



Independent Gambling Authority

Annual Report 2013–14

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1. INTRODUCTION

This document reports on the activities of the Independent Gambling Authority for the reporting period 1 July 2013 to 30 June 2014.

This report combines into the one document the reports the Authority is required to make under a range of statutory annual reporting requirements (detailed in the glossary).

Reflecting those annual reporting requirements, this report is transmitted to the Minister for Business Services and Consumers and to the Minister for Racing at the direction of the Authority.

Alan Moss

PRESIDING MEMBER

30 September 2014

2. PRESIDING MEMBER'S REPORT

This year was a busy one for both the board and its staff.

At the opening, the Government's gambling reform package was mid-way through its Parliamentary passage. Through a process coordinated by Treasury, the Authority had been involved in both the high level policy and detailed design for this package.

While the content of the package changed as it progressed through the Parliament, those components which directly affected the Authority were unchanged. While the principal initiatives have been the reforms to barring arrangements, the package delivered a number of timely changes to the Authority's operating environment which will help it with its work.

One of the matters facilitated by the legislative package was the extension of the licence exclusivity for the Adelaide Casino.

Historically, licence exclusivity has related to the casino licensee being the only gambling provider allowed to offer table gaming "with the house" or where the "house" takes a commission or "rake". In South Australia, this has extended to ensuring that casino style games are not offered on gaming machines available in hotels and clubs. The financial dimension of licence exclusivity has been certainty

on the rates of duty (that is, casino tax) for the exclusivity period and also an up-front payment.

Licence exclusivity is primarily a matter for the Government and the licensee. However, as regulatory reform and attraction of high value customers were early issues identified by Skycity in its initial approach to the Government, key aspects of the final arrangements could only be finalised with the concurrence of the Authority.

In October and November 2013, the Authority considered the threshold tests for premium gaming—to identify those local players whom it would be safe to offer inducements to gamble in an area where the licensee enjoyed a number of incentives (including tax concessions) to maximise its yield.

The premium customer test was, by far, the hardest decision of the year.

The Authority considers that the decision it made balances a precautionary approach to the deployment of technologies such as ticket-in ticket-out, cashless gaming and automated table games with the legitimate interests of the licensee and the State in developing an international class premium business which, by definition, should not attract problem gamblers.

This does not mean that the definition is perfect and, for that reason, review mechanisms have been built in—not only at the individual player level but also at the level of the approval and the principles and methodology for identifying premium customers.

Of course, the finalisation of the variations to the approved licensing agreement and the premium customer process was only the beginning of the regulatory work.

In the first half of 2014, the Authority dealt with the initial applications for recognition of automated risk monitoring and account-based cashless gaming systems. Although cashless gaming has been considered in other Australian jurisdictions, both are new to this State and no-one has previously approved automated risk monitoring.

In addition, some 2700-odd local premium customer forms were processed to ensure that no-one with a history of barring was admitted to the new premium customer areas of the casino.

The legislative package also dealt with reforms to barring and, separately, provided for a “notify and work” scheme to replace approval of gaming employees. The Authority committed the resources to implement an online system to manage barring and, by way of regulatory synergy, to also manage the notify and work scheme.

While the necessary system components for notify and work were available on the cut-over date of 1 July 2014, it has been a matter of disappointment to the Authority that the system was not fully implemented by that date. However, the Authority is confident that this system will be fully in place and mature by the next time I write.

It will unquestionably provide significant regulatory relief both in terms of barring administration and in terms of the regulation of the gaming workforce.

The barring changes are quite fundamental and will, in time, provide a sound basis for comprehensive engagement for problem gamblers as they are identified. In past years, I have mentioned the work of Club Safe and Gaming Care in this report and, this year, I must especially thank them for the field work they have done to facilitate the orderly implementation of the new barring arrangements.

One of the features of the new barring scheme is the integration of the barring orders made, on a standalone basis, by licensees with those made by the Authority on approach from gamblers. Through the efforts of Club Safe and Gaming Care, the Authority has had access to records of much greater accuracy than had been thought possible when the scheme was originally modelled.

Their work on gathering the data and briefing licensees on the changes has been invaluable and has made a significant contribution to the success of the initiative.

Last year, the Authority reported comprehensively on the outcome of the 2011–13 codes of practice review, including the ban on live-odds advertising and new, prescriptive requirements for the display of mandatory warning messages.

As the work undertaken during the reporting period has largely been of implementation of existing decisions in principle, I shall not dwell on the policy issues. However, one of the key implementation matters was a comprehensive re-writing of the 14 existing codes of practice into a single instrument.

This is the unglamorous side of policy work and, on reflection, it is easy to underestimate its difficulty and the effort required to achieve the desired technical outcome. As has often been said in gambling regulation, the devil is in the detail.

The Authority's considerations were assisted by the willing cooperation of the key internal and external stakeholders (through the same Treasury-convened processes as for the legislative package) and the Authority appreciates their careful input.

Notwithstanding the two years taken in the review, the seven consultation documents issued, the six months between announcement and regulation and, in the case of key wagering industry stakeholders, unprecedented access being provided to the board prior to the publication of the codes notices, a number of gambling providers called upon the incoming Government to disallow the new codes of practice.

In a separate initiative, following the comprehensive review, the Authority implemented “decluttering” changes to the codes of practice, delivering the campaign material of the Office for Problem Gambling directly into the licensed gaming environment.

This has been another regulatory reform achieved through cooperation with the key stakeholders—and for which the contribution of the gaming industry representatives needs to be recognised.

Paul White, who had served as Liquor and Gambling Commissioner since October 2009, retired during the reporting period. He faced an enormous challenge to deliver a change program to merge the former liquor and gambling administration with the administration of fair trading, occupational licensing, residential tenancies and state corporate affairs laws. Despite this challenge, the relationship between the Authority and those responsible for gambling enforcement and compliance has, at the end of his tenure, been more positive and meaningful than at any time in the past decade and the board is appreciative of the contribution Paul has made to this.

The Authority has appreciated the good working arrangements it has enjoyed with its Ministers, Hon. John Rau and Hon. Gail Gago, and their staffs over the reporting period. While both have held a number of demanding portfolios at the same time as being responsible for gambling policy and regulation, the Authority has always been able to obtain an audience when needed. The members and I have particularly appreciated the careful and consistent way in which the Ministers and staff have managed the relationship of statutory independence.

The board would not be able to do its work without the support of its small office team led by Robert Chappell and, on behalf of the members, I thank them all for their efforts.

I wish also to particularly record the board's thanks to Jeanette Barnes of Consumer and Business Services, who acted as Assistant Director for the 12 months to January 2014.

The Authority notes that, just prior to it completing this report, the Government published its interim review of boards and committees with the Authority included in the 72 proposed for retention. The Authority sees this as a reflection of the relevance and importance of the work it does and as a vote of confidence in the way this work has been done.

Alan Moss
PRESIDING MEMBER

30 September 2014

3. THE AUTHORITY'S ROLE

3.1 Working with the Government

3.1.1 Casino licensing

As reported in 2012–13, the Authority was part of the Treasury-convened whole of Government approach to the extension of the exclusivity period under the casino licence held by Skycity Adelaide Pty Ltd. While the licence itself was granted for 99 years from 2000, only the first 15 promised exclusive rights to offer the casino product along with guaranteed rates of casino duty.

While the Government and Skycity reached agreement in principle, implementation required changes to the Casino Act, changes to the approved licensing agreement and the making of complementary statutory decisions by the Authority and the Liquor and Gambling Commissioner.

A key feature of the agreement in principle was the establishment of premium gaming areas within the casino premises. Certain regulatory restrictions on inducements to gamble would not apply in these areas and a concessional rate of duty would apply to gaming activity there, on the basis that access to these areas would be restricted to premium customers, being overseas and interstate guests and locals who might otherwise be attracted to Skycity's competitors interstate.

The Authority approved the necessary variations to the approved licensing agreement on 30 October 2013 and premium customer criteria on 6 November 2013. These criteria centre on a monetary threshold of \$12 000 normalised annual gaming machine spend or \$10 000 normalised table game spend, plus a set of narrative criteria directed at ensuring that premium customers are not problem gamblers.

Following these licensing arrangements becoming unconditional on 14 February 2014, the Authority undertook processing of barring register checks for locals being qualified as premium customers. As at the reporting date, just under 2700 checks had been processed.

As a result of the changes to legislation and variations to the approved licensing agreement, Skycity had the opportunity to introduce account based cashless gaming and TITO (ticket-in ticket-out) technologies so long as an automated risk monitoring system was also in operation. The cashless gaming and risk monitoring technologies are subject to regulatory oversight by the Authority. After extensive consultation and the statutory 28 day notice period, the Authority granted its recognition to these systems on 1 May 2014.

3.1.2 Codes of practice

The Authority worked with the Government to improve responsible gambling regulation through changes to the mandatory advertising and responsible gambling codes of practice, both in implementing the 2011–13 code of practice review and to complement outcomes of the 2013 gambling reform legislation.

In August 2013, the advertising codes were varied to impose a ban on live odds advertising. While the Authority had always intended to include this ban in its comprehensive re-write of the codes, the Government asked the Authority to bring this item forward noting that the re-write process would not be complete before the end of the winter sports activities for 2013.

The Authority prescribed the re-written codes in December 2013 (for a 1 March 2014 commencement). This notice replaced 14 separate regulatory instruments, setting out both new and old requirements in a new format. A feature of this notice was the ability to offer transitional dispensations from the new requirements—a facility extensively used by authorised interstate betting operators.

In parallel with the policy processes for the 2013 gambling reform legislation, the Office for Problem Gambling had led a project to reform the signage required inside licensed gaming venues (including the Adelaide Casino). This process engaged industry representatives, the Authority, the Liquor and Gambling Commissioner and the Concern Sector. The recommendations were to rationalise and simplify the regulatory signage in venues and to give exposure, proportional to gaming capacity, to OPG's campaign material. The 2013 gambling reform legislation having made the Authority, the Authority prescribed variations to the mandatory codes of practice in February 2014, for a 1 July 2014 commencement.

3.1.3 Systems project—barring and online employee notifications

In anticipation of changes to the scheme for welfare barrings to be made by the 2013 gambling reform legislation, the Authority commenced work on a system distributed over the internet to allow gambling venues to give and receive notifications of barring orders.

Because the gaming staff who would need access to the system (and therefore have to be issued with a username and password) were the same staff who would be subject to the new notify and work scheme (also being implemented under the 2013 gambling reform legislation), the security module of this system was developed to operate as an online notification portal.

Notify and work will, when the system is fully operational, significantly reduce cost to the State and, more importantly, eliminate the delay involved in the old system which required staff to be approved by the Liquor and Gambling Commissioner in advance of starting work.

3.2 Functions, powers and objects

The Authority is constituted as an incorporated instrumentality of the Crown under the *Independent Gambling Authority Act 1995*.

In addition to providing the Authority's governance framework, the Independent Gambling Authority Act contains the legislative tool box for the Authority in relation to regulated commercial gambling activities—each of which is authorised by a separate piece of legislation. The Independent Gambling Authority Act also

sets the “tone” for regulation, by stating objects to which the Authority must have regard.

Those functions are set out in section 11(1) of the Independent Gambling Authority Act:

- (aa) to develop and promote strategies for reducing the incidence of problem gambling and for preventing or minimising the harm caused by gambling; and
- (aab) to undertake, assist in or co-ordinate ongoing research into matters relevant to the Authority’s functions, including research into—
 - (i) the social and economic costs and benefits to the community of gambling and the gambling industry; and
 - (ii) the likely impact, both negative and positive, on the community of any new gambling product or gambling activity that might be introduced by any section of the gambling industry; and
 - (iii) strategies for reducing the incidence of problem gambling and preventing or minimising the harm caused by gambling; and
 - (iv) any other matter directed by the Minister; and
- (a) to ensure that an effective and efficient system of supervision is established and maintained over the operations of licensees under prescribed Acts; and
- (b) to advise, and make recommendations to, the Minister on matters relating to the operations of licensees under prescribed Acts or on any aspect of the operation, administration or enforcement of prescribed Acts; and
- (c) to perform other functions assigned to the Authority under this Act or a prescribed Act or by the Minister.

[References are the paragraph references from section 11(1).]

These are the things the Authority must *do*.

The objects are set out in section 11(2a) of the Independent Gambling Authority Act:

- (a) the fostering of responsibility in gambling and, in particular, the minimising of harm caused by gambling, recognising the positive and negative impacts of gambling on communities; and
- (b) the maintenance of an economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gaming machine industry) in this State.

These give a sense of the values the Authority needs to follow when doing the things it has to do. They import a notion of balance between actions which curb harm by curbing the activity which causes harm and the expectations of those conducting lawful businesses that the businesses will generate a return for effort.

This notion of balance is what has informed some of the key principles the Authority has followed—such as by making gambling environments more sensitive to the nuance of vulnerability, through initiatives such as approved intervention agencies in hotels and clubs, rather than by blunt force regulation.

The Authority is accountable to the Government, and then to Parliament, through the responsible Minister—the Minister for Business Services and Consumers.

In addition to its general obligations under the Independent Gambling Authority Act, the Authority is responsible for—

- ◆ regulation (along with the Liquor and Gambling Commissioner) of commercial gambling activity under the *Authorised Betting Operations Act 2000*, the *Casino Act 1997* and the *Gaming Machines Act 1992* (all committed to the Minister for Business Services and Consumers);
- ◆ complaints under the *Problem Gambling Family Protection Orders Act 2004* (committed to the Minister for Business Services and Consumers);
- ◆ responsible gambling regulation of public lotteries under the *State Lotteries Act 1966* (committed to the Minister for Finance); and
- ◆ the nascent scheme for proprietary racing under the *Racing (Proprietary Business Licensing) Act 2000* (committed to the Minister for Racing).

The legislative tool box includes the power to require the Liquor and Gambling Commissioner to furnish reports and to give the Commissioner limited direction, and to take evidence under summons if necessary.

The Authority's main areas of activity divide into—

- ◆ promoting and facilitating responsible gambling; and
- ◆ ensuring the integrity of licensed and authorised gambling activity.

Responsible gambling is not only about the specifics—such as development of particular regulatory obligations for gambling providers, procurement of research directed to problem gambling and administration of individual programs. It is also about facilitating coordinated activity directed at minimising harm. Responsible gambling covers all the commercial gambling businesses and the SA Lotteries business, operated on behalf of the Lotteries Commission by Tatts Lotteries. It is dealt with in detail in section 4 of this report.

Integrity regulation is about ensuring that licensees comply with all of their regulatory obligations—obligations which range from suitability of participants, to integrity and fairness of the products, to the responsiveness and sensitivity of gambling environments. While these measures, by definition, apply and are enforced specifically, they should influence the delivery of gambling products generally. Integrity regulation relates to licensed commercial gambling businesses. It is dealt with in detail in section 5 of this report.

The Lotteries Commission is responsible for the integrity of the SA Lotteries business operated on its behalf by Tatts Lotteries.

The integrity of the wagering products offered in South Australia by AIBOs is the responsibility of the regulatory bodies in their home jurisdiction.

3.3 Relationship with other agencies and entities

3.3.1 Key relationship—Liquor and Gambling Commissioner

The regulatory model for licensed gambling businesses in South Australia has the Liquor and Gambling Commissioner responsible to the Authority for the **constant scrutiny** of the licensees' operations.

This is supported by powers to require reports from the Commissioner and to give the Commissioner directions concerning the discharge of non-discretionary regulatory functions. These powers have been used to set up a framework in which the Commissioner deploys the resources of Consumer and Business Services through an extensive inspection regime with significant discretion and keeps the Authority informed on three frequencies—monthly, quarterly and annually.

The monthly reporting ensures that the Authority has contemporary knowledge of matters of immediate importance. The annual reporting acquits a whole budget cycle of activity (see **Appendix B**). In between is the quarterly reporting, which allows for considered analysis of trends and challenges.

In this reporting period, that quarterly reporting has been enhanced by the attendance of Consumer and Business Services officers at specially convened quarterly meetings for direct engagement with the Authority's members. The Authority has appreciated the Commissioner's personal commitment to enhancing this level of engagement.

3.3.2 Local stakeholder relations

The Authority's key local stakeholders are:

- ◆ the Department of Treasury and Finance, which hosts the front-line government policy unit for gambling regulation;
- ◆ industry—the AHA|SA, Clubs SA and the recognised industry bodies for hotels and clubs—Club Safe and Gaming Care; the management of Skycity Adelaide Pty Ltd, SA TAB Pty Ltd and the Lotteries Commission; the controlling authorities for thoroughbred, harness and greyhound racing; and the South Australian Bookmakers' League;
- ◆ Concern Sector (non-government)—the Heads of Christian Churches Gambling Taskforce and the charitable and other agencies providing gambler rehabilitation services;
- ◆ the Office for Problem Gambling in the Department for Communities and Social Inclusion; and
- ◆ government and non-government organisations whose functions are regulatory or quasi-regulatory or involve policy—South Australia Police, Independent Gaming Corporation Limited (the gaming machine monitor licensee) and the Office for Recreation and Sport (which manages racing industry development issues for the Government).

Consistent with the key quarterly reporting by the Liquor and Gambling Commissioner, the Authority has, during this reporting period, received reports on the same quarterly basis from the recognised gaming industry bodies Club Safe and Gaming Care, along with aggregated data from the major licensees.

3.3.3 National liaison

The Authority acknowledges the importance of exchanges of information and views with regulators in other Australian and international gambling jurisdictions.

The Authority represents the Minister in the Gambling Research Australia program. (The Director is the convener of GRA.)

The Director represents the Minister for Racing on the National Racing Integrity Advisory Group.

The Director is also a member of the forum of the chief executives of Australasian casino and gaming regulators. The CEOs' forum meets formally twice each year, and CEOs confer informally as required. South Australia benefits greatly from its access to the collective knowledge and expertise of this group. This liaison has never been more important to South Australia, working with a casino licensee operating in three jurisdictions, a lottery provider operating in 6 jurisdictions, a related major betting operator operating in 3 jurisdictions and interstate betting operators all operating in at least one other.

Each of the regulatory bodies represented in the CEOs' forum also participates in knowledge sharing and the development of national approaches to gambling regulation through an annual conference of Australasian casino and gaming regulators and periodic meetings of members of the regulatory boards and commissions.

The conference is hosted in rotation among jurisdictions on a calendar year basis and the 2014 conference was held in Melbourne on 4 June to 6 June 2014. There were a variety of speakers and the guest speaker at the dinner was Mr Peter Harris AO, Chairman of the Productivity Commission.

The Authority has continued to provide secretariat support to the forum of Australia and New Zealand board and commission members. The board and commission members have two meetings a year: a meeting programmed into the annual conference and a mid-year meeting held on a standalone basis. The Authority hosted a meeting in Adelaide on 4 November 2013 and another meeting was held in conjunction with the annual conference in Melbourne on 4 June 2014.

The Presiding Member and Deputy Presiding Member attended the National Association for Gambling Studies conference held in Sydney on 20–22 November 2013.

3.3.4 International liaison

While there are significant economic, structural and cultural differences in the way gambling products are handled in different jurisdictions, the products themselves are

very similar and there are many common issues. Continuing issues at the international level include—

- ◆ how to regulate for responsibility in gambling;
- ◆ global consolidation, with particular reference to the emerging casino markets in Asia; and
- ◆ internet gambling.

The Authority has also continued its contact with overseas gaming jurisdictions, principally through its participation in the annual conference of the International Association of Gaming Regulators from 29 September–2 October 2013 held in Oslo. The Assistant Director attended the conference.

The Director attended the iGaming Asia Congress held in Macau on 4–6 March 2014. The Congress represents Asian facing sportsbooks, gaming companies and industry experts who discuss strategies in relation to the Asian online gaming market.

3.4 Organisation and administration

The Authority is comprised of 7 members appointed by the Governor of South Australia on the nomination of the Minister. In its functions the Authority is supported by a small office comprising staff employed under the *Public Sector Act 2009*.

The Authority's annual financial statements and the independent audit opinion of the Auditor-General on those statements are contained in **Appendix A**.

Full details of the Authority's organisation are set out in **Appendix C**.

4. RESPONSIBLE GAMBLING

4.1 Overview

4.1.1 Highlights for 2013–14

The major responsible gambling activities for the reporting period were:

- ◆ implementation of the outcomes of the 5-year codes of practice review;
- ◆ extensive engagement with government and industry stakeholders in relation to the development and implementation of gambling policy reform for South Australia;
- ◆ providing financial support for research projects;
- ◆ continuing implementation of the voluntary barring and problem gambling family protection orders schemes and preparation for new barring arrangements.

The Authority commissioned the Department of Treasury and Finance to develop a new online system to implement changes to barring arrangements and the new

employee notification arrangements implemented by the *Statutes Amendment (Gambling Reform) Act 2013*.

The Authority had chosen to pay for this activity from funds which would otherwise have been applied to research.

4.1.2 Funding for responsible gambling and harm minimisation

The Authority is but one party in the mix of arrangements for responsible gambling policy and support in this State. Its role cannot be understood without understanding those arrangements and, in particular, how they are funded.

The Department for Communities and Social Inclusion, with moneys from the Gamblers Rehabilitation Fund, contracts gambling help services across the State. The GRF draws its funds from hypothecated gaming machine tax revenue and contributions made by Independent Gaming Corporation Limited (a joint venture company owned by AHA|SA and Clubs SA) to hold the gaming machine monitoring licence.

One change in 2013–14 was the Skycity Adelaide Pty Ltd approved licensing agreement (ALA) committed Skycity to paying \$300 000 to the GRF. Under the ALA there is a formula for working out Skycity's contribution to the GRF.

The IGC, as holder of the gaming machine monitoring licence, charges all gaming machine licensees a line monitoring fee per month per gaming machine. The IGC is a monopoly operator and this fee is regulated by the Minister. The fee is set to cover IGC's expected costs including its contribution to the GRF.

Out of its revenues from the line monitoring fee, the IGC also provides funding to the two approved recognised industry bodies, Gaming Care and Club Safe.

The Authority is the lead State agency responsible for commissioning research into responsible gambling and harm minimisation. Some research is also commissioned under the auspices of the Office for Problem Gambling funded from the GRF.

In addition, Treasury provided South Australia's annual funding contribution to the Gambling Research Australia program from the annual budget allocation for regulatory policy.

A diagram illustrating these funding arrangements is set out in **Appendix D**.

4.2 Codes of practice

4.2.1 Background

There is statutory provision for the Authority to make mandatory advertising and responsible gambling codes of practice to apply to the Adelaide Casino, SA Lotteries, SA TAB, licensed racing clubs, gaming machine venues (hotels and clubs), and authorised interstate betting operators. While there are individual codes that apply to each of these gambling providers, the Authority has sought to keep the content largely uniform. This year, these codes were consolidated into one

document, harmonising provisions where possible and setting out gambling industry specific aspects where needed.

4.2.2 2011–13 Codes of practice review

The prescribed Acts all require a review, with public consultation, of the codes of practice every 5 years.

The Authority commenced the most recent review with a public hearing in October 2011.

The announcement of this review was accompanied by the release of a consultation document which identified 14 issues on which the Authority considered submissions might be made (without limiting the issues which could be raised by stakeholders generally).

Presentations were made by 11 stakeholders at the hearing.

In July 2012, the Authority released issues papers on the mandatory warning message, sportsbetting advertising, inducements to gamble, differential treatment for the Adelaide Casino and children's play areas in gaming venues. Then, in November 2012, a further issues paper on activity statements was released.

Responses to these issues papers, along with all earlier stakeholder submissions (all of which are available from the Authority's website), were considered by the board from December 2012 through to March 2013, with the final report of the review being presented to the Minister in April 2013.

The report was tabled in Parliament on 16 May 2013.

It sets out 49 in-principle decisions, including an endorsement of the approved intervention agency initiative, a move to prescribe standards for the display of the mandatory warning message, uniform requirements for inducements to gamble across all forms of commercial gambling and an end to the practice of live-odds advertising.

At the commencement of the review, the codes of practice had been set out in 14 separate instruments—an advertising code and a responsible gambling code for each of 7 different gambling licences and authorisations: casino, gaming machines, commercial lotteries, major betting operations (SA TAB), on-course totalisator (licensed racing clubs), licensed bookmakers and interstate betting operators.

In its report, the Authority noted that, while effort had been put into making these instruments uniform and consistent across gambling providers, the arrangements had become unwieldy, especially as many licensed premises hosted up to three of these forms of gambling. In addition, the policy changes required by the 49 in-principle decisions could only be achieved by re-writing the codes and so, subject to legislation, it was proposed to consolidate the 14 instruments into one.

