

Lotteries Commission —

Mr T.J. Healy, Chair.

Mr M. McGowan, Premier.

Ms S. Hunt, Chief Executive Officer.

Mr J. Hubble, General Manager Corporate Services.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the Leader of the Opposition.

Dr M.D. NAHAN: What is the outlook for the profitability of the agency, particularly its ability to sustain its level of contributions to the community?

Mr M. McGOWAN: I will answer it generally then ask Ms Hunt to comment. It is not really profitability; it is revenue. It is producing annual revenue in excess of \$800 million. It is expected that that will grow over time but there are some threats to the agency, in particular, from other betting opportunities such as Lottoland. I think a couple of others are out there as well. The real thing that impacts revenue for the agency is totally outside anyone's control—that is, jackpots. If there are not a lot of jackpots, there is a loss of interest in Lotterywest and it does not sell as many products. Strangely enough, jackpots—that is, fewer people winning major prizes over time—results in more revenue for the agency because there is a big prize of \$20 million or \$30 million. I find that bizarre, but that is the way it works. I will hand over to Susan Hunt to add to what I had to say.

Ms S. Hunt: As the Premier has alerted us, it is a game of chance and that is indicated in our revenue. Over the last 10 years we have had a compound growth of about 2.7 per cent. Although it dropped to around \$827 million in 2016–17, we are looking good this year despite some of the trends the Premier mentioned. We had fewer jackpots last year and there was a little more pressure in the economic environment so sales were down. The external environment had more competitors in the field so we had a lesser revenue. We are expecting around \$848 million to \$850 million in revenue, which is still growth on the previous year. People in Western Australia are very committed to Lotterywest. We are driving our business around that contribution back to the community and Western Australians are really coming to the party. We are really seeing a strong performance this year despite the constraints in the economic environment.

Dr M.D. NAHAN: Is that \$848 million to \$850 million you mentioned a net figure—after your costs and payouts?

Ms S. Hunt: That is our gross sales. Last year, for example, \$440 million went to prize winners, so we give back a lot in that context. A sum of \$265 million went to community grants and programs. Some of that is the statutory allocation to the arts, sport, health, Screenwest and the Festival of Perth. Last year that left around \$100 million for discretionary grants, which went directly to communities.

Mr M. McGOWAN: On top of that is the payment to agents—their fee of, I think it is, 6.5 per cent—and the administration of Lotterywest.

Dr M.D. NAHAN: On page 447 is a line item “Revised Lotterywest Estimates” in the Department of Local Government, Sport and Cultural Industries section, which is a reduction of about \$2.3 million a year. Is that because of a policy decision or fewer net revenue payments?

Ms S. Hunt: We are still looking at an increase to the projected revenue to the arts and sports in this financial year. I might ask Mr Hubble to specify that.

Mr J. Hubble: I will make reference to the earlier statement that the revenue in the future is highly variable, depending on jackpot sequences, but we are anticipating an increase next year of around 2.5 per cent.

Dr M.D. NAHAN: On page 447, revised Lotterywest estimates are negative about \$2.4 million a year.

Mr J. Hubble: I am well aware of that statement. The reality is that last year and the year before Lotterywest revised down its forward sales estimates. There has been no change to our estimate in this current budget submission.

Extract from *Hansard*

[ASSEMBLY ESTIMATES COMMITTEE A — Tuesday, 22 May 2018]

p72a-72a

Chair; Dr Mike Nahan; Mr Mark McGowan

The CHAIR: That completes the examination of the Lotteries Commission.

Meeting suspended from 6.00 to 7.00pm