



Government of South Australia

Office of the Liquor and Gambling  
Commissioner

# *Gaming Machines Act 1992* Annual Report 2006-07

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**Government of South Australia**

**Office of the Liquor and Gambling  
Commissioner**

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Your Reference:

**Liquor Regulation  
Gambling Regulation  
Casino Regulation  
Wagering Regulation  
Lottery Regulation**

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28 September 2007

The Honourable Paul Caica MP  
Minister for Gambling  
Level 11, Zurich House  
50 Grenfell Street  
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Dear Minister

Pursuant to section 74(2) of the *Gaming Machines Act 1992*, I submit this Annual Report on the administration of the Act for the financial year ended 30 June 2007.

Yours faithfully

A handwritten signature in black ink, appearing to read "W.A. Pryor".

W.A. Pryor

**LIQUOR AND GAMBLING COMMISSIONER**



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# 1. INTRODUCTION

As the Liquor and Gambling Commissioner, I am responsible for the administration of the *Gaming Machines Act 1992* ("the Act"). I am responsible for regulating and monitoring the gaming machine industry to ensure the interests of patrons, the industry, the community and the Government are protected.

Section 5 of the Act provides that I am responsible to the Independent Gambling Authority ("IGA") for the constant scrutiny of the operations under all licences under the Act.

The Act establishes a structure in which all industry participants are licensed or approved to carry out specific roles in relation to the gaming machine industry in South Australia.

I am responsible for various functions including:

- determination of all applications for licences under the Act;
- approval of persons in a position of authority, gaming machine managers, and gaming machine employees;
- approval of agents of the State Procurement Board ("SPB"), formerly the State Supply Board;
- approval of gaming machines, games and the central monitoring system;
- approval of the number of machines per licensed premises and authorised hours of operation;
- collection of gaming tax;
- inspection, monitoring and scrutiny of gaming operations;
- disciplinary action against licensees including the power to reprimand, suspend or revoke a licence, vary or add to the conditions of the licence, cancel machine entitlements or to impose a fine not exceeding \$15,000; and
- review of barring of persons by licensees.



## 2. LEGISLATIVE AMENDMENTS

### 2.1 **GAMING MACHINES (MISCELLANEOUS) AMENDMENT ACT 2004.**

The Act was amended in 2004-05 by the *Gaming Machines (Miscellaneous) Amendment Act 2004*.

The *Gaming Machines (Miscellaneous) Amendment Act 2004* reduced the number of gaming machines operating in the State and introduced a trading system for gaming machine entitlements. The *Gaming Machines (Miscellaneous) Amendment Act 2004* also included a number of other miscellaneous technical amendments.

The majority of the amendments came into effect on 1 February 2005. However, amendments in relation to new service licence arrangements were not proclaimed until 22 June 2006 and came into effect on 1 July 2006 when the State Procurement Board ceased to be the sole holder of the service licence. Under the new regime any number of service licences may be granted to suitable applicants, thus creating a competitive market for the servicing of gaming machines (refer to section 7.4).

### 2.2 **STATUTES AMENDMENT (LIQUOR, GAMBLING AND SECURITY INDUSTRIES) ACT 2005.**

The *Statutes Amendment (Liquor, Gambling and Security Industries) Act 2005* incorporated a package of reform amendments to the *Security and Investigation Agents Act 1995*, the *Liquor Licensing Act 1997* and the *Gaming Machines Act 1992* to deal with the infiltration of crime into the security and hospitality industries, and also violent and aggressive behaviour by crowd controllers at licensed premises, or licensed events by:

- introducing more robust fitness and propriety assessments of licensee and approved person applicants;
- facilitating removal of existing licensees and other approved persons who are involved with organised crime;
- introducing a system of approved crowd controllers operating in licensed premises; and
- providing for greater accountability by crowd controllers and licensees of licensed premises.

The majority of the amendments came into effect on 8 December 2005 and I reported on the effects in my last report. However, the amendments that provide for inclusion of the definition of an approved crowd controller and an amendment to the definition of an authorised person to include an approved crowd controller, approved gaming machine manager and responsible person came into effect on 1 February 2007.

### 2.3 **STATUTES AMENDMENT (DOMESTIC PARTNERS) ACT 2006.**

The *Statutes Amendment (Domestic Partners) Act 2006* amended the Act to include that a domestic partner, as defined in the *Family Relationships Act 1975*, is associated with:

- the holder of a gaming machine licence or a gaming machine dealer's licence (and therefore, I the cannot approve a domestic partner to act as an agent of the SPB); and
- a licensee for the purposes of determining links between dealers and other licensees.

The amendments were proclaimed on 26 April 2007 and came into effect on 1 June 2007.



## 3. TRADING ROUND

The third trade in gaming machine entitlements was held on 16 April 2007. The closing date for applications for the third round was 10 April 2007.

The result of the trade was:

### **Sellers**

10 venues applied to sell a total of 64 entitlements.

All sellers were 'for-profit' venues and 4 of these applied to sell all of their entitlements.

### **Buyers**

92 venues lodged applications to buy a total of 533 entitlements.

### **Allocations**

Of the 64 entitlements offered for sale, one-quarter (16) were withheld from the pool under regulation 12(7), leaving 48 for sale to purchasers (see section on *Withheld Entitlements* below).

The regulations provide for 4 priority groups for the third trading round.

- First priority was given to any applicant who:
  - lost gaming machine numbers as a result of the legislated compulsory gaming machine reduction formula; and
  - participated in the second trading round; and
  - was considered in the first priority in the second trading round; and
  - was unsuccessful in receiving an entitlement in the second trading round; and
  - made application to purchase in the third trade.

There were 16 venues eligible for this category; 15 of those venues applied and received 1 entitlement each.

- Second priority was given to applications from venues that lost more than 20% of gaming machine numbers as a result of the legislated compulsory gaming machine reduction formula but were not eligible for the first priority. Second priority stopped once those venues received enough entitlements to bring the loss back to 20% or less.

There were 4 applicants in this category who applied to purchase a total of 19 entitlements and were allocated a total of 7 entitlements (3 venues received 2 each and 1 venue received 1) in order to bring those venues loss of machine numbers to 20% or less.

- Third priority was given to applicants from venues that suffered any reduction of gaming machine numbers as a result of the legislated compulsory gaming machine reduction formula.

There were 89 applicants in this category, some of whom were also in the first or second priority, who applied to purchase a total of 511 entitlements. As there were not enough entitlements to enable each applicant in this category to receive at least 1 entitlement, a random ballot was conducted to distribute the



remaining 26 entitlements. An additional 10 venues were drawn as a surplus for the ballot, and their ranking noted, in the event any applicants defaulted in payment.

### **Payment**

The purchase price of \$50,000 (plus GST) per entitlement is fixed under the Act. Successful purchasers were required to pay within 14 days of the trading day (i.e. no later than 30 April 2007).

### **Payment Default**

One applicant advised that it did not wish to proceed with the purchase of 2 entitlements that it was successful in obtaining through the second priority.

I exercised my discretion under regulation 14(3) to cancel the sale to the applicant and on 1 May 2007, the 2 entitlements were reallocated to the applicants ranked first and second in the surplus ballot.

As the first applicant in the surplus ballot advised that it did not wish to proceed with the purchase of the entitlement I again exercised my discretion to cancel the sale to that applicant and on 1 May 2007, the entitlement was reallocated to the applicant ranked third in the surplus ballot.

The 2 applicants that successfully purchased entitlements from the surplus ballot were required to pay within 14 days of the date on which the entitlements were reallocated (i.e. no later than 15 May 2007). Payment was received from all successful purchasers in the first allocation of entitlements by 30 April 2007. The final payment for the 2 reallocated entitlements was received on 9 May 2007.

A total of \$2,640,000 (incl GST) (\$55,000 x 48) was received from purchasers. Proceeds were distributed to the 10 sellers of 64 entitlements in the amount of \$41,250.00 (incl GST) per entitlement.

### **Removal of Machines**

Sellers were required to arrange for the removal of machines equal to the number of entitlements sold by 16 May 2007. All sellers had removed the required number of machines by that date.

### **Vesting of Entitlements**

The date on which the traded entitlements, including the 2 from the surplus ballot, vested with the successful purchasers was 16 May 2007. Successful purchasers could possess (install) additional machines, equal to the number of entitlements that they were successful in purchasing, on or after 16 May 2007. Under regulation 15, successful purchasers must install and operate a gaming machine in respect of a purchased entitlement within 6 months (or longer if approved by me) otherwise the entitlement will lapse.

### **Withheld Entitlements**

The regulations provide for one-quarter of entitlements offered for sale to be withheld from the pool. Sixteen entitlements were withheld from the pool. As all sellers were 'for-profit' venues, all 16 were cancelled. This brings the number of machines removed from the State to 2218 (2168 removed as a result of the compulsory reduction plus 50 cancelled from the three trades).

### **Next Trading Round**

The regulations provide for a priority system for the first 2 years after the commencement of the regulations, or at the conclusion of the third trading round, whichever is the longer. Thereafter, all applicants will be



treated equally. Regulation 14, which provides for a trading system, commenced on 31 March 2005. The third trading day was held on 16 April 2007. Therefore, the priority system expired on 16 May 2007 (the date on which entitlements vested with successful purchasers).





## 4. SPECIAL CLUB LICENCE - CLUB ONE

### 4.1 BACKGROUND

Section 24A of the Act provides for a single special purpose non-profit entity referred to as 'Club One'.

The special club licence 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.

Club One may:

- offer services to club venues (e.g. management expertise, consulting services);
- place entitlements in existing clubs and hotel venues; and
- establish and operate gaming machine venues in its own right (subject to the same approval process that applies to any other new gaming machine licence).

Club One can obtain entitlements in three ways. Under the trade system, 25% of all entitlements offered for sale by non-profit associations will be transferred to Club One or alternatively, Club One can purchase entitlements in the trade or non-profit associations can transfer entitlements to Club One under an arrangement approved by me.

The special club licence was granted to Club One on 14 October 2005. The members of Club One are Clubs SA and the SANFL with board appointments from each of those bodies as well as Sports SA.

### 4.2 CLUB ONE AGREEMENTS

Section 24A(4) of the Act and the conditions on the special club licence require that certain agreements be submitted for my approval. In 2006-07, I approved the following agreements:

#### 4.2.1 Umbrella Agreement

Club One submitted for my approval an "Umbrella Agreement" between it and Club Management Services (SA) Pty Ltd ("CMS"), a company set up by a number of hoteliers with gaming venues in South Australia.

The Umbrella Agreement comprises 8 agreements in total:

Vesting Club Agreement	A Vesting Club Agreement is an agreement that is entered into between Club One and any licensed club that holds a gaming machine licence and wishes to vest its entitlements with Club One in return for either a lump sum payment or an annual fee.
Working Capital Funding Agreement	The Working Capital Funding Agreement provides for an advance CMS to Club One to give it funds to conduct its operations under the special club licence.
GME Funding Agreement	The GME Funding Agreement is to provide funding for the acquisition of entitlements by Club One under any Vesting Agreement entered into and approved by me.
Rights Agreement	The Rights Agreement provides that in consideration of the funding by CMS, Club One will confer certain rights on CMS.



	The Rights Agreement is for a term of 10 years with 4 rights of renewal.
Host Club Allocation Agreement	A Host Club Allocation Agreement is an agreement between Club One and a licensed club that holds a gaming machine licence to 'host' entitlements allocated by Club One.
Short Term Allocation Agreement	A Short Term Allocation Agreement is between Club One and a licensee that is a member of the CMS group for the "short term" allocation of at least 60 months or longer depending on the availability of entitlements.
CMS Host Club Guarantee	A CMS Host Club Guarantee provides for a performance, obligations and monetary guarantee by CMS related to a Host Club Allocation Agreement referred to above.
CMS Host Hotel Guarantee - Short Term Allocation Agreement	A CMS Host Hotel Guarantee - Short Term Allocation Agreement Club Guarantee provides for performance, obligations and monetary guarantee by CMS related to a Short Term Allocation Agreement.

When considering the application for approval of the Umbrella Agreement, I took into consideration, the problems Club One was having in trying to obtain commercially available finance and its need for an experienced management consultant if it is to successfully and profitably use its vested entitlements to the maximum benefit of the South Australian club industry. Without this funding Club One would be unviable. However, the agreements give a select group of hoteliers a significant advantage over the rest of the industry for predominantly their own profit.

In the interests of transparency in the process and to assist me to determine the matter, I invited the Australian Hotels Association (SA) Branch to make a submission and to be heard at a hearing on 9 October 2006.

The AHA's submission covered 2 aspects, the first being whether the proposal by Club One to allocate entitlements to licensed premises owned by CMS members (director/shareholders) is legal and the second being the AHA's concern about the accountability and transparency of the process and, in particular, the real or perceived conflict of interest of key players in Licensed Clubs Association of South Australia ("Clubs SA") and CMS.

In relation to the AHA's submission regarding the legality of Club One's proposal to allocate entitlements to licensed premises owned by CMS members, following representation from the AHA, Clubs SA and Club One, I found that there is no statutory impediment to the proposed arrangements.

To assist me to determine the issue of transparency and whether any parties to the proposed agreements had 'inside' knowledge which may have tarnished the integrity of the process, I wrote to Club One seeking the following information:

- details of the EOI process outlining Club One's process of review of submissions and Minutes of Club One identifying the selection of CMS as the successful respondent;
- a statutory declaration from persons in a position of authority in CMS that they had no prior knowledge that would have provided a material advantage in the EOI submission process;
- a statutory declaration from all persons in a position of authority in Clubs SA (at the time of the tender process) that they did not provide any information to any person that would have given that person a material advantage in the EOI submission process;



- details of persons privy to the process of the establishment of CMS including the role of the lawyers and accountants engaged to establish the entity; and
- details of persons privy to the process of the establishment of CMS from Sports SA, the SANFL or Clubs SA.

Further, I sought statutory declarations covering the role of the Licensed Clubs Industry Training Foundation Inc and Main South Road Pty Ltd in the purchase of a property at Main South Road, Morphett Vale.

Following receipt of the submissions and statutory declarations, I was satisfied that Club One had at all times acted professionally, prudently and with the utmost integrity throughout this process. It sought external professional advice and acted on it.

Club One found itself in a position of not being able to attract funding through normal financial institutions and, on advice, acted to ensure that it could exercise its charter.

Having considered the submissions and statutory declarations from persons in a position of authority in CMS, I was of the opinion that the people involved in CMS acted properly and did not exert influence over the EOI process or rely on knowledge not available to others.