The 2013 gambling reform legislation made minor amendments to the authorising provisions in each of the four relevant Prescribed Acts to enable a notice prescribing

a code of practice under that Act to be combined in the same instrument with a notice under one or more other Acts.

Successive drafts of the consolidated Gambling Codes of Practice Notice were workshopped with stakeholders within Government, industry and the Concern Sector, with the 28 day notices going out in October 2013 and the formal notices being published in the Government Gazette on 18 December 2013.

4.2.3 Early implementation of live odds advertising prohibition

The Authority is required by law to determine the contents of the codes of practice independently. However, the codes themselves are disallowable instruments and therefore it is open to the Government to restrain their application. The Government's acceptance of the policy in the codes is therefore important.

The Authority had proposed a cautious approach to implementation, allowing time for drafting and technical consultation. However, upon the decisions in principle becoming known, the Government asked the Authority to consider bringing forward the implementation of the regulation of live odds advertising by wagering providers.

A key concern, as the Authority understood it, was that there should not be another football finals series covered by television peppered with the price of the outcome.

The decision to bring forward the implementation brought the initiative to much greater attention, and the Authority found itself contributing to a national debate—noting that sportsbetting, while regulated at the state and territory level, is a national business in a national market—with the full support of the Government.

4.3 Responsible gambling decision making

4.3.1 Recognition of employee training

Changes to the Casino Act and the Gaming Machines Act arising from the 2013 gambling reform legislation restructure the arrangements for employee training in the gaming sector. From 1 July 2014, there are to be two levels of training—*basic* and *advanced*—with the training courses being recognised by the Authority in accordance with prescribed criteria.

The prescribed criteria are set out in the Gambling Regulation—Employee Training—Prescription Notice 2013 (18 December 2013, in operation 1 January 2014).

During the reporting period, the Authority received four applications for recognition of basic training and three applications for advanced training. Each had been reviewed by an assessment panel as at 30 June 2014.

4.3.3 Approval of loyalty programs with pre-commitment

Clause 54 of the Gambling Code of Practice Notice 2013 prohibits the offering of any inducement to gamble other than participation in an acceptable loyalty program. In addition, unless the licensee has a responsible gambling agreement (with Gaming

Care or Club Safe), the acceptable loyalty program must include a pre-commitment program approved by the Authority. Clause 55 sets out the requirements for an acceptable loyalty program.

4.4 Recognised industry bodies—Gaming Care and Club Safe

Gaming Care and Club Safe are “recognised” under section 10B of the Gaming Machines Act (a form of licensing) for the purposes of having a *responsible gambling agreement* with a gaming machine licensee. A gaming machine licensee enjoys certain regulatory privileges under the Gaming Machines Act and under the codes of practice.

Gaming Care and Club Safe have been successful in engaging with licensees. At the end of the reporting period, all gaming machine licensees in South Australia were party an agreement. The last remaining venue not in an agreement joined Gaming Care on 25 June 2014.

The idea of a recognised industry body is to operate as an industry intervention agency for responsible gambling (indeed, Gaming Care and Club Safe first performed their present functions as approved intervention agencies under the codes of practice). This means Gaming Care and Club Safe having unrestricted access to licensees and staff (and staff suffering no detriment from being open and candid with Gaming Care and Club Safe)—these are terms of the responsible gambling agreements—and providing information, advice and support to licensees in meeting their regulatory obligations and, in particular, in interacting and intervening with patrons.

As part of the recognition process, the Authority has required routine (quarterly) reporting from Gaming Care and Club Safe. This reporting is both numerical and narrative, with many case studies included. It is received by the Authority’s Regulation Committee along with quarterly reporting from the Liquor and Gambling Commissioner and from the major licensees. In addition, at least once a year, Gaming Care and Club Safe meet formally with members, at a meeting of the Responsible Gambling Committee.

A strength of the operational model is that Gaming Care and Club Safe are industry, rather than State, agencies, and are able to deliver information, advice and support to licensees as industry partners rather than as regulators.

The funding model for Gaming Care and Club Safe is explained at Item 4.1.2 (see page 12).

4.5 Research

4.5.1 Gambling Prevalence in South Australia

The Authority was a 40% funding partner of the Office for Problem Gambling in the conduct of a population study of South Australian adult gambling to provide estimates on the prevalence of gambling activities.

The survey used a dual-frame sampling method involving both landline and mobile telephone numbers. This resulted in 7 133 interviews with respondents who were part of the randomly generated landline sample and 2 375 interviews with respondents selected from a list based mobile phone sample.

In this study, a revised method was used. In 2012, the questions used to screen for problem gambling were asked of all who said they had gambled in the last 12 months while, in 2005, these questions had been asked only of regular gamblers. This change in method had a significant impact on the results (1.1% of non-regular gambler respondents were rates as moderate risk or higher).

The final report was tabled on 28 November 2013.

Some of the key findings from this report were:

- ◆ the prevalence of moderate risk and problem gambling for South Australia (the key target group for policy purposes) is 3.1%;
- ◆ the prevalence of problem gambling in 2012 was 0.6% of all South Australian adults, 2.5% were classified as moderate risk gamblers and 7.1% as low risk gamblers;
- ◆ comparing like-for-like between 2005 and 2012 (the change among regular gamblers) those moderate risk and above increased from 1.6% to 2.0% of adults;
- ◆ during the last 12 months, 7.6% of all moderate risk/problem gamblers (24.5% of problem gamblers) had sought help;
- ◆ 68.8% of South Australian adults had participated in some type of gambling during the last 12 months;
- ◆ the most popular gambling activities were buying lotto/lottery tickets (55.5%), playing gaming machines (26.5%), buying instant scratch tickets (20.7%) and betting on racing (20.5%); and
- ◆ 5.3% of South Australian adults had engaged in some form of internet gambling during the last 12 months.

4.6 Problem gambling family protection orders scheme

The scheme under the *Problem Gambling Family Protection Orders Act 2004* commenced operation on 1 July 2004, with the Authority being the agency principally responsible for its operation. The scheme provides an intervention approach for families affected by problem gambling.

The current reporting year is the ninth year of the operation of the PGFPO Act. Preliminary meetings held to date have typically resulted in the respondent consenting to undertake certain actions to address their gambling (referred to as “consent orders”), or agreeing to request voluntary barring under Part 4 of the IGA Act, or agreeing to certain other actions without orders initially being made, such as attending gambling counselling or other rehabilitation. The Authority adjourns the complaint and monitors adherence to these agreements, which are formalised in writing.

Examples of the orders that have been made by consent are—

- ◆ attending gambling counselling either alone or jointly with their partner for a specified minimum number of attendances within a specified period;
- ◆ attending financial counselling with their partner;
- ◆ not entering specific gambling venues;
- ◆ not placing bets with SA TAB agents and closure of all SA TAB accounts;
- ◆ not participating in any form of gambling;
- ◆ placing all income into an account managed by their partner and the partner allocating a specified amount to the respondent for their personal use;
- ◆ being barred from entering the premises of any second-hand dealer (including a second-hand dealer who operates as a pawnbroker) in various country towns.

During the reporting period the Authority dealt with two new applications. As at 30 June 2013, there were 14 cases with orders in force.

4.7 Voluntary barring process

Part 4 of the IGA Act requires the Authority to provide a voluntary barring scheme for self-identified problem gamblers.

This section provides for the Authority, by order and on the written request of an individual, to—

- ◆ bar the person from the casino and/or the licensed gaming areas of one or more hotels or clubs; and
- ◆ notify the relevant licensees.

Some people enquiring about, or requesting, barring express an initial wish to be barred from all South Australian gaming venues. In administering the voluntary barring scheme the Authority seeks to balance the interests of the applicants with the compliance burden imposed on licensees.

The Authority actively encourages people requesting barring to tailor the scope of their orders to their actual needs and the realities of the compliance environment. The barring process is directed to assisting them with this, and also with giving them a memorable experience to cement their personal decisions to refrain from gambling on gaming machines.

The voluntary barring process involves a first time applicant undergoing a structured interview to establish the existence and nature of the gambling problem, the taking of a photograph and the completion of relevant forms.

A person requesting to be barred from additional venues will not generally be required to undergo another interview, but must (in order to comply with the Independent Gambling Authority Act) make the request in writing.

Once orders are made barring a person from the areas of gaming machine venues licensed for gaming machines, or in respect of the casino, the person is notified in

writing. Each venue also receives written notice, which includes the person's photograph.

A person who enters an area from which he or she is barred commits an offence. In addition, the Authority has given binding directions to licensees requiring them to take reasonable steps to ensure that excluded persons do not enter or remain in places from which they are barred.

The scheme legislation commenced on 1 October 2001. During the reporting period, 96 people (2013, 95) sought voluntary barring for the first time, bringing the number who have been barred since the start of the scheme to 1584.

A person who has been barred for at least 12 months may request revocation of some or all of the barring orders made. During the reporting period, 29 (2013, 41) people had all of their barring orders revoked.

The number of people with one or more barrings, at 30 June 2013, was 967 (2013, 901).

The Authority records as a "session" each occasion when a person requests voluntary barring. This might be the request made in an initial interview, or it might be a subsequent request for additional barring orders (in which case an interview will generally not be necessary). There were 192 such sessions during the reporting period (2013, 198).

The Authority has also adopted the routine practice of providing venues with consolidated barring reports at least once every 12 months to ensure that venues have up to date records of persons barred from their venue. These consolidated barring reports reproduce the names and photographs of all persons barred from the relevant venue at the time.

5. INTEGRITY REGULATION

5.1 Overview

While the traditional objectives of gambling regulation have related to the integrity of the gambling product, the regulatory framework may more properly be regarded as covering a range of objectives that include both integrity and responsible gambling.

The regulatory framework achieves these ends through—

- ◆ assessment and approval of gambling products, procedures and equipment;
- ◆ assessment and approval of gambling providers (including people involved in the conduct of the gambling business) for licensing purposes;
- ◆ the setting of rules and standards for the conduct of gambling;
- ◆ compliance monitoring and enforcement; and
- ◆ disciplinary action and other sanctions.

The setting of rules and standards, enforcement and disciplinary action have generally been entrusted to independent regulators.

In South Australia, those regulatory functions are divided between the Independent Gambling Authority and the Liquor and Gambling Commissioner. They extend over the areas of casino gaming, electronic gaming machines in hotels and clubs and the wagering activities of SA TAB, racing clubs, bookmakers and authorised interstate betting operators.

5.2 The Authority's role

For its part, as the supervising regulator, the Authority seeks to ensure that the level of regulation is appropriate for ensuring not only the integrity and responsible gambling objectives, but also that there is justifiable public confidence that these ends are being reached. In doing so, the Authority is mindful of the compliance burden which accompanies regulatory measures.

The Authority seeks to tailor those measures for which it is directly responsible, so that they address identified risks without imposing an undue compliance burden. In relation to measures for which it is not directly responsible, the Authority encourages a similar approach.

The Authority is satisfied that licensed gambling activities have been conducted with the desired integrity during the reporting period. The sections which follow provide the information required by the Independent Gambling Authority Act and the prescribed Acts with respect to regulation of gambling. They also detail key events during the reporting period.

Details of the Authority's routine regulatory activities for each gambling type during the reporting period are contained in **Appendix C**.

5.3 The role of the Liquor and Gambling Commissioner

5.3.1 *Annual report*

The general principle underpinning the regulatory model for licensed gaming activities—that the Liquor and Gambling Commissioner is responsible to the Authority for the constant scrutiny of licensees' operations—is detailed above at section 3.3.1.

Part of the 2013 legislative package was reform of the reporting arrangements as between the Liquor and Gambling Commissioner, the Authority and the Minister.

Under each of the Authorised Betting Operations Act, the Casino Act and the Gaming Machines Act, the Commissioner now provides an annual report to the Authority for on-forwarding, with or without comment, to the Minister, for presentation to Parliament.

That document is set out in **Appendix B** starting on page 47.

5.3.2 Regular reports

During the reporting period the Authority also received periodic highlights reports from the Liquor and Gambling Commissioner and more in depth quarterly reports. The quarterly reports provide a significant amount of detail with respect to the compliance activities of the Commissioner's inspectorate.

These reports are furnished pursuant to a requirement made under section 11(3) of the Independent Gambling Authority Act. Their strict regulatory purpose is to inform the Authority in its supervisory role in relation to the Commissioner's compliance activities and the requirement for the maintenance of constant scrutiny.

Improvements have been made to the quarterly reporting process, most particularly through the attendance by officers from Consumer and Business Services at the meetings of the Authority's Regulation Committee scheduled to consider the reports.

This has enhanced the relationship between the entities and enabled CBS officers to more fully understand the Authority's requirements and its regulatory role in the context of receiving information on the key activities of the Liquor and Gambling Commissioner.

5.4 Casino statutory default action

During the last reporting period, the Authority considered reports of possible statutory defaults in respect of the Adelaide Casino licence. The Authority provided the licensee with particulars of each matter, and expiation notices were issued totalling \$44 500.

Further particulars are set out in Appendix C, at page 110.

Skycity paid the expiation notices on 15 April 2014.

5.5 Authorised interstate betting operators

The regulatory regime set out in Part 3A of the Authorised Betting Operations Act regularises the established right of interstate licensees to offer their wagering products across state and territory borders, where technology allows this to be done.

The regulatory regime allows betting operators holding an interstate betting licence or operating under statutory mandate to become authorised to conduct betting operations in South Australia by telephone, internet or other electronic means.

Under the arrangements, the Authority is the principal agency with functions in relation to interstate betting operators. Its functions include—

- ◆ receiving notices of intention to conduct or cease betting operations in South Australia;
- ◆ prescribing codes of practice and other regulatory documents for authorised interstate betting operators;

- ◆ specifying requirements for and receiving annual returns by authorised interstate betting operators; and
- ◆ taking disciplinary action as appropriate.

On 30 June 2014 there were 26 authorised interstate betting operators.

A list of currently authorised interstate betting operators is maintained on the Authority's website, is circulated monthly by email and is available on request in hard copy at the Authority's office.

GLOSSARY

AHA SA	Australian Hotels Association (SA Branch)
Clubs SA	Licensed Clubs' Association of South Australia Inc
CBS	Consumer and Business Services (a division of the Attorney-General's Department)
DTF	Department of Treasury and Finance (South Australia)
GRA	Gambling Research Australia
IGA Act	<i>Independent Gambling Authority Act 1995</i>
Minister	the Minister for Business Services and Consumers
PGFPO	Problem Gambling Family Protection Orders
race	a horse, harness or greyhound race conducted (in South Australia) by a licensed racing club or (elsewhere in Australia) by a body authorised under a counterpart law to the <i>Authorised Betting Operations Act 2000</i> , on which bets may lawfully be placed with a totalisator operator or a bookmaker
RIB	Recognised Industry Body—an organisation approved by the Authority under the Gaming Machines Act for the purposes of entering responsible gambling agreements with gaming licensees; currently there are two RIBs, Gaming Care and Club Safe
Reporting date	30 September
Reporting period	1 July 2013–30 June 2014 (both days inclusive)
RGA	Responsible Gambling Agreement—a gaming licensee having an RGA obtains the benefit of certain regulatory relief under the gaming Machines Act and the codes of practice
statutory annual reporting requirements	This document relates to the obligations to make an annual report contained in the following provisions <ul style="list-style-type: none">◆ section 12 of the <i>Public Sector Act 2009</i>;◆ section 19 of the <i>Independent Gambling Authority Act 1995</i>;◆ section 23 of the <i>Public Finance and Audit Act 1987</i>;◆ section 90 of the <i>Authorised Betting Operations Act 2000</i>;◆ section 71 of the <i>Casino Act 1997</i>;◆ section 74 of the <i>Gaming Machines Act 1992</i>; and◆ section 52 of the <i>Racing (Proprietary Business Licensing) Act 2000</i>.

APPENDIX A

Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
EXPENSES			
Employee benefit expenses	4	882	1 074
Supplies and services	6	467	453
Depreciation expense	7	–	–
Grants and sponsorships	8	14	
Total expenses		1 363	1 531
INCOME			
Interest revenues	10	85	96
Recoveries	11	41	107
Other revenues	12	67	20
Total income		193	223
NET COST OF PROVIDING SERVICES		(1 170)	(1 308)
Revenues from SA Government			
Revenues from SA Government	13	1 693	1 657
Total revenues from SA Government		1 693	1 657
NET RESULT		523	349
NET RESULT AND TOTAL COMPREHENSIVE RESULT		523	349
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.

Appendix A: Financial Statements—continued

Statement of Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	14	3 677	3 413
Receivables	15	148	22
Total current assets		3 825	3 435
NON-CURRENT ASSETS			
Intangible assets	17	88	–
Total non-current assets		88	–
TOTAL ASSETS			
		3 913	3 435
CURRENT LIABILITIES			
Payables	19	67	64
Employee benefits	20	50	69
Total current liabilities		117	133
NON-CURRENT LIABILITIES			
Payables	19	18	20
Employee benefits	20	194	221
Provisions	21	1	1
Total non-current liabilities		213	242
Total Liabilities		330	375
NET ASSETS			
		3 583	3 060
EQUITY			
Retained earnings		3 583	3 060
TOTAL EQUITY			
		3 583	3 060

THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.

Unrecognised Contractual Commitments 22

Contingent Assets and Liabilities 23

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

Appendix A: Financial Statements—continued

Statement of Changes in Equity for the year ended 30 June 2014

	Retained Earnings \$'000
Balance at 30 June 2012	2711
Net result and total comprehensive result for 2012–13	349
Balance at 30 June 2013	3060
Net result and total comprehensive result for 2013–14	523
Balance at 30 June 2014	<u><u>3583</u></u>

ALL CHANGES IN EQUITY ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.

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

Appendix A: Financial Statements—continued

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(936)	(979)
Payment for supplies and services		(598)	(434)
Payment for grants and sponsorships		(14)	–
Payments for paid parental leave scheme		(7)	(2)
Cash used in operations		(1 555)	(1 415)
Cash Inflows			
Interest received		86	96
Recoveries		41	107
Other receipts		82	5
Receipts for paid parental leave scheme		5	7
Cash generated from operations		214	215
Cash Flows from SA Government			
Receipts from SA Government		1 693	1 657
Cash generated from SA Government		1 693	1 657
NET CASH PROVIDED BY OPERATING ACTIVITIES	24(b)	352	457
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows			
Purchase of intangible assets		(88)	–
Cash used in investing activities		(88)	–
NET CASH (USED IN) INVESTING ACTIVITIES		(88)	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		264	457
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3 413	2 956
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24(a)	3 677	3 413

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

Appendix A: Financial Statements—continued

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Appendix A: Financial Statements—continued

Notes to and forming part of the Financial Statements

1 Objectives of the Independent Gambling Authority

The Independent Gambling Authority (the Authority) is established under the *Independent Gambling Authority Act 1995* to perform the following functions:

- To develop and promote strategies for reducing the incidence of problem gambling and for preventing or minimising the harm caused by gambling;
- To undertake, assist in and coordinate ongoing research into matters relevant to the Authority’s functions, including research into:
 - The social and economic costs and benefits to the community of gambling and the gambling industry
 - The likely impact, both negative and positive, on the community of any new gambling product or gambling activity that might be introduced by any section of the gambling industry
 - Strategies for reducing the incidence of problem gambling and preventing or minimising the harm caused by gambling
 - Any other matter directed by the Minister for Business Services and Consumers.
- To ensure that an effective and efficient system of supervision is established and maintained over the operations of licensees under “prescribed Acts”, namely the *Authorised Betting Operations Act 2000*, the *Casino Act 1997*, the *Gaming Machines Act 1992*, and the *Racing (Proprietary Business Licensing) Act 2000*;
- To advise, and make recommendations to the Minister for Business Services and Consumers on matters relating to the operations of licensees under prescribed Acts or on any aspect of the operation, administration or enforcement of prescribed Acts;
- To perform other functions assigned to the Authority under the *Independent Gambling Authority Act 1995* or a prescribed Act or by the Minister for Business Services and Consumers.

These functions are set out in section 11 of the *Independent Gambling Authority Act 1995*. Section 11 also requires the Authority, when exercising any discretionary power to take the following objects into account:

- The fostering of responsibility in gambling and, in particular, the minimising of harm caused by gambling, recognising the positive and negative impacts of gambling on communities;
- The maintenance of an economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gaming machine industry) in this State.

2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

The Authority 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 accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer’s Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

Appendix A: Financial Statements—continued

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the period ending 30 June 2014. Refer to Note 3.

Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Authority’s accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies to be selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees;
 - (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority’s Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

2.2 Reporting Entity

The Authority is a body corporate established by statute. Its financial arrangements are administered, but not controlled, by the Department of Treasury and Finance through an interest bearing Deposit Account named the “Independent Gambling Authority Operating Account”. The account is established for the purpose of recording all the activities of the Authority including recurrent and capital expenditures, income from various activities, injections of funds provided from the Consolidated Account and borrowings.

2.3 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 has

Appendix A: Financial Statements—continued

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.

2.4 Rounding

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

2.5 Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, and goods and services tax (GST).

The Business Activity Statement for the Authority is grouped with DTF under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for the payments and entitled to the receipt of GST. As such, GST applicable to the Authority forms part of the Statement of Comprehensive Income and Statement of Financial Position of DTF.

2.6 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the result of subsequent years.

2.7 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Authority will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Other revenues

Other revenue consist of fines, expiation payments and default penalty payments. This revenue is recognised when the fines and payments are received.

Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

2.8 Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Authority will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Appendix A: Financial Statements—continued

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses includes all costs related to employment including salaries and wages and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current Authority staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

Depreciation

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by change to the time period or method, as appropriate, which is a change in accounting estimate.

Depreciation is calculated on a straight line basis over the estimated useful life of the following class of assets:

Class of Asset	Depreciation Method	Useful Life (Years)
Office Equipment	Straight Line	3–4

Grants and sponsorships

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met.

All contributions paid by the Authority have been contributions with unconditional stipulations attached.

2.9 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.10 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position includes deposits with the Treasurer and petty cash.

For the statement of cash flows, cash and equivalents consists of cash and cash equivalents as defined above. Cash is measured at nominal value.

Appendix A: Financial Statements—continued

The Authority's physical cash balance is included within a single bank account, namely the Department of Treasury and Finance Operating Account, which comprises of cash balances for several deposit accounts and is managed in accordance with Treasurer's Instruction 6 *Deposit Accounts and Banking*.

Receivables

Receivables include amounts from accruals.

Receivables arise in the normal operation of the Authority. Receivables are expected to be settled within 30 days of the invoice date provided the goods and services have been received.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt. Bad debts are written off when identified.

Non-Current Assets Acquisition and Recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

All non-current tangible assets with a value of \$5 000 or greater are capitalised.

All non-current tangible and intangible assets are reviewed for indications of impairment through stocktaking processes or at the reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of software or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

2.11 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables

Payables include accrued expenses, employment on-costs and Paid Parental Leave Scheme payable.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Appendix A: Financial Statements—continued

Employee benefit on-costs include superannuation contributions and payroll tax, WorkCover levies with respect to outstanding liabilities for salaries and wages, long service leave, skills and experience retention leave and annual leave.

The Paid Parental Leave Scheme payable represents amounts which the Authority has received from the Commonwealth Government to forward onto eligible employees via the Authority's standard payroll processes. That is, the Authority is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

The Authority makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the schemes.

Employee Benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Where a liability line item combine amounts expected to be settled within twelve months and more than twelve months, the Authority has separately disclosed the amounts expected to be settled after more than twelve months.

Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wages levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The current/non current classification of the Authority's long service leave liabilities has been calculated based on historical usage patterns.

Provisions

Workers' Compensation

The workers' compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2014 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment for workers' compensation claims.

Appendix A: Financial Statements—continued

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Authority has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. The Authority has entered into operating leases.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term. The straight line basis is representative of the pattern of benefits derived from the leased assets.

2.12 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating and remuneration commitments arising from contractual or statutory sources and are disclosed at their nominal value. Refer to Note 22.

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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

3 New and Revised Accounting Standards and Policies

The Authority did not voluntarily change any of its accounting policies during 2013–14.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2014. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

In accordance with the new AASB 13 *Fair Value Measurement*, which became effective for the first time in 2013–14, the Authority has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Authority has used the cost approach or the market approach to determine fair value. The Authority will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements; and
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for assets and liability measurements.

Fair value hierarchy and other information is provided in Note 18.

