Minister for Racing. [https://www.dia.govt.nz/vwluResources/Racing-Report-August-2018/\\$file/Review-of-the-NZ-Racing-Industry-Report.pdf](https://www.dia.govt.nz/vwluResources/Racing-Report-August-2018/$file/Review-of-the-NZ-Racing-Industry-Report.pdf).

<sup>17</sup> Department of Internal Affairs. (2019). *Gambling Expenditure Statistics Table*.

[https://www.dia.govt.nz/diawebsite.nsf/Files/Gambling-Statistics/\\$file/2010-2018-Gambling-Expenditure-Statistics.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Gambling-Statistics/$file/2010-2018-Gambling-Expenditure-Statistics.pdf)

<sup>18</sup> Ibid.

<sup>19</sup> Ministry of Health. (2019). *Strategy to Prevent and Minimise Gambling Harm 2019/20 to 2021/22*. Wellington: Ministry of Health.

<sup>20</sup> Thimasarn-Anwar, T., Squire, H., Trowland, H. & Martin, G. (2017). *Gambling report: Results from the 2016 Health and Lifestyles Survey*. Wellington: Health Promotion Agency Research and Evaluation Unit.

betting is increasingly the principal gambling activity causing harm among help-seeking problem gamblers?<sup>21</sup>

## Comments on specific aspects of the Bill

- 11. General Policy Statement** – In the Explanatory Note of the Bill, there is a statement that the refreshed purpose of this new Act will include a focus on minimising gambling harm.<sup>22</sup> This is reflected in the actual provisions of the Bill. Our view is that minimising gambling harm should not be just an add-on to the Bill, but instead be one of the core drivers of the Bill, particularly section 3(a) of the Gambling Act which states unequivocally that one of the main purposes of this Act is to control the growth of gambling. **How then is this fundamental purpose of the Gambling Act being reconciled with this Bill that allows for the development and implementation of new betting products?** Logically, more betting products means more gambling and therefore an increased likelihood of gambling harm being suffered by people and families.
- 12. Recent gambling reforms** - There seems to be very little consistency in these recent gambling reforms with section 3(a) of the Gambling Act, particularly in these racing Bills, as well as the Dept. of Internal Affairs' online gambling review. We submit that there is a clear intention to increase gambling services and products being offered to our community. This goes against the wellbeing focus that this Government has consistently promoted.
- 13. Clause 3** – The Salvation Army acknowledges the inclusion of a gambling harm minimisation provision in this clause. We submit that the most effective method of truly preventing harm from betting conducted under this Bill would be to remove the power TAB NZ has to develop any new betting products for the public.
- 14. Clauses 9 and 10** – We submit that each of the racing codes should include in their annual statement of intent and business plan a gambling harm minimisation plan for their code. This will position harm minimisation at the centre of the operations and ethos of these codes. Furthermore, the outline of this harm minimisation plan can be developed alongside the Ministry of Health and NGOs providing gambling harm services to ensure it is informed by expert advice.

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<sup>21</sup> Blaszczynski, A., & Hunt, C. (2011). *Online sports betting has created new generation of problem gamblers*. Sydney: The University of Sydney. <http://sydney.edu.au/news/84.html?newsstoryid=6545>; Hing, N., Russell, A. M. T., Lamont, M., & Vitartas. (2017). "Bet anywhere, anytime: an analysis of internet sports bettors' responses to gambling promotions during sports broadcasts by problem gambling severity". *Journal of Gambling Studies*, 33(4): 1051–1065. DOI: <https://doi.org/10.1007/s10899-017-9671-9>; Hing, N., Russell, A. M. T., & Browne, M. (2018a). "Risk factors for gambling problems on online electronic gambling machines, race betting and sports betting". *Frontiers in Psychology*, 8(779): 1–15. DOI: <https://doi.org/10.3389/fpsyg.2017.00779>; Hing, N., Li, E., Vitartas, P., & Russell, A. M. T. (2018b). "On the spur of the moment: intrinsic predictors of impulse sports betting". *Journal of Gambling Studies*, 34: 413–428. DOI: <https://doi.org/10.1007/s10899-017-9719-x>.

