



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Betting, Gaming, Lotteries and
Amusements (Amendment) Bill:
Northern Ireland Council for Voluntary Action

14 December 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Kellie Armstrong (Deputy Chairperson)
Mr Andy Allen
Mr Stephen Dunne
Mr Mark Durkan
Ms Ciara Ferguson
Mr Paul Frew
Ms Aine Murphy

Witnesses:

Ms Denise Copeland	Northern Ireland Council for Voluntary Action
Mr Seamus McAleavey	Northern Ireland Council for Voluntary Action

The Deputy Chairperson (Ms Armstrong): I welcome Seamus McAleavey and Denise Copeland to our meeting. Thank you very much for coming along this morning. I will hand over to you. I will give you 10 minutes to give your update, and then we will move to members' questions.

Mr Seamus McAleavey (Northern Ireland Council for Voluntary Action): Thank you very much for the invitation to come along today and brief the Committee. Our focus is very much on the aspects of the Bill that affect fundraising for charities and voluntary and community organisations in Northern Ireland. We are focused very much on the impact that the Bill will have on voluntary and community organisations at large. We are also conscious that many of our members are much more competent in some areas of the Bill than we are, so we think that issues around gambling and addiction would be better addressed by many of our member organisations.

With me is Denise Copeland. She is our governance and charity advice manager and our specialist in the area, so I will ask her to talk to the briefing paper, and then we will be happy to take questions.

Ms Denise Copeland (Northern Ireland Council for Voluntary Action): Thank you, Seamus. Good morning, Chair and members. I will take you through the Northern Ireland Council for Voluntary Action (NICVA) position on the Bill.

Clause 9 relates to rules for societies' lotteries. NICVA did not envisage any objections to reform of societies' lotteries, as it is often seen as fundraising as opposed to gambling. Indeed, at the round-table discussion that was held as part of the Department for Communities' consultation on the regulation of gambling in January 2020, most participants agreed that they did not associate buying a raffle ticket with gambling; rather, they saw it as supporting a good cause.

The current rules for societies' lotteries are completely outdated and limit the fundraising capacity of many societies, including charities, sports clubs and other voluntary-led organisations. NICVA warmly welcomes the provision to remove the £1 ticket price of a society lottery ticket. A society should be permitted to set its own ticket price, as it is best placed to know what price it would be acceptable to charge.

By way of example, to demonstrate how restrictive and cumbersome the current regulations are, if a society wants to run a draw with a substantial prize — for example, to win a car worth £25,000 — it is obliged by current legislation to sell the raffle tickets for £1 each. It is not permitted to sell the tickets for £5 or £10. In order to raise the maximum amount of money permitted, a society would have to sell 80,000 tickets at £1 each. Also, societies in Northern Ireland are at a disadvantage to their counterparts in GB with the restrictions that are placed on them regarding the caps on the price of tickets, income and prizes.

Provision to increase the caps on ticket sales and prizes has not been included in the Bill. That is, the £80,000 cap on the total value of ticket sales in each lottery has not been revised, nor has the £25,000 cap on the maximum value of the prize. We understand that the Minister is considering amending the caps by secondary legislation, as opposed to including them in primary legislation, as she has the power to do so under the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.

While we appreciate that the Minister has already used her power to permit societies to sell their society lottery tickets from 7 September, there has been no date set for further regulations to increase the caps on ticket sales and prizes that we are aware of. Secondary legislation should be implemented to change those caps before April 2022, otherwise a future Minister may not see the need for that to happen.

Reform is needed for other lotteries not included in the Bill. There are no provisions in the Bill to update the rules for other types of lotteries, namely private lotteries, small lotteries and exempt entertainments, commonly referred to as "raffles". It would be a missed opportunity not to update the rules for those, either by secondary legislation or in the Bill. I will just take you through the issues that we have identified.

