



Independent Gambling Authority

Annual Report 2001–02



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1. INTRODUCTION

This document reports on the activities of the Independent Gambling Authority (until 30 September 2001 called the Gaming Supervisory Authority) for the reporting period 1 July 2001–30 June 2002.

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

Reflecting those annual reporting requirements, this report is transmitted to the Minister for Gambling and to the Minister for Racing, in accordance with a resolution of the Authority.

Stephen Howells
PRESIDING MEMBER

11 October 2002

2. PRESIDING MEMBER'S REPORT

2.1 The Year in Review

This is the first annual report of the Independent Gambling Authority, by which name the Gaming Supervisory Authority has been known since 1 October 2001.

The Authority is responsible to ensure that an effective and efficient system of supervision is established and maintained over the operation of the licensees under each “prescribed Act”. The prescribed Acts, under which the Authority had functions during the reporting period, were as follows:

- ◆ *Authorised Betting Operations Act 2000* (two sections of which have not yet been proclaimed, being those dealing with codes of practice);
- ◆ *Casino Act 1997*;
- ◆ *Gaming Machines Act 1992*;
- ◆ *Racing Act 1976*;
- ◆ *Racing (Proprietary Business Licensing) Act 2000*;
- ◆ *State Lotteries Act 1966* (four sections dealing with codes of practice, not yet proclaimed).

There were a number of highlights during 2001–02, including the following:

- ◆ With the change of Government in March 2002, a new Minister for Gambling, the Hon. John Hill MP, was appointed. The Minister has taken an active and

immediate interest in the work of the Authority and we look forward to developing a fulfilling working relationship with him.

- ◆ The sale of the SA TAB to TAB Queensland was completed. Completion was subject to the approval of the Authority, which was given after an extensive probity investigation process had been undertaken.
- ◆ The first set of advertising and responsible gambling codes of practice, for which the Authority is responsible, was approved. The Adelaide Casino Advertising and Responsible Gambling Codes of Practice were approved and tabled in Parliament in May 2002.
- ◆ The Authority was consulted by the Minister for Gambling with respect to the conduct of an inquiry into gaming machine numbers, with a view to identifying options available to the Government once the current freeze on gaming machine numbers expires in May 2003. (The terms of reference were issued shortly after the end of the reporting period and the inquiry is now under way.)
- ◆ The Authority has commenced the expansion of its executive team, with the appointment of Ms Sophie Pointer as Manager, Responsible Gambling. This will enable the Authority to move ahead with its work in the coordination of research programs focussed on the elimination or reduction of problem gambling behaviours.
- ◆ The Authority undertook the implementation of voluntary barring orders for problem gamblers. The voluntary barring order process was one of the measures provided for in the *Statutes Amendment (Gambling Regulation) Act 2001*, which came into operation on 1 October 2001. The Authority is currently assessing the effectiveness of the voluntary barring order process and will consider ways of improving both the efficiency and effectiveness of the process, taking into account the interests of affected stakeholders.

Throughout the year, the Authority has continued to develop its relationship with its key stakeholders, in particular the Liquor and Gambling Commissioner, the Department of Treasury and Finance, the South Australia Police, the State Supply Board, Independent Gaming Corporation Limited (the gaming machine monitor licence holder), the SA Branch of the Australian Hotels Association, Clubs SA, Sky City Adelaide Pty Ltd and the Office for Racing.

Through the public consultative process that the Authority has adopted for the determination of Codes of Practice, it has identified additional stakeholders with whom it intends to develop a relationship. These include the Heads of Christian Churches Gambling Task Force, the Adelaide Central Mission, the Department of Human Services and numerous individuals and bodies involved in counselling problem gamblers or assisting in their welfare.

Apart from our local stakeholder relationships, the Authority has continued to develop its liaison with the Casino Control Authority and the Department of Internal Affairs in New Zealand. Officer level contacts are frequent and the members of the two Authorities have had opportunities to meet at the Australasian Casino and Gaming Regulators conference, held annually. We have appreciated the assistance provided by both the Casino Control Authority and the Department of Internal Affairs and look

forward to a continuation of what has been a mutually beneficial relationship.

I would like to thank those individuals and organisations which have supported the work of the Authority during the year. I would particularly like to thank the former Minister for Gambling, The Hon. Robert Brokenshire MP for his interest in the work of the Authority and for his support in ensuring that the Authority is appropriately resourced. The Authority looks forward to developing a good relationship with his successor as Minister for Gambling, The Hon. John Hill MP and appreciates the contact which the Authority has had to date with Minister Hill and his staff.

The Authority has especially appreciated the assistance of the Liquor and Gambling Commissioner, Mr Bill Pryor, and his Deputy Commissioner (Gambling), Mr Darryl Hassam. The staff of the Commissioner's Office have been unfailingly helpful to the Authority and we look forward to a continuation of their support and assistance in the year ahead.

Since this will be the last occasion that I will have the opportunity to provide the Presiding Member's Report, I would like to thank my fellow Authority members for their efforts during the year. I am pleased to report that the enlarged membership of the Authority has worked diligently and cooperatively to achieve uniformly high standard outcomes. The Authority members would have been significantly handicapped in their work had it not been for the Director, Robert Chappell. Robert has devoted long hours to the work of the Authority and has always provided clear advice and direction when needed. I am confident that with the appointment of a Manager, Regulation and additional support staff, the Authority will continue to meet the expectations of its many stakeholders and to perform the duties expected of it to a high level. I believe that the Authority is in good shape and is well equipped and ready to meet the challenges that lie ahead of it.

2.2 The Year Ahead

There are a number of matters that are likely to dominate the work of the Authority during 2002–03. The more significant of those matters are:

- ◆ The Authority has scheduled public consultation to enable it to develop and approve advertising and responsible gambling codes of practice for the lotteries, gaming machine and wagering industries. The Authority has set itself a tight schedule for the completion of the codes of practice. It learned a considerable amount in the course of the development and approval of the Adelaide Casino Advertising and Responsible Gambling Codes of Practice.
- ◆ With the appointment of Ms Pointer, the Authority is in a position to provide some leadership in the development of appropriate research programs directed to the elimination or reduction of problem gambling. Ms Pointer's initial task is to log the sources of research material and to identify parties who are currently involved in undertaking research into problem gambling behaviour.
- ◆ The implementation of the voluntary barring order process for problem gamblers provided for by the *Statutes Amendment (Gambling Regulation) Act 2001* has not been without some difficulty. The Authority has received representations from a number of interested parties and is currently in the process of conducting a post-implementation review of the process in order to determine how it can be

improved. It is clear that there are some peculiar difficulties associated with the enforcement of barring orders, and also in identifying venues which problem gamblers wish to be barred from.

- ◆ There are a number of aspects of the relationship between racing controlling authorities and bookmakers which will need to be better understood and managed. This is particularly true in the case of Bookmakers Licensing Rules and the rules of racing.

With the enhancement of the Authority’s responsibilities and its staff complement, the Authority has relocated its premises from 64 Hindmarsh Square to 45 Grenfell Street, Adelaide. The move to new premises will enable some public consultation to be conducted “in-house”, and it has enabled the Authority to upgrade some of its office equipment. This is necessary in light of the processing of voluntary barring orders and to handle the significantly increased workflow which is now the province of the Authority.

I take this opportunity to extend my personal thanks to those who have assisted me in the performance of my duties as Presiding Member of the Authority. The role has proven especially demanding since my relocation overseas. I am particularly indebted to both Robert Chappell and the members of the Authority for the support that they have provided to me, which has enabled me to continue to perform the role, albeit often from long distance. To my successor, Stephen Howells, I extend my congratulations and express my hope that he will enjoy the role and its challenges, as I have.

David Green

PRESIDING MEMBER, 2001–2002

3. ROLE

3.1 Legislation

The Authority is constituted as an incorporated instrumentality of the Crown under the *Independent Gambling Authority Act 1995* (which, prior to 1 October 2001, was known as the *Gaming Supervisory Authority Act 1995*).

In addition to providing for the internal governance of the Authority, the IGA Act sets out overarching functions with respect to regulated gambling activities, and grants the Authority special powers to assist it in performing its functions. The IGA Act also states objects to which the Authority must have regard in performing its functions.

The Authority also has the functions and powers assigned to it under other Acts which regulate gambling activity. These are called “prescribed Acts” and, during the reporting period, they were the *Authorised Betting Operations Act 2000*, the *Casino Act 1997*, the *Gaming Machines Act 1992*, the *Racing Act 1976*, the *Racing (Proprietary Business Licensing Act) 2000* and the *State Lotteries Act 1966*.

Major legislative change in the reporting period was made by:

- ◆ commencement, on 1 October 2001, of the bulk of the provisions of the *Statutes*

Amendment (Gambling Regulation) Act 2001—which amended the IGA Act and all prescribed Acts to make provision for responsible gambling harm minimisation policy;

- ◆ commencement, on 14 December 2001, of provisions of the *TAB (Disposal) Act 2000* and the *Authorised Betting Operations Act 2000*—which repealed the *Racing Act 1976*, made provision for the operation of on- and off-course totalisator betting operations under licences issued to racing clubs and a corporatised and later privatised SA TAB, and otherwise consolidated the law relating to bookmakers and wagering generally.

As at the reporting date, Ministerial responsibility for the IGA Act and the prescribed Acts (excluding the *Racing (Proprietary Business Licensing) Act 2000*) was committed to the Minister for Gambling. The *Racing (Proprietary Business Licensing) Act* was committed to the Minister for Racing.

3.2 Functions, powers and objects

The Authority's general functions are set out in section 11(1) of the IGA Act as follows:

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

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

In addition, the Authority has specific functions under individual provisions of the prescribed Acts.

The Authority has the power to do anything necessary for or incidental to its functions (section 11(2)), and without limiting those powers has the power to require the Liquor and Gambling Commissioner to furnish it with reports and to give the Commissioner directions in relation to the discharge of his mandatory functions under the prescribed Acts (sections 11(3) and (4)). The Authority also has the power to conduct inquiries at which evidence may be compelled under oath (sections 13 and 14).

A new provision, introduced on 1 October 2001 by the *Statutes Amendment (Gambling Regulation) Act 2001*, requires the Authority to have regard to certain matters when performing its functions and exercising its powers.

Section 11(2a) is reproduced in full:

- (2a) In performing its functions and exercising its powers under this Act or a prescribed Act, the Authority must have regard to the following *objects*:
- (a) the fostering of responsibility in gambling and, in particular, the minimising of harm caused by gambling, recognising the positive and negative impacts of gambling on communities; and
 - (b) the maintenance of a sustainable and responsible gambling industry in this State.

3.3 Organisation of the Authority

3.3.1 Composition of the Authority

The Authority is comprised of up to 7 members appointed by the Governor of South Australia on the nomination of the Minister.

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

At least two members must be men and two members must be women.

