

NZ LOTTERIES

BRIEFING PAPER FOR

**HON DR RICHARD WORTH
MINISTER OF INTERNAL AFFAIRS**

NOVEMBER 2008

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A. SUMMARY

1. Introduction

- NZ Lotteries was established by the Government in 1987 and is charged with the responsibility of promoting and conducting lotteries to generate profits for the benefit of New Zealand communities.
- NZ Lotteries is a Crown entity which operates subject to the provisions of the Crown Entities Act 2004 and the Gambling Act 2003. The Crown Company Monitoring and Advisory Unit (CCMAU) monitors the performance of NZ Lotteries as a Crown entity, advises the Minister on the appointment process for board members and provides related advice. The Department of Internal Affairs provides policy advice to the Minister on NZ Lotteries activities.
- Under statute the board of NZ Lotteries consists of five members who are appointed by the Minister.
- NZ Lotteries publishes an annual report and statement of intent as well as a half-year report. Quarterly performance reports are produced for CCMAU.
- On a day-to-day basis, NZ Lotteries operates in a broadly similar manner to a private sector business – under the Gambling Act, NZ Lotteries is required to maximise profits subject to ensuring that the risks of problem gambling and underage gambling are minimised.
- NZ Lotteries profits are transferred directly to the NZ Lottery Grants Board which is responsible for their distribution. NZ Lotteries plays no part in the distribution process.
- Copies of the latest annual report and statement of intent are enclosed with this briefing.

2. NZ Lotteries business

- NZ Lotteries products are Lotto, Lotto Strike, Powerball, Winning Wheel (collectively called the 'Lotto family'), Big Wednesday, Keno, and Instant Kiwi. These products are sold through NZ Lotteries retail stores and through our online sales channel, www.mylotto.co.nz.
- NZ Lotteries has New Zealand's largest retail network, with more than 1,000 stores located in diverse sites that range from supermarkets to corner dairies.
- NZ Lotteries employs approximately 120 staff mainly in Auckland, Wellington and Christchurch, as well as territory representatives in various regions.
- The launch of MyLotto in May 2008 has proved highly successful - today there are more than 60,000 registered players. Online sales currently comprise around 2.5 percent of NZ Lotteries sales.

3. NZ Lotteries operating environment

- Spending on NZ Lotteries products comes from consumers' discretionary dollars and competition includes fast food, movies, magazines etc. As such, the overall health of the country's economic and retail environment can affect our financial performance. Direct gambling competition includes the TAB/New Zealand Racing Board, non-casino gaming machines and casinos. NZ Lotteries is also facing competition from the rapidly increasing numbers of offshore online gambling websites offering a huge range of products, such as poker and bingo.
- NZ Lotteries products comprise less than 20 percent of the gambling spend in New Zealand. Gaming machines outside casinos (or 'pokies') account for just under half of the total gambling expenditure in New Zealand.
- Approximately 66% of New Zealand's adult population – more than two million New Zealanders – play Lotto at least once a year. NZ Lotteries games are considered low risk for problem gambling. Provisional statistics for 2007 show that 1.2%, or 21, out of the 1,812 gamblers who received face-to-face counselling for the first time cited our games as their primary mode of gambling.
- NZ Lotteries is a significant retail business, with annual sales that are approximately half that of the Warehouse and Vodafone NZ, and slightly larger than Harvey Norman.
- Annually Deloitte and New Zealand Management Magazine provide a measure of the Top 200 New Zealand Companies for the past year. In 2006/2007, NZ Lotteries would have rated 38th for turnover and 11th for profit after tax.

4. NZ Lotteries performance

- In the 2007/2008 financial year, NZ Lotteries sales were \$778 million, net profit was \$156.8 million and NZ Lotteries transferred a record \$156.8 million to the NZ Lottery Grants Board for distribution to the community.
- Spending on NZ Lotteries products remained relatively static until 1999 and then declined until 2003. Sales and profits have increased significantly in the past five years thanks to the successful implementation of several key strategic initiatives, including the introduction of the Big Wednesday mid-week game and the expansion of the retail network. However, in inflation-adjusted dollars, revenue is still below mid-1990s levels.
- NZ Lotteries is focused on running an efficient business operation, with operating expenses in 2007/08 comprising 7.2 percent of total sales.

