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**Government  
of South Australia**

# Lotteries Commission of South Australia

## **2020-21 Annual Report**

LOTTERIES COMMISSION OF SOUTH AUSTRALIA

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2020-21 ANNUAL REPORT for the Lotteries Commission of South Australia

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 30/09/2021

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.

During the current year the Government approved amendments to the *State Lotteries Act 1996* which will result in an increase to Retail Agent's commissions effective from 1 July 2021. This aligns South Australia's arrangement with those interstate.

Effective from 1 July Tatts also launched the Omni-Channel Program in South Australia in conjunction with the increase in agent's commission fees. The Omni-Channel is a digital purchase program which will enable retail agents to earn both a sign-up and ongoing commission when a customer of a retail agency signs up to the program

In 2020-21 the Commission's games sales reached a record \$607.6 million with \$352.1 million being paid in prizes to players.

As at 30 June 2021, the retail agency network comprised 622 agents selling the Commission's games. Retail agents received a commission on sales, totalling \$45.7 million.

The return to the State Government includes Gambling tax (41% of net gambling revenue) and 50% of prizes forfeited. Gambling tax of \$99.4 million and unclaimed prizes of \$1.6 million were returned to government.

The Master Agent fee (net of agent's commission) accruing to Tatts in 2020-21 was \$75.2 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 2021, the Fund held \$86.6 million and included game related liabilities of \$26.6 million and the Unclaimed Prizes Reserve of \$8.7 million.



Tracey Scott

**Commissioner**

Lotteries Commission of South Australia

<b>Contents Overview: about the agency .....</b>	<b>7</b>
Our strategic focus .....	7
Our organisational structure .....	7
Changes to the agency .....	8
Our Minister .....	8
Our Executive team .....	8
Legislation administered by the agency .....	8
Other related agencies (within the Minister's area/s of responsibility) .....	8
<b>The agency's performance .....</b>	<b>10</b>
Performance at a glance .....	10
Agency response to COVID-19 .....	10
Agency contribution to whole of Government objectives .....	10
Agency specific objectives and performance .....	10
Corporate performance summary .....	11
Employment opportunity programs .....	11
Agency performance management and development systems .....	12
Work health, safety and return to work programs .....	12
Executive employment in the agency .....	14
<b>Financial performance .....</b>	<b>15</b>
Financial performance at a glance .....	15
Consultants disclosure .....	15
Contractors disclosure .....	16
<b>Risk management .....</b>	<b>18</b>
Risk and audit at a glance .....	18
Fraud detected in the agency .....	18
Strategies implemented to control and prevent fraud .....	18
Public interest disclosure .....	18
<b>Reporting required under any other act or regulation .....</b>	<b>19</b>
State Procurement Act 2004 .....	19
<b>Public complaints .....</b>	<b>20</b>
Number of public complaints reported .....	20
Additional Metrics .....	21
Service Improvements .....	22

Compliance Statement..... 22

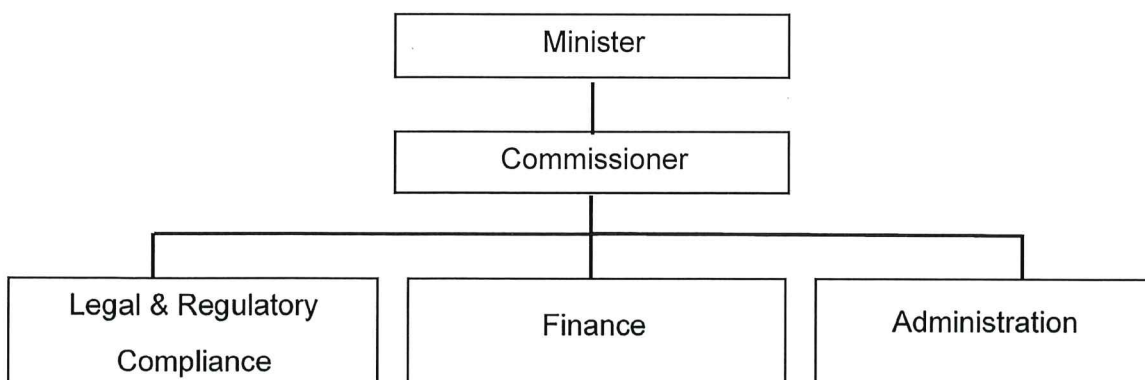
**Appendix: Audited financial statements 2020-21..... 23**

## 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 and the Hospitals Fund are maintained.

### Our organisational structure



## Changes to the agency

During 2020-21 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

## 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.

Tracey's role is supported by the relevant corporate functions within the Department of Treasury and Finance.

