



Independent Gambling Authority

Annual Report 2008–09

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1. INTRODUCTION

This document reports on the activities of the Independent Gambling Authority for the reporting period 1 July 2008–30 June 2009.

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 2009

2. PRESIDING MEMBER'S REPORT

The reporting period, 1 July 2008–30 June 2009, has been a particularly busy one for the Authority. The Authority is a small organisation and the fact that it has coped so well with the major challenges it has faced during this time is testament to the competence and efficiency of the Director, Mr Robert Chappell, and his few staff and to the hard work of the members of the Board, who contribute far more of their effort and time than could reasonably be expected for their modest stipend.

The *Independent Gambling Authority Act 1995*, which establishes the Authority, provides in section 11(2a)—

In performing its functions and exercising its powers under this Act or a prescribed Act, the Authority must have regard to the following objects:

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

These objects inform the Authority in all its decisions and practices and I can report that the Board is always mindful of the effect that its work may have upon the relatively small group in the community who are problem gamblers, but whose difficulties are the cause of considerable suffering and hardship to themselves and their families and of cost to the wider community.

I am pleased therefore to be able to report that the changes made by the Authority to its advertising and responsible gambling codes of practice, upon which I reported last year, came into force on 1 December 2008. These codes of practice mandate a scheme

whereby it is illegal, among other things, to advertise the presence of gaming machines unless the gaming operator has entered into an “approved intervention agency agreement”.

These agreements provide for the active intervention by industry based organisations to approach and to offer assistance to patrons who are perceived by the gambling operator to have a gambling problem. Pursuant to the codes of practice the industry has established two such organisations—Gaming Care and Club Safe—the staff members of which act independently of the gambling operators and the peak industry bodies and have unfettered access to gaming premises and venue staff. These two organisations have established contact with, and lines of referral to, the various agencies in the community which are able to offer assistance to people with a gambling problem.

Gaming Care and Club Safe have been reporting their activities to the Authority and early indications are very encouraging. I commend the level of commitment and support which the industry has given to this protective scheme.

The Authority has also been pleased to note the industry’s continuing support for the trial of voluntary pre-commitment schemes, of which two were in operation at the time of writing. These are the Worldsmart system, based on the J card loyalty scheme, and the Change Tracker. The Worldsmart system permits a registered player to pre-commit to limits and receive system alerts when those limits are reached. The Change Tracker is a manual process, for smaller venues, which facilitates recording of spending by players. The Authority has supported these trials by relaxing the code of practice restrictions on inducements to facilitate recruitment of trial participants.

This reporting period saw the retirement of long-serving Liquor and Gambling Commissioner, Mr Bill Pryor, after 21 years. While the Authority has previously been critical of Mr Pryor’s approach to enforcement and compliance in gaming venues, believing that his regulatory hand was too light, the Authority recognises the great contribution that he made to the liquor and gaming industry during his long tenure. It is there for all to see that, during Mr Pryor’s stewardship, the industry was transformed from a struggling one to the present vibrant industry which provides many quality venues and facilities to the community.

The Authority looks forward to the commencement in October of Mr Pryor’s successor—Paul White—and will be keen to interact with him at the earliest opportunity.

During the reporting period the Authority has continued to deal with the fallout from the High Court’s decision in the *Betfair* case, implementing the new statutory regime for the authorisation of interstate betting operators to deliver their gambling products in South Australia upon the same basis as local providers and monitoring their activities. There are some inherent tensions in the situation. For example, live television broadcast of sporting events in other States and Territories may show sporting venue signs advertising gambling which offend South Australian law and some gambling providers operating in states and territories where regulation is lighter, or different, have pushed back against South Australian regulation which they perceive to be too onerous.

Negotiations and discussions in respect of these matters are current. While the Authority is prepared to be flexible it is not minded to relax regulation which it considers to be in the best interest of our community for the convenience, or profit, of interstate operators.

In August 2008, the then Minister for Gambling, the Hon. Carmel Zollo MLC requested, pursuant to section 13 of the IGA Act, that the Authority inquire into the various ways in which persons may be barred from gaming venues, with a view to proposing a more homogeneous and consistent regime.

This has been a substantial piece of work which has involved the invitation for and consideration of numerous submissions from organisations and private citizens, a full public hearing which was well attended and which engendered lively debate, considerable research and lengthy consideration by the Board. As a result a bold report has been prepared which recommends—

- ◆ a single, integrated barring system with a central register to cover hotel, club, casino and SA TAB gambling;
- ◆ an automatic referral pathway from venue level decisions into further barring and therapeutic interventions;
- ◆ a statewide involuntary barring scheme—filling a significant service gap in providing assistance to problem gamblers;
- ◆ more effective mechanisms for handling breaches of barring orders and greater integration with the services provided by the gambling help agencies;
- ◆ clear duties on gambling providers to enforce barring at a venue level and standardised rules for barring across all gambling types with simplified barring procedures.

The report was presented to the current Minister for Gambling, Hon. Tom Koutsantonis MP, on 22 September 2009.

Undoubtedly the biggest challenge for the Authority in this period has been its inquiry into the South Australian Jockey Club (“the SAJC”). The SAJC, a racing club licensed by the Authority, is a gambling provider which falls under the Authority’s supervision.

In November 2008, the Authority became aware of problems of governance apparently existing within the SAJC, with a particular focus on that month’s election of SAJC Board members which, as the subsequent legal proceedings showed, were beset by problems of irregularity. Similar concerns also existed within horse racing’s peak body, Thoroughbred Racing South Australia (“TRSA”), which commissioned a report from solicitors Lipman Karas. The solicitors produced a report which revealed serious irregularities in the governance and management of SAJC.

Upon receiving this report, the Authority indicated that it would be prepared to use its Royal Commission type powers under sections 13–15 of the IGA Act to conduct an inquiry into the situation if it was not promptly and satisfactorily resolved. It was!

The SAJC dismissed its chief executive officer and held fresh elections which resulted in the election of a substantially different Board. Matters arising prior to the

declaration of the election gave the Authority cause to establish an inquiry to determine whether the newly elected SAJC Board members were “fit and proper persons” for the purposes of the SAJC’s licensing requirements.

That inquiry has proceeded over a number of days of witness examinations and is continuing. The Authority quickly determined that the newly elected members were fit and proper persons. However, in the course of establishing that matter, complications have arisen which require further findings to be made and accordingly, the inquiry continues into the next reporting period.

This is the first time that the Authority has used its full inquiry powers in this way. These powers were found to be robust and effective and I consider that the Authority’s intervention in this matter was a major factor in resolving a most unfortunate situation which had begun to cloud the reputation of one of the State’s iconic sporting organisations. The Authority is confident that the new SAJC Board, under the chairmanship of Mr David Peacock will provide transparent and effective management of the SAJC in the future.

During the year the Authority has had the support and encouragement of both Ministers Zollo and Koutsantonis. The Authority appreciated Minister Zollo’s calm and conscientious approach to her task, her understanding of the industry and her caring attitude towards people with gambling problems. The Authority has similarly welcomed Minister Koutsantonis’s quick grasp of the issues in this portfolio and his lively and sympathetic insight into the work of the Authority, and its members look forward to a stimulating and productive relationship with him.

I am grateful to all the members of the Authority who have contributed so greatly during the year and on behalf of the Authority I thank the staff and all our service providers who have helped us complete a busy and successful year.

Alan Moss

PRESIDING MEMBER

30 September 2009

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 Racing (Proprietary Business Licensing) Act (which was committed to the Minister for Recreation, Sport and Racing) and the State Lotteries Act (which was 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 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.

These 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 covers the 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.

This reporting format is under constant review, and in-principle agreement has been reached to alter its format in the next financial year. The new reporting format will be more closely mapped against compliance risks and, structured around a quarterly report, will enable a more meaningful analysis of trends and issues to be undertaken. This year's annual report by the Commissioner is aligned with the new reporting format.

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

3.3.2 *Local stakeholder relations*

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

- ◆ industry—the AHA (SA) and Clubs SA; 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 Task Force and the charitable and other agencies providing gambler rehabilitation services;
- ◆ the Department for Families and Communities; and
- ◆ government and non-government organisations whose functions are regulatory or quasi-regulatory—SA Police, Independent Gaming Corporation Limited (the gaming machine monitor licensee) and the Office for Racing.

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. The conference is hosted in rotation among jurisdictions on a calendar year basis and the 2009 conference was held in Perth in May 2009.

The Authority provided support during the reporting period to the National Association of Gambling Studies (NAGS) for its 2008 conference. This 2008 conference was held in Adelaide and the Authority's support included providing all registrants a copy of third edition of the Authority-commissioned literature review of Australian and New Zealand gambling research, *Australasian Gambling Review: Third Edition* (AGR 3).

The Authority's Director presented a session at the 2008 NAGS Adelaide Conference. The Director and two Authority members presented a panel discussion on the Problem Gambling Family Protection Orders scheme.