Membership of the Authority as at 30 June 2002 was as follows:

David John Green, B Comm, LL B (Hons), LL M, MBA (Hons), FTIA, FAICD, AIMM, PNA: appointed member from 1 July 1995, Deputy Presiding Member from 24 July 1997, Acting Presiding Member from 1 April 1999 and Presiding Member from 27 January 2000; reappointed for 3 years from 30 June 2001.

Anthony Maxwell Pederick, FCPA, FCIS, FCIM, FTIA, FAICD, JP: first appointed from 1 July 1995; reappointed for 3 years from 30 June 2001.

Melinda Jane Jeffreys, Assoc Dip Bus, FAHRI, AFAIM, MAICD: first appointed from 16 December 1995 and, on 20 September 2001; reappointed for three years from 16 December 2001.

Juliet Helena Brown, LL B, MAICD: appointed 24 July 1997 and reappointed for 3 years from 24 July 2000.

Wayne Lindsay Stokes: appointed for 3 years from 27 January 2000;

Lynette Faye Rasheed: appointed for 3 years from 1 October 2001;

Dale Peter West: appointed for 3 years from 1 October 2001.

During the reporting period, Mr Green, Ms Jeffreys and Mr Pederick had their appointments renewed for 3 years, while Ms Rasheed and Mr West were appointed to fill new positions made available from 1 October 2001 under amendments made by the *Statutes Amendment (Gambling Regulation) Act 2001*.

There has been a change to the membership of the Authority between the end of the reporting period and the reporting date. Mr Green tendered his resignation with effect from midnight on 14 August 2002. On 15 August 2002, the Governor appointed Mr Stephen Howells until 14 August 2005, under section 5(1)(a) of the IGA Act, to be presiding member. On the same day, Ms Brown was appointed as deputy to the presiding member.

3.3.2 Remuneration

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

The current part-time allowances fixed for appointees to the Authority are—

- ◆ presiding member, \$27 200 per annum;
- ◆ other members, \$18 700 per annum.

These allowances have been determined in the context of a schedule of 12 meetings per year being adequate for the discharge of the Authority's ordinary business. In past years, particular activities (such as those surrounding the approval of new casino and SA TAB licensees) have involved members in substantial additional work.

On 13 December 1999, the Commissioner for Public Employment recommended for the approval of the Governor an additional fee of \$100 per hour up to 200 hours per member per year for work of this nature. Following the conclusion of the reporting period, additional allowances were approved in the total of \$15 400, in relation to the approval of TAB Queensland Limited and Unitab Pty Ltd (since renamed SA TAB Pty Ltd) to be involved with the major betting operations licence.

3.3.3 Meetings of the Authority

Under section 13 of the IGA Act, the presiding member (or deputy) and three other members constitute a quorum of the Authority.

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

	<i>Authority Board</i>		<i>Suitability inquiry</i>	
	<i>Attended</i>	<i>Held</i>	<i>Attended</i>	<i>Held</i>
Mr D J Green	11 *	11	7 **	7
Ms J H Brown	9	11	5 †	7
Ms M J Jeffreys	10	11	6	7
Mr A M Pederick	11	11	7 ‡	7
Ms L F Rasheed	7 †	8	6 ‡	7
Mr W L Stokes	11	11	7	7
Mr D P West	8 †	8	7 †	7

(Note The IGA Act allows for participation in meetings by telephone: * includes 5 meetings by telephone; ** includes 4 meetings by telephone; ‡ includes 2 meetings by telephone; † includes one meeting by telephone.)

Following amendments made by the *Statutes Amendment (Gambling Regulation) Act 2001*, the Authority has been able to establish committees comprising both members of the Authority and non-members.

The membership of Authority committees as at 30 June 2002 was:

Audit committee

Convener: Mr Pederick; *Other members:* Ms Brown and the Director.

Codes of Practice committee

Convener: Mr Stokes; *Key participants:* Ms Rasheed, Mr West and the Director.

Regulation committee

Convener: Ms Brown; *Key participants:* Mr Pederick, Mr Stokes and the Director.

Responsible Gambling Technical Issues committee

Convener: Mr West; *Key participants:* Ms Jeffreys, Mr Green, Mr Pederick and the Director; *Member nominated by the Liquor and Gambling Commissioner:* Mr P A Harrison.

With the exception of the Audit Committee, all members of the Authority (whether or not nominated as key participants) are members of all committees and are therefore entitled to receive notice of meetings and participate in meetings.

3.5 Relationship with other agencies and entities

3.5.1 Key relationship—Liquor and Gambling Commissioner

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

This principle is supported by the Authority's powers (noted under heading 3.2) to require reports from the Commissioner and to give the Commissioner directions concerning the discharge of his non-discretionary regulatory functions and applies in the context of the Commissioner having extensive powers of inspection under the relevant prescribed Acts. In addition, under the Gaming Machines Act, the Commissioner has disciplinary powers with respect to licensees in the gaming machine industry and, under the approved licensing agreements relating to the casino licence and the major betting operations licence, preliminary disciplinary functions with respect to the casino and SA TAB.

A formal reporting relationship has been established under which the Commissioner provides the Authority with detailed monthly reports of his regulatory activities in an agreed format. In addition, on a less frequent basis, personal attendance by the Commissioner is an item on the Authority's meeting agenda.

These formal arrangements are supplemented by weekly, officer level meetings.

3.5.2 Local stakeholder relations

The Authority has identified three general groups of local stakeholders with whom it maintains a dialogue:

- ◆ regulatory partnership—Independent Gaming Corporation Limited (the gaming machine monitor licensee); the DAIS contract services group (which supports the State Supply Board as supply licensee) and the SA Police (particularly in relation to the suitability assessment of new major licensees);
- ◆ licensee representation—the AHA and Clubs SA; the management of Sky City Adelaide and the Lotteries Commission; the controlling authorities for Thoroughbred, Harness and Greyhound racing; and the South Australian Bookmakers' League;
- ◆ consumer welfare—the Department of Human Services, agencies providing counselling services and, in particular, the Heads of Christian Churches Gambling Task Force.

In addition to informal consultation with regulatory partners, the Authority formally met with the IGC's chief executive once during the reporting period and received quarterly gaming machine statistics from DAIS contract services.

The Authority's meeting program included opportunities for licensee representatives to address their concerns directly with members and, in particular, with respect to the Authority's rule making function concerning bookmakers, the Authority has consulted with both the Bookmakers League and the racing controlling authorities on all issues of substance.

In addition to issue-specific consultation with stakeholders concerned with consumer welfare (such as the formulation of codes of practice and a process review for voluntary barring), the Authority has met to discuss issues generally with the stakeholders, either as a board or through the Codes of Practice Committee.

3.5.3 National and international liaison

It is the view of the Authority that exchange of information between itself and other Australian and international gaming jurisdictions is vital.

The Authority participates in knowledge sharing and the development of national approaches to gambling regulation through its participation in the annual meeting of Australasian casino and gaming regulators. (Due to quirks of timing, no such meeting was held within the reporting period—the meeting relating to the 2000–01 reporting period was held in Darwin in June 2001, the meeting for the current reporting period was held in Hobart in August 2002, with the 2002–03 meeting scheduled for Canberra in March 2003.) Participation in this forum, which includes two days of formal papers both by regulators and external presenters, is of significant benefit and the Authority aims to have as many members attend as is practicable.

The Director is a member of the forum of the “chief executives” of Australasian casino and gaming regulators, which meets on a six monthly basis, one meeting being held in conjunction with the annual regulators' meeting. In addition, staff of the

Authority participate in the national regulators' working parties relevant to the Authority's functions.

The Authority has also continued to maintain and build on its contact with overseas gaming jurisdictions, principally through its participation in the annual gaming law conference of the International Association of Gaming Regulators and the International Association Gaming Attorneys. While there are significant economic, structural and cultural differences in the way gambling products are handled in different jurisdictions, the products themselves are very similar and there are many common issues.

Of particular interest internationally are—

- ◆ the prospect of significant liberalisation, particularly with respect to casinos, in Great Britain;
- ◆ the response of the very large North American casino industry to consumer issues, particularly in responsible gambling;
- ◆ the development of casino and gaming machine industries in the emerging jurisdictions of South Africa.

4. ADMINISTRATION

4.1 Staff

The Authority is supported by a small office.

The staff are contracted, under the *Public Sector Management Act 1992*, to the chief executive of the Department of Treasury and Finance on conditions which parallel those in the Department.

The Director of the office, Robert Chappell, is responsible for the management of the office and also holds the statutory appointment of Secretary under section 10 of the IGA Act.

As at 30 June 2002, there were four staff employed in the office, compared with two at the end of the previous reporting period.

Following a review of the Authority's existing regulatory functions and its likely new responsible gambling functions, the Authority early in the reporting period approved an expanded staff structure, to be filled as its budgetary position allowed. During the reporting period, this has been pursued through the appointment of a Manager, Responsible Gambling and an Administration Officer. As at the end of the reporting period, the recruitment of a Manager, Regulation had been commenced.

Appendix A provides a profile of staff remuneration levels as at 30 June 2002.

From time to time, the Authority establishes special project teams (as with suitability investigations for major licensees). Due to the highly specialised and short-term nature of this work, these teams are made up of external consultants or contractors and seconded staff from other agencies—such as the South Australia Police. The

arrangements for these teams are made and disclosed in line with normal South Australian government practice.

4.2 Office accommodation

The Authority's office has been located, for the last three years, in premises on Hindmarsh Square. In anticipation of hiring additional staff and the need to conduct more of its processes in public, the Authority commenced, early in the reporting period, the process of acquiring expanded accommodation.

By the end of the reporting period, the necessary space had been identified and fit-out work was well under way at Level 4, 45 Grenfell Street, Adelaide. The premises were occupied between the end of the reporting period and the reporting date.

4.3 Service level agreement with DTF

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

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

4.4 Human resources management

4.4.1 Staff training and development

The Authority is committed to the development and training of its staff and an allocation is made in the Authority's operating budget for this purpose. Individual staff members' training needs were regularly assessed throughout the year as part of the Authority's staff performance appraisal program.

Staff have a documented individual development plan that is reviewed six-monthly. Staff and members attended a variety of courses, conferences and seminars throughout the year to increase their skills and attain expertise in relevant areas of responsibility.

4.4.2 Leave

The average number of sick days per full time equivalent employee taken during the reporting period was 5.6 days.

No family carer leave was taken during the reporting period.

4.4.3 Equal employment opportunity

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

4.4.4 Occupational health and safety

One WorkCover claim has been made in the period. The matter was incomplete as at the end of the reporting period.

4.5 Consultancies

Set out in **Appendix B** is a summary of the external consultants that have been engaged by the Authority during the course of the year.

4.6 Overseas travel

In January 2002, Robert Chappell (Director) presented a paper at the International Gaming Law Conference of the International Association of Gaming Attorneys and the International Association of Gaming Regulators, held in the United Kingdom.

The cost of this travel is summarised in **Appendix C**.