## 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

## The agency's performance

### Performance at a glance

The Commission's games generated \$607.6 million in revenue in 2020-21, and contributed to the South Australian community via the distribution of:

- \$352.1 million in prize money to players of the Commission's games;
- \$101.3 million to the Hospitals Fund for the provision, maintenance, development and improvement of public hospitals and equipment for public hospitals; and
- \$45.7 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 2020-21 was \$75.2 million.

The Commission paid \$9.8 million in GST payments.

### Agency response to COVID-19

The Lotteries Commission of South Australia has complied with all recommended requirements adopted by the public sector.

### 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 0.1% lower than the budgeted amount for the 2020-21 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

Agency objectives	Indicators	Performance
Ensuring the operation of lotteries in South Australia comply with regulatory and legal requirements.	Monthly reconciliation of accounts of master agent.  Monthly, quarterly and yearly compliance checking of master agent's responsibilities against the transaction documents.	Monthly process of verifying financial information to confirm actual income and expenditure, as reported in a quarterly financial report to the Treasurer.
Ensuring returns to the Government on behalf of the community of South Australia.	Returns to State Government via gambling tax and unclaimed prizes.  Return to Federal Government via GST payments.	Return to State Government of \$101.3 million.  Return to Federal Government of \$9.8 million.
Being seen as corporately responsible and a respectful inclusive organisation.	Initiative in place to move towards being paper free with a focus on creating digital records and reducing paper-based files.	100% new documents in digital format.  75% existing files converted to digital format in line with records management policies and procedures.

### Corporate performance summary

Games	2020 21 Sales	Percentage of total sales	2019 20 comparison	Value of prizes won
Saturday X Lotto	\$158.6 million	26.1%	Increase of \$24.8 million or 18.5%	\$91.1 million
Monday & Wednesday X Lotto	\$42.2 million	7.0%	Increase of \$4.1 million or 10.8%	\$27.6 million
Oz Lotto	\$54.2 million	8.9%	Increase of \$0.7 million or 1.3%	\$19.6 million
Powerball	\$129.9 million	21.4%	Decrease of \$13 million or 9.1%	\$44.4 million

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### 2020-21 ANNUAL REPORT for the Lotteries Commission of South Australia

Super 66	\$ 1.1 million	0.2%	Decrease of \$0.4 million or 26.7%	\$0.6 million
Set for Life	\$32.8 million	5.4%	Increase of \$8.1 million or 32.8%	\$22.3 million
Lucky Lotteries – Super Jackpot	\$2.1 million	0.3%	Increase of \$0.1 million or 5%	\$7.5 million
Lucky Lotteries – Mega Jackpot	\$1.9 million	0.3%	Decrease of \$1.7 million or 47.2%	\$0.6 million
Instant Scratch- Its tickets	\$38.8 million	6.4%	Increase of \$2.5 million or 6.9%	\$14.1 million
Keno	\$146.0 million	24%	Increase of \$30.2 million or 26.1%	\$105.6 million

#### Employment opportunity programs

Program name	Performance
COVID-19 Government Mobilisation	The Lotteries Commission of South Australia complied with the public sector recommendation and mobilised a staff member to work with SAPOL at the Adelaide Airport processing incoming passengers.

#### Agency performance management and development systems

Performance management and development system	Performance
OurDevelopment Performance Plan	Nil to Report.

