

Preferred Regulatory Settings: A Case Study of the TAB NZ

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Abstract

In Aotearoa New Zealand, the government actively supports gambling through a preferential regulatory environment that facilitates ongoing, and increased, gambling operations. This article questions why preferential regulatory treatment exists for an activity that generates social harm. The article focuses on the Totalisator Agency Board New Zealand (TAB NZ) and the racing industry. TAB NZ has more regulatory concessions than the gambling sector in general, including through the tax system and self-regulation. There is an absence of transparency about both this support and the underlying assumption that increasing gambling to support the broader racing sector is desirable.

Introduction

The gambling industry generates societal harm. It is also a sector that receives preferential financial and regulatory treatment in Aotearoa New Zealand (New Zealand). The gambling industry has grown to have considerable financial influence and power.¹ Along with this substantial power, it has a problematic operating model. While there are moderately large numbers of people who engage in some variety of low-risk gambling, such as purchasing lottery tickets, the sector is reliant on a small group of problem gamblers for a substantial part of its revenue. This creates a disincentive for the gambling industry to engage in measures to significantly reduce problem gambling.

Gambling is regulated because of its capacity to cause harm, as some individuals will gamble more than they can afford. Gambling harm extends beyond financial impacts and includes potential criminal activity, reduced performance at work or study, cultural harm, emotional or psychological distress, relationship disruption, decrements to health, and community disadvantage with redistribution of wealth from poor to rich.² In New Zealand, at least part of the social licence for gambling exists because of the requirement for some organisations to redistribute some profits to the community. For example, the New Zealand Lotteries Commission are required to redistribute a specified proportion of profits, currently 40%, to the broader community.³ However, this is not a requirement for all forms of gambling, for example, the racing sector does not have this same requirement and instead redistributes most profits back to the racing industry.⁴

This study focuses primarily on the horseracing sector and TAB NZ, which is the funding body for the industry, but also extends to electronic gaming machines that are on TAB NZ premises.⁵ Electronic gaming machines (often referred to as “pokies”) are typically considered to be the most harmful form of gambling in New Zealand.⁶ The article focuses on the racing industry, as this has historically received the most preferential treatment. Moreover, government support for the racing industry and TAB NZ is highly visible across political party lines. It has “overwhelming political and press support”⁷ and is a priority for Government support, despite its known harm.⁸

The article commences in section two with a brief history of gambling in New Zealand, followed by a discussion on gambling that outlines the main issues in the sector. This section focuses primarily on New Zealand. Section four provides a synopsis of the taxes on gambling in New Zealand, together with what is known about the amounts collected from these taxes

and the use of the funds. Section five provides a case study of TAB NZ. Section six outlines the issues identified, with conclusions drawn in section seven.

Background

This section provides a synopsis of the relatively recent history of gambling in New Zealand, with a focus on the racing sector. The TAB was established on 19 October 1950 and commenced operations in 1951.⁹ A primary aim of creating the TAB was to stymie the illegal on-course bookmakers that controlled racing gambling at the time. The TAB was immediately successful, which was surprising given (illegal) bookmakers had some advantages over the TAB including that they could accept bets on credit, they could take bets up to the start of a race and could offer immediate payouts of winnings.¹⁰

At its inception, the TAB had a monopoly for off-course betting, which was noted by the 1948 Royal Commission on Gaming and Racing Matters as a “highly profitable venture” and, therefore, “no individual or company...should make any profit out of the undertaking”.¹¹ This resulted in the model that remains today in New Zealand, where profits are returned to the industry.

As the TAB rapidly expanded into towns and suburbs, objections were raised from religious leaders and some politicians.¹² However, as an initial aim of the TAB was to minimise the impact of bookmakers, this was used to justify the rapidly growing numbers of TABs. Five TABs opened in the first year of operation, but this had increased to nearly 298 shops 10 years later, with off-course sales of over \$50 million.¹³ TAB profits were redistributed to racing clubs. Racing clubs also retained commissions from betting. For example, under the Racing Act 1971, racing clubs were required to make several deductions from wagered sums, with the remainder distributed as stakes. Deductions comprised the totalisator duty (9.32% of gross investment less 2.5% of the first \$100,000 of gross betting);¹⁴ a 0.5% amenities levy; a 0.5% stakes subsidy account; and commission of either 7.5% or 10.18% depending on the type of bet.¹⁵ The commission was retained either by the racing club to form part of the club’s funds or the TAB depending on where the bet was placed (on- or off-course).

For decades there was a general trend of increased gambling and profits through to the late 1980s, reaching \$975 million in 1987.¹⁶ However, from the late 1980s TAB revenues declined primarily due to increased competition from other gambling sources (e.g. the introduction of Lotteries New Zealand (Lotto) in 1987),¹⁷ as well as other entertainment and consumption options (e.g. more affordable overseas travel).

From the early 1960s, racing clubs were dependent on distributions from the TAB. While 80% of betting was expected to be returned as prize money, the remainder was distributed to the racing industry.¹⁸ This reliance on gambling funding from the TAB remains today. In 1980 the TAB was extended to include greyhound meetings¹⁹ although greyhound racing is currently being phased out in New Zealand.

Political support for the horseracing industry had been evident for decades and continued as the TAB expanded. In Parliamentary Debates on the 1992 Racing Amendment Bill, the Minister for Racing stated that the purpose of the Bill was:

to alter the structure of the racing industry and to ensure that racing can compete with other forms of gambling on a fair and equitable basis. ... The Bill contains mechanisms to ensure that the racing industry is given the opportunities to make the

changes necessary to survive and prosper as a high-profile entertainment and a significant export-earning business.²⁰

The first opportunity to participate in legal sports betting in New Zealand came in 1996.²¹ This provided a further monopoly to the TAB who negotiated with major sporting codes that 5% of gross turnover would go to the relevant sports bodies.²²

Under the Gaming and Lotteries Act 1997 gambling was run for the benefit of charities and the community.²³ This means that some parts of the gambling sector were required to return a specified proportion of their profits to communities. For example, as noted in the Introduction, Lotteries New Zealand must return 40% of proceeds to the community. However, there is no requirement that the funds are returned to the community where the gambling occurred, resulting in transfers of gambling proceeds from poorer communities to wealthier ones.²⁴ Research has shown that more deprived communities provide 74% of gaming machine proceeds and receive only 12% of grants.²⁵

Interest in racing continued its decline in the early 2000s. However, it was noted that the “TAB has managed to reinvent itself numerous times to remain financially above water amid its shrinking product, i.e. the decline in horse racing betting revenues over the last fifty years”.²⁶ Despite this, as will be shown in the next section, betting turnover at the TAB continues to increase.

In 2003, the NZ Racing Board was established as a body corporate to administer all racing and sports betting in NZ.²⁷ This followed the existing model whereby profit was distributed to the racing codes and made little difference in practical terms to the operation of the TAB and racing betting. More recent developments in the sector are discussed later in the article.

What Do We Know About Gambling?

Before commencing discussion on New Zealand, which is the focus of this article, a brief account of the key international themes relating to gambling is provided. The international literature shows that those with lower incomes have proportionally higher gambling expenditures;²⁸ disproportionately high losses from gambling come from those with lower levels of education;²⁹ and those who are more disadvantaged suffer the most from gambling.³⁰ Minority groups are commonly identified as bearing higher gambling-related burdens.³¹ Other demographic risk factors that have been associated with problem gambling include youth, unemployment and lower socioeconomic status.³²

The gambling industry is reliant on a small group of problem gamblers for a large proportion of revenue. A common research finding is that a small proportion of players accounts for a large proportion of total gambling spend. For example, research on online gambling in Canada shows that 46% of gambling revenue came from just 5% of players, with 80% of the total value of bets placed by the 20% most active players.³³ Research from the Australian Capital Territory (ACT) in 2024 reports that “a relatively small group – 1.4% of people who gamble – accounted for 45.5% of total gambling money lost gambling in the ACT”.³⁴

In New Zealand, the most reported form of gambling is purchasing Lotto tickets, with 55% of respondents from a nationally representative survey reporting purchasing a Lotto ticket at least once in 2024, with 11% purchasing a Lotto ticket weekly.³⁵ A group, referred to as a “significant minority” by the Department of Internal Affairs, are moderate-risk or problem gamblers, where gambling results in negative impact on their own lives and the lives of others.³⁶

While problem gambling may not be an issue for most gamblers, research indicates that many people think there are too many opportunities for gambling and that it is dangerous for family life.³⁷ Harm from gambling is not restricted to those who meet the criteria for classification as a problem gambler. Those classified as low- or moderate-risk gamblers also experience harm from gambling.³⁸

Many of the texts written on the New Zealand gambling industry support the sector and argue that it has been unfairly treated by the government, because it pays taxes.³⁹ As will be seen throughout this article, the sector contributes relatively little to government revenue but receives considerably greater concessionary treatment than other equivalent industries that pay higher rates of tax. This sub-section will canvas the regulatory environment for gambling in New Zealand. This is followed by some data on gambling in New Zealand, including the values of gambling.