The rules on private lotteries do not permit ticket sales of more than £1,000, and tickets must be sold on the premises. As a consequence of the COVID pandemic and the resultant working from home for many, the requirement that private lottery tickets be sold on the premises has meant that it would be difficult to run a private lottery, as the requirement is that the tickets must be sold on the actual premises. Private lotteries should be permitted to sell their tickets by electronic means to those who would normally frequent their premises, whether it be their employees, members or visitors to their premises. The ticket sales cap of £1,000 on private lotteries should also be increased to £10,000, as that can be a useful form of fundraising by organisations that have their own premises or, indeed, workforces that want to fundraise in their workplace for a good cause.

There are issues with small lotteries at exempt entertainments, such as tickets being sold at sporting events, jumble sales, dinner dances, dances or dinners. The rules for small lotteries and exempt entertainments state that tickets are permitted to be sold only on the premises on which the entertainment takes place and during the entertainment. The COVID pandemic has seen charities and other societies having to move those exempt entertainments online in order to keep people safe while raising vital funds for their organisations. Let us take the table quiz as an example. It can easily be held online, but the legislation appears to prohibit the sale of raffle tickets at that exempt entertainment as it is being held online rather than in "premises". Therefore, we recommend that the reference to premises should be removed from article 133(2)(b) of the 1985 Order to allow the sale of raffle tickets at exempt entertainments. We question the prohibition on sale of raffle tickets prior to the event, and we ask that that be removed also. In practice, many organisations sell raffle tickets prior to the event without knowing that they should not do so.

The organisation is required to notify the police seven days in advance of a small lottery happening at an exempt entertainment. NICVA asks whether that is still necessary, given that many raffles are unlikely to be notified to the police.

I turn to clause 11, on prize competitions not requiring persons to pay to participate. While free prize draws may be intended to be used by commercial organisations, they are also of interest to some voluntary-led organisations. NICVA is not sure whether article 168 of the 1985 Order applies to charities and other voluntary-led organisations, as it refers to conducting prize competitions:

"through any newspaper, or in connection with any trade or business".

An example of how a charity or an independent fundraising appeal may use a free prize draw is to encourage donations or entry to a sporting event, for example, by entering the name of the donor or participant into such a draw. Voluntary organisations also run pay-to-enter prize competitions as a way of fundraising for their organisations. Prize competitions depend on the exercise of skill, judgement or knowledge by the participants. That distinguishes them from lotteries, in which success depends wholly on chance, so they do not fall under societies' lotteries legislation. NICVA does not want to see the practices in either of those examples hampered by the introduction of new legislation, as voluntary organisations continually have to think of ways in which to diversify their fundraising.

The sector needs guidance from the Department. If article 168 of the 1985 Order does not apply to voluntary-led organisations, we strongly recommend that the Department issues guidance on prize competitions and free prize draws to explain, in the same way as the Gambling Commission does in GB, best practice in the area. To date, we have used the GB guidance as a benchmark of best practice for the voluntary and community sector. The Department's guidance note on the law on lotteries in Northern Ireland could easily include such guidance.

The Deputy Chairperson (Ms Armstrong): Thank you very much, Denise and Seamus, for your paper and for your evidence today, which have helped a lot. I have a few questions, and then I will open it to the floor. If members wish to ask questions, they should let me know through StarLeaf or in the room.

Denise, you talked about clause 9, which proposes that the £1 cap on ticket price for societies' lotteries be removed. Do you think that there should be a maximum ticket price? We have heard of some prices in England of as high as £100 or £200.

Ms Copeland: We do not agree that there should be a cap on ticket price, because the organisation running the lottery, draw or raffle is best placed to determine what people would be prepared to pay for the tickets. We do not want to see any cap. Different types of raffle will be run at different times. For example, an organisation running a raffle for a massive capital extension to its premises will probably want to run a raffle or societies' lottery with a substantial stake on the ticket that may be £20 or, if it feels that members could afford it, £50. Every week, it might run a lottery that is £1 per ticket, or, if the £1 ticket cap is removed, it might decide to increase it to £2 or £5. We think that it is best not to put a limit on it.

