



New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Governance and Administration Committee

Komiti Whiriwhiri Take Whakahaerenga

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**Gambling (Definition of Remote Interactive
Gambling) Amendment Bill**

74—1

Presented to the House of Representatives
by Rachel Boyack, Chairperson

Contents

Recommendation.....	3
About the bill	3
Legislative scrutiny.....	4
Matters raised by submitters on the bill	4
Concerns about gambling harm.....	4
Green Party differing view	5
Appendix.....	7

Gambling (Definition of Remote Interactive Gambling) Amendment Bill

Recommendation

The Governance and Administration Committee has examined the Gambling (Definition of Remote Interactive Gambling) Amendment Bill and recommends that it be passed without amendment.

About the bill

The bill seeks to make permanent the current exemption for class 3 lotteries from the prohibition on remote interactive gambling in the Gambling Act 2003.

Class 3 gambling is defined under section 27 of the Gambling Act. It is conducted:

- without a gambling machine
- with the purpose of raising money for authorised (charitable or non-commercial) purposes
- with prize values over \$5,000.

Lotteries are one form of class 3 gambling. Operators of class 3 gambling are required to have a licence. The majority of class 3 licence holders are sporting organisations, hospices, religious groups, schools, non-sporting clubs, non-governmental organisations, and charities.

In 2020, a temporary provision was included in the Act in response to changes in how New Zealanders engaged with products and services during the COVID-19 pandemic. This provision (section 4A of the Act) exempted certain charitable organisations running class 3 lotteries from the prohibition of remote interactive gambling. The exemption allowed them to sell tickets and advertise online.¹ This provision was extended to cover all licensed class 3 lotteries (but no other forms of class 3 gambling) in 2021. The current exemption will expire on 31 October 2024. The bill would make this temporary provision permanent.

The bill would amend the definition of “remote interactive gambling” in section 4(1) of the Act to specify that it does not include class 3 gambling in the form of a lottery conducted by a licensed operator.

¹ Remote interactive gambling is generally prohibited under section 9 of the Act. It is defined as “gambling by a person at a distance by interaction through a communication device”. This definition is subject to several exclusions, laid out in section 4 of the Act. These include gambling conducted by the Lotteries Commission and gambling authorised under the Racing Industry Act 2020, which are not considered remote interactive gambling.

Legislative scrutiny

As part of our consideration of the bill, we have examined its consistency with principles of legislative quality. We have no issues regarding the legislation's design to bring to the attention of the House.

Matters raised by submitters on the bill

We received submissions from 15 groups and individuals, many of whom were licence holders for class 3 gambling. Thirteen submitters were in support of the bill. The time-sensitive nature of this bill may have limited the number of submitters due to the shortened time frame for submissions. One submitter commented that they were not able to make a substantive submission because of the shortened time frame. Some members would have preferred a longer time frame.

The majority of submitters supported the bill. We understand that about 80 percent of class 3 lotteries are currently run online, or incorporate some online component under the exemption. Using digital forms of payment and online advertising enables class 3 operators to maximise revenue and keep operating costs low. Submitters discussed the community fundraising made possible by the exemption.

We heard that allowing the temporary exemption to expire could have major consequences for the charitable and community organisations that rely on raising funds online through class 3 lotteries. Before the exemption, class 3 lotteries could not be run online or via phone. Any operators who choose to continue operating class 3 lotteries digitally without an exemption may face a fine of up to \$50,000. However, returning to selling tickets solely in-person and via post could result in a loss of revenue as advertising is now predominantly online and payment methods are increasingly digital.

Concerns about gambling harm

Two submitters raised concerns about harm from online gambling. We heard that there should be sufficient protections to guard against gambling abuse and harm. One submitter considered that there should be more consultation on the bill, and consideration of the Ministry of Health's *Draft Strategy to Prevent and Minimise Gambling Harm*. Other submitters raised the potential for online sales platforms to prevent anonymous gambling and include specific tools that reduce gambling harm.

We note that, when questioned, submitters were not able to provide any specific evidence of harm caused by class 3 gambling.