4.7 Financial and related disclosures

4.7.1 Financial report

Pursuant to section 41 of the *Public Finance and Audit Act 1987* and Treasurer's Instruction No. 19, DTF's Director, Financial Services prepares annual financial statements for the Authority and forwards them for audit by the Auditor-General. The Authority's annual financial statements and the independent audit opinion of the Auditor-General on those statements are contained in **Appendix D**.

4.7.2 Contractual arrangements

The Authority did not enter into any contractual arrangements where the total value of the contract exceeded \$4 million or the contract extended beyond a single year.

4.7.3 Account payment performance

The DTF Financial Services Branch manages the payment of accounts on behalf of the Authority. Creditor accounts are certified and approved for payment by staff of the Authority and forwarded to DTF for processing against the Authority's operating account. The following table sets out the account payment performance for the reporting period.

<i>Particulars</i>	<i>Number paid</i>	<i>%</i>	<i>Amount paid</i>	<i>%</i>
Paid by the due date	277	93%	\$287 481.82	90%
Paid within 30 days or less from the due date	18	6%	\$30 175.37	9%
Paid more than 30 days from the due date	3	1%	\$3 258.00	1%
Total	298	100%	\$320 915.19	100%

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

4.7.4 Fraud

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

4.8 Freedom of information

Pursuant to section 17(3) of the IGA Act, the *Freedom of Information Act 1991* does not apply to the Authority.

5. RESPONSIBLE GAMBLING

5.1 Overview

On 1 October 2001, amendments were made to the IGA Act and the prescribed Acts by *Statutes Amendment (Gambling Regulation) Act 2001* (passed by Parliament in May 2001, but with the bulk of provisions commencing in October).

The principal effects of those amendments were:

- ◆ the Authority was given a legislative mandate to conduct research and develop strategies for harm minimisation, through an expansion of its statutory functions by the insertion of paragraphs (aa) and (aab) into section 11(1) of the IGA Act—the Authority’s functions are set out in full on page 5;
- ◆ provision was made requiring the preparation of advertising and responsible gambling codes of practice for mandatory adoption by the operators and licensees involved with casinos (Sky City Adelaide), with state lotteries (the Lotteries Commission), in wagering (on and off-course totalisators—racing clubs and the SA TAB) and in hotel and club gaming (approximately 600 venues);
- ◆ the Liquor and Gambling Commissioner was required to take into account, in approving a new casino or gaming machine game, whether the game would be likely to exacerbate problem gambling, and the Authority was empowered to give the Commissioner guidelines for that purpose;
- ◆ statutory provision was made for the self-exclusion or barring of problem gamblers by insertion of section 15B into the IGA Act;
- ◆ the Authority was given two objects to take into account when exercising its functions and powers generally—one relating to the fostering of responsible gambling and the other to the maintenance of a sustainable industry—the objects are set out in full on page 6.

In May 2002, the expertise available to the Authority was broadened by the appointment of a Manager, Responsible Gambling—Ms Sophie Pointer.

The Authority has commenced work on laying the groundwork for a research program which will provide with the information needed to carry its harm minimisation mandate into its day to day activities.

At the end of the reporting period the Authority had:

- ◆ completed the first of the advertising and responsible gambling codes of practice (Adelaide Casino);
- ◆ commenced the consultation process for two further sets of codes of practice (lotteries and wagering);
- ◆ established the voluntary barring scheme;
- ◆ given preliminary guidelines to the Liquor and Gambling Commissioner, and commenced a process to formulate on-going guidelines;
- ◆ started work on a comprehensive review of the Australian and New Zealand gambling literature.

5.2 Codes of practice

5.2.1 General approach

A transitional code was put in place on 1 October 2001 for the hotel and club gaming industries, under special provisions of the *Statutes Amendment (Gambling Regulation) Act 2001*. Accordingly, the Authority regarded its highest priority as approving codes for the casino, state lotteries and wagering.

The Authority commenced approval program with the Adelaide Casino. The consultation process began in October 2001 and the first public hearing was held in November 2001. There was further consultation with the licensee in early 2002 and the codes themselves were approved in May 2002. On 1 June 2002 the codes of practice came into force. The codes and the report of inquiry containing the Authority's reasons for decision are available on the Authority's website.

The consultation process revealed a number of issues which have been foreshadowed for further consideration for all gambling providers and resolution when the gaming machine codes of practice are reviewed—mandatory warnings in advertising and a thorough review of inducements to gaming, including loyalty schemes.

The general approach taken by the Authority in the approval of codes of practice is that of open consultation. The underlying principle in the development of the codes of practice is that, to the greatest extent possible, all major forms of gambling should be treated in the same way.

The following process was adopted for the casino codes of practice and forms the basis for the approach to the consultation process for the other gambling codes:

- ◆ initial consultation with the licensee or operator;
- ◆ drafting of a discussion document incorporating a draft code;
- ◆ dissemination of the discussion document in both physical and electronic form by mail and on the Authority's website;
- ◆ publishing in the *Advertiser* a call for public submissions;
- ◆ conduct of a public hearing;

- ◆ deliberation;
- ◆ final consultation and natural justice processes with the licensee or operator; and
- ◆ presentation of the advertising and responsible codes of practice to the responsible Minister for tabling in Parliament, along with a report of inquiry setting out the reasons for decision.

The codes of practice for the casino now serve a secondary purpose as a blueprint or template for the consultation process for the other three forms of commercial gambling activity.

5.2.2 Casino codes

In order to facilitate the process of identifying the content of the codes of practice, the Authority sought an initial submission of a workable draft from the licensee, Sky City Adelaide. This draft was then incorporated into an information and discussion document which was made available to the general public. On 27 October 2001, an advertisement was published in the *Advertiser* seeking submissions, and giving notice of a date of public hearing on 28 November 2002.

In response to the advertisement the Authority received six written submissions. At the public hearing a panel of 6 members of the Authority received in person presentations of the submissions from three of the parties and afforded the licensee an opportunity to comment.

The Authority's deliberations involved considering of 54 issues arising from the submissions. The licensee was afforded a further opportunity to comment on a small number of particular issues. This related to certain measures the adoption of which was regarded as adverse (in a legal sense) to the interests of the licensee. The Authority took into account the licensee's further submissions before making its final determination.

The advertising and responsible gambling codes of practice for the casino were tabled in Parliament on 15 May 2002 and came into effect on 1 June 2002.

5.2.3 Lotteries and Wagering codes

During the consultation process for the casino codes of practice a number of general responsible gambling principles were identified. The intention of the consultation process for the lotteries and wagering codes of practice was to identify and examine issues which specifically relate to the two types of gambling industries as distinct from the casino. The consultation process was also used to provide the stakeholders with an opportunity to comment on whether, and the extent to which, the codes for lotteries and wagering should depart from the casino codes of practice.

The discussion document was circulated among industry representatives prior to its finalisation and wider dissemination. A call for public submissions was published in the *Advertiser* on 29 June 2002 and again on 6 July 2002. At the reporting date, the work on the codes had not been completed.

5.3 Guidelines for the Commissioner

Sections 37A of the *Casino Act 1997* and 40 of the *Gaming Machines Act 1992* require the Liquor and Gambling Commissioner to take into account guidelines issued by the Authority when considering whether the approval of a new game would be likely to exacerbate problem gambling.

The Commissioner has adopted a policy of not requiring special consideration of game features already approved and in operation in the South Australian market. The Authority has endorsed that policy as a preliminary to finalising guidelines.

The Authority has been considering the formulation of a set of guidelines through its Responsible Gambling Technical Issues Committee. This committee benefits from having in its membership a nominee of the Liquor and Gambling Commissioner who is also the national convener of the Australasian Casino and Gaming Regulators Technical Standards Working Party.

5.4 Voluntary barring process

Section 15B of the IGA Act requires the Authority to provide a voluntary barring scheme for self identified problem gamblers.

This section provides for the Authority—

- ◆ by order—
- ◆ on the written request of an individual—
- ◆ to bar the person from the casino or the licensed gaming areas of one or more hotels or clubs—
- ◆ and to notify the relevant licensees.

On 4 October 2001 the Authority issued its first orders barring one person from the casino and the gaming areas of 81 venues. Each venue was served with a notice setting out the person's name and including the person's photograph.

This barring or exclusion process has been supported by the Authority giving directions under section 43 of the *Casino Act 1997* and section 11 of the *Gaming Machines Act 1992* (see sections 6.2.3 and 6.3.2 below).

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

To the end of the reporting period 73 individuals had been the subject of barring orders in 85 separate "sessions". Individual applicants will be involved in more than one session if they wish to add venues to their original selections. Each venue for each applicant gives rise to an order.

In the reporting period, 4 710 barring order notices were issued to venues.

The cost of this activity, which has been met from within the Authority's normal operating budget, is estimated at \$25 490. (The detail of this estimate is set out in **Appendix E**.)

In administering the voluntary barring scheme the Authority seeks to balance the interests of the applicants with the compliance burden imposed on licensees. The processes for the scheme are themselves the subject of ongoing review. The Authority has sought the assistance in this process review from the relevant peak licensee bodies (AHA(SA) and Clubs SA) and counsellors.

5.5 Research

The Authority has resolved to commence the research program contemplated by section 11(1)(*aab*) of the IGA Act with a baseline review of the relevant Australian and New Zealand gambling literature.

The Authority had no budget funds for research in the reporting period.

6. REGULATION

6.1 General overview

The traditional objectives of gambling regulation have related to the integrity of the gambling product. Regulatory regimes have sought to achieve this through requiring the people involved in providing the product to be suitable and requiring the relevant rules, equipment and procedures to be approved. The setting of suitability and approval standards and the making of the ultimate decisions have generally been entrusted to independent regulators.

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

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

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

The major regulatory change in the reporting period arose from the corporatisation and sale of SA TAB, which meant that the off-course wagering activity was no longer controlled by a board appointed by and accountable to the Government, the accounts of which board were scrutinised by the Auditor-General.

To address the changes, a licensing system has been established, along similar lines to what was put in place for the sale of the Adelaide Casino.

In seeking to put this licensing system into place, the Authority has taken some comfort from the facts that wagering has undoubtedly been conducted to the highest

standards in the past and that there exist stable and robust internal controls for the racing events on which most wagering is conducted. Nonetheless, the licensing system brings with it new regulatory obligations, particularly for the Liquor and Gambling Commissioner, which must be appropriately resourced in order to maintain the present high level of confidence.

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

6.2 Casino

6.2.1 Report of the Commissioner

A report is required of the Liquor and Gambling Commissioner under section 70 of the Casino Act. It was received on 30 September 2002 and is included at **Appendix F**.

6.2.2 Statutory defaults and disciplinary action

There have been no statutory defaults noted or acted upon in the reporting period.

6.2.3 General power of the Authority to issue directions

Section 47 of the Casino Act allows the Authority to give directions to the licensee about any aspect of the management, supervision and control of the casino. In the reporting period, the Authority issued one direction under this provision, with respect to the exclusion of persons barred under the voluntary barring provisions of section 15B of the IGA Act.