It will be 2022 before the changes will be brought in. The legislation that we are working with is from 1985. That is based on older, English legislation, so our legislation that we are working on is 60 years out of date. Could it be another 60 years before the legislation is changed again? We need to future-proof the legislation.

The Deputy Chairperson (Ms Armstrong): You highlighted the fact that no date has been set for further regulations to raise the caps on ticket sales. Should that be done by regulations, or does it need to be in the Bill?

Ms Copeland: We would be happy for it to be done by regulation if that is easiest for the Department. The Minister has the power to do that in secondary legislation. We just want to make sure that it gets done. For example, if the Bill were not to progress, we would want to see regulations passed, so that they would not have to wait for the Bill to progress.

The Deputy Chairperson (Ms Armstrong): In relation to small lotteries and exempt entertainments, you request that raffle tickets are permitted to be sold prior to the event. In practice, let us face it, many organisations sell raffle tickets prior to the event without knowing that they should not. Does that need to be added to the Bill as part of the changes for small lotteries?

Ms Copeland: It would be great if it could be added to the Bill or, indeed, done by regulation. It needs to be considered. We raised it as an issue in the former consultation, the round-table event in January of last year that I mentioned. The Department started the consultation in the previous year, so we raised it in our response to that. Our members were keen that something should be done about that.

The Deputy Chairperson (Ms Armstrong): Should the requirement for the police having to be notified seven days in advance be taken out of the Bill or left in? What are your thoughts on that?

Ms Copeland: Maybe the Bill could be amended to remove it, or the Department may advise that it may be easier to do that through regulation. The police could be asked how many organisations do that and how many seven-day notifications they get. We might see very low numbers. If it could be done easily in the Bill or by regulation, the Department could determine that.

The Deputy Chairperson (Ms Armstrong): Clause 9, "Rules for societies' lotteries", states that:

"20 per cent. of the whole proceeds of the lottery"

is the limit on expense. We see on TV and different places lotteries where you can win amazing prizes like houses. In Northern Ireland, we have had significant lotteries, as you said, where people could win a car. Have you any thoughts on the limit that should be placed on expenses for a lottery, or should that be removed?

Ms Copeland: We agree with the 20% limit. We believe that you need a limit on expenses. The lotteries are run for good causes, and we want to make sure that most of the money is given to the good cause, so it is sensible to put a limit on expenses.

The Deputy Chairperson (Ms Armstrong): What if the prize is, for instance, a car? If they had to buy that car, you would have to sell some tickets to cover that cost.

Ms Copeland: Currently, if you had to buy the car, it would be extremely difficult to recoup that outlay for the maximum amount of money to go to the good cause. However, if you remove that £80,000 ceiling and the ceilings on the total amount that a lottery is allowed to earn and if the organisation is allowed to sell the ticket for £10, £20 or £30, they will get more money in. They will have to work that out in terms of, "We'll have to raise £100,000 or £200,000 in order to set a prize of that stake". Having a limit on the amount that they are able to spend helps as a guideline for charities and other societies. It helps them to not get too carried away by saying "OK, we'll buy a house, and we'll raffle it". If they buy the house that costs £100,000, that needs to be 20% of the overall income from the lottery. It will help to have a percentage limit in the legislation. Do you have any further comments about that, Seamus?

Mr McAleavey: No. That is important, Denise. As you said, it offers good guidance, and it cautions against people making mistakes and losing the run of themselves if they think that they can make a lot if their prize is significantly higher in value. It is good to have that ratio. The most important thing is to maximise the income for the good cause. That is what the vast majority of organisations do. The vast majority of organisations do not really spend a lot on their raffles or lotteries, but there are exceptional cases.

The Deputy Chairperson (Ms Armstrong): Thank you both. I know about that. I am one of those people who have gone around the countryside looking for free tickets, butcher's vouchers and things like that to put into lotteries.

This is my last question. In other parts of the Bill, we are considering whether there should be a ban on the use of credit cards or a cap on the use of debit cards. Would that hinder societies' lotteries if it were to apply to any type of lottery across the board?

