

15 August 2025

Governance and Administration Committee
By email: ga.legislation@parliament.govt.nz

Tēnā koutou katoa

Submission to: Governance and Administration Committee
Subject: Online Casino Gambling Bill
From: Arts Council of New Zealand Toi Aotearoa (Creative New Zealand)

Introduction

1. Creative New Zealand welcomes the opportunity to submit on the Online Casino Gambling Bill.
2. Creative New Zealand **does not** wish to be heard in support of this submission.
3. The key contact person for matters relating to this submission is:

Name: Elizabeth Beale
Position: Co-Manager, Policy & Performance
Email: elizabeth.beale@creativenz.govt.nz

Key points

4. While Creative New Zealand supports the proposed objectives of the Online Casino Gambling Bill (the Bill) – facilitating a safer and compliant regulated online casino gambling market, preventing and minimising gambling harm, limiting opportunities for crime and dishonesty, and providing protections for consumers – we have concerns about the exclusion of provision for licensed online casinos to make community returns under the Bill.
5. Our specific concerns are as follows.
 - The lack of clear policy rationale for excluding online casinos from making community returns, which creates an uneven playing field with existing Class 4 gambling and gambling operated by Lotto NZ and is contrary to the established practice of requiring gambling to deliver a social return.
 - That competition from the new online casino operators may affect the profits from other forms of gambling and consequently the community distributions those operators are required to make.
6. The arts sector is reliant on gambling profits.
 - Seventy-five percent of Creative New Zealand's public funding comes from Lotto NZ profits through a distribution by the New Zealand Lottery Grants Board Te Puna Tahua (NZLGB) to statutory bodies under the Gambling Act 2003.

- Arts and culture organisations' access to funding through the NZLGB distribution committees, including through the Lottery Community Facilities Fund. Creative New Zealand does not support capital development costs, making this a key source of capital funding for the sector.
 - Arts and culture organisations are beneficiaries of the proceeds from Class 4 gambling ('pokies'), receiving \$20.829 million (or 6 percent of proceeds) in 2023/24.
7. Any reduction in revenue from other gambling sources has the potential to impact arts and culture provision at the national, regional and community level.
 8. The arts and culture sector faces similar challenges to the sport and recreation sector. Organisations often struggle to achieve financial sustainability, have a high reliance on volunteer labour, and are facing rising costs and declining revenue from other funding sources (such as local government, trusts, sponsorship and philanthropy).
 9. The arts and culture sector delivers significant social, economic and cultural returns to New Zealand communities. Any reduction in revenue would be expected to negatively impact the sector and its ability to continue delivering social benefit. Funding received through sources such as gambling proceeds play a part in ensuring the arts remain accessible to a broad range of New Zealanders.
 10. In terms of the Bill, we recommend that:
 - (a) The following element of the *Purpose* of the Gambling Act 2003 (section 3(g)) should be inserted in the *Purpose* of the Bill (section 3) "...ensure that money from gambling benefits the community".
 - (b) A mechanism be established for some revenue from online casino gambling to be distributed to the community.

Or

 - (c) There be included in the Bill a provision for a review period to enable the impact of online casino gambling on the profits from existing gambling to be assessed after an appropriate period, for example, three years.

And

 - (d) A mechanism be established in the Bill for community returns through secondary legislation (ie, regulations or Order-in-Council) to enable future activation should there be a material impact on the profits of other forms of gambling.
 11. We also recommend that:
 - (e) The Bill or regulations as appropriate, include measures to protect the existing range of games provided by Lotto NZ from competition from online casinos.

Further information

Lack of clear policy rationale for decision not to require community returns

12. There does not appear to be a strong policy rationale for the decision not to require online casino gambling to provide community returns. It's not clear what differentiates online casino gambling from Class 4 gambling and Lotto NZ gaming, for which the Gambling Act 2003 requires a portion of the proceeds to benefit the community.

13. The Department of Internal Affairs has noted that:¹
- While funding from gambling achieves a significant good for communities, it also creates a level of dependency which is difficult to sustain. It also creates perverse incentives to increase gambling activity as a means to increase revenue streams for community organisations.*
14. The reality is that many charitable organisations, including arts and culture organisations, are reliant on gambling proceeds to deliver their services and the benefits they provide communities.
15. Gambling proceeds, whether ultimately distributed through Creative New Zealand, NZLGB or gaming trusts, form a significant and essential revenue stream for arts and culture organisations – from national-level organisations such as the Royal New Zealand Ballet, regional orchestras, festivals and performing arts organisations, through to smaller community organisations such as local arts festivals that connect communities.
16. The operating models of most charitable organisations have evolved in response to the settings in place, which includes proceeds from gambling. While this is not always a comfortable position for charities, including arts organisations, any reduction in community returns would create a gap.
17. Furthermore, there is no evidence to suggest the requirement for Class 4 or other forms of gambling to deliver a community return creates an incentive to increase gambling activity. Creative New Zealand supports strong regulations for online casino gambling around advertising, enforcement, harm minimisation and consumer protections, and we believe such measures would be supported by the arts and culture sector.

Impact on revenues of other forms of gambling

18. The Department of Internal Affairs has acknowledged there is a risk that competition from the new online casino operators will have an effect on other forms of gambling, and consequently, community distributions over time. The Department has also acknowledged there is insufficient data available to quantify any impact on sports or other community funding, based on how regulating online gambling might influence gamblers' behaviour.
19. While we support the inclusion of a requirement for online casino gambling to make community returns, if this is not accepted, we recommend a provision is added requiring a review of the impact on other forms of gambling after three years.
20. Embedding in the Bill a mechanism to enact community returns through secondary legislation would enable government to respond more quickly if it was found that there was a material impact on other forms of gambling, and consequently the level of community returns.

Specific impacts on Lotto NZ

21. We understand there is potential for online casinos to introduce products that may directly compete with Lotto NZ games, potentially transferring profits from this type of

¹ Department of Internal Affairs website: <https://www.dia.govt.nz/Online-Gambling-Regulatory-Implementation>

game from Lotto NZ, which is required to make a community return, to online casinos which are not. There is a risk that Lotto NZ profits may reduce revenue available through the NZLGB to its distribution committees as well as to Creative New Zealand and other statutory bodies receiving funding.

22. We support measures to protect the existing range of games provided by Lotto NZ from competition from online casinos, given the significant benefit to New Zealand communities that accrues from all of Lotto NZ profits being returned to the community.

Who we are

23. Creative New Zealand is the national arts development agency of New Zealand, responsible for delivering government support for the arts. We're an autonomous Crown entity operating under the [Arts Council of New Zealand Toi Aotearoa Act 2014](#) (the Act). Our purpose is: *to encourage, promote, and support the arts in New Zealand for the benefit of all New Zealanders.*
24. Under the Act, we must uphold the principles of:
- (i) **participation**, by supporting initiatives that encourage participation in the arts
 - (ii) **access**, by supporting the availability of projects of merit to communities or sections of the population that would otherwise not have access to them
 - (iii) **excellence and innovation**, by supporting activities of artistic and cultural significance that develop the creative potential of artists and art forms
 - (iv) **professionalism**, by maintaining and developing a professional arts infrastructure at both the national and community levels
 - (v) **advocacy**, by promoting New Zealand's arts and artists locally, nationally, and internationally.
25. Creative New Zealand receives funding through the NZLGB and Vote: Arts, Culture and Heritage. NZLGB funding represents 75 percent of total revenue. In 2025/26 this is expected to amount to \$52.789 million.
26. In 2024/25, Creative New Zealand invested over \$60 million in the arts, supporting the sector through investment and funds, targeted programmes and initiatives, partnerships and collaborations, policy and advocacy, and research.
27. Our vision is that the arts and ngā toi Māori are flourishing: created by a thriving arts community, enriching lives here and around the world. Our long-term goals are:
- **Empowered communities**, making decisions on the arts and ngā toi Māori closest to them.
 - **Thriving artists, ringatoi and practitioners**, with viable creative careers, supported by a strong arts infrastructure.
 - **He mana toi, he mana tangata**, thriving and highly visible ngā toi Māori, valued in Aotearoa and around the world.
 - **Inspired New Zealanders**, embracing our arts and ngā toi Māori every day.
 - **A valued arts development agency**, leading with impact and delivering for Aotearoa New Zealand.

Please feel free to contact us if you have any questions or wish to discuss this submission further.

Ngā mihi nui ki a koutou katoa, nā

David Pannett
Senior Manager, Strategy & Engagement
Pou Whakahaere Matua, Rautaki me te Tūhono