

From: [Lotteries.review](#)
To: [REDACTED]
Subject: Fw: Review of the Lotteries and Art Unions Act 1901, Discussion paper.
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Attachments: [REDACTED]

From: Peter Bodman [REDACTED]
Sent: Thursday, August 25, 2016 4:49 PM
To: Lotteries.review
Subject: Review of the Lotteries and Art Unions Act 1901, Discussion paper.

[Review of the Lotteries and Art Unions Act 1901, Discussion paper.](#)

[A public submission on behalf of: Kids with Cancer Foundation \(Australia\) Limited](#)

The object of the Act to assist the ongoing viability of organisations is not valid, as the major changes of a proposed requirement of a prize pool for 'Category 1 & 2' Games to be at least 20% of the total gross proceeds, will significantly affect the conduct of a raffle by an NFP. The proposed NSW model mentions gross proceeds, however it's not mentioned if that's to be 20% of the gross proceeds from just NSW sales, or the gross proceeds from all sales Australia wide?

Since 1901 NSW has not been concerned with the ratio of prize value to gross proceeds for 'Category 1 & 2' Games and that has been with good reason. For the first time in many years the proposed NSW model has omitted the requirement for any minimum profitability at all. The profitability of art unions has always been of utmost importance in NSW in past years, to the point where each art union was required to be audited to show the profitability was above the minimum requirement, currently 30%. If the Queensland model is followed and the requirement of a prize is 20% of the gross proceeds there is no way that a 30% profitability can also be met, and that is why the Queensland model has never shown any profitability requirement. Fair and reasonable is the requirement in Queensland, and that can mean no profit at all if an art union has a hard time selling enough tickets.

The proposed NSW model (like Queensland) now shows more care for the size of the prize rather than what the community may expect to get back from charitable gaming. Soon organisations will be running lotteries just to keep employed, with very little getting back

to the community. The only way to return maximum profits to the community from such minor community gaming is to leave that part of the existing Act in place (as it's always been) and not introduce minimum prize values, whether or not the minimum profitability remains in the Act, but not to introduce a prize pool of 20% of gross proceeds.

We are currently in our 61st continuous art union since 1998. Our current prize pool is \$80,000 and the audit for the most recent completed art union showed us to be 45% profitable in NSW and 41% profitable overall. If the proposed NSW model is introduced, our profitability in that recent art union overall would reduce from 41% profitable to 29% a drop of 12%. This of course would mean that much less gets back to the community. The art unions are our major fundraiser, so from the art union profits we need to run the organisation, everything from phone bills to salaries and donations to children's hospitals, so that won't change, but it just leaves less to pass on to help the kids in hospital.

Small organisations like us: 'Kids with Cancer Foundation' will cease to exist, the \$18million that we have passed back to the community in 16 years won't continue if a requirement for a prize pool of 20% of gross proceeds becomes part of the Act.

If NSW goes down the track of copying what Queensland or Victoria has done with their legislation, charitable lotteries become even more open to exploitation for personal gain by those conducting the activities. Things are so slack in other States that I could be a millionaire just from running minor raffles in those States. Lottery tickets are disposed of immediately after the draw as there is no requirement to keep actual tickets, and with no audits I could do what others have done in the past by falsely declaring that an amount of tickets were unsold (say 25,000) & bank the money into my account. What am I saying.....? there's nothing to declare in Victoria anyway. Victoria or ACT don't require any declarations of what was sold or what was banked, or if a prize was given. There's no audit required & no need to keep sold or unsold tickets, just in case an audit is to be conducted.

NSW now want to follow other States that have had lesser requirements on accountability, but have a requirement to have an increased prize value that will cripple smaller organisations like us: 'Kids with Cancer Foundation'.

Other States should raise their accountability requirements, not NSW lower theirs, and the consideration that 'Category 1 & 2' Games should have a prize that is 20% of the estimated gross sales should not be adopted, we can't all be BoysTown, or RSL, or Endeavour Foundation. How many huge house lotteries can the public stand? Let small organisations continue to do the good work they do for the public of NSW and don't introduce changes that will stop us from working with the community and actually giving back.

Your proposal 5. 'Key facts and figures'. Mentions: *Lotteries and art unions are an important source of funds for charities and not-for-profit organisations in NSW.* The

proposed changes to 'Category 1 & 2' Games, where the total value of prizes is to change to: At least 20% of estimated gross proceeds, will mean that the organisations mentioned will make less funds, even though it's recognised by NSW Gaming that these 'Category 2' Games *are an important source of income to charities etc.*

With the proposed changes to 'Category 1 & 2' Games, that important source of income (recognised by NSW Gaming) will lessen and eventually dry up as small charities become less profitable as they can't compete with the huge organisations from Queensland with enormous prizes, run by commercial operators.

Harm to the community could arrive from expectations that their support of art unions means a greater net profit actually gets to the charitable organisations, when actually the introduction of the 'Category 1 & 2' Games Total value of prizes changing to 20% of estimated gross proceeds means that a much lesser amount actually gets through to the charity conducting the lottery.

For years people have asked why aren't all the States the same as far as regulations are concerned. We apply for 3 different lottery/raffle licences each time we make an application & we are in our 61st consecutive lottery. NSW has the most regulatory requirements and that's not a bad thing, it helps to keep some of the shonks away from NSW.

Small charities like 'Kids with Cancer Foundation' and others that have done so much for sick children will soon close their doors as their funds dry up because of the proposed changes, if they are introduced.

Section 2, a

If there is no requirement for an audit there is no accountability for the conduct of lottery activities, NSW should not change & lower its standard just to fall in line with Queensland.

(b), If a prize needs to be 20% of the gross sales of an art union, the public will not receive reasonable net benefits. Why change what's working fine now just to join in with Queensland and have no minimum profitability, just huge prizes where every charity needs to employ a commercial raffle organiser that makes \$millions from charitable gaming, just to run a raffle with huge prizes.

(c) There have been in the past organisers of charitable lotteries charged with fraudulent activity (personal gain) mainly because there are no audits on their lotteries. The charities are of course audited every 12 months but that allows fraudulent activity committed 18 months prior to go unnoticed, and that could be 10 lotteries. So without audits of individual lotteries there is no way to prevent lotteries being exploited for personal gain by those conducting the activities. There is recent history of a charity's CEO in NSW exploiting for personal gain the outcome of lotteries/raffles with prize values of just \$20,000, so limiting the provision of audits to prize values over \$25,000 will not prevent fraudulent activity. A level playing field for all lotteries should be adopted.

I'm unsure why NSW thinks they need to follow what other states have done. For years NSW has been the state with the most requirements for art unions, no other state requires the same audit regulations for art unions. In Vic. or ACT if you run a raffle with a prize below \$100,000 there's no requirement to report back to the State Government, they don't know who won, how many tickets were sold, did the sales figures balance to money banked? The draw can be held in private, so I could win all the lotteries. NSW needs to stand on their own feet and show other States how to run charitable gaming.

In conclusion, the proposed model's change to 'Category 1 & 2' Games where a prize needs to be 20% of the estimated gross proceeds will lessen the net profit received from 'Category 1 & 2' Games and should not be adopted, as it's the worst possible thing that could be introduced for community lotteries and the smaller charities and NFP's that rely heavily on such lotteries for their income.

Kind Regards

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A Public Benevolent Institution

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