Mr McAleavey: I will say something on that, Kellie. NICVA is looking at the changes taking place in fundraising, which are driven by all things digital. People are starting to use their money in a completely different way. We have to think about how we move with the times. Being able to use a debit or credit card for online electronic transactions is important. We do that. People do that when making their donations to charities. I understand the call for caps, once people are in gambling situations in which there is a danger of spending an inordinate amount of money, but I do not see that happening in the area of the societies' lotteries that we are talking about. Is there anything that you would add to that, Denise?

Ms Copeland: I have not heard of or seen anyone selling lottery tickets and coming up against the issue of someone having a gambling problem. It tends to be the supporters, members and people who are interested in the organisation and want to help.

The Deputy Chairperson (Ms Armstrong): I am just thinking about whether there could be an unintended consequence if there was a new clause that banned the use of credit cards or if a cap was

put on debit cards. As you said, however, unless the ticket price goes up, the amount that people spend to buy raffle tickets is tiny.

I will go to Committee members. Is everybody OK?

Mr Durkan: Thank you, Denise and Seamus. I agree with the points that you guys made about the cap. Other witnesses have made the point about the £1 cap being ridiculous and about it being a disaster if you are running a raffle. At times, it is even a disaster if you are trying to buy tickets and you have to fill out 10 or 20 of them.

Is there a risk associated with removing the cap? I imagine that it is there to protect people from causing harm to themselves or others through gambling. If it were to be removed altogether, might there be issues whereby other authorities would look at it as a risk for money laundering and things like that? Sorry, that is not very coherent. It just occurred to me as I was sitting here this morning. You could have a situation in which tickets are £250, and some society, charity or party just starts selling the tickets, selling 100 of them to Joe Bloggs.

Mr McAleavy: Yes. I will pick that up, Mark. I do not see raffles being used as a money laundering exercise. It could happen, and, at that point, it is a matter for the authorities who watch and monitor these things to see if there is abuse. There can always be abuse in companies, charities and things like that, and that has come up over the years.

The more central point to us is the issue that economists talk about: elasticity of demand. The vast majority of our small societies will carefully set their price. As Denise said, they really understand their membership, and, if you set your price too high — too high might be a fiver — you will not sell the tickets. If you set it lower or at the best point, a greater number of tickets will be sold and more money made for a good cause. We think that organisations are pretty astute in that area, and, where the really nefarious stuff that you allude to might happen, Mark, it is a matter for the public authorities and legal authorities to be on top of that.

Mr Durkan: I fully support the points that you guys make, but some organisations might be more astute than others.

The Deputy Chairperson (Ms Armstrong): Mark's point is well made.

Mr Durkan: It is a good point. It was not well made. *[Laughter.]*

The Deputy Chairperson (Ms Armstrong): I was thinking about that just as you were asking your question, Mark. We absolutely want to protect organisations that are genuinely raising money for good causes and will progress their charitable objectives through the work that they do with a lottery or a raffle, but, where nefarious organisations or people come together to try to abuse the system, we need to be mindful that we protect those who are doing things for the right reasons.

Do any other members want to ask a question? I do not see anyone online or in the room who wants to ask a question.

Seamus and Denise, thank you so much for your presentation. It has certainly helped us, because we needed to hear from you and from charities about the Bill. That has been exceptionally useful. I do not know whether we will speak to you between now and Christmas, so, if we do not, happy Christmas to you and please pass on our best wishes to everyone in NICVA. I know that you have worked extraordinarily hard over the last couple of years, and it is very much appreciated. Please pass that on to all the staff and volunteers who are with you.

Mr McAleavy: Thank you very much, Kellie, for your kind regards. As always, it was a pleasure to talk to the Committee, as it will be any time in the future. Happy Christmas from everyone at NICVA and from the voluntary and community sector at large to you and the Committee.

The Deputy Chairperson (Ms Armstrong): Thank you so much.

Ms Copeland: Happy Christmas, and thank you.

The Deputy Chairperson (Ms Armstrong): Bye, Denise.