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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 2022.

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 2022, 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 – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material 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 – Simplified Reporting Requirements, 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. 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 2022.

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.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

10 February 2023

Lotteries Commission of South Australia

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Sales revenue	7	643 040	607 622
Cost of sales	8	564 274	532 394
<b>Gross margin</b>		<b>78 766</b>	<b>75 228</b>
Resources received free of charge	9	468	333
<b>Total income</b>		<b>79 234</b>	<b>75 561</b>
<b>Expenses</b>			
Supplies and services	5	468	334
Master Agent fee	6	78 766	75 228
Payment made to consolidated account		247	-
<b>Total expenses</b>		<b>79 481</b>	<b>75 562</b>
<b>Net result</b>		<b>(247)</b>	<b>(1)</b>
<b>Total comprehensive result</b>		<b>(247)</b>	<b>(1)</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 2022

	Note	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	10	99 120	86 859
Receivables	11	7 292	9 206
<b>Total current assets</b>		<b>106 412</b>	<b>96 065</b>
<b>Non-current assets</b>			
Receivables	11	3 315	2 120
<b>Total non-current assets</b>		<b>3 315</b>	<b>2 120</b>
<b>Total assets</b>		<b>109 727</b>	<b>98 185</b>
<b>Current liabilities</b>			
Payables	12	37 019	34 776
Game related liabilities	14	24 054	26 556
<b>Total current liabilities</b>		<b>61 073</b>	<b>61 332</b>
<b>Non-current liabilities</b>			
Payables	12	39 631	27 870
Game related liabilities	14	9 023	8 736
<b>Total non-current liabilities</b>		<b>48 654</b>	<b>36 606</b>
<b>Total liabilities</b>		<b>109 727</b>	<b>97 938</b>
<b>Net assets</b>		<b>-</b>	<b>247</b>
<b>Equity</b>			
Retained earnings		-	247
<b>Total equity</b>		<b>-</b>	<b>247</b>

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

Contingent assets and liabilities

15

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 2022

	Retained Earnings \$'000	Total \$'000
<b>Balance at 30 June 2020</b>	248	248
Net Result for 2020-21	(1)	(1)
<b>Total comprehensive result for 2020-21</b>	<b>(1)</b>	<b>(1)</b>
<b>Balance at 30 June 2021</b>	<b>247</b>	<b>247</b>
Net result for 2021-22	(247)	(247)
<b>Total comprehensive result for 2021-22</b>	<b>(247)</b>	<b>(247)</b>
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>

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 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Prizes paid		(358 225)	(352 073)
Payments to suppliers		-	( 194)
Payments made to consolidated account		( 247)	-
Master Agent fee payments		(91 010)	(87 358)
GST paid to the Australian Taxation Office		(10 130)	(9 799)
Distribution of funds to SA Government	13	(105 342)	(101 260)
<b>Cash used in operations</b>		<b>(564 954)</b>	<b>(550 684)</b>
<b>Cash inflows</b>			
Receipts from customers		577 215	563 258
<b>Cash generated from operations</b>		<b>577 215</b>	<b>563 258</b>
<b>Net cash provided by (used in) operating activities</b>		<b>12 261</b>	<b>12 574</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>12 261</b>	<b>12 574</b>
Cash and cash equivalents at the beginning of the financial year		86 859	74 285
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>99 120</b>	<b>86 859</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>	
Key management personnel	Note 4
Supplies and services	Note 5
Master Agent fee	Note 6
<b>Income notes</b>	
Sales revenue	Note 7
Cost of sales	Note 8
Resources received free of charge	Note 9
<b>Asset notes</b>	
Cash and cash equivalents	Note 10
Receivables	Note 11
<b>Liability notes</b>	
Payables	Note 12
Distribution of funds to SA Government	Note 13
Game related liabilities	Note 14
<b>Other notes</b>	
Contingent assets and liabilities	Note 15



# 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.

In June 2022 there was a demerger by Tabcorp Holdings Limited of its Lotteries & Keno business, creating a standalone Lotteries & Keno business with an ultimate holding company, The Lottery Corporation Limited. Tatt Lotteries SA Pty Ltd (Tatts) is now a subsidiary of The Lottery Corporation Limited.

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 2022 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.

#### (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 2022 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 2021-2022.

## Lotteries Commission of South Australia

### 4. 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 2021-22 financial year unless otherwise stated:

Hon R Lucas MLC - Treasurer - ceased 21 March 2022  
 Hon S Mullighan MP - Treasurer - appointed 21 March 2022  
 H T Scott - Commissioner \*

Total compensation for key management personnel was nil in 2021-22 (nil in 2020-21).

\*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*.

### 5. Supplies and services

	2022	2021
	\$'000	\$'000
Computing and communications	-	1
Services paid by DTF	468	333
<b>Total supplies and services</b>	<b>468</b>	<b>334</b>

The Commission has arranged through 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 totalling \$0.468 million in 2021-22 (\$0.333 million in 2020-21), and these were expensed at fair value. A corresponding resources received free of charge has been recognised as income.

### 6. Master Agent fee

	2022	2021
	\$'000	\$'000
Gross sales	643 040	607 622
less prizes	376 562	365 312
less gambling tax on NGR	104 922	99 347
less GST on NGR and Agents' commissions	24 225	22 028
<b>Gross Master Agent fee (including Agents' commissions)</b>	<b>137 331</b>	<b>120 935</b>
less Agents' commissions	58 565	45 707
<b>Net Master Agent fee</b>	<b>78 766</b>	<b>75 228</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.

From 1 July 2021 the commission percentage increased to be in line with the other jurisdictions. Amendments were made to section 16 of the *State Lotteries Act 1966* for the calculation of net gambling revenue and the gambling tax.



## Lotteries Commission of South Australia

7. Sales revenue	2022	2021
	\$'000	\$'000
Powerball	176 216	129 856
Saturday X Lotto	159 896	158 599
Keno	137 236	146 024
Oz Lotto	55 671	54 151
Monday and Wednesday X Lotto	38 875	42 242
Instant Scratch tickets	34 666	38 836
Set for Life	33 744	32 797
Lucky Lotteries - Super Jackpot	3 394	2 146
Lucky Lotteries - Mega Jackpot	1 966	1 883
Super 66	1 376	1 088
<b>Total sales revenue</b>	<b>643 040</b>	<b>607 622</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.

8. Cost of sales	2022	2021
	\$'000	\$'000
Prizes	376 562	365 312
Gambling tax on net gambling revenue	104 922	99 347
Agents' commissions	58 565	45 707
GST on net gambling revenue and Agents' commissions	24 225	22 028
<b>Total cost of sales</b>	<b>564 274</b>	<b>532 394</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.

9. Resources received free of charge	2022	2021
	\$'000	\$'000
Services received free of charge - Department of Treasury and Finance	468	333
<b>Total resources received free of charge</b>	<b>468</b>	<b>333</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.

## Lotteries Commission of South Australia

10. Cash and cash equivalents	2022	2021
	\$'000	\$'000
Deposits with the Treasurer	-	247
Funds held by the Master Agent	99 120	86 612
<b>Total cash and cash equivalents</b>	<b>99 120</b>	<b>86 859</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. The remaining balance of this account was transferred to the DTF operating account in June 2022. This account was closed in July 2022.

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.

11. Receivables	2022	2021
	\$'000	\$'000
<b>Current</b>		
Agent debtors	6 360	2 280
Prize settlements receivable from Blocs	932	6 926
<b>Total current receivables</b>	<b>7 292</b>	<b>9 206</b>
<b>Non-current</b>		
Receivable from Master Agent	3 315	2 120
<b>Total non-current receivables</b>	<b>3 315</b>	<b>2 120</b>
<b>Total receivables</b>	<b>10 607</b>	<b>11 326</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.

#### *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 2022 the major portion of monies owing relates to agent debtors for monies due from agents relating to sales.

#### *Net Fair Values*

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

## Lotteries Commission of South Australia

12. Payables	2022	2021
	\$'000	\$'000
<b>Current</b>		
Prizes payable	22 161	23 668
Distribution of funds to SA Government payable (note 13)	11 144	9 244
GST payable	1 358	1 121
Agent commission payable	2 356	743
<b>Total current payables</b>	<b>37 019</b>	<b>34 776</b>
<b>Non-current</b>		
Prizes payable	39 631	27 870
<b>Total non-current payables</b>	<b>39 631</b>	<b>27 870</b>
<b>Total payables</b>	<b>76 650</b>	<b>62 646</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.

## 13. Distribution of funds to SA Government

	Balance	Distribution		Balance
	1 July \$'000	Provided \$'000	(Paid) \$'000	30 June \$'000
<b>Distribution to Hospital Fund</b>				
Gambling tax	9 143	104 923	(103 014)	11 052
Unclaimed prizes	101	2 318	(2 328)	91
<b>Totals 2021-22</b>	<b>9 244</b>	<b>107 241</b>	<b>(105 342)</b>	<b>11 143</b>
<b>Totals 2020-21</b>	<b>9 537</b>	<b>100 967</b>	<b>(101 260)</b>	<b>9 244</b>

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 48.9 per cent on NGR in respect of all lotteries (except Keno which is 61.1% and Coin Toss which is 61.38%) conducted by the Commission except sports lotteries, special lotteries and special appeal lotteries (for 2020-21 gambling tax was 41 per cent of NGR);
- (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

14. Game related liabilities	2022	2021
	\$'000	\$'000
<b>Current</b>		
Prize Reserve Funds (a)	17 752	14 602
Keno Prize Reserve (b)	3 437	3 985
Monday and Wednesday X Lotto Division 1 Prize Reserve (c)	60	1 411
Set for Life Division 1 Prize Reserve (d)	120	1 887
Unearned revenue - sales in advance	2 685	4 671
<b>Total current game related liabilities</b>	<b>24 054</b>	<b>26 556</b>
<b>Non-current</b>		
Unclaimed prizes reserve (e)	9 023	8 736
<b>Total non-current game related liabilities</b>	<b>9 023</b>	<b>8 736</b>
<b>Total game related liabilities</b>	<b>33 077</b>	<b>35 292</b>

**(a) Prize Reserve Funds**

Balance at 1 July	14 602	13 783
Allocated to prize reserve funds	17 477	16 851
Applied to additional or increased prizes	(14 327)	(16 032)
<b>Balance at 30 June</b>	<b>17 752</b>	<b>14 602</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	3 985	3 499
Allocated to prize reserve	99 895	106 109
Applied to prizes	(100 443)	(105 623)
<b>Balance at 30 June</b>	<b>3 437</b>	<b>3 985</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	1 411	456
Allocated to prize reserve	7 251	8 192
Applied to prizes	(8 602)	(7 237)
<b>Balance at 30 June</b>	<b>60</b>	<b>1 411</b>

In accordance with the Game Rules, the Monday and Wednesday X Lotto Division 1 Prize Reserve was funded by 20% of net sales (gross sales less Agents' commissions) to meet Division 1.



## Lotteries Commission of South Australia

	2022	2021
	\$'000	\$'000
<b>(d) Set for Life Division 1 Prize Reserve</b>		
Balance at 1 July	1 887	982
Allocated to prize reserve	6 119	6 099
Applied to prizes	(7 886)	(5 194)
Balance at 30 June	120	1 887

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	8 736	9 180
Unclaimed monies forfeited	4 636	3 137
Balance before distributions	13 372	12 317
Monies provided for distribution to the Hospitals Fund	(2 318)	(1 568)
Applied to additional or increased prizes in subsequent lottery draws, prizes in promotional lotteries or ex gratia payments	(2 031)	(2 013)
Balance at 30 June	9 023	8 736

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.

### 15. 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.

# 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

8 February 2023