

Racing Reform Bill

Government Bill

Explanatory note

General policy statement

This Bill is an omnibus Bill introduced under Standing Order 263(a) (dealing with an interrelated topic that can be regarded as implementing a single broad policy).

In April 2018, the Minister for Racing commissioned an expert, Mr John Messara, to assess the state of the New Zealand racing industry. The Review of the New Zealand Racing Industry (the **Messara Report**) confirmed that the industry was in a state of decline and that, without intervention, it was at risk of suffering irreparable damage. This Bill forms the Government's first legislative response to the Messara Report, which provided recommendations for reform to address the serious issues the industry is facing. The Bill is a first step in implementing a range of provisions that are intended to revitalise the racing industry. It amends the Racing Act 2003 (the **Act**) and the Gaming Duties Act 1971 to bring into effect a period of transition and various financial changes to the industry.

Transitional governance arrangements

Both change management and business-as-usual (**BAU**) functions must be delivered during the transition to a financially sustainable future state for the industry. This Bill provides a legislative mandate for the New Zealand Racing Board (**NZRB**) to be reconstituted as a body corporate named the Racing Industry Transition Agency (**RITA**). The RITA will have responsibility for both managing the transition and the existing functions of the former NZRB. The transition period will commence on 1 July 2019 and end on 30 June 2020 (unless a later date is specified by Order in Council).

Offshore charges: Betting information use charge and point of consumption charge

This Bill provides a basis for collecting revenue from offshore betting operators that provide betting services to persons residing in New Zealand. The Bill does this by—

- creating powers to enable regulations to be made requiring betting operators based outside New Zealand to pay a betting information use charge in relation to their use of New Zealand racing and sports information in their betting products;
- creating powers to enable regulations to be made requiring betting operators based outside New Zealand to pay a point of consumption charge for the bets they take from people in New Zealand;
- providing for a designated authority (initially the Department of Internal Affairs) to administer the collection of a betting information use charge and a point of consumption charge;
- providing a threshold below which the requirement to pay charges will not apply.

This Bill provides for safeguards relating to offshore charges by providing that the Minister for Racing, in recommending the regulations setting out the rates of the charges, will consider—

- the RITA's betting and other revenue;
- payments that the RITA makes to New Zealand racing and sports organisations;
- the relevant taxes and other duties paid by the RITA and offshore betting operators in New Zealand.

This Bill sets out a requirement for the Minister to publish a statement explaining why the Minister considers the rates of the charges to be fair and reasonable and also the purposes for which any money collected from the charges may be applied. These include—

- promotion of the long-term viability of New Zealand racing and sports;
- covering the cost of administering enforcement and collection of the charges;
- funding measures to prevent and minimise harm from gambling.

Totalisator duty repeal

This Bill progressively reduces over a 3-year period, and then repeals, the totalisator duty currently paid by the NZRB to the Crown under the Gaming Duties Act 1971. This Bill also creates powers to set a formula in regulations to distribute the funds that would otherwise make up this duty. A proportion of the totalisator duty funds will be retained for harm minimisation purposes.

Changes to distribution of racing and sports revenue

This Bill removes the distribution formula set out in section 16 of the Act, allowing the application and distribution of racing funds to be determined by regulations. The Bill also removes the formula for calculating minimum payments to New Zealand national sporting organisations and creates powers to set the formula in regulations. Moving these formulas from primary to secondary legislation will mean that changes can be made more quickly, enabling the ability to respond in a timely way to changes in the racing industry's operating environment.

Sports betting

This Bill permits the relevant body to offer betting products on sports not represented by a qualifying domestic national sporting organisation, provided an agreement is in place with Sport New Zealand. This change will help New Zealand's racing industry to be on a more equal playing field with comparable overseas gambling providers, enabling it to offer betting on a wider range of sports.

Departmental disclosure statement

The Department of Internal Affairs is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2019&no=138>

Regulatory impact assessment

The Department of Internal Affairs produced a regulatory impact assessment on 5 April 2019 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

A copy of this regulatory impact assessment can be found at—

- [https://www.dia.govt.nz/diawebsite.nsf/Files/Racing-Review/\\$file/Racing-Industry-Reform-RIA-5-April-2019-1.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Racing-Review/$file/Racing-Industry-Reform-RIA-5-April-2019-1.pdf)
- <http://www.treasury.govt.nz/publications/informationreleases/ria>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause. The following provisions of the Bill come into force on 1 July 2019:

- *Part 1*, which amends the Racing Act 2003:
- *clauses 26, 27(1), 28(1) and (4) and 29*, which amend the Gaming Duties Act 1971 (the **GDA**) to reflect the renaming of the Board as the Agency and reduce

the amount of totalisator duty specified in section 4(1) of the GDA payable by the Agency to the Crown on betting profits from 4% to 2⅔%.

Clause 28(2), which further amends section 4(1) of the GDA to reduce the amount of totalisator duty payable on betting profits from 2⅔% to 1⅓% comes into force on 1 July 2020.

Clause 28(3), which further amends section 4(1) of the GDA to reduce the amount of totalisator duty payable on betting profits from 1⅓% to 0% comes into force on 1 July 2021.

Clauses 27(2) and 30 to 32, which consequentially repeal Part 1 of the GDA after the phased reduction of totalisator duty has been completed and make related changes to section 3 of the GDA and section 3(1) to the Tax Administration Act 1994, come into force on 21 September 2021.

Part 1

Amendments to Racing Act 2003

Part 1 (clauses 3 to 25) amends the Racing Act 2003 (the **principal Act**) to give effect to certain recommendations outlined in the Messara Report to revitalise the racing industry that require legislative change. These deal with the governance and structure of the racing industry, the distribution of racing revenue to racing codes and sports betting revenue to New Zealand national sporting organisations, and the introduction of offshore betting charges payable by offshore betting operators.

Clause 3 states that *Part 1* amends the Racing Act 2003.

Clause 4 amends section 4, which gives an outline of the principal Act. The amendments reflect the changes to Part 2 relating to the continuation and renaming of the New Zealand Racing Board (the **Board**) as the Racing Industry Transition Agency (the **Agency**) and the insertion of *new Part 6AA*, which establishes a legal framework for offshore betting charges.

Clause 5 amends section 5, which defines terms used in the principal Act. The changes—

- consequentially repeal the definitions of Board operator and Board venue and insert new definitions of Agency operator and Agency venue:
- insert a new definition of transition period, which specifies the period during which the Agency performs and exercises its functions and powers under the Bill. The transition period commences on 1 July 2019 (being the date on which the amendments to the principal Act come into force) and ends with the close of 30 June 2020 or any later date specified by Order in Council:
- replace the definition of sporting event to take account of the meaning of that term for the purposes of *new Part 6AA*:
- relocate the definition of New Zealand national sporting organisation set out in section 55(3), so that it applies throughout the principal Act.

Clause 6 inserts *new section 6A* to give effect to the transitional, savings, and related provisions set out in *new Schedule 1AA*.

Clause 7 replaces the heading to Part 2 to reflect the renaming of the Board as the Agency.

Clause 8 replaces section 7, which establishes the Board. *New section 7* continues the Board and renames it as the Agency.

Clause 9 amends section 8, which sets out the objectives of the Agency.

Clause 10 amends section 9, which lists the functions of the Agency. The amendment inserts *new section 9(1)(aa)*, which gives the Agency the function of leading and managing the reform of New Zealand racing, including by developing a fit-for-purpose organisational structure for the governance of the racing industry and preparing for the transfer of its functions to the racing codes and its successor organisation (which is intended to occur under subsequent legislation).

