



**Presentation by RGDATA to the Oireachtas Finance Committee on an overview of
the operations of the National Lottery**

Tuesday 7 March, 2017

Mr Chairman, Members of the Committee,

Thank you for the invitation to discuss the overview of the operations of the National Lottery. The National Lottery is an area of huge importance to the retail agents that I represent. It is also a key issue for this House as the National Lottery is different to ordinary gaming – it is operated under a State licence and was established to generate money for good causes.

The independent community retailers that RGDATA represent have played a key role in the success of the National Lottery since it was first launched in 1988. We certainly believe that our model of responsible retailing in the community assisted the National Lottery to establish itself and develop into a well-regarded institution that attracted a significant price tag when the Government put a 20 year licence to operate the National Lottery up for sale.

In general our members' relations with Premier Lotteries Ireland (PLI), the new operators of the National Lottery have been positive and constructive. While there were some initial transitional issues as PLI took over the National Lottery franchise, thankfully the sort of technical issues which led to outages and the cancellation of a National Lottery draw in 2015 have diminished. PLI has also shown itself to be proactive in managing their relations with the National Lottery agents and we welcome this.

As can be expected, PLI, as a commercial company that made a significant investment in the National Lottery, will take whatever steps are necessary to build and grow their businesses in Ireland. Retailers welcome any efforts to increase the retail sale of National Lottery products, the prizes and the money raised for good causes and will continue to be responsible retailers within their local communities.

PLI can be expected to maximise the opportunities to grow their business operations here and to secure a return on the €405m that they paid for the 20 year operating licence for the National Lottery. This is a fair and legitimate aspiration on their part, which should yield greater sales, more prizes and greater returns to good causes. Of course PLI will do what they can to get a return on their business investment.

As they state themselves: "PLI's mission is to operate a world class lottery for the people of Ireland, raising important funds for good causes, on behalf of the Irish Government".

It was recognised at the time of the sale that it would be important that there was an independent body overseeing the operation of the National Lottery, protecting players' interests, the common good and ensuring the Lottery was run in accordance with the licence.

Hence the new licencing structure for the National Lottery also saw the establishment of the first National Lottery Regulator in Ireland in 2014. While the new Regulator has needed time to establish and to start to build up expertise and knowledge we think that three years down the road that this Committee should review the role and function of the National Lottery Regulator.

From an RGDATA perspective and as significant stakeholders, there are some specific areas where we believe that the National Lottery Regulator needs to become more public, find its voice and make its priorities and activities better known to the wider public.

I am not sure what the experience of this Committee has been but to date RGDATA has heard very little from the Regulator since the Office was established and we would encourage a more open and active profile for this important role.

Let me give some examples of how the National Lottery Regulator plays a pivotal role;

- i. **Technical issues** – in 2015 there was a significant technical issue concerning the National Lottery which led to a draw being postponed for the first time in the history of the National Lottery. There were also some additional technical outages and incidents since then. The technical integrity of the National Lottery is of primary importance for players and retailers. To date no independent and authoritative explanation has been provided for these outages – retailers believe that the Regulator should be active in securing these explanations of when the system fails and providing stakeholders with details of the problems and the measures taken to ensure they do not re-occur.

- ii. It is also important that the Regulator regularly audits the technical performance of the National Lottery and reports this information fully.
- iii. **The growth in online gaming** – this is another area where we believe that the Regulator needs to step up to the plate and demonstrate that he is protecting the interests of players, the National Lottery and the broader community.

At present there are 21 different instant games that can be played online with the National Lottery website in addition to the National Lottery and Euromillions draws.

Players registered with the National Lottery online are subject to spending limits of €75 per day, €300 per week and €900 per month.

While most of the online games are replicas of the instant win or draws available in retail outlets, there are two that are entirely new and present an exclusive online playing opportunity – Instant Lotto and Mini Keno. These online games can be played on mobile devices any time, any place anywhere so they raise issues for those disposed to gaming addiction that are less likely to arise in a traditional retail agent transaction.