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

Program name	Performance
Nil to Report	

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<b>Workplace injury claims</b>	<b>Current year 2020-21</b>	<b>Past year 2019-20</b>	<b>% Change (+ / -)</b>
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>	<b>Current year 2020-21</b>	<b>Past year 2019-20</b>	<b>% Change (+ / -)</b>
Number of notifiable incidents ( <i>Work Health and Safety Act 2012, Part 3</i> )	0	0	0%
Number of provisional improvements, 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>	<b>Current year 2020-21</b>	<b>Past year 2019-20</b>	<b>% Change (+ / -)</b>
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**

Executive classification	Number of executives
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 2020-2021 are attached to this report.

Statement of Comprehensive Income	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	Past year 2019-20 Actual \$000s
Total Income	608,598	607,955	643	552,364
Total Expenses *	608,598	607,956	642	552,902
<b>Net cost of providing services</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>(538)</b>
Net Revenue from SA Government	0	0	0	582
<b>Net Result</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>44</b>
<b>Total Comprehensive Result</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>44</b>

\*cost of sales are included in total expenses.

Statement of Financial Position	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	Past year 2019-20 Actual \$000s
Current assets	85,854	96,065	(10,211)	78,402
Non-current assets	0	2,120	(2,120)	1,717
<b>Total assets</b>	<b>85,854</b>	<b>98,185</b>	<b>(12,331)</b>	<b>80,119</b>
Current liabilities	56,070	61,332	(5,262)	50,337
Non-current liabilities	29,534	36,606	(7,072)	29,534
<b>Total liabilities</b>	<b>85,604</b>	<b>97,938</b>	<b>(12,334)</b>	<b>79,871</b>
<b>Net assets</b>	<b>250</b>	<b>247</b>	<b>3</b>	<b>248</b>
<b>Equity</b>	<b>250</b>	<b>247</b>	<b>3</b>	<b>248</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**

Consultancies	Purpose	\$ Actual payment
Nil	Nil	\$ Nil
	Total	\$ Nil

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

Consultancies	Purpose	\$ Actual payment
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**

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

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

Contractors	Purpose	\$ Actual payment
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. The Commission met with their external auditors PricewaterhouseCoopers who compiled a three-year internal audit plan in December 2020.

### 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 and control framework in addition to fraud and corruption reporting;
- 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/2a17b674-97da-48a9-9ad3-55c026eab62a>

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**

<b>Act or Regulation</b>	<b>Requirement</b>
State Procurement Act 2004	S12(2)(d), s19(1) – Report of total procurement spend.

**Procurement Spend Summary (GST inc)**

<b>(G) Goods Total:</b>	<b>\$0</b>
<b>(\$) Services Total:</b>	<b>\$82,751,893</b>
<b>Total Procurement Spend:</b>	<b>\$82,751,893</b>

## Public complaints

### Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
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	1
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	0
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
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

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## 2020-21 ANNUAL REPORT for the Lotteries Commission of South Australia

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
Service quality	Information	Incorrect, incomplete, outdated 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>1</b>

Additional Metrics	Total
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**

During the year the Commission received one complaint, Communication Quality. This issue was raised with the Master Agent and was dealt with in a prompt and efficient manner.

### **Compliance Statement**

Lotteries Commission of South Australia is compliant with Premier and Cabinet Circular PC 039 – complaint management in the South Australian public sector	Y
Lotteries Commission of South Australia has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees.	Y

## **Appendix: Audited financial statements 2020-21**

# Lotteries Commission of South Australia

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Sales revenue	8	607 622	552 218
Cost of sales	9	532 394	482 983
<b>Gross margin</b>		<b>75 228</b>	<b>69 235</b>
Resources received free of charge	10	333	144
Revenues from SA Government	11	-	582
Other revenues		-	2
<b>Total income</b>		<b>75 561</b>	<b>69 963</b>
<b>Expenses</b>			
Employee benefits expenses	4	-	241
Supplies and services	6	334	438
Master Agent fee	7	75 228	69 235
Amortisation expense		-	5
<b>Total expenses</b>		<b>75 562</b>	<b>69 919</b>
<b>Net result</b>		<b>( 1)</b>	<b>44</b>
<b>Total comprehensive result</b>		<b>( 1)</b>	<b>44</b>