Clause 11 replaces section 11, which relates to the composition of the governing body of the Agency, to provide it with new members appointed by the Minister. In appointing members, the Minister must have regard to the need for the governing body to have available to it, collectively, from its members—

- knowledge of, or experience in, the racing industry and sport administration at a national level; and
- expertise in organisational change and governance; and
- expertise in business, marketing, or economics.

Clause 12 repeals section 12, which relates to the nomination advisory panel for appointments to the Board, as the provision is no longer required.

Clause 13 replaces sections 16 and 17, which relate to the distribution of revenue from racing betting to the racing codes, with *new sections 16 to 17A*.

Section 16 currently provides a formula that the Board must apply in making distributions to the codes. *New section 16* empowers regulations to be made prescribing the method of determining the amounts that may be distributed to the codes.

New section 17 continues the Board's discretion to make distributions to the racing codes but updates the provision to take account of *new section 16* and the renaming of the Board as the Agency.

New section 17A empowers regulations to be made prescribing the method of determining the amounts of the Agency's betting profits that may be—

- distributed by the Agency to the racing codes and Sport and Recreation New Zealand; and
- retained by the Agency for the purposes of carrying out its obligations in respect of harm prevention and minimisation in relation to its conduct of racing betting and sports betting under the principal Act.

Clause 14 amends section 24, which restricts the use of certain names by other persons, to include a restriction on other persons using the name of the Agency.

Clause 15 consequentially amends section 50, which authorises the Agency to conduct betting, to take account of the amendments made by *clause 16*.

Clause 16 makes several amendments to section 53, which relates to the application of revenue from racing betting by the Agency. The main change inserts *new section 53(1)(ca)*, which reflects the distribution of betting profits (if any) under *new section 17A* as an additional cost that must be paid by the Agency before the revenue is applied.

Clause 17 makes several amendments to section 54, which empowers the Agency to make rules relating to sports betting, to enable it to make rules that declare sporting events to be, or not to be, New Zealand sporting events for the purposes of *new Part 6AA* (which contains provisions about offshore betting). Before making rules that declare a sporting event to be, or not to be, a New Zealand sporting event (or amending or revoking those rules), the Agency must consult Sport and Recreation New Zealand.

Clause 18 repeals section 55(3), which defines the term New Zealand national sporting organisation, as the definition has been relocated into the main interpretation provision in section 5.

Clause 19 inserts *new section 55A*, which allows the Agency to conduct sports betting on sporting events held in New Zealand or overseas where the sport concerned is not represented by an appropriate New Zealand national sporting organisation if the Agency has entered into a sports betting agreement with Sport and Recreation New Zealand that complies with the new provision.

Clause 20 makes several amendments to section 57, which relates to the application of revenue from sports betting by the Agency. The main change inserts *new section 57(1)(d) and (da)*, which reflects the distribution of betting profits (if any) under *new section 17A* and the amounts payable to New Zealand national sporting organisations as additional costs that must be paid by the Agency before the revenue is applied.

Clause 21 inserts *new Part 6AA (new sections 65AA to 65AX)* to provide a legal framework for the collection of offshore betting charges. These provisions carry over, with some changes, the provisions that were proposed to be inserted into the principal Act by the Racing Amendment Bill 2017. The content of *new Part 6AA* is as follows.

New section 65AA sets out the purpose of *new Part 6AA* and provides an overview of its provisions.

New section 65AB states the territorial scope of *new Part 6AA* and provides that it (and regulations made under it) apply to an offshore betting operator wherever the operator is resident or incorporated.

New section 65AC defines terms used in *new Part 6AA*.

New section 65AD provides that the department responsible for the administration of the principal Act (currently, the Department of Internal Affairs) is the designated authority responsible for implementing the 2 schemes established by *new Part 6AA* for collecting offshore betting charges. These schemes are the scheme for betting information use charges and the scheme for consumption charges and both have the

effect of requiring offshore betting operators to pay charges to the designated authority in respect of their betting operations involving New Zealand.

New section 65AE provides that the designated authority may delegate its functions and powers in respect of either or both schemes, or any parts of the schemes, to another entity. However, it must not delegate its power of delegation or its power under *new section 65AS(4)* to review decisions to impose penalties on offshore betting operators for a failure to pay the charges or providing false or misleading information required for calculating the amount of charges they are required to pay.

New sections 65AF to 65AI relate to the scheme for betting information use charges. The main effect of the provisions is to require offshore betting operators to—

- obtain permission from the designated authority before using New Zealand racing and sporting information in their betting operations; and
- enter into an agreement with the designated authority that sets out the terms and conditions on which permission is granted (a **betting information use agreement**).

The provisions also specify the terms and conditions that must be, and may be, included in a betting information use agreement and require the Minister to set the rates of betting information use charges. *New section 65AI* gives the designated authority the power to enforce betting information use agreements by issuing and conducting proceedings.

New sections 65AJ to 65AL relate to the scheme for consumption charges, and include provisions that—

- require offshore betting operators to pay the charges in respect of bets they take on racing and sporting events held in or outside New Zealand from persons located in New Zealand;
- require the Minister to set the rates of charges;
- require offshore betting operators to provide prescribed information to the designated authority for the purposes of monitoring the scheme.

New sections 65AM to 65AQ contain general provisions that apply to offshore betting charges, as follows.

New section 65AM contains further provisions that apply to the setting of charges under *new sections 65AH* and *65AK*, including the matters that the Minister must take into account in setting the charges and a requirement, after setting the charges, for the Minister to publish a statement of reasons that explains how the rates of charges have been set and why the rates are considered to be fair and reasonable. *New section 65AN* requires the Minister to review the rates of charges at least once every 5 years, and, if necessary, adjust the rates of charges, and to undertake industry consultation when adjusting, the rates.

New section 65AO provides that an offshore betting operator is not liable to pay the charges in any financial year if their revenue for that year is less than the amount spe-

cified in section 51(1)(a) of the Goods and Services Tax Act 1985 to be a registered person (and accordingly be liable to pay GST) under that Act.

New section 65AP deals with the application of money received from offshore betting charges. It states the purposes for which the money received may be applied and provides that the money must be paid to the persons specified in, and in the amounts specified in, regulations made under *new section 65AX*.

New section 65AQ allows the Minister, by notice in writing, to exempt offshore betting operators from requirements of *new Part 6AA*. It sets out the criteria for an exemption to be granted and gives the Minister the power to amend or revoke any exemptions.

New section 65AR clarifies the status under the Legislation Act 2012 of exemption notices granted under *new section 65AQ*. It provides that an exemption notice is a disallowable instrument, but not a legislative instrument, for the purposes of that Act and must be presented to the House of Representatives in accordance with section 41 of that Act (that is, no later than the 16th sitting day of the House after the date on which the exemption is granted). This means that the Parliamentary Counsel Office does not draft the exemption notices or publish them on the New Zealand legislation Internet site (<http://www.legislation.govt.nz>). Instead, exemption notices are required to be notified in the *Gazette* and the text of the exemption notice itself is to be published on the Department's Internet site.

The reasons why the exemption notices are disallowable instruments but not legislative instruments are that they affect a narrowly defined group of persons only (offshore betting operators who take the types of bets involving New Zealand specified in *new Part 6AA*), the underlying matters to which the exemption powers relate are relatively detailed and technical, and they do not include criminal offence provisions or impose taxes.

New sections 65AS to 65AW relate to penalties and give the designated authority the power to impose penalties on offshore betting operators for failing to pay betting information use charges or consumption charges, or for providing false or misleading information for the purpose of calculating the amount of charges they are required to pay. The provisions—

- state the maximum amounts of penalties that may be imposed:
- give offshore betting operators the right to request a review of the decision to impose a penalty:
- give the designated authority the ability to recover penalties as a debt due to the designated authority, and clarify the application of New Zealand law to, and the jurisdiction of the New Zealand courts to hear and determine, legal proceedings for their recovery:
- confer a right of appeal to the District Court against a decision of the designated authority to issue a penalty notice.