- We are budgeting for sales of \$770 million for 2008/2009 and a distribution to the NZ Lottery Grants Board of \$152.5 million. There has been a very good start to this year, due to a long Powerball jackpot run, and our results for the first four months of the year are well ahead of budget. As a consequence, our sales and earnings for the full year are likely to be better than budget and a formal financial reforecasting exercise is currently underway.
- The actual outturn for fiscal 2008/09 will depend primarily on the state of the domestic economy, the length of jackpot cycles and the implementation of growth strategies during the remainder of the year.

5. NZ Lotteries strategic direction

- Since 2007, NZ Lotteries has adopted a strategy of making smaller incremental changes to our games and operations in order to produce sustainable improvements in our results. We remain committed to developing our extensive retail network, whilst a new area of focus is the management of the online sales channel, MyLotto.
- In a competitive gambling and retail environment, it is essential for NZ Lotteries to regularly update its game offerings in order to retain freshness, customer appeal and to maintain reasonable sales. NZ Lotteries games are largely mature, particularly the mainstays of Lotto and Instant Kiwi, and the number of people playing these games is in a slow long term decline. We also face increasing competition from the globalisation of gambling via the Internet.
- NZ Lotteries has not introduced a new lottery game since 2005, and aims to launch a new offering in mid-2009. We envisage this as the first in a proposed small game category within our overall game portfolio that will help attract back our infrequent players and provide some new interest for existing players. We see the launch of this new game next year as being an important factor in maintaining the momentum that our business, and our retailer network, has experienced of late.
- Our good sales growth in recent times is largely attributable to large jackpot runs – we cannot rely on a continuation of this in the future.
- As agreed with the previous administration, the products available for purchase on MyLotto were limited initially to Lotto, Strike, Powerball, Big Wednesday and Keno. This remains the case. Instant Kiwi cannot be purchased online. Since its launch in May this year, MyLotto has operated successfully and is now steadily attracting new players. There is the potential to expand the range of games sold via MyLotto and we would welcome the opportunity to discuss this with the Minister at your earliest convenience.

6. The international lotteries scene

- Notwithstanding the strategic approach we have taken of ‘incremental improvement’, we retain an interest in potential opportunities that arise for us resulting from shifts within the international lottery business. There are two such opportunities at present.
- A number of lotteries around the world, spear-headed by the United Kingdom lottery and various large state lotteries in the United States, are discussing the possibility of developing a ‘world lottery’. In essence, the idea is for individual lotteries to band together to sell an international lottery game. This would be in addition to each lottery’s existing games. Discussions are at a preliminary stage, but next year it may become necessary for us to make some form of commitment to the further development of this game, should we wish to participate rather than attempt to compete with it. It is very likely that participation would entail lifting the current \$30 million prize limit set on our games.
- The \$30 million ‘must be won limit’ was established in 2005, the previous limit being \$15 million.
- The New South Wales Government has recently announced that sale of the NSW lotteries licence is under consideration. The implications, if any, for NZ Lotteries are still being considered by us. We do, however have resources which might enable us to play a useful role in the acquisition and subsequent operation of this business should the sale proceed.

7. Asia Pacific Lottery Association

- The Asia Pacific Lottery Association (APLA) is one of the five regional associations of the World Lottery Association, a global professional association of state lottery and gaming organisations. APLA represents 24 lotteries in the Asia Pacific region. The member lotteries are based in Australia, China, French Polynesia, Hong Kong, India, Japan, Republic of Korea, Malaysia, New Zealand, Singapore and Thailand. APLA is a forum for cultivating and strengthening communications between member countries and for sharing information and experience within the lottery industry.
- Each year, there is an APLA conference hosted by a member lottery. The next conference, in November 2009, will be hosted by NZ Lotteries in Auckland. We would be delighted if the Minister were able to officiate at the opening of this conference.

8. Outstanding issues for the Minister

- There is currently one vacancy on the board awaiting an appointment by the Minister.
- NZ Lotteries has consulted with the Department of Internal Affairs and the Ministry of Health regarding the proposed introduction of the new small lottery game, referred to in section 5 above, in mid-2009. Officials have not raised any major concerns relating to this new game. Ministerial approval is required for the introduction of any new lottery game, and, therefore, NZ Lotteries would appreciate the opportunity to brief the Minister on this new game concept at your earliest convenience.

