



Competition Policy Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

28th of June 2014

Dear Sir/Madam,

The Lottery Agents Association of Tasmania (LAAT) appreciates this opportunity to provide the Competition Policy Review with comments on the review issues paper.

Competition policy reform is an important issue for the future of Tasmanian lottery retailers. We would be happy to participate in any further consultation during the review process.

Please see our submission attached.

Kind regards,

Ben Kearney
Executive Officer

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LAAT Submission to Competition Policy Review

The Lottery Agents Association of Tasmania (LAAT) represents 77 lottery retailers in Tasmania. The LAAT is committed to protecting the interests of our member businesses who contribute a great deal to their local communities.

Lottery businesses in Tasmania are predominantly in newsagents, pharmacies and some small grocers. They are owner operated and family run small businesses, employing less than 20 staff each. Lottery retailer's margins and conditions for selling lottery products are largely determined by their franchisors through standardised franchise agreements. They are susceptible to tough negotiations by powerful franchisors. They have limited resources to give to defending their interests through the courts. Consequently, they rely heavily upon the deterrent effect of the ordinary protections within the competition law.

Competition Policy reforms are important for our retailers future. It is critical for small businesses like ours to have strong competition laws in Australia that properly reflect how our businesses now operate, and that respect and understand the value of small businesses in our economy. We believe that competition is crucial for our industry but we require a level playing field.

Current competition law does not particularly help or protect our lottery retailers. It recognises that competition occurs between lottery retailers but it does not appear to recognise that competition actually occurs between franchisors and their "agents" or that a competitive relationship even exists. We are of the view that this is the case online.

The sale of lottery products in the online channel is growing significantly. This will impact retail channel sales in lottery businesses over time. This would be ok for lottery retailers if they had access to market lottery products from their major lottery franchisor online to their own local customers, but they don't. Lottery



retailers as “agents” promote both the retail channel product in their outlets but also through standardized marketing and player loyalty programs, they promote the online channel product of lottery franchisors as well. The franchisees get no financial benefit from promoting the major franchisors online channel sales. Direct marketing by the major franchisor of online channel sales opportunities to regular retail channel lottery customers with loyalty cards is also occurring. This includes offers of services to customers, which are not available in the retail channel outlets.

The ACCC has considered these issues and told industry bodies that, in assessing this against the CCA that they do not recognize that any competition actually occurs between the “agent” and the franchisor, or that there is a competitive relationship, as no title of goods changes hands between the franchisor and retailers. The ACCC interprets this all as a single market, when clearly to the retailer and even to the consumer, competition is occurring for a customers business between the two distinct sales channels, retail and online. **Retailers have to compete directly with the major lottery franchisor for customers or they risk losing them to online.**

Appropriate reforms must acknowledge these contemporary issues in the Act. The government, not large corporations we do business with, should regulate competition in our industry.