Lotteries Commission of South Australia

2016-17 Annual Report

Lotteries Commission of South Australia

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To:
Tom Koutsantonis, MP

Treasurer

Minister for Finance

Minister for State Development

Minister for Mineral Resources and Energy

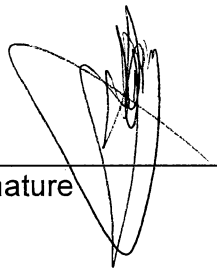
This annual report is presented to Parliament to meet the statutory reporting requirements of *the State Lotteries Act 1966* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Lotteries Commission of South Australia by:

David Hardy

Commissioner



Signature

20/09/17

Date

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Section A: Reporting required under the *Public Sector Act* 2009, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act* 1987

Agency purpose or role

The Lotteries Commission of South Australia (the Commission) has the primary function of promoting and conducting lotteries in South Australia. It has appointed Tatts Lotteries SA Pty Ltd (Tatts) as the master agent to operate the Commission's brands and products. The terms and conditions of the appointment and ongoing operation of the principal/agent relationship are governed by a series of documents. The Commission monitors Tatts' compliance with these documents, ensuring that the correct amounts are paid for prizes, gambling tax and GST payments are collected, and that the contributions to the Hospitals Fund and the Recreation and Sport Fund are maintained.

Objectives

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

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Ensure adherence to the Gambling Codes of Practice	Our health – making healthy and safe choices in how we live.
Ensure adherence to the SA Lotteries/Tatts transaction documents	Our prosperity – ensure current and ongoing contributions to the State's income.
Continue to benefit the community of South Australia through returns to the Hospitals Fund and Recreation and Sport Fund	Our health – support and development of recreational and sporting facilities, and the provision, maintenance, development and improvement of public hospitals and equipment for public hospitals.
Maintain reviews of employee performance against individual performance plans	Our education – every employee can equally participate in learning opportunities and the organisation can train, attract and retain a diverse workforce.

Key strategy	SA Government objective
Maintain investment in training and development	Our education – every employee can equally participate in learning opportunities and the organisation can train, attract and retain a diverse workforce. Our prosperity – we have a skilled and sustainable workforce.
Target further reduction in gas emissions and energy consumption	Our environment – thinking globally but acting locally.

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Nil to report		

Legislation administered by the agency

State Lotteries Act 1966

Lotteries (General) Rules

Lotteries (Saturday X Lotto) Rules

Lotteries (Monday Wednesday X Lotto) Rules

Lotteries (Oz Lotto) Rules

Lotteries (Powerball) Rules

Lotteries (Keno) Rules

Lotteries (Instant-Scratch-its) Rules

Lotteries (The Pools) Rules

Lotteries (Super 66) Rules

Lotteries (Set for Life) Rules

Lotteries (Lucky Lotteries) Rules

Lotteries (Traditional Lottery) Rules

Lotteries (Promotional Lottery) Rules

Organisation of the agency

Finance

Legal and Regulatory Compliance

Administration

Other agencies related to this agency (within the Minister's area/s of responsibility)

Nil to report.

Employment opportunity programs

Program name	Result of the program
Nil to report	

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Performance management and development program incorporating bi-annual reviews. Compliance is measured through the % of reviews completed.	Not assessed as implemented in March 2017.

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
Nil to report	

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil to report	0

Strategies implemented to control and prevent fraud

The Commission has the following strategies in place to minimise its exposure to fraudulent and corrupt conduct:

- Fraud and Corruption Control Policy in addition to a supporting procedure and plan;
- Identification and documentation of potential fraudulent and corruption risk items as part of a broader risk register; and
- Quarterly fraud control reports by designated staff.

Data for the past five years is available at: https://data.sa.gov.au/data/dataset/d7a16840-b3f7-4174-8ac6-64a2460d01b1

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993*	0

Data for the past five years is available at: https://data.sa.gov.au/data/dataset/d98275e3-b16c-478c-82a7-289ae0db7c00

Executive employment in the agency

Executive classification	Number of executives
EXEC0A	1

Data for the past five years is available at: https://data.sa.gov.au/data/dataset/6ce8b7c5-136c-46f2-ab13-269e2e3f53c0

For further information, the Office for the Public Sector has a data dashboard for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below $10,000 each	GST advice on promotions	$3,500
Consultancies above $10,000 each		
Nil to report	Purpose	
Total all consultancies		$3,500

Data for the past five years is available at: https://data.sa.gov.au/data/dataset/22d2618c-5a69-42f3-b5aa-763da8ff55e9

See also https://www.tenders.sa.gov.au/tenders/index.do for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance http://treasury.sa.gov.au/ for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

The Commission's games generated $450.1 million in revenue in 2016-17, and contributed to the South Australian community via distribution of:

- $272.49 million in prize money to players of the Commission's games;
- $74.01 million to the Hospitals Fund for the provision, maintenance, development and improvement of public hospitals and equipment for public hospitals;
- $34.02 million in commission earnings to retail agents; and
- $0.14 million to the Recreation and Sport Fund for the support and development of recreational sporting facilities and services.

