

LOTTERIES COMMISSION AMENDMENT BILL 2011

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Norman Moore (Leader of the House)**, read a first time.

Second Reading

HON NORMAN MOORE (Mining and Pastoral — Leader of the House) [5.07 pm]: I move —

That the bill be now read a second time.

This bill seeks to amend the Lotteries Commission Act 1990 to allow the commission, operating under the act as Lotterywest, to offer syndicates to its retail distribution network for selling to the public, and to include the capacity for the commission to enter into a contract or arrangement to provide consultancy and advisory services.

The Lotteries Commission Act 1990 has, with minor amendment, provided an adequate legislative framework for all the new initiatives, products and services that Lotterywest has needed to introduce to ensure its business growth and to meet the expectations of its beneficiaries and others with whom Lotterywest is required to work.

The first part of the proposed amendments relates to the setting up of syndicates by Lotterywest. The setting up of syndicates by Lotterywest that retailers can then sell as shares in the syndicate to their customers is a new initiative which Lotterywest wishes to introduce and for which the act has no provision. The amendment to the act would allow Lotterywest the necessary power to do this.

Lotterywest has already given the retailers—for which it has the authority under the act—the facility whereby the retailers, either individually or in groups, can set up syndicates with an allocated number of shares which can then be sold to customers as “live” syndicate share tickets in the game. What was previously a manual process involving the player receiving only a hand-processed receipt for their entry into the game can now be done automatically through the lotto terminal, giving the player a valid ticket which can be redeemed at any retail outlet. However, any retailer who sets up such a syndicate still bears the risk of holding unsold shares in that syndicate at the time of the draw closing. This risk can be a considerable deterrent to retailers, particularly for smaller retailers and those in regional Western Australia who cannot afford to carry unsold syndicate shares.

The amendment to the act will allow Lotterywest to set up syndicates for the purpose of making the syndicate shares available for all retailers throughout the state to sell to their customers. This service removes all the risk to the retailers of holding unsold shares. It will give those retailers who cannot afford to offer this service a new option for their players and will give them an additional revenue stream.

The reason for Lotterywest not offering this service at present, despite having the technical capacity to do so, is that the act in its current state does not provide for Lotterywest to participate in its own lottery. The act also does not provide for the possibility that Lotterywest may be left with unsold syndicate shares, nor does it provide for what should happen if any of those remaining shares happened to win a prize. Although the risk of Lotterywest being left with unsold syndicate shares is minimal based on the experience of other lotteries in Australia that currently have this service for their retailers, the act needs to be clear about what should be done with any winnings in such an eventuality.

The amendment will allow Lotterywest to offer this service and will provide that any prize won by Lotterywest itself will go to the funds available for distribution to the beneficiaries as specified under section 24 of the act—charitable and community groups to which Lotterywest provides direct grants as approved by the minister. It is anticipated that this service will generate in the order of \$10 million a year in sales. This will return over \$3 million to Lotterywest’s beneficiaries shared between health services, arts and sports, as well as charitable and community groups. It will also generate in the order of \$900 000 in commissions to Lotterywest retailers in addition to providing another game entry option for players. It is not anticipated at this time that these syndicates will be offered through the Lotterywest Play Online channel.

This bill is also seeking to amend the section relating to the commission’s functions and powers to include a capacity for Lotterywest to enter into a contract or arrangement to provide consultancy or advisory services with the approval of the board and the minister. Lotterywest is from time to time approached to provide professional advice on matters on which it has a significant body of knowledge and expertise—primarily on grant making and community service matters, and occasionally also on the lottery business. Lotterywest is generally willing to offer these services freely as a normal part of its community service responsibilities but wishes to have the authority when the request for services involve significant resource implications to recover costs associated with providing such services.

The proposed amendment removes the need for the minister with the Treasurer’s concurrence to consider all contracts and arrangements that the commission is proposing to enter, as were the conditions for entering into

such contracts at the time of the first drafting of this amendment. The change has been made because it was identified that the majority of contracts or arrangements would be of a very low value, which would not warrant the minister's or Treasurer's oversight, approval and concurrence. An appropriate level of control for high-value or high-risk contracts, should they ever be contemplated, would be achieved by the operation of the proposed amendment.

Services provided to another Western Australian government agency will continue to be provided normally without charge. Cost recovery to those agencies or to any other organisation will be sought only when the requirement for service is considerable and places resource demands on Lotterywest which will impact the capacity to provide its normal level of services. Should there be any proceeds from any such service to any other organisation over and above cost recovery, those proceeds will be retained by Lotterywest and returned to the Western Australian community through Lotterywest's direct funding programs.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the government of the state is a party; nor does this bill by reason of its subject matter introduce a uniform scheme or uniform laws throughout the commonwealth.

I commend the bill to the house.

Debate adjourned, pursuant to standing orders.