The direction requires the licensee to take reasonable steps—

- ◆ to ensure that excluded persons do not enter into or remain in the areas licensed for gaming, to implement procedures for this and to ensure that venue staff are instructed in the procedures;
- ◆ to keep notices of barring orders in the venue so that they are accessible to, and only to, staff and otherwise to keep confidential the identity of excluded persons.

6.2.4 Barrings and reviews

Section 45 of the Casino Act allows the Liquor and Gambling Commissioner to bar persons from the casino. This is a separate barring process to the one introduced to allow problem gamblers to self-exclude. Section 65 of the Casino Act provides for aggrieved persons to seek review by the Authority of the Commissioner's barring decisions.

The Authority has established a formal pre-hearing process for barring matters. This process has resulted in significant streamlining of those applications which are received.

During the reporting period, the Authority received two formal barring review applications. They were concluded by hearing, between the end of the reporting period and the reporting date. One application was refused while the other was allowed in part.

6.2.5 Complaints

No complaint was received during the reporting period which was considered to warrant any formal action by the Authority.

6.3 Gaming machines

6.3.1 Structure of licences

The Liquor and Gambling Commissioner is the issuing authority for the following licences under the Gaming Machines Act:

- (a) **Gaming machine licence**—which authorises the licensee to possess approved gaming machines on premises designated in the licence and to conduct gaming on those machines—these licences are held by hotels and clubs;
- (b) **Gaming machine dealer’s licence**—which authorises the licensee to manufacture gaming machines and prescribed gaming machine components and to sell or supply to the State Supply Board, or to another holder of a gaming machine dealer’s licence, approved gaming machines, prescribed gaming machine components and gaming equipment—these licences are held by gaming machine manufacturers and their agents;
- (c) **Gaming machine supplier’s licence**—which authorises the licensee, acting through an approved agent, to purchase from a licensed gaming machine dealer, and to sell or supply to the holders of gaming machine licences, approved gaming machines, prescribed gaming components and gaming equipment—this licence is held by the State Supply Board;
- (d) **Gaming machine monitor licence**—which authorises the licensee to provide and operate an approved computer system for monitoring the operation of all gaming machines operated pursuant to gaming machine licences—this licence is held by Independent Gaming Corporation Limited, a company owned by the hotel and club industries;
- (e) **Gaming machine service licence**—which authorises the licensee to install, service and repair approved gaming machines, prescribed gaming machine components and gaming equipment—two organisations hold these licences at present.

The Authority is not the disciplinary body for these licensees. A licensee aggrieved by action taken by the Commissioner would have a remedy in the Licensing Court.

The Authority’s regulatory role concerning these licences is to be satisfied that the Commissioner has kept the licensees’ operations under constant scrutiny.

6.3.2 General power of the Authority to issue directions

Section 11 of the Gaming Machines Act allows the Authority to give to licensees “directions in relation to the carrying out of the undertaking under the licence”. In the reporting period, the Authority issued one direction under this provision to all licensees, with respect to the exclusion of persons barred under the voluntary barring provisions of section 15B of the IGA Act. The direction requires licensees to take reasonable steps—

- ◆ to ensure that excluded persons do not enter into or remain in the areas licensed for gaming, to implement procedures for this and to ensure that venue staff are instructed in the procedures;
- ◆ to keep notices of barring orders in the venue so that they are accessible to, and only to, staff and otherwise to keep confidential the identity of excluded persons.

6.3.3 Reporting

The Commissioner is required to report to the Minister directly on operations under the Gaming Machines Act (see section 74).

6.4 Wagering

6.4.1 Report of the Commissioner

A report is required of the Liquor and Gambling Commissioner under section 90 of the Authorised Betting Operations Act. It was received on 30 September 2002 and is included at **Appendix G**.

6.4.2 Overview

The *Authorised Betting Operations Act 2000* provides for:

- ◆ one **major betting operations** licence granted by the Governor on the recommendation of the Authority, allowing for the conduct of off-course totalisator betting and other betting operations, on races and approved contingencies, subject to the Act and the terms of an approved licensing agreement between the licensee and the Minister (which agreement also requires the approval of the Authority);
- ◆ a number of **on-course totalisator betting** licences (one for each registered racing club and each of the racing controlling authorities) granted by the Authority, allowing for the conduct of races and for the conduct of a totalisator on races;
- ◆ a number of licences for **bookmakers** and **clerks to bookmakers** granted by the Authority, allowing for the acceptance of bets at fixed odds on races and approved contingencies, subject to the relevant bookmaker principal holding a permit granted by the Liquor and Gambling Commissioner.

The betting operations of the licensees are subject to conditions which are contained in the licences, in the Authorised Betting Operations Act, in regulations made by the Governor under the Act and in rules made by the Authority under the Act.

Licensees under the Authorised Betting Operations Act are subject to monitoring by the Liquor and Gambling Commissioner, who is responsible to the Authority for the constant scrutiny of their betting operations.

The Authorised Betting Operations Act replaced the *Racing Act 1976*.

6.4.3 Introduction of the Authorised Betting Operations Act

The commencement, on 14 December 2001, of the *Authorised Betting Operations Act 2000* meant that for the first time racing clubs wishing to conduct on-course totalisator betting operations were required to be licensed.

The Authority is the licensing body for racing clubs. In addition to the general criterion of suitability which applies to the grant of a licence and the maintenance in good standing of a licensee, there is an additional requirement that the Authority be satisfied as to adequacy of the standards of probity surrounding the racing event.

As part of the transitional arrangements, the Authority was given a binding direction to grant licences, with a 99-year term and a 15-year exclusivity period, to those bodies which had been registered racing clubs under the now repealed Racing Act. This both facilitated continuity of operation and honoured commitments to the racing industry with respect to revenue from on-course operations. (The Authority was disappointed to note that some of the information about the registered racing clubs provided to it by their registering bodies was inaccurate or incomplete.)

In all, 49 on-course totalisator licences were granted. These were to 46 registered racing clubs and to the three controlling authorities for racing. The reason that the controlling authorities have been licensed is that, in preparation for the commencement of the Authorised Betting Operations Act, it became apparent that the committees of individual racing clubs have very little direct involvement in the conduct of the racing event or the on-course betting operation. The racing event is controlled by stewards appointed by the controlling authorities and the on-course totalisator has for many years been contracted out. (This contract is presently held by SA TAB.)

One purpose of the licensing arrangements clearly relates to the need for the racing industry to be given commercial certainty about its revenue stream, and the present arrangement deals with that adequately. However, in providing for the integrity of the racing event and the gambling operation to be maintained through the licensing of the individual clubs, the regulatory process will necessarily affect a large number of people who are only peripherally involved.

The Authority believes that a better match of risk to regulatory measures would be achieved by a statutory separation of operational responsibility from the right to enjoy the revenue from the operation. The Authority notes that section 92 of the Authorised Betting Operations Act requires a review of the Act to be undertaken upon 12 months of operation and believes that this matter ought be considered as part of that review.

6.4.4 Ministerial directions

The Authority received the following directions under the Authorised Betting Operations Act during the reporting period:

- ◆ requiring the Authority to grant on-course totalisator licences to all racing clubs registered as at the date of commencement of the Act;
- ◆ restricting the approval of certain contingencies to ensure compliance with the exclusivity provisions of the approved licensing agreement for SA TAB Pty Ltd.

6.4.5 Suitability examination of SA TAB and TABQ

The identification by the Government of a purchaser for the business operated by the body formerly incorporated under the Racing Act and known as the Totalizator Agency Board required the Authority to conduct a suitability examination of the proposed holder of the major betting operations licence and its close associates.

Although the proposed licensee was a specially formed company (originally named Unitab Pty Ltd but renamed SA TAB Pty Ltd following transfer of the licence), the concept of a close associate extends to the parent company, TAB Queensland Limited, and its directors and senior executives.

A special team of investigators was established, including two nominees of the Commissioner of Police. While preparatory work had been commenced before, and continued into, the reporting period in anticipation of a sale, the main work of the investigation team started in October 2001, with the team delivering its final report just prior to Christmas. The Authority completed its considerations at a meeting in early January 2002, as a result of which a recommendation was made to the Governor to transfer the major betting operations licence.

The transfer became effective on 14 January 2002.

In the period from 14 January 2002 to the end of the reporting period, no statutory defaults have been noted or acted upon.

6.4.6 Licensing of racing clubs

As noted above, there are 49 on-course totalisator betting licences on issue. In order to hold one of these licences, a racing club must be registered with a designated racing controlling authority.

Once licensed, the racing club is able to do two things by virtue of, and subject to, the licence:

- ◆ conduct races on which betting may take place;
- ◆ conduct on-course totalisator betting on those races, races conducted by other licensed racing clubs and races for which contingencies are approved (such as races held interstate).

The Authority is the disciplinary body in relation to these licences.

During the reporting period, no statutory default was identified in respect of these licences.

6.4.7 Licensing of bookmakers and their clerks

Under both the Authorised Betting Operations Act and the repealed Racing Act, the Authority has been the licensing body for South Australia's bookmakers and clerks throughout the reporting period.

One bookmaker has been the subject of on-going formal action to ensure compliance with the Authority's licensing standards.

6.4.8 Approval of contingencies and totalisator approvals

Licensees under the Authorised Betting Operations Act are able to accept bets in respect of races and on contingencies (in respect of events other than races) approved by the Authority by notice published in the Government Gazette.

As part of the arrangements for commencement of the Authorised Betting Operations Act, the Authority approved contingencies for betting operations by the holder of the major betting operations licence, licensed racing clubs and licensed bookmakers.

The Authority approved additional contingencies at the request of SA TAB Pty Ltd in January.

The Authority approved contingencies to allow betting operations to be conducted on the picnic races at Marree in June.

The repealed Racing Act provided for the Authority to grant unregistered racing clubs case-by-case approval to operate a totalisator. In the reporting period, this provision was used to allow betting operations to be conducted on picnic races at Beltana, Innamincka, Oodnadatta and Kingoonya.

6.4.9 Rule-making

Prior to its repeal, section 124 of the Racing Act provided for the Authority to make rules with respect to bookmakers' betting operations. This provision was replaced, in similar terms, by section 62 of the Authorised Betting Operations Act. The rules in operation under those provisions are called the Bookmakers Licensing Rules 2000.

In the reporting period, the Authority amended those rules on three occasions by making the following instruments:

- ◆ Bookmakers Licensing (Late Scratchings) Rules 2001
These rules substituted the provisions relating to the variation of payouts when a horse is scratched after the commencement of betting and holders of bets are entitled to a refund. The amended provisions bring South Australian practice into line with the practice in other Australian jurisdictions. The rules also made a number of miscellaneous amendments to the Bookmakers Licensing Rules.
- ◆ Bookmakers Licensing (Unclaimed Winnings) Rules 2001
These rules made technical changes to the Bookmakers Licensing Rules necessary for the transition of bookmaker operations from the Racing Act to the Authorised Betting Operations Act.
- ◆ Bookmakers Licensing (Agents and Clerks) Rules 2002
These rules removed the provisions establishing a distinction between licensees

who worked as agents of bookmakers and those who worked for bookmakers performing other clerical functions. The rules clarified the functions of a clerk and made a number of further miscellaneous changes to the Bookmakers Licensing Rules.