New section 65AX empowers regulations to be made for offshore betting.

Clause 22 inserts *new section 68A*, which empowers regulations to be made for the principal Act generally, including to support the performance and exercise of the Agency's functions and powers in respect of leading and managing the reform of New Zealand racing during the transition period.

Clause 23 repeals Part 8, which contains spent transitional provisions.

Clause 24 inserts *new Schedule IAA* into the principal Act (see *Schedule 1*). *New Schedule IAA* contains transitional, savings, and related provisions in respect of the amendments made by the Bill to the principal Act as follows:

- *clause 1* defines the term commencement date, which is the date on which the transitional provisions take effect:
- *clause 2* provides that every Board member holding office immediately before the commencement date ceases to hold office on that commencement. However, a Board member will remain in office until their successor has been appointed to the Agency:
- *clause 3* gives the Minister various powers in relation to the Agency during the transition period to ensure its accountability during that period. These include providing it with a letter of expectations that sets out its strategic direction and priorities, directing the Agency on certain matters, and requiring it to report to the Minister in relation to the performance of its functions at the intervals and in the manner required by the Minister:
- *clauses 4 and 5* are transitional provisions relating to the application of revenue from racing betting and sports betting and provide that relevant provisions of the principal Act continue to apply until regulations made under *new section 16* and *new section 68A* come into force:
- *clause 6* preserves the rights and obligations of parties to certain existing betting information use agreements entered into before *new Part 6AA* comes into force.

Clause 25 and *Schedules 2 and 3* make further consequential amendments to the principal Act and consequentially amend other enactments to take account of the renaming of the Board as the Agency and related changes.

Part 2

Taxation (totalisator duty) repeal

Part 2 (clauses 26 to 32) amends the Gaming Duties Act 1971 and the Tax Administration Act 1994 to provide for a phased reduction in the amount of totalisator duty payable by the Agency to the Crown on betting profits over the next 3 years.

Subpart 1 (clauses 26 to 30) amends the Gaming Duties Act 1971 to reduce the totalisator duty payable by the Agency to the Crown in a phased manner over, effectively, 2 years and then, at the end of the phased reduction, to repeal the requirement to pay totalisator duty, and to make related changes.

Subpart 2 (clauses 31 and 32) makes a consequential amendment to the Tax Administration Act 1994 to reflect the repeal of totalisator duty.

Rt Hon Winston Peters

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Racing Reform Act **2019**.

2 Commencement

- (1) This following provisions come into force on **1 July 2019**: 5
- (a) **Part 1**:
- (b) **sections 26, 27(1), 28(1) and (4), and 29**.
- (2) **Section 28(2)** comes into force on **1 July 2020**.
- (3) **Section 28(3)** comes into force on **1 July 2021**.
- (4) **Sections 27(2) and 30 to 32** come into force on **21 September 2021**. 10

Part 1

Amendments to Racing Act 2003

3 Principal Act

This Part amends the Racing Act 2003 (the **principal Act**).

Amendments to Part 1 (preliminary provisions) 15

4 Section 4 amended (Outline)

- (1) Replace section 4(3) with:
- (3) Part 2 continues the New Zealand Racing Board and renames it the Racing Industry Transition Agency. 20
- (2) After section 4(7), insert:
- (7A) **Part 6AA** requires offshore betting operators to pay charges in New Zealand in respect of their betting operations that involve racing events or sporting events held in New Zealand and from bets they take from people located in New Zealand. 25
- (3) Repeal section 4(9). 25

5 Section 5 amended (Interpretation)

- (1) In section 5(1), repeal the definitions of **Board**, **Board member**, **Board operator**, and **Board venue**.
- (2) In section 5(1), insert in their appropriate alphabetical order:
- Agency** means the New Zealand Racing Board as continued and renamed the Racing Industry Transition Agency under **section 7** 30
- Agency member** means a member of the governing body of the Agency
- Agency operator** means a person supervising an Agency venue

Agency venue means premises that are owned or leased by the Agency and where the main business carried on at the premises is providing racing betting or sports betting services under this Act

New Zealand national sporting organisation means an organisation that meets the criteria laid down by Sport and Recreation New Zealand for receiving financial support from that agency, whether or not the organisation actually receives the support

transition period means the period commencing on 1 July 2019 and ending with the close of **30 June 2020** or any later date prescribed by Order in Council

(3) In section 5(1), replace the definition of **sporting event** with:

sporting event means any lawful organised game, competition, or other event involving human competitors, held in or outside New Zealand, in respect of which one of the following applies:

- (a) a New Zealand national sporting organisation administers the sport concerned in New Zealand:
- (b) there is a New Zealand national sporting organisation under whose auspices or control the event is conducted (or, in the case of an event held outside New Zealand, under whose auspices or control the event would be conducted if it were held in New Zealand):
- (c) there is an agreement in accordance with **section 55A(2) and (3)** between the Agency and Sport and Recreation New Zealand that relates to the sport concerned

6 New section 6A inserted (Transitional, savings, and related provisions)

After section 6, insert:

6A Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in **Schedule 1AA** have effect according to their terms.

Amendments to Part 2 (New Zealand Racing Board)

7 Part 2 heading replaced

Replace the Part 2 heading with:

Part 2
Racing Industry Transition Agency

8 Section 7 replaced (Establishment of Board)

Replace section 7 with:

- 7 Continuation and renaming of Board**
- (1) The body called the New Zealand Racing Board—
- (a) is continued; and
 - (b) is renamed the Racing Industry Transition Agency (the **Agency**).
- (2) The Agency— 5
- (a) is a body corporate; and
 - (b) is a legal entity separate from its members, office holders, and employees, and the Crown.
- (3) The Agency has, both within and outside New Zealand,—
- (a) full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction; and 10
 - (b) for the purposes of **paragraph (a)**, full rights, powers, and privileges.
- (4) **Subsection (3)** applies subject to this Act, any other enactment, and the general law of New Zealand.
- 9 Section 8 amended (Objectives of Board)** 15
- (1) In the heading to section 8, replace “**Board**” with “**Agency**”.
- (2) In section 8, replace “Board” with “Agency”.
- (3) Before section 8(a), insert:
- (aa) to reform New Zealand racing in a manner that supports effective governance and improves industry sustainability; and 20
- 10 Section 9 amended (Functions of Board)**
- (1) In the heading to section 9, replace, “**Board**” with “**Agency**”.
- (2) In section 9(1), replace “Board” with “Agency” in each place.
- (3) Before section 9(1)(a), insert:
- (aa) to lead and manage the reform of New Zealand racing during the transition period, including (without limitation) by— 25
 - (i) implementing a fit-for-purpose organisational structure for the governance of the racing industry:
 - (ii) preparing for the transfer of the Agency’s functions to the racing codes and its successor organisation: 30
 - (iii) supporting sustainability of the racing industry by undertaking initiatives to ensure efficiency and drive revenue growth:
 - (iv) carrying out any other things necessary or desirable to promote the objective of reforming New Zealand racing:
- (4) In section 9(1)(d), replace “sections 16 and 17” with “regulations made under **section 16**”. 35

- (5) In section 9(2), replace “Board” with “Agency”.

