

LOTTERIES COMMISSION AMENDMENT BILL 2011

Second Reading

Resumed from 28 June.

HON SALLY TALBOT (South West) [3.35 pm]: I recall that I concluded my remarks last time just as afternoon tea was called, and I think I had canvassed all the issues I wished to during that time. Thank you, Mr President.

HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition) [3.35 pm]: I will say only a few words; I know members have canvassed, fairly broadly, a range of issues around the Lotteries Commission Amendment Bill 2011. This bill is, effectively, quite a narrow bill in terms of what it will enable Lotterywest to do in regards to syndicate tickets purchased through its various agencies.

I wanted to say a few words because Lotterywest does some very valuable work in our community for a range of charities and in our sporting and arts areas. On the Saturday after the cessation of our sitting in July an advertisement appeared in *The West Australian* thanking the community for its contribution to lotteries, and outlining the flow-on assistance to the community of that contribution. The figures shown in that advertisement were quite substantial and made me think that people really spend a fair dollar on their lottery or scratch ticket. The annual report of Lotterywest outlines the breakdown of income for each of Lotterywest's games. As Lotterywest has expanded its number of games over the past few years, more and more opportunities have arisen for people to purchase tickets throughout the week in the hope that they might win a few dollars. According to this advert, about 99 people in Western Australia have actually won division 1.

Hon Donna Faragher interjected.

Hon KATE DOUST: No, not Hon Donna Faragher or me—we are both still here! That Powerball has not come in for us, but it has for a few other people! I thought that 99 people was actually quite a significant figure.

As the number of games grows, and with the advent of online gaming and the ability to purchase lottery tickets online, an issue we have to think about—I know this is an issue that Lotterywest and its board has to tackle as well—is what effect this will have on people's desire to gamble. Although we do not think of buying a scratchie or a lottery ticket as excessive gambling, those tickets are not necessarily cheap. When I go across the road to my local newsagent, which has, I think, two machines on location, and I see people queuing up to buy tickets—particularly on those days when there is a large prize—they put substantial amounts of money over the counter in the hope of a return. I had a look at the figures for Powerball—one of the games that can be played during the week—on some information that came through our electorate offices. Two games costs \$1.65, which members may think is a relatively reasonable figure and fairly affordable, and it then goes through the various number of games to the purchase of 50 games at a cost of \$40.90. That could be quite expensive if people purchase one or more tickets. I know Lotterywest needs to pull in the income to grant its prizes, but the one thing I want to put on record is my concern about managing this in communities so that people are not enticed by the advertising or the hope that they will perhaps have a better chance of winning these wonderful prizes than they do. I have always taken the view with any form of gambling that the house always wins; I am sure Hon Liz Behjat, with her experience of working in Burswood Casino, would appreciate the term “the house always wins”. I think this probably also applies to this type of gaming. My concern is about the ever-growing number of games available and the encouragement of people to participate in this type of gambling. I am not opposed to it; I buy lotto tickets, and occasionally scratchies, but I am not very good when it comes to horses; I would not know the front end from the back end of a horse, but that is a different argument. Lots of people genuinely think that if they buy a ticket, they might strike it lucky, but some people become obsessed with it, and that is a concern.

Lotterywest spends a substantial amount on advertising. When I was parliamentary secretary to Eric Ripper when he had responsibility for Lotterywest, I had very good and interesting experiences of dealing with the Jan Stewart and the Lotterywest board. I was very impressed with the way Jan ran that arm of the business, especially her connections overseas and her understanding of the industry and the way she communicated with both Lotterywest's employees and the community. Lotterywest spends a lot of money on communicating with the public on not just the good work they do but in encouraging people to participate in purchasing tickets. There was an advertisement on TV recently—I have not seen it in the past couple of weeks—that I must raise because I could not quite make the connection between the content of the ad and buying a lottery ticket. It was a circle of life-type ad. In one scene there was a couple in the back seat of a car somewhere in Perth and the car was moving, so we had a fairly clear idea that they were not just changing a tyre. However, I was not sure of the intent of the ad and what it did to encourage us to buy a lottery ticket. It had a bit of a Salvador Dali—approach to advertising. I could not quite get the gist of it. I think sometimes the advertising needs to be perhaps a little more tasteful than what I saw shown on the TV over that time.

