

WHAT THIS BOOKLET IS ABOUT

Housie has been allowed in New Zealand since 1959. It is currently controlled by the Housie Regulations 1989 and by licence conditions. However, following the enactment of the Gambling Act 2003, the old Housie Regulations will be repealed and replaced by new Housie Rules, which will take effect from 1 July 2004.

The purpose of this consultation document is to invite feedback on what the new Housie rules should look like. We want you to think about the issues set out in this booklet and let us have your opinions on what should be done.

Housie societies should note that existing Housie licences will not lapse on 1 July 2004, but will remain in force until their scheduled expiry date. Current licence conditions will continue to apply and the licence will be treated as a class 3 gambling licence for the purposes of the new Gambling Act. If a licensed society wishes to conduct class 1 or class 2 Housie under the new regulatory framework, it should surrender any existing Housie licence to the Department of Internal Affairs before it does so.

To surrender a licence, please complete the enclosed form and return it either separately or as part of your submission to this discussion document. Please contact us on 0800 257 887 for further assistance.

Sending us submissions

You can send us your submissions in either of the following ways:

E-mail to: gamblingact@dia.govt.nz

or

Ordinary mail to: *Gaming Policy Team, Policy Group, Department of Internal Affairs, PO Box 805, Wellington*

Please note that all submissions will be available for public inspection from the time they are received, unless you specify otherwise. Even if you do request temporary non-disclosure of your submission, you must bear in mind that it will, in due course, be subject to the disclosure provisions of the Official Information Act 1982.

Please ensure that any submissions reach the Department by 16 April 2004.

GAMBLING ACT 2003

Purpose of Act

On 18 September 2003 the Gambling Act 2003 was signed into law by the Governor-General. The Act is the outcome of a comprehensive review of the gambling sector.

As was the case under the old gambling legislation, gambling will usually be prohibited unless it is run to raise money for community purposes. Each year gambling makes a significant amount of money for community organisations and there is general support in the community for this form of fund-raising.

The key objectives of the Gambling Act are to:

- control the growth of gambling;
- minimise the harm caused by gambling;
- ensure that the money from gambling benefits the community; and
- facilitate community involvement in decisions about the provision of gambling.

Gambling Classifications

Rather than classifying different types of gambling (lotteries, games of chance, prize competitions etc.) the Gambling Act classifies gambling according to risk. The risks people usually associate with gambling are:

- problem gambling; and
- criminal activity.

Gambling activities with a low associated risk are classified **Class 1 or Class 2** and **do not require a licence**. Class 3 gambling has a higher degree of risk and therefore requires a licence. Class 4 gambling, the highest risk, will apply to the operation of gaming machines, and includes checks on key persons, the power to audit societies and groups that receive grants, and the introduction of electronic monitoring.

Housie is not typically associated with problem gambling. Studies show that a relatively high proportion of Housie players play the game as a form of entertainment or as a social activity¹. Many Housie players are aware that they lose money overall and do not believe that any special skill or system could be used to improve their chance of winning. Information supplied by the Problem Gambling Committee states that just 0.3% of the people who received personal counselling for gambling problems in the year to September 2003 named Housie as the main source of their problem gambling.

Housie is also a low-risk gambling activity in terms of the potential for criminal activity. The relatively low levels of turnover, player expenditure and prize money mean that Housie is unlikely to provide opportunities for serious crime.

Because Housie is a low-risk gambling activity, it may be conducted without a licence as class 1 or class 2 gambling, provided that it complies with the requirements in the Gambling Act for those classes of gambling, and with any other relevant regulations and specific game rules.

Amongst other requirements, Class 1 gambling has a limit on the total turnover, and on the total value of prizes payable in any one session, of \$500. A society may not conduct more than one session per day.

Class 2 gambling has limits on total turnover per session of between \$500 and \$25,000, and on the total value of prizes of between \$500 and \$5,000. A society may not conduct more than one session per week.

Class 3 gambling covers gambling where the total prize money for a session is more than \$5,000. Housie that falls under the definition of class 3 gambling will require a licence.

