



**Government  
of South Australia**

# Lotteries Commission of South Australia

## **2019-20 Annual Report**

Lotteries Commission of South Australia

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To:

The Honourable Robert Lucas, MLC

Treasurer

This annual report will be presented to Parliament to meet the statutory reporting requirements of *State Lotteries Act 1966* and 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:

Tracey Scott

Commissioner

Date \_\_\_\_\_

Signature \_\_\_\_\_

## From the Commissioner

The Lotteries Commission of South Australia (Commission) is responsible for the promotion and conduct of lotteries in South Australia in accordance with the provisions of the *State Lotteries Act 1966* (Act).

Tatts Lotteries SA Pty Ltd (Tatts) continues its appointment as the exclusive Master Agent to operate the Commission's products and brands for a term of 40 years. The Commission retains full accountability under the Act for lotteries in South Australia and is required to account for all transactions through the Lotteries Fund including distributions to the Hospitals Fund, utilisation of the prize reserves/funds, the making of ex gratia payments from the Unclaimed Prizes Reserve, together with the consideration of applications for new or enhanced Rules for lottery games.

The Commission's focus is one of regulation including compliance monitoring and enforcement, the assessment and approval of new lottery products/enhancements, and consumer protection to ensure that Tatts, as the Master Agent, complies with its obligations under the transaction documents and enables the Commission to fulfil its obligations under the Act.

As the majority of the Commission's games are subject to a national prize pooling arrangement (Bloc), the Commission remains a signatory to the national Bloc agreements. Tatts is the Commission's representative at the various Bloc meetings. Additionally, Tatts sells the games of Keno and Instant Scratch-Its tickets on behalf of the Commission. As an agent of the Commission, Tatts receives a Master Agency fee.

In 2019-20 the Commission's games sales reached a record \$552.22 million with \$331.05 million being paid in prizes to players.

As at 30 June 2020, the retail agency network comprised 614 agents selling the Commission's games. Retail agents received a commission on sales, totalling \$41.15 million.

The return to the State Government includes Gambling tax (41% of net gambling revenue) and 50% of prizes forfeited. Gambling tax of \$90.78 million and unclaimed prizes of \$1.59 million were available for return to government.

The Master Agent fee (net of agent's commission) accruing to Tatts in 2019-20 was \$69.24 million.

Tatts holds and operates the Lotteries Fund for and on behalf of the Commission, however the control of the Fund is retained by the Commission. As at 30 June 2020, the Fund held \$73.95 million and included game related liabilities of \$22.06 million and the Unclaimed Prizes Reserve of \$9.18 million.

Tracey Scott

**Commissioner**

Lotteries Commission of South Australia

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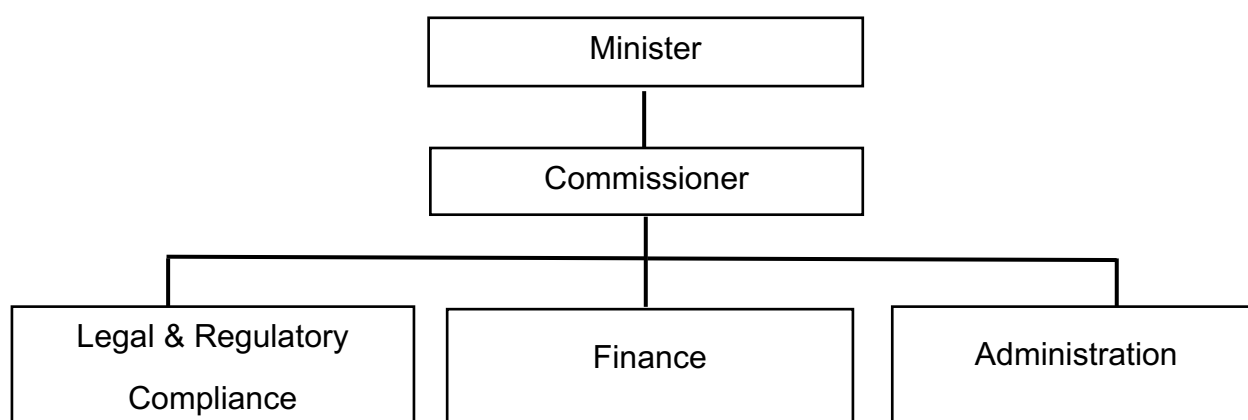
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## Overview: about the agency

