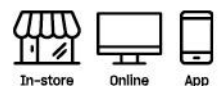


# Franchise Information Kit



# FRANCHISE INFORMATION KIT

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## **GOLDEN CASKET FRANCHISE INFORMATION KIT**

### **Limited purpose of this kit**

This kit is intended to serve as an introductory insight into becoming a Golden Casket Lottery Corporation Limited (Golden Casket) franchisee. There is no guarantee that it deals with every aspect of the franchise that may be of interest to you.

This kit is not intended as a substitute for the seeking of your own professional advice in relation to the acquisition of a lottery business. The obtaining of such advice is recommended.

The content of this kit is current as at the date of this kit. However, that content will not necessarily remain current, and should not be relied upon to do so, as it relates to a business that is subject to change from time to time e.g. changes in policies, procedures, prices, strategic direction.

### **Confidentiality & Ownership**

This kit remains the property of Golden Casket. It is not to be used for any other purpose. It is not to be copied. It is not to be disclosed to others except to your professional advisers in the course of, and for the sole purpose of, seeking advice in relation to your application for a Golden Casket franchise.

### **Chief Channel Officer's Message**

Golden Casket Lottery Corporation Limited (**Golden Casket**) is part of Australia's largest lottery brand, The Lott.

The original Golden Casket office was established in Queensland in 1916 and a lottery tradition spanning almost a century continues today. Golden Casket has a proud history of bringing Queenslanders exciting and innovative gaming entertainment. Being a Golden Casket franchisee represents an outstanding opportunity for your business to become a part of this unique world of lotteries and benefit from some of Australia's most recognised and well-regarded brands.

Being a Golden Casket franchisee also requires a shared commitment to the vision and direction of the business. It requires the highest standards of customer service and integrity, and a desire to sell products that are innovative, exciting and widely played. In return, franchisees are recognised and rewarded for their contribution and support. Should you require further assistance with any aspect of your application, I invite you to contact the Franchise Coordinator at The Lott.

**Antony Moore**  
**Chief Channel Officer**

# Vision, Purpose, Strategic Priorities and Principles framework



## Golden Casket - A Brief History and Introduction to our Games

A brief summary of Golden Casket's history and introduction to each game is outlined at [www.thelott.com](http://www.thelott.com).

## Franchising Code of Conduct

The Franchising Code of Conduct is a compulsory code of conduct designed to provide certain safeguards to franchisees. Golden Casket understands that its network is covered by that compulsory code and based on that understanding (a) considers itself to be bound by the obligations placed on franchisors in that code; and (b) considers that its franchisees are entitled to the rights and to the safeguards provided to franchisees in that code; and (c) considers that in the event of any inconsistency between the code and the Franchise Agreement it is the code that prevails to the extent necessary to resolve that inconsistency.

One of the obligations placed on a franchisor under the Franchising Code of Conduct is that prospective franchisees are to be provided with, amongst other things, a copy of the code at least 14 days prior to certain events occurring (e.g. entry into a Golden Casket Franchise Agreement).

## Buying a Franchise Pre-Entry Franchise Education Program

We recommend if you are thinking about entering a franchise business you look at the Griffith University Pre-Entry Franchise Education Program. This is a free e-program covering areas such as:

- What is a franchise;
- Advantages and disadvantages of a franchise;
- The Franchising Code of Conduct;
- Role of the ACCC;
- Understanding Franchise disclosure;
- Franchise fees and royalties;
- Support Services, site selection and leasing;
- Franchising intellectual property;
- Franchise Operations Manual;
- Dispute resolution;
- Questions to ask;
- Due diligence;
- Useful business skills; and
- Assessing your suitability as a franchisee.

Further information about the program can be found at:

<https://www.franchise-ed.org.au/online-courses/pre-entry-franchise-education/>

For further information about becoming a Franchisee, please refer to:

- The Franchise Council of Australia's (FCA) Franchisee Guide available at <https://www.franchise.org.au/franchisee-resources/> and
- The Franchising Code of Conduct available at <https://www.accc.gov.au/business/industry-codes/franchising-code-of-conduct/franchising-code>

## Employer Obligations

Franchisees who employ or engage any other person to work in the outlet must comply with all of the requirements of the Fair Work Act 2009 and Golden Casket may require proof of your compliance with these requirements, which include paying staff correctly, issuing appropriate pay slips and keeping proper time and wage records.

Franchisees will be required to register for a Fair Work online account and sign up for emails and newsletters prior to commencing trade as a franchisee.

## Benefits to Franchisees

Golden Casket places great emphasis on working together with franchisees to ensure both Golden Casket and franchisees benefit through better business performance.

The considerable benefits in becoming a Golden Casket franchisee include the following:

- Increased business opportunities
- Comprehensive training
- Marketing support
- Operational and technical support
- Commissions

## Lotteries Act

Golden Casket holds a Queensland lottery operator's licence issued under the Lotteries Act (Qld) 1997. As the holder of the Lottery Licence, Golden Casket is able to appoint franchisees to sell and promote lottery products and to pay prizes.

The Lotteries Act 1997 sets out certain conditions relating to the appointment of franchisees. When considering applications for a Franchise Agreement, Golden Casket must ensure:

- The Franchise Agreement is entered in relation to a "small business" which is defined as a business undertaking:
  - i. That is wholly owned and controlled by an individual or individuals in partnership or by a proprietary company;
  - ii. That is managed by the owner or directors;
  - iii. That is not a subsidiary or, does not form part of, a larger business or enterprise; and
  - iv. Does not employ more than 50 persons, or if more than 50 persons are employed, the total number of hours worked by employees is not more than 2,000 per week.
  