¹ People's Participation in and Attitudes to Gaming, 1985-2000, *Department of Internal Affairs*, June 2001

For a full description of each class of gambling, please refer to the Gambling Act 2003, which is available from Bennetts Bookshops and on the Department's website at <http://www.dia.govt.nz>.

PROPOSED HOUSIE RULES

This section proposes various rules for playing and conducting Housie. The rules would apply to any organised Housie session, regardless of whether it is class 1, class 2 or class 3 gambling under the Gambling Act, except where we have suggested different rules for the different classes.

The proposed rules would allow societies greater freedom than at present, for example:

- to determine playing days and times;
- to determine card prices and prizes; and
- to use different card designs with new winning combinations.

However, the rules are also intended to ensure that Housie sessions are run with integrity and that players are well informed and can have confidence that their money is going to community causes.

We would welcome your views on the rules that are proposed below. We have asked a series of questions, but you do not have to limit your comments to those questions. If you think there should be other rules in addition to those that are proposed, please let us know.

Organisers

It is proposed that at least one person must be appointed as "organiser" to arrange or conduct each session of Housie. The organiser(s) would be responsible for conducting and supervising the gambling on behalf of the society, including the sale of tickets, taking money, paying prizes, keeping records and generally ensuring that the session complies with relevant legislation.

An organiser must be present and identifiable at all times during a game or session of Housie. Failure to appoint an organiser or have one present would mean that the game or session of Housie is illegal gambling.

Current regulations restrict the number of organisers that a society may appoint to two persons. Some people think this rule is unnecessarily restrictive and can cause problems, for example when one organiser is on holiday and the other is unwell. Do you think that there should be a limit on the number of organisers that a Housie society should be able to appoint? Should there be any differentiation between class 1, class 2 and class 3 Housie?

For Class 1 and Class 2 Housie we propose that it should not be necessary for a society to inform the Department of Internal Affairs on a routine basis who the organiser is. For Class 3 Housie, however, we propose that a society must provide advance notification to the Department of who its organiser(s) are, and of any subsequent changes.

Do you agree that at least one person needs to be responsible as the organiser for each session of Housie?

Organisers (cont)

Should there be a limit on the number of organisers that a Housie society should be able to appoint?

Should a Housie society be required to inform the Department of Internal Affairs who the organiser(s) are for class 3 Housie?

Callers

We propose that if someone other than the organiser is to call a game or session of Housie, then that person must be authorised by the society or organiser.

The Gambling Act permits the payment of a caller or an authorised representative of a society for conducting a session of Class 1, Class 2 or Class 3 Housie, provided that this is not in the form of a commission (i.e. based on the number of cards sold).

The duties of a caller would be:

- to randomly select numbers;
- to announce each selected number; and
- immediately after announcing a number in a game of housie, to display each selected number in such a way that it is clearly visible to all players until the end of the game.

If the caller or the organiser becomes aware that an error has been made in the calling or display of numbers, he or she should immediately make an announcement correcting the error.

Do you agree that the caller should be authorised by the society or the organiser?

What should the duties of a caller be?

Organiser and caller not to play

The Gambling Act already provides that, for class 2 gambling, neither the society nor the organiser may hold a ticket (a card, in the case of Housie). We propose that this restriction should apply to all classes of Housie and should include the caller. The idea of this rule is to ensure the integrity of the game and to avoid creating an impression of unfairness amongst players.

Do you agree that organisers and callers should be prevented from participating as a player in games that they control?

Housie cards

The current Housie Regulations say what a Housie card must look like. We propose that the Rules permit the use of either the traditional card or any card with fifteen numbers in a different order or pattern. This means that different part series, such as “4 corners”, may be played and new card designs introduced.

We propose that Housie cards should always contain exactly fifteen numbers between 1 and 90. There is no particular reason why this should be so, other than the fact that operators and players are used to this form of Housie and calls have been built around these numbers.

