



3 June 2019

Mr Darroch Ball MP
Chair, Transport and Infrastructure Committee

Tēnā koe Mr Ball,

Racing Reform Bill 2019, Submission from Transparency International New Zealand.

Transparency International New Zealand (TINZ) writes to express dismay and disappointment at the brief time allowed for the public to consider and prepare submissions to the committee on the Racing Reform Bill presently before the Select Committee.

We acknowledge that:

- some opportunity for public input into the development of the Racing Reform Bill through calling for public submissions on Mr John Messara's 2018 report on the New Zealand racing industry and that 1,701 submissions were received with most in support of the recommendations.
- transparency has been observed in the Cabinet's consideration of the Racing Reform proposal with the three papers considered by the Cabinet on 17 April 2019 being proactively released.

However, our view is that the overall time timetable for the passage of this legislation is inconsistent with commitments to the public made in the Government's Open Government Partnership commitments and in its general practice of Parliamentary processes. We are specifically concerned that the timeframe involves only:

- five days for the public to make submissions, closing on 4 June 2019 with oral submissions are to be heard on 5 June. TINZ consider that these time constraints defeat any possibility of effective public consideration of the Racing Reform proposal. In preparing this letter we carried out a google search to identify any media comment summarising and assessing the Bill proposals. The only information we found, outside the information from Parliamentary sites was a brief summary by the Law Commission.
- one week for the Select Committee itself to effectively scrutinise the bill and consider any public submissions received with its report back to the House due the following week on 11 June. TINZ's view is that this places an unreasonable burden on the members of the Select Committee for the quality and effectiveness of the resulting legislation.

The Explanatory Note to the Racing Reform Bill and the background provided in the Cabinet papers about the reason for the reforms describe an urgent need for reform of the racing industry to be enacted by 30 June 2019. Urgency is necessary to initiate the recovery process for the racing industry and to address the racing industry's immediate need for supplementary revenue to ensure it is financially sustainable into the future.

Despite this assessment, TINZ's view is that there is a reasonable public expectation of full and thorough opportunities for public involvement in matters of public debate such as gambling. Gambling is internationally recognised as a corruption and transparency risk with the New Zealand Racing Board's 2017/18 annual report identifying \$288 million revenue being raised through racing. TINZ does not have the expertise to scrutinise or comment on the provisions of the Bill in depth. However, we note that the Reform proposal contains significant changes that, on their face appear to be matters for public interest. These matters include giving substantively more:

- power to the Minister in the appointment of the members of the Racing Industry Transitional Authority, which will replace the New Zealand Racing Board.
- discretion to Racing Industry Transitional Authority how gaming revenues are distributed between racing codes and sports.

We also note the advice of the Treasury in the Cabinet Paper - *Review of Racing: Paper 1 – Overview of the New Zealand Racing Industry and identified issues* that “it is difficult to assess whether the proposals will revitalise the industry”, and identifying significant fiscal implications as follows:

5.1. The proposals in this suite of papers have significant regulatory and financial implications for the Crown, the racing industry, and consumers and the public. The evidence supporting the problems identified and the case for the proposed interventions has not been presented here, so the nature and causes of the problems facing the industry are not clear. Further analysis of the problems, the intervention options, and the impacts expected would help inform Cabinet decision-making. In particular, this analysis could consider:

51.1 the risks relating to greater gambling harms as a result of the proposals, including any wider impacts on wellbeing;

51.2 the impacts on New Zealand consumers (gamblers), including whether they will face higher or lower costs;

51.3 the impact on overseas operators, including whether or not they may exit the New Zealand market;

51.4 the impact on the financial position of the New Zealand Racing Board;

51.5 Budget Secret.

We ask the Select Committee, in the interest of transparency and public trust extend the date set for public consultation and report back to the House that it is unable to consider the Racing Reform Bill on the date requested and will do so when public submissions have been heard.

We think our submission points are clear enough not to necessitate an oral submission, but we are happy to do so if asked.

With our good wishes for your work on the Racing Reform Bill.

Nā mātou noa, nā

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