

Lotteries in Ontario

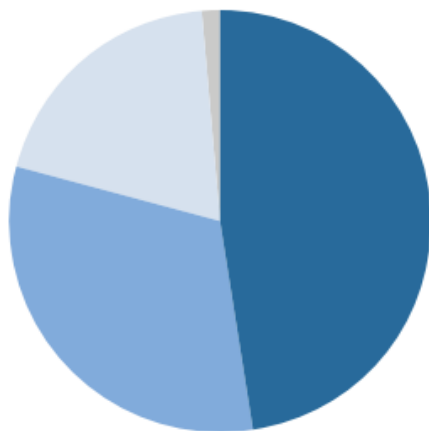
Many people like to play the lottery game in the hopes of getting rich but what are the real chances of getting rich? Who is getting rich off of this activity?

The following text and chart is copied from the 2012 Annual Report for the OLG and can be found at

(http://www.olg.ca/assets/documents/annual_report/annual_report_11-12.pdf).

SOURCES OF REVENUE

OLG's operations and revenues are organized under four business divisions. Together, these divisions generated \$6.7 billion in revenue in fiscal 2012.



REVENUE BY BUSINESS DIVISION

Total Revenue – \$6,717 million

■ Lottery	\$3,207 million
■ Bingo	\$80 million
■ Resort Casinos	\$1,304 million
■ OLG Slots and Casinos	\$2,126 million

This table should educate you to the fact that the lottery game is not one in which chance is on your side. It is huge business and one in which the government takes a large cut so that they make it legal.

When you play the lottery, you expect that much of what you put in gets put out to the winner but the truth is that MOST of the cost of the ticket does not come out as winnings.

FINANCIAL HIGHLIGHTS

(in thousands of dollars)

For the fiscal year ended March 31	2012	2011*
Lottery and Bingo revenue	\$ 3,286,892	\$ 3,320,994
Resort Casinos revenue	1,303,912	1,302,988
OLG Slots and Casinos revenue	2,125,888	2,067,664
Total OLG revenue	6,716,692	6,691,646
Lottery and Bingo prizes	\$ 1,801,112	\$ 1,835,865
Commissions	661,080	648,243
Marketing and promotion	305,226	306,888
Gaming revenue sharing payment**	119,352	-
Payments to the Province of Ontario***	\$ 1,924,284	\$ 2,068,126
Payments to the Government of Canada	263,992	227,598

*Amounts have been restated to reflect the adoption of International Financial Reporting Standards ("IFRS").

**Pursuant to the Gaming Revenue Sharing and Financial Agreement, this amount is equal to 1.7 per cent of the gross revenue, as defined, of the Corporation.

***Payments to Province of Ontario include win contribution. The Corporation remits a contribution to the Province of Ontario equal to 20 per cent of gaming revenue from the Resort Casinos and the Great Blue Heron Slot Machine Facility, in accordance with the Ontario Lottery and Gaming Corporation Act, 1999. The fiscal 2011 win contribution was calculated based on the percentage applied to the previously reported gaming revenue in accordance with Canadian generally accepted accounting principles ("CGAAP").

Use the above table to answer the following questions.

1. How much did OLG make in sales in 2012? (Hint: This is called Revenue)
2. How much did OLG pay out in prizes?
3. What percentage is this?
4. If you add up all of the expenses, what is the total?
5. Does this total (See #4) add up to the revenue listed in #1?
6. What do you think OLG does with this money?

12 years later, this table is buried in the OLG Annual statement (page 59 of 100 pages):

Ontario Lottery and Gaming Corporation
Consolidated Statements of Comprehensive Income
For the years ended March 31, 2023 and 2022
(in millions of Canadian dollars)

	Notes	2023	2022 Re-presented (Note 3.c and 16.i)
Proceeds from Lottery and Gaming		\$ 9,198	\$ 7,143
Less: Lottery prizes		(2,608)	(2,631)
Gaming revenue		6,590	4,512
Less: Service Provider fees		(2,082)	(1,124)
Net gaming revenue		4,508	3,388
Lease revenue	9	117	92
Non-gaming revenue		36	5
Revenue	16	4,661	3,485

Annual revenue is up from \$6.7 billion to \$15.8 billion. Only 28.35% of proceeds from lotteries and gaming going to prizes. This is big business paid by Canadians.

The following is from the MoneySense Website:

<http://www.moneysense.ca/spend/how-to-win-the-lottery-2>

Don't be fooled by the multi-million jackpots advertised by the two big national lotteries. Your chances of winning are slim—**roughly 1** in 14 million for Lotto **6/49** and 1 in 28.6 million for Lotto Max. National lotteries also draw more players meaning winners often end up splitting the prize money several ways.

As a rule of thumb, provincial lotteries are your best bet and you won't have to slice and dice the winnings with as many people. The one lottery that stands out from the crowd is Quebec's Banco Special. Your chances of winning a \$1-million windfall in the game are 1 in 4.8 million—far better than any other lottery in its class. Ontario's Rock Paper Scissors had similar odds but the OLG canned the game as of Oct. 24, 2012. Another noteworthy contender, Western Pay Day lottery where the odds of winning \$675,000, or \$1,000 a week for life, are 1 in 1.4 million, is also being phased out.

Of course you could always go the charitable lottery route, where the odds of winning are even better. Charitable lotteries however require a bigger up-front commitment with tickets costing upwards of \$50 a pop thought the money does go toward a good cause. (dreamlottery.ca has a list of charitable lotteries in Canada by province.)

And in case you were wondering, McDonald's Monopoly Game is one of the worst "lotteries" going. Your chances of winning big with the fast-food chain are even worse than at the big national lotteries. Just how poor are the odds at McDonald's? Let's just say your odds of winning a \$1 million collecting Park Place and Boardwalk game pieces are 1 in 307 million. Suddenly Lotto Max doesn't look so bad.

Questions:

1. What are the chances of winning National Lotteries?
2. What lotteries give you better probabilities of winning?
3. What lotteries give you worse probabilities of winning?
4. How do you feel about gambling and lotteries now that you have read a bit of the facts?
5. Do you think gaming should be legal in Ontario? Explain.
6. People love gambling and have for 1000's of years and in all different societies. If people are going to gamble, why not have it benefit the people through government regulation. Do you agree with this statement or not. – Explain your opinion.