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 in September 2008 and the 9th annual conference of the National Center for Responsible Gaming in November 2008.

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 appointed under the *Public Sector Management Act 1995*.

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 can be found in **Appendix C**.

4. RESPONSIBLE GAMBLING

4.1 Overview

4.1.1 Highlights for 2008–09

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

- ◆ The second stage amendments to the advertising and responsible gambling codes of practice commenced operation on 1 December 2008.
- ◆ The Authority approved Gaming Care and Club Safe as approved intervention agencies. These agencies assist gaming machine licensees in meeting their obligations under the codes of practice and in identifying and assisting problem gamblers in venues.
- ◆ New advertising and responsible gambling codes of practice for authorised interstate betting operators commenced operation on 1 March 2009. The Authority also prescribed requirements, applying to authorised interstate betting operators,

for systems and procedures to prevent betting by children which commenced on this date.

- ◆ The codes of practice for authorised interstate betting operators, bookmakers, licensed racing clubs and SA TAB, were varied to prevent the offering of inducements to establish a betting account from 1 June 2009.
- ◆ The Authority approved 5 research priority areas which set the framework for its research over the next 3 to 5 years.
- ◆ The Authority gave a grant to the Flinders University of South Australia to undertake a trial on the use of Naltrexone Hydrochloride for patients with gambling problems who do not respond to other therapies and treatment approaches.
- ◆ A fourth edition was commenced of the Authority-commissioned literature review of Australian and New Zealand gambling research, under the title *Australasian Gambling Review: Fourth Edition* (AGR 4). The fourth edition will include an index for the first time.
- ◆ The Authority commissioned Inshgtrix Research for a 3 year study of the recognition of the warning messages within the amended codes of practice. All gambling providers will be required to ensure that, when they advertise their gambling products, the advertising includes an expanded or condensed warning message, as prescribed in the advertising code of practice. The expanded warning messages, as specified in the codes, are to be rotated every 6 months, with the same expanded message used at the same time by all gambling providers, to the greatest extent practicable.

As part of its ongoing responsible gambling role, staff of the Authority participate in relevant national forums, including the responsible gambling working party of the CEOs' forum and the National Association for Gambling Studies. The Authority also continues to convene a South Australian intra-government responsible gambling forum.

Presentations to the gambling help services and attendance at forums to provide information about the Authority's responsible gambling initiatives as requested, and attendance at gambling awareness week activities, continued to occur.

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 the Independent Gaming Corporation (a joint venture company owned by the AHA(SA) and Clubs SA). Skycity also makes a voluntary contribution to the GRF.

The IGC, as holder the gaming machine monitoring licence, charges a line monitoring fee on all gaming machine licensees. 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 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 funded using monies from the GRF.

In addition, Treasury provides South Australia's annual funding contribution to the Gambling Research Australia program.

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

4.2 Codes of practice

There is a statutory provision for the Authority to make mandatory advertising and responsible gambling codes of practice to apply to the casino, SA Lotteries, SA TAB, licensed racing clubs and gaming machine venues (hotels and clubs). The first set of codes became operational on 30 April 2004.

On 1 March 2009, as a result of legislative changes, the codes of practice applying to wagering operators were remade as gazetted instruments. A consequence of this was that the codes of practice applying to bookmakers were removed from the Bookmakers Licensing Rules 200 and remade as free-standing instruments.

The Authority is required by law to periodically review the advertising and responsible gambling codes of practice. This must be done every two years for the codes applying to the casino, gaming machine venues and SA Lotteries. For the codes applying to authorised interstate betting operators, licensed bookmakers, licensed racing clubs and SA TAB as holder of the major betting operations licence, the review period is every 5 years.

The second stage amendments to the advertising and responsible gambling codes of practice for the casino, gaming machine licensees, licensed racing clubs, SA Lotteries and SA TAB commenced operation on 1 December 2008. From 1 March 2009 the codes also applied to the South Australian operations of authorised interstate betting operators (with appropriate adaptations) and the second stage amendments were also applied to licensed bookmakers.

As revised, the codes included—

- ◆ a requirement for the use of standard rotating warning messages on gambling advertising and within gambling venues;
- ◆ a requirement to provide prizes, winnings or redemption of credits for amounts of \$1 000 or more by cheque if requested by a patron within 30 minutes.
- ◆ for gaming machine venues—a ban on external venue signage, a requirement to screen the sights and sounds of gambling and a prohibition on inducements (other than those offered through loyalty schemes);

- ◆ for the casino and gaming machine venues—a requirement to establish and maintain a relationship with a gambling help agency and a requirement to establish a reporting process for the identification of suspected problem gamblers by venue staff;
- ◆ for the casino and gaming machine venues—availability of coins from an automated dispenser only if it is located so as to enable patron activity to be monitored and that patron activity is monitored; and

As revised, the codes also provided for a formal role for industry intervention bodies, known as approved intervention agencies, in relation to gaming machine licensees. Gaming venues that are a party to an AIA agreement derive some regulatory benefits such as being exempt from a number of code provisions. For example, venues with an AIA agreement are able to have external signage advertising gaming; this is not the case for venues without an AIA agreement. They may also facilitate compliance with particular aspects of the codes through the activities of their AIA.

To gain these benefits, agreements with AIAs must—

- ◆ provide the AIA, its employees and agents with free and unrestricted access to the licensee's premises, staff and patrons at all times the premises are open for business;
- ◆ undertake that staff will not be in any way subject to unfavourable treatment due to reporting actual or suspected problem gambling behaviour;
- ◆ implement any approved smartcard or pre-commitment programs; and
- ◆ allow for annual and periodic reporting to the Authority by the AIA of the AIA's activities with respect to the gambling provider's business.

AIAs have to be approved by the Authority. Gaming Care and Club Safe were approved as AIAs prior to commencement of the amendments and commenced reporting to the Authority from 1 December 2008. Gaming Care is sponsored by the AHA(SA) and Club Safe by Clubs SA. Almost all venues have entered into an agreement with their respective industry based AIA.

Reports covering activities during the two quarters in the reporting period have been received by the Authority from the two AIAs. These reports include information on matters such as harm minimisation, intervention and compliance with provisions of the codes at the venues they provide services to.

From 1 June 2009 the codes applying to wagering operators were varied to prevent the offering of inducements to establish a betting account. An inducement may include a credit, voucher, reward or rebate.

4.3 Research

4.3.1 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.

4.3.2 Research priority areas

During the reporting period the Authority approved 5 research priority areas that will guide the Authority’s research program into the future. The research priority areas are—

- ◆ 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 integrity of the gambling product and to assess and monitor the effectiveness of regulatory settings and practices generally.

The Authority has commenced work developing research projects in these research priority areas. It is expected that these projects will be commissioned over the course of the next year.

4.3.3 Gambling Research Australia

The national Ministerial Council on Gambling established a research program with a memorandum of understanding constituting the program completed 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 of the Authority has been the convener of GRA.

The initial 4 year program had a \$5 million budget. During the reporting period the Ministerial Council on Gambling has formally amended the Memorandum of Understanding to extend the life of the program to 30 June 2014.

4.4 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 the operation of the scheme. The scheme provides an intervention approach for families affected by problem gambling.

The current reporting year is the fifth year of the operation of the PGFPO Act. Eighteen enquiries were received to 30 June 2009, making a total of 188 enquiries received since the scheme's inception. Two enquiries during the current reporting year progressed to a formal complaint being made, and of the 18 complaints received during the previous 4 years, 9 remained active.

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 and/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 (this is actioned by the respondent undertaking a voluntary barring through the Authority's barring scheme);
- ◆ 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 2009—

- ◆ 9 complaints have been dismissed, withdrawn or adjourned indefinitely (9 from the previous reporting periods); and
- ◆ 8 complaints from previous periods which were adjourned to a date later in 2008 are currently being followed up (as part of case management).

4.5 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 or the licensed gaming areas of one or more hotels or clubs; and
- ◆ notify the relevant licensees.

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, 104 people (2008, 126) sought voluntary barring for the first time, bringing to 1 117 the number who have been barred since the start of the scheme.

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, 54 (2008, 41) people had all of their barring orders revoked.

The number of people barred at 30 June 2009 was 855 (at 30 June 2008, 804).

The Authority records as a "session" each occasion when a person requests voluntary barring. This might be the request made on 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 320 such sessions during the reporting period (2008, 414) resulting in 4 404 separate pieces of correspondence (2008, 4 196).

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 \$20 607 (2008, \$21 209). This estimate is not audited.

In administering the voluntary barring scheme the Authority seeks to balance the interests of the applicants with the compliance burden imposed on licensees. The processes for the scheme are themselves the subject of ongoing review.

4.6 Barring inquiry

On 18 August 2008, pursuant to section 13 of the *Independent Gambling Authority Act 1995*, the Minister for Gambling wrote to the Authority requesting that it conduct an inquiry into barring arrangements under South Australian law.

