

ONTARIO LOTTERY CORPORATION

ANNUAL REPORT
1980-1981



September 30, 1981
The Honourable Reuben Baetz
Minister of Culture and Recreation
6th Floor
77 Bloor Street West
Toronto, Ontario M7A 2R9

Dear Mr. Baetz,

Pursuant to the provisions of the Ontario Lottery Corporation Act, I have the pleasure of presenting to you the sixth annual report of the Ontario Lottery Corporation for the year ending March 31, 1981.

Yours very truly,



J. Gilbert Bowness
Chairman of the Board

BOARD OF DIRECTORS

- 1 J. Gilbert Bowness, North Bay
Chairman
Sept. 30, 1976 — Feb. 16, 1982
- 2 Donald J. MacLean, CLU, Willowdale
Vice-Chairman
Feb. 17, 1976 — Feb. 16, 1982
- 3 D. Norman Morris, CA, Mississauga
President
- 4 David B. Daubney, BA, LLB, Ottawa
Feb. 17, 1979 — Feb. 16, 1982
- 5 Fernand Guindon, Cornwall
Feb. 17, 1975 — Feb. 16, 1984
- 6 Monique Jacques, Kapuskasing
Feb. 17, 1981 — Feb. 16, 1984
- 7 C. Ronald S. MacKenzie, MD, St. Catharines
Feb. 17, 1981 — Feb. 16, 1984
- 8 Mary F. Callaghan, Toronto
Feb. 17, 1981 — Feb. 16, 1984
- 9 C. Gordon Ross, BD, Scarborough
June 11, 1981 — Feb. 16, 1983

Senior Staff Members

President

D. Norman Morris

Executive Vice-President

Adam J. Hawkins

Vice-President, Sales & Distribution

J. Michael Holroyde

Vice-President, Marketing

Douglas R. Mackie

Controller

John Van Camp



CHAIRMAN'S REPORT

The support the people of Ontario gave their lotteries during the fiscal year 1980/81 can only be described as outstanding.

As a direct result of this enthusiasm, the Ontario Lottery Corporation is able to report earnings of \$149 million: the largest profit in its six-year history and 60% higher than that of last year.

Since lotteries were introduced by the provincial government in 1975, the Corporation has contributed a total of \$539 million to the province, earning a unique place in its social fabric.

The people of Ontario enjoy the low cost entertainment value that lotteries offer. They like the chance to win the thousands of prizes available every week. Indeed, in Wintario alone, more than 26 million prizes have been available since it began.

But perhaps more importantly, Ontarians can be assured that they may participate in the many benefits lotteries provide through their profits.

When lotteries were introduced to Ontario, their proceeds were designated to projects that would not normally receive government funding, since it was realized that lottery profits could in no way be guaranteed.

The success story of Ontario lotteries is now, of course, history. Wintario has, in a joint effort with communities and individuals, funded 33,000 non-capital and capital projects in the areas of sports, fitness, recreation and culture. Key community facilities including arenas, art galleries, recreation centres and libraries have become realities. Special access grants to such facilities for the handicapped have also been provided. Other Ontario residents have, for example, been able to participate in out-of-town sports or cultural meetings, buy uniforms or equipment, or explore their heritage.

Lottario funds, too, will play a major role in providing a better tomorrow. Dedicated to similar purposes as Wintario, Lottario profits will be used for major construction projects.

Already proceeds have been allocated to extend the Ontario Educational Communications Authority TV Network to other parts of Ontario, and to assist in the construction of the new Massey Hall, the Royal Ontario Museum and the Sudbury Science Centre.

In the important area of research, Provincial lottery proceeds are making their contribution. Major centres in the province are engaged in medical, environmental and social service

studies, to name but a few, as a direct result of profits from this game. Super Loto funds have been earmarked for hospital capital projects.

I would like to take this opportunity to extend to the people of Ontario, the appreciation of the Board of Directors of the Ontario Lottery Corporation for their confidence and support over the past year. To the thousands of prize winners we offer our congratulations.

Whether or not we have won prizes, our lives have been made richer, and our future more secure, as a result of the Corporation's success. We are all winners.

We at the Corporation are dedicated to providing the most efficient and creative lotteries anywhere, based on the highest degree of integrity.

