



Better Business *Guide*

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Letter from CEO

The partnership between Lotterywest and our retailers is an enduring strength of our unique “WA way” of serving our customers and supporting our community. Lotterywest is committed to our partnership with you, and to working hard to make sure it remains fit for the future, and adapts to changes in our customer needs and the challenges of the future.

In addition to ongoing product enhancements and support, Better Business will enable you to share in the benefits of the overall growth in Lotterywest sales. Through our Better Business program, we will share \$4.5 million annually with you through Support Payments every quarter (subject to eligibility), more Support Services and Sales Sprints where you can earn rewards. Importantly, your feedback has and will continue to inform this program, which will be in place for at least the next three years.

The aim of Better Business is to ensure Lotterywest is well positioned for the challenges that lie ahead, with changing retail patterns, new technologies, and changing needs in our community. We know that if we’re not continuously improving, and modernising our online experience, we risk losing our customers to competitors.

We understand that discussions of our online channels have caused concern for our retail network in the past, so we’re looking to shift the relationship between our channels to a more collaborative and positive footing, where there is no question about our commitment to a strong future for our retail network AND we continue to develop new ways to meet changing player needs.

We are committed to you now and into the future. It is a great privilege to lead such a highly regarded Western Australian organisation. Together, we will continue to make a big difference to the WA community, which we should all be proud of.

Kind regards
Ralph Addis

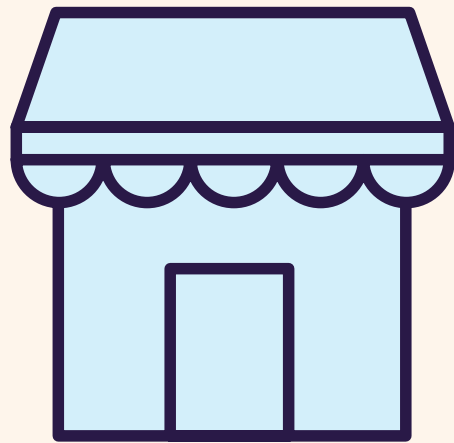


Introducing Better Business

We're committed to ensuring you, our retailers, remain resilient and well supported into the future. Better Business allows us to share the benefits of all Lotterywest sales with you, and to respond to the changing retail environment and growth in digital.

Since 2019, when the Premier of Western Australia Mark McGowan MLA announced sharing of online proceeds with retailers, we researched how we could invest more in retail without taking away from the support the WA community needs. We've experienced a number of record-breaking sales years recently, particularly for online sales. This growth has enabled us to develop and implement the Better Business program across the retail network. Our hope is for Better Business to enable us to invest more in both the retail and digital channel, to provide more choice to players and enable our retail network to remain sustainable and prosperous.

This guide outlines the elements of the program, how you can benefit, and the standards you will need to meet to ensure you are eligible.



Business Support

Through Business Support, we'll be sharing \$4.5 million annually with the retail network. We'll distribute these funds through three focus areas: Support Payments, Sales Sprints and Support Services.

This investment in the network is to assist you in running adaptable and sustainable businesses well into the future, as we recognise the challenges many businesses are facing.

<div>NEW</div> <div>Support Payments</div>	<div>CONTINUING</div> <div>Sales Sprints</div>	<div>CONTINUING</div> <div>Support Services</div>
Funding: <div>\$3.5m</div>	Funding: <div>\$500k</div>	Funding: <div>\$500k</div>
We'll be providing quarterly payments to you to support your business and its ongoing operation. You are eligible for these payments by meeting your Business Standards every quarter. We'll go into the details of these standards from page 5.	We'll continue to run incentive programs such as Sales Sprints, as opportunities to increase your sales. You're eligible for these by taking part in Sales Sprints and meeting the criteria. You can find out about the next opportunity to earn rewards by speaking to your Retail Relationship Officer (RRO).	Since 2020, we've been providing support services to you including COVID-19 financial support, lease negotiation services, store presentation information, access to free mental health services and more. We've seen how important this support has been and will continue to provide these services. Please continue completing the Business Confidence surveys we send you, as this helps us understand what is important to you and tailors the support we provide. You can utilise the current offered services by speaking to your RRO or through Retail Link.



Making the most of Business Support

- 1. Speak to your RRO about utilising the Support Services on offer.
- 2. Take part in our Sales Sprint and earn rewards.
- 3. Meet your quarterly Standards to receive your Support Payment each quarter.

Calculating your Support Payment

Your payment will be calculated each quarter using a base amount that all eligible retailers will receive, plus an amount calculated on your network market share (NMS) for the quarter.

Your RRO can provide your estimated payment for the coming quarter. The table below is a guide only to show estimated payments.