### Our strategic focus

<b>Our Purpose</b>	To regulate the promotion and conduct of lotteries in South Australia.
<b>Our Vision</b>	<ol style="list-style-type: none"> <li>1. To ensure the operation of lotteries in South Australia complies with all regulatory and legal arrangements.</li> <li>2. To be a corporately responsible and respected organisation.</li> <li>3. To ensure returns to the Government on behalf of the community of South Australia.</li> </ol>
<b>Our Values</b>	In the regulation of the promotion and conduct of lotteries we will operate with integrity, accountability and respect.
<b>Our functions, objectives and deliverables</b>	Responsible for the promotion and conduct of lotteries in South Australia in accordance with the provisions of the <i>State Lotteries Act 1966</i> . Tatts Lotteries SA Pty Ltd (Tatts) has been appointed 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 transaction 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 are maintained.

### Our organisational structure



### Changes to the agency

Since January 2020 the Agency has been incorporated within the Department of Treasury and Finance to streamline the operating arrangements for the Lotteries

Commission of South Australia. Ms Tracey Scott was appointed Commissioner effective 1 January 2020.

### **Our Minister**

The Hon Robert Lucas MLC is the Treasurer and has ministerial responsibility for the Lotteries Commission of South Australia. The Treasurer has a range of specific powers delineated in the State Lotteries Act 1966, in addition to his broad range of ministerial powers.

### **Our Executive team**

Tracey Scott is the Commissioner and she is also responsible and accountable for

- Management of the affairs of the Commission;
- Efficient administration of the Commission within established policy, ensuring achievement of its objectives; and
- Administering and enforcement of the transaction documents to ensure compliance by the master agent of its obligations.

### **Legislation administered by the agency**

*State Lotteries Act 1966*

*Lotteries (General) Rules*

*Lotteries (Saturday X Lotto) Rules*

*Lotteries (Monday and 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*



**Other related agencies (within the Minister's area/s of responsibility).**

Department of Treasury and Finance

## Organisation & Governance, Financial Management, Reporting and Policy The agency's performance

### Performance at a glance

The Commission's games generated \$552.22 million in revenue in 2019-20, and contributed to the South Australian community via the distribution of:

- \$331.05 million in prize money to players of the Commission's games;
- \$92.37 million to the Hospitals Fund for the provision, maintenance, development and improvement of public hospitals and equipment for public hospitals; and
- \$41.15 million in commission earnings to retail agents.

The Commission's Master Agent fee expense for the operation of the lottery games in South Australia in 2019-20 was \$69.24 million.

The Commission paid \$ 8.96 million in GST payments.

### Agency contribution to whole of Government objectives

Key objective	Agency's contribution
More jobs	SA Lotteries' agencies are distributed amongst a variety of small business entities enabling the creation of more private sector jobs in South Australia.
Lower costs	The Commission's operating expenses were 2.8% more than the budgeted amount for the 2019-20 year. Expenditure is under constant review to ensure that the Commission can meet its obligations to attain the Government's efficiency dividend.
Better Services	The Commission supports and approves innovations that enhance the games and prize pools offered to the players of South Australia.