As we look ahead to the coming year, we again make the commitment to do our best to maximize the proceeds of lotteries so that they may be returned to the Ontario mainstream where their investment will multiply in the years to come.



J. Gilbert Bowness,
Chairman of the Board

PRESIDENT'S REPORT

The Ontario Lottery Corporation entered the decade of the eighties by recording its most successful performance ever. During the fiscal year ended March 31, 1981, strong public support continued the previous year's momentum by boosting sales, prizes and operating profit/proceeds to record levels. At the same time, corporate operating expenses of 6.1% were the lowest of any Canadian government lottery operation.

Combined ticket sales of Wintario, Lottario, Provincial and Super Loto, amounted to \$490 million, a dramatic 51% increase of \$167 million from the year before. Prizes dedicated totalled \$270 million, up \$87 million, or 48% compared to a year ago. The percentage of sales allocated to prizes amounted to 55.1%.

In the same time frame, net profit/proceeds grew by \$56 million, or 60%, to reach an all-time annual high of \$149 million. These funds continue to be distributed to various ministries for recreational, fitness, sports, medical, environmental, social service and hospital capital projects.

Lotteries sustained their significant contribution to the Ontario economy through a wide variety of goods and services purchased from suppliers, distributors and the 20,000 small businesses acting as retailers.

The greatest factor in the Corporation's dynamic growth continues to be player enthusiasm for Lottario. This on-line number selection game saw average weekly sales climb from \$1.6 million to \$2.8 million this fiscal year—an overall 82% growth rate. During January, 1981, a weekly sales record of \$6.3 million was established when the largest tax-free North American Jackpot of \$1.909 million was available.

Wintario, the Corporation's original game, maintained its average weekly sales of \$4.4 million.

Consumer feedback played a major role in redesigning the Provincial and Super Loto games, which are jointly operated by all Canadian provinces through the Interprovincial Lottery Corporation.

The Provincial moved from a monthly to a weekly draw in January, 1981. Tickets are now eligible for five weekly draws. This fulfills player requirements to increase draw frequency and chances to win, at the same time adding more smaller prizes. A \$500,000 weekly grand prize with thousands of subsidiary prizes is featured. Lucky ticket pouches also contain a variety of instant prizes.

In December, 1980, almost a year after its launch, Super Loto was revitalized. The monthly game incorporates a design where players match consecutive digits across the six-digit ticket

number. A number of grand prizes of \$1 million and \$100,000 are offered along with subsidiary prizes. A popular scratch-off feature on each ticket stub is also available.

Looking ahead to fiscal year 1981/82, we expect a continuing growth pattern for Ontario's lotteries to prevail.

We are firmly committed to the belief that Ontarians deserve the very best lotteries available and are pledged to fulfill that promise.

With the continued support of Ontario citizens, we are certain that this decade will see our lotteries continue to make their special contribution to Ontario life.

The Corporation's performance on behalf of Ontario residents may be directly attributed to the skills and energies of the Board of Directors, staff, distributors and retailers throughout the province. Their collective strength has built an operation known for its integrity, efficiency and creativity.

In this, my first year as President of the Corporation, may I take this opportunity to express my thanks to this fine team.



D. Norman Morris,
President

ONTARIO LOTTERY CORPORATION

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

BALANCE SHEET

as at March 31, 1981

Assets

	1981	1980
	\$	\$
Current assets		
Cash	16,953,288	12,671,235
Prize funds	24,659,275	22,163,429
Accrued interest	677,177	519,299
Accounts receivable	10,273,190	8,474,612
Prepaid expenses	231,374	8,705,067
	52,794,304	52,533,642

Liabilities

Current liabilities		
Prize money unclaimed	24,659,275	22,163,429
Net profit/proceeds due to the Treasurer of Ontario (notes 3, 4)	12,764,248	15,931,588
Accounts payable and accrued liabilities	6,147,503	4,983,752
Deferred income	9,223,278	9,454,873
	52,794,304	52,533,642

