



***Report of the
National Competition Policy Review of
the Lotteries and Art Unions Act***

CONTENTS

1	Introduction.....	4
1.1	Competition Principles Agreement	4
1.2	Conduct of the Review.....	5
1.2.1	Submission by Australian Promotion Marketing Association	5
1.2.2	Submission by ClubsNSW	6
1.3	Context of Review	6
1.4	NCP Reviews of Comparable Legislation in Other States	7
2	Objectives of the Lotteries and Art Unions Act	8
2.1.1	Recommendation	10
3	Restrictions on Competition	11
3.1	Introduction	11
3.2	Outline of the Legislative Framework	11
3.3	Restrictions.....	12
3.4	Entry restrictions.....	12
3.4.1	Nature of the restrictions.....	12
3.4.2	Costs and benefits of the restriction	13
3.4.3	Conclusion	15
3.4.4	Recommendation	15
3.5	Restrictions on conduct.....	15
3.5.1	Nature of the restriction	15
3.5.2	Costs and benefits of the restriction	16
3.5.3	Conclusion	16
3.5.4	Recommendation	17
3.6	Cross-border restrictions	17
3.6.1	Nature of the restriction	17
3.6.2	Costs and benefits of the restriction	18
3.6.3	Conclusion	19
3.6.4	Recommendation	19
3.7	Restriction on alcohol prizes.....	19
3.7.1	Assessment.....	19
3.7.2	Recommendation	20
3.8	Restriction on the value of money prizes in conjunction with trade promotional lotteries	20
3.8.1	Assessment.....	20
3.8.2	Recommendation	21
3.9	Restriction on club bingo prizes	22
3.9.1	Assessment.....	22
3.9.2	Recommendation	24

3.10	Restriction on registered club permits.....	24
3.10.1	Assessment.....	24
3.10.2	Recommendation.....	25
3.11	Alternative approaches	25
4	Conclusion and recommendations	27
Annexure A.....		28
Terms of Reference.....		28
Annexure B.....		29
Restrictions Applying to Each Authorised Lottery / Gaming Activity.....		29

National Competition Policy Review of the Lotteries and Art Unions Act (1901)

1 INTRODUCTION

1.1 Competition Principles Agreement

Under the Competition Principles Agreement (CPA) signed by the Council of Australian Governments in 1995, the New South Wales Government is committed to reviewing legislation that potentially restricts competition.

Clause 5(1) of the CPA states:

The guiding principle is that legislation...should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

Clause 1(3) of the CPA specifies the matters that should, where relevant, be taken into account when assessing the costs and benefits of the restriction. These matters include:

- government legislation and policies relating to ecologically sustainable development
- social welfare and equity considerations, including community services obligations
- government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity
- economic and regional development, including employment and investment growth
- the interests of consumers generally or of a class of consumers
- the competitiveness of Australian businesses
- the efficient allocation of resources.

This list is not exhaustive and other matters may be considered in addition to those specified in clause 1(3).

Clause 5(9) of the CPA specifies those matters that should (at a minimum) be included in any review. The review should:

- clarify the objectives of the legislation, and their continuing appropriateness

- identify the nature of the restrictive effects on competition
- analyse the likely effect of any identified restriction on competition on the economy generally
- assess and balance the costs and benefits of the restrictions identified and
- consider alternative means for achieving the same result, including the use of non legislative approaches.

As part of the NSW Government's commitments under the CPA, a National Competition Policy (NCP) review of the Lotteries and Art Unions Act ("the Act") has been undertaken to determine if the arrangements under these Acts restrict competition and, if so, whether the benefits of the restrictions outweigh the costs and whether there are other less restrictive ways of achieving the objectives of the legislation.

1.2 Conduct of the Review

The review has been oversighted by a NSW Government steering committee comprising the Department of Gaming and Racing and The Cabinet Office. The approved terms of reference for the review are attached as Annexure A.

The Department released an issues paper to key stakeholders on 1 December 2000 inviting comment and submissions.

The Review received two submissions.

1.2.1 Submission by Australian Promotion Marketing Association

APMA is made up of major promotion marketing consultants and agencies in Australia. APMA members organise most of the major trade promotion lotteries.

Trade promotion lotteries are free-entry lotteries conducted for the purpose of promoting trade or business. Such lotteries are conducted under the authority of a permit and are subject to legislative and permit restrictions.

APMA supports the implicit objects of the Act — fairness, propriety and honesty.

With regard to the current regulatory model, APMA compares the current restrictions applying in States such as New South Wales, Victoria and South Australia, which have similar legislative schemes, to Queensland and Western Australia, which currently operate a generic regulatory model. APMA states that while the generic regulatory model is operating successfully in those two States, it may be that those two States rely upon the more heavily policed regulatory environments in New South Wales, Victoria and South Australia to police promotions conducted on a national level.

However, APMA states that it is the lack of uniformity between the various jurisdictions that restricts competition, rather than regulatory model. These differences can add costs to conducting such promotions, and therefore directly affect a promoter's ability to compete effectively. APMA's submission is for the Review to promote uniformity between the various jurisdictions in these matters.

APMA submits that if the status quo was to be maintained, certain amendments should be made to the current regulatory model to remove restrictions which are peculiar to New South Wales and which on a daily basis restrict the activities of promoters.

1.2.2 Submission by ClubsNSW

ClubsNSW represents the interest of member-registered clubs throughout New South Wales.

Registered clubs have special privileges under the Act, which allows them to conduct various lotteries and game of chance for the purpose of promoting patronage and trade of the club's facilities by members and guests. Those special privileges include the ability to conduct a restricted version of housie/bingo and promotional raffles. In addition, registered clubs as non-profit organisations may conduct other lotteries and games of chance, which are authorised under the Act for the purpose of such bodies including the conduct of fundraising raffles.

ClubsNSW supports the objectives of the Act, as espoused in the Issues Paper.

The Act clearly distinguishes the role of clubs, other non-profit organisations and charities in the community from those who conduct gaming for private gain and we submit that the philosophy behind the premise continues to be appropriate. ClubsNSW submits that those activities currently restricted to charities and other non-profit organisations under the Lotteries and Art Unions Act be maintained.

ClubsNSW does not seek any major change to the operation of the Act as it applies to registered clubs, but put forward a number of operational matters for consideration.

1.3 Context of Review

The Act does not affect commercial gambling activities authorised under other New South Wales statutes (eg. the *Public Lotteries Act 1996*, the *Totalizator Act 1997*).

Several other policy and inquiry processes into gambling are relevant to the review.

Overall the policy and inquiry processes into gambling suggest that there is presently a heightened community concern about the expansion of gambling and the consequent adverse social consequences for some members of the community. These processes include:

- IPART Inquiry into Gaming (November 1998).
- NSW Government's 'Pause' on new forms of gambling (August 1999), the NSW Gambling Legislation Amendment (Responsible Gambling) Act 1999 which imposed a 'freeze' on gaming machine numbers (March 2000) and the 'gaming reform package' (July 2001).
- Productivity Commission Report, Australia's Gambling Industries (November 1999).
- Senate *Netbets* Report (March 2000).