Appendix A: Financial Statements—continued

4	Employee benefits expenses	2014	2013
		\$'000	\$'000
	Salaries and wages	537	611
	Long service leave	(14)	56
	Annual leave	38	72
	Skills and experience retention leave	3	2
	Board fees	201	200
	Employment on-costs—superannuation	67	80
	Employment on-costs—payroll tax	42	49
	Other employee related expenses	8	4
	Total Employee benefit expenses	882	1 074

Remuneration of employees

	2014	2013
The number of employees whose total remuneration received or receivable falls within the following bands were:	Number of Employees	Number of Employees
\$191 500 to \$201 499	1	1
Total Number of Employees	1	1

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$198 000** (\$192 000).

5 Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during 2013–14 financial year were:

Independent Gambling Authority Board

- A D Blair
- E L Barratt
- P F Kaempf
- A P Moss (Presiding Member)
- A G Tisato
- M Wallace
- J S Wright

The number of members whose remuneration received or receivable falls within the following bands:	2014	2013
	Number	Number
\$1–\$9 999	–	1
\$10 000–\$19 999	–	1
\$20 000–\$29 999	6	5
\$40 000–\$49 999	1	1
	7	8

Appendix A: Financial Statements—continued

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and superannuation contributions. The total remuneration received or receivable by members was **\$215 000** (\$216 000).

Unless otherwise disclosed, transactions between the Authority and members are on conditions no more favourable than those which it is reasonable to expect the Authority would have adopted if dealing with the related party at arm's length in the same circumstances.

6	Supplies and services	2014	2013
		\$'000	\$'000
	Accommodation and telecommunication	117	120
	General administration and consumables	193	192
	Service level agreement fees	105	91
	Contractors	52	36
	Consultants	–	12
	Other	–	2
	Total Supplies and services	467	453

Supplies and services provided by entities within the SA Government

	Accommodation and telecommunication	115	118
	General administration and consumables	47	34
	Service level agreement fee	105	91
	Total Supplies and services by entities within the SA Government	267	243

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) that fell within the following bands:

	2014	2014	2013	2013
	Number of	\$'000	Number of	\$'000
	Consultants		Consultants	
Below \$10 000	–	–	3	12
Total Paid/Payable to Consultants engaged	–	–	3	12

7	Depreciation expense	2014	2013
		\$'000	\$'000
	Depreciation		
	Office equipment	–	4
	Total Depreciation expense	–	4

Appendix A: Financial Statements—continued

8	Grants and sponsorships	2014	2013
		\$'000	\$'000
	Grants and sponsorships paid to entities within the SA Government		
	Grants and sponsorships	14	–
	Total Grants and sponsorships paid to entities within the SA Government	14	–
9	Auditor's remuneration	2014	2013
		\$'000	\$'000
	Audit Fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	17	15
	Total Auditor's Remuneration	17	15
	Other services		
	No other services were provided by the Auditor-General's Department.		
	Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Supplies and Services – General administration and consumables' (refer to Note 6).		
10	Interest revenues	2014	2013
		\$'000	\$'000
	Interest from entities with SA Government	85	96
	Total Interest revenues	85	96
11	Recoveries	2014	2013
		\$'000	\$'000
	Recoveries received/receivable from entities within the SA Government:		
	Employee cost recoveries	41	107
	Total Recoveries from entities within the SA Government:	41	107
12	Other revenues	2014	2013
		\$'000	\$'000
	Other Revenues received/receivable	–	15
	Expiation notice payments received	67	5
	Total Other revenues	67	20

Appendix A: Financial Statements—continued

13	Revenues from SA Government	2014 \$'000	2013 \$'000
	Appropriations from Consolidated Account pursuant to the Appropriation Act	1 691	1 657
	Transfers from the Treasurer's Contingency Fund	2	–
	Total Revenues from SA Government	1 693	1 657
		1 693	1 657
14	Cash and cash equivalents	2014 \$'000	2013 \$'000
	Deposits with the Treasurer	3 677	3 413
	Total Cash and cash equivalents	3 677	3 413
		3 677	3 413
	Interest rate risk		
	Deposits with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.		
15	Receivables	2014 \$'000	2013 \$'000
	Current		
	Accrued revenue	8	22
	Prepayments	140	–
	Total Current receivables	148	22
		148	22
	Total Receivables	148	22
		148	22
	Receivables from SA Government Entities		
	Accrued revenue	7	22
	Prepayments	140	–
	Total Receivables from SA Government Entities	147	22
		147	22
	Interest rate and credit risk		
	Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Accrued revenues are non-interest bearing.		
	Maturity Analysis of Receivables—refer to Note 25.		
	Categorisation of financial instruments and risk exposure information—refer to Note 25.		
16	Office equipment	2014 \$'000	2013 \$'000
	Office equipment at cost	22	22
	Accumulated depreciation	(22)	(22)
	Total Office equipment	–	–
		–	–

Appendix A: Financial Statements—continued

Reconciliation of Office equipment

The following table shows the movement of Office Equipment during 2013–14:

	2014 \$'000	2013 \$'000
Carrying amount at the beginning of the period	–	4
Depreciation expense	–	(4)
Carrying amount at the end of the period	–	–

17		2014 \$'000	2013 \$'000
	Intangible assets		
	Work in Progress		
	At cost (deemed fair value)	88	–
	Total Work in Progress	88	–
	Total Intangible assets	88	–

In 2013–14, the Authority commissioned the Department of Treasury and finance to develop a data system to support changes to the barring scheme under Part 4 of the *Independent Gambling Authority Act 1995* and the “notify and work” arrangements for gaming employees under the *Gaming Machines Act 1992*. These legislated changes came into operation on 1 July 2014. Under the arrangement with the Department of Treasury and Finance, the cost of the development has been fixed at \$227 930.

The system is called BOEN (for Barring and Online Employee Notification). Some functions of BOEN were deployed into production in the first week of July 2014 to enable gaming licensees to notify their employees as required by the *Gaming Machines Act 1992*, and other functions were deployed in August 2014 to enable gambling providers to notify the making of barring orders. As at the reporting date, the functions which support the Authority’s office were still in development and were expected to be completed in the second quarter of 2014–15.

18 Fair value measurement

Fair Value Hierarchy

The Authority categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

The Authority had no valuations categorised into Level 1, 2 or 3.

19		2014 \$'000	2013 \$'000
	Payables		
	Current		
	Creditors and Accrued Expenses	60	51
	Employment on-costs	7	11
	Paid Parental Leave Scheme payable	–	2
	Total Current Payables	67	64

Appendix A: Financial Statements—continued

Non-Current	2014	2013
	\$'000	\$'000
Employment on-costs	18	20
Total Non-Current Payables	18	20
Total Payables	85	84
Payables to SA Government Entities		
Accrued Expenses	44	15
Employment on-costs	13	15
Total Payables to SA Government Entities	57	30

As a result of actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained at the 2013 rate of 40%. The average factor for the calculation of employer superannuation cost is 10.3% in 2013–14.

Interest rate and credit risk

Accruals are raised for all amounts billed but unpaid. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents net fair value due to the amounts being payable on demand.

Maturity Analysis of Payables—refer to Note 25.

Categorisation of financial instruments and risk exposure information—refer to Note 25.

20	Employee benefits liabilities	2014	2013
		\$'000	\$'000
	Current		
	Accrued salaries and wages	3	5
	Annual leave	34	55
	Long service leave	9	7
	Skilled employee retention leave	4	2
	Total Current Employee benefits liabilities	50	69
	Non-Current		
	Long service leave	194	221
	Total Non-Current Employee benefits liabilities	194	221
	Total Employee benefits liabilities	244	290

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Appendix A: Financial Statements—continued

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased to 3.50% (2014) from 3.75% (2013).

This change in the bond yield, which is used as the rate to discount future long service leave cash flows, has had an impact on the calculation of the reported long service leave liability.

The net financial effect of bond yield changes for 2013–14 is an increase in the long service leave liability of \$3 932.78. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions—a key assumption is the long-term discount rate.

21	Provisions	2014	2013
		\$'000	\$'000
	Non-current		
	Provision for workers' compensation	1	1
		1	1

A provision is held to reflect workers' compensation claims incurred but not reported. This provision is based on an actuarial assessment performed by the Public Sector Workforce Division of the Department of the Premier and Cabinet, on a Whole of Government basis. There have been no actual claims in the reporting period or the previous period.

22 Unrecognised Contractual Commitments

(a) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2014	2013
	\$'000	\$'000
Within one year	199	74
Later than one year but not later than five years	726	–
Total Remuneration Commitments	925	74

Amounts disclosed include commitments arising from executive contracts. The Authority does not offer remuneration contracts greater than 5 years.

(b) Operating Lease Commitments

The Authority's operating leases are for the lease of office accommodation. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The lease is non-cancellable with a term of five (5) years. The lease provides for a three (3) year right of renewal period. The rental amount is based on floor space and the time period of the lease, with a rent increase of 3.5% annually. Rent is payable in arrears.

Appendix A: Financial Statements—continued

Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial report, are payable as follows:

	2014	2013
	\$'000	\$'000
Within one year	93	104
Later than one year but not later than five years	–	99
Total Operating Lease Commitments	93	203

23 Contingent Assets and Liabilities

The Authority is not aware of any contingent assets or liabilities. In addition, the Authority has made no guarantees.

24 Cash Flow Reconciliation

	2014	2013
	\$'000	\$'000
(a) Reconciliation of Cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	3 677	3 413
Balance as per the Statement of Cash Flows	3 677	3 413
(b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services		
Net cash provided by operating activities	352	457
Less revenues from SA Government	(1 693)	(1 657)
Add/less Non cash items		
Depreciation expense	–	(4)
Movement in Assets/Liabilities		
(Decrease) / increase in receivables	126	14
Decrease / (increase) in payables	(1)	(42)
Decrease / (increase) in employee benefits	(46)	(76)
Net Cost of Providing Services	(1 170)	(1 308)

25 Financial Instruments/Financial Risk Management

(a) Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Cash and cash equivalents, receivables and payables are recorded at the carrying amount which approximates net fair value.

Appendix A: Financial Statements—continued

Credit risk

The Authority has no significant concentration of credit risk.

(b) Ageing analysis of financial assets

There is no evidence to indicate that financial assets are impaired. All receivables are expected to be settled within 30 days.

(c) Maturity analysis of financial assets and liabilities

Cash and cash equivalents, receivables and payables have a maturity of less than one year.

Liquidity risk

Liquidity risk arises where the Authority may be unable to meet its financial obligations as they fall due. The continued existence of the Authority is dependent on State Government legislation and policy and on continuing appropriations by Parliament for the Authority's administration and programs. The Authority works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Authority settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Authority's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

The Authority's interest bearing assets are cash on deposit. Exposure to market risk and cash flow interest risk is minimal. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

26 Events after the reporting period

The Authority is not aware of any events after the reporting period that would have a material impact on the financial statements.

Appendix A: Financial Statements—continued

Certification of the Financial Statements

We certify that the:

- financial statements of the Independent Gambling Authority:
 - are in accordance with the accounts and records of the Authority; and
 - comply with relevant Treasurer’s instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Authority at the end of the financial year and the results of its operations and cashflows for the financial year.
- internal controls employed by the Independent Gambling Authority over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

Alan Moss

PRESIDING MEMBER

26 September 2014

Robert Chappell

DIRECTOR

26 September 2014

Paul Williams

DIRECTOR, FINANCIAL SERVICES

26 September 2014

Independent Auditor’s Report

TO THE PRESIDING MEMBER INDEPENDENT GAMBLING AUTHORITY

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Independent Gambling Authority for the financial year ended 30 June 2014. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2014
- a Statement of Financial Position as at 30 June 2014
- a Statement of Changes in Equity for the year ended 30 June 2014
- a Statement of Cash Flows for the year ended 30 June 2014
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Director of the Independent Gambling Authority and the Director of Financial Services – Department of Treasury and Finance.

The Authority’s Responsibility for the Financial Report

The members of the Independent Gambling Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the Independent Gambling Authority determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the Independent Gambling Authority, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Appendix A: Financial Statements—continued

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Independent Gambling Authority as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

29 September 2014

S O’Neill
AUDITOR-GENERAL

APPENDIX B

Report of the Liquor and Gambling Commissioner

Pursuant to section 74(1) of the *Gaming Machines Act 1992*, section 71(1) of the *Casino Act 1997* and section 90(1) of the *Authorised Betting Operations Act 2000*, I submit this report to the Authority on the administration of the *Gaming Machines Act 1992*, *Casino Act 1997* and *Authorised Betting Operations Act 2000* for the period 1 July 2013 to 30 June 2014.

Dini Soulio

LIQUOR AND GAMBLING COMMISSIONER

31 August 2014

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1. ROLE OF THE LIQUOR AND GAMBLING COMMISSIONER

As Liquor and Gambling Commissioner, I am responsible for the regulation of the South Australian gambling industry in relation to operations conducted under the *Gaming Machines Act 1992* (Gaming Machines Act), *Casino Act 1997* (Casino Act) and *Authorised Betting Operations Act 2000* (Authorised Betting Operations Act), including responsibility to the Authority for the constant scrutiny of licensees under these Acts.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

These responsibilities include—

Gaming Machines Act

- assessment of compliance by gaming providers with the provisions of the Gaming Machines Act and the Gambling Codes of Practice;
- inspection, monitoring and scrutiny of gaming machine operations;
- determination of applications in respect to gaming machine licences and the imposition of conditions under such licences;
- approval of persons in a position of authority, gaming managers and gaming employees;
- approval of gaming machines, games and the central monitoring system;
- approval of the number of gaming machines and gaming machine entitlements for licensed premises and the authorised hours of operation;
- establishment and conduct of trading rounds for the purchase and sale of gaming machine entitlements;
- collection of gaming tax;
- investigation and conciliation of complaints against gaming licensees;
- disciplinary action against gaming licensees; and
- review of orders issued by gaming licensees barring persons entry to the licensed premises.

Casino Act

- assessment of compliance by the Casino operator with the provisions of the Casino Act, the Approved Licensing Agreement, the Casino Duty Agreement and the Gambling Codes of Practice;
- inspection, monitoring and scrutiny of gambling operations;
- approval of management and staff;
- authorisation of games for the purposes of Casino gaming;
- approval of the installation and use of equipment for gambling, surveillance or security;
- approval of the Casino layout including the placement of gambling, security and surveillance related equipment;
- evaluation and approval of internal control procedures;
- investigation and conciliation of complaints against the Casino operator; and
- review of orders issued by the Casino operator barring persons from entry to the licensed premises.

Authorised Betting Operations Act

- assessment of compliance by gambling providers with the provisions of the Authorised Betting Operations Act and relevant Agreements, Rules and the Gambling Codes of Practice;
- inspection, monitoring and scrutiny of wagering operations;
- provision of reports to assist the Authority in its role as the disciplinary body;

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

- approval of rules for on and off-course betting for racing clubs and SA TAB Pty Ltd (SA TAB);
- approval of SA TAB and racing club systems and equipment as required by the Authority;
- approval of contracts entered into by SA TAB ;
- approval of telephone betting systems and procedures for bookmakers;
- approval of account betting systems and procedures for bookmakers;
- grant and renewal of licences for bookmakers, agents and 24 hour sports betting;
- grant of permits to bookmakers to accept bets at racecourses and other places;
- grant of permits to bookmakers to conduct 24 hour phone betting from an approved location;
- grant approval for licensed agents to conduct betting operations on behalf of a bookmaker;
- grant approval to bookmakers to accept bets by telephone and the internet; and
- resolution and conciliation of disputes.

2. RESOURCES

These Acts are administered by Consumer and Business Services (CBS) under a broad licensing, compliance and business services framework.

During 2013–14, this framework included—

- an inspection regime facilitated by a team of inspectors who were responsible for—
 - inspecting approximately 6000 licensed venues in the State (of which, 540 held ‘live’ gaming machine licences as at 30 June 2014);
 - inspecting the operations of 22 licensed bookmakers, 374 SA TAB agencies and 37 active racing clubs; and
 - scrutinising the operations of the licensed Casino;
- an investigatory regime facilitated by a team of investigators responsible for the investigation of complaints under liquor, gambling, wagering and charity legislation;
- a licensing regime facilitated by staff exercising my delegated authority under gambling legislation (the senior management team) or specific powers in relation to the assessment and granting of applications; and
- a regulatory regime facilitated by staff exercising my delegated authority under gaming legislation in relation to conducting trading rounds for the purchase and sale of gaming machine entitlements.

The Commissioner of Police also enforces aspects of the Gaming Machines Act and Authorised Betting Operations Act. All police officers have the powers ascribed to authorised officers under those Acts.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

3. OVERVIEW

3.1 Overall Objective

The overall objective of my office is to ensure that the South Australian gambling industry operates in accordance with the requirements of various instruments of gambling legislation. Such legislation is designed to encourage responsible attitudes towards the promotion, sale, supply and use of gambling products, minimise the harm associated with these products, and to maintain public confidence in the State's gambling industries.

3.2 Highlights 2013–14

3.2.1 Agency Changes

CBS has continued to make key changes and improvements since 2012–13.

A program commenced late in 2013 through a Leadership Development Program to establish a more customer-centric agency. Several recommendations were made and are now being fully scoped and planned for phase two of the program. A main area of focus being the collection and management of customer feedback using a single form and consistent process.

Across the agency, CBS has been working to improve the way it does business, so as to work more efficiently and provide a better service to our customers.

Following the establishment of the Customer Service Centre (CSC) centrally located at Chesser House, CBS engaged a consultant to evaluate better ways to deal with customer contact. CSC case manages individual complaints and resolves matters far more effectively as a result of a greater emphasis being placed on conciliation. Extensive work has been done to streamline processes to improve turn-around times and online capability. A new look CBS website has improved access for consumers and the development of all website content is continuing. CBS is now effectively more efficient in its day-to-day operations as a result of changes made and will continue to evaluate work processes for further business improvements.

Commissioner Paul White recently retired following his outstanding service in South Australia and the Northern Territory over many years. He commenced as the Liquor and Gambling Commissioner in 2009 and has overseen the amalgamation of the Office of the Liquor and Gambling Commissioner (OLGC) and the Office of Consumer and Business Affairs (OCBA) into CBS. During this time he also took the role of Commissioner for Consumer Affairs.

I have recently been appointed to this position.

3.2.2 Gambling Reforms

Legislation relating to a suite of new gambling reforms was passed, with amendments by both Houses of Parliament on 25 July 2013. The *Statutes Amendment (Gambling Reform) Act 2013* (Gambling Reform Act) received Royal Assent on 8 August 2013.

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The *Statutes Amendment (Gambling Reform) Act 2013* (Gambling Reform Act) contains amendments to the following Acts—

- *Gaming Machines Act 1992*;
- *Casino Act 1997*;
- *Independent Gambling Authority Act 1995*;
- *Authorised Betting Operations Act 2000*;
- *State Lotteries Act 1966*; and
- *Problem Gambling Family Protection Orders Act 2004*.

Various provisions of the Gambling Reform Act progressively come into operation between 31 August 2013 and 1 January 2017. Further details regarding these changes are outlined in section 3.3 of this report.

These reforms are aimed at reducing the harm from problem gambling in the South Australian community and make improvements to existing regulatory measures, including red tape reduction as well as some technical improvements.

3.2.3 Gaming venues on Commonwealth owned land

The *Gaming Machines Amendment Act* amended section 4 of the Gaming Machines Act to allow the State Government to regulate gaming venues on Commonwealth land without the need for a licence.

Parafield Airport is owned by the Commonwealth Government. Roulettes Tavern is a premises located at Parafield Airport, which was authorised by the former Federal Airports Corporation to sell and supply liquor and certain gaming facilities and services.

As previously reported, I signed and entered into a Memorandum of Understanding (MOU) with the Commonwealth Department of Infrastructure and Transport (DIT) in relation to the regulation of liquor and gaming activities at Roulettes Tavern on 16 May 2013.

The MOU requires me to audit the sale and supply of gaming facilities and services, and the sale and supply of liquor at Roulettes Tavern at least once each financial year.

In accordance with relevant clauses of the MOU, an audit of the Roulettes Tavern's liquor and gambling activities was conducted in August 2013 by Authorised Officers. The audit covered all aspects of the liquor and gambling legislation as it relates to South Australia.

3.2.4 Approved Trading System for Gaming Machine Entitlements

During 2013–14, I conducted Trading Rounds 4/2013 and 5/2014 on 14 November 2013 and 3 April 2014 respectively. As a result of these trading rounds, the number of gaming machine entitlements and hence the number of gaming machines which may be operated in South Australia is now 13 846. This total includes 995 non-transferable entitlements allocated to the Adelaide Casino on 1 January 2014 as part of the gambling reforms.

Further details regarding these trading rounds are outlined in section 10 of this report.

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3.3 Legislative Amendments—Gambling Reforms

3.3.1 *Expedited game approvals*

As from 1 January 2014, a simplified approval process for games and platforms has been introduced in order to reduce red tape and costs associated with the application process. The South Australian Government's new policy position is moving away from the previous level of scrutiny of the approval process to now focus more on the lawful *operation* of games.

There is limited evidence to suggest that the marginal differences in gaming machines in South Australia and other Australian jurisdictions have lowered the prevalence in problem gambling in South Australia. The South Australian Government considers that South Australia will have a strong responsible gambling environment with the other responsible gambling measures introduced as part of these reforms. Therefore, the exacerbation test principles previously prescribed by the Independent Gambling Authority (IGA) have been removed.

As a result, the approval of new games will no longer need to be refused if an exacerbation of problem gambling is likely. The amendments allow for games and platforms that have already been approved by a prescribed jurisdiction to be automatically approved in South Australia so long as they comply with certain specific South Australian requirements (i.e. maximum bet, return to player provisions, etc.).

Regulations list Queensland, New South Wales, Victoria and New Zealand as prescribed jurisdictions.

3.3.2 *Better gaming machines installed more regularly*

South Australia currently has some of the oldest gaming machine stock in Australia which restricts the availability to patrons of developments in improved responsible gambling features.

New games and gaming machines will be approved for a limited period of five and 10 years respectively, after which time those games and gaming machines will no longer be able to be operated. However, those approvals can be extended for a further five and 10 years respectively.

3.3.3 *Elimination of the sale or disposal of gaming machines approval process*

Previously, it was a condition of a gaming machine licence that a licensee must apply for approval before selling or disposing of their gaming machines. The South Australian Government considered that there was sufficient information available with the current licensing arrangements and the Independent Gaming Corporation (IGC) central monitoring system to facilitate effective control over the operation of hotel and club gaming machines.

Therefore, as from 1 January 2014, hotel and club gaming venues no longer are required to seek approval for the sale or disposal of gaming machines. Licensed gaming machine dealers are able to sell gaming machines direct to gaming venues, provided that CBS has approved the form of contract.

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3.3.4 State-wide cap on gaming machine entitlements

The concept of a gaming machine entitlement was created for hotels and clubs through the Gaming Machines Act in 2005. The concept did not extend to the Adelaide Casino. One gaming machine entitlement allows a licensee to operate one gaming machine. A state-wide cap on gaming machine entitlements has been created which covers *all* gaming sector venues.

To achieve this:

- the Adelaide Casino was granted 995 gaming machine entitlements which is equal to the maximum number of gaming machines it could operate as at 31 December 2013;
- the Adelaide Casino can now access the Approved Trading System. It has the right to buy and sell certain entitlements; and
- the forfeiture system to entitlements sold by the Adelaide Casino has been extended so that they are treated in the same manner as hotels (i.e. out of every four entitlements sold by the Adelaide Casino, one entitlement will be cancelled).

The South Australian Government has allowed the Adelaide Casino to increase the maximum number of gaming machines it can operate from 995 to 1500. The Adelaide Casino is initially required to purchase gaming machine entitlements for the additional 505 gaming machines through the Approved Trading System. Alternatively the amendments included the Adelaide Casino as another venue at which Club One entitlements can be placed. These entitlements would count towards the additional 505 gaming machines.

However, if the Adelaide Casino is unable to reach specific targets through the Approved Trading System, the South Australian Government will sell some gaming machine entitlements directly to it to enable it to proceed with an expansion of its facility. These gaming machine entitlements are only to be used in premium gaming areas and are unable to be sold in the Approved Trading System.

3.3.5 ATM & EFTPOS Limits

As from 1 February 2014, the Commonwealth Government, under the *National Gambling Reform Act 2012 (Cwth)*, imposed a \$250 per card per 24 hour withdrawal limit from Automated Teller Machines (ATMs) operating at gaming machine venues.