We propose rules to help ensure that societies observe the turnover and prize limits for each class, as follows:

- each card has a serial number identifying it as belonging to a series;
- each card in a series is numbered consecutively;
- each series does not contain 2 or more cards with the same 15 numbers printed on them;
- all housie cards in any session must be from the same card series, unless the cards in a card series are exhausted; and
- any game card or session card sold in one game or session is not sold in any other game or session (however, where Class 1 Housie is conducted by individuals - for example, socially in a retirement complex and not to raise money - it would be possible to reuse cards to save money).

Do you agree that different card designs should be permitted for Housie?

Should Housie cards continue to be required to have fifteen numbers between 1 and 90?

Do you agree with our proposed rules about the design and content of Housie cards? If not, why not? Should there be other rules?

Should Class 1 Housie conducted by individuals (where all proceeds less actual, reasonable and necessary expenses go back to players as winnings) be allowed to reuse cards?

Price of a card

We propose that Housie societies should be free to decide the price of a game card or session card (but all cards sold for any particular game must be the same price). A session could involve a small number of games with high-priced cards and larger prizes or a large number of games with inexpensive cards and smaller prizes. It would be up to each society and organiser to decide what their players wanted. However, societies and organisers must comply with the Gambling Act requirements for the different classes of gambling and not exceed the turnover and prize limits per session.

Should societies be free to determine the price of cards within the constraints provided by the Gambling Act regarding the maximum turnover for sessions of Class 1 and Class 2 gambling?

Prize money

We propose that a minimum of 70 percent of the total money collected from the sale of cards for a game or session of Housie should be returned to players as prizes. All money remaining after the payment of prizes will meet expenses and be distributed to community purposes.

Before beginning each game the organiser must tell players:

- what prizes will be awarded for (e.g. lines, 4 corners etc); and
- the amount to be paid out for each prize.

All prizes must be paid out in cash immediately at the conclusion of the game in which the prizes were offered. To allow the game to flow, the prizes for part-series or lines may be paid at the end of the game although the winner can be announced during the game.

Before paying out any prize, the organiser must announce that the prize is about to be paid out, and that no further claim to a prize in that game will be accepted after payment has been made.

Should the Housie Rules specify the percentage of turnover that must be returned to players as winnings? If so, what level should this be set at?

What other rules should there be about the payment of prizes?

Conduct of game or session of housie

We propose a number of rules concerning the conduct of a game or session of housie to ensure fairness to all players:

- a society may not charge any compulsory fees, other than for the purchase of a card;
- players may participate in any game only if they have purchased a housie card or cards (in other words, a society may not issue free cards);
- no card may be used unless it is bought at the venue, and on the day when the game or session is to be conducted;
- no card may be put aside, or otherwise reserved for any person who is not present, if anyone else wishes to buy the card and pays for it; and
- a society may not sell a card in a game that has started (this does not affect the sale of session cards if the session has commenced).

We propose that there are no restrictions in the Housie rules on the days of the week or hours of the day that Housie may be played or the number of games that may be played in a session (although for class 3 Housie there may be restrictions imposed by way of licence conditions).

Should players be able to buy cards in advance of a session?

Should players be able to reserve cards?

At present a society may sell a game card once that game has started. We propose that, in the interests of fairness, this practice should be prohibited. Do you agree?

Should there be restrictions on the days of the week or the hours of the day that Housie may be played?

What other rules should there be about the conduct of a game or session of Housie?

Refusing to sell cards

We propose that societies and organisers should not have to sell a card to someone who is intoxicated, violent, quarrelsome, insulting, or disorderly. This rule repeats the existing regulation and helps ensure that everyone continues to enjoy his or her game of Housie.

Should a society or organiser be allowed to refuse to sell a card to a disorderly person?

Random selection devices

We propose that the rules should permit societies flexibility to determine how they conduct the Housie draw, for example, drawing numbered balls out of a bag, or using an electronic random selection device.

However, whatever method a society uses to draw numbers, it must be fair, reliable and capable of selecting numbers at random from 1 to 90 inclusive without selecting the same number twice in a single game.

The current Housie regulations provide that a society may not use a random selection device unless it is authorised to do so by the Department of Internal Affairs. We would welcome your views on whether random selection devices should continue to require authorisation.

