



# **Independent Gambling Authority**

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**Annual Report 2010–11**

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Independent Gambling Authority  
Level 4  
45 Grenfell Street Adelaide  
Post Office Box 67  
Rundle Mall South Australia 5000  
+ 61 8 8226 7233 (voice)  
+ 61 8 8226 7247 (facsimile)  
[www.iga.sa.gov.au](http://www.iga.sa.gov.au)  
[iga@iga.sa.gov.au](mailto:iga@iga.sa.gov.au)

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## 1. INTRODUCTION

This document reports on the activities of the Independent Gambling Authority for the reporting period 1 July 2010 to 30 June 2011.

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 Recreation, Sport and Racing, at the direction of the Authority.

**Alan Moss**

PRESIDING MEMBER

30 September 2011

## 2. PRESIDING MEMBER'S REPORT

The “No. 1” issue in gambling policy for governments, industry, the Concern Sector and the media during the reporting period has continued to be pre-commitment.

It is now Federal Government policy to achieve, by 2014, arrangements under which gaming machine players are able to set limits on their play. This is called the “Wilkie Proposal” because adoption of the policy was part of an agreement between the Prime Minister and the House of Representatives Member for Denison, Mr Andrew Wilkie, to implement, among others, the pre-commitment recommendations made by the Productivity Commission in its 2010 report *Gambling*.

Pre-commitment is not a new idea, or even a particularly revolutionary one. It has featured in regulatory and policy discussions over the last 15 years. It was recommended by this Authority in the report of its 2005 inquiry into Smartcard Technology. It was unequivocally recommended by the Productivity Commission in 2010.

What is new is that a government has now made a commitment to mandate its availability. The agreement between the Prime Minister and the Member for Denison has changed the rules of the debate—in football parlance to which I shall return, has moved the goal posts.

The policy process outlined by the Federal Government has involved work on a number of levels.

- ◆ FAHCSIA, the federal Department of Families, Housing, Community Services and Indigenous Affairs continues to support the COAG Select Council on Gambling Reform and the Ministerial Expert Group on Gambling.

- ◆ The Federal Parliament has established a Joint Select Committee on Gambling Reform (chaired by Mr Wilkie).

As noted in the body of this report, the Authority's Director and I appeared before the Joint Select Committee on 1 February 2011, and explained the Authority's support for a mandatory player tracking system with voluntary setting of limits as a feature.

We also had the opportunity of hearing from Mr Wilkie at the annual regulators' conference in Hobart at the end of March 2011.

The Authority has followed the pre-commitment debate with close interest. It has noted the claims of some in the industry about cost (which mirror submissions the Authority found unpersuasive in 2005) and a sensational advertising campaign which asserted that it was un-Australian to require a "licence to punt".

We have also heard from big football and big rugby that the Wilkie Proposal threatens the future of their codes—leaving aside the serious challenges involved, it is unimaginable that these iconic Australian activities could be seriously imperilled by losing the money which would otherwise be spent by problem gamblers.

It is a measure of the industry's anxiety about the Wilkie Proposal that the truth has been an early casualty of what are clearly hostilities on this issue.

The truth is that implementation of pre-commitment presents a number of significant risks for all involved:

- ◆ industry faces the execution risk that customers will be lost in the process of implementation and, worse, the risk that existing customers will spend less because they are able to control their gambling;
- ◆ Governments face revenue risks (because the amount of gaming tax collected varies with the level of gambling losses) and stakeholder engagement risks;
- ◆ the Concern Sector and gamblers also face execution risk in that pre-commitment will only work to reduce harm if players set meaningful limits.

If the Wilkie Proposal is implemented, there will be a lot of hard work required to manage and control these risks.

Technical implementation will present a significant challenge, and that will only be possible after there is agreement on system design and specification. While technical implementation is critical, that is a matter largely for manufacturers and regulators whose track record is good in these areas.

What will be key for casino, hotel and club licensees is a concerted and focused program to enrol regular customers into a pre-commitment system or to inform them about their low-intensity gaming options, and to develop the staff and management competencies to deliver on these. What will be key for regulators and governments will be to create the optimal environment for this work to be done.

The Governments of the States and Territories under whose laws gaming machines are made legal do not yet support the Wilkie Proposal. This is the position of South Australia's government, to which the Authority reports.

However, the governments do support a voluntary player tracking model under which a less extensive form of pre-commitment would be available. The touchstone difference is that the voluntary tracking model cannot support “denial of service” when a limit is reached.

The public debate on pre-commitment still has a way to go. The Authority will continue to support the Wilkie Proposal in the public debate and to encourage others to do so also. The end outcome will be determined by Australia’s law-makers. Regardless of the outcome, the Authority is satisfied that those deciding that outcome will have been fully informed about the issues, the risks and the possibilities and will be fully able to account for their decision.

The unique structure of South Australia’s regulatory arrangements is an evolutionary outcome of a decision legislated in 1983 to base the regulation of the, then prospective, single casino on the liquor licensing regime which was also to apply to that site. At the time, this was to be the only licensed and regulated gambling, as commercial wagering and lotteries products were provided by state agencies.

That initial decision was to have the liquor administration perform the operational enforcement and compliance work for gaming, under the supervision of an independent three person board.

There was an expansion of these responsibilities, for both liquor and gaming, when Parliament legislated in 1992 to allow gaming machines to be licensed in hotels and clubs. This was followed with structural reform legislated in 1995 to increase the size of the independent board to five.

Wagering was introduced to the scheme in 2000, when the body responsible for bookmaker licensing was disbanded and its functions transferred to the independent board and the liquor and gaming administration. This was followed by multiple legislated changes in 2001:

- ◆ the independent board was given significant harm minimisation and research functions (including rule making powers) and two members were added to give it a wider range of expertise;
- ◆ licensing responsibility for racing clubs and SA TAB was added when the State sold its wagering business.

The Productivity Commission made a general recommendation that each jurisdiction should have a regulator which acted independently of the Government of the day. It also made special mention of the arrangements in South Australia, noting the split in functions between the role of the Authority and the enforcement and compliance activities undertaken by departmental staff.

The Authority has long been of the view that a vertically integrated administration, under which the gambling enforcement and compliance administration reported directly to it, would produce more effective regulation. It has said so to the Government, noting its general acceptance of the Productivity Commission’s recommendations.

In this report last year, I mentioned the Attorney-General’s Department budget measure under which it was proposed that the Office of Consumer and Business Affairs would merge with the Office of the Liquor and Gambling Commissioner. That initiative proceeded throughout 2010–11 and is now all but completed in a physical sense.

Liquor and Gambling Commissioner Paul White has been appointed as the deputy chief executive of the Attorney-General’s Department responsible for Consumer and Business Services (and now concurrently holds the additional offices of Commissioner for Consumer Affairs and Commissioner for Corporate Affairs, among others).

The Authority understands that the structure of the organisation is being reformed along functional lines—such as “assessment” and “compliance”—where officers in one of those areas will handle a mix of liquor, gaming and wagering, consumer affairs and corporate affairs functions.

This sort of organisational reform brings risk for the Authority, with its focus restricted to gambling—and that is a risk which the Authority will seek to actively manage. One positive which has already been identified is that the merged organisation will have a significantly stronger investigative capacity than the former Commissioner’s Office, and this capacity can feed into better enforcement of the codes of practice.

As noted in the body of this report, the 2010 amendments to gambling legislation reorganised the licensing arrangements for new gaming machine venues and the provisions which will apply to significant expansion of existing venues.

While the \$50 000 fixed price of gaming machine entitlements has suppressed market development (and therefore licensing activity), the 2010 amendments also replace this fixed price with a market price. A significant increase in activity is therefore possible and this legislative reorganisation lays the ground for a rational approach to this.

Part of the legislative reorganisation required the Authority to develop and prescribe a social effect inquiry process and social effect principles. The Authority undertook public consultation for this purpose, holding a one day hearing on 22 February 2011. This was well attended and gave the Authority a useful baseline for the development of the process and principles.

The Authority is satisfied that the joint operation of the process and principles means—

- ◆ applicants will know for certain what they need to do to obtain a licence;
- ◆ the community will be fully aware of what is proposed; and
- ◆ the licensing authority will have the means to ensure that premises which are licensed will meet community expectations.

Last year, I thanked a number of members whose terms ended between the end of the reporting period and the reporting date—Mr John Hill, Ms Margaret Kelly (Deputy

Presiding Member), Ms Robyn Buckler and Mr Dale West. I also welcomed the new members who had joined the board prior to the reporting date—Ms Penny Kaempf (Deputy Presiding Member) and Ms Amanda Blair.

The third vacancy on the Authority was filled by the appointment, on 23 September 2010, of Mr Adrian Tisato for a three year term commencing on 1 October 2010. Adrian is a partner in a city law firm, where his practice includes commercial litigation and liquor licensing. Adrian has brought hotel and general entertainment industry experience to the board table.

The fourth vacancy on the Authority was filled by the appointment, on 9 December 2011, of Mr Jim Wright. Jim had, at the time of his appointment, recently retired as Under Treasurer—the head of Treasury and Finance—and brought with him key expertise in economics and business as well as a strong preference for evidence-based, rational decision making.

The then Minister, in 2010 (Hon. Tom Koutsantonis MP), had indicated that the time had come for the Authority to be “refreshed”, noting that the retiring members’ terms ranged from 6 through to 9 years. This has indeed given the Authority fresh perspectives on the important decisions it must make—particularly as those have concerned social effect, casino discipline and, shortly after the reporting date, a major review of the codes of practice.

The Authority is now working through a process of consolidation and redeveloping the way it works to make best use of the mix of skills and interests of the fresh board.

As I do each year, on behalf of the board, I wish to recognise the work of our Director, Robert Chappell, and his small staff in the Authority’s Office in supporting the Authority’s decision making. Readers should also be aware of the important role performed by Paul White as Liquor and Gambling Commissioner and of the support the Authority has continued to receive from the Government and, in particular, from those who have served as Minister for Gambling during the reporting period.

**Alan Moss**

PRESIDING MEMBER

30 September 2011

**3. THE AUTHORITY’S ROLE**

**3.1 Legislation**

The Authority is constituted as an incorporated instrumentality of the Crown under the *Independent Gambling 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 the “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 *Problem Gambling Family Protection Orders Act 2004*, the *Racing (Proprietary Business Licensing) Act 2000* and the *State Lotteries Act 1966*.

As at the reporting date, the Minister for Gambling was the minister administering the IGA Act and the prescribed Acts, with the exception of the Racing (Proprietary Business Licensing) Act (which is committed to the Minister for Recreation, Sport and Racing) and the State Lotteries Act (which is committed to the Minister for Government Enterprises).

### 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, appeals and reviews, at which evidence may be compelled under oath (sections 13 and 14).

In performing any of its functions or exercising any of its powers, the Authority is required by section 11(2a) of the IGA Act to 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 an economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gaming machine industry) in this State.

The Authority's statutory *functions* may conveniently be divided into two—

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

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

Integrity regulation is about ensuring that licensees comply with all of their regulatory obligations—obligations which range from suitability of participants, to integrity and fairness of the products, to the responsiveness and sensitivity of gambling environments. While these measures, by definition, apply and are enforced specifically, they should influence the delivery of gambling products generally. Integrity regulation relates to licensed commercial gambling businesses (but not the State-owned Lotteries Commission). It is dealt with in detail in section 5 of this report.

### 3.3 Relationship with other agencies and entities

#### 3.3.1 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 powers to require reports from the Commissioner and to give the Commissioner directions concerning the discharge of non-discretionary regulatory functions. The principle applies in the context of the Commissioner having extensive powers of inspection under the relevant prescribed Acts; having, with respect to licensees under the Gaming Machines Act, disciplinary powers; and having, under the licensing agreements approved in respect of the casino licence and the major betting operations licence, some preliminary disciplinary functions.

A formal reporting relationship has been established under which the Commissioner provides the Authority with detailed periodic reports of his regulatory activities in an agreed format.

In the reporting period, this involved the Commissioner furnishing quarterly reports of the detail of inspection, compliance and licensing activities, supplemented by periodic update reports aligned to the Authority's board meeting schedule.

During the reporting period, the Authority also received reports on the same quarterly basis from the approved intervention agencies, along with aggregated data from the major licensees.

The Commissioner also provides an annual report to the Authority. The report is contained in **Appendix B**.

Following on from the continuous improvement process implemented under the new Commissioner was the further restructuring as a result of a budget measure. This saw the announcement of a merger between the Office of the Liquor and Gambling Commissioner and Office for Consumer and Business Affairs. This will create a more complex relationship between the Authority and the Consumer and Business Services unit (formally the Office for the Liquor and Gambling Commissioner).

### *3.3.2 Local stakeholder relations*

The Authority has identified the following local stakeholders with whom it maintains a dialogue:

- ◆ industry—the AHA|SA, Clubs SA and the approved intervention agencies for hotels and clubs—Gaming Care and Club Safe; the management of Skycity Adelaide, SA TAB Pty Ltd and the Lotteries Commission; the controlling authorities for thoroughbred, harness and greyhound racing; and the South Australian Bookmakers' League;
- ◆ Concern Sector (non-government)—the Heads of Christian Churches Gambling Taskforce and the charitable and other agencies providing gambler rehabilitation services;
- ◆ the Office for Problem Gambling in the Department for Families and Communities; and
- ◆ government and non-government organisations whose functions are regulatory or quasi-regulatory or involve policy—SA Police, Independent Gaming Corporation Limited (the gaming machine monitor licensee), the Office for Racing and the Responsible Gambling Working Party.

### *3.3.3 National liaison*

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

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

The Director is a member of the forum of the chief executives of Australasian casino and gaming regulators. This CEOs' forum holds two meetings each year and has appointed working parties dealing with responsible gambling, wagering regulation,

lottery regulation, inter-jurisdictional suitability investigations and gaming machine standards. Staff of the Authority participate in relevant CEOs' working parties.

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

The conference is hosted in rotation among jurisdictions on a calendar year basis and the 2011 conference was held in Hobart on 30 March to 1 April 2011. The principal guest speaker at the Hobart conference was Mr Andrew Wilkie MP, member for Denison, who addressed us on pre-commitment.

The board and commission members have two meetings a year: a meeting programmed into the annual conference and a mid-year meeting held on a stand alone basis. The Authority hosted a mid-year meeting, in Adelaide, on 29 November 2010.

The National Association for Gambling Studies (NAGS) conference was held on the Gold Coast at Jupiters Casino on November 2010. Prominent discussion topics included the nature of online gambling, indigenous gambling, self exclusion from gambling venues, and the pre-commitment trials conducted in South Australia under the auspices of the Responsible Gambling Working Party.

#### **3.3.4 International liaison**

While there are significant economic, structural and cultural differences in the way gambling products are handled in different jurisdictions, the products themselves are very similar and there are many common issues. Continuing issues at the international level include—

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

The Authority has also continued its contact with overseas gaming jurisdictions, principally through its participation in the annual gaming law conference of the International Association of Gaming Regulators and the International Association of Gaming Advisers from 9–13 October 2010 held in Washington DC.

### **3.4 Organisation and administration**

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

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

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

## 4. RESPONSIBLE GAMBLING

### 4.1 Overview

#### 4.1.1 *Highlights for 2010–11*

Highlights for the reporting period in relation to responsible gambling activity are listed below.

- ◆ Implementation processes were completed for the 2010 amendments to gaming machine laws.
- ◆ Pre-commitment was mandated for all account betting with wagering operators by code of practice changes which became operative on 1 September 2010.
- ◆ Four research reports were published.
- ◆ The Authority advocated mandatory pre-commitment to the Joint Select Committee on Gambling Reform.
- ◆ The Authority received an independent report on Skycity's host responsibility program and its relationship to responsible gambling compliance.

#### 4.1.2 *Funding for responsible gambling and harm minimisation*

While the Authority has an overarching role to develop a strategy for harm minimisation and responsible gambling, several government and non-government organisations are involved in meeting these outcomes. The Authority's responsible gambling initiatives are funded from its annual budget allocation.

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

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

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

The Authority is the lead State agency responsible for commissioning research into responsible gambling and harm minimisation, with a regular budget set aside for this purpose. Some research is also commissioned under the auspices of the Office for Problem Gambling funded from the GRF.

