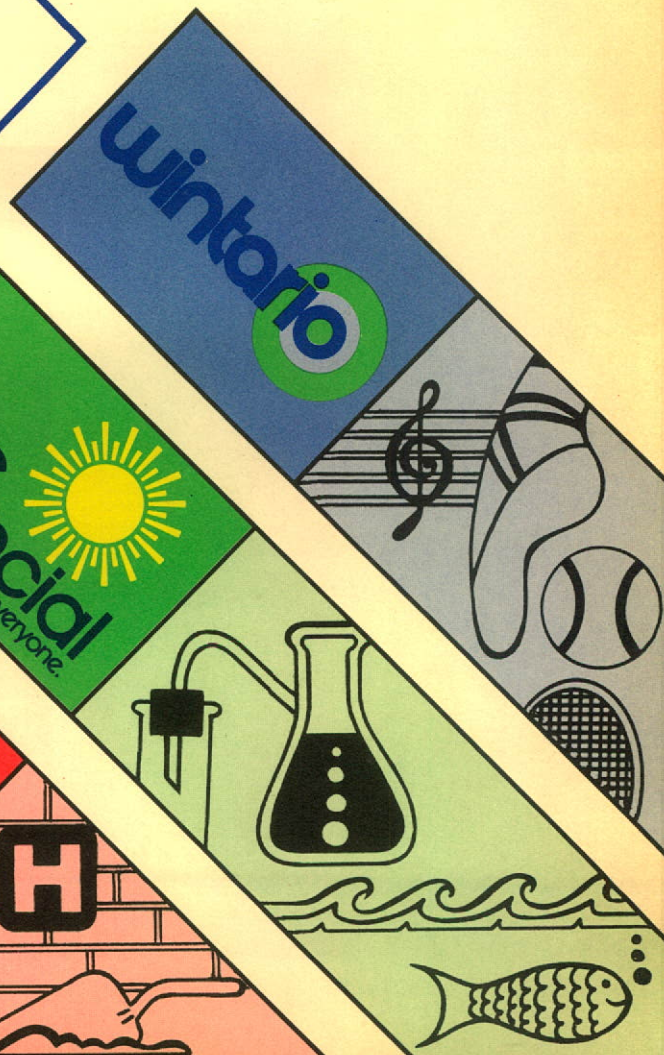


ONTARIO LOTTERY CORPORATION

Annual Report
1979-1980

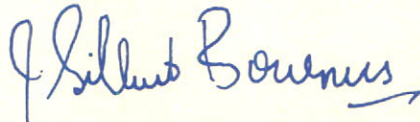


September 30, 1980
The Honourable Reuben Baetz
Minister of Culture and Recreation
6th Floor
77 Bloor Street West
Toronto, Ontario M5S 1M2

Dear Mr. Baetz,

Pursuant to the provisions of the
Ontario Lottery Corporation Act, I
have the pleasure of presenting to you
the fifth annual report of the Ontario
Lottery Corporation for the year
ending March 31, 1980.

Yours very truly,



J. Gilbert Bowness
Chairman of the Board

BOARD OF DIRECTORS



J. GILBERT BOWNESS



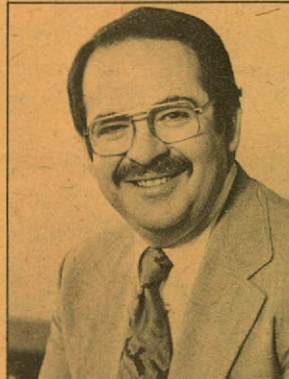
DONALD J. MacLEAN, CLU

J. Gilbert Bowness, North Bay
Chairman
Feb. 17, 1979—Feb. 16, 1982

Donald J. MacLean, CLU, Willowdale
Vice-Chairman
Feb. 17, 1979—Feb. 16, 1982



DAVID B. DAUBNEY, BA, LLB



HAROLD FREEMAN, CA

David B. Daubney, BA, LLB, Ottawa
Feb. 17, 1979—Feb. 16, 1982

Harold Freeman, CA, Toronto
Feb. 17, 1975—Feb. 16, 1981

Fern Guindon, Cornwall
Feb. 17, 1975—Feb. 16, 1981

Aranka E. Kovacs, PhD, Windsor
Feb. 17, 1975—Feb. 16, 1981



FERN GUINDON



ARANKA E. KOVACS, PhD

Gaetane Lamontagne, Moonbeam
Feb. 17, 1979—Feb. 16, 1982

Edward Rigby, DD, Burlington
Feb. 17, 1975—Feb. 16, 1981

E. Marshall Pollock, QC, Toronto
Feb. 17, 1975—Mar. 31, 1980

Senior Staff Members

General Manager
D. Norman Morris, CA

Assistant General Manager
Adam J. Hawkins

Manager, Marketing
Douglas R. Mackie

Manager, Sales & Distribution
J. Michael Holroyde

Controller
John Van Camp, RIA



GAETANE LAMONTAGNE



EDWARD RIGBY, DD

CHAIRMAN'S REPORT

The 1979/80 financial year represented an important benchmark in the five year history of the Ontario Lottery Corporation. Total gross ticket sales were increased by 38% to a record \$324 million. Combined operating profit/proceeds exceeded \$93 million, or \$30 million more than the previous fiscal year. Available prize money also increased nearly 50% to \$183 million.

