

1 September 2016

The Coordinating Officer Lotteries and Art Unions Act Review
Liquor & Gaming NSW
GPO Box 7060
SYDNEY NSW 2001

Dear Sir/Madam

Review Lotteries and Art Unions Act 1901 Discussion Paper

I am writing to you concerning the discussion paper that has been published for the review of the Lotteries and Art Unions Act 1901.

Please find attached the submission by the NSW SES Volunteers Association.

If you have any questions or seek clarification on any of the information in our submission I can be contacted on [REDACTED].

Yours sincerely



Andrew Edwards
General Manager
NSW SES Volunteers Association

1. Do the objects of the Act as set out in section 2 remain valid?

The NSW SES Volunteers Association is of the opinion that the objects outlined in the discussion paper on Section 2 of the Act remain relevant in today's society.

2. Does the proposed model at page 10 represent a sensible approach, or, is there another approach that might be more suitable for regulating community gaming and lottery activities in NSW?

There are a number of significant issues that have not been considered with the model proposed on page 10.

The NSW SES Volunteers Association is of the opinion that this model will have a detrimental impact on the financial viability of its operation but also on the ability of other not for profits, charities or organisations from the third sector that fill the service delivery needs of the community in areas not provided for by government.

Currently the proceeds from raffle fundraising is split with 60% provided to the service provider covering expenses to operate the raffle and 40% to the charity/not for profit.

The following financial models detail the impact of a mandatory 20% prize allocation on the financial viability of either the raffle service provider or the charity/not for profit

Scenario 1 - Financial Impact of 20% prize from the Raffle Service Provider

In this scenario will assume that the gross proceeds of a raffle raise \$100,000. Using the proposed model if the 20% prize allocation is attributed to the raffle service provider the following occurs:

Funding Split	Raffle Earnings of \$100,000	Prize	Change to Operating Revenue
60% Allocation to Service Provider	\$60,000	\$20,000	\$40,000
40% Allocation to Charity	\$40,000		\$40,000

In this example proceeds to the Raffle Service provider are reduce by 33% potentially making the business unviable to operate.

Scenario 2 – Financial Impact of 20% prize from the Charity/Not For Profit

In this scenario will assume that the gross proceeds of a raffle raise \$100,000. Using the proposed model if the 20% prize allocation is attributed to the charity/not for profit provider the following occurs:

Funding Split	Raffle Earnings of \$100,000	Prize	Change to Operating Revenue
60% Allocation to Service Provider	\$60,000		\$60,000
40% Allocation to Charity	\$40,000	\$20,000	\$20,000

In this example proceeds to the charity are reduce by 50%. This will create a significant issue for the effective operation of the charity which could result in diminished services that are generally not provided by government

The NSW SES Volunteers Association would propose the following alternatives:

Alternative 1: No Change

Leave the current system in place with prize limit fixed at \$30,000.

Alternative 2: Indexation

Create a new upper limit and adjust this limit annually with changes to the Consumer Price Index.

Alternative 3: No limit (Preferred)

Allow each organisation to set its own limit on prizes. Organisations will be supported by the public if they believe it is a worthwhile cause and the prize is of an appropriate value. This alternative enables the market to select which organisations will succeed.

3. Does the proposed model adequately address the risk of harm to the community arising from community lotteries and trade promotions?

In an analysis undertaken of research papers on problem gambling, there was no correlation between problem gambling and community lotteries such as raffles.

However, the proposal in the discussion paper to increase the prize to 20% of the gross proceeds of the community lottery may change this dynamic in the future. Increased prizes could encourage riskier gambling behaviour which could contribute to problem gambling in an area that was previously unaffected.

To assist participants in understanding their chance of winning a community lottery, it is suggested that a comment and probability statement be added to the terms and conditions of each sale.

4. What measures could be taken to reduce the regulatory burden placed on providers of community lotteries and trade promotions activities, without sacrificing the integrity and probity of those activities?

The NSW SES Volunteers Association does not believe that the current system places a regulatory burden on the organisation. The regulation provides a high degree of legitimacy, transparency and enables the organisation to reference its compliance as an approved fund raiser.

Given the number of activities that must be undertaken each year, 99 complaints over a 12 month period seems very low.

An issue that is experienced by the NSW SES Volunteers Association is public comment made by Fair Trading NSW warning of scammers or illegitimate fund raisers. This usually occurs at times of large floods or storms. These comments do not recognise the Volunteers Association as an approved fundraiser. This can

create confusion with the general public. It would greatly assist the Volunteers Association if Fair Trading NSW was to add a simple comment to all their public statements acknowledging the legitimacy of the Volunteers Association to undertake fundraising.

5. Are there any additional services or service improvements that Government could provide to assist organisations and businesses conducting lottery activities and trade promotion lotteries to understand and meet their regulatory obligations?

The NSW SES Volunteers Association has contacted the Liquor and Gaming NSW call centre a number of times with questions concerning general fundraising and compliance matters. Unfortunately, staff were unable to answer any of the questions and commitments made to call back with information remain unfulfilled.

The following could be considered useful:

- A focus on customer service and training for staff in Liquor and Gaming NSW
- A detailed set of frequently asked questions published on the website
- A community education and engagement program that focuses on compliance using case studies

6. Should consideration be given to a civil penalty regime? If so, which of the current criminal offences, if any, should be addressed via civil penalties?

The NSW SES Volunteers Association agrees that there should be a civil penalty regime within the legislation. With a lower burden of proof within the civil penalties regime Liquor and Gaming should be able to successfully prosecute illegitimate fund raisers.

Consideration should be given to create a reporting mechanism for the general public to use to alert Liquor and Gaming NSW when issues are identified concerning illegitimate operators or for non-compliance.

Visibility of prosecutions through case studies could be useful to build community awareness.

7. Are there any other matters that should be considered in this review of the Act and regulations?

The NSW SES Volunteers Association is supportive of the governments initiative to reduce red tape.

The mechanisms being used by Liquor and Gaming NSW to undertake consultation seem somewhat inadequate. In this case the Volunteers Association was informed of this discussion paper by a third party yet Liquor and Gaming holds our contact details as an approved fund raiser.

It has also been brought to our attention that other discussion papers have been published that could impact the operation of the Volunteers Association and the 27,000 other organisations that hold an approval to fundraise. It is not appropriate to publish a document that could impact an organisation and not provide them an

opportunity to comment, particularly when their contact details are held by the organisation running the consultation process.

Clubs NSW is not a consultative or representative body for charities and not for profit organisations that operate in NSW and use community gaming as a revenue stream.

The discussion paper does not clearly delineate the issues around problem gambling as a result of activities undertaken by Clubs NSW and community based charities and not for profit organisations that rely on fundraising through raffles.

Although a raffle is defined in legislation as gambling, consideration should be made to create a separate classification. The rationale is that members of the public that purchase raffle tickets do not consider a raffle as a form of gambling and that participate, not to win a prize, but to support the organisation undertaking the fundraising.

The experience of the Volunteers Association is that the vast majority of our supporters purchase a \$20 raffle ticket which is not excessive and could not be considered problem gambling.