

# **LOTTERIES COMMISSION OF SOUTH AUSTRALIA**

## **INFORMATION SUPPLEMENTARY TO THE ANNUAL REPORT 2017-18**



**LOTTERIES COMMISSION OF  
SOUTH AUSTRALIA  
INFORMATION  
SUPPLEMENTARY TO THE  
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September 2018

The Lotteries Commission of South Australia  
Annual Report can be viewed by visiting  
[www.salotteries.sa.gov.au](http://www.salotteries.sa.gov.au).

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South Australia 2018

## CORPORATE STRATEGIC INTENT

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### Our Mission

To regulate the promotion and conduct of lotteries in South Australia.

### Our Values

In the regulation of the promotion and conduct of lotteries we will operate with integrity, accountability and respect.

### Our Goals

1. To ensure the operation of lotteries in South Australia complies with all regulatory and legal arrangements.
2. To be a corporately responsible and respected organisation.
3. To ensure returns to the Government on behalf of the community of South Australia.

## 2017-18 HIGHLIGHTS

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The Commission's games generated \$458.61 million in revenue in 2017-18, and contributed to the South Australian community via the distribution of:

- **\$277.09 million** in prize money to players of the Commission's games;
- **\$75.63 million** to the Hospitals Fund for the provision, maintenance, development and improvement of public hospitals and equipment for public hospitals;
- **\$34.44 million** in commission earnings to retail agents; and
- **\$0.16 million** to the Recreation and Sport Fund for the support and development of recreational and sporting facilities and services.



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## FIVE YEAR FINANCIAL SUMMARY

YEAR ENDED 30 JUNE	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROSS SALES</b>					
Saturday X Lotto	135,791	137,016	136,891	147,855	142,132
Monday and Wednesday X Lotto	31,866	31,655	31,049	33,776	35,812
Oz Lotto	54,999	45,332	56,066	45,012	52,534
Powerball	61,797	58,076	72,506	72,005	57,496
Keno	118,789	122,767	112,907	109,183	103,336
Instant Scratch-Its tickets	33,305	33,129	32,415	32,382	35,667
Super 66	765	750	933	938	1,288
The Pools	719	645	500	507	595
Set for Life	18,621	19,803	20,650	-	-
Lucky Lotteries Super Jackpot	647	476	-	-	-
Lucky Lotteries Mega Jackpot	1,314	446	-	-	-
<b>TOTAL GROSS SALES</b>	<b>458,613</b>	<b>450,095</b>	<b>463,917</b>	<b>441,658</b>	<b>428,860</b>
<b>COST OF SALES</b>					
Agents' commission	34,443	34,019	34,688	33,132	31,919
% of gross sales	7.5%	7.6%	7.5%	7.5%	7.4%
Prizes	277,092	272,487	279,959	268,206	257,226
% of gross sales	60.4%	60.5%	60.3%	60.7%	60.0%
Gambling tax on NGR	74,424	72,819	75,423	71,115	70,372
% of gross sales	16.2%	16.2%	16.3%	16.1%	16.4%
GST on NGR	16,502	16,146	16,723	15,768	15,604
% of gross sales	3.6%	3.6%	3.6%	3.6%	3.6%
<b>TOTAL COST OF SALES</b>	<b>402,461</b>	<b>395,471</b>	<b>406,793</b>	<b>388,221</b>	<b>375,121</b>
<b>GROSS MARGIN</b>	<b>56,152</b>	<b>54,624</b>	<b>57,124</b>	<b>53,437</b>	<b>53,739</b>
Other revenue	929	786	5	3,347	11,785
<b>TOTAL INCOME</b>	<b>57,081</b>	<b>55,410</b>	<b>57,129</b>	<b>56,784</b>	<b>65,524</b>
<b>Operating expenses</b>					
Master Agent fee	56,152	54,624	57,124	53,437	53,739
Other Expenses	969	1,105	1,433	2,323	17,063
	57,121	55,729	58,557	55,760	70,802
% of gross sales	12.5%	12.4%	12.6%	12.6%	16.5%
<b>PROFIT BEFORE INCOME TAX EQUIVALENT</b>	<b>(40)</b>	<b>(319)</b>	<b>(1,428)</b>	<b>1,024</b>	<b>(5,278)</b>
% of gross sales	0.0%	-0.1%	-0.3%	0.2%	-1.2%
<b>OTHER COMPREHENSIVE INCOME</b>					
Remeasurement of Defined Benefit Plan	-	-	-	-	532
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>(40)</b>	<b>(319)</b>	<b>(1,428)</b>	<b>1,024</b>	<b>(4,746)</b>
<b>RETURN TO GOVERNMENT</b>					
Gambling tax	74,113	72,313	75,474	71,972	69,828
Unclaimed prizes	1,676	1,841	2,709	2,705	2,256
	75,789	74,154	78,183	74,677	72,084
% of gross sales	16.5%	16.5%	16.9%	16.9%	16.8%
GST on NGR	16,433	16,034	16,734	15,958	15,512
<b>TOTAL RETURN TO GOVERNMENT</b>	<b>92,222</b>	<b>90,188</b>	<b>94,917</b>	<b>90,635</b>	<b>87,596</b>
% of gross sales	20.1%	20.0%	20.5%	20.5%	20.4%

