

# WHY RACE FIELDS LEGISLATION WILL DELIVER ESSENTIAL BENEFITS TO OUR RACING AND SPORTS INDUSTRIES

The following note is provided to set out the reasons for supporting the measures contained in the **Off-shore Racing And Sports Betting Working Group Report**

## KEY MESSAGES

1. It's good to see the Government taking this issue seriously.
2. Off-shore bookmakers are having a growing impact on the local industry and without Government action, it will only get worse.
  - The number of Kiwis betting off-shore has almost doubled over the past 5 years.
3. The reason we have the NZTAB is to ensure benefits from betting fund racing and sports in NZ.
4. Off-shore bookmakers take bets from New Zealanders and on NZ racing and sporting events and give nothing back. That is money lost to our local racing and sporting sectors.
  - \$58 million in gross revenue is bet by Kiwis off-shore;
  - Australian bookmakers are taking \$300 million worth of bets on NZ racing.
5. The NZTAB must become more competitive and attractive to customers. But we also need to see off-shore bookmakers making a contribution back to NZ.
6. The recommended fee would bring in approx. \$16 million for racing and sport.
7. These bookmakers comply with similar obligations in other countries (e.g. Australia, UK, Ireland, France and Italy). We'd expect the same here.

## SUMMARY OF WORKING GROUP RECOMMENDATIONS

1. Introduce legislation that would require all off-shore gambling operators to register and pay a fee whenever they accept bets on NZ racing or sport and/or from NZers.
2. The NZTAB must be more competitive. Measures include:
  - Improved products and service available from NZTAB; and
  - Amendments to The Racing Act 2003 to permit in-race betting, offer bets on sports that are not covered by a national sport organisation (e.g. mixed martial arts) and a new legislative provision that would allow the NZTAB to bring new betting products to market via regulation.
3. Revenue from the Off-shore Bookmaker Fee will be used to allow development of racing in NZ, increase the competitiveness of the NZTAB, and benefit sport (through SportNZ).

## THE FACTS ABOUT OFF-SHORE BETTING

<b>Issue 1: NZers Betting Off-shore</b>	
Number of NZers betting off-shore	40,000
Value (\$)	\$58m gross revenue

<b>Issue 2: Value Of International Betting On NZ Racing And Sport</b>	
Value (\$) of International Betting on NZ Racing (via Corporate Bookmakers)	\$300 million (turnover)
Value (\$) of International Betting on NZ Sport	\$60 - \$225 million (turnover)

<b>Size Of The Prize: Off-Shore Bookmaker Fee Revenue</b>	
Estimated (based on 2% fee) Revenue	\$16 million per annum

## QUESTION & ANSWERS

### ***How large is the issue?***

This is a significant issue for racing and sport. About 40,000 New Zealanders bet off-shore – the number has doubled in the last 5 years. They are betting approx. \$58 million gross revenue. In addition, off-shore bookmakers are taking around \$300 million in turnover internationally on NZ racing and \$60 - \$225m in turnover internationally on NZ sport without paying any fees.

### ***What is the solution?***

We need the Government to ensure off-shore bookmakers, who are making significant profits, are making a contribution back to NZ racing and sport. Introduction of a fee for taking bets from NZers and on our racing and sport is a step we've long called for and is consistent with the approach Australian state governments have taken. The NZTAB also needs to be more competitive. We have made a good start (e.g. mobile app) but more needs to be done to ensure we're competitive with overseas bookies.

### ***What are the benefits of the Government taking action on this issue?***

This would deliver a meaningful revenue boost of approx. \$16 million for NZ racing and sport which will continue to grow as corporate bookmakers increase their market share. The Working Group also estimates the Government could benefit from \$7.7 million in additional GST revenue.

### ***How can we get off-shore bookmakers to comply?***

These are large multinational players that comply with similar schemes in other countries (e.g. Australia, UK, Ireland and France). We'd expect the same here. We'd also like to see the DIA given the power to notify overseas counterparts of non-compliant bookmakers so other operating markets may also be jeopardised by the offshore bookmakers not complying with NZ legislation.

### ***Why don't you just ban these bookmakers?***

A blanket ban on off-shore betting wouldn't address the underlying drivers of the problem. The Working Group report was very clear that NZers are betting overseas because they get a better range of products and a better service. The NZTAB must be more competitive. Also, because off-shore bookmakers pay no GST and make no contribution back to the NZ industry, they have more flexibility to pay rebates and higher dividends. The NZTAB must be given the opportunity to compete on a level playing field.

### ***Doesn't this mean the monopoly on betting has run its course?***

The NZTAB has a unique status in NZ. The whole purpose is to ensure the benefits of betting go back to racing and sports in NZ. The NZ racing industry delivers real value to NZ with 17,000 jobs, \$1.6bn in GDP and valued facilities in local communities. Racing and sports have a stake in the future of our communities and the NZTAB has a stake in the future of our racing and sports - \$1 bet through the NZTAB delivers benefit to NZ racing and sports.

### ***Why are New Zealanders betting off-shore?***

Off-shore bookmakers are able to offer a broader range of products and a better service. NZTAB has been investing in ensuring we're coming up to scratch, but we need the Racing Act to be amended to ensure we're able to compete on a level footing with these businesses.

***The report says New Zealanders are betting \$58 million off-shore, but in the past many have said it was \$300 million, does this mean the problem is not as serious as previously thought?***

No, the Working Group found the value of off-shore betting has increased from \$32 million to \$58 million. The \$300 million figure is a turnover figure and the \$58 million is gross revenue (i.e. turnover less dividends).

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