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

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

## 4.2 Legislative reforms—the 2010 amendments to the Gaming Machines Act

### 4.2.1 *Package overview*

In December 2010, the Government obtained legislation to make a series of amendments to the Gaming Machines Act, including—

- ◆ removal of the \$50 000 fixed price for gaming machine entitlements;
- ◆ enhanced enforcement options, including the introduction of expiation fees for breaches of the codes of practice;
- ◆ reforms to the licensing process for gaming machine venues to better take account of social effect; and
- ◆ statutory recognition of the approved intervention agency initiative which started with the implementation of the Authority’s Review 2006 recommendations.

Implementation of these changes involved the Authority in consultation on, and the development of, eight separate gazette notices published in the first half of 2011.

### 4.2.2 *Gaming machines codes of practice changes*

In addition to introducing expiation fees for both statutory licence conditions and the advertising and responsible gambling codes of practice, the 2010 amendments changed the way in which the codes were made.

The codes were formally re-made in notices published in the *Government Gazette*. This change eases significantly the administrative burden for both the Authority and for licensees. There has been no diminution in transparency and legislative accountability.

In this process, there was one minor change of substance—relating to the operation of the requirements for venues to have procedures to deal with unaccompanied children.

The process of imposing expiation fees was undertaken in consultation with the peak industry bodies and has been completed to the satisfaction of all concerned. This Government initiative means that the Liquor and Gambling Commissioner will have greater scope to enforce the codes of practice through the imposition of penalties which, while reflecting the seriousness of breaches, do not result in the imperilling of the underlying licence.

### 4.2.3 *Social effect inquiry process and principles*

The 2010 amendments changed the gaming machine licensing process to bring forward the time at which consideration is given to the social effect of the grant of a licence.

This is important because, with the removal of the fixed price for gaming machine entitlements, it can be expected that there will be more licence applications.

The new arrangements make the Authority responsible for prescribing principles to be followed by the Liquor and Gambling Commissioner when considering the grant of a

gaming machine licence (initially through the device of a social effect certificate) or its variation.

To inform the application of those principles, applicants are required to conduct a social effect inquiry, in accordance with a process prescribed by the Authority.

The Authority conducted a formal inquiry, including a public hearing on 22 February 2011, at which the key Concern Sector and industry stakeholders were engaged. There were further follow up consultations prior to the Authority undertaking the formal 28-day letter process required by the legislation.

The necessary gazette notice was published on 12 May 2011.

#### **4.2.4 *Statutory recognition of approved intervention agencies and responsible gambling agreements***

The 2010 amendments provided for the statutory recognition of the approved intervention agencies—Club Safe and Gaming Care—and for being a party to a responsible gambling agreement offering regulatory concessions.

Notices recognising Club Safe and Gaming Care as bodies with which a licensee could have a responsible gambling agreement, and prescribing the form of that agreement, were published on 26 May 2011.

### **4.3 Codes of practice**

#### **4.3.1 *Background***

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

As noted above, the reporting period saw significant legislative change which affected the gaming machine codes of practice.

#### **4.3.2 *Wagering pre-commitment provisions***

Codes of practice changes made by the *Statutes Amendment (Betting Operations) Act 2008* made it clear that the Authority was to implement a pre-commitment regime for account betting with wagering providers. In 2009, a consultation process was commenced involving the authorised interstate betting operators, SA TAB and other local licensees. The Authority achieved general acceptance of the notion of a pre-commitment scheme under which all account betting activity would be tracked (with account holders receiving periodic activity statements) and under which all account holders would be given the opportunity to set a weekly (Sunday to Saturday) spending limit.

The necessary regulatory instrument was gazetted on 23 December 2009, with the new provisions becoming operative on 1 September 2010. In response to industry

representations, refinements to the scheme (principally concerning the activity statement requirements) were developed and gazetted in advance of the commencement.

#### **4.3.3 *Approval of loyalty programs with pre-commitment***

Under clause 6A of the gaming machines responsible gambling code of practice (which became fully operative during the reporting period), the only inducement to gaming which a licensee may offer is participation in a loyalty program which includes an approved pre-commitment option. Licensees in agreement with an approved intervention agency are not presently required to comply with the pre-commitment requirement.

During the reporting period, the Authority received one application for approval of a pre-commitment option. That program is the “Clubcard” product offered by One Till Pty Ltd. The Authority advised of preconditions that were required to be met. The One.Till application was completed shortly after the end of the reporting period.

## **4.4 Research**

### **4.4.1 *Research principles***

The Authority has continued a number of research projects, commissioned new research, or provided grants for research projects that will inform its statutory functions. Such research is primarily focussed on—

- ◆ informing the Authority’s regulatory functions such as barring, codes of practice, game approval guidelines and the gaming machine licensing guidelines;
- ◆ strategies for reducing the incidence of problem gambling and for preventing or minimising the harm caused by gambling;
- ◆ the social and economic costs and benefits to the community of gambling and the gambling industry;
- ◆ new gambling products or activities; and
- ◆ matters directed by the Minister, such as the gaming machine numbers inquiry, the relationship between gambling and crime, and suicide and gambling.

### **4.4.2 *Research priority areas***

During the reporting period the Authority continued its work within the 5 approved research priority areas—

- ◆ gambling behaviours—to understand the prevalence and nature of gambling behaviours, particularly problem gambling behaviours, according to a range of demographic factors;
- ◆ social impacts and linkages—to understand the nature and extent of the impact of negative gambling behaviours in their social context, including linkages with other problem behaviours and co-morbidities;

- ◆ gambling products and environments—to understand how gambling products, technologies and environmental settings influence gambling behaviours and to shape regulatory responses to meet changing circumstances;
- ◆ treatments and interventions—to understand the pathways to recovery from problem gambling behaviours and the effectiveness of different treatments and interventions; and
- ◆ integrity and regulation—to understand issues relevant to the integrity of the gambling product and to assess and monitor the effectiveness of regulatory settings and practices generally.

#### 4.4.3 *Published research*

During the reporting period, the Authority published the following research—

- ◆ *Naltrexone Feasibility, Acceptability and Preliminary Effectiveness Study* (March 2010)

The purpose of the study was to undertake a pilot trial of the use of Naltrexone Hydrochloride in the treatment of problem gambling in a clinical setting, and to evaluate the feasibility, acceptability and tolerability of naltrexone therapy in treating problem gambling in treatment resistant gamblers registered with the Statewide Gambling Therapy Service.

The outcomes of the pilot trial were ambiguous, with some participants improving and others not. The limited scope of the pilot was accompanied by high attrition rates. Noting the outcomes of this study, the Authority has determined that it will not, from its own funds, pursue pharmacotherapeutic approaches to problem gambling.

- ◆ *Clinical Assessment of Problem Gambling Identification Using CPGI (CPGI v DSM-IV)* (May 2010)

The purpose of the study was to determine the degree to which problem gamblers identified according to the Canadian Problem Gambling Index—Problem Gambling Severity Index (CPGI–PGSI) scores were similarly classified using clinical interview assessment methods applying Diagnostic and Statistical Manual IV (DSM-IV) criteria and to discuss the implications resulting from the findings in relation to the identification and treatment of individuals with gambling problems. The study was commissioned, by public tender, from the University of Sydney.

The CPGI–PGSI is the generally accepted psychometric instrument used for population work addressing the prevalence of problem gambling in Australia. Significantly, this work found good correlation between results measured on this gambling screen and in using the DSM-IV criteria (as would apply in a clinical setting).

- ◆ *Possible Connection Between Problem Gambling and Criminal Activity for OARS SA Clients* (June 2010)

The purpose of the study was to explore the nature of the relationship between problem gambling and criminal activity among clients of OARS SA services

and to examine the role of substance use as a potential risk factor implicated in the relationship between gambling and criminal activity.

This study arose out of engagement with OARS SA and was funded by the Authority through a grant.

◆ *Assisting Problem Gamblers in SA Gaming Venues (March 2010)*

The purpose of the study was to examine how, and how appropriately, frontline staff and senior staff respond to, and assist, patrons with gambling problems in South Australian gaming venues and to examine how venues interact with local gambling help services to provide this assistance. The research also looked to identify any gaps in relevant staff skills, knowledge and training, any other facilitators and barriers to providing appropriate assistance, and best practice examples where possible.

This grant funded project was successfully undertaken by the Centre for Gambling Education and Research at Southern Cross University.

#### **4.4.4 *Gambling Research Australia***

The national Ministerial Council on Gambling established a research program under a memorandum of understanding in September 2003. Since 2005 the program and the national working party have been known as Gambling Research Australia (GRA).

GRA is comprised of representatives of the Commonwealth, State and Territory Governments, with one additional representative from the Community and Disability Services Ministerial Advisory Council. Since June 2003, the Authority's Director has represented South Australia's interests in the program, at the request of the Minister for Gambling, and since May 2006, the Director has been the convener of GRA. The life of the current program extends to 30 June 2014.

#### **4.5 Joint Select Committee on Gambling Reform—pre-commitment inquiry**

The question of pre-commitment for gaming machine play has been the subject of an inquiry conducted by a committee of the Australian Parliament—the Joint Select Committee on Gambling Reform.

The Authority (with the support of the then Minister for Gambling) made a submission to this inquiry and appeared, represented by the Presiding Member and the Director, at a public hearing held in Adelaide on 1 February 2011.

In both the written submission and in the presentation, the Authority affirmed its support for a system under which all players' gaming machine activity was tracked and players were given the option to set spending limits.

The Authority proposed technical implementation through a cash-on-card system (to replace coin slots and hoppers). This was a further development of the position set out in the Authority's 2005 inquiry report into smartcard technology.

The Joint Select Committee has since reported. It has recommended systematic tracking of all player activity with voluntary limit setting. It has also recommended an

exception for a new class of low intensity gaming machine. The Joint Select Committee did not prescribe a technology solution.

The Authority understands that these recommendations will form the basis for Federal Government legislative policy.

#### **4.6 Host responsibility and compliance review**

As a result of concerns arising from a number of incidents in the Adelaide Casino, the Authority became concerned to better understand the operation of the Host Responsibility Co-ordinator program deployed in the Adelaide Casino by Skycity and the relationship between HRC and operational compliance with responsible gambling issues.

The incidents which gave rise to those concerns included—

- ◆ a high roller becoming intoxicated in the casino and being allowed to remain there and gamble (despite this being contrary to the responsible gambling code of practice) in the company of senior Skycity gaming staff;
- ◆ more than one incident of operational compliance problems with the removal and replacement of casino table cash drop boxes.

Skycity was, when these matters were raised, amenable to the Authority commissioning an independent review. Skycity was consulted on terms of reference developed by the Authority and, in July 2010, KPMG was contracted to undertake the review.

KPMG provided its report to the Authority in December 2010, highlighting the local general manager's strong support for the HRC program and expressing the view that the HRC program was sound in the context of its own terms of reference, while at the same time identifying some areas for improvement. KPMG later provided a detailed briefing to the board in person, describing in particular terms some of the techniques used to test propositions being put for the HRC program.

Further to a request from Skycity to have access to the final report for the purposes of stakeholder engagement, the Authority has agreed to publish it. That matter was in process at the time of publication of this report.

#### **4.7 Problem gambling family protection orders scheme**

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

The current reporting year is the seventh year of the operation of the PGFPO Act. Preliminary meetings held to date have typically resulted in the respondent consenting to undertake certain actions to address their gambling (referred to as “consent orders”), or agreeing to request voluntary barring under section 15B of the IGA Act, or agreeing to certain other actions without orders initially being made, such as attending gambling counselling or other rehabilitation. The Authority adjourns the

complaint and monitors adherence to these agreements, which are formalised in writing.

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

- ◆ attending gambling counselling either alone or jointly with their partner for a specified minimum number of attendances within a specified period (for example: 6 sessions within 6 months);
- ◆ attending financial counselling with their partner;
- ◆ not entering specific gambling venues;
- ◆ not placing bets with SA TAB agents and closure of all SA TAB accounts;
- ◆ not participating in any form of gambling;
- ◆ ceasing management of a work lottery syndicate;
- ◆ providing all bank account access cards and credit cards to their partner;
- ◆ placing all income into an account managed by their partner and the partner allocating a specified amount to the respondent for their personal use;
- ◆ providing \$100 weekly to their children's grandparents to ensure food is purchased; and
- ◆ being barred from entering the premises of any second-hand dealer (including a second-hand dealer who operates as a pawnbroker) in various country towns.

As at 30 June 2011, there were 13 active cases.

During the reporting period, the Authority conducted a tailored seminar in relation to the PGFPO scheme and barring. This was well attended by the help service sector and other interested parties. A repeat session was conducted for those people unable to attend the original session. The session was designed to provide help services with an understanding of the PGFPO process and to encourage them to act as advocates for concerned persons.

#### **4.8 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 and on the written request of an individual, to—

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

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

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

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

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

Once orders are made barring a person from the areas of gaming machine venues licensed for gaming machines, or in respect of the casino, the person is notified in writing. Each venue also receives written notice, which includes the person's photograph.

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

The scheme legislation commenced on 1 October 2001. During the reporting period, 109 people (2010, 94) sought voluntary barring for the first time, bringing the number who have been barred since the start of the scheme to 1 320.

A person who has been barred for at least 12 months may request revocation of some or all of the barring orders made. During the reporting period, 39 (2010, 50) people had all of their barring orders revoked.

The number of barred persons disclosed in the Authority's 2009–10 annual report, as at 30 June 2010, was 899.

In September 2010 the Authority undertook a database clean up exercise to remove the listings of venues that no longer had gaming machines (essentially as a result of the gaming machine numbers reduction exercise). This reduced the recorded number of people with one or more barring orders by 172.

For year-on-year comparison purposes, the 30 June 2010 figure has been restated by reducing it by 172 to 727.

The number of people with one or more barrings, at 30 June 2011, was 797 (2010 equivalent, 727)

The Authority records as a "session" each occasion when a person requests voluntary barring. This might be the request made in an initial interview, or it might be a subsequent request for additional barring orders (in which case an interview will generally not be necessary). There were 363 such sessions during the reporting period (2010, 356).

The Authority has also adopted the routine practice of providing venues with consolidated barring reports at least once every 12 months to ensure that venues have

up to date records of persons barred from their venue. These consolidated barring reports reproduce the names and photographs of all persons barred from the relevant venue at the time.

The cost of administering the voluntary barring scheme is estimated at \$20 200 (2010, \$19 472). This estimate is derived using a formula applying costs to actual barring activity (interview conducted, articles posted). This estimate is not audited.

The estimate does not include stand-by costs, such as occur when there is insufficient demand to fill a casual interviewer's roster or a person fails to attend a scheduled interview. The casual interviewing staff attend to some project work which absorbs some of these stand-by costs.

The decline in the cost of barring is a factor of slightly lower volumes of activity in this mature scheme outweighing inevitable staffing cost pressures and increases in the costs of postage.

## **5. INTEGRITY REGULATION**

### **5.1 Overview**

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

The regulatory framework achieves these ends through—

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

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

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

### **5.2 The Authority's role**

For its part, as the supervising regulator, the Authority seeks to ensure that the level of regulation is appropriate for ensuring not only the integrity and responsible gambling objectives, but also that there is justifiable public confidence that these ends are being

reached. In doing so, the Authority is mindful of the compliance burden which accompanies regulatory measures.

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

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

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

### **5.3 The role of the Liquor and Gambling Commissioner**

#### **5.3.1 Annual report**

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

Among the statutory provisions ancillary to this general principle are the annual reporting obligations of the Commissioner in relation to casino and wagering operations contained in section 71 of the Casino Act and section 90 of the Authorised Betting Operations Act. Each requires the Commissioner to provide a report to the Authority (by each 30 September in respect of the preceding year to 30 June) and requires the Authority to include that report, together with any observations that the Authority considers appropriate, in an annual report made on or before 31 October.

The Commissioner is required to report to the Minister directly on operations under the Gaming Machines Act (under section 74 of that Act). However, in order to present a complete picture of the Authority's overview of the Commissioner's activities, the Authority also requires under section 11(3) of the IGA Act that the Commissioner report to the Authority on the operation, administration and enforcement of the Gaming Machines Act in the reporting period. (This had been done by annual instruments until last year, when the reporting requirement was set up as a standing obligation which addressed the need to align the dates.)