In my electorate during the time I have been a member of Parliament, I have been able to participate in a number of occasions on which Lotterywest grants have been provided to community sectors. They are always very gratefully received. Grants to Gowrie Western Australia in Belmont and in Karawara come to mind as do grants to community and environmental groups such as the Wilson Inlet Management Advisory Group and the great work it does, as well as the Embroiderers' Guild in the south metropolitan region. That group of ladies certainly appreciated assistance from Lotterywest. Bowling clubs have also benefitted. There is always good follow-up with these groups. Lotterywest provides a level of assistance to a diverse range of groups and individuals in our community that may not have been able to access funds otherwise. We do this very well in Western Australia. It does not happen in the other states nor in a number of countries overseas. In the United Kingdom, the United States or even some parts of Europe, none of the lottery funds go back into the community. Those places might have more substantial prizes but most of them have taxing arrangements, whereas our Lotterywest grants are deemed to be gifts. It is a different set of arrangements. I certainly hope in Western Australia we continue to provide that assistance to the community. I think that when most people buy a ticket, in the strong likelihood they will not have a big win, they say, "At least I'm making some sort of donation to a community fund or event." I think people placate themselves with the fact that if they do not win, they will get over the line in that way.

I heard a funny story many years ago about a parish priest in Canberra who was struggling to build a new church out of his parish. There was not a lot of money around and they battled to find the dollars. It was about the time the Australian opera house was being built. At that time a lottery-type raffle was being run—I understand it was one of the first significant raffles—and there was a major prize of \$1 million or something close to that. This very canny priest took up a bit of a collection among some of his senior parishioners and they purchased a ticket and they won, so there is a Catholic church built in Canberra courtesy of the benefit of a lottery-type raffle ticket. The story is a lot more involved about how the parish priest did not tell people what he was doing and kept fund-raising. People get engaged with these sorts of things in different ways.

Over the years Lotterywest has had a very good board. I had the good fortune to meet one of the board members at a function the other night. These people are very engaged with how the business operates and with looking to the future. There have been a lot of changes in the way the business operates. There are always issues, particularly in the business sector, about whether they can get lotto machines into their businesses. That can sometimes be contentious, but I think the organisation has that fairly well resolved.

There is one issue that is sometimes difficult for community groups. Lotterywest has tried to provide every form of assistance, and we have to have all the checks and balances in place because we are dealing with community funds. Sometimes people say to us, "Look, the application process for grants is quite difficult, especially for an organisation that does not necessarily have the resources to do all the paperwork appropriately." Lotterywest has always bent over backwards to provide that assistance.

I wanted to add a few words to this debate. Although I have some concerns about the ever-increasing number of games and the active encouragement of people to buy more and more tickets, I understand that Lotterywest is run like a business and needs to make the money so that it can give the money back to the community. I have always had concerns about online gaming becoming too easy. We have to be very cautious about encouraging people to buy more and more tickets, especially as it can become a problem and lead to other issues. It is always good to have these types of bills come before us, as they give us an opportunity to canvass a little more broadly the nature of the business of Lotterywest and to talk about the benefits that flow back into our community; we are unique in this state, and I hope Lotterywest continues to run that way. It would be quite appalling if the government were ever to decide to privatise Lotterywest and have it run in a similar manner to those in other states or overseas, because our community would certainly lose significantly in terms of the benefits to our community groups.

I think Lotterywest is doing a fantastic job delivering for our community. The legislation will be very beneficial, particularly to those agencies that may have had some difficulty resolving matters associated with the purchase of syndicate tickets. I am sure we will see this bill pass very quickly.

HON DONNA FARAGHER (East Metropolitan — Parliamentary Secretary) [3.48 pm] — in reply: I would like to thank all members for their contributions to and support of this Lotteries Commission Amendment Bill. As has been outlined in a number of members' contributions and in the second reading speech, the bill seeks, firstly, to allow the Lotteries Commission to offer syndicates to its retailers for selling to the public and, secondly, to include the capacity for the commission to enter into a contract or arrangement to provide consultancy or advisory services. Although these two matters essentially relate to the substance of the bill, all members will agree that the second reading debate has provided members more particularly with the opportunity to talk about the uniqueness of Lotterywest and its importance to the Western Australian community and to supporting community organisations along the length and breadth of Western Australia. Indeed, it can be said—I

know that other members have reflected this in similar words—that Lotterywest is proudly a government authority owned by the people of WA for the benefit of the people of WA. Like other members, I agree that one of the enjoyable aspects of being a member of Parliament is presenting one of those big Lotterywest cheques to worthy organisations in our electorates, whether that be the Ballajura playgroup, which I had the opportunity to present with a cheque a couple of months ago, or the Mt Lawley Toy Library for the purchase of toys and play equipment. Perhaps these are smaller grants in the scheme of things; nevertheless, they are significant for those small community organisations that benefit from the funds that are provided, in effect, by those of us who seek to win thousands of dollars but still have not done so. Of course, larger grants are provided by Lotterywest. I think of the funding that was provided recently for the Avon Descent for a number of community events within the local governments that the Avon Descent travelled through.

Hon Max Trenorden interjected.

Hon DONNA FARAGHER: It is a fantastic event, Hon Max Trenorden.

