

Friday 26 August 2016

Please quote our reference: [REDACTED]

The Coordinating Officer,
Lotteries and Art Unions Act Review,
Liquor & Gaming NSW.

By email: [REDACTED]

Dear Sir/Madam,

RE: REVIEW OF THE LOTTERIES AND ART UNIONS ACT 1901

ClubsNSW welcomes the opportunity to contribute to the Review of the *Lotteries and Art Unions Act 1901* ('the Act'). The Review represents the fulfilment of a commitment made in the Memorandum of Understanding (MoU) made between the NSW Liberal and National Coalition and ClubsNSW prior to last NSW election.

ClubsNSW supports the NSW Government's approach to reduce red tape for clubs, charities and other community organisations that rely on community lotteries and trade promotions to raise funds and awareness. We agree with the majority of the proposed changes to the *Lotteries and Art Unions Act* and the principles on which they are based, with the underlining primary objective of modernising regulations in NSW.

In our view the objects of the Act - to ensure that community lotteries are conducted with integrity, probity and in the public interest - remain valid. ClubsNSW strongly supports maintaining the restrictions on who can conduct and benefit from community lotteries. Community lotteries are an important source of funds for various charities and non-profit organisations, including registered clubs.

However, the current NSW regime is in our view largely outdated, inflexible, creates an unnecessary regulatory burden on community organisations, and does not allow clubs to respond to the changes in community expectations that have occurred in recent years. The Act also lacks a risk-based approach to the minimising of harm associated with community lotteries and trade promotions.

The 2010 Productivity Commission Inquiry into Gambling found that lotteries, bingo and raffles are low-risk games for problem gambling. In our view, the current drafting of the Act and the *Lotteries and Art Union Regulation 2014* ('the Regulation') is overly prescriptive, and does not properly reflect the low-risk nature of the activities it seeks to regulate.

For example, the Regulation caps the ticket prices for not-for-profit raffles and club bingo at \$5 and \$0.05 respectively. Although ClubsNSW appreciates the ostensible historical rationale for such caps, in our view they are artificially low and serve to unnecessarily inhibit competition, and we are not aware of any substantive reason why they are required.

Clubs are best placed to determine ticket prices in accordance with their trading practices and natural market forces, and ClubsNSW notes that clubs have an incentive to conduct not-for-profit raffles and club bingo fairly and at reasonable prices, so as to maintain trust with their members.

Regulation in other Australian jurisdictions, such as Queensland and Victoria, provides greater levels of flexibility with less red tape. ClubsNSW is not aware of any substantive evidence that suggests that harm minimisation or integrity of the conduct of lotteries and art unions in these jurisdictions is in any way compromised by their lighter regulatory touch.

The transition to a risk-based model outlined in the discussion represents a simplified approach that will markedly reduce red tape and improve regulatory efficiency, which aligns NSW with other Australian jurisdictions.

The separation of community lotteries and trade promotions into two categories, a low-risk category which can be conducted without a permit and a moderate-risk category where a permit is required represents a balanced approach to achieving the objects of the Act without imposing an unreasonable burden on industry.

The games in question (raffles, sweeps, lucky door prizes, bingo and chocolate wheels) are extremely low risk and low stake activities. Therefore we contend that the threshold for low-risk community lotteries and low-risk trade promotion lotteries should be increased to those with gross proceeds under \$50,000 and total prizes under \$50,000 respectively.

ClubsNSW submits that the NSW regulatory framework could be further improved by shifting the requirements with respect to game rules, bet and prize limits out of the Regulation and into guidelines published by Liquor and Gaming NSW. This would provide the Regulator with greater flexibility to adapt to changing consumer needs and evolving technologies without compromising integrity, probity or harm minimisation.

In addition, we believe that the application process could be further streamlined by implementing a permit renewal process. This process would allow a club to re-apply to conduct an existing approved community or trade promotion lottery over a new period. Given that the original application would have already been assessed by Liquor and Gaming NSW, the renewal permit could be granted automatically without risk. This would remove unnecessary duplication, delay or inconsistency associated with the reassessment of previously approved lotteries.

In summary, we support the proposed move to a risk-based framework as the most appropriate method of providing regulatory oversight to community lotteries and trade promotions. This approach provides for maintaining efficient, cost-effective and proportionate government oversight.

Any enquires in relation to the contents of this submission can be directed to Daniel Mitchell, Senior Policy Officer – Gambling, [REDACTED].

Sincerely,



Anthony Ball
Chief Executive Officer