## CORPORATE GOVERNANCE

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The Lotteries Commission of South Australia (the Commission) is a statutory authority empowered by the *State Lotteries Act 1966* (as amended) to promote and conduct lotteries for and on behalf of the State of South Australia.

### The Shareholder

The Commission's shareholder is the Government of South Australia (the Government). The Honourable Tom Koutsantonis MP in his capacity as Minister for Finance was the Minister responsible for the Commission for the period 1 July 2016 to 17 March 2018. From 18 March 2018 to 30 June 2018, the Honourable Robert Lucas, MLC assumed responsibility in his capacity as Treasurer as part of the Finance portfolio.

The Commission ensures that the Government, via the Minister, is informed of major developments affecting the Commission, and ensures compliance with all formal directions issued by the responsible Minister. No Ministerial directions were issued during 2017-18.

### The Commission

The Commission is established under the *State Lotteries Act 1966* (as amended) and is responsible for the governance of lotteries conducted in South Australia.

Guided by a formal charter, the Commission reviews the organisation's performance and provides direction, as required.

The Commission's role includes, but is not limited to:

- setting the direction, strategy, goals, targets and priorities;
- setting operational parameters, including the annual operating and capital budgets;
- monitoring performance to ensure goals are achieved;
- establishing and maintaining a framework for internal control of the functions of the Commission; and
- reviewing, approving and, where appropriate, revising the Delegated Management Operating Authorities to ensure the empowerment of employees to conduct the Commission's day-to-day operations.

### Commission Membership

The Commission is constituted by the Commissioner, David Hardy, who was appointed to the role effective from July 2015. The role of Commissioner replaced the role of Chief Executive.

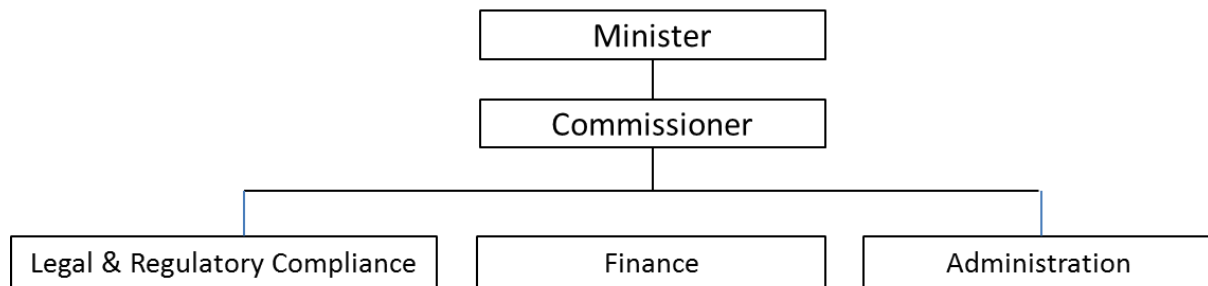
### Master Agent arrangement

The Commission's exclusive Master Agent, Tatts Lotteries SA Pty Ltd (Tatts), continued to operate the Commission's products and brands throughout 2017-18 in accordance with the terms of its 40 year licence, which is due to expire on 10 December 2052.