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 2021

	Note	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	12	86 859	74 285
Receivables	13	9 206	4 117
<b>Total current assets</b>		<b>96 065</b>	<b>78 402</b>
<b>Non-current assets</b>			
Receivables	13	2 120	1 717
<b>Total non-current assets</b>		<b>2 120</b>	<b>1 717</b>
<b>Total assets</b>		<b>98 185</b>	<b>80 119</b>
<b>Current liabilities</b>			
Payables	14	34 776	28 281
Game related liabilities	16	26 556	22 056
<b>Total current liabilities</b>		<b>61 332</b>	<b>50 337</b>
<b>Non-current liabilities</b>			
Payables	14	27 870	20 354
Game related liabilities	16	8 736	9 180
<b>Total non-current liabilities</b>		<b>36 606</b>	<b>29 534</b>
<b>Total liabilities</b>		<b>97 938</b>	<b>79 871</b>
<b>Net assets</b>		<b>247</b>	<b>248</b>
<b>Equity</b>			
Retained earnings		247	248
<b>Total equity</b>		<b>247</b>	<b>248</b>

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

Contingent assets and liabilities

17

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 2021

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2019	135	135
Net Result for 2019-20	44	44
Total comprehensive result for 2019-20	44	44
Liabilities transferred as a result of an administrative restructure	69	69
Balance at 30 June 2020	248	248
Net result for 2020-21	( 1)	( 1)
Total comprehensive result for 2020-21	( 1)	( 1)
Balance at 30 June 2021	247	247

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 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<b><i>Cash outflows</i></b>			
Prizes paid		(352 073)	(325 624)
Payments to suppliers and employees		( 194)	(1 435)
Master Agent fee payments		(87 358)	(80 392)
GST paid to the Australian Taxation Office		(9 799)	(8 957)
Distribution of funds to SA Government	15	(101 260)	(93 194)
<b>Cash used in operations</b>		<b>(550 684)</b>	<b>(509 602)</b>
<b><i>Cash inflows</i></b>			
Receipts from customers		563 258	513 141
SA Government subsidy	11	-	582
<b>Cash generated from operations</b>		<b>563 258</b>	<b>513 723</b>
<b>Net cash provided by (used in) operating activities</b>		<b>12 574</b>	<b>4 121</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>12 574</b>	<b>4 121</b>
Cash and cash equivalents at the beginning of the financial year		74 285	70 164
<b>Cash and cash equivalents at the end of the financial year</b>	12	<b>86 859</b>	<b>74 285</b>

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

## Lotteries Commission of South Australia

### INDEX TO NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Establishment and function of the Lotteries Commission of South Australia	Note 1
Basis of preparation	Note 2
New and revised accounting standards and policies	Note 3
<b>Expense notes</b>	
Employee benefits expenses	Note 4
Key management personnel	Note 5
Supplies and services	Note 6
Master Agent fee	Note 7
<b>Income notes</b>	
Sales revenue	Note 8
Cost of sales	Note 9
Resources received free of charge	Note 10
Revenues from SA Government	Note 11
<b>Asset notes</b>	
Cash and cash equivalents	Note 12
Receivables	Note 13
<b>Liability notes</b>	
Payables	Note 14
Distribution of funds to SA Government	Note 15
Game related liabilities	Note 16
<b>Other notes</b>	
Contingent assets and liabilities	Note 17
Financial risk management	Note 18

# Lotteries Commission of South Australia

## 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), as a subsidiary company of Tabcorp Holdings Limited, 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.

From 1 April 2020 all office administration functions of the Commission were transferred to Department of Treasury and Finance (DTF).

### 2. Basis of preparation

The financial statements have been prepared based on a 12 month reporting period and are presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

The accounting policies set out in the notes have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented.

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

Assets and Liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non current.

For the 2020-21 financial statements the Commissioner is required to comply with the new Treasurer's Instruction (Accounting Policy Statements) changes effective 30 June 2021.

#### (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 financial statements have been prepared in accordance with relevant Australian Accounting Standards with reduced disclosure requirements and comply with Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer 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) 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.

#### (c) 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.

## Lotteries Commission of South Australia

### (d) 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 DTF to remit directly to the ATO on behalf of the Commission. The GST on NGR is treated as a cost of sales.

Other 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.