The Commission paid $54.01 million in fees to the Master Agent for the operation of the lottery games in South Australia.

The Commission paid $7.04 million in GST payments.

Other financial information

Nil to report.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Nil to report.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by the Lotteries Commission of South Australia	
Category of complaints by subject	**Number of instances**
Nil to report	0

Data for the past five years is available at: https://data.sa.gov.au/data/dataset/de24d329-35c2-41bd-8cd3-428f442b6d6c

Complaint outcomes

Nature of complaint or suggestion	**Services improved or changes as a result of complaints or consumer suggestions**
Nil to report	

Appendix: Audited financial statements 2016-17

Lotteries Commission of South Australia

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2017

	Note	**2017** $'000	2016 $'000
Expenses			
Employee benefits expenses	4	571	875
Supplies and services	6	491	515
Master Agent fee	7	54 624	57 124
Amortisation expense	13	43	43
Total expenses		55 729	58 557
Income			
Sales revenue	8	450 095	463 917
Cost of sales	9	395 471	406 793
Gross margin		54 624	57 124
Other revenues		9	5
Total income		54 633	57 129
Net cost of providing services		1 096	1 428
Revenues from SA Government			
Revenues from SA Government	10	777	-
Net result		(319)	(1 428)
Total comprehensive result		(319)	(1 428)

The net result and total comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Lotteries Commission of South Australia

STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Note	**2017** $'000	2016 $'000
Current assets			
Cash and cash equivalents	11	56 305	50 191
Receivables	12	2 811	4 343
Total current assets		59 116	54 534
Non-current assets			
Property, plant and equipment	13	69	112
Receivables	12	1 889	1 628
Total non-current assets		1 958	1 740
Total assets		61 074	56 274
Current liabilities			
Payables	14	21 373	21 193
Employee benefits	16	278	274
Other current liabilities	17	18 568	16 458
Total current liabilities		40 219	37 925
Non-current liabilities			
Payables	14	9 131	5 137
Employee benefits	16	13	17
Other non-current liabilities	17	11 690	12 855
Total non-current liabilities		20 834	18 009
Total liabilities		61 053	55 934
Net assets		21	340
Equity			
Retained earnings		21	340
Total equity		21	340

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments 18

Contingent assets and liabilities 19

The above statement should be read in conjunction with the accompanying notes.

Lotteries Commission of South Australia

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

	Retained Earnings $'000	**Total** $'000
Balance at 30 June 2015	1 768	1 768
Net Result for 2015-16	(1 428)	(1 428)
Total comprehensive result for 2015-16	(1 428)	(1 428)
Balance at 30 June 2016	340	340
Net result for 2016-17	(319)	(319)
Total comprehensive result for 2016-17	(319)	(319)
Balance at 30 June 2017	21	21

All changes in equity are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Lotteries Commission of South Australia

STATEMENT OF CASH FLOWS
for the year ended 30 June 2017

	Note	**2017** $'000	2016 $'000
Cash flows from operating activities			
Cash outflows			
Prizes paid		(267 352)	(273 177)
Payments to suppliers and employees		(1 019)	(1 215)
Master Agent fee payments		(63 370)	(66 242)
GST paid to the Australian Taxation Office		(7 036)	(7 483)
Payments for paid parental leave		(3)	(9)
Distribution to the Hospitals Fund and Recreation and Sport Fund			
• Gambling tax	15	(71 853)	(75 578)
• Unclaimed prizes	15	(1 662)	(2 713)
Cash used in operations		(412 295)	(426 417)
Cash inflows			
Receipts from customers		417 632	427 217
SA Government subsidy	10	777	-
Receipts for paid parental leave		-	12
Cash generated from operations		418 409	427 229
Net cash provided by (used in) operating activities	20	6 114	812
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		-	(3)
Net cash provided by (used in) investing activities		-	(3)
Net increase (decrease) in cash and cash equivalents		6 114	809
Cash and cash equivalents at the beginning of the financial year		50 191	49 382
Cash and cash equivalents at the end of the financial year	11	56 305	50 191

The above statement should be read in conjunction with the accompanying notes.

Lotteries Commission of South Australia

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NOTES TO THE FINANCIAL STATEMENTS

1. Establishment and function of the Lotteries Commission of South Australia

The Lotteries Commission of South Australia (the Commission), is established under the *State Lotteries Act 1966,* with the primary function of promoting and conducting lotteries in South Australia.

Tatts Lotteries SA Pty Ltd (Tatts) operates the Commission's brands and products, as the appointed Master Agent for a term expiring in December 2052. It is required to provide the Commission with all information relevant to its performance as Master Agent and for the proper operation of the agency arrangement.

