



Review of Lotteries Regulations in South Australia

A submission to:
Consumer and Business Services, South
Australian Government

Prepared by:
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Authorised by:
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yourtown services

yourtown is a national organisation and registered charity that aims to tackle the issues affecting the lives of children and young people. Established in 1961, **yourtown's** mission is to enable young people, especially those who are marginalised, to improve their quality of life.

yourtown provides a range of face-to-face and virtual services to children, young people and families seeking support. These services include:

- Kids Helpline, a national free 24/7 telephone and on-line counselling and support service for 5 to 25 year olds with special capacity for young people with mental health issues
- Employment and educational programs and social enterprises, which support young people to re-engage with education and/or employment, including programs specifically developed for those in long term unemployment
- Accommodation responses to young parents with children who are at risk and to women and children seeking refuge from domestic and family violence
- Young Parent Programs offering case work, individual and group work support and child development programs for young parents and their children
- Parentline, a telephone and online counselling and support service for parents and carers
- Mental health service/s for children aged 0-11 years old, and their families, with moderate mental health needs
- Expressive Therapy interventions for young children and infants who have experienced trauma and abuse or been exposed to violence.

yourtown is constituted as a Public Company Limited by Guarantee. Our organisation is currently one of the largest charitable youth services throughout Australia, employing over 800 staff across four states. We currently have 50 services in 36 locations across Queensland, New South Wales, South Australia, and Tasmania in areas of high socio-economic disadvantage.

yourtown has a significant fundraising program and has conducted charitable art unions for over 35 years. In the 2020-21 financial year, the income derived from community support through **yourtown** art unions exceeded \$80 million. Income generated from the conduct of charitable lotteries funds more than 60% of **yourtown's** costs in the delivery of services with the remainder derived from government fee for service contracts and grants. These services in turn generate significant social value. It is our charitable fundraising program that enables us to deliver quality and effective services in areas where government funding has been traditionally limited, and enables us to fund new, independent, and innovative services.

yourtown welcomes the opportunity to provide feedback to the South Australian Government on their review of Lotteries Regulation in South Australia, including the draft *Lotteries Regulations 2021*. **yourtown** strongly supports the government's goal to achieve the right balance between meeting community expectations around the conduct of lotteries, without placing unnecessary regulatory burden on those that conduct them.

This review provides a unique opportunity for the South Australian Government to take a leadership position within Australia to address the over-regulation of major charitable lotteries, while also ensuring the highest standards of integrity and compliance are met.

Recommendation:

Insert additional sections in the *Lotteries Regulations 2021* pursuant to section 23(2) of the *Lotteries Act 2019* to:

- Recognise corresponding laws of another state or territory, such as the *Charitable and Non-Profit Gaming Act 1999* (Qld), or *Community Gaming Act 2018* (NSW),
- Exempt a class of major charitable lotteries from licencing where they are licenced under a corresponding law of another state or territory, and
- Provide an exemption dependent upon submission of written evidence annually of:
 - the licence under the corresponding law, and
 - direct social benefit derived from a charitable lottery (where gross proceeds are in excess of \$50,000) to the South Australian community (for example, through the delivery of a program or service by the licensee within the state).

Reduction of regulatory burden

yourtown strongly supports regulation of charitable lotteries and their operation. However, charities that operate across multiple jurisdictions face a significant regulatory burden in order to comply with licensing and compliance requirements of each individual state and territory in which they operate. Further, these regulatory requirements are becoming increasingly complex, and duplicative in nature.

In 2016, Deloitte Access Economics estimated that the annual regulatory burden associated with fundraising regulations was approximately \$13.3 million per year across the sector.¹ **yourtown** currently operates its charitable lotteries nationally. To do so, we spend approximately \$192,000 annually to meet individual state jurisdictional licenses and requirements (Attachment A). This includes the cost of **yourtown** personnel and internal resources dedicated to administering the regulatory requirements. This is all money that **yourtown** could otherwise spend in meeting social needs and supporting community programs or services to disadvantaged young people.

Further, there is also the broader cost to government in administering and monitoring licensing schemes. Similarly, this money could be better spent on, infrastructure, health, or education services for the local community.

¹Deloitte Access Economics, *Australian Charities and Not-for-Profits Commission Cutting Red Tape: Options to align state, territory and Commonwealth charity regulation Final Report* 23 February 2016, pg 2 accessed at [deloitte-au-economics-cutting-red-tape-align-charity-regulation-230216.pdf](https://www.deloitte.com/au/economics-cutting-red-tape-align-charity-regulation-230216.pdf).