The inquiry process started with publication of the terms of reference and a call for submissions; this was done by way of advertisements placed in the *Advertiser* and *Australian* on 9 and 16 November 2008.

To coincide with the call for submissions, a *Guide for participation* was issued on 9 November 2008. The guide set out the timetable for public consultation and gave direction as to making formal submissions to the inquiry. The guide also identified some of the issues it was thought might be usefully addressed by the stakeholders.

The Authority also wrote directly to 31 identified stakeholders advising them of the call for submissions and inviting their participation in the inquiry. The stakeholders included the Liquor and Gambling Commissioner, the Public Advocate, the Office for Problem Gambling, gambling help services, SA Police, industry peak bodies and the churches' Gambling Task Force.

The Authority received submissions from stakeholders in writing and at a public hearing held on Tuesday, 24 February 2009. Those wishing to attend the public hearing were encouraged to register their interest by email.

Members of the public were invited to attend the hearing by advertisements placed in the *Advertiser* and *Australian* on Monday, 23 February 2009.

Twelve presentations were received at the public hearing. A further two written submissions were received from stakeholders who did not make a presentation. All written material is available on the Authority's website. Approximately 30 people were present for the public hearing. In accordance with the terms of reference, staff of the Authority also examined barring arrangements in other Australian and overseas jurisdictions.

The Authority provided a report to the Minister on 22 September 2009.

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 to 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 3.4.1.

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). In order to present a complete picture of the Authority's overview of the Commissioner's activities, the Authority has this year again made it a requirement under section 11(3) of the IGA Act that the Commissioner also report to the Authority on the operation, administration and enforcement of the Gaming Machines Act in the reporting period.

On 11 September 2009, the Commissioner furnished a document, addressing all these reporting requirements. That document is set out in **Appendix B**.

The report of the Liquor and Gambling Commissioner is included in the Authority's annual report in accordance with statutory provisions requiring its submission and publication (with or without comment) and, so far as it relates to gaming machine licensees, a similar non-statutory requirement. Any opinions expressed in the report are therefore those of the Commissioner and should not, by reason only of their publication, be regarded necessarily as those of the Authority.

The Authority notes that this year's annual report has been recast to align with the new reporting format for the Commissioner's regular reports, discussed below.

5.3.2 *Regular reports*

During the reporting period the Authority also received monthly reports from the Liquor and Gambling Commissioner. The reports provide a significant amount of detail with respect to the compliance activities of the Commissioner's inspectorate. These reports are made pursuant to a direction under section 11(3) of the *Independent Gambling Authority Act 1995*. These reports assist the Authority in its supervisory role in relation to the Commissioner's compliance activities.

Negotiations with the Commissioner's office commenced during the reporting period to move from a monthly reporting format to a quarterly reporting format. The Authority will still receive shorter monthly reports but these reports will be succinct and focus on highlighting issues that require an immediate response. The quarterly reports will enable aggregation of data and more meaningful analysis of trends and patterns to be undertaken; this will also assist the Commissioner in the discharge of

his functions. The new quarterly reporting arrangements have commenced as of the 2009–10 financial year.

This year's annual report follows a similar format to that proposed to be used for the quarterly reports. The Authority notes with approval that the template adopts a strategic approach by grouping compliance issues common across different gambling types. Given that much gambling regulation is uniform (including, for example, the Authority's codes of practice), this makes sense. The new format will not only assist the Authority in discharging its supervisory obligations, but also, it is hoped, be a useful tool for the Commissioner's inspectorate in managing compliance risks through strategic enforcement.

5.4 Inquiry into the South Australian Jockey Club

The South Australian Jockey Club (SAJC) is the holder of an on-course totalisator betting licence under the Authorised Betting Operations Act. As such, it is a licence condition that close associates of the SAJC be approved as suitable by the Authority. This applies to board members and senior executives of the SAJC.

The Authority became aware, through media reports, that elections for the SAJC board scheduled in November 2008 would be delayed as a result of court action. The Authority carefully monitored the litigation and ensuring events. The litigation arose as a result of a number of allegations of improper membership recruitment and corporate governance practices.

As part of settlement of the litigation, the SAJC agreed to an investigation being conducted under the supervision of Thoroughbred Racing SA (its racing controlling authority) and to hold new elections once the report of the investigation had been received. New board elections were subsequently scheduled for March 2009.

Using its coercive investigative powers under the Authorised Betting Operations Act, the Authority obtained a copy of the report. Based on its reading of the report, the Authority determined that it would be necessary to undertake a formal investigative process to satisfy itself as to the suitability of those who were elected at the replacement elections. This decision was made prior to the close of voting and the declaration of the election result on 13 May 2009. Thirteen witnesses were examined on 14, 15, 18 and 19 May 2009.

On 15 June 2009 the Authority, satisfied as to their suitability, decided to approve as close associates the 9 SAJC board members elected.

Noting the need for the new board members to be approved as a high priority to enable the resumption of the SAJC's normal governance arrangements, the Authority made this decision as soon as the state of the evidence before the inquiry permitted it to do so. Other issues left unresolved have prevented the inquiry from being concluded during the reporting period. Further examinations have been undertaken in July 2009. A report will be prepared for presentation to the Minister for Gambling and tabling in parliament once the Authority concludes its deliberations.

5.5 Authorised interstate betting operators

In March 2008, the High Court of Australia handed down its judgment in *Betfair v Western Australia*. The court held that legislation purporting to exclude interstate betting operators from conducting betting operations in Western Australia was ineffective because it fettered interstate trade in a manner offensive to section 92 of the federal constitution.

Responding to this decision, in December 2008 parliament enacted the *Statutes Amendment (Betting Operations) Amendment Act 2008* amending the *Authorised Betting Operations Act 2000* and the *Lottery and Gaming Act 1936*.

The amendments established a regulatory regime allowing betting operators holding an interstate betting licence to become authorised to conduct betting operations in South Australia by telephone, internet or other electronic means.

Under the amendments, 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.

Preparations for implementation of the amendments occurred over a very short period of time—from the passage of the legislation in December 2008 to its commencement on 1 March 2009. Despite this, the Authority met all implementation requirements and consulted widely with interstate and local betting operators potentially affected by the changes.

On 27 February 2009, regulatory documents requiring gazettal were published in a supplementary edition of the Government Gazette. These came into force on 1 March 2009 along with the legislative amendments. Other forms and processes required by the Act were approved by the Authority at meetings leading up to the commencement date. All regulatory documents are available from the Authority's website.

Despite the simple nature of the authorisation process and the form for giving notice of intention to conduct betting operations in South Australia (Form IBO) specified by the Authority, few interstate betting operators managed to give notice correctly without further assistance from the Authority's staff. To enable a smooth transition into the new regime, the Authority began accepting notices from interstate betting operators 4 weeks before the commencement of the legislation.

On 30 June 2009 there were 29 authorised interstate betting operators.

In accordance with the legislation, a list of currently authorised interstate betting operators is maintained on the Authority's website and is available on request at the Authority's office.

In May 2009 the Authority conducted a compliance monitoring exercise by reviewing print and broadcast advertising and betting websites for compliance. As a result of this exercise the Authority has identified areas of non-compliance and has written to all authorised, and certain known or identified non-authorised, interstate betting operators advising them of their obligations under the legislation. Further compliance exercises are programmed.

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
DTF	Department of Treasury and Finance (South Australia)
GRA	Gambling Research Australia
IGA Act	<i>Independent Gambling Authority Act 1995</i>
NAGS	National Association of Gambling Studies
OARS	Offenders Aid and Rehabilitation Services of South Australia Inc
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 2008–30 June 2009 (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 6A of the *Public Sector Management Act 1995*;
- ◆ section 19 of the *Independent Gambling Authority Act 1995*;
- ◆ 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 2009

	Note	2009 \$'000	2008 \$'000
EXPENSES			
Employee benefits expense	4	812	631
Supplies and services	6	660	651
Depreciation expense	7	2	2
Grants, subsidies and transfers	8	-	10
Total Expenses		1 474	1 294
INCOME			
Interest revenues	10	100	124
Revenues from fees and charges	11	18	-
Other revenues	12	1	16
Total Income		119	140
NET COST OF PROVIDING SERVICES		(1 355)	(1 154)
Revenues from SA Government	13	1 534	1 486
NET RESULT		179	332
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE RESULT		179	332
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 2009

	Note	2009	2008
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	14	2 202	1 974
Receivables	15	21	33
Total Current Assets		2 223	2 007
NON-CURRENT ASSETS			
Property, plant and equipment	16	–	2
Total Non-Current Assets		–	2
Total Assets		2 223	2 009
CURRENT LIABILITIES			
Payables	17	18	22
Employee benefits	18	69	45
Total Current Liabilities		87	67
NON-CURRENT LIABILITIES			
Payables	17	12	10
Employee benefits	18	122	109
Total Non-Current Liabilities		134	119
Total Liabilities		221	186
NET ASSETS		2 002	1 823
EQUITY			
Retained Earnings		2 002	1 823
TOTAL EQUITY		2 002	1 823
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER			
Unrecognised Contractual Commitments	19		
Contingent Assets and Liabilities	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 2009

