

Opening Statement by Andrew Algeo, CEO, Premier Lotteries Ireland to the Oireachtas Joint Committee on Finance, Public Expenditure and Reform and Taoiseach - Dublin, 15th December 2021

Chair, members of the committee,

Premier Lotteries Ireland (PLI) welcomes the opportunity to address this Joint Committee to respond to matters relating to the National Lottery.

PLI has operated the National Lottery under licence and regulation since November 2014. PLI is owned by Ontario Teachers' Pension Plan (OTPP), An Post Pension Funds and An Post, who together have considerable experience in operating state lotteries.

Introduction

The National Lottery commenced operations in 1987 and has the purpose of raising funds for Good Causes by providing lottery entertainment in Ireland.

More than a third of Irish adults participate in the National Lottery on any week.

Participants have contributed more than €6 billion to the funding of Good Causes in Ireland since it commenced.

Under this licence, 57% of National Lottery ticket sales has gone back to players as prizes, 28% to Good Causes funding, 6% to local retail agents in commission and 9% to PLI to run the National Lottery and generate a return on investment.

PLI has invested more than €71 million, predominantly in technology infrastructure, and doubled our workforce. We have renewed the National Lottery games and in 2015, we responded to customer feedback for higher jackpots by launching a new 47-ball Lotto game with a jackpot cap.

Since 2015 National Lottery ticket sales have grown by an average of 6.6% per year, a turnaround from the previous seven-year period during which ticket sales shrank by 20%. Sales of Lotto games were also higher in 2020 than in 2015, a stark reversal of the 41% drop experienced in the last full six years of the 45-ball game.

By 2020, annual funding for Good Causes had increased by €66 million from its 2015 level, to reach €254 million. Players won €529 million of prizes, creating 33 millionaires in 2020 alone, while lottery agents received almost €50 million in commissions.

Responding To Recent Concerns

The recent rollover of the Lotto draw has received significant attention in past weeks with two specific concerns raised.

1. The first is whether there is something amiss with the draw process.

Lotto draws are operating in accordance with the game rules with nothing amiss.

Lotto jackpot wins are transparent to the players. They are awarded to players whose tickets have the six numbers that match those randomly chosen at our live televised draws.

These draws follow prescriptive processes and are observed by KPMG. The numbers drawn are retrospectively tested to check that no anomalies are evident. The supplier of the central

lottery IT system also supplies 35 other lotteries and that system is secured by several layers of protection, which prevent malicious intrusion. Checks and balances confirm that the game is operating according to the rules.

2. The second concern expressed was that the Lotto game design is unwinnable.

The Lotto jackpot can be won, as the six-year history of the current game design clearly shows.

A ticket has the same chance of winning in each of the Lotto jackpot draw, Lotto Plus 1 draw and Lotto Plus 2 draw, they each have 47 balls. Since 2015 there has been on average, a winner of:

- the Lotto Jackpot every 5 weeks with an average value of €5.8 million,
- the Lotto Plus 1 top prize every 6 weeks, and
- the Lotto Plus 2 top prize every 6 weeks.

In the period since this Lotto jackpot started to roll on 9th June 2021, there have been on average a winner of:

- the Lotto Plus 1 top prize every 4 ½ weeks, and
- the Lotto Plus 2 top prize every 4 ½ weeks.

Lotto can be won. And it frequently has.

The Current Jackpot Roll

It is highly unusual that this Lotto jackpot still has no winner. Given the tickets purchased since early June, the chances are akin to rolling a die 37 times without the number “6” arising.

Then again it was somewhat unusual that we had Lotto jackpot winners on three consecutive Saturdays just before this long roll. Variation in jackpot roll lengths occur because each lottery draw is a pure game of chance without memory.

€46 million has been generated for Good Causes from Lotto ticket sales in this current jackpot roll.

Since the jackpot capped at a record €19m level, 215 winners of prizes below the jackpot have shared in the €18.1 million of prize money which would otherwise have grown the jackpot further. In this way, as the roll has continued, the game design has rewarded participation with large prizes.

It is in PLI’s interests, and those of all stakeholders of the National Lottery including our customers, that winning the jackpot is seen as both aspirational and possible. That requires jackpots to be both large enough and won frequently enough. This is a balance.

We know our customers want this Lotto jackpot to be won soon, as do we.

So, we have sought regulatory approval to introduce a “must be won draw” into the Lotto game rules, which would ensure that such an improbably long wait for a capped jackpot win cannot occur again. That would also allow us to provide certainty to Lotto players, as to the latest date on which this record €19m jackpot will be won by.

I am happy to answer any questions that Committee members may have. I thank you for your attention.