

Submission on the Online Casino Gambling (OCG) Bill

From: Community Networks Aotearoa

Introduction

Community Networks Aotearoa (CNA) welcomes the opportunity to submit on the Online Casino Gambling (OCG) Bill.

CNA is the national umbrella organisation for local, regional, and national community networks across Aotearoa New Zealand. Our members support thousands of grassroots organisations working in social services, community development, health, education, arts, culture, sport, environment, and more. These groups play a vital role in building strong, connected communities and supporting the wellbeing of New Zealanders across all regions and demographics.

We support the Bill's intent to regulate currently unregulated online casino gambling and to reduce gambling harm. However, we are deeply concerned that the Bill, as currently drafted, omits a critical principle that has long underpinned public acceptance of gambling in New Zealand: the obligation to return a share of gambling proceeds to the community.

Without this safeguard, the Bill risks weakening the social contract that justifies gambling's legal status—and further eroding the already-declining funding available to community, cultural, sporting, environmental, and social service organisations.

Summary of Recommendations

We strongly recommend that the OCG Bill be amended to:

1. Include a clear and explicit purpose statement, aligned with the Gambling Act 2003, stating:
"... to ensure that money from gambling benefits the community."

2. Require that a fixed percentage of gross revenue from OCG licensees be quarantined for distribution to community purposes—including, but not limited to, sport, arts, culture, heritage, environment, and charitable causes. This should align with the current 40% requirement for Class 4 operators.
3. Require that this percentage be reviewed at regular intervals (e.g. every three years) to maintain real value against inflation and rising sector costs.
4. Establish a fair and accessible distribution mechanism, modelled on the strengths of the current Class 4 system, which enables both large and small organisations to apply directly. Existing systems could be leveraged to minimise administrative burden and maximise community impact.
5. Ensure that advertising regulations for OCG licensees match those applied to Class 4 operators, creating a level regulatory playing field.

Rationale for Legislative Change

a. Preserving New Zealand's Social Contract on Gambling

For nearly 50 years, New Zealand law has recognised that while gambling causes harm, it must also return tangible benefits to the community. This principle—enshrined in the 1977 Gaming and Lotteries Act and carried forward in the Gambling Act 2003—has legitimised gambling operations by ensuring they contribute to public good.

The current draft of the OCG Bill breaks with this tradition. By legalising a new form of gambling without requiring a community return, it introduces an inequitable and unsustainable funding model. It risks undermining public confidence in the regulatory system and stripping vital resources from the organisations that build resilience and wellbeing in our communities.

b. The Escalating Shift to Online Gambling

Evidence from NZIER, global markets, and domestic trends shows a rapid transition from land-based to online gambling. This shift is already having serious implications:

- Class 4 (pokie machine) revenue is declining.
- As a result, the funding available for community distribution is shrinking.

- Community organisations—especially those delivering sport, arts, culture, social services, and environmental initiatives—are losing critical support.

Without a replacement mechanism built into the OCG Bill, there will be no taxpayer-neutral way to replace this lost funding. Community organisations, many already stretched, will face reduced programming, increased costs to participants, and, in some cases, closure.

c. The Broader Community Impact

Community organisations are at the frontline of social wellbeing. They deliver services that promote inclusion, connection, identity, resilience, and mental and physical health. Whether through youth programmes, support for seniors, cultural events, local sports, or volunteer-led initiatives, these groups create the very conditions that help prevent and mitigate gambling harm.

Many of these organisations are already under immense pressure due to inflation, increasing demand, volunteer shortages, and flat or reduced funding. The OCG Bill must protect contestable, accessible funding for these sectors—not leave them more vulnerable.

A Unique Opportunity for Government Leadership

The OCG Bill presents a one-time opportunity to:

- Ensure equity between online and land-based gambling operators.
- Protect an essential, non-governmental source of funding for community wellbeing.
- Extend the principle of harm offset by benefit into the digital age.
- Future-proof the funding landscape for community organisations without imposing costs on the taxpayer.

If this opportunity is missed, the consequences will be long-term and deeply felt in the very communities this Bill is intended to protect.

Conclusion

Community Networks Aotearoa urges the Select Committee to make the following changes to the Online Casino Gambling Bill:

- Restore alignment with the Gambling Act 2003, by explicitly requiring gambling proceeds to benefit the community.
- Mandate a meaningful, fixed community return from OCG revenues.
- Implement a proven, fair, and flexible distribution system that mirrors the strengths of the Class 4 model.
- Apply consistent advertising standards across all gambling platforms to ensure fairness and minimise harm.

These changes are essential to maintain the integrity of New Zealand's gambling regulatory framework, sustain the health of our community sectors, and protect the wellbeing of people and whānau across Aotearoa.

Let's not allow digital gambling to erode a decades-old principle that has served this country well. With thoughtful amendment, this Bill can both reduce harm and support the organisations that help prevent it.

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