The ownership of the Commission is retained by the Government and gambling tax from the sale of lottery games by Tatts in South Australia is returned to the Hospitals Fund and the Recreation and Sport Fund.

The Commission continued exercising a range of statutory obligations. Additional obligations include the administration of the contractual arrangements with Tatts.

**Organisation structure as at 30 June 2018**



**Delegated Management Operating Authorities**

The Commissioner is responsible for the day-to-day management of the Commission to ensure the achievement of corporate goals. Management accountabilities are clearly defined by the Commission through approved Delegated Management Operating Authorities.

**Corporate policy framework**

A corporate policy framework is maintained by the Commission, currently comprising 28 policies. Policies are reviewed on at least an annual basis and approved by the Commission. All corporate policies, procedures and guidelines reflect the current operating business model.

**Internal cost control**

The Commission has an internal cost control framework to assist in the preclusion of errors and irregularities across the business. The framework encompasses the following three areas:

- Operational controls  
Financial controls and procedures are in place. A Commission Questionnaire details compliance with these controls and procedures to ensure sound principles of corporate governance and accountability.
- Financial reporting  
A comprehensive budgeting system with an annual budget approved by the Commissioner prior to submission to Government. Monthly actual results are reported against budget.
- Quality and integrity of personnel  
Employees are bound by the Code of Ethics for the South Australian Public Sector. The Commission’s Ethics and Culture Guideline defines core ethical standards in order to build integrity and trust and ensure the successful operation of the Commission.

**Risk management**

Risk assessments are undertaken by the Commission on an ongoing basis to include any new identified corporate risks. Risks in relation to the Commission’s relationship with Tatts were assessed during the year. A risk management workshop was conducted by the Commission’s internal auditors,



BDO Advisory (SA) Pty Ltd with management in August 2017 to consider the business risks. All risks are managed appropriately.

### **Protective security and information security**

The Commission has a comprehensive Protective Security Policy that seeks to identify all aspects of security which impact on the day-to-day business operations. The Policy forms the basis for the implementation of strategies to protect assets, information and personnel against all possible security breaches.

The Commission conducts its business in accordance with the principles adopted in the Information Security Standard AS/NZS ISO/IEC 27001.

### **Intellectual assets management**

The Commission maintains a register of all trademarks and domain names registered by, or in which the Commission has an interest. This register includes intellectual assets covered under the terms of Trade Mark Management Agreements and Trade Mark Licence Agreements that the Commission has entered into with interstate lottery operators as part of its Bloc arrangements.

The Commission is also provided with reports from Tatts on its usage of the intellectual assets outlined in the Commission's register.

### **Fraud and corruption control**

The Commission has a Fraud and Corruption Control Policy to minimise its exposure to fraudulent and corrupt conduct. Any suspected incidents of fraud or corruption are immediately investigated. No instances of fraud were identified during the year.

### **Freedom of information**

The Commission complies with the requirements under the *Freedom of Information Act 1991 (SA)* and ensures that appropriate and timely action is taken when access to information is requested.

A Freedom of Information Statement is published on the Commission's corporate website. One request for information was received during the 2017-18 year.

### **Whistleblowers protection**

Employees and members of the public who disclose public interest information to the Commission are protected under the *Whistleblowers Protection Act 1993 (SA)* (WPA). The Commission's Human Resources Coordinator/Office Manager is the designated officer to receive all disclosures of public interest information for the purposes of WPA pursuant to section 7 of the *Public Sector Act 2009*. No disclosures were made to the designated officer in 2017-18.

### **Public complaints**

During 2017-18, the Commission did not receive any complaints from the public in relation to the activities which it undertakes on an ongoing basis under the current operating business model.

For complaints received by Tatts, please refer to 'Compliance with Master Agent arrangement obligations' on page 9.

## REGULATORY AND COMPLIANCE

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### Regulation of lotteries in South Australia

In the Gambling Codes of Practice prescribed by the Independent Gambling Authority (IGA), the onus of compliance is placed on the gambling provider, which is the Commission. As the Commission provides lotteries via Tatts as Master Agent, the Commission is required to ensure that the actions of Tatts conform with the Gambling Codes of Practice.

