



T R E A S U R E R

MEDIA RELEASE

Government to offer licence for NSW Lotteries

NSW Treasurer Eric Roozendaal today announced the Government's intention to offer to the market a long term exclusive licence for the distribution of NSW Lotteries products.

The brands and intellectual property of NSW Lotteries will be retained by the Government as valuable assets for the community at the expiration of the licence.

"Issuing a licence for the operation of NSW Lotteries means public funds can better be directed to priorities such as health, transport and education," Mr Roozendaal said.

"These funds will come from the proceeds of issuing the licence and the continuing receipt of duties.

"As a strong and resilient business NSW Lotteries is a compelling investment opportunity. We are encouraged by the high degree of interest from prospective buyers of the licence," Mr Roozendaal said.

Today's decision follows the Government's endorsement of a detailed strategic review of the NSW Lotteries business. Preliminary consultation has included discussions with representatives of newsagents.

The strategic review considered a number of important factors including current market conditions, the performance and readiness of the business, current regulatory framework, licence terms, transaction structure, and overall process and timetable.

While final transaction terms have yet to be determined, the Government intends to:

- retain full ownership or rights to the key brands and intellectual property utilised by NSW Lotteries;
- issue an exclusive, long term licence of approximately 30 years or more, providing for the distribution of key lottery products in NSW (excluding keno) and use of the key brands and intellectual property; and
- otherwise transfer the key assets and liabilities of NSW Lotteries to the new operator.

Mr Roozendaal said various lottery distribution models used in other jurisdictions had been considered.

“We believe a sole-distributor model has proven to be the most efficient distribution model for lotteries and is therefore in the best interest of the community.”

Mr Roozendaal said the next step of the process would be to solicit feedback from prospective licensees, key stakeholders and the public on proposed changes to the existing lotteries regulatory framework, which is outlined in a regulatory consultation paper released today by the Department of the Arts, Sport and Recreation (www.dasr.nsw.gov.au) for public comment.

“In order to transfer NSW Lotteries to the private sector, we believe there are a number of regulatory changes that would need to occur.

“This would ensure the responsible behaviour of the new operator while at the same time providing for a more efficient and transparent regulatory framework, for the benefit of the entire community.”

Mr Roozendaal said that in parallel with the regulatory consultation, the Government’s advisers had now been instructed to commence formal preparations, with the tender process expected to occur over the second half of 2009.

“The views of key stakeholders, including employees and NSW Lotteries agents, would continue to be an important consideration.

“The fair and equitable treatment of these stakeholders has been central to our deliberations and we intend to ensure their needs are considered.”

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