In so far as Main South Road Pty Ltd's and the Licensed Clubs Industry Training Foundation Inc's involvement in the property at Morphett Vale is concerned, again there was nothing to suggest that the EOI process has been tainted.

While I understood that the agreements would give CMS members a significant commercial advantage through the temporary allocation of entitlements to their venues, there is nothing in the Act nor in the process that would have warranted the submission being refused.

Therefore, I approved the Umbrella Agreement and the individual agreements under it.

#### **4.2.2 Unsecured Loan**

An agreement between Club One and the NAB whereby the NAB would provide an unsecured loan of \$400,000 to Club One.

#### **4.2.3 Vesting Club/Purchase Agreements**

As referred to in 1. above, I approved a 'pro forma' Vesting Club Agreement as part of the Umbrella Agreement.

Several minor amendments were made to the 'pro-forma' agreement, mainly to assist with the administrative process, including some Vesting Club Agreements being titled Purchase Agreement.

I approved 12 separate Vesting Club/Purchase Agreements between Club One and various clubs during 2006-07.

#### **4.2.4 CMS Short-Term Allocation Agreements**

As referred to in 1. above, I approved a 'pro forma' CMS Short-Term Allocation Agreement as part of the Umbrella Agreement.



I approved 21 CMS Short-Term Allocation Agreements between Club One and licensees that are CMS Members during 2006-07.

#### **4.2.5 Head Agreement between Club One and Noxville Pty Ltd**

As referred to in the Umbrella Agreement between Club One and CMS, Club One has conferred certain rights on CMS, including that in return for providing critical funding to Club One, CMS gets to operate up to 3 out of every 4 of the first 333 entitlements vested with Club One in its member's venues.

The entitlements that are not subject to the agreements with CMS are available to Club One to allocate to any other licensee with a gaming machine licence.

In August 2006, Club One invited clubs and hoteliers to participate in an EOI process for the Short Term Allocation of the entitlements that are not subject to the CMS agreements.

The process closed on 31 August 2006 after which Club One decided to negotiate with the Jones Group which has a number of venues with a gaming machine licence in South Australia and lodged an application for approval of the agreement.

The Head Agreement essentially deals with the actual allocation process, the Parking Fee and its review and I approved it on 26 April 2007.

#### **4.2.6 Jones Temporary Allocation Agreements**

Similar to CMS Short-Term Allocation Agreements, Jones Temporary Allocation Agreements are between Club One and the licensee company of the venue which is part of the Approved Jones Group Members (as referred to above) and is the vehicle for Club One to allocate entitlements to individual venues subject to the terms and conditions of the Head Agreement.

I approved 7 Jones Temporary Allocation Agreements between Club One and licensees that are members of the Jones Group during 2006-07.

### **4.3 ALLOCATION OF ENTITLEMENTS**

In my last report, I advised that, subject to some concerns, I approved the allocation of 27 entitlements held by Club One to 8 hotels on a short term basis until 31 October 2006. Approval was granted on a short term basis pending long term allocation either to Adelaide Juventus Sports and Social Club Inc ("AJSSC") or to some other venue to generate revenue from an otherwise unused asset. Club One applied for an extension of my approval, as AJSSC's premises was still undergoing renovations and was not ready to operate at the time. I approved the application to extend the agreement until 31 December 2006 or until the applications by Club One for approval of the agreements with CMS were resolved, whichever was the earlier.

#### **4.3.1 Allocation to AJSSC**

Last year I advised that I had approved an agreement between Club One and AJSSC whereby Club One was to allocate a total of 40 entitlements to AJSSC if it obtained a gaming machine licence. The AJSSC was granted a gaming machine licence on 26 May 2006.



Following completion of renovations at AJSSC's premises, known as The Oakden Central, Club One applied to re-allocate the 27 entitlements that were allocated to CMS venues on a short term basis to AJSSC. I approved the re-allocation on 1 December 2006.

Club One further applied to allocate 8 entitlements to AJSSC as Clubs transferred some or all of their entitlements to Club One and on 30 January 2007, I approved another application by Club One for the allocation of a further 5 entitlements to the AJSSC which resulted in the number of entitlements allocated by Club One to AJSSC to the maximum that it can hold of 40.

#### **4.3.2 Allocation to CMS Venues**

As reported in item 4.2.1, I approved an agreement between Club One and CMS whereby, in consideration of the funding by CMS, Club One will confer certain rights on CMS including Club One allocating 3 out of every 4 of the first 333 entitlements vested with Club One to venues within the CMS Group.

Club One made 3 applications during 2006-07 to allocate a total 30 entitlements that clubs had transferred to it. Each of those applications was approved.

#### **4.3.3 Allocation to Jones Group Venues**

As reported in 4.2.5, I approved an agreement between Club One and Noxville Pty Ltd whereby Club One agreed to allocate the entitlements that are not subject to the agreements with CMS to venues within the Jones Group.

Club One made 2 applications during 2006-07 to allocate a total of 16 entitlements that clubs had transferred to it. Those applications were approved.



## **5. EXPIRATION OF REGULATION 12 - RETENTION OF CERTAIN GAMING MACHINES**

On 10 June 2005, the Minister for Gambling granted an exemption under regulation 12, to licensees who lost machines as a result of the compulsory reduction in gaming machine numbers (effective from 1 July 2005) to store the excess machines at an approved location with an approved custodian.

Also on 10 June 2005, the Minister for Gambling granted Macmont (N.T.) Pty Ltd ("SA Power Gaming") and Bytecraft Systems Pty Ltd ("Bytecraft") an exemption, under regulation 12, from the relevant provisions of the Act that would prevent both companies from carrying out obligations as a custodian under arrangements approved by me for the purposes of regulation 12.

The exemptions were given for a period not exceeding 2 years, or 2 months after the third trading day (whichever was the longer). Regulation 12 commenced on 31 March 2005. The third trading day was held on 16 April 2007. Therefore, regulation 12 expired on 16 June 2007.

On the expiration of regulation 12 any licensee who had possession of more gaming machines than entitlements was in breach of condition (ca) of Attachment 1 which states "that the licensee will not have in the licensee's possession more gaming machines than the number of gaming machine entitlements held in respect of the licensed premises;".

Licensees who still had gaming machines in storage were sent a letter on 12 April 2007 advising that the regulation was to expire on 16 June 2007 and were advised to make arrangements for the removal of those machines by either selling, destroying or returning the machine/s to the venue that it originated from (in place of another machine which has either been sold or destroyed).

Nine venues still had a total of 50 machines in storage with SA Power Gaming on Friday 15 June 2007.

Advice was received from the SPB that the licensees of the venues that still had the machines in storage had lodged paperwork with the SPB, on or prior to the 15 June 2007, to either:

- 1) sell the machines to SA Power Gaming where they had been stored; or
- 2) sell the machines to other venues with a gaming machine licence.

The other option for licensees was for a machine that was held in storage to return to the venue that it originated from if:

- 1) it was successful in obtaining an entitlement through the trading round that was held on 16 April 2007; or
- 2) it had been allocated an entitlement from Club One; or
- 3) for the purpose of replacing an existing machine that was operating at the venue (in which case the machine that was replaced must be disposed of by either selling or destroying it).

The SPB advised that it is normally a 4 week turnaround between the date on which an application is lodged with it to sell a machine, to the date on which the machine is installed at the purchaser's premises or delivered to a gaming machine dealer



Section 16(5) of the Act provides that:

*“The Commissioner may grant to the holder or former holder of a gaming machine licence a temporary authorisation to possess (but not to operate) gaming machines if the authorisation is necessary or desirable to enable the orderly disposal of gaming machines the holder or former holder is no longer authorised to operate.”*

As the gaming machines in storage were being sold to either SA Power Gaming, another venue or were returning to the venue that it originated from and they physically remained in storage after the expiration of regulation 12, I was satisfied that the licensees had taken reasonable steps to relinquish possession of those machines prior to the expiration of regulation 12. However, due to administrative processes that could not occur.

Therefore, I granted a temporary authorisation under section 16(5) of the Act to the licensees who still had gaming machines in storage with SA Power Gaming after the expiration of regulation 12 to enable those licensees to possess (but not operate) gaming machines and to allow for the orderly disposal of the gaming machines that the holder is no longer authorised to operate.

The authorisation was granted for a period of one month effective 16 June 2007.



## 6. TRANSFER OF ENTITLEMENTS BETWEEN NON-PROFIT ASSOCIATIONS

Section 27B(1)(c) of the Act provides that

*"a non-profit association that holds a gaming machine licence may transfer a gaming machine entitlement to another licensed non-profit association, under an arrangement approved by the Commissioner, for the purpose of facilitating merger or amalgamation of gaming machine operations for the benefit of both non-profit associations."*

On 17 July 2006, I approved an application by the Loxton North Sports Club Inc to transfer all 8 of its entitlements to the Renmark Golf Club Inc for the purposes of amalgamating both Club's gaming operations.

As part of the application, I approved an agreement that provides for the transfer of the entitlements and an amendment to a previously approved management agreement between the Renmark Golf Club Inc, the Renmark Golf and Country Club Pty Ltd and the Berri Hotel Inc to include Loxton North Sports Club Inc for the management of the Renmark Golf Club's premises.

The 8 gaming machines were removed from the Loxton North Sport Club Inc's premises on 16 October 2006. The transfer therefore was effective from that date.



## 7. GAMING MACHINE LICENCES

### 7.1 GAMING MACHINE LICENCES

A gaming machine licence authorises the holder to possess and operate gaming machines. Each gaming machine licence shows the number of approved machines (the maximum number is 40) and the number of entitlements. One entitlement authorises the licensee to operate one machine.

To be eligible to apply for a gaming machine licence a person 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 2007 there were 569 active gaming machine licences, under the following categories of liquor licence:

462	Hotels
69	Clubs
38	Special Circumstances

A further 23 licences were under suspension for various reasons.

Five licensees surrendered their gaming machine licence during 2006-07. One was as a result of selling all of its entitlements through the trading scheme and 4 as a result of transferring all of their entitlements to Club One.

### 7.2 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.

The monitoring licence is held by the Independent Gambling Corporation Ltd ("IGC") which is an incorporated body jointly owned by the AHA and Clubs SA.

#### 7.2.1 Monitoring System

The central computer monitoring system to which all gaming machines are connected is the prime source of control over the security, integrity and proper operation of gaming machines. The system also collects, processes and summarises gaming statistics for all venues and provides data to my Office for the assessment of gaming tax.

#### 7.2.2 System Upgrade

During the year, there were no modifications made to the gaming machine monitoring system.

#### 7.2.3 Secure Internet Based Customer Reporting Facility

IGC's internet reporting facility, which allows gaming machine operators and manufacturers to access information and reports from the monitoring system via the Internet, continued to operate throughout 2006-07.

For a small monthly fee, the facility allows operators to download formatted reports from the IGC's web site which provides gaming machine statistics and events for that venue. It also provides



downloadable data which can be imported into other data management applications. The information obtained from the monitoring system via the internet facility is used to fulfil some of the licensees' record keeping obligations and in other cases supplements the data recorded at the venue.

At 30 June 2007, there were 322 operators and 5 manufacturers utilising the Secure Internet Based Customer Reporting Facility.

#### **7.2.4 Information Data Port**

The Information Data Port (IDP) facility was first approved in February 1999. This facility allows gaming machine operators to access machine information electronically via an interface to the SC300 Site Controller, reducing the need for manual meter reading.

The number of IDP's in the field decreased from 240 as at 30 June 2006 to 235 as at 30 June 2007.

#### **7.2.5 Replacement of the Existing Monitoring System**

In my 2005-06 report, I highlighted IGC's contract with Scientific Games Worldwide for the replacement of the gaming machine monitoring system and its support until 2015. The existing AGS system will be replaced by the new AEGIS host and associated Terminal Controllers in all venues.

Throughout 2006-07, IGC and Scientific Games have continued to develop functional specifications for both the monitoring host and Terminal Controllers.

Delivery and acceptance testing of the new system is now expected in the first half of 2008.

#### **7.2.6 Fees**

IGC charges an establishment fee for new gaming machine operators. This was maintained at \$1,500 plus \$150 GST for 2006-07. A monitoring fee is charged for each gaming machine connected to the monitoring system and is charged at a monthly rate. Monitoring fees are the prime source of income for the IGC and must cover all of its costs. Monitoring fees are approved by the Minister and are reviewed on a regular basis. The Minister approved a monitoring fee of \$39.54 per machine per month plus \$3.95 GST effective 1 July 2006 to 30 June 2007. This fee remained unchanged from the previous year.

#### **7.2.7 Gamblers' Rehabilitation Fund**

During the reporting year, IGC provided \$1.5 million to the Gamblers' Rehabilitation Fund which is administered by the Department for Family and Communities.

#### **7.2.8 Board Members**

The Directors of IGC during the 2006-07 year were:

- Mr Colin Wayne Dunsford - Chairman;
- Mr Peter John Hurley - Deputy Chairman;
- Mr Peter Laurence Brien;
- Mr William Cochrane;
- Mr Robin James Guy;
- Mr Brian Robert Michael Hayes; and
- Mr Cameron Murray Taylor.

My Office continues to have an excellent working relationship with IGC's board and staff.



### **7.3 GAMING MACHINE SUPPLIER'S LICENCE**

The gaming machine supplier's licence authorises the holder, acting through an approved agent, to purchase from a licensed gaming machine dealer, and to sell or supply to the holder of a gaming machine licence, approved gaming machines, prescribed gaming machine components and gaming equipment.

The gaming machine supplier's licence is held by the SPB.

As at 30 June 2007, the 3 approved agents of the SPB were:

- Andrew Bruce Kidd;
- John Leaton Harris; and
- Stephen Howson.

### **7.4 GAMING MACHINE SERVICE LICENCE**

Last year, I reported on the preparations that were made in readiness for the new service licence arrangements, effective 1 July 2006, under which the SPB is no longer the sole holder of the service licence.

On 1 July 2006, I granted a total of 20 service licences including 1 to Bytecraft, which was the sole agent of the SPB under the previous regime. The other 19 service licences have been granted as an affiliate of Bytecraft.

In considering Bytecraft's application for a service licence, I was satisfied that it can offer services to all gaming machine licensees in South Australia through agreements with its affiliates and that it and its affiliates have the technical expertise in the gaming machine servicing field.