6.5 Proprietary Racing

The *Racing (Proprietary Business Licensing) Act 2000* makes provision for races, on which betting is to take place, to be conducted by “for profit” entities. (Under the *Authorised Betting Operations Act*, only a racing club registered by a racing controlling authority and licensed by the Authority has this capacity.)

The *Racing (Proprietary Business Licensing) Act* establishes a licensing regime similar to that for the holder of the major betting operations licence. The “for profit” entity and all of its close associates would need to be investigated and found suitable by the Authority prior to being licensed.

Following the commencement of the *Racing (Proprietary Business Licensing) Act*, the Authority has approved the necessary application forms and has fielded a number of enquiries.

In the 1999–2000 Annual Report, the Authority advised that, as at 30 June 2001, one incomplete set of application papers had been received. No further application papers or other formal steps have been made by entities interested in proprietary racing during the reporting period for this report.

GLOSSARY

AHA (SA)	Australian Hotels Association (SA Branch)
Clubs SA	Licensed Clubs' Association of South Australia Inc
DAIS	Department for Administrative and Information Services (South Australia)
DTF	Department of Treasury and Finance (South Australia)
IGA Act	Independent Gambling Authority Act 1995 (until 1 October 2001, the <i>Gaming Supervisory Authority Act 1995</i>)
OLGC	Office of the Liquor and Gambling Commissioner (an office within the South Australian Department of Justice)
race	a horse, harness or greyhound race conducted (in South Australia) by a licensed racing club or (elsewhere in Australia) by a body authorised under a counterpart law to the Authorised Betting Operations Act 2000, on which bets may lawfully be placed with a totalisator operator or a bookmaker
Reporting date	30 September 2002
Reporting period	1 July 2001–30 June 2002 (both days inclusive)
statutory annual reporting requirements	This document relates to the obligations to make an annual report contained in the following provisions <ul style="list-style-type: none">◆ section 66 of the <i>Public Sector Management Act 1995</i>;◆ section 19 of the <i>Independent Gambling Authority Act 1995</i>;◆ section 90 of the <i>Authorised Betting Operations Act 2000</i>;◆ section 71 of the <i>Casino Act 1997</i>;◆ section 74 of the <i>Gaming Machines Act 1992</i>;◆ section 52 of the <i>Racing (Proprietary Business Licensing) Act 2000</i>.

APPENDIX A

Profile of staff remuneration levels as at 30 June 2002

<i>Classification</i>	<i>Ongoing</i>			<i>Fixed term</i>			<i>Total</i>
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>	
Trainees							
ASO1							
ASO2							
ASO3				1	1	2	2
ASO4							
ASO5							
ASO6							
ASO7					1	1	1
ASO8							
EL1							
EL2							
EL3							
EXA				1		1	1
EXB							
EXC							
EXD							
EXE							
EXF							
TOTAL					2	4	4

APPENDIX B

External consultants used in the reporting period

This table sets out the payments made or payable to consultants in respect of work performed in the reporting period.

<i>Consultant</i>	<i>Purpose of consultancy</i>	<i>No.</i>	<i>Amount</i>
Group—Below \$10 000			
Various	Various		
<i>Group total</i>		1	\$1 700
Group—\$10 000–\$50 000			
S F Stretton	SA TAB sale suitability (process audit)		
<i>Group total</i>		1	\$16 695
Group—Above \$100 000			
McGuire Reardon Consulting	SA TAB sale suitability		
Probity Investigation Consultants	SA TAB sale suitability		
<i>Group total</i>		2	\$130 508
<i>All consultants total</i>		4	\$148 903

APPENDIX C

Overseas travel undertaken in the reporting period

<i>No. of travellers</i>	<i>Destination</i>	<i>Reason for travel</i>	<i>Amount</i>
1	United Kingdom	To attend and present a paper at the annual International Gaming Law Conference of the International Association of Gaming Regulators and the International Association of Gaming Attorneys	\$4 870

APPENDIX D

Financial statements

Statement of Financial Performance for the year ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
Expenses from Ordinary Activities			
Employee costs	3(a)	382	290
Accommodation and services costs		84	55
Depreciation	4	1	5
Other expenses from ordinary activities	5	408	228
Total Expenses from Ordinary Activities		875	578
Revenue from Ordinary Activities			
Interest		11	14
Recovery of suitability investigation costs		266	–
Other revenues from ordinary activities	6	–	10
Total Revenues from Ordinary Activities		277	24
Net cost of services	11	(598)	(554)
Revenues from Government			
Appropriation	14	1 016	425
Total Revenues from Government		1 016	425
Increase/(decrease) in net assets resulting from ordinary activities	9	418	(129)
Total changes in equity other than those resulting from transactions with the State Government as owner		418	(129)

Financial Statements—continued

Statement of Financial Position as at 30 June 2002

	Note	2002 \$'000	2001 \$'000
Current Assets			
Cash		425	114
Receivables		156	4
Total Current Assets		581	118
Non-current Assets			
Property, Plant and Equipment	7	–	1
Total Non-current Assets		–	1
Total Assets		581	119
Current Liabilities			
Payables	8(a)	29	2
Provision for employee entitlements	3(b)	10	4
Total Current Liabilities		39	6
Non-current Liabilities			
Payables	8(b)	1	–
Provision for employee entitlements	3(b)	10	–
Total Non-current Liabilities		11	–
Total liabilities		50	6
Net assets		531	113
Equity			
Retained Surplus	9	531	113
Total equity		531	113
Commitments for expenditure and contingent liabilities	10	–	–

Financial Statements—continued

Statement of Cash Flows for the year ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
Cash flows from Operating Activities			
<i>Payments</i>			
Employee costs		(350)	(297)
Accommodation and service costs		(85)	(54)
Other expenses from ordinary activities		(395)	(250)
GST payments		(46)	(1)
Total payments		(876)	(602)
<i>Receipts</i>			
Interest		11	15
Recovery of suitability investigation costs		136	–
Other receipts from ordinary activities		4	7
GST receipts		20	1
Total receipts		171	23
Cash flows from Government			
Appropriation		1 016	425
Total cash flows from Government		1 016	425
Net cash provided by (used in) Operating Activities	11	311	(154)
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		–	9
Purchase of property, plant and equipment		–	–
Net cash provided by (used in) Investing Activities		–	9
Net increase/(decrease) in cash held		311	(145)
Cash at the beginning of the financial year		114	259
Cash at the end of the financial year		425	114

Notes to and forming part of the Financial Statements

1. Objectives

The Independent Gambling Authority (the Authority) is established under the *Independent Gambling Authority 1995*, to carry out the functions as specified in section 11(1).

2. Summary of Significant Accounting Policies

(a) Establishment

On 1 October 2001, the *Statutes Amendment (Gambling Regulation) Act 2001* came into operation with the key features of the amendments being:

- the *Gaming Supervisory Authority Act 1995* was retitled to *Independent Gambling Authority Act 1995*;
- the Authority established under the Act was renamed from the “Gaming Supervisory Authority” to “Independent Gambling Authority”;
- the Authority became a body corporate (having previously been an unincorporated instrumentality of the Crown).

These statements represent the activities of the Authority, being the Gaming Supervisory Authority to 30 September 2001 and the Independent Gambling Authority from 1 October 2001.

The balance of the Gaming Supervisory Authority special deposit account as at 30 September 2001 was transferred to the Independent Gambling Authority and the Gaming Supervisory Authority special deposit account was then closed.

(b) Basis of Accounting

The accounts have been prepared in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and applicable Urgent Issues Group Consensus Views. The accounts are prepared on the accrual basis and in accordance with conventional historic cost principles except where stated.

(c) The Reporting Entity

The financial arrangements of the Authority are administered by, but not controlled by, the Department of Treasury and Finance through an interest bearing Deposit Account which was renamed from the “Gaming Supervisory Authority” to “Independent Gambling Authority Operating Account” from 1 October 2001. The account is established for the purpose of recording all the activities of the Authority including recurrent and capital expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.

(d) Appropriations

Appropriations are recognised as revenue when the Authority obtains control over the assets comprising the contribution. Control over appropriations is normally obtained upon their receipt.

(e) Non-current Assets

All non-current assets controlled by the Authority are reported in the Statement of Financial Position. The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm’s length transaction.

Financial Statements—continued

(f) Depreciation of Non-current Assets

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each depreciable non-current asset with an acquisition cost of more than \$5 000 over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all such assets. The estimated useful lives of each asset class are as follows:

Office Equipment 3 years

(g) Employee Entitlements

The Act does not provide for the direct employment of staff by the Authority, but establishes a Secretary to the Authority appointed under the Public Sector Management Act. The employee costs included in these statements are Treasury and Finance staff who provide administrative services to the Authority and are charged to the Authority's Special Deposit Account.

(i) Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Long Service Leave

A liability for long service leave is calculated by using the product of the current liability in time for all employees who have completed eight or more years of service and the current rate of remuneration for each of these employees respectively. The eight years has been based on an actuarial calculation as directed in the Accounting Policy Statements. The liability is measured as the amount unpaid at the reporting date.

(iii) Superannuation

Contributions are made by the Authority to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the Superannuation Funds. The only liability outstanding at balance date relates to any contribution due but not yet paid to the superannuation schemes.

(iv) Employment On-costs

The liability for employment oncosts include superannuation contributions and payroll tax with respect to outstanding liabilities for Salaries and Wages, Long Service Leave and Annual Leave. These amounts are classified under payables.

(h) Leases

The Authority has entered into a number of operating lease agreements for buildings and office equipment where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under operating leases.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Financial Performance in the periods in which they are incurred.

(i) Cash

For purposes of the Statement of Cash Flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

(j) Goods and Services Tax

The accounting policies adopted for the treatment of Goods and Services Tax (GST) are in accordance with Urgent Issue Group Abstract 31 (Accounting for the Goods and Services Tax (GST)).

Financial Statements—continued

(k) Rounding

All amounts are rounded to the nearest thousand dollars.

(l) Comparative Information

The Statement of Financial Performance, Statement of Financial Position and the Statement of Cash Flows and the Notes to the Financial Statements disclose comparative figures for the reporting period ended 30 June 2001 as reported for the Gaming Supervisory Authority.