- The position taken at the Council of Australian Governments' (COAG) meeting on 3 November 2000 that NCP reviews of gambling legislation should take appropriate account of the potential public detriment arising from increased competitive pressures in the gambling market.
- The implications arising out of the Commonwealth's *Interactive Gambling Act 2001* which from 28 June 2001 banned interactive gambling services, and the advertising of such services, but exempted wagering and lotteries services from such a ban.
- As part of the NCP *Third Tranche Assessment*, the National Competition Council (NCC), amongst other matters, acknowledged that jurisdictions are particularly concerned about removing or modifying restrictions that would expand gambling opportunities, and also that the structure of the gambling industry and availability of gambling opportunities in each jurisdiction may also be relevant to determining appropriate regulatory outcomes, and that as a result, governments' regulatory approaches may differ.

In addition, participating State and Territory jurisdictions meet on an ad hoc basis to discuss issues related to non-commercial gaming / lottery activities, with the view of minimising adverse cross-border impacts.

1.4 NCP Reviews of Comparable Legislation in Other States

Other Australian jurisdictions have legislation comparable with the NSW Lotteries and Art Unions Act. The outcome of other jurisdictions' NCP reviews is reported below.

- § South Australia undertook a review of the *Lotteries and Gaming Act 1936*. The review found that controls were justified on net public benefit grounds.
- § *Victoria's Gaming Act No.2 1997* substantially repealed the former *Lotteries, Gaming and Betting Act* and commenced the new Act in March 1998. It would appear that Victoria's Parliament considered that the controls were justified on net public benefit grounds.
- § Queensland's *Charitable and Non-Profit Gaming Act 1999*, which commenced late 1999, repealed the *Art Union and Public Amusement Act*. It would appear that the Queensland Parliament considered that the controls were justified on net public benefit grounds.
- § Western Australia undertook a NCP review of the *Gaming Commission Act 1987*, however, the review concentrated on commercial gaming activities authorised under the Act and did not include non-commercial gaming activities.
- § Northern Territory undertook a review of the *Gaming Control Act 1996*, however, the review concentrated on commercial gaming products authorised under the Act and did not include non-commercial lotteries.

2 OBJECTIVES OF THE LOTTERIES AND ART UNIONS ACT

The Act was established in 1901 and is the principle statute regulating the operation of community-based lotteries or minor gaming in NSW. Since 1901, the Act has been amended on numerous occasions.

Because the Act was drafted before the practice of stating objects it, therefore, has no explicit objects.

The basic premise of the Act is that gambling is unlawful unless expressly authorised by statute. Such an approach is consistent with gambling legislation policy.

In broad terms, the purpose the Act is to:

- **improve integrity** of persons or organisations that conduct lottery activities — a probity regime with responsible, responsive and accountable persons or organisations; a regime that eliminates practices that could undermine public confidence
- **assist the ongoing viability** of persons or organisations that conduct community gaming, which contribute positively to the community and develop and operate in the public interest
- **ensure fairness** concerning the conduct of the community gaming activity as it impacts on members of the community (including beneficiaries, participants, players, promoters, organisers)
- **promote harm minimisation**
- ensure that the industry is **free from criminal influence and exploitation**
- **ensure the application of profits/proceeds** to the particular purpose or organisation represented during the conduct of the community gaming activity.

These broad terms are based on certain expectations of entrants in a lottery activity. These are:

- the lottery or game of chance is conducted properly, fairly and in accordance with the rules
- the lottery or game of chance is free from criminal influence and exploitation
- practices that could undermine public confidence are eliminated
- a fair and equal chance of winning the prizes is provided
- individuals do not profit from the conduct of the lottery or game of chance

- where it has been represented that the proceeds are to be applied to a particular purpose or organisation, that the proceeds are applied to that purpose or organisation
- where a breach of the rules occurs, or if the proceeds are not properly applied, there are appropriate sanctions.

These expectations have their legislative expression in the Act.

The Act is structured so that a blanket prohibition is imposed on the selling or disposing of money or property by way of chance. The Act then provides exceptions to the prohibition. Certain lotteries and game of chance may be legally conducted provided they accord with the Act, Regulations and any applicable permit conditions.

Overall, the Act imposes general restrictions that limit the opportunity to profit from the conduct of community gaming to charities and other non-profit organisations. These restrictions are assessed in the following sections of the Report.

Legislation is often developed as a response to problems experienced by consumers or the community. Such problems may be the result of what economists term *market failure*. A market may fail, or become distorted, when businesses do not operate in the best interest of economic efficiency, or where environmental or social detriment occurs.

In order to identify market failures, the following might occur if the current legislation was not in place:

- the expansion of gaming opportunities
- an increase in problem gambling
- community or charitable organisations not being able to offer a ‘competitive product’ against commercial operators, thereby losing much needed revenue
- an increase in criminal influence and exploitation
- an increase in practices that undermine public integrity.

The legislative arrangements address these potential market failures by restricting:

- who can offer lottery/gaming activities
- what activities can be undertaken
- how the activities are to occur.

The existing arrangements have been developed over many years and as a result of practical experience. In many cases the legislation has been amended in response to changing community attitudes and expectations.

The underlying philosophy of the legislation is to authorise the conduct of certain lotteries for the benefit of the community, and that such lotteries are not exploited for personal gain.

Governments in all Australian States and Territories and many other countries accept the need for regulation in this area. In most countries gambling, either in its commercial or non-commercial form, is prohibited. The significance of this as a consumer protection measure cannot be ignored.

Most Australian jurisdictions attempt to strike a balance between the liberties of the individual to gamble on one hand and potential adverse social consequences of uncontrolled gaming on the other. The law also recognises that gaming cannot be suppressed, that gambling is a factor in the economic life of the community, and that gambling could be cause for crime and social harm, if left uncontrolled.

It is socially desirable that the law allow gaming to develop openly — where everyone can see what's happening, rather than to take place surreptitiously and unlawfully. There is a clear need to check the exploitation of customers by unscrupulous promoters. Non-commercial gaming, like commercial gaming, is vulnerable to abuse at the hands of a minority element, and the magnitude for criminal behaviour would be magnified in the absence of the law.

The principle on which the laws regulating gaming proceed is that no one can claim a right to provide gaming; it is a privilege to be granted by government subject to thorough probity controls, and only in accordance with community expectations.

Faced with the option of outright suppression and rigorous control, or the option of permitting non-commercial gaming in certain categories, the government has opted for the latter. In doing so, government reached the decision that suppression would be ineffective, and would drive gambling underground and into the hands of the criminal element.

The guiding principal of the Act is that people who wish to take part in gaming should be allowed to do so; provided the circumstances are such that the gaming is carefully controlled and commercial exploitation is prevented. The degree to which gaming is permitted would depend on the controls.

2.1.1 Recommendation

The NCP review has found that the underlying objectives of the Act are valid but they need to be explicitly stated in the Act. It is recommended that this could be addressed as part of Government's plain English drafting and legislative reform program.

3 RESTRICTIONS ON COMPETITION

3.1 Introduction

Section 3 of the Act imposes a prohibition on the selling or disposing of goods etc., by lottery or chance. A range of penalties exist under the Act — for conducting unlawful lotteries, for printing or publishing any advertisement, information, or notice relating to any unlawful lottery, for selling tickets in an unlawful lottery, for accepting any money in respect of the purchase of any ticket in an unlawful lottery, and for printing any ticket to be sold in connection with any unlawful lottery.