We propose that for unlicensed Housie (i.e. class 1 and class 2), a society would not require authorisation from the Department to use a random selection device, but it would be up to the society to ensure that its method of selecting numbers meets the minimum standards outlined above.

For licensed gambling (including class 3 Housie), the Gambling Act gives the Department a power to set minimum standards for gambling equipment. Do you think that the Department should set minimum standards for Housie random selection devices beyond what is proposed above (i.e. that they must be fair, reliable and capable of selecting numbers at random from 1 to 90 inclusive without selecting the same number twice in a single game)?

Should the rules permit different ways of selecting numbers provided they are truly random?

Do random selection devices need to be authorised by the Department or by anyone else?

Should there be a distinction between licensed (i.e. class 3) and unlicensed (i.e. class 1 and class 2) Housie as far as authorisation of random selection devices is concerned?

Procedure for determining winners

We propose that the Housie Rules include a procedure for deciding if someone has won a prize: the organiser or caller must confirm that the card is legitimate and that the numbers covered or marked match those called, and must call back publicly the numbers on the card to give other participants an opportunity to check their own cards. If more than one winner is declared, the prize must be shared.

The current Housie regulations provide that a player may win a series or part series only on the last number called. In other words, once the next number is called, then the player loses his or her chance to claim a win on the previous number. This rule may help to avoid disputes about who should be the winner, but it may unfairly penalise players. What do you think about retaining this rule?

Current regulations also provide that if someone declares a winning card but it is found not to be a winning card, the game continues and that card may not be played in that game. The reason for this regulation is to discourage people from repeatedly calling House when they do not have a winning card and interrupting the flow of the game. Because of the low cost of Housie cards, the forfeit of a card in a game is not a significant cost to a player. However, with the potential for more expensive cards under the new Gambling Act, the forfeit of a card could become reasonably significant. We would welcome your views on whether players should automatically forfeit a game card if they incorrectly declare a winning card, or whether each Housie society should have the flexibility to determine its own procedure.

What procedures should there be to determine winners?

Should it be a requirement that a series or part series must be won on the last number called? What practical issues would arise without this rule?

If someone makes a mistake declaring a win, should they be able to continue playing that card?

Display of rules and licence

To ensure that all players are informed and assured that the session is conducted fairly, we propose that certain information must be prominently displayed at a Housie venue:

- the name of the society;
- the name and address of the organiser of the gambling;
- the authorised purposes for which the gambling is conducted;
- when entries close;
- the value and characteristics of the prize(s) to be won;
- the cost of each housie card;
- the number of housie cards offered for sale in each housie game;
- a copy of the Housie Rules; and
- for Class 3 Housie, a copy of the licence.

The Gambling Act already requires this information to be displayed for Class 2 gambling.

The Gambling Act requires that, for Class 2 gambling, certain information (as listed above) must be available where tickets are sold. Should it also be compulsory to display this information in the case of Class 1 and Class 3 Housie?

Banking

To assist the Department of Internal Affairs enforce the Housie Rules and the Gambling Act it is proposed that there should be some rules about the banking of money from Housie and the payment of expenses.

We propose that all income derived from a Housie session (i.e. sales per session minus prizes) must be paid to a dedicated cheque account within 3 working days of the Housie session. All expenses, including the remuneration paid to callers, must be paid out of that account by cheque rather than in cash from the session's takings.

This Rule would only apply to societies, as all money (less actual reasonable and necessary expenses) from Class 1 Housie run by individuals must be returned to players as prizes, and therefore there is little or no money to bank.

An additional safeguard could be that neither the organiser nor the caller should be authorised to draw cheques on the account. We would welcome your views on this.

Should a society have to maintain a dedicated cheque account for its Housie operations?

Is 3 working days enough time to bank the returns from a session?

Are there any practical problems with preventing the organiser and caller from drawing cheques on the dedicated account?

Record keeping and auditing

So that the Department can carry out effective audits and investigate complaints, we propose that societies and individuals must keep, for a minimum of 12 months, records of each session of Housie, in particular:

- the cards sold, damaged or unsold;
- the price paid for each card;
- the gross proceeds and the value of prizes for each game and session; and
- all receipts for expenses.