On 25 March 2014, the Commonwealth Parliament repealed various sections of this Act which, amongst other things, means that there is no longer a Commonwealth Government imposed withdrawal limit from ATMs in gaming machine venues. This change came into effect on 31 March 2014.

Noting that these changes reduce regulatory duplication between State and Commonwealth Governments, and restore state based control over cash withdrawal limits from ATMs operating in gaming venues, the South Australian Government approved the continuation of the \$250 per card per 24 hour period withdrawal limit.

The *Gaming Machines (Cash Facilities) Variation Regulations 2014 (SA)*, which commenced on 1 February 2014, imposed a \$250 per card per 24 hour withdrawal limit from ATMs operating at South Australian gaming machine venues.

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Where a licensee considers that a higher daily withdrawal limit may be warranted and is able to satisfy the Commissioner that there are sufficient reasons for an increased limit to apply, an increased 24 hour limit may be approved for ATMs operating at the venue. Approval for an increased limit will only be granted under exceptional circumstances which will be assessed on a case-by-case basis.

The regulations also impose the following limitations on cash withdrawals by customers using EFTPOS facilities at South Australian gaming machine venues—

- each withdrawal must not exceed \$200;
- the person operating the EFTPOS facility must confirm the amount of cash requested to be withdrawn by the person immediately before the transaction is processed; and
- cash may only be obtained directly from a person operating the EFTPOS facility or from a dispenser which is in the immediate vicinity of the EFTPOS facility so long as the dispenser does not form part of an ATM.

Cash facilities continue to be prohibited within a gaming area on the licensed premises.

3.3.6 Casino Expansion

A major expansion of the Adelaide Casino was announced in December 2012, which would result in—

- up to a maximum of 1500 gaming machines (up from 995);
- up to a maximum of 200 gaming TAB les (up from 90);
- a 6-star boutique hotel; and
- an extension of the casino licence exclusivity agreement until 2035.

On 14 February 2014, the amended Approved Licensing Agreement (ALA) and Casino Duty Agreement (CDA) became unconditional. These agreements are part of a package of regulatory measures directed towards the expansion of the Casino premises and include—

- a new taxation regime representative of premium and non-premium gaming;
- the prescription of premium gaming areas; and
- exemptions from specific regulatory requirements in premium gaming areas (e.g. no maximum bet, ticket-in-ticket-out etc).

Accordingly, the Casino has implemented a program of significant building works, development and roll-out of new system functionality and changes to the layout of table and gaming machine areas within the current licensed casino premises.

3.3.7 Harm Minimisation Systems

As from 1 January 2014, licensees and the Casino are able to provide an account based cashless gaming system so long as the system has been recognised by the IGA. If a licensee wishes to operate such systems the following additional requirements apply—

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Gaming machines must be operated in conjunction with an automated risk monitoring system which has been recognised by the IGA. In order for an automated risk management system to receive recognition, the system must—

- be able to communicate with an account based cashless gaming system and associate activity on an individual cashless gaming account with activity on an individual machine;
- be able to communicate with a voluntary pre-commitment system and other systems which hold player information;
- have the capacity for staff to, manually or with systems assistance, associate a person's play on a particular machine;
- be able to determine when a session of play on a device commences and concludes;
- be able to provide information to suggest when a new session of play should be considered an extension of a concluded session of play, whether or not it's on the same machine or the player is identifiable;
- allow an operator to configure the system to receive alerts when a session of play reaches a certain duration or results in a certain net gambling revenue outcome;
- be able to securely communicate with the monitoring system and not compromise the integrity of the monitoring system; and
- be able to communicate with all machines in the venue and with terminals to be used by staff.

Gaming machines must be operated in conjunction with a voluntary pre-commitment system which complies with the Voluntary Pre-commitment Code prescribed by regulation.

A voluntary pre-commitment system must—

- allow a registered customer to set a daily or weekly expenditure limit (e.g. \$50 per day) and to vary that limit in writing or verbally to venue staff;
- set a default limit expenditure limit of \$100 per day if the customer has not set their own;
- apply a variation to decrease a limit as soon as practicable if the customer has played a gaming machine since registering;
- only allow a request to increase an expenditure limit to be applied after 24 hours has passed since the request;
- be capable of displaying on-screen messages on a primary screen or an ancillary screen;
- enable the display of a reminder message set by the licensee on the primary screen or the ancillary screen when the registered customer reaches 90% of his or her expenditure limit;
- enable the display of a message set by the licensee if a customer reaches their limit;
- enable a further reminder message to be displayed if a customer exceeds their expenditure limit by 10%; and
- notify venue staff when a customer exceeds their expenditure limit.

A licensee who offers a voluntary pre-commitment system must—

- confirm the customer's expenditure limit, every six months, and

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- provide customers with a periodic activity statement every six months provided the customer has played a gaming machine and used the pre-commitment system.

The pre-commitment system must allow a customer to access an on-demand activity statement for the current session of play, the previous month of play or any period up to the previous six months of play.

Statements must include—

- the period of the statement;
- the total amount spent during that period; and
- the net amount won or lost during that period.

A licensee who uses a pre commitment system must enter into an agreement with the Minister to allow information recorded by the system to be used for gambling research.

3.3.8 Account based cashless gaming system

Until 1 January 2014, account based cashless gaming was not permitted in South Australia and is still not possible with the current central monitoring system and communications protocol for hotels and clubs.

IGC is currently planning a major upgrade to the gaming machine monitoring system which will allow cashless gaming to be available. Account based cashless gaming can offer significant benefits to venues in terms of the cost, risk management and time associated with cash handling. It also offers benefits to customers in terms of a more convenient method to store value for use in gaming machines. The only account based cashless gaming systems that gaming venues will be able to install are those that are formally recognised by the IGA.

Gaming machines and automated tablegames at the Adelaide Casino will only be able to be operated with coins or a recognised account based cashless gaming system. The automation of tablegames means that customers can gamble with less human involvement and makes them similar to gaming machines.

3.3.9 Casino Premium Gaming

The gambling reform amendments formally introduce the concept of gaming areas. As from 1 January 2014, the Adelaide Casino will be able to offer ‘general’ and ‘premium’ gaming areas.

The premium gaming area is exempt from certain elements of the regulatory framework. These exemptions are documented in the Approved Licensing Agreement (ALA) between the South Australian Government and the licensee.

Access to the premium gaming areas is available to interstate and international customers at the Adelaide Casino’s discretion, and limited access for South Australian residents. For South Australian residents to be permitted access to the premium gaming areas, the Adelaide Casino will need to be able to demonstrate that the customer has the financial capacity to participate in high stakes.

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Following that, the Adelaide Casino must be able to demonstrate that the customer does not have a record of problematic gambling behaviour.

3.3.10 Stronger responsible gambling training designed to complement responsible gambling systems

Previously, training requirements for gaming machine managers and employees were set out in legislation, codes of practice and licence conditions which create some confusion and duplication.

As from 1 July 2014, the amendments aim to provide a consistent minimum level of training across the hotel and club sector and the Adelaide Casino and to allow some portability between those gambling sectors.

Under the Gaming Machines Act, the IGA is required to specify the details of how or by what means the training will be provided in order for it to be formally recognised. The amendments extend this requirement for training under the *Casino Act 1997* (Casino Act).

Two new levels of training will be established—

1. recognised basic training, which will cover operation of gaming machines; responsible gambling; basics of problem gambling identification (including automated risk monitoring); and basics of pre-commitment.
2. recognised advanced training, which will be taken in addition to basic training, would cover advanced identification of problem gambling (including automated risk monitoring); low level intervention and referral to gambling help services; and advanced pre-commitment tools.

All gaming employees that work in the gaming area will be required to complete *recognised basic training*. Gaming managers will be required to complete *recognised advanced training*. These two levels of training are also now included in the Casino Act.

3.3.11 Introduction of online employee notifications in lieu of the current approval process for gaming managers and employees.

Currently, a club or hotel licensee must seek approval from CBS for all gaming managers and gaming employees. CBS conducts an approval process that includes background checks by the South Australian Police.

It is now considered that the integrity risks that the gaming manager and gaming employee approval process was designed to address can be better managed without requiring an onerous and time-consuming approval process. Specifically, these risks are already managed through a combination of the central monitoring system operated by the IGC and the risk based compliance program conducted by CBS.

The current gaming manager and gaming employee approval process for hotel and club venues will be replaced with online notifications. The venue will be required to notify CBS of new employees prior to the commencement of employment.

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CBS will have access to the register of gaming managers and gaming employees, will have the power to review notifications and, where required, conduct random audits as part of a risk based compliance program.

I will have new powers to prohibit the appointment of specified individuals as gaming managers and gaming employees by licensees. In exercising these powers, I will not be limited to waiting for an application to be made, but can act on any information to make an order in a preventative way. This new power will be supported by an administrative system that notifies licensees via the online notification system before appointment, whether the candidate is subject to a prohibition order.

Gaming managers and gaming employees will continue to be required to wear identification badges. These badges will be prepared in a prescribed form by the venue.

3.3.12 *One agency with the responsibility for barring arrangements, being the IGA.*

Arrangements for barring of patrons are currently provided for in the various gambling related Acts, which has caused some confusion among gambling providers, and is inconsistent in the administration of barring orders.

As a result, as from 1 July 2014, welfare barring arrangements will be made consistent across all gambling legislation, with the IGA as the central gambling barring agency.

Barring orders made by gambling providers will be valid for three months, during which time the IGA will invite the barred person to discuss whether a barring order covering a longer period, more venues, or more types of gambling would be appropriate.

An online secure service has been developed, so that gambling providers can make barring orders online and have online access to recent photographs of persons barred from their venue, or by type of gambling. A paper based system will be available for gambling providers without internet access.

3.3.13 *Simplified in-venue signage and one reference point outlining requirements for signage (being the responsible gambling codes of practice).*

Currently, the requirement for the display of regulatory, responsible gambling signage and gambling help service messaging is covered by the various gambling related acts, regulations, codes of practice and licence conditions. Over time, this has caused a cluttered look, some duplication and reduced message impact.

Amendments to the Gaming Machines Act and Casino Act provide for the responsible gambling codes of practice to consolidate and simplify signage requirements.

Signage requirements will be improved to achieve an optimal level to increase the impact of regulatory, responsible gambling and gambling help service messages, while reducing the overall number of signs in venues.

Appendix B: Report of the Liquor and Gambling
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3.3.14 *Gaming Machines will be limited to a \$5 maximum bet as from 1 July 2017.*

3.3.15 *Gaming Machines will be required to be capable of displaying on-screen messages as from 31 December 2018.*

As a result of the vast scope of the amendments and the number of pieces of legislation affected, implementation of these reforms is complex and has required a collaborative approach across the gambling sector, involving government agencies, community organisations, the hospitality workforce and the gaming industry.

4. LICENSING

4.1 Licence Types

As at 30 June 2014, the following classes of gambling licences were actively held or operating—

Licence Type	No. of Active Venues or Licensees
Gaming Machine Venues	540
SA TAB outlets ¹	374
Bookmaker Agents	67
Racing Clubs	37
Bookmakers	22
Casino Licence	1

4.2 Gaming Machine Licences

To be eligible to apply for a gaming machine licence, the applicant must hold either a hotel licence, club licence or a special circumstances licence (where that licence was granted on surrender of a hotel or club licence or is a major sporting venue or headquarters for a sporting code) under the *Liquor Licensing Act 1997*.

As at 30 June 2014, there were 540 active gaming machine licences, under the following categories of liquor licence—

- 447 Hotels
- 56 Clubs
- 37 Special Circumstances

¹ On 30 October 2012, the Authority granted approval for SA TAB to establish an office, branch or agency at 34 race courses throughout South Australia. This approval facilitated the offering of fixed odds betting by SA TAB at the approved race courses. This has resulted in an increase in the number of active SA TAB outlets.

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A further 15 licences were under suspension. One licensee surrendered its gaming machine licence during 2013–14 following the sale of gaming machine entitlements.

4.3 Gaming Machine Monitor Licence

The gaming machine monitor licence authorises the holder to provide and operate an approved computer system for monitoring the operation of all gaming machines in South Australia (excluding those operated by the Casino licensee under the Casino Act).

The monitoring licence is held by IGC, an incorporated body jointly owned by the Australian Hotels Association and Licensed Clubs Association of South Australia (Clubs SA).

IGC is planning a major upgrade of the gaming machine monitoring system, and the Request for Proposal for the new system was released in May 2013. Scientific Games (the incumbent) was the successful bidder to supply the new monitoring system for IGC. Contract approval between IGC and Scientific Games was granted in June 2014.

The next stage will involve IGC updating CBS on the testing of the system which will be undertaken prior to any approval being considered. It is understood this will be undertaken by the accredited testing facility GLI Australia.

4.4 Gaming Machine Dealer’s licence

A gaming machine dealer’s licence authorises the holder to manufacture gaming machines and prescribed gaming components, and to sell or supply such equipment to the holder of a gaming machine licence, the holder of a gaming machine service licence or another gaming machine dealer. There were 21 licensed gaming machine dealers as at 30 June 2014.

Crucial to the process of the movement of gaming machines within the industry, gaming machine dealers are only permitted to enter into a sale agreement with the holder of a gaming machine licence using a form of contract approved by my office. During 2013–14, two gaming machine dealers have had one or more forms of sale contract approved.

4.5 Gaming Machine Service Licence

Gaming machine service licensees are authorised to install, service and repair gaming machines on licensed premises.

As at 30 June 2014, there were two central service licensees:

- Bytecraft Systems Pty Ltd and Amtek Services Pty Ltd

4.6 Special Club Licence

Section 14(1)(ab) of the Gaming Machines Act allows a ‘*special club licence*’ to be granted which authorises the licensee to possess approved gaming machines and to operate them on premises in respect of which someone else holds a gaming machine licence as agent of the holder of the gaming machine licence. Under section 24A of the Gaming Machines Act, this licence is held by Club One.

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Club One is a not-for-profit organisation created by Clubs SA and the SA National Football League.

As the holder of the special club licence, Club One can, with my approval, acquire gaming machine entitlements from the non-profit sector (i.e. Clubs and Community Hotels) and re-allocate those gaming machine entitlements to other licensed gaming machine venues to be operated by the host venue.

The profits derived by Club One through such allocation agreements are distributed to sporting clubs and community associations through a program of grants and sponsorships.

As at 30 June 2014, Club One held 259 gaming machine entitlements comprising:

- 65 entitlements allocated to non-profit associations;
- 158 entitlements allocated to profit organisations; and
- 36 unallocated entitlements.

The 158 entitlements allocated by Club One to profit organisations are held across various hotel groups comprising of the following—

Hotel Group	Number of Entitlements ²
Club Management Services (CMS)	48 (63)
Plush Group	24 (24)
Australian Leisure and Hospitality Group Limited (ALH)	23 (23)
Coles Group	21 (21)
Jones Group	17 (17)
Reserve Group	0 (10)
Toad Park Pty Ltd	7 (7)
Clovercrest Hotel Pty Ltd	6 (6)
Beswick Group	8 (4)
Chinbiya Pty Ltd	4 (4)
Jillcar Pty Ltd	0 (3)
Eureka Group	0 (0)
King Group	0 (0)
TOTAL	158 (182)

4.6.1 Club One agreements

Section 24A(4)(a) of the Gaming Machines Act and conditions 5, 6 and 8 of the special club licence provide that Club One is required to submit various agreements and contracts to my office for approval.

² Entitlements allocated as 30 June 2013 shown in parenthesis.

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Commissioner—continued

A summary of approvals granted by my office during 2013–14 is shown below—

- Vesting Club Agreements

No Vesting Club Agreements with Club One have been granted during 2013–14.

- Host Club Allocation Agreements

Club One submitted an application for approval of a Host Club Allocation Agreement (HCAA) with the Playford City and Community Club Inc. (PCCC) to allow for the allocation of gaming machine entitlements (GME) to PCCC.

The HCAA between Club One and PCCC was approved on 12 July 2013.

Club One submitted for approval an executed HCAA with the Berri Club Inc.(BC), trading as Berri Club Inc., to allow for the allocation of GMEs to BC to replace all or any of the entitlements sold in Trading Round 4/2013. A summary of the agreement is—

- Club One to allocate the number of GMEs that the BC wishes to replace as a result of sales from Trading Round 4/2013;
- the term of the agreement is for five years with rights of renewal for two further terms of five years as set out in the HCAA;
- BC will pay Club One a licence fee in respect of these entitlements in accordance with the HCAA;
- termination rights in accordance with the HCAA; and
- title of the GMEs will remain with Club One.

The HCAA between Club One and BC was approved on 14 December 2013.

- Temporary Allocation Agreements

Club One submitted an application on behalf of the Coles Group for approval to transfer one (1) entitlement from the Hampstead Hotel (Liquorland (QLD) Pty Ltd to the Grand Junction Tavern. The Temporary Allocation Agreement (TAA) which I approved on an ongoing basis allows for entitlements to be moved between Approved Coles Group Members.

An order approving the transfer of entitlements was approved on 15 July 2013.

Club One submitted an application on behalf of the Plush Group for approval to transfer three (3) entitlements from the Smithfield Hotel Motel. The Temporary Allocation Agreement (TAA) which I approved allows for two (2) entitlements to be transferred to the Tanunda Hotel and one (1) entitlement to be transferred to the Angas Park Hotel.

An order approving the transfer of entitlements was approved on 20 July 2013.

Club One submitted an application on behalf of Hotel Eyre Pty Ltd for approval to transfer three (3) entitlement from Club One to Hotel Eyre. The Temporary Allocation Agreement (TAA) which I approved allows for three (3) entitlements to be transferred to the Hotel Eyre Pty Ltd.

An order approving the transfer of entitlements was approved on 26 November 2013.

- Allocation of Club One Gaming Machine Entitlements

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Club One was granted approval to allocate gaming machine entitlements to the following hotel groups and venues during 2013–14—

Group / Licensee	Premises	Number of Entitlements Allocated To Venues
CMS Group	Hotel Eyre	3
Beswick Group	Blue Gums Hotel	4
TOTAL		7

At the request of the Coles Group and Plush Group, Club One was granted approval to re-allocate gaming machine entitlements between a number of venues within the hotel group during 2013–14—

Group / Licensee	Premises	Number of Entitlements Re-allocated Within The Group
Coles Group	From Hampstead Hotel	(1)
	To Grand Junction Tavern	1
Plush Group	From Smithfield Hotel	(3)
	To Tanunda Hotel	2
	To Angas Park Hotel	1

Club One was granted approval to allocate gaming machine entitlements to the following non-profit associations (i.e. Clubs and Community Hotels) during 2013–14—

Group / Licensee	Premises	Number of Entitlements Allocated To Venues
Berri Club Inc.	Berri Club Inc.	7
TOTAL		7

Approval was granted for gaming machine entitlements previously allocated to the following hotel groups and venues to be returned to Club One during 2013–14—

Hotel Group	Premises	Number of Entitlements Re-Allocated To Club One
Reserve Hotel Group	Reepham Hotel	3
Jillcar Group	Semaphore Hotel	3
CMS Group	Mick O’Shea Irish Pub	7
	Mile End Hotel	7
	The Avenues Hotel	7
	Oxford Hotel	4
TOTAL		31

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5. ENFORCEMENT AND COMPLIANCE

5.1 Targeted risk based approach to compliance

The Liquor and Gambling Commissioner, as a statutory office holder, is required to actively regulate the liquor and gambling industries to ensure proper conduct and compliance with relevant Acts of Parliament.

The legislation aims to—

- encourage responsible attitudes towards the promotion, sale, supply, consumption and use of liquor and gambling products;
- minimise the harm associated with these products;
- reflect community values and expectations; and
- maintain public confidence in the State’s liquor and gambling industries.

By its nature, the liquor and gambling environments contain a number of vulnerabilities such as problem gambling and the threat of irresponsible service of alcohol. Risk controls are integral to adopting a compliance approach to meet all legislative requirements. These risk controls incorporate active monitoring, auditing and investigation.

The compliance model adopted by CBS is risk based, and consists of five complementary approaches—

- self-assessment by licensees;
- complaint based investigations;
- risk based inspections;
- thematic inspections; and
- taskforce operations.

These are summarised as follows—

Self-Assessment by Licensees

- A self-assessment checklist has been designed to assist hotel and club licensees in fulfilling their supervisory and management responsibilities under the *Liquor Licensing Act 1997* (Liquor Act), *Gaming Machines Act* and *Authorised Betting Operations Act*, and the relevant Codes of Practice.
- While completion of the checklist is not mandatory, it provides licensees with a tool to educate themselves about their responsibilities under the legislation, and also demonstrates their commitment to their legislative obligations.
- The checklist can be downloaded from the CBS website.

Complaint Based Inspections

- Complaints are received by my office from members of the public, other government agencies and Members of Parliament via telephone, email and mail.

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- Information gathered from complainants forms an important part of the inspection process. It provides intelligence that can be gathered and collated to allow the authorised officers to concentrate their efforts in certain compliance areas or on specific areas of legislation.

Risk Based Inspections

- Risk based inspections are the physical attendance by authorised officers at licensed premises to ensure compliance with a predetermined list of applicable liquor, gaming and wagering criteria.
- The frequency of inspections is dependent on the perceived risk level of non-compliance with the legislation by the licensee, while the comprehensiveness of the inspection is influenced by whether the self-assessment checklist has been satisfactorily completed.
- There are three risk levels—
 - High Risk—inspection undertaken annually;
 - Medium Risk—inspection undertaken every two years (biennially); and
 - Low Risk—desk/phone audits undertaken or inspections conducted when a complaint is lodged.
- This risk analysis assists me in determining the CBS inspection regime. Factors that may influence the determined risk level of a licence include—
 - trading hours;
 - venue capacity;
 - entertainment type; and
 - entertainment hours.
- All gaming venues are considered high risk, and as such will be routinely inspected at least once each financial year.

Taskforce Operations

- Taskforce operations involve the covert surveillance of specifically targeted licensed premises.
- Some taskforce operations are conducted in conjunction with the Licensing Enforcement Branch of South Australia Police (LEB), Metropolitan Fire Service (MFS) and local councils, to ensure compliance with the legislation and public safety issues.
- Taskforce operations have also been combined with overt thematic inspections on the same licensed premises.
- Such activities have also been scheduled having regard for peak trading periods.

Thematic Inspections

- A thematic inspection regime has been initiated for assessing compliance. This involves authorised officers entering selected licensed premises, assessing compliance or otherwise against a select number of items that relate to a common theme, generally allowing no more than 15 minutes per venue. Relevant themes are often decided through an analysis of data or complaints from the public and/or LEB.

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- Authorised officers are divided into teams and are allocated a specific region/area to target, with inspections being conducted simultaneously across each region/area.

5.2 Compliance Activity

5.2.1 Gaming Machines

All gaming compliance activity for 2013–14 is shown below—

Assessment Type	2013–14
Routine Inspections	636
Taskforce Operations	0*
Thematic Inspections	333
TOTAL	969

* Taskforce Operations now form part of Thematic Inspections for 2013–14

- Routine Inspections

The primary method of assessing compliance has been through the onsite inspection of gaming venues (known as a routine inspection) by authorised officers according to a schedule of inspections based on their geographic location.

As gaming venues represent less than 10% of all licensed venues in South Australia, compliance assessments are generally conducted in conjunction with a routine inspection for the purposes of the Liquor Act.

A routine inspection consists of a visual inspection of the premises and assessed against a standardised checklist. Items on the checklist cover matters such as the layout of gaming machines, compliance with the code of practice requirements and some licence condition responsibilities.

- Thematic Inspections

A number of overt operations were conducted in 2013–14 which were themed based, targeting compliance with specific requirements of the Gaming Machines Act and the Responsible Gambling Code of Practice.

In 2013–14, the following thematic inspections were undertaken—

- **Adelaide Hills/Fleurieu Peninsula**

Authorised Officers undertook a taskforce operation involving thematic inspections in July 2013 on 86 gaming venues in the Adelaide Hills and the Fleurieu Peninsula to assess compliance with relevant sections of the Gaming Machines Act and the Responsible Gambling Code of Practice. These inspections focussed on ensuring compliance with—

- a gaming manager on duty;
- gaming manager clearly displaying ID badge;
- a gambling provider must identify a gambling rehabilitation agency that patrons can readily access (including the name of the manager of that agency and its address); and
- a gambling provider must ensure that the gaming manager—

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reviews the record of suspected problem gamblers on a regular basis (at least fortnightly); and

documents, as part of the record, any steps taken to intervene in suspected problem gamblers gambling behaviour.