On 16 September 2011, the Commissioner furnished a document, addressing all these reporting requirements. That document is set out in **Appendix B** starting on page 48.

The report of the Liquor and Gambling Commissioner is included in the Authority's annual report to comply with requirements relating to its submission and publication (with or without observations by the Authority). Any facts stated or opinions expressed in the report are those of the Commissioner and should not, by reason only of their publication, be regarded necessarily as those of the Authority.

### **5.3.2 Regular reports**

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

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

### **5.4 Casino statutory default action**

During the year, the Authority acted upon a number of reports and observations of possible statutory defaults in respect of the Adelaide Casino licence.

In one case, of an infant child being taken into a marketing meeting in a non-operational area of the casino (contrary to section 43 of the Casino Act which forbids the entry of people under the age of 18 years in any circumstances), the Authority—

- ◆ called upon Skycity to improve its staff awareness of the law; and
- ◆ encouraged it to seek a redefinition of the boundary to provide a place where infant children could accompany their parents at business meetings.

Three other cases involved the possibility that 17 year olds had entered the casino due to inadequate perimeter security checks. These matters gave rise to "show cause" notices under section 66 of the Casino Act as did a matter concerning television advertising and the requirement to display a warning message.

Skycity initiated Supreme Court proceedings on two of those matters. All of the show cause notices were still pending at the end of the reporting period, as was the Supreme Court action. Two of the notices were completed following the end of the reporting period, and a non-litigated resolution of the Supreme Court matter was agreed but unconsummated as at the reporting date.

Also, between the end of the reporting period and the reporting date, Skycity has procured the Authority's approval of formal procedures for the exclusion of children from the casino—procedures which set 25 as the benchmark age for requiring production of proof of age at the casino entrance. (A typical use of a "benchmark" age is to ask the question "Could this person possibly be aged under 25?". If so, proof of age is requested.)

### **5.5 Authorised interstate betting operators**

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

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

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

- ◆ receiving notices of intention to conduct or cease betting operations in South Australia;
- ◆ prescribing codes of practice and other regulatory documents for authorised interstate betting operators;
- ◆ specifying requirements for and receiving annual returns by authorised interstate betting operators; and
- ◆ taking disciplinary action as appropriate.

On 30 June 2011 there were 28 authorised interstate betting operators.

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

## GLOSSARY

AHA SA	Australian Hotels Association (SA Branch)
AIA	approved intervention agency—an organisation approved by the Authority under the codes of practice applying to gaming machine venues; currently there are two AIAs, Gaming Care and Club Safe
Clubs SA	Licensed Clubs' Association of South Australia Inc
COAG	Council of Australian Governments
DTF	Department of Treasury and Finance (South Australia)
GRA	Gambling Research Australia
IGA Act	<i>Independent Gambling Authority Act 1995</i>
LHMU	The Liquor, Hospitality and Miscellaneous Union (formerly Australian Liquor, Hospitality and Miscellaneous Workers Union)—the industrial organisation with coverage of the majority of employees of gambling providers
NAGS	National Association of Gambling Studies
OARS SA	Offenders Aid and Rehabilitation Services of South Australia Inc
OCBA	Office of Consumer and Business Affairs (an office within the South Australian Attorney-General's Department)
OLGC	Office of the Liquor and Gambling Commissioner (an office within the South Australian Attorney-General's Department)
PGFPO	Problem Gambling Family Protection Orders
race	a horse, harness or greyhound race conducted (in South Australia) by a licensed racing club or (elsewhere in Australia) by a body authorised under a counterpart law to the <i>Authorised Betting Operations Act 2000</i> , on which bets may lawfully be placed with a totalisator operator or a bookmaker
Reporting date	30 September
Reporting period	1 July 2010–30 June 2011 (both days inclusive)
RGWP	Responsible Gambling Working Party (established by the Minister for Gambling)

statutory annual  
reporting  
requirements

This document relates to the obligations to make an annual report contained in the following provisions

- ◆ section 12 of the *Public Sector Act 2009*;
- ◆ section 19 of the *Independent Gambling Authority Act 1995*;
- ◆ section 23 of the *Public Finance and Audit Act 1987*;
- ◆ section 90 of the *Authorised Betting Operations Act 2000*;
- ◆ section 71 of the *Casino Act 1997*;
- ◆ section 74 of the *Gaming Machines Act 1992*;  
and
- ◆ section 52 of the *Racing (Proprietary Business Licensing) Act 2000*.

**APPENDIX A**

**Financial Statements**

**Statement of Comprehensive Income for the year ended 30 June 2011**

	Note	2011 \$'000	2010 \$'000
<b>EXPENSES</b>			
Employee benefits expenses	4	1 066	843
Supplies and services	6	543	556
Depreciation expense	7	5	1
Other expenses	8	10	90
<b>Total Expenses</b>		<b>1 624</b>	1 490
<b>INCOME</b>			
Interest revenues	10	120	81
Revenues from fees and charges	11	107	93
Other revenues	12	–	2
<b>Total Income</b>		<b>227</b>	176
<b>NET COST OF PROVIDING SERVICES</b>		<b>(1 397)</b>	<b>(1 314)</b>
Revenues from SA Government	13	1 592	1 568
<b>TOTAL COMPREHENSIVE RESULT</b>		<b>195</b>	<b>254</b>

**THE NET RESULT AND COMPREHENSIVE RESULT ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.**

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

Appendix A: Financial Statements—continued

**Statement of Financial Position as at 30 June 2011**

	Note	<b>2011</b> \$'000	2010 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14	2 782	2 523
Receivables	15	14	8
<b>Total Current Assets</b>		<b>2 796</b>	2 531
<b>NON-CURRENT ASSETS</b>			
Office equipment	16	8	13
<b>Total Non-Current Assets</b>		<b>8</b>	13
<b>TOTAL ASSETS</b>		<b>2 804</b>	2 544
<b>CURRENT LIABILITIES</b>			
Payables	17	74	95
Employee benefits	18	67	73
<b>Total Current Liabilities</b>		<b>141</b>	168
<b>NON-CURRENT LIABILITIES</b>			
Payables	17	17	11
Employee benefits	18	195	109
<b>Total Non-Current Liabilities</b>		<b>212</b>	120
<b>Total Liabilities</b>		<b>353</b>	288
<b>NET ASSETS</b>		<b>2 451</b>	2 256
<b>EQUITY</b>			
Retained earnings		2 451	2 256
<b>TOTAL EQUITY</b>		<b>2 451</b>	2 256
<b>THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.</b>			
<b>Unrecognised Contractual Commitments</b>	19		
<b>Contingent Assets and Liabilities</b>	20		

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

Appendix A: Financial Statements—continued

**Statement of Changes in Equity for the year ended 30 June 2011**

	<b>Retained Earnings \$'000</b>
<b>Balance at 30 June 2009</b>	2 002
Net result for 2009–10	254
Total comprehensive result for 2009–10	<u>254</u>
<b>Balance at 30 June 2010</b>	2 256
Net result for 2010–11	195
Total comprehensive result for 2010–11	<u>195</u>
<b>Balance at 30 June 2011</b>	<u><b>2 451</b></u>

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

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

Appendix A: Financial Statements—continued

**Statement of Cash Flows for the year ended 30 June 2011**

	Note	2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Employee benefits payments		(986)	(853)
Payment for supplies and services		(562)	(480)
Grants, subsidies and transfers		(10)	(74)
<b>Cash used in operations</b>		<u>(1 558)</u>	<u>(1 407)</u>
<b>Cash Inflows</b>			
Interest received		118	79
Fees and charges		107	93
Other receipts		–	2
<b>Cash generated from operations</b>		<u>225</u>	<u>174</u>
<b>CASH FLOWS FROM SA GOVERNMENT</b>			
Receipts from SA Government		<u>1 592</u>	1 568
<b>Cash generated from SA Government</b>		<u>1 592</u>	1 568
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	21(b)	<u>259</u>	335
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase of property, plant and equipment		–	(14)
<b>Cash used in Investing Activities</b>		<u>–</u>	<u>(14)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		<u>–</u>	<u>(14)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>259</b>	321
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<u>2 523</u>	2 202
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	21(a)	<u>2 782</u>	2 523

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

Appendix A: Financial Statements—continued

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## Appendix A: Financial Statements—continued

### 1 Objectives of the Independent Gambling Authority

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

- to develop and promote strategies for reducing the incidence of problem gambling and for preventing or minimising the harm caused by gambling;
- to undertake, assist in and coordinate ongoing research into matters relevant to the Authority’s functions, including research into
  - the social and economic costs and benefits to the community of gambling and the gambling industry;
  - the likely impact, both negative and positive, on the community of any new gambling product or gambling activity that might be introduced by any section of the gambling industry;
  - strategies for reducing the incidence of problem gambling and preventing or minimising the harm caused by gambling; and
  - any other matter directed by the Minister for Gambling;
- to ensure that an effective and efficient system of supervision is established and maintained over the operations of licensees under “prescribed Acts”, namely the *Authorised Betting Operations Act 2000*, the *Casino Act 1997*, the *Gaming Machines Act 1992*, the *Problem Gambling Family Protection Orders Act 2004*, the *Racing (Proprietary Business Licensing) Act 2000* and the *State Lotteries Act 1966*;
- to advise, and make recommendations to the Minister for Gambling on matters relating to the operations of licensees under prescribed Acts or on any aspect of the operation, administration or enforcement of prescribed Acts;
- to perform other functions assigned to the Authority under the *Independent Gambling Authority Act 1995* or a prescribed Act or by the Minister for Gambling.

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

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

### 2 Summary of Significant Accounting Policies

#### 2.1 Statement of Compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian accounting standards and Treasurer’s instructions and accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Except for the amendments to Australian Accounting Standards, AASB 2009–12, which the Authority has early adopted, Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ending 30 June 2011. These are outlined in Note 3.

Appendix A: Financial Statements—continued

***Basis of Preparation***

The preparation of the financial statements requires:

- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*, by authority of Treasurer’s Instruction 19 *Financial Reporting*—in the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in this financial report:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
  - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
  - (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable, or otherwise made available directly or indirectly by the entity to those employees; and
  - (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority’s Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

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

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented.

**2.2 Reporting Entity**

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

**2.3 Comparative Information**

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements has required a change. Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

**2.4 Rounding**

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

## Appendix A: Financial Statements—continued

### 2.5 Taxation

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

The Department of Treasury and Finance (DTF) prepares the Business Activity Statement on behalf of the Authority under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for the payments and entitled to the receipt of GST. As such, GST applicable to the Authority forms part of the Statement of Comprehensive Income and Statement of Financial Position of DTF.

### 2.6 Events after the reporting period

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

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

### 2.7 Income

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

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

The following are specific recognition criteria:

#### *Fees and charges*

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. The revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

#### *Revenues from SA Government*

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

### 2.8 Expenses

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

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

The following are specific recognition criteria:

#### *Employee benefits expenses*

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

#### *Superannuation*

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current

Appendix A: Financial Statements—continued

Authority staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

*Depreciation*

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

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

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

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

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

*Grants, subsidies and transfers*

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

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

**2.9 Current and Non-Current Classification**

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**2.10 Assets**

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

*Cash and Cash Equivalents*

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and deposits at call that are readily converted to cash and which are subject to insignificant risk of change in value.

Cash is measured at nominal value.

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

*Receivables*

Receivables include amounts from accruals.

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

## Appendix A: Financial Statements—continued

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

### *Prepayments*

Prepayments recognise one day's Salaries and Wages and associated on-costs for 1 July 2011 paid on 30 June 2011.

### *Non-Current Assets Acquisition and Recognition*

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

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

### *Impairment*

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

## **2.11 Liabilities**

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

### *Payables*

Payables include accrued expenses and employment on-costs.

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

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

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

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

### *Employee Benefits*

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

### Salaries and wages, annual leave and sick leave

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. There were no accrued salaries and wages as at 30 June 2011.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

Appendix A: Financial Statements—continued

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

Long service leave

The liability for long service leave is recognised after an employee has completed 5 (5.5) years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This calculation is consistent with the Authority's experience of employee retention and leave taken.

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

*Leases*

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

Operating leases

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

**2.12 Unrecognised contractual commitments and contingent assets and liabilities**

Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

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

**3 New and Revised Accounting Standards and Policies**

In accordance with amendments to APS 4.8 within Accounting Policy Framework II *General Purpose Financial Statements Framework*, effective 1 July 2010, the Authority has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required the Authority to disclose all employees whose normal remuneration was equal to or greater than \$100 000. This change is reflected in Note 4.

The Authority did not voluntarily change any of its accounting policies during 2010–11.

Except for AASB 2009–12, which the Authority has early-adopted, the Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2011. While the Authority has not fully assessed their impact, the new and amended Standards and Interpretations are not expected to have a significant impact on the accounting policies or the financial statements of the Authority.

Appendix A: Financial Statements—continued

<b>4</b>	<b>Employee benefits expenses</b>	<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
	Salaries and wages	578	481
	Long service leave	87	24
	Annual leave	62	34
	Board fees	202	197
	Employment on-costs—superannuation	85	62
	Employment on-costs—payroll tax	49	39
	Other employee related expenses	3	6
	<b>Total Employee benefits expenses</b>	<b>1 066</b>	<b>843</b>

**Remuneration of Employees**

	<b>2011</b>	<b>2010</b>
The number of employees whose remuneration received or receivable falls within the following bands were:	<b>Number of Employees</b>	<b>Number of Employees</b>
\$160 700–\$170 699	–	1
\$170 700–\$180 699	1	–
<b>Total Number of Employees</b>	<b>1</b>	<b>1</b>

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$179 820 (\$163 862).

**Accounting Policy Change**

In accordance with the revised Accounting Policy Framework II *General Purpose Financial Statements Framework*, the Authority has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration level rather than all employees who receive remuneration equal to or greater than \$100 000. The impact of this change in accounting policy is the number of employees disclosed has not changed for 2011 or 2010.

**5 Remuneration of Board and Committee Members**

Members that were entitled to receive remuneration for membership during 2010–11 financial year were:

*Independent Gambling Authority Board*

- A D Blair (Appointed 28 August 2010)
- R L Buckler (Retired 30 September 2010)
- J T Hill (Appointment expired 14 July 2010)
- W R Jory (Reappointed 24 March 2011)
- P F Kaempf (Appointed 28 August 2010, and Deputy Presiding Member)
- M J Kelly (Appointment expired 27 August 2010)
- A P Moss (Presiding Member)
- A G Tisato (Appointed 1 October 2010)
- M Wallace

Appendix A: Financial Statements—continued

- D P West (Retired 30 September 2010)
- J S Wright (Appointed 9 December 2010)

The remuneration received or receivable by members falls within the following bands:	<b>2011 Number</b>	2010 Number
\$1–\$9 999	4	–
\$10 000–\$19 999	1	–
\$20 000–\$29 999	5	6
\$40 000–\$49 999	1	1
	<b>11</b>	7

Remuneration of members reflects all costs of performing board/committee member duties including superannuation contributions. The total remuneration received or receivable by members was \$211 743 (\$218 412).

Amounts paid/payable to a superannuation plan for board/committee members was \$16 063 (\$15 755).