**Agency specific objectives and performance**

<b>Agency objectives</b>	<b>Indicators</b>	<b>Performance</b>
Ensuring the operation of lotteries in South Australia comply with regulatory and legal requirements.	<p>Monthly reconciliation of accounts of master agent.</p> <p>Monthly, quarterly and yearly compliance checking of master agents responsibilities against the transaction documents.</p>	Monthly process of verifying financial information to confirm actual income and expenditure, as reported in a monthly financial report to the Treasurer.
Ensuring returns to the Government on behalf of the community of South Australia	<p>Returns to State Government via gambling tax and unclaimed prizes.</p> <p>Return to Federal Government via GST payments.</p>	<p>Return to State Government of \$92.37 million.</p> <p>Return to Federal Government of \$8.96 million.</p>
Being seen as corporately responsible and a respectful organisation.	Initiative in place to move towards being paper free with a focus on creating digital records and reducing paper based files.	<p>100% new documents in digital format.</p> <p>75% existing files converted to digital format in line with records management policies and procedures.</p>

**Corporate performance summary**

<b>Games</b>	<b>2019-20 Sales</b>	<b>Percentage of total sales</b>	<b>2018-19 comparison</b>	<b>Value of prizes won</b>
Saturday X Lotto	\$133.8 million	24.2%	Increase of \$6.4 million or 5.1%	\$74.7 million
Monday & Wednesday X Lotto	\$38.1 million	6.9%	Increase of \$5.1 million or 15.3%	\$21.2 million
Oz Lotto	\$53.5 million	9.7%	Decrease of \$20.1 million or 27.4%	\$29.9 million
Powerball	\$142.9 million	25.9%	Increase of \$21.2 million or 17.4%	\$79.7 million
Super 66	\$ 1.5 million	0.2%	Decrease of \$0.3 million or 19.2%	\$0.8 million
Set for Life	\$24.7 million	4.5%	Increase of \$4.2 million or 20.6%	\$14.5 million
Lucky Lotteries – Super Jackpot	\$2 million	0.4%	Increase of \$0.7 million or 60.7%	\$1.1 million
Lucky Lotteries – Mega Jackpot	\$3.6 million	0.6%	Decrease of \$3.1 million or 46.4%	\$2 million
Instant Scratch-Its tickets	\$36.3 million	6.6%	Increase of \$4.3 million or 13.5%	\$21.8 million
Keno	\$115.8 million	21%	Decrease of \$4.8 million or 4%	\$85.3 million

### Employment opportunity programs

Program name	Performance
Nil to Report.	

### Agency performance management and development systems

Performance management and development system	Performance
Staff Performance Development Plan (developed by agency) and OurDevelopment Performance Plan	In the third quarter of the financial year, staff met with their Manager and the Commissioner to re-evaluate the identified key deliverables. At the end of the financial year, a performance discussion occurs in accordance with the staff member's performance development plan. Compliance - 0% of 2.4 FTE. (no assessment of Commissioner)

### Work health, safety and return to work programs

Program name	Performance
Nil to Report.	

Workplace injury claims	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total new workplace injury claims	0	0	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%

\*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

<b>Work health and safety regulations</b>	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Number of notifiable incidents ( <i>Work Health and Safety Act 2012, Part 3</i> )	0	0	0%
Number of provisional improvement, improvement and prohibition notices ( <i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i> )	0	0	0%

<b>Return to work costs**</b>	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total gross workers compensation expenditure (\$)	0	0	0%
Income support payments – gross (\$)	0	0	0%

\*\*before third party recovery

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/b7bfdbe1-1ec8-4717-a382-b81faa31d491>

### Executive employment in the agency

<b>Executive classification</b>	<b>Number of executives</b>
EXECOD	0

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

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

## Financial performance

### Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2019-20 are attached to this report.