	Retained Earnings \$'000
Balance at 30 June 2007	1 491
Net result for 2007–08	<u>332</u>
Total comprehensive result for 2007–08	<u>332</u>
Balance at 30 June 2008	1 823
Net result for 2008–09	<u>179</u>
Total comprehensive result for 2008-09	<u>179</u>
Balance at 30 June 2009	<u>2 002</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 2009

	Note	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefits payments		(769)	(607)
Payment for Supplies and services		(662)	(653)
Grants, subsidies and transfers		-	(10)
GST payments on purchases		(10)	(55)
Cash used in operations		<u>(1 441)</u>	<u>(1 325)</u>
Cash Inflows			
Interest received		106	121
Fees and Charges		18	-
Other receipts		1	-
GST receipts on receivables		10	55
Cash generated from operations		<u>135</u>	<u>176</u>
CASH FLOWS FROM SA GOVERNMENT			
Receipts from SA Government		1 534	1 486
Cash generated from SA Government		<u>1 534</u>	<u>1 486</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	21(b)	<u>228</u>	<u>337</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		228	337
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1 974	1 637
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21(a)	<u>2 202</u>	<u>1 974</u>

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 AASB 101 *Presentation of Financial Statements* (September 2007 version) including AASB 2007–8 and AASB 2007–10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), 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 2009. These are outlined in Note 3.

Appendix A: Financial Statements—continued

Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Authority’s accounting policies—the areas involving a higher degree of judgement, and those where assumptions and estimates are significant to these financial statements, are outlined in the applicable notes; and
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*, 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 \$100 000 or more (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 2009 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 adjusted to reflect the early adoption of AASB 101 *Presentation of Financial Statements* and specific revised accounting standards and accounting policy statements.

Appendix A: Financial Statements—continued

2.4 Rounding

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

2.5 Taxation

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

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office, is classified as part of operating cash flows.

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.

2.6 Events after the end of 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 2009.

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 notes accompanying the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

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 the delivery of the service to the clients or be reference to the stage of the 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.

Appendix A: Financial Statements—continued

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 notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to the nature.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses includes all cost 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 departmental 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.

Appendix A: Financial Statements—continued

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.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

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 receivable from goods and services, prepayments and other 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.

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.

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.

Where assets are acquired at no value, or nominal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at book value, ie the amount recorded by the transferor public authority immediately prior to the restructure.

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

Impairment

All non-current tangible and intangible 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.

Appendix A: Financial Statements—continued

The notes accompanying the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Authority.

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.

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 salaries and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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 6.5 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.

The current/non current classification of the Authority's long service leave liabilities has been calculated based on historical usage patterns consistent with paragraph 5.15 of the Accounting Policy Framework IV *Financial Asset and Liability Framework*.

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

Appendix A: Financial Statements—continued

dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Independent Gambling 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.

The aggregate benefit of lease incentives received by the Authority in respect of operating leases has been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

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

The Authority has early adopted the September 2007 version of AASB 101 *Presentation of Financial Statements* including AASB 2007–8 and AASB 2007–10 (these standards make consequential amendments to the other standards as a result of the revised AASB 101)—this includes the preparation of a single Statement of Comprehensive Income.

Issued or amended but not yet effective

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which the Authority has early-adopted, the Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2009. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

4 Employee Benefits Expenses	2009	2008
	\$'000	\$'000
Salaries and wages	448	309
Long service leave	13	26
Annual Leave	51	28
Board Fees	196	188
Employment on costs—superannuation	62	47
Employment on costs—payroll tax	38	31
Other employee related expenses	4	2
Total Employee Benefits Expenses	812	631

Appendix A: Financial Statements—continued

Remuneration of Employees	2009	2008
The number of employees whose remuneration received or receivable falls within the following bands		
\$150 000–\$159 999	1	1
Total Number of Employees	1	1

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$160 000 (\$155 000).

5 Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during 2008–09 financial year were:

Independent Gambling Authority Board

- R L Buckler
- W R Jory
- J T Hill
- M J Kelly
- A P Moss (Presiding Member)
- M Wallace
- D P West

The number of members whose remuneration received or receivable falls within the following bands:	2009	2008
\$0–\$9 999	–	1
\$20 000–\$29 999	6	6
\$30 000–\$39 999	1	1
Total Number of Board and Committee Members	7	8

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$208 000 (\$205 000).

Amounts paid/payable to a superannuation plan for board/committee members was \$15 000 (\$15 000).

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

6 Supplies and Services	2009	2008
	\$’000	\$’000
Supplies and Services provided by entities within the SA Government		
Accommodation and telecommunication	94	90
General administration and consumables	150	143
Total Supplies and Services—SA Government entities	244	233

Appendix A: Financial Statements—continued

Supplies and Services provided by entities external to the SA Government

Accommodation and telecommunication	4	1
General administration and consumables	166	219
Consultants	234	191
Contractors	12	7
Total Supplies and Services—Non SA Government entities	416	418
Total Supplies and Services	660	651

The total supplies and services amount includes GST amounts not recovered from the Australian Taxation Office due to the Authority not holding a valid tax invoice for payment.

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

	2009 Number of Consultants	2009 \$'000	2008 Number of Consultants	2008 \$'000
Below \$10 000	–	–	4	7
Between \$10 000 and \$50 000	5	117	2	42
Above \$50 000	2	117	2	142
Total Paid/Payable to the Consultants engaged	7	234	8	191

7 Depreciation Expense	2009 \$'000	2008 \$'000
Office Equipment	2	2
Total Depreciation Expense	2	2

8 Grants, Subsidies and Transfers	2009 \$'000	2008 \$'000
Grants, subsidies and transfers paid/payable to entities within the SA Government		
Recurrent grant	–	10
Total Grants, Subsidies and Transfers	–	10

9 Auditor's Remuneration	2009 \$'000	2008 \$'000
Audit Fees paid/payable to the Auditor-General's Department	8	7
Total Audit Fees	8	7

The audit fees for auditing the financial statements are paid by the Department of Treasury and Finance as these costs are met by the Department as part of the services under the service level agreement.

Other Services

No other services were provided by the Auditor-General's Department.

Appendix A: Financial Statements—continued

10	Interest Revenues	2009	2008
		\$'000	\$'000
	Interest from entities within the SA Government	100	124
	Total Interest Revenues	100	124
<hr/>			
11	Revenues from Fees and Charges	2009	2008
		\$'000	\$'000
	Fees and Charges receive/receivable from entities within SA Government		
	Employee cost recoveries	18	–
	Total Fees and Charges	18	–
<hr/>			
12	Other Revenues	2009	2008
		\$'000	\$'000
	Other Revenues received/receivable from entities within SA Government	–	16
	Other Revenues received/receivable from entities external to SA Government	1	–
	Total Other Revenues	1	16
<hr/>			
13	Revenues from SA Government	2009	2008
		\$'000	\$'000
	Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	1 534	1 486
	Total Revenues from SA Government	1 534	1 486
<hr/>			
<p>Total revenues from government consist of operational funding. There was no material variations between the amount appropriated and the expenditure association with the appropriation.</p> <p>The original amount appropriated to the Authority under the annual Appropriation Act was increased by \$8 000 for the transfers of accounts payable, accounts receivable and payroll functions from Department of Treasury and Finance to Shared Services SA.</p>			
14	Cash and Cash Equivalents	2009	2008
		\$'000	\$'000
	Deposits with the Treasurer	2 202	1 974
	Total Cash and Cash Equivalents	2 202	1 974
<hr/>			
Interest Rate Risk			
<p>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.</p>			
15	Receivables	2008	2008
		\$'000	\$'000
	Current		
	Accrued revenue	21	28

Appendix A: Financial Statements—continued

Prepayments	–	5
Total Current Receivables	21	33
Total Receivables	21	33
SA Government/Non SA Government Receivables	2009	2008
	\$'000	\$'000
Receivables from SA Government entities		
Accrued revenue	21	28
Total Receivables from SA Government entities	21	28
Receivables from Non SA Government entities		
Prepayments	–	5
Total Receivables from Non SA Government entities	–	5
Total Receivables	21	33

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 22.3 in note 22.

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

16 Property, Plant and Equipment	2009	2008
	\$'000	\$'000
Office equipment at cost (deemed fair value)	45	45
Accumulated depreciation	(45)	(43)
Total Office Equipment	–	2
Total Property, Plant and Equipment	–	2

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2009.