At the end of each quarter, we'll send you a summary of your expected Support Payment amount. If you've not received your payment due to not meeting Standards, we'll provide details as to why you missed out.

Support Payment Estimates		
Annual Sales (\$000)	Proposed Annual Support Payment (\$000)	Support Payment as % of Commission
6,000	15.7	2.9%
5,500	14.7	3.0%
5,000	13.6	3.1%
4,500	12.6	3.2%
4,000	11.6	3.3%
3,500	10.6	3.4%
3,000	9.6	3.6%
2,500	8.6	3.9%
2,000	7.6	4.3%
Average - 1,760	7.1	4.5%
1,500	6.6	4.9%
1,000	5.6	6.3%
500	4.6	10.2%
250	4.1	18.2%

The examples are indicative based on FY21/22 retail sales. Actual quarterly Support Payments are determined based on the sales for the quarter, the number of retailers in the network and the market share for each retailer.

Business Standards

We want to ensure every player that enters a Lotterywest outlet has the best possible playing experience. Business Standards outlines our expectations of you while operating a Lotterywest outlet, by focusing on critical areas such as financial management, customer experience, player safety and brand integrity. These standards are not new or onerous. Our aim is to create greater awareness of the existing standards as defined in the Retail Manual and the Retail Agreement.

Not all standards have the same importance, and we acknowledge that mistakes can be made. We've developed Business Standards with this in mind, so that you have the best possible opportunity to be eligible for your Support Payment.

You will not be ruled out of your Support Payment unless an issue is deemed critical or an issue goes unresolved. You can read more about how we categorise issues and how issues can be resolved further into the guide.

Business Standards Tiers

Business Standards, as defined in the Retail Agreement and Retail Manual, have been categorised into three tiers based on impact, particularly impact to customer experience. Tier three (3) is rated the highest impact and Tier one (1) is rated the lowest impact.

The table below outlines the classification of issues and the impact to your Standards eligibility. These will be regularly reviewed and shared with you. Please refer to the Standards Framework for more information.

Tier	Issue	Eligibility
Tier 3 Issues, that if unresolved, are important enough to result in suspension and termination.	<ul style="list-style-type: none">• Poor customer service (Major)• Incomplete mandatory training• Untrained terminal operator• Selling invalid tickets• Bringing Lotterywest or the Government into disrepute• Withholding Agreement detail changes (Major)• Bank Sweep: Payment outstanding• Loss of business control• Not meeting Player Safety requirements	If any of these issues arise during a quarter, a retailer won't be eligible for their Support Payment.

Tier	Issue	Eligibility
<div>Tier 2</div> <div>Issues that need to be fixed, but are unlikely to result in suspension and termination.</div>	<ul style="list-style-type: none">• Withholding notification of criminal offence charges• Selling products online or electronically• Selling split syndicate shares• Poor customer service (Minor)• Scratch'n'Win: Selling unactivated tickets• Scratch'n'Win: Stock mismanagement• Providing incorrect product information• Failing to pay a prize under \$500• Selling a registered ticket to an incorrect player• Displaying incorrect Point of Sale (POS)• Not reporting damaged/faulty equipment• Promoting competing products in the Lottery Area• Selling prescribed items• Digital marketing mismanagement• Unauthorised use of or alteration to retail image, brand and logos• Bank Sweep: Payment default• Non-responsive and/or contactable• Failing to ensure terminal security• Not retaining winning tickets	<p>If 1-3 of these issues arise during a quarter and are resolved within the agreed timeframe, a retailer will still be eligible for their Support Payment*.</p> <p>If more than three of these issues arise during a quarter, a retailer won't be eligible for their Support Payment.</p> <p>*If a retailer has agreed to resolve a Tier 2 issue and they haven't completed the resolution by the agreed date or to the appropriate standard, they will not be eligible for their Support Payment.</p>
<div>Tier 1</div> <div>Minor issues that should to be fixed but have less impact or significance to the contractual obligations we share.</div>	<ul style="list-style-type: none">• Poor Lottery Area presentation• Not reading communications	<p>If any of these issues arise during a quarter, a retailer will be asked to resolve their issue and will still be eligible for their Support Payment.</p>

Support Payment Eligibility

By meeting your Business Standards you're eligible for your Support Payment!

We want all retailers to receive their Support Payment every quarter, by meeting Business Standards.

At the end of each quarter, we'll confirm your eligibility for your Support Payment by checking if you've met Business Standards through the following criteria:

1. The number of issues raised.
2. The tier of each issue.
3. If issues have been identified, whether they have been resolved within the agreed timeframe and to the agreed quality.
4. You aren't suspended for more than 30 days in the quarter.
5. You don't owe money to Lotterywest.
6. You have an active Agreement with Lotterywest.