The grant of the service licences are subject to the following conditions, imposed under section 27(3) of the Act:

1. The licensee must only enter into an agreement with the holder of a gaming machine licence for the service, installation or repair of approved gaming machines, prescribed gaming machine components and gaming equipment in the form of a service contract, of a type and the terms and conditions of which have been approved by the Liquor and Gambling Commissioner.
2. The licensee must make available to all holders of a gaming machine licence the services authorised by this licence, either directly or via an agreement with an affiliated service licensee.
3. The licensee will continue to hold sufficient quantities of spare parts and equipment necessary to provide the services authorised by this licence in accordance with the terms and conditions of the approved service contracts.
4. The licensee must notify the Liquor and Gambling Commissioner immediately and in writing upon ceasing to provide services to or the termination of a service contract with the holder of a gaming machine licence.
5. The licensee must notify the Liquor and Gambling Commissioner immediately and in writing upon the termination of an agreement with a previously affiliated service licensee.
6. The licensee will notify the Liquor and Gambling Commissioner immediately of any unapproved gaming machines, prescribed gaming machine components or gaming equipment found in pursuance of the conduct authorised by this licence.



Bytecraft has the following additional condition on its licence:

7. The licensee will provide the Liquor and Gambling Commissioner a quarterly report listing:
  - a. the names of all holders of a gaming machine licence under a service contract with the licensee;
  - b. the nature of the contract; and
  - c. the names of all affiliated service licensees.

All licensees enter into a contract with Bytecraft. However, services in country areas are provided by the local affiliates of Bytecraft.

Under condition 1. above, I approved the agreement submitted by Bytecraft titled the "Venue Service Agreement, Approved Gaming Machines, South Australia".

On 1 July 2006, I issued an Administrative Order to all holders of a gaming machine licence to vary Condition (r) of Attachment B to reflect the change in service licence arrangements. Condition (r) of Attachment B now provides that:

"The licensee will not conduct gaming operations pursuant to the licence unless he or she has entered into an approved service contract with the holder of a gaming machine service licence and that all gaming machines continue to be serviced under the terms of that contract."

As at 18 July 2006, 43 licensees had failed to comply with the varied condition (r) of Attachment B. Refer to section 10 for proposed disciplinary action initiated against those licensees as a result of the non-compliance.

IGC is responsible for the service and maintenance of the central monitoring system. However, as a condition of the gaming machine monitor licence, IGC is required to appoint sub-contractors for the installation, servicing and repair of the central processor hardware for the central monitoring system.

The following sub-contractors have been approved to perform service and maintenance functions for the IGC:

- Telstra Corporation Ltd;
- Bytecraft Services Pty Ltd;
- IGA Technology Pty Ltd;
- IOCANE Pty Ltd;
- IBM Ltd;
- INS Progressive Computing Pty Ltd;
- Hewlett Packard;
- McAfee;
- Scientific Games Online Entertainment Systems Inc;
- Chubb Security Australia Pty Ltd;
- Wormald Fire Systems;
- Computer Site Services;
- Firewall Systems;
- First Five Minutes;
- Internode Systems Pty Ltd;
- St George Bank Ltd; and
- Trend Micro Incorporated



## **7.5 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 these to the SPB or another gaming machine dealer.

Since I last reported, 1 new gaming machine dealer's licence was granted and 2 gaming machine dealers surrendered their licences.

There are 18 gaming machine dealer's licences granted as at 30 June 2007. Of these, 8 actively operated in the South Australian market during 2006-07. Four of these manufacture and sell approved gaming machines while the others purely sell new or second-hand approved machines.





## 8. APPROVAL OF PERSONS

Licencees are required to seek my approval for individual persons who occupy various positions or who have associations with licences.

Persons can be approved in respect of more than one premise and approvals at gaming machine venues can be under more than one category. Categories include gaming machine managers, gaming machine employees, committee members of licensed clubs, directors and shareholders of licensee companies, agents of the SPB, employees of the holder of a gaming machine service licence, employees and sub-contractors of the holder of the gaming machine monitor licence and in the case of a body corporate that holds a licence, any other person in a position to exercise or exert control or substantial influence over the body corporate in the conduct of its affairs.

As at 30 June 2007, a total of 7,942 persons were approved under the Act.

### **8.1 APPLICATIONS FOR APPROVAL**

In approving a person in any of the above categories, I must be satisfied that the person is fit and proper. Factors such as a person's reputation, honesty, integrity, creditworthiness (including bankruptcy) and probity are taken into account. In determining whether a person is fit and proper, I must have regard to the reputation, honesty and integrity of the person's known associates, including relatives. A copy of every application is provided to the Commissioner of Police who may intervene in any proceedings before me on the question of whether a person is fit and proper.

During 2006-07 a total of 2,658 persons were approved under the various categories of the Act.

#### **8.1.1 Applications Refused**

During 2006-07, 14 applications for approval were refused.

In 12 of those cases, the Commissioner for Police lodged a Notice of Intervention to the applications. The applicants (licencees) were given the opportunity to respond to the Notices of Intervention. In all cases the applicants failed to take any action by the due date, therefore, the applications were dismissed.

One application was refused on the basis that the person for whom the applicant was seeking approval had been convicted of aggravated serious criminal trespass and two counts of common assault, for which he received a two year prison sentence, suspended upon his entering into a two year, \$1000 good behaviour bond. Although the hotel manager who accompanied the person to the hearing was aware of his suspended sentence and the nature of the convictions, I found that it was inappropriate to approve the application while the applicant is serving a sentence of imprisonment, albeit suspended.

The other application was refused on the basis that the person for whom the applicant was seeking approval did not declare a number of convictions. In addition, SAPol had been attempting to interview the person since 20 September 2003, in relation to a report of assault while working as a crowd controller and since April 2005 in relation to a report for property damage. SAPol were only able to interview the person in relation to those matters as a result of this application. SAPol were also concerned about the applicant's association with 3 people.



While I accepted SAPol's concern about the person's associates, I was satisfied that they do not exert control or significant influence over his conduct. However, I was concerned about the other two matters, namely: failing to disclose all of his convictions and the fact that police were only able to interview him in relation to 2 outstanding reports when the application was made. Therefore, the application was refused.

### **8.1.2 Approvals Revoked**

Under section 44, I may revoke an approval of a person made under Part 4 of the Act, on such grounds or for such reasons as I think fit.

In January 2006, I held a formal hearing following the Commissioner of Police lodging a Notice of Intervention in relation to an application for approval of a Gaming Machine Manager. The representative for the Commissioner of Police produced the person's offence history. A director of the licensee company that applied for the persons' approval gave a verbal reference and written references were also provided.

After taking into account all matters put to me by the parties, I noted that at the time of the application the most recent offending occurred some 18 months ago. Whilst I found the totality of the person's behaviour to be of concern, I noted that the person's earlier offending was committed as a juvenile.

I therefore was prepared to find the person to be a fit and proper person to be approved, however, only on an interim basis reviewable at the expiration of 12 months, or such earlier time if the person came to the attention of the police during the review period.

On 4 January 2007, the applicant advised my Office that the person was no longer employed at the licensed premises. I therefore revoked the interim approval of the person as a Gaming Machine Manager.



## 9. MONITORING AND COMPLIANCE

### **9.1 GAMING MACHINE VENUES (HOTELS AND CLUBS)**

My Office currently employs 9 liquor and gaming inspectors who have responsibility for inspecting approximately 5,400 licensed venues in the State (592 of which hold gaming machine licences) and 2 compliance officers who are responsible for investigation of complaints under liquor, gaming and wagering legislation. The inspectorate is integrated with no staff specifically dedicated as gaming machine venue inspectors.

In setting the inspection and compliance program, all licensed premises are categorised according to a risk-based system which forms the basis for determining the frequency that premises are inspected. I also have regard to the compliance record of each venue and inspectorial resources are applied accordingly. This risk based approach was developed with the assistance of the Auditor General.

Gaming machine premises have been categorised as high risk, with a scheduled inspection of at least once every 12 months.

#### **9.1.1 New Compliance Reporting System**

I have previously reported on funding that was received in the 2004-05 budget to develop a new computer system to assist in reporting on compliance by licensees.

Development of the new system was completed in late 2005-06 and the recording of compliance information commenced on 1 July 2006.

The most significant change is the reporting of gaming breaches and action taken by compliance type (i.e. split up between the Act, regulations, licence conditions and Codes of Practice). This enables me to better allocate appropriate resources towards a "risk-based audit" approach where there will be a greater emphasis on high level of non-compliant items.

Refer to section 9.1.5 for the reporting of non-compliance by compliance type.

#### **9.1.2 Self Assessment Compliance Audit Checklists**

To assist licensees in understanding and complying with the numerous requirements under liquor, gaming and wagering legislations, my Office has made available a comprehensive self-assessment compliance audit checklist covering the liquor, gaming and wagering legislations.

Completion of the checklist is not mandatory and licensees are not required to provide my Office with a completed copy. They were developed purely as a tool for licensee's benefit.

It has been recommended to licensees that they conduct the audits every three months and that it be signed by a gaming machine manager, responsible person and the licensee or an operating director.

#### **9.1.3 Gaming Care/Club Safe**

The AHA and Clubs SA each have agencies aimed at reducing gambling-related harm by working with hotel and club management and staff on-site. The agencies trade under the names 'Gaming Care' and 'Club Safe' respectively.



Amongst other things, two of the objectives of Gaming Care and Club Safe are to:

- provide assistance to gaming licensees and managers in relation to compliance with regulatory Codes of Practice; and
- undertake audits of gaming venues on a voluntary basis to assist venues in complying with the regulatory Codes of Practice.

My Office has an excellent working relationship with both agencies and constantly liaises and provides advice to representatives of both agencies on a number of compliance related issues.

#### **9.1.4 Inspections**

All gaming machine venues are inspected regularly to assess whether the operations under the licence comply with the requirements of the Act, the regulations, licence conditions and Codes of Practice.

During 2006-07 a total of 642 inspections were conducted of the State's gaming machine venues which operated gaming for all or part of the year.

Inspections include:

- major inspections of every aspect of a premises as part of a routine inspection program;
- attendance at a premise by inspectors to oversee installation of gaming machines;
- inspections of premises in relation to applications made by licensees for variations to gaming area layouts, redefinition of gaming areas and structural alterations as part of renovations;
- targeted inspections of premises in response to specific issues or complaints; and
- inspection by licensee disclosure.

#### **Routine Inspections**

All licensed premises are inspected on a regular basis in accordance with a risk based inspection program.

A routine inspection involves inspectors checking a predetermined list of 14 liquor and 34 gaming checks as well as conducting a general observation of the premises.

All but 1 venue that operated gaming for the whole of the 2006-07 year were inspected during the reporting period. The venue which was not inspected is scheduled for an inspection in the first week of July 2007.

The number of inspections increased from 619 in 2005-06 to 642 in 2006-07.

Matters which form part of routine inspections include ensuring that:

- the licensee is complying with the Responsible Gambling Code of Practice, including that:
  - signs, posters, pamphlets, stickers and cards are displayed correctly;
  - licensees have and maintain a responsible gambling document which describes the names and roles of staff in implementing the Code and policies in relation to dealing with requests to self-exclude;
  - staff have undertaken all training requirements;
- the layout of the gaming area conforms with the approved layout;
- cash facilities are located outside of the designated gaming area;



- signage (including warning notices to minors) is prominently displayed;
- approved persons are wearing appropriate identification;
- the area is adequately supervised;
- gaming machine log books have been properly completed;
- gaming machines are in acceptable operating condition; and
- copies of barring notices issued by the IGA are kept on the premises and made available to staff and appropriate procedures have been developed to ensure that excluded persons do not enter or remain in a gaming area.

Inspectors also pay particular regard to any specific conditions that are attached to each gaming machine licence.

### **Inspections by Complaint**

There are many areas of compliance which can not be detected by routine inspection as they relate to specific incidents. These areas are normally brought to my Office's attention by complaint and include incidents of:

- minors being allowed to enter a gaming area and play machines;
- barred patrons being allowed to enter a gaming area;
- persons playing more than one machine at a time;
- persons being supplied alcohol while sitting or standing at a gaming machine;
- approved gaming staff playing gaming machines; and
- patrons being provided with credit to gamble.

A summary of complaints received during 2006-07 is included in Section 10 of this report.

### **Compliance by Licensee Disclosure**

Compliance in a number of areas is achieved by the licensee providing materials to my Office for analysis. These include:

- ensuring licensees do not provide ATM or EFTPOS withdrawals above set limits;
- examination of licensees' customer newsletters for compliance with both the Responsible Gambling Code of Practice and Advertising Code of Practice; and
- examination of licensees' player loyalty mailing lists to ensure that barred patrons have been removed from the list.

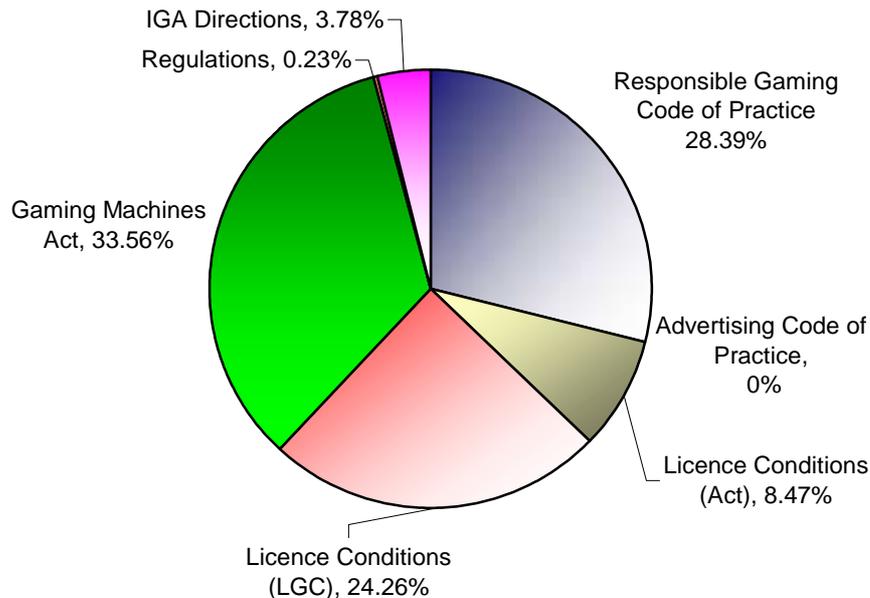
### **Media Monitoring**

The new Advertising Code of Practice commenced on 30 April 2004. I engage a media monitoring service to provide my Office with copies of gambling advertisements placed in the Advertiser, Messenger newspapers and country press newspapers. Copies are provided twice a week and are examined by my officers for compliance with the various clauses of the Code. For the 2006-07 year, 718 advertisements were examined with no instances on non-compliance detected.