<sup>22</sup> Racing Industry Bill Explanatory Note, page 1.

- 15. Clauses 35 and 36** – The Salvation Army submits there might be scope in the establishment of this new Racing Integrity Board to include a position for a gambling harm expert to assist in the harm minimisation focus of the Bill. Under clause 36, we submit there should be an amendment where the Minister can also nominate to the Board a gambling harm expert. If the Racing Industry Transition Agency and the Minister are truly serious about harm prevention and minimisation and about honouring section 3(a) of the Gambling Act, then having at least two Board positions reserved for a gambling harm expert is one of the most ideal methods to ensure this.
- 16. Clauses 39 and 40** – Similar to our feedback on clauses 9 and 10 above, we contend that a gambling harm minimisation plan should be included in this suite of key documents being prepared for the Minister. Connected to our feedback on clauses 35 and 36, position(s) reserved for gambling harm experts can support the inclusion of this gambling harm focus in these important documents.
- 17. Clause 46** – In light of our feedback on clauses 35 and 36, we again strongly advocate for specific positions for gambling harm experts on the new TAB NZ governing body. We recognise that there is reference to nominee members having *knowledge of, or experience in...preventing and minimising harm associated with gambling*. This is positive. But we are aware that there is clearly a strong commercial, betting and administration demand for these governing body members. We hope that these demands will in practice not supersede the inclusion of gambling harm experts in this body. We call for real transparency in this governing board nomination and selection process and submit that the selection and appointment of governing body members be approved by stakeholders both within **and outside** the industry, including Māori, Pasifika, public health and harm minimisation experience.
- 18. Clause 47** – In our view, the objectives of TAB NZ are contradictory. On one hand, there is a strong focus on maximising profits. But this is lightly qualified by a provision for ensuring risks of problem and underage gambling are minimised. We are concerned that the drive to maximise profits and returns for the industry will lead to very little focus on actually trying to prevent problem and underage gambling, not to mention broader-scale harms. The focus only on ‘problem’ gambling shows the general lack of industry understanding of what constitutes harm to individuals and at a community and societal level.
- 19. Clause 48** – We are somewhat satisfied that the need to “develop or implement, or arrange for the development or implementation of, programmes for the purposes of reducing problem gambling and minimising the effects of that gambling” is included in this clause at (1)(d). However, we are again concerned that commitment to this obligation will be minimal in light of understanding gambling harm overall (not just ‘problem’ gambling) and competing incentives to maximise profits. It also appears that adherence to this programme will be self-regulated by TAB NZ. Industry self-regulation in comparable industries, such as alcohol and

tobacco, is famously inadequate.<sup>23</sup> We submit that any programmes to prevent and minimise gambling harm should be independently monitored.

**20. Clause 60** – We are very supportive of this provision. We are unsure why there is an exception for Anzac Day. We believe prohibiting licences for all of Anzac Day is a strong move to acknowledge the true meaning and spirit of this special holiday.

**21. Clause 68** – We commend the exclusion of in-race betting at (3). Live betting carries a higher risk of harm because it offers more betting opportunities in a set timeframe, and a higher speed of play – characteristics shared by typically hazardous forms of gambling like gaming machines.

**22. Clause 75 – Rules relating to other racing or sports betting conducted by TAB NZ**

- We are opposed to any development of new betting products or systems by TAB NZ under this Bill. It is clear that the intent of this clause is to enable TAB NZ to expand its offering of gambling products. As stated earlier, we believe the expansion of gambling is likely to entail an increase in gambling harm. Again, how is this gambling expansion reconciled with the purposes of the Gambling Act and the harm minimisation provisions expressed elsewhere in this Bill?
- While we oppose this clause in general, we do support the requirement for TAB NZ to “consult” before making rules under this clause. However, the requirement to consult only with industry and the Ministry of Health is inadequate. The Salvation Army draws attention to the Gambling Act 2003’s prescribed procedures required of the Gambling Commission when it considers, for example, applications to specify, vary, or revoke licence conditions: the Gambling Commission must notify the Secretary of Internal Affairs as well as “any other person who it considers is affected”.<sup>24</sup> We submit that in the event that this clause is enacted, TAB NZ should be required to consult with the preventing and minimising gambling harm sector as well as the Ministry of Health before any new betting products are offered to the public.

