

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2017 - 2018, 30 May 2017

Ref No: SQ17-000657

OUTCOME: 3 – Sport and Recreation

Topic: Sports Lottery

Type of Question: Hansard Page 125, 30 May 2017

Senator: Farrell, Don

Question:

Senator FARRELL: Yes. The model that gets the \$70 million: what particular feature does it have that makes it so much better than the worst-case model? Mr Howes: It is much more about market size and propensity to pay than anything else. Senator Nash: Size does matter! Senator FARRELL: How do you make some judgement values about those. How do they, these experts— Mr Howes: The methodology usually involves doing some kind of market analysis. Senator FARRELL: Did they do that this time or will that be the next step? Mr Howes: There was some preliminary work done, but we need to get some more of what we would call robust advice. Senator FARRELL: Are you able to provide us with the information that has been gathered so far? Mr Howes: I will take that on notice.

Answer:

The range in the model comes from market research, which addresses price sensitivity and propensity to buy from interested consumers. The mid-range of the model assumes higher conversion of these interested consumers than the low range estimates.

An initial business case was developed which established market demand. A subsequent, more robust piece of market analysis has been conducted which tripled the sample size. This validated the initial findings.

A market sounding exercise is being conducted to test some of the assumptions in the modelling, which will assist in the policy proposal development.