The terms and conditions of the appointment and on-going operations of the Master Agent are governed by a number of Transaction Documents.

The Commission, in its capacity as principal, monitors Tatts' compliance with the Transaction Documents and retains the power to instruct Tatts to comply with its obligations under those documents.

2. Significant accounting policies

(a) Statement of compliance

The Commission has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987* .

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987* .

The Commission has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Commission is a not-for-profit entity.

(b) Basis of preparation

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

(c) Reporting entity

The reporting entity comprises all activities of the Commission. This includes all transactions processed through the Lotteries Fund which is established under section 16(1) of the *State Lotteries Act 1966* . Tatts holds and operates the Lotteries Fund for and on behalf of the Commission.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars ($'000) unless otherwise specified.

(f) Taxation

The Commission is not subject to income tax. The Commission is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

Goods and Services Tax (GST)

The Commission, in accordance with section 16(3)(b) of the *State Lotteries Act 1966,* is required to pay GST of one eleventh of net gambling revenue (NGR), being gross sales less total prizes paid, direct to the Australian Taxation Office (ATO). The Master Agent calculates and forwards the GST on a monthly basis for the Commission to remit directly to the ATO. The GST on NGR is treated as a cost of sales.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

(g) Income

Sales revenue

Sales revenue for Saturday X Lotto, Monday and Wednesday X Lotto, Oz Lotto, Powerball, Keno, Super 66, The Pools ,Set for Life and Lucky Lotteries is recognised as at the date of the draw. For these games, sales revenue as at 30 June for draws or competitions subsequent to that date are treated as sales in advance. Sales revenue for Instant Scratch tickets is recognised as tickets are sold.

Revenues from SA Government

Revenues from SA Government are recognised as income when the Commission obtains control of the subsidy and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

(h) Expenses

Cost of sales expenses

Cost of sales expenses include actual prizes paid, gambling tax on net gambling revenue, agents' commission and GST on net gambling revenue and are recognised in the reporting period in which the sales revenue is recognised.

Master Agent Fee

The Master Agent fee is payable to Tatts as the Commission's exclusive Master Agent for operating SA Lotteries' brands and products. Under clause 8.3 of the Master Agency Agreement, the Master Agent remits the amount of the Master Agent fee less Agents' commissions to an account nominated by the Master Agent.

(i) Assets

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and the Statement of Cash Flows includes the Commission's cash on hand and deposits held at call, and cash held by Tatts on behalf of the Commission for game related obligations. These are subject to insignificant risk of changes in value and are used in the cash management function on a day-to-day basis.

The Commission's bank account is held with the Commonwealth Bank of Australia in an At Call Deposit account.

Cash held by Tatts for game related obligations on behalf of the Commission is held with Westpac Banking Corporation.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from agents and other parties, prize settlements receivable from lottery operators in other States participating in inter-jurisdictional prize pooling arrangements, and prepayments. Receivables (other than prepayments) arise in the normal course of selling goods and services to agents and other parties and through prize settlement arrangements with other Bloc members.

All game related receivables are administered by Tatts on behalf of the Commission.

Prize settlements receivable from Blocs

Saturday X Lotto, Monday and Wednesday X Lotto, Oz Lotto, Powerball, Super 66, The Pools, Set for Life and Lucky Lotteries are games supported by inter-jurisdictional prize pooling arrangements. Lottery operators participating in individual games form Blocs for the relevant games. Amounts receivable from Blocs represent monies due from other jurisdictions for prizes won in South Australia. Settlement of amounts receivable from Bloc members are normally due 14 days after the date of the draw.

All game related prize settlements receivable from Blocs are administered by Tatts on behalf of the Commission.

Non-current asset acquisition, recognition and disposal

Non-current assets are initially recorded at cost, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation/amortisation.

The value of leasehold improvements is amortised over the estimated remaining useful life of each improvement, or the unexpired period of the relevent lease, whichever is shorter.

All non-current assets with a value of $10,000 or more are capitalised.

(j) Liabilities

Payables

Payables include creditors, accrued expenses, prizes payable, GST payable, employment on-costs and Undistributed funds.

All game related payables are administered by Tatts on behalf of the Commission.

Prizes payable

Prizes payable represent amounts due to be paid to customers for prizes won in South Australia and settlements due to lottery operators in other States participating in inter-jurisdictional prize pooling arrangements.

Amounts payable for prizes won in South Australia are generally available for payment the day following the draw, or in the case of Instant Scratch tickets and minor Keno prizes, on the date of sale or draw. Division 1 prizes for lotto matrix type games are normally paid 14 days after the date of draw in accordance with the Lotteries Rules. Amounts payable to Blocs represent monies due to other lottery operators for prizes won in interstate jurisdictions. Settlement of amounts payable to Bloc members are normally due 14 days after the date of the draw.