B. THE BUSINESS OF THE NEW ZEALAND LOTTERIES COMMISSION

1. Introduction

The purpose of this paper is to provide the Minister of Internal Affairs with an overview of the New Zealand Lotteries Commission (NZ Lotteries) and the environment in which it operates. Areas covered in this briefing include:

- The legislative, regulatory and competitive environments in which NZ Lotteries operates;
- The structure, operations and performance of NZ Lotteries; and
- NZ Lotteries strategic direction.

2. Legislation

The activities of NZ Lotteries are authorised and controlled by the Gambling Act 2003 and the Crown Entities Act 2004. NZ Lotteries functions as defined by section 238 of the Gambling Act 2003 are:

- to promote, organise and conduct New Zealand lotteries for the purpose of generating profits for distribution by the New Zealand Lottery Grants Board, or for a community purpose for which a special purpose lottery is promoted;
- to maximise profits so generated, subject to ensuring that the risks of problem gambling and underage gambling are minimised;
- to make rules regulating the conduct and operation of New Zealand lotteries; and
- to advise the Minister on matters relating to New Zealand lotteries.

3. Governance

The Crown Company Monitoring and Advisory Unit (CCMAU) monitors NZ Lotteries on behalf of the Crown and provides performance and governance advice to the Minister.

As outlined in the directory at the rear of this paper, NZ Lotteries board has five members appointed by the Minister of Internal Affairs. John Goulter, DCNZM, JP, is the Chair of the Commission's current board and was appointed in 2003. Other members are: Laura Humphreys (Deputy Chair) and John Wright, both of whom were appointed last year, and Christopher Curley who was appointed in August this year. There is one current vacancy for a board member.

Day-to-day business operations of NZ Lotteries are the responsibility of the Chief Executive, Todd McLeay, who was appointed in July 2006, and the senior management team. As at 30 June 2008, NZ Lotteries employed 118 staff. In addition, the retail network employs more than 4,000 people.

4. Regulatory control

The Department of Internal Affairs (DIA) is NZ Lotteries primary regulator. NZ Lotteries maintains a close working relationship with DIA, consulting frequently over issues that affect gambling in New Zealand.

Under the Gambling Act, responsibility for developing a strategic plan for preventing and minimising gambling harm sits with the Ministry of Health (MoH).

5. Responsible gambling

The Gambling Act 2003 has a strong focus on harm prevention and minimisation. Accordingly NZ Lotteries and its retail network are focused on running lotteries in a professional, safe and responsible manner. A commitment to minimise the risks of problem and under-age gambling is one of NZ Lotteries core business strategies.

Approximately 66% of New Zealand's adult population – more than 2 million New Zealanders – play Lotto at least once a year.¹ NZ Lotteries games are linked to a very small percentage of problem gamblers, with provisional statistics for the 2007 calendar year showing that 1.2%, or 21, out of the 1,812 gamblers who received face-to-face counselling for the first time cited our games as their primary mode of gambling.²

NZ Lotteries supports programmes that help protect people most at-risk through funds raised from the Problem Gambling Levy.

Only one lottery product, Instant Kiwi, is age restricted and NZ Lotteries has put in place a range of measures to minimise the risk of under-age people playing this game. These include an R18 mark which appears on the back of all Instant Kiwi tickets and on the in-store point of sale, an internal harm-minimisation framework for reviewing all Instant Kiwi games during their design, and our operator training programmes.

Have Fun and Play Responsibly brochures that promote responsible gambling are available from every Lotto shop, and a Responsible Play Code of Practice is also in place for our retailers.

NZ Lotteries consults with MoH on harm minimisation issues, particularly when proposing changes to existing games and developing new games. NZ Lotteries is a member of the joint MoH/DIA Stakeholder Reference Group (previously called the Expert Advisory Group) on preventing and minimising gambling harm.

¹ *People's Participation in, and Attitudes to, Gambling, 1985 – 2005*; Results of the 2005 survey, Department of Internal Affairs.

² *Problem Gambling Intervention Services in New Zealand: 2007 Service-user statistics*. Public Health Intelligence Monitoring Report No. 18, Ministry of Health, August 2008.