A major factor contributing to the Corporation's resurgence has been the strong performance of Lottario, the number selection game launched eighteen months ago. In this fiscal year, Lottario built its average weekly sales to \$1.6 million, reflecting significant growth in consumer trial and acceptance.

Wintario underwent a major redesign in November, 1979 with a weekly game format. A game design was introduced offering more winning numbers, better chances of winning a prize, and a more participatory way to play. Consumer response was immediate. Preliminary weekly sales predictions of three million tickets were rapidly surpassed. Between four and five million Wintario tickets are now issued weekly—the same number issued every two weeks, in the old game.

The Provincial, a popular performer for the Corporation, was also relaunched in January, 1980. Its new game design and prize structure were devised to offer more player involvement.

A fourth game, Super Loto, was added to the Corporation's product mix when the Federal Government handed over all lottery administration to provincial jurisdiction in January, 1980.

Much of the popularity of Ontario's lotteries may be attributed to the fact that they are synonymous with the benefits their profits provide.

Every county in the province has shared in the \$284 million bounty of Wintario's physical fitness, sports, recreation and cultural grants. In addition, the spin-off benefits of thousands of construction jobs have been credited to Wintario building programs.

Valuable scientific studies are being undertaken at research facilities all over the province as a direct result of the Provincial. It is hoped that the findings of these studies into acid rain, environmental management, occupational health, cancer, and heart disease, to name but a few, will contribute to the quality of life for present and future Ontario citizens.

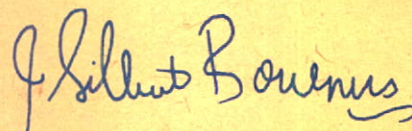
Super Loto proceeds have been dedicated for the next three years to hospital capital projects. It is a graphic demonstration of the province's

commitment to provide the best health care system possible in times of economic restraint.

It is appropriate at this time to recognize the dedication of the Board of Directors, staff, distributors and retailers for the continuing roles they play in achieving and maintaining the high corporate standards and goals.

I would also like to express the Corporation's appreciation to retiring Managing Director, E. Marshall Pollock, QC, for his contribution to the introduction and success of the provincial lotteries during his five year term. At the same time, we welcome D. Norman Morris, who succeeds him.

As the Corporation pauses on the threshold of its sixth year, it does so with the confidence that Ontario residents will continue to support their lotteries with the knowledge that the seeds of opportunity planted today will provide a special legacy for generations to come.



J. Gilbert Bowness
Chairman of the Board

ONTARIO LOTTERY CORPORATION

(Incorporated without share capital under The Ontario Lottery Corporation Act, 1974)

BALANCE SHEET

as at March 31, 1980

Assets

	1980	1979
Current assets	\$	\$
Cash	12,671,235	9,177,821
Prize funds	22,163,429	15,369,327
Accrued interest	519,299	251,358
Accounts receivable	8,474,612	4,554,124
Prepaid expenses	8,705,067	3,755,483
	52,533,642	33,108,113

Liabilities

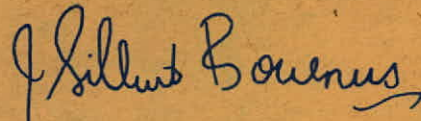
Current liabilities		
Prize money unclaimed	22,163,429	15,369,327
Net profit/proceeds due to the Treasurer of Ontario (notes 3, 4)	15,931,588	7,086,960
Accounts payable and accrued liabilities	4,983,752	4,452,820
Deferred income	9,454,873	6,199,006
	52,533,642	33,108,113

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ONTARIO LOTTERY CORPORATION

STATEMENT OF NET PROFIT/PROCEEDS

due to the Treasurer of Ontario for the year ended March 31, 1980

	1980	1979
	\$	\$
Balance, beginning of year	7,086,960	6,473,999
Net profit/proceeds for the year		
Wintario	43,868,155	49,763,011
Lottario	27,799,763	(9,133,294)
Provincial	20,651,621	21,983,244
Super Loto	525,089	—
	92,844,628	62,612,961
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	47,000,000	46,000,000
Provincial (note 4)	22,000,000	16,000,000
Lottario (note 3)	15,000,000	—
Super Loto (note 4)	—	—
	84,000,000	62,000,000
Balance, end of year		
Wintario	2,148,780	5,280,625
Provincial	9,591,250	10,939,629
Lottario	3,666,469	(9,133,294)
Super Loto	525,089	—
	15,931,588	7,086,960

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

for the year ended March 31, 1980

	1980	1979
	\$	\$
Cash ticket sales	287,396,646	220,593,779
Free tickets	36,390,520	14,511,980
	323,787,166	235,105,759
Less commissions—retailers and distributors	28,292,507	22,480,733
	295,494,659	212,625,026
Prizes		
Wintario—cash	65,115,200	62,588,700
—free tickets	19,805,345	3,601,625
Lottario	40,732,065	5,841,076
	125,652,610	72,031,401
Cost of tickets (note 2)		
Provincial—cash	35,717,784	40,944,436
—free tickets	16,585,175	10,910,355
Super Loto	4,777,570	—
	57,080,529	51,854,791
Operating expenses		
Advertising	8,517,274	7,087,930
Ticket printing	3,667,747	3,391,110
Administration and other expenses	7,889,636	4,010,716
Payment to Government of Canada (note 7)	2,122,200	—
	22,196,857	14,489,756
Operating income	90,564,663	74,249,078
Interest	4,249,943	2,480,960
Income before extraordinary items	94,814,606	76,730,038
Less extraordinary items		
Provision re Loto Select (note 6)	—	2,529,675
Lottario game development and start up costs (note 1a)	1,925,763	11,587,402
Super Loto game development and start up costs (note 1b)	44,215	—
	1,969,978	14,117,077
Net profit/proceeds for the year	92,844,628	62,612,961