Non-current prizes payable relate to outstanding annuity-style Instant Scratch tickets and Set for Life prizes where the total prize is payable in instalments over a number of years in accordance with the terms and conditions of each game. The liability is measured at the undiscounted amount expected to be paid.

All prizes payable are administered by Tatts on behalf of the Commission.

Prize Reserve Funds

The liability for prize reserve funds are amounts set aside from entry fees to fund future prizes and promotions for all draw based games. Refer Note 17 for individual game breakdown.

Distribution of funds to Government

In accordance with subsection 16(3) of the *State Lotteries Act 1966* , the Commission is required to pay to the Hospitals Fund the balance of surplus funds remaining after:

- payment of gambling tax and GST on NGR;
- making allowances for operating and capital expenses;
- applying the net proceeds and gambling tax of The Pools to the Recreation and Sport Fund;
- in respect of Special Appeal Lotteries (note 2(k)), applying the net proceeds and unclaimed prizes less the GST on NGR to the beneficiary(s) of those lotteries; and
- retaining funds for certain designated purposes.

Gambling tax is paid from the Lotteries Fund by Tatts on behalf of the Commission to the State.

In accordance with the provisions of the *State Lotteries Act 1966* the transfer of funds to the Hospitals Fund was reflected in the financial statements in the form of:

(i) a gambling tax of 41 per cent on NGR in respect of all lotteries conducted by the Commission except sports lotteries, special lotteries and special appeal lotteries;

(ii) unclaimed prizes.

The composition of all amounts due and payable to Government on account of the Hospitals Fund and Recreation and Sport Fund is detailed in note 15.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

The Commission makes contributions to the State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes.

Salaries, annual leave and sick leave

The liability for salaries is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability is expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

The estimated liability for long service leave is based on expected future salary levels, experience of employee departures and periods of service.

The portion of the long service leave liability classified as current represents the amount that is expected to be paid as leave taken or paid on termination of employment during the Commission's normal operating cycle.

(k) Special Appeal Lotteries

Section 13AB of the *State Lotteries Act 1966* enables the Commission to conduct Special Appeal Lotteries. Tatts is to do all things necessary to assist the Commission to conduct Special Appeal Lotteries and will receive compensation in accordance with the Master Agency Agreement and the Treasurer's Agency Fees Guarantee and Payment Deed.

No Special Appeal Lotteries were conducted during the financial year.

(l) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating expenditures arising from contractual sources and are disclosed at their nominal value.

(m) Events after the reporting period

There have been no events subsequent to 30 June 2017 that have had a material impact on the information disclosed in these financial statements.

3. New and revised Accounting Standards and policies

Australian Accounting Standards and Interpretations that have recently been issued or amended but not yet effective were not adopted by the Commission during 2016-17.

As at the date of authorisation of the financial report, the expected impacts on new or amended Australia Accounting Standards issued with future effective dates are set out below.

AASB 16 - Leases

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminiating the distinction between operating and finance leases. The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its rights to use the underlying leased asset, and a lease liability representing its obligations to make lease payments.

The Commission has not yet quantified the impact of apply AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 15 - Revenue from Contracts with Customers

AASB15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts to Customers* introduces a five step process for revenue recongnition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'.

AASB 15 will result in increased disclosures about revenue. AASB 15 allows a 'cumulative approach' rather than full retrospective application. If the 'cumulative approach' is applied, there is no need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus at the date of initial application.

The Commission has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and the resulting impact on the statement of comprehensive income.

AASB 1058 - Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The new standard specifies income recognition requirements that apply to not for profit entities, in conjunction with AASB 15. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received than revenue is recongised.

The Commission has not yet quantified the impact of applying AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

4. Employee benefits expenses

	2017 $'000	2016 $'000
Salaries	438	650
TVSPs (refer below)	41	64
Annual leave	39	62
Long service leave	9	14
Skills and experience retention leave	-	1
Employment on-costs - other	-	19
Employment on-costs - superannuation contributions	44	65
Total employee benefits expenses	571	875

Targeted voluntary separation packages (TVSPs)

	2017 $'000	2016 $'000
Amounts paid during the reporting period to separated employees:		
TVSPs	41	64
Annual leave, long service leave and skills and experience retention leave paid to those employees	18	23
Cost to the Commission	59	87

The number of employees who received TVSPs during the reporting period was one (one).

Remuneration of employees

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, TVSP payments, retention payments, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was $0.201 million ($0.201 million).

	2017 No.	2016 No.
The number of employees whose remuneration received or receivable falls within the following band:		
$197 001 - $207 000	1	1
Total number of employees	1	1

5. Key management personnel

(a) Key management personnel

The key management personnel are the Minister and the senior management team (including the Commissioner) who have responsibility for the direction and management of the Commission.