We propose that, when a society is conducting a session of class 2 or class 3 Housie, it must have these records available for inspection (i.e. the organiser must bring these records to the venue).

We also propose that all records, documents and receipts must be provided, on request, to the Department for inspection or audit within a specified timeframe - we propose 14 days, the same length of time set out for Class 2 gambling in the Act.

What kind of information should Housie operators be required to keep, and for how long?

Do you agree that, for class 2 and class 3 Housie, a society should be required to have records available for inspection?

What is a reasonable timeframe for Housie operators to provide information to the Department if requested to do so?

INFRINGEMENT OFFENCES

Infringement offences for breaches of Housie rules

The Department of Internal Affairs may deal with breaches of the Gambling Act by prosecuting offenders for illegal gambling or for specific offences. In addition, or as an alternative, it may choose to cancel or suspend a licence, where an offence relates to licensed gambling. A third option may be to issue an infringement notice.

If an offence is listed as an infringement offence and the breach is not serious enough to warrant prosecution, the Department (or Police) may choose to issue an infringement notice. This imposes a fine (called an “infringement fee”). It can be an effective, fast, low cost alternative, especially if the offender is not a licence holder.

Schedule 6 of the Act already lists some infringement offences and their fees (relating mainly to casino and class 4 gambling). Section 360 of the Act says that regulations can create new infringement offences for breaches of regulations or game rules made under the Act.

We think there should be regulations making it an infringement offence to breach some Housie rules. We would welcome your views on whether the Housie rules we have proposed should have infringement offences for non-compliance, and if so, the level of infringement fees you think would be appropriate.

When considering your response, please note that any infringement fees must be consistent with other offences and penalties in the Act and especially with the infringement fees listed in Schedule 6 of the Act (these are listed on the following page for your information).

Consider the types of Housie rules we have proposed. Do you think there should be infringement offences for breaches of these rules (taking into account other options such as prosecution and licence suspension/cancellation where appropriate)? If so, for which Housie rules, and why? If not, why not?

If you think that there should be infringement offences for Housie rules, what do you think would be an appropriate level of infringement fee for each rule?

Gambling Act 2003, Schedule 6
Infringement offences

Provision	Description of offence	Fees (\$)
s 16	Advertising overseas gambling prohibited	\$5,000
s 82	Certain information that must be displayed at class 4 venue	\$2,500
s 83	Obligation to provide information on disposal of gaming machines	\$2,500
s 84	Prohibition on certain gaming machines in class 4 venue	\$5,000
s 104	Requirement to bank gaming machine profits	\$2,500
s 105	Requirement to bank interest, investment return, etc, on gaming machine profits	\$2,500
s 110	Publication requirements for corporate societies	\$2,500
s 117	Failure to provide information Secretary requires for investigation and audit	\$2,500
s 121	Casino branding	\$5,000
s 172(2)	Operating outside restricted hours	\$5,000
s 175	Information that must be displayed to customers in casino venue	\$2,500
s 176	Failure to provide training for employees	\$2,500
s 179	Obligation to provide information on disposal of gaming machine	\$2,500
s 180	Prohibition on certain gaming machines in casino venue	\$5,000
s 203(6)	Licensed promoter may only be employed by society as licensed promoter	\$500
s 213	Requirement of licensed promoter to render an account to a society	\$1,000
s 251(2)	Person other than broadcaster who publishes or broadcasts announced result of New Zealand lottery	\$100
s 267	Protection of name of Lotteries Commission	\$2,500
s 268	Protection of product names of Lotteries Commission	\$2,500
s 301(1)	Restriction on purchasing a ticket in an instant game or similar game by person under 18 years	\$500
s 302(1)	Restriction on class 4 gambling by person under 18 years	\$500
s 303(1)	Restriction on casino gambling by person under 20 years	\$500
s 308(5)	Requirement to display notice of policy for identifying problem gamblers	\$2,500
s 312(1)	Breach of an exclusion order issued under section 309 or section 310	\$500