Completing all the actions required to resolve the issue may continue from one quarter to the next if it is within the time frame agreed with your RRO. Only issues without an agreed resolution plan will be assessed for eligibility.



Issue examples

Here are some examples of how we would apply standards.

Example one

Issue: A retailer dishonours on a Wednesday and it is identified by Lotterywest on Friday.

Resolution: The retailer is notified by Lotterywest, and the balance is paid in full on the same day (Friday). The retailer informs Lotterywest of steps taken to prevent further occurrences. This is a Tier 2 issue.

Outcome: While the retailer has recorded one issue, they have resolved the issue. They have met standards and will receive their Support Payment.

Tier 3 issues (must be zero)	Tier 2 issues (must be between 0-3)	Resolving Issues: Any overdue resolutions?	Outcome:
0	1	No	Standards met Support Payment received

Example two

Issue: A retailer dishonours four times in a quarter.

Resolution: The retailer is notified by Lotterywest, and the balance is paid in full on the same day (Friday). These are Tier 2 issues.

Outcome: The retailer has exceeded the number of issues allowed within the quarter and therefore hasn't met standards, resulting in the loss of their Support Payment.

Tier 3 issues (must be zero)	Tier 2 issues (must be between 0-3)	Resolving Issues: Any overdue resolutions?	Outcome:
0	4	No	Standards not met Support Payment not received

Issue examples

Continued

Example three

Issue: A retailer fails to pay a prize under \$500 and they fail to return recalled Scratch'n'Win books within the recall period.

Resolution: The retailer is notified by Lotterywest, agrees to a resolution for both issues and completes the tasks by the end of agreed time frame. One of the agreed time frames runs over the end of the quarter and into the next quarter. This is a Tier 2 issue.

Outcome: While the retailer has recorded two issues, they have resolved them both within the agreed time frame. While the resolution did fall outside of the quarter, the retailer has resolved the issue within the agreed timeframe and has met standards.

Tier 3 issues (must be zero)	Tier 2 issues (must be between 0-3)	Resolving Issues: Any overdue resolutions?	Outcome:
0	2	No	Standards met Support Payment received

Example four

Issue: A retailer fails to complete Player Safety training, doesn't keep winning tickets, doesn't use the correct game logos and has no Lotterywest trained staff in the store.

Resolution: The retailer is notified by Lotterywest, and has resolved the Player Safety Training issue, the keeping winning tickets issue and the staff member has completed Lotterywest Essentials training. However, they continue using the incorrect game logos on social media and printed in-store. This is a Tier 2 issue.

Outcome: While the retailer has resolved three of the four issues, they haven't resolved the last issue within the agreed timeframe. They have not met Standards and won't be eligible for their Support Payment.

Tier 3 issues (must be zero)	Tier 2 issues (must be between 0-3)	Resolving Issues: Any overdue resolutions?	Outcome:
2	2	Yes	Standards not met Support Payment not received

Working with you

**We want you to receive your Support Payment every quarter!
We'll work with you where possible to correct any issues that
have been flagged so you have the best chance to succeed.
The process of how we'll support you to do this is outlined below.**

1. Identifying an issue

We'll reach out to you when an issue has been identified at your store, including discussing the severity of the issue and possible impacts on your Support Payment. For example, we may become aware of incorrect practices relating to the storage of winning or cancelled tickets.

2. Issue action plan to resolution

Your RRO will work with you to agree on any actions required to resolve the issue and an appropriate timeframe. For example, if you didn't pay a customer a prize valued under \$500, the actions might include changing your banking processes to ensure you can meet customer demand. Our focus is to help you solve any issues and prevention of further issues.

3. Resolving an issue

We'll regularly check in with you to ensure you've completed the agreed actions within the agreed timeframes. If you are unable to complete the actions or meet the agreed time frame, contact your RRO to discuss this before the resolution date. Failure to resolve an issue within the agreed time frame will impact your eligibility for your Support Payment.

Keeping track of your eligibility

We'll provide you a summary at the end of every quarter, which includes any issues you have and confirmation of your Support Payment. You can also chat to your RRO anytime to be provided an update on your eligibility.

Better Business amnesty period

We understand the new program will take some getting used to, so we will be implementing an amnesty period for Business Standards from launch until 30 June 2023.

However, there are two Tier 3 issues that will still result in you losing your Support Payment during the amnesty period. These are:

- Loss of control of your business.
- Bringing Lotterywest and the Government into disrepute.

Any questions?

Please contact your RRO if you have any questions about the Better Business program.

Question and Answers

Why have you developed Better Business?