11 Section 11 replaced (Membership of governing body)

Replace section 11 with:

11 Membership of governing body

- (1) The governing body may consist of up to 7 members appointed by the Minister. 5
- (2) An appointment must be made by written notice to the person concerned.
- (3) The Minister must appoint a chairperson from among the members.
- (4) In appointing members, the Minister must have regard to the need for the governing body to have available to it, collectively, from its members,—
- (a) knowledge of, or experience in, the racing industry and sport administration at a national level; and 10
- (b) expertise in organisational change and governance, including relevant commercial or legal expertise to manage organisational change; and
- (c) expertise in business, marketing, or economics.
- (5) The Minister must notify an appointment in the *Gazette* as soon as practicable after making the appointment. 15
- (6) An appointed person holds office during the transition period and, if a vacancy occurs during that period, an appointment may be made by the Minister to fill that vacancy for the remainder of the period.

12 Section 12 repealed (Nomination advisory panel) 20

Repeal section 12.

13 Sections 16 and 17 replaced

Replace sections 16 and 17 with:

16 Regulations for amounts of distribution to codes

- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations prescribing the method to be used for determining the amounts that may be distributed by the Agency to the racing codes from any surpluses referred to in section 53(2) or 57(2) or any other source, whether capital or income. 25
- (2) For the purposes of **subsection (1)**, the amount must not be less than the total of the surpluses referred to in section 53(2) and 57(2) for that racing year less the total amount credited to reserves for that year from those surpluses. 30

17 Distribution to codes

- (1) The Agency may, during or after a racing year, pay to the racing codes the amount determined in accordance with regulations made under **section 16** to be distributed among the codes for that year. 35

- (2) The Agency may withhold all or any part of an amount to be distributed to a code if it has not yet approved the code's statement of intent and business plan under section 23.

17A Regulations relating to distribution from betting profits

- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations prescribing the method to be used for determining the amounts that may be—
- (a) distributed by the Agency from its betting profits to—
- (i) the racing codes; and
- (ii) Sport and Recreation New Zealand; and
- (b) retained by the Agency from its betting profits for the purpose of carrying out its duties in relation to harm prevention and minimisation in relation to racing betting and sports betting.
- (2) In **subsection (1), betting profits** means profits for totalisator racing betting, sports betting, and fixed-odds racing betting conducted by the Agency calculated in accordance with the following formula:
- $$a - b - c$$
- where—
- a is the total of all amounts received by the Agency or its agents (including the net return from bets laid off) for—
- (a) totalisator racing betting (other than equalisator betting conducted under section 51):
- (b) sports betting:
- (c) fixed-odds racing betting
- b is the amount of refunds paid
- c is the amount of all winning dividends paid out in respect of amounts described above.

14 Section 24 amended (Restriction on use of certain names)

- (1) After section 24(1)(a), insert:
- (aa) "Racing Industry Transition Agency"; or
- (2) In section 24(4), replace "Board" with "Agency."

Amendments to Part 6 (betting)

15 Section 50 amended (Board may conduct betting)

- (1) In the heading to section 50, replace "**Board**" with "**Agency**".
- (2) In section 50, replace "Board" with "Agency" in each place.
- (3) In section 50(b), delete "except as provided in section 55,".

16	Section 53 amended (Application of revenue from racing betting)	
(1)	In section 53(1), replace “Board” with “Agency” in each place.	
(2)	After section 53(1)(c), insert:	
	(ca) the distribution of betting profits (if any) in accordance with section 17A ; and	5
(3)	In section 53(2), replace “Board” with “Agency”.	
17	Section 54 amended (Board may make rules relating to sports betting)	
(1)	In the heading to section 54, replace “Board” with “Agency”.	
(2)	In section 54(1) and (2), replace “Board” with “Agency” in each place.	
(3)	After section 54(2)(b), insert:	10
	(ba) may declare sporting events to be, or not to be, New Zealand sporting events for the purposes of Part 6AA ; and	
(4)	After section 54(2), insert:	
(3)	The Agency must consult Sport and Recreation New Zealand before exercising its powers under this section to make rules declaring sporting events to be, or not to be, New Zealand sporting events for the purposes of Part 6AA , or to make rules amending or revoking those rules.	15
(4)	The Agency must publish the notice making, altering, or revoking the rules referred to in subsection (3) on an Internet site maintained by or on behalf of the Agency.	20
18	Section 55 amended (Agreements with national sporting organisations)	
	Repeal section 55(3).	
19	New section 55A inserted (Agreements with Sport and Recreation New Zealand)	
	After section 55, insert:	25
55A	Agreements with Sport and Recreation New Zealand	
(1)	This section applies if, in relation to a sport involving human competitors participating in lawful organised games, competitions, or other events held in or outside New Zealand, there is no appropriate New Zealand national sporting organisation—	30
	(a) that administers the sport in New Zealand; or	
	(b) under whose auspices or control the events held in New Zealand are conducted (or, in the case of events held outside New Zealand, would be conducted if they were held in New Zealand).	
(2)	Despite section 55(1), the Agency may conduct sports betting on any event held in relation to the sport concerned if it has entered into a sports betting	35

agreement with Sport and Recreation New Zealand that complies with **sub-section (3)**.

- (3) A sports betting agreement must be on the terms and conditions agreed between the parties, including (without limitation) as to payment to Sport and Recreation New Zealand, under **section 57(1)(da)**, of revenue from sports betting on the event or events to which the agreement relates. 5

20 Section 57 amended (Application of revenue from sports betting)

- (1) In section 57(1), replace “Board” with “Agency” in each place.
- (2) Replace section 57(1)(d) with:
- (d) the distribution of betting profits (if any) in accordance with **section 17A**; and 10
- (da) the amounts (not less than the minimum amounts prescribed by, or calculated in accordance with, the method prescribed in regulations under **section 68A**) payable to New Zealand national sporting organisations and Sport and Recreation New Zealand under agreements entered into under sections 55 and **55A**; and 15
- (3) In section 57(2), replace “Board” with “Agency”.

New Part 6AA

21 New Part 6AA inserted

After section 65, insert: 20

Part 6AA **Offshore betting charges**

65AA Purpose and overview of this Part

- (1) The purpose of this Part is to provide a framework under which offshore betting operators must pay charges in New Zealand in respect of their betting operations involving this country. These charges are to recognise the financial returns that offshore betting operators enjoy from bets that they take on racing and sporting events held in New Zealand and from bets that they take from people located in New Zealand. 25
- (2) To that end, this Part— 30
- (a) establishes a scheme for betting information use charges that requires offshore betting operators to—
- (i) obtain permission from the designated authority in New Zealand before using New Zealand racing and sporting information for taking bets on racing events and sporting events taking place in New Zealand; and 35

<p>(ii) enter into an agreement with that authority setting out the terms and conditions on which the authority’s permission is granted, including the offshore betting operator’s agreement to pay charges for using that information in the operator’s betting operations:</p> <p>(b) establishes a scheme for consumption charges that requires offshore betting operators to pay charges in respect of bets that they take on racing events and sporting events from persons located in New Zealand, whether those events are held in or outside New Zealand:</p> <p>(c) provides for the designated authority (or its delegate) to implement each scheme, including collecting the charges and applying the money received from the charges to purposes relating to racing and sport in New Zealand.</p> <p>(3) Subsection (2) is only a guide to the general scheme and effect of this Part.</p> <p>65AB Territorial scope</p> <p>This Part and any regulations made under it apply to an offshore betting operator regardless of where that offshore betting operator is resident or incorporated.</p> <p>65AC Interpretation</p> <p>In this Part, unless the context otherwise requires,—</p> <p>betting information use agreement means an agreement referred to in section 65AF(1)(b)</p> <p>betting information use charges means the charges payable under a betting information use agreement as required by section 65AG(1)(a)</p> <p>consumption charges means the charges payable under section 65AJ</p> <p>Department means the department of State that, with the authority of the Prime Minister, is for the time being responsible for the administration of this Act</p> <p>designated authority means the Department or, if the Department has delegated its functions or powers to another entity under section 65AE, then, in relation to those functions or powers, that delegate</p> <p>New Zealand racing and sporting information means information relating to any New Zealand racing event or New Zealand sporting event on which betting may occur</p> <p>New Zealand racing event means a betting race held in New Zealand</p> <p>New Zealand sporting event means a sporting event—</p> <p>(a) held in New Zealand; and</p> <p>(b) declared by rules made under section 54(2)(ba) to be a New Zealand sporting event for the purposes of this Part; and</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
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- (c) to which one of the following applies:
- (i) the event is held under the auspices or control of a New Zealand national sporting organisation;
 - (ii) there is a sports betting agreement entered into under **section 55A** between the Agency and Sport and Recreation New Zealand in respect of the sport concerned

offshore betting charges or **charges** means betting information use charges or consumption charges

offshore betting operator means an organisation that is located outside New Zealand and that—