### (e) 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.

### (f) Events after the reporting period

There have been no events subsequent to 30 June 2021 that have had a material impact on the information disclosed in these financial statements.

### (g) Continuity of operations

The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Commission to enable it to perform its functions.

## 3. New and revised Accounting Standards and policies

The Commission did not voluntarily change any of its accounting policies during 2020-2021.

## Lotteries Commission of South Australia

4. Employee benefits expenses	2021	2020
	\$'000	\$'000
Salaries	-	255
Annual leave	-	6
Long service leave	-	( 34)
Skills and experience retention leave	-	1
Employment on-costs - other	-	3
Employment on-costs - superannuation contributions	-	10
<b>Total employee benefits expenses</b>	<b>-</b>	<b>241</b>

For the 2019-20 financial year employee benefit expenses are for the period 1 July 2019 until 27 March 2020. From 28 March 2020 all employees were transferred to DTF and therefore no employee benefit expenses incurred after this date are included in the Commission's financial statements.

### 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 million (\$0.290 million).

	2021	2020
	No.	No.
The number of employees whose remuneration received or receivable falls within the following band:		
\$274 001 - \$294 000	-	1
<b>Total number of employees</b>	<b>-</b>	<b>1</b>

### 5. Key management personnel

The key management personnel are the Treasurer and the Commissioner who have responsibility for the direction and management of the Commission.

The key management personnel comprised the following persons for 2020-21 financial year unless otherwise stated:

Hon R Lucas MLC - Treasurer

H T Scott - Commissioner \*

Total compensation for key management personnel was nil in 2020-21 (\$0.290 million in 2019-20).

\*As an employee of the Department of Treasury and Finance. Ms Scott does not receive remuneration from the Commission for her duties as Commissioner.

Salaries and other benefits the Treasurer receives are excluded from the totals above. The Treasurer'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*.

## Lotteries Commission of South Australia

6. Supplies and services	2021	2020
	\$'000	\$'000
Accommodation lease	-	107
Internal audit fees	-	31
External audit fees	-	84
Computing and communications	1	25
Net loss on disposal of assets	-	16
Services paid by DTF	333	144
Other	-	14
Other occupancy costs	-	17
<b>Total supplies and services</b>	<b>334</b>	<b>438</b>

The Commission paid for all supplies and services incurred up to 31 March 2020. From 1 April 2020 DTF assumed responsibility for the payment of the Commissions supplies and services (excluding MYOB subscriptions fees and 2019-20 external audit fees). External Audit fees for the 2020-21 are included in Services paid by DTF.

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

The Commission receives services provided free of charge were \$0.333 million in 2020-21 (\$0.144 million in 2019-20), and were expensed at fair value. A corresponding resources received free of charge has been recognised as income. In 2020-21 additional expenditure related to 2019-20 was identified as services paid by DTF. The comparative has been adjusted to reflect the additional amount of \$0.090 million.

	2021 No.	2020 No.	2021 \$'000	2020 \$'000
<b>Consultancies</b>				
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
<b>Total paid/payable to consultants engaged</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4</b>

7. Master Agent fee	2021	2020
	\$'000	\$'000
Gross sales	607 622	552 218
less prizes	365 312	331 051
less gambling tax on NGR	99 347	90 678
less GST on NGR	22 028	20 106
<b>Gross Master Agent fee (including Agents' commissions)</b>	<b>120 935</b>	<b>110 383</b>
less Agents' commissions	45 707	41 148
<b>Net Master Agent fee</b>	<b>75 228</b>	<b>69 235</b>

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.

## Lotteries Commission of South Australia

8. Sales revenue	2021	2020
	\$'000	\$'000
Saturday X Lotto	158 599	133 843
Keno	146 024	115 803
Powerball	129 856	142 942
Oz Lotto	54 151	53 497
Monday and Wednesday X Lotto	42 242	38 059
Instant Scratch tickets	38 836	36 328
Set for Life	32 797	24 664
Lucky Lotteries - Super Jackpot	2 146	2 039
Lucky Lotteries - Mega Jackpot	1 883	3 585
Super 66	1 088	1 458
<b>Total sales revenue</b>	<b>607 622</b>	<b>552 218</b>

Sales revenue includes Agents' commissions.