Membership of the board has not changed during the accounting period 2010–11:

Membership at 30 June 2010	7
Appointed during the period	4
Appointments expired during the period	(2)
Retired during the period	(2)
Membership at 30 June 2011	7

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

<b>6 Supplies and services</b>	<b>2011 \$’000</b>	2010 \$’000
Accommodation and telecommunication	107	122
General administration and consumables	315	327
Consultants	120	103
Contractors	1	4
<b>Total Supplies and services</b>	<b>543</b>	556
<b>Supplies and services provided by entities within the SA Government</b>	<b>\$’000</b>	<b>\$’000</b>
Accommodation and telecommunication	103	118
General administration and consumables	168	132
<b>Total Supplies and services provided by entities within the SA Government</b>	<b>271</b>	250

Appendix A: Financial Statements—continued

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

	<b>2011</b>	<b>2011</b>	2010	2010
	<b>Number of</b>	<b>\$'000</b>	Number of	\$'000
	<b>Consultants</b>		Consultants	
Below \$10 000	<b>1</b>	–	–	–
Between \$10 000 and \$50 000	<b>4</b>	<b>120</b>	5	103
<b>Total Paid/Payable to the Consultants engaged</b>	<b>5</b>	<b>120</b>	5	103
<b>7 Depreciation expense</b>			<b>2011</b>	2010
			<b>\$'000</b>	<b>\$'000</b>
Office Equipment			<b>5</b>	1
<b>Total Depreciation expense</b>			<b>5</b>	1
<b>8 Other expenses</b>			<b>2011</b>	2010
			<b>\$'000</b>	<b>\$'000</b>
<b>Other expenses paid to entities within the SA Government</b>				
Grants			<b>10</b>	74
Write off of uncollected receivable			–	16
<b>Total Other Expenses</b>			<b>10</b>	90
<b>9 Auditor's Remuneration</b>			<b>2011</b>	2010
			<b>\$'000</b>	<b>\$'000</b>
Audit Fees paid/payable to the Auditor-General's Department			<b>11</b>	10
<b>Total Audit fees</b>			<b>11</b>	10
<b>Other services</b>				
No other services were provided by the Auditor-General's Department.				
<b>10 Interest Revenues</b>			<b>2011</b>	2010
			<b>\$'000</b>	<b>\$'000</b>
Interest from entities within the SA Government			<b>120</b>	81
<b>Total Interest Revenues</b>			<b>120</b>	81
<b>11 Revenue from fees and charges</b>			<b>2011</b>	2010
			<b>\$'000</b>	<b>\$'000</b>
<b>Fees and charges received/receivable from entities within the SA Government</b>				
Employee cost recoveries			<b>107</b>	93
<b>Total Fees and charges from entities within the SA Government</b>			<b>107</b>	93

Appendix A: Financial Statements—continued

<b>12</b>	<b>Other Revenues</b>	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
	Other Revenues received/receivable	–	2
	<b>Total Other Revenues</b>	<b>–</b>	<b>2</b>

<b>13</b>	<b>Revenues from SA Government</b>	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
	Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	<b>1 592</b>	1 568
	<b>Total Revenues from SA Government</b>	<b>1 592</b>	<b>1 568</b>

Total revenues from government consists of operational funding. There was no material variations between the amount appropriated and the expenditure associated with this appropriation.

<b>14</b>	<b>Cash and Cash Equivalents</b>	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
	Deposits with the Treasurer	<b>2 782</b>	2 523
	<b>Total Cash and Cash Equivalents</b>	<b>2 782</b>	<b>2 523</b>

**Interest Rate Risk**

Deposits with the Treasurer earn the average overnight cash deposit rate and is calculated on the average daily balances. The carrying amount of cash and cash equivalents represents fair value.

<b>15</b>	<b>Receivables</b>	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
	<b>Current</b>		
	Accrued revenue	<b>10</b>	8
	Prepayments*	<b>4</b>	–
	<b>Total Current Receivables</b>	<b>14</b>	8
	 <b>Total Receivables</b>	 <b>14</b>	 <b>8</b>

		<b>2011</b>	2010
		<b>\$'000</b>	\$'000
	<b>Receivables from SA Government entities</b>		
	Accrued revenue	<b>10</b>	8
	<b>Total Receivables from SA Government entities</b>	<b>10</b>	<b>8</b>

\*The increase in Prepayments recognises 1 day's Salaries and Wages and associated on-costs of \$4 000 for 1 July 2011 paid on 30 June 2011.

Appendix A: Financial Statements—continued

**Interest rate and credit risk**

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade Receivables, prepayments and accrued revenues are non-interest bearing.

Maturity Analysis of Receivables—refer to Table 22.1 in Note 22.

Categorisation of financial instruments and risk exposure information—refer to Note 22.

<b>16</b>	<b>Office Equipment</b>	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
	Office equipment at cost (deemed fair value)	<b>34</b>	45
	Accumulated depreciation	<b>(26)</b>	(32)
	<b>Total Office Equipment</b>	<b>8</b>	13

During 2010–11 the Authority disposed of a fully depreciated asset originally valued at cost at \$11 000.

**Impairment**

There were no indications of impairment for Office Equipment at 30 June 2011.

**Reconciliation of Office Equipment**

The following table shows the movement of Office Equipment during 2010–11:

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Carrying amount at the beginning of the period	<b>13</b>	–
Additions	–	14
Depreciation expense	<b>(5)</b>	(1)
<b>Carrying amount at the end of the period</b>	<b>8</b>	13

<b>17</b>	<b>Payables</b>	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
	<b>Current</b>		
	Accrued expenses	<b>64</b>	83
	Employment on-costs	<b>10</b>	12
	<b>Total Current Payables</b>	<b>74</b>	95
	<b>Non-Current</b>		
	Employment on-costs	<b>17</b>	11
	<b>Total Non-Current Payables</b>	<b>17</b>	11
	<b>Total Payables</b>	<b>91</b>	106

Appendix A: Financial Statements—continued

	2011 \$'000	2010 \$'000
<b>Total Payables</b>		
Accrued expenses	64	83
Employment on-costs	27	23
<b>Total Payables</b>	91	106
 <b>Payables to SA Government entities</b>		
Accrued expenses	37	45
Employment on-costs	14	10
<b>Total Payables to SA Government entities</b>	51	55

**Interest Rate and Credit Risk**

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents net fair value due to the amounts being payable on demand. There is no concentration of credit risk.

Maturity Analysis of Payables—refer to Table 22.1 in Note 22.

Categorisation of financial instruments and risk exposure information—refer to Note 22.

18		2011 \$'000	2010 \$'000
	<b>Employee Benefits</b>		
	<b>Current</b>		
	Accrued salaries and wages*	–	23
	Annual leave	57	41
	Long service leave	10	9
	<b>Total Current Employee Benefits</b>	67	73
	<b>Non-Current</b>		
	Long service leave	195	109
	<b>Total Non-Current Employee Benefits</b>	195	109
	<b>Total Employee Benefits</b>	262	182

The total current and non-current employee benefits plus related on-costs for 2011 are \$77 000 (\$85 000) and \$212 000 (\$120 000) respectively.

\* In 2010–11 employees were paid on 30 June for the pay period ending 1 July 2011. This represents a prepayment of 1 day's salary and wages, which has been recognised as an asset at 30 June 2011 at the remuneration rate for that day. Prepayments are included in Note 15.

Appendix A: Financial Statements—continued

**19 Unrecognised Contractual Commitments**

**(a) Remuneration Commitments**

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

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Within one year	<b>187</b>	168
Later than one year but not later than five years	<b>265</b>	415
<b>Total Remuneration Commitments</b>	<b>452</b>	583

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

**(b) Operating Lease Commitments**

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

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

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Within one year	<b>102</b>	100
Later than one year but not later than 5 years	<b>311</b>	418
<b>Total Operating Lease Commitments</b>	<b>413</b>	518

**(c) Other Commitments**

The Authority's other commitments are for agreements with various organisations to undertake research/studies in relation to gambling.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Within one year	<b>33</b>	30
Later than one year and not later than 5 years	<b>–</b>	33
<b>Total Other Commitments</b>	<b>33</b>	63

**20 Contingent Assets and Liabilities**

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

Appendix A: Financial Statements—continued

<b>21 Cash Flow Reconciliation</b>	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
<b>(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period</b>		
Statement of Cash Flows	2 782	2 523
Statement of Financial Position	2 782	2 523
<b>(b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing services</b>		
<b>Net cash provided by operating activities</b>	<b>259</b>	335
Less revenues from SA Government	(1 592)	(1 568)
<b>Add Non cash items</b>		
Depreciation and amortisation expense	(5)	(1)
<b>Changes in Assets/Liabilities</b>		
Increase (decrease) in receivables	6	(13)
Decrease (increase) in payables	15	(76)
(Increase) decrease in employee benefits	(80)	9
<b>Net Cost of Providing Services</b>	<b>(1 397)</b>	<b>(1 314)</b>

**22 Financial instruments/Financial risk management**

**Categorisation of financial instruments**

Cash, receivables and payables are recorded at the carrying amount which the Authority considers reasonable estimates of net fair value.

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

**Credit risk**

The Authority has no significant concentration of credit risk.

Appendix A: Financial Statements—continued

**Table 22.1: Maturity analysis of financial assets and liabilities**

	Note	Carrying amount \$'000	Contractual maturities		
			< 1 year \$'000	1–5 years \$'000	> 5 years \$'000
<b>2011</b>					
<b>Financial assets</b>					
Cash & cash equivalent	14	2 782	2 782	–	–
Receivables	15	14	14	–	–
<b>Total financial assets</b>		<b>2 796</b>	<b>2 796</b>	–	–
<b>Financial liabilities</b>					
Payables	17	91	74	–	17
<b>Total financial liabilities</b>		<b>91</b>	<b>74</b>	–	<b>17</b>
<b>2010</b>					
<b>Financial assets</b>					
Cash & cash equivalent	14	2 523	2 523	–	–
Receivables	15	8	8	–	–
<b>Total financial assets</b>		<b>2 531</b>	<b>2 531</b>	–	–
<b>Financial liabilities</b>					
Payables	17	106	95	–	11
<b>Total financial liabilities</b>		<b>106</b>	<b>95</b>	–	<b>11</b>

**Liquidity risk**

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

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

**Market risk**

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

**Sensitivity disclosure analysis**

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

**23 Events after the reporting period**

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.

Appendix A: Financial Statements—continued

**Certification of the Financial Statements**

We certify that the attached general purpose financial statements for the Independent Gambling Authority:

- ◆ comply with relevant Treasurer’s instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- ◆ are in accordance with the accounts and records of the Authority; and
- ◆ presents a true and fair view of the financial position of the Independent Gambling Authority as at 30 June 2011 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Independent Gambling Authority for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.

Alan Moss  
PRESIDING MEMBER  
29 September 2011

Robert Chappell  
DIRECTOR  
29 September 2011

Paul Williams  
DIRECTOR, FINANCIAL SERVICES  
29 September 2011

Appendix A: Financial Statements—continued

**Independent Auditor’s Report**

**TO THE PRESIDING MEMBER  
INDEPENDENT GAMBLING AUTHORITY**

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Independent Gambling Authority for the financial year ended 30 June 2011. The financial report comprises:

- ◆ a Statement of Comprehensive Income for the year ended 30 June 2011
- ◆ a Statement of Financial Position as at 30 June 2011
- ◆ a Statement of Changes in Equity for the year ended 30 June 2011
- ◆ a Statement of Cash Flows for the year ended 30 June 2011
- ◆ notes, comprising a summary of significant accounting policies and other explanatory information
- ◆ a Certificate from the Presiding Member and Director, Independent Gambling Authority, and Director, Financial Services—Department of Treasury and Finance.

**The Members of the Independent Gambling Authority’s responsibility for the Financial Report**

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

**Auditor’s Responsibility**

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

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

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

Appendix A: Financial Statements—continued

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the Independent Gambling Authority as at 30 June 2011, its financial performance and its cash flows for the year then ended in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

30 September 2011

**S O’Neill**  
AUDITOR-GENERAL

## APPENDIX B

### Report of the Liquor and Gambling Commissioner

Pursuant to section 11(3) of the *Independent Gambling Authority Act 1995*, section 71(1) of the *Casino Act 1997* and section 90(1) of the *Authorised Betting Operations Act 2000*, I submit this report to the Authority on the administration of the *Gaming Machines Act 1992*, *Casino Act 1997* and *Authorised Betting Operations Act 2000* for the period 1 July 2010 to 30 June 2011.

**Paul White**

LIQUOR AND GAMBLING COMMISSIONER

16 September 2011

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### ROLE OF THE LIQUOR AND GAMBLING COMMISSIONER

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

These responsibilities are achieved through the following activities:

#### Gaming Machines Act

- inspection, monitoring and scrutiny of gaming operations;
- determination of all applications for licences;
- approval of persons in a position of authority, gaming machine managers, and gaming machine employees;

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

- approval of agents of the State Procurement Board;
- approval of gaming machines, games and the central monitoring system;
- approval of the number of machines per licensed premises and authorised hours of operation;
- collection of gaming tax;
- disciplinary action against licensees; and
- review of barring of persons by licensees.

**Casino Act**

- assessment of compliance by the casino operator with the provisions of the Casino Act, the Approved Licensing Agreement, the Casino Duty Agreement and the Casino Advertising and Responsible Gambling Codes of Practice;
- approval of management and staff;
- authorisation of games;
- approval of the installation of equipment;
- approval of the casino layout;
- approval of prescribed contracts;
- evaluation and approval of internal control procedures;
- scrutiny of gambling operations;
- investigation of complaints; and
- administration of barring procedures.

**Authorised Betting Operations Act**

- inspection, monitoring and scrutiny of wagering operations;
- provision of reports to assist the Authority in its role as the disciplinary body for licensees;
- approval of rules for on and off-course betting by SATAB and racing clubs;
- approval of SATAB and racing club systems and equipment as required by the Authority;
- approval of contracts entered into by SATAB;
- approval of telephone betting systems and procedures for bookmakers;
- approval of account betting systems and procedures for bookmakers;
- grant and renewal of licences for bookmakers, agents and 24 hour sports betting;
- grant of permits to bookmakers to accept bets at racecourses and other places;

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

- grant approval for licensed agents to conduct betting operations on behalf of a bookmaker;
- grant approval to bookmakers to accept bets by telephone; and
- resolution of disputes.

### **Resources**

The Office of the Liquor and Gambling Commissioner (OLGC) has undergone significant change during 2010–11 including the introduction of a restructured licensing, compliance and business services framework.

Within this framework, a broad inspection and compliance regime has been established which currently encompasses:

- liquor and gaming inspectors who have responsibility for inspecting approximately 6 000 licensed venues in the State (as at 30 June 2011, 561 of which hold ‘live’ gaming machine licences);
- wagering inspectors who have responsibility for inspecting 31 bookmakers’ operations, 349 TAB agencies and 32 active racing clubs;
- casino inspectors who scrutinise the operations of the licensed Casino;
- a compliance section responsible for investigation of complaints under liquor, gambling and wagering legislation; and
- staff who exercise my delegated authority in relation to all of my powers under gambling legislation (the senior management team) or specific powers in relation to licensing and the granting of applications.

The Commissioner of Police, through both Local Service Areas and the Licensing Enforcement Branch enforces aspects of the Gaming Machines Act and Authorised Betting Operations Act. All police officers have the powers ascribed to authorised officers under those Acts.

### **OVERVIEW**

#### **Overall Objective**

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

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

**Highlights 2010–11**

*Merger of the Office of the Liquor and Gambling Commissioner with the Office of Consumer and Business Affairs*

The Attorney-General's Department is undergoing significant change reform. One of the main drivers for this change has been the increase in the size of the Department over recent years through the machinery of Government changes.

To maximise organisational strengths and address current structural limitations, the business units of the Office of the Liquor and Gambling Commissioner (OLGC) are in the process of merging with the Office of Consumer and Business Affairs (OCBA) to form the new Consumer and Business Services (CBS) division of the Attorney-General's Department.

A project change team was formed in 2010–11 to manage the change program. A focal point for the change team to date has been the co-location of existing business teams at Chesser House, 91–97 Grenfell Street, Adelaide.

The OLGC Regulatory Services function has relocated to Chesser House with the Licensing and Compliance functions expected to relocate during 2011–12.

The new Consumer and Business Services division will continue providing relevant, vital and contemporary services in line with community needs and expectations during the change process, and beyond.

*Targeted risk based approach to compliance*

Notwithstanding the merger of OLGC and OCBA, during 2010–11 the second re-engineering stage of the OLGC Continuous Improvement Program commenced. This involved the critical examination of business processes to align, standardise and streamline like procedures across all legislation streams under my regulation and scrutiny.

Particular emphasis was placed on the review of compliance and enforcement procedures to ensure the efficient deployment of resources and the implementation of a targeted risk based audit regime.

Implementation of this regime has commenced with a risk based audit approach for the licensed casino being adopted during 2010–11 to identify and target specific areas of risk in relation to gambling integrity and harm minimisation.