Regulation

Gambling has been regulated in New Zealand since the introduction of the 1881 Gaming and Lotteries Act. In the early stages of legalised gambling in New Zealand, which was primarily betting on horseracing, some concern was visible about the negative impacts of gambling. However, legislation was intended to mitigate this. There was a general political acceptance of horseracing as a pastime, with it described in 1881 as “one of the finest and noblest sports”.⁴⁰ This acceptance continued, with minimal challenge from those in government, for the next century. For example, parliamentary debates on the 1992 Racing Amendment Bill promote the industry: “[t]he Bill contains mechanisms to ensure that the racing industry is given the opportunities to make the changes necessary to survive and prosper” with reference to “the blight that descended on the industry [due to] competition from other forms of gambling”.⁴¹ Broad political support for the industry can be seen in the present day (discussed further in section five).

Currently, gambling is prohibited in New Zealand unless it is authorised under the Gambling Act 2003 or the Racing Industry Act 2020, or it is private gambling.⁴² There are six legal classes of gambling in New Zealand. The two that are most relevant for this study are Class 3 and Class 4 gambling. Class 3 gambling is gambling that may have winnings more than \$5,000, must be run by a corporate society and distribute money for an “authorised purpose”.⁴³ Class 4 gambling involves the use of a gaming machine outside a casino, must be run by a corporate society and requires a Class 4 operator’s licence and venue licence.⁴⁴ TAB New Zealand and societies that are racing clubs under the Racing Industry Act 2020 are treated as corporate societies for the purposes of gambling licences.⁴⁵ Class 4 operations are often located in areas of socioeconomic deprivation, contributing to the redistribution from more deprived communities to wealthier communities, as noted above.⁴⁶

In New Zealand there are currently two authorised providers of online gambling – the Lotteries Commission (Lotto) and the TAB. In 2022, 81% of TAB NZ’s turnover was generated from online channels.⁴⁷ The TAB has had a monopoly on both online racing and sports betting since June 2025 when changes were made to the Racing Industry Act 2020. The changes were intended to “maximise the financial returns to New Zealand’s racing industry and sports”.⁴⁸

Horse racing, greyhound racing (currently being phased out) and sports betting are regulated under the Racing Industry Act 2020. Prior to this, the primary regulation was the Racing Act 1971, although legislation relating to duties and taxes was typically in other regulation, e.g. the

Gaming Duties Act 1971. Other gambling is regulated under the Gambling Act 2003. Regulations require a minimum percentage of gambling proceeds to be returned to the community or other specified outlets (for an “authorised purpose”), harm minimisation policies to be in place, and minimum games standards and rules.⁴⁹ At present, the percentage required to be returned to communities in the form of grants is 40%.

An authorised purpose is defined in the Gambling Act 2003 is one that has:

- (i) a charitable purpose;
- (ii) a non-commercial purpose that is beneficial to the whole or a section of the community;
- (iii) promoting, controlling, and conducting race meetings under the Racing Industry Act 2020, including the payment of stakes.

Therefore, the racing industry is the only sector that has specific provisions to allow it to return gambling proceeds to its own industry. Note that a different, broader, definition of authorised purpose existed prior to this time: “any charitable, philanthropic, cultural, or party political purpose, or any other purpose that is beneficial to the community or any section of it”.⁵⁰

The Gambling Act 2003 has several purposes, including to:

- Control the growth of gambling.
- Prevent and minimise harm from gambling, including problem gambling.
- Authorise some gambling and prohibit the remainder.
- Facilitate responsible gambling.
- Ensure the integrity and fairness of games.
- Limit opportunities for crime or dishonesty associated with gambling.
- Ensure that money from gambling benefits the community.
- Facilitate community involvement in decisions about the provision of gambling.⁵¹

The Ministry of Health is required to develop a strategy to prevent and minimise gambling harm. This includes funding gambling harm prevention, as well as research and evaluation.⁵² In August 2024, the Ministry of Health opened consultation on the proposed strategy to prevent and minimise gambling harm for the next three years. As part of this harm prevention strategy, a summary of proposed activities was provided in the consultation document. This outlines an indicative budget, costed at \$87.718 million over the three-year period, as shown in Table 1.

Table 1: Proposed harm prevention and minimisation strategies and costs (\$ million)⁵³

	2025/26	2026/27	2027/28	Total
Increase access to gambling harm support	11.258	12.023	12.588	35.869
Grow the gambling harm workforce	1.154	1.504	1.499	4.157
Strengthen focus on prevention and early intervention in gambling harm	10.082	10.049	10.556	30.687
Improve effectiveness of gambling harm support	3.789	3.654	2.604	10.047
Agency costs	2.181	2.475	2.302	6.958
Total	28.464	29.705	29.549	87.718

What do we know about gambling in New Zealand?

The most recent New Zealand Gambling Survey reports that 64.1% of the New Zealand population participated in some form of gambling in the previous 12 months.⁵⁴ Most of these were purchases of Lotteries and Instant Kiwi products, with 55.2% of the population reporting engaging in this activity.⁵⁵ Twelve percent reported placing a bet with the TAB, with a similar percentage reporting playing an electronic gaming machine at a pub or club.⁵⁶ Other data reported includes 14.6% of people participating in three or more gambling activities, while 31.1% had engaged in online gambling activity either in New Zealand or overseas.⁵⁷ All these statistics were higher for Māori than for the population as a whole, with the survey showing that 69.9% of Māori participated in any gambling activity, 13.8% placed a bet with the TAB, 23.8% played an electronic gaming machine at a pub or club, 20.4% had engaged in three or more activities, and 36.5% had participated in any online gambling, either in New Zealand or overseas.⁵⁸ These results, together with those for Pacific peoples, Asian and other groups are shown in Table 2.

Table 2: Gambling participation and frequency, by ethnicity⁵⁹

	Total	Māori	Pacific peoples	Asian peoples	NZ European / Other
Any gambling activity	64.1%	69.9%	64.6%	51%	66.2%
Any online gambling activity	31.1%	36.5%	33.5%	25.6%	31.1%
Placed a bet with the TAB	12.1%	13.8%	8.9%	4.1%	14.1%
Played an EGM at a pub or club	11.9%	23.8%	15.7%	3.4%	11.9%
Three or more activities	14.6%	20.4%	17.5%	6.1%	15.5%
Low-risk gambler	5.9%	9.5%	10.4%	8.2%	4.7%
Moderate-risk and problem gambler	2.4%	4.9%	5.7%	1.9%	1.9%

The New Zealand Gambling Survey assesses problem gambling using the Problem Gambling Severity Index, which is a 9-item scale used to assess experience of gambling. This incorporates questions on aspects of affordability and funding of gambling, whether gambling has led to health issues, trying to recoup losses and individual feelings about gambling. Table 2 also shows the survey results relating to problem gambling by ethnicity. Māori and Pacific peoples are more highly represented in higher risk categories than the population as a whole.