During each inspection, authorised officers questioned the gaming manager at each venue regarding responsible gambling. The following questions were asked—

- What signs do you look for when identifying a problem gambler?
- What would you do if you approached a patron that you suspect to be a problem gambler?
- What reporting process or paperwork would you complete if you had to intervene with a problem gambler?

The responses were collated and analysed to ascertain the general knowledge held by staff working in gaming venues.

Of the 86 inspections conducted, nine breaches were recorded. Two expiation notices and seven warning letters were sent to the licensees concerned.

▪ **Mount Gambier/Whyalla/Yorke Peninsula**

Authorised officers undertook a taskforce operation involving thematic inspections in September 2013 on 41 gaming venues in regional areas including Mount Gambier, Whyalla and the Yorke Peninsula to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice. These inspections focussed on ensuring compliance with the same areas as those included in the Adelaide Hills/Fleurieu Peninsula taskforce operation.

During each inspection, authorised officers questioned the gaming manager at each venue regarding matters relating to responsible gambling. Questions asked were the same as those included in the Adelaide Hills/Fleurieu Peninsula taskforce operation.

The responses were collated and analysed to ascertain the general knowledge held by staff working with gaming venues.

Of the 41 inspections conducted, one breach was recorded. An expiation was sent in this instance.

▪ **Adelaide CBD/North Adelaide**

Authorised officers undertook a taskforce operation involving thematic inspections in November 2013 on 35 gaming venues in the Adelaide CBD and North Adelaide to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice. These inspections focussed on ensuring compliance with the same areas as those included in the Adelaide Hills/Fleurieu Peninsula taskforce operation.

During each inspection, authorised officers questioned the gaming manager at each venue regarding responsible gambling. Questions asked were the same as those included in the Adelaide Hills/Fleurieu Peninsula taskforce operation.

The responses were collated and analysed to ascertain the general knowledge held by staff working with gaming venues.

Of the 35 inspections conducted, five breaches were recorded. Warning letters were sent to the licensees concerned.

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▪ **Metropolitan Area**

Authorised Officers undertook a taskforce operation involving thematic inspections in January 2014 on 74 gaming venues throughout the state to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice. These inspections focussed on ensuring compliance with—

- a gaming manager on duty; and
- gaming manager clearly displaying ID badge.

During each inspection, authorised officers questioned the gaming manager at each venue regarding responsible gambling. The following questions were asked—

- How often does a gaming manager or gaming employee enter the gaming area (i.e. around the gaming machines)?
- What do they do when the gaming staff are in that area?
- Does the venue have a policy or instruction as to how often staff should do this?

The responses were collated and analysed (according to the size of the venues and number of gaming machines at the premises) to ascertain the level of supervision and monitoring provided in gaming venues by staff.

Of the 74 inspections conducted, one breach was recorded. A warning letter was sent to this venue.

▪ **Northern Suburbs**

Authorised officers undertook a taskforce operation involving thematic inspections in February 2014 on 10 gaming venues in the northern suburbs to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice. These inspections focussed on ensuring compliance with—

- a gaming manager on duty;
- gaming manager clearly displaying ID badge;
- gambling provider must identify a gambling rehabilitation agency that patrons can readily access (including the name of the manager of that agency and its address).
- gambling provider must ensure that the gaming manager—
reviews the record of suspected problem gamblers on a regular basis (at least fortnightly); and
documents, as part of the record, any steps taken to intervene in suspected problem gamblers gambling behaviour.

Each inspection included a covert surveillance component in which Authorised Officers made observations in and around the licensed premises (including car park/adjacent areas) checking for unattended children (up to 16 years).

Of the ten inspections conducted, no breaches were recorded.

▪ **Metropolitan Area**

Authorised officers undertook a taskforce operation involving thematic inspections in April 2014 on 41 gaming venues throughout the metropolitan area to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice.

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During the inspections, authorised officers were required to conduct surveillance in and around licensed gaming premises (including the car park and adjacent areas) checking for unattended children (up to the age of ten). If the child's parents/guardians were found to be playing gaming machines during this time, authorised officers were to identify the gaming manager and seek and review CCTV footage (if necessary) to ascertain the length of time that the parents had been playing gaming machines.

Of the 41 inspections conducted, no breaches were recorded. Upon review of the operation, it was identified that future operations of this nature may be more successful if performed during school hours, during school terms, during school holidays and after school hours.

▪ **Metropolitan Area**

Authorised Officers undertook a taskforce operation involving thematic inspections in May 2014 on 40 gaming venues throughout the metropolitan area to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice.

Authorised Officers conducted surveillance in and around licensed premises (including the car park and adjacent areas) checking for unattended children (up to the age of 10). Upon completion of the covert observations authorised officers were to—

- Identify the gaming manager on duty;
- Obtain a copy of the written procedure addressing the issue of young children;
- Interview the gaming manager, in respect to the written procedure to determine their knowledge of the written procedures and whether the written procedures had been implemented; and
- If unattended children had been detected, seek and review the CCTV footage (if necessary) to ascertain the length of time that the parents had been playing gaming machines and the child had been unattended.

Of the 40 inspections conducted, no breaches were recorded.

▪ **Roxby Downs**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Roxby Downs Cup in August 2013, authorised officers conducted overt thematic inspections at the two gaming venues in Roxby Downs³. These inspections focussed on ensuring compliance with—

- warning to minors sign displayed at each entrance to the gaming area;
- gaming licence displayed at principal entrance to each gaming area;
- gaming manager on duty; and
- gaming manager clearly displaying ID badge.

Of the two inspections conducted, no breaches were detected.

▪ **Mount Gambier**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Mount Gambier Cup Racing Carnival in May 2014, authorised officers conducted overt

³ Refer to section 5.2.3 of this report for details of the wagering inspections.

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thematic inspections at 11 gaming venues in Mount Gambier. These inspections focussed on ensuring compliance with the same areas as those included in the Roxby Downs inspection.

Of the three inspections conducted, no targeted breaches were detected. Although not specifically targeted, other minor breaches were detected, which were rectified immediately.

- **Taskforce Operations**

My office also conducted a number of taskforce operations to target specific issues relating to liquor and gambling operations within particular regions or in connection with scheduled events. These operations were typically undertaken unannounced and concentrated on the behaviour of licensees and gaming staff, including their interaction with members of the public.

In 2013–14, the following taskforce operations were undertaken—

- **Morphettville**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Adelaide Cup Race Meeting in March 2014, authorised officers conducted covert surveillance at three licensed gaming venues at Camden Park, Plympton and Glengowrie, to monitor compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice.⁴

All venues were found to be compliant with the relevant legislation.

5.2.2 *Casino*

All Casino compliance activity for 2013–14 is shown below—

Assessment Type	2013–14
Casino Advertising Audit	25
Casino Surveillance	195
Casino Gaming Inspection & Audit	518
Casino Revenue Inspection & Audit	1 015
Finance Audit—Monthly NGR Verification	8
Casino Themed Inspection	8
Prize Verification	34
Premium Customer Audit	2
TOTAL	1 805

Authorised officers are rostered at the Adelaide Casino on a daily basis to scrutinise Casino systems, operating practices and procedures to assess compliance with the Casino Act, Approved Licensing Agreement, Casino Duty Agreement, Approved Game Rules, Casino Internal Controls and the Advertising and Responsible Gambling Codes of Practice.

⁴ Refer to section 5.2.3 of this report for details of the wagering inspections.

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The primary method of assessing compliance has been through the inspection and audit of the Casino either by the physical monitoring of operations (i.e. gaming areas, Casino entry points, cashier areas, back-of-house) or by desk audits (i.e. financial transactions, revenue reconciliation, security and surveillance records, and commission programs).

The authorised officers also assess specific Casino functions as part of a pre-arranged schedule with the Casino licensee (i.e. destruction of gambling equipment, the buy-in and settlement of commission programs, and the decommissioning of gaming machines).

The focus of the Casino compliance program has been on the most efficient use of resources in providing a more consistent approach to compliance. This has resulted in a shift from the traditional types of Casino inspections (i.e. targeted and scheduled inspections) to unannounced routine and other specialised inspections (i.e. gaming surveillance, finance audits and commission program audits).

- Taskforce Operations

In May 2014, a taskforce operation for the purpose of conducting routine inspections was conducted to continuously monitor compliance with all relevant Casino legislation.

The following items were monitored—

- floor surveillance on various tablegames, including Roulette, Caribbean Stud, Mississippi Stud, Texas Hold'em, Pontoon, Blackjack, Mini Baccarat, Rapid Roulette and Baccarat;
- identification badges worn by staff at tablegames;
- soft count opening procedures, including confirmation of the total number of drop boxes;
- hard count collection and hard count staff procedures;
- hard count security procedures;
- drop boxes securely attached to tablepits;
- tablefloat/equipment checks for various games;
- soft count buy procedures;
- Net Gaming Revenue (NGR) paperwork;
- Caribbean Stud jackpot audit;
- Caribbean Stud progressive report;
- card shredding and written out of stock;
- card and dice audit;
- conduct of floor surveillance on various gaming areas;
- attend tablefloat openings for various gaming areas;
- complete financial audits of video gaming machines and Casino duty;
- verification of cards transferred to secure destruction bins;
- conduct floor surveillance on gaming machines; and
- conduct surveillance at liquor servery to monitor responsible service of alcohol.

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Of the 34 inspections conducted, five minor breaches were detected, which were rectified immediately.

- Audit of Casino Advertising Procedures

As required by the Casino—Advertising Procedures—Direction Notice 2013 (Direction Notice) issued by the IGA in January 2012, my office undertakes audits of the Adelaide Casino’s advertising procedures to ensure compliance with the Advertising Code of Practice.

Between 1 July 2013 and 30 June 2014, my office conducted audits with a focus on advertising ‘Campaign Briefs’, to assess compliance by Skycity Adelaide with the Direction Notice.

25 audits were completed during this time, subject to an individual assessment of the requirements of the Direction Notice. One instance of non-compliance was detected which resulted in written notification to the IGA and Skycity.

- Authorised Gaming

As at 30 June 2014, the Adelaide Casino had 73 gaming TAB les with 49 TAB les on the common gaming floor, 12 in the Grange Room (Members Only) and five for private table gaming.

Procedures are in place to limit the number of TAB les in operation at any one time to the maximum permissible level of 200 gaming TAB les (prior to amendments to the Approved Licensing Agreement in February 2014, the maximum number of gaming TAB les was 90).

The maximum permissible number of gaming machines which can be operated at the Casino is 1500 (prior to amendments to the Approved Licensing Agreement in February 2014, the maximum number of gaming machines was 995). The total number of gaming machines in operation as at 30 June 2014 was 849, comprising 554 in the common gaming area and 295 in the Platinum and Grange Rooms (Members Only).

5.2.3 Wagering

All SA TAB, Bookmaker and Racing Club compliance activity for 2013–14 is shown below—

Licence Class	Assessment Type	2013–14
SA TAB	Routine Inspections	333
	TAB Credit Betting Audit	43
Bookmakers	Visual Inspections ⁵	75
	Cash Betting Audit	25
	Routine Inspections ⁶	31

⁵ The surveillance of minors and intoxicated persons placing bets now forms part of visual inspections.

⁶ While 22 bookmakers are currently licensed, routine inspections could only be undertaken on the bookmakers who were granted permits to attend race meetings during the year.

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Licence Class	Assessment Type	2013–14
	Finance Audit	6
	Account Betting Audit ⁷	3
Racing Clubs	Routine Inspections	116
	Visual Inspection ⁵	10
	Punters Club Audit	2
TOTAL		644

The primary method of assessing the level of compliance by wagering licensees is the physical inspection of a wagering outlet or betting enclosure, referred to as a routine inspection.

These inspections are undertaken by authorised officers at least annually and measured against a standardised checklist. Items on the checklist cover matters such as possession of relevant betting permits, record keeping requirements, signage, compliance with the codes of practice requirements and bookmaker rules.

In instances where licensees have already been subjected to a formal routine inspection, a visual inspection may be conducted by way of a general overview of wagering operations without direct interaction with the approved person or licensee.

Authorised officers also use covert surveillance to focus their attention on ensuring bookmakers and on-course totalisators comply with the legislative requirements, particularly relating to minors and intoxicated persons who attempt to place bets.

In addition, a variety of audits are conducted, including account betting audits for bookmaker betting and finance audits confirming payments in relation to duty and unclaimed dividends. Consideration of complaints and disputes is another method used to detect non-compliance.

- Taskforce Operations

My office also conducted a number of taskforce operations to target specific issues relating to wagering operations in connection with scheduled events. These taskforce operations were combined liquor, gaming and wagering operations, and were typically undertaken unannounced and concentrated on the behaviour of licensees and staff, including their interaction with members of the public.

In 2013–14, the following taskforce operations were undertaken—

- **Morphettville**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Adelaide Cup Race Meeting in March 2014, authorised officers conducted visual inspections of bookmakers and their agents together with routine inspections of totalisator gambling areas.⁸ Authorised officers assessed specifically the level of compliance with the Authorised Betting Operations Act and the Responsible Gambling Code of Practice.

⁷ Records audits now form part of account betting audits.

⁸ Refer to section 5.2.1 of this report for details of the gaming inspections.

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Of the 20 visual inspections of bookmakers and their agents, no breaches were detected.

A further 10 routine inspections of totalisator gambling areas were conducted with no breaches detected.

▪ **Oakbank**

In conjunction with a combined liquor and wagering taskforce operation at the Oakbank Easter Racing Carnival in March and April 2014, authorised officers conducted visual inspections of bookmakers and their agents together with routine inspections of totalisator gambling areas. Authorised officers assessed specifically the level of compliance with the Authorised Betting Operations Act and the Responsible Gambling Code of Practice.

Of the three visual inspections of bookmakers and their agents, three breaches were detected. Warning letters were sent to the bookmakers reminding them of their obligations under the legislation.

A further four routine inspections of totalisator gambling areas were conducted, with no issues of non-compliance detected.

An audit of the Punters Club was also conducted with one breach detected relating to a requirement of the Racing Club Licence Conditions. The operator of the Punters Club was advised and the matter was rectified immediately.

▪ **Clare**

In conjunction with a combined liquor and wagering taskforce operation at the Clare Easter Races in March 2014, authorised officers conducted visual inspections of bookmakers and their agents together with routine inspections of totalisator gambling areas. Authorised officers assessed specifically the level of compliance with the Authorised Betting Operations Act and the Responsible Gambling Code of Practice.

Of the 10 visual inspections of bookmakers and their agents, no breaches were detected.

A further two routine inspections of totalisator gambling areas were conducted, with no issues of non-compliance detected.

5.3 Non-compliance detected

Each of the gambling industries have compliance requirements which are specific for their legislation. Statistics for non-compliance detected are provided in the following TAB les showing a comparison with the previous financial year.

Depending on the gambling industry being assessed and the type of monitoring method, an inspection may include the assessment of up to 30 criteria or more (i.e. in the case of a gaming venue). Accordingly, the number of non-compliant instances shown below refers to the number of criteria which were identified as being non-compliant.

CBS has identified a number of areas in which licensees have been non-compliant. These matters have been addressed with licensees, and will continue to be monitored with a follow-up inspection to ensure ongoing compliance with the legislation.

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5.3.1 Gaming Machines Act

Instances of non-compliance detected were as follows—

Non-Compliance Item	2013–14	2012–13
Operation of machines training—not completed or certificate not available at time of inspection	20	55
Responsible gambling training—not completed or certificate not available at time of inspection	41	51
Gambling cards/sticker not available/affixed	47	43
Register of interaction with problem gamblers not maintained	16	40
Playing of more than one machine sticker not affixed to gaming machines	16	30
Warning to minors sticker not affixed to gaming machines	32	29
All approved gaming staff on duty not prominently displaying ID badges	11	14
Warning to minors sign not displayed at each entrance	4	12
Logic board not sealed	0	8
Log Books not present and/or completed	0	6
No gaming manager on duty	1	5
Time of day not prominently displayed in gaming area	3	5
Responsible gambling pamphlets not displayed	4	5
Gaming manager not displaying ID badge	2	4
Gaming licence not displayed at principal entrance	3	4
Responsible Gambling Document not maintained	46	4
Rehabilitation Agency details not available	5	3
Code of practice not available	4	3
Advertising does not include either condensed or expanded warning message	1	1
Prescribed duties not carried out by approved gaming manager or employee	0	1
All barring notices not accessible by, or visible to, staff only	0	0
Person cannot obtain drink in area other than gaming area	0	0
Machine condition inadequate (monitors, buttons etc.)	0	0
Rules ancillary to gaming sign not displayed	1	0
Barring procedure not maintained (may be part of responsible gambling document)	1	0
Governed by a code of practice sign not displayed	0	0
TOTAL	258	323

In 2012–13, the focus of gaming inspections on different aspects of the Responsible Gambling Code of Practice (i.e. training, intervention, etc.) resulted in a higher number of non-compliant instances detected when compared with 2011–12 statistics. It is noted that overall, this area has seen an improvement in 2013–14.

The spotlight has recently been cast on the internal reporting of problem gamblers and as such, the number of non-compliant instances in this area has significantly increased compared

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with 2012–13. Depending on the severity of the breach, the licensee concerned was written to, reminded of their obligations under the Gaming Machines Act, or issued with an expiation notice.

The number of instances of non-compliance with matters such as gaming managers not wearing ID badges, has reduced in 2013–14 compared with 2012–13 following the introduction of expiation fees and the comprehensive education program conducted by my office.

5.3.2 *Casino Act*

Instances of non-compliance detected were as follows —

Non-Compliance Item	2013–14	2012–13
Breach of Internal Controls (Pit Operations) (inc Table Game Procedures, Game Rules, Dealing Procedures, Equipment Integrity)	22	13
Warning Message and Gambling Helpline sticker not affixed to ATM or gaming machines	2	5
Breach of Internal Controls (Cash Handling) (inc Hard Count, Soft Count, Verification of Net Gambling Revenue)	27	4
Staff not displaying ID badge	4	4
Patron not warned for playing multiple gaming machines	15	3
Breach of Internal Controls (Gaming Machines) (inc Installation and Operation of Gaming Machines, Operational Procedures)	3	2
Breach of Internal Controls (Security) (inc Drop Box Procedures and Records)	13	2
Time of day not prominently displayed in gaming areas	1	1
Security Officer not monitoring collection	0	1
Minors not prohibited from entering gaming area	0	0
TOTAL	87	35

Details of matters referred to the Authority for disciplinary action arising from these investigations are shown later in this report⁹.

5.3.3 *Authorised Betting Operations Act*

SA TAB

Instances of non-compliance detected were as follows—

Non-Compliance Item	2013–14	2012–13
All staff have not received responsible gambling training	0	
Senior staff have not received advanced training	0	4

⁹ Refer to section 5.4.2 of this report for further details.

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Non-Compliance Item	2013–14	2012–13
Not all staff received refresher course at least every two years	3	3
Responsible gambling pamphlet not displayed	0	3
Gambling helpline cards not at betting terminal	0	2
Responsible gambling poster not displayed	0	2
SA Betting Operation Rules not available in gambling area	0	2
Rules published in an approved manner sign not displayed	1	1
Governed by a code of practice sign not displayed	1	1
Document detailing roles of staff not available	2	1
Gambling helpline sticker not on or near betting terminals	1	0
Betting operations rules sign not displayed	1	0
Responsible gambling material not displayed in back area	4	0
TOTAL	13	23

I note that the level of compliance with staff training has again improved during 2013–14. Overall, the level of compliance by SA TAB outlets continues to be high.

Racing Clubs

Instances of non-compliance detected were as follows—

Non-Compliance Item	2013–14	2012–13
All staff have not received responsible gambling training	1	2
Responsible gambling poster not displayed	1	1
TOTAL	2	3

The level of compliance by racing clubs continues to be high.

Bookmakers

Instances of non-compliance detected were as follows—

Non-Compliance Item	2013–14	2012–13
Governed by a code of practice sign not displayed	1	11
Time on computer system incorrect or not visible	2	4
Not all staff received problem gambling training	0	2
Bookmakers not carrying photo ID	0	2
Gambling helpline message not on betting tickets	0	2
Bookmaker not retaining ticket for at least two months	4	2
Agents not displaying ID badge	1	1
Code of practice not available	0	1
Bookmaker not obtaining betting ticket before paying winnings to punter	2	1
No document available detailing how the measures for intervention with problem gamblers are implemented	0	1

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Non-Compliance Item	2013–14	2012–13
Signs at betting stands not approved	0	1
Unclaimed winnings not lodged by prescribed date	2	0
Document detailing staff training not maintained	0	0
Document detailing roles of staff not maintained	0	0
Responsible gambling document not maintained	0	0
TOTAL	12	28

I note that the number of instances where the ‘Governed by a code of practice’ sign was not displayed has decreased significantly during 2013–14 compared with 2012–13.

5.4 Expiations, Disciplinary Action and Prosecutions

As the Liquor and Gambling Commissioner, I am responsible for disciplinary action under the Gaming Machines Act. However, under the Casino Act and the Authorised Betting Operations Act, this responsibility is conferred on the IGA.

5.4.1 Gaming Machines

Disciplinary Action

Details of disciplinary action taken in relation to the Gaming Machines Act is detailed in the table below—

Licensed Premises	Breach	Action Taken
Mt Torrens Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jul 2013)	\$91.87 (Fine) (Remitted)
Freeling Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jul 2013)	\$223.67 (Fine)
Kimba Gateway Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Aug 2013)	\$167.98 (Fine)
Freeling Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Oct 2013)	\$110.68 Fine
Roseworthy Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Nov 2013)	\$88.98 (Fine) (Remitted)
Roseworthy Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Dec 2013)	\$199.42 Fine
Monash Club	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2014)	\$529.11 (Fine)
Freeling Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Feb 2013)	\$43.49 (Fine)
Barmera Hotel Motel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (April 2014)	\$2 100.00 Fine
Barmera Hotel Motel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (June 2014)	\$1 900.00 Fine
Commercial Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (June 2014)	\$2540.39 (Fine) (Remitted)

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Licensed Premises	Breach	Action Taken
Meningie Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (June 2014)	\$498.94 (Fine)
Maylands Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Several in 2013–2014)	\$10 000.00 (Fine)
Wheatsheaf Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (June 2014)	\$71.36 (Fine)

Expiations

Details of matters expiated in relation to the Gaming Machines Act are detailed in the table below—

Licensed Premises	Breach	Action Taken
New Whyalla Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Great Eastern Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Exchange Tavern	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Union Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Saracen’s Head Hotel	Section 50A— <i>Gaming Machines Act 1992</i> Gaming manager did not wear identification in an approved manner	\$160 Fine, plus \$60 Victims of Crime Levy
Wheatsheaf Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Lincoln South Club	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Great Northern Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Duke of Brunswick	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy

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Licensed Premises	Breach	Action Taken
West Thebarton Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Rose & Crown Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Bath Hotel	Clause 3(1A)—Advertising Code of Practice Gambling provider did not ensure when it advertises its gambling products to include the relevant warning message	\$160 Fine, plus \$60 Victims of Crime Levy
Blue Gums Hotel	Clause 8A—Responsible Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Freeling Hotel	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Angas Park Hotel	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Sky Tavern	Section 57— <i>Gaming Machines Act 1992</i> Licensee failed to erect a warning notice in a prominent position at the entrance to each gaming area	\$1200 Fine, plus \$60 Victims of Crime Levy
Renmark Golf Club	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Karoonda Hotel	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Barmera Hotel Motel	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Cape Jervis Tavern	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy

Appendix B: Report of the Liquor and Gambling
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Licensed Premises	Breach	Action Taken
Leigh Creek Hotel	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Hawker Hotel Motel	Clause 42(2)—Responsible Gambling Code of Practice (formerly Clause 8A) Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy

Disciplinary Action

During 2013, a licensed venue had outstanding matters in relation to section 72A of the *Gaming Machines Act 1992* (the Act). The licensee had defaulted on paying its monthly gaming tax within seven days on 10 occasions, as required under the Act.

On 20 February 2014, written notice was given under the Act to the licensee regarding the intention to hold an inquiry under section 36A of the Act to determine if there was proper cause for disciplinary action under section 36B of the Act.

As a result of that inquiry, and pursuant to section 36B of the Act, the following disciplinary action was imposed—

- the licensee was fined a total of \$10 000.00; \$5 000.00 payable within 28 days of the issuing of the order.
- Payment of \$5 000.00 was suspended for a period of 12 months subject to the licensee committing any further breach of section 72A of the Act during this period.