Through our research and consultation with you, we've developed the program to help you adapt to the ongoing changes to the retail environment. We recognise the challenges you've been facing, including the impacts of COVID-19, fluctuating foot traffic, economic uncertainty and increasing operating cost pressures.

How are total sales for the quarter calculated?

Total sales are calculated using sales from the draws that fell during the quarter, as well as Scratch'n'Win tickets activated during the quarter.

How will I know the amount I will receive?

You can always contact your RRO to get an estimated payment amount. However, this will be an estimate only until sales figures are finalised, your NMS is established and we confirm the number of active retailers at the end of the quarter.

How will I receive the payment?

Support Payments will be paid via your RCTI weekly sweep.

When can I expect a payment?

We will calculate Support Payments amounts and identify eligible retailers at the end of each quarter. Payments will be made early in the next quarter.

If I identify an issue, do I need to notify Lotterywest?

Retailers are asked to share any issues identified, even if resolved. This helps to guide future support services.

Are there any tax implications from my Support Payment?

Your payment is likely to be viewed as income by the ATO. It is best to check with your accountant on the tax implications of receiving the payment.

If I am ineligible for Support Payments for this quarter, will it impact the next quarter?

Eligibility is assessed and reset each quarter. However, unresolved and overdue issues will carry across quarters until the issue has been resolved. If you have unresolved or overdue issues, you won't be eligible for your payment.

What if I leave the network during the quarter?

If you leave the network, you will not qualify for your Support Payment. Only retailers who have an active Agreement with us on the last day of the quarter will be eligible for their payment.

Questions and Answers

Continued

What if I've just joined the network during the quarter?

When you join the network, at the end of a quarter you'll be eligible for:

- 100% of the base component of the payment for the quarter.
- The NMS component for the period you traded. Any sales from the outgoing retailer will not be included in the calculation.

Will the payments for ineligible retailers be shared amongst the rest of the network?

No, all funds not distributed will be returned to our grants program.

How do I know if I'm still eligible if I have had an issue during the quarter?

We'll discuss your eligibility with you when an issue is identified or resolved. If you aren't eligible for your Support Payment, we'll let you know at the time. We will also let you know at the end of the quarter your eligibility status and payment amount.

Why are the payments temporary?

Better Business will be temporary and reviewed after three years to ensure its effectiveness as part of our ongoing commitment to the retail network. The aim of this program is to sustain retailers through a period of greater uncertainty and economic headwinds, as it builds adaptability into the network to respond to changes in consumer expectations. Retailers will be consulted as part of this review.

Are Support Payments Lotterywest's way of sharing online commission?

No, this is not the sharing of online commission. This budget has been made available through a strategic decision by Lotterywest to share the benefits of all Lotterywest sales with its retailers, while still maintaining our commitment to the community through the community grants program.

What dates will the quarter run?

Quarters will begin from 1 January 2023 and follow the calendar year. Your first payment will be made in April 2023.

I don't want to receive my Support Payment. What do I do?

You can choose to opt-out of your payments by emailing us at:

retail.compliance@lotterywest.wa.gov.au. We must receive the email before 30 June for the following financial year.

Questions and Answers

How does Lotterywest identify an issue?

Lotterywest may identify an issue in standards from the following:

- Customer complaint
- Retail Relationship Officer (RRO) onsite visit and observation
- Third party information e.g., landlord or shopping centre management
- Media monitoring
- Internal analytics and reporting

Lotterywest will introduce additional ways to identify standards once retailers have had time to adjust. More information will be shared with you later.

How will I be told I have an issue?

We'll notify you as soon as we become aware of an issue. We'll also provide in writing the details of the issue, the agreed resolution actions and timeframe to be completed. Your RRO will also discuss with you the possible impact of the issue on your eligibility for your Support Payment.

How long will I have to resolve an issue?

We will work with you to agree the time required to resolve the issue. On some issues we can be more flexible than others. When discussing the timeframe with you, we'll consider the following:

- The impact of the issue on our players, the community and Lotterywest
- Our experience of similar events
- The amount of control you have in planning and implementing the actions
- The complexity of the actions
- Your personal circumstances
- How clear we both are on what needs to be undertaken to resolve the issue

I can't resolve the issue before the agreed due date in my resolution plan. Will it impact my eligibility for my Support Payment?

Contact your RRO as soon as possible to discuss your options, Lotterywest may offer extensions dependent on the circumstances.

Can I request a review following the decision that would make me ineligible for Support Payments?

We have a Decision Review process which is available if you feel we have made an error in the decision-making process or were not aware of information that would make a significant impact on your standards outcome. More information on our Decision Review process is available on Retail Link.



Any Questions?

Please contact your RRO or
Customer Services on 133 777