As a result, inspectors continue to attend the casino on a daily basis, but do not necessarily maintain a continuous onsite presence. In conjunction with the casino, the approved internal control procedures have been reviewed and amended to adopt this new approach.

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

It is envisaged that this targeted risk based compliance model which has been developed by OLGC will be incorporated within the merged CBS business model.

*Legislative amendments*

On 1 January 2011 a number of technical amendments were made to the Gaming Machines Act to improve the administration of the Act:

- Changes have been made to disclosure requirements to allow the Commissioner to release more non-confidential information, for example to researchers;
- The introduction of a new power that allows the Commissioner to refer matters to the Licensing Court, to reduce red tape for contentious cases; and
- A non-profit association will be able to transfer absolutely, or for a limited period, a gaming machine entitlement to the special club licence holder, Club One or to another non-profit association under an arrangement approved by the Commissioner.

During 2010–11 there were also a number of significant amendments to the regulatory and administrative gaming industry framework. These included:

- the elimination of the role of the State Procurement Board;
- a strengthened social effects test;
- the regulation of gaming venues on Commonwealth owned land;
- abolition of stamp duty;
- the requirement to maintain a publicly accessible register of gaming machine entitlements; and
- increased penalties and new expiation fees.

*Elimination of the role of the State Procurement Board*

From 1 July 2011, the role of the State Procurement Board in the administration of the Gaming Machines Act will be abolished. As a result, the Board will cease to be the single gaming machine supplier in South Australia.

New arrangements for the procurement of gaming machines have now been established to facilitate the movement of gaming machines within the industry, directly between gaming machine licensees and gaming machine dealers/service licensees.

Central to this process, gaming machine dealers are only permitted to enter into a sale agreement using a form of contract that I have approved. As at 30 June 2011 a total of seven forms of contract have been approved in respect to the following gaming machine dealers:

- Ainsworth Game Technology Ltd;

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

- Konami Australia Pty Ltd;
- Statewide Gaming Supplies;
- Aristocrat Technologies Australia Pty Ltd;
- Macmont Gaming Supplies Pty Ltd;
- IGT (Australia) Pty Ltd; and
- Shufflemaster Australasia Pty Ltd.

*Social Effect*

From 1 June 2011, an application for a new gaming machine licence or, at my discretion a variation to a gaming machine licence can only be accepted if the applicant has applied for and has been granted a Social Effect Certificate.

A prescribed social effect enquiry process must now precede an application for a Social Effect Certificate. The enquiry process requires that applicants advertise their intentions, consult with the local community about the nature of a proposed application for a gaming machine licence and address any concerns. The results of such an enquiry process are required to be documented and a copy of the report provided to local community stakeholders, the respective local government authority and myself.

A proposed premises certificate has also been introduced to provide regulatory certainty during the construction phase of a gaming venue where gaming machine licence applicants meet all of the licensing requirements.

I am required to apply the social effect principles prescribed by the Independent Gambling Authority (IGA) when granting or varying a gaming machine licence.

CBS will maintain and publish on a publicly available website, a register of social effect certificates. The register will record—

- the name of the holder of the certificate;
- the date that the certificate was granted; and
- the premises to which it relates.

Once a Social Effect Certificate is issued the register will be made available at [www.cbs.sa.gov.au](http://www.cbs.sa.gov.au).

*Abolition of stamp duty*

From 1 June 2011, licensees who transfer gaming machine entitlements—

- to the holder of the special club licence, ‘Club One’; or
- to another non-profit organisation (if eligible); or
- by sale through the Approved Trading System;

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

will no longer incur any liability for stamp duty on the transaction.

Gaming machine entitlements which are included in the transfer of a gaming machine licence will continue to be subject to stamp duty.

*Register of entitlements*

The Gaming Machines Act requires that from 1 June 2011, a register of gaming machine entitlements be maintained and published on a publicly available website. The register provides details of the number of gaming machine entitlements held by each licensee and the premises to which the entitlements relate.

The register is updated on a quarterly basis and can be accessed from the CBS website at [www.cbs.sa.gov.au](http://www.cbs.sa.gov.au).

*Regulation of Commonwealth owned venues*

After consultation with the Commonwealth and affected venues, South Australian responsible gambling measures can be extended to apply to gaming machine venues operating on Commonwealth land.

Further consultation will be undertaken prior to finalising regulations which will govern the circumstances in which inspectors can assess and report compliance with responsible gambling measures.

*Increased penalties and expiation fees*

During 2010–11, OLGC inspectors and SA Police were given new powers under the Gaming Machines Act to issue expiation notices for infringements of the Act and the mandatory provisions of the Responsible Gambling and Advertising Codes of Practice.

The use of expiation notices to deal with offences of a less serious nature will enable enforcement in a more straightforward manner.

Expiation fees range from \$160 to \$1 200.

**Priorities 2011–12**

*Re-engineering of business practices*

As reported previously, the business units of the Office of the Liquor and Gambling Commissioner (OLGC) are in the process of merging with the Office of Consumer and Business Affairs (OCBA) to form the new Consumer and Business Services (CBS) division of the Attorney-General's Department.

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

It is my intention to complete the relocation of former OLGC Licensing and Compliance business units to Chesser House during 2011–12. This will also include the transfer of hearings conducted by my delegates from Level 9, 50 Grenfell Street, Adelaide to the existing Residential Tenancies Tribunal facilities.

A focus point of the project change team in 2011–12 will be the re-engineering of existing business processes within the new merged CBS entity including the streamlining of operations and the cross skilling of staff to enable them to provide services across the various industries regulated by both agencies.

However, throughout and beyond this transition period, I will maintain my statutory responsibilities under all relevant gambling legislation.

*Approved Trading System for Gaming Machine Entitlements*

It is the Government's objective to reduce the number of gaming machines that may be lawfully operated in South Australia by 3 000.

Since 2004, a total of 2 218 gaming machines have been removed from the State, including 50 gaming machine entitlements which were cancelled as a result of previous trading rounds in 2005 and 2007.

To achieve this objective, amendments to the *Gaming Machines Act 1992* and the *Gaming Machines Regulations 2005* in 2011–12 will remove the fixed price of \$50 000 for gaming machine entitlements and introduce a new trading system for the purchase and sale of gaming machine entitlements.

In consultation with the Approved Trading System Working Party (a sub-committee of the Minister for Gambling's Responsible Gambling Working Party), the Department of Treasury and Finance and Crown Solicitor's Office, my office will develop a suite of publications to explain the new trading system and establish an administrative framework within CBS for conducting trading rounds.

The first trading round is expected to occur during the 2011–12 financial year.

*Targeted risk based approach to compliance*

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

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

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

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

The risk based compliance model to be implemented by my office will consist of four complementary approaches—

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

#### Self Assessment by Licensees

A self-assessment checklist is designed to assist licensees in fulfilling their supervision and management responsibilities.

Completion of the Checklist is a way of ensuring licensees are aware of a wide range of responsibilities in relation to liquor and gambling requirements and confirms that these matters have been addressed. The Checklist also covers building, safety and health requirements not provided for under liquor and gaming legislation, but nevertheless are important for the health and safety of patrons.

#### Risk Based inspections

While the self audit program forms an important foundation of the new compliance program, it will be supported by a risk based inspection regime. The frequency of inspections will be dependent on the perceived risk level of the licence, while the comprehensiveness of inspection will be influenced by whether the licensee has completed the self assessment checklist.

The nature of the business and its associated risk factors will influence whether the risk level of the licence is high, medium or low.

Notwithstanding the above, all premises with a gaming machine licence will be subject to a minimum of one annual inspection.

#### Thematic Inspections

Themed based inspections are part of the risk based inspection regime. These inspections will concentrate on common themes of non compliance that have been highlighted either through an analysis of data or complaints raised from the public and/or the Police. Theme based operations might focus on:

- how well licensees are meeting their supervisory/management responsibilities;

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

- confirming licensees and/or staff have a full understanding of responsible gambling and intoxication issues;
- checking that there are appropriate systems and procedures in place for the proper operation of the licence; and
- other matters including licence conditions.

#### Taskforce Operations

Taskforce operations will also be undertaken to address issues relating to liquor and gambling and are likely to concentrate on a particular region or event and will be concurrent with a thematic inspection.

As a precursor, a number of specifically targeted operations were conducted (over and above routine inspections) throughout 2010–11. This included a covert operation in the South East of the State which focussed on licensed premises in Mount Gambier, Penola, Millicent and Naracoorte.

#### Complaint Based Investigations

In response to complaints, compliance staff skilled across all relevant legislation will conduct investigations as required.

#### *Integrated Compliance Functionality*

To complement the introduction of a targeted risk based approach to compliance, a new integrated compliance framework will be implemented during 2011–12 which will assist me to fulfil my regulatory responsibilities.

All inspectorate functions (Casino, Liquor, Gaming and Wagering) will be combined and operate from a centralised location within CBS. All inspectors will be cross-skilled across all legislation types and will undertake shift work.

Inspectors will also be classified at a higher salary level and will focus solely on compliance and enforcement functions.

Compliance investigators will also be cross-skilled across all legislation types and will focus primarily on disciplinary action and prosecutions under the relevant Acts and codes of practice.

Currently, CBS is in the process of determining appropriate rosters and recruiting staff for these positions.

The risk based model and a move to multi-skilling is a work in progress and will be fully implemented in 2011–12. The model will have more flexibility in responding to liquor and gambling priorities and will ensure that current knowledge and expertise is preserved.

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

## **ENFORCEMENT AND COMPLIANCE**

2010–11 has been a year of transition from an industry based inspection model to a functional based model. While this has largely resulted in the co-location of work teams to date, the inspection rationale has continued to be representative of specific industry requirements.

### **Methods used to detect non-compliance**

#### Gaming

The primary method of assessing compliance has been through the physical inspection of gaming venues according to a schedule of inspections based on their geographic location.

All gaming machine licensees were inspected in the same manner whereby a visual inspection of the premises is undertaken and measured against a standardised checklist. Items on the checklist cover matters such as the layout of the gaming machines, a small number of operational safety issues such as blocked fire exits, Code of Practice requirements and some licence condition responsibilities.

In addition, a number of specifically targeted or themed based operations (over and above routine inspections) were also conducted. This includes the use of covert surveillance and the pooling of resources with the SA Police Licensing Enforcement Branch.

In November 2010, compliance staff conducted a task force operation based on the new compliance framework, in the south east of the State focusing on licensed premises in Naracoorte, Lucindale, Millicent and Mount Gambier.

While operations were predominantly focussed on compliance with the *Liquor Licensing Act 1997* and licensing conditions, gaming areas within such premises were also subject to inspection.

This operation was a valuable training exercise for staff and was a pre-cursor to the type of operations that will be conducted as the new compliance model is implemented in 2011–12.

The investigation of complaints and disputes is another method used to detect non-compliance.

A media monitoring service provides my office with copies of gambling advertisements placed in the Advertiser, Messenger and country newspapers. Copies are provided twice a week and are examined by officers for compliance with the various clauses of the Advertising Code of Practice.

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

Casino

The casino inspectorate is responsible for the scrutiny of casino systems, practices, and procedures and for detecting breaches of the Casino Act, Approved Licensing Agreement, Casino Duty Agreement, Approved Game Rules, Casino Internal Controls and the Casino Advertising and Responsible Gambling Codes of Practice.

A risk based audit approach commenced during 2010–11 which identifies specific areas of risk in relation to gambling integrity and harm minimisation. While inspectors continue to be rostered on duty at the casino on a daily basis, shifts have been modified to provide inspectorial coverage for 16 hours per day rather than a continuous 24 hour presence.

Wagering

Limited inspections are conducted of wagering operations in instances when licensees have already been subjected to more formal inspections. For example, bookmakers undergo at least one routine inspection per year but they operate at many race meetings attended by inspectors and limited inspections are conducted by way of a general overview of their operations.

A variety of records' audits are conducted including account betting audits for bookmaker betting. Finance audits confirm payments in relation to duty, cost recovery and unclaimed dividends. Consideration of complaints and disputes is another method used to detect non-compliance.

A number of surveillance operations were also conducted at various race meetings to ensure bookmakers and on-course totalisators complied with legislative requirements.

Inspectors focussed their attention on identifying bookmakers and/or totalisator operators accepting bets from suspected minors, minors approaching adults to make bets on their behalf and identifying bookmakers and/or totalisator operators accepting bets from persons suspected as being intoxicated.

**Inspection and Assessment**

As at 30 June 2011 the following licences were held or venues operated:

Type	No. of venues/licensees
Gaming Venues	561
SA TAB outlets	349
Racing Clubs ( <i>active</i> )	32
Bookmakers	31
Casino Licence	1

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

Inspections and other standard forms of compliance assessment conducted during 2010–11 are detailed below:

*Gaming Machines*

<b>Assessment Type</b>	<b>2010–11</b>
Routine Inspections	687
Media Monitoring	194
<b>TOTAL</b>	<b>881</b>

*Casino*

<b>Assessment Type</b>	<b>2010–11</b>
Daily Routine Inspections	365
Media Monitoring	26
Prize verification	17
Records and finance audits	221
Floor Surveillance	253
Gaming Machine Compliance	24
Miscellaneous inspections	457
Targeted surveillance	163
<b>TOTAL</b>	<b>1526</b>

*Wagering*

<b>Assessment Type</b>	<b>2010–11</b>
Formal Routine Inspections	437
Limited inspections	92
TAB credit betting audits	36
Account betting audits	7
Cash betting audits	18
Surveillance	37
<b>TOTAL</b>	<b>627</b>

**Non Compliance detected**

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

*Gaming Machines Act*

Instances of non-compliance were as follows:

<b>Compliance Item</b>	<b>2010–11</b>	<b>2009–10</b>
Training—operation of machines—not completed or certificate not available at time of inspection	43	69

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

Compliance Item	2010–11	2009–10
Responsible gambling training - not completed or certificate not available at time of inspection	41	67
Machine condition inadequate (monitors, buttons etc)	29	41
Responsible Gambling Document not maintained	18	32
Gambling cards/sticker not available/affixed	17	23
Advertising does not include either condensed or expanded warning message	11	18
Gaming layout not approved	11	17
Warning to minors sign not displayed (at each entrance)	10	12
Warning to minors sticker (not affixed to gaming machines)	8	6
Playing of more than one machine sticker (not affixed to gaming machines)	7	11
Barring procedure not maintained (may be part of responsible gambling document)	6	3
Gaming licence not displayed (at principal entrance)	5	10
Logic board not sealed	5	10
All approved staff not displaying ID badges	5	9
Log Books not present and/or completed	4	6
Code of practice not available	4	14
Rules ancillary to gaming sign not displayed	3	1
Barring orders issued under section 59 have not been provided to OLGC	3	2
No gaming machine manager on duty	3	4
All barring notices not being maintained in a folder or picture wall	2	7
Governed by a code of practice sign not displayed	2	7
Responsible gambling pamphlets not displayed	2	5
Time of day not prominently displayed in gaming area	2	5
Licensee not wearing approved badge while in the gaming area	2	2
All barring notices accessible by, or visible to, staff only	1	4
All staff not approved	1	3
Structural alterations not approved	1	1
Advertising includes 'Win' or '\$' and is not used to refer to a particular prize	0	1
Cash facilities within gaming area	0	1
Gaming area security is not adequate	0	1
Inducements offered other than participation in a loyalty program	0	1
Responsible gambling poster not displayed	0	5
Security box not locked	0	5
<b>TOTAL</b>	<b>246</b>	<b>403</b>

Overall, there has been a general improvement in compliance by gaming machine licensees with 246 non-compliant matters being detected in the reporting period compared with 403 in 2009–10.

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

There has also been significant improvement in relation to compliance with the both the Responsible Gambling and Advertising Codes of Practice.

Licenses are now adding the appropriate responsible gambling messages to their advertising and any found to be non-compliant have been warned by letter. Should they come to my attention again, further disciplinary action will be considered.

The level of non-compliance in relation to the requirement to maintain a responsible gambling document has also improved dramatically with only 18 non-compliant venues compared to 32 last year.

