



ZEALAND LOTTERIES  
 COMMISSION INFORMATION  
 GUIDE NEW ZEALAND  
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## OUR PURPOSE, OUR GOAL

Our purpose is to provide safe gaming that allows New Zealanders to play and win, and contribute money back to New Zealand communities.

Our Primary goal is to generate higher earnings so that we are able to maximise our contribution back to New Zealand communities while endeavouring to minimise problem gambling and under-age gambling.

We will achieve this by creating winning outcomes for all our stakeholders – our customers, our shareholder the government, our retail network and other business partners, and our staff.

## OUR MISSION STATEMENT AND BUSINESS PHILOSOPHY

The New Zealand Lotteries Commission (NZ Lotteries) is in the business of lotteries and entertainment. The objective is to reach our revenue and profit targets for the benefit of the community, through service and excellence, and by acting with total integrity.

NZ Lotteries' business philosophy can be summed up by two words – service and excellence. We provide our customers with excellent products, excellent service, and an excellent retail experience. Our products have to compete vigorously for the “discretionary dollar” and, with increasing options for consumers, there is no place for being second best. We require a commitment from our retailers to maintain and improve every facet of business – customer service, store presentation, and merchandising. NZ Lotteries is committed to providing its retailers with the very best products, marketing, and operational support.

The relationship between NZ Lotteries and its retailers is one based on mutual reward and demands high standards of excellence.

## THE ORGANISATION

NZ Lotteries was established as a crown entity on 1 June 1987 and commenced business on 22 July 1987.

The activities of NZ Lotteries are specifically authorised and controlled through the Gambling Act 2003 and the Public Finance Act 1989.



This legislative framework gives NZ Lotteries four main statutory functions:

- to promote, organise and conduct NZ Lotteries (currently Lotto, Lotto Strike, Lotto Powerball, Instant Kiwi, and Keno) for the purpose of generating profits for distribution by the New Zealand Lottery Grants Board
- to maximise profits so generated, subject to ensuring that the risks of problem gambling and under-age gambling are minimised
- to make rules regulating the conduct and operation of New Zealand Lotteries
- to advise the Minister of Internal Affairs on matters relating to NZ Lotteries

NZ Lotteries is required to act within the Government's general policy in relation to New Zealand lotteries. We submit our annual budget to the Minister of Internal Affairs for approval and comply with any written direction given by the Minister and tabled in Parliament.

All profits surplus to NZ Lotteries approved capital-expenditure requirements are transferred to the New Zealand Lottery Grants Board for distribution.

The Commission consists of five people appointed by the Minister of Internal Affairs, and the Secretary for Internal Affairs. The role of Commission members is similar to that of directors of a company.

## RESPONSIBLE PLAY

NZ Lotteries is committed to responsible play practises and has been operating lotteries responsibly and with integrity since 1987, and is committed to providing games in a safe, secure, and friendly environment. NZ Lotteries is New Zealand's only gaming provider with a pure community-benefit funding model.

Player contributions generate more than \$100 million every year in community funding through the Lottery Grants Board. Lotteries are considered similar to most other consumer goods and almost all people buy their lottery entries for entertainment and recreational purposes. Relatively few players experience gambling problems playing our games.

The limited impact our games have in this area is reflected in problem gambling figures for the 2003<sup>1</sup> year which show that of the 4,182 people who

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<sup>1</sup> Problem gambling committee, Problem Gambling Counselling in New Zealand 2003, National Statistics, April 2004. P12, P13, P22, P41, P44.

received problem gambling counselling for the first time, only 23 (or 0.55%), cited our products as the primary mode of gambling.

Notwithstanding this, NZ Lotteries has developed a Responsible Play Code of Practice to ensure the credibility and integrity of its operations, games, and retail network are maintained. The Code of Practice serves as a guide for the responsible service delivery and unfaltering commitment to balancing the social and economic benefits and costs of gambling in New Zealand and its focus on harm minimisation.

## OUR BUSINESS MODEL

### *The Retailer Agreement*

The Retailer Agreement is a legal contractual agreement between a retailer and NZ Lotteries. The Retailer Agreement may not be assigned, transferred or licensed.

NZ Lotteries' retail network enables us to distribute our products through a network of experienced retailers, and to develop a consistent high-quality approach to sales and service nationally.

### *Our Business Formula*

What makes our retail network a success?