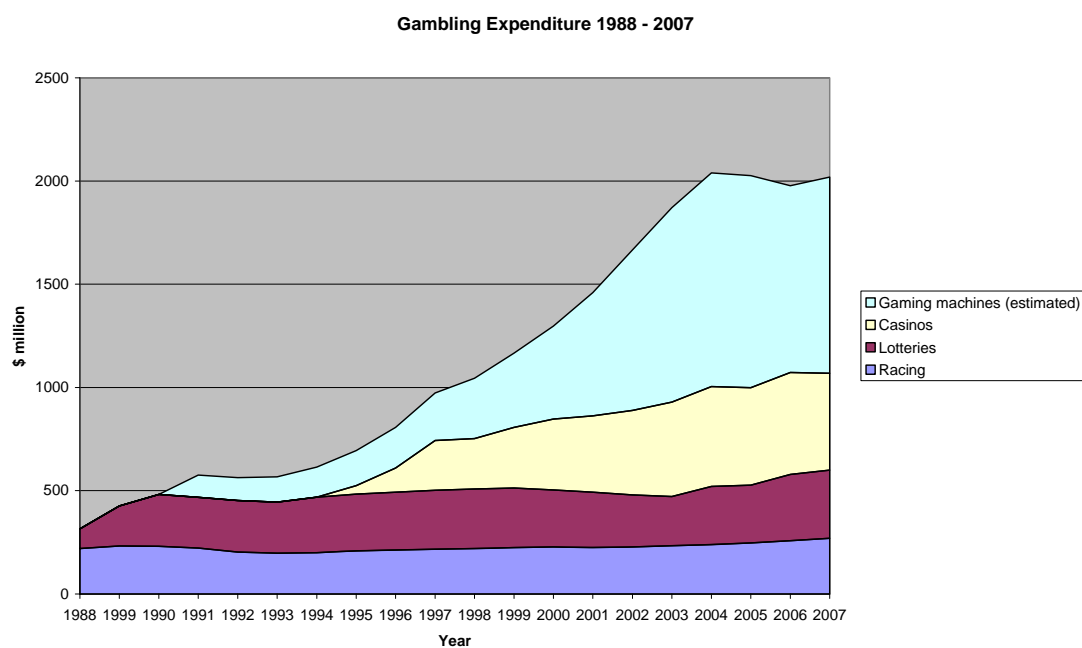
6. The operating environment

Spending on NZ Lotteries products comes from consumers' discretionary dollars, and the overall health of the economic and retail environment can affect our financial performance.

Competition for the discretionary dollar comes from a variety of indirect competitors including: pay television, videos and DVDs, video game consoles, mobile phones, sporting events, concerts, bars, clubs, cinemas and theatres, and 'small luxury' purchases such as coffee, confectionery, magazines and newspapers.

NZ Lotteries direct competitors within the gambling industry provide intense competition with their gambling products, typically offering rapid return reinvestment options. Competitors include the TAB / New Zealand Racing Board, non-casino gaming machines, casinos, and the increasing number of online gambling websites hosted in other jurisdictions.

New Zealand Gambling Market Expenditure 1988 – 2007



Source: Gambling Expenditure Statistics 2007 from the Department of Internal Affairs' website www.dia.govt.nz, which also has accompanying explanations on the data.

The New Zealand gaming market has grown rapidly in the past 21 years and consumer participation has increased significantly. Expenditure on NZ Lotteries products increased from 14% of overall expenditure in 2005 to 16.4% in 2007. However, gaming machines outside casinos still accounted for just under half of the total gambling expenditure in New Zealand. NZ Lotteries revenues have increased over the past four years. However, in real terms, revenue remains below mid-1990s levels.

7. NZ Lotteries operations and products

NZ Lotteries products are sold through its retail network of around 1,000 retail stores throughout New Zealand. Retail outlets are not owned by NZ Lotteries, but are operated under commercial agreements with NZ Lotteries.

There is a lotteries outlet for every 4,300 persons in New Zealand which is a low level of representation compared with most other countries with national lotteries.

NZ Lotteries operates from offices in Auckland, Wellington and Christchurch. Commercial operations are conducted from Auckland and corporate support is in Wellington. Some sales and training personnel, whose role is to support our network of retailers, are field-based.

Our current core computer gaming system was put into commission in 2006 and was designed with high availability and security in mind. There are two systems within the primary data centre which mirror each other. A third system, located at another site, is maintained for business continuity purposes.

NZ Lotteries currently offers seven products: Lotto, Lotto Strike, Powerball, Winning Wheel (collectively called the 'Lotto family'); Big Wednesday; Keno; and Instant Kiwi.