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 1980

1. Significant Accounting Policies

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except as follows:

- (a) Lottario development and start up costs
Development and start up costs of \$1.9 million (1979—\$11.6 million) were written off to operations as an extraordinary item.
- (b) Super Loto development and start up costs
Development and start up costs of \$44,215 in 1980 were written off to operations as an extraordinary item.
- (c) Fixed assets
Fixed asset purchases are written off to operations at the time of acquisition.

2. Provincial and Super Loto

Pursuant to section 7(b) of The Ontario Lottery Corporation Act, 1974, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial and Super Loto lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial and Super Loto in

Ontario. The Corporation purchases tickets for these games from the Interprovincial Lottery Corporation. The cost of tickets purchased from the Interprovincial Lottery Corporation is composed of the proportional share of prizes based on the number of tickets purchased, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

3. Net Profits—Wintario and Lottario

Pursuant to section 9 of The Ontario Lottery Corporation Act, 1974, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

4. Net Proceeds—Provincial and Super Loto

Pursuant to Orders in Council 3034/76 and 1940/80, all moneys attributed to or accruing to Ontario from the Provincial and Super Loto after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

5. Comparative Figures

Certain of the comparative figures for 1979 have been reclassified where necessary to conform to the 1980 presentation.

6. Loto Select

The Government of Canada agreed to withdraw from the computerized lotto game effective October 5, 1978. In return, Ontario and Quebec have agreed to share some of the contractual obligations resulting from the cancellation of Loto Select. A provision of \$2,529,675 representing Ontario Lottery Corporation's share was set up in 1979 and paid in 1980.

7. Payment to Government of Canada

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation.

Ontario's share of the first quarterly payment was \$2,122,200 and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

ONTARIO LOTTERY CORPORATION



Office of the
Provincial
Auditor.

To the Board of Directors of the
Ontario Lottery Corporation and to the
Minister of Culture and Recreation.

I have examined the balance sheet of
the Ontario Lottery Corporation as at
March 31, 1980 and the statements
of operations and net profit/proceeds
due to the Treasurer of Ontario for the
year then ended. My examination was
made in accordance with generally
accepted auditing standards, and
accordingly included such tests and
other procedures as I considered
necessary in the circumstances.

In my opinion, these financial
statements present fairly the financial
position of the Corporation as at
March 31, 1980 and the results of its
operations for the year then ended in
accordance with the accounting
policies described in Note 1 to the
financial statements, applied on a
basis consistent with that of the
preceding year.

A report on the audit has been made
to the Corporation and to the Minister.

F.N. Scott, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
July 23, 1980.

DISTRIBUTION OF GROSS INCOME

During the fiscal year 1979/80, the Corporation's gross income of \$323.7 million was distributed as follows:

Prizes: Prizes for Wintario, Lottario, Provincial and Super Loto amounted to \$182.7 million.

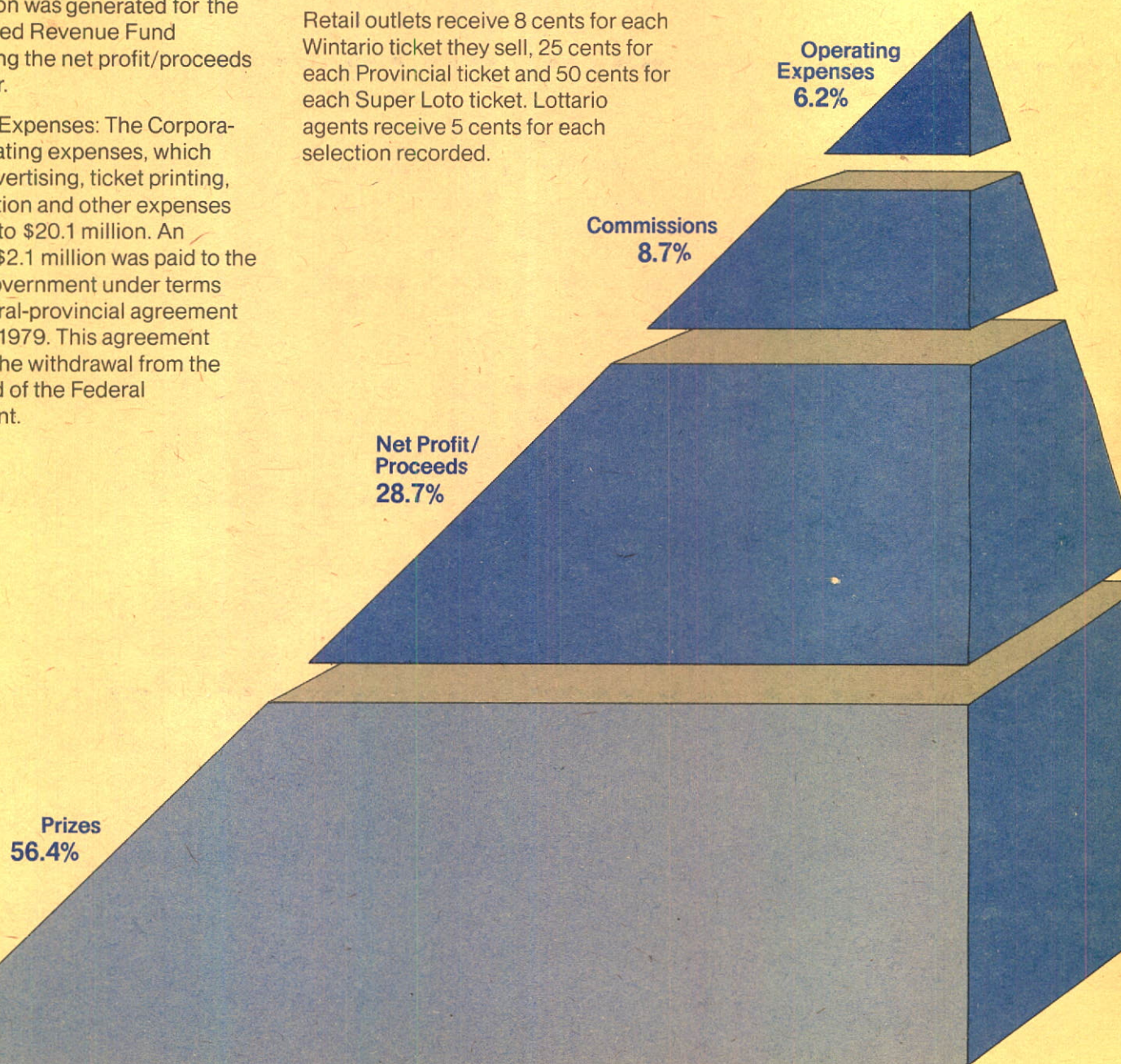
Net Profit/Proceeds : \$92.8 million was generated for the Consolidated Revenue Fund representing the net profit/proceeds for the year.

Operating Expenses: The Corporation's operating expenses, which include advertising, ticket printing, administration and other expenses amounted to \$20.1 million. An additional \$2.1 million was paid to the Federal Government under terms of the federal-provincial agreement of August, 1979. This agreement governed the withdrawal from the lottery field of the Federal Government.

Commissions: The Corporation utilizes a network of 46 independent business men and women as distributors to service 21,000 retail outlets throughout the province. In the 1979/80 fiscal year, commissions paid by the Corporation totalled \$28.3 million, broken down as follows:

Retail outlets receive 8 cents for each Wintario ticket they sell, 25 cents for each Provincial ticket and 50 cents for each Super Loto ticket. Lottario agents receive 5 cents for each selection recorded.













Distributors receive an average of 2 cents for each Wintario ticket, 11.25 cents for each Provincial ticket and 22.5 cents for each Super Loto ticket they sell.



FIVE YEAR REVIEW

FIVE YEARS IN REVIEW—OPERATING HIGHLIGHTS

(\$000)

	75/76	76/77	77/78	78/79	79/80
SALES	97,137	218,793	240,431	235,105	323,786
COMMISSIONS	12,528	22,353	24,187	22,481	28,292
PRIZES	36,095	95,531	108,291	123,886	182,733
TOTAL OPERATING EXPENSES	5,960	10,091	11,447	14,490	22,196
INTEREST	760	1,982	1,880	2,481	4,250
INCOME	43,314	92,800	98,386	76,729	94,815
NUMBER OF GAMES					
					
					
					

OUR GAMES

WINTARIO

On November 29, 1979, Wintario put on a brand new face, and went out to entertain Ontario residents with fresh vigour. The five-year favourite, which has visited every county in the province, was relaunched with the advertising slogan "The name's the same, but it's a great new game".

And what a game! Nine separate draws for winning two, three, four, five and six-digit numbers every Thursday; winning numbers to be matched anywhere in the new six-digit ticket number.

Up for grabs are 221,296 prizes totalling \$2,412,000 (based on an issue of 4 million tickets) ranging from \$100,000, \$25,000, \$5,000, \$1,000, \$100, \$10 to free Win'fall books of tickets. Odds of winning a prize are also better than ever: 1 in 18.

LOTTARIO


More and more players are discovering just how much fun selecting their own ticket numbers can be. And, no matter how players come up with their lucky numbers, in this fiscal year a total of fourteen Lottario Jackpots, averaging over \$670,000 each, were taken home.

In addition, to make the game easier for groups to play, a new-combination selection slip was introduced, speeding up processing at Lottario terminals.

In addition to Wintario and Lottario, the Ontario Lottery Corporation is also responsible for the marketing and sale in the Province of Ontario, of two Interprovincial Lottery Corporation games: The Provincial and Super Loto.

Ontario artists contribute ticket designs too, reminding of the good things made possible by Wintario.





The Provincial
A better chance for everyone.

The Provincial took on a new personality too, in the final quarter of the fiscal year. With bright, barbershop-style

THE PROVINCIAL

advertising, a more participatory game design with more prizes was introduced.

By matching four-digit numbers in Box A and three-digit numbers in Boxes B and C on tickets, with numbers drawn, a total of 18 grand prizes of \$1 million, \$250,000 or \$100,000 are available every month.

In all, 992,118 prizes for a total \$11,109,180, including on-the-spot instant prizes ranging from free tickets to \$1,000 in cash are available, making the \$5-a-ticket Provincial as popular as ever.

To show the Provincial is an undertaking of all ten Canadian provinces regional vignettes are incorporated into the ticket design.

SUPER LOTO

Super Loto, the \$10-a-ticket lottery, took centre stage on January 1, 1980 once the Federal Government vacated the lottery scene as part of an agreement with the provinces.

Offering ten \$1 million prizes over a two-month period, Super Loto draws feature three seven-digit winning numbers during the first month, and the remaining seven \$1 million dollar prizes in the second month's Main Draw.

Subsidiary prizes for matching the last six, five, four and three digits drawn range from \$10,000, \$1,000, \$100 to \$50. Instant prizes including free tickets and cheques from \$20 to \$10,000, are also available.

WINNERS

During the past fiscal year 4.5 million cash prize winners have taken home \$130.9 million from Ontario's four lotteries.

- 1 Lottario Winner: Mr. Frank Tlalka, St. Catharines, \$1,189,784.10
- 2 Provincial Winner: Mr. Frank Dejager, Mrs. Carol Robertson and a group of eighteen, Willowdale, \$1,000,000.
- 3 Super Loto Winner: Mr. Ventura Pangilinan, wife Lucy and children, Scarborough, \$1,000,000.
- 4 Wintario Winner: Mr. Henry Shanab, Willowdale, \$100,000.
- 5 Wintario Winners: Mr. and Mrs. Rudolf Gubo, St. Catharines, \$100,000.
- 6 Lottario Jackpot: Mr. Ronald McIntosh, Prescott, \$311,513.50.
- 7 Provincial Winners: Sisters Dorothy Nobes, St. Catharines; Margaret Bennett, Huntsville; Ada Harvey, Brampton; Marion Patterson, Bolton, \$1,000,000.





Provincial Winners: Mr. Joe Coletti and a group of nine, Mississauga, \$1,000,000. 8

Wintario Winners: Mr. and Mrs. H. Howard, Willowdale, \$100,000. 9

Provincial Winners: Mr. and Mrs. Stewart Drysdale and son, Toronto, \$1,000,000. 10

Wintario Winners: Mr. and Mrs. Kevin Pepperall, Kitchener, \$100,000. 11

Wintario Winner: Mr. Howard Nix, Norwich, \$100,000. 12

Wintario Winners: Mr. Allan T. Pickard and family, Cobalt, \$100,000. 13

Wintario Winners: Mrs. Vicki Tessier and family, Espanola, \$25,000. 14

WINTARIO GRANTS

Since Ontario's first lottery began, over \$284 million has been raised for distribution by the Ministry of Culture and Recreation to sports, fitness, recreational and cultural projects. \$44 million of this was generated in the 1979/80 financial year.

Divided into arts, heritage, library, citizenship, sports, fitness and recreation categories, Wintario grants work hand in hand with community groups and citizens who must match the Wintario grant. As testimony to the success of the partnership, over

28,000 grants have been approved, reaching every corner of the province.

The unique HALF BACK program, funded from Wintario proceeds for the past two years, invited non-winning Wintario tickets to be used as discounts to support Canadian culture. As a result of this incentive program, 225,000 Canadian books and 90,000 magazine subscriptions were bought. Canadian records and tapes worth over \$1.3 million were purchased while 200,000 people enjoyed Canadian feature films.

1 Construction crews dismantle the Chinese Ming Tomb artifacts to make way for the ROM renovation and expansion which is receiving \$11 million from Wintario.

2 Wintario joined the town of Smiths Falls in celebrating Settlers Days.

3 Francophone residents in Kapuskasing converted a school to a community and cultural centre, with the aid of a Wintario grant.

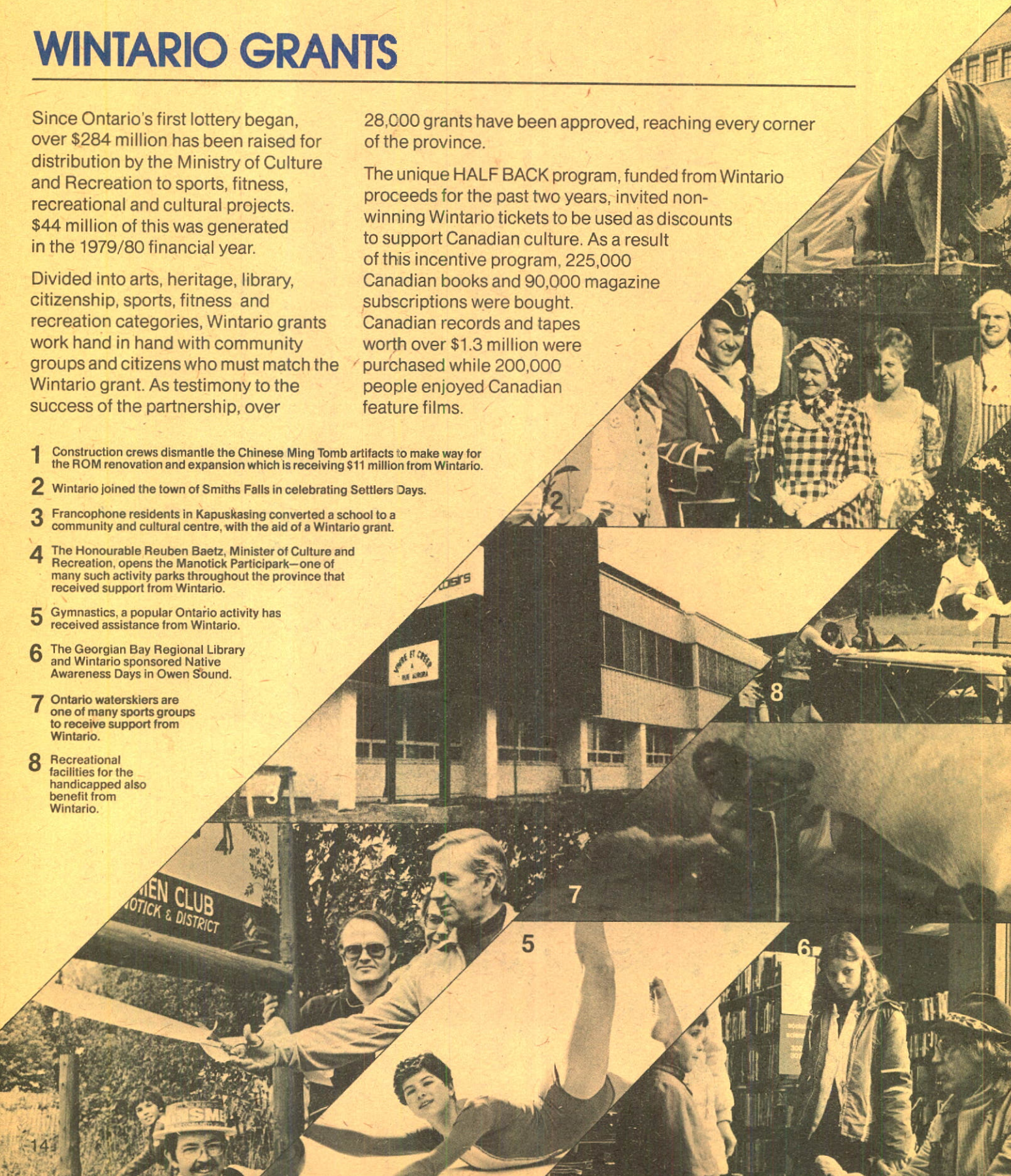
4 The Honourable Reuben Baetz, Minister of Culture and Recreation, opens the Manotick Participapark—one of many such activity parks throughout the province that received support from Wintario.

5 Gymnastics, a popular Ontario activity has received assistance from Wintario.

6 The Georgian Bay Regional Library and Wintario sponsored Native Awareness Days in Owen Sound.

7 Ontario waterskiers are one of many sports groups to receive support from Wintario.

8 Recreational facilities for the handicapped also benefit from Wintario.



PROVINCIAL GRANTS

In Ontario, profits from the Provincial lottery have been dedicated to health and health-related research, environmental and social service projects. To date, \$87 million has been generated for these programs, and \$20.6 million during the last fiscal year.

ment, Agriculture and Food, Natural Resources, Community and Social Services and the Provincial Secretariat for Justice are responsible for allocating these funds.

Ontario ministries of Health, Labour, Environ-

1 Environmental studies include fish management programs aimed at tracking and stocking species in our lakes and rivers.

2 Studies into the survival rate of premature babies.

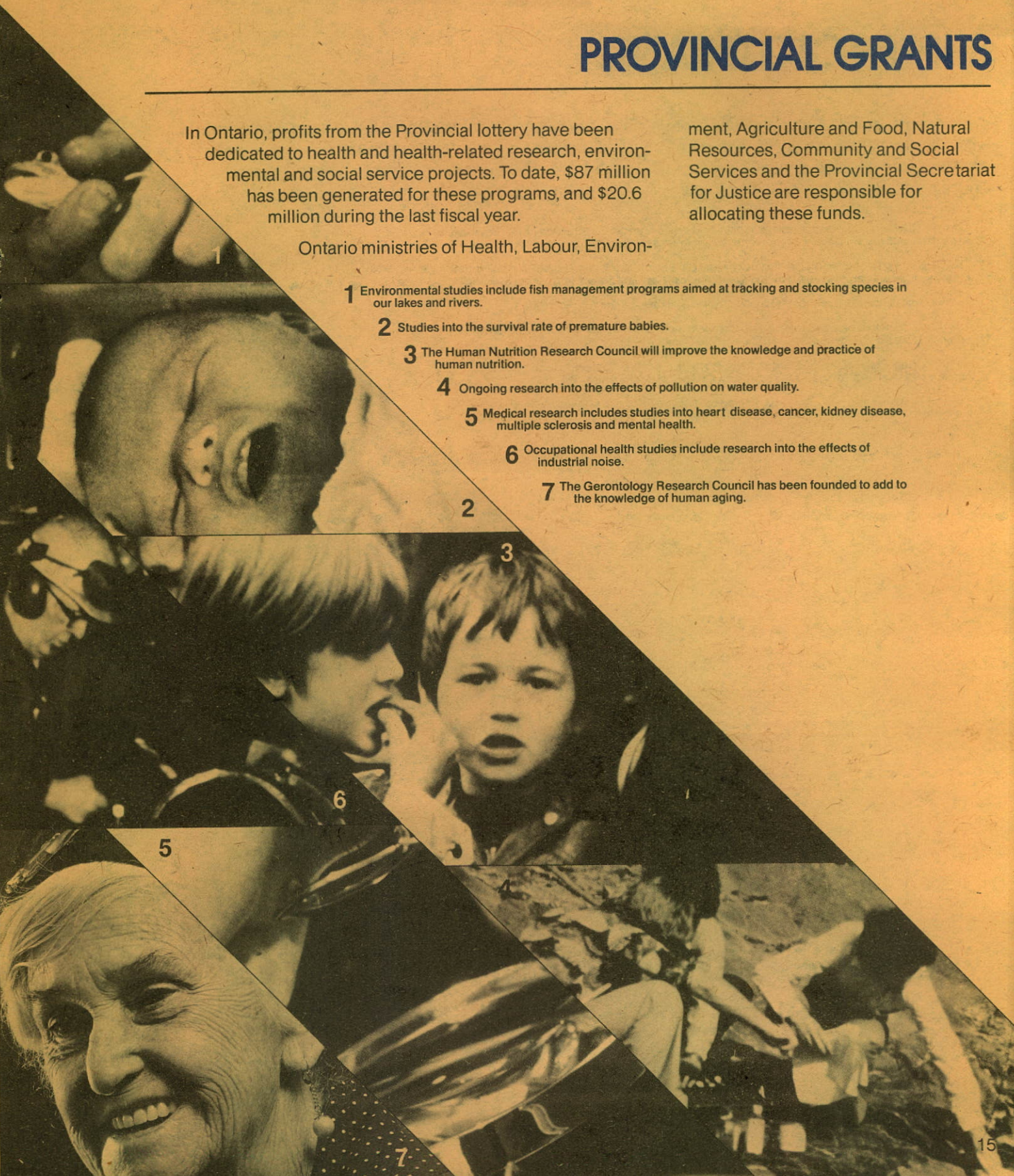
3 The Human Nutrition Research Council will improve the knowledge and practice of human nutrition.

4 Ongoing research into the effects of pollution on water quality.

5 Medical research includes studies into heart disease, cancer, kidney disease, multiple sclerosis and mental health.

6 Occupational health studies include research into the effects of industrial noise.

7 The Gerontology Research Council has been founded to add to the knowledge of human aging.

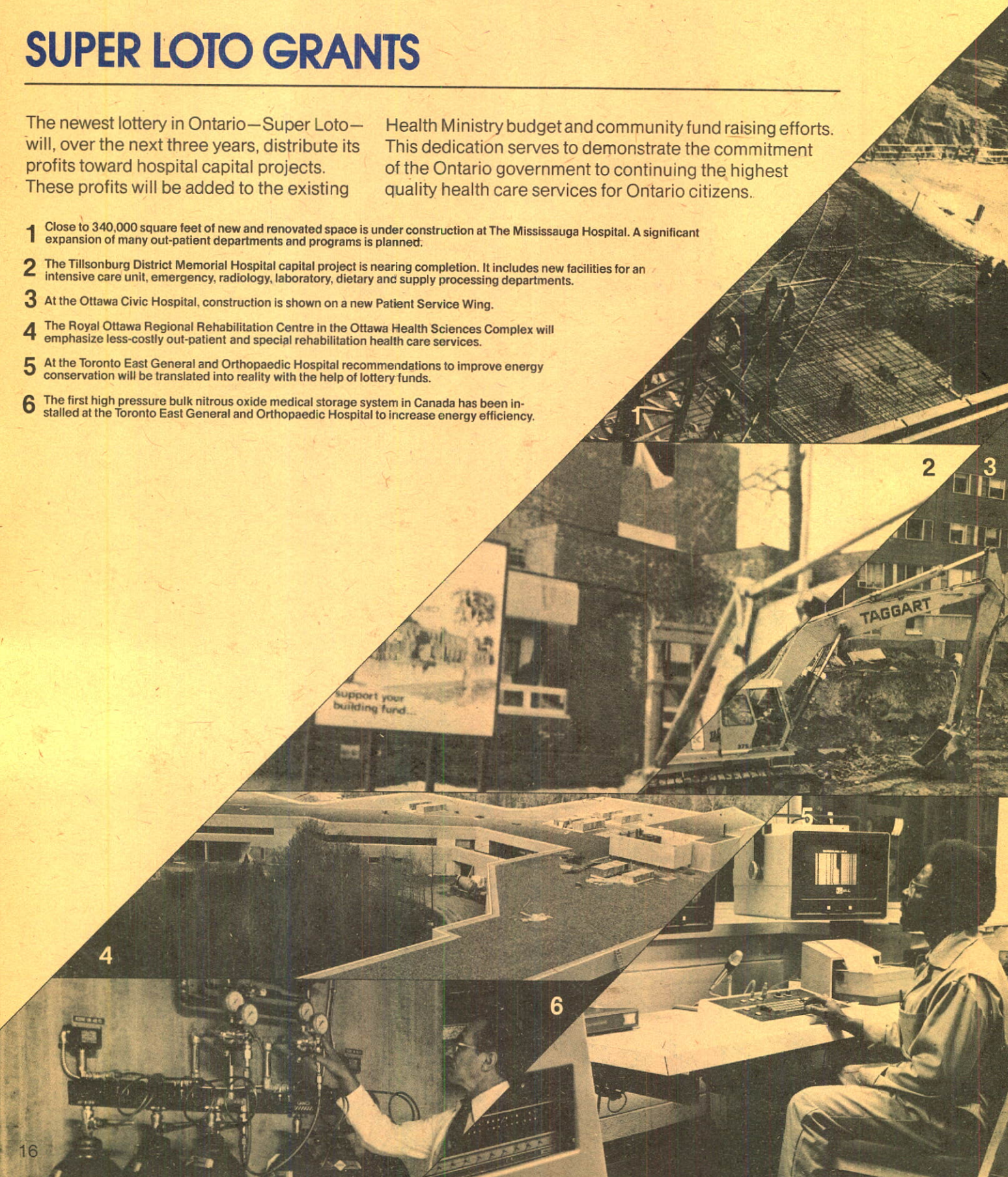


SUPER LOTO GRANTS

The newest lottery in Ontario—Super Loto—will, over the next three years, distribute its profits toward hospital capital projects. These profits will be added to the existing

Health Ministry budget and community fund raising efforts. This dedication serves to demonstrate the commitment of the Ontario government to continuing the highest quality health care services for Ontario citizens.

- 1 Close to 340,000 square feet of new and renovated space is under construction at The Mississauga Hospital. A significant expansion of many out-patient departments and programs is planned.
- 2 The Tillsonburg District Memorial Hospital capital project is nearing completion. It includes new facilities for an intensive care unit, emergency, radiology, laboratory, dietary and supply processing departments.
- 3 At the Ottawa Civic Hospital, construction is shown on a new Patient Service Wing.
- 4 The Royal Ottawa Regional Rehabilitation Centre in the Ottawa Health Sciences Complex will emphasize less-costly out-patient and special rehabilitation health care services.
- 5 At the Toronto East General and Orthopaedic Hospital recommendations to improve energy conservation will be translated into reality with the help of lottery funds.
- 6 The first high pressure bulk nitrous oxide medical storage system in Canada has been installed at the Toronto East General and Orthopaedic Hospital to increase energy efficiency.



DID YOU KNOW THAT...

... Portugal initiated its lottery—La Santa Casa da Mesericardia de Lisbon—400 years ago to raise funds for charity, and it is still operating today?

... in its five-year history, the Ontario Lottery Corporation has generated \$390 million for sports, cultural and recreational activities; health research and health-related social service projects and hospital capital projects?

... half a billion dollars has been paid to prizewinners since government-run lotteries began in Ontario five years ago?

... the first known lottery to raise public funds was sponsored by Augustus Caesar to repair the City of Rome?

... lottery funds helped finance Michaelangelo's masterpieces in the Sistine Chapel; Harvard and Princeton Universities; the British Museum; the American Revolution and, in 1567, the rebuilding of Britain's harbours?

... the per capita spending of Ontario residents on lotteries is \$38.12 compared to \$120.62 on tobacco and \$182.25 on alcohol each year?

... Ontario per capita lottery purchases of \$38.12 are lower than those of Michigan (\$45.14) a state with similar demographics, and Quebec (\$50.74)?

... over nine million lucky ticket holders have collected Wintario prizes?

... the first known North American lottery was held on June 26, 1614 in Virginia to raise funds for a continental congress?

... 84.5% of Ontario households have played Wintario?

... in the U.S.S.R., lottery prizes may not be in cash, but furniture and travel vouchers?

... the Wintario television show is Global's highest rated program with an average television audience of over 600,000 every week?

... the world's richest lottery is in Spain? For its 100th Christmas draw in 1979, the lottery, which has been in operation for 200 continuous years, offered a total of \$439 million in prizes.

... the majority of Wintario players (47.3%) buy one or two tickets every draw, with 79.2% buying five tickets or less; 88.8% of Lottario players play five boards or less and 84% of Provincial purchases are of two tickets or less?

... the chances of winning a Wintario prize are 1 in 18, and the chances of winning a Provincial or Super Loto prize are 1 in 4? The chances of winning a prize in Lottario are approximately 1 in 28.

... Wintario has visited 115 different communities throughout the Province of Ontario during its five-year history?

... there are 21,000 retailers throughout the province selling Ontario Lottery Corporation tickets?



The Ontario Lottery Corporation was established in 1975 with the specific responsibility of developing and managing provincial government lotteries.

Since then, in its capacity as a Crown Corporation, more than \$390 million have been generated through Ontario's lotteries for public projects.

Physical fitness, sports, culture, medical research, social service and hospital capital projects are the beneficiaries of lottery proceeds.

The symbol of the Corporation blends the letter "O" for Ontario and "L" for Lottery. Together they signify the Ontario Lottery Corporation's *raison d'être*: to enable the people of Ontario to join in the fun and excitement of their own lotteries, while contributing to everyone's quality of life through a variety of worthwhile activities.



Ontario

Ministry of
Culture and
Recreation

Hon. Reuben C. Baetz
Minister
Douglas Wright
Deputy Minister