Having laid down the prohibition, the Act then allows certain non-commercial lottery activities to be conducted.

The table at Annexure B gives a description of the types of approved lottery activities and the associated restrictions that apply to the conduct of each of those activities.

3.2 Outline of the Legislative Framework

Section 3 of the Act imposes a prohibition on the selling or disposing of goods, etc., by lottery or chance. The penalties under the Act include:

- acting contrary to section 3 (that is, conducting unlawful lotteries and games of chance)
- printing or publishing any advertisement, information, or notice relating in any way to any such unlawful sale or disposition, made or to be made
- selling or offering for sale any ticket or share in any lottery
- accepting any money in respect of the purchase of any ticket or share in any lottery
- printing any ticket to be sold in connection with any lottery.

The Act does not affect the provisions of the *Unlawful Gambling Act 1998* or the *Public Lotteries Act 1996*, or any provisions of any Act regulating the use of the totalisator on racecourses.

The table at Annexure B gives a description of the types of approved lottery activities and the associated restrictions that apply to the conduct of each of those activities.

The types of activities authorised are:

- raffles (including guessing competitions), no-draw lotteries (scratch, break-open lotteries), mini-numbers (lotto style games), art unions — lotteries conducted for the purpose of raising funds for charities and not-for-profit organisations
- charity housie, lucky envelopes, chocolate wheels — games of chance conducted for the purpose of raising funds for charities

- club bingo, promotional raffles — games of chance (lotteries) conducted for the purpose of promoting patronage and use of a registered club’s premises and facilities by its members and their guests
- social housie — a game of chance conducted for the purpose of providing social entertainment and fundraising for non-profit organisations
- sweeps and calcuttas — a game conducted for the purpose of providing social entertainment and fundraising for non-profit organisations
- football tipping competitions, hundred clubs — progressive lotteries conducted for the purpose of providing social entertainment and fundraising for non-profit organisations
- trade promotion lotteries, gratuitous lotteries — free-entry lotteries and games of chance conducted for the purpose of promoting trade or business or promotion patronage of events, functions or activities of not-for-profit organisations.

3.3 Restrictions

There are aspects of the Act that may have the effect of restricting competition, or give discretionary powers that may in turn be used to in a way that restricts competition. Those aspects are:

- entry restrictions [3.4]
- restrictions on conduct [3.5]
- cross-border restrictions [3.6]
- restriction on alcohol prizes [3.7]
- restriction on the value of money prizes in conjunction with trade promotion lotteries [3.8]
- restriction on club bingo prizes [3.9]
- restriction on registered club permits [3.10].

These restrictions on competition and their effects are discussed below.

3.4 Entry restrictions

3.4.1 Nature of the restrictions

Restrictions on who may benefit

Only certain classes of persons or organisations are entitled to benefit from the conduct of lotteries.

The table at Annexure B identifies who is entitled to benefit from a lottery activity.

In summary, lottery activities are authorised as a:

- fundraising activity for community benefit other than for private gain (to raise funds for charities and not-for-profit organisations), subject to reasonable expenses
- social entertainment provided all the gross proceeds for the sale of participatory rights are payable to participants in the form of prizes subject to deduction for reasonable expenses, but disallowing commissions
- combination of social entertainment and fundraising (to raise funds for charities and not-for-profit organisations)
- promotional activity provided entry is free of any fees or charges.

In all cases, restrictive controls apply. The degree of control exercised is dependant on the likelihood of problems (based on experience), and the value of the anticipated gross proceeds and/or value of prizes, and on the extent to which the commercial element is present. The commercial element is present in some instances where promoters or operators of these activities are entitled receive a portion of the proceeds. The legislation does not authorise commercial-based lotteries, they are regulated under the Public Lotteries Act.

Restrictions on the permitted types of lottery activities

Only certain types of the lottery activities are authorised.

The table at Annexure B identifies each lottery activity authorised under the Act.

Restrictions on conduct without permit

The value of the gross proceeds and/or value of prizes determine whether an authorising permit is necessary before conducting permitted gaming activities. Under the threshold, an authorising permit is not required, but the promoter or organiser must comply with legislative conditions. Thresholds also determine whether promoter or organisers are required to report back to government about the gaming activity.

The table at Annexure B identifies each lottery activity for which an authorising permit is required.

The only lottery activity that requires an application to be accompanied by a fee is trade promotion lotteries. The fee levied is based on the value of the prizes offered in the lottery. The current fees are:

Total Retail Prize Value	Fee
under \$10,001	\$50
\$10,001 to \$50,000	\$250
\$50,001 to \$100,000	\$500
\$100,001 to \$200,000	\$1,000
over \$200,000	\$2,000

3.4.2 Costs and benefits of the restriction

Restrictions on who may benefit

The government has a role in regulating gaming activities to meet the economic and social needs for the community—harm minimisation. There are clear public benefits for restricting the types of, and access to, lottery activities.

If these types of gaming activities were commercialised, all profits derived would be maximised and returned to the commercial entity at the expense of the community. Community-based non-commercial groups, which are considered to operate for reasons of the public good, would face a downturn in revenue to finance their charitable and non-profit activities.

Non-commercialisation of minor gaming activities significantly removes the incentive for operators to manipulate activities for the purpose of obtaining a profit. The prohibition on commercial activities avoids an increase in supervisory costs, which would be incurred if such activities were commercialised. It would be necessary to incur these costs to ensure that commercial activities do not undermine the public confidence.

If the restriction did not exist the possible costs could include loss of consumer confidence and consumer protection measures, the possible expansion of gaming to a point where it becomes a net loss to the community, and difficulty in attempting to identify and prosecute those who exploit gaming for personal gain.

Restrictions on the permitted types of lottery activities

The restriction on the types of activities that may be undertaken ensures that operators who undertake such activities do so in an environment that eliminates activities that could undermine public confidence and avoid exploitation. Each authorised activity is supported by rules (best practice), which provide protection to organisers, players and the community.

The current entry restriction reflects general community expectations about access to, and types of, lottery activities.

Restrictions on conduct without permit

Another entry restriction concerns the need for an authorising permit before certain lottery activities can be undertaken. The permit application system imposes a cost on organisers and government alike. The organisers incur application completion and lodgement costs. The government incurs a cost of handling and processing the application.

There may be an argument that the system delays the commencement of lottery activities, and therefore imposes a cost. However, this argument should be largely groundless as applications on average are processed within 5 days, with most processed within 24 hours.

The permit system attempts to identify any potential problems with proposed lottery activities, identifies those persons and organisations involved in the market to facilitate compliance programs, and provides for sanctions against those who fail to comply with requirements by the revocation or non-issue of an authorising permit.

The benefits to the community are firstly that the activity in which they are participating is legal. Secondly, the regulation of the industry ensures that it will be free from criminal influence and exploitation, and will have the guidance of the regulator.

The application fee payable in connection with trade promotion lotteries is a cost. The cost is borne by trade or businesses directly permitted by the activity. The purpose of the fee is

to recover the cost of processing applications, and regulatory and compliance costs. It is a regulatory fee and therefore, the NSW Government's commitment to implement competitively neutral pricing arising from the Competition Principles Agreement does not apply (*Guidelines for Pricing of User Charges*, TPP01-02, Treasury Policy and Guidelines Paper).