GAME	HOW THE GAME IS PLAYED	WHEN
Lotto	6 numbers and 1 bonus number drawn from 40 numbers. Match a minimum number of 4 of the 7 numbers drawn to win. Prizes won in an average week range between \$20 and, for the correct 6 numbers, up to \$1,000,000. Promotions for extra prizes involving vouchers with unique serial numbers, issued with qualifying Lotto tickets, are run between 5 and 8 times a year.	8pm on Saturday on TV2
Lotto Strike	Try to match the first 4 Lotto numbers drawn in the order in which they are drawn. Win by matching 1 or more numbers. Prizes ranges between a free ticket, for 1 number, and \$100,000 or more for 4 numbers.	8pm on Saturday on TV2
Powerball	Played in conjunction with Lotto. Extra 1 from 10 draw. Correct selection increases the size of your Lotto win. Prizes range from \$30 to over \$3,000,000.	8pm on Saturday on TV2
Winning Wheel	One Lotto player is randomly selected by their ticket serial number to spin the wheel. All 30 segments of the wheel have prizes. Whichever prize the wheel stops on is the prize won. Prizes range between \$100,000 and \$1,000,000.	8pm on Saturday on TV2

GAME	HOW THE GAME IS PLAYED	WHEN
Big Wednesday	6 numbers drawn from 45 possible numbers followed by coin toss. Match a minimum of 3 numbers to win. Prizes range between a free ticket and \$2 million plus non-cash items.	Approx 8.20pm on Wednesday on TV One
Keno	Correctly guess 0–10 numbers out of 20 numbers randomly drawn from 80 possible numbers. Prizes range between \$1 and \$500,000.	1pm & 6pm every day
Instant Kiwi	Scratch off latex coverings on cards of varying designs with different game play for each design. There are 12 different Instant Kiwi designs available at any one time. Prizes range between \$2 and \$250,000.	Whenever a Lotto store is open

Audit New Zealand scrutinises game draws and verifies the results. Lotto family, Big Wednesday and Keno draws are broadcast on television and the results published in many daily and weekly newspapers.

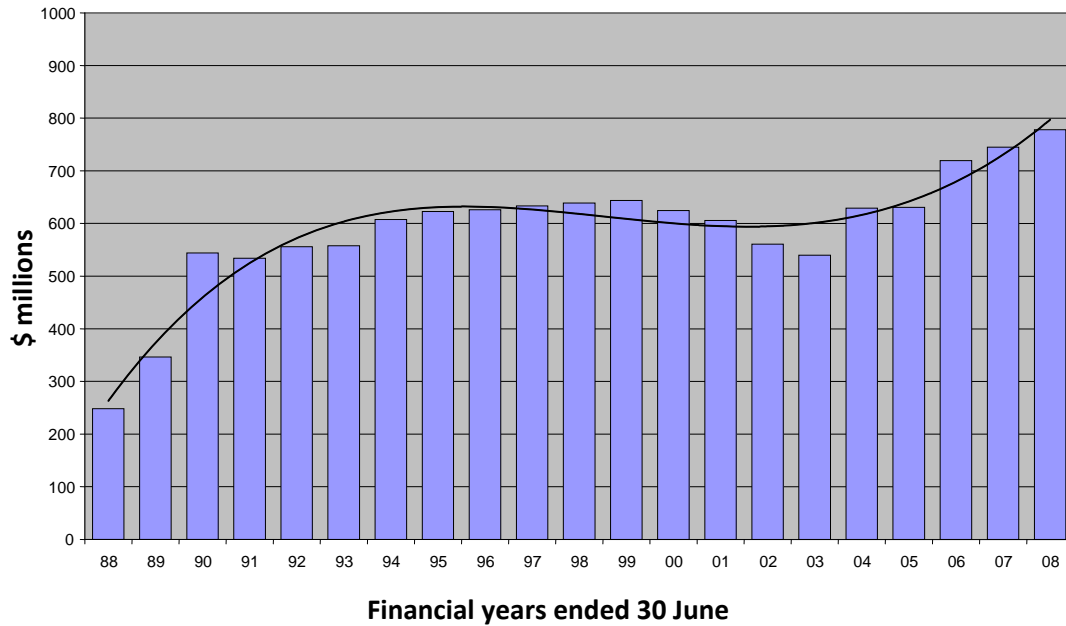
8. NZ Lotteries performance

Spending on NZ Lotteries products remained relatively static until 1999 and then declined until 2003. Sales have increased significantly in the past five years thanks to the successful implementation of several key strategic initiatives. These include:

- the launch of a new jackpot game, Big Wednesday, in October 2005;
- increasing the size of our retail network from 640 to around 1,000 outlets, making purchasing our products more convenient;
- game changes made to Lotto in August 2004 and Powerball in October 2007;
- new communications strategies for Lotto family including award-winning advertising campaigns;
- popular Lotto promotions such as the Christmas Triple Dip draws which feature extra prizes for players;
- the expansion of the number of the ticket streams for Instant Kiwi and a providing a greater in-store presence for this product;
- introducing a fresher, more modern retail format that is more flexible and takes up less space;
- significant investment in our IT infrastructure, including new gaming, management information and corporate systems; and
- the launch of an online sales platform, MyLotto, in May 2008.

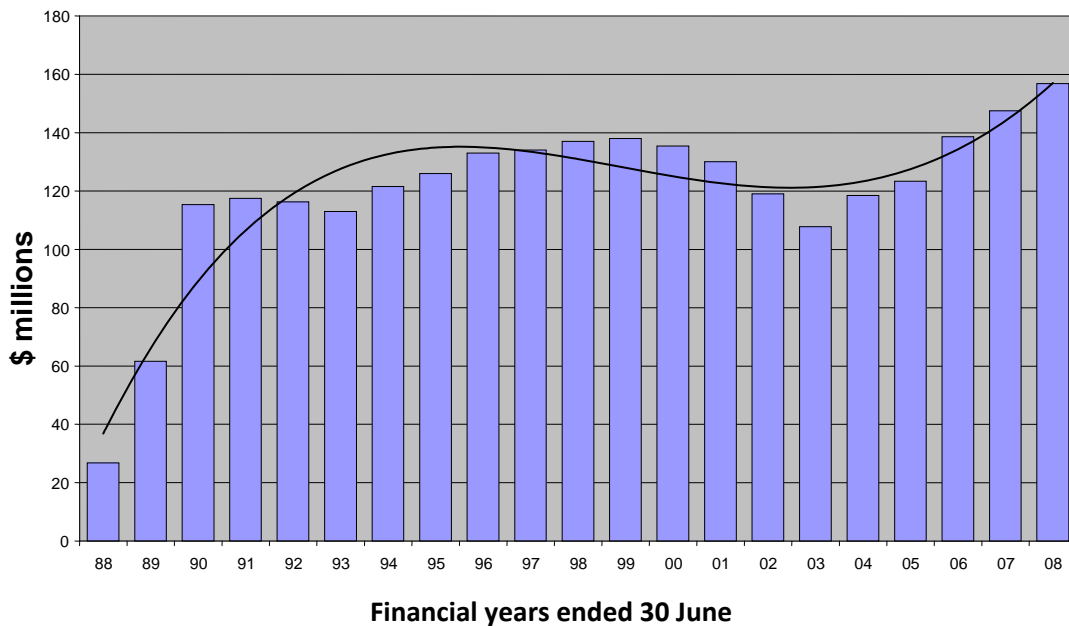
The chart below shows annual sales revenue since the inception of NZ Lotteries in 1987.

Sales Revenue



As a result of the improvement in sales revenue, NZ Lotteries have increased the funding available for distribution to the NZ Lottery Grants Board. Since 2003 we have consistently exceeded our budgeted transfers to the NZ Lottery Grants Board. This has enabled the reintroduction of the Community Facilities Fund and \$24 million in a one-off allocation for 2007/2008 in addition to normal allocations which have also increased.

Profits transferred to the Lottery Grants Board

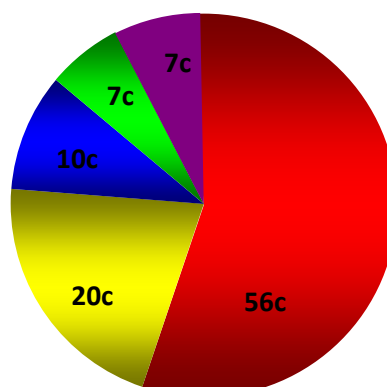


Based on our results to date and a continuation of current trading patterns, we would expect the transfer for 2008/09 to be in excess of \$160 million.