5.4.2 Casino

Disciplinary Action

There have been no matters reported to the Authority for consideration of disciplinary action for failure to comply with the Casino Act for the period 2013–14.

5.4.3 Wagering

Disciplinary Action

The following matters were reported to the IGA for consideration of disciplinary action for failure to comply with rule 55 of the Bookmakers Licensing Rules 2000—

- failure of bookmaker to obtain a betting ticket before paying winnings to a bettor; and
- failure of bookmaker to retain a betting ticket obtained from a bettor after making payment to the bettor for at least two months.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

5.5 Complaints and disputes

The framework for the investigation of complaints, non-compliance and referrals from internal CBS business units and external agencies has been centralised, and is now facilitated by a team of investigators who are cross-skilled across liquor, gambling, wagering and charity legislation.

5.5.1 *Gaming Machines*

During 2013–14, my office formally investigated nine complaints and allegations of breaches of the Gaming Machines Act and subordinate legislation.

These investigations included such matters as responsible gambling training and privacy curtains in gaming rooms, through to more complex matters involving children being left unattended in a vehicle in a car park.

A range of strategies are employed depending on the nature of the complaint, including interviewing parties, confirmation of a game's history, confirmation of events leading up to the dispute, examination of financial and chronological data acquired from the central monitoring system, testing of technical aspects of a particular game or machine, and any other actions deemed necessary.

Following assessment by investigators—

- one matter was dealt with in conjunction with South Australia Police (SAPOL);
- one matter is ongoing; and
- seven matters were dismissed with breaches resolved at the time.

In July 2013, an incident involved a patron declining to be voluntarily barred whilst requesting staff of the licensed premises to deny him entry to a gaming area unless accompanied by his partner. The patron will be barred if they return to the venue.

In November 2013, following a phone call from the public, SAPOL attended a licensed premises where three children were found unattended in a vehicle whilst their parents were located in the gaming room. CBS wrote to lawyers representing the licensee advising of concerns relating to this matter including the issuing of barring orders to the relevant parties involved.

5.5.2 *Casino*

During 2013–14, my office formally investigated 12 complaints and allegations of breaches of the Casino Act and subordinate legislation.

The nature of these matters covered a range of issues including faulty gaming machines, casino systems, juveniles on the Casino premises and responsible gambling matters.

CBS authorised officers and investigators use a variety of tools to determine the outcome of these complaints including reference to approved rules and procedures, interviews of complainants and Casino staff, reviews of surveillance coverage, checks of gaming machine tamper evident seal, and verification of gaming machine software.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Following an assessment by investigators—

- no matters were referred to the Authority;
- two matters were found in favour of the Casino and dismissed;
- four matters were closed as it was determined that no breach of legislation had occurred; and
- no further action taken in six matters as the breaches were resolved at the time.

In December 2013, following advice from the Casino that an employee had pleaded guilty to a charge of assault, I revoked the employees approval.

5.5.3 Wagering

During 2013–14, my office formally investigated five complaints and allegations of breaches of the Authorised Betting Operations Act and subordinate legislation.

The nature of these matters covered a range of issues including the failure to forward unpaid winnings to CBS. Following an assessment by investigators, warning letters were sent to five bookmakers.

6. BARRINGS

6.1 Gaming

Under section 59 of the Gaming Machines Act, a licensee may bar a person from the gaming area of the premises if he or she is satisfied that the welfare of the person, or the welfare of a person’s dependents, is seriously at risk as a result of the excessive playing of gaming machines by the person.

	2013–14
Number Of Persons Barred¹⁰	226
Number Of Orders Granted¹¹	269

	As at 30 June 2014
Total Number Of Persons Currently Barred (S59)	1495

¹⁰ This figure represents number of persons barred in 2013–14. Individual barring orders are issued for each premises that a person is barred from.

¹¹ This figure represents the number of barring orders issued in 2013–14. Multiple barring orders are issued if a person is barred from more than one premises.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

6.1.1 Gaming barring reviews

A person who is the subject of a barring order may apply to the Commissioner to review the order. During 2013–14, three applications were made under section 61 of the Gaming Machines Act for the review of barring orders.

After careful consideration of the evidence put before me, pursuant to section 61(2) of the Gaming Machines Act, I—

- revoked one barring order;
- revoked one barring order in agreement with the licensee at a hearing; and
- amended the expiry date of one barring order.

6.2 Casino

6.2.1 Barring reviews determined (by type)

Result of Review	2013–14
S44—Self Barred	0
S44—No Further Action (S44 Order To Stand)	28
S45—Barring Extended To 6 Months	17
S45—Barring Extended To Greater Than 6 Up To 12 Months	17
S45—Barring Extended To Greater Than 12 Up To 24 Months	24
S45—Barring Extended Greater Than 24 Months	7
TOTAL BY TYPE OF BARRING ORDER	93

6.2.2 Total number of currently barred persons

Type	As at 30 June 2014
S44—Self Barred	681
S44—Involuntary	11
S45—Commissioner Imposed	414
Section 15B—IGA Act 1995	309
TOTAL NO OF BARRED PERSONS	1 415

6.3 Wagering

	2013–14
Number of Persons Barred (S50)	9
	As at 30 June 2014
Total Number of Persons Currently Barred (S50)	50

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

7. TECHNICAL MATTERS

7.1 Upgrade of Casino Operating System

In my 2011–12 Annual Report, I advised that, for the purposes of Part 4, Division 4 of the Casino Act and clause 7.2(b)(ii) of the Approved Licensing Agreement, I had granted approval for the Adelaide Casino to replace the existing DACOM and SGM financial and gaming management systems with an all-inclusive system package sourced from Bally Technologies. This product suite, collectively known as the “Bally Gaming Management System” (Bally System), provides a fully integrated gaming and financial management system encompassing both table game and gaming machine operations, loyalty and campaign management, revenue operations and gaming chip inventory control.

Following a successful pilot operation of the Bally SDS System (gaming machine monitoring module) on 58 gaming machines, all gaming machines at the Adelaide Casino were transferred to the Bally System in September 2012.

The Bally Casino Monitoring System is now fully functional and appears to be stable. The Adelaide Casino, from time to time, submits for approval updated software and components for this system. System updates are independently tested by an accredited testing facility (usually BMM in this case).

7.2 Upgrade of Casino Surveillance System

The Surveillance department of the Adelaide Casino is currently preparing to replace the iBase surveillance reporting system with a system called iTrak.

iTrak is widely used in casino surveillance departments, including Crown Casino and other Skycity properties. The system has been designed to provide a highly secure, multi property, multi departmental solution for a broad range of reporting required by Security and Surveillance departments.

7.3 Approval of Games

7.3.1. Gaming

No applications for the approval of new games were refused.

7.3.2. Casino

No applications for the approval of new games were refused.

7.4 Testing and Evaluation of Gaming Machines and Games

The testing and evaluation of gaming machines and games is conducted by accredited testing facilities. Currently, my office use GLI (Australia), BMM Australia Pty Ltd, QALab Pty Ltd and Enex TestLab.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

ATF test reports certify that a gaming machine or game meets the current technical standard. In addition, IGC certifies that the machine or game that is to be operated in a gaming venue is compatible with the monitoring system’s communications protocol.

During 2013–14, the following activity occurred for gaming machines, games and associated equipment for gambling (activity for the previous year is in parenthesis)—

Activity	Gaming Machines Act ¹²	Casino Act
Approval of a new game	61 (43)	153 (131)
Approval of a new version of a game	4 (13)	33 (1)
Revocation of a game	0 (14) ¹³	0 (0)
Approval of a new gaming machine	0 (4)	13 (5)
Approval of a modification to a gaming machine	14 (19)	21 (28)

7.5 Systems and Equipment Compliance Inspection

A compliance inspection of a selection of systems and equipment operated by SA TAB was conducted in February 2014 at the TattsBet Headquarters in Albion, Queensland.

The scope of the inspection included the following systems and equipment—

- WAGON software;
- WAGON hardware;
- EISA Host software; and
- uBet Terminal software.

All components inspected were found to be compliant.

The six-monthly to yearly physical audit, coupled with the Queensland regulator’s regular testing and approvals satisfies our regulatory obligations under the *Authorised Betting Operations Act 2000*. At this stage, remote access to TattsBet systems appears to be of limited benefit. CBS is currently assessing whether or not receiving regular reports from the Tatts Group internal auditor will complement its existing schedule.

8. GAMING TAX

8.1 Distribution of Net Gambling Revenue

During 2013–14, 551 venues operated for all or part of the year. The following table shows the total number of venues and total Net Gambling Revenue (NGR) falling within each tax threshold according to tax class.

¹² Activity for the previous year is in parenthesis.

¹³ CBS is undertaking on-going maintenance of game approvals. Approvals are revoked when data provided by IGC indicates that a game has not been in use for a considerable time.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Annual NGR	Total Number of Venues	
	Other than Non-Profit Businesses (Hotels)	Non-profit business (Clubs & Community Hotels)
\$0–\$75 000	54	9
\$75 001- \$399 000	145	22
\$399 001–\$945 000	61	9
\$945 001–\$1 500 000	45	7
\$1 500 001–\$2 500 000	68	12
\$2 500 001–\$3 500 000	47	13
Above \$3 500 000	56	3
Total Number of Venues	476	75

8.2 Non-payment of Gaming Tax

A number of licensees failed to pay gaming tax by EFT from their designated bank account on the due date. If the amount remains unpaid for more than seven days from the initial EFT from the account, the Gaming Machines Act automatically requires that a fine of 10% is applied.

Section 72B of the Gaming Machines Act provides that if an amount remains outstanding for more than 10 days from the due date, the licence may be suspended, by written notice, until the amount is paid. On the day that the fine is applied, licensees receive a notice advising that a fine has been incurred and that they have a further three days to pay the amount outstanding (including the fine).

In 2013–14, 14 licensees were issued fines and received notices requiring them to pay within three days. Of these 14 breaches—

- the outstanding balance was received from nine licensees;
- fines were remitted in relation to three licensees;
- one licensee did not pay by the due date as administrators had been appointed by the licensee companies pursuant to section 436A(1) of the *Corporations Act 2001*. Proof of debt forms were lodged with the relevant administrators in regards to the outstanding debts; and
- disciplinary action was taken against one licensees for non-payment of gaming tax.

8.3 Refunds

Refunds of gaming tax arise from the tax-free threshold for clubs and hotels with an NGR of less than \$75 000 per annum and where a venue does not operate for a full financial year.

Gaming tax is collected on a monthly basis, whereas the tax rates are based on thresholds for a financial year. Where a venue’s gaming revenue fluctuates above and below the tax-free

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

threshold on a month-by-month basis, a refund may occur. A refund will arise where the total tax paid each month exceeds the amount payable on a yearly basis.

46 venues were eligible for refunds for the 2013–14 financial year totalling \$59 179.57.

9. GAMING MACHINE STATISTICS (EXCLUDING THE CASINO)

Table 1—Monthly gaming statistics 2013–14

Month	Total Bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax Liability¹⁴ (\$)	Fines (\$)
Jul-2013	\$712 332 570	\$646 600 887	\$65 731 683	\$26 618 662	\$224
Aug	\$738 812 624	\$670 744 663	\$68 067 961	\$27 855 724	\$168
Sep	\$669 743 327	\$608 036 936	\$61 706 391	\$24 394 081	
Oct	\$697 605 397	\$633 164 017	\$64 441 380	\$25 851 499	\$111
Nov	\$678 559 021	\$616 520 304	\$62 038 717	\$24 555 660	
Dec	\$662 817 819	\$602 537 084	\$60 280 735	\$23 667 683	\$199
Jan-2014	\$655 184 550	\$594 962 055	\$60 222 495	\$23 618 947	\$529
Feb	\$585 423 968	\$531 868 853	\$53 555 116	\$20 108 363	\$43
Mar	\$646 496 737	\$587 620 281	\$58 876 456	\$22 972 363	
Apr	\$639 180 131	\$581 107 584	\$58 072 546	\$22 491 061	\$2100
May	\$674 172 363	\$613 018 473	\$61 153 890	\$24 140 996	
Jun-2014	\$635 535 510	\$578 671 986	\$56 863 524	\$21 956 889	\$2470
Total	\$7 995 864 016	\$7 264 853 122	\$731 010 895	\$288 231 929	\$5844

¹⁴ Accrued Tax Liability prior to refunds being applied.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Chart 1—Gaming tax levied per month 2013–14

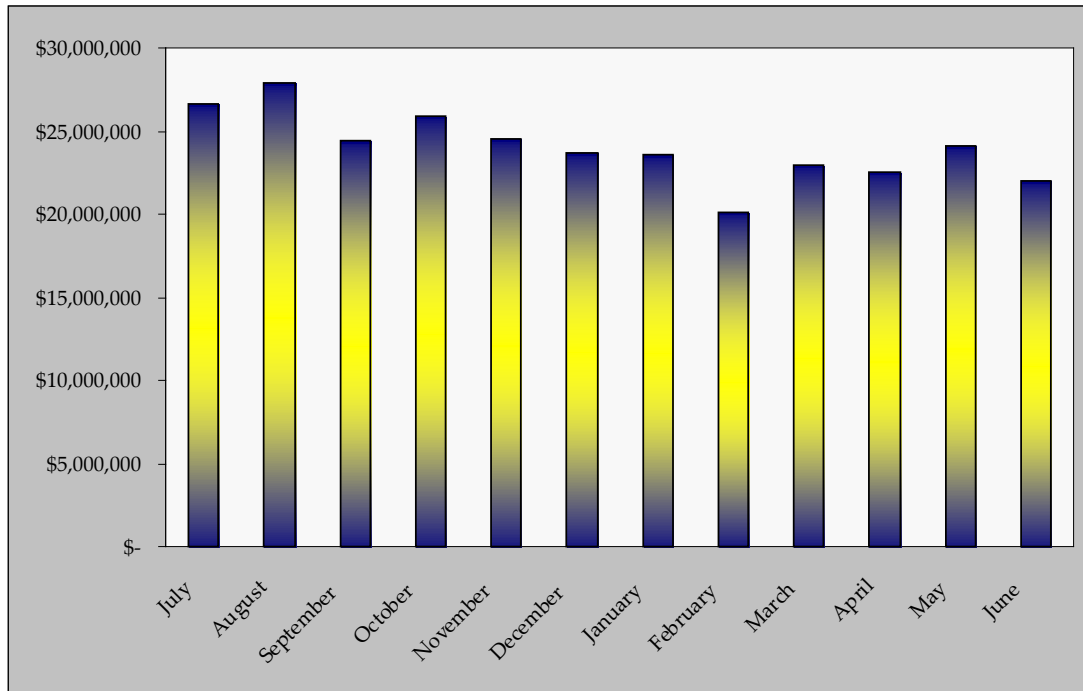


Table 2—Monthly live gaming machines and venues 2013–14

<i>Month Ending</i>	<i>Venues</i>	<i>Gaming Machines</i>
Jul-2013	547	12563
Aug	546	12579
Sep	544	12547
Oct	544	12544
Nov	544	12566
Dec	545	12593
Jan-2014	545	12588
Feb	545	12591
Mar	545	12591
Apr	543	12582
May	541	12567
Jun-2014	540	12561

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Table 3—Revenue data by ABS LGA 2013–14

LGA or Grouped LGA (Where a LGA has less than 5 venues, that LGA has been grouped with another LGA)	No. of Venues	Gaming Machines as at 30 June 2014	Aggregate NGR \$ per LGA (2013–14)	Aggregate NGR \$ per venue (2013–14)
Adelaide	53	1016	28 684 768.59	541 222.05
Adelaide Hills	17	222	5 121 574.88	301 269.11
Alexandrina	13	256	8 137 654.60	625 973.43
Barossa	15	243	6 642 145.41	442 809.69
Barunga West, Copper Coast	16	258	10 277 669.86	642 354.37
Berri, Barmera	7	171	6 557 995.40	936 856.49
Campbelltown, Tea Tree Gully	14	462	46 617 275.99	3 329 805.43
Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre Peninsula	10	143	4 405 967.80	440 596.78
Charles Sturt	26	816	62 639 827.51	2 409 224.14
Clare & Gilbert Valleys	7	88	2 246 831.99	320 976.00
Coorong, Tatiara	9	133	3 210 437.05	356 715.23
Gawler	8	212	13 564 347.69	1 695 543.46
Goyder, Northern Areas	7	54	865 708.42	123 672.63
Holdfast Bay	11	377	22 691 455.24	2 062 859.57
Kangaroo Island, Yankalilla, Victor Harbor,	11	210	10 051 946.02	913 813.27
Kimba, Cleve, Tumby Bay, Franklin Harbour	7	77	1 554 452.27	222 064.61
Light, Mallala	12	109	3 922 140.23	326 845.02
Loxton, Waikerie	4	121	3 781 719.51	945 429.88
Marion	11	330	29 506 414.08	2 682 401.28
Mid Murray	9	120	2 601 683.32	289 075.92
Mitcham, Burnside	7	219	15 556 532.26	2 222 361.75
Mount Barker	12	253	10 642 995.48	886 916.29
Mount Gambier, Grant	14	359	17 349 526.62	1 239 251.90
Mount Remarkable, Orroroo/Carrieton, Peterborough,	7	73	1 269 463.83	181 351.98
Murray Bridge, Karoonda/East Murray, Southern Mallee	10	160	9 885 796.85	988 579.69
Naracoorte & Lucindale, Robe, Kingston	8	168	4 884 563.03	610 570.38
Norwood Payneham & St Peters	17	562	32 214 698.25	1 894 982.25
Onkaparinga	24	741	62 749 824.03	2 614 576.00
Playford	10	316	31 669 396.84	3 166 939.68
Port Adelaide Enfield	43	1193	75 552 056.23	1 757 024.56
Port Augusta	12	272	12 003 877.83	1 000 323.15
Port Lincoln	7	212	9 715 731.00	1 387 961.57
Port Pirie	9	219	9 348 234.10	1 038 692.68
Prospect, Walkerville	6	199	14 928 282.03	2 488 047.01

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

LGA or Grouped LGA (Where a LGA has less than 5 venues, that LGA has been grouped with another LGA)	No. of Venues	Gaming Machines as at 30 June 2014	Aggregate NGR \$ per LGA (2013–14)	Aggregate NGR \$ per venue (2013–14)
Renmark, Paringa	5	124	5 306 430.41	1 061 286.08
Roxby Downs, Coober Pedy, Flinders Ranges	7	133	4 112 903.47	587 557.64
Salisbury	21	687	67 260 242.21	3 202 868.68
Unincorp Far North, Unincorp West Coast	6	60	627 375.77	104 562.63
Unley	8	258	13 950 563.25	1 743 820.41
Wakefield Region	9	60	1 352 225.61	150 247.29
Wattle Range	6	108	3 068 047.62	511 341.27
West Torrens	11	340	32 759 882.28	2 978 171.12
Whyalla	8	222	16 561 822.44	2 070 227.81
Yorke Peninsula	17	205	5 158 407.33	303 435.73
Total	¹⁵ 551	12 561	\$731 010 894.63	\$1 326 698.54

Where data is divided between hotels and clubs in the following tables, the division is made in relation to the nature of how the venue operates as opposed to how it is taxed (i.e. a community hotel is included in the following tables under 'Hotels' but is taxed as a non-profit business).

Table 4—Net gambling revenue (NGR)—2010 to 2014

	2009–10 (\$mil)	%	2010–11 (\$mil)	%	2011–12 (\$mil)	%	2012–13 (\$mil)	%	2013–14 (\$mil)	%
Hotels	658.012	90.2	672.204	90.1	669.937	90.2	661.836	90.6	664.364	90.8
Clubs	71.361	9.8	73.263	9.9	72.851	9.8	68.751	9.4	66.646	9.2
Total	729.373		745.467		742.788		730.587		731.010	

Table 5—Gaming tax liability—2010 to 2014

	2009–10 (\$mil)	%	2010–11 (\$mil)	%	2011–12 (\$mil)	%	2012–13 (\$mil)	%	2013–14 (\$mil)	%
Hotels	261.467	92.5	269.536	92.4	269.011	92.5	265.646	92.9	268.567	93.1
Clubs	21.161	7.5	22.054	7.6	21.933	7.5	20.282	7.1	19.665	6.9
Total	282.628¹⁶		291.590		290.944		285.928		288.232	

¹⁵ The total number of 551 venues represents the total number of venues that operated and derived NGR at any time throughout the year. This number may differ from the total number of venues operating as at 30 June 2014 due to the surrender or suspension of gaming licences.

¹⁶ Gaming tax after refunds applied.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Table 6—Average NGR per machine per day—2010 to 2014

	2009–10	2010–11	2011–12	2012–13	2013–14
Ave NGR per machine per day	\$157	\$160	\$160	\$159	\$159

Table 7—Average total NGR per day—2010 to 2014

	2009–10 (\$mil)	2010–11 (\$mil)	2011–12 (\$mil)	2012–13 (\$mil)	2013–14 (\$mil)
Sunday	1.540	1.577	1.516	1.567	1.546
Monday	1.578	1.612	1.594	1.575	1.586
Tuesday	1.761	1.798	1.799	1.746	1.792
Wednesday	2.055	2.087	2.097	2.057	2.002
Thursday	2.339	2.389	2.368	2.297	2.331
Friday	2.485	2.569	2.580	2.556	2.543
Saturday	2.228	2.257	2.238	2.221	2.226

Table 8—Return to player percentage (RTP%)—2010 to 2014

	2009–10	2010–11	2011–12	2012–13	2013–14
Return to Player ¹⁷	90.59%	90.67%	90.71%	90.75%	90.86%

Table 9—Live venues and gaming machines—2010 to 2014

As At	30 June 10	30 June 11	30 June 12	30 June 13	30 June 14
No. of Venues	561	561	557	549	540
No. of Machines	12 744	12 726	12 688	12 613	12 561

¹⁷ From 1 October 2001 all new games and machines installed after this date must have a minimum return to player (RTP) of 87.5% (increased from 85%). While the actual return to player has continued to increase steadily each year, it is expected that this change to the minimum RTP will impact further as older games and machines installed prior to 1 October 2001 are removed and replaced with new games with a minimum return to player of 87.5%.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Table 10—Number of hotels by machine range—2010 to 2014

No of Machines	30 June 10	30 June 11	30 June 12	30 June 13	30 June 14
1 to 10	131	133	131	132	123
11 to 20	101	101	101	97	99
21 to 30	33	33	33	31	33
31 to 40	231	230	229	227	224
Total	496	497	494	487	479

Table 11—Number of clubs by machine range—2010 to 2014

No of Machines	30 June 10	30 June 11	30 June 12	30 June 13	30 June 14
1 to 10	16	15	16	15	15
11 to 20	19	19	17	17	17
21 to 30	7	6	6	7	7
31 to 40	24	24	24	23	22
Total	66	64	63	62	61

Table 12—Gaming venues by business type—2010 to 2014

Venue Type	30 June 2010	%	30 June 2011	%	30 June 2012	%	30 June 2013	%	30 June 2014	%
Hotels	495	88.2	497	88.6	494	88.7	487	88.7	479	88.7
Clubs	66	11.8	64	11.4	63	11.3	62	11.3	61	11.3
Total	561		561		557		549		540	

Table 13—Gaming machines by business type—2010 to 2014

Venue Type	30 June 2010	%	30 June 2011	%	30 June 2012	%	30 June 2013	%	30 June 2014	%
Hotels	11 204	87.9	11 217	88.1	11 195	88.2	11 135	88.3	11 118	88.5
Clubs	1 540	12.1	1 509	11.9	1 493	11.8	1 478	11.7	1 443	11.5
Total	12 744		12 726		12 688		12 613		12 561	

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Chart 2—Average Daily NGR per gaming machine

With the exception of 1996–97, the average daily NGR per machine increased on an “annual basis” from \$98 in 1994–95 to \$172 for 2006–07. The decrease to \$164 for 2007–08 and \$162 for 2008–09 can be attributed to the phasing in of progressive smoking bans and softening economic conditions.

The further decline in NGR to \$157 for 2009–10 was likely due to a reduction in discretionary income, following interest rate rises, the global financial crisis and a fluctuating economic climate. Growth in NGR to \$160 per machine per day during 2010–11 was maintained in 2011–12, with only a minor reduction in 2012–13 to \$159 per machine per day. The average daily NGR has remained at \$159 per machine per day in 2013–14.