Although these fees apply equally to all trade promotion lottery applicants, it could be said that because no application fee is payable in respect of each other application system under the Act, one sector of the community (trade promotion lottery applicants) is being treated differently to all others. Essentially, the current "no-application fee" system gives positive discrimination to community-based, non-profit organisations and charities, so that they can perform their worthwhile activities in the community at the lowest cost. To impose an application fee on this sector would increase costs, and not necessarily give any net benefit. There is no apparent net benefit to absorb the cost in respect of trade promotion lotteries.

3.4.3 Conclusion

Restrictions on entry may have competition impacts but are justified on the basis of community protection. No other practical alternative exists.

The licensing system gives regulatory certainty to the conduct of lottery activities, and meets community expectations that government will ensure that unscrupulous operators are excluded.

The Committee has also taken into consideration the NCC's acknowledgement that jurisdictions are particularly concerned about removing or modifying restrictions that would expand gambling opportunities, and also that the structure of the gambling industry and availability of gambling opportunities in each jurisdiction may also be relevant to determining appropriate regulatory outcomes, and that as a result, governments' regulatory approaches may differ.

Nevertheless, impacts on competitiveness have been minimised by consultation with industry bodies and groups, and policies that attempt to balance the competing needs of the community.

3.4.4 Recommendation

That the legislative restrictions on accessibility to minor gaming activities be retained.

3.5 Restrictions on conduct

3.5.1 Nature of the restriction

Under the Act, persons or organisations authorised to conduct community gaming must comply with statutory or permit conditions on their activities that are designed to ensure appropriate financial controls, to ensure integrity of gaming, to minimise any harm, and to ensure that charities obtain the prescribed benefit from the activity.

Annexure B is a summary of the conditions upon which authorised community gaming activities must be conducted.

The existing arrangements for community gaming have been developed over time and as a result of practical experience. They are a balance between the need for consumer protection, and the reduction of unnecessary legislation.

The underlying philosophy of the legislation is to authorise the conduct of certain non-commercial lotteries and games for the benefit of the community, and that such lotteries are not exploited for personal gain. The law recognises that gaming could be cause for crime and social harm, if left uncontrolled. The guiding principal is that people who wish to take part in gaming should be allowed to do so; provided the circumstances are such that the gaming is carefully controlled and commercial exploitation is prevented.

The degree of control exercised is dependant on the likelihood of problems (based on experience), the value of the anticipated gross proceeds and/or value of prizes, and on the extent to which the commercial element is present (where promoters or operators of these activities are entitled to receive a portion of the proceeds).

3.5.2 Costs and benefits of the restriction

The government has a role in regulating lottery activities to meet the economic and social needs for the community—harm minimisation. There are net public benefits for restricting the manner in which authorised lottery activities may be conducted.

If the restrictions on conduct did not exist the possible costs could include loss of consumer confidence and consumer protection measures, and the possible expansion of gaming to a point where it becomes a net loss to the community.

However, there are additional compliance costs for organisers conducting lottery activities in NSW and other Australian jurisdictions. That is, such organisers need to comply with each jurisdiction's requirements. In some cases, the operational restriction will disallow the activity in NSW (and conversely, what is allowed in NSW cannot be conducted in another jurisdiction). Any impacts on competitiveness are minimised by endeavouring to achieve greater uniformity in legislation, regulation and permit conditions between the various jurisdictions in consultation with industry bodies and groups, which attempt to balance the competing needs of all parties involved.

3.5.3 Conclusion

Restrictions on conduct may have competition impacts but are justified on the basis of social and economic grounds. No other practical alternative exists.

The Committee has also taken into consideration the NCC's acknowledgement that jurisdictions are particularly concerned about removing or modifying restrictions that would expand gambling opportunities, and also that the structure of the gambling industry and availability of gambling opportunities in each jurisdiction may also be relevant to determining appropriate regulatory outcomes, and that as a result, governments' regulatory approaches may differ.

While national uniformity of regulatory measures might be desirable, it is not essential. The practical situation is that each Australian jurisdiction, according to its sovereign right, legislates to respond to particular circumstances.

Impacts on competitiveness are minimised through greater uniformity in legislation, regulation and permit conditions between the various jurisdictions in consultation with industry bodies and groups.

3.5.4 Recommendation

That the restrictions on conduct be retained, subject to ongoing discussion between the States and Territories to explore the possibility of greater uniformity.

3.6 Cross-border restrictions

3.6.1 Nature of the restriction

Whether or not lottery activities essentially conducted out of NSW may be authorised under the Act requires consideration of whether the Act was intended to operate only in respect of lottery activities conducted within NSW.

As previously mentioned, section 3 of the Act provides a general prohibition against the disposition of property by means of, among other things, a lottery. The Act then sets out various exceptions to the general prohibition, and provides for penalties in respect to certain offences.

The Act also provides for penalties in respect to “foreign lotteries”. A foreign lottery, for the purposes of the Act, is any lottery conducted outside NSW irrespective of whether it is legal in the place where it is conducted (s.19). The foreign lottery provisions prohibit publication of advertisements for foreign lotteries (s.20) and the sale of tickets in foreign lotteries (s.21).

In both cases, the penalties only apply where the conduct takes place in NSW.

In this regard s.12 of the Interpretation Act is relevant. That section provides that “a reference to a locality, jurisdiction or other matter or thing is a reference to such a locality, jurisdiction or other matter in and of New South Wales”.

There is nothing in the Act that expressly indicates that the Act was intended to apply to conduct outside NSW, and therefore, the effect of the Interpretation Act is that various prohibitions in respect of lotteries, and the various exceptions are intended to be limited in their application to conduct within NSW. Irrespective of the effect of s.12 of the Interpretation Act the fact that the Act has separate provisions relating to foreign lotteries can be taken as an indication that ‘lottery’ when used elsewhere in the Act is intended to mean a lottery conducted within NSW.

Whether a lottery can be authorised therefore depends on whether it could be said that the lottery is conducted within NSW. The principal factors that are taken into consideration are the draw itself and the disposition of the property. If these factors are missing, then the lottery cannot be authorised.

3.6.2 Costs and benefits of the restriction

The general prohibition and foreign lottery provisions of the Act are aimed at ensuring that NSW is able to control the level of lottery gambling that is made available to persons in NSW. The Act addresses social and economic concern about gambling, and establishes standards and controls.

If the restriction were to be lifted, it may have an adverse impact on the ability of the government to control the provision of gaming services to the people of NSW, and potentially exacerbate any social and economic problems. The restriction ensures that the government remains capable of controlling gambling.

The possibility would exist for promoters of lottery gaming products to exploit a backdoor access to the NSW market, and consequently to target NSW consumers. For example, the UK National Lottery could advertise in NSW-based publications the sale of its products and availability of its Internet website for online sales.

Similarly, other overseas gaming suppliers whose bona fides are questionable could more openly establish a marketing presence in NSW, rather than rely on direct and Internet-based marketing regimes.

The possible costs could include loss of consumer confidence and consumer protection measures, and the possible expansion of gaming to a point where it becomes a net loss to the community. Removing the restriction without inserting any control mechanism would also make it difficult for Government ministers to issue public warnings about these schemes.

