



Racing Reform Bill 2019

Transport and Infrastructure Committee, New Zealand Parliament

The Salvation Army New Zealand, Fiji, Tonga and Samoa Territory Submission

Executive Summary:

1. The Salvation Army welcomes the opportunity to provide feedback on the Racing Reform Bill 2019. We believe that public consultation, particularly through a robust select committee process, is an opportunity for the Government to gain critical insight into achieving outcomes towards preventing and minimising gambling harm.
2. However, we are extremely disappointed at the timeframe allocated to consider this important Bill. We submit that this process has not been a good example of fair and open democracy and government. The Bill was posted on the Parliament website on Thursday 30 May, with feedback expected by Tuesday 4 June, the day after a public holiday. This allows barely two working days to formulate a written response and prepare for oral submissions. Our staff has worked over the long weekend to prepare a meaningful submission that contributes to the public discourse around this Bill, particularly from a gambling harm perspective. We have contacted the Ministry of Health and the staff at the Transport and Infrastructure Committee to share our concerns. Also, The Salvation Army has issued a Press Release on Tuesday 04 June publically expressing our concern about this process which can be found here - www.scoop.co.nz/stories/PO1906/S00026/profit-from-racing-takes-priority-over-good-democracy.htm
3. Consequently, The Salvation Army does **not** support the passing of this Bill into law. Our clear position is based on our position as a Christian organisation providing holistic services to those suffering from gambling addiction and harm. We elaborate further on our position below. We do acknowledge that there are multitudes of jobs and income generated by the racing industry in our nation. Nevertheless. We contend that profit from racing should not take priority over good democracy and a robust legislative process. Furthermore, profit and income should not come at the expense of increasing gambling harm and addictions in our nation.
4. The Salvation Army opposes the expansion of sports betting entailed by this Bill. Clauses 17-20 represent changes to the Racing Act 2003 which have significant potential to increase gambling opportunities and gambling harm. The Salvation Army argues this is inherently inconsistent with the mandate to prevent and minimise gambling harm pursuant to the Gambling Act 2003.

Background:

5. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. 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.
6. The Salvation Army Oasis service (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.
7. This submission has been prepared jointly by the Social Policy and Parliamentary Unit and Oasis service of The Salvation Army. This Social Policy and Parliamentary Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand. This submission has been approved by Commissioner Andrew Westrupp of The Salvation Army's New Zealand, Fiji, Tonga and Samoa Territory.

Comments about the process:

8. This omnibus Bill is significant. It is some forty pages long and amends multiple Acts of Parliament and related legislative instruments. Effectively it entails a tax cut for the racing industry. It is also likely to substantially impact the New Zealand sports sector. In our view, the most crucial aspect about this Bill is that the likelihood that the numerous racing reforms enshrined in this Bill (and other subsequent Bills) will increase gambling-related harm for people and families in our communities.
9. These are broad-ranging effects, and a robust select committee process would have given interested parties a reasonable amount of time to adequately scrutinise them. The Salvation Army Oasis notes that the Government's own Standing Orders state the 'normal' period for submissions is a minimum of 6 weeks for submissions.¹ We appreciate that the Government wishes to 'fast-track' the revitalisation of the dying racing industry and work in urgency for this Bill. But two days is practically unworkable. We expect that most people with an interest in this Bill will not even realise it is under consideration until after submissions have closed!
10. The breadth of our own submission has been significantly restricted by this difficult timeframe. The Department of Internal Affairs (DIA) has stated that it was similarly constrained in preparing its regulatory impact assessment for the Bill – much of which has been censored due to budget sensitivity. The Salvation Army Oasis is thus seriously concerned that this Bill is being rushed through without proper consideration or

¹ McGee, D. (2017). "Chapter 26: The Parliamentary Process", in Harris, M. & Wilson, D. (eds.) *Parliamentary Practice in New Zealand*, 4th ed. Auckland, New Zealand: Oratia Books, pp. 394-452. Retrieved from <https://www.parliament.nz/en/visit-and-learn/how-parliament-works/parliamentary-practice-in-new-zealand/chapter-26-the-legislative-process/>

consultation, which traditionally comes from a vigorous select committee investigative process.

11. Additionally, we are very alarmed about some of the statements in the DIA's Regulatory Impact Assessment report regarding this Bill. Some examples include:

- *Another key risk relates to timing. Without urgent action, there is a risk the industry will continue to decline until it is no longer viable. The timeframes for delivery are short. This puts some constraints on the depth of analysis that the Department has been able to apply to the proposals in this RIA.²*
- *The RIA clearly articulates the constraints and limitations, including timing constraints, under which the analysis has been completed. However, these constraints lead to drawbacks in the analysis, particularly regarding the costs and financial implications as well as detailed consideration of the evidence and propositions relied on in the Messara report. There has been a consideration amount of consultation, both through earlier legislative processes and on the Messara report, but the specific package of reforms proposed here has not been directly consulted on.³*

12. This urgency has led to what we submit is a process to boost the racing industry that has come at the expense of community consultation, good practical democracy, and a select committee process that would have helped bring a wider range of views and insights into this debate.