Regulatory reform is needed to address the excessive over-regulation of lotteries and enable money to be directed towards where it is needed most, rather than into administrative processes undertaken by low-risk charities conducting lotteries. A key mechanism to do this would be by using provisions already existing in the new *Lotteries Act 2019* to recognise lottery licences issued by another state or territory.

A regulatory solution: exempting major lotteries already licensed interstate

While **yourtown** supports regulation of lotteries, many major charitable lotteries operate nationally, and exemptions should be in place where such lotteries are licenced in another state or territory. This national approach of mutual recognition would minimise regulation while maximising charitable donations being directed towards those that need it most.

yourtown recommends that the South Australian government explore usage of section 23(2) of the *Lotteries Act 2019* (the Lotteries Act) to provide for the exemption of a class of major lotteries from its licencing requirements by a regulation. It is recommended that the draft *Lotteries Regulation 2021* (the Regulations) include:

- Recognition of corresponding laws of another state or territory, such as the *Charitable and Non-Profit Gaming Act 1999* (Qld), or *Community Gaming Act 2018* (NSW),
- Provision that a major lottery (as defined under the Regulations) are exempt from the licencing provisions of the Lotteries Act if they are licensed under the corresponding law of another state or territory, and
- Provide that in order to satisfy the exemption requirements and operate a lottery within South Australia, a particular class of major lottery (where gross proceeds are more than \$50,000) must provide written evidence annually of the licence,

A regulatory balance: evidencing benefit to the South Australian community

In addition to annual evidence of a licence, it is also important that this is balanced with a requirement of evidence of benefit being provided through the charitable lottery directly to the South Australian people.

Reducing the regulatory burden will ensure money is directed towards social investment, rather than regulatory red tape. However, **yourtown** also strongly considers that the government's leadership in reducing regulatory red tape should be met by a corresponding commitment from the operators of major charitable lotteries (where gross proceeds are more than \$50,000) to evidence direct social benefit to the South Australian community. For example, the Social Return on Investment Study on the national 24/7 **Kids Helpline** showed that for every \$1 invested in **Kids Helpline**, \$15 of social value was generated.² The funding that **yourtown** receives through its charitable lotteries has also enabled delivery of a young parents program in Port Pirie in South Australia, Social Enterprise activities in Adelaide and Port Pirie and other child and family related services in both regions. This is in addition to the four jobactive and two Transition to Work programs that **yourtown** operates for disadvantaged youth in South Australia.

² Kids Helpline, Engaging Highly Disadvantaged Job Seekers, and Improving their Employment Outcomes: A Social Return on Investment Analysis (2014)

Therefore, it is also recommended that the government explore including a requirement under the regulations for any major charitable lottery seeking an exemption to also evidence the direct social benefit to the South Australian community derived from operation of the lottery. For example, this could include delivery of a program or service by the licensee within the state for the year in which the licence has been issued.

However, given the definition of 'major lottery' under draft Regulation 3 is *'a lottery, the prizes of which exceed, in total, \$5,000 in value, but does not include an instant lottery, a sweepstakes, a Calcutta sweepstakes or a card jackpot lottery'*, it is recommended that this additional requirement be restricted to major charitable lotteries where gross proceeds are more than \$50,000. This would ensure smaller lotteries that seek to operate in your state and may struggle to demonstrate direct social benefit to the community are not adversely impacted. This class of major lotteries would align with the Category 3 of large charitable lotteries licenced under Queensland legislation.

We would welcome the opportunity to explore these ideas with you further in more detail. Should you require any further information, please do not hesitate to contact Tracy Adams, CEO at **yourtown** via email at tadams@yourtown.com.au.

ATTACHMENT A

Estimated costs to yourtown associated with meeting regulation	
Item	Cost
Administration Fundraising coordination tasks and regulatory compliance	\$2,600.00
Total Fundraising	\$2,600.00
Draw Cost \$16 Draws at \$450 per Draw Independent scrutineer present at the Draw	\$7,200.00
Art Union Audit Financial audit after each draw to meet QLD, NSW, SA & VIC Regulation	\$10,080.00
Administration costs for permits application QLD, SA, VIC & ACT require individual permit	\$25,270.00
Prize Valuation Cost States have varying requirements regarding engineer reports and independent prize valuation	\$21,000.00
Advertising Costs This includes multiple versions of press/radio/TV advertising of the draw to meet terms and condition requirements of each jurisdiction	\$20,000.00
Collateral Costs Ensuring printed materials meet the requirements of each jurisdiction, including cost of proofing and regular research related to keeping up to date with regulations	\$30,000.00
Permit Application Costs 10 house and 6 car draws	\$18,450.00
Management costs	\$60,000
Total Art Union	\$192,000.00