Health New Zealand has a Minimising Gambling Harm programme, designed to increase understanding, awareness of, and response to gambling-related harms.⁶⁰ This is managed through the Safer Gambling Aotearoa website, Facebook page and Instagram page, which support regular social marketing campaigns.⁶¹ While not a measure of harm, the total number of clients who were assisted by gambling harm intervention services has been relatively stable, after a rapid increase from 2004/05 (3,240) to 2009/2010 (13,200).⁶² Since that time it has remained at around 10,000 clients who were assisted by gambling harm intervention services per annum.⁶³ Māori and Pasifika are relatively highly represented in these data. For example, in 2022/23, “others” were 3,352 (33%), Māori were 3,390 (33%), Pasifika were 2,154 (21%) and Asian were 1,490 (15%).⁶⁴

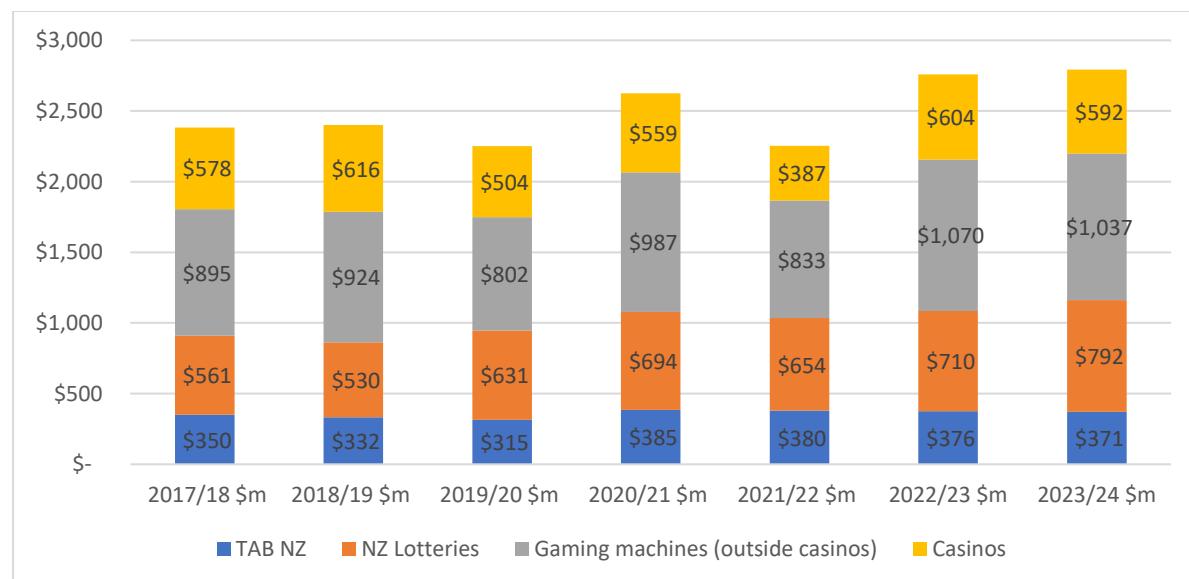
While only a relatively small proportion of the population are risky gamblers, there is broad concern about the level of gambling in the community, with 55.4% of the population reporting some level of concern.⁶⁵ The requirement for some gambling operators to return proceeds to

the community has assisted with acceptability of mainstream gambling. However, 46.2% of the population report that, despite the return of funds to community groups, they believe that gambling does more harm than good.⁶⁶

The value of gambling

Expenditure on gambling activity in New Zealand over the past seven years is outlined in Figure 1. This is an annual summary of the “amount lost by gamblers (operator’s profits) for the four main types of gambling activity”.

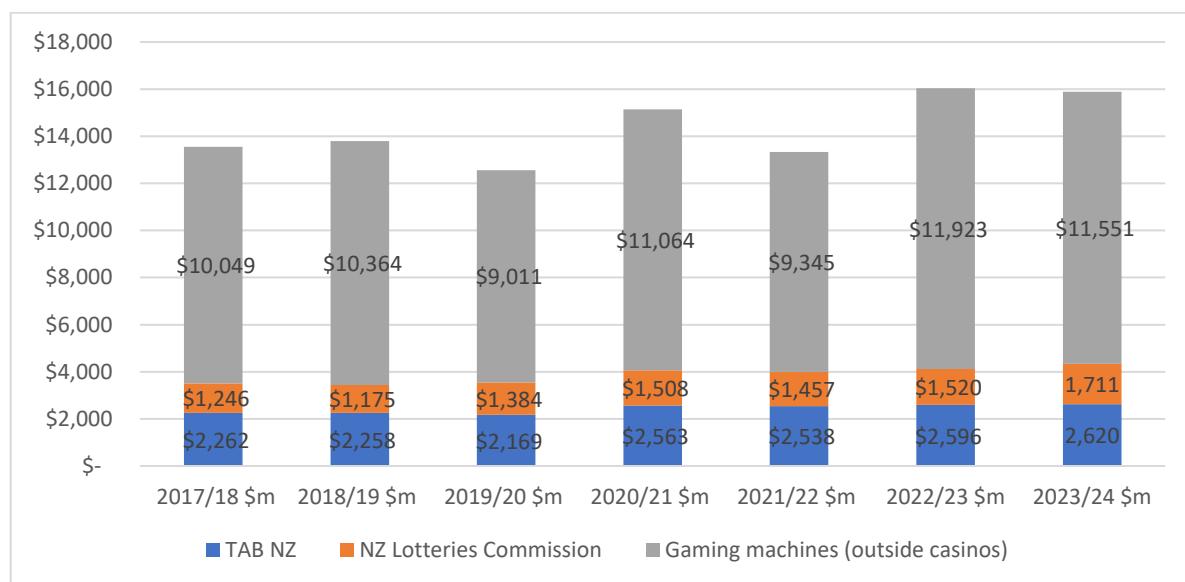
Figure 1: Gambling activity in New Zealand (2017/18 to 2023/24 \$m)⁶⁷



Electronic gaming machines outside casinos comprise the largest gambling values, ranging from 36-39% of total gambling expenditure over the period shown in Figure 1. Expenditure at the TAB ranged from 14-17% of total gambling activity. However, turnover provides a more accurate picture of the harm generated from these primary gambling sources. Turnover is the total gross amount wagered by gamblers. The Department of Internal Affairs suggests that “turnover is not an indicator of the amount spent by players or of the profit of the operator” as it includes a “churn” factor.⁶⁸ The churn factor is where the same dollar is counted multiple times. Some forms of gambling like gaming machines or race betting allow for quick reinvestment of winnings, so if someone reinvests their winnings immediately, this is recorded multiple times. Turnover not only provides an indication of the amounts “lost” by gamblers, it also provides a significantly different picture of these amounts, as shown in Figure 2. Turnover data is not reported for casinos.

Figure 2 shows that Lotteries Commission turnover is two times gambling activity (shown in Figure 1) in each year, TAB turnover is six times gambling activity, and gaming machines outside casinos are over 11 times the gambling activity reported in each year. When gambling activity is the primary reporting format, this serves to hide the real loss associated with gambling.

Figure 2: Gambling turnover in New Zealand (2017/18 to 2023/24 \$m)⁶⁹



Electronic gaming machines make the most money when compared to all gambling types in New Zealand.⁷⁰ The New Zealand Problem Gambling Foundation reports that there are 14,503 electronic gaming machines in New Zealand.⁷¹ The TAB operates 468 electronic gaming machines across 40 TAB outlets.⁷² Electronic gaming venues and electronic gaming machines are likely to be in more highly deprived areas.⁷³ BERL observe that “Class 4 gambling [electronic gaming machine gambling] has a tendency to magnify community disadvantage” with evidence showing that it transfers wealth from “more deprived communities to less deprived communities”⁷⁴ Most venues that host electronic gaming machines are required to return a proportion of the profits to the community, but this is not a requirement for electronic gaming machines located in TAB premises. Instead, these funds can be used to promote, control and conduct race meetings, including the payment of stakes.⁷⁵

Taxes and Gambling in New Zealand

In some countries, gambling revenues are a base for government revenue.⁷⁶ Under the Income Tax Act 2007, income derived by the TAB, New Zealand Thoroughbred Racing, Harness Racing New Zealand, the New Zealand Greyhound Racing Association, the Racing Integrity Board or Racing New Zealand is tax exempt.⁷⁷ This treatment can be traced back to the exemption of profits from racing under the Land and Income Tax Act 1923. In addition, income derived by a club, society, association or trustee is exempt income when derived from promoting amateur games and sports that is conducted for the recreation or entertainment of the general public.⁷⁸ Income derived by a person that is gross gambling proceeds from gaming-machine gambling is also exempt income if the person is authorised to conduct the gambling under the Gambling Act 2003 and the activity is compliant with this Act.⁷⁹ Lotto New Zealand is also exempt from income tax.⁸⁰

A problem gambling levy was introduced in 2004 under the Gambling Act 2003.⁸¹ The gambling sector including TAB NZ must pay the problem gambling levy on all gambling profits. The levy reimburses the government for the costs of the Problem Gambling Integrated Strategy, which is administered through the Ministry of Health.⁸² The problem gambling levies

for different forms of gambling are outlined in Table 3. The values collected from the levy are outlined in Table 4.