Tatts is obliged to notify the Commission of any notice or correspondence that may be exchanged between it and the IGA, and the Commission provides notification to Tatts of any such exchanges it may have with the IGA.

All lottery games conducted by Tatts are regulated by both a specified set of Game Rules and Rules of general application. The Commission's approval must be sought by Tatts to introduce a new Game or Game Amendment. Each submission must include a description of the new Game or Game Amendment and its impact on the Gambling Codes of Practice, evidence of compliance with the *State Lotteries Act 1966* and other relevant laws and a financial analysis of the expected impact on amounts payable to the Lotteries Fund.

The use of funds in the Unclaimed Prizes Reserve and the Prize Reserve Fund by Tatts is subject to the prior approval of the Commission before any draw down of funds is made. Following the completion of the relevant activity/promotion supporting the approved usage of funds, Tatts reports to the Commission on the actual amount drawn down.

### Compliance with Master Agent arrangement obligations

To enable the Commission to review Tatts' compliance with the existing contractual arrangements, the Commission has received an Annual Compliance Plan and an Annual Compliance Report from Tatts in accordance with the transaction documents.

To ensure that issues relating to the Master Agent arising under the contractual arrangements are reported to the Commission and actioned, the Commission and Tatts have both formal meetings and regular telephone conversations to raise and discuss relevant issues and determine an appropriate response.

An annual summary of player complaints is required to be provided by Tatts to the Commission summarising:

- all player complaints received;
- Tatts' response to the complaints and the timeframe in which it was actioned; and
- any appeals by the player.

A report was received covering the period 1 July 2017 to 30 June 2018.

The Commission is required to carry out testing and investigation into the financial and operational capability of Tatts and establish whether all personnel with a relevant financial interest, or in a position to exercise any directorial, management or executive decision in Tatts, are suitable persons. In 2017-18 the Commission was not aware, nor was it advised, of Tatts appointing any new close associates that would require detailed suitability testing.

## Effective communication and processes between the Master Agent and the Commission

With its appointment as exclusive Master Agent, Tatts undertakes, to the exclusion of the Commission as principal, to:

- sell entries into all lottery games operated by the Commission and pay the prizes associated with those entries;
- appoint retail agents to sell entries on behalf of Tatts; and
- authorise the premises at which retail agents sell entries.

in a manner that is consistent with the contractual arrangements and which enables the Commission to comply with its obligations as Principal under the *State Lotteries Act 1966* and all other applicable laws.

The Commission retains the obligation to establish and report on the Lotteries Fund which holds all money received by Tatts on account of selling entries into lottery games in South Australia. As a result, Tatts provides monthly trading summaries and reconciliations. The requisite information was provided throughout the financial year.

The Commission remains the owner, licensee and authorised user of certain identified Intellectual Property. Tatts has a sole and exclusive royalty-free licence to use, reproduce, modify, adapt, exploit and commercialise this Intellectual Property. Tatts is required to seek the Commission's approval to abandon the use of any such Intellectual Property. In 2017-18, no applications for abandonment were received by the Commission.

## PEOPLE

The Commission's employees demonstrated the highest professional standards and commitment to the achievement of corporate goals in 2017-18.

The Commission is a party to the South Australian Public Sector Enterprise Agreement: Salaried 2017. This Agreement came into operation on 31 January 2018 and ensures the protection of wages and conditions for employees.

Further human resources information for the Commission is available from the Commissioner for Public Sector Employment ([www.publicsector.sa.gov.au](http://www.publicsector.sa.gov.au)).

### Employee overview as at 30 June 2018

Employee overview	
Persons	5
Full-Time Equivalent employee numbers	4.6
Persons separated from the Commission during the 2017-18 financial year	0
Persons recruited to the Commission during the 2017-18 financial year	1
Persons on leave without pay (secondment)	1
Male employees	2
Female employees	3

### Workforce Diversity: Age and Gender Profile

Employees by age bracket and gender						
Age bracket	Male	Female	Other	Total	Percentage of total	Workforce benchmark*
15-19	-	-	-	-	-	5.5%
20-24	-	-	-	-	-	9.7%
25-29	-	-	-	-	-	11.2%
30-34	-	1	-	1	20%	10.7%
35-39	-	-	-	-	-	9.6%
40-44	-	1	-	1	20%	11.4%
45-49	-	-	-	-	-	11.1%
50-54	-	-	-	-	-	11.4%
55-59	1	1	-	2	40%	18.2%
60-64	1	-	-	1	20%	6.7%
65+	-	-	-	-	-	3.6%
<b>Total</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>100%</b>	<b>100%</b>

\*Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at November 2013.