- The applicant is an "eligible person" (as referred to in Section 79 of the Lotteries Act 1997).

An "eligible person" is one that is the owner and controller of a small business that is a retail business, or operates, or is intended to be operated from retail shopping premises.

## Franchise Criteria

Proposed Golden Casket Franchisees are assessed against the following three (3) criteria:

### **(1) Suitability of the Applicant**

Relevant considerations include:

- a) Whether the Applicant is an eligible person as defined in the Lotteries Regulation 2007, being a person who owns and controls a small business; that
  - i. Is a retail business; or
  - ii. Is operated or intended to be operated from retail shopping premises.
- b) Creditworthiness;
- c) Business skills;
- d) Management skills;
- e) Communication skills;
- f) Criminal history;
- g) Understanding and ability to work in a high demanding customer service environment;
- h) Professional presentation; and
- i) Suitability and ability to conduct the Franchised Business in accordance with Golden Casket procedures and in a strictly government regulated business environment. Relevant considerations include, but are not limited to:
  - i. Retail and customer service experience;
  - ii. Development and implementation of operational / business plans;
  - iii. Goal setting and achievement;
  - iv. Business administration / time management and organisational skills;
  - v. Financial management;
  - vi. Computer skills;
  - vii. Staff management, recruitment, training and development; and
  - viii. English language Proficiency– reading, speaking and listening.

### **(2) Suitability of the Business**

Relevant considerations include:

- a) Whether the Applicant is or runs a small business as defined in the Lotteries Act;
- b) Whether the host business:
  - i. Is a retail business or is operated from retail shopping premises;
  - ii. Fits with and can support the integrity and values that are associated with Golden Casket branding;
  - iii. Can accommodate Golden Casket Retail Image standards; and
  - iv. The hours of operation of the host business;
- c) Whether the communication links to the proposed site will be compatible with Golden Casket systems and regulatory requirements;
- d) The security of tenure in respect of the proposed site; and
- e) The ability of the host business to support a broadband internet connection.

### **(3) Ability to Generate a Sufficient Financial Return for Golden Casket**

Relevant considerations include:

- a) likely achievement of incremental sales necessary to generate sufficient incremental returns to Golden Casket, as determined by Golden Casket from time to time. Incremental sales thresholds are subject to change without notice. Golden Casket reserves the right to appoint outlets which, in Golden Casket's opinion, satisfy the franchise criteria. Further to assessing the likely achievement of the applicable incremental sales threshold, Golden Casket may take into account other factors, including but not limited to:
  - i. The physical location of the proposed site;
  - ii. The pedestrian and vehicle traffic flow and parking;
  - iii. The actual or likely customer traffic flow of the host business;
  - iv. The population in the area and/or any immediate demonstrable
  - v. potential growth in population;
  - vi. The actual or likely potential retail turnover of the host business;
  - vii. The number, type and mix of surrounding businesses; and
  - viii. Environmental factors such as any future development or material changes in the area which will impact on the proposed site.
- b) Golden Casket reserves the right to approve an outlet that does not demonstrate likely achievement of incremental sales if Golden Casket considers that approval of the outlet is necessary in order to preserve existing network sales. For example, it may do so where:
  - i. The proposed outlet is to be located in a new shopping complex; and
  - ii. The shopping complex is considered by Golden Casket to be likely to attract substantial custom from customers who have traditionally frequented other commercial premises containing a Golden Casket outlet or outlets.

### **Supervisor Criteria**

Proposed Golden Casket Supervisors are assessed against the following criteria:

#### **(1) Suitability of the Supervisor**

Relevant considerations include, but are not limited to:

- ix. Retail and customer service experience
- x. Goal setting and achievement
- xi. Business administration / time management and organisational skills
- xii. Financial management
- xiii. Computer skills
- xiv. Staff management, recruitment, training and development
- xv. English Language Proficiency– reading, speaking and listening



## **Trademarks**

Golden Casket has several trademarks registered in one or more classes.

The use of our trademarks in a retail outlet trading or company name may infringe upon Golden Casket's intellectual property rights. As a point of reference, our common trademarks are listed below:

Golden Casket, Oz Lotto, Powerball, Set for Life, Lucky Lotteries, Super 66 and Instant Scratch-Its.

## **Type of Outlets**

The type of outlet granted will depend on the sales potential of each particular lottery product. An outlet will be appointed as one of the following:

- An All Products outlet selling all nominated Golden Casket products using a gaming terminal. (Some All Products outlets also have an Instant Scratch-Its S3 terminal)
- An Instant Scratch-Its outlet selling a range of Instant Scratch-Its tickets using an S3 terminal.

## **Application Process**

### ***Site Evaluation***

When an application is received for a new site, Golden Casket reviews the business and site location to determine if the franchise criteria can be met. Golden Casket will perform a site evaluation to verify details contained within the application and to gather any other relevant information.

Surrounding lottery outlets within close proximity may be advised of your application and be invited to submit their views in writing relating to Golden Casket's franchise criteria. These comments may be taken into consideration during the final decision process.

Golden Casket franchisees are not granted exclusive territories.