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

STATEMENT OF NET PROFIT/PROCEEDS

due to the Treasurer of Ontario for the year ended March 31, 1981

	1981	1980
	\$	\$
Balance, beginning of year	15,931,588	7,086,960
Net profit/proceeds for the year		
Wintario	59,832,337	43,868,155
Lottario	56,880,103	27,799,763
Provincial	20,510,997	20,651,621
Super Loto	11,609,223	525,089
	148,832,660	92,844,628
Less payments to the Treasurer of Ontario on account of net profit/ proceeds:		
Wintario (note 3)	57,000,000	47,000,000
Lottario (note 3)	59,000,000	15,000,000
Provincial (note 4)	26,000,000	22,000,000
Super Loto (note 4)	10,000,000	—
	152,000,000	84,000,000
Balance, end of year		
Wintario	4,981,117	2,148,780
Lottario	1,546,572	3,666,469
Provincial	4,102,247	9,591,250
Super Loto	2,134,312	525,089
	12,764,248	15,931,588

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION

STATEMENT OF OPERATIONS

for the year ended March 31, 1981

	1981	1980
	\$	\$
Cash ticket sales	422,884,341	287,396,646
Free tickets	67,448,475	36,390,520
	490,332,816	323,787,166
Less commissions—retailers and distributors	41,202,846	28,292,507
	449,129,970	295,494,659
Prizes		
Wintario—cash	83,466,000	65,115,200
—free tickets	52,122,245	19,805,345
Lottario	74,066,297	40,732,065
	209,654,542	125,652,610
Cost of tickets (note 2)		
Provincial—cash	27,618,797	35,717,784
—free tickets	11,159,490	16,585,175
Super Loto—cash	17,724,146	4,777,570
—free tickets	4,166,740	—
	60,669,173	57,080,529
Operating expenses		
Advertising	10,158,060	8,517,274
Ticket printing	6,073,031	3,667,747
Administration and other expenses	9,611,891	7,933,851
Payment to Government of Canada (note 5)	9,371,806	2,122,200
Equipment	1,486,817	1,925,763
	36,701,605	24,166,835
Operating income	142,104,650	88,594,685
Interest	6,728,010	4,249,943
Net profit/proceeds for the year	148,832,660	92,844,628

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 1981

1. Significant Accounting Policies

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which 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. 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 1980-81 share of the payment was \$9,371,806 (1980—\$2,122,200) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

6. Comparative Figures

Certain of the comparative figures for 1980 have been reclassified where necessary to conform to the 1981 presentation.

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, 1981 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, 1981 and the results of its operations for the year then ended in accordance with the accounting policy 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.

A handwritten signature in blue ink, appearing to read "F.N. Scott".

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

Toronto, Ontario
July 31, 1981.

DISTRIBUTION OF GROSS INCOME

During the fiscal year 1980/81, the Corporation's gross income of \$490 million was distributed as follows:

Prizes: Prizes for Wintario, Lottario, Provincial and Super Loto amounted to \$270 million.

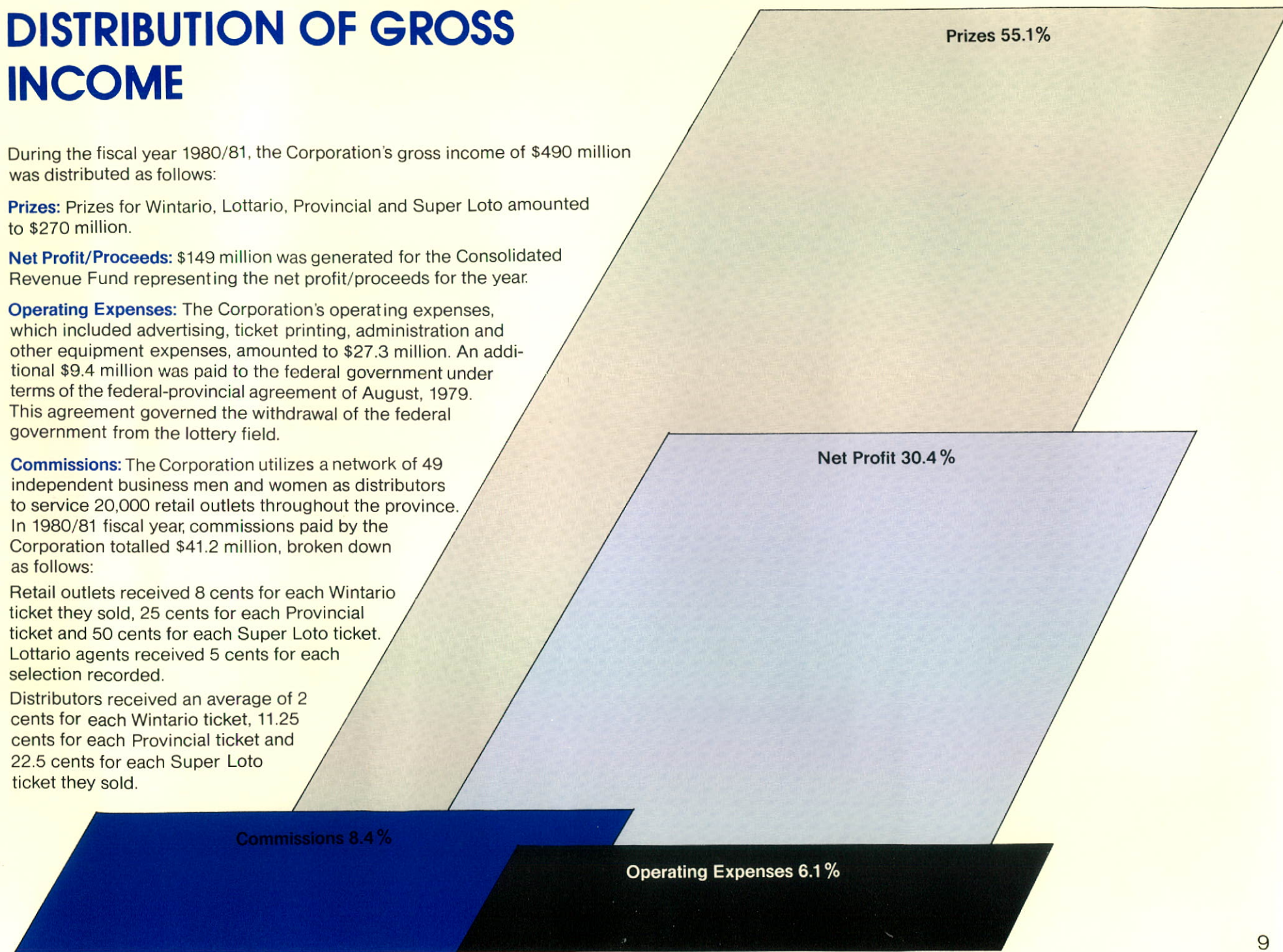
Net Profit/Proceeds: \$149 million was generated for the Consolidated Revenue Fund representing the net profit/proceeds for the year.

Operating Expenses: The Corporation's operating expenses, which included advertising, ticket printing, administration and other equipment expenses, amounted to \$27.3 million. An additional \$9.4 million was paid to the federal government under terms of the federal-provincial agreement of August, 1979. This agreement governed the withdrawal of the federal government from the lottery field.

Commissions: The Corporation utilizes a network of 49 independent business men and women as distributors to service 20,000 retail outlets throughout the province. In 1980/81 fiscal year, commissions paid by the Corporation totalled \$41.2 million, broken down as follows:

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

Distributors received 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 sold.



SIX YEAR REVIEW

SIX YEARS IN REVIEW—OPERATING HIGHLIGHTS

(\$000)

	1975/1976	1976/1977	1977/1978	1978/1979	1979/1980	1980/1981
SALES	97,137	218,793	240,431	235,105	323,787	490,333
COMMISSIONS	12,528	22,353	24,187	22,481	28,292	41,203
PRIZES	36,095	95,531	108,291	123,886	182,733	270,324
TOTAL OPERATING EXPENSES	5,960	10,091	11,447	14,490	22,196	36,702
INTEREST	760	1,982	1,880	2,481	4,250	6,728
INCOME	43,314	92,800	98,386	62,613*	92,844*	148,833
NUMBER OF GAMES	wintario	wintario	wintario	wintario	wintario	wintario
		Provincial	Provincial	Provincial	Provincial	Provincial
				LOTTARIO	LOTTARIO	LOTTARIO
					Super Loto	Super Loto

*After Extraordinary Expenses

OUR GAMES

When you talk, we listen. That's why Ontario's lotteries have been consistent winners with our province's players. And fiscal year 1980/81 was no exception. In-depth consumer research played a key role in the evolution of the Provincial and Super Loto, which underwent changes.

WINTARIO

Ontario's original \$1-a-ticket game continued its popular weekly draw format for 276,620 prizes worth \$3,015,000 every week (based on an issue of five million tickets). Nine separate draws of two, three, four, five and six-digit numbers for prizes of free books of tickets, \$10, \$100, \$1,000, \$25,000 and \$100,000 are made every Thursday. There were five bonus draws which returned \$8 million in unclaimed prize money to players.

LOTTARIO

This on-line number selection game dramatically increased its player base this year. The popularity of our active game where players choose their own six numbers from a series from one to 39 was clearly demonstrated. There were twenty seven Lottario Jackpots between \$178,000 and \$1.909 million, the latter being the largest tax-free prize in North American history.

PROVINCIAL

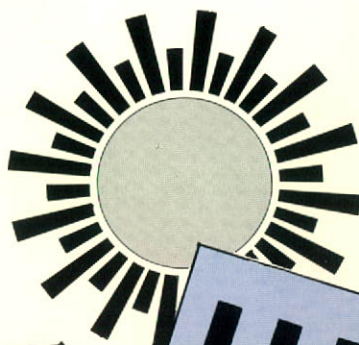
A new day dawned for the \$5-a-ticket Provincial in January, 1981, and the familiar sunshine logo moved from a monthly draw to a weekly format. Each ticket is now valid for five consecutive draws and every week a seven-digit ticket number is selected for a grand prize of \$500,000 and subsidiary prizes of \$10, \$25, \$100, \$1,000

and \$50,000. Instant bearer cheques for \$5, \$50, \$500, \$5,000 and free tickets are offered inside lucky pouches.

SUPER LOTO

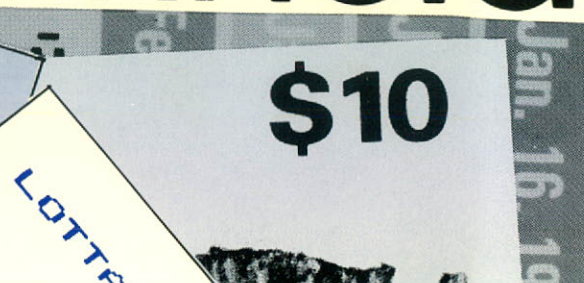
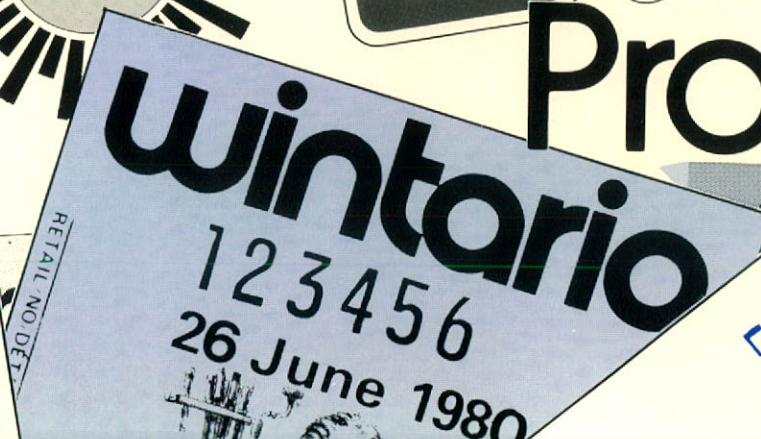
In late 1980, Super Loto also took on a new look. It moved to a monthly draw format and introduced a new ticket design. Game innovations included nine separate draws of two, three, four, five and six-digit numbers, which may be matched consecutively anywhere in the ticket number. Three prizes of \$1 million, fifteen of \$100,000 are now offered as well as subsidiary prizes of \$100, \$1,000 and \$10,000, based on an issue of three million tickets. The scratch and win instant prizes of free tickets, \$10, \$100, \$1,000 and \$10,000 are also popular additions.

Super Loto



LOTTARIO

Provincia



WINNERS

Smiles. They stretch from Kenora to Ottawa; Moosonee to Windsor. And the reason for their smiling faces? Well, they have all been winners in Wintario, Lottario, Provincial and Super Loto.

Over the past year, prizes ranging from free tickets to \$1.909 million have been presented to 19.6 million winners. In fact, total lottery prizes reached \$261 million. It's no wonder they have something to smile about!

- 1 Mr. & Mrs. Regent Labbe and daughter, Welland, \$697,333.40. Lottario
- 2 Mrs. Hilda Appleby, Cambridge, \$1,000,000. Super Loto
- 3 Mr. and Mrs. Andy Maddock and daughters, Peterborough, \$100,000. Wintario
- 4 Mr. and Mrs. Roger Leduc, Cornwall, \$100,000. Wintario
- 5 Mr. and Mrs. Robert Talbot and family, Oshawa, \$1,000,000. Super Loto
- 6 Mr. and Mrs. Ernest Passmore, Hamilton, \$100,000. Super Loto
- 7 Mr. and Mrs. Frank Alvaro pictured with The Honourable Reuben Baetz, Minister of Culture and Recreation, Weston, \$1,907,452.70. Lottario
- 8 Mr. and Mrs. Ken Mathewson, Ridgeway, \$100,000. Provincial
- 9 Mr. Roy Percival, Sarnia and Mr. Bert Milton, Forest, \$246,948.50. Lottario

- 10 Mr. and Mrs. John Hundt, Chatham, \$100,000. Provincial
- 11 Dr. Ferdinand A. Thomas, Don Mills, \$209,776.90. Lottario





GRANTS

Making Ontario a better place to live: that's the whole purpose of provincial government lotteries. This year our four games generated a record \$149 million for special projects to add to the quality of life in Ontario.

Each lottery grant program aids different areas of need. Wintario and Lottario focus on sports, fitness, recreation and culture. The Provincial assists medical, environmental and social research. Super Loto helps hospital capital projects.

WINTARIO

Wintario generated \$60 million in profits this year, bringing its six-year contribution to the Ministry of Culture and Recreation to \$344 million. Over 33,000 capital and non-capital projects, in the areas of arts, heritage, library, citizenship, sports, fitness, recreation and culture have become realities. The program's success is based on the partnership between communities and government, since each Wintario grant must be matched by the applicant.



LOTTARIO

Lottario has raised \$76 million since it began; \$57 million in the last fiscal year. Major construction grants to extend the TV OECA Network and to help build the new Massey Hall, the Royal Ontario Museum and the Sudbury Science Centre were announced this year.

SUPER LOTO

Super Loto net proceeds of \$11.6 million this fiscal year have been earmarked for hospital capital projects.

PROVINCIAL

The Provincial recorded net proceeds of \$108 million in five years, with \$20.5 million in fiscal 1980/81. The ministries of Health, Labour, Environment, Agriculture and Food, Natural Resources, Community and Social Services and the Provincial Secretariat for Justice allocate these funds to health, environmental and social service research projects. Studies into major diseases, the environment and occupational health are currently under way.



• Dryden

• Geraldton

Rainy River

\$1 Million

1 2 3 4 5 6

**Super
Loto**
Helping
Ontario
Hospitals
Win

• Sault Ste. Marie

• Little Current

• Sudbury

• Powassan

• Midland

• Owen Sound

• Chesley

• Durham

• Erin

• Burlington

• Grimsby

• Woodstock

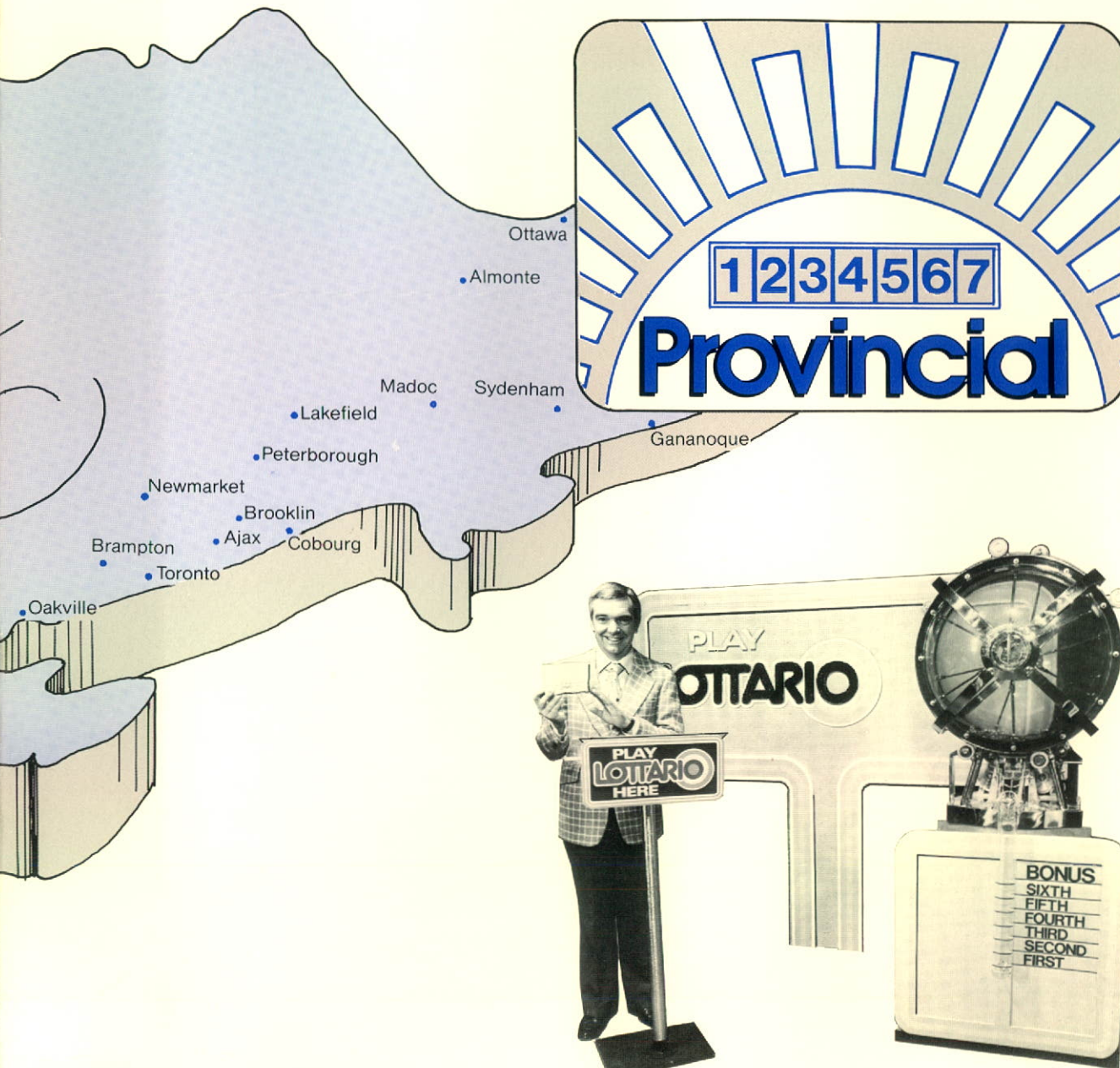
• Aylmer

• Chatham

• Blenheim



DRAW SHOWS



Watch for it, it may roll into your town. That is if it hasn't already paid you a visit in recent years!

The Wintario travelling show has been bringing the fun and excitement of live television draws to communities throughout the province for the past six years—and 175 draws. While it's been to every Ontario county there are still many new communities to visit and thousands more people to meet.

Wintario's loyal television audience of half a million people continue to tune in every Thursday night at 9:00 p.m. to the live draw hosted by Faye Dance and Greg Beresford, making it one of the most popular shows on the Global Network.

Lottario, too, is another television favourite. Host Bill Lawrence conducts the live draw every Saturday night at 11:00 p.m. on the Global Network when players may see if their six lucky numbers have come up.

Provincial winning numbers are broadcast over the Global Television Network at approximately 5:59 p.m. and 11:10 p.m. every Friday night.

Super Loto winning numbers are also announced over the Global Television Network at approximately 6:50 p.m. the last Sunday of each month.



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 \$539 million have been generated through Ontario's lotteries for public projects.

Physical fitness, sports, cultural, medical, environmental, 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 the quality of life through a variety of worthwhile activities.



Ontario

**Ministry of
Culture and
Recreation**

Hon. Reuben C. Baetz
Minister
Ward Cornell
Deputy Minister