Appendix A: Financial Statements—continued

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2008–09:

	Total \$'000
Carrying amount at the beginning of the period	2
Depreciation expense	(2)
Carrying amount at the end of the period	–

		2009 \$'000	2008 \$'000
17	Payables		
	Current		
	Accrued expenses	6	13
	Employment on-costs	12	9
	Total Current Payables	18	22
	Non-Current		
	Employment on-costs	12	10
	Total Non-Current Payables	12	10
	Total Payables	30	32
	SA Government/Non SA Government Payables		
	Payables to SA Government entities		
	Accrued expenses	4	12
	Employment on-costs	10	9
	Total Payables to SA Government entities	14	21
	Payables to Non SA Government entities		
	Accrued expenses	2	1
	Employment on-costs	14	10
	Total Payables to Non SA Government entities	16	11
	Total Payables	30	32

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35% to 45% and the average factor for the calculation of employer superannuation cost has changed from the 2008 rate 11% to 10.5%.

Appendix A: Financial Statements—continued

The employer superannuation cost for salaries and wages and annual leave changed from the 2008 rate of 12.5% to 10.5% as this rate is determined using the same basis for calculation as for each pay period in respect of salaries and wages.

Under the *Payroll Tax Act 2009*, the payroll tax rate reduced on 1 July 2009 from 5% to 4.95%. The reduced rate is used in the payroll tax cost calculation for long service leave and annual leave.

The net financial effect of the changes for the employer superannuation costs and payroll tax in the current financial year is an increase in the employment on-cost of \$400.

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 22.3 in note 22.

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

18 Employee Benefits	2009	2008
	\$'000	\$'000
Current		
Accrued salaries and wages	19	11
Annual leave	50	34
Total Current Employee Benefits	69	45
Non-Current		
Long service leave	122	109
Total Non-Current Employee Benefits	122	109
Total Employee Benefits	191	154

The total current and non-current employee benefits plus related on costs for 2009 are \$79 000 and \$134 000 respectively.

The actuarial assessment performed by the Department of Treasury and Finance revised the salary inflation rate down by 0.5% from the 2008 rate 4.5%. The net financial effect of the changes in the current financial year is a decrease in the annual leave liability and employee benefit expense of \$1 000.

The actuarial assessment did not change the benchmark for the measurement of the long service leave liability from the 2008 benchmark (6.5 years).

Appendix A: Financial Statements—continued

19 Unrecognised and Contractual Commitments

(a) Remuneration Commitments

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

	2009	2008
	\$'000	\$'000
Within one year	166	160
Later than one year but not later than five years	611	62
Total Remuneration Commitments	777	222

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 3 years. The rental amount is based on floor space and the time period of the lease, with a rent increase of 4% 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:

	2009	2008
	\$'000	\$'000
Within one year	70	75
Later than one year but not longer than 5 years	–	64
Total Operating Lease Commitments	70	139

(c) Other Commitments

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

	2009	2008
	\$'000	\$'000
Within one year	269	399
Later than one year but not longer than 5 years	63	173
Total Other Commitments	332	572

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

21	Cash Flow Reconciliation	2009	2008
		\$'000	\$'000
(a)	Reconciliation of Cash and Cash Equivalents at year end as per:		
	Statement of Cash Flow	2 202	1 974
	Statement of Financial Position	2 202	1 974
(b)	Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing services		
	Net cash provided by operating activities	228	337
	Revenue from SA Government	(1 534)	(1 486)
	Add Non cash items		
	Depreciation expense	(2)	(2)
	Movements in Assets and Liabilities		
	Increase (decrease) in receivables	(12)	24
	(Increase) decrease in payables	2	(4)
	(Increase) decrease in employee benefits	(37)	(23)
	Net Cost of Providing Services	(1 355)	(1 154)

22 **Financial instruments/Financial risk management**

Table 22.1 **Categorisation of financial instruments**

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

Category of financial asset and financial liability	Statement of Financial position line item	Note	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial Assets						
Cash and cash equivalents	Cash and cash equivalents	14	2 202	2 202	1 974	1 974
Receivables	Receivables ⁽¹⁾	15	21	21	33	33
	Total financial assets at cost		2 223	2 223	2 007	2 007
Financial Liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	17	30	30	32	32
	Total financial liabilities at cost		30	30	32	32

Appendix A: Financial Statements—continued

⁽¹⁾ Receivable and payment amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on cost which are determined via reference to the employee benefit liability to which they relate.

Credit risk

The Authority has no significant concentration of credit risk.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

Table 22.2 Ageing analysis of financial assets

Past due by:	Overdue for < 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for > 60 days \$'000	Total \$'000
2009				
Not impaired				
Receivables ⁽¹⁾	21	–	–	21
2008				
Not impaired				
Receivables ⁽¹⁾	33	–	–	33

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as an enforceable by law. They are carried at cost.

Table 22.3 Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2009				
Financial assets				
Cash & cash equivalent	2 202	2 202	–	–
Receivables	21	21	–	–
Total financial assets	2 223	2 223	–	–
Financial liabilities				
Payables	30	18	–	12
Total financial liabilities	30	18	–	12
2008				
Financial assets				
Cash & cash equivalent	1 974	1 974	–	–

Appendix A: Financial Statements—continued

Receivables	33	33	–	–
Total financial assets	2 007	2 007	–	–
Financial liabilities				
Payables	32	22	–	10
Total financial liabilities	32	22	–	10

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 policy and on continuing appropriations by Parliament for the Authority’s administration and programs. 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.

The carrying amount of financial liabilities recorded in Table 22.1 represent the Authority’s maximum exposure to financial liabilities.

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 Balance Date

There were no events occurring after the end of the reporting period that had material financial implications 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 2009 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 report have been effective throughout the reporting period.

Alan Moss
PRESIDING MEMBER
23 September 2009

Robert Chappell
DIRECTOR
23 September 2009

Paul Williams
DIRECTOR, FINANCIAL SERVICES
22 September 2009

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 statements of the Independent Gambling Authority for the financial year ended 30 June 2009. The financial statements comprise:

- ◆ A Statement of Comprehensive Income
- ◆ A Statement of Financial Position
- ◆ A Statement of Changes in Equity
- ◆ A Statement of Cash Flows
- ◆ Notes, comprising a summary of significant accounting policies and other explanatory information and
- ◆ A Certificate from the Presiding Member, a Director and the Director, Financial Services.

**The Responsibility of the Members of the Independent Gambling Authority
Board for the Financial Statements**

The members of the Independent Gambling Authority Board are responsible for the preparation and the fair presentation of the financial statements in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

My responsibility is to express an opinion on the financial statements 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 complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Appendix A: Financial Statements—continued

Auditor’s Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Independent Gambling Authority as at 30 June 2009, and 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.

25 September 2009

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 provide the Independent Gambling Authority with a report on the administration of the *Gaming Machines Act 1992*, *Casino Act 1997* and *Authorised Betting Operations Act 2000* for the period 1 July 2008 to 30 June 2009.

Warren Lewis

ACTING LIQUOR AND GAMBLING COMMISSIONER
22 September 2009

ROLE OF LIQUOR AND GAMBLING COMMISSIONER

The Liquor and Gambling Commissioner is responsible for the regulation of the South Australian Gambling Industry. In particular responsibility for the administration of 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 administration of 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;
- ◆ 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 including the power to reprimand, suspend or revoke a licence, vary or add to the conditions of the licence, cancel machine entitlements or to impose a fine not exceeding \$15 000; and
- ◆ review of barring of persons by licensees.

Casino Act

- ◆ ensuring that the casino operator complies 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;

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

- ♦ approval of the installation of equipment;
- ♦ approval of the casino layout;
- ♦ approval of prescribed contracts;
- ♦ evaluation and approval of 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 SA TAB and racing clubs;
- ♦ approval of SA TAB and racing club systems and equipment as required by the Authority;
- ♦ approval of contracts entered into by SA TAB;
- ♦ approval of telephone betting systems and procedures for bookmakers;
- ♦ approval of account betting systems and procedures for bookmakers;
- ♦ grant and renewal of licences for bookmakers, agents and 24 hour sportsbetting;
- ♦ grant of permits to bookmakers to accept bets at racecourses and other places;
- ♦ 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.

OBJECTIVES

Overall objectives

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

These objectives are pursued through rigorous regulatory regimes.

Specific objectives

Specific objectives for 2008–09 were to—

Gaming Machines Act

- ♦ Implement changes to the codes of practice issued by the Authority

The new Responsible Gambling and Advertising Codes of Practice were issued by the Authority effective 1 December 2008. While the Authority issued the amended codes to individual licensees, a

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

bulletin was issued by this Office to all gaming machine licensees on 15 October 2008 which detailed the major changes under each code.

Licensees were advised that the information listed in the bulletin was not exhaustive and all licensees should familiarise themselves with the content of each of the codes and instruct and advise all relevant gaming staff.