² DIA RIA Report, 2019, page 4.

³ Ibid, page 5.

The Salvation Army's position on this Bill:

13. The Salvation Army Oasis is opposed to the passing of this Bill into law.

14. Upon brief assessment, The Salvation Army Oasis finds much of this Bill without significant implications for gambling harm. But we are concerned that inadequate time has been allocated for analysis of this Bill, especially with regard to its potential impact on gambling harm. Particularly, we are opposed to the expansion of sports betting opportunities entailed by this Bill. Our detailed comments on this proposal and other clauses of interest will be provided below.

15. The Salvation Army Oasis accepts that this Bill is driven by a key tenet of the Racing Act 2003: to “promote the long-term viability of New Zealand racing”. We are anxious however that in the Government’s rush to revitalise the industry, vulnerable people and communities will lose out as raising gambling revenue takes precedence over preventing and minimising gambling-related harm. We cite the passing of the New Zealand International Convention Centre Act in 2013 as yet another example of economic interests trumping New Zealand’s commitment to prevent and reduce gambling harm.

16. We submit that the expansion of sports betting as outlined in this Bill has the potential to increase gambling opportunities and concurrently gambling harm. This is in stark contrast to the objectives of the Gambling Act 2003. We submit that the Government should consider a harm prevention and minimisation approach with any and all gambling-related reforms it undertakes.

17. CLAUSE 13 (distribution to codes)

- The Salvation Army Oasis finds this section largely unproblematic in terms of gambling harm. We commend the inclusion of new section 17A (1) (b) which acknowledges the future Racing Industry Transition Agency (Agency)’s duty to prevent and minimise harm from racing and sports betting. If this Bill was to pass into law, then we submit that section 17A (1) (b) should be a cornerstone provision in the principal Act.

18. CLAUSES 17-20 (sports betting)

- As we have opposed its past iterations (in the Racing Amendment Bill 2017, for example), The Salvation Army opposes any expansion of sports betting opportunities as enabled by this Bill. Increasing the number of sports that can be wagered on will logically create more opportunities to gamble and thus heighten the risk of gambling harm.
- Sporting events are much more frequent and typically far longer than races, with each game comprising a number of ‘events’ on which to bet. Consequently they carry a higher risk of harm.

- Sports betting are a growing phenomenon globally, heavily marketed to new demographics not previously significantly represented in harmful gambling statistics (i.e. young adult males aged 18-34 years). Research indicates that gambling problems among such populations are rising as a result of the proliferation of sports betting, particularly with regard to live betting.⁴ In Australia, for example, 41 percent of all regular sports bettors experience gambling problems,⁵ with comparable results in the United Kingdom. Expanding the sports betting market in New Zealand is likely to significantly increase the risk of gambling harm.
- The Salvation Army recognises that the TAB already offers live betting on a range of sports. However, we believe that increasing the range of sports which can be bet on in this way is likely to lead to an increase in harmful and continuous forms of gambling behaviour.

19. CLAUSE 21 (betting information use charges and consumption use charges)

- Considering that the problem gambling levy does not capture offshore expenditure, if this Bill passes, then The Salvation Army supports the commitment to apply the money received from betting information use charges and consumption charges to the prevention and minimisation of gambling harm, as enabled by new section 65AP(1)(c).
- However, The Salvation Army submits that there needs to be more transparency around how exactly the funding will be allocated and applied for this purpose. Will the racing problem gambling levy rate apply to the fees received, for example? Will the funding allocated for this purpose is applied to gambling harm services, or to in-Agency measures to prevent and minimise gambling harm such as staff training, or both? We strongly contend that at least 0.51 percent (i.e. the racing levy rate) of these fees should be paid towards the problem gambling levy.

20. CLAUSES 26-32 (totalisator duty)

- Again, The Salvation Army is concerned that the Bill provides no clarity as to how the funds retained by the Agency through the reduction and eventual removal of the totalisator duty will be applied, particularly in respect of harm prevention and minimisation. As above, we submit that at least 0.51 percent of the money retained should go towards the problem gambling levy.

⁴ Hing, N., Lamont, M., Vitartas, P., & Fink, E. (2015). Sports bettors' responses to sports-embedded gambling promotions: Implications for compulsive consumption. *Journal of Business Research*, 68, 2057-2066.

⁵ Armstrong, A. R., & Carroll, M. (2017). *Sports Betting in Australia*. Melbourne, Australia: Australian Gambling Research Centre, Australian Institute of Family Studies.