## 9.1.5 Compliance

### 9.1.5.1 Overall number of venues with 1 or more items of non-compliance by compliance type



#### Analysis/Comment:

The level on non-compliance for requirements under the Act and licence conditions (both imposed by the Act and me) are at a significantly higher level than the other compliance types. This is commensurate with the number of items that are checked under these requirements where it can be expected that the level of non-compliance increases with an increase in the number of requirements.

These statistics are as a result of the new compliance system and were not previously available to me, therefore, no comparison to previous years can be made. However, it is clear from these statistics where the areas of concern are and these statistics will enable me to target those areas in 2007-08, and provide a basis for future comparisons in due course.

### 9.1.5.2 Statistics by Compliance Type

This section shows statistics for monitoring compliance based on the compliance type. The tables show the number of assessments of each requirement of the compliance type for 2006-07, the number of breaches identified from those assessments, a percentage of non-compliant venues for each item of non-compliance and a comparison percentage for the previous year. An analysis/comment is provided where applicable.



➤ Responsible Gambling Code of Practice

	2006-07			2005-06		
	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues
Clock clearly visible in gaming area	639	4	0.6	619	9	1.5
Code of Practice Available	642	13	2	619	12	1.9
Gambling Helpline Cards displayed	641	36	5.6	619	20	3.2
Gambling Helpline Sticker (Affixed to ATMs and EFTPOS and/or gaming machines)	637	37	5.8	619	33	5.3
Governed by a Code of Practice Sign displayed	641	33	5.1	619	14	2.3
Playing of more than one machine sign displayed	641	31	4.8	619	8	1.3
Responsible Gambling Document maintained	643	60	9.3	619	76	12.3
Responsible Gambling Pamphlets displayed	641	33	5.1	619	19	3.1
Responsible Gambling Poster displayed	641	34	5.3	619	15	2.4
Responsible Gambling Training - Not completed or certificate not available at time of inspection	633	99	15.6	619	90	14.5

*Analysis/Comment:*

Although there was an increase in non-compliance with a number of the requirements under the Responsible Gambling Code or Practice, except for the requirement for a Responsible Gambling Document to be maintained and Responsible Gambling Training not being completed or a certificate not available at the time of inspection, non-compliance is generally at a low level.

**Signage:** The extent of the increase in breaches in relation to signage is not a 'real' reflection in the numbers.

For example, a breach may be recorded where 1 sticker on a machine required replacing out of 30 machines in the venue, or where signs were actually displayed but not in the correct position. Overall, compliance with the signage requirements is good and non-compliance usually only relates to 1 or 2 items.

**Training:** As has been the case in the past, the majority of the incidents of non-compliance relate to the venue not having the relevant training certificates available for inspection rather than the staff member not having completed the training.



Responsible  
Gambling

Document: I have previously reported on the difficulties faced by licensees in developing and maintaining a responsible gaming document, in the absence of any guidance or pro-forma, and difficulty understanding the concept or purpose of the document. However, I note that there has been a significant reduction in non-compliance.

Inspectors spend considerable time educating licensees on the requirements for the document and, in an encouraging sign, it appears as though licensees are benefiting from this education with a decrease, for the second year in a row, in the level of non-compliance.

➤ Advertising Code of Practice

There were 718 advertisements for 127 venues assessed during 2006-07 with no instances of non-compliance detected against the 15 requirements of the ACOP.

➤ Licence Conditions - Imposed by Act

	2006-07			2005-06		
	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues
Gaming layout approved	480	42	8.8	619	27	4.4
Structural or other alterations approved	487	11	2.3	619	0	0

*Analysis/Comment:*

Since venues have had the ability to obtain or sell entitlements through either the trading system, Club One or, in the case of non-profit associations, amalgamating gaming operations, the level of non-compliance in relation to the requirement for its gaming operations to be in accordance with approved plans or layouts held by my Office has increased.

Licensees making changes to their gaming layouts when installing a gaming machine as a result of obtaining an entitlement or disposing a gaming machine following the sale of the entitlement are overlooking the requirement to lodge amended plans or layouts.

I have recently reminded licensees of their obligations in regards to this requirement through correspondence sent to them when a change in a number of entitlements occurs.

I will continue to monitor the level on non-compliance and anticipate that it will decrease since I have commenced this reminder process.



➤ Licence Conditions - Imposed by Commissioner

	2006-07			2005-06		
	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues
Barring orders issued under section 59 have been provided to LGC	505	9	1.8	619	9	1.5
Gaming area security adequate	590	0	0	619	1	0.2
Gaming Machine Manager on Duty	645	6	0.9	619	2	0.3
Log books present and completed (10%)	613	18	2.9	619	5	0.8
Playing of more than one machine sticker (Affixed to gaming machines)	641	21	3.3	619	21	3.4
Rules Ancillary to Gaming Sign displayed	641	23	3.6	619	12	1.9
Training - Operation of Machines- Not completed or certificate not available at time of inspection	633	101	16	619	90	14.5

Analysis/Comment:

Training: Refer to my comments on training under the Analysis/Comment section of the Responsible Gambling Code of Practice Compliance Type.

➤ Gaming Machines Act

	2006-07			2005-06		
	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues
All approved staff clearly displaying ID badges	574	9	1.6	619	1	0.2
All staff approved	579	4	0.7	619	2	0.3
Cash facilities not within gaming area	641	0	0	619	1	0.2
Gaming Licence displayed (at principal entrance)	641	48	7.5	619	30	4.8
Government ID plates on all machines	642	1	0.2	619	2	0.3



Logic Board Sealed (10%)	616	45	7.3	619	9	1.5
Machine Condition (monitors, buttons)	640	100	15.6	619	107	17.3
Security box locked	616	26	4.2	619	4	0.6
Warning to Minors Sign displayed (at each entrance)	641	38	5.9	619	17	2.7
Warning to Minors Sticker (Affixed to gaming machines)	641	10	1.6	619	6	0.9

Analysis/Comment:

Although there was an increase in non-compliance with a number of the requirements under the Act, except for the Machine Condition (monitors/buttons), non-compliance is generally at a low level.

**Machine Condition:** Last year I reported that as at 30 June 2006, half of all operational gaming machines were more than 5 years old and uncertainty within the industry has resulted in a dramatic fall in the rate of replacement of old gaming machines.

I also advised of a change to the standard procedures for cases where inspectors identify gaming machines in sub-standard condition where licensees are now notified of any gaming machine quality issues identified during an inspection and are required to provide, within 28 days, documentary evidence that the problems have been addressed or that the machine has been replaced or removed. Licensees who fail to comply within 28 days will face disciplinary action.

As a result of the change of procedures, the level of non-compliance for machine condition has reduced. However, it remains at a relatively high level. To address the problem, a discussion paper was distributed to key industry stakeholders - *South Australia's Ageing Gaming Machines*, 8 January 2006. The paper provides details of the current population of gaming machines and games, and suggests a number of measures which might address the problem and increase the machine replacement rate. The industry was invited to make submissions in response to the discussion paper; which closed on 9 February 2007. A meeting of stakeholders was held on 4 June 2007 and it was resolved to undertake further investigations in conjunction with the industry participants.

➤ Regulations

One instance of non-compliance was detected during the 438 assessments of the requirement that a licensee must wear an approved ID badge whilst in the gaming area during 2006-07.



➤ IGA Directions

	2006-07			2005-06		
	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues	No. of inspections	No. of non-compliant Venues	% of non-compliant Venues
All barring notices are accessible by, or visible to, staff only and not by members of the public	641	10	1.6	619	0	0
All barring notices being maintained in a folder or picture wall	640	10	1.6	619	5	0.8
Barring procedure maintained (may be part of Responsible Gambling Document)	642	16	2.5	619	5	0.8

**9.1.5.3 Overall Summary of Non-compliance**

Although there was an increase in the level of non-compliance in most of the requirements during 2006-07, except for a few items, non-compliance is generally at a low level, particularly given the number of checks performed.

**9.2 MONITORING SYSTEM**

One of the main functions of my Office is to ensure that the operation, integrity and security of gaming machines are maintained at the highest standard.

The primary tool in performing this function is the central monitoring system operated by IGC. The primary focus for me to ensure constant scrutiny of the operations conducted under the monitor licence is the integrity of the monitoring system itself.

The system currently operated by IGC is the VLC Advanced Gaming System (AGS).

The imposition of licence conditions and the approval of procedures and policies ensure that there are sufficient internal and external security and audit controls. These controls ensure that any manipulation of the data collected and produced by the monitoring system will produce an auditable trail and that the software or hardware of the monitoring system cannot be altered without my knowledge.

In order to satisfy me that only approved software and hardware is installed, my Office established a 'baseline' procedure for taking a snapshot of the system at any point in time. The process involves using a computer utility tool to provide binary comparison verification of the application software. The result is the production of a baseline order showing the current configuration of software and hardware of the system at a point in time.

This baseline document enables staff of my Office to compare the system at any point in time with the last baseline document to ensure that no unauthorised changes have been made.



Any alteration to the approved system is evaluated and approved by me. I determine whether or not such alterations require specialist evaluation by a suitably qualified software testing facility or whether, upon production of results of test scripts, minor alterations can be approved without more detailed investigation. Any alterations subsequently approved are installed in the presence of a staff member from my Office and the baseline procedure is conducted following its installation.

As there were no modifications made to the monitoring system during the year, no baseline procedures were conducted during 2006-07.

Scrutiny is also maintained via the review and analysis of reports which are generated by the monitoring system. These reports are reviewed and analysed by specialist staff within my office. The reports are used both to scrutinise the operations of IGC as well as the operations of machines operated in the field.

For example, reports can be used to detect a possible malfunctioning machine. The reports are also monitored by my Office to check that IGC has followed set procedures for trying to re-establish communications.

Alternatively, some reports are used solely for scrutinising games installed in the field.

The monthly checks of the accuracy of data and the rigorous testing of the system's functionality in the original system approval process ensures that the reports generated by the system can be relied on for the scrutiny of other licence holders.

There were 7 amendments to the procedure manuals for the AGS monitoring system, its security and disaster recovery approved during 2006-07. My Office found no unauthorised adjustments made to data and no alterations were made to the system without my approval.



## 10. COMPLAINT INVESTIGATIONS

The Office investigated or commenced an investigation into a total of 10 complaints relating to 15 incidents during 2006-07 in respect of the conduct of gaming operations by licensed hotels and clubs.

### 10.1 SUMMARY OF COMPLAINTS

Type of Complaint	No. of Incidents	Outcome				TOTAL
		No Fault	Insufficient Evidence	Disciplinary Action Taken	Investigation in Progress	
Clause 9(2) RGCOP - Every approach by a customer about self-exclusion is responded to while the customer is on premises or on the telephone	2		2			2
Section 49 of the Act - Prescribed duties carried out by an unapproved person	6 <sup>(1)</sup>			1 <sup>(3)</sup>	5	6
Sec 52 of the Act - Providing credit for the purposes of playing gaming machines	1 <sup>(2)</sup>				1	1
Clause 5(3) RGCOP - Patron who has difficulty controlling expenditure on gaming machines has contact details of gambling referral service bought to their attention	1		1			1
Sec 51 of the Act - Gaming Machine Manager not permitted to operate gaming machines (except for purposes of carrying out his or her duties)	1 <sup>(2)</sup>				1	1
Clause 6(1)(a)(b) RGCOP - Gambling provider will take all practicable steps - to prevent a person who appears to be intoxicated from being allowed to gamble and to prevent the entry of intoxicated people into gambling areas, or them remaining there	2		1		1	2
Clause 7 RGCOP - Develop a protocol addressing the issue of young children left unattended on premises or in motor vehicle parked in car park	1	1				1
Condition (h) Attachment B - Licensee must maintain a log book for each gaming machine recording operational details	1				1	1
<b>TOTALS</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>9</b>	<b>15</b>

RGCOP - Responsible Gambling Code of Practice

<sup>(1)</sup> One complaint was made regarding 5 different venues;

<sup>(2)</sup> One complaint made for one or more incidents at the same venue; and

<sup>(3)</sup> Disciplinary Action taken in the form of a reprimand.



## **10.2 PAYOUT DISPUTES AND MALFUNCTIONS**

There were 14 complaints received during 2006-07 in relation to payout disputes or alleged machine malfunctions.

The nature of these matters varies from simple requests for information and clarification of the Act through to more complex matters involving closer examination of both financial and technical information.

A range of strategies are employed, depending on the nature of the complaint, including:

- interviewing complainants or respondents;
- 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.

The outcome of the 14 complaints investigated during 2006-07 were as follows:

<b>Outcome</b>	<b>Number of outcomes</b>
Complaint settled between patron and the venue.	2
Patron informed of the results of the investigation and advised to contact the venue to attempt to resolve the dispute and if no resolution could be found, they could apply to the Commissioner to review the decision by the venue.	2
Patron failed to pursue the matter with this Office after the venue had reported the dispute.	3
Patron mistaken on how or when machines pay winning credits and matter resolved in favour of the venue.	3
Insufficient evidence to support patron's claim.	4
<b>Total</b>	<b>14</b>

Section 76 of the Act states:

*"A player who is aggrieved by a decision to have his or her winnings withheld may apply to the Commissioner for a review of the decision"*

All parties involved in a dispute are advised of this section if it appears that the matter cannot be resolved following the internal investigation.

There were no applications for review received under section 76 of the Act during 2006-07.



## 11. DISCIPLINARY ACTION

Section 36 of the Act allows me to take disciplinary action against a licensee for the following reasons:

- the licence was improperly obtained;
- the licensee is not a fit and proper person to hold the licence;
- a person who occupies a position of authority in a trust or corporate entity that holds a licence is not fit and proper;
- the licensee has contravened or failed to comply with a provision of the Act or a condition of licence;
- the licensee has been convicted of an offence against the Act or an offence punishable by imprisonment;
- the licensee has ceased to operate gaming machines on the premises.

The most common reason for initiating disciplinary proceedings is the contravention of a provision of the Act or a condition of licence (including Codes of Practice).

Section 36B of the Act provides that I may:

- reprimand a licensee;
- add to or vary the conditions of licence;
- suspend the licence;
- revoke the licence;
- cancel 1 or more gaming machine entitlements;
- impose a fine not exceeding \$15,000.

Before doing so I must give written notice to the licensee of the proposed disciplinary action and allow the licensee 21 days or longer to show cause why action should not be taken.