The appointment process is normally completed within 30-60 working days, however in some instances and areas this process may take longer.

### ***Potential Areas***

Golden Casket continues to monitor growth areas. Where an area is identified as not serviced or under-serviced, Golden Casket may do one or more of the following:

- Invite the nearest existing franchisee to discuss the opportunity to provide an increased level of service;
- Seek expressions of interest from other interested parties;
- Consider applications from current businesses in the under-serviced area to become a Golden Casket outlet; and/or
- Approach current businesses in the under-serviced area to become a Golden Casket outlet.

### ***Applicant Assessment***

To assess the suitability and ability of the applicant as outlined in the franchise criteria, applicants are required to attend a face-to-face interview.

### ***Supervisor Assessment***

To assess the suitability and ability of the supervisor they are required to attend a face-to-face interview excluding Instant Scratch-Its outlets.

### ***Transfer of Ownership***

Golden Casket reserves the right to refuse transfer of ownership on reasonable grounds, which include:

- The assignee or transferee does not meet the franchise criteria; or
- The assignee or transferee has not agreed in writing to comply with the Franchise Agreement or Outlet Procedures Manual.

### ***Lease Requirements***

The entity entering into the Franchise Agreement must have the right to occupy the outlet by lease or sub lease. The entity entering into the Agreement must be the same entity noted on the Lease Agreement.

### ***Outlet Relocation***

Where a franchisee wishes or is forced to relocate the outlet to a new location, franchisees must apply to Golden Casket to relocate the outlet.

Relocation of an outlet is at the discretion of Golden Casket which will be exercised taking into account many factors including but not limited to the following:

- The proposed new location is a short distance from the outlet's existing location;
- The proposed location is within the same catchment area and will service substantially the same customers;
- The Franchisee will be able to maintain or improve existing lottery sales levels at the proposed location; and
- The proposed Retail Image for the new premises meets Golden Casket's Retail Image requirements.

The definition of "short distance" will be at the discretion of Golden Casket.

The definition of "catchment area" is the geographical area from which Golden Casket determines an outlet predominantly draws its customers.

If Golden Casket determines that any of the criteria outlined above are not met and rejects the relocation application, the franchisee may still move the host business to the proposed location however the Golden Casket outlet will not be transferred to that location. The franchisee may then submit an application for a new Golden Casket outlet at the new location. Any application received under these circumstances will be assessed against Golden Casket's franchise criteria for the appointment of new outlets, together with any other applications sought or received by Golden Casket for that area.

Lottery equipment must not be moved without the prior approval of Golden Casket. This applies to equipment movements resulting from outlet relocations or layout alterations.

### ***Granting of Temporary Closures***

All requests for temporary closure must be received in writing. Golden Casket will then give consideration to the request for temporary closure of the lottery outlet. Examples of circumstances in which such consideration will be given are as follows:

- minor changes to building structure which may give rise to Workplace Health and Safety issues;
- temporary loss of utility services such as electricity and water; and/or
- centre redevelopments and on the understanding that at the time a request is made, redevelopment will be for a limited time and that a lease exists to re-establish the lottery outlet in an approved location when the redevelopment has been completed.

In all of the above circumstances it is expected that the request for a temporary closure would be for a very limited period and that all approvals will be at the discretion of Golden Casket.

Where approval for a temporary closure is granted the franchisee will be required to ensure there is adequate signage advising customers when the lottery outlet will be reopening, as well as signage displaying the addresses of the closest lottery outlets.

## **Training Requirements**

### ***All Products Outlet appointments***

In order to cover all hours of the business, a minimum of two prospective franchisees and/or supervisors are required to successfully complete the Golden Casket Training prior to settlement and/or commencement of selling lottery products.

The **New Retailer Program** is a two-week competency-based program.

Week 1: Comprises of four days (Tuesday to Friday) training completed virtually via webinar. This week introduces franchisees and/or supervisors to Golden Casket products, procedures and equipment. The training also covers information regarding accounts and reconciliation, legal and compliance requirements, sales development and promotions.

Week 2: The following week comprises of 38 hours over five days (Monday to Friday) at a Golden Casket nominated Endorsed Training Outlet (ETO). This training is conducted in a working outlet, providing practical experience in outlet procedures under the guidance of an existing Golden Casket Franchisee. ETO's are located in South East Queensland and Golden Casket will determine the ETO placement for New Retailer Program participants.

### ***Instant Scratch-Its appointments***

Prospective franchisees and / or supervisors are required to successfully complete the self-paced S3 Terminal Training Guide prior to settlement and/or commencement of trade. For newly appointed outlets franchisees and/or supervisors will be required to complete a Competency Checklist with their Business Development Manager in the outlet prior to commencement of selling Instant Scratch-Its.

### ***Staff***

For staff to acquire the necessary skills and knowledge they must complete training which is conducted by Golden Casket. Training must be completed prior to the selling or processing of lottery products.

## **Change of Ownership of an Existing Outlet**

Upon the sale of an existing outlet, the Franchise Agreement does not automatically transfer to the purchaser. The purchaser must apply to Golden Casket (prior to settlement) to become a Golden Casket franchisee. Golden Casket will only appoint a purchaser as a franchisee if the purchaser meets Golden Casket's franchise criteria.