Table 3: Problem gambling levy rates⁸³

Gambling operators	Income liable	Rate % (GST exclusive)
Casino operators	Casino wins	0.89%
Non-casino gaming machine operators	Gaming machine profits	1.24%
Racing Industry / TAB	Betting profits	0.74%
NZ Lotteries Commission	Turnover less prizes paid	0.69%

Table 4: Total problem gambling levy for years ended 30 June (\$ million)⁸⁴

	2020/21	2021/22	2022/23	2023/24
Problem Gambling Levy (\$m)	\$15.8	\$13.2	\$21.5	\$22.8

There is also a lotteries duty payable at the rate of 5.5%, payable on the value of tickets drawn in a lottery or an “instant game”.⁸⁵ Casino operators pay a 4% casino duty on “casino wins”, which are essentially net profits⁸⁶ and gaming machine profits are subject to a 20% gaming duty.⁸⁷ This includes gaming machines that are operated by TAB NZ.⁸⁸ Operators offering lotteries, casino gambling and electronic machines gambling must also pay the problem gambling levy.

An offshore gambling duty of 12% was introduced on 1 July 2024. This is a 12% duty applied to the profits (i.e. after prizes are paid) of offshore gambling operators.⁸⁹ The duty applies to GST-registered persons located outside New Zealand to the extent they make supplies of remote gambling services to New Zealand residents.⁹⁰ These will replace the current “point of consumption charge” which will be phased out (discussed below).

The totalisator duty is particularly relevant for this study. This is also known as the “betting duty savings” and was payable on all racing and sports betting.⁹¹ As part of the racing reforms that were introduced after the Messara report (discussed further below), in 2019 the Government agreed to progressively repeal the totalisator duty paid by the TAB from 4% to 0% over three years.⁹² The purpose of this was so the funds could be retained by the racing industry “for the development of the racing industry”.⁹³ Betting duty savings are outlined in Table 5.

Table 5: Distributions from betting duty savings (2024)⁹⁴

Distribution	Amount \$'000	Percentage of total
Betting duty distribution to the racing community	\$11,463	79%
Betting duty distribution to the sporting community	\$3,010	21%
Total	\$14,473	

Under the Racing Industry (Distribution from Betting Profits) Regulations 2021, the TAB must retain 2.5% of profits for harm prevention and minimisation. The remainder of the profits must be distributed to Racing New Zealand and Sports and Recreation New Zealand, in amounts that are equal to the percentage that racing betting or sports betting has contributed to TAB

NZ's gross betting revenue.⁹⁵ This equates to approximately 80% to the racing sector and 20% to the sports sector.⁹⁶

An additional Betting Information Use Charge may be paid, which is comparable to a license fee for the use of intellectual property.⁹⁷ This is set through agreements between offshore operators and the applicable racing code, or sporting organisation. In 2024, \$21 million was transferred to the racing community in Betting Information Use Charges.⁹⁸

TAB Case Study

The Gaming Amendment Act 1949 established the TAB. The TAB, as New Zealand's first legal gambling outlet, commenced in 1951. The TAB was established to fund the racing industry, as well as to reduce illegal on-course bookmakers, and today provides 90 percent of the racing industry's revenue.⁹⁹ Initially the TAB was established as a body corporate. This was amended by the Racing Industry Act 2020 which reestablished the TAB as a statutory entity.¹⁰⁰ A statutory entity is a subset of a Crown Entity and must deliver services in accordance with the legislation under which it was established. Statutory Entities are often funded through taxpayer funding or may also be funded through charges or levies from users.¹⁰¹ Parliamentary debates at the time of this change of structure note that this allows the TAB "to be the statutory body which controls all race betting, it has a different objective from the current one, and ... it balances its objective of raising revenue from betting against this objective of minimising gambling harm".¹⁰²

The TAB has an effective monopoly for gambling on racing and sports in New Zealand.¹⁰³ In 2025, this monopoly was extended to include online betting on racing and sports activity, resulting in the newly formed TAB NZ being the only legal domestic operator of online sports and racing betting for people in New Zealand.¹⁰⁴ The extension of the monopoly for online betting was implemented with support across the political spectrum.¹⁰⁵

The Racing Industry Act 2020 includes the objectives of promoting the long-term viability of New Zealand racing, facilitating betting, and ensuring that "the value of racing property is retained in the industry and is used for maximum industry benefit".¹⁰⁶ In addition, the Act provides the three (at the time) racing codes with the ability to effectively govern their respective industries, including the clubs and venues as the Act "limits government intervention and empowers the racing codes ... to take control of their respective industries".¹⁰⁷

The TAB has additional sources of revenue. As noted in the previous section, it receives funds from the Racing Betting Information Use Charge (\$21 million in 2024). However, a more significant revenue source is from electronic gaming machines. The TAB is a significant operator of Class 4 gambling (electronic gaming machines) regulated under the Gambling Act 2003. As noted above, there are 468 electronic gaming machines across 40 TAB venues in 2025.

As noted above, Class 4 corporate societies that have electronic gaming machine licences must apply the net proceeds of the gaming operation for authorised purposes. For most gaming machine operators, this means a minimum of 40% of proceeds must be redistributed to communities.¹⁰⁸ Electronic gaming machines are owned by corporate societies, which pay pubs and clubs to host the machines. Proceeds are returned to the corporate societies for distribution to community groups and charities.¹⁰⁹ While this same expectation remains for the TAB, in practice the proceeds from electronic gaming machines are primarily distributed back to the racing sector.

In 2024, TAB NZ reported the distributions outlined in Table 6. The TAB NZ annual report states that it distributes its net profit to the racing community and distributes gaming grants to sporting community organisations. However, the annual report has \$13 million of “other application of funds from gaming operations” to “other racing authorised”, with \$3.5 million distributed to “sports authorised purposes”. Therefore, of the total distributions (\$215,141,000) \$198,587,000 (92%) went to racing (from racing betting), \$3,535,000 (2%) went to sporting community organisations (from gaming operations), with a further \$13,019,000 (6%) distributed to the racing community (from gaming operations)¹¹⁰ for “the promotion, control and conduct of race meetings under the Racing Industry Act 2020”.¹¹¹

Table 6: Distributions from TAB NZ (2024)¹¹²

Distribution	Amount \$'000	Percentage of total
Betting net profit distributions and payments to the racing industry	\$198,587	92%
Gaming net profit distributions to the racing industry	\$13,019	6%
Gaming / betting net profit and distributions to external bodies	\$3,535	2%
Total	\$215,141	

The Messara Report

John Messara was commissioned by the then Minister for Racing (Winston Peters) in 2018 to conduct an independent assessment of the domestic racing industry and make recommendations for change.¹¹³ This was framed as an independent assessment, although John Messara was an Australian horse breeder and owner who was previously Chair of Racing New South Wales.

The Messara review commences from the perspective that the industry should be supported. The industry is described as being “in a state of serious malaise”.¹¹⁴ No consideration is given to whether the recommended support is economically efficient or socially desirable. Messara writes that “Racecourses and Clubs in New Zealand are generally starved of both revenue and capital which severely limits their capacity to modernise their customer facilities, improve their operating procedures and maintain fair and competitive race surfaces, so necessary for the optimisation of wagering”.¹¹⁵

Messara observes the decline of the New Zealand thoroughbred industry “steadily eroding the confidence of participants”.¹¹⁶ He concludes that the “single most effective lever available” to reinvigorate the New Zealand thoroughbred industry is prizemoney.¹¹⁷ Messara recommends increases to minimum stakes. However, his entire model for revitalisation is premised on increased gambling. Messara creates a model that is circular, commencing with increased wagering as the funding source. Under the model, increased betting results in increased industry revenues, increased prizemoney, higher returns to owners, increased incentives to invest in horses and race fields – which returns to increased betting.¹¹⁸

Many of the Messara Report recommendations were accepted and a significant process of legislative reform was undertaken over the next two years to implement the report’s findings.¹¹⁹ Legislative provisions were incorporated in the Racing Industry Act 2020. The Act established the TAB NZ as “a statutory entity focused on wagering and responsibility for running the

industry was devolved to the racing codes".¹²⁰ TAB NZ remained the sole betting provider for racing and sports in New Zealand.¹²¹ The expected beneficiaries of the changes were racing industry stakeholders of the three racing code bodies, racing clubs and industry participants: horse owners, trainers, jockeys and breeders.¹²² Domestic sports organisations in New Zealand were also expected to benefit.

There was cross-party political support for the changes made in response to the Messara Report. Parliamentary Debates note this support, but the rationale for the support is not always evident. Some, relatively vague, offerings include "for some people, that is perhaps one of the only jobs that they are going to be able to do and do well" (i.e. working in the racing industry); "it is absolutely imperative that appropriate changes are made to give this industry a sustainable future"; "we need to get people involved in racing to actually understand that it's entertainment and it's a business and that all the standards can be maintained"; and "simply to do nothing would lead to continuing towards an inevitable decline".¹²³ Even the Green Party were "reluctantly, supporting this stage of the bill" (the 2019 Racing Industry Bill) despite their concerns about animal welfare.¹²⁴ What was notably missing, in the support for adoption of the Messara restructuring, was any discussion on the issue that additional funding for the industry would arise from additional gambling.

Somewhat ironically, for a sector that has a statutory monopoly as well as other concessional treatment, reference was made in the 2019 Racing Industry Bill to a need to "take a more commercial orientation".¹²⁵ Notwithstanding this suggestion, there was nothing in the Bill to suggest that the TAB or the racing industry was adopting more commercial settings.

At the time of the Messara report, the New Zealand Racing Board paid betting levies to the government of around \$13 million per annum.¹²⁶ The Messara report recommended repeal of the betting levy, because the thoroughbred code was making losses. Further justification for the repeal was that it would send a clear signal of Government support for the racing industry and its recognition of the importance of the industry to the New Zealand economy; and that it was in the Government's interest to revitalise the racing industry as this would lead to increased employment and the industry's contribution to the economy. However, levies and taxes are based on activity, not whether that activity is profit or loss making. It is unclear why the Government needed to send a clear signal of further support to the industry: the historic and current preferential regulatory regime achieved this. Moreover, as will be discussed later in this article, other industries have the potential to contribute more to the economy, but without the concomitant harm that is generated from gambling. Nonetheless, the betting levy was repealed.¹²⁷ As noted in the previous section, this returned \$14.4 million to the industry in 2024, "at a direct cost to the Crown".¹²⁸

In addition, and from the Messara report, offshore charges were introduced that were intended to provide revenue to the racing industry – these were the Betting Information Use Charge (discussed in the previous section) and Point of Consumption Charges. These were payable by offshore betting operators on racing and sporting events by people resident in New Zealand. Point of Consumption Charges were levied at 10%, but collected very little revenue, as shown in Table 7 and are now no longer relevant under the extended monopoly provided to TAB NZ.

Table 7: Revenue return for Point of Consumption Charges for offshore betting on racing and sporting events: 1 July 2021 to 31 December 2023¹²⁹

Revenue return	Total
1 July – 31 December 2021 (half year)	\$1,993,000
1 January – 31 December 2022	\$3,808,000
1 January – 31 December 2023	\$4,241,000

Messara recommended that the racing industry should be self-regulating and “have a clear and unambiguous relationship with its wagering arm which should be free to focus its endeavours totally on wagering, gaming and broadcasting”.¹³⁰ This was also achieved.

The Messara report addresses the issue of underfunding of racecourse infrastructure assets. The report recommends consolidation of these assets, and part-funding from the New Zealand Government’s Provincial Growth Fund.¹³¹ Funding from the Provincial Growth Fund was provided of \$18 million.¹³²

The Messara report starts from the position that more gambling is desirable. The report makes frequent comparison with Australia’s preferable gambling settings, with concomitant commentary that New Zealand’s gambling is less than Australia’s, with an underlying assumption that more gambling is better.

Despite government support and concessional regulatory environment, by early 2023 TAB NZ was reporting declines in revenue due to offshore competition.¹³³ This resulted in the adoption of another Messara report recommendation: a strategic partnership.

Entain PLC

On 1 June 2023, a 25-year strategic partnership commenced between the TAB and Entain PLC (Entain), one of the world’s largest sports and gaming betting organisations. This change arose from the 2018 Messara report. The primary driver behind the strategic partnership appeared to be insufficient capital to allow effective competition with increasing international offerings, which in turn was impacting on the TAB’s ability to fund the racing industry.¹³⁴

Entain is a FTSE100 company that includes well-known betting brands such as Ladbrokes. The partnership resulted in specific investment in women’s sport of \$500,000, plus a \$5 million agreement for harm minimisation.¹³⁵ However, most of the funding is allocated to racing, with guaranteed payments of at least \$150 million per annum for the first five years, plus a one-off upfront payment of \$150 million. In return, Entain benefits from the monopoly held by TAB NZ, with a 50/50 profit sharing arrangement.

An additional \$100 million was offered by Entain if the government legislated to block New Zealanders from using overseas gambling operators: Entain estimated 30% of the New Zealand betting market was lost to offshore operators.¹³⁶ In June 2025, legislation passed that created a TAB NZ/Entain partnership monopoly for land based and online sports and racing gambling in New Zealand. While this payment for a specific outcome is not illegal, it creates a perception that money can purchase an outcome that is not only beneficial to a specific organisation but is detrimental to at least some in society.

One of the original conditions of granting the online monopoly to TAB NZ, was that it would remove its licence to operate electronic gaming machines, i.e. the over 400 machines that were

in TAB facilities.¹³⁷ However, at a later date and after challenge from the TAB, the Minister of Racing permitted the TAB to retain all the electronic gaming machines.¹³⁸ As noted in the previous section, returns from electronic gaming machines in TAB premises are mostly returned to the racing industry and are the most harmful form of gambling.

The commercial partnership operates with TAB NZ and Entain New Zealand; a newly created subsidiary that will run the day-to-day operations of TAB NZ. This partnership has “secured the industry’s funding in the medium term”.¹³⁹ The 25-year strategic partnership delegates the functions of betting and broadcasting to Entain, while TAB NZ is the regulatory body responsible for overseeing Entain NZ.¹⁴⁰ Sporting organisations that provide content for betting to Entain will receive revenue from Entain. Decisions around distributions to the racing codes remain with TAB NZ.¹⁴¹ There is no opportunity for government involvement in TAB operations.¹⁴²

The advantages to Entain from these arrangements include:

- “unrestricted and accelerated entry into a regulated market with an estimated wagering revenue pool of NZ\$600m”.
- the opportunity to launch a “new digital only sister brand”.¹⁴³
- NZ\$2.5 billion or more in betting turnover.
- 35% increase in the betting market over the five-year period from 2023 to 2028, assuming successful enforcement of geo-blocking legislation.¹⁴⁴

Then Minister for Racing, at the time, Kieran McAnulty, is cited in the media as saying that the TAB “would have fallen over within the next three years had Entain not stepped in to take this operation over”.¹⁴⁵ However, it is difficult to assess how the same situation is not being pushed out to 2028, when minimum guaranteed payments from Entain cease. The partnership arrangement provides for a minimum income guarantee for five years, leaving another 20 where New Zealand racing gamblers will be providing returns to Entain shareholders.

Entain has several scandals to its name, including:

- In 2023, Entain settled a case involving bribery offending at the entity’s Turkish operation. They agreed to pay a penalty of £585 million, plus £10 million to the UK’s Crown Prosecution Service and His Majesty’s Revenue and Customs (the British tax authority) and to make a £20 million charitable donation.¹⁴⁶
- In August 2022, Entain was fined £17 million for social responsibility and anti-money laundering failures.¹⁴⁷ This followed a £5.9 million penalty fine in July 2013 for systemic failings at Ladbrokes Coral resulting in customer harm and not preventing money laundering.¹⁴⁸
- In 2019 and 2021, fines were applied in Australia for offering bonuses to potential customers. The entity received the maximum penalty of almost A\$27,000 on each occasion.

