



## Public Lotteries Legislation Amendment Bill.

### Second Reading

**Mr GRANT McBRIDE** (The Entrance—Minister for Gaming and Racing) [11.59 a.m.]: I move:

That this bill be now read a second time.

This bill provides for amendments arising from reviews of the Public Lotteries Act 1996 and the New South Wales Lotteries Corporatisation Act 1996. These reviews were conducted during 2002 and 2003 and identified a need for refinement of both Acts. The proposed amendments were developed in consultation with all key stakeholders, following the release of an issues paper during the review process. The Public Lotteries Act is the principal legislation regulating the operation of public lotteries in New South Wales. The objectives of the Act are to make provision for the proper conduct of public lotteries in the public interest, to minimise any harm associated with public lotteries and to ensure that revenue derived from the conduct of public lotteries is accounted for in a proper manner. The New South Wales Lotteries Corporatisation Act, which established the New South Wales Lotteries Corporation as a statutory, State-owned corporation, set out the objectives and functions of the corporation and transferred the assets, rights and liabilities of the pre-existing statutory body—New South Wales Lotteries. I will briefly address the subject matter of the proposed amendments to each Act separately.

In regard to the Public Lotteries Act 1996, the bill seeks to make several clarifications and create some new offences. The most important new offences will prohibit the unauthorised sale and promotion of public lottery products, such as the range of products available for purchase from newsagencies, and the purchase of these lottery products on behalf of others for a fee or reward. Experience has shown that unauthorised sellers of the reputable range of products of New South Wales Lotteries target potential overseas subscribers by means of a direct mailing campaign, or via the Internet. The main problem with these operators is that their offers can be ambiguous and even misleading. The offer can suggest that a player has a very high, almost guaranteed chance of winning millions of dollars. There are also cases where these intermediaries have failed to pass on prizes won by players. This has resulted in many dissatisfied customers. The Government receives complaints from these customers every year. This situation is endangering both the commercial reputation of the New South Wales Lotteries Corporation as the lottery operator and New South Wales' general reputation as a jurisdiction that can ensure public lotteries and other gaming activities are conducted with integrity.

At present there is no explicit offence in the Act, or any other gaming-related legislation for that matter, which prohibits an unauthorised involvement in the sale of public lottery products. As such, this particular form of facilitating gambling activity is completely unregulated. The implementation of this proposal will rectify this troubling situation. Three new offences will be created: unauthorised selling of entries in or subscriptions to a public lottery; unauthorised promotion or marketing of a public lottery; and a person not to enter or subscribe to a public lottery on behalf of another for a fee or reward. Another new offence will address fraudulent claims being made for lottery prizes. The investigation of fraudulent claims costs lottery operators both time and money, and there is no existing deterrent to the making of fraudulent claims. The introduction of this offence and the attached penalty will provide a deterrent and help maintain public confidence in the integrity of public lotteries. The offence will be limited in that it will apply to a person who lodges a claim knowing it to be materially false or misleading.

The review also brought to light several areas in which greater clarity was required in the legislation. In parts, the Act, as currently worded, is not sufficiently clear on a small number of basic operational matters. Accordingly, the amendments will make it clear that lottery licensees may enter into agreements to participate in national games, that lottery licensees are permitted to contribute to prize payments for national lottery games, that separate prize funds are required for each public lottery licence and that lottery agents are allowed to pay minor prizes directly to lottery subscribers. Also, the bill will extend the same right to public lottery licensees to organise and run syndicates that is currently granted to their agents.

The bill will also extend the jurisdiction of the Administrative Decisions Tribunal. A person will be able to apply to the tribunal for a review of ministerial decisions to withdraw the approval or appointment of an agent of a public lottery licensee. The bill will amend the notification requirements for a change in the circumstances of a lottery licensee. Recently it became apparent that a lottery licensee may be placed in the position of unintentionally breaching certain notification requirements. This is more likely to occur where a licensee does not have total control over the changing information and must await the advice of other parties. The bill will address this by changing the notification requirements so that a licensee or agent is required to notify the Minister of changed circumstances, but only within 14 days of becoming aware of the change in circumstances. It is important to understand that this will only apply to cases where a licensee or agent does not have direct control over the change in status. Where there is full knowledge of the changed information the licensee or agent must notify the Minister in writing within 14 days of the change occurring.

I now turn to an aspect of the bill that has generated some media attention, namely, the proposed introduction of enhanced regulation-making powers within the Act to provide for the introduction of a statutory time limit on unclaimed prizes. Under current circumstances the liability for unclaimed prizes is open-ended. It is estimated that, for New South Wales Lotteries alone, the exposure currently amounts to at least \$115 million. Furthermore, as the vast majority of unclaimed prizes are of minor value, and as few claims are received relating to lotteries drawn more than three years ago, the cost of maintaining open-ended verification systems for such prizes is difficult to justify. It is acknowledged that the introduction of a limit of claims for lottery prizes is relevant to the Legislation Review Committee's scrutiny of bills, as it delegates the power to introduce time limits to a regulation.

It is important to understand that there is no intention to arbitrarily remove the current unlimited right of public lottery subscribers to lodge their claim for winnings. It is proposed that the limit on the time for lodging prize claims will be introduced gradually, and will not be fully in place for up to 15 years from the date of commencement of the relevant regulation. Hence, there will be more than adequate time for lottery subscribers to check if they have an old, potentially prize-winning lottery ticket lying around gathering dust at the bottom of a suitcase or in the back of the sock drawer before the new limits are fully implemented. So it is clear that the introduction of this limit will significantly reduce the exposure of licensees to the unclaimed prize liability without abruptly depriving lottery subscribers of an accustomed right. Finally, the bill will introduce a number of minor miscellaneous, ancillary and consequential amendments to the Public Lotteries Act. These amendments will enhance certain definitions in the Act, and ensure that other definitions are consistent throughout the Act.

I now turn to amendments to the New South Wales Lotteries Corporatisation Act. The amendments proposed to this Act are non-contentious and straightforward. In summary, at the point in time when the New South Wales Lotteries Corporation was being established, which was in 1997, the assets, rights and liabilities of the former New South Wales Lotteries were transferred to the corporation. This process was specifically catered for in certain provisions in the Act. The transfer of these assets, rights and liabilities has long been completed, and these relevant provisions are now obsolete. It is appropriate that they be removed from the Act. In conclusion, this bill will make further improvements to the regulatory framework for the operation of public lotteries in New South Wales, and I commend it to the House.

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