

Policy on Withdrawal of Instant Kiwi Games

Introduction

This policy describes when New Zealand Lotteries Commission (“NZ Lotteries”) may withdraw an Instant Kiwi game before all tickets are sold.

Background

Instant Kiwi currently has twelve game streams with games running consecutively in each stream. All retail outlets carry the same games with each game being activated or withdrawn simultaneously across the retail network.

Game performance varies from game to game within a stream and across different streams. Each stream has a nominated price point, game structure, prize structure, ticket book size, pool structure; ticket design criteria and game play dynamics.

The Instant Kiwi marketing team (“marketing team”) monitors the performance of each game against the game plan on a weekly basis, reviewing the game’s stock supply; sell through rate and sales period.

Grounds for Withdrawal

There are three grounds on which NZ Lotteries may withdraw an Instant Kiwi game from the market before all tickets are sold. These are when:

- (a) a game’s final top prize is claimed; or
- (b) a stock out for a game will occur at NZ Lotteries distribution centre; or
- (c) the sell through rate for a game falls below an acceptable commercial level.

A. Final Top Prize Is Claimed

Instant Kiwi tickets for each game are distributed systematically. Tickets are allocated to prize pools in sequence of book numbers. Games may have up to 10 prize pools depending on the game stream. Major prizes are spread across prize pools with prize pools distributed sequentially to retailers.

Gaming operations shall notify the marketing team when the final top prize for a game is claimed. On receipt of such notification the marketing team shall confirm the notice with operations. On confirmation of the notice the marketing team shall:

- (a) notify operations that a terminal message shall be sent to all retailers instructing them to withdraw the game and activate the replacement game; and
- (b) notify the Chief Financial Officer (“CFO”) of the:
 - decision to withdraw the game;
 - stock on hand at the distribution centre (if any) and its write-off value;
 - stock on hand in the retail trade and its write-off value; and
 - game withdrawn and the replacement game activated.

The terminal message shall be sent to the retail network on the same day on which the final top prize is claimed.

B. Distribution Centre Runs Out Of Stock

The marketing team assess each week the remaining stock available for each game against the game's sell through rate. When a game faces an imminent stock out situation at NZ Lotteries distribution centre the marketing team shall submit a written recommendation the CFO recommending the withdrawal of the game on a specified date and activation of a replacement game. The recommendation shall take into account the:

- stock on hand at the distribution centre and its write-off value;
- stock on hand in the retail trade and its write-off value;
- sell through rate;
- length of sales period at the time of withdrawal;
- forecast sales period;
- date the game is to be withdrawn and replacement game activated.

The CFO shall approve or reject the withdrawal of the game and activation of the replacement game within five days of receiving the recommendation.

C. Marketing Recommendation

If a game has a sell through rate over a material period which is not commercially acceptable the marketing team shall submit a written recommendation to the CFO recommending the withdrawal of the game on a specified date and activation of a replacement game. The recommendation shall specify the:

- date the game is to be withdrawn and replacement game activated;
- stock on hand at the distribution centre and its write-off value;
- stock on hand in the retail trade and its write-off value;
- sell through rate;
- forecast sell through rate;
- forecast sell through rate of the replacement game;
- length of sales period at the time of withdrawal;
- forecast sales period; and
- length of the sales period for other games in the same stream (where appropriate).

The CFO shall approve or reject the withdrawal of the game and activation of the replacement game within five days of receiving the recommendation.

If the CFO is unavailable for any reason the Chief Executive shall assume responsibility for the role of the CFO under this policy.