As a result of the amendments to the Responsible Gambling Code of Practice, consequential amendments were made to the Attachment B licence conditions to determine which responsible gambling signage and stickers required a warning message under clause 5(1)(a)(i) of the code. Effective from 1 December 2008 condition (u) was amended and a new condition (ac) was imposed on all gaming machine licences.

In addition changes were made to the Office’s compliance system and the non-mandatory “Self Assessment Compliance Audit Checklists” were updated to reflect the amendments to the codes.

Casino Act

- ◆ Implement changes to the codes of practice issued by the Authority

The new Adelaide Casino Responsible Gambling and Adelaide Casino Advertising Codes of Practice were issued effective 1 December 2008.

As Skycity Adelaide operates a dedicated “Host Responsibility” program in conjunction with its security department, as part of an educational program, staff of the casino inspectorate undertook briefings with relevant casino staff regarding the application of the amended codes.

Amendments were also made to the Office’s compliance system to reflect the amendments to the codes.

Authorised Betting Operations Act

- ◆ Complete a review of approved procedures for bookmaker telephone and account betting in relation to punter identification and punters lodging cash amounts with bookmakers prior to betting

The review commenced during 2008–09 and is now continuing to include amendments made to Authorised Betting Operations Act effective from 1 March 2009.

The extended review will continue to be listed as a specific objective for 2009–10.

- ◆ Continue to target bookmakers with regards to failing to pay in their unclaimed winnings

The Office continued to target bookmakers who failed to pay their unclaimed winnings to the Office and as a result non-compliance was down 70 per cent from 138 breaches in the 2007–08 year to 41 breaches in 2008–09.

Bookmakers will continue to be monitored for compliance in this area in the 2009–10 year.

- ◆ Implement changes to the codes of practice issued by the Authority

The Responsible Gambling and Advertising Codes of Practice were amended effective from 1 December 2008.

In the early stages of the amended codes of practice, inspectors provided on site education to licensees and staff to assist them to comply with the amended codes.

In addition, changes were made to the Office’s compliance system and the non-mandatory “Self Assessment Compliance Audit Checklists” were updated to reflect the amendments to the codes.

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

MONITORING AND COMPLIANCE

Monitoring and compliance program

As part of a broader inspectorate and compliance process, the Office of the Liquor and Gambling Commissioner currently employs—

- ♦ 10 liquor and gaming inspectors who have responsibility for inspecting approximately 5 600 licensed venues in the State (as at 30 June 2009, 566 of which hold “live” gaming machine licences). The inspectorate is integrated with staff ensuring compliance with both the relevant liquor and gambling legislation;
- ♦ three wagering inspectors who have responsibility for inspecting 33 bookmakers’ operations, 349 SA TAB agencies and 31 racing clubs;
- ♦ 10 inspectors who scrutinise the operations of Skycity Adelaide; and
- ♦ a dedicated compliance section of two officers responsible for investigation of complaints under liquor, gambling and wagering legislation.

The Office’s monitoring and compliance program is managed by allocating appropriate resources using a “risk-based” approach, where there is a greater emphasis on high level non-compliant items, to target licensees that re-offend.

For example, as the Responsible Gambling and Advertising Codes of Practice were amended effective 1 December 2008, resources were allocated to concentrate on checking compliance with the new requirements of the codes, particularly gaming machine venues which had not entered into an agreement with an approved intervention agency (AIA). Licensees which do not hold an agreement with an AIA are subject to additional requirements under the codes and are considered at a “high risk” of non-compliance.

Along with the risk-based system, the Office still endeavours to inspect every gaming venue, SA TAB outlet, racing club and bookmaker betting operations at least once a year.

The casino’s audit program is constantly monitored, evaluated and adjusted depending on past audit results and staffing availability. This ensures that available resources are targeted primarily towards those areas needing attention but at the same time ensuring that no areas are overlooked.

As well as those activities undertaken by the Liquor and Gambling Commissioner, 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.

Under the Gaming Machines Act and Authorised Betting Operations Act all police officers have the powers ascribed to authorised officers under those Acts and can enforce all aspects of the Acts.

Self-assessment checklists

To assist licensees in understanding and complying with the numerous requirements under liquor, gambling and wagering legislations, the Office has made available a comprehensive “non-mandatory” self-assessment compliance audit checklist covering the liquor, gambling and wagering legislation.

Approved intervention agencies

The AHA and Clubs SA each have agencies aimed at reducing gambling-related harm by working with hotel and club management and staff on-site. The agencies trade under the names “Gaming Care” and “Club Safe” respectively. During 2008–09 both agencies were separately approved by the Authority as an approved intervention agency for the purposes of the Responsible Gambling Code of Practice and Advertising Code of Practice.

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

Amongst other things the agencies provide assistance to gaming machine licensees and managers in relation to compliance with, and audit of, gaming venues on a voluntary basis, to assist venues in complying with the gaming machine legislation including the codes of practice.

Both organisations utilise the OLGC self assessment checklists. In addition, staff of the Office have an excellent working relationship with both agencies and constantly liaise with, and provide advice to, representatives of both agencies on a number of compliance related issues.

Monitoring methods

A range of methods are used to monitor licensees' operations and detect non-compliance, including—

Routine inspections of gaming machine venues and wagering licensees

Gaming and wagering licensees are subjected to routine inspections which involve an inspector checking for compliance with specific requirements of the Act, licence conditions, the regulations, rules (for wagering) and codes of practice.

The number of routine inspections conducted in 2008–09 was as follows—

Inspection type	No of venues/licensees ⁽¹⁾	No of inspections 2008–09	No of inspections 2007–08
Gaming venues	566 ⁽²⁾	626	611
SA TAB	349	402	387
Racing clubs	31	93	99
Bookmakers	33	185	131

⁽¹⁾ As at 30 June 2009

⁽²⁾ Indicates the number of “live” venues

A total of 564 gaming venues were inspected during 2008–09. Of those venues 62 received a further inspection for a second or third time.

All but five venues that operated gaming for the whole of the 2008–09 year were inspected during the reporting period. These venues are located in country/remote areas and are scheduled for an inspection in July 2009. A further 21 venues hold gaming machines licences, however they are under suspension for various reasons. In addition, one venue was not conducting gaming operations but had not suspended its gaming licence as at 30 June 2009, however, the gaming machines were still being monitored by the Independent Gaming Corporation.

Casino audit program

The casino inspectorate is responsible for the scrutiny of systems, practices, procedures and adherence to the requirements under the Casino Act, Approved Licensing Agreement, Casino Duty Agreement, Approved Game Rules, Casino Internal Controls and the codes of practice.

Unlike the other gambling types, the casino is subject to constant scrutiny through inspectors being rostered on-site at the casino. As a result, any instances of irregularity, deficiency or default (eg application of game rules, errors in financial statements, compliance with internal procedures) detected are generally brought to the attention of casino management and resolved at the time.

Inspectors also conduct regular inspections to determine the casino's compliance with the codes of practice.

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

The number of specific gaming related assessments conducted at the casino in 2008–09 were as follows—

Game type	2008–09	2007–08
American Roulette	144	160
Baccarat	82	81
Big & Small (Sic-Bo)	10	5
Big Wheel	20	24
Blackjack (All Variations)	109	111
Caribbean Stud	75	49
Casino War	30	n/a
Craps	37	32
Poker (All Variations)	25	44
Pontoon	13	48
Three Card Poker	27	n/a
Two-Up	14	33
Pit Supervision Levels	19	41
Pre-Gaming Inventory / Table Checks	1055	1120
Destruction Of Gambling Equipment	162	127
Prize Verification (Gaming Machines)	294	241
Prize Verification (Table Games)	27	33

Media monitoring

A media monitoring service has been engaged to provide the 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.

Given the large number of advertisements assessed for gaming machine licensees and the nil level of non-compliance in the previous year, from 1 July 2008 assessments of advertising moved to a risk based approach.

However, as the code was amended effective 1 December 2008, which resulted in additional requirements in relation to advertising of the gambling product, from January 2009 assessment of print advertising by gaming venues reverted to all advertisements being checked for compliance.

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

The number of advertisements assessed during 2008–09 were as follows—

Gaming Venues	Casino	Wagering
283	7	43

Inspections by complaint

There are areas of compliance which are difficult to detect by routine inspection methods. These are normally brought to the Office’s attention through complaints by members of the public and are fully investigated by compliance staff.

Surveillance and special assessments

Surveillance involves discreet observations of gaming and wagering operations and often involves partnering members of the SA Police Licensing Enforcement Branch to detect breaches. Special Assessments include—

Gaming Machines Act

Inspections of promotions being run within the gaming area, in addition to any advertising in relation to either the promotion or the gaming room itself.

Seven in-depth assessments were conducted in September 2008 on gaming machine venues to check for compliance with requirements of the Responsible Gambling and Advertising codes of practice with a particular emphasis on the conduct of promotions in gaming rooms.

These premises were found to be complying with the requirements of the codes.