**Workforce Diversity: Disability**

Total number of employees with disabilities (according to Commonwealth DDA definition)				
Male	Female	Other	Total	% of Agency
-	-	-	-	-

**Equal opportunity**

The Commission is an equal opportunity employer, ensuring that all persons in or seeking employment are treated fairly and equitably and are not subject to unlawful discrimination or harassment.

The Commission has an established Disability Discrimination Action Plan (the Plan), which identifies barriers for people with a disability in their interactions with the Commission and recommends strategies for eliminating those barriers. In 2017-18, the Commission will be working with the Department for Communities and Social Inclusion, through Disability SA, to develop a Disability Access and Inclusion Plan (DAIP). This will aim to improve the participation and outcomes for people with disability across a range of policy, program and service areas. Development of a DAIP aligns with current SA Government directions, the National Disability Strategy and the United Nations Convention on the Rights of Persons with Disability. In the interim, the Commission’s existing Plan will remain in place.

As at 30 June 2018 there were no employees with disabilities requiring workplace adaptation.

**Executives**

Executives by gender, classification and status											
Classification	Term Untenured			Total							
	Male	Female	X	Male	%	Female	%	X	%	Total	Total %
Level A	1	-	-	1	100%	-	-	-	-	1	100%
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>100%</b>

**Leave Management**

Average leave days per full-time equivalent employee				
Leave	2014-15	2015-16	2016-17	2017-18
Sick leave*	5.0	7.0	6.4	4.4
Family carer’s leave	1.5	1.5	0.7	0.5
Special leave with pay	0.8	0.0	0.3	0.0

\*Figures do not include unpaid leave

## **Training and Development**

Total training and development costs amounted to 1.91 per cent of total remuneration expenditure and resulted in 75.5 hours of training being undertaken by employees during the year.

The Commission also offered fee and study leave support, allowing employees to undertake further education or specialised training related to their field of work, depending on business needs.

<b>Training and development expenditure</b>		
<b>Expenditure type</b>	<b>Total cost</b>	<b>Percentage of total remuneration expenditure*</b>
Total training and development expenditure**	\$10 845	1.91%
<i>*Total remuneration expenditure is based on gross salaries plus employer superannuation and payroll tax.                      ** Total training and development expenditure is based on course fees plus all associated costs.</i>		

## **Work health and safety**

The Commission is committed to ensuring, as far as reasonably practicable, that all employees are safe from injury and risk to health while at work. This is achieved through continually improving work health and safety systems and practices.

During the year, the following work health and safety activities took place:

- a work health and safety inspection of premises;
- maintenance of the Employee Assistance Program;
- ergonomic assessments of employee workstations as required;
- Warden training for relevant employees;
- work health and safety as an agenda item at staff meetings; and
- a review of all work health and safety policies, guidelines and procedures.

In 2017-18, the Commission recorded no workers' compensation claims.

Work health and safety obligations also extend to the agency network and Tatts' compliance in ensuring that its agents and their premises abide with statutory requirements is monitored by the Commission.