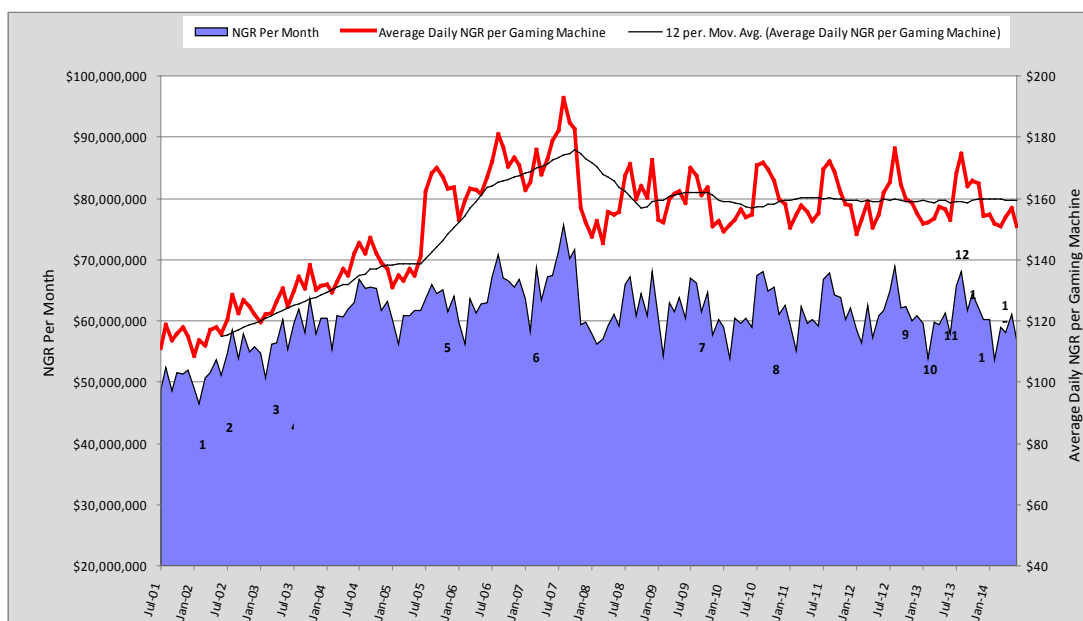


Table 14—Chronology of Responsible Gambling Measures and Legislative Amendments

Event	Details
Event 1: 07/12/2000	Commencement of legislation preventing the granting of new gaming machine licences.
Event 2: 30/05/2001	Statutes Amendment (Gambling Regulation) Act 2001 is passed.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Event	Details
Event 3: 01/10/2001	<p>First mandatory versions of the Responsible Gambling Code of Practice and the Advertising Code of Practice introduced. Key elements of the codes were:</p> <ul style="list-style-type: none"> • clocks to be displayed in gaming areas; • players to be prevented from playing while intoxicated; • mandatory training requirements; and • cheques not to be cashed in gaming areas. <p>Minimum RTP on all newly approved games increased to 87.5% from the previously approved rate of 85%.</p> <p>Applications for new games must be refused if they are deemed to have characteristics that are likely to lead to an exacerbation of problem gambling. Voluntary Barring system introduced.</p>
Event 4: 01/01/2002	<p>Licensees are not to provide ATM or EFTPOS facilities that are capable of allowing more than \$200 per transaction per debit or credit card.</p> <p>Auto-play function removed from all South Australian gaming machines by this implementation date.</p>
Event 5: 30/04/2004	New Mandatory Codes of Practice introduced.
Event 6: 01/07/2005	Removal of 2 162 machines as a result of compulsory reduction.
Event 7: 01/11/2007	Introduction of complete indoor smoking bans.
Event 8: 01/12/2008	Responsible Gambling and Advertising Codes of Practice amended.
Event 9: 25/11/2010	<i>Gaming Machines (Miscellaneous) Amendment Act 2010</i> is passed.
Event 10: 01/01/2011	Tranche 1 amendments proclaimed relating primarily to an increase in maximum penalties, the ability to expiate for certain breaches of the Act and licence conditions, and red tape reduction initiatives.
Event 11: 01/06/2011	<p>Tranche 2 amendments proclaimed primarily relating to the prescribing of principles and the codes of practice by the IGA, a strengthened Social Effect test and the introduction of expiation fees for breaches of mandatory code of practice provisions.</p> <p>Responsible Gambling and Advertising Codes of Practice amended.</p>
Event 12: 01/07/2011	Tranche 3 amendments proclaimed primarily relating to the role of the State Procurement Board in the administration of the Gaming Machines Act being abolished, the introduction of a new system for the trading of gaming machine entitlements and amended annual reporting requirements.
Event 13: 12/07/2012	The <i>Statutes Amendment (Criminal Intelligence) Act 2012</i> provides for the amendment of criminal intelligence provisions in various Acts so that they are consistent and conform to the model upheld as constitutionally valid by the High Court.
Event 14: 09/12/2012	Remaining amendments proclaimed relating to periods when gaming operations are not allowed to be conducted unless the gambling provider has entered into an RGA, and mandatory licence conditions for venues trading after 2am.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Event	Details
Event 15: 17/06/2013	Directors' liability has been removed for offences committed by a body corporate against the Gaming Regulations. These amendments clarify that the regulation making power exists to enable the Gaming Regulations to impose such liability should that be considered appropriate in particular cases.
Event 16: 25/07/2013	<i>Statutes Amendment (Gambling Reform) Act 2013</i> is passed.
Event 17: 01/01/2014	Tranche 1 amendments commenced to improve existing regulatory and responsible gambling measures for gaming venues and reduce red tape. Includes: new games and gaming machines approved for a limited period; games and gaming machines already approved in approved jurisdictions are automatically approved in South Australia so long as they comply with certain specific South Australian requirements; Account based cashless gaming systems can be used so long as the system has been recognised by the Independent Gambling Authority and additional harm minimisation measures (voluntary pre-commitment and automated risk management systems are to be implemented by the venue if account based cashless gaming system is offered.
Event 18: 01/02/2014	Regulations introduced to impose a \$250 per card per 24 hour withdrawal limit from automatic teller machines (ATM) and for EFTPOS facilities: each withdrawal must not exceed \$200; the person operating the facility must confirm the amount of cash requested to be withdrawn immediately before the transaction is processed; and cash may only be obtained directly from a person operating the EFTPOS facility or from a dispenser which is in the immediate vicinity of the EFTPOS facility so long as the dispenser does not form part of an ATM
Event 19: 01/03/2014	Responsible Gambling and Advertising Codes of Practice amended as Gambling Codes of Practice Notice 2013.

10. APPROVED TRADING SYSTEM FOR GAMING MACHINE ENTITLEMENTS

The Gaming Machines Act was amended in November 2010 and included, amongst other things, the removal of the \$50 000 fixed price on gaming machine entitlements traded through the approved trading system. In July 2011, the South Australian Government introduced a new approved trading system under the Gaming Regulations to allow eligible persons to purchase or sell gaming machine entitlements using a market equilibrium price model. As a result, I conducted the first trading round (Trading Round 1/2012) under the new approved trading system on 14 June 2012. Since that time, there has been a further four trading rounds conducted.

On 7 August 2013, I released my post implementation review on the conduct of Trading Round 3/2013 for the sale and purchase of gaming machine entitlements. A copy of this report was provided to the Authority and made available on the CBS website.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

During 2013–14, the following trading rounds were conducted—

Trading Round 4/2013

During December 2012, the Government announced a major expansion of the Adelaide Casino including a proposed increase in the maximum number of gaming machines which may be operated at the Casino from the present 995 to 1500 gaming machines.

Legislation was passed in September 2013 which allows the Casino to participate in future trading rounds.

On 5 September 2013, I announced the establishment of a trading round for the purchase or sale of gaming machine entitlements (known as Trading Round 4/2013) by publishing a notice to this effect in the South Australian Government Gazette.

A copy of the announcement notice was sent to each gaming machine licensee, Club One, various industry and community representative bodies, legal practitioners and persons who had subscribed to the CBS email subscription service.

The Department of Treasury and Finance (DTF) also released a Market Statement to inform potential purchasers and sellers about policy developments that could affect a decision to buy or sell gaming machine entitlements.

The closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Friday 11 October 2013 at 5.00pm.

The official trade of entitlements (the Trading Day) was conducted on 14 November 2013, being the date that offers regarded as accepted for the trading round were determined and the amount of the Purchaser Price (i.e. the amount that purchasers paid) and Vendor Price (i.e. the amount that sellers were paid) were established.

The key outcomes of Trading Round 4/2013 were—

- a Purchaser Price of \$54 166.67 (plus GST);
- a Vendor Price of \$40 625.00 (plus GST);
- 16 gaming machine entitlements were sold by six profit organisations;
- 26 gaming machine entitlements were sold by four non-profit associations;
- 4 gaming machine entitlements were cancelled (*being every fourth entitlement sold by profit organisations plus one entitlement sold but not vested in purchasers or Club One*);
- six gaming machine entitlements were transferred to Club One (*being every fourth entitlement sold by non-profit associations*); and
- 32 gaming machine entitlements were allocated to new venues.
- commission of \$29 791.78 payable to the Gamblers Rehabilitation Fund.

As a result of Trading Round 4/2013, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 12 856 to 12 852.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

My office prepared a review of the conduct and outcome of Trading Round 4/2013. A copy of this report was previously provided to the Authority and is published on the CBS website.

Trading Round 5/2014

Trading Round 5/2014 was the first round of gaming machine entitlements trading under which the Adelaide Casino was eligible to participate since sections of the *Statutes Amendment (Gambling Reform) Act 2013* commenced operation on 1 January 2014. The Adelaide Casino did not participate in this trading round.

On 23 January 2014, I announced the establishment of Trading Round 5/2014 by publishing a notice to this effect in the South Australian Government Gazette.

A copy of the announcement notice was sent to each gaming machine licensee, Club One, various industry and community representative bodies, legal practitioners and to persons who had subscribed to the CBS email subscription service.

The closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Monday 3 March 2014 at 5.00pm. The official trade of entitlements (Trading Day) was conducted on 3 April 2014.

The key outcomes of Trading Round 5/2014 were—

- a Purchaser Price of \$47 525.00 (plus GST);
- a Vendor Price of \$35 643.75 (plus GST);
- 6 gaming machine entitlements were sold by one profit organisation;
- 5 gaming machine entitlements were taken to have been sold by non-profit associations (*comprising three sold in this trading round by one non-profit associations and two being the remainder carried over from the previous trading round*);
- one gaming machine entitlements was cancelled (*being every fourth entitlement sold by profit organisations*);
- one gaming machine entitlements was transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- seven gaming machine entitlements were allocated to new venues; and
- commission of \$13 069.37 payable to the Gamblers Rehabilitation Fund.

The total number of entitlements held prior to Trading Round 5 2014 was 13 847 following the inclusion of 995 non-transferrable gaming machine entitlements to the Adelaide Casino on 1 January 2014. The number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia following Trading Round 5/2014, has reduced from 13 847 to 13 846.

A review of the conduct of Trading Round 5/2014 was provided to the Authority and published on the CBS website.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

Results of Trading Rounds

A summary of the results of trading rounds conducted since the commencement of the new Gaming Regulations in July 2011 is shown below—

Trading Round	1/2012	2/2012	3/2013	4/2013	5/2014
Trading Day	14/06/2012	31/01/2013	13/06/2013	14/11/2013	3/04/2014
Total number of entitlements held prior to Trading Round	12 900	12 887	12 862	12856	¹⁸ 13 847
Offers to sell	472	429	311	159	235
Offers to purchase	96	94	45	36	7
Entitlements sold by profit organisations	53	101	24	16	6
Entitlements sold by non-profit organisations	28	15	33	26	5
Entitlements purchased	61	87	43	32	7
Entitlements cancelled	13	25	6	4	1
Entitlements transferred to Club One	7	3	9	6	1
Vendor Price (plus GST)	\$54 472.73	\$45 000.00	\$38 937.50	\$40 625.00	\$35 643.75
Purchaser Price (plus GST)	\$72 630.30	\$60 000.00	\$51 916.67	\$54 166.67	\$47 525.00
Commission paid into the Gamblers Rehabilitation Fund	\$19 972.89	\$0.00	\$14 277.25	\$29 791.78	\$13 069.37
Total entitlements held after Trading Round	12 887	12 862	12 856	12 852	13 846
Entitlements to be cancelled to meet statutory objective	801	776	770	766	765

11. ADMINISTRATIVE MATTERS

During 2013–14, CBS processed in excess of 22 300 applications for licences and miscellaneous approvals across liquor and gambling legislation. Over 3 500 gaming, casino and wagering applications were processed, as detailed below.

¹⁸ Includes 995 non-transferable entitlements allocated to the Adelaide Casino on 1 January 2014

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

11.1 Gaming Machines

All gaming applications processed during 2013–14 are shown below—

Application Type	2013–14
Applications—new licences	0
Applications—licence transfers	39
Applications—general	757
Applications—game approvals	40
Applications—gaming machine approvals	15
Applications—person approvals	1 966

11.1.1 Applications for person approvals

During 2013–14, a total of 2 498 applications were lodged by licensees seeking approval of persons under the Gaming Machines Act. Including applications outstanding from 2013–14, 1 966 applications have been processed as at 30 June 2014.

11.2 Casino

All Casino applications processed during 2013–14 are shown below—

Application Type	2013–14
Applications—approvals, variations to procedures, – etc.	190
Applications—game approvals	181
Applications—gaming machine approvals	36
Applications—person approvals	404

11.3 Wagering

All wagering applications processed during 2013–14 are shown below—

Application Type	2013–14
Applications—licences	0
Applications—bookmaker permits	206
SA TAB System Modifications	66

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

11.3.1 Bookmaker and Bookmaker Agent Licences

- In November 2012, in line with the Government’s policy of red tape reduction, I determined that—
 - the term of new and renewal bookmaker and bookmaker agent licences be extended to a period of up to three years with an expiry date of 31 December; and
 - the condition on all bookmaker licences requiring the provision of an annual financial statement as at 30 June each year, be revoked. The ‘Bookmaker Financial Statement’ is a comprehensive statement of a bookmaker’s financial position requiring considerable time on the part of the bookmaker to complete and for CBS staff to evaluate. No bookmaker has ever had a licence renewal refused as a result of the information provided in this annual statement. Under section 64 of the Authorised Betting Operations Act, I have the necessary powers to obtain all relevant financial information from bookmakers as part of a random and/or scheduled financial audit assessment.
- Licence renewals approved in December 2012, expire on 31 December 2015. No licence renewals were approved in 2013–14.
- On 9 March 2014, one bookmaker gave notice of his intent to surrender his bookmaker and sports betting licence. The bookmaker handed in his sports betting phone on Saturday 8 March 2014, refunded all balances and decommissioned the relevant website. His last race meeting was 19 April 2014.
- The bookmaker’s decision was based on the view that there was no longer any need for a bookmaker at the Adelaide Oval and it was not financially viable to retain either of his bookmaker businesses operating.

11.3.2 Bookmaker Permits

Annual Permits

Following consultation with South Australian Racing Controlling Authorities and racing clubs, in March 2012, I commenced the issuing of annual bookmaker permits. These permits allow bookmakers to attend all race meetings held at a specified race course throughout the year. Where the bookmaker requires a permit to accept bets at more than one race course, additional applications are required.

Annual permits were issued in 2012–13 for the period 1 April 2013 to 31 March 2014 to 17 bookmakers to attend meetings conducted by 37 racing clubs. Further permits are issued on an ad hoc basis when necessary (i.e. special events or feature race meetings).

Permits—Melbourne Cup and Adelaide Cup

- In accordance with the Approved Licensing Agreement between the South Australian Government and SA TAB, I granted permits for bookmakers to attend Melbourne Cup functions at ten licensed premises on 5 November 2013.

Appendix B: Report of the Liquor and Gambling
Commissioner—continued

12. MINISTERIAL DIRECTION

In October 2012, pursuant to sections 55(4) and 57(3) of the Authorised Betting Operations Act, the Minister for Business Services and Consumers has given me a Ministerial Direction to allow—

- SA TAB to offer fixed odds betting at race courses; and
- bookmakers to apply for a permit to accept bets by telephone at a place other than a race course on any day other than Good Friday and Christmas Day.

12.1 24 Hour Phone Betting Permit

To be eligible to apply for a 24 hour phone betting permit, bookmakers must, in the preceding six months from the date of application, have attended and operated as a bookmaker on at least three Saturday or public holiday race meetings per month. A 24 hour phone betting permit can only be issued for a maximum period of six months.

As a result of the Ministerial Direction, permits to conduct 24 hour phone betting from their places of residence were issued in May 2014, for the period 13 June 2014 to 31 March 2015 to the following bookmakers—

- E V Seal; and W R Barrington.

APPENDIX C

Activities and disclosures

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1. THE AUTHORITY’S BOARD

1.1 *Composition of the Authority*

The Authority is comprised of up to 7 members appointed by the Governor of South Australia on the nomination of the Minister for Business Services and Consumers.

Section 5(1)(a) of the IGA Act requires one of the members to be a legal practitioner of at least 10 years standing. By operation of section 5(4), this member is the presiding member of the Authority. Section 5(1)(b) of the IGA Act allows for the appointment of up to 6 additional members who together have the necessary abilities and experience. Section 5(2) requires that at least two of the members are men and two members are women.

The members of the Authority during the reporting period were as follows.

Alan Peter Moss, LL B: appointed presiding member from 1 October 2007 and reappointed for a term ending on 3 October 2015.

Alan Moss is a retired Judge of the District Court of South Australia. He is presently an auxiliary Judge of the District Court.

Appendix C: Activities and disclosures—continued

Penelope Frances Kaempf, BA, LL B: appointed as a member and as deputy to the presiding member from 28 August 2010. Ms Kaempf’s current term runs until 4 September 2016.

Penny Kaempf is retired from legal practice and continues as member of the Law Society Litigation Assistance Fund.

Eve Lyn Barratt, B SocSc, MAIPC: appointed from 11 April 2013 until 10 April 2016.

Eve Barratt is the chief executive of Lifeline South East.

Amanda Dianne Blair: appointed from 28 August 2010; current term runs until 4 September 2016.

Amanda Blair is a columnist and media presenter, and is a consultant to a number of government and private organisations.

Adrian Gary Tisato, BA, LL B, GDLP: appointed from 1 October 2010; current term runs until 30 September 2016.

Adrian Tisato is a practising lawyer in Adelaide.

Margaret Wallace, BA, Dip T (Sec), Grad Cert Mgt: appointed from 13 February 2003; current term runs until 30 April 2015.

Margaret Wallace is a private consultant. Prior to opening her consulting business she was a senior executive of the state education system.

James Stanley Wright, B Ec (Hons), FAICD: appointed from 9 December 2010; current term runs until 8 June 2015.

Jim Wright is a retired treasury official, having last served as Under Treasurer.

1.2 Remuneration of Authority members

The Governor determines the Authority’s remuneration. Remuneration levels are set according to Government guidelines made in consultation with the Commissioner for Public Employment.

The allowances applying as at the reporting date are—

- ◆ presiding member, \$37 148.00 per annum, with an additional attraction and retention allowance of \$3 600.00—a total annual remuneration of \$40 748.00; and
- ◆ other members, \$24 765.00 per annum, with an additional attraction and retention allowance of \$2 200.00—a total annual remuneration of \$26 965.00.

1.3 Meetings of the Authority

Under section 12 of the IGA Act, the presiding member (or deputy) and 3 other members constitute a quorum of the Authority, except for the purposes of hearing which can be conducted by the presiding member or deputy and one member.

The Authority holds regular board meetings, on a monthly basis and as required. The following table sets out members’ attendance at meetings of the Authority.

<i>Member</i>	<i>Attended</i>	<i>Eligible to attend</i>
Alan Moss	10	10
Penny Kaempf	10	10

Appendix C: Activities and disclosures—continued

<i>Member</i>	<i>Attended</i>	<i>Eligible to attend</i>
Eve Barratt	10	10
Amanda Blair	10	10
Adrian Tisato	10	10
Margaret Wallace	10	10
Jim Wright	9	10

1.4 Committees of the Authority

Under section 11A of the IGA Act, the Authority is able to establish committees with committee membership extending to non-members.

Each of the committees has been established with terms of reference.

The Committees active during the reporting period were—

Regulation Committee

Convener: Ms Kaempf;

Key participants: Ms Wallace, Mr Tisato and the Director.

Responsible Gambling Committee

Convener: Ms Wallace; *Key participants:* Ms Blair, Ms Kaempf, Ms Wallace and the Director.

Audit Committee

Convener: Mr Wright;

Committee members: Ms Kaempf and Mr Tisato.

When arranging its meeting calendar, the Authority schedules additional time for board members to meet. These special meetings are to discuss other matters at length or to attend to other functions of the Authority. In the cases of the Regulation Committee and the Responsible Gambling Committee, all members of the Authority are committee members and are entitled to participate. Those members designated as key participants undertake to participate on a regular basis. The Director has been appointed to these committees in the exercise of the power to appoint a person who is not a member of the Authority.

The proceedings of meetings of committees are formally reported to the Authority at the next following board meeting.

2. THE AUTHORITY'S STAFF

2.1 Staff

The Authority is supported by a small office.

The staff are contracted, under the *Public Sector Act 2009*, to the chief executive of the Department of Treasury and Finance on conditions which parallel those in the Department. The Director of the office, Robert Chappell, is responsible for the management of the office and also holds the statutory appointment of Secretary under section 10 of the IGA Act.

The key staff statistics, as at 30 June 2014 for the reporting period, are—

Appendix C: Activities and disclosures—continued

- ◆ there were 9 staff regularly employed in the office—one executive officer (male), 4 non-executive full-time staff (4 female), 1 non-executive part-time staff (female) and 4 casual staff (2 female and 2 male);
- ◆ none of the staff has identified as of Aboriginal or Torres Strait Islander background;
- ◆ one staff member was on placement in the Revenue and Economics Branch of the Department of Treasury and Finance for part of the reporting period;
- ◆ one staff member was on maternity leave for 3 months during the reporting period;
- ◆ of the full-time staff, 2 were on-going employees, 1 was on a long term contract (greater than two years), 2 were on a short term contract (less than 2 years);
- ◆ as to staff age, 1 person was in the bracket 25–29 years, 1 person was in the bracket 35–39 years, 3 persons in the bracket 40–44 years, 2 persons were in the bracket 50–54 years, 1 person was in the bracket 55–59 years; and 1 in the bracket 65+;
- ◆ one staff was paid in the \$0–\$54 799 salary range, one staff was paid in the \$54 800–\$69 699 salary range, three in the \$69 700–\$89 199 (full time) salary range, three in the \$89 200–\$112 599 salary range, and one in the \$112 600+ salary range.

These disclosures are consistent with and comparable to general South Australian workforce reporting.

2.2 Staff training and development

The Authority supports the development and training of its staff and an allocation is made in the Authority’s operating budget for this purpose.

2.3 Leave management

The following disclosures are made in respect of particular forms of leave taken during the reporting period (averaged by reference to each unit of equivalent effective full time staffing)—

- ◆ sick leave—48.6 days;
- ◆ family carer leave—8 days; and
- ◆ miscellaneous special leave—2.4 days. (this figure does not include special leave without pay – during the reporting period one staff member was on special leave without pay for a period of 7 months.)

2.4 Voluntary flexible working arrangements

Public sector voluntary flexible working arrangements are designed to assist employees to better manage their work and other responsibilities and interests. During the reporting period, flexitime was utilised by the non-executive staff members.

2.5 Equal employment opportunity

The Authority is committed to equal employment opportunity principles and complies with DTF policy for this purpose.

Appendix C: Activities and disclosures—continued

2.6 Occupational health and safety

No WorkCover claims were made during the reporting period. The Authority complies with DTF policy in relation to its occupational health and safety duties.

2.7 Disability action

The Authority ensures, on a service by service basis, that the services it delivers to the public are offered in a manner which accounts for disability in accordance with the approach mandated for the South Australian public sector.

3. SERVICE LEVEL AGREEMENT WITH DTF

The Authority has a formal service level agreement with the Under Treasurer for the provision of administrative support from the Department of Treasury and Finance in the following areas:

- ◆ accounting and budget management;
- ◆ human resources; and
- ◆ information technology.

The Under Treasurer now has an arrangement with Department of Premier and Cabinet to provide some back office services which had been the subject of the Treasury service level agreement. Corporate Services (ICT, HR, purchases) are provided directly and other services are being provided under separate, unit fee-for-service agreements with Shared Services SA. At the contract management and accounting level, DTF deals with Shared Services for the Authority and other DTF supported agencies and then passes on the charges relating to them. On a day-to-day basis, staff of the Authority deal directly with staff of Shared Services.