## **Change of Business Structure (Partners or Directors and/or Shareholders)**

Franchisees must notify Golden Casket of any of the following types of proposed changes to their business prior to implementing them:

- Addition or removal of a partner;
- Appointment or resignation of a director;
- Appointment or resignation of a shareholder;
- Change of company details;
- Change of trust details (name and / or trustee);
- Change of ABN; and
- Any combination of the above.

Any changes to the business structure as referred to above will require a new application to be submitted to Golden Casket for assessment against the franchise criteria. If Golden Casket approves the application, a new Franchise Agreement may be issued or the existing agreement may be transferred to the new entity or partnership. You may be required to complete Golden Casket's training prior to entering into the new Franchise Agreement.

## **Fees and Charges payable by franchisees**

### ***Application Fees***

An application fee is payable for all new, change of ownership or transfer applications and relocations made to Golden Casket.

This fee is to cover administrative expenses associated with assessing the application.

- Change of Ownership/Transfer - \$550 (incl. GST)
- Change of Business Structure - \$550 (incl. GST)
- Change of Ownership & Relocation - \$825 (incl. GST)
- New Site - \$825 (incl. GST)
- Relocation - \$825 (incl. GST)

### ***All Products Outlet Training Fees***

The first week costs \$396 per person (incl. GST) and is payable prior to attending the training program. The second week costs \$1,025 per person (incl. GST) and is payable directly to the Endorsed Training Outlet (ETO).

### ***All Products Outlet Franchise Fees***

The Change of Ownership Franchise Fee is 1.1% (incl. GST) of the value of Subscriptions sold at the outlet during each Accounting Week of Year 1 (being the period of 12 months from the Commencement Date) and payable twice weekly.

New Site Establishment Fee of \$27,500 (incl. GST) is payable prior to commencement of trade. A New Outlet Franchisee Fee is also payable for the first three years that the business is in operation. This fee is 1.1% (incl. GST) of the value of Subscriptions sold at the outlet during each Accounting Week of Years 1, 2 & 3 (being the period of 36 months from the Commencement Date) and payable twice weekly.

In the event a New Site undergoes a Change of Ownership during the first three years that the business is in operation then the new franchisee will be responsible for the continuation of payment of the New Outlet Franchise Fee.

### ***Changed Ownership Structure of the Franchisee [acquisition of an interest in an existing Outlet – where a changed ownership structure of the Franchisee is approved]***

For a change of partners or directors and/or shareholders of a company, franchisees must submit an application and go through the application process. There may also be a franchise fee payable for adding partners or shareholders of a company, which is based on 1.1% (incl. GST) of the value of Subscriptions sold at the outlet during each Accounting Week for the previous 52 weeks multiplied by the percentage of change in the Franchisee's ownership structure.

### ***Renewal Fee***

\$275 (incl. GST) upon each renewal of the Franchise Agreement.

### ***Charges in respect of the sale of Lottery Products, excluding Player Cards payable by the franchisee***

This is calculated using Subscriptions (lottery sales less commission) and are shown here exclusive of GST.

0.7% of Subscriptions for Instant Scratch-Its

1% of Subscriptions for Lucky Lotteries

2% of Subscriptions for all other Lottery Products subject to the performance rating of your outlet\* this % may decrease\*\*

\*Each All Products outlet will be assessed during each Site Survey cycle to determine their performance rating (Green, Amber or Red) based on each of the Performance Measures.

\*\*The 2% charge payable by the franchisee in respect of the sale of all other Lottery Products (excluding Instant Scratch-Its and Lucky Lotteries) may be adjusted if an All Products outlet meets a particular performance rating (based on the outlet's performance rating for each Performance Measurement) as follows:

- a) Green: The Charge will decrease by 1.0%;
- b) Amber: The Charge will decrease by 0.5%; and
- c) Red: The Charge will not decrease at all.

Please refer to the Retail Information Pack for further information.

### ***Commissions received by franchisees***

Commission is calculated from Subscriptions and is shown here exclusive of GST.

9% for \$1 Instant Scratch-Its

8% for all other Instant Scratch-Its

10% for Lucky Lotteries

10.3% for all other Lottery Products \*\*

\*\*Additional Digital Commission and customer Sign Up Bonus may also be available to an outlet as part of the omni-channel program. Please refer to the Retail Information Pack for further information.

### ***Omni-Channel Program***

The Omni-Channel Program is designed to offer a more seamless customer experience, while delivering great benefits for retailers too. These benefits include:

- Omni-Channel Digital Commission
- Omni-Channel Customer Sign Up Bonus

#### ***Omni-Channel Digital Commission***

If a registered customer buys a Lottery Product digitally, then also buys a Lottery Product in a retail outlet in the same Site Survey cycle, your outlet will be eligible to participate in omni-channel digital commission model.

Your performance rating (Green, Amber or Red) will determine the rate of omni-channel digital commission applied, along with your share of retail sales for the jurisdiction in which you operate.

#### ***Omni-Channel Customer Sign Up Bonus***

Franchisees may receive 1% bonus commission on Lottery Products purchased digitally by customers who have signed up digitally after being activated by your lottery outlet. This bonus is not impacted by your performance rating (Green, Amber or Red).

## Franchise Agreement and Outlet Procedures Manual

Approved applicants who have met all the standards and necessary franchise criteria, are required to enter into a Franchise Agreement which specifies the requirements of both the franchisee and Golden Casket. The Franchise Agreement will be for a five-year term and within the first six months of the fifth year Golden Casket will indicate whether a further term will be offered.

