

Submission on the Online Casino Gambling Bill

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Submitter details

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Submission

Introduction

1. Recreation Aotearoa is the professional association and industry organisation responsible for providing leadership, advocacy, and professional development opportunities for those involved in the broader recreation sector. We work at an agency, industry, and professional level to build capability, develop partnerships, and equip individuals and organisations with the skills they need to deliver high-quality recreation experiences that engage participants.
2. The Recreation Aotearoa membership includes recreation policy makers, territorial local authorities, voluntary organisations, regional sports trusts, outdoor recreation providers, and others involved in the delivery of recreation throughout New Zealand.
3. Our mission is enhancing wellbeing through recreation.
4. Recreation Aotearoa believes recreation is vital to New Zealand society. Recreation is not just about enjoyment. It is about being healthy, engaged and stimulated, having fun, and interacting with others, whether through outdoor recreation, community recreation, or aquatic and facility-based recreation. Recreation is a major contributor to the physical and mental health of individuals, and to the resilience of our communities.

General Comments

5. Recreation Aotearoa acknowledges the Government's objective to regulate online casino gambling, an area currently unregulated in New Zealand, to establish a safer and compliant market. We recognise that the intent of the legislation, which aims to protect consumers, minimise harm, and limit opportunities for crime, is reasonable and sensible.

Concerns Regarding Community Funding

6. However, Recreation Aotearoa takes issue with a critical aspect of the proposed Online Casino Gambling (OCG) Bill: its failure to ensure that a share

of the legal revenues from online casino gambling is set aside for communities, including active recreation. For approximately 50 years, New Zealand's political parties have upheld the principle that if gambling remains legal, a portion of its revenues must be allocated to communities, including community sport. This principle is enshrined in the purpose statement of the Gambling Act 2003, which is why gaming trusts are mandated to distribute a percentage of their annual revenues to communities, and Lotto and the TAB have similar obligations.

7. The current draft OCG Bill, introduced without significant consultation with impacted communities, imposes zero obligation on online casino operators to provide for communities. This is occurring at a time when active recreation and other community organisations are struggling to remain financially sustainable. The costs of operating are steadily rising due to inflation, sponsorship money is scarce, membership numbers are difficult to maintain, and local government support is declining.
8. Furthermore, the shift to online gambling is already starting to reduce gaming trust revenues, a trend expected to increase over the next few years. If proceeds from gaming trusts decline, and there is no financial contribution from online gambling to communities, the future financial sustainability of active recreation organisations faces a major threat. This vital source of funding for community active recreation will disappear without any replacement. While the Department of Internal Affairs states that licensed online casino gambling operators will not be required to make community returns, citing concerns about dependency and high taxation, this stance overlooks the significant good these funds achieve for communities.
9. The grants received from gaming trusts are an economic reality for community active recreation organisations, many of which are run by volunteers. These grants are essential to maintaining a healthy active recreation environment, enabling wider community participation, improving resources, and making participation more affordable. Active recreation, much like sport, is central to the Government's mission to counter physical inactivity and improves mental and physical wellbeing, youth engagement, and community connection.
10. While the Bill in its current form may appear to offer a short-term increase in government revenue through licensing fees, duties, GST, and problem

gambling levies, Recreation Aotearoa asserts that this approach overlooks significant long-term costs. By failing to require a substantial portion of online casino gambling revenues to be reinvested into communities, particularly active recreation, the Government risks undermining the very foundations of public health and social cohesion. As active recreation organisations, already struggling with rising costs and declining traditional funding, lose this vital financial support, their capacity to deliver crucial services that promote physical and mental wellbeing, youth engagement, and community connection will diminish. Ultimately, any short-term fiscal gain will be offset by increased governmental expenditure in areas such as healthcare, social support services, and addressing societal issues exacerbated by reduced community participation and physical inactivity.

11. If the Online Casino Bill is passed in its current format, online casinos will directly compete with and divert funds from community-based gaming. The profits from these online casinos will largely be repatriated to private shareholders, many of whom are based offshore, leading to a loss of potential community benefit.

Recommendations

12. Recreation Aotearoa strongly advocates for the Bill to embed the long-standing principle from the Gambling Act 2003 (and the 1977 Gaming and Lotteries Act before it) that "Gambling should benefit the community".
13. To uphold this principle, we recommend that the Online Casino Gambling Bill must include a requirement that a substantial portion of revenue from online casino gambling is shared with communities, especially active recreation. This will ensure that active recreation organisations, which are already facing financial pressures, continue to receive the necessary support to deliver vital services and opportunities across New Zealand.
14. Recreation Aotearoa looks forward to discussing our submission during oral hearings.