<b>Statement of Comprehensive Income</b>	<b>2019-20 Budget \$000s</b>	<b>2019-20 Actual \$000s</b>	<b>Variation \$000s</b>	<b>Past year 2018-19 Actual \$000s</b>
Expenses	66,935	69,829	(2,894)	68,885
Revenues	66,355	69,291	(2,936)	67,915
<b>Net cost of providing services</b>	<b>580</b>	<b>538</b>	<b>42</b>	<b>970</b>
Net Revenue from SA Government	582	582	0	1,124
<b>Net result</b>	<b>2</b>	<b>44</b>	<b>42</b>	<b>154</b>
<b>Total Comprehensive Result</b>	<b>2</b>	<b>44</b>	<b>42</b>	<b>154</b>

<b>Statement of Financial Position</b>	<b>2019-20 Budget \$000s</b>	<b>2019-20 Actual \$000s</b>	<b>Variation \$000s</b>	<b>Past year 2018-19 Actual \$000s</b>
Current assets	82,492	78,402	4,090	75,483
Non-current assets	23	1,717	(1,694)	2,473
<b>Total assets</b>	<b>82,515</b>	<b>80,119</b>	<b>2,396</b>	<b>77,956</b>
Current liabilities	60,422	50,337	10,085	55,861
Non-current liabilities	21,953	29,534	(7,581)	21,960
<b>Total liabilities</b>	<b>82,375</b>	<b>79,871</b>	<b>2,504</b>	<b>77,821</b>
<b>Net assets</b>	<b>140</b>	<b>248</b>	<b>108</b>	<b>135</b>
<b>Equity</b>	<b>140</b>	<b>248</b>	<b>108</b>	<b>135</b>

**Consultants disclosure**

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

**Consultancies with a contract value below \$10,000 each**

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Spiros Sarris – Ellin Corporation	Records Disposal Schedule	4,000

**Consultancies with a contract value above \$10,000 each**

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Nil	Nil	Nil
	Total	\$ Nil

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

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

**Contractors disclosure**

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

**Contractors with a contract value below \$10,000**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All contractors below \$10,000 each - combined	Various	Nil

**Contractors with a contract value above \$10,000 each**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Nil	Nil	Nil
	Total	\$ Nil



Data for previous years is available at: <https://data.sa.gov.au/data/dataset/03064c8f-3d98-4d50-95ef-58fd50121de2>

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts](#).

The website also provides details of [across government contracts](#).

## Risk management

### Risk and audit at a glance

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 on 19 September 2019 to consider the business risks. All risks are managed appropriately.

### Fraud detected in the agency

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

*NB: Fraud reported includes actual and reasonably suspected incidents of fraud.*

### 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 previous years is available at <https://data.sa.gov.au/data/dataset/d7a16840-b3f7-4174-8ac6-64a2460d01b1>

### Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

0

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/d98275e3-b16c-478c-82a7-289ae0db7c00>

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

## Reporting required under any other act or regulation

Act or Regulation	Requirement
State Procurement Act 2004	s12(2)(d), s19(1) – Report of total procurement spend.

### Procurement Spend Summary (GST inc)

<b>(G) Goods Total:</b>	\$1,778
<b>(S) Services Total:</b>	\$76,247,773
<b>Total Procurement Spend:</b>	\$76,249,550

## Public complaints

### Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	1 (relates to conduct of Master Agent)
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	1 (relates to conduct of Master Agent)
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0

<b>Complaint categories</b>	<b>Sub-categories</b>	<b>Example</b>	<b>Number of Complaints 2019-20</b>
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		<b>Total</b>	<b>2</b>

<b>Additional Metrics</b>	<b>Total</b>
Number of positive feedback comments	0
Number of negative feedback comments	1
Total number of feedback comments	1
% complaints resolved within policy timeframes	100%

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/de24d329-35c2-41bd-8cd3-428f442b6d6c>

**Service Improvements resulting from complaints or consumer suggestions over 2019-20.**

During the year the Commission received two complaints, Professional Behaviour / Staff attitude and Service Delivery / System technology. Both of these were issues raised with the Master Agent and were dealt with in a prompt and efficient manner.

**Appendix: Audited financial statements 2019-20**