The requirement for licenses to be able to demonstrate that persons approved under the Gaming Machines Act have completed appropriate training in Responsible Gambling and Operation of Gaming Machines has improved significantly over the last two years, but remains an issue of concern.

*Casino Act*

Instances of non-compliance were as follows:

<b>Compliance Item</b>	<b>2010–11</b>	<b>2009–10</b>
Breach of Internal Controls (Pit Operations) (incl Table Game Procedures, Game Rules, Dealing Procedures, Equipment Integrity)	37	103
Breach of Internal Controls (Cash handling) (incl Hard Count, Soft Count, Verification of Net Gambling Revenue)	14	3
Breach of Internal Controls (Gaming Machines) (incl Installation and Operation of Gaming Machines, Operational Procedures)	5	19
Breach of Internal Controls (Security) (incl Drop Box Procedures and Records)	4	16
Breach of Approved Licensing Agreement (incl Floor Layout)	1	0
Minors not prohibited from entering gaming area	5	5
Patron not warned for playing multiple gaming machines	2	8
Gambling Helpline cards/sticker not available	1	1
Staff not wearing identification badge	0	10
Intoxicated persons not prevented from gambling	0	2
Advertising does not contain responsible gambling message	0	1
Time of day not prominently displayed in gaming area	0	1
<b>TOTAL</b>	<b>69</b>	<b>169</b>

It is pleasing to note that the level of compliance with the approved internal controls for pit operations has improved significantly during 2010–11.

As detailed later in this report, some compliance concerns have been the subject of further report to the Authority.

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

These included:

- instances of minors being permitted entry to the casino premises;
- the results of an audit of the Casino cheque cashing/holding facility which identified that cheques were not banked and were being held for a period longer than permitted.
- the incorrect configuration of a progressive jackpot controller resulting in the 18 gaming machines being operated below the statutory return to player percentage of 87.5%.

In 2010–11 the Casino refused entry to 8 420 persons suspected of being minors, an increase of 26% over the number refused entry in the previous year.

Other matters noted during 2010–11 included:

- errors in dealing procedures or the application of game rules;
- errors relating to the failure to comply with pit operation procedures including the accountability of chip inventory being held on gaming tables;
- failure of staff to comply with Security procedures involving the distribution and collection of Table Game drop boxes and coin buckets from gaming machines;
- failure to maintain an accurate record of drop boxes issued and collected to/from gaming tables;
- staff not complying with gaming machine procedures resulting in discrepancies with gaming machine prizes;
- staff allowing a gaming machine to be played prior to the completion of final accounting checks;
- failure of staff to comply with Cash Handling procedures, including the incorrect processing of gaming machine jackpot prizes and adherence to cash counting procedures; and
- failure to maintain accurate administrative records in respect to the security of gaming machine software.

#### Outdoor Gaming Machines

On 8 March 2011 the casino commenced operation of 20 gaming machines in a designated outdoor smoking area known as the Oasis Courtyard.

Following an investigation, I directed authorised officers to instruct the casino to disable the said gaming machines on the grounds that specific approval had not been granted for the placement of this equipment for gambling in accordance with clause 7.1 of the Approved Licensing Agreement.

Casino staff complied with the instruction, resulting in all twenty gaming machines being disabled at 10.20am on Thursday 10 March 2011.

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

At the request of the casino licensee, I subsequently relinquished control of these machines on 25 March 2011 so that they could be removed from the Oasis outdoor area and be placed in storage until such time as they could be relocated to an alternate location on the Casino premises.

*Authorised Betting Operations Act*

**SA TAB**

Instances of non-compliance were as follows:

<b>Compliance Item</b>	<b>2010–11</b>	<b>2009–10</b>
All staff have not received problem gambling training	24	17
Responsible gambling pamphlet not displayed	6	14
Gambling helpline cards not at betting terminal	4	10
Not all staff received refresher course at least every 2 years	5	6
Governed by a code of practice sign not displayed	5	1
Payout on incorrect result	4	n/a
Betting operations rules sign not displayed	3	3
Responsible gambling poster not displayed	2	1
No responsible gambling material back of house	1	0
Responsible gambling document not maintained	1	0
Conforms with Rules	1	n/a
Gambling helpline sticker not on or near betting terminals	0	1
Payment not made on result announced	0	2
Payout amount not the amount shown on ticket	0	2
<b>TOTAL</b>	<b>56</b>	<b>57</b>

While overall compliance has improved, staff training issues are still a concern, with the number of non-compliant reports increasing from 17 in 2009–10 to 24 in 2010–11.

*Racing Clubs*

Instances of non-compliance were as follows:

<b>Compliance Item</b>	<b>2010–11</b>	<b>2009–10</b>
Governed by a code of practice sign not displayed	2	1
Punters club - opening balance not displayed	1	-
Responsible gambling poster not displayed	1	2
No responsible gambling message in race book	1	1
Responsible gambling pamphlet not displayed	0	2
Punters club - return not lodged within 21 days after race meeting	0	3
<b>TOTAL</b>	<b>5</b>	<b>9</b>

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

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

**Bookmakers**

Instances of non-compliance were as follows:

<b>Compliance Item</b>	<b>2010–11</b>	<b>2009–10</b>
Unclaimed winnings not lodged by prescribed date	4	<sup>(1)</sup> 60
Responsible gambling document not maintained	3	3
Gambling helpline message not on betting tickets	2	2
Bookmaker did not retain ticket for the required period	1	2
Not all staff received refresher course at least every 2 years	1	0
Time on computer system incorrect	1	0
Agents display ID badge	1	0
Bookmaker issued permit for venue	1	0
Governed by a code of practice sign not displayed	1	1
Bookmakers not carrying photo ID	1	0
Not all staff received problem gambling training	0	2
Bets identified as telephone bets not on betting sheets	0	1
Bookmaker not operating from designated area provided by race club	0	1
Code of practice not available	0	1
Bookmaker or Authorised Agent did not personally conduct betting	0	5
Weekly returns not lodged by prescribed time detailing all bets	0	4
<b>TOTAL</b>	<b>16</b>	<b>82</b>

(1) Includes 46 breaches for one bookmaker (one for each unclaimed winning bet not submitted by the prescribed time) and as the monies were lodged, albeit late, this would be considered to be at the lower end of the scale as far as non compliance is concerned.

As a result of inspections of PubTAB outlets, it was found that there were breaches in respect to ‘Code of Practice’ signs not being displayed, no responsible gambling pamphlets being displayed or helpline cards being available. In each case, the breach was remedied immediately at the intervention of the Inspector.

As detailed later in this report, a report concerning a bookmaker who had attended a race meeting and accepted bets without a permit has been forwarded to the Authority.

**DISCIPLINARY ACTION**

While under the Gaming Machines Act the Liquor and Gambling Commissioner is responsible for disciplinary action, the Casino Act and the Authorised Betting Operations Act confers that responsibility with the Authority.

Details of disciplinary action taken in relation to gaming matters are detailed in the table below.

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

**Gaming**

<b>Licensed Premises</b>	<b>Breach</b>	<b>Action Taken</b>
Lighthouse Hotel (formerly Ales and Sales)	Failure to comply with the Responsible Gambling Code of Practice. Three offences relating to the maintenance of a responsible gambling document, training requirements for problem gambling intervention and ability to provide a copy of the Responsible Gambling Code of Practice.	Reprimand
St Kilda Hotel	Failure to comply with the <i>Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice. Ten offences relating to the maintenance of a responsible gambling document, outdated version of Responsible Gambling Code of Practice, no document for the reporting of problem gamblers, no details of a rehabilitation agency, signage, time of day display and evidence of training.	Three day licence suspension from 12.01am on 18 October 2010 to 11.59pm on 20 October 2010; and Fine of \$1 000
Elephant & Castle Hotel	Failure to comply with the Gaming Machines Act 1992 and the Responsible Gambling Code of Practice. Four offences relating to the maintenance of a responsible gambling document, details of the venues intervention agency, evidence of training, barring orders were unable to be ascertained due to a lack of documentation.	Reprimand
Paringa Hotel	Failure to comply with the Gaming Machines Act 1992 and the Responsible Gambling Code of Practice. Five offences relating to the maintenance of a responsible gambling document, signage, not familiar with the requirements of the Approved Intervention Agency agreement or documentation processes that are required.	Fine of \$1 000
Wheatsheaf Hotel	Failure to pay gaming tax on time (previous history of late-payment of gaming tax on seven occasions between March 2009 and December 2010).	Fine of \$600
Hotel Wright Street	Failure to comply with the Gaming Machines Act 1992 and the Responsible Gambling Code of Practice. Seven offences including no notice of warning to minors, seal located in gaming machine broken, employees not trained, staff register failed to specify currently approved persons, no evidence of training requirement, unable to produce any self barring forms, failed to maintain an adequate reporting process for identification of suspected problem gamblers, no entries recorded within the Gambling Help Service contact log, therefore unable to identify a gambling rehabilitation agency that patrons could readily access.	Fine of \$2 500

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

<b>Licensed Premises</b>	<b>Breach</b>	<b>Action Taken</b>
Duke of Brunswick Hotel	Failure to comply with the Gaming Machines Act 1992 and the Responsible Gambling Code of Practice. Eight offences relating to the maintenance of a responsible gambling document, signage, unable to produce any self barring forms, unable to identify the venue’s gambling rehabilitation agency, details of the venue’s intervention agency agreement or documentation, evidence of training identification, identification card requirements.	Reprimand
Whitmore Hotel	Failure to comply with the Gaming Machines Act 1992 and the Responsible Gambling Code of Practice. Seven offences relating to the maintenance of a responsible gambling document, signage, problem gambling intervention requirements, non-identification of the venues gambling rehabilitation agency, absence of self-barring forms, evidence of training and identification card requirements and failure to provide written notice of gaming machine managers who had ceased employment.	Suspension of Licence for one day (3 May 2011)
Robe Hotel	Failure to comply with the Gaming Machines Act 1992 and the Responsible Gambling Code of Practice. Seven offences relating to responsible gambling signage; Responsible Gambling Document was incomplete; unable to produce Responsible Gambling Code of Practice; evidence of training not provided, failed to provide written notice of gaming machine managers and/or approved gaming machine employees who had ceased employment.	Reprimand

**Casino**

Details of the following matters were reported to the Authority for consideration of disciplinary action.

*Minors Permitted Entry To The Casino*

Failure to comply with section 43 of the *Casino Act 1997*

During 2010–11 there were five instances of minors being detected on the casino premises.

Issues identified include:

- a failure of casino security staff to ask for identification;
- a failure of casino security staff to identify forms of identification that had been tampered with; and
- a failure of casino security staff to act in respect of a juvenile clearly in view.

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

*Cheque Holding*

Failure to comply with section 38(2) of the *Casino Act 1997*

An audit of the Casino cheque cashing/holding facility identified that cheques were not banked and were being held for a period longer than permitted.

*Incorrect Configuration of Gaming Machines*

Failure to comply with section 37B of the *Casino Act 1997*

An audit of gaming machine financial data identified the incorrect configuration of a progressive jackpot controller resulting in 18 gaming machines being operated below the statutory return to player percentage of 87.5%.

**Wagering**

Details of the following matters were reported to the Authority for consideration of disciplinary action.

*Unauthorised Acceptance of Bets*

An audit of returns for the Port Pirie Harness race meeting held on 28 December 2010 identified that bookmaker Gregory John McAtee had attended and accepted bets without a permit.

Section 54(1) of the Authorised Betting Operations Act 2000 states that “*It is a condition of a bookmaker’s licence that the licensee must not accept bets without being authorised to do so by a permit granted by the Commissioner.*”

In response to this matter, Mr McAtee acknowledged that he did not have a permit for this meeting. He claims that the oversight was due to a change in the racing program and as he is the only bookmaker who fields at the Port Pirie Harness Meeting, he assumed that the club had applied for a permit in respect to this meet.

**TECHNICAL MATTERS**

**Gaming Machine Monitoring System (excluding casino)**

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

The primary tool in performing this function is the central monitoring system operated by the Independent Gaming Corporation (IGC).

The imposition of licence conditions and the approval of procedures and policies ensure that there are sufficient internal and external security and audit controls. These controls ensure that any manipulation of the data collected and produced by the

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

monitoring system will produce an auditable trail and that the software or hardware of the monitoring system cannot be altered without the Office's knowledge.

In September 2009, the new AEGIS central computer host and ExtremaDX Terminal Controller were approved to replace the previous AGS host and ageing SC300 Site Controller in each gaming venue. The AEGIS/DX monitoring system components were developed by IGC and the system's vendor, Scientific Games.

During 2010–11, installation trials identified some issues which required revisions of AEGIS and DX software. All gaming machine venues have now migrated to the new software and are being monitored by the new AEGIS system.

Scrutiny of the operation of gaming machines is also maintained via the review and analysis of reports generated by the monitoring system by specialist technical staff within my office.

#### **Approval of Games**

Sections 40(3) of the Gaming Machines Act and 37A(1) of the Casino Act require that any application for approval of a game that is likely to lead to an exacerbation of problem gambling must be refused.

It has become customary for game manufacturers to contact this office prior to a submission being made to discuss in advance whether or not a game or particular feature is likely to be approved. Manufacturers prefer to modify or remove game features to guarantee approval, rather than provide a responsible gambling impact analysis as required under the Authority's game approval principles.

During 2010–11, all applications for approval of games were considered having regard to the Authority's Game Approval Guidelines (the Guidelines).

#### Gaming

No applications for games were refused.

#### Casino

Two applications by the Casino were refused on the grounds that in accordance with clause 2 of the Guidelines, they each had one or more characteristics which has been identified by Authority as being likely to exacerbate problem gambling.

Being satisfied that the subject games were likely to lead to an exacerbation of problem gambling, I refused to authorise each game in accordance with section 37A(2) of the Casino Act.

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

Gold Fever Dolphin Dreams

The game exhibited a feature consistent with clause 2(2)(g)— the feature, branded as *Gold Fever Bonus Feature*, provided the player with a chance of being awarded in excess of 25 free games.

Double Happiness Power Pay

The game exhibited features consistent with clause 2(2)(a) and (d)— the feature, branded as *Power Pay*, required that the player bet an additional five credit bet to access the feature and the statistical return to player (RTP%) for the game was found to be non-linear (i.e. the RTP% increases when the player increases their bet).

**Approval of Equipment for Surveillance at the Casino**

During 2010–11 a full audit of the Adelaide Casino’s Digital Recording Surveillance System was conducted. A baseline document was created detailing the core components of the surveillance and digital recording system being operated. The document will be used as a reference for future audits to ensure no new systems are introduced without my approval.

**Approval of wagering systems and equipment**

During 2010–11, 52 approvals were granted for modifications to components of the wagering system operated by SATAB Pty Ltd.

**Testing and evaluation of gaming machines and games**

Testing and evaluation of gaming machines and games has been conducted primarily by GLI (Australia) and BMM Australia Pty Ltd. Some testing has also been undertaken by QALab Pty Ltd and Technical Systems Testing Pty Ltd.

Testing reports are received from an accredited test laboratory, certifying that a gaming machine or game meets the current technical standards. In addition to this, the IGC certifies that the machine or game that is to be operated in a gaming venue is compatible with the monitoring system’s communications protocol.

During 2010–11, the following activity occurred for gaming machines, games and associated equipment for gambling [activity for the previous year is in (brackets)]:

Activity	Gaming Machines Act	Casino Act
Approval of a new game	39 (30)	113 (68)
Approval of a new version of a game	1 (12)	3 (1)
Revocation of a game	0 (35)	1 (342) <sup>(1)</sup>
Approval of a new gaming machine	1 (3)	3 (5)

Appendix B: Report of the Liquor and Gambling  
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Activity	Gaming Machines Act	Casino Act
Approval of a modification to a gaming machine	10 (25)	26 (18)
Approval of linked progressive jackpot controllers	N/A <sup>(2)</sup>	0 (4)

(1) On 30 June 2010, the Commissioner concluded an audit of approved gaming machine software and revoked the approval of old and unused software

(2) Section 53 of the Gaming Machines Act prohibits linked jackpots on gaming machines in hotels and clubs

### UniTab—TwoWay Tabactive Application

On 1 June 2011, I granted UniTab, which is licensed as the SA TAB in South Australia, approval to operate a betting service known as the ‘Two Way Tabactive’ service through the FOXTEL Digital Pay TV Service.