In June 2023 in New Zealand, within a week of the arrangement receiving ministerial approval, media reported that Entain appeared to have breached the Gambling Act.¹⁴⁹

Discussion

Over 30 years ago, a Department of Internal Affairs publication wrote: “Much gaming law in New Zealand and overseas requires profits from gaming to be applied to community or charitable purposes. An historic exception has been the Racing Industry where profits have been retained within the industry”.¹⁵⁰ This ability to redistribute gaming machine profits to the

racing industry remains. However, more recent preferential treatment for the racing industry includes:

- Repeal of betting levies that are now distributed to the racing industry.
- An extension of the sports and racing betting monopoly to include online gambling on these activities.
- Retention of electronic gaming machines at TAB facilities, despite agreement that these would be removed under the new strategic partnership.
- Regulatory requirement that all betting profits must be distributed to Racing New Zealand and Sports and Recreation New Zealand.

Why is there preferential treatment of the racing sector?

There is an underlying assumption that gambling is a desirable activity. For example, Winston Peters, the current Minister of Racing, in discussing the Racing Industry Amendment Bill in June 2025 stated “we must continue to invest in our horse racing industry if we want to double the value to the economy, create more jobs, and match leading racing countries like Ireland... This is about protecting returns to the racing industry...”.¹⁵¹ It is not made clear in these statements that gambling will provide this investment. Not is it clear why the racing industry must be protected. However, it is clear from Parliamentary Debates that racing is viewed, both historically and contemporarily, as part of New Zealand’s culture (e.g. in 1881 “a sport which most of the eminent men of our country had indulged in” and in 2019 “the social benefits of coming together and enjoying a family day out at the races”).¹⁵²

There is a significant degree of political support for gambling. The Regulatory Impact Statement titled “Protecting TAB NZ’s [sic] from offshore online betting to ensure a sustainable racing industry” writes:

the objective of this proposal is to protect the sustainability [of the] racing industry over the long term, which is to be done by sustaining TAB NZ’s revenue stream. ... By long term sustainability we mean ensuring that the racing industry stays at least [emphasis in original] as big as it currently is in terms of economic contribution to the economy (adjusted for CPI) and numbers of industry employees; from the period 2028 (when minimum guaranteed payments in the Entain agreement cease) and onwards for the foreseeable future.¹⁵³

In response to the Messara report, discussed in the previous section, the New Zealand Treasury produced a document that noted the increasing competition facing the racing industry.¹⁵⁴ The report observes that the Government has committed to reform of the industry and that it is in the government’s interests to revitalise the racing industry. This was justified by leading to increased employment opportunities, support for provisional communities and an increase in the industry’s contribution to the economy. However, these arguments could be made for most industries in New Zealand. Further claims include that it will increase the Crown’s taxation revenue from the industry and the racing industry’s importance to the New Zealand economy. However, as noted above, this sector’s income is exempt and any additional tax will primarily come from electronic gaming machine duties and the problem gambling levy (i.e. increased tax revenue is the result of increasing gambling). The contribution to the economy is less than half a percent.¹⁵⁵

The justification for the extended monopoly provided to TAB NZ and Entain is to “enhance the long-term sustainability of New Zealand’s racing industry by making TAB NZ New Zealand’s sole provider for sports and race betting both on land and online”.¹⁵⁶ This protects the TAB from competition from offshore online betting for sports and racing which, as noted

by the Minister, pose “a significant threat to the TAB NZ model”.¹⁵⁷ There is a question here about why, if the government is in favour of wagering on racing, they would not support a competitive industry for racing, particularly as gamblers would receive better value from offshore operators.¹⁵⁸

The current, and prior, Ministers of Racing have gone to lengths to protect the industry. It is clear there was some urgency with the introduction of the extended monopoly. Throughout the Regulatory Impact Statement there is reference to timing constraints with “Ministerial expectations” being one of the reasons for the need for the changes “to be implemented as quickly as possible”.¹⁵⁹ No other regulatory or non-regulatory options were considered, and no public or stakeholder consultation occurred on the option to extend TAB’s land based monopoly to the online environment.¹⁶⁰ Unsurprisingly, “TAB NZ and the racing codes are highly supportive of TAB NZ having an online monopoly”.¹⁶¹ The Regulatory Impact Statement also observes that estimates provided by TAB NZ about the size of the offshore sports and racing betting market are “not in line with our projections” and the estimates provided by TAB NZ were not independently verified.¹⁶²

The protectionist approach to the racing sector is at odds to the market-driven ideology that typically informs New Zealand policy. Indeed, the Regulatory Impact Statement writes that it is difficult to assess if Entain can grow TAB NZ’s market share and revenue sufficiently to maintain the levels of return after 2028 when the guaranteed return ends “particularly without increased protection from the substantial and currently legal operations of offshore competitors”.¹⁶³

Harm to gamblers

Why does an industry that is shored up by gamblers and, to a large extent, problem gamblers, attract protectionist behaviour? The recent extension of TAB NZ’s gambling monopoly is a good example of this protection. The argument for the online monopoly for sports and racing betting is supported with the claim that people gambling with overseas operators would not have the same harm minimisation practices in place. However, this argument is hard to sustain as there is evidence to suggest that TAB NZ’s new partner – Entain – has a poor track record of harm minimisation, as outlined above. Moreover, a report from the Gambling Commission reports that the Commission:

was not provided with evidence that the Ministry’s Strategy and Service Plans have achieved the most basic outcome of preventing and minimising harm, nor that the current Strategy has had a substantial impact on the level of gambling harm in New Zealand.¹⁶⁴

The Gambling Commission also observed the absence of a monitoring and reporting framework for the strategy, meaning “that it is not clear to the Commission or its expert what aspects of the Ministry’s Strategy are working and what are not”.¹⁶⁵

Recent international research suggests that many of the existing tools to help problem gamblers are of little use.¹⁶⁶ The suggestion has been made that “limiting the availability and convenience of the most harmful gambling products, such as EGMs [electronic gaming machines] and certain forms of wagering” is the most effective harm-reduction measure at the population level.¹⁶⁷ The government recently had the opportunity to remove electronic gaming machines from TABs, but instead decided to allow these to be retained, to the direct disadvantage of some in society.

The industry does not cover the cost of the harm generated from gambling.¹⁶⁸ While it can be argued that gambling is just another form of entertainment, other forms of entertainment are not tax preferred and do not generate harm to the same extent as gambling. Moreover, the focus of recent changes is directed towards increasing gambling and, in turn, is likely to result in increased harm.

Economic benefits

While the racing sector creates jobs, most industries create jobs and economic value. There has been no evidence provided to establish why the sector is more deserving of preferential treatment than other sectors. It appears to be unsustainable in a competitive environment. Instead of allowing for a market-based solution, successive governments have artificially propped up the sector. Moreover, there does not appear to have ever been questions asked about whether ensuring sustainability of the industry is the best use of government funds, with recent proposals noted by officials to be rushed and without consideration of alternatives.¹⁶⁹ There is no evidence of any form of cost-benefit analysis that would justify the special treatment afforded to the sector.

The claims of importance of the racing industry appear overstated. In July 2023, Racing New Zealand and TAB NZ commissioned a study into the size and scope of racing in New Zealand, reporting that the industry contributed gross value-added to the New Zealand economy of \$1.876 billion in 2022, less than half of one percent of GDP at the time.¹⁷⁰ The racing industry is defined as “covering the full spectrum of activities” associated with horse (and greyhound) racing, including wagering.¹⁷¹ However, wagering is not reported, as this is used by racing clubs to fund their operations, so funds received from betting are instead reported as expenditures, such as wages, advertising and operations.¹⁷² Therefore, while \$1.4 billion is reported as expenditure, it would be more accurate to describe this as the proceeds from gambling.

One of the purposes of the Gambling Act 2003 is to “ensure that money from gambling benefits the community”.¹⁷³ However, TAB NZ may distribute almost all their profits back to their own industry rather than broader community interests. While sports and recreation are a permitted distribution, around 98% of distributions go to the racing sector.

