

25 May 2018

Dear licensed lottery outlet owner,

the Lott and ALNA are working together on a new remuneration model

For more than a century, Australia's official licenced lotteries have forged a close working partnership with valued small business owners, like you, across the country.

A mark of trust

During this time, our customers have come to know and trust our local lottery products. In Australia, State and Territory Government's decide whether or not to issue lottery licenses. Analysis is done by each individual Government to determine the most sustainable structure, and what is in the best interest of the community before awarding lotteries licences to organisations that have a demonstrated track record of conducting lotteries in line with strict regulations and community standards.

More recently, Australians have come to appreciate how the Lott – Australia's Official Lotteries play an important role in helping to support Australian communities with over \$1.1 billion available for hospitals, schools and sporting groups. Australia's Official Lotteries also support Australian small businesses with over \$340 million in commissions paid to retailers last year.

Our shared future

Our focus remains on how we can work more closely with our retail network to forge a stronger future. We understand there are concerns that need to be addressed and actions that need to be taken and that's why we are committed to working alongside our retailers and industry bodies, such as Australian Lottery & Newsagents Association (ALNA).

In conjunction with ALNA (Australia's only ACCC authorised national lotteries industry body), we are well progressed with a comprehensive and holistic review of the remuneration received by our retailers, including commissions across retail and digital channels, fees and other future-reward mechanisms.







The Lott and ALNA are already in discussions and have our next meeting scheduled on 4 June 2018 to review and discuss a proposed new model. We look forward to seeking feedback from and keeping our retailers informed through regular updates on the progress with these key initiatives.

With our portfolio of games continuing to grow and evolve, we see a great opportunity for our retail network to continue to share the benefits of being part of Australia's official lotteries.

I look forward to updating you again soon. In the meantime, please continue to talk with your Retail Territory Manager to share your thoughts and questions.

Yours sincerely

Sue van der Merwe Managing Director Lotteries & Keno Tabcorp