Sales revenue for Saturday X Lotto, Monday and Wednesday X Lotto, Oz Lotto, Powerball, Keno, Super 66, 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.

9. Cost of sales	2021	2020
	\$'000	\$'000
Prizes	365 312	331 051
Gambling tax on net gambling revenue	99 347	90 678
Agents' commissions	45 707	41 148
GST on net gambling revenue	22 028	20 106
<b>Total cost of sales</b>	<b>532 394</b>	<b>482 983</b>

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.

10. Resources received free of charge	2021	2020
	\$'000	\$'000
Services received free of charge - Department of Treasury and Finance	333	144
<b>Total resources received free of charge</b>	<b>333</b>	<b>144</b>

Resources received free of charge related to services being paid for by DTF. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. A corresponding Services paid by DTF has been recognised as expense. In 2020-21 additional resources received free of charge related to 2019-20 was identified and the comparative has been adjusted to reflect the additional amount of \$0.090 million.

11. Revenues from SA Government	2021	2020
	\$'000	\$'000
Revenues from SA Government	-	582
<b>Total revenues from SA Government</b>	<b>-</b>	<b>582</b>

The Commission no longer receives a subsidy from the SA Government.

The subsidy ceased 31 March 2020 on the transfer of the office administration functions to DTF.

## Lotteries Commission of South Australia

12. Cash and cash equivalents	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	247	332
Funds held by the Master Agent	86 612	73 953
<b>Total cash and cash equivalents</b>	<b>86 859</b>	<b>74 285</b>

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.

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 with the Treasurer, 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 the Westpac Banking Corporation.

Cash is measured at nominal value.

### Deposits with the Treasurer

The Commission has one special deposit account with the Treasurer, a general operating account. The Commission does not earn interest on its deposits with the Treasurer.

13. Receivables	2021	2020
	\$'000	\$'000
<b>Current</b>		
Agent debtors	2 280	2 691
Prize settlements receivable from Blocs	6 926	1 426
<b>Total current receivables</b>	<b>9 206</b>	<b>4 117</b>
<b>Non-current</b>		
Receivable from Master Agent	2 120	1 717
<b>Total non-current receivables</b>	<b>2 120</b>	<b>1 717</b>
<b>Total receivables</b>	<b>11 326</b>	<b>5 834</b>

Receivables include amounts receivable from agents and other parties and prize settlements receivable from lottery operators in other States participating in inter-jurisdictional prize pooling arrangements. Receivables 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, Set for Life, Lucky Lotteries and Instant Scratch-Its 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.

## Lotteries Commission of South Australia

### *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. As at 30 June 2021 the major portion of monies owing relates to amounts receivable from Bloc members for monies due from other jurisdictions for prizes won in South Australia.

### *Net Fair Values*

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

14. Payables	2021 \$'000	2020 \$'000
<b>Current</b>		
Prizes payable	23 668	16 734
Distribution of funds to SA Government payable (note 16)	9 244	9 537
GST payable	1 121	1 097
Agent commission payable	743	913
<b>Total current payables</b>	<b>34 776</b>	<b>28 281</b>
<b>Non-current</b>		
Prizes payable	27 870	20 354
<b>Total non-current payables</b>	<b>27 870</b>	<b>20 354</b>
<b>Total payables</b>	<b>62 646</b>	<b>48 635</b>

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

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.

### *Interest rate and credit risk*

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

## Lotteries Commission of South Australia

### 15. Distribution of funds to SA Government

	Balance 1 July \$'000	Distribution		Balance 30 June \$'000
		Provided \$'000	(Paid) \$'000	
<b>Distribution to Hospital Fund</b>				
Gambling tax	9 391	99 399	(99 647)	9 143
Unclaimed prizes	146	1 568	(1 613)	101
<b>Totals 2020-21</b>	9 537	100 967	(101 260)	9 244
<b>Totals 2019-20</b>	10 364	92 367	(93 194)	9 537

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 Net Gambling Revenue (NGR);
- making allowances for operating and capital expenses;
- in respect of Special Appeal Lotteries (note 2(e)), 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 are detailed in this note.