It is planned for venues to again be targeted in 2009–10 to check for compliance against the amended requirements of the codes of practice.

Authorised Betting Operations Act

- ◆ SA TAB—inspectors attend SA TAB outlets to audit cash balances to determine if any credit betting has taken place.
- ◆ Bookmakers—include betting ticket audits, betting sheet audits, account betting audits, and telephone betting audits.

The number of wagering surveillance operations and special assessments conducted during 2008–09 was as follows—

Assessments	SA TAB		Racing clubs		Bookmakers	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
Surveillance	17	15	29	31	30	29
Special assessments	52	51	41	26	176	221

Compliance and enforcement—all gambling types

This section provides an analysis of the “common” categories for which licensees across the three gambling types are required to comply with.

Each of the gambling types have compliance requirements which are specific for their legislation. These requirements are referred to in specific sections for each gambling type later in this report.

Statistics for particular compliance requirements are provided in a separate section later in this report.

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

Signage

Gaming Machines Act

Compliance with all forms of gaming signage was generally at a high level for the first six months of 2008–09. During 2008, breaches were confined to the responsible gambling poster not being displayed, responsible gambling stickers missing from ATMs and no gaming machine licence displayed.

However, following the introduction of the new codes of practice, there was a significant increase in the level of non-compliance during the first months of 2009, primarily as a result of the requirement to include “gamble responsibly” on responsible gambling stickers and posters.

The issue of the non-compliant signage and stickers was predominantly as a result of a delay in new signs and stickers being developed and printed and licensees familiarising themselves with the amended codes of practice.

Casino Act

◆ Requirement to prominently display game information

An audit of game rules found that Skycity Adelaide had failed to maintain an up to date record of game rules (incorporating all amendments during the specified period) which could be viewed or purchased by patrons. Skycity Adelaide was advised and a subsequent audit confirmed that it had rectified the matter and all copies of game rules had been updated.

◆ Responsible gambling signage requirements

Skycity Adelaide was found to be compliant with these requirements.

Authorised Betting Operations Act

Compliance with all requirements with respect to signage was generally high for 2008–09, whilst taking into account an increase in non-compliance, as a result of the requirement to include “gamble responsibly” on responsible gambling stickers, pamphlets and posters.

This was progressively dealt with by wagering inspectors during the second half of 2008–09, resulting in a growing awareness and increased compliance with the new requirements.

There was an increase in non-compliance in regards to the requirement to display a “governed by a code of practice” sign, however, this was not considered significant in comparison to the number of venues that were compliant in this area.

Staff/supervision

Gaming Machines Act

The matter of licensees being able to demonstrate that persons approved under the Gaming Machines Act have completed appropriate training in responsible gambling and operation of gaming machines remains a problem during inspections, representing one of the more frequent issues inspectors are required to deal with and one of the requirements with a high level of non-compliance.

While this can occur due to a combination of factors, a major factor remains the delay that gaming staff experience in having certificates forwarded to them by some course providers.

Casino Act

◆ All non-exempt staff required to display identification badges

Where a staff member is observed by an inspector not displaying their identification badge, they are approached by an inspector and advised of the requirements. There were no instances where a staff member did not comply with the request to display the card.

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

When questioned, staff members either alleged that they were not aware of the requirement to display their identification card at all times whilst on premises or incorrectly believed that they were exempt, due to their level of responsibility.

Skycity Adelaide has advised that, in these instances, the staff members were counselled by their department head and an endorsement made on their personnel record.

- ◆ All staff approved

During 2008–09 it was found that Skycity Adelaide had sourced a staff member from an employment agency under the “IGA 20 Day Exemption Provisions—Casual Staff” to fill a short term administrative vacancy within the security department.

Skycity Adelaide may permit a person to occupy a “non-gaming” sensitive position where the person is employed or occupied by an employment agency, if that person has not worked at the casino for more than an aggregate of 20 days in the previous 12 months.

Subsequent investigations found that a separate application had also been incorrectly lodged with the Office for approval of this person in a sensitive position on an ongoing basis.

As a result of this breach of procedure a review of the employee approval process was conducted which was determined that this incident was an inadvertent breach caused by inexperienced staff rather than a deliberate decision to bypass the approval process.

Authorised Betting Operations Act

The level of compliance in the area of staff/supervision was generally high with a significant decrease of non-compliance by the SA TAB in the areas of problem gambling documentation and training.

However, there was a significant increase in non-compliance in the area of “Staff receiving refresher training within 2 years”, from one in 2007–08 to 10 in 2008–09.

SA TAB has been advised of the instances of non-compliance in this area and wagering inspectors will continue to monitor this in 2009–10.

Barrings

Gaming Machines Act

Breaches relating to the management of patron barrings increased slightly compared to those identified during 2007–08. This increase is commensurate with an increase in the number of assessments between the two years (619 assessments in 2008–09 compared to 607 in 2007–08).

Although overall the level of non-compliance is relatively low, given the importance of these requirements in relation to the overall responsible gambling environment, checks will continue to be conducted on each routine inspection.

Casino Act

Inspectors observed three patrons during 2008–09 who were on the casino premises in breach of barring requirements. On each occasion, casino security were advised, the patrons approached and escorted from the premises. These instances were reported to the Authority for possible disciplinary action.

Minors

Gaming Machines Act

There were no instances of minors being detected in an approved gaming area during the reporting period.

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

Casino Act

There were 6 reported instances of minors or suspected minors being detected on Skycity Adelaide premises in 2008–09 compared to 5 last year. Four of the incidents related to minors entering the premises unnoticed in the company of their respective guardians, when the security officer posted at the casino entrance was assisting other patrons.

One minor gained entry after security personnel failed to note that the proof of age card presented clearly stated that the minor was under 18 years of age.

A sixth minor was also allowed entry to the casino premises using false identification.

At no time were any of these minors observed to have purchased alcohol, while one engaged in some form of gambling.

After reviewing the reports submitted by Skycity Adelaide on each incident it was found that the approved procedures had been adhered to and, when necessary, staff had been disciplined or counselled.

Skycity Adelaide advised that during 2008–09 entry was refused to 5 714 persons who were suspected minors or were unable to produce suitable proof of being over 18 years of age.

Authorised Betting Operations Act

Concerted efforts were placed on major race days such as the Oakbank Easter racing carnival, the Adelaide Cup, the Christmas racing carnival and the Balaklava Cup when inspectors conducted surveillance for minors placing bets with wagering operators.

No instances of wagering operators accepting bets by minors were detected.

Alcohol

Gaming Machines Act

As part of a routine inspection, inspectors observe overall gaming operations. There were no instances of non-compliance observed during the reporting period relating to the requirements in relation to alcohol and gambling.

Casino Act

Inspectors observed a total of 5 patrons who were exhibiting signs of possible intoxication while either placing wagers on gaming tables or while being in gaming areas. When brought to the attention of casino management, the patrons were assessed and subsequently removed from the premises.

Skycity Adelaide has advised that during 2008–09, 19 476 persons were refused entry to the casino for being suspected of being intoxicated. A further 3 185 persons were requested to leave the premises for exhibiting levels of intoxication.

Authorised Betting Operations Act

Concerted efforts were made on major race days such as the Oakbank Easter racing carnival, the Adelaide Cup, the Christmas racing carnival and the Balaklava Cup.

No instances of wagering operators accepting bets by intoxicated persons were detected.

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

Cash facilities/credit gambling

Gaming Machines Act

From 1 December 2008 licensees which do not hold an agreement with an AIA can only make coin available from a cashier or coin dispensing machine which is located so patron activity can be monitored.

The number of breaches detected was at a relatively high level with 10 venues or 24 per cent of the 41 checked were found to be non-compliant with this requirement. As part of the educational program undertaken by this Office these venues were counselled on the requirements under the code of practice. All these venues have since entered into an agreement with an AIA.

Casino Act

There were no instances of Skycity Adelaide not complying with requirements in relation to cash facilities detected in 2008–09 compared with one instance in the previous year.

Authorised Betting Operations Act

No instances of credit betting were detected by wagering inspectors in 2008–09, however, one instance of credit betting by a SA TAB Agent, was reported to this office by SA TAB.

SA TAB was reported for the non-compliance and the matter was referred to the Authority.

Advertising

Gaming Machines Act

- ◆ Advertising on exterior or immediate environs of premises and/or within the premises except directional signage

From 1 December 2008 licensees which do not hold an agreement with an AIA are not permitted to advertise their gambling products on exterior or immediate environs of premises and/or within the premises except for directional signage.

Of the 36 assessments conducted, 11 venues or 31 per cent of venues were found to be advertising their gambling product on the exterior or immediate environs of the premises. Four of those venues or 11 per cent were also found to be advertising their gambling product within the premises apart from directional signage.

Disciplinary action was initiated against two of those licensees. Details of this action is referred to later in this report under “Action Taken”.