The restriction means that persons and organisations in other Australian jurisdictions cannot advertise or sell tickets in lotteries in NSW, even if the lottery activity is lawful in that other jurisdiction. This means that a Victorian-based charity, which is authorised under the Victorian law to conduct a fundraising lottery, cannot sell tickets in NSW.

Although other jurisdictions control access to lottery and gaming activities in a similar manner to NSW, they can grant authorising permits in respect of “foreign lotteries”. This power is not facilitated under uniform legislation or mutual recognition principles.

The effectiveness of the ‘foreign lottery’ provisions of restraining unscrupulous lottery activities is demonstrated by a recent case in Victoria in which an operator was charged with 51 counts relating to luxury car lotteries worth \$8 million he allegedly rigged. The allegation is that the operator conducted 32 lotteries, 28 of which were won by the operator under an assumed name or by an associate. The lotteries were authorised by the Victorian licensing agency. In this case, the ‘foreign lottery’ provisions applied as the lotteries were conducted in Victoria. Accordingly, action was taken to stop the operator advertising the sale of tickets in NSW-based publications, and the sale of tickets to NSW residents unless that soliciting was through a direct-marketing method (eg. mail, telephone). In this particular case, the Victorian law permitted the draws to be undertaken by any person, whereas in NSW the law requires an independent person, and for audited accounts to be submitted. The presence of an independent person and the audit function may have avoided the alleged fraud, if the lottery had been conducted in NSW.

3.6.3 Conclusion

An argument could be made that the law is necessary and appropriate, and adapted to the solution of social and economic problems, such as the protection of the community from the threat to its welfare or enhancement of its welfare, even if on its effect it places a burden on those who wish to undertake gaming activities in NSW.

The Committee has also taken into consideration the NCC's acknowledgement that jurisdictions are particularly concerned about removing or modifying restrictions that would expand gambling opportunities, and also that the structure of the gambling industry and availability of gambling opportunities in each jurisdiction may also be relevant to determining appropriate regulatory outcomes, and that as a result, governments' regulatory approaches may differ.

As other Australian jurisdictions do not exercise a similar restriction as NSW, the argument to retain the current restriction is unwarranted. Based on the example of the unscrupulous Victorian-based operator, it must be concluded that without uniform standards between Australian-jurisdictions the mutual recognition of lotteries authorised in other states would be hazardous. In this respect unscrupulous persons would choose the jurisdiction with the less restrictive controls from which to operate and to promote their lotteries into NSW.

Accordingly, the NCP review has found that to support the underlying implicit objectives of the Act, any relaxation must be on the basis of only permitting community-based lotteries operating in other Australian jurisdictions whose standards of probity and fairness are the same expected of NSW-based lotteries. This may also require a non-NSW-based operator to be authorised under a permit scheme similar to that required of an NSW-based operator.

3.6.4 Recommendation

It is recommended that the Government approve in-principle the relaxation of the foreign lottery restrictions to permit the conduct of Australian community-based lotteries in NSW provided such lotteries meet the same standards of probity and fairness expected of a NSW-based lottery.

3.7 Restriction on alcohol prizes

3.7.1 Assessment

The current restrictions in the Act relating to the quantity of liquor prizes complement the Government's liquor harm minimisation measures. The Liquor Industry Code of Practice for the Responsible Promotion of Liquor Products establishes minimum standards for liquor promotions and activities in licensed premises.

A key element of New South Wales' liquor harm minimisation Code distinguishes between acceptable promotions and those likely to result in excessive drinking and intoxication. For instance, the Code outlaws promotions that encourage rapid drinking. The Code's aim is to prevent drink promotions that encourage a patron to drink more than they would normally, and in an unreasonable period of time.

Hotels and registered clubs often conduct lotteries as a way to promote their venue and facilities, often with liquor as a prize.

Controls placed on permits issued under the Act restrict liquor prizes to 20 litres (eg. a maximum of two cartons of beer). Minors are prohibited from participating.

APMA’s comments suggest a lack of understanding about the restriction. The comment that “the restriction is not limited to a single prize, but the total of all prizes” is only partially true. The restriction applies to the amount of liquor awarded in a draw or session of draws. It does not necessarily apply to the total quantity of all liquor prizes awarded under the permit.

The restriction does involve anti-competition measures compared to other jurisdictions. However, the restriction generally reflects community expectations about access to alcohol, and complements Government strategies concerning liquor harm minimisation and the responsible promotion of liquor products. These strategies are in the public interest.

3.7.2 Recommendation

That the restriction on the amount of liquor awarded as a prize be retained at 20 litres for a draw or for a session of draws.

3.8 Restriction on the value of money prizes in conjunction with trade promotional lotteries

3.8.1 Assessment

Under the Act it is unlawful to conduct lotteries for the promotion of trade unless authorised under section 4B of the Act and there is compliance with the conditions. The conditions imposed include that no entry fee is charged and any conditions to the permit must be complied with.

By way of permit conditions, it has been a long-standing practice to limit the value of prizes that may be awarded in conjunction with of trade promotion lotteries. The following table shows the position before 1998 and the current position.

1983 ~ 1998	1998 ~ to date
<u>Cash only prizes</u> <ul style="list-style-type: none"> any one prize is not to exceed \$50,000 the total amount of prizes distributed in any four week period is not to exceed \$200,000 	<u>Cash only prizes</u> <ul style="list-style-type: none"> any one prize is not to exceed \$100,000 the total amount of prizes distributed in any four week period is not to exceed \$400,000
<u>Non-cash only prizes</u> <ul style="list-style-type: none"> any one prize is not to exceed \$250,000 the total amount of prizes distributed in any four week period is not to exceed \$250,000 	Abolished
<u>Combination cash and non-cash prizes</u> <ul style="list-style-type: none"> any one cash prize is not to exceed \$50,000 any one non-cash prize is not to exceed \$250,000 the total amount of prizes distributed in any four week period is not to exceed \$250,000. 	Abolished

For the purposes of the restriction cash include shares, annuities, policies of insurance, bonds, investment portfolios, bullion and similar instruments.

The reason for the establishment of the policy to limit the value of prizes was to ensure that trade promotion lotteries are not permitted to grow indiscriminately, and to take account of the effect which trade promotion lotteries may have on NSW Lotteries' products and, therefore, Government revenue.

The basis for striking the limits at the 1983-levels was a compromise between the views of NSW Lotteries, which recommended that no cash prizes exceed \$50,000 and the views of promoters who recommended that no limit be imposed and that market forces be allowed to determine the appropriate level of prizes.

NSW Lotteries never produced any evidence that trade promotion lotteries affected its products. However, the promoters of trade promotion lotteries submitted the results of a survey conducted in 1982 that show that there may be a .5% to 1% effect on revenue. The sample, however, was very small. NSW Treasury said in 1983 — “On balance it is felt that the limits might be accepted on the grounds that they should not inhibit promoters and there is no real evidence of any major impact on State lotteries.”

The issue of prize value restrictions was examined in 1993-94. During the review process NSW Lotteries did not provide any evidence to support the proposition that free-entry trade promotion lotteries impacted on its products. In March 1994 a recommendation was made to remove the prize restrictions. However, the recommendation was not approved.

