

New remuneration model for over 3,800 retailers

ALNA and LRA negotiations with 'the Lott' result in a better deal for Australia's newsagents and lottery agents.

FOR IMMEDIATE RELEASE

Australia, 12 March 2019: The Australian Lottery and Newsagents Association (ALNA) and their affiliated body the Lottery Retailers Association (LRA) are pleased to announce a positive outcome from lengthy negotiations with 'the Lott' (now part of Tabcorp) on behalf of thousands of lottery retailers and newsagents across Australia. The result is a positive new model that reduces retailers' costs, improves remuneration, includes retailers in the digital economy, and enables retailers to provide an enhanced omni-channel experience for all our customers.

From 1 July 2019, (subject to regulatory approvals and excluding SA*) 'the Lott' retailers will have the opportunity to earn significantly increased commissions from a potential revenue increase of at least 10%*, benefit from reimbursements and significant reductions in the cost of their shop fit-outs – worth \$17million over five years for retailers, and receive commissions on digital lottery sales through an opportunity for retailers to benefit from all channels.

This represents many millions of dollars a year in benefits for retailers.

Ben Kearney, CEO of the Australian Lottery and Newsagents Association said, "The 3800+ lottery retailers selling 'the Lott' brands in every state and territory (excludes Western Australia) have been heard and this is the start of a new relationship based on goodwill and mutual benefit."

"We look forward to helping our newsagents and lottery retailers make this new model work, which will in turn help us to continue supporting them. These are exciting wins that benefit retailers and allow us to continue to modernise our industry."

Of the benefits, most significant for the industry is financial reward for omni-channel retailing, giving newsagents and lottery retailers access to online sales. For the first time, there will be commissions on digital lottery spend made by the growing number of bricks-and-mortar customers who like to buy lotteries both in person and online. Customer insights and sales data has shown us that an omni-channel customer (those who shop both online and at a bricks-and-mortar retailer) are more valuable than a digital only or purely bricks-and-mortar customer.

In order to be eligible for the new remuneration model, retailers do not have to do much more than what they are currently being asked to do. ALNA and LRA members will receive intensive support to apply the new remuneration model to their businesses.

Mr Kearney continued, “We appreciate the patience our members have shown during this lengthy, complex and very involved consultation process. We have shared detailed analysis and have actively collaborated to make this the start of a better deal for our members and a stronger partnership with Tabcorp overall.”

Gary Carter, CEO of the Lottery Retailers Association said, “Many of our recommendations during the process have been implemented and we have played a large role in advocating for a better deal for our members and streamlining processes to make this new model easier to use. This is another example of what can be achieved when an industry comes together and works hard to achieve change.”

**Retailers that are fully compliant have the opportunity to receive more than 10% additional income from the sale of lottery products (compared with FY18)*

- ENDS -

About the changes:

Increase in revenue

The new retailer model increases the commission on the sale of lottery products to 10.3% (except Instant Scratch-Its, Lucky Lotteries, and Keno (SA), and subject to regulatory approval)*.

**Note - The new model is unable to be introduced in South Australia at this stage and ALNA will be working hard with the South Australian Government, regulators and our retailers there to get agreement on an approach that will allow our retailers to benefit.*

Reduced shop fit-out costs

As part of the new model, ‘the Lott’ will now fund the Digital Point of Sale screens (DigiPOS) required in all shop fits, remove ongoing fees for these and covering reasonable maintenance costs. Retailers who previously paid for these screens in their shop fits will be reimbursed. **This positive change is worth \$17million over five years for retailers.**

Inclusion in online sales

Retailers can now benefit from online sales with commissions and bonuses paid to retailers for the digital sales of their omni-channel customers (customers who retailers

sign up as members, who then shop online as well as in-store). Figures confirm what the retail industry is well-aware of about the rise of omni-shoppers, and this inclusion gives retailers a piece of the digital pie so they can benefit from this growing trend.

‘The Lott’ has explained to our retailers that “this isn’t about pushing customers online, but about giving them the freedom to move seamlessly between channels.”

Changes for retailers

In order to benefit from the new model, retailers must pass standard site surveys and comply with the same requirements that are already part of their agreement, such as regular free training.

There will be a 1% increase in weekly franchise fees, and this will be compensated for by the increase in commissions, a performance adjustment to this franchise fee, along with the other new benefits available from the remuneration model.

Rollout

The new model will be in effect from 1 July 2019 in every state of Australia (subject to regulatory approvals), except Western Australia where ‘the Lott’ is not the lottery operator, and SA, where the program is unable to be introduced to SA retailers at this stage. We will work with the South Australian Government, regulators and our retailers there to get agreement on an approach so that our retailers can eventually benefit as well.

To assist with a smooth rollout for its members, and to prepare for the next phase of consultation, ALNA and LRA will be providing members with helpful guides, hands-on assistance, and easy ways of providing feedback on the model.

The Australian Lottery and Newsagents Association is the only national association with a national ACCC collective bargaining authorisation, and along with its affiliated association Lottery Retailers Association (LRA), represents newsagents and lottery agents in every state and territory of Australia. As such, it is the only association that is negotiating nationally with *‘the Lott’* for further improvements.

There are over 3,800 lottery retailers in Australia. ALNA represents many of these small businesses, countless are family-owned, and they rely on the sale of official government regulated lottery products to contribute to their overall profitability.

About the Australian Lottery and Newsagents Association (ALNA) and the Lottery Retailers Association (LRA)

The Australian Lottery and Newsagents Association (ALNA) is the only national and non-profit, industry body specifically for Australian newsagents and lottery agents.

Representing a significant part of the Australian economy, ALNA works tirelessly to better its members businesses, and to ensure a secure future for newsagents and lottery agents. The Lottery Retailers Association (LRA) is based in Victoria representing many the lottery retailers there. They have had a strong affiliation with ALNA for several years, working together to benefit all our members.