**23. Subpart 2 – TAB NZ venues**

- Clauses 91 to 93 are extremely important in the express objective of this Bill to prevent or minimise gambling harm. The Salvation Army strongly contends that any of these key provisions must be enacted in true partnership with the Ministry of Health and the preventing and minimising gambling harm sector. Organisations such as the PGF Group and The Salvation Army Oasis have the expertise in these areas to inform and support harm minimisation.
- Under clause 94, there is provision for a problem gambling levy. We understand the efficacy of this provision. However, one of the fundamental concerns we have is

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<sup>23</sup> Markham, F., & Young, M. (2015). “‘Big gambling’: the rise of the global industry-state gambling complex”. *Addiction Research & Theory*, 23(1): 1-4, DOI: 10.3109/16066359.2014.929118; Rintoul, A., Deblaquiere, J., & Thomas, A. (2017). “Responsible gambling codes of conduct: lack of harm minimisation intervention in the context of venue self-regulation”. *Addiction Research & Theory*, 25(6): 451-461.

<sup>24</sup> See section 140 of the Gambling Act 2003.

based on section 3(g) of the Gambling Act where the community is meant to benefit from gambling. The Salvation Army remains unconvinced that any level of charitable funding to the community can effectively mitigate the harms caused by gambling within these very communities, and in this case harm from online gambling. This core question about gambling and community benefits brings to light the morality, efficacy and legitimacy of people and whānau profiting from gambling harm and addiction suffered by other New Zealanders. Clause 94 of this Bill again brings this concern to light because people suffering from gambling harm are essentially contributing to their own treatment (if they indeed seek help). This funding model is not ethical, equitable or sustainable; nor does it cover the true costs of preventing and minimising gambling harm successfully.

#### **24. Part 5 – Offshore betting charges and other matters**

- The Salvation Army is unsure whether or not the offshore betting in this section aligns with the impending online gambling reforms from the Dept. of Internal Affairs. These provisions cover charges that offshore betting operators have to pay for races and sports events in New Zealand. It is likely that this betting will happen digitally or online. We were opposed to any liberalisation of online gambling in our submission to the Dept. of Internal Affairs.<sup>25</sup>
- Regulating offshore (online) gambling is difficult. But we strongly questioned the expansion focus of the Department of Internal Affairs' discussion papers (rather than gambling harm prevention and minimisation). It seems that the same logic is being followed by the Government in this Bill. Again, we believe this contravenes section 3(a) of the Gambling Act and is opposed to the stated harm prevention and minimisation objectives found in this Bill, the *Racing Reform Bill* and the online gambling review discussion documents. This harm minimisation approach must not become irrelevant and ignored by policymakers in favour of increased revenue and profits.

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<sup>25</sup> <https://www.salvationarmy.org.nz/article/submission-dia-online-gambling>



## Summary of recommendations

25. The Salvation Army questions whether the racing industry is in need of revitalisation via legislative intervention. With respect to betting/wagering, more money than ever is being lost by New Zealanders on TAB products.
  26. The Salvation Army submits that new betting products should not be allowed to enter the New Zealand market. Harm from gambling is already at unacceptable levels in this country and increasing availability and new products will only add to this problem.
  27. The systems of the Racing Integrity Board and governing body of TAB NZ should be reviewed to prioritise a broader public health and the prevention and minimisation of gambling harm approach. To this end:
    - a. The suggested membership of the Board and especially the governing body of TAB NZ should include a broader skillset including representation from gambling harm services.
    - b. Members should be nominated and appointed by stakeholders within and outside the racing industry for enhanced transparency.
    - c. Development and compliance monitoring of any harm prevention and minimisation programmes should be managed by a body independent to TAB NZ, or at the very least, a body whose membership includes stakeholders in the preventing and minimising gambling harm field.
    - d. Development of preventing and harm minimisation programmes should not just focus on the 'problem gambler' and age restrictions. Consideration should be given to identifying low to medium risk gamblers and appropriate interventions.
-