The key management personnel comprised the following persons for the full financial year unless otherwise stated:

T Koutsantonis - Minister for Finance
D G Hardy, LLB, BA, GDLP - Commissioner
P Marsden, BComm, CPA - Finance Manager (1 July 2016 to 5 August 2016)

(b) Key management personnel compensation

	2017 $'000	2016 $'000
The compensation of key management personnel included in employee benefits expenses (refer note 4) is as follows:		
Short-term employee benefits	197	288
Post-employment benefits	19	27
Total key management personnel compensation	216	315

Salaries and other benefits the Minister for Finance receives are excluded from the totals above. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990.*

6. Supplies and services

	2017 $'000	2016 $'000
Operating leases	161	158
Internal audit fees	129	145
External audit fees	73	70
Computing and Communications	58	60
Other	36	49
Other occupancy costs	30	33
Consultancies	4	-
Total supplies and services	491	515

The Commission has arranged, through the SA Government Captive Insurance Corporation (SAICORP), a division of the South Australian Government Financing Authority (SAFA) to insure all major risks of the organisation. The excess payable under this arrangement varies depending on each class of insurance held.

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the PFAA were $73k($70k). No other services were provided by the Auditor- General's Department.

	2017 No.	2016 No.	2017 $'000	2016 $'000
Consultancies				
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following band:				
Below $10 000	1	-	4	-
Total paid/payable to consultants engaged	1	-	4	-

7. Master Agent fee

	2017 $'000	2016 $'000
Gross sales	450 095	463 917
less prizes	272 487	279 959
less gambling tax on NGR	72 819	75 423
less GST on NGR	16 146	16 723
Gross Master Agent fee (including Agents' commissions)	**88 643**	**91 812**
less Agents' commissions	34 019	34 688
Net Master Agent fee	**54 624**	**57 124**

8. Sales revenue

	2017 $'000	2016 $'000
Saturday X Lotto	137 016	136 891
Keno	122 767	112 907
Powerball	58 076	72 506
Oz Lotto	45 332	56 066
Instant Scratch tickets	33 129	32 415
Monday and Wednesday X Lotto	31 655	31 049
Set for Life	19 803	20 650
Super 66	750	933
The Pools	645	500
Lucky Lotteries - Super Jackpot	476	-
Lucky Lotteries - Mega Jackpot	446	-
Total sales revenue	450 095	463 917

Sales revenue includes Agents' commissions.

9. Cost of sales

	2017 $'000	2016 $'000
Prizes	272 487	279 959
Gambling tax on net gambling revenue	72 819	75 423
Agents' commissions	34 019	34 688
GST on net gambling revenue	16 146	16 723
Total cost of sales	395 471	406 793

10. Revenues from SA Government

	2017 $'000	2016 $'000
Revenues from SA Government	777	-
Total revenues from SA Government	777	-

The Commission is funded by a subsidy from the SA Government.

11. Cash and cash equivalents

	2017 $'000	2016 $'000
Deposits held at call and cash on hand	435	666
Funds held by the Master Agent	55 870	49 525
Total cash and cash equivalents	56 305	50 191

In accordance with clause 7 of the Master Agency Agreement, Tatts holds and operates the Lotteries Fund for and on behalf of the Commission. The Commission assigned all of its rights, title and interest to future interest earnings on the Lotteries Fund to the Master Agent. The consideration for the assignment of interest was included in the aggregate consideration paid by Tatts for the transaction to the State.

Interest rate risk

Deposits held at call and cash on hand are non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

12. Receivables

	2017 $'000	2016 $'000
Current		
Agent debtors	1 541	2 564
Prize settlements receivable from Blocs	1 264	1 772
Sundry receivables	4	4
Prepayments	2	3
Total current receivables	2 811	4 343
Non-current		
Receivable from Master Agent	1 889	1 628
Total non-current receivables	1 889	1 628
Total receivables	4 700	5 971

Interest Rate Risk

All receivables are non-interest bearing.

Credit Risk

Credit risk represents the loss that would be recognised if parties owing monies to the Commission at the reporting date fail to honour their obligations. It is not anticipated that parties will fail to discharge their obligations. The major portion of monies owing relates to the operation of SA Lotteries' brands and products by the Master Agent.

Net Fair Values

The carrying amount of receivables approximates net fair value due to being receivable on demand.

13. Property, plant and equipment

	2017 $'000	2016 $'000
Plant and equipment		
Plant and equipment at cost (deemed fair value)	11	11
Accumulated depreciation	(11)	(11)
Total plant and equipment	-	-
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	185	185
Accumulated amortisation	(116)	(73)
Total leasehold improvements	69	112
Total property, plant and equipment	69	112

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2016-17 and 2015-16.

