

Presentation of the Regulator of the National Lottery to the Oireachtas Joint Committee on Finance and Public Expenditure and Reform on 11 March 2015

I wish to thank the Committee for inviting me to discuss operations and functioning of the National Lottery under the new Licence holder.

I hope the Committee will understand that, in my presentation, I will speak mainly in general terms. This is because, like other Regulators, my functions require adherence to due process as well as protection of commercially sensitive and confidential information. Accordingly, I will, at times, be limited in relation to what I can say on specific matters.

It may be useful for me to begin by giving some background information in relation to myself and the Office of the Regulator.

My own background is that I am an actuary by profession. I started my career in the private sector in the insurance and pensions industry, where I worked mainly in finance, compliance and risk management. Prior to taking up my current role I was Chief Executive of the Health Insurance Authority, which is a statutory regulator of the private health insurance market.

This background gives me a mix of financial, commercial, regulatory and consumer protection skills and experience to draw from in my new position.

The Office of Regulator of the National Lottery was established by the National Lottery Act 2013 and I was appointed as the first Regulator from 17 November 2014.

The Committee will be aware of the very significant contribution that the National Lottery has made to Irish Society over the past 28 years. For this period it has been enjoyed regularly by almost half of the population and occasionally by two thirds. It has raised €4.5bn for the good causes that it supports.

A new lottery regime began from 30 November 2014. Under the new Regime, the Licence to operate the National Lottery is held by Premier Lotteries Ireland (“PLI”), which is responsible for operating the National Lottery in accordance with the legislation and the Licence. The Office of the Regulator has functions relating to managing the National Lottery Fund, overseeing and investigating the operation of the Lottery, approving certain matters and enforcing compliance. The Office has funding of €1.5m p.a. and sanction for 10 staff.

Under the legislation, the Office carries out its functions in the manner considered most likely to ensure that there continues to be a properly run, sustainable and safe National Lottery and, that subject to these requirements, funds allocated to good causes are maximised.

A properly run lottery is one in which there are processes in place and these are adhered to so that National Lottery functions from televised draws to the ways players and the National

Lottery Fund are paid sums due are carried out with all due propriety and in accordance with the legislation and the Licence.

Public confidence is essential to the National Lottery and, accordingly, the aim of ensuring sustainability includes protecting the reputation of the Lottery so that the community continues to have confidence in it.

A safe Lottery means a Lottery in which the interests of participants are protected, which includes the availability of clear information for consumers, having appropriate measures in place to protect against underage and excessive play and having fair rules and procedures for each game.

Securing the greatest possible returns to good causes includes aligning the interests of good causes to those of the operator through the Licence; monitoring the performance of the operator; and ensuring that the allocated funds go to the right place, at the right time, and in the right amounts. I would note that, under the legislation, this objective is subject to the other three.

We carry out this work through the statutory powers and functions assigned to us by the Oireachtas. I will now briefly expand on our primary powers / functions and work done in the context of each since the establishment of the Office.

1. The Office of Regulator is responsible for managing and controlling the National Lottery Fund.

Over the first 3 months of the new Licence, €48m has been allocated to good causes (or €3.7m per week).

2. We are required to approve games and some other aspects of the Licensee's operations.

This is a significant part of our work. Since the commencement of the new Licence, there have been 5 requests for approvals from the Licensee. As part of the process of review we queried the original requests and 9 further submissions were received, including amended requests. To date, of the five requests for approval, one request has been approved, one request was subsequently withdrawn and three requests are under consideration.

Under these reviews we are concerned that risks for the objectives of the Regulator have been identified and are being appropriately addressed by the Operator. These objectives concern probity (including compliance with the legislation, Licence and accepted standards governing advertising), sustainability (including protecting the reputation of the National Lottery), player protection and maximising funds for good causes.

3. With regard to the function of the Regulator's Office to oversee PLI's operations, this involves seeking and reviewing records and Reports from the Operator and reviewing these documents as well as on-site visits. In the context of the recent operational difficulties, we have required that the Operator provide full Reports on the outages detailing
 - a. the issues that arose,
 - b. the reasons they arose,
 - c. the extent to which they have been addressed in order to avoid a recurrence,
 - d. the length of time taken to address them,
 - e. matters currently outstanding and how long it will take to address those matters.

Oversight of the operator also involves reviewing the systems and procedures in place as well as other aspects of its operations. This will involve themed reviews taking place from time to time, including on-site visits. For example, a review of the Risk Management systems and procedures in place at PLI against best practice standards is currently taking place.

4. The Office of Regulator also has enforcement powers, ranging from issuing a direction to revoking the Licence and including powers in relation to financial sanctions. The legislation provides for financial sanctions of up to €500,000 through application to the High Court or up to €250,000 if the Operator agrees that the matter be dealt with by the Regulator.

I hope that this presentation has been useful in informing the Committee on the role of the Office of the Regulator of the National Lottery and I look forward to answering your questions.

Thank you.

Liam Sloyan
Regulator of the National Lottery