A franchisee must abide by the conditions as outlined in the Franchise Agreement and Outlet Procedures Manual, which contains policies, standards and procedures.

Failure to comply with the Franchise Agreement and/or Outlet Procedures Manual may result in remedial action being taken by Golden Casket. Remedial action will depend on the circumstances and could involve suspension or termination of the Franchise Agreement. The contents of the Outlet Procedures Manual are to be kept confidential and used only for the purpose of managing a Golden Casket outlet.

Golden Casket reviews the sales performance and compliance of franchisees under the Franchise Agreement each year. The franchisee will be notified of any areas where their performance could be improved or where they are not meeting the terms of the Franchise Agreement, or the standards required by Golden Casket.

### Sales Requirements

There is a high capital cost involved in the installation, maintenance and ongoing support to maintain an outlet, therefore new lottery outlets must deliver a minimum level of incremental sales and incremental profit returns for Golden Casket from the network as a whole.

The sales criteria for obtaining an outlet are only one part of the franchise criteria for the granting of an outlet. The retention of an outlet once granted depends not only on meeting the relevant sales criteria, but also on the absence of breaches of the Franchise Agreement which warrant termination of the Franchise Agreement.

### Insurance Requirements

An *All Products outlet* must obtain **Lotteries Special Risks Insurance and Professional Indemnity Insurance** which meets Golden Casket mandatory insurance requirements prior to the commencement as a Golden Casket franchisee.

An *Instant Scratch-Its outlet* must obtain **Lotteries Special Risks Insurance** which meets Golden Casket's mandatory insurance requirements prior to the commencement of trade as a Golden Casket franchisee.

### Granting of an Outlet

New appointments must be able to demonstrate, amongst other things, likely achievement of incremental sales necessary to generate sufficient incremental return to Golden Casket, as determined by Golden Casket from time to time.

Current incremental sales thresholds are subject to change without notice, as they are designed to ensure an appropriate level of return on Golden Casket investment. They should be confirmed with Golden Casket at the time of application and should not be relied on as a guarantee or indication of sales that may be generated by the outlet.

The projected incremental sales will be determined by commercial analysis conducted by Golden Casket, taking into account the location, offering and potential redistribution from



existing outlets, together with other factors relevant to the proposed outlet including information gathered by Golden Casket during the assessment process.

Golden Casket reserves the right to approve an outlet that does not demonstrate likely achievement of incremental sales if Golden Casket considers that approval of the outlet is necessary in order to preserve existing network sales.

Golden Casket reserves the right to appoint outlets, which in Golden Casket opinion, satisfies the franchise criteria.

## **Retention of an Outlet**

### ***Instant Scratch-Its Outlet***

The outlet must maintain a Minimum Average Weekly Sales Amount to retain the right to sell Instant Scratch-Its. The Minimum Average Weekly Sales Amount will be stated in Item 14 of Schedule 1 of the Franchise Agreement. This figure is CPI adjusted each year and outlets will be advised of the amount.

### ***All Products Outlet***

The outlet must maintain a Minimum Average Weekly Sales Amount to retain the right to sell lottery products. The Minimum Average Weekly Sales Amount will be stated in Item 14 of Schedule 1 of the Franchise Agreement. This figure is CPI adjusted each year and outlets will be advised of the amount.

## **Sales Performance**

Outlets operating below the Minimum Weekly Average Sales Amount will be notified that, the Franchise Agreement may not be renewed at the end of the term. The Minimum Weekly Average Sales Amount is the amount specified in Item 14 of Schedule 1 on the Franchise Agreement. This figure is CPI adjusted each year and outlets will be advised of this amount.

## **GST and Golden Casket**

The Goods and Services Tax (GST), has a unique impact on the business relationship between Golden Casket and franchisees. This impact can be broadly represented by three main areas:

### ***GST and the sale of Golden Casket products***

The sale of Lottery Products and Instant Scratch-Its, is covered by Special Rules under Division 126 of the GST Act concerning 'gambling supplies'.

These Rules require the gambling operator (Golden Casket) to account for the GST on these transactions.

Whilst Franchisees administer the sale of products and payment of prizes through the respective gaming systems, from a GST perspective, Franchisees act as agents for Golden Casket, hence, Franchisees are not required to include GST on the administration of the lottery products in the Business Activity Statements.

### ***GST on fees, charges and commissions***

The various fees and charges and commissions between Golden Casket and franchisees represent taxable supplies. Accordingly, GST applies to each of these transactions.

The GST component paid to Golden Casket on fees and charges will be claimable by franchisees as GST input tax credits. The GST component associated with commissions

will be paid to franchisees by Golden Casket and must be recorded by franchisees as their GST liability payable to the Australian Taxation Office (“ATO”).

The gaming systems process and record these transactions which include the calculation of GST.

### ***Tax invoicing arrangements***

Given commissions are calculated by the gaming systems, the Recipient Created Tax Invoice (RCTI) arrangement has been put in place to comply with the tax invoice requirements under the GST Act. In brief, a RCTI is a tax invoice issued by the recipient of the supply (i.e. Golden Casket for the supply of Franchisee service) as opposed to a tax invoice issued by the supplier.

On a weekly basis, Golden Casket, through the gaming systems, will issue RCTIs to the franchisees which includes GST on the fees and commissions, and this GST is payable by the franchisee to the ATO.