- (a) takes bets on New Zealand racing events or New Zealand sporting events (whether from persons located in or outside New Zealand); or
- (b) takes bets on racing and sporting events from persons located in New Zealand (whether the events are held in or outside New Zealand)

scheme for betting information use charges means the scheme described in **section 65AA(2)(a)**

scheme for consumption charges means the scheme referred to in **section 65AA(2)(b)**.

Designated authority

65AD Designated authority for each scheme 20

- (1) The Department is the designated authority for the scheme for betting information use charges and the scheme for consumption charges.
- (2) The function of the designated authority for each scheme is to implement the scheme, including enforcing payment of the offshore betting charges and distributing the money collected from the charges, in accordance with this Part. 25
- (3) The designated authority has the powers specified in, or prescribed under, this Part.

65AE Delegation

- (1) The Department may delegate in writing any of its functions or powers as the designated authority to another entity. 30
- (2) The Department's power to delegate under this section may be exercised in respect of the scheme for betting information use charges or the scheme for consumption charges, or both or any part of those schemes.
- (3) The entities to which the Department may delegate its functions and powers include (without limitation) the Agency, 1 or more racing codes, a Crown entity as defined in section 7 of the Crown Entities Act 2004, or another department. 35

- (4) The Department must, when deciding whether to exercise its power of delegation under this section in favour of another entity, take into account whether the entity has the knowledge of offshore betting operators, and existing relationships with those operators, that is necessary to perform the functions and exercise the powers that the Department proposes to delegate. 5
- (5) A delegation under this section must not include—
- (a) the power to delegate under this section:
 - (b) the power to review a decision to issue a penalty notice under **section 65AS(4)(b)**.

Betting information use charges 10

65AF Requirements on offshore betting operators before using New Zealand racing and sporting information

- (1) Every offshore betting operator must, before using New Zealand racing and sporting information in the conduct of the operator’s betting operations,—
- (a) obtain permission from the designated authority; and 15
 - (b) enter into a betting information use agreement that complies with **section 65AG**.
- (2) The designated authority must not unreasonably withhold permission under **subsection (1)** for an offshore betting operator to use New Zealand racing and sporting information. 20
- (3) **Subsection (1)** does not apply to an offshore betting operator if, and to the extent that, it is exempted from complying with those requirements under **section 65AQ**.

65AG Terms and conditions of betting information use agreement

- (1) The terms and conditions of a betting information use agreement must— 25
- (a) require the offshore betting operator to pay betting information use charges to the designated authority for the operator’s use of New Zealand racing and sporting information; and
 - (b) require the offshore betting operator to provide prescribed information, in the prescribed manner, to the designated authority for the purpose of enabling the authority to monitor the amounts due as betting information use charges; and 30
 - (c) provide that the betting information use charges payable under the agreement are recoverable as a debt due to the designated authority under the agreement; and 35
 - (d) provide that the law applicable to the agreement is New Zealand law; and

- (e) provide for a dispute resolution process that the parties agree to submit to if they have a dispute relating to the agreement; and
 - (f) provide that the courts of New Zealand are the courts with jurisdiction to hear and determine any proceedings relating to the agreement if the parties are unable to resolve a dispute through the dispute resolution process; and 5
 - (g) provide that the offshore betting operator submits to the jurisdiction of the courts of New Zealand for the purposes of any proceedings referred to in **paragraph (f)**; and
 - (h) provide for any additional matters that may be prescribed. 10
- (2) In addition, the terms and conditions of a betting information use agreement may—
- (a) require the offshore betting operator to comply with any applicable integrity policy developed by the designated authority; and
 - (b) require the offshore betting operator to enter into an information sharing protocol with the designated authority. 15

65AH Minister must set rates of betting information use charges

- (1) The Minister must set the rates of the betting information use charges that offshore betting operators must pay—
 - (a) in accordance with **section 65AM**; and 20
 - (b) in the prescribed manner.
- (2) The Minister may set the rates by way of specified figures or methods of calculation.

65AI Power to enforce betting information use agreement

- The designated authority may issue and conduct proceedings for— 25
- (a) determining any dispute relating to a betting information use agreement in accordance with the terms of agreement referred to in section **65AG(1)(f)**;
 - (b) enforcing any provisions of a betting information use agreement that do not fall within the power of the designated authority to issue proceedings under **section 65AU** (which provides powers for the designated authority to recover outstanding charges and penalties). 30

Consumption charges

65AJ Requirement to pay consumption charges

- Every offshore betting operator must pay consumption charges to the designated authority in respect of bets that it takes on racing and sporting events, held 35

in or outside New Zealand, from persons with a registered address in New Zealand.

65AK Minister must set rates of consumption charges

- (1) The Minister must set the rates of the consumption charges that offshore betting operators must pay— 5
 - (a) in accordance with **section 65AM**; and
 - (b) in the prescribed manner.
- (2) The Minister may set the rates by way of specified figures or methods of calculation.

65AL Information to be provided relating to consumption charges

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- (1) An offshore betting operator who is required to pay consumption charges must provide the prescribed information to the designated authority for the purpose of enabling the authority to monitor the amounts due as consumption charges.
- (2) The information must be provided in the prescribed manner.

General provisions relating to charges

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65AM Further provisions relating to setting rates of charges

- (1) Before setting rates of betting information use charges under **section 65AH** or rates of consumption charges under **section 65AK**, the Minister must take into account—
 - (a) the proposed rates of charges jointly prepared by the Agency and the racing codes after consultation with Sport and Recreation New Zealand and relevant New Zealand national sporting organisations; and 20
 - (b) the Agency’s revenue from racing betting and sports betting in the previous racing year; and
 - (c) the total amount of distributions made by the Agency to the racing codes under **section 17** and sports betting revenue paid by the Agency to New Zealand national sporting organisations under section 57 in that period; and 25
 - (d) the amount of taxation or duties paid by the Agency and offshore betting operators in New Zealand in that period. 30
- (2) After setting rates of betting information use charges or consumption charges, the Minister must publish a statement of reasons on an Internet site maintained by or on behalf of the designated authority that explains how the rates were set and why the rates are considered to be fair and reasonable.