3.	Employee Entitlements	2002	2001
		\$'000	\$'000
	(a) Employee Costs		
	Salaries and Wages	171	126
	Superannuation and Payroll Tax expenses	44	35
	Annual and long service leave expenses	22	10
	Board Fees ⁽¹⁾	145	118
	Other employee related expenses	–	1
		382	290
	⁽¹⁾ Includes additional allowance relating to TAB suitability investigation		
	(b) Provision for Employee Entitlements	2002	2001
		\$'000	\$'000
	Current liability		
	Aggregate Employee Entitlement Liability	10	4
		10	4
	Non-current liability		
	Aggregate Employee Entitlement Liability	10	–
		10	–
	(c) Average number of employees for the reporting period	2002	2001
		Number	Number
		3	2
		3	2
4.	Depreciation	2002	2001
	Depreciation was charged in respect of	\$'000	\$'000
	Office equipment	1	5
		1	5
5.	Other Expenses from ordinary activities	2002	2001
		\$'000	\$'000
	General administration	231	202
	Consultants	149	26
	Contractors	28	–
		408	228

Financial Statements—continued

6. Revenue from ordinary activities	2002	2001
Other Revenue from ordinary activities comprised:	\$'000	\$'000
Reimbursement of Trainee Costs	–	10
	–	10
7. Property, Plant and Equipment		Office equipment \$'000
Valuation at Historical Cost		
Balance at 30 June 2001		20
Additions		–
Disposals		–
Balance at 30 June 2002		20
Accumulated Depreciation		
Balance at 30 June 2001		(19)
Disposals		–
Depreciation expense		(1)
Balance at 30 June 2002		(20)
Net Book Value		
As at 30 June 2001		1
As at 30 June 2002		–
8. Payables	2002	2001
	\$'000	\$'000
(a) Current		
Employee on-costs	17	1
Accommodation and service costs	–	1
General Administration	12	–
	29	2
(b) Non-current		
Employee on-costs	1	–
	1	–
9. Retained Surplus	2002	2001
	\$'000	\$'000
Balance at the beginning of the financial year	113	242
Increase/(Decrease) in net assets resulting from ordinary activities	418	(129)
Balance at the end of the financial year	531	113

Financial Statements—continued

10.	Commitments For Expenditure and Contingent Liabilities	2002	2001
		\$'000	\$'000
	(a) Operating Leases		
	Commitments under non-cancellable operating leases as at the reporting date are payable as follows:		
	Not later than one year	37	17
	Later than one year and not later than five years	61	–
	Later than five years	–	–
		98	17
	These operating lease commitments are not recognised in the financial report as liabilities		
11	Reconciliation of Net Cash Provided by (Used in) Operating Activities to Net Cost of Services	2002	2001
		\$'000	\$'000
	Net cash provided by (used in) operating activities	311	(154)
	Cash Flows from Government	(1 016)	(425)
	Non cash items		
	Depreciation expense	(1)	(5)
	Change in operating assets and liabilities		
	Increase (decrease) in receivables	152	(2)
	(Increase) decrease in payables	(28)	27
	(Increase) decrease in provision for employee entitlements	(16)	5
	Net surplus (cost) of services	(598)	(554)
12.	Remuneration of Employees	2002	2001
		No. of employees	No. of employees
	The number of employees whose total employment costs was over \$100 000 fell within the following bands:		
	\$100 000–\$109 000	1	–
		1	–
	The total remuneration received by this employee was \$103 000.		
13.	Payments to Consultants	2002	2001
		No. of consultants	No. of consultants
	Payments to consultants fell within the following bands:		
	\$0–\$10 000	1	1
	\$10 001–\$50 000	1	2
	\$50 001–\$100 000	2	–
		4	3
	The total payments to the 4 (3) consultants engaged was \$149 000 (\$26 000).		

Financial Statements—continued

14. Appropriation

The significant increase in appropriation has resulted from the additional resources required to undertake the expanded activities of the Authority as a result of the changes from 1 October 2001.

Statement by responsible officers

In our opinion, the attached Financial Statements of the Independent Gambling Authority, being the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and notes thereto, are drawn up so as to give a reasonable and fair view of the results of the Authority for the financial year ended 30 June 2002, and state of affairs as at 30 June 2002. The Financial Statements have been prepared in accordance with Statements of Accounting Concepts, applicable Urgent Issues Group Consensus Views, applicable Accounting Standards and the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, as amended. Internal controls over financial reporting have been effective throughout the reporting period.

Juliet Brown
MEMBER

Roger Emery
DIRECTOR, FINANCIAL SERVICES

1 October 2002

Independent Audit Report

TO THE PRESIDING MEMBER, INDEPENDENT GAMBLING AUTHORITY

SCOPE

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Independent Gambling Authority for the financial year ended 30 June 2002. The financial report comprises:

- ◆ A Statement of Financial Performance;
- ◆ A Statement of Financial Position;
- ◆ A Statement of Cash Flows;
- ◆ Notes to and forming part of the Financial Statements;
- ◆ A Statement by Responsible Officers.

The Members of the Authority are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Presiding Member.

The audit has been conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards to provide reasonable assurance that the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, Accounting Standards, and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of the Independent Gambling Authority's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Independent Gambling Authority as at 30 June 2002, its financial performance and its cash flows for the year then ended.

8 October 2002

APPENDIX E

Estimate of the cost of voluntary barring

A person requesting to be barred attends the Office of the Authority for an interview. As a result of the interview, the person will be barred from a number of venues, which number will vary with the circumstances. Each interview is recorded as a “session” and a session gives rise to a number of “orders” with costs being related to both sessions and orders.

The estimation of costs relies on the following assumptions:

- ◆ that sessions (including interviews and post interview processes) require, on average, 60 minutes of the time of an ASO-7 officer;
- ◆ that document preparation as a result of a decision to make one or more orders in a session required 20 minutes of the time of an ASO-3 officer;
- ◆ that each order will be mailed separately to the venue to which it relates and that collation of each order will take an ASO-3 officer, on average, 20 seconds;
- ◆ that a loading of 20% of salary should be applied to cover on-costs of employment associated with the process and accordingly that the per minute costs of an ASO-7 are \$2.23 and the costs of an ASO-3 are \$1.35 (a loading which accounted for general overheads such as energy and rent, in addition to employment on-costs, would be in the range 80–100%).

In some cases, the cost to the Authority of the person conducting the interview has been greater than that of an ASO-7 officer. Also, in some cases, there has been a saving in postage and stationery by collating together orders from different sessions for the same venue. However, in the overall estimation, these factors are not considered to materially undermine the assumptions.

Costs varying with sessions (85)

Conduct and write up interview	\$11 373	
Prepare documentation	2 295	\$13 668

Costs varying with orders (4 710)

Collation	1 931	
Consumables	5 275	
Postage	4 616	11 822

Total 25 490

APPENDIX F

Report of the Liquor and Gambling Commissioner under the Casino Act

Section 53 of the Casino Act 1997 provides that “the Commissioner is responsible to the Authority to ensure that the operations of the casino are subject to constant scrutiny”.

Further, the Commissioner has the following powers and functions conferred either under the Act or the Approved Licensing Agreement:—

- ◆ approval of persons to work in sensitive positions or positions of responsibility;
- ◆ approval of gifts or gratuities;
- ◆ approval of systems and procedures for:
 - conducting authorised games;
 - surveillance and security;
 - internal management and control; and
 - handling and dealing with and accounting for money and gambling chips.
- ◆ approval of the installation and use of:
 - equipment for gambling;
 - equipment for surveillance or security
- ◆ review of the licensee’s order to bar a person from the casino;
- ◆ barring of person from the casino:
 - on application by the person;
 - on application by a dependent or other person who appears to have a legitimate interest in the welfare of the person;
 - on review of an order made by the licensee; or
 - on the Commissioner’s own initiative;
- ◆ determining breaches of Part 2 of the Approved Licensing Agreement;
- ◆ approval of the casino floor layout;
- ◆ approval of contracts;
- ◆ approval of gaming machine service agents;
- ◆ approval of rules;
- ◆ approval of training standards;
- ◆ approval of records.

Casino Act
Report of the Liquor and Gambling Commissioner—continued

2001/2002 YEAR IN REVIEW

The name of the casino was changed from Skycity Adelaide to Sky City Adelaide to bring it into line with the rest of the Sky City Entertainment Group.

Sky City Adelaide continued its refurbishment of the first floor gaming area. This included the opening of the West End Grandstand Sports Bar (sponsored by SA Brewing Company) and the closure of the Poker Room. The Two-Up ring has also been re-located to the first floor and now operates with a half ring layout, on a restricted opening basis, currently Friday and Saturday nights only.

Sky City Adelaide has continued to make a number of significant changes to improve operations and increase patronage. The Casino has continued to replace many of its older generation machines and to install new machines which offer a larger range of progressive jackpot features. These include products which have been widely available in interstate jurisdictions but are now offered for the first time in South Australia, including the Aristocrat Hyperlink progressive jackpot system known as Cash Express and the Aristocrat feature game Mr Cashman.

A total of 108 motor vehicle jackpots were won by patrons during the financial year with all but 2 taken as the cash prize alternative.

The general table gaming area on the first floor has been upgraded and is being promoted as the “Party Pit”. It operates on Friday and Saturday nights and offers learn to play simulated gambling and live low stake gaming. In addition, the “Party Pit” is available for pre booked “learn to play” functions for groups.

The casino operates with 67 table games and 833 gaming machines. In addition, tables are available for private gaming on an as required basis for the premium player market.

Sky City Adelaide has been the major sponsor of the Network Ten football show, “Simply Footy”. As part of the show, a weekly public interactive segment is filmed in the West End Grandstand Sports Bar.

As part of the push to make Sky City Adelaide an entertainment centre, functions have been held every weekend in the Marble Hall featuring well known bands and entertainers. In addition, a large video screen has been erected in the Marble Hall to allow Sky City to broadcast major sporting events including the heats and finals of the World Cup Soccer and AFL Football games. To ensure the safety of persons attending these functions the proposals are scrutinised by government casino inspectors in conjunction with the MFS and council officers.

In November 2001, Sky City Adelaide introduced its staff development program “CARE” (Controlling Alcohol Risks Effectively). All casino staff are required to undertake this training and all new employees are required to attend this training as part of their induction. Issues covered include, legislative requirements and penalties, patron age identification, the impact of alcohol consumption and signs of intoxication. The Casino has also introduced a “Traffic Light System” to assist staff in recognising

Casino Act
Report of the Liquor and Gambling Commissioner—continued

and communicating to management and other staff, the level of a customer's intoxication. To date, 94% of all Casino employees have undergone "CARE" training.

The Accounting and Internal Control Policies and Procedures Manual and the Security Operations Manual have been completely rewritten in consultation with the Inspectorate. The OLG is satisfied with Sky City Adelaide's security and surveillance systems and procedures.

During the financial year ending 30 June 2002 more than 2 176 000 people visited Sky City Adelaide. This is an increase of 151 000 people (7.5%) over the previous financial year.

The process of integrating the liquor, gaming and casino inspectorates has continued in conjunction with the development of a risk based audit approach to the scrutiny of the Casino.

AMENDMENTS TO THE CASINO ACT 1997

The *Statutes Amendment (Gambling Regulation) Act 2001* (other than sections 16 and 54) came into effect on 1 October 2001. There was a minor amendment to the definition of an "authorised game" and a new definition of a "gaming machine" which reflects the *Gaming Machines Act 1992*.