It is important to note that there are a number of conditions which must be satisfied in respect of the RCTI arrangement, such as

- The supplier (i.e. the franchisee) must be registered for GST when it enters into the agreement
- The supplier (i.e. the franchisee) must notify the recipient if it ceases to be registered
- The supplier (i.e. the franchisee) must provide up to date Australian Business Number (ABN) to be stated on the RCTI
- The supplier (i.e. the franchisee) must not issue tax invoices in respect of the same supplies

Failure to comply with the above requirements may lead to penalties imposed by the ATO.

## **Paying Prizes**

Golden Casket’s Prize Payment Policy states that franchisees must pay prizes up to and including \$1,499.99 in cash and ensure sufficient funds are available to do so.

## **Responsible Play Commitment**

Tattersall’s Sweeps Pty Ltd (Tatts), Tatts NT Lotteries (Tatts NT), Golden Casket Lottery Corporation Limited (Golden Casket) and New South Wales Lotteries Corporation Pty Ltd (NSW Lotteries) collectively referred to as Tatts Lotteries) are leaders in providing innovative and socially responsible lottery games in Victoria, Tasmania, NT, ACT, Queensland and New South Wales.

The Lott runs a Responsible Play Program which is designed to encourage responsible gambling. While recognising that lotteries are a low risk form of gambling, The Lott Responsible Play Program includes a range of measures to encourage responsible play of lotteries.

Responsible play is all about being informed, having fun and players knowing their own limits. The Lott and our retail agency network (franchisees) are committed to Responsible Play and to keeping lotteries fun and entertaining.

The cornerstones of the Responsible Play Program are The Lott Responsible Gambling Codes of Conduct applicable to each state or territory. A full copy of the Code relevant to a

specific state or territory is available for inspection at the relevant Tatts, Tatts NT, NSW Lotteries or Golden Casket outlet or online.

To supplement the codes, new franchisees are trained in Responsible Play and are also provided with a self-paced training Guide or Workbook which provide specific information around The Lott Responsible Play Program and the requirements and obligations for franchisees and their staff in a specific State or Territory.

## **Retail Image**

Golden Casket is committed to maintaining the highest standards of excellence in our products and customer service. A major part of this involves portraying a highly recognizable and consistent Retail Image that clearly informs our customers about where outlets are and what games can be played.

The purpose of complying with the Golden Casket Retail Image is to ensure your outlet has an image that will:

- Maximise customer's recognition and purchase of products;
- Maintain a strong identity throughout the network;
- Allow franchisees to benefit from the connection to Golden Casket's advertising that directs customers to your business;
- Provide outlets with a modern retailing concept; and
- Provide a bright, attractive and effective environment for customers and staff.

The Franchise Agreement requires franchisees to comply with the Retail Image requirements.

### ***Retail Image Requirements***

Golden Casket has a strict set of requirements for the completion of various installations. In addition franchisees are required to comply with Shopfit Design Specifications and any other update or communication from Golden Casket in relation to shopfit installations.

The 1997 Retail Image will expire on a rolling basis depending upon when an outlet originally had, the 1997 Retail Image installed. Each store will receive an Upgrade Notice to Generation One Retail Image to indicate the Retail Image due date.

The Generation One Retail Image was updated on 1 February 2016 to include DigiPOS and is now the current Retail Image. All Retail Image installations after this date must be the current image.

### ***Upgrade to an All Products Outlet***

Instant Scratch-Its outlets approved to upgrade to an All Products outlet must implement the Retail Image as per the Golden Casket Retail Image requirements prior to the commencement of trade as an All Products outlet.

### ***Outlet Change of Ownership***

Where a change of ownership occurs, it will be expected that the new franchisee meets and maintain the Retail Image Standards applicable to that outlet as determined by Golden Casket.

### ***Outlet Relocations***

If an outlet is approved to relocate, the latest Retail Image must be implemented in the approved new location prior to the commencement of trade.

### ***Outlet Ceasing to Trade***

In the event of an outlet ceasing to trade, the outgoing franchisee must ensure all signage, fixtures and promotional elements related to the business are removed.

