

RACING INDUSTRY TRANSITION AGENCY

Kia ora koutou,

It's been just sixty days since the establishment of the Racing Industry Transition Agency (RITA) and a timely opportunity to update you on progress against the Reform Programme the Board are advancing on behalf of the Minister for Racing.

Our strategic focus is set out very clearly in the letter of expectation from the Minister for Racing - we must work to secure the long-term success of the New Zealand racing industry. We must reform the industry into a more sustainable structure, and support them as it goes through this change.

You will know that there are 17 recommendations from the Review of the New Zealand Racing Industry by John Messara that we are working through. Many of these need policy, legislation and comprehensive regulations for the proposed changes to take effect. Much of this work is complex and requires significant focus from RITA Board and management, as well as the Department of Internal Affairs.

As we come into the important period of Spring racing we are encouraged by the progress made to give effect to this ambition.

Bill One

The first Racing Reform Bill came into effect on July 1 and addresses the industry's need for additional revenue. This included the totalisator (betting) duty paid to the Crown being phased out and the introduction of two new charges on overseas betting operators (offshore charges) to help ensure they contribute to the New Zealand racing and sports codes from which they benefit.

The money available as a consequence of the reduction in Betting Duty is being held by RITA while the final details of its distribution between Harm Minimisation Initiatives, and the Racing Codes and Sports NZ is finalised. From mid 2021, we would expect the returns will be in excess of \$14m, with approximately \$4m available this year. The distribution amounts need to be set by a specific regulation and we will update the industry prior to Christmas on the outcome.

The Offshore Charges will be able to be set and collected following the implementation of regulations. It is expected that this process will be completed and collection commenced from the beginning of the 2020 calendar year.

While overseas betting operators will be required to pay product fees in due course, a number of these have already committed to voluntary charges, most recently Sportsbet. This is in addition to the arrangement secured with Betfair earlier this year, and discussions with other operators in the Australian market are ongoing.

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The first Bill also permits RITA to offer betting on a wider range of sports where an agreement is reached with Sport NZ. We are hopeful of new sports being made available to TAB customers before the end of the year.

Bill Two

Work is now well advanced on preparing the second Bill which we anticipate being introduced into Parliament at the end of this year. This will include provisions designed to give effect to the establishment of TAB NZ in order to maximise revenue and profit for racing and to the transfer to the individual Codes of a range of racing and industry responsibilities previously undertaken by RITA. We have sought feedback from the Codes on this with a view to policy decisions being taken for inclusion in the draft policy papers for the Bill.

Provisions to facilitate discussion between Codes and Clubs in relation to the future of New Zealand's racing venues, as part of the Future Venue Plan work started last year, are expected to be included in the new Bill.

The Messara recommendations in relation to the racing Integrity bodies and animal welfare have been advanced in an independent review undertaken by Malcolm Burgess. His Report has been circulated for consultation with the various views currently being analysed, including from the JCA and RIU who presented to the Board at our last meeting. The decisions on a new Governance structure for integrity bodies will likely be made by the Board at our next meeting on September 25, and could result in specific legislative considerations in the Bill.

Messara also recommended an independent performance and efficiency audit on the NZRB and we expect a final version in mid September. This has been slightly delayed to ensure the scope of the report brief was fully met. Once complete it will be sent to the Minister. In addition, we've had an independent report on the Distribution Model under section 16 of the Act developed and which will be discussed with the Codes within the next few weeks with regulations developed next year.

Harm Minimisation

As the Board work through the various recommendations we remain acutely aware of our responsibility to minimise the harm that gambling can lead to for some people. RITA management has reviewed its work in this area and developed a comprehensive strategy to add further weight to activities already underway. This will include utilising technology, improving communications and building stronger partnerships with the sector.

Industry Engagement

Over the past few weeks we have met with the Boards of the three Codes to update them on the process and our progress. We will also keep the industry up to speed on our progress where we can.

Good progress is being made but to meet the timelines required for the legislative process the momentum must be sustained.

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We will provide A RITA operational update in September.

Ngā mihi,



Dean McKenzie
Chair

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