- ◆ Advertising must include either the condensed or an expanded warning message

Also from 1 December 2008 all licensees are required to include either an expanded warning message, if reasonable or practicable to do so, or the condensed warning message, when advertising the gambling product.

Of the 263 print adverts assessed from January 2009, 48 or 18 per cent were found to be non-compliant for this requirement.

As part of the educational program in relation to the amended codes, no action was taken against licensees which were non-compliant for the first time.

These licensees were cautioned and advised that any further instances of non-compliance would result in disciplinary action being taken. No licensees had re-offended as at 30 June 2009.

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

Casino Act

No instances of non-compliance were detected for advertising by Skycity Adelaide during 2008–09.

Authorised Betting Operations Act

SA TAB's level of compliance with regards to the Advertising Code of Practice is extremely high.

Other

Gaming Machines Act

Although the number of instances for the requirement for licensees to maintain a Responsible Gambling Document increased from 21 in 2007–08 to 30 in 2008–09, the level of non-compliance is considerably less than the levels detected in 2006–07 and 2005–06 where the instances of non-compliance were 60 and 76 respectively.

Casino Act

Following the renovation of the ground floor gaming area, inspectors noted that an insufficient number of clocks had been installed. Skycity Adelaide was advised, and additional clocks were installed.

While Skycity Adelaide has procedures in place to detect and report persons who repeatedly are observed playing multiple gaming machines, during 2008–09 inspectors observed 12 persons who were playing multiple gaming machines. Inspectors monitored these players for a period of time and as they were not approached by casino staff, casino management were advised so that they could advise the patrons of the requirements of the code.

Skycity Adelaide has advised that during 2008–09, 207 persons were approached and advised of the requirements after having been observed playing multiple gaming machines. Skycity Adelaide through its procedures are actively enforcing these requirements.

Compliance and enforcement—Gaming Machines Act specific

Overall compliance

Although statistics show that overall non-compliance increased from the previous year, except for the requirements in relation to staff/supervision, the majority of increases were for breaches of the responsible gambling and advertising codes of practice.

The majority of increases of non-compliance were for requirements which were either new or changed as a result of the amended codes of practice. Comments on these have been provided further in this report.

Gaming Machine specific compliance

Other matters identified as part of this Office's compliance and enforcement program included: a decline in the number of instances of unsealed gaming machine logic boards and unlocked security boxes. Instances of gaming machine log books not being maintained, remained at a steady level compared to the previous year and there was a slight increase in gaming layouts not being approved by this Office.

Other matters of note include an encouraging decline in the number of gaming machines which did not meet appropriate condition/standards (monitors, buttons etc).

Licensees without an agreement with an AIA

Given that amongst other things the AIAs provide assistance to gaming machine licensees and managers in relation to compliance with, and audit of, gaming venues on a voluntary basis, to assist venues in complying with the gaming machine legislation including the codes of practice, licensees

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

which have not entered into an agreement with an AIA are considered at a “high risk” of non-compliance.

Therefore, as part of the risk based approach taken in regards to compliance and enforcement, licensees without an AIA were given a reasonable amount of time to comply with the additional requirements.

In addition, on 16 March 2009 those licensees were written to, to remind them of their additional responsibilities under the new codes of practice.

Following this, all but one of these venues were inspected in the last quarter of 2008–09. The remaining venue is located in a remote area is scheduled for an inspection in early July 2009.

Inspectors found these venues were non-compliant in several areas. After being advised of the new requirements and the effect of entering into an agreement with an AIA, generally the licensee would join an AIA after the inspection.

As at 30 June 2009, 31 of the 566 licensees of “live” gaming machine venues had not entered into an agreement with an AIA.

Gaming machines monitoring system

One of the functions of the Office is to ensure that the operation, integrity and security of gaming machines are maintained at the highest standard. As this function is of a technical nature, expanded detail has been provided under the “Technical Matters” section later in this report.

Gaming machine service licence

On 1 July 2006, a gaming machine service licence was granted to Robert John Bennett (trading as Central Eyre Communications).

On 10 December 2008, Bytecraft Systems Pty Ltd notified the Office of the termination of the agreement between it and Central Eyre Communications for the servicing of gaming machines in the Whyalla region.

All attempts to contact Mr Bennett by the Office via telephone and letter were unsuccessful. Therefore, disciplinary action was initiated against Robert John Bennett for failing to comply with condition 2 and 5 of the gaming machine service licence.

Refer to the “Action Taken” section later in this report for the outcome of the disciplinary action.

Compliance and enforcement—Casino Act specific

Commission programs

During 2008–09, inspectors monitored the operation of 58 commission programs at Skycity Adelaide. No discrepancy in the operation of these programs were detected.

Unclaimed prizes

Skycity Adelaide paid \$7 576.82 in unclaimed prizes to the Office during 2008–09 compared to \$8 765.30 during 2007–08. All unclaimed prize amounts remitted to the Office are audited and verified by onsite inspectors.

Compliance and enforcement—Authorised Betting Operations Act specific

SA TAB

Analysis of non-compliance trends indicate that SA TAB’s record of compliance is satisfactory based on the large number of outlets inspected.

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

Racing clubs

Compliance by racing clubs continued to be high in 2008–09.

A significant increase in “Unclaimed dividends not being paid by the due date” related to a late payment by SA TAB. As SA TAB pays the dividend to this Office on behalf of all the racing clubs, each club was included in the late payment and reported as non-compliant.

Bookmakers

The level of non-compliance by bookmakers decreased significantly during 2008–09, reducing from 236 in 2007–08 to 87 instances in 2008–09.

Significant decreases occurred in the following areas of non-compliance—

- ♦ “Unclaimed winnings lodged by prescribed date” down from 138 to 41 instances.

This Office has highlighted this as a specific target for the last two years and bookmakers have become more aware of their responsibilities in this area.

- ♦ “Submitting Weekly Returns by prescribed time” down from 20 to 12

Continued reporting of non-compliance has made bookmakers aware of the importance of compliance in this area.

- ♦ “Retaining Winning tickets for two months” down from 26 to one instance

Continued reporting of non-compliance has made bookmakers aware of the importance of compliance in this area.

ACTION TAKEN

Gaming Machines Act

Section 36 of the Gaming Machines Act allows the Commissioner to take disciplinary action against a licensee for various reasons including for the contravention of a provision of the Act or a condition of licence (including the codes of practice).

During 2008–09, 13 disciplinary actions were taken against gaming machine licensees, resulting in 7 reprimands, 4 fines and two licence suspensions. As at 30 June 2009 6 further disciplinary actions were yet to be determined.

The requirements for which disciplinary action was initiated/taken for were as follows (some venues were non-compliant with a number of these requirements)—

- ♦ non-payment of gaming tax within 7 days of end of month—10 instances;
- ♦ responsible gambling signage/stickers—4 instances;
- ♦ staff/supervision—6 instances;
- ♦ failure to maintain contract with service agent—5 instances;
- ♦ failure to maintain IGC monitoring contract—one instance;
- ♦ advertising code of practice—4 instances.

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

Gaming machine service licence

As reported earlier, on 10 December 2008, Bytecraft Systems Pty Ltd notified the Office of the termination of the agreement between it and Central Eyre Communications, holder of a gaming machine service licence, for the servicing of gaming machines in the Whyalla region.

Under section 36B(d) of the Gaming Machines Act the gaming machine service licence issued to Robert John Bennett (trading as Central Eyre Communications) was revoked on 12 January 2009.

Casino Act

As reported earlier, instances of irregularity, deficiency or default (eg application of game rules, errors in financial statements, compliance with internal procedures) detected by inspectors at the casino are generally brought to the attention of casino management and resolved at the time.

If, however, the nature of the irregularity or deficiency is a matter of concern, or is as a result of the failure by the casino licensee to take corrective steps, further information maybe requested from the licensee concerning the alleged irregularity, deficiency or default. Where it is considered that the licensee has committed a statutory default, the results of the investigation conducted by this Office are forwarded to the Authority for deliberation.

During 2008–09 a number of issues were identified, which, while technically were of a non-compliant nature, are considered as being at a less serious level and as a consequence were raised directly with Skycity Adelaide. These included—

- ◆ 15 errors in dealing procedures or the application of game rules;
- ◆ 67 errors relating to the failure to comply with pit operation procedures including the accountability of chip inventory being held on gaming tables;
- ◆ 7 errors relating to the failure to comply with cash handling procedures.

During 2008–09, there were also a number of incidents relating to the failure of Skycity Adelaide to comply with procedures involving the security and movement of money. While individually, these incidents may be considered minor, there was sufficient concern to refer the matter for the attention of the Authority.

At the time of writing, a brief was in the process of being prepared for consideration by the Authority.

Authorised Betting Operations Act

The Liquor and Gambling Commissioner has no disciplinary powers under the Act, however, is obliged to report all potential statutory defaults and breaches to the Authority for possