

# Gambling Fact Sheet #3

## Classes of Gambling

Last updated March 2015

**Note: While reasonable measures have been taken to ensure the quality and accuracy of the information contained in this Fact Sheet it does not replace information contained in the Gambling Act 2003 or the Racing Act 2003 or any provisions pursuant to these Acts. This Fact Sheet is for general information only and is not a substitute for independent, professional legal or financial advice.**

The Gambling Act 2003 classifies gambling based on the amount of money spent and the risk of problem gambling associated with an activity

Classes of gambling range from Class 1, representing low-stake, low-risk gambling, to Class 4, which represents high-risk, high-turnover gambling.

Casino operations and lotteries run by the New Zealand Lotteries Commission are treated as separate classes within the Act.

### Private gambling

Private gambling is gambling by persons at a private residence where:

- All the stake placed is distributed as a reward to the winners
- The gambling is, primarily, a social event or entertainment
- No remuneration, commission, or reward is paid to, or received by, a person for conducting the gambling
- Persons who do not live at the residence are not induced, formally or informally to participate in the gambling by advertisement, notice, or other means
- If the gambling involves playing or staking against a person who has the role of 'bank', that role passes from one person to another by chance or by regular rotation among all without charge or other conditions
- All participants have an equal chance of winning
- No person other than a participant has a chance of winning
- No one pays for admission, directly or indirectly
- There are no deductions of any kind from a participant's stakes or winnings.

### Class 1 & Class 2 gambling

#### Licence not required

For Class 1 and Class 2 gambling the Gambling Act 2003 requires that:

- No commission is offered or paid to, or received by a person for conducting the gambling
- No remuneration is offered or paid to, or received by a person for conducting the gambling, except a caller of housie or an authorised representative of a society
- The gambling must comply with any relevant game rules gazetted by the Secretary for Internal Affairs
- The gambling does not utilise or involve a gaming machine, directly or indirectly.

There are additional rules which apply only to Class 1 or Class 2 gambling:

#### Class 1

- Prizes or potential turnover involved in the gambling activity, or in one session of the gambling, does not exceed \$500. The value of any non-cash prizes is the retail value.
- Societies can apply the turnover (less actual, reasonable and necessary costs) to the winners and/or authorised purposes\*.
- Individuals who conduct Class 1 gambling must apply all turnover (less actual, reasonable and necessary costs) to the winners.

\*Authorised purposes include charitable and non-commercial purposes, as defined in the Gambling Act 2003.

#### Class 2

- Prizes offered or awarded in the gambling activity, or in one session of the gambling do not exceed \$5000. The value of any non-cash prizes is the retail value. Potential turnover in the gambling activity, or in one session of the gambling does not exceed \$25,000

- Class 2 gambling may only be conducted by a society (either a corporate society or unincorporated)
- The net proceeds of the gambling must be applied to authorised purposes
- Specified consumer information must be described clearly at the point of sale (e.g. name of the society, the authorised purposes for which the gambling is conducted, the number of tickets to be sold, the closing date for entries, the prizes, and when and how any draw will be made).

## Class 3 gambling

### Licensed gambling

Class 3 gambling includes gambling where prizes offered or awarded in the gambling activity, or in one session of the gambling, exceed \$5000. The value of any non-cash prizes is the retail value.

Larger-scale lotteries, housie, instant games and other forms of gambling such as 'gaming sessions' (also known as 'casino evenings') are common forms of Class 3 gambling.

Additional requirements are:

- The purpose must be to raise money for an 'authorised purpose'
- Class 3 gambling must be run by a society. If the gambling is conducted regularly, the society must be a corporate society
- Class 3 gambling does not involve a gaming machine, directly or indirectly
- The Department of Internal Affairs must be satisfied that the proposed gambling operation is financially viable and that costs will be minimised and returns to the community maximized.
- Game rules for Class 1 to 3 gambling are available on the Department's website: [www.dia.govt.nz/gambling](http://www.dia.govt.nz/gambling)

\*Authorised purposes include charitable and non-commercial purposes, as defined in the Gambling Act 2003.

## Licensed promoters

A society can engage a licensed promoter to promote most forms of Class 3 gambling, but only when the gambling is not conducted regularly.

The Department of Internal Affairs issues promoters' licences. A bond of \$200,000 must be provided as a surety to cover the promoter's commitments (e.g. prize payouts).

The Department of Internal Affairs may retain part or all of the bond if the promoter breaches the Gambling Act or any licence conditions.

## Class 4 licensed gambling

### Including non-casino gaming machines

Any activity that involves the use of a gaming machine outside a casino is Class 4 gambling (see Fact Sheet 11 - Class 4 Licensing).

Class 4 gambling may be conducted only by a corporate society and only to raise money for authorised purposes (e.g. community and non-commercial).

Game rules for Class 4 gambling are available on the Department's website: [www.dia.govt.nz/gambling](http://www.dia.govt.nz/gambling)

## Casinos

Casino gambling is gambling to which both a casino venue licence and a casino operator's licence applies (see Fact Sheet 28 - Casinos).

**There are six licensed casinos in New Zealand: Sky City Auckland, Christchurch Casino, Sky City Queenstown, Wharf Casino Queenstown, Sky City Hamilton and Dunedin Casino.**