Following a further review in 1998, the previous restriction (established in 1983) of \$250,000 that applied to the total value of non-cash prizes that may be awarded as prizes in a trade promotion lottery was removed and the cash prize limit was raised from \$50,000 to \$100,000.

Other Australian jurisdictions do not impose a limit on prize values.

Since the introduction of the revised policy in 1998 there has been no feedback or concerns raised by Lotteries NSW. However, members of the public are continuing to make representations to Government about the restriction, claiming discrimination.

It is apparent that the restriction discriminates against residents of NSW and inhibits the promotion of business activities in NSW, especially for businesses wishing to conduct trade promotion lotteries on a national basis.

It is argued that the present prize value restriction is non-competitive, and it is difficult to maintain an argument that the benefits of the restriction to the public as a whole outweigh their costs.

Therefore, the restriction should be removed subject to the regulatory agency being satisfied in each case that the applicant for the permit possesses adequate resources to meet the expense of the prizes to be awarded.

3.8.2 Recommendation

That the restriction on limiting the value of cash-prizes that may be offered in conjunction with trade promotion lotteries be removed.

3.9 Restriction on club bingo prizes

3.9.1 Assessment

Club bingo is authorised under section 4C of the Act subject to the grant of a permit and compliance with legislative and permit conditions.

Registered clubs obtained the right to conduct club bingo games in 1979 following legislative amendments.

The Act provides legislative conditions concerning prizes:

- section 4C(3)(b) provides—

(b) that the value of the prizes in any one game shall not exceed the prescribed amount or such lesser amount as may be specified in the permit referred to in paragraph (a) in respect of the game.

Under the current Regulations the amount prescribed is \$30.00 [clause 25], which was approved in 1997. When first introduced the prize value was restricted to \$10.00, and in 1987 it was increased to \$15.00

- section 4C(3)(e) states—

(e) that no prize in the game shall be awarded entitling the winner thereof to money.

In its submission, ClubsNSW states:

ClubsNSW requests that clubs be given the option to provide a \$30 cash prize for bingo. Such an option would not impact [on] charity housie where the limit is \$150 for ordinary games with jackpots up to \$4,000 but would greatly assist clubs by simplifying the administration of the game.

While no empirical data has been collected on player behaviour for bingo, ClubsNSW anecdotal information from member clubs indicates player participation is not motivated by the prize which is set at such a low level and won at random. ClubsNSW believes there would be no harm minimisation issues flowing from a decision to give clubs the option to pay a bingo prize as cash or in kind.

There are three different versions of bingo/housie that are permitted under the legislation where participants may be charged an entry fee. They are fundraising housie, social housie and club bingo. The following table shows the various forms of housie permitted under the Act and the essential restrictions.

	Club bingo (s4C)	Fundraising housie (s4A)	Social housie (s4E)
Who is entitled to benefit	Registered clubs	Charities	No restriction
Purpose	Social entertainment and promoting trade.	Fundraising for charitable purposes.	Social entertainment and fundraising for non-profit organisations.
Profit	Not applicable.	12.5% of gross proceeds.	No restriction.
Prize value restrictions	Maximum value, \$30. Jackpotting not permitted.	75% of gross proceeds. Maximum value of ordinary prize, \$150. Maximum value of jackpot prizes in a session: minor session, \$500; major sessions, \$2,000; super session, \$4,000.	Maximum value of ordinary prize, \$30. Maximum value of jackpot prizes in a session, \$150.
Money (cash) prizes	No.	Yes.	Yes.
Ticket price	Maximum 5 cents per ticket	Maximum 40 cents per ticket.	Maximum 40 cents per ticket.

The essential method or manner in which these games are conducted is the same. Housie/bingo is a game played with tickets or cards bearing numbered squares; a number may be marked on the card or ticket when an announcer calls that number which is selected at random by a device; a win is constituted if the player is able to mark certain squares on the card or ticket.

What differentiates the games is the restriction on the type and value of the prizes. The reason for those restrictions is to preserve a competitive advantage for charities. If housie/bingo were to be generally available on a level playing field to all eligible persons and organisations, all profits derived would be maximised and returned to the eligible organisation. Charity-based games would face a downturn in revenue to finance their charitable activities. This could lead to market failure.

The principal benefits to the public of restricting access to housie/bingo supports the objective of providing social or community benefit, especially for charitable purposes.

ClubsNSW whilst supporting that objective, seeks to have the current restriction on money prizes in respect of club bingo games lifted. It does not seek a review of the current restriction on the value of prizes. ClubsNSW believes that the current non-money prize restriction increases administrative costs. It does not provide any data to quantify its position. Nevertheless, it is reasonable to assume that non-money prizes would involve additional costs that would not be involved in non-money prizes — the purchase and care of real property prizes, etc.

There are a number of arguments why registered clubs should not obtain money prizes:

- Not all charity housie games have prizes that reach \$150 for an ordinary game or \$2,000 for jackpot games. If registered clubs obtained the right to conduct cash games, it is likely that there would be reduced attendance at charity games and therefore reduced profits to finance charitable activities.
- Social housie games have the same prize value limit (\$30) as club bingo, although jackpot prizes up to \$150 are permitted. If registered clubs obtained the right to conduct cash games, it is likely that there would be reduced attendance at fundraising social housie games and therefore reduced profits to finance worthwhile activities, such as bus trips for aged pensioners.

- Registered clubs conduct, support or sponsor charity housie, with a recent review showing about 65% of charity “cash” games are being conducted on the premises of registered clubs. This is clearly a win-win position for both clubs and charities. Prior to 1989, it was administrative policy to prohibit the grant of permits where the game was conducted on the premises of a registered club. It is likely some registered clubs would abandon support or sponsorship of charity housie games if they obtained the right to conduct cash games, which would result in reduced profits for charities. That assumption is based on experience and in the knowledge of recent changes in Queensland. In that State, clubs obtained the right to conduct housie on a similar basis to charities — the result has been that some clubs abandoned support for charity housie games on their premises to conducting their own game.

Restrictions on conduct have competition impacts but are justified on the basis of social and economic grounds. No other practical alternative exists.

Impacts on competitiveness have been minimised by consultation with industry bodies and groups, and policies that attempt to balance the competing needs of the community.

There is no evidence that the regulatory control is excessively restrictive. Registered clubs can sponsor, support or conduct “cash” housie games on their premises for the benefit of charitable organisations. Registered clubs can also offer vouchers to prizewinners, which would overcome the problems concerning the purchase and care of real property prizes, etc.

3.9.2 Recommendation

That the restriction on the awarding of cash or money prizes in connection with club bingo be retained.

3.10 Restriction on registered club permits

3.10.1 Assessment

In its submission, ClubsNSW raises an issue concerning the renewal of permits.

...ClubsNSW has been made aware of potentially difficult situations that can arise because of failure to renew permits. Although the process of permit renewal appears to be relatively straightforward, streamlined and free, failure to renew creates problems that are in our view disproportionate to the regulatory significance of a failure to comply.

An example of the problem is the inconvenience caused by the need to cancel a well-established regular social event, typically involving pensioners, when a permit has not been renewed through some oversight.

The “generic regulatory model” outlined in the Issues Paper where permits are not required in cases where the operation of a particular community game is clearly defined and legislated (eg. promotional raffles, club bingo) would seem to be an appropriate model for these types of games that would suit both the regulator and clubs.