9. NZ Lottery Grants Board

For every \$1 from combined sales:

- Prizes
- Operating Costs
- Retailer Commission
- Taxes (includes GST, gaming duty and problem gambling levy)
- NZ Lottery Grants Board



Based on results for the year ended 30 June 2008

All of NZ Lotteries profits outside of retained earnings for business renewal are transferred to the New Zealand Lottery Grants Board for distribution, with NZ Lotteries being the Board's sole funder. Our profits are a major source of funding for sport and recreation, arts and culture, and community services.

In the 2007/2008 financial year, NZ Lotteries transferred a record \$156.8 million to the NZ Lottery Grants Board, \$9.3 million more than in the previous year. The impact of the revenue raised by NZ Lotteries for the NZ Lottery Grants Board and its agencies can be seen from the Board's allocations for the 2008/2009 year.

NZ Lotteries works with the NZ Lottery Grants Board to promote its work and community grants activity amongst our retailers and with the general public.

10. NZ Lotteries business goals

Since 2007, NZ Lotteries has adopted a new strategic approach of widespread, incremental improvement, delivered in a socially responsible manner. We remain committed to developing and supporting our extensive retail network, whilst a new area of focus is the management of our online sales channel, MyLotto.

Our key business goals to achieve by 2011/2012 are:

- to have 1.7 million customers playing our games regularly; and
- to deliver \$175 million back to the community each year.

11. Capital expenditure

Between 2003/04 and 2006/07 a portion of NZ Lotteries annual profits was retained to assist with the funding of the capital expenditure programme for the replacement gaming system and related IT projects.

We do not envisage similar retentions in the foreseeable future. Capital expenditure over the next few years will be able to be funded from operating cashflows.

12. NZ Lotteries strategic direction

NZ Lotteries strategies are divided into two main categories – growth strategies and support strategies.

Growth strategies

Games

We aim to connect with more New Zealanders and encourage them to enjoy playing more frequently. This includes:

- offering compelling communications;
- delivering engaging offers; and
- introducing exciting new games.

Retail

To continue to ensure we have a retail network that can reach, engage and excite players every week. This includes:

- optimising our network reach;
- developing our retailer relationships; and
- creating a fantastic in-store experience.

Interactive

To develop and manage a leading online sales business. This includes:

- driving registration and play frequency;
- improving the player experience;
- enhancing services to players; and
- developing new games for the interactive channel.

Support strategies

Operational excellence

This involves a focus on improved system and process reliability and a commitment to quality in all aspects of our work. This includes:

- improving the processes and tools that support the provision of IT services;
- enhancing project management skills throughout the business; and

- driving improvements in service reliability, customer experience and efficiency.

Culture

To further develop our high performance culture. This includes:

- embedding NZ Lotteries values throughout the organisation;
- enhancing strong leadership and coaching skills within the business; and
- better employee and channel partner engagement.

Corporate Social Responsibility

We look to take a leadership position on corporate social responsibility. Within this, the area of responsible gambling remains our priority. This includes:

- being a leader in the promotion of responsible gambling;
- considering the environment in our business practices; and
- working to produce good returns for the community.

13. Looking forward – 2008/2009 financial year

As outlined in more detail in our 2008 statement of intent, after a successful refresh of Lotto last year, the focus of our games strategy is now revitalising Big Wednesday. A review of the game has been undertaken and a revised First Division prize offering, a new communications campaign, and an updated live draw are ready for launch.

NZ Lotteries has not introduced a new lottery game since 2005, and so we are aiming to launch a new offering during 2008/2009. We envisage this as the first in a proposed smaller shorter-term game category within our overall game portfolio.

As sales from the retail network are the mainstay of business, we will continue to place great importance on maintaining and improving our relationships with our retailers and on ensuring our customers experience great in-store service.

Now that our online sales channel MyLotto has been launched, the focus of our Interactive strategy is to improve the operation of the website so as to maximise its performance.

We are budgeting for sales of \$770 million for 2008/2009 and distribution to the NZ Lottery Grants Board of \$152.5 million. There has been a very good start to this year, due to a strong Powerball jackpot run, and our results for the first four months of the year are well ahead of budget. As a consequence, our sales and earnings for the full year are likely to be better than budget and a formal financial reforecasting is currently underway. The actual outturn will depend primarily on the state of the domestic economy, the length of jackpot cycles and the implementation of growth strategies during the year.