- Conformity to NZ Lotteries' corporate standards
- Consistency in the application of all the standards all of the time
- Commitment to excellence in everything we do

These critical success factors make up the formula that all our retailers must adopt.

We and our retailers have a vested interest in the continued success of our products – we are in the business together.

Your two guides to the standards that guarantee this success are the Retailer Operations Manual and your Retailer Agreement with us.

### *Keys to NZ Lotteries' Success*

- Our customers regard lotteries products as an inexpensive and “fun” form of entertainment – and one which may win them a fortune.
- Our products have large appeal.



- Our large retail distribution network makes our products widely available throughout New Zealand.
- We have built and expanded the market for our products with a strong promotional strategy.
- Our service formula of “friendly, fast, informed, and fun” is the most important element in the delivery of our products to our players.
- Our Territory Representatives are vital elements in the development of the business. Their role is to assist retailers in maximising the opportunities presented by games, product developments and service standards – and to ensure that the corporate standards are maintained.

## TRAINING AND DEVELOPMENT

Training is one of the keys to success in the lotteries business and is a compulsory component of being a NZ Lotteries’ retailer.

Our training programmes ensure that all our retailers and their staff sell our products and manage their lotteries business to the same high standard throughout the country.

All new owners and managers attend a three day Retailer Management Programme before they begin operating a retail sales outlet. Prior to attending this course owners and managers complete an e-learning programme that allows them to practise the many and varied keystrokes involved in the processing and production of both Lotto product coupons and tickets. This e-learning programme makes it easier for owners and managers to understand the information they will be expected to learn on the Retail Management Programme.

All retail staff who sell our products must attend a one-day lotteries training course (TOPS). Their continuing competency is then assessed in-store. The courses are held in selected locations in each regional area. (All staff who sell our products must be at least 15 years of age.)

There may also be a requirement for the owner/manager or the senior operator to attend other advanced training courses.

Retailers are also expected to attend sell-ins, promotions, and trade launches run by NZ Lotteries from time to time.

## BENEFITS TO YOUR BUSINESS

Being a NZ Lotteries retailer has a number of advantages for a retailer's core business:

- Lotteries products generate extra customer traffic because they are so popular and fast moving products. This creates extra sales opportunities for the outlet's core business.
- Lotteries products enhance the image of an existing business because they are well-known brand-names associated with success – by customers and the business community alike.
- Our retailers attend comprehensive training programmes in product knowledge, terminal operations, and customer service to make them the best in the country. This has obvious spin-offs for their core business.
- Our emphasis on excellence of service, store presentation, and attitude motivates our retailers to maintain high standards throughout the business, to benefit all of their sales.

Retailers are paid 7% commission on their gross lottery sales. This in effect means that the opportunities for growth are limited only by the retailer's ability to increase their sales volume.

A lotteries business is simply a good business – and good for business. To investors in a NZ Lotteries' retail sales outlet we offer:

- Successful lotteries products, supported by a sophisticated on-line gaming computer system.
- A successful business format that specifies standards of presentation and service.
- Sound experience in running our business system, and an excellent track record and reputation.
- Comprehensive training in product knowledge, managing the retail sales outlet, and delivering high quality customer service.
- Continuing development of products, systems, and services.
- The back-up of dynamic national advertising, promotional activities, and market research.
- Supply of game-related support material.
- Technical service support for our network terminals.
- In-store support through regular contact with our Territory Representative staff.
- Communication with our organisation through newsletters and other publications.

## WHAT YOU CAN BRING TO OUR RETAIL NETWORK

We pay special attention to applicants' proposed business sites, to ensure that all sites meet the standards we set for our retail sales outlets (a retail sales outlet is that part of the business premises allocated to the sale of NZ Lotteries products). The proposed sites for our lotteries products are critically assessed from the perspective of business strength and potential.

### *Location, Location, Location*

When assessing the strength of the business we look for:

- Quality of store operation: This includes general cleanliness and tidiness, staffing levels, staff presentation and appearance, the core business's stock levels, and the retailer's general attitude.
- Compatibility with our products: We look for factors which enhance the fun and family entertainment image of our business.
- Quality of the business: We assess the shop fittings, stock displays, construction, lighting, and general atmosphere.
- Quality of the surrounding business environment: We look at the age of the district, the types of surrounding shops in the area, the usual business hours in the district and the predominant business types.
- Customer traffic: We assess the current or projected customer counts of the business.