Electronic gaming machines are known to be the most harmful form of gambling.¹⁷⁴ The majority of the corporate societies that operate these machines are required to redistribute at least 40% of their proceeds for “authorised purposes” which means for “charitable purposes or non-commercial purposes that have community benefits”.¹⁷⁵ However, the racing industry is a special “authorised purpose” – and it is the only sector that is – for “promoting, controlling and conducting race meetings”.¹⁷⁶ There is no requirement for funds to be returned to the community where they were taken from – or even to the community. Moreover, it is well established that Māori and Pasifika communities will bear a disproportionate burden of harm.¹⁷⁷ An unanswered question is why TAB NZ is not required to benefit the community in the same way as other gambling operators.

Some may argue that TAB NZ and the racing industry are no different from any other not-for-profit that is established to support a particular activity. However, most not-for-profits, especially those seeking tax exempt status, are required to have a charitable purpose, which includes “relief of poverty, the advancement of education or religion, or any other matter beneficial to the community”.¹⁷⁸ Thus, they are substantially different from the racing industry, which is known to do harm to individuals and communities. Moreover, not-for-profits do not

benefit from the significant regulatory protection that gambling has attracted. The TAB was originally intended to be a not-for-profit that primarily funded the racing industry. However, Entain – a private enterprise – now gains from the monopoly historically held by the TAB, plus the extended monopoly more recently granted.

Additional support for the racing sector can only be achieved through increased gambling. However, this important point is absent in the political debates on improving outcomes for the industry. This article makes a case for a more transparent and analytical approach on how decisions are made relating to regulation of the racing sector.

Conclusion

As gambling options broaden, people have moved away from traditional betting options, such as horse or greyhound racing. As a result, the New Zealand Government has implemented several measures to shore up the gambling industry. The racing industry is highly dependent on the proceeds of gambling and the financial viability of TAB NZ is critical to the sustainability of the industry.¹⁷⁹ Therefore, without government support and the ability to return most profits to the sector, the industry would be unviable. This raises questions about the role of the state in artificially shoring up an entire sector that is reliant on gambling, a harmful activity.

The problem that the government is trying to address is the financial sustainability of the racing industry in New Zealand and, by extension, TAB NZ. Over time, the racing industry has demonstrated that it is not financially viable. Yet, it has continued to receive preferential treatment and financial support from the state, and even with the ability to keep all its profits and return these to the sector, it continues to receive preferential regulatory treatment, in the form of an extended statutory monopoly and greater self-regulation.

The article set out to examine why the racing industry receives preferential regulatory treatment. The supportive political environment informs “how” this occurred, but the “why” remains elusive. The absence of transparency of the arrangements does not assist with understanding why the current regulatory regime for racing exists. Perhaps this absence of transparency is sufficient to support a call for greater public justification of the preferential regulatory settings for this industry.

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³ “Understanding Gambling in the Community” Department of Internal Affairs, accessed 7 July 2025, <https://www.dia.govt.nz/Gambling-territorial-authorities-policy-review-process-understanding-gambling-community>.

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⁵ TAB is now known as TAB NZ. Both terms are used in this article, with TAB used up until 2020 and TAB NZ after this time.

⁶ Radio New Zealand, “Problem Gambling Council Asks Government to do more to Minimise Harm”, September 4, 2024, <https://www.rnz.co.nz/news/national/527054/problem-gambling-council-asks-government-to-do-more-to-minimise-harm>.

⁷ David Grant, *Two over Three on Goodtime Sugar: The New Zealand TAB turns 50* (Victoria University Press, 2000). See also Parliamentary Debates from the third reading of the Racing Industry Amendment Bill 2025, “Racing Industry Amendment Bill – Third Reading,” New Zealand Parliament, 24 June 2025.

⁸ “HRNZ endorses Winston Peters’ call to make “Racing Great Again”, Harness Racing New Zealand, accessed 7 July 2023, <https://www.hrnz.co.nz/news/hrnz-endorses-winston-peters-call-to-make-racing-great-again/>.

⁹ Grant, *Two over Three*.

¹⁰ Grant, *Two over Three*.

¹¹ NZ Government, *Royal Commission to Inquire into and Report upon Gaming and Racing Matters in New Zealand* (Government Printer H-23, 1948).

¹² Grant, *Two over Three*.

¹³ Grant, *Two over Three*.

¹⁴ Gaming Duties Act 1971 s 4.

¹⁵ Racing Act 1971, s 42.

¹⁶ Statistics New Zealand, *New Zealand Official Year-Book 1988-89* (Statistics New Zealand, 1989).

¹⁷ Statistics New Zealand, *New Zealand Official Year-Book 1997* (Statistics New Zealand, 1998).

¹⁸ Grant, *Two over Three*.

¹⁹ Statistics New Zealand, *New Zealand Official Year-Book 1993* (Statistics New Zealand, 1994).

²⁰ Parliamentary Debates, vol 524, 1992, 8310.

²¹ Statistics NZ, *New Zealand Official Yearbook 1996* (Government Printer, 1996).

²² Statistics NZ, *New Zealand Official Yearbook 1996*.

²³ Statistics New Zealand, *New Zealand Official Yearbook 1999* (Statistics New Zealand, 2000).

²⁴ Cox, Hurren and Nana, *A proposed approach*.

²⁵ Cox, Hurren and Nana, *A proposed approach*.

²⁶ Martin Tolich, “Against the Odds: The TAB and the sunset of the horse-racing industry” in Bruce Curtis (ed) *Gambling in New Zealand* (Dunmore Press, 2002) 194.

²⁷ Racing Act 2003 s 7(1). Racing Industry Act 2020, s 54(2).

²⁸ Tomi Roukka and Anne H. Salonen, “The winners and the losers: Tax incidence of gambling in Finland,” *Journal of Gambling Studies* 36, no. 4 (2020): 1183-1204.

²⁹ ACT Government, *Gambling Expenditure in the ACT (2014): By level of problem gambling, type of activity, and socioeconomic and demographic characteristics* (Australian National University, 2016).

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³³ Tilman Lesch and Luke Clarke, *Online Gambling in British Columbia: A Descriptive Report on Gambling Participation on the PlayNow.com Platform. Report to the BC Government, Gaming Policy and Enforcement Branch (GPEB)* (British Columbia Government, 2017).

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³⁵ Ministry of Health, *New Zealand Gambling Survey* (Ministry of Health, 2025).

³⁶ Department of Internal Affairs, “Understanding Gambling”.

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<https://www.gamblingcommission.gov.uk/about-us/guide/page/perceptions>. This survey research finds that 82% of respondents think there are too many opportunities for gambling and 70% believe gambling is dangerous for family life.

³⁸ T Thimasarn-Anwar, H Squire, H Trowland and G Martin, *Gambling report: Results from the 2016 Health and Lifestyles Survey* (Health Promotion Agency Research and Evaluation Unit, 2018).

³⁹ Grant, *Two over Three*. David Grant, “The Nature of Gambling in New Zealand: A brief history,” in *Gambling in New Zealand*, ed. Bruce Curtis (Dunmore Press, 2002).

⁴⁰ Parliamentary Debates, vol 38, 1881, 281.

⁴¹ Parliamentary Debates, vol 524, 1992, 8310 and 8313.

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⁴⁵ Gambling Act 2003, s 33.

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⁵⁰ Gaming and Lotteries Act 1977 s 2.

⁵¹ Gambling Act 2003, s 3.

⁵² Department of Internal Affairs, “Regulatory System Information”.

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⁵⁵ Ministry of Health, *New Zealand Gambling Survey*.

⁵⁶ Ministry of Health, *New Zealand Gambling Survey*.

⁵⁷ Ministry of Health, *New Zealand Gambling Survey*.

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⁵⁹ Ministry of Health, *New Zealand Gambling Survey*.

⁶⁰ “Safer Gambling Aotearoa,” Health New Zealand – Te Whatu Ora, accessed 1 July 2025,

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⁶⁵ Ministry of Health, *New Zealand Gambling Survey*.

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⁷⁰ Shanti Mathias, “Sinking Lids and Rising Profits: The problem with pokies” June 25, 2024, <https://thespinoff.co.nz/society/25-06-2024/sinking-lids-and-rising-profits-the-problem-with-pokies>.

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⁷⁴ Cox, Hurren and Nana, *A Proposed Approach*. See also Ward, McIvor and Bracewell, “The Geographic Distribution”.

⁷⁵ Gambling Act 2003, s 4(1) definition of authorised purpose.