65AN Review of rates

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- (1) The Minister—

<ul style="list-style-type: none"> (a) must, at least once every 5 years, review the rates of betting information use charges set under section 65AH and consumption charges set under section 65AK; and (b) may, if necessary, adjust those rates. 	5
<ul style="list-style-type: none"> (2) Any adjustment must be made in the prescribed manner. 	5
<ul style="list-style-type: none"> (3) Before adjusting any rate, the Minister must consult the Agency, offshore betting operators, the racing codes, and appropriate New Zealand national sporting organisations. 	5
65AO Certain offshore betting operators not liable for charges	
<ul style="list-style-type: none"> (1) An offshore betting operator is not liable to pay offshore betting charges in respect of a financial year if the operator's revenue from an activity specified in subsection (2) is less than the amount specified in section 51(1)(a) of the Goods and Services Tax Act 1985 to become a registered person under that Act. 	10
<ul style="list-style-type: none"> (2) The activities are— 	15
<ul style="list-style-type: none"> (a) taking bets on New Zealand racing and New Zealand sporting events (whether from persons who have a registered address in New Zealand or are outside New Zealand); and 	15
<ul style="list-style-type: none"> (b) taking bets on racing and sporting events from persons located in New Zealand (whether the events are held in or outside New Zealand). 	20
65AP Application of money received from offshore betting charges	
<ul style="list-style-type: none"> (1) The designated authority must apply the money received from offshore betting charges for the following purposes: <ul style="list-style-type: none"> (a) paying the cost of administering the enforcement and collection of the betting information use charges, consumption charges, and penalties: (b) promoting the long-term viability of New Zealand racing and sport: (c) funding measures to prevent and minimise harm from gambling. 	25
<ul style="list-style-type: none"> (2) The designated authority must apply the money received from offshore betting charges to any 1 or more of the persons specified in, and in the amount specified in, regulations made under section 65AX. 	30
<i>Exemptions</i>	
65AQ Minister may grant exemptions	
<ul style="list-style-type: none"> (1) The Minister may, by notice in writing, exempt an offshore betting operator or a class of offshore betting operators from the need to comply with any 1 or more of the following: 	35

- (a) the requirement under **section 65AF(1)(a)** to obtain permission from the designated authority before using New Zealand racing and sporting information:
- (b) the requirement under **section 65AF(1)(b)** to enter into a betting information use agreement before using New Zealand racing and sporting information: 5
- (c) the requirement under a betting information use agreement to pay betting information use charges:
- (d) the requirement under **section 65AJ** to pay consumption charges.
- (2) In deciding whether to grant an exemption, the Minister must— 10
 - (a) have regard to the purpose of this Act set out in section 3 and the purpose of this Part set out in **section 65AA**; and
 - (b) for an exemption under **subsection (1)(b)**, be satisfied that—
 - (i) the designated authority (or, as applicable, the Agency, a racing code, appropriate New Zealand national sporting organisation, or Sport and Recreation New Zealand) and the offshore betting operator are parties to an agreement negotiated outside the framework provided for in this Part; and 15
 - (ii) under the terms of that agreement, the designated authority (or any other applicable body referred to in **subparagraph (i)**) receives from the offshore betting operator not less than the amount of income that the designated authority would receive from that offshore betting operator under this Part were the exemption not granted; and 20
 - (c) be satisfied that the exemption will not unduly negatively affect, or be detrimental to, the long-term viability of New Zealand racing and sport. 25
- (3) Before granting an exemption under this section, the Minister must—
 - (a) consult the Agency and take its advice into account; and
 - (b) consult any of following affected by the exemption:
 - (i) the relevant racing code or codes: 30
 - (ii) Sport and Recreation New Zealand:
 - (iii) the appropriate New Zealand national sporting organisation or organisations.
- (4) The Minister may—
 - (a) grant the exemption on any terms and conditions the Minister thinks fit: 35
 - (b) amend or revoke the exemption:
 - (c) replace an exemption either before or when it expires.
- (5) An exemption granted under this section—

- (a) takes effect on and from the date on which it is notified in the *Gazette*; and
- (b) expires on the date specified in the notice.

65AR Status and publication of exemption notices

- (1) For the purposes of the Legislation Act 2012, an exemption granted under **section 65AQ**— 5
 - (a) is not a legislative instrument; but
 - (b) is a disallowable instrument and must be presented to the House of Representatives under section 41 of that Act.
- (2) As soon as practicable after it is granted, an exemption must be— 10
 - (a) published on an Internet site maintained by or on behalf of the Department; and
 - (b) notified in the *Gazette*.
- (3) The Minister's reasons for granting the exemption (including why the exemption is appropriate) must be published in accordance with **subsection (2)(a)** 15 along with the exemption.
- (4) However, the Minister may, if satisfied that an exemption contains or refers to information that may reasonably be regarded as confidential or commercially sensitive, authorise the designated authority to redact that information from text of the exemption published in accordance with **subsection (2)(a)**. 20

Penalties

65AS Penalties

- (1) The designated authority may issue a penalty notice to an offshore betting operator if it is satisfied that the operator has—
 - (a) failed to pay an amount of a betting information use charge or a consumption charge on or before the date on which the charge was due and payable under the regulations; or 25
 - (b) provided false or misleading information to the designated authority for the purpose of calculating the amount of a charge that the operator is required to pay. 30
- (2) The penalty notice may require the offshore betting operator to—
 - (a) pay to the designated authority as a penalty, and in addition to the amount of outstanding charges, the amount referred to in **subsection (3)**; and
 - (b) pay the penalty amount by the date specified in the notice. 35
- (3) The penalty amount stated in the notice must be the amount specified in, or the amount calculated in accordance with, regulations made under **section 65AX**.

- (4) An offshore betting operator who is issued with a penalty notice under this section—
 - (a) must pay the penalty;
 - (b) may request the designated authority to review the decision to issue the notice.
- (5) A penalty notice under this section must be in the prescribed form (if any) and issued in the prescribed manner.

5

65AT Maximum amount of penalties

The amount payable as a penalty under regulations made under **section 65AX**, whether the regulations specify a fixed amount or a method of calculating the amount, must not exceed—

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- (a) NZ\$20,000, for an offshore betting operator who is an individual;
- (b) NZ\$50,000, for an offshore betting operator that is a body corporate.

65AU Recovery of outstanding charges and penalties

- (1) Outstanding offshore betting charges and penalties payable by an offshore betting operator constitute a debt due to the designated authority, and the designated authority may issue legal proceedings for recovery of the debt from the offshore betting operator.
- (2) The applicable law in respect of recovery of the debt is New Zealand law.
- (3) The courts of New Zealand are the courts with jurisdiction to hear and determine proceedings for recovery of the debt.

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65AV Obligation to pay penalty not suspended by review or legal proceedings

- (1) An offshore betting operator’s obligation to pay, and the designated authority’s right to receive and recover, a penalty imposed is not suspended by—
 - (a) a request for review under **section 65AS(4)(b)**; or
 - (b) any legal proceedings relating to the penalty.
- (2) **Subsection (3)** applies if an offshore betting operator pays a penalty amount, and, on review or in legal proceedings, it is found that the betting operator was not liable for the penalty or any part of the penalty.
- (3) The designated authority must, as soon as practicable, refund to the offshore betting operator the amount of the penalty or part of the penalty for which the offshore betting operator was not liable.

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65AW Appeal to District Court

- (1) An offshore betting operator may appeal to the District Court against a decision of the designated authority to issue a penalty notice under **section 65AS**.
- (2) If an appeal is made under **subsection (1)**, the District Court must determine whether the decision to issue the notice is appropriate.