Our assessment of a site's potential takes a broader look at conditions that will help it to succeed. They include:

- The area's traffic flow and access, area "draw-cards", trends and developments in the area.
- Customer access to the shop – parking convenience, pedestrian convenience, doorways and entrances, and trading hours.
- The shop's external profile – its physical situation, its visibility to pedestrians and people in cars, and its visual impact.
- The site's shape, layout and space – the width of the frontage, the site's ability to meet out retail corporate standards.
- The site's sales level potential.

## THE PEOPLE FACTOR

Because our business operation combines the strength of our organisation with those individual retailers, we look for special qualities in a potential NZ Lotteries retailer.

Our ideal retailer:

- Has experience in retailing and knows the local market.
- Is able to manage the retail sales outlet effectively and make it work in their outlet.
- Has initiative and an eye for business opportunities.
- Has the flexibility to learn new concepts and techniques, and to accept advice and guidance.
- Can work enthusiastically within our business, and has empathy for and understanding of NZ Lotteries' business philosophy.
- Has excellent communication skills.
- Can take full advantage of our training programmes.

## THE NEXT STEP

If you are setting up a new retail sales outlet, you should budget approximately \$12,000 - \$25,000 plus GST (these are indicative costs only).

In addition, there is a one-off establishment fee of \$5,000 plus GST. The initial set-up costs vary from site to site depending on size, location, and individual characteristics.

### Costs

If you are intending to buy an existing lotteries retail sales outlet, it will be necessary for you to undergo the full application process. If this is approved, you will be required to pay (as mentioned above) an Establishment Fee of \$5,000 plus GST. It may also be necessary for you to upgrade the retail sales outlet to meet NZ Lotteries' current retail corporate standards.

The major ongoing cost will be a weekly service fee, which is deducted automatically from the retailer's weekly commission. It is calculated on a basis of 1% plus GST of weekly sales, up to a maximum of \$95.00 plus GST per terminal per week.

## The Application Process

We've told you about our business model, what we bring to the partnership, and how we do things. As part of the application process, NZ Lotteries will want to know the following about you:

- Do you have the funds to set up and maintain the retail sales outlet?
- Are you willing to accept guidance and be the team player that our business model requires?
- Do you have the experience to cope with the added responsibilities that the lotteries retail sales outlet will bring to your business?
- Are you prepared to follow NZ Lotteries' business format or would you rather do business your way?
- Are you capable of learning and using new business techniques and methods?
- Are you committed to the idea of excellence in customer sales and service?
- Are you able to engender in your staff a commitment to excellence in customer sales and service?
- What value will you bring to the partnership relationship?

As well as these general questions, we will be asking more specific questions about your business abilities and your suitability for running a retail sales outlet.

You will also have the opportunity to ask us questions about our business and your potential role in it, as part of the application process.

### How can I become a NZ Lotteries retailer?

There are two primary considerations for us when approving a retailer:

1. Choosing the right site
2. Choosing the right people

There is a formal application procedure. This requires a site visit and assessment of the proposed premises by a NZ Lotteries representative, the completion of a detailed application form, and a personal interview with you. This information enables us to make commercial judgements about the suitability of a prospective site and applicant.

### New lotteries retail sales outlets

Please complete and return the accompanying Expression of Interest Form (if applicable). You will be advised whether we would consider opening a new lotteries retail sales outlet at the proposed site in due course.

Alternatively, if your proposed site has already been assessed and approved by NZ Lotteries, please complete and return the enclosed Application Form(s).

### **Buying an existing lotteries retail sales outlet**

The existing retailer cannot assign or transfer the lotteries retail sales outlet over to you. You need to personally apply for that retail sales outlet. The application process begins when the Retail Channel department receives a letter from the existing retailer confirming that a sale and purchase agreement has been entered into, together with the purchaser/applicant's contact details. We can then forward the application forms to you.

***Please be aware that the application process can take up to nine weeks from the receipt of applications completed to the satisfaction of NZ Lotteries.***

***You should not assume that you will be automatically approved as an NZ Lotteries retailer if you apply to be one.***

## OFFICE ADDRESS DETAILS

### **AUCKLAND OFFICE**

117 Khyber Pass Road  
PO Box 8929, Symonds Street  
Auckland

PHONE: (09) 356 3800

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