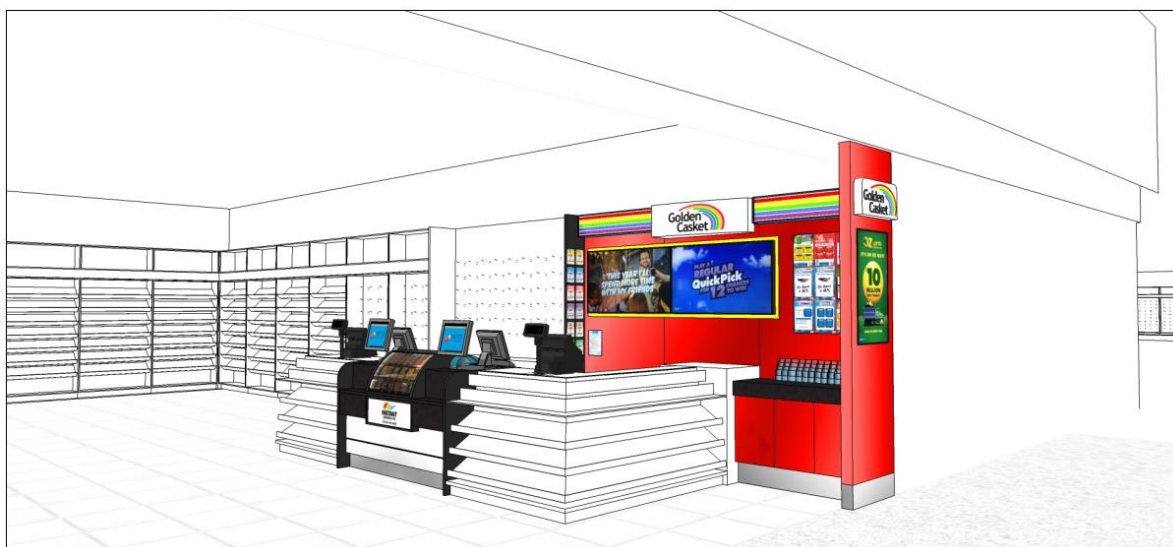
## ***New All Products Outlets***

Applicants approved for a new All Products outlet must install the current image, prior to the commencement of selling lottery products. The current retail image is Generation One DigiPOS.

### **Minimum Design Requirements**

There are three Retail Image categories:

- **One (1) Screen** based upon sales category
- **Two (2) Screens** based upon sales category
- **Kiosk** – based upon shopping centre environment



### **Fitout Costs for Outlets payable by franchisees**

The cost of a Retail Image shopfit depends on many variables including individual needs, site requirements, final agreed layout and store type. It also depends on the shopfitter and/or contractors selected. Costs for installation of shop fit-out vary from outlet to outlet. A further estimate can be provided should your application proceed. For further information in relation to shop fitting costs, please refer to our disclosure document. To obtain actual fitout costs relevant to your outlet you must deal with your selected Golden Casket Approved shopfitter and/or contractor.

Retail Image components are to be treated with due care and attention. Replacement of any of these components, other than those with six-month warranty considerations, will also be at the expense of the franchisee.

### **Franchisees Responsibilities**

Franchisees are responsible for:

- Organising shopfitters, contractors, quotes, plans and all associated costs relevant to the fitout of their outlet;
- The selection of a shopfitter and/or contractors;
- The shopfit contract;
- Ensuring the selected shopfitter and/or contractors are appropriately licensed and are a Golden Casket Approved Shopfitter to perform the works they have quoted and that their licence is still valid;
- Ensuring that all works performed by the shopfitter and/or contractors are in accordance with all required regulations, standards and requirements for the relevant state, Landlord and Shopping Centre;
- Negotiation and management of the agreement between the shopfitter and the

- franchisee for supply and installation of the Retail Image;
- Any fees associated with the fit out of the Retail Image and/or signage;
- Ensuring that the Golden Casket Dedicated Trading Area incorporating the fitout is regularly maintained in line with Workplace Health & Safety Standards;
- All costs associated with maintaining any component in whole or in part of the Golden Casket Retail Image; and
- Obtaining Golden Casket written approval of completion of the Retail Image.

### **Golden Casket Responsibilities**

Golden Casket responsibilities are limited to the following areas of the fitout process:

- Provide detailed design specifications and construction drawings as well as communicate to Golden Casket Approved shopfitters as required;
- Approval of plans in so far as they relate to the implementation of the Retail Image;
- Provide Lottery & DigiPOS equipment;
- Organisation and supply of the current fitout component package; and
- Final inspection, audit and approval to confirm that the fitout is in accordance with the approved plan.

### **Golden Casket Plan Approval**

All plans must be submitted to and approved by Golden Casket before any works commence to implement the Retail Image. Standard layouts are detailed in the Generation One DigiPOS Retail Image Schematics, available on request by contacting Golden Casket or on Retailers Web.

### **Shopfitter and Contractor Responsibilities**

Golden Casket will supply a list of shopfitters that have been accredited to be an approved shopfitter by Golden Casket to manufacture and install the latest Retail Image. This list is provided as an aid to franchisees. Golden Casket does not guarantee the work of the shopfitters included in this list. Golden Casket recommends franchisees obtain three quotes.

Only Golden Casket accredited shopfitters or technicians are required to move or install lotteries equipment.

It is the franchisee's responsibility to satisfy itself that the selected shopfitter:

- Holds all required licences for the relevant state in which the outlet is located;
- Has appropriate level of Work Cover Insurance;
- Has appropriate level of Industrial Special Risks Insurance;
- Performs all works in accordance with all necessary regulatory standards and requirements inclusive of the work place Health & Safety regime; and
- Performs all works in accordance with the plans approved by Golden Casket for the Retail Image.

### ***New Instant Scratch-Its (ISI) Outlets***

Applicants approved for a new Instant Scratch-Its (ISI) outlet must install and maintain the Instant Scratch-Its Retail Image at the time of appointment as a Golden Casket franchise and prior to the commencement of business. The Instant Scratch-Its Retail Image has been designed for minimal installation. The cost for the Instant Scratch-Its Retail Image is approximately \$1,500 - \$3,000 and payable by franchisees.

The Instant Scratch-Its dispenser unit should be positioned directly next to the main customer transaction point (Main POS / Cash Register).

Retail Image components are to be treated with due care and attention. Replacement of any of these components, other than those with six-month warranty considerations, will also be at the expense of the franchisee.

### **Franchisees Responsibilities**

- Organising shopfitters, contractors, quotes, plans and all associated costs relevant to the fitout of the outlet;
- The selection of a shopfitter and/or contractors;
- The shopfit contract;
- The installation of the Instant Scratch-Its Retail Image;
- Ensuring that all works performed by the shopfitter and/or contractors are in accordance with all required regulations, standards and requirements for the relevant State, Landlord and Shoppint Centre; and
- All costs associated with maintaining any component in whole or in part of the Instant Scratch-Its Retail Image.

