

15 August 2025

Committee Secretariat
Governance and Administration Committee
Parliament Buildings
Wellington

Dear Members of the Governance and Administration Committee

Submission on behalf of the Manawatū District Council to the Online Casino Gambling Bill

The Manawatū District Council (MDC) thanks the Governance and Administration Committee for the opportunity to submit on the Online Casino Gambling Bill (“the Bill”). While MDC understands that it does not have any role or responsibilities under this Bill, it is still of interest given the social impacts of gambling. In addition, MDC made a commitment in response to submissions received on the 2024 review of its Gambling Venues Policy to advocate to central government for the adoption of a more sustainable, ethical, and transparent community funding system.

MDC generally supports the Bill. In particular, we support the establishment of a licensing regime for online casino gambling out of recognition that regulation will help to minimise gambling harm. MDC also supports the subsequent amendment to the Gambling (Problem Gambling Levy) Regulations 2025 that will require licenced operators of online gambling to pay the problem gambling levy at a rate of 1.24%. We note that this is the same problem gambling levy rate applies to gaming machine operators.

MDC’s Gambling Venues Policy

MDC has a responsibility under the Gambling Act 2003 and the Racing Industry Act 2020 to have a policy in relation to Class 4 gambling venues and TAB New Zealand venues. MDC’s Gambling Venues Policy includes controls on where new Class 4 gambling venues and TABs may locate, and imposes limits (via consents) on the number of gaming machines that may operate at each venue. Council adopted its current Gambling Venues Policy on 21 November 2024. Objectives of this Policy include:

- To ensure that the local community may continue to access funding from the proceeds of Class 4 gaming in the District;
- To have regard to the social impact of gambling within the Manawatū District, including the cumulative effects of additional opportunities for gambling; and
- To minimise harm from gambling, including problem gambling.

When reviewing its Gambling Venues Policy, MDC works with the community to ensure that appropriate controls are put in place to manage gambling venues in a way that balances the costs (in terms of problem gambling and social harm) with the benefits (the grant money distributed by those societies who own and operate the gaming machines to community groups, services, charities and sports groups in the Manawatū District).

MDC recognises that the responsibilities of local authorities only extends as far as the regulation of gaming machines and TABs and does not include online casinos. However, MDC is concerned about the cumulative social impact of all forms of gambling.

Figure 1 below is taken from MDC’s *Assessment of the Social Impact of Gambling 2024* that was a supporting document for the Gambling Venue Policy Review. This figure shows that 46% of clients seeking intervention services for problem gambling in the 2020 financial year identified “non-casino gaming machine gambling” as their primary gambling mode. However, 13% of clients (1,341 people across New Zealand) listed “other” as their primary gambling mode. Of this, 941 clients stated that overseas gambling was their primary problem gambling mode, the majority of which is likely to be online gambling.