14. New game development strategy

In a competitive gambling and retail environment, it is essential for NZ Lotteries to regularly update its game offerings in order to retain freshness, customer appeal and to maintain reasonable sales.

NZ Lotteries games are largely mature, particularly the mainstays of Lotto, and Instant Kiwi, and the number of people playing these games is in a slow long term decline. The most recent available data from the Department of Internal Affairs' nationwide Gambling Participation Survey³ supports the decline in Lotto participation - in 2005 66% of people surveyed said they played the game, compared to 78% in 1990, 80% in 1995 and 75% in 2000.

A key aspect of the NZ Lotteries current business strategy is to ensure we keep reinvigorating existing games to maintain sales. However, the market situation is such that if we continue with only our existing suite of games, and relying upon jackpot luck, it is likely that sales and returns to the NZ Lottery Grants Board will go into decline over time.

While NZ Lotteries has achieved record sales for the past four years, in inflation-adjusted terms sales are still significantly lower than 10 years ago. If inflation and population increases are taken into account, sales for 2007/2008 year are approximately \$100 million behind 1997 levels.

Apart from refreshes of existing games, NZ Lotteries has introduced no new lottery games to its stable of products since launching Big Wednesday in 2005. As outlined in our 2008 statement of intent, NZ Lotteries therefore wishes to embark upon a new long-term games development strategy, with an objective of introducing a smaller game to customers regularly.

These games will fit into a proposed new, smaller, and shorter-term game category within NZ Lotteries portfolio - with no more than one or two of these games running concurrently for customers. These games would be relatively small in terms of overall sales (estimated at less than five percent). However, they would provide some much needed excitement and freshness within a mature market segment.

15. Proposed new game

The introduction of any new lottery game, or changes to any existing lottery games, requires NZ Lotteries to consult with its regulators, and requires the approval of the Minister of Internal Affairs.

³ *People's Participation in, and Attitudes to, Gambling, 1985-2005*, Department of Internal Affairs.

NZ Lotteries has consulted with the Department of Internal Affairs and Ministry of Health regarding the introduction of a new small lottery game. Officials have not raised any substantive concerns with NZ Lotteries regarding the proposed introduction of this new game.

For any new game, a set of rules is required to govern how the game will be conducted. If Ministerial consent is given, the game rules are prepared in conjunction with the Parliamentary Counsel Office. Ministerial consent is again required to formally gazette the new game rules, which enables the game to then be sold to the public.

The new game concept has been developed after extensive research and consideration of NZ Lotteries duty to continue to maximise our earnings for transfer to the NZ Lottery Grants Board, whilst minimising the incidence of any problem gambling or underage gambling associated with our products.

We would welcome the opportunity to present the new small game concept to the Minister of Internal Affairs for consideration. This game briefing can be undertaken in a manner convenient to you, by either a personal meeting or a written proposal.

We also would like to invite the Minister to visit NZ Lotteries at any time convenient to you in the future, as we would welcome the opportunity to have a more in-depth discussion on our organisation and our strategic direction.

John Goulter
Chair
On behalf of the Board

C. DIRECTORY

Board		Term expires
John Goulter	Chair	30 April 2009
Laura Humphreys	Deputy Chair	30 April 2010
Chris Curley		30 April 2011
John Wright		31 October 2009

By statute, the board consists of five members. There has been a vacancy for a board member since August 2008.

Senior Management

Todd McLeay	Chief Executive - Auckland
Warren Salisbury	Deputy Chief Executive and Chief Financial Officer - Wellington
Karen Jones	Head of Communications and Government Relations - Wellington
Evan Lawrey	General Manager Interactive - Auckland
Chris Lyman	General Manager Retail Sales - Auckland
Andrew McLeish	Head of Marketing - Auckland
Richard Tims	Chief Technology Officer - Auckland

Offices

Auckland
117 Khyber Pass Road, Grafton

Wellington
Level 3, 54 – 56 Cambridge Terrace

Christchurch
66 – 68 Mandeville Street, Riccarton

Auckland is our main office and our IT and marketing functions are based there. The building is owned by NZ Lotteries. The Wellington and Christchurch premises are leased.