35

*Regulations***65AX Regulations for offshore betting**

- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations for all or any of the following purposes:
- (a) prescribing the financial or other relevant information that an offshore betting operator must provide to the designated authority, the manner in which that information is to be provided (including how the information must be presented, calculated, or prepared), and when the information must be provided for the purposes of **section 65AG(1)(b)**: 5
 - (b) providing for matters relating to integrity policy requirements that offshore betting operators must comply with under **section 65AG(2)(a)**: 10
 - (c) providing for matters relating to an information sharing protocol that may be entered into between the designated authority and offshore betting operators under **section 65AG(2)(b)**: 15
 - (d) prescribing the financial or other relevant information that an offshore betting operator must provide to the designated authority, the manner in which that information is to be provided (including how the information must be presented, calculated, or prepared), and when the information must be provided for the purposes of **section 65AL**: 20
 - (e) prescribing the manner in which rates and adjustments to rates must be set for the purposes of **section 65AH** or **65AK**: 25
 - (f) specifying the persons to whom money received from offshore betting charges may be distributed under **section 65AP** and prescribing the method to be used for determining the amount of distribution of the charge or charges: 25
 - (g) specifying penalty amounts or the method by which penalty amounts must be calculated for the purposes of **section 65AS(3)**: 30
 - (h) prescribing the form of penalty notices for the purposes of **section 65AS(5)** and the manner in which penalty notices must be issued: 30
 - (i) prescribing the manner in which any other thing must be done for the purposes of this Part: 30
 - (j) prescribing fees and charges payable in respect of any matter under this Part or the manner in which fees and charges must be calculated: 35
 - (k) providing for any other matters contemplated by this Part, necessary for its administration, or necessary for giving it full effect. 35
- (2) Regulations made under this section may provide differently for different classes of offshore betting operator.
- (3) Regulations made under this section are not invalid merely because they confer any discretion on, or allow any matter to be determined or approved by, any person. 40

- (4) Before making a recommendation under this section, the Minister must consult the Agency, each racing code, and Sport and Recreation New Zealand.

Other amendments

22 New section 68A inserted (Regulations)

After section 68, insert: 5

68A Regulations

The Governor-General may, by Order in Council, made on the recommendation of the Minister, make regulations for all or any of the following purposes:

- (a) prescribing matters to support the performance and exercise of the Agency's functions and powers during the transition period (for example, setting out the framework for managing the transfer of the Agency's functions to the racing codes and specifying the qualifications of directors of any entity carrying out functions under this Act): 10
- (b) prescribing the minimum amounts, or the method to be used for calculating minimum amounts for the purposes of **section 57(1)(da)**: 15
- (c) providing for any other matters contemplated by this Act, necessary for its administration, or necessary for giving it full effect.

23 Part 8 repealed

Repeal Part 8.

24 New Schedule 1AA inserted 20

Insert the **Schedule 1AA** set out in **Schedule 1** of this Act as the first schedule to appear after the last section of the principal Act.

Consequential amendments

25 Consequential amendments

- (1) Amend the principal Act as set in **Schedule 2**. 25
- (2) Amend the enactments specified in **Schedule 3** as set out in that schedule.

Part 2

Taxation (totalisator duty) repeal

Subpart 1—Amendments to Gaming Duties Act 1971

26 Amendments to Gaming Duties Act 1971 30

This subpart amends the Gaming Duties Act 1971.

- 27 Section 3 amended (Interpretation)**
- (1) In section 3, replace the definition of **Board** with:
Agency has the same meaning as in section 5(1) of the Racing Act 2003
- (2) In section 3, repeal the definitions of **Agency**, **fixed-odds racing betting**, **sports betting**, **totalisator racing betting**, and **winning dividend**. 5
- 28 Section 4 amended (Totalisator duty)**
- (1) In section 4(1), replace “4%” with “2⅔%”.
- (2) In section 4(1), replace “2⅔%” with “1⅓%”.
- (3) In section 4(1), replace “1⅓%” with “0%”.
- (4) In section 4(2), formula, item relating to **amounts**, paragraph (a), replace “Board” with “Agency”. 10
- 29 Section 13 amended (Refund of duty or interest paid in error or in excess)**
 In section 13(1), replace “he” with “the Commissioner”.
- 30 Part 1 repealed**
- Repeal Part 1. 15
- Subpart 2—Amendment to Tax Administration Act 1994
- 31 Amendment to Tax Administration Act 1994**
This subpart amends the Taxation Administration Act 1994.
- 32 Section 3 amended (Interpretation)**
 In section 3(1), definition of **late payment penalty**, repeal paragraph (b)(v). 20

Schedule 1
New Schedule 1AA inserted

s 24

Schedule 1AA
Transitional, savings, and related provisions

5

s 6A

Part 1
Provisions relating to Racing Reform Act 2019

1 Interpretation

In this Part, **commencement date** means the date on which **Part 1** of the Racing Reform Act **2019** comes into force. 10

2 Board members cease to hold office

- (1) Every Board member holding office immediately before the commencement date ceases to hold office on that commencement.
- (2) A Board member to whom **subclause (1)** applies is not entitled to any compensation or other payment or benefit for the loss of office. 15
- (3) Despite **subclause (1)**, a Board member remains in office until their successor has been appointed to the Agency.

3 Ministerial powers during transition period

- (1) During the transition period, the Minister may— 20
 - (a) provide a letter of expectations to the Agency that sets out the Minister’s expectations regarding the Agency’s strategic direction and specific priorities in relation to the reform of New Zealand racing; and
 - (b) give written directions to the Agency— 25
 - (i) to use, or improve, its resources (whether physical, financial, or human) in a manner that will benefit New Zealand racing;
 - (ii) to secure economies or efficiencies;
 - (iii) to develop expertise and capability;
 - (iv) to ensure business change or continuity;
 - (v) to manage risks to its financial position; and 30
 - (c) require the Agency to report to the Minister, at the intervals and in the manner required by the Minister, in relation to the performance of its functions under this Act.

- (2) To avoid doubt, nothing in this clause limits the Minister's powers under this Act or any other Act.
- 4 Amounts of distributions to racing codes**
Section 16 of this Act (as it read before the commencement date) continues to apply until the date on which regulations made under **section 16** (as replaced by **section 13** of the Racing Reform Act **2019**) come into force. 5
- 5 Application of revenue from sports betting**
Section 57(1)(d) of this Act (as it read before the commencement date) continues to apply until the date on which regulations made under **section 68A** (as inserted by **section 22** of the Racing Reform Act **2019**) come into force. 10
- 6 Existing betting information use agreements**
- (1) In this clause, **existing betting information use agreement** means an agreement between the Board and any Australian betting operator that—
- (a) is in force immediately before the commencement date; and
 - (b) confers rights on that betting operator or a sub-licensee of that operator to use New Zealand racing and sporting information in the conduct of its betting operations in respect of racing and sporting events held in New Zealand. 15
- (2) **Part 6AA** (as inserted by **section 21** of the Racing Reform Act **2019**) does not affect any existing betting information use agreement and the agreement continues in force, on and after the commencement date, according to its tenor. 20

Schedule 2

Consequential amendments to principal Act

s 25(1)

In the provisions of the principal Act specified in the third column of the following table, replace the reference specified in the first column with the reference opposite it in the second column of the table. 5

Current reference	Replacement reference	Provision
New Zealand Racing Board	Racing Industry Transition Agency	Schedule 1 heading
Board	Agency	5(1), definition of betting licence 5(1), definition of dates committee 5(1), definition of governing body 5(1), definition of racing betting 5(1), definition of sports betting 10(1), (2) in each place, (3) 13(1), (2) in each place 14(1) 15 heading 15(1) in each place, (2) 18 heading 18 19 heading 19(1), (2)(a), (3) 20 heading 20(1), (2) 21(1), (2)(a) 22(1), (2), (3), (6) 23(1), (2)(d), (3), (4) in each place, (5)(b) 25 heading 25(1), (3) in each place 28 heading 28(1), (2) in each place 29(3) 30(1), (3) 37(2)(a) 38(1)(a), (2), (3) 42 heading 42(1) 45(1), (2)(d) 46(1), (2) 47(1) 48(1), (2)(a), (3)