### 11.1 SUMMARY OF PROPOSED DISCIPLINARY NOTICES ISSUED

Reason for proposed disciplinary notice	Legislative Reference	No. of notices issued	
		2006-07	2005-06
Multiple breaches detected during inspection	Various	41	40
Responsible Gambling and/or Operation of Machines Training not completed or certificate not available at time of inspection	Contravention of licence conditions (nb) & (w)	4	6
Responsible Gambling Document not maintained	Contravention of Clause 2(b) RGCOP	5	18
Failed to remove a self-excluded person from loyalty mailing list	Contravention of Clause 9(d) RGCOP	1	0
Service Agent agreement not maintained	Contravention of licence condition (r)	46*	2
Unapproved staff carrying out gaming duties	Contravention of section 49 of the Act	1	0
No approved gaming manager on premises	Contravention condition (o) Attachment B	3	0
Approved staff not clearly wearing ID badge	Contravention of section 50A of the Act	1	0
Supply of unapproved software	Contravention of Section 4 of the regulations	2	1



Failure to immediately advise of any unapproved gaming machines, prescribed gaming machine components or gaming equipment	Licence Condition 6	1	0
Licensee ceased to operate gaming machines on premises subject to gaming machine licence	Contravention of Section 36(g) of the Act	0	3
Gaming Room was only room of venue available to patrons at a certain time	Contravention of condition (y) Attachment B	0	1
Advertisement did not comply with Advertising and/or Responsible Gambling Code of Practice	Contravention ACOP and/or RGCOP	0	1
Prevent the entry of intoxicated people in the gaming areas or remaining there	Contravention of Clause 6(1) RGCOP	0	1
Other		0	2
<b>TOTAL</b>		<b>105</b>	<b>75</b>

RGCOP - Responsible Gambling Code of Practice

ACOP - Advertising Code of Practice

\* As reported in section 7.4, new service licence arrangements came into effect from 1 July 2006. Forty three licensees had failed to comply with the varied condition (r) of Attachment B. Therefore, I issued a Notice of Proposed Disciplinary Action to each of those licensees and gave them 21 days to show cause as to why disciplinary action should not be taken. I also advised the licensees of my intention to suspend their gaming machine licence pending determination of the disciplinary proceedings, unless the licensee forwarded a copy of an executed approved service contract with Bytecraft beforehand. The other 3 cases involved licensees failing to hold a service contract at other times throughout the year.

## 11.2 SUMMARY OF DISCIPLINARY ACTION TAKEN

During 2006-07 the following disciplinary action was taken:

Premises	Licensee (at time of inspection/complaint)	Breach Details	Action Taken
Rex Hotel	Warm Autumn Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 6 (1) RGCOP - Take practicable steps to prevent the entry of intoxicated people into gambling areas, or them remaining there.</li> </ul>	Reprimand
Golden Port Tavern	Noid Investments Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Dockside Tavern	Aloisi, F	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Port Kenny Hotel	Phillip Lihou & Debra Lihou	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Port Dock Brewery	Port Adelaide Brewing Company Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met</li> </ul>	Reprimand
Marble Hotel	Raglans Hotel Pty Ltd as Agent for the Raglans Hotel	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met</li> </ul>	Reprimand



Willunga Hotel	Hunt Club Enterprises Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met</li> </ul>	Reprimand
Waikerie Club	Waikerie Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained</li> </ul>	Reprimand
Barmera-Monash Football Club	Barmera-Monash Football Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Bedford Hotel	Starsky Holdings Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Cond (c) Attach B - Rules Ancillary to Gaming sign not prominently displayed;</li> <li>Clause 2(a)(ii) RGCOP - Code of Practice not available;</li> <li>Clause 5(1)(a) RGCOP - Responsible Gambling Poster not prominently displayed;</li> <li>Clause 5(2)(b) RGCOP - Helpline Cards not available; and</li> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
The Moorook & District Club	The Moorook & District Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Renmark Club	Renmark Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(a)(i) RGCOP Governed by Code of Practice sign not (prominently) displayed;</li> <li>Clause 2(a)(ii) - Code not available;</li> <li>Clause 4(3)(a) RGCOP - Playing of more than one machine sign not prominently displayed;</li> <li>Clause 5(2)(b) RGCOP - Helpline Cards not available;</li> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Hotel Victory	Kahar Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Cond (u) Attach B - Playing of more than one machine sticker not affixed to each machine or worn/illegible; and</li> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Spud's Hotel Motel	Northern Interests Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
North Mount Gambier Football Club	North Mount Gambier Football Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>Section 57(1) of the Act - 'Notice of Warning to minors' sticker not affixed to each machine or worn/illegible; and</li> </ul>	Reprimand



		<ul style="list-style-type: none"> <li>▪ Clauses 4(1)(a) &amp; 5(2)(a) - RGCOP Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible.</li> </ul>	
Marrakesh Hotel	Everet Pty Ltd, Ramsley Pty Ltd, Geoffrey Robert Lessue & Denise Elizabeth Lessue, Eric Michael Dudley & Naveena Chesworth & Rebecca Lee Chesworth	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Cond (y) Attach B - Patron must be able to purchase and consume a beverage (whether alcoholic or not) in an area that is not the designated gaming area at all times the premises is open to the public.</li> </ul>	Reprimand
Glendambo Hotel Motel	Glendambo Partners Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ IGA Direction, Section 11 of the Act - Barring notices (Section 15B IGA Act) not maintained in area accessible to staff or located/displayed where members of the public can access them; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Edinburgh Castle Hotel	CNE Consulting Pty Ltd and Denmar Hotels Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Cadney Homestead	Little D M & Watts S M	<ul style="list-style-type: none"> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Seven Stars Hotel	HGC Investments Pty Ltd as trustee for HGC	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 2(a)(ii) RGCOP - Code of Practice not available; and</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained</li> </ul>	Reprimand
Roxby Downs Club	Roxby Downs Club Inc	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Railway Hotel	Classified Transport Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Section 54 of the Act - Gaming Licence not displayed at principle entrance;</li> <li>▪ Clause 2(a)(ii) RGCOP - Code of Practice not available;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Poster not prominently displayed;</li> <li>▪ Clauses 4(1)(a) &amp; 5(2)(a) - RGCOP Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area;</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ Section 50A of the Act - Approved gaming staff not clearly wearing approved identification card while on duty; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand



Saracen's Head	Saracen's Head Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Section 57(1) of the Act - Warning to Minors sign not prominently displayed;</li> <li>Section 54 of the Act - Gaming Licence not displayed at principle entrance;</li> <li>Cond (c) Attach B - Rules Ancillary to Gaming sign not prominently displayed;</li> <li>Clause 2(a)(ii) RGCOP - Code of Practice not available;</li> <li>Cond (u) Attach B - Playing of more than one machine sticker not affixed to each machine or worn/illegible;</li> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
The London Tavern	Jewel River Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 9(3)(d) - RGCOP Remove a self-excluded person from loyalty-mailing database.</li> </ul>	Reprimand
St Pauls Reception & Function Centre	Mitol Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(a)(ii) RGCOP - Code of Practice not available;</li> <li>Clauses 4(1)(a) &amp; 5(2)(a) - RGCOP Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible -</li> <li>Section 50A of the Act - Approved gaming staff not clearly wearing approved identification card while on duty;</li> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
The Office on Pirie	Palazzo Bar Pty Ltd as trustee for The Café Palazzo Pirie Street Unit Trust	Failed to comply with: <ul style="list-style-type: none"> <li>Cond (o) Attach B - No Approved Gaming Manager on the licensed premises</li> </ul>	Reprimand
Hotel Richmond	Demetor S.A. Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>Cond (e) Attach A - Gaming operations not in accordance with approved layout; and</li> <li>IGA Direction, Section 11 of the Act - Barring procedure maintained (may be part of Responsible Gambling Document).</li> </ul>	Reprimand
Land of Promise Hotel	Ms L.J. Cox	Failed to comply with: <ul style="list-style-type: none"> <li>Clause 2(a)(ii) RGCOP - Code of Practice not available; and</li> <li>Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Caledonian Hotel	Caleygraf Pty Ltd	<ul style="list-style-type: none"> <li>Section 54 of the Act - Gaming Licence not displayed at principle entrance;</li> <li>Cond (c) Attach B - Rules Ancillary to Gaming sign not prominently displayed;</li> <li>Clause 2(a)(i) RGCOP - Governed by Code of Practice (prominent);</li> </ul>	Reprimand



		<ul style="list-style-type: none"> <li>▪ Clause(ii) RGCOP - Code not available;</li> <li>▪ Clause 4(3)(a) RGCOP - Playing of more than one machine sign not prominently displayed;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Poster not prominently displayed;</li> <li>▪ Clause 5(2)(b) RGCOP - Helpline Cards not available;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area;</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ IGA Direction, Section 11 of the Act - Barring procedure maintained (may be part of Responsible Gambling Document);</li> <li>▪ Cond (e) Attach A - Gaming operations not in accordance with approved layout; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	
Wayback Football & Sporting Club	Wayback Football & Sporting Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained.</li> </ul>	Reprimand
Elliston Hotel	Timari Investments Pty Ltd	Failed to comply with: <ul style="list-style-type: none"> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Gaza Sports & Community Club	Gaza Sports & Community Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>▪ Section 54 of the Act - Gaming Licence not displayed at principle entrance;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Poster not prominently displayed;</li> <li>▪ Clauses 4(1)(a) &amp; 5(2)(a) - RGCOP Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible;</li> <li>▪ Clause 5(1)(a) RGCOP -Responsible Gambling Pamphlets not accessible in gaming area;</li> <li>▪ Clause 2(b) RGCOP -Responsible Gambling Document not maintained;</li> <li>▪ IGA Direction, Section 11 of the Act - Barring procedure not maintained (may be part of Responsible Gambling Document); and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Athelstone Football Club	Athelstone Football Club Inc	Failed to comply with: <ul style="list-style-type: none"> <li>▪ Clause 5(2)(b) RGCOP - Helpline Cards not available - &amp; Cond (nb) Attach A</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area;</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ IGA direction, Section 11 of the Act - Copies of barring notices (section 15B IGA Act) not maintained in area accessible to staff or located/displayed where members of public can access them;</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met; and</li> </ul>	Reprimand



		<ul style="list-style-type: none"> <li>▪ Cond (e) Attach A - Gaming operations not in accordance with approved layout.</li> </ul>	
Payneham Tavern	CHG Australia Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ Cond (e) Attach A - Gaming operations not in accordance with approved layout;</li> <li>▪ Cond (f) Attach A - Alterations made to gaming area without approval from Commissioner;</li> <li>▪ Cond (y) Attach B - Patron must be able to purchase and consume a beverage (whether alcoholic or not) in an area that is not the designated gaming area at all times the premises is open to the public; and</li> <li>▪ Section 66 (1)(c)- Logic Board Seal/s broken.</li> </ul>	Reprimand
Maylands Hotel	J & S Maylands Holdings Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Cond (c) Attach B - Rules Ancillary to Gaming sign not prominently displayed;</li> <li>▪ Clause 2(a)(i) &amp; (ii) RGCOP - Governed by Code of Practice (prominent) and Code not available;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Poster not prominently displayed;</li> <li>▪ Clauses 4(1)(a) &amp; 5(2)(a) RGCOP Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible;</li> <li>▪ Clause 5(2)(b) RGCOP - Helpline Cards not available;</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ Cond (e) Attach A Gaming operations not in accordance with approved layout;</li> <li>▪ Cond (f) Attach A - Alterations made to gaming area without approval from Commissioner;</li> <li>▪ Clause 4(3)(a) RGCOP - Playing of more than one machine sign not prominently displayed;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area.</li> </ul>	Reprimand
Bremen Hotel	Lasseters Management (BB) Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 5(2)(b) RGCOP - Helpline Cards not available</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area;</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met; and</li> <li>▪ Cond (e) Attach A - Gaming operations not in accordance with approved layout.</li> </ul>	Reprimand
Queens Head Hotel	Kermode Street Company Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Section 57 of the Act - Warning to Minors sign not prominently displayed;</li> <li>▪ Section 54 of the Act - Gaming Licence not displayed at principle entrance;</li> <li>▪ Cond (u) Attach B - Playing of more than one machine sticker not affixed to each machine or worn/illegible;</li> </ul>	Reprimand



		<ul style="list-style-type: none"> <li>▪ Clauses 4(1)(a) &amp; 5(2)(a) RGCOP - Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible;</li> <li>▪ Clause 5(2)(b) RGCOP - Helpline Cards not available</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	
Lady Daly Hotel	Suavis Pty Ltd	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Cond (r) Attach B - Failure to hold a service agreement with the holder of a gaming machine service licence;</li> </ul>	Reprimand
Pinnaroo Hotel	R & K Carrick Nominees Pty Ltd as trustee for Carrick Hotel Trust	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ IGA Direction, Section 11 of the Act - Barring notices (section 15B IGA Act) not maintained;</li> <li>▪ Section 11 of the Act - Copies of barring notices (section 15B IGA Act) not maintained in area accessible to staff or located/displayed where members of public can access them;</li> <li>▪ IGA Direction, Section 11 of the Act - Barring procedure not maintained (may be part of Responsible Gambling Document);</li> <li>▪ Cond (x) Attach B - Copies of barring notices issued by licensee under Sec 59 of the Act not provided to Commissioner within 14 days;</li> <li>▪ Cond (o) Attach B - No Approved Gaming Manager on the licensed premises; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Maid & Magpie Hotel	M & M Hotel Pty Ltd and M & M Business Pty Ltd atf The M & M Business Class Trust	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Section 57 of the Act - Warning to Minors sign not prominently displayed;</li> <li>▪ Cond (c) Attach B - Rules Ancillary to Gaming sign not prominently displayed;</li> <li>▪ Clause 2(a)(i) RGCOP - Governed by Code of Practice sign not (prominently) displayed;</li> <li>▪ Clause 2 (a)(ii) RGCOP - Code not available;</li> <li>▪ Clause 4(3)(a) RGCOP - Playing of more than one machine sign not prominently displayed;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Poster not prominently displayed;</li> <li>▪ Clauses 4(1)(a) &amp; 5(2)(a) RGCOP Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible;</li> <li>▪ Clause 5(2)(b) RGCOP - Helpline Cards not available;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area;</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained;</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met; and</li> <li>▪ Clause 4(2) RGCOP - Clock not clearly visible.</li> </ul>	Reprimand