### **Golden Casket Responsibilities**

Golden Casket responsibilities are limited to the following areas:

- Provide detailed design specifications and construction drawings as well as communicate to shopfitter or contractor as required;
- Approval of plans in so far as they relate to the implementation of the Instant Scratch-Its Retail Image;
- Providing assistance to the franchisee if required;
- Providing assistance to the contractor if required;
- Organisation and delivery of the Instant Scratch-Its Retail Image components; and
- Final inspection to confirm that the Instant Scratch-Its Retail Image that has been implemented is acceptable.

## How to Apply to Become a Franchisee

By now, a prospective franchisee should have a good idea of the rewards and responsibilities associated with being a Golden Casket franchisee.

If prospective franchisees feel they have fully understood and can comply with all the requirements and specified criteria for conducting an outlet, then they should:

1. Contact Golden Casket via email [applications@thelott.com](mailto:applications@thelott.com)
2. Read and complete the application form. Processing of the application may be delayed if the application is not fully completed, signed and returned with all supporting documentation.



## Complaint Handling Charter

As part of Golden Casket's ongoing commitment to customer and franchisee service, Golden Casket has a centralised team responsible for the management and resolution of complaints. This allows Golden Casket to manage all complaints consistently, fairly and efficiently, ensuring that customers and franchisees that share their concerns with us receive the level of responsiveness they are entitled to. As part of this commitment, this complaint handling charter has been developed which outlines Golden Casket's role in the complaint handling process and advises people who wish to lodge a complaint of their rights and responsibilities.

It is recommended that franchisees attempt to resolve any customer complaints immediately, however if the customer complaint cannot be resolved, customers should be encouraged to telephone Golden Casket's Contact Centre directly.

At times customer complaints may be passed on to Golden Casket's complaint handling staff if required and these staff may contact you to obtain more information.

### ***How do I make a complaint?***

Making a complaint to Golden Casket is simple and easy. You can make the complaint in person, by telephone, letter, fax or email. See below for contact details.

Phone: Golden Casket's Contact Centre on 131 868

Email: [playersupport@goldencasket.com](mailto:playersupport@goldencasket.com)

Fax: (07) 3877 1140

Write to: Complaints at Golden Casket  
Locked Bag 1  
SPRING HILL, QLD 4004

Visit us in person at:

Level 8, 180 Ann Street, BRISBANE, QLD 4000

NOTE: If you are making the complaint in person or by telephone, to Golden Casket representatives, you may be asked to submit your complaint in writing.

### ***What should I include in my complaint?***

- Your name, address and contact details;
- Any details of your complaint that will enable Golden Casket to assess and process your complaint;
- Where relevant, please provide copies of any documents relating to your complaint;
- Details of any prior contact with Golden Casket on the complaint, including the names of any Golden Casket employees you may have previously dealt with.

### ***What are my rights when making a complaint?***

You have the right to:

- easily lodge a complaint, and where required, seek assistance to lodge it, at no charge from Golden Casket;
- have your complaint dealt with in a fair, efficient and courteous manner;
- have information identified by you as confidential, treated as confidential by Golden Casket unless it has reasonable grounds for doing otherwise (e.g. a report to the Minister or Regulator);
- seek your own legal advice;
- be informed of the criteria and processes for how your complaint will be dealt with;
- know whether this charter has been followed;
- be informed of Golden Casket response, and the reason for this response; and
- provide directly relevant material in support of the complaint.

### ***How will my complaint be handled?***

- Golden Casket will receive your complaint, record the details, give it fair and genuine consideration and deal with it in an effective way to achieve fair outcomes.
- Golden Casket will inquire into your complaint and consult with relevant Golden Casket staff and outlets (where appropriate) within a reasonable timeframe, having regard to the nature and complexity of the complaint.
- Golden Casket will keep you and the person complained about (if applicable) informed of progress.
- If appropriate and where possible, Golden Casket will recommend changes to remedy the situation, and then inform you of the decision made and the reasons for the decision.
- Golden Casket will treat all information with respect and handle personal information in accordance with the Corporation's Privacy Policy.
- Golden Casket will take action to resolve the complaint.

#### Some important points

- Someone else may make a complaint on your behalf however it may still be necessary for Golden Casket to contact you directly.
- If you are experiencing difficulty expressing your complaint, you may seek Golden Casket assistance.
- If you make an anonymous complaint, Golden Casket's capacity to inquire into the issue may be limited. Whilst all attempts will be made to protect your identity, your identity may become apparent during the course of the inquiry.
- Golden Casket may request your assistance to enable the Corporation to assess and process your complaint
- Please do not to make complaints that are vexatious or frivolous or that relate to a matter that has been dealt with in a previous complaint.

### **Any Feedback?**

Golden Casket is committed to improving the level of service it provides and your feedback is very important to us.

You can visit, telephone, fax, email or write to us at the addresses above to give us your feedback on our service and the Complaints Handling Charter.

If you would like to make a suggestion about our complaints handling process, it would be helpful if you would first raise the matter with the Golden Casket staff member you have been dealing with. If you are not satisfied, please contact Golden Casket's Contact Centre using the details above.