	Leasehold improve-ments $'000	Total $'000
Carrying amount at 1 July 2016	112	112
Depreciation and amortisation	(43)	(43)
Carrying amount at 30 June 2017	69	69
Carrying amount at 1 July 2015	152	152
Additions	3	3
Depreciation and amortisation	(43)	(43)
Carrying amount at 30 June 2016	112	112

14. Payables

	2017 $'000	2016 $'000
Current		
Prizes payable	13 382	14 752
Undistributed funds (note 15)	6 595	4 985
GST payable	779	413
Creditors and accrued expenses	591	1 011
Employment on-costs	26	32
Total current payables	21 373	21 193
Non-current		
Prizes payable	9 130	5 135
Employment on-costs	1	2
Total non-current payables	9 131	5 137
Total payables	30 504	26 330

Based on an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged from the 2016/2017 rate (40%) and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2016/2017 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

15. Distribution of funds to SA Government

	Balance 1 July $'000	Distribution Provided $'000	Distribution (Paid) $'000	**Balance 30 June** $'000
Gambling tax	4 854	73 285	(71 853)	6 286
Unclaimed prizes	130	1 841	(1 662)	309
Totals 2016-17	4 984	75 126	(73 515)	6 595
Totals 2015-16	5 277	77 998	(78 291)	4 984

Comprising:

Distribution to Hospitals Fund

Gambling tax	4 844	73 143	(71 714)	6 273
Unclaimed prizes	130	1 841	(1 662)	309
Totals	4 974	74 984	(73 376)	6 582

Distribution to Recreation and Sport Fund

Gambling tax	10	142	(139)	13
Unclaimed prizes	-	-	-	-
Totals	10	142	(139)	13

16. Employee benefits

	2017 $'000	2016 $'000
Current		
Annual leave	129	123
Long service leave	141	141
Accrued salaries and wages	8	10
Total current employee benefits	278	274
Non-Current		
Long service leave	13	17
Total non-current employee benefits	13	17
Total employee benefits	291	291

17. Other liabilities

	2017 $'000	2016 $'000
Current		
Prize Reserve Funds (a)	11 537	11 339
Keno Prize Reserve (b)	3 275	2 158
Monday and Wednesday X Lotto Division 1 Prize Reserve (c)	38	1 007
Set for Life Division 1 Prize Reserve (d)	672	(307)
Unearned revenue - sales in advance	3 046	2 261
Total current other liabilities	18 568	16 458
Non-current		
Unclaimed prizes reserve (e)	11 690	12 855
Total non-current other liabilities	11 690	12 855
Total other liabilities	30 258	29 313

(a) Prize Reserve Funds

Balance at 1 July	11 339	10 821
Allocated to prize reserve funds	12 590	13 239
Applied to additional or increased prizes	(12 392)	(12 721)
Balance at 30 June	11 537	11 339

An agreed proportion of the total amount of net sales (gross sales less Agents' commissions) for each of Saturday X Lotto, Monday and Wednesday X Lotto, Oz Lotto, Powerball, Super 66, The Pools, Set for Life and Lucky Lotteries is set aside to accumulate as the Prize Reserve Fund for each game in accordance with the respective Game Rules. These funds are applied from time to time for the payment of additional or increased prizes in subsequent lotteries or prizes in respect of missed prize entries for previous lottery draws.

(b) Keno Prize Reserve

Balance at 1 July	2 158	1 405
Allocated to prize reserve	89 186	82 031
Applied to prizes	(88 069)	(81 278)
Balance at 30 June	3 275	2 158

The Keno Prize Reserve is funded by a portion of net sales (gross sales less Agents' commissions) to meet the Keno prizes won.

(c) Monday and Wednesday X Lotto Division 1 Prize Reserve

Balance at 1 July	1 007	894
Allocated to prize reserve	5 395	5 630
Applied to prizes	(6 364)	(5 517)
Balance at 30 June	38	1 007

In accordance with the Game Rules, the Monday and Wednesday X Lotto Division 1 Prize Reserve was funded by an 18% contribution of net sales (gross sales less Agents' commissions) to meet Division 1 prizes.

	2017 $'000	2016 $'000
(d) Set for Life Division 1 Prize Reserve		
Balance at 1 July	(307)	-
Allocated to prize reserve	3 699	3 854
Applied to prizes	(2 720)	(4 161)
Balance at 30 June	672	(307)

In accordance with the Game Rules, the Set for Life 1st Prize Reserve was funded by a 20% contribution of net sales (gross sales less Agents' commissions) to meet the 1st prizes.