Work Health and Safety (WHS) management	2017-18	2016-17	2015-16
<b>Legislative requirements</b>			
Number of notifiable occurrences pursuant to WHS Act 2012 Part 3	Nil	Nil	Nil
Number of notifiable injuries pursuant to WHS Act 2012 s90, s191 and s195	Nil	Nil	Nil
<b>Injury management legislative requirements</b>			
Number of employees who participated in the rehabilitation program	Nil	Nil	Nil
Number of employees rehabilitated and reassigned to alternative duties	Nil	Nil	Nil
Number of employees rehabilitated back to their original work	Nil	Nil	Nil
Number of open claims (as at 30 June 2013)	Nil	Nil	Nil
Percentage of workers' compensation expenditure over gross remuneration	Nil	Nil	Nil
<b>Number of claims</b>			
Number of new workers' compensation claims	Nil	Nil	Nil
Number of fatalities	Nil	Nil	Nil
Number of lost time injuries	Nil	Nil	Nil
Number of medical treatment only	Nil	Nil	Nil
Total number of whole working days lost	Nil	Nil	Nil
<b>Cost of workers' compensation</b>			
Cost of new claims for financial year	Nil	Nil	Nil
Cost of all claims excluding lump sum payments	Nil	Nil	Nil
Amount paid for lump sum payments on the settlement of a claim (s42, s43, s44)	Nil	Nil	Nil
Total amount recovered from external sources (s54) including from a negligent third party	Nil	Nil	Nil
Budget allocation for workers' compensation	\$4 682	\$6 905	\$9 534
<b>Trends</b>			
Injury frequency rate for new lost-time injury/disease for each million hours worked	Nil	Nil	Nil
Most frequent cause (mechanism) of injury	Nil	Nil	Nil
Most expensive cause (mechanism) of injury	Nil	Nil	Nil

## CONSULTANTS

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In 2017-18 there were no consultancy engagements.

<b>Consultants</b>			
<b>Consultant</b>	<b>Purpose of consultancy</b>	<b>Number of consultancies</b>	<b>Value in \$A</b>
<b>Value below \$10 000</b>			
Nil	Nil	0	Nil
<b>Value \$10 000 - \$50 000</b>			
Nil	Nil	0	Nil
<b>Value above \$50 000</b>			
Nil	Nil	0	Nil

## OVERSEAS TRAVEL

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No overseas travel was undertaken during the 2017-18 year.



## DISTRIBUTION NETWORK

The Commission's games are available for purchase from 616 agencies throughout South Australia. A variety of business types such as newsagencies, kiosks, convenience outlets, supermarkets, chemists, hotels and clubs are represented in the network with the Commission's Keno game also available at selected UBET agencies.

From 2016-17 to 2017-18 the distribution network decreased by 3 agencies as follows:

Distribution network	2017-18		2016-17	
	Number	Percentage of total	Number	Percentage of total
Newsagencies	181	29.4%	185	29.9%
Hotels and clubs	205	33.3%	205	33.1%
Petrol stations and convenience outlets	125	20.3%	125	20.7%
Supermarkets	40	6.5%	41	6.6%
Other	65	10.5%	60	9.7%
<b>Total</b>	<b>616</b>	<b>100%</b>	<b>619</b>	<b>100%</b>

For the 2017-18 year, the central system experienced unplanned downtime of sixty three minutes and the average number of transactions between terminal failures was 203,158.

## GAME PERFORMANCE

### Multi-jurisdictional (Bloc) games

The Commission continued its participation in Bloc arrangements in 2017-18 with Tattersall's Sweeps Pty Ltd, Golden Casket Lottery Corporation Limited, NSW Lotteries Corporation Pty Ltd, Tatts NT Lotteries Pty Ltd and the Lotteries Commission of Western Australia, dependent on the game in question.

Bloc arrangements allow the various lottery organisations throughout Australia to pool money to provide larger prizes to players. The licensing structure and operations of each lottery operator remains independent and autonomous.

The Master Agent acted as the appointed representative of the Commission at Bloc meetings. The Commission's games subject to Bloc arrangements are:

- Saturday X Lotto;
- Monday and Wednesday X Lotto;
- Oz Lotto;
- Powerball;
- The Pools;
- Super 66;
- Set for Life;
- Lucky Lotteries – Super Jackpot;
- Lucky Lotteries – Mega Jackpot; and
- Instant Scratch-Its (certain series of tickets)

Together with Keno and the balance of Instant Scratch-Its entries, the Commission's eleven lottery games provide South Australian players with a choice of purchase price, play options and prize offers. In 2017-18 game sales were \$458.6 million, representing a 1.9 per cent increase from the previous year.

Any amendments to the Rules governing the Commission's games must be approved by the Commission and the responsible Minister, in accordance with the *State Lotteries Act 1966* (as amended).

#### • Saturday X Lotto

In Saturday X Lotto, six numbers and two supplementary numbers are randomly drawn from a barrel of 45 numbers. Saturday X Lotto offers players Australia-wide the chance to share in an estimated Division One prize pool of \$4 million, with regular Superdraws and Megadraws throughout the year offering \$20 million and over.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$135.8 million	29.6%	Decrease of \$1.2 million or 0.9%	\$77.1 million

In 2017-18 there were 26 Division 1 winners in South Australia.