This service will allow subscribers to FOXTEL who have an SA TAB account, to access their account information and to place bets using their Pay TV connection as an alternative to existing telephone and internet systems.

This service is an extension of the existing UniTab/SA TAB internet and telephone account betting service providing detailed race and betting information on thoroughbred, harness and greyhound race meetings, including track conditions, dividends, results and account holder information.

Access to the service is restricted to betting account holders registered with SATAB and requires customers to enter a PIN via their FOXTEL remote. Additional security is also provided by the FOXTEL set top box which will also require a PIN to activate the Tabactive service.

Appropriate safeguards will be a feature of this service. These include:

- All users will be required to be registered account holders;
- Account establishment and activation will not be possible through the Tabactive service;
- Applicants who wish to establish an account must satisfy existing account opening procedures (i.e. authentication of a persons identity and verification of a persons age as be 18 years or over) directly with SATAB;
- Accounts will be password protected; and
- Only cleared funds may be used for betting.

In respect to its obligations to promote the socially responsible use of wagering services, UniTab/SA TAB must ensure that responsible gambling messages will be displayed on screen in line with the requirements of the Responsible Gambling Code of Practice.

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

## **COMPLAINTS/DISPUTES**

### **Gaming complaints**

During 2010–11, my office investigated 14 complaints in relation to gaming machine payout disputes or alleged machine malfunctions, compared to 9 in the previous reporting period.

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

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

No complaints were upheld in favour of the complainant for various reasons including patrons failing to pursue matters, patrons mistaken on how or when machines pay winning credits or there was insufficient evidence to support the claims.

### **Casino complaints**

During 2010–11, my office investigated 13 complaints against the casino, compared to 15 during the previous reporting period.

The nature of complaints cover a range of issues including alleged gaming machine malfunctions, table game rules, dealing and payout disputes,

Casino inspectors use a variety of tools to determine these disputes including reference to approved rules and procedures, interviews of complainants and casino staff, reviews of Surveillance coverage, checks of gaming machine Tamper Evident Seals, and verification of game software Program Storage Devices.

Following initial assessment by inspectors, 12 complaints were dismissed. One complaint is the subject of an ongoing investigation.

### **SA TAB betting disputes**

During 2010–11, my office investigated six disputes, compared to three during the previous reporting period.

Disputes with SATAB are invariably in relation to telephone betting and the fact that punters do not listen when their bets are called back to them. If the bet details are misheard by the SATAB operator, this call back is the opportunity for punters to correct those details and ensure that the bet is placed correctly. The details called by the SATAB operator, if not corrected, will be the bet that is placed.

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

SA TAB is required to attempt to resolve all disputes with referral to my Office if this is not possible. To assist me in making a determination, SATAB provides audio recordings of bets.

In all disputes investigated, there was no breach of the rules by SATAB, and no further action was taken.

**ADMINISTRATIVE MATTERS**

My office processes thousands of applications every year for licences and approvals under six pieces of legislation. In relation to gambling, over 6 400 applications were processed as detailed below:

*Gaming Machines*

<b>Application Type</b>	<b>2010–11</b>
Applications for Licences	3
Applications for Licence Transfers	42
Applications—General	234
Applications for person approvals	2 823

*Casino*

<b>Application Type</b>	<b>2010–11</b>
Applications for approvals, variations to procedures, etc	220
Applications for person approvals	319

*Wagering*

<b>Application Type</b>	<b>2010–11</b>
Applications for Licences	8
Applications for Licence Renewals	107
Applications for approvals	68
Applications for bookmaker permits	2 284

**Gaming Machines Act**

Amendments have been made to the *Gaming Machines Act 1992* in order to create better responsible gambling environments and to reduce costs and risks associated with regulation.

Bulletins were sent to all Gaming Machine licensees detailing the amendments to the *Gaming Machines Act 1992* that came into effect on 1 January 2011, 1 June 2011 and 1 July 2011.

**Casino Act**

To reflect the new risk based approach to compliance which commenced in 2010–11 internal casino control procedures have been reviewed and amended.

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

***Responsible Gambling***

SKYCITY Adelaide has advised that during 2010–11, 11 886 persons were refused entry on suspicion of being intoxicated and a further 3 312 persons were requested to leave the premises for exhibiting levels of intoxication.

***Authorised Games***

As at 30 June 2011, the Adelaide Casino had 94 gaming tables with 77 tables on the common gaming floor, 12 in the Grange Room (Members Only) and five for private table gaming.

Procedures are in place to limit the number of tables in operation at any one time to the maximum permissible level of 90 gaming tables.

As the games of American Roulette, Baccarat, Blackjack and Poker continue to prove the most popular, assessment of compliance with game rules generally tends to be targeted against these game types.

The maximum permissible number of gaming machines which can be operated at the Casino is restricted to 995 gaming machines. The total number of gaming machines in operation as at 30 June 2011 was 985 comprising 912 in the common gaming area and 73 in the Platinum Room (Members Only).

***Approved Amendments to Rules and Procedures***

During 2010-11 I approved amendments to the rules of Big Wheel, Caribbean Stud, Texas Hold'em Bonus, Blackjack Switch and the variations of Poker.

**Authorised Betting Operations Act**

***Cessation of Bookmaker Licences***

During the reporting period, two bookmakers did not renew their bookmakers licence and one bookmaker passed away following a lengthy illness.

**Ministerial Direction**

On 6 June 2011 the Minister for Gambling issued a new direction in relation to the granting of bookmaker permits. While there has been no change from previous Directions issued, recent Crown advice confirmed that I may endorse a bookmaker licence with authorisation to conduct internet betting, while the bookmaker is operating under a valid permit.

The Minister has advised the SA Bookmakers' League that a restricted form of internet betting is now available. I am currently developing systems and procedures for such betting in accordance with rule 130AC of the Bookmakers Licensing Rules.

APPENDIX C

Activities and disclosures

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**1. THE AUTHORITY’S BOARD**

**1.1 Composition of the Authority**

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

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

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

**Alan Peter Moss, LL B:** appointed presiding member from 1 October 2007 and reappointed for a term ending on 30 September 2013.

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

Appendix C: Activities and disclosures—continued

**Margaret Julia Kelly, LL M:** appointed as a member and as deputy to the presiding member from 28 August 2003. Ms Kelly's appointment expired on 27 August 2010.

*Margaret Kelly is a practising barrister in Adelaide.*

**Penelope Frances Kaempf, BA, LL B:** appointed as a member and as deputy to the presiding member from 28 August 2010. Ms Kaempf's current term runs until 27 August 2013.

*Penny Kaempf is a practising lawyer in Adelaide.*

**Amanda Dianne Blair:** appointed from 28 August 2010; current term runs until 27 August 2013.

*Amanda Blair is an Adelaide radio presenter.*

**Robyn Lee Buckler, Dip Teaching, Grad Dip Legal Studies:** appointed from 1 October 2004; Ms Buckler's appointment expired on 30 September 2010.

*Robyn Buckler is the Assistant Secretary of the LHMU—South Australia Branch.*

**John Thomas Hill, BEc:** appointed from 15 July 2004; Mr Hill's appointment expired on 14 July 2010.

*John Hill is a retired treasury official, having last served as Deputy Under Treasurer.*

**William Rex Jory:** appointed from 24 March 2005; current term runs until 23 March 2012.

*Rex Jory is a retired editorial executive of News Limited, and now contributes a regular column to the Advertiser.*

**Adrian Gary Tisato, BA, LL B, GDLP:** appointed from 1 October 2010; current term runs until 30 September 2013.

*Adrian Tisato is a practising lawyer in Adelaide.*

**Margaret Wallace, BA, Dip T (Sec), Grad Cert Mgt:** appointed from 13 February 2003; current term runs until 30 April 2012.

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

**Dale Peter West:** appointed from 1 October 2001; Mr West's appointment expired on 30 September 2010.

*Dale West is the Director of Centacare Catholic Family Services, Adelaide and Director, Management and Property for the Catholic Archdiocese of Adelaide.*

**James Stanley Wright, B Ec (Hons), FAICD:** appointed from 9 December 2010; current term runs until 8 December 2013.

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

During the reporting period, Mr Jory was reappointed for a further 1-year term.

## 1.2 Remuneration of Authority members

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

Appendix C: Activities and disclosures—continued

The allowances applying as at the reporting date are—

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

### 1.3 Meetings of the Authority

Under section 13 of the IGA Act, the presiding member (or deputy) and 3 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>Member</i>	<i>Attended</i>	<i>Eligible to attend</i>
Alan Moss	9	11
Margaret Kelly	2	2
Penny Kaempf	9	9
Amanda Blair	8	9
Robyn Buckler	2	3
John Hill	1	1
Rex Jory	10	11
Adrian Tisato	8	8
Margaret Wallace	11	11
Dale West	3	3
Jim Wright	6	7

### 1.4 Committees of the Authority

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

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

The Committees active during the reporting period were—

#### **Regulation Committee**

*Convener:* Ms Kelly (until August 2010) Mr Jory (from October 2010);

*Key participants:* Mr Jory, Ms Kaempf, Mr Tisato and the Director.

#### **Responsible Gambling Committee**

*Convener:* Mr West (until September 2010), Ms Wallace (from October 2010); *Key participants:* Ms Blair, Mr Jory, Ms Wallace and the Director.

#### **Audit Committee**

*Convener:* Mr Hill (until July 2010), Mr Wright (from December 2010);

*Committee members:* Ms Kelly (until August 2010), Mr Jory and Ms Kaempf (from December 2010).

In the cases of the Regulation Committee and the Responsible Gambling Committee, all members of the Authority are committee members and are entitled to participate. Those members designated as key participants undertake to participate on a regular basis. The Director has been appointed to these committees in the exercise of the power to appoint a person who is not a member of the Authority.

Appendix C: Activities and disclosures—continued

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

**2. THE AUTHORITY'S STAFF**

**2.1 Staff**

The Authority is supported by a small office.

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

The key staff statistics, as at 30 June 2011 for the reporting period, are—

- ◆ there were 9 staff regularly employed in the office—one executive officer (male), 5 non-executive full-time staff (4 female and 1 male) and 4 casual staff (3 female and 1 male);
- ◆ none of the staff has identified as of Aboriginal or Torres Strait Islander background;
- ◆ one staff member was on placement in the Revenue and Economics Branch of the Department of Treasury and Finance for the whole reporting period;
- ◆ one staff member was on maternity leave for 5 months of the reporting period;
- ◆ of the full-time staff, 4 were on-going employees, 2 were on a long term contract (greater than two years), 1 was on a short term contract (less than 2 years);
- ◆ as to staff age, 2 persons were in the bracket 25–29 years, 3 persons were in the bracket 30–34 years, 1 person was in the bracket 35–39 years, 3 persons were in the bracket 50–54 years; and 1 person was in the bracket 55–59 years;
- ◆ two staff were paid in the \$50 400–\$64 009 salary range, five in the \$64 100–\$82 009 (full time) salary range, two in the \$82 100–\$103 599 salary range, and one in the \$103 600+ salary range.

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

**2.2 Staff training and development**

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

**2.3 Leave management**

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

- ◆ sick leave—11.37 days; and
- ◆ family carer leave—0.82 days.

Appendix C: Activities and disclosures—continued

**2.4 Voluntary flexible working arrangements**

Public sector voluntary flexible working arrangements are designed to assist employees to better manage their work and other responsibilities and interests. During the reporting period, flexitime was utilised by the 6 non-executive staff members.

**2.5 Equal employment opportunity**

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

**2.6 Occupational health and safety**

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

**2.7 Disability action**

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

**3. SERVICE LEVEL AGREEMENT WITH DTF**

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

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

As part of the implementation of the Shared Services SA initiative, some back office services which had been the subject of the Treasury service level agreement are now being provided under separate, unit fee for service agreements with the Executive Director of Shared Services SA (which is, coincidentally, a unit within Treasury).

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

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

Appendix C: Activities and disclosures—continued

**4. DISCLOSURES**

**4.1 Contractual arrangements**

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

**4.2 Account payment performance**

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

Accounts payable performance has deteriorated, especially in terms of dollars paid, during the reporting period. This has coincided with the full implementation of the image based process and work is being undertaken with Shared Services SA to improve identification and payment of accounts.

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

<i>Particulars</i>	<i>Number paid</i>	<i>%</i>	<i>Amount paid (\$'000)</i>	<i>%</i>
Paid by the due date	301	84	141	33
Paid within 30 days or less from the due date	39	11	228	54
Paid more than 30 days from the due date	17	5	56	13
Total	357	100	425	100

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

*Note 2:* The components of the column for percentage of invoices paid do not add to 100 on account of rounding effects.

**4.3 Fraud**

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

**4.4 Overseas travel**

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

<i>No. of employees</i>	<i>Destination</i>	<i>Reason for travel</i>	<i>Amount</i>
1	Washington DC	To attend IAGR and IAGA, 9–13 October 2010.	\$6001

The Director travelled with two board members funded by the Authority and one former board member whose conference registration was funded by the Authority.

Appendix C: Activities and disclosures—continued

**4.5 Consultants**

Particulars of payments made to consultants (over and above the audited financial report disclosures) are given in the following table.

<i>Consultant</i>	<i>Purpose of consultancy</i>	<i>Number</i>	<i>Amount (\$'000s)</i>
<b>Value below \$10 000</b>			
Spark & Cannon	Transcription services	1	.904
<b>Value \$10 000 to \$50 000</b>			
Insightrix Research Inc	Evaluative research—mandatory warning messages		
ARI	Analysis of adolescent gambling data		
The University of Sydney	Clinical assessment of problem gamblers identified by CPGI		
KPMG	Skycity Adelaide Host Responsibility Coordinator and Compliance Review		
OARS SA Inc	Gambling and crime research		
<b>Subtotal</b>		<b>5</b>	<b>124</b>
<b>Value above \$50 000</b>			
None			
<b>Subtotal</b>		<b>0</b>	<b>0</b>
<b>Totals</b>		<b>6</b>	<b>125</b>

**4.6 Freedom of information**

There were no applications under the *Freedom of Information Act 1991* made to the Authority in the reporting period.

**5. REGULATORY ACTIVITIES—CASINO**

**5.1 Overview**

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

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

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

Appendix C: Activities and disclosures—continued

**5.2 Statutory defaults and disciplinary action**

Casino statutory default action by the Authority is dealt with in the main part of the report (on page 21). It is also mentioned by the Liquor and Gambling Commissioner in his report in Appendix B (at page 67).

**5.3 General power of the Authority to issue directions**

Section 47 of the Casino Act allows the Authority to give directions to the licensee about any aspect of the management, supervision and control of the casino. There was, during the reporting period, one such direction in force under this provision. It applies to the exclusion of persons excluded from the casino under the voluntary barring provisions of section 15B of the IGA Act.

The direction requires the licensee to take reasonable steps—

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

**5.4 Barrings and reviews**

Section 45 of the Casino Act allows the Liquor and Gambling Commissioner to bar persons from the casino. This is a separate barring process to the one introduced to allow problem gamblers to be voluntarily excluded. Section 65 of the Casino Act allows those unhappy with a barring decision of the Commissioner to seek review of the decision by the Authority.

The Authority has established a formal pre-hearing process for barring appeals. This process ensures that in a case before the Authority only those matters that are genuinely contested proceed to hearing.

During the reporting period, the Authority received 11 formal review applications. Eleven of the applications proceeded to a pre-hearing conference. Ten of the matters were concluded: in three cases, the application was withdrawn, one application was dismissed. In the other, the application was resolved with the barring period reduced. One case remained unresolved at the end of the period.

**5.5 Approval of suitable persons and review of decisions**

Section 30 of the Casino Act requires Skycity Adelaide to apply to the Commissioner for approval of a person as a suitable person to work in sensitive positions. The Commissioner has discretionary powers with respect to such applications and is not required to give reasons for refusing an application. There were no applications for review in the reporting period.