The National Lottery Regulator should outline the measures that he has taken to protect vulnerable players and to replicate the types of controls on purchases in traditional shops. It would also be helpful to get some data from the Regulator on the profile and patterns of online purchases of National Lottery products. The impact of this rapid roll out of online Lottery products needs to be assessed independently and objectively.

We would also like to know if the National Lottery Regulator is monitoring the huge growth in online Lotto sites with no links to the actual licenced national lotteries. They offer punters the opportunity to gamble on the results of lotteries all around the world. These sites have no obligations to contribute towards good causes. Google “Play Lotto Online” and you get 16,500,000 hits in .39 seconds.

This has huge implications for how people play National Lotteries and I make no bones about the fact they they are a huge threat to the retail agents selling legitimate tickets that do deliver funds to good causes. In the UK they have proposed new legislation to make it a requirement for any gambling site wishing to advertise its services within the UK and accept UK customers to hold a licence issued directly by the UK Gambling Commission rather than the current situation where the sites can operate with licences issued by a whitelisted gambling jurisdiction. RGDATA respectfully suggests that this Committee should investigate if we should be doing something similar here.

- iv. **The growth in agents** – the National Lottery intends to create a National Lottery everywhere model, which will increase the opportunities for the public to buy National Lottery tickets in a host of new outlets and at new opportunities. This will be achieved in part through deals with online payment services operators (such as Payzone) who have configured their devices to print out Lottery tickets. This will lead to a rapid explosion in the availability of the National Lottery – a National Lottery Everywhere model with Lotto potentially being available in bookshops, cafes, restaurants, barbers, basically any outlet that has a point of sale terminal.

Has the Regulator assessed the impact of such an extension of the availability of the National Lottery? Also how has he equated it with the licence condition for the operator of the National Lottery not to apply different commission structures to retail agents?

- v. **National Lottery and licensed premises** – It was a condition of the National Lottery licence that no National Lottery agents will be appointed in licenced premises where alcohol is sold for consumption on the premises. This recognises two things – first that the National Lottery is different to ordinary gaming – it is operated under a State licence and aims to generate money for good causes. It also recognises the risk of associating gaming with alcohol.

The irony is that the growth in online National Lottery activity has effectively rendered the prohibition on sales of tickets in licensed outlets to be a fiction – players can now log onto their phones and play any one of 21 instant games from the pub subject only to the daily spending limit. Has the Regulator a view on this issue and what research has his office carried out on the patterns of use and implications of such gaming?

Mr Chairman, we think that it is very important that the National Lottery Regulator increases its public profile and engagement with stakeholders in relation to the important role that the Oireachtas has conferred on it.

The Regulator needs to demonstrate effectiveness in promoting the protection of the public interest in its operations and we think that formal engagement by the Regulator with this Committee will be a key part of providing clarity on the regulator's role and function.

Ideally the Regulator should use his website and other media fora to provide details of;

- Reports on any technical outages involving the National Lottery
- Measures taken by the Regulator to protect player interests
- The extent to which the Regulator has approved or rejected new games submitted by approval by PLI
- The research that the Regulator has undertaken on gaming patterns and habits in Ireland and how these feed into the Regulatory function
- The types of approvals sought for new agents to be appointed
- Details of any gaps in the regulatory protection for the public necessitated since the agency was set out
- Details of how the Regulator expends resources
- Details of consumer complaints made and resolved concerning the National Lottery.

RGDATA fully accepts that the Regulator has a new brief and seems not to have had a significant level of expertise within his office from people formerly involved in regulating lotteries. So there has been a steep learning curve. At the same time PLI has ramped up considerably its expansion of the National Lottery and its plans to become a 1billion business so it is important that all stakeholders – including the public and the retail agents are confident that an active regulator is on the job.

Thank you and I would be happy to take any questions.