Current reference	Replacement reference	Provision
		49(1)(a)
		52 heading
		52(1) and (2) in each place, (3)
		55(1), (2)
		56(1)
		58(3), (4) in each place, (5) in each place
		59(1), (4)
		60(1) in each place, (2), (3)
		61(1), (3)
		62
		63(2) in each place, (6) definition of bet
		63A(1) in each place
		65
		65A
		65C(2)
		65E(1)(a), (4)
		65F(b), (d)
		65I heading
		65I
		65J heading
		65J in each place
		66 heading
		66(1), (2)
		67
		68(1), (2)(c)
		Schedule 1 cl 4
		Schedule 1 cl 5
		Schedule 1 cl 6(1)(a), 6(1)(b) in each place, 6(2)(a)
		Schedule 1 cl 8(2)(b)
		Schedule 1 cl 10(1), (2)
		Schedule 1 cl 12
		Schedule 1 cl 13(2)(b)
		Schedule 1 cl 22(1), (2) in each place, (3), (4)
		Schedule 1 cl 23(1), (2)
		Schedule 1 cl 24(1)
		Schedule 1 cl 28 heading
		Schedule 2 heading
		Schedule 2 cl 1(1)
		Schedule 2 cl 2(1), (2), (3) in each place, (4)
		Schedule 2 cl 3(1), (2)
		Schedule 2 cl 4 in each place

Current reference	Replacement reference	Provision
		Schedule 2 cl 5(b) Schedule 2 cl 6 heading Schedule 2 cl 6(1), (2)(a) in each place, 2(b) Schedule 3 cl 5 Schedule 3 cl 6(1) Schedule 3 cl 9(1), (2)(a) Schedule 3 cl 11(b) Schedule 3 cl 12 Schedule 3 cl 14
Board's	Agency's	52(2)(b)(ii) 54(2)(b)(ii) 60(3) Schedule 1 cl 8(2)(a) Schedule 1 cl 22(3), (4) Schedule 1 cl 28(1)(a), (b) Schedule 1 cl 30(1), (2) Schedule 2 cl 1(2) in each place Schedule 2 cl 4
Board venue	Agency venue	65A 65B(1) 65C(1)(a), (2)(b), (3) 65D heading 65E heading 65F(a), (e) 65G(2), (3) 65H(1)(b), (e)
Board venues	Agency venues	65D(1), (3), (4) in each place 65E(1), (4) 65F(c), (d) 65G heading 65G(1) 65H heading 65H(1)(d)
Board member	Agency member	Schedule 1 cl 1 in each place Schedule 1 cl 2(1) Schedule 1 cl 3(1) Schedule 1 cl 6(1), (2) Schedule 1 cl 7(b), (c) Schedule 1 cl 8(1) in each place Schedule 1 cl 9 in each place

Current reference	Replacement reference	Provision
		Schedule 1 cl 10(1), (2) Schedule 1 cl 11 Schedule 1 cl 12 Schedule 1 cl 13 in each place Schedule 1 cl 14 in each place Schedule 1 cl 16(1), (2)
Boardmember	Agency member	Sch 1 cl 13(1)
Board members	Agency members	Schedule 1 cross-heading above cl 1 Schedule 1 cl 1 heading Schedule 1 cl 5 Schedule 1 cl 16(2) in each place Schedule 1 cl 17(a), (b) Schedule 1 cl 18(1) Schedule 1 cl 19(3) Schedule 1 cl 21(1), (2) Schedule 1 cl 22(2)(a) Schedule 1 cl 28(3)
Board member's	Agency member's	Schedule 1 cl 10(1)(a), (1)(b) Schedule 1 cl 16(3)(c)
a Board operator or racing club	an Agency operator or a racing club	65H(1)(a), (c)

Schedule 3

Consequential amendments to other enactments

s 25(2)

Part 1

Amendments to other Acts

5

Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (2009 No 35)

In section 5(1), definition of **reporting entity**, paragraph (a)(v), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In section 6(3)(d) and (4)(b), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”. 10

In section 130(1)(d), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Financial Transactions Reporting Act 1996 (1996 No 9)

In section 3(1)(j), replace “New Zealand Racing Board established” with “Racing Industry Transition Agency continued”. 15

Flags, Emblems, and Names Protection Act 1981 (1981 No 47)

In Schedule 3, item relating to Racing Act 2003, replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Gambling Act 2003 (2003 No 51)

20

In the heading to section 33, replace “**New Zealand Racing Board**” with “**Racing Industry Transition Agency**”.

In section 33, replace “New Zealand Racing Board” with “Racing Industry Transition Agency” in each place.

In section 34(b), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”. 25

In section 65(4), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In section 67(1)(n), replace “New Zealand Racing Board” with “Racing Industry Transition Agency” in each place. 30

In section 69A(f), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In section 120, replace “New Zealand Racing Board” with “Racing Industry Transition Agency” in each place.

In section 318(1)(h)(iv), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”. 35

Gambling Act 2003 (2003 No 51)—continued

In section 320(3)(a)(i) and (ii), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Goods and Services Tax Act 1985 (1985 No 141)

In section 5(8), replace “Board” with “Agency” in each place.

In section 10(12)(a), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In section 10(13), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Income Tax Act 2007 (2007 No 97)

In section CW 47(1)(a), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Official Information Act 1982 (1982 No 156)

In Schedule 1, repeal the item relating to the New Zealand Racing Board.

In Schedule 1, insert in its appropriate alphabetical order:

Racing Industry Transition Agency 15

Part 2**Amendments to legislative instruments****Anti-Money Laundering and Countering Financing of Terrorism (Definitions) Amendment Regulations (No 2) 2018 (LI 2018/199)**

In regulation 4(1), new regulation 15(1)(a)(iii), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In regulation 4(3), new definition of **voucher** in regulation 15(4), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2018 (LI 2018/200) 25

In the heading to regulation 4, replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In regulation 4, heading to new regulation 6AB, replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In regulation 4, new regulation 6AB, replace “New Zealand Racing Board (the NZRB)” with “Racing Industry Transition Agency (the Agency)”.

In the heading to regulation 5, replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2018 (LI 2018/200)—*continued*

In regulation 5, heading to new regulation 7A, replace “**New Zealand Racing Board**” with “**Racing Industry Transition Agency**”.

In regulation 5, new regulation 7A(1), replace “New Zealand Racing Board (the **NZRB**)” with “Racing Industry Transition Agency (the **Agency**)”.

In regulation 6(1), new regulation 15(1)(a)(iii), replace “New Zealand Racing Board (the **NZRB**)” with “Racing Industry Transition Agency (the **Agency**)”. 5

In regulation 6(3), new definition of **voucher** in regulation 15(3), replace “NZRB” with “Agency”.

Electronic Identity Verification Regulations 2013 (SR 2013/9)

In Schedule 1, repeal the item relating to the New Zealand Racing Board. 10

In Schedule 1, insert in its appropriate alphabetical order:

Racing Industry Transition Agency

Gambling (Fees) Regulations 2015 (LI 2015/313)

In regulation 3(1), definition of **category A application**, paragraph (b), replace “New Zealand Racing Board” with “Racing Industry Transition Agency”. 15

Gambling (Problem Gambling Levy) Regulations 2016 (LI 2016/120)

In regulation 6, replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

In the heading to regulation 11, replace “**New Zealand Racing Board**” with “**Racing Industry Transition Agency**”. 20

In regulation 11, replace “New Zealand Racing Board” with “Racing Industry Transition Agency” in each place.

In Schedule 2, replace “New Zealand Racing Board” with “Racing Industry Transition Agency”.

Racing (Harm Prevention and Minimisation) Regulations 2004 (SR 2004/291) 25

In regulation 4, replace “Board” with “Agency”.

In regulation 4, replace “a Board venue” with “an Agency venue”.

In regulation 5, replace “Board must, at each Board venue,” with “Agency must, at each Agency venue,”.

In regulation 6(1) and (2)(e), replace “Board” with “Agency”. 30

In regulation 6(1), replace “a Board venue” with “an Agency venue”.