(e) Unclaimed Prizes Reserve

Balance at 1 July	12 855	11 786
Unclaimed monies forfeited	3 683	5 417
Balance before distributions	16 538	17 203
Monies provided for distribution to the Hospitals Fund	(1 841)	(2 708)
Monies provided for distribution to the Recreation and Sport Fund	-	(1)
Applied to additional or increased prizes in subsequent lottery draws, prizes in promotional lotteries or ex gratia payments	(3 007)	(1 639)
Balance at 30 June	11 690	12 855

Other than a prize in a Special Appeal Lottery (note 2(k)), any prize in a lottery that has not been collected or taken delivery of within 12 months of the date of the draw or relevant day is forfeited to the Commission and transferred into the Unclaimed Prizes Reserve. Subsection 16C(4) of the *State Lotteries Act 1966* requires the Commission to pay:

- 50 per cent of the amount derived from unclaimed prizes in The Pools (and other sports lotteries or special lotteries) to the Recreation and Sport Fund; and
- 50 per cent of the amount derived from unclaimed prizes in other lotteries to the Hospitals Fund.

The balance in the Reserve is applied by the Commission from time to time for the purposes of providing additional or increased prizes in a subsequent lottery or lotteries, providing prizes in promotional lotteries or making ex gratia payments.

The *State Lotteries Act 1966* provides for an ex gratia payment to a person who satisfies the Commission that they are a winner of a prize in a lottery conducted by the Commission, despite the fact that a prize has been forfeited to the Commission, the winning ticket has been lost or destroyed or the period of notice of a claim for the prize has expired.

Ex gratia payments are charged to the Unclaimed Prizes Reserve. The next payment to either the Hospitals Fund or Recreation and Sport Fund is then reduced by an amount equivalent to 50 per cent of the ex gratia payment, depending on the game played.

The Unclaimed Prizes Reserve is administered by Tatts on behalf of the Commission and must only be disbursed in accordance with approvals given by the Commission.

18. Unrecognised contractual commitments

	2017 $'000	2016 $'000
Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	161	156
Later than one year but not longer than five years	95	256
Total operating lease commitments	256	412

	2017 $'000	2016 $'000
Representing:		
Non-cancellable operating leases	256	412

The Commission's operating lease relates to office accommodation leased from the Department of Planning, Transport and Infrastructure - Building Management Accommodation and Property Services unit. The five year lease is non-cancellable with a five year right of renewal. Rental provisions within the lease agreement require future lease payments to be increased by 3.25% per annum. The initial lease term expires on 31 January 2019.

	2017 $'000	2016 $'000
Other commitments		
Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	162	160
Later than one year but not longer than five years	7	115
Total other commitments	169	275

Master Agent Fee

The Commission's commitments include a monthly Master Agent fee payable to Tatts for a term of 40 years commencing 11 December 2012. No amounts payable by the Commission to the Master Agent are disclosed as the fee is based on a formula which is contingent on gross sales, prizes, gambling tax on net gambling revenue, Agents' commissions and GST on net gambling revenue. The amount is paid on a monthly basis.

19. Contingent assets and liabilities

The Commission is not aware of any contingent assets or contingent liabilities.

The Commission has made no guarantees.

20. Cash flow reconciliation

	2017 $'000	2016 $'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	56 305	50 191
Balance as per the Statement of Cash Flows	56 305	50 191
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	6 114	812
Less: Unclaimed prizes distribution provided	1 841	2 709
Less: Revenues from SA Government	(777)	-
Add (less): non-cash items		
Depreciation and amortisation expense	(43)	(43)
Movement in assets / liabilities		
Increase(decrease) in receivables	(1 271)	(107)
(Increase)decrease in payables (including undistributed funds)	(4 174)	360
(Increase)decrease in employee benefits	-	40
(Increase)decrease in other liabilities	(2 786)	(5 199)
Net cost of providing services	(1 096)	(1 428)

21. Financial risk management

The Commission is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

Risk management is carried out by all areas of the organisation and risk management policies and practices are in accordance with the Australian Risk Management Standards and a corporate policy approved by the Commission.

The Commission has non-interest bearing assets (cash at bank, cash on hand and receivables) and liabilities (payables and other liabilities). The maturity of financial assets and liabilities are disclosed separately in the relevant notes: current items mature in less than 12 months; non-current items mature in more than 12 months.

The Commission's exposure to cash flow interest risk is minimal.

The Commission's exposure to credit risk is minimal. The major portion of monies owing relates to the operation of SA Lotteries' brands and products by Tatts as the Master Agent. It is not anticipated that parties will fail to discharge their obligations. The Commission has policies and procedures in place to ensure that transactions occur with parties with appropriate credit history.

Liquidity risk arises where an organisation is unable to meet its financial obligations as and when they fall due. The Commission has consistent and stable cash flows from the SA Government, which means its exposure to liquidity risk is minimal. The Commission's exposure to liquidity risk is insignificant based on current expectations regarding risk.

