

APPENDIX B

LOTTERYWEST'S INPUT INTO THE WA GOVERNMENT'S SUBMISSION -

Productivity Commission Inquiry: Australia's Gambling Industries

LotteryWest provides the following information to contribute to the Western Australian Government submission to the Productivity Commission Inquiry: Australia's Gambling Industries. This submission references the Western Australian Government Submission dated November 1998 and provides the following updated information where relevant.

Section 2.4.1 Lotteries Market, Segmentation of Lotteries Market *(replace bullet points)*

Lotto:

- 52% of adults over the age of 18 are regular players, playing Lotto once a month or more often;
- 30% of adults over the age of 18 are infrequent players, playing Lotto every 2 to 3 months or once or twice a year;
- 18% are non players that never play Lotto.

Instant Tickets:

- 13% of adults over the age of 18 are regular players, purchasing instant tickets once or more a fortnight;
- 59% of adults over the age of 18 are infrequent players, purchasing instant tickets monthly or less;
- 28% of adults never purchase instant tickets.

The purchasing behaviours of Lotto and Scratch'n'Win players differs considerably. Lotto is more of a planned expenditure while Scratch'n'Win is more an impulse purchase. However, the percentage of players playing both Lotto and Scratch'n'Win is increasing with 67% now playing both.

Section 4.2 Economic Value of the Lotteries Industry in Western Australia *(correction to paragraph 1 and 2)*

Based on 2007/08 annual report, the Lotteries Commission contributed \$205 million to the community through its direct and statutory grants program. In addition, \$53.5 million in commissions (approximately 8.2% of sales turnover) was paid to Lotteries retailers.

Based on 2007/08 figures, the Lotteries Commission of WA contributed directly to the State's employment by in excess of 2,700 jobs, made up of:

- 193.5 full time equivalents within the Lotteries Commission;
- More than 5,000 jobs, with a full time equivalent estimation of 2,500, from the Commission's retail network of 556 outlets;
- Up to 4 jobs at the Commission's contracted advertising agency;
- At least 1 job at each of the following contracted service providers – legal services, market research, signage, courier, cleaners, uniform makers and printer repairs and maintenance.

Section 7.2 Lotteries Revenue (*correction to paragraph 1*)

The financial returns made by the Lotteries Commission to government and the community have been significant with the rate of return now approximately 32% of sales turnover each financial year, or 99% of profits.

Table 10: Comparative Returns to Government from Gambling, Liquor and Lotteries in Western Australia (*update to Lotteries Commission figures*)

Lotteries Commission	2005/06	2006/07	2007/08
• Statutory Funding	\$102.3m	\$112.1	\$120.9m
• Direct Community Funding	\$63.9m	\$74.6m	\$86.2m

Section 2.4.1 Lotteries Market, Advertising by the Lotteries Commission (*replace section*)

The Lotteries Commission is very conscious of its responsibility to balance the sale of lottery products to raise revenue for the benefit of the community with the need to conduct its business in a socially responsible manner.

The Lotteries Commission's communication strategy aims to create a stronger link between the consumers playing the games and the impact each of them is having in helping the Western Australian community.

The Commission works with its retail network to ensure information is provided about responsible play and about the services available for problem gambling issues. The Commission also aims to balance the marketing of its products with the offer of games that players will enjoy within responsible gaming practices. The Commission's advertising complies with relevant codes of practice.

The Lotteries Commission operates in a commercial and competitive environment and results indicate a clear link between marketing activities and sales turnover. The Commission achieves a reasonable balance across a range of marketing activities that both support revenue targets and encourages responsible play.

Section 6.2 Gaming Taxes, Lotteries Commission (*replace paragraph 1*)

Unlike any other Australian lottery, the Lotteries Commission does not only sell lottery games, it also distributes the profits from the games directly to the Western Australian community.

Through a State wide network of retailers, the Commission sells Lotto style games (Saturday, Monday, and Wednesday Lotto, Oz Lotto and Powerball), instant lottery tickets, Soccer Pools and Cash 3.

All the proceeds from its games go back to the Western Australian community. Under legislation, Western Australia's public hospitals, sports groups and arts organisations receive a set percentage of lottery subscriptions each year. The Lotteries Commission also make hundreds of Lotterywest grants each year [approximately 1100 each year] to community groups and local government authorities. The legislation also requires that Lotterywest provides funding for the Western Australian film industry and to support the annual Perth International Arts Festival.

Section 6.2 Gaming Taxes, Lotteries Commission *(Addition to paragraph 3)*

In 2007/2008 these allocations amounted to.... \$116 million to the Departments of Health, Sport & Recreation and Culture & the Arts to support their work with the community. Health, Arts and Sport received \$92 million, \$12 million and \$12 million respectively.

In 2007/2008, these grants totalled nearly \$87 million to 1,035 different community organisations around Western Australia. They ranged from a few thousand dollars for a few items of office equipment to several million dollars for major community projects.

Section 7.2 Lotteries Revenue, The Festival of Perth *(correction to paragraph 2)*

The Lotteries Commission is the primary funding body to the University of Western Australia for the support of the Perth International Arts Festival. It receives no financial support from government directly other than the major annual Lotterywest grant.

Section 7.2 Lotteries Revenue, The Festival of Perth *(Replace paragraph 3)*

The Lotteries Commission has provided annual grants to the University of Western Australia for the Perth International Arts Festival since 1992 when the Lotteries Commission Act was changed to provide for this. A grant for the 2008 Perth Festival for \$4.5 million allowed the Festival to offer a world class arts program that was accessible to all.

Section 7.2 Lotteries Revenue, ~~The Film Incentive Scheme~~ ScreenWest and the WA Film Industry *(correction to title and replace paragraphs 1 & 2)*

The Lotteries Commission has provided annual grants to ScreenWest for the development of the commercial screen industry in this State since 1992. The 2009 grant of \$4.5 million ensures that WA stories continue to be told to international audiences, and that WA retains creative talent through the provision of a sustainable industry. Screenwest have data on the economic impact of this funding including the number of jobs created and the additional investment attracted to the state. They believe that the initial Lotterywest funding as allowed the film industry which was virtually moribund in 1992 to survive and to grow and without that

initial and ongoing investment the industry and the employment it generates would have disappeared in Western Australia.

Section 7.2 Lotteries Revenue, Distribution of Direct Grants in the Community

(Replace section, paragraph 1 to remain)

12.5% of net subscription plus the balance of monies left after all operational requirements have been met, are distributed directly by the Lotteries Commission with the approval of the Minister

Over the years the Commission has earned a local and national reputation for the quality of their grant making and how they actively work with stakeholders and grant customers. Having established a solid and robust business process to underpin its direct grant making, the Commission has focused over recent times on building stronger relationships with potential and actual direct grant beneficiaries and stakeholders to ensure that its grants are as accessible and effective and have taken a leadership role in helping the development of the community sector in Western Australia.

The principles that underpin its grant making remain unchanged, and provide a very solid foundation for this work. The Lotteries Commission is committed to ensuring that:

- Its grants approach is flexible and responsive to changing community needs, priorities and aspirations
- Its grant making is efficient, that it is timely and resource effective
- Its grants complement funding available from other sources

Its interests reflect the diversity of community life and the purposes for which grants are made are equally varied; but at the heart of them all is the building of a stronger community.

The Lotteries Commission offers grants under five broad grant areas, these are to:

- ***Extend the capacity of not-for-profit organisations*** by supporting proposals that will increase the management and leadership skills of committee, board members, volunteers and staff through training, strategic plans and other activities such as conferences.
- ***Strengthen community service delivery*** by supporting proposals that add to general community services and/or target specific groups by providing grants for the cost of infrastructure, equipment, vehicles, buildings and information technology.
- ***Enhance community development initiatives*** by supporting community driven development initiatives that can help to build a sense of community and target specific community members such as children, youth, seniors, Aboriginal, and people with a disability.
- ***Value our State's heritage*** by supporting proposals that value our State's heritage through conserving an aspect of the State's natural or cultural heritage.

- **Advance participation in community life** by supporting proposals that encourage people to 'get involved' in community life and overcome barriers to participation

In the main, organisations may make applications for a grant at any time. However, some grant approaches are managed on a grant 'round' basis with closing dates for applications throughout the year.

Applications are assessed by the Commission who may in limited specialist areas also refer to a Technical Panel or Advisory Committee for input. . Recommendations are submitted to the Lotteries Commission for their consideration, and then to the Premier [who currently holds this portfolio responsibility] for approval.

Currently, the Commission recommends support, in full or in part, for around 96% of grant applications received. In 2007/08 1,270 direct grants to 1,035 organisations totalling \$86.8 million were funded by the Commission. This is due to the work undertaken by the relevant Lotteries Commission teams with potential applicants to ensure applications being prepared will succeed. This can involve staff working with applicants to develop their proposal and to share their knowledge and experience to help add value to a community project.

Section 7.2 Lotteries Revenue, Summary *(Replace section)*

Grant funding from the Lotteries Commission is instrumental in providing support to the WA community. In 2007/08 a total of 1,270 grants totalling \$86.8 million were made to 1,035 different organisations. Hospitals, Sports and Arts also benefit from support. The Commission provided, in 2007/08, \$116 million to the Departments of Health, Sport & Recreation and Culture & the Arts to support their work with the community.

- Public hospitals have been amongst the most important beneficiaries of our funding. Western Australia's public health service is by far the biggest "winner" from our lottery business with 40% of the profits from lottery sales provided to the Hospital Fund held by Treasury for the State's public hospitals and health services. Last year, this was a record \$95 million. While this amount is not identified as a separate component within the health budget, this is clearly a huge contribution by our players to the health and wellbeing of our community.
- Lotterywest maintains a strong relationship with the Department of Sport and Recreation and through a statutory allocation of \$12 million supports almost 100 sporting clubs and associations throughout the State to deliver a diverse range of sport and recreational programs in the community.
- Lotterywest maintains a strong relationship with the Department of Culture and the Arts, and through a statutory allocation of \$12 million, supports our State's Arts agencies to deliver an exceptionally high standard of creative initiatives to diverse audiences. With our continued support the arts community is provided a solid foundation in which they can explore cutting edge creative concepts, express a Western Australian perspective, and articulate what it means to live in this vast State.

- With our continued support the Perth International Arts Festival will be able to continue to raise the bar on high quality artistic programming as well as to maintain its commitment to providing an authentic expression of local culture and engagement by the broader community.
- Lotterywest support for ScreenWest for the development of the screen industry ensures that WA stories continue to be told to international audiences, and that we retain our creative talent through the provision of a sustainable industry.

Direct grants support people with special needs, disadvantaged people in our community, and initiatives that contribute towards the quality of life for all members of the Western Australian community. Grants are an investment in the future of not for profit organisations and the Western Australian community.