

**LOTTERIES COMMISSION AMENDMENT BILL 2011**

*Introduction and First Reading*

Bill introduced, on motion by **Mr C.J. Barnett (Premier)**, and read a first time.

Explanatory memorandum presented by the Premier.

*Second Reading*

**MR C.J. BARNETT (Cottesloe — Premier)** [12.14 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.

Western Australia is unique among the states of Australia to have a government lotteries commission that has the charter of raising money for the community. Last year alone Lotterywest distributed a total of \$240 million to its beneficiaries. This included \$101 million for our state's health services, \$12.6 million for culture and the arts and \$12.6 million for sports and recreation. In addition, through its own unique direct grants programs, Lotterywest itself distributed \$114 million to more than 1 080 different community organisations.

The Lotteries Commission Act 1990 has, with minor amendment, provided an adequate legislative framework for all of 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. This amendment to the act that is before the house is therefore a minor one related primarily to Lotterywest's capacity to offer a particular product variation and so increase the funds it may raise for the community.

The first part of the proposed amendments relates to the setting up of syndicates by Lotterywest. The setting up of syndicates by Lotterywest that the 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 themselves, 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 as to what should be done with any winnings in such an eventuality. The amendment will therefore allow Lotterywest to offer this service and will provide that any prizes 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.

The bill also seeks 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 to government agencies or any other organisation with the approval of the board and the minister, and with the

concurrence of the Treasurer. 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, but occasionally also on the lottery business itself. Lotterywest is generally willing to offer these services freely as a normal part of its community service responsibility and on the vast majority of occasions will continue to do so. It does however believe it to be important for it to have the authority to recover costs when the request for services involves significant resource implications and where the organisation requesting those services has the capacity to pay. Any proposal to enter into a contract of this kind would require a recommendation to the minister for approval. Any approval would be given only with the concurrence of the Treasurer.

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

I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.