Under section 4C of the Act registered clubs may conduct club bingo and promotional raffles provided an authorising permit has been granted.

Prior to September 1998 upon application for a permit being lodged by a registered club, a permit was granted for a period of five years. Under this system the club was responsible to ensure it had the proper authorising permit prior to conducting club bingo.

In September 1998 the system was changed to grant a permit to all registered clubs on the Department's database regardless of whether they wished to conduct the game. The purpose of the change was to overcome the problem of clubs conducting new games or continuing to conduct previously approved games without an authorising permit. The permit was granted for a period of five years expiring in August 2003. At that time, a further authorising permit will be granted to all registered clubs on the Department's database of registered clubs. Therefore, no club would be in the position, as submitted by ClubsNSW, of conducting games where the authorising permit has not been renewed. The current method of issuing permits overcomes that problem.

The recommendation by ClubsNSW to adopt a "generic regulatory model" has been previously considered by the Department but not adopted because the current method of issuing permits under section 4C whilst incurring minimal administrative costs to government, incurs no cost to registered clubs.

Nevertheless, the issue will be considered as part of an update of the legislation. A negative licensing approach would permit registered clubs to conduct certain lotteries without the need for a licence, but a registered club could be excluded from operating if in breach legislative requirements.

It is possible that ClubsNSW is referring to the conduct of charity fundraising housie games on the premises of registered clubs. As discussed elsewhere in this Report the current regulatory control is neither inappropriate nor disproportionate, and does not offend the competition principles.

3.10.2 Recommendation

That the legislation be reviewed and rewritten, and as part of that update process the legislation incorporate a negative licensing approach to games of chance conducted under section 4C of the Act.

3.11 Alternative approaches

Allow commercial-based lottery activities

Under this option, commercial-based lottery activities would be authorised. Allowing commercial-based lottery activities would impact significantly on the fundraising efforts of charities and other community-based organisations, which would result in a reduction of service delivery. Commercialisation of lottery activities could also result in more stringent operational controls and increased compliance costs.

Deregulation

Deregulation would result in compliance savings to government and the community, and would remove the threat of punishment for those who largely through ignorance do not

comply with the law. It could be suggested that the legislation is irrelevant as community-based lottery activities are widespread and occurring without reference to legislative requirements. Nevertheless, the law, in most cases, simply attempts to restrict activities at current community acceptable levels to avoid activities that are not acceptable to the community.

The cost of deregulation is a loss of community confidence and protection, the possible expansion of gaming, and exploitation by unscrupulous persons. For example, to permit operators to set their own prize levels as such a competition environment would encourage unsustainable prize levels and, therefore, unscrupulous activities.

Negative Licensing

Negative licensing is a regulatory model whereby persons or organisations are not required to hold a licence to operate, but can be excluded from operating if they breach certain legislative requirements. This would involve retaining a set of regulated requirements for entry of gaming activities, without the need for a licence or permit.

To some extent a negative licensing system exists, as certain forms of lottery activities do not require an authorising permit. The current law allows the Minister to seek orders from the Supreme Court to prevent the conduct of a particular lottery activity or to prohibit a person or organisation from conducting any lottery activities for a period not exceeding two years. The Supreme Court can make an order if it is satisfied that the provisions of the Act, or the regulations have not, or will not be, complied with, or that it would otherwise be against the public interest for the lottery activity to be conducted.

Negative licensing would result in some compliance and administrative savings for organisations, and reduced administrative savings to government. However, this would have to be countered by the possible difficulty of identifying those that exploit gaming for private gain, which would represent a higher compliance cost to government.

The licence scheme attempts to determine potential problems beforehand, and is justifiable on net public benefit grounds.

Greater uniformity with other jurisdictions

With regard to cross-border issues, an alternative is for the legislation to be reviewed with the view of achieving greater uniformity with other jurisdictions—that is, to allow the conduct of foreign lotteries in NSW subject to compliance with the exceptions provisions of the Act. This may include recognition of another jurisdiction's grant of authority to conduct a particular lottery activity.

This approach should overcome the current difficulties of interstate organisers wishing to further the conduct lotteries in NSW. However, this would have to be achieved without eliminating controls over the integrity of the conduct of lotteries, or the principle that NSW has the right to determine what level of such gambling activity is appropriate.

4 CONCLUSION AND RECOMMENDATIONS

The Review Steering Committee concluded that any anti-competitive provisions in the legislation were justifiable and reasonable on the basis that the inherent harm minimisation benefits outweighed any costs.

The Committee has also taken into consideration the National Competition Council's acknowledgement that jurisdictions are particularly concerned about removing or modifying restrictions that would expand gambling opportunities, and also that the structure of the gambling industry and availability of gambling opportunities in each jurisdiction may also be relevant to determining appropriate regulatory outcomes, and that as a result, governments' regulatory approaches may differ.

The Committee recommends:

1. that the objectives of the Act be explicitly stated, and that this be addressed as part of Government's plain English drafting and legislative reform program [Recommendation: 2.1.1]
2. that there should be ongoing discussion between the States and Territories to explore the possibility of greater uniformity [Recommendation: 3.5.4]
3. that the Government approve in-principle the relaxation of the foreign lottery restrictions to permit the conduct of Australian community-based lotteries in NSW provided such lotteries meet the same standards of probity and fairness expected of a NSW-based lottery. This may also require a non-NSW-based operator to be authorised under a permit scheme similar to that required of an NSW-based operator [Recommendation 3.6.4]
4. that the restriction on the value of cash-prizes that may be offered in conjunction with trade promotion lotteries be removed [Recommendation: 3.8.2]
5. that a negative licensing approach to games of chance conducted by registered clubs be addressed as part of Government's legislative reform program [Recommendation: 3.10.2].

NATIONAL COMPETITION POLICY REVIEW
LOTTERIES AND ART UNIONS ACT 1901
CHARITABLE FUNDRAISING ACT 1991

Terms of Reference

1. The review of the *Lotteries and Art Unions Act 1901 and Charitable Fundraising Act 1991* shall be conducted in accordance with the principles for legislation reviews set out in the competition Principles Agreement. The guiding principle of the review is that legislation should not restrict competition unless it can be demonstrated that:
 - (a) the benefits of the restriction to the community as a whole outweigh the costs; and
 - (b) the objectives of the legislation can only be achieved by restricting competition.
2. Without limiting the scope of the review, the review is to:
 - (a) clarify the objectives of the legislation, and their continuing appropriateness;
 - (b) identify the nature of the restrictive effects on competition;
 - (c) analyse the likely effect of any identified restriction on competition on the economy generally;
 - (d) assess and balance the costs and benefits of the restrictions identified; and
 - (e) consider alternative means for achieving the same result, including the use of non legislative approaches.
3. When considering the matters in (2), the review should also:
 - (a) identify any issues of market failure which need to be, or are being addressed by the legislation; and
 - (b) consider whether the effects of the legislation contravene the competitive conduct rules in Part IV of the *Trade Practices Act 1974 (Cth)* and the NSW Competition Code.
4. The review shall consider and take account of relevant regulatory schemes in other Australian jurisdictions and any recent reforms or reform proposals, including those relating to competition policy in those jurisdictions.
5. The review shall consult with and take submissions from persons and organisations associated with the relevant industry and other interested parties.