Section 2A(c) of the Act (the object) was amended by substituting "fairly and honestly" with "responsibly, fairly and honestly with due regard to minimising the harm caused by gambling".

Two significant responsible gaming provisions were introduced:

"Section 37A(1) In determining an application for authorisation of a game to be played in the casino, the Commissioner must have regard to any guidelines issued by the Authority to the Commissioner for the purpose of assessing whether a game is likely to lead to an exacerbation of problem gambling" and

"section 37A(2) If the Commissioner is of the opinion that the game the subject of the application is likely to lead to an exacerbation of problem gambling, the Commissioner must refuse to authorise the game."

As at 30 June 2002, I have not refused to authorise a game under section 37A(2).

Section 27B of the Act now provides that the minimum return to player on gaming machines installed after 10 October 2001 must be not less than 87.5%.

To begin with, this new requirement proved problematic as almost all games and machines operated by the casino are initially designed for the NSW market where the minimum return is 85%.

During a period of transition, I approved the installation of a small number of games which contained a variation below the new mark of 87.5% on condition that the non-

Casino Act

Report of the Liquor and Gambling Commissioner—continued

compliant variations were not configured for operation. I also required that such games be replaced within an acceptable timeframe. Those games have since been replaced with other approved games without a variation providing a return to player rate of less than 87.5%.

The increase in minimum RTP also requires that machines connected to progressive jackpot systems return above 87.5% without considering any prizes paid by the jackpot system. In one case, game and jackpot controller software was modified prior to approval to ensure the gaming machine return was above 87.5%, therefore complying with section 37B of the Act.

CODES OF PRACTICE

On 3 May 2002 the Independent Gambling Authority approved the Adelaide Casino Advertising Code of Practice and the Adelaide Casino Responsible Gambling Code of Practice for the purposes of Section 41A and 41B of the *Casino Act 1997*. Inspectors are monitoring compliance with the codes.

BREACHES OF THE APPROVED LICENSING AGREEMENT

Clause 5 of the Approved Licensing Agreement gives the Commissioner certain powers if he determines that there has been a breach of Part 2 of the Agreement, that part dealing with the operating licence conditions.

No disciplinary action was taken against Sky City during 2001/2002.

FINANCIAL

The rate of casino duty from 1 July 2001 has not changed from the previous financial year. The rate (which excludes GST) is 0.91% of net gambling revenue for table games and 34.41% of net gambling revenue for gaming machines.

For the financial year 2001/2002 Sky City Adelaide paid \$A15.97m⁽¹⁾ casino duty based on \$A91.5m⁽²⁾ net gaming revenue.

⁽¹⁾ Comprising \$A0.43m from table games and \$A15.54m from gaming machines.

⁽²⁾ Comprising \$A46.37m from table games and \$A45.13m from gaming machines.

During 2001/2002 the casino reported a total of 1122 reportable transactions to AUSTRAC of which 23 were deemed to be classified as suspect transactions. AUSTRAC officials have advised that Sky City Adelaide is complying with requirements in this area.

UNCLAIMED PRIZES

Sky City paid \$15 420.39 in unclaimed prizes to the Office of the Liquor and Gambling Commissioner during 2001/02.

PERSONS APPROVED IN SENSITIVE POSITIONS

A total of 278 persons were approved as suitable persons to work in sensitive positions under section 30 of the *Casino Act 1997*. The Commissioner of Police objected to 2 applicants. One application was rejected and one is still pending.

The Commissioner of Police also advised of the criminal history of an approved casino employee. I wrote to the employee advising of my intention to revoke his approval to work in a sensitive position at Sky City Adelaide Casino under section 33 of the *Casino Act 1997* and giving him 14 days to make submissions. The employee chose not to contest the revocation and under section 33(1) of the *Casino Act 1997*. I revoked his approval as a suitable person to work in a sensitive position at Sky City Adelaide Casino.

MACHINE MONITORING SYSTEM

In January 2001, Sky City Adelaide informed me of its intention to replace the existing 'Rainbow Club' loyalty system with the new Aristocrat SGM system.

The SGM system provides the Casino with table game, chip and cash management functions and table game player tracking functionality (player rating etc).

The SGM system proposed was identical to that approved for operation in Sky City Auckland and therefore I accepted the NZ testing and evaluation results. KPMG also provided an independent review of the system for Sky City Auckland. I gave an interim approval in April 2001 pending a full evaluation.

On my application, the Gaming Supervisory Authority notified Sky City Adelaide in May 2001 that the SGM system requires the approval of the Commissioner under Section 40(1)(c) of the Casino Act which states:

It is a condition of the casino licence that the licensee must not permit the installation or use of—

...

- (c) equipment of any other kind or for any other purpose notified by the Authority to the licensee, unless it has been approved by the Commissioner.

Baseline documentation of the approved system is being undertaken by this office and staff at the Casino. Final approval is still pending.

Casino Act
Report of the Liquor and Gambling Commissioner—continued

COMMISSIONER’S DETERMINATIONS UNDER CASINO ACT 1997

No determinations were issued under the *Casino Act 1997* during the 2001/2002 financial year.

CASINO BARRED PATRONS

Section 44 of the *Casino Act 1997* provides that the licensee may bar a person from the casino on the grounds that:

- ◆ the person is placing his or her own welfare, or the welfare of dependants, at risk through gambling;
- ◆ the person has damaged or misused equipment in the casino used for gambling;
- ◆ the person has committed, or is committing or is about to commit an offence.

Between 1 July 2001 and 30 June 2002 I reviewed 89 section 44 barring notices issued by the Casino. Of these I extended 59 under section 45, upheld 13 and 17 are still to be determined.

Two persons appealed against their barring orders to the Independent Gambling Authority under section 65 of the *Casino Act 1997*. One appeal was refused and one was found to be warranted but the barring period was reduced.

Section 45 Barred By Reason		Length of Barring—imposed by Commissioner	
Assault	17	over 10 years	9 ⁽¹⁾
Cheating	1	5–10 years	8
Intoxication	2	3–5 years	9
Disorderly	8	2–3 years	14
Larceny	30	1–2 years	19
Miscellaneous	1	12 months or less	0

⁽¹⁾ 3 of these barrings were made under section 45(4) in the person’s self interest on the grounds that they were placing their own or dependants’ welfare at risk through gambling.

During the investigation into a number of these incidents I formed the opinion that underlying reasons behind the actions were indicative of problems with gambling and this was taken into account when making determinations.

I am still concerned that a significant number of larceny offences were “larceny by finding”. I will continue to pursue this.

The total number of persons barred from entering Sky City Adelaide as at 30 June 2002 is 512 of which 297 are self barred.

Security refused entry to 12 barred and 8 self barred persons and ejected 97 barred and 15 self barred persons during the financial year. I am pleased with Sky City's security and surveillance activity in this area.

MINORS ON CASINO PREMISES

There were no reported instances of minors being detected on casino premises. The Security department refused entry to 3954 juveniles and suspected persons who were unable to provide suitable proof of being over 18 years of age. Again I am pleased with Sky City's commitment and procedures.

COMPLAINT—INTOXICATED PERSON

A patron complained regarding the lack of timely action by casino staff to stop an inebriated patron from gambling. An investigation into the incident revealed that the patron was removed from the Blackjack table by Security staff within eight minutes of his arrival. I was satisfied with the time taken to deal with the issue.

The investigation did however raise a concern relating to Inspectorate staff not being notified of the incident in sufficient time to allow a full investigation to be carried out. This has now been addressed.

GAMING DISPUTES AND COMPLAINTS

Eighteen patron complaints against Sky City Adelaide were lodged with the inspectorate during 2001/2002. Sixteen of these were gaming related, one involved a claim that the casino was keeping a dossier on him and one person complained that he was not allowed entry to the Grange Room, which is a members and invited guests area. Of the sixteen gaming disputes eight were related to Blackjack. In my opinion this is because it is the most popular game played and is not a reflection on staff or game rules. Following investigation I determined that on two occasions the Casino had underpaid the complainants and on one occasion it had incorrectly recognised a patron as a card counter. On each occasion the situation was remedied by the casino.

GAMES APPROVED

62 new gaming machine games were approved for use in the casino. Testing and evaluation of all gaming machines was conducted for me by qualified test laboratories before approval was granted.

Submissions were received for three new table games. Sky Dice which is an updated version of a game previously approved as Mini Dice was reintroduced on the gaming floor. Submissions for Pontoon and Pai Gow are currently under consideration

Casino Act
Report of the Liquor and Gambling Commissioner—continued

AMENDMENTS TO THE CASINO GAME RULES

Under clause 8.1 (d) of the Approved Licensing Agreement, I approved amendments to the rules of the following authorised games during the 2001/2002 financial year:

- ◆ ***Baccarat***
 - Amended to allow for the play of dummy coups.
 - Insertion of procedures placing responsibility on the player for the correct placement of wagers
- ◆ ***Blackjack***
 - Amended to require that the cutting card is placed approximately one deck in rather than two decks
 - Amended definition of Recognized Players
 - Insertion of procedures placing responsibility on the player for the correct placement of wagers
 - Amended rules to allow for players to make partial double up wagers
 - Amend Rule 10 to remove ambiguity
- ◆ ***Big Wheel***
 - Insertion of new one person operation layout for use in Pit 5
 - Insertion of procedures placing responsibility on the player for the correct placement of wagers
- ◆ ***Craps***
 - Insertion of new table diagram to reflect tub style table used in Pit 6
 - Amended to reflect the wagers Big 6 and Big 8 where available (i.e. not available on Pit 6 table)
 - Insertion of procedures placing responsibility on the player for the correct placement of wagers
- ◆ ***Caribbean Stud***
 - Insertion of procedures placing responsibility on the player for the correct placement of wagers
 - Delete requirement for a count down of the deck after a minor progressive jackpot.
- ◆ ***Sky Dice***
 - Mini Dice renamed Sky Dice
 - Amend rules to reflect that dice must tumble a minimum of three times to be valid
- ◆ ***Two-Up***
 - Amended to reflect new ring format

Casino Act
Report of the Liquor and Gambling Commissioner—continued

- Amended to reflect the basis for a valid spin and new diagram due to relocation to 1st floor
- Amendment to the validity of spins
- Insertion of procedures placing responsibility on the player for the correct placement of wagers

**AMENDMENTS TO THE ACCOUNTING AND INTERNAL CONTROL,
POLICIES AND PROCEDURES MANUAL**

Under section 38 (1) of Casino Act 1997, I approved amendments to the Accounting and Internal Control, Policies and Procedures Manual during the 2001/2002 financial year:

Chapter 5, Subject 3 Other Records & Procedures—*Insert provisions to allow for the acceptance of Tips and Gratuities by Food & Beverage, Environmental Services, Valet and Casino Pianists.*