22. Transactions with SA Government

As required by APS 4.1 of Accounting Policy Framework II *General Purpose Financial Statements Framework*, the following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note		SA Government		Non-SA Government		Total	
		2017	2016	**2017**	2016	**2017**	2016
		$'000	$'000	$'000	$'000	$'000	$'000
	EXPENSES						
4.	**Employee benefits expenses**	111	45	460	830	571	875
6.	**Supplies and services**						
	External audit fees	73	70	-	-	73	70
	Operating leases	161	158	-	-	161	158
	Internal audit fees	-	-	129	145	129	145
	Computing and Communications	51	46	7	14	58	60
	Other	12	8	24	41	36	49
	Consultancies	-	-	4	-	4	-
	Other occupancy costs	-	-	30	33	30	33
	Total supplies and services	297	282	194	233	491	515
7.	**Master Agent fee**	-	-	54 624	57 124	54 624	57 124
	TOTAL EXPENSES (excluding depreciation and amortisation)	408	327	55 278	58 187	55 686	58 514
	INCOME						
8.	**Sales revenue**	-	-	450 095	463 917	450 095	463 917
9.	**Cost of sales**						
	Prizes	-	-	(272 487)	(279 959)	(272 487)	(279 959)
	Gambling tax on NGR	(72 819)	(75 423)	-	-	(72 819)	(75 423)
	Agents' commissions	-	-	(34 019)	(34 688)	(34 019)	(34 688)
	GST on NGR paid to the ATO	-	-	(16 146)	(16 723)	(16 146)	(16 723)
	Total cost of sales	(72 819)	(75 423)	(322 652)	(331 370)	(395 471)	(406 793)
	Other revenues	9	5	-	-	9	5
10.	**Revenues from SA Government**	777	-	-	-	777	-
	TOTAL INCOME	(72 033)	(75 418)	127 443	132 547	55 410	57 129
11.	**Cash and Cash Equivalents**						
	Deposits held at call and cash on hand	435	666	-	-	435	666
	Funds held by the Master Agent	-	-	55 870	49 525	55 870	49 525
	Total Cash and Cash Equivalents	435	666	55 870	49 525	56 305	50 191
12.	**Receivables**						
	Current						
	Prize settlements receivable from Blocs	-	-	1 264	1 772	1 264	1 772
	Agent debtors	-	-	1 541	2 564	1 541	2 564
	Sundry receivables	4	4	-	-	4	4
	Prepayments	2	3	-	-	2	3
	Total current receivables	6	7	2 805	4 336	2 811	4 343

Lotteries Commission of South Australia

Note		SA Government		Non-SA Government		Total	
		2017	2016	**2017**	2016	**2017**	2016
		$'000	$'000	$'000	$'000	$'000	$'000
	Non-current						
	Receivables from Master Agent	-	-	1 889	1 628	1 889	1 628
	Total non-current receivables	-	-	1 889	1 628	1 889	1 628
	Total receivables	6	7	4 694	5 964	4 700	5 971
14.	**Payables**						
	Current						
	Creditors and accrued expenses	128	86	463	925	591	1 011
	Prizes payable	-	-	13 382	14 752	13 382	14 752
	GST payable	-	-	779	413	779	413
	Undistributed funds	6 595	4 985	-	-	6 595	4 985
	Employment on-costs	26	32	-	-	26	32
	Total current payables	6 749	5 103	14 624	16 090	21 373	21 193
	Non-current						
	Prizes payable	-	-	9 130	5 135	9 130	5 135
	Employment on-costs	1	2	-	-	1	2
	Total non-current payables	1	2	9 130	5 135	9 131	5 137
	Total payables	6 750	5 105	23 754	21 225	30 504	26 330
17.	**Other Liabilities**						
	Current						
	Prize Reserve Funds	-	-	11 537	11 339	11 537	11 339
	Keno Prize Reserve	-	-	3 275	2 158	3 275	2 158
	Monday and Wednesday X Lotto Division 1 Prize Reserve	-	-	38	1 007	38	1 007
	Set for Life Division 1 Prize Reserve	-	-	672	(307)	672	(307)
	Unearned revenue - sales in advance	-	-	3 046	2 261	3 046	2 261
	Total current other liabilities	-	-	18 568	16 458	18 568	16 458
	Non-current						
	Unclaimed prize reserve	-	-	11 690	12 855	11 690	12 855
	Total non-current other liabilities	-	-	11 690	12 855	11 690	12 855
	Total other liabilities	-	-	30 258	29 313	30 258	29 313

Lotteries Commission of South Australia

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 2017 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.

Commissioner

David Hardy
Commissioner

Lesa Lum
Senior Management Accountant

13 September 2017

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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To the Commissioner
Lotteries Commission of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Lotteries Commission of South Australia for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Lotteries Commission of South Australia as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Commissioner and Senior Management Accountant.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Lotteries Commission of South Australia. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Commissioner for the financial report

The Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

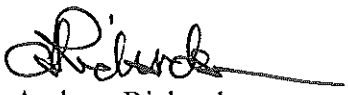
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson
Auditor-General
18 September 2017