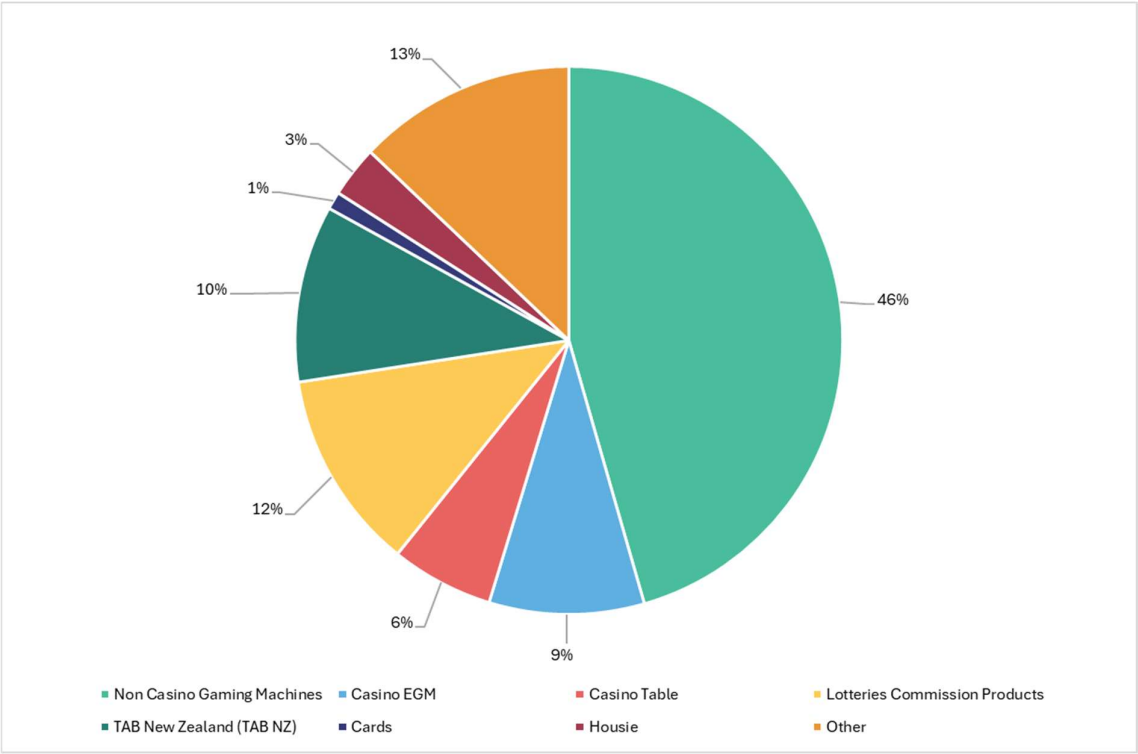


Figure 1: Gambling Interventions by Gambling Type

Feedback from the Manawatū community during our Policy review included concerns about online gambling that essentially happens “behind closed doors” and is therefore more difficult to recognise and support problem gamblers.

Distribution of Gambling Proceeds

MDC understands that the Department of Internal Affairs sets minimum allocation requirements for the proceeds from Class 4 gaming machines. Approximately 23% of proceeds is spent on fixed costs including government duties, levies and licensing fees. Of the remaining proceeds, Societies are required to allocate a minimum of 40% of gross proceeds (excl. GST) to authorised purposes (i.e. community grants). TAB New Zealand’s betting profits are distributed to the racing codes and for sports (NSOs/Sport NZ).

MDC understands that the Bill does not include any requirement for licensed online casinos to distribute any proceeds back into the community. There is therefore no benefit to communities from online casino gambling, only social harm.

Decision Sought:

1. That the Committee consider amending the Bill to include a requirement that licensed online casino operators distribute a portion of their net proceeds to authorised purposes, mirroring the requirements that apply to Corporate Societies under the *Gambling (Class 4 Net Proceeds) Regulations 2004*.

Community Funding Systems

MDC consulted on its draft Gambling Venues Policy from 22 August to 23 September 2024. It was clear through submissions received on the draft policy that many non-profit organisations rely on grants from corporate societies for their financial sustainability and that this funding benefits the community.

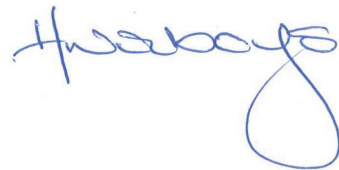
However, MDC also agreed with the submission from the Problem Gambling Foundation that the current community funding system is unethical and inequitable. As noted in the Problem Gambling Foundation's submission, there is a very strong redistributive effect from more deprived communities to less deprived communities when examining the origin of gambling machine proceeds and the destination of class 4 grants.

In the long-term, MDC would like to see the Government exploring alternative means of funding community grants and sporting organisations so as to reduce the reliance on the proceeds of gambling.

Decision sought:

2. That the Committee urge the government to investigate alternative community funding systems to reduce the reliance on the proceeds of gambling.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Helen Worboys', with a large loop at the end.

Helen Worboys, JP
Mayor