Annexure B

Restrictions Applying to Each Authorised Lottery / Gaming Activity

Authorised type	Who is entitled to benefit from conduct	Permit required	Purpose	Profit	Total prize value	Prize types ¹	Jackpotting	Expenses	Number of Tickets	Ticket price	Age ²	Number conducted	Where conducted
Raffles, guessing competitions (section 4)	Non-profit orgns	No	Fundraising	40% of gross proceeds to non-profit orgn	\$20,000	Value of money prize capped at \$5,000.	Not allowed because of nature of lottery	Not to exceed 60% of the gross proceeds (includes prizes)	No restriction	No restriction	No restriction	No restriction	No restriction
Scratch and break-open lotteries (no-draw lotteries) (s4)	Non-profit orgns	No	Fundraising	40% of gross proceeds to non-profit orgn	\$5,000	Value of money prize capped at \$5,000.	Not allowed because of nature of lottery	Not to exceed 60% of the gross proceeds (includes prizes)	No more than 3,000 tickets may be sold in a series.	Max. \$2	No restriction	Only one lottery may be conducted at the same time.	No restriction
Mini-number lotteries (lotto-style lotteries) (s4)	Non-profit orgns	No	Fundraising - 40% of gross proceeds to non-profit orgn	No restriction	Total value of prizes must be at least 50% of the gross proceeds, and cannot exceed \$10,000	Value of money prize capped at \$5,000.	Permitted	Not to exceed 10% of the gross proceeds. No commissions, fees or other benefits may be paid.	No restriction	Max. \$2	Persons under 18 years cannot take part.	Only one lottery may be conducted at one time and in any period of 7 days.	No restriction

¹ Global prize type restriction: spending money cannot exceed 20% of the value of the travel prize; alcohol prizes are limited to a maximum of 20 litres of the total prize pool; tobacco prizes are prohibited; cosmetic surgery prizes are prohibited; firearms, ammunition and weapons are prohibited.

² The participation of minors in community gaming activities is the subject of a separate review process.

Authorised type	Who is entitled to benefit from conduct	Permit required	Purpose	Profit	Total prize value	Prize types ¹	Jackpotting	Expenses	Number of Tickets	Ticket price	Age ²	Number conducted	Where conducted
Charity housie, cash housie (bingo) (s4A)	Charities	Yes (free)	Fundraising	12.5% of gross proceeds to charity	Max. of 75% of gross proceeds.	Ordinary game prize capped at \$150. Max. value of jackpot prizes: minor session - \$500; major session - \$2,000; super - \$4,000.	Permitted	Not to exceed 12.5% of gross proceeds (excludes prizes).	No restriction	Max. of 40 cents per ticket	No restriction	No restriction	No restriction
Chocolate wheel (s4A)	Charities	Yes (free)	Fundraising	40% of gross proceeds to charity	Max. \$500	Value of money prize capped at \$500.	Not allowed because of nature of lottery	Not to exceed 60% of the gross proceeds (includes prizes)	No restriction	No restriction	Persons under 17 years cannot take part.	No restriction	No restriction
Lucky envelopes (s4A)	Charities	Yes (free)	Fundraising	40% of gross proceeds to charity	From \$40 to \$200 depending on sale price of ticket	Value of money prize capped at \$200.	Not allowed because of nature of lottery	Not to exceed 60% of the gross proceeds (includes prizes)	No restriction	Tickets can be sold at 20 cents, 50 cents or \$1 each.	Persons under 17 years cannot take part.	No restriction	No restriction
Trade promotion lotteries (s4B)	Trade and businesses.	Yes, fee payable on value of prizes. Min. fee \$50 Max. fee \$2,000	Promoting trade or business	No restriction	No restriction	Total value of money prizes capped at \$400,000 in any 4 week period. Single money prize capped at \$100,000	Permitted	No restriction	No restriction	Must be free to enter	No restriction	No restriction	No restriction

Authorised type	Who is entitled to benefit from conduct	Permit required	Purpose	Profit	Total prize value	Prize types ¹	Jackpotting	Expenses	Number of Tickets	Ticket price	Age ²	Number conducted	Where conducted
Promotional raffles (s4C)	Registered clubs	Yes (free)	Social entertainment, promoting trade		Total value of a single prize \$100; one prize valued at \$300 in a session	Money prizes not permitted	Permitted	No restriction	No restriction	Max. \$5 each	No restriction	Number of sessions limited to 7 each week. Session no longer than 3 hours.	Only on premises of registered club.
Club bingo (housie) (s4C)	Registered clubs	Yes (free)	Social entertainment, promoting trade		\$30 max.	Money prizes not permitted	Permitted	No restriction	No restriction	Max. 5 cents	No restriction	Cannot be conducted on Saturday and Sunday and after 6pm Friday	Only on premises of registered club.
Sweeps and calcuttas (s4D)	No restriction	No, if value of ticket sales do not exceed \$20,000. Yes (free) if value of ticket sales exceed \$20,000. Can only be conducted on prescribed events.	Social entertainment & fundraising for non-profit orgns	Except for proceeds for non-profit orgn, all proceeds of tickets ticket sales and auction must be distributed back to participants as prizes.	Sweeps: based on ticket sales. Calcuttas: based on ticket sales and proceeds from auction	No restriction	Not allowed because of nature of lottery	No commission fee or other benefit may be paid. unless authorised under a permit	No restriction	No restriction	Persons under 16 years cannot take part.	No restriction	No restriction
Social housie (bingo) (s4E)	No restriction	No	Social entertainment & fundraising for non-profit orgns	No restriction	Ordinary game \$30 max. Jackpot prize - total value in session \$150 max.	Value of money prize capped at \$150.	Permitted	No commission, fee or other benefit may be paid.	No restriction	No restriction	No restriction	No restriction	Cannot be conducted on premises of registered clubs or on licensed premises.

Authorised type	Who is entitled to benefit from conduct	Permit required	Purpose	Profit	Total prize value	Prize types ¹	Jackpotting	Expenses	Number of Tickets	Ticket price	Age ²	Number conducted	Where conducted
Tipping competition, hundred club and similar progressive lotteries (s4F)	No restriction	Yes (free) - if total prize pool exceeds \$20,000	Social entertainment & fundraising for non-profit orgns	No restriction	No limit	Value of money prize capped at \$5,000.	Permitted	No commission, fee or other benefit may be paid.	No restriction	No restriction	No restriction	No restriction	No restriction
Gratuitous lotteries (s4G)	Not for the purpose of promoting trade or business	No	Social entertainment & linked to fundraising events for non-profit orgns	No restriction	Capped at \$5,000	No money prizes.	Permitted	No restriction	No restriction	Must be free to enter	No restriction	No restriction	No restriction
Art unions (s5)	Non-profit orgns	Yes (free) - if total prize pool exceeds \$20,000	Fundraising	40% of gross proceeds to non-profit orgn	No limit	Value of money prize capped at \$5,000.	Not allowed because of nature of lottery	Not to exceed 60% of the gross proceeds (includes prizes)	No restriction	No restriction	Persons under 18 years cannot take part.	No restriction	No restriction