- Monday and Wednesday X Lotto**

In Monday and Wednesday X Lotto, six numbers and two supplementary numbers are randomly drawn from a barrel of 45 numbers. Monday and Wednesday X Lotto is offered Australia-wide.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$31.9 million	6.9%	Increase of \$0.2 million or 0.7%	\$20.6 million

In 2017-18 there were nine Division 1 winners in South Australia.

- Oz Lotto**

In Oz Lotto, seven numbers and two supplementary numbers are randomly drawn from a barrel of 45 numbers every Tuesday. Each week, Oz Lotto offers players Australia-wide the chance to share in a multi-million dollar prize pool, which jackpots if not won.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$55 million	12.0%	Increase of \$9.7 million or 21.3%	\$82.2 million

In 2017-18 there were four Division 1 winners in South Australia.

- Powerball**

In Powerball, seven numbers are randomly drawn from one barrel of 35 numbers, and an eighth Powerball number is drawn from a separate barrel of 20 numbers, every Thursday. Each week, Powerball offers players Australia-wide the chance to share in a multi-million dollar prize pool, which jackpots if not won.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$61.8 million	13.5%	Increase of \$3.7 million or 6.4%	\$19.3 million

As of draw 1144 on the 19 April 2018 new game rules came into effect. The changes to the game were that eight numbers are now required to win Division 1 comprising of a total of seven balls drawn from a barrel of 35 with no change to the Powerball number draw and the inclusion of a Division 9 prize.

- **The Pools**

In the Australia-wide game The Pools, six winning numbers and one supplementary number are determined by the results of a pre-determined list of 38 soccer matches played in either the Northern or Southern hemisphere.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$0.7 million	0.2%	Increase of \$0.1 million or 11.4%	\$0.1 million

The final draw for The Pools took place on Saturday 23 June 2018.

- **Super 66**

In Super 66, six numbered balls are randomly drawn from six separate compartments that each contains 10 balls numbered zero to nine. Each week, Super 66 offers players in all Australian States and Territories, except New South Wales, the chance to win a guaranteed Division One prize of \$16 666, which jackpots if not won.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$0.8 million	0.2%	Decrease of \$0.1 million or 2%	\$0.9 million

In 2017-18 there were 2 Division 1 winners in South Australia.

- **Set for Life**

In Set for Life eight winning numbers and two bonus numbers are randomly drawn from a pool of thirty-seven numbers every day. Set for Life offers players Australia-wide the chance to win \$20,000 a month for 20 years.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$18.6 million	4.1%	Decrease of \$1.2 million or 6%	\$11.5 million

In 2017-18 there was one Division 1 winner in South Australia.

- **Lucky Lotteries – Super Jackpot**

Lucky Lotteries – Super Jackpot is a lottery game that offers a defined number of tickets per draw. Once all available tickets are sold, the winning numbers are randomly drawn. Lucky Lotteries – Super Jackpot offers players the chance to win a guaranteed first prize of \$100,000 and/or the current jackpot prize (a guaranteed minimum of \$500,000).

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$0.6 million	0.1%	Increase of \$0.2 million or 35.9%	\$0.2 million

In 2017-18 there was one 1<sup>st</sup> Prize winner in South Australia.

- **Lucky Lotteries – Mega Jackpot**

Lucky Lotteries – Mega Jackpot is a lottery game that offers a defined number of tickets per draw. Once all available tickets are sold, the winning numbers are randomly drawn. Lucky Lotteries – Mega Jackpot offers players the chance to win a guaranteed first prize of \$200,000 and/or the current jackpot prize (a guaranteed minimum of \$1,000,000).

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$1.3 million	0.3%	Increase of \$0.9 million or 194.4%	\$0.2 million

- **Instant Scratch-Its tickets**

Instant Scratch-Its ticket games are a series of themed tickets that provide the opportunity to win instant prizes. Most tickets are available to players across a number of participating jurisdictions and the balance of tickets are offered solely in SA.

