

Clubs New Zealand Submission – Online Casino Gambling Bill

To the Governance and Administration Committee.

Clubs New Zealand welcomes the opportunity to present this submission on the Online Casino Gambling Bill.

Clubs New Zealand wishes to appear before the committee to speak to our written submission.

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INTRODUCTION

Clubs New Zealand Incorporated represents over 300 member clubs across the country. Our member clubs operate in diverse communities, providing accessible, safe, and highly regulated environments where New Zealanders can socialise, play sports, and access affordable food and entertainment. Currently 139 of our member clubs operate Class 4 gambling under the Gambling Act 2003 and reinvest significant proceeds back into their facilities and local communities each year.

Clubs New Zealand while supportive of moves to regulate online gambling, opposes the Online Casino Gambling Bill and urges the Government to reconsider the introduction of this legislation. We believe that licensing online casino gambling as proposed will significantly undermine New Zealand's current gambling framework, which is built on principles of harm minimisation, community benefits, and strict regulatory oversight.

UNDERMINING THE OBJECTIVES OF THE GAMBLING ACT 2003

New Zealand's gambling framework is unique and purpose-built. The Gambling Act 2003 seeks to:

- Control the growth of gambling,
- Prevent and minimise gambling related harm,
- Ensure gambling is conducted fairly and openly,
- Limit opportunities from crime and dishonesty,
- Require gambling to benefit the community,
- Involve communities in decisions about the provision of gambling.

The Online Casino Gambling Bill, while purporting to include harm prevention measures, removes the critical requirement for proceeds to benefit New Zealand communities. It instead enables for-profit online gambling operators to extract funds from New Zealand communities without returning any benefit or local oversight. This is a fundamental departure from the values and controls embedded in the current legislation.

NO REINVESTMENT REQUIREMENT – COMMUNITIES WILL LOSE

Under current law, clubs operating Class 4 Gaming must return a minimum of 37.12% of gaming machine proceeds to authorised purposes. In clubs, this often supports:

- Club facility maintenance,
- Sporting teams, events, and uniforms,
- Welfare and community outreach,
- Grants to local schools, sports clubs, and other community groups.

The proposed licensing regime for online casino gambling does not require licence holders to return proceeds to the community or support any form of public good. The result will be a net transfer of gambling expenditure offshore or into private profits.

This poses an existential threat to clubs that rely on gaming income to fund local services, as gamblers shift their spend to more accessible online platforms with no local ties or obligations.

ESTIMATED SPEND ON OFFSHORE ONLINE GAMBLING

According to the Ministry of Health's Strategy to Prevent and Minimise Gambling Harm for 2025-2028, Inland Revenue data shows online gambling on offshore sites (all types) reached about \$342.5 million in net losses for the year to June 2023. This is likely an underestimation, as not all offshore operators pay GST or report accurately.

Estimates suggest online gambling is only going to grow in coming years, this growth is accelerated by digital access, smartphone use, and increased marketing by offshore platforms targeting New Zealand consumers. The primary focus of any online gambling regulation should be protecting New Zealanders from harm and ensuring that funds from gambling activities continue to be directed back into the community.

If the bill proceeds without a reinvestment requirement, over \$340 million and growing annually, will flow offshore with none of it returning to local communities. This risks significantly reducing the funds clubs contribute to welfare, sports, facilities and local initiatives.

ONLINE GAMBLING POSES GREATER HARM RISKS

Class 4 gambling is heavily regulated. Club staff must perform regular face to face monitoring of players, undertake harm minimisation training, intervene when signs of harm are observed (e.g. long play duration, frequent cash withdrawals), and keep detailed records of interactions and interventions.

In contrast, online gambling is available 24/7, anywhere, with little to no in-person observation or intervention. The Bill proposes a harm minimisation framework via regulation, but there is no practical mechanism for real-time monitoring or intervention equivalent to what is required in a club environment.

Furthermore, individuals who are identified as at-risk in physical venues can simply shift their gambling online – unmonitored, anonymous, and unaccountable.

COMMERCIALISATION AND PROFIT MOTIVE OVER PUBLIC INTEREST

The Bill allows up to 15 licences to be granted through a competitive process, including significant up-front fees, branding strategies, and marketing plans. This clearly introduces a profit-driven model into New Zealand's gambling ecosystem, one that is explicitly at odds with the public interest focus of the Gambling Act.

The ability for online operators to advertise, albeit under restrictions, further commercialises gambling and risks normalising high-risk gambling behaviours in new and vulnerable audiences.

LONG TERM IMPACT ON CLUBS AND COMMUNITIES

If enacted, this Bill risks:

- Eroding the revenue base for community clubs,
- Increasing gambling-related harm in New Zealand households,
- Shifting gambling oversight from community-rooted organisations to remote, potentially offshore operators,
- Accelerating the closure of local clubs.

Clubs provide more than entertainment, they are social hubs, support networks, and providers of affordable services. Removing their ability to sustainably fund operations will have broad social consequences.

CLUBS THAT RELY ON CLASS 4 GRANTS

While many of our member clubs operate Class 4 Gambling themselves, a significant number do not. These clubs, often smaller or in rural communities, rely on grants from Class 4 operators to sustain their services, maintain their facilities, and run community programmes and events.

Under the current regulatory model, funds are distributed by Class 4 societies are directed back into New Zealand communities, including sports teams, schools, marae, cultural organisations, volunteer services, and clubs that do not host machines but serve the same public good.

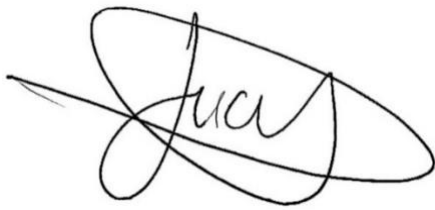
If the Online Casino Gambling Bill is enacted without a mandatory requirement for community reinvestment, these grants will be put at risk. As more gambling spend shifts online, Class 4 societies and clubs will face declining revenue. This will lead to fewer funds being available for distribution, directly impacting the ability of non-Class 4 clubs to maintain operations and deliver vital social benefits.

In short, the Bill not only impacts those who operate Class 4 gaming directly. It weakens the entire ecosystem of community funding that has underpinned sporting, cultural, and social initiatives across the country for decades.

CONCLUSION

Clubs New Zealand urges the Government to:

- Withdraw or significantly amend the Online Casino Gambling Bill,
- Maintain the principles of the Gambling Act 2003 for any online based gambling activities, particularly the requirement for community reinvestment,
- Ensure that any expansion of gambling (particularly online) includes stronger, not weaker, protections and obligations, at a minimum the harm minimisation requirements should be equivalent to non-Casino Class 4 Gambling regulations.
- Conduct further research into the long-term harm, economic displacement, and community impact of online gambling.

A handwritten signature in black ink, appearing to read 'Lucy', enclosed within a large, loopy oval shape.

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