Kilburn Football & Cricket Club	Kilburn Football & Cricket Club Inc	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Section 57 of the Act - Warning to Minors sign not prominently displayed;</li> <li>▪ Section 54 of the Act - Gaming Licence not displayed at principle entrance;</li> <li>▪ Clause 2(a)(ii) RGCOP - Code of Practice not available;</li> <li>▪ Clause 5(2)(b) RGCOP - Helpline Cards not available</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area;</li> <li>▪ Clause 2(b) RGCOP - Responsible Gambling Document not maintained</li> <li>▪ IGA direction, Section 11 of the Act Copies of barring notices (section 15B IGA Act) not maintained in area accessible to staff or located/displayed where members of public can access them;</li> <li>▪ IGA Direction, Section 11 of the Act - Barring procedure not maintained (may be part of Responsible Gambling Document;</li> <li>▪ Cond (x) Attach B - Copies of barring notices issued by licensee under Sec 59 of the Act not provided to Commissioner within 14 days; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met.</li> </ul>	Reprimand
Salisbury Bowling Club	Salisbury Bowling Club Inc	<p>Failed to comply with:</p> <ul style="list-style-type: none"> <li>▪ Clause 2(a)(ii) RGCOP - Code of Practice not available;</li> <li>▪ Clauses 4(1)(a) &amp; 5(2)(a) RGCOP - Gambling Helpline Stickers not affixed to each gaming machine or each EFTPOS and ATM facility or worn/illegible;</li> <li>▪ Section 57 of the Act - Notice of Warning to minors' sticker not affixed to each machine or worn/illegible;</li> <li>▪ Cond (u) Attach B - Playing of more than one machine sticker not affixed to each machine or worn/illegible;</li> <li>▪ Clause 5(1)(a) RGCOP - Responsible Gambling Pamphlets not accessible in gaming area; and</li> <li>▪ Cond (w) Attach B and/or Cond (nb) Attach A &amp; Clause 10 RGCOP - Training requirements not met</li> </ul>	Reprimand
Portside Tavern	Cross A B, White S J, Derer M D & Honour B W	<p>Failed to comply with</p> <ul style="list-style-type: none"> <li>▪ Section 49 of the Act - Prescribed duties carried out by an unapproved person.</li> </ul>	Reprimand

ACOP - Advertising Code of Practice;  
Attach - Attachment;  
Cond - Condition; and  
RGCOP - Responsible Gambling Code of Practice;



## 12. APPROVALS OF GAMES AND MACHINES

### 12.1 TESTING AND EVALUATION OF GAMING MACHINES

Schedule 1(a) under the Act provides that only approved gaming machines, games and prescribed components may operate in South Australia. Section 40 of the Act then gives me the power to approve machines, games and equipment.

Testing and evaluation of gaming machines has been conducted primarily by GLI (Australia) and BMM Australia Pty Ltd. Some testing has also been undertaken by Technical Systems Testing Pty Ltd. In addition to the certification received from an accredited test laboratory that a gaming machine or game meets the South Australian Gaming Machine Technical Standards, IGC provides a certificate attesting to the fact that the machine or game conforms to the monitoring system's communications protocol.

As at 30 June 2007, 34 machines and 385 games are currently approved. A number of game approvals include more than one variation of the basic game, such as the return to player percentage, maximum bet and optional game features.

	2006-07	2005-06
<b>Games Approval Activity</b>		
Orders approving a new game	39	36
Orders approving a new version of a game	43	13
Orders revoking the approval of a game	92	84
<b>Gaming Machines Approval Activity</b>		
Orders approving a new gaming machine	1	1
Orders approving a modification to a gaming machine	38	43
Orders revoking the approval of a gaming machine	0	0

My Office currently convenes the national working party for the assessment of testing laboratories. The working party reports to all participating regulators with recommendations of suitably qualified and experienced organisations for consideration as an Accredited Testing Facility.

The aim is to provide a cooperative and coordinated approach to the assessment of testing facilities by the various gaming regulators of Australia and New Zealand. While accreditations will be issued by individual jurisdictions, the assessment process is conducted most efficiently by this cooperative arrangement.

A general call for expressions of interest from suitable organisations to be assessed by the Panel was advertised in August 2005. While a number of organisations made enquiries, only Melbourne-based Enex Pty Ltd ("Enex") made a submission to the Panel, seeking assessment against the Accreditation Guidelines.

The Panel has been assessing the suitability of Enex since November 2005. With assistance from one licensed gaming machine dealer, the Panel has required that Enex complete an exercise to test and report on the compliance of actual gaming machine software. As at 30 June 2007, Enex is still completing that exercise. The Panel will report to all participating regulators once Enex has completed the exercise and its report has been assessed.



## **12.2 NATIONAL STANDARD FOR GAMING MACHINES**

South Australia continues to chair the Working Party on Gaming Machine National Standards.

Work has continued with other Australasian gaming jurisdictions to develop the uniform technical standard for gaming machines throughout Australia and New Zealand. The process of developing the National Standard has minimised the different requirements of each gaming jurisdiction.

In developing the National Standard, the Working Party has consulted with gaming machine manufacturers, testing laboratories and other industry participants. The official mechanism for the amendment and development of the National Standard is the Manufacturers' Forum which is held in Sydney following the Australasian Gaming Expo.

The Manufacturer's Forum 2006 was held in Sydney on 6 September 2006, chaired by me. While there were fewer major changes to the National Standard as a result of the 2006 Forum, a number of amendments were made, in line with developments within the industry and the expectations of regulators. National Standard Rev 9.0 was released on 23 March 2007.

For the first time, participating regulators agreed to work toward a common adoption date for National Standard Rev 9.0 that being 1 October 2007. As of that date, all submissions of new gaming machines and games will be evaluated against the National Standards for Gaming Machines Rev 9.0 plus the South Australian Appendix.



## 13. BARRING

### **13.1 BARRING UNDER SECTION 59 OF THE ACT**

Under section 59 of the 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.

A person who is the subject of a barring order may appeal to me to review the order.

During 2006-07 no applications were made under section 59 of the Act for a review of a barring order.





## 14. GAMING TAX

### 14.1 RATES

The rates effective for 2006-07 were:

Annual NGR	Other than Non-Profit Businesses (Hotels)	Non-Profit Business (Clubs & Community Hotels)
	Marginal Tax Rates	Marginal Tax Rates
\$0 - \$75,000	0%	0%
\$75,001-\$399,000	27.50%	21.00%
\$399,001 - \$945,000	\$89,100 plus 37.00%	\$68,040 plus 28.50%
\$945,001 - \$1,500,000	\$291,120 plus 40.91%	\$223,650 plus 30.91%
\$1,500,001 - \$2,500,000	\$518,170.50 plus 47.5%	\$395,200.50 plus 37.5%
\$2,500,001 - \$3,500,000	\$993,170.50 plus 57%	\$770,200.50 plus 47%
Above \$3,500,000	\$1,563,170.50 plus 65% of excess	\$1,240,200.50 plus 55% of excess

A **non-profit business** is defined as “a business carried out pursuant to a gaming machine licence held by or on behalf of a body corporate or association, where the Minister is satisfied that the profits of the business cannot be returned to the members or shareholders of the body corporate or association”.

Effectively this definition applies to all incorporated clubs and also includes community hotels.

### 14.2 DISTRIBUTION OF NGR

During 2006-07, 583 venues operated for all or part of the year. The following table shows the total number of venues falling within each tax threshold.

Annual NGR	Total Number of Venues	
	Other than Non-Profit Businesses	Non-profit business
\$0 - \$75,000	37	16
\$75,001-\$399,000	154	28
\$399,001 - \$945,000	75	14
\$945,001 - \$1,500,000	38	4
\$1,500,001 - \$2,500,000	73	18
\$2,500,001 - \$3,500,000	56	6
Above \$3,500,000	58	6
<b>Total Number of Venues</b>	<b>491</b>	<b>92</b>



### **14.3 NON PAYMENT OF GAMING TAX**

A number of licensees fail to pay gaming tax by EFT from their designated bank account on the due date. If the amount remains unpaid within 7 days of the initial EFT of the account, a fine of 10% is applied. During 2006-07, 5 fines were applied totalling \$5,396.12. Two of those fines totalling \$4,243.25 were subsequently remitted.

Section 72B of the Act, which came into effect 1 February 2005, provides that if an amount remains outstanding for more than 10 days from the due date, I may by written notice suspend the licence 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 3 days to pay the amount outstanding (including the fine).

In 2006-07, 5 licensees were issued with fines and received notices requiring them to pay within 3 days. Two of those fines were remitted and in the other 3 cases the outstanding amounts were paid before the deadline and no licences were suspended.

### **14.4 REFUNDS**

Refunds of gaming tax arise as a result of the introduction of the tax-free threshold for clubs and hotels with a 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 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.

Thirty four venues received refunds for the 2006-07 financial year totalling \$61,825.32.



## 15. ORGANISATION

### 15.1 ORGANISATION STRUCTURE

The organisation structure of the Office of the Liquor and Gambling Commissioner is contained in section 18.

The structure reflects an integration of related liquor and gambling functions which has proven to be not only cost efficient but also most effective. The integrated liquor and gambling model reflects best practice.

### 15.2 STAFFING

	2005-06 Budget	2005-06 Actual	2006-07 Budget	2006-07 Actual
Average full-time equivalent staff	18.5	19.5	19.5	19.5

### 15.3 BUDGET INFORMATION

	2005-06 Budget	2005-06 Actual	2006-07 Budget	2006-07 Actual
	\$m	\$m	\$m	\$m
Salaries	1.241	1.217	1.303	1.139
Goods & Services	0.726	0.621	0.329	0.268
<b>Total</b>	<b>1.967*</b>	<b>1.838</b>	<b>1.632</b>	<b>1.407</b>

\* Includes an amount of \$354,000 carried over from 2004-05 for the development of software for compliance with the Codes of Practice.

## 16. THANKS

I thank all staff for their continued efforts in 2006-07.

I also thank the Board and staff of the IGC, SPB, Bytecrafft, AHA and Clubs SA for their cooperation and assistance throughout the year.

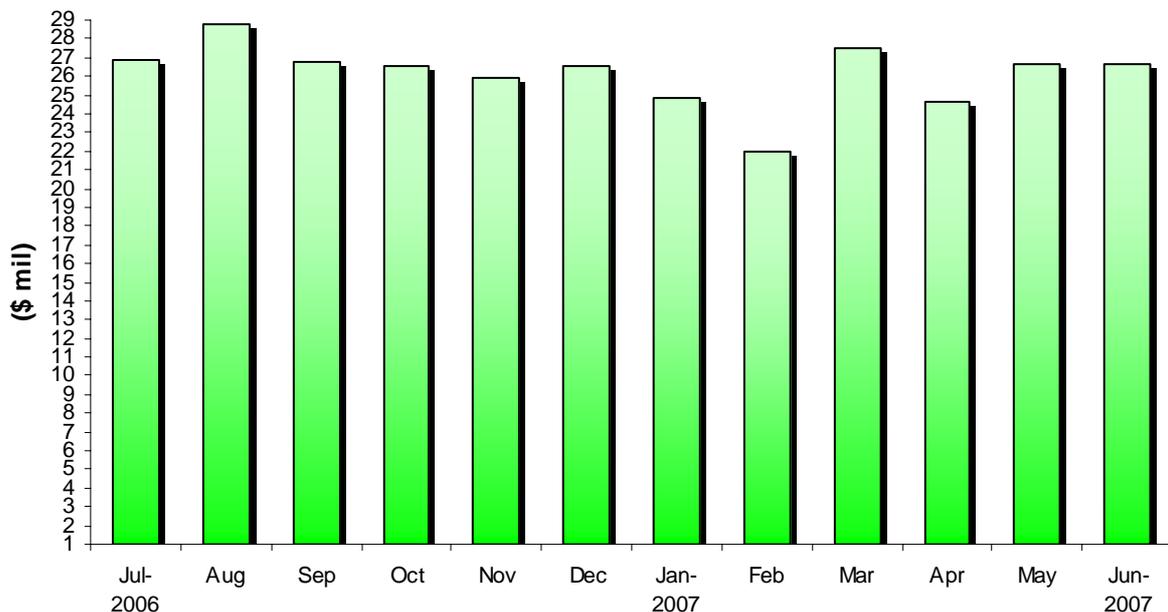


## 17. STATISTICS

*Table 1 Monthly gaming statistics 2006-07*

<i>Month</i>	<i>Total bets</i>	<i>Total Wins</i>	<i>Net Gambling Revenue</i>	<i>Tax</i>	<i>Fines</i>
	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Jul-2006	672,181,991	604,898,561	67,283,430	26,919,002	-
Aug	709,700,193	638,917,767	70,782,426	28,812,505	676
Sep	671,717,477	604,716,250	67,001,227	26,744,694	-
Oct	671,257,447	604,643,555	66,613,891	26,509,909	-
Nov	660,447,863	594,850,166	65,597,696	25,930,486	-
Dec	673,235,788	606,504,202	66,731,586	26,542,627	477
Jan-2007	645,273,451	581,696,361	63,577,090	24,837,988	-
Feb	592,031,680	533,748,282	58,283,398	22,022,175	-
Mar	699,646,637	630,895,706	68,750,931	27,499,723	-
Apr	646,902,139	583,458,125	63,444,014	24,674,242	-
May	682,313,786	615,085,529	67,228,257	26,692,895	-
Jun-2007	684,630,392	617,304,061	67,326,331	26,662,227	-
<b>2006-07 Year</b>	<b>8,009,338,842</b>	<b>7,216,718,565</b>	<b>792,620,277</b>	<b>313,848,470</b>	<b>1,153</b>

*Chart 1 Gaming tax levied per month 2006-07*

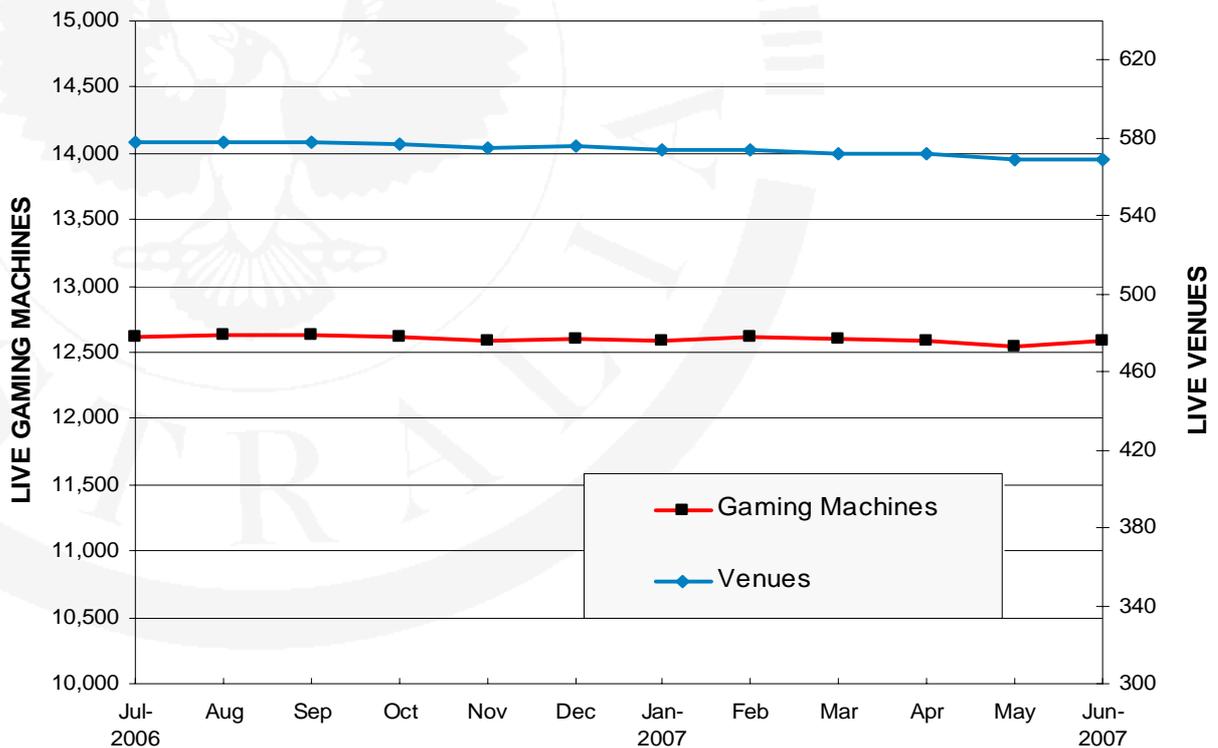




**Table 2 Monthly gaming machine and venue installations 2006-07**

Month	Venues	Gaming Machines
Jul-2006	578	12,623
Aug	578	12,628
Sep	578	12,629
Oct	577	12,619
Nov	575	12,590
Dec	576	12,608
Jan-2007	574	12,589
Feb	574	12,617
Mar	572	12,598
Apr	572	12,594
May	569	12,540
Jun-2007	569	12,581

**Chart 2 Monthly gaming machine and venue installations 2006-07**





**Table 3 Data by ABS LGA 2006-07**

Note: Where a LGA has less than 6 venues, that LGA has been grouped with another LGA

<b>LGA or Grouped LGA</b>	<b>No of Venues</b>	<b>No of machines at 30 Jun 07</b>	<b>Aggregate NGR (2006-07)</b>	<b>Aggregate NGR per venue (2006-07)</b>
Adelaide	55	1083	\$40,020,325.11	\$727,642.27
Adelaide Hills	18	263	\$5,327,295.06	\$295,960.84
Alexandria	13	256	\$8,820,762.86	\$678,520.22
Barossa	15	240	\$7,705,412.43	\$513,694.16
Barunga West, Copper Coast	16	237	\$9,502,022.74	\$593,876.42
Berri Barmera	7	176	\$7,756,347.34	\$1,108,049.62
Campbelltown, Tea Tree Gully	16	460	\$50,663,430.20	\$3,166,464.39
Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre	10	143	\$4,855,983.71	\$485,598.37
Charles Sturt	28	788	\$68,861,061.18	\$2,459,323.61
Clare & Gilbert Valleys	7	91	\$2,304,772.78	\$329,253.25
Coorong, Tatiara	9	133	\$4,266,808.92	\$474,089.88
Gawler	8	208	\$14,551,730.44	\$1,818,966.31
Goyder, Northern Areas	9	62	\$1,207,065.33	\$134,118.37
Holdfast Bay	12	376	\$28,534,402.04	\$2,377,866.84
Kangaroo Island, Yankalilla, Victor Harbor	12	226	\$9,659,363.32	\$804,946.94
Kapunda & Light, Mallala	12	109	\$4,268,495.86	\$355,707.99
Kimba, Cleve, Tumby Bay, Franklin Harbour	7	77	\$2,019,678.60	\$288,525.51
Loxton Waikerie	6	144	\$4,615,282.93	\$769,213.82
Marion	10	317	\$29,911,767.63	\$2,991,176.76
Mid Murray	10	132	\$3,122,181.08	\$312,218.11
Mitcham, Burnside	8	224	\$16,735,330.14	\$2,091,916.27
Mount Barker	12	248	\$10,543,749.98	\$878,645.83
Mount Gambier, Grant	15	388	\$17,962,667.74	\$1,197,511.18
Mount Remarkable, Orroroo/Carrieton, Peterborough	7	73	\$1,568,602.12	\$224,086.02
Murray Bridge, Karoonda/East Murray, Southern Mallee	10	159	\$10,011,164.63	\$1,001,116.46
Naracoorte & Lucindale, Robe, Lacepede	8	168	\$5,492,055.28	\$686,506.91
Norwood Payneham & St Peters	18	548	\$34,813,354.23	\$1,934,075.24
Onkaparinga	26	725	\$68,161,634.58	\$2,621,601.33
Playford	12	304	\$32,529,326.17	\$2,710,777.18
Port Adelaide Enfield	49	1221	\$79,974,553.41	\$1,632,133.74
Port Augusta	12	268	\$10,938,736.69	\$911,561.39
Port Lincoln	7	183	\$9,357,293.05	\$1,336,756.15
Port Pirie	9	220	\$9,973,580.06	\$1,108,175.56
Prospect, Walkerville	6	195	\$17,005,323.47	\$2,834,220.58
Renmark Paringa	6	144	\$6,073,198.07	\$1,012,199.68
Roxby Downs, Coober Pedy, Flinders Ranges	8	143	\$6,047,808.19	\$755,976.02
Salisbury	22	640	\$69,963,180.54	\$3,180,144.57
Unincorp. Far North, Unincorp. West Coast	7	66	\$830,512.93	\$118,644.70
Unley	8	223	\$17,484,627.65	\$2,185,578.46
Wakefield Region	9	60	\$1,855,727.81	\$206,191.98
Wattle Range	8	124	\$3,721,052.39	\$465,131.55
West Torrens	11	328	\$30,660,397.93	\$2,787,308.90
Whyalla	8	220	\$17,047,213.72	\$2,130,901.72
Yorke Peninsula	17	205	\$5,894,997.09	\$346,764.53
	<b>583</b>	<b>12581</b>	<b>\$792,620,277.43</b>	<b>\$1,359,555</b>

The total number of 583 represents the total number of venues that operated and derived NGR at any time throughout the year. This number may differ from the total as at 30 June 2007 due to surrender or suspension of the gaming licence.



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 (see section 14).

**Table 4 NGR - 2003 to 2007**

	2002-03		2003-04		2004-05		2005-06		2006-07	
	(\$mil)	%	(\$mil)	%	(\$mil)	%	(\$mil)	%	(\$mil)	%
Hotels	623.792	93.2	670.267	92.6	693.008	92.5	687.448	91.5	720.272	90.9
Clubs	45.283	6.8	53.337	7.4	56.243	7.5	63.584	8.5	72.348	9.1
<b>Total</b>	<b>669.075</b>		<b>723.604</b>		<b>749.251</b>		<b>751.032</b>		<b>792.62</b>	

**Table 5 Gaming tax - 2003 to 2007**

	2002-03		2003-04		2004-05		2005-06		2006-07	
	(\$mil)	%								
Hotels	234.166	95.5	269.860	95.2	281.567	95.0	275.797	94.0	292.784	93.3
Clubs	11.118	4.5	13.660	4.8	14.717	5.0	17.623	6.0	21.065	6.7
<b>Total</b>	<b>245.284</b>		<b>283.520</b>		<b>296.284</b>		<b>293.420</b>		<b>313.849</b>	

\* Tax rates changed effective from 1 January 2003

**Table 6 Average NGR per machine per day - 2003 to 2007**

	2002-03	2003-04	2004-05	2005-06	2006-07
Ave NGR per machine per day	\$124	\$134	\$139	\$163	\$172



**Table 7 Average total NGR per day type - 2006 to 2007**

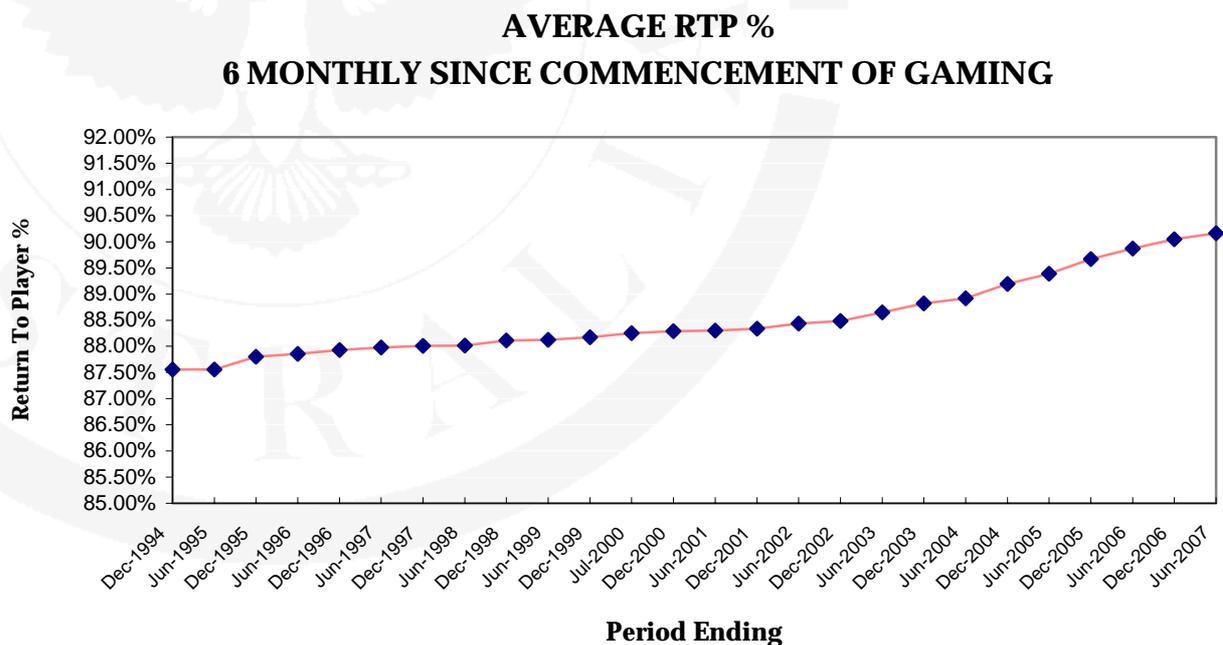
	2002-03 (\$ mil)	2003-04 (\$mil)	2004-05 (\$mil)	2005-06 (\$mil)	2006-07 (\$mil)
Sun	1.345	1.479	1.547	1.507	1.649
Mon	1.430	1.540	1.592	1.625	1.671
Tues	1.588	1.697	1.769	1.781	1.891
Wed	1.848	2.056	2.101	2.114	2.221
Thurs	2.285	2.354	2.492	2.455	2.577
Fri	2.370	2.546	2.653	2.655	2.779
Sat	1.973	2.170	2.205	2.254	2.408

**Table 8 RTP - 2003 to 2007<sup>1</sup>**

	2002-03	2003-04	2004-05	2005-06	2006-07
Return to Player	88.57%	88.87%	89.29%	89.77%	90.10%

<sup>1</sup> From 1 October 2001 all new games and machines installed after this date must have a minimum 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%.

**Chart 3 Average RTP % - 6 monthly since commencement of gaming**





**Table 9** *Live venues and machines - 2003 to 2007*

	<i>30 Jun 03</i>	<i>30 Jun 04</i>	<i>30 Jun 05</i>	<i>30 Jun 06</i>	<i>30 Jun 07</i>
No of venues	596	593	585	578	569
No of machines	14,841	14,799	14,062	12,598	12,581

**Table 10** *Number of clubs by machine range - 2003 to 2007*

<i>No of machines</i>	<i>30 Jun 03</i>	<i>30 Jun 04</i>	<i>30 Jun 05</i>	<i>30 Jun 06</i>	<i>30 Jun 07</i>
1 to 10	30	30	29	26	20
11 to 20	27	27	26	25	25
21 to 30	8	8	9	7	6
31 to 40	23	22	21	21	23
<b>Total</b>	<b>88</b>	<b>87</b>	<b>85</b>	<b>79</b>	<b>74</b>

**Table 11** *Number of hotels by machine range - 2003 to 2007*

<i>No of machines</i>	<i>30 Jun 03</i>	<i>30 Jun 04</i>	<i>30 Jun 05</i>	<i>30 Jun 06</i>	<i>30 Jun 07</i>
1 to 10	138	136	133	134	133
11 to 20	85	85	91	107	103
21 to 30	41	41	38	32	33
31 to 40	244	244	238	226	226
<b>Total</b>	<b>508</b>	<b>506</b>	<b>500</b>	<b>499</b>	<b>495</b>



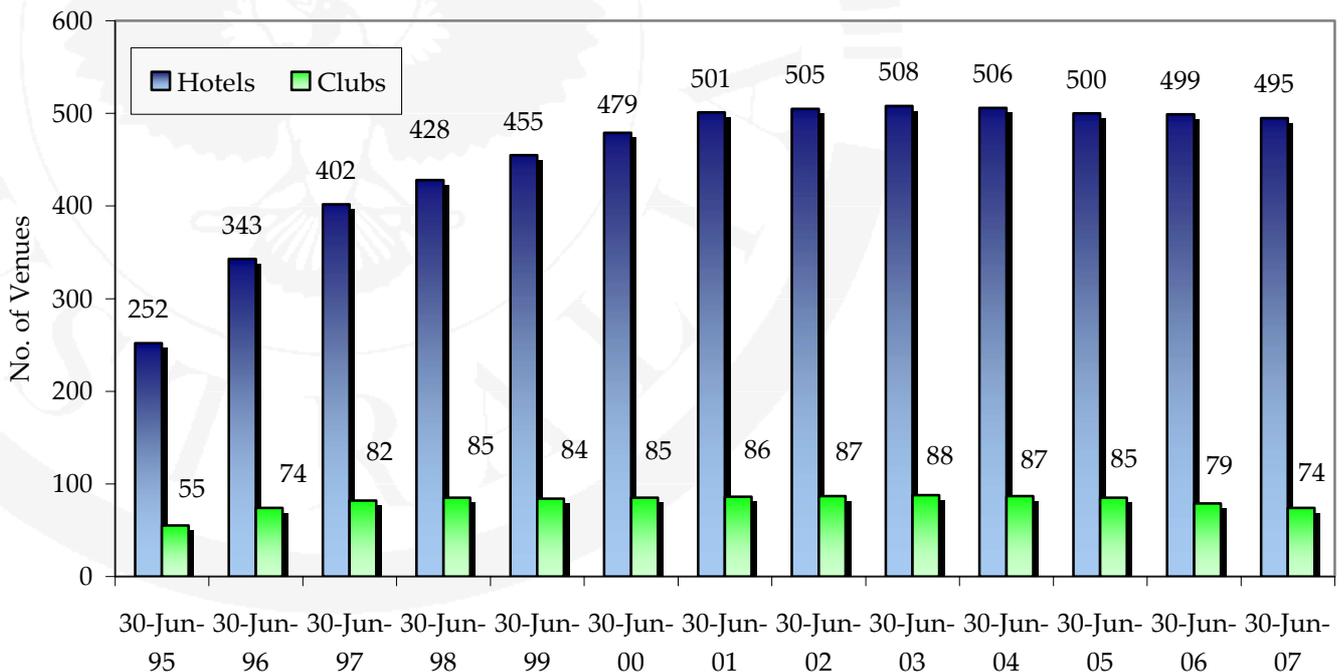
**Table 12 Gaming venues by business type - 2003 to 2007**

No of venues	30 Jun 03		30 Jun 04		30 Jun 05		30 Jun 06		30 Jun 07	
		%		%		%		%		%
Hotels	508	85.2	506	85.3	500	85.5	499	86.3	495	87.0
Clubs	88	14.8	87	14.7	85	14.5	79	13.7	74	13.0
<b>Total</b>	<b>596</b>		<b>593</b>		<b>585</b>		<b>578</b>		<b>569</b>	

**Table 13 Gaming machines by business type - 2003 to 2007**

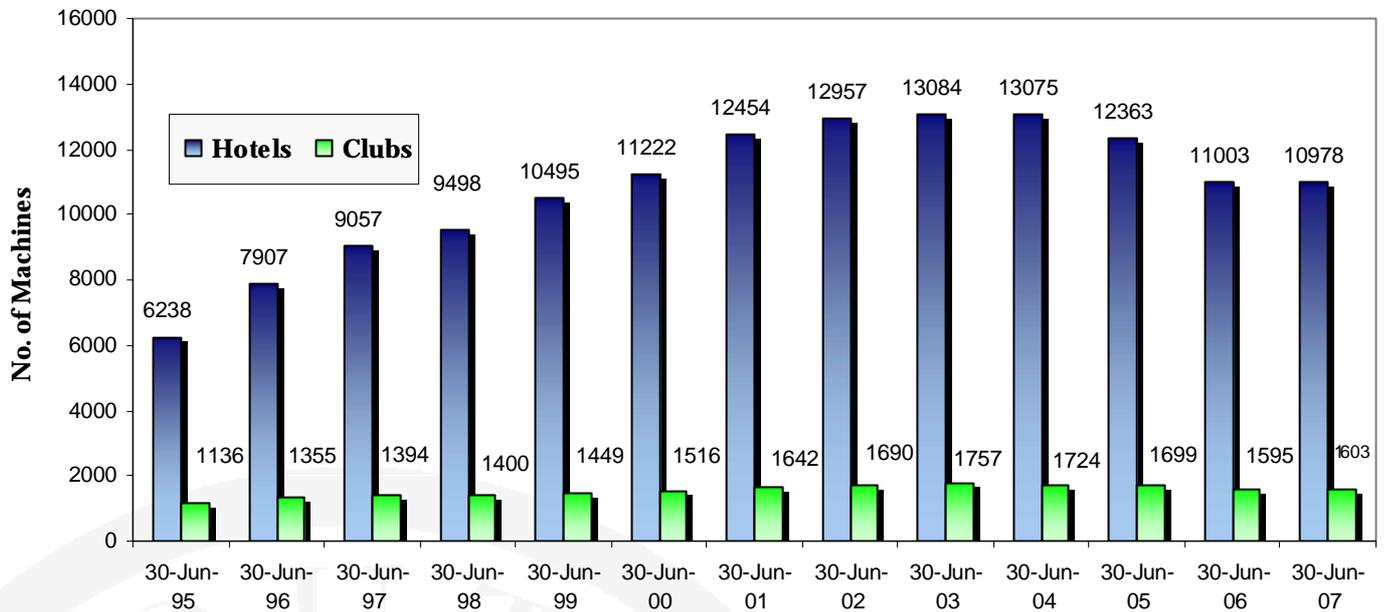
No of venues	30 Jun 03		30 Jun 04		30 Jun 05		30 Jun 06		30 Jun 07	
		%		%		%		%		%
Hotels	13,084	88.1	13,075	88.4	12,363	87.9	11,003	87.3	10,978	87.3
Clubs	1,757	11.9	1,724	11.6	1,699	12.1	1,595	12.7	1,603	12.7
<b>Total</b>	<b>14,841</b>		<b>14,799</b>		<b>14,062</b>		<b>12,598</b>		<b>12,581</b>	

**Chart 4 Growth in gaming venues**





**Chart 5 Growth in gaming machines installed**



**Table 14 Average growth in operating machines - 2003 to 2007**

	2002-03	2003-04	2004-05	2005-06	2006-07
Monthly average number of machines installed	16	-1	-61	-122	-1

**Table 15 Manufacturer's share of gaming machine market - 2003 to 2007**

	Jun 03	Jun 04	Jun 05	Jun 06	Jun 07
Aristocrat	10,468	10,168	9,529	8,283	7,850
IGT	1,932	2,242	2,450	2,667	3,037
Konami	876	1,021	1,091	1,035	1,237
Ainsworth	93	307	299	278	298
Pacific	446	342	272	142	111
VGS	265	227	206	132	89
Olympic	414	260	181	85	43
Datacraft	262	162	103	43	35
Atronic	81	85	69	26	16
Vidco	1	0	0	0	0
<b>Total<sup>(1)</sup></b>	<b>14,838</b>	<b>14,814</b>	<b>14,200</b>	<b>12,691</b>	<b>12,716</b>

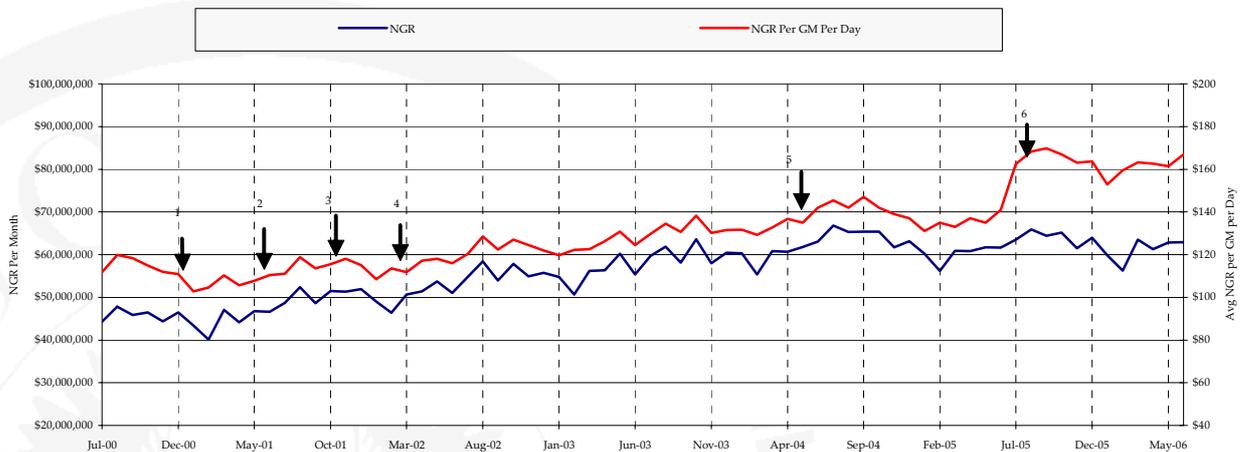


(1) The total number of gaming machines for June of each year as shown above may be higher than the amount reported in Table 9 as the number of machines installed in venues as at the 30 June each year. The data shown in Table 9 above takes into account data on any machine installed at any time during June with the difference due to machines being installed and removed from venues.

**Chart 6 Impact of harm minimisation measures on NGR**

The growth in NGR has increased every year since gaming commenced in 1994. With the exception of 1996-97 the average NGR per machine per day has also increased on an annual basis from \$98 for the 1994-95 financial year to \$172 for the 2006-07 financial year.

These figures continue to increase despite the significant number of harm minimisation and responsible gambling measures introduced in recent years as depicted graphically below.



**Chronology of Responsible Gambling Measures**

Event 1: 7/12/2000 Commencement of legislation preventing the granting of new gaming machine licenses.

Event 2: 30/05/2001 *Statutes Amendment (Gambling Regulation) Act 2001* is passed.

Event 3: 01/10/2001 First mandatory versions of the Responsible Gambling Code of Practice and the Advertising Code of Practice introduced. Key elements of the Codes were:

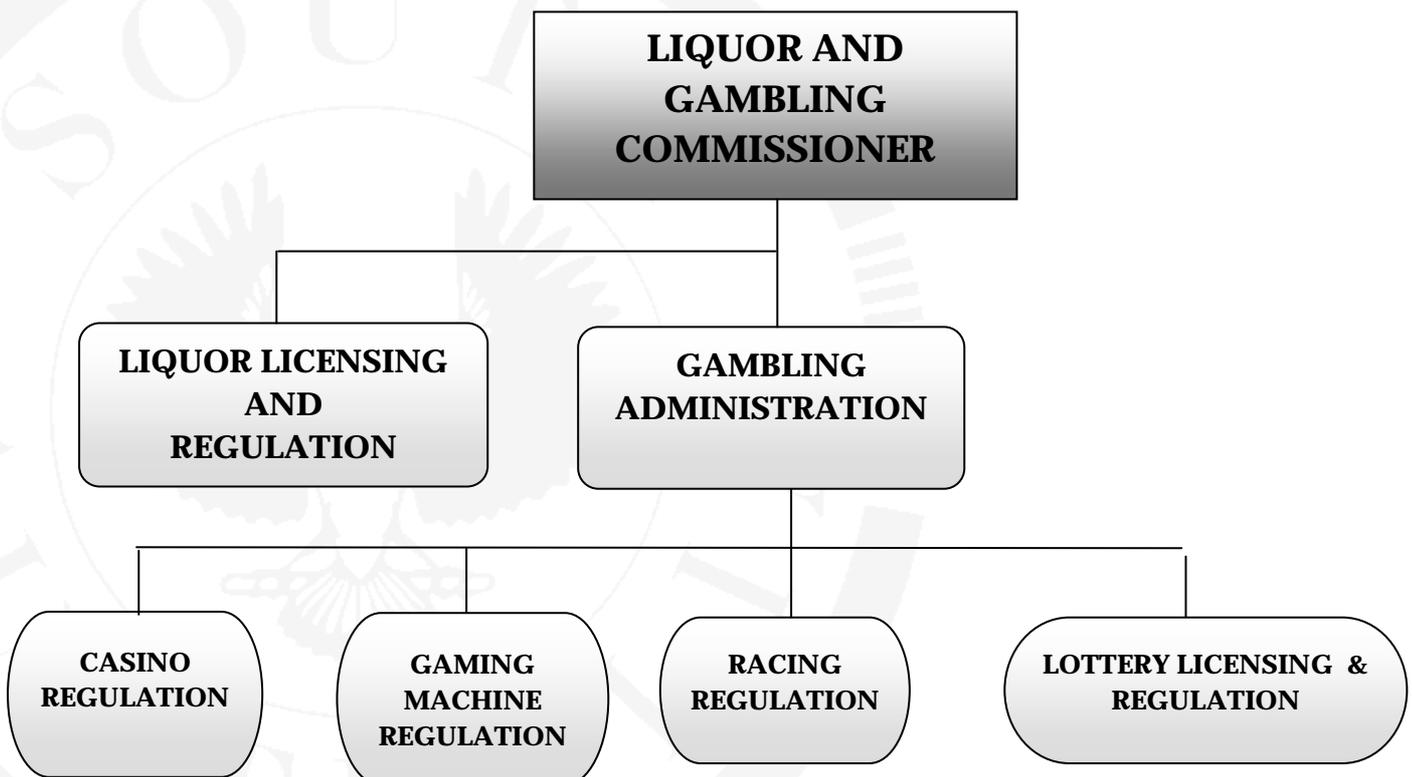
- clocks to be displayed in gaming areas
- players to be prevented from playing while intoxicated
- mandatory training requirements
- cheques not to be cashed in gaming areas

01/10/2001 Minimum RTP on all newly approved games increased to 87.5% from the previously approved rate of 85%



- 01/10/2001 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.
- 01/10/2001 Voluntary Barring system introduced.
- Event 4: 01/01/2002 Licensees are not to provide ATM or EFTPOS facilities that are capable of allowing more than \$200 per transaction per debit or credit card.
- 01/01/2002 Autoplay function removed from all South Australian gaming machines by this implementation date.
- Event 5: 30/04/2004 New Mandatory Codes of Practice introduced.
- Event 6: 01/07/2005 Removal of 2162 machines as a result of compulsory reduction.

## 18. ORGANISATION CHART





## 19. GLOSSARY

ACOP	Advertising Code of Practice
AHA	Australian Hotels Association (South Australian Branch)
AJSSC	Adelaide Juventus Sports and Social Club Inc
Bytecraft	Bytecraft Systems Pty Ltd - holder of a service licence
Club One	Club One (SA) Pty Ltd
Clubs SA	Licensed Clubs Association of South Australia
CMS	Club Management Services Pty Ltd
Cond	Condition
EFT	Electronic Funds Transfer
EOI	Expressions of Interest
GST	Goods and Services Tax
IGA	Independent Gambling Authority
IGC	Independent Gaming Corporation Ltd - holder of the monitor licence
LGA	Local Government Area
LLA	<i>Liquor Licensing Act 1997</i>
NGR	Net Gambling Revenue
Regulations	Gaming Machines Regulations 2005
RGCOP	Responsible Gambling Code of Practice
RTP	Return to Player
SAPol	South Australian Police Department
SPB	State Procurement Board (formerly the State Supply Board) - holder of the supplier's licence



## 20. CONTACTS

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