In response to submitters' concerns, Labour and Green members of the committee were in favour of including a clause in the bill directly addressing gambling harm minimisation. The majority of us did not agree to this change. We recognise that any form of gambling has the potential to cause harm. However, we consider that class 3 gambling poses a low risk and constitutes an important form of fundraising for communities and organisations. Further, the prevention of gambling harm is explicitly addressed as one of the main aims of the principal Act. The Act also enables regulations relating to gambling harm prevention and minimisation to be made (section 313). Given these factors, the majority of us strongly consider that the addition of a new clause is not necessary as is supported in the departmental report.

Labour and Green members were concerned at the lack of information collected and provided by departments regarding direct harm caused by class 3 gambling. We note that the Ministry of Health has surveyed for updated data on gambling harm and look forward to it being published in due course.

Green Party differing view

While the Green Party supports this bill progressing past the select committee stage, we remain concerned at some aspects of the bill and the process used.

Process concerns

The previous temporary amendment was well signalled to expire by 31 October 2024. It is therefore concerning that the Minister took until 5 September to introduce this bill, only allowing a select committee period of just over a month until the report back date of 10 October 2024, and for submissions to be open for only six days. While we acknowledge the change is seen as minor and technical, it would have been preferable for the Minister to signal these changes well in advance to allow for a full select committee process.

We also remain concerned that the prior consultation being relied on to support the policy intent of this bill is from 2019. It would have been desirable to have an updated consultation undertaken by the department, to gain a better understanding of the broader picture of class 3 gambling in 2024, particularly as the permanent change being made is a temporary provision from COVID-19 being carried over. We consider it likely that the landscape for this sector has changed because of the pandemic, and therefore greater consideration and consultation would have allowed for a more informed process, particularly with regards to the impact on problem gambling and those experiencing gambling harm.

Information deficit

Through the select committee process, no evidence was provided about the effects that the temporary provision has had since 2020 on the frequency of gambling, amounts gambled, and harm caused by increased access to lottery gambling. This would have been useful to inform the committee's consideration of the bill.

Harm minimisation

In principle, we support the intent of the bill to allow non-commercial (community organisations) to be able to remotely fundraise and advertise their lotteries, and acknowledge that this can be a significant source of revenue for some of these organisations. However, the Green Party view is that the use of gambling proceeds to fund community and/or sports groups should be reduced. The link between gambling and funding of community activities provides a "moral" justification for gambling harm and has created a pro-gambling constituency of community organisations that are dependent on lotteries for funding.

We agree with comments from submitter the Salvation Army that more consideration of the potential for harm minimisation in this bill would have been useful. Currently, the Ministry of Health is consulting on the three-year *Strategy to Prevent and Minimise Gambling Harm*, while work is also ongoing on regulating overseas online casino gambling. Considering this bill expands access to online gambling, despite lotteries being considered a less harmful

form of gambling, it should still require effective harm prevention and minimisation measures.

Conclusion

While the Green Party has agreed to support this bill, this differing view outlines our reservations regarding harm minimisation and the continued reliance on the gambling sector to fund community and NGO initiatives.

Appendix

Committee procedure

The Gambling (Definition of Remote Interactive Gambling) Amendment Bill was referred to the committee on 12 September 2024. The closing date for submissions was 19 September 2024. We received and considered submissions from 15 interested groups and individuals. We heard oral evidence from three submitters at hearings in Wellington.

We received advice on the bill from the Department of Internal Affairs. The Office of the Clerk provided advice on the bill's legislative quality. The Parliamentary Counsel Office was available to assist with legal drafting.

Committee members

Rachel Boyack (Chairperson)
Cameron Brewer
Tim Costley
Andy Foster
Lemauga Lydia Sosene
Tom Rutherford
Celia Wade-Brown

Miles Anderson, Jamie Arbuckle, Dan Bidois, Ryan Hamilton, Francisco Hernandez, Hon Jo Luxton, Hūhana Lyndon, James Meager, Hon Jan Tinetti, Teanau Tuiono, Helen White, and Dr Lawrence Xu-Nan also participated in our consideration of this bill.

Related resources

The documents that we received as advice and evidence are available on the [Parliament website](#).