**5.6 Approval of persons in a position of significant influence**

Section 14 and 14A of the Casino Act require Skycity Adelaide to apply to the Authority for approval of persons who attain a position of control or significant influence over the operations of the Adelaide Casino licence. The necessary approval process involves the completion of personal history questionnaires. Further activity is determined on a case by case basis.

Appendix C: Activities and disclosures—continued

During the financial year approval was granted to Ms Suzanne Suckling, who is a New Zealand based company director.

Approval was also sought for Mr Bruce Carter, a Ferrier Hodgson partner and then chair of the State's Economic Development Board. The Authority apprehended that conflicts of interest might be perceived and so set about a process of review and interview to ensure that any actual conflict was identified and that processes were in place to protect against the emergence of conflicts. Mr Carter was approved on 6 October 2010.

### 5.7 *Complaints*

At the end of the last reporting period the Authority advised that it had been made aware of several allegations of children on the casino premises. These matters were handled through the statutory default process.

### 5.8 *Approval of amendments to the approved licensing agreement*

There were no amendments to the approved licensing agreement during the reporting period.

## 6. REGULATORY ACTIVITIES—GAMING MACHINES

### 6.1 *Structure of licences*

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

- (a) **Gaming machine licence**—which authorises the licensee to possess approved gaming machines on premises designated in the licence and to conduct gaming on those machines—these licences are held by hotels and clubs;
- (b) **Gaming machine dealer's licence**—which authorises the licensee to manufacture gaming machines and prescribed gaming machine components and to sell or supply to the State Procurement Board, or to another holder of a gaming machine dealer's licence, approved gaming machines, prescribed gaming machine components and gaming equipment—these licences are held by gaming machine manufacturers and their agents;
- (c) **Gaming machine 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 Procurement 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; and
- (e) **Gaming machine service licence**—which authorises the licensee to install, service and repair approved gaming machines, prescribed gaming machine components and gaming equipment—Bytecrafft Pty Ltd (a Tatts Group company) and 20 affiliates hold service licences.

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

## Appendix C: Activities and disclosures—continued

The Authority’s regulatory role concerning these licences is to have the Liquor and Gambling Commissioner satisfy the Authority that the licensees’ operations have been kept under constant scrutiny.

### *6.2 General power of the Authority to issue directions*

Section 11 of the Gaming Machines Act allows the Authority to give to licensees “directions in relation to the carrying out of the undertaking under the licence”.

There was, during the reporting period, one such direction in force under this provision. It applies to all licensees with respect to the exclusion of persons barred under the voluntary barring provisions of section 15B of the IGA Act.

The direction requires licensees to take reasonable steps—

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

## 7. REGULATORY ACTIVITIES—WAGERING

### *7.1 Overview*

The Authorised Betting Operations Act provides for:

- ◆ one **major betting operations** licence granted by the Governor on the recommendation of the Authority, allowing for the conduct, in respect of races and approved contingencies, of off-course totalisator betting and other betting operations subject to the Act and the terms of an approved licensing agreement between the licensee and the Minister (which agreement also requires the approval of the Authority);
- ◆ a number of **on-course totalisator betting** licences granted by the Authority, allowing for the conduct of races and for the conduct of a totalisator on races;
- ◆ a number of licences for **bookmakers and agents of bookmakers** granted by the Liquor and Gambling Commissioner, allowing for the acceptance of bets at fixed odds on races and approved contingencies, subject to the relevant bookmaker principal holding a permit granted by the Commissioner; and
- ◆ the authorisation of **interstate betting operators** who hold an interstate betting licence to conduct betting operations in South Australia by telephone, internet or other electronic means.

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

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

Appendix C: Activities and disclosures—continued

**7.2 Ministerial directions**

The Authority received a direction under the Authorised Betting Operations Act directing the Authority to refuse any requests by the major betting operations licence holder to establish an office, branch or agency at a racecourse.

**7.3 Major betting operations licence (SA TAB)**

The major betting operations licence is held by SA TAB Pty Ltd. SA TAB's ultimate owner is the listed public company, Tatts Group Limited.

Tatts Group also controls, through its ownership of Tattsbet Limited (formerly Unitab Limited), similar licences in Queensland and the Northern Territory. Under pooling agreements, betting in all 3 jurisdictions is consolidated and the totalisator is operated out of Unitab's Brisbane headquarters.

Under section 41 of the Authorised Betting Operations Act, the Authority has required SA TAB to have its systems scrutinised and approved by the Liquor and Gambling Commissioner. The Commissioner granted provisional approval of SA TAB's systems on 30 June 2004.

Under section 42 of the Authorised Betting Operations Act, it is a condition of SA TAB's licence that it obtain the approval of the Authority for the establishment of any new office, branch or agency. The Authority received one approval application during the reporting period. This related to a temporary outlet at the Mount Gambier Racing Club to cover the State Men's 8 Ball Championship.

Under a direction given under section 33 of the Authorised Betting Operations Act, SA TAB is required to negotiate in good faith with event controlling bodies for exchange of information agreements to ensure event probity. No new agreements were notified to the Authority during the reporting period. The Authority is satisfied that SA TAB is in compliance with its obligations under the direction.

**7.4 Licensing of racing clubs**

An on-course totalisator licence may be held by a racing club which is registered by a racing controlling authority and may also be held by a racing controlling authority (a body designated by the Minister for Gambling as such) which conducts races.

The Authority is the licensing and disciplinary body for these licences. During the reporting period, no formal action was taken by the Authority in respect of statutory defaults by licensed racing clubs.

An on-course totalisator betting licence authorises the licensee to—

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

There is a racing controlling authority for each of the 3 codes of racing: thoroughbred, harness and greyhound.

Each of the 3 racing controlling authorities holds an on-course totalisator betting licence and, as at 30 June 2011, 40 licensed racing clubs had arrangements in place with their respective

## Appendix C: Activities and disclosures—continued

racing controlling authorities for the management of the racing product and provision of wagering services. Acting in this formal way, to centralise the legal responsibility for their racing and on-course wagering products, is consistent with regulating for risk and has relieved individual club committees of significant compliance burdens. Two clubs chose to retain legal responsibility for their racing product.

At the reporting date, there were 45 on-course totalisator betting licences, held as follows:

<b>Thoroughbred Racing SA Limited</b> <i>[racing controlling authority]</i>	Streaky Bay Racing Club Inc
Balaklava Racing Club Inc	<b>Harness Racing SA Limited</b> <i>[racing controlling authority]</i>
Bordertown Racing Club Inc	Franklin Harbor Harness Racing Club Inc
Ceduna Racing Club Inc	Gawler Harness Racing Club Inc
Clare Valley Racing Club Inc	Kapunda Harness Racing Club Inc
Gawler and Barossa Jockey Club Inc	Kimba Harness Racing Club Inc
Hawker Racing Club Inc	Mount Gambier Harness Racing Club Inc
Jamestown Racing Club Inc	Port Augusta Harness Racing Inc
Kangaroo Island Racing Club Inc	Port Pirie Harness Racing Club Inc
Lock Racing Club Inc	South Australian Harness Racing Club Incorporated <i>[retains legal responsibility for its racing product]</i>
Millicent Racing Club Inc	Strathalbyn Harness Racing Club Inc
Mindarie-Halidon Racing Club Inc	Victor Harbor Harness Racing Club Inc
Mount Gambier Racing Club Inc	Whyalla Racing and Harness Racing Club Inc
The Murray Bridge Racing Club Inc	Yorke Peninsula Harness Racing Club Inc
Naracoorte Racing Club Inc	<b>Greyhound Racing SA Limited</b> <i>[racing controlling authority]</i>
Oakbank Racing Club Inc	S.A. Greyhound Owners, Trainers & Breeders Association Coursing Club Inc
Penola Racing Club Inc	Mt Gambier Greyhound and Coursing Club Inc
Penong Racing Club Inc	Port Augusta and District Greyhound Club Inc
Port Augusta Racing Club Inc	Riverland Greyhound Racing Club Inc
Port Lincoln Racing Club Inc	Southern Greyhound Raceway Inc
Quorn Jockey Club Inc	Whyalla Greyhound Racing Club Inc
Roxby Downs and Districts Racing Club Inc	
South Australian Jockey Club Inc <i>[retains legal responsibility for its racing product]</i>	
Strathalbyn Racing Club Inc	

### 7.5 *Licensing of bookmakers and their agents*

The Liquor and Gambling Commissioner is responsible for the licensing of bookmakers and their agents. The Authority is the disciplinary body in relation to these licences. Only the principal and key staff are required to be licensed.

### 7.6 *Authorisation of interstate betting operators*

During the reporting period the Authority continued its responsibility for receiving notices of intention to conduct betting operations by interstate betting operators and maintaining a current list of authorised interstate betting operators.

During the reporting period, no formal action was taken by the Authority in respect of statutory defaults by authorised interstate betting operators. However, the Authority was aware of breaches of the codes of practice, particularly with respect to advertising and display of the mandatory warning message, and engaged in activities to heighten awareness of code requirements both with authorised interstate betting operators, and media providers.

Appendix C: Activities and disclosures—continued

During the course of the reporting period, 7 authorised interstate betting operators ceased operations. As at 30 June 2011 there were 28 authorised interstate betting operators, as follows.

ACT TAB Ltd	Racing and Wagering Western Australia
Alan Eskander Bookmaking Pty Ltd	Sportingbet Pty Ltd
Betchoice Corporation Pty Ltd	Sportsbet Pty Ltd
Betezy.Com.Au Pty Ltd	Sportsbetting.com.au Pty Ltd
Betfair Pty Ltd	Sports Alive Pty Ltd <i>[liquidators appointed 26 August 2011]</i>
Betworks	Tab Limited
Boolbet Sports and Racing	Tabcorp Holdings Ltd
Centrebet Pty Ltd	TattsBet Limited
Cricketbet	Tom & Bill Waterhouse Pty Ltd
Eskander's Betstar Pty Ltd	Tom Waterhouse
Ramon Karangis	Tom Waterhouse NT Pty Ltd
Luxbet Pty Ltd	Topbeta Pty Ltd
Merlehan Bookmaking Pty Ltd	Tote Tasmania Pty Ltd
NT TAB Pty Ltd	
Placeabet	

### 7.7 *Approval of contingencies*

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.

During the reporting period, the Authority approved contingencies to allow bookmaker betting operations to be conducted on the picnic races at Innamincka in August 2010 and Marree in June 2011.

### 7.8 *Rule-making*

The Bookmakers Licensing Rules 2000 were made under section 124 of the repealed *Racing Act 1976* and continue to apply under the similar provisions of section 62 of the Authorised Betting Operations Act. This section allows the Authority to make rules—

- ◆ regulating the betting operations of licensed bookmakers;
- ◆ requiring security to be given for compliance with the Act and licence conditions;
- ◆ regulating bookmakers' record keeping and returns;
- ◆ prohibiting or restricting advertising by licensed bookmakers; and
- ◆ other related matters.

There was no exercise of the rule making power in the reporting period.

## 8. REGULATORY ACTIVITIES—PROPRIETARY RACING

The *Racing (Proprietary Business Licensing) Act 2000* makes provision for the conduct, by “for profit” entities, of horse, harness or greyhound races on which it is intended that betting take place. Apart from this Act, only a registered racing club licensed by the Authority under the Authorised Betting Operations Act is allowed to conduct such races.

Appendix C: Activities and disclosures—continued

The licensing regime established under the Racing (Proprietary Business Licensing) Act is similar to that for the holder of the casino licence or the major betting operations licence.

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. This Act provides for the Authority to recover its investigation costs from the applicant for a licence. It also provides that an applicant may be required to provide funds for this purpose in advance of the investigation commencing and that an investigation may be discontinued if such funds have been exhausted. The Authority has fixed \$50 000 as the initial payment an applicant would be required to make before a suitability investigation would be established.

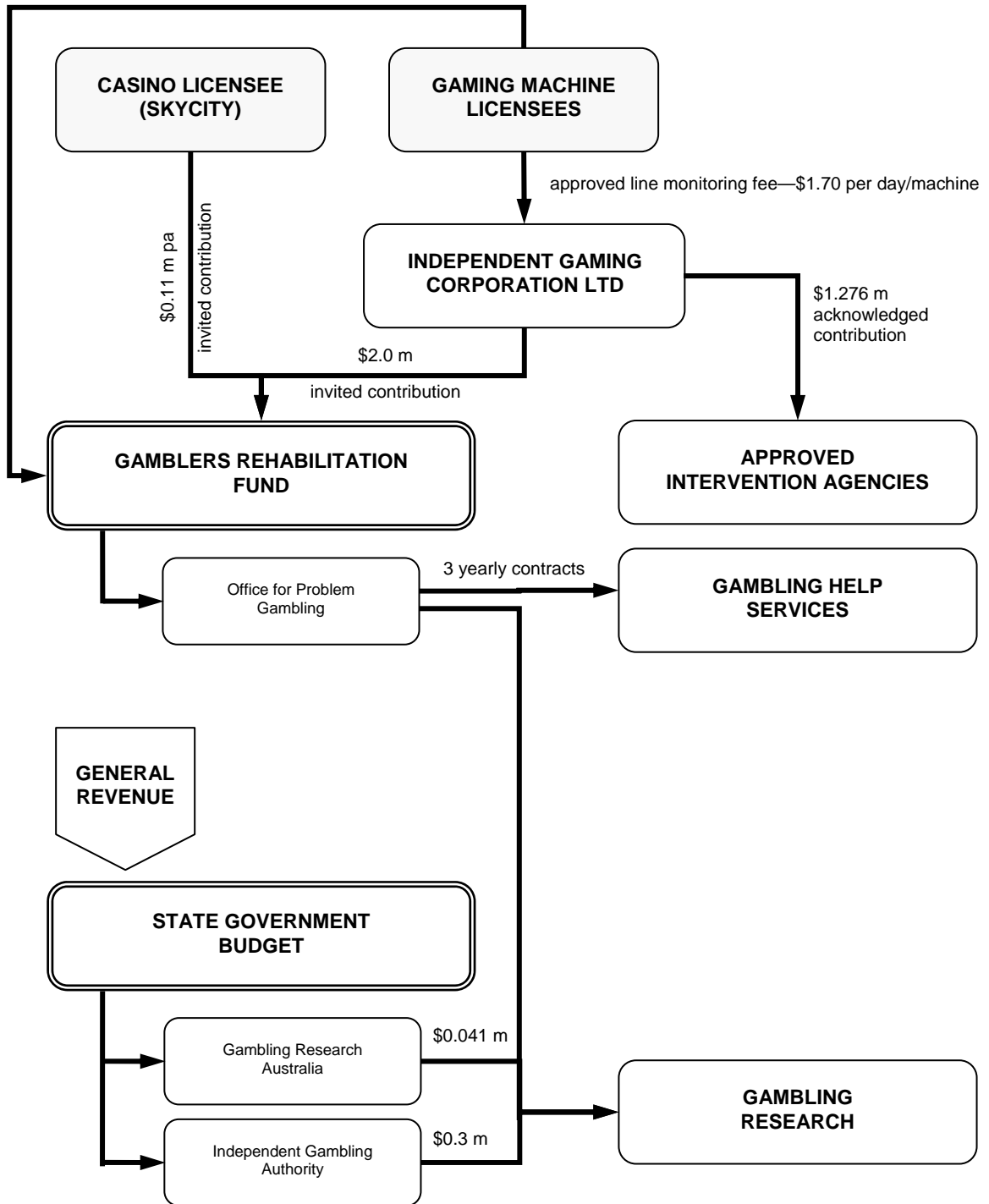
The Authority and the Office for Racing (as the body supporting the Minister for Recreation, Sport and Racing on proprietary racing issues) have, on occasion during the reporting period, had contact from parties interested in establishing proprietary racing businesses.

No application for a licence was received during the reporting period.

APPENDIX D

**Funding for responsible gambling and harm minimisation**

\$3.845 m of gaming tax hypothecated to GRF





Independent Gambling Authority  
Level 4

45 Grenfell Street Adelaide

Post Office Box 67

Rundle Mall South Australia 5000

+ 61 8 8226 7233 (voice)

+ 61 8 8226 7247 (facsimile)

[www.iga.sa.gov.au](http://www.iga.sa.gov.au)

[iga@iga.sa.gov.au](mailto:iga@iga.sa.gov.au)