## Lotteries Commission of South Australia

16. Game related liabilities	2021	2020
	\$'000	\$'000
<b>Current</b>		
Prize Reserve Funds (a)	14 602	13 783
Keno Prize Reserve (b)	3 985	3 499
Monday and Wednesday X Lotto Division 1 Prize Reserve (c)	1 411	456
Set for Life Division 1 Prize Reserve (d)	1 887	982
Unearned revenue - sales in advance	4 671	3 336
<b>Total current game related liabilities</b>	<b>26 556</b>	<b>22 056</b>
<b>Non-current</b>		
Unclaimed prizes reserve (e)	8 736	9 180
<b>Total non-current game related liabilities</b>	<b>8 736</b>	<b>9 180</b>
<b>Total game related liabilities</b>	<b>35 292</b>	<b>31 236</b>

**(a) Prize Reserve Funds**

Balance at 1 July	13 783	14 710
Allocated to prize reserve funds	16 851	15 111
Applied to additional or increased prizes	(16 032)	(16 038)
<b>Balance at 30 June</b>	<b>14 602</b>	<b>13 783</b>

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, 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	3 499	2 835
Allocated to prize reserve	106 109	84 125
Applied to prizes	(105 623)	(83 461)
<b>Balance at 30 June</b>	<b>3 985</b>	<b>3 499</b>

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	456	-
Allocated to prize reserve	8 192	7 664
Applied to prizes	(7 237)	(7 208)
<b>Balance at 30 June</b>	<b>1 411</b>	<b>456</b>

In accordance with the Game Rules, the Monday and Wednesday X Lotto Division 1 Prize Reserve was funded by 21% of net sales (gross sales less Agents' commissions) to meet Division 1 prizes until 19 May 2021. From 24 May 2021 onwards the percentage was 20%.

## Lotteries Commission of South Australia

	2021 \$'000	2020 \$'000
<b>(d) Set for Life Division 1 Prize Reserve</b>		
Balance at 1 July	982	324
Allocated to prize reserve	6 099	5 231
Applied to prizes	(5 194)	(4 573)
Balance at 30 June	1 887	982

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.

<b>(e) Unclaimed Prizes Reserve</b>		
Balance at 1 July	9 180	9 673
Unclaimed monies forfeited	3 137	3 183
Balance before distributions	12 317	12 856
Monies provided for distribution to the Hospitals Fund	(1 568)	(1 592)
Applied to additional or increased prizes in subsequent lottery draws, prizes in promotional lotteries or ex gratia payments	(2 013)	(2 084)
Balance at 30 June	8 736	9 180

Other than a prize in a Special Appeal Lottery (note 2(e)), 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 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.

There were no amounts derived from unclaimed prizes in sports lotteries or special lotteries during the financial year.

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.

## Lotteries Commission of South Australia

### 17. Contingent assets and liabilities

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

The Commission has made no guarantees.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed by way of a note and if quantifiable are measured at nominal value.

### 18. Financial risk management

The Commission's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Risk Management assessments are carried out by the Commission. Commission risk management policies have been established in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer.

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.

## Lotteries Commission of South Australia

### Certification of the Financial Statements

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

- comply with relevant Treasurer's Instructions 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 the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Lotteries Commission of South Australia for the financial year over its financial reporting and its preparation of financial statements have been effective.



**Tracey Scott**  
Commissioner



**Les Jones**  
Director, Financial Services, Department of Treasury and Finance

29 September 2021



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## To the Commissioner Lotteries Commission of South Australia

### Opinion

I have audited the financial report of the Lotteries Commission of South Australia for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Lotteries Commission of South Australia at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Commissioner and Director, Financial Services, Department of Treasury and Finance.

### 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have 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 relevant Treasurer's Instructions issued 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.

In preparing the financial report, the Commissioner is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18A(2) of the *State Lotteries Act 1966*, I have audited the financial report of the Lotteries Commission of South Australia for the financial year ended 30 June 2021.

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, but not for the purpose of expressing an opinion on the effectiveness of the Lotteries Commission of South Australia's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner
- conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 about, 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**

30 September 2021