Chapter 1, Subject 1 Internal Control Guidelines—*Accounting Manual Re-Write*

Chapter 1, Subject 2 Glossary Of Terms—*Accounting Manual Re-Write*

Chapter 1, Subject 3 Chart & Personnel—*Accounting Manual Re-Write*

Chapter 1, Subject 4 Authorities & Approval Limits—*Accounting Manual Re-Write*

Chapter 2, Subject 2 Keno Operations—*Accounting Manual Re-Write*

Chapter 2, Subject 1 Pit Operations—*Accounting Manual Re-Write*

Chapter 3, Subject 1 Purchasing Procedures—*Accounting Manual Re-Write*

Chapter 3, Subject 4 Variance Investigations—*Accounting Manual Re-Write*

Chapter 3, Subject 5 Net Gambling Revenue & Government Receipts—*Accounting Manual Re-Write*

Chapter 3, Subject 6 Other Records & Procedures—*Accounting Manual Re-Write*

Chapter 3, Subject 3 Information Services—*Accounting Manual Re-Write*

Chapter 2, Subject 3 Cash Handling—*Accounting Manual Re-Write*

Chapter 3, Subject 2 Income Control—*Accounting Manual Re-Write*

Chapter 2, Subject 5 Soft Count/Drop Box—*(Revised as Chapter 2, Subject 3 Cash Handling) Insertion of Soft Count Anti Static Mats procedures*

Chapter 2, Subject 3 Cash Handling—*Insertion of procedures to allow for the transfer of coins to ACMs by Hard Count Staff*

Chapter 2, Subject 3 Cash Handling—*Insertion of procedures to allow Coin Booth cash floats to be locked “in situ”*

Chapter 2, Subject 1 Pit Operations—*Amendment to allow for the use of a \$5 Blackjack Matchplay voucher*

Chapter 2, Subject 4 Gaming Machine—*Operations Accounting Manual Re-Write*

Chapter 2, Subject 1 Pit Operations—*Insertion of procedures to allow for the issue and collection of “Pre Sorted” and “Pre-Shuffled” playing cards*

Chapter 2, Subject 3 Cash Handling—*Amendment to allow the Cash Handling Manager to allocate individual Cashier transaction limits*

Chapter 2, Subject 3 Cash Handling—*Insertion of procedures to allow pre-counted and bundled cash for use in affecting large cash payments*

Chapter 2, Subject 3 Cash Handling *Insertion of procedures to meet requirements of the Act in seeking approval of the IGA to write off debts*

Casino Act
Report of the Liquor and Gambling Commissioner—continued

APPRECIATION

The level of cooperation from the management team at Sky City Adelaide has been of enormous benefit and is appreciated.

W A PRYOR
Liquor and Gambling Commissioner

30 September 2002

APPENDIX G

Report of the Liquor and Gambling Commissioner under the Authorised Betting Operations Act

Under Section 63 of the Act the Commissioner is responsible to the Authority to ensure that the operations of each licensed business are subject to constant scrutiny.

The regulation of wagering is covered, not only in the legislation, but also in Regulations, the Approved Licensing Agreement, the TAB Duty Agreement and the Bookmakers Licensing Rules 2000.

LICENSED WAGERING INDUSTRY PARTICIPANTS

SA TAB

The SA TAB conducts off-course totalisator betting on races, both local and interstate, and on approved contingencies. It also provides a fixed-odds betting service on approved contingencies other than betting on races within Australia on which licensed bookmakers are authorised to conduct betting.

The SA TAB accepts bets through 368 retail outlets, comprising 52 agencies, 18 branches, 19 ClubTABs and 279 PubTABs. Patrons can also bet with the SA TAB via the telephone and Internet. Investments placed on the SA TAB are pooled with investments placed on the Northern Territory and Queensland TABs. As a result of these pooled investments a common dividend is declared in all jurisdictions.

The SA TAB also conducts, under agreement with licensed racing clubs, the on-course totalisator at race meetings.

RACING CLUBS

On-course totalisator betting licences are granted to racing clubs and controlling authorities, authorising those bodies to conduct totalisator betting on races held by those bodies and on other races that are approved contingencies. The South Australian Jockey Club is also authorised to conduct on-course totalisator betting when no race meeting is in progress. This venue is commonly known as the Morphettville Auditorium.

BOOKMAKERS

As at 30 June 2002, there were 37 bookmakers licensed to accept bets on races and approved contingencies (including sporting events) in South Australia. It is a condition of each of these licences that no bookmaker can accept bets without being issued with a permit to do so by the Commissioner.

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CLERKS

As at 30 June 2002, there were 302 persons licensed to act as clerks to licensed bookmakers.

ADMINISTRATION OF THE ACT

SA TAB AND LICENSED RACING CLUBS

The Commissioner is responsible for various functions including:

- ◆ Approval of rules, systems, procedures and equipment relating to the betting operations of the TAB and licensed racing clubs;
- ◆ Approval of systems and procedures designed to prevent bets being made by minors at TAB outlets and at race meetings held by licensed racing clubs;
- ◆ Player return information provided on totalisator betting tickets issued by the SA TAB and licensed racing clubs; and
- ◆ Systems and procedures for dispute resolution relating to bets accepted by the SA TAB and licensed racing clubs.

In accordance with Section 41(1)(a) of the Act it is a condition of the major betting operations licence and on-course totalisator betting licence that rules governing the betting operations conducted under the licences must be approved by the Commissioner.

Betting rules were approved for Thoroughbred Racing SA, Harness Racing SA, and Greyhound Racing SA on 26 November 2001. Betting rules for the SA TAB were approved on 30 November 2001. These rules were gazetted on 13 December 2001.

In addition, section 41(1)(b) of the Act provides that it is a condition of the major betting operations licence and on-course totalisator betting licence that systems and procedures for monitoring and enforcing compliance with betting rules and for reporting and dealing with any non-compliance, must be approved by the Commissioner.

The SA TAB compliance plan was approved on 30 November 2001. The compliance plan for Thoroughbred Racing SA, Harness Racing SA and Greyhound Racing SA was approved on 12 December 2001.

As a result of the privatisation of the SA TAB, new betting rules were required for the SA TAB and licensed racing clubs. South Australia, Queensland and the Northern Territory have adopted one set of principal rules, plus an addendum for South Australia and the Northern Territory, which provides for both additional rules to meet State/Territory legislative requirements and deletions to the principal betting rules where necessary.

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These rules were approved on 8 January 2002 and gazetted on 10 January 2002. A new compliance plan for the privatised SA TAB was approved on 8 January 2002.

Systems and procedures for the resolution of disputes about bets are included in the approved compliance plans of the SA TAB and licensed racing clubs.

A regulation was made pursuant to section 91 of the Act to allow the Commissioner to recoup expenses from the SA TAB, relating to both the initial and on-going evaluation of the Queensland TAB's computerised wagering system.

On 11 January 2002, the Commissioner approved three wagering terminals (DM5, DM8 and DMF) forming the wagering interface.

The approval was subject to this equipment being evaluated either separately or as part of a broader evaluation of the wagering system within twelve months of the approval.

Discussions are continuing with the Department of Treasury and Finance concerning the information to be provided on totalisator betting tickets, relating to player return information.

During the year, negotiations commenced with SA TAB in relation to the approval of appropriate systems and procedures designed to prevent access to betting facilities to a person who is a minor, intoxicated or otherwise incapable of exercising adequate control.

An investigation was commenced into whether the SA TAB knowingly accepted bets from a minor. As at 30 June 2002 the matter was still under investigation.

No breaches of the Act, Approved Licensing Agreement or licence conditions were detected.

The Commissioner's Office collected and verified the duty payable to the State by the TAB and licensed racing clubs in relation to on and off course betting operations.

BOOKMAKERS

The Commissioner is responsible for various functions including:

- ◆ The issue of permits to bookmakers to accept bets on racecourses, in the betting auditorium, in betting shops and at Approved Events (in accordance with Ministerial Directions);
- ◆ Approval of systems and procedures designed to prevent bets being made by minors in the course of bookmakers' betting operations; and
- ◆ Monitoring of bookmaker compliance with the Act and the Bookmakers Licensing Rules 2000.

On 13 December 2001, two Ministerial Directions were received, issued under section 55(4) of the Act.

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The first directed that the Commissioner was not to grant to any bookmaker a permit under section 55(1) of the Act that would authorise a bookmaker to conduct Direct Walk In Trade and the second directed that the Commissioner include conditions in each permit issued to a bookmaker prohibiting the acceptance of any bet that would constitute Indirect Walk In Trade.

During the year, and in accordance with Ministerial Directions, 1948 permits were issued for bookmakers to accept bets on racecourses, 526 permits for bookmakers to accept bets in a Betting Auditorium, 164 permits to accept bets in a licensed betting shop in Port Pirie and 71 permits to accept bets at Approved Events.

In accordance with a permit granted prior to the repeal of the Racing Act 1976, one bookmaker was permitted to accept telephone bets on sporting events from an office at Morphettville (not considered to be part of the racecourse) on a 24 hour basis.

Under section 56 of the Authorised Betting Operations Act, the permits issued to 14 bookmakers authorised them to accept bets by telephone. All telephone bets placed with bookmakers on racecourses, in the Betting Auditorium and at approved events were recorded on the Commissioner's voice recording system in accordance with the Bookmakers Licensing Rules 2000.

When the Authorised Betting Operations Act came into operation on 14 December 2001, the Commissioner approved systems and procedures presented by all licensed bookmakers in relation to the prevention of betting with children.

In the year under review, three instances of bookmaker non compliance with the provisions of the Act or permit conditions were investigated.

The result of one of these investigations, in which a bookmaker had breached Section 54 of the Act in that he accepted bets at a racecourse without being authorised by permit to do so, was reported to the Independent Gambling Authority.

In the other instances, the bookmakers concerned gave formal assurances in relation to compliance with the Act and permit conditions.

In accordance with Rule 35(2) of the Bookmakers Licensing Rules, one member of the public submitted a betting dispute with a bookmaker to the Commissioner for decision. Following a hearing, the matter was determined.

Pursuant to Rule 9 of the Bookmakers Licensing Rules, one bookmaker was required to lodge monthly details of his bank account balances and monies owing to and from bettors. This information was in addition to the details he was required to provide in relation to his financial exposure pursuant to a condition placed on his licence.

On 1 December 2001, the *Racing Act 1976* was amended to abolish the requirement for bookmakers to pay a state duty on turnover. The Commissioner is no longer required to collect the duty and distribute it in accordance with the Act to the racing clubs and the Department of Treasury and Finance. The three controlling bodies commenced negotiations with the SA Bookmakers' League on a formal agreement for the bookmakers to pay a turnover levy of 0.9% to racing clubs. Since 1 December

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2001, this Office has, at the request of the industry and the SA Bookmakers' League, collected that levy and passed it on to the League for distribution to the clubs concerned. This enabled this Office to maintain the integrity of its statistical database of bookmaker betting operations.

W A PRYOR
Liquor and Gambling Commissioner

30 September 2002



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