There has also been funding for the Fairholme Disability Support Group's Great Bike Hike, which I will be saying a bit more about during members' statements later this week, and the *Leeuwin II* sail training ship based at Fremantle. I recall that last year I had the opportunity to present a cheque for almost \$2 million to assist in that ship's refit. That was a significant grant to the Leeuwin Ocean Adventure Foundation that enabled the foundation to undertake a major refit to ensure that the vessel remained suitably equipped to continue delivering unique development and mentoring programs for young Western Australians. These are just some of the many examples that demonstrate Lotterywest's unique role in its connections to the community. Members also outlined a number of other examples.

I take on board the issue of problem gambling; albeit it is not directly related to the bill, but it does need to be responded to. I think Hon Ed Dermer made some particular comments in that regard. As I have said, although it does not relate to the bill, I certainly agree with all the sentiments expressed. As I recall Hon Ed Dermer saying, pokies can have a very dangerous and damaging effect not only on the person, but also, potentially, upon their families. I remember a few years ago going to a leagues club in Sydney after a rugby league match. I have been to only one game, and I will probably never go to another one.

Hon Kate Doust interjected.

Hon DONNA FARAGHER: I am more of a rugby union fan, I must admit. It was in outer Western Sydney. I was putting in a couple of \$1 coins just for a bit of fun, but a couple next to me were literally slipping in \$50 notes. I do not know how many they put in in a very short space of time. They then left, obviously to go to an automatic teller machine, which was probably on the next floor, but came back again and started putting in more \$50 notes. I could not believe what I was seeing, but, unfortunately, they are one couple out of many people who have succumbed to problem gambling. The Liberal–National government strongly supports the longstanding ban that is in place in this state. That ban has bipartisan support, and that is a very good thing.

Hon Giz Watson: Multiparty support.

Hon DONNA FARAGHER: Cross-party support; sorry, Hon Giz Watson.

Some concerns were raised about online gambling. Online gambling represents two per cent of sales turnover, and responsible gambling standards have been put in place by Lotterywest. Online players have to open an account and pass an identification test. They cannot spend more than \$200 per week. I understand that that is the lowest limit in the world. Players get a statement of spend and winnings so that they can see how much they have spent. One might argue that that is an advantage, as players who purchase at a shop may not keep a record of how much they have spent. They can also self-exclude from the site at any time.

Hon Ljiljanna Ravlich requested advice on how a syndicate will operate. Essentially, Lotterywest will set up a syndicate. A number of shares will be available. Retailers can then sell those shares to the public, but there is no risk to the retailer if all the shares are not sold. That is the case now. That risk, albeit minimal, will be transferred to Lotterywest. The bill, however, does not stop agents from setting up a syndicate and selling shares themselves if they so wish.

A fair question was asked principally by Hon Sue Ellery, as well as a few other members, about the clauses relating to contracts. I say at the outset that it is certainly not the intention of Lotterywest, nor of the government, to enter into such contracts with non-government organisations. Primarily, it will be for situations that might arise with large corporations or government departments. It would very rarely happen. It must be remembered that advice is sought from Lotterywest about not only grants, but also effective lottery operations and marketing strategies. Members will agree that providing advice on these two latter matters could be very time consuming, depending on what is being requested of Lotterywest. As Hon Sue Ellery indicated, and I can confirm, in most cases this information will still be provided free of charge, but there may be an occasion, albeit rare, when it is

appropriate to enter into such a contract given the level of resources that may be involved in providing that advice. I just want to be clear for anyone who cares to read *Hansard* in due course that under no circumstances will Lotterywest charge potential grant applicants for the kind of assistance that it gives now. Lotterywest believes, quite appropriately, that that service is part of the grant-making process. Should Lotterywest be approached by a commercial entity for advice and/or services in relation to either operating a lottery or setting up a grants program, it would charge only the direct costs that would be incurred. Lotterywest will not seek to make a profit. An example would be to cover costs, so that if a staff member was not able to undertake their main work because they were providing that advice, the fees would cover the cost of staff to backfill.

Finally, Hon Ljiljanna Ravlich and, I think, Hon Matt Benson-Lidholm talked about sales and said that perhaps they had been down on previous years. I can advise the house that last financial year sales were up 11.5 per cent on the previous year. That was the highest in Australia, which means a record amount of money was raised for the community and, I would like to think, there will be a lot more cheque presentations to very worthy organisations in the coming months. That is an excellent thing indeed. I think community organisations will be very pleased to hear that.

I thank all members for their contributions to the debate. Like other members, I would particularly like to acknowledge the tremendous work that Jan Stewart and her team at Lotterywest do. They do a fantastic job for our community. Whenever I present a cheque, the normal response from the community group is to say thank you, and I always say to the group, “Don’t thank me; thank Lotterywest and all those Western Australians who buy lotto tickets in the hope of winning thousands of dollars. They are the ones you should be thanking.” With that in mind, I commend the bill to the house.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Hon Donna Faragher (Parliamentary Secretary)**, and passed.