2017-18 Sales	Percentage of total sales	2016-17 comparison	Value of prizes won
\$33.3 million	7.3%	Increase of \$0.2 million or 0.5%	\$21.2 million

## **South Australia based games**

- **Keno**

In Keno, 20 numbers are randomly generated from a possible 80 numbers every 3.5 minutes. To play Keno, players can choose to select one number (Spot 1) up to 10 numbers (Spot 10).

Players can also select 'Heads', 'Tails' or 'Evens' in the add-on game, Keno Coin Toss. Each draw, Keno offers a guaranteed Spot 10 prize of a minimum of \$1 million, which jackpots if not won.

<b>2017-18 Sales</b>	<b>Percentage of total sales</b>	<b>2016-17 comparison</b>	<b>Value of prizes won</b>
\$118.8 million	25.9%	Decrease of \$4 million or 3.2%	\$85.7 million

In 2017-18 there were two Spot 10 winners.

## **Tickets Sold**

During the year, 41.2 million tickets in the Commission's games were sold.

## **Customer Service**

All customer and agent telephone enquiries are managed by the Tatts Lotteries Contact Centre based in Brisbane. More than 131,000 Easiplay Club memberships were active during the year.

## CORPORATE SOCIAL RESPONSIBILITY

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### Responsible gambling

The Gambling Code of Practice Notice 2013 (the Gambling Codes) is a mandatory code that prescribes advertising and responsible gambling codes of practice to apply to all forms of lawful commercial gambling offered to South Australians, including lotteries.

The Commission, as a defined gambling provider, is to ensure that its Master Agent and the retail agent network conform to the Gambling Codes as though the Master Agent is a gambling provider.

The Commission continued to consult with the Independent Gambling Authority (IGA) and monitor the Master Agent's compliance with the Gambling Codes, to ensure a safe and responsible gambling environment for players.

- **Codes of practice**

During 2017-18, no variations were made to the Gambling Codes of Practice.

- **Compliance program**

An audit of all agencies was completed by the Master Agent during the year, against pre-determined checks of compliance with the Gambling Codes. Of the 1,803 audits conducted, 84% per cent of agents were compliant. In instances of non-compliance, agencies were assisted to ensure issues were adequately addressed to achieve compliance at subsequent re-audits.

During the year the Commission conducted internal audits via its internal auditors BDO Advisory (SA) Pty Ltd that, inter alia, considered the Master Agent's agency audit and compliance processes and provided an assurance on the effectiveness of compliance with relevant rules, codes and regulations. No significant issues were highlighted.

- **Responsible gambling training**

All lottery agents and their employees must complete responsible gambling training prior to operating a lottery terminal, and complete a refresher training module every two years. In 2017-18, 602 people completed SA Responsible Gambling Advanced training and 690 people completed SA Responsible Gambling Basic training.

- **Problem gambling reports**

All agents and their employees are trained to identify problem gambling behaviours among players, and to provide appropriate referral advice. During the year, agents were required to immediately report all instances of customer contact in relation to problem gambling to the Commission or to the Master Agent. Three problem gambling reports were received in 2017-18.

- **Barring arrangements**

Barring arrangements are also available upon direct request from a person at risk or via a gambling help service representative on their behalf. As at 30 June 2018, 26 lottery agencies had arrangements in place to facilitate barring from the service of lottery products for 12 self-identified problem gamblers. Throughout the year, short term exclusions occurred, including online exclusions.

**Environmental responsibility**

The Commission continued to embrace business practices to reduce the impact its operations have on the environment. The Commission's office accommodation has a five star green energy rating.

<b>Performance against annual energy efficiency targets</b>		
<b>Year</b>	<b>Energy Use (GJ)</b>	<b>Greenhouse Gas Emissions (KgCO<sup>2</sup>)</b>
2016-17	48.66	14 360
2017-18	47.55	13 420

The Commission's energy use in 2017-18 represents a 2 per cent reduction from 2016-17 levels.



CERTIFICATION OF THE FINANCIAL STATEMENTS

**Certification of the Financial Statements**

We certify that the attached general purpose financial statements for the Lotteries Commission of South Australia:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Lotteries Commission of South Australia; and
- present a true and fair view of the financial position of the Lotteries Commission of South Australia as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Lotteries Commission of South Australia for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.