⁷⁶ For example, in Finland. Roukka and Salonen “The winners and the losers”.

⁷⁷ Income Tax Act 2007, s CW 47.

⁷⁸ Income Tax Act 2007, s CW 46.

⁷⁹ Income Tax Act 2007, s CW 48.

⁸⁰ Gambling Act 2003, s 264.

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⁸⁴ Obtained under Official Information Act 1982 request to Inland Revenue, received 17 February 2025.

⁸⁵ Gaming Duties Act 1971, s 12A.

⁸⁶ Gaming Duties Act 1971, s 12M.

⁸⁷ Gaming Duties Act 1971, s 12C.

⁸⁸ An OIA request was made to Inland Revenue for the amounts of taxes collected under the different gaming duties, but was advised that this could not be provided “as making the requested information available would be contrary to the provisions of a specified enactment, namely Inland Revenue’s confidentiality obligation in section 18 of the Tax Administration Act 1994”. Obtained under Official Information Act 1982 request to Inland Revenue, received 17 February 2025.

⁸⁹ Gaming Duties Act 1971, s 12U.

⁹⁰ Inland Revenue, *Offshore Gambling Duty* (Inland Revenue Te Tari Taaka, 2024).

⁹¹ “Proactive Release of Cabinet Material about the Betting Duty Savings and Point of Consumption Charge Distributions Regulations, 1 October 2021,” Department of Internal Affairs, accessed 7 July 2025, [https://www.dia.govt.nz/diawebsite.nsf/Files/Proactive-releases/\\$file/Cabinet-material-about-the-Betting-Duty-Savings-and-the-Point-of-Consumption-Charge-Distribution-Regulations.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Proactive-releases/$file/Cabinet-material-about-the-Betting-Duty-Savings-and-the-Point-of-Consumption-Charge-Distribution-Regulations.pdf).

⁹² Department of Internal Affairs, “Proactive Release of Cabinet Material”.

⁹³ “Betting Levy Repealed,” New Zealand Government, accessed 5 July 2025, <https://www.beehive.govt.nz/speech/betting-levy-repealed>.

⁹⁴ TAB, *TAB New Zealand Annual Report 2024* (TAB, 2025) 42.

⁹⁵ Racing Industry (Distribution from Betting Profits) Regulations 2021, s 5.

⁹⁶ Department of Internal Affairs, “Proactive Release of Cabinet Material”.

⁹⁷ Department of Internal Affairs, “Proactive Release of Cabinet Material”.

⁹⁸ TAB, *TAB New Zealand Annual Report*.

⁹⁹ “Racing Act Changes to Boost Racing Industry Sustainability,” New Zealand Government, accessed 18 June 2025, <https://www.beehive.govt.nz/release/racing-act-changes-boost-racing-industry-sustainability>.

¹⁰⁰ Initially the TAB was a “body corporate, having perpetual succession”. Gaming Amendment Act 1949 (1949 No 32) s 3(1). Under s 9(1) of this act the New Zealand Racing Conference and the New Zealand Trotting Conference were to submit to the Minister of Internal Affairs, a scheme for the functions and powers of the Board (i.e. the TAB). This arrangement continued under the Racing Act 1971 s 62.

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¹⁰² Parliamentary Debates, vol 743, 2019, 15692.

¹⁰³ Racing Industry Act 2020.

¹⁰⁴ Racing Industry Amendment Bill. This passed its third reading on 24 June 2025.

¹⁰⁵ It has been supported by the National Party, the Labour Party, the ACT Party, the Green Party and NZ First.

¹⁰⁶ Section 3(a)(ii)-(iv).

¹⁰⁷ Department of Internal Affairs, *Briefing to the Incoming Minister*.

¹⁰⁸ Department of Internal Affairs, *Briefing to the Incoming Minister*.

¹⁰⁹ Department of Internal Affairs. *Guide: Pokies in New Zealand. A guide to how the system works*. (Department of Internal Affairs, 2015).

¹¹⁰ TAB, “FY 24 Approved ‘Sports’ Authorised Purpose Distributions for the year to 31 July 2024” (TAB, 2024).

¹¹¹ TAB, “FY 24 Approved ‘Sports’ Authorised Purpose”, 7.

¹¹² TAB, *TAB New Zealand Annual Report*.

¹¹³ “Review of Racing Industry,” New Zealand Government, accessed 16 June 2025, <https://www.beehive.govt.nz/release/review-racing-industry>.

¹¹⁴ John Messara, *Review of the New Zealand Racing Industry* (Department of Internal Affairs, 2018) 5.

¹¹⁵ Messara, *Review of the New Zealand Racing Industry*, 7.

¹¹⁶ Messara, *Review of the New Zealand Racing Industry*, 5.

¹¹⁷ Messara, *Review of the New Zealand Racing Industry*, 7.

¹¹⁸ Messara, *Review of the New Zealand Racing Industry*, 8.

¹¹⁹ New Zealand Treasury, *Regulatory Impact Assessment: Protecting TAB NZ’s from offshore online betting to ensure a sustainable racing industry* (New Zealand Treasury, 2024).

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¹²³ Parliamentary Debates, vol 746, 2020, (online) and vol 743, 2019, 15688.

¹²⁴ Parliamentary Debates, vol 747, 2020, 18790.

¹²⁵ Parliamentary Debates, vol 743, 2019, 15688.

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¹²⁷ New Zealand Government, “Betting Levy Repealed”.

¹²⁸ Department of Internal Affairs, *Racing Industry Reforms*, 3.

¹²⁹ Obtained under Official Information Act 1982 request to the Department of Internal Affairs, received 16 April 2024.

¹³⁰ Messara, *Review of the New Zealand Racing Industry*, 13.

¹³¹ Messara, *Review of the New Zealand Racing Industry*, 68.

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¹⁵² Parliamentary Debates, vol 38, 1881, 281 and vol 739, 2019, 12188.

¹⁵³ New Zealand Treasury, *Regulatory Impact Assessment*, 4.

¹⁵⁴ New Zealand Treasury, *Regulatory Impact Assessment*.

¹⁵⁵ New Zealand’s GDP in 2019 was approximately \$350 billion. Figures cited at the time were that the racing industry contributed \$1.6 billion to GDP. Messara, *Review of the New Zealand Racing Industry*. This calculates to 0.457%.

¹⁵⁶ New Zealand Government, “Racing Act Changes”.

¹⁵⁷ New Zealand Government, “Racing Act Changes”.

¹⁵⁸ New Zealand Treasury, *Regulatory Impact Assessment*, 4, 12. The Regulatory Impact Statement writes that many of the “offshore operators are larger than TAB NZ (with greater product range and better odds”. In addition, offshore operators offer sign-up bonuses and provide platforms that offer different types of gambling.

¹⁵⁹ New Zealand Treasury, *Regulatory Impact Assessment*, 8.

¹⁶⁰ New Zealand Treasury, *Regulatory Impact Assessment*, 6.

¹⁶¹ New Zealand Treasury, *Regulatory Impact Assessment*, 7.

¹⁶² New Zealand Treasury, *Regulatory Impact Assessment*, 7.

¹⁶³ New Zealand Treasury, *Regulatory Impact Assessment*, 12.

¹⁶⁴ Gambling Commission, *Report on the Proposed Problem Gambling Levy: 2025-2028* (Gambling Commission, 2025) 3. The report recommends no increase to the problem gambling levy as the previous allocated budget was not spent.

¹⁶⁵ Gambling Commission, *Report on the Proposed Problem Gambling Levy*.

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¹⁶⁷ Rockloff et al., *2024 ACT Gambling Survey*; A Russell, M Browne, N Hing, M Rockloff, P Newall, N Dowling, S Merkouris, D King, M Stevens, A Salonen, H Breen, N Greer, H Thorne, T Visintin, V Rawat and L Woo, “Electronic gaming machine accessibility and gambling problems: A natural policy experiment,” *Journal of Behavioral Addictions* 12, no. 3 (2023): 721-732.

¹⁶⁸ See, for example, the Salvation Army submission on the problem gambling levy. Gambling Commission, *Report on the Problem Gambling Levy 2022-2025* (Gambling Commission, 2022) 13.

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¹⁷⁸ Charities Act 2005, s 5(1).

¹⁷⁹ Department of Internal Affairs, “Racing Policy”.