



T R E A S U R E R

MEDIA RELEASE

Roozendaal announces protections for newsagents in NSW Lotteries sale

Treasurer Eric Roozendaal today announced a six point plan of protection measures for newsagents as part of the sale of NSW Lotteries.

“I have been talking directly with newsagent groups for several months to help provide some protections while at the same time the interests of NSW taxpayers are protected,” Mr Roozendaal said.

“We recognise that newsagents are the main distributors of NSW Lotteries products, and sales of lottery products often represent a significant proportion of shop turnover.

“That’s why the Government has listened to the issues raised by newsagent groups and responded with a package of protections that strike the right balance between providing certainty for newsagents, while protecting the value of NSW Lotteries.

“These protections provide certainty for newsagent businesses as the sale process moves ahead.”

A key protection will be a 3-year ‘standstill’ period following the sale during which all existing arrangements with agents will be maintained.

Key protection measures include:

- The new operator will be bound by the terms and conditions of all existing agreements between NSW Lotteries and distributors;
- Agreements expiring within 3 years of the sale will be extended on the same terms until at the least the end of the standstill period, unless both parties agree otherwise;
- A 3-year freeze on NSW Lotteries products being distributed through any types of new agents;
- A 3-year guarantee of no new obligations with respect to store fit-outs, signage and terminals, and a 3-year guarantee to maintain agent support and training;
- A 3-year guarantee the Minister for Gaming will consult with industry representatives before amending product commission rates; and
- Establishment of a conference for industry stakeholders to discuss industry issues twice a year.

Mr Roozendaal said the newsagent protections (attached) would be included as conditions of the licence to operate NSW Lotteries.

“We will continue to discuss these protections with newsagent groups to ensure we get the details right when protections are incorporated in the new operator licence.

Mr Roozendaal today also issued a direct challenge to Opposition Leader Barry O'Farrell to support the State Government's sale of NSW Lotteries.

Mr Roozendaal reminded Mr O'Farrell that the sale of NSW Lotteries has been Liberal policy since the last election and was reconfirmed by the shadow treasurer in June:

“The sale of NSW Lotteries has been put forward as policy by the Liberal-Nationals Coalition and it is no surprise that we will continue to support that policy.”

- Michael Baird, Hansard, June 17, 2009

“Newsagents have told me that Barry O'Farrell is creating uncertainty for their businesses,” Mr Roozendaal said.

“In fact, several rural and regional newsagents have stated they have been unable to secure finance or sell their business because of the uncertainty created by Mr O'Farrell.

“Mr O'Farrell has put his own political interests ahead of small businesses across NSW.

“He must immediately reverse his position on the sale of NSW Lotteries and commit to support the legislation in September.”

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Protection Measures for NSW Lotteries Distributors

- Maintenance of the current “sole-distributor” model by granting the new operator with exclusivity for the full duration of the license term
 - For existing agent agreements:
 - The new operator will be bound by the terms and conditions of existing agent agreements
 - For a period of three years following the appointment of the new operator (“the standstill period”):
 - No termination for convenience
 - No amendment without mutual agreement
 - Any agreements that expire within the standstill period will be extended on the same terms, including as to renewal, until the end of the standstill period unless both parties agree otherwise.
 - For a period of 2 years following expiration of the standstill period, the operator will provide agents no less than 6 months notice before seeking to amend or terminate an agent agreement
 - During the standstill period, the new operator will:
 - Be restricted from introducing new types of lottery agents beyond the types that exist today
 - Be restricted from increasing the net number of total agents by 100, subject to existing commitments
 - Be restricted from entering into new full service agency agreements on terms substantially more favourable to the new agent than those which exist today for other agents in the same class
 - Publicly advertise opportunities for interested parties to enter into new full service agency agreements
 - Maintain a level of access to agent training and operational support as occurs today
 - Continue to collect lottery monies from agents on no more than a weekly basis as occurs today
 - Not impose any additional financial obligations with respect to new store fitouts, signage or terminals
 - During the standstill period, the Minister for Gaming will consult agent industry representatives before determining whether or not to approve a request by the operator or agents to amend agent commission rates
 - The Minister for Gaming will establish a semi-annual industry forum that will bring together key industry stakeholders, including the operator and agent representatives to discuss key industry issues, including but not limited to product innovation, product distribution, agent commission rates and the effectiveness or otherwise of harm minimisation initiatives
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