The Director, Financial Services in the Department of Treasury and Finance acts as the Authority's chief financial officer. As part of the Shared Services SA initiative, the day-to-day management of the Authority's general ledger is now managed by Shared Services SA staff on an "outsourced" basis.

In conjunction with the Director of the Authority's office, and in consultation with the Authority's Audit Committee, the Director, Financial Services takes responsibility for the annual financial statements prepared for adoption by the Authority, and then audit by the Auditor-General.

4. DISCLOSURES

4.1 Contractual arrangements

Public sector agencies are required to report contractual arrangements costing more than \$4 million and exceeding one year in duration. The Authority did not enter into any such contractual arrangement during the reporting period.

Appendix C: Activities and disclosures—continued

4.2 Account payment performance

Creditor accounts are certified and approved for payment by staff of the Authority and forwarded for processing against the Authority’s operating account. For the whole of the reporting period, the accounts payable process has been transferred to an image-based automated platform.

The following table sets out the account payment performance for the reporting period.

<i>Particulars</i>	<i>Number paid</i>	<i>%</i>	<i>Amount paid (\$'000)</i>	<i>%</i>
Paid by the due date	290	98	488	93
Paid within 30 days or less from the due date	6	2	36	7
Paid within 60 days or less from the due date	1	0	2	0
Total	297	100	526	100

Note 1: The due date is defined as per clause 11.2 of Treasurer’s Instruction 11—Payment of Accounts. Unless there is a discount or a written agreement between the public authority and the creditor, payment should be within thirty days of the date of the invoice or claim.

Note 2: The components of the column for amounts paid do not add to the total on account of rounding effects.

4.3 Fraud

There were no instances of fraud detected during the year. The Authority complies with DTF policy to prevent fraud.

4.4 Overseas travel

The cost of overseas travel by employees is detailed in the table below.

<i>No. of employees</i>	<i>Destination</i>	<i>Reason for travel</i>	<i>Amount</i>
1	Oslo	To attend the annual conference of the International Association of Gaming Regulators, 29 September–2 October 2013.	\$3 503.64
1	Macau	To attend the annual iGaming Asia Congress, 4–6 March 2014	\$6 065.70

Appendix C: Activities and disclosures—continued

4.5 Consultants

Particulars of payments made to consultants with respect to the reporting period (over and above the audited financial report disclosures) are given in the following Table.

<i>Consultant</i>	<i>Purpose of consultancy</i>	<i>Number</i>	<i>Amount (\$'000s)</i>
Value below \$10 000			
Subtotal		0	0
Value \$10 000 to \$50 000			
None Subtotal		0	0
Value above \$50 000			
None Subtotal		0	0
Totals		0	0

4.6 Freedom of information

Applications under the *Freedom of Information Act 1991* are captured through a whole of government reporting system and reported separately.

The Authority generally has a low volume of Freedom of Information Act activity and has no dedicated Freedom of Information compliance resources.

5. REGULATORY ACTIVITIES—CASINO

5.1 Overview

The Casino Act makes provision for the initial grant and subsequent transfer, by the Governor on the recommendation of the Authority, of a casino licence which, subject to matters set out in the Casino Act and the terms of an approved licensing agreement, allows the licensee to conduct casino table games and to operate gaming machines, within specified casino boundaries.

The present holder of the State's sole casino licence is Skycity Adelaide Pty Ltd, the ultimate parent company of which is a listed public company, Skycity Entertainment Group Limited. This parent company also owns the Darwin casino and has extensive casino and entertainment interests in New Zealand.

During the reporting period, the Authority received routine financial reporting from Skycity Adelaide.

Appendix C: Activities and disclosures—continued

5.2 Statutory defaults and disciplinary action

As mentioned in the main part of the report (page 20), during the reporting period Skycity Adelaide Pty Ltd paid \$44 500 in expiations. These payments related to the following statutory defaults:

- ◆ failure to remove float inventory tray—blackjack
- ◆ child entered casino—infant carried in baby harness;
- ◆ child entered casino—female with young child;
- ◆ child entered casino—adolescent child;
- ◆ drop box not attached to an open TAB le—midi-baccarat;
- ◆ failure to remove drop box—blackjack;
- ◆ failure to remove float/chips—poker;
- ◆ play on an uncommissioned gaming machine
- ◆ credit betting—failure to follow conditions of approval under section 42 of the *Casino Act 1997*; and
- ◆ credit betting—36 instances of cheque cashing, failure to follow conditions of approval under section 42 of the Act.

5.3 General power of the Authority to issue directions

Section 47 of the Casino Act allows the Authority to give directions to the licensee about any aspect of the management, supervision and control of the casino.

Throughout the reporting period, one such direction was in force under this provision concerning the barring of excessive gamblers from the casino under the voluntary barring provisions of section 15B of the IGA Act. The direction requires the licensee to take reasonable steps—

- ◆ to ensure that excluded persons do not enter into or remain in the areas licensed for gaming, to implement procedures for this and to ensure that venue staff are instructed in the procedures; and
- ◆ to keep notices of barring orders in the venue so that they are accessible to, and only to, staff and otherwise to keep confidential the identity of excluded persons.

5.4 Reviews and regulatory approvals

Section 65 of the Casino Act allows a person unhappy with any decision of the Liquor and Gambling Commissioner to have that decision reviewed, on the merits, by the Authority.

In the case of decisions to refuse authorisation of games, section 65 allows the licensee to obtain a review.

The Authority received no applications for the review of decisions to refuse authorisation of casino games.

Appendix C: Activities and disclosures—continued

5.5 *Barrings and reviews*

Section 45 of the Casino Act allows the Liquor and Gambling Commissioner to bar persons from the casino. This is a separate barring process to the one introduced to allow problem gamblers to be voluntarily excluded. Section 65 of the Casino Act allows those unhappy with a barring decision of the Commissioner to seek review of the decision by the Authority.

The Authority has established a formal pre-hearing process for barring appeals. This process ensures that in a case before the Authority only those matters that are genuinely contested proceed to hearing.

During the reporting period, the Authority received six applications for review. Two applications were withdrawn, one was out of time to lodge an appeal, two of the applications were reviewed by the board and a decision was made to vary the barring period and one remains outstanding, awaiting the outcome of a court matter before being able to be finalised.

5.6 *Approval of suitable persons and review of decisions*

Section 30 of the Casino Act requires Skycity Adelaide to apply to the Commissioner for approval of a person as a suitable person to work in sensitive positions. The Commissioner has discretionary powers with respect to such applications and is not required to give reasons for refusing an application.

There were no applications for review in the reporting period.

5.7 *Approval of persons in a position of significant influence*

Section 14 and 14A of the Casino Act require Skycity Adelaide to apply to the Authority for approval of persons who attain a position of control or significant influence over the operations of the Adelaide Casino licence. The necessary approval process involves the completion of personal history questionnaires. Further activity is determined on a case by case basis.

There were no applications for approval of persons in a position of significant influence during the reporting period.

5.8 *Approval of amendments to the approved licensing agreement*

There were no amendments to the approved licensing agreement during the reporting period.

6. REGULATORY ACTIVITIES—GAMING MACHINES

6.1 *Structure of licences*

The Liquor and Gambling Commissioner is the issuing authority for the following licences under the Gaming Machines Act:

- (a) **Gaming machine licence**—which authorises the licensee to possess approved gaming machines on premises designated in the licence and to conduct gaming on those machines—these licences are held by hotels and clubs;

Appendix C: Activities and disclosures—continued

- (b) **Gaming machine dealer’s licence**—which authorises the licensee to manufacture gaming machines and prescribed gaming machine components and to sell or supply to the State Procurement Board, or to another holder of a gaming machine dealer’s licence, approved gaming machines, prescribed gaming machine components and gaming equipment—these licences are held by gaming machine manufacturers and their agents;
- (c) **Gaming machine monitor licence**—which authorises the licensee to provide and operate an approved computer system for monitoring the operation of all gaming machines operated pursuant to gaming machine licences—this licence is held by Independent Gaming Corporation Limited, a company owned by the hotel and club industries; and
- (d) **Gaming machine service licence**—which authorises the licensee to install, service and repair approved gaming machines, prescribed gaming machine components and gaming equipment—Bytecraft Pty Ltd (a Tatts Group company) and 20 affiliates hold service licences.

The Authority is not the disciplinary body for these licensees. A licensee aggrieved by action taken by the Commissioner would have a remedy in the Licensing Court.

The Authority’s regulatory role concerning these licences is to have the Liquor and Gambling Commissioner satisfy the Authority that the licensees’ operations have been kept under constant scrutiny.

6.2 *General power of the Authority to issue directions*

Section 11 of the Gaming Machines Act allows the Authority to give to licensees “directions in relation to the carrying out of the undertaking under the licence”.

There was, during the reporting period, one such direction in force under this provision. It applies to all licensees with respect to the exclusion of persons barred under the voluntary barring provisions of section 15B of the IGA Act.

The direction requires licensees to take reasonable steps—

- ◆ to ensure that excluded persons do not enter into or remain in the areas licensed for gaming, to implement procedures for this and to ensure that venue staff are instructed in the procedures; and
- ◆ to keep notices of barring orders in the venue so that they are accessible to, and only to, venue staff and staff of a Recognised Industry Body and otherwise to keep confidential the identity of excluded persons.

7. REGULATORY ACTIVITIES—WAGERING

7.1 *Overview*

The Authorised Betting Operations Act provides for:

- ◆ one **major betting operations** licence granted by the Governor on the recommendation of the Authority, allowing for the conduct, in respect of races and approved contingencies, of off-course totalisator betting and other betting operations subject to

Appendix C: Activities and disclosures—continued

the Act and the terms of an approved licensing agreement between the licensee and the Minister (which agreement also requires the approval of the Authority);

- ◆ a number of **on-course totalisator betting** licences granted by the Authority, allowing for the conduct of races and for the conduct of a totalisator on races;
- ◆ a number of licences for **bookmakers and agents of bookmakers** granted by the Liquor and Gambling Commissioner, allowing for the acceptance of bets at fixed odds on races and approved contingencies, subject to the relevant bookmaker principal holding a permit granted by the Commissioner; and
- ◆ the authorisation of **interstate betting operators** who hold an interstate betting licence to conduct betting operations in South Australia by telephone, internet or other electronic means.

The betting operations of these gambling providers are subject to conditions which are contained in the licences, in the Authorised Betting Operations Act, in regulations made by the Governor under that Act and in rules made by the Authority under that Act.

Gambling providers licensed or authorised under the Authorised Betting Operations Act are subject to monitoring by the Liquor and Gambling Commissioner, who is responsible to the Authority for the constant scrutiny of their betting operations

7.2 Major betting operations licence (SA TAB)

The major betting operations licence is held by SA TAB Pty Ltd. SA TAB 's ultimate owner is the listed public company, Tatts Group Limited.

Tatts Group also controls, through its ownership of Tattsbet Limited (formerly UniTAB Limited), similar licences in Queensland and the Northern Territory. Under pooling agreements, betting in all 3 jurisdictions is consolidated and the totalisator is operated out of Tattsbet's Brisbane headquarters.

Under section 41 of the Authorised Betting Operations Act, the Authority has required SA TAB to have its systems scrutinised and approved by the Liquor and Gambling Commissioner. The Commissioner granted provisional approval of SA TAB 's systems on 30 June 2004.

Under section 42 of the Authorised Betting Operations Act, it is a condition of SA TAB 's licence that it obtain the approval of the Authority for the establishment of any new office, branch or agency. The Authority received three applications during the reporting period. The applications related to a temporary outlet at the Adelaide Entertainment Centre for the Melbourne Cup, the establishment of a ClubTAB facility at the Morphettville Junction, and an application for agency outlets at 34 additional locations all of which were racecourses, to enable fixed odds betting to be offered on-course.

Under a direction given under section 33 of the Authorised Betting Operations Act, SA TAB is required to negotiate in good faith with event controlling bodies for exchange of information agreements to ensure event probity. No new agreements were notified to the Authority during the reporting period. The Authority is satisfied that SA TAB is in compliance with its obligations under the direction.

Appendix C: Activities and disclosures—continued

7.3 Licensing of racing clubs

An on-course totalisator licence may be held by a racing club which is registered by a racing controlling authority and may also be held by a racing controlling authority (a body designated by the Minister for Business Services and Consumers as such) which conducts races.

The Authority is the licensing and disciplinary body for these licences. During the reporting period, no formal action was taken by the Authority in respect of statutory defaults by licensed racing clubs.

An on-course totalisator betting licence authorises the licensee to—

- ◆ conduct races on which betting may take place; and
- ◆ conduct on-course totalisator betting on those races, races conducted by other licensed racing clubs and races for which contingencies are approved (such as races held interstate).

There is a racing controlling authority for each of the 3 codes of racing: thoroughbred, harness and greyhound.

Each of the 3 racing controlling authorities holds an on-course totalisator betting licence and, as at 30 June 2013, 40 licensed racing clubs had arrangements in place with their respective racing controlling authorities for the management of the racing product and provision of wagering services. Acting in this formal way, to centralise the legal responsibility for their racing and on-course wagering products, is consistent with regulating for risk and has relieved individual club committees of significant compliance burdens. Two clubs chose to retain legal responsibility for their racing product.

At the reporting date, there were 44 on-course totalisator betting licences, held as follows:

Thoroughbred Racing SA Limited [*racing controlling authority*]

Balaklava Racing Club Inc
Bordertown Racing Club Inc
Ceduna Racing Club Inc
Clare Valley Racing Club Inc
Gawler and Barossa Jockey Club Inc
Hawker Racing Club Inc
Jamestown Racing Club Inc
Kangaroo Island Racing Club Inc
Lock Racing Club Inc
Millicent Racing Club Inc
Mindarie-Halidon Racing Club Inc
Mount Gambier Racing Club Inc
The Murray Bridge Racing Club Inc
Naracoorte Racing Club Inc
Oakbank Racing Club Inc
Penola Racing Club Inc
Penong Racing Club Inc
Port Augusta Racing Club Inc
Port Lincoln Racing Club Inc
Quorn Jockey Club Inc

Roxby Downs and Districts Racing Club Inc
South Australian Jockey Club Inc [*retains legal responsibility for its racing product*]

Strathalbyn Racing Club Inc
Streaky Bay Racing Club Inc

Harness Racing SA Limited [*racing controlling authority*]

Franklin Harbor Harness Racing Club Inc
Gawler Harness Racing Club Inc
Kapunda Harness Racing Club Inc
Mount Gambier Harness Racing Club Inc
Port Augusta Harness Racing Inc
Port Pirie Harness Racing Club Inc
South Australian Harness Racing Club Incorporated [*retains legal responsibility for its racing product*]

Strathalbyn Harness Racing Club Inc
Victor Harbor Harness Racing Club Inc
Whyalla Racing and Harness Racing Club Inc
Yorke Peninsula Harness Racing Club Inc

Greyhound Racing SA Limited [*racing controlling authority*]

Appendix C: Activities and disclosures—continued

S.A. Greyhound Owners, Trainers &
Breeders Association Coursing Club Inc
Mt Gambier Greyhound and Coursing Club
Inc

Port Augusta and District Greyhound Club Inc
Riverland Greyhound Racing Club Inc
Southern Greyhound Raceway Inc
Whyalla Greyhound Racing Club Inc

7.4 Licensing of bookmakers and their agents

The Liquor and Gambling Commissioner is responsible for the licensing of bookmakers and their agents. The Authority is the disciplinary body in relation to these licences. Only the principal and key staff are required to be licensed.

The Authority has power to review a decision of the Liquor and Gambling Commissioner in accordance with section 77 of the Authorised Betting Operations Act 2000. During the reporting period the Authority received applications from 2 licensed bookmakers seeking a review of the Commissioner's decision to refuse them permit applications to stand at Balaklava racecourse on 4 September 2013, the Balaklava Cup Day race meeting and to stand at the Mt Gambier race club on 15 May 2014, the Mt Gambier Cup race meeting. The Authority determined to reverse the decision in relation to the Balaklava Cup and the bookmaker withdrew his application in relation to the Mt Gambier Cup matter.

The Authority issued expiation notices to 5 licensed bookmakers. One expiation was in the amount of \$250 and four were in the amount of \$100. These were issued for breaches under section 55 of the Authorised Betting Operations Act 2000. Four of these matters related to failure to retain a winning ticket and the other matter related to missing tickets.

7.5 Authorisation of interstate betting operators

During the reporting period the Authority continued its responsibility for receiving notices of intention to conduct betting operations by interstate betting operators and maintaining a current list of authorised interstate betting operators.

The Authority has an ongoing concern about regulatory compliance—particularly with the advertising code of practice—and closely monitored advertising during major sporting events.

A complaint was received concerning the activities of Topbetta Pty Ltd during the Oakbank races in April 2013. The matter was considered by the Authority during the previous reporting period. The Authority issued an expiation notice to Topbetta in the amount of \$10 000 which was paid on 10 February 2014.

The Authority investigated the advertising undertaken by Bet365 at Football park during the course of the year and issued expiation notices for the offences in the amount of \$12 000 for four instances of advertising without including the required mandatory warning message. This was paid on 20 September 2013.

As at 30 June 2014, there were 26 authorised interstate betting operators, as follows.

ACT TAB Limited
Betchoice Corporation Pty Ltd
Betezy.Com.Au Pty Ltd
Betfair Pty Ltd
Betworks
Centrebet Pty Ltd
Classicbet Pty Ltd
Cricketbet

Eskander's Betstar Pty Ltd
Hillside (Australia New Media) Pty Ltd
Ladbrokes Digital Australia Pty Ltd
Luxbet Pty Ltd
Merlehan Bookmaking Pty Ltd
Palmer Bookmaking Pty Limited
Placeabet
Petfre Australia Pty Ltd

Appendix C: Activities and disclosures—continued

Racing and Wagering Western Australia	Tab Limited
Sportingbet Pty Ltd	Tabcorp Wagering(Vic) Pty Ltd
Sportsbet Pty Ltd	Tom Waterhouse NT Pty Ltd
Sportsbetting.com.au Pty Ltd	Topbetta Pty Ltd
Sports Alive Pty Ltd [<i>under external administration</i>]	Tote Tasmania Pty Ltd

7.6 Approval of contingencies

Licenseses under the Authorised Betting Operations Act are able to accept bets in respect of races and on contingencies (in respect of events other than races) approved by the Authority.

During the reporting period, the Authority approved contingencies to allow bookmaker betting operations to be conducted on the picnic races at Innamincka in August 2013 and Marree in June 2014.

The Authority also approved the contingency “Trainer’s Challenge” allowing SA TAB to take bets on a trainer or trainers in a series of Interstate Races or Intrastate Races will achieve the highest number of points.

The Authority continues to review a number of applications for the approval of new contingencies for betting on papal elections, Federal and State elections, interest rates and the stock market.

7.7 Rule-making

The Bookmakers Licensing Rules 2000 were made under section 124 of the repealed *Racing Act 1976* and continue to apply under the similar provisions of section 62 of the Authorised Betting Operations Act. This section allows the Authority to make rules—

- ◆ regulating the betting operations of licensed bookmakers;
- ◆ requiring security to be given for compliance with the Act and licence conditions;
- ◆ regulating bookmakers’ record keeping and returns;
- ◆ prohibiting or restricting advertising by licensed bookmakers; and
- ◆ other related matters.

There was no exercise of the rule making power in the reporting period.

8. REGULATORY ACTIVITIES—PROPRIETARY RACING

The *Racing (Proprietary Business Licensing) Act 2000* makes provision for the conduct, by “for profit” entities, of horse, harness or greyhound races on which it is intended that betting take place. Apart from this Act, only a registered racing club licensed by the Authority under the Authorised Betting Operations Act is allowed to conduct such races.

The licensing regime established under the *Racing (Proprietary Business Licensing) Act* is similar to that for the holder of the casino licence or the major betting operations licence.

An applicant for a proprietary racing business licence, and all of its close associates, would need to be investigated, and found suitable, by the Authority prior to being licensed.

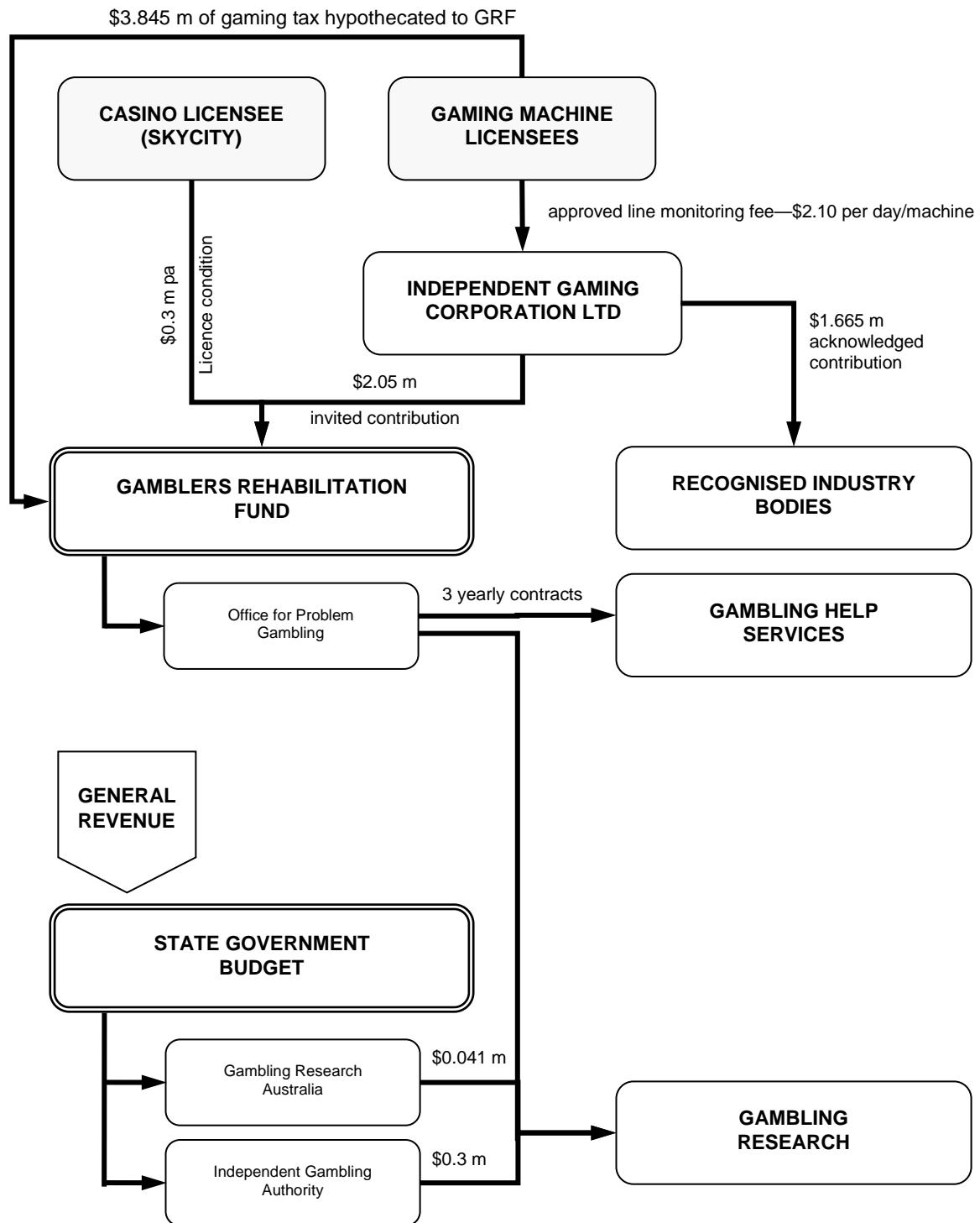
The Racing (Proprietary Business Licensing) Act provides for the Authority to recover its investigation costs from the applicant for a licence. It also provides that an applicant may be required to provide funds for this purpose in advance of the investigation commencing and that an investigation may be discontinued if such funds have been exhausted. The Authority has fixed \$50 000 as the initial payment an applicant would be required to make before a suitability investigation would be established.

In past periods, the Authority and the Office for Recreation and Sport (the public sector unit supporting the Minister for Recreation and Sport on proprietary racing issues) have had occasional contact from parties interested in establishing proprietary racing businesses. The Authority has not had any such contact in the reporting period and is unaware of any such contact being made with the Office of Recreation and Sport.

No application for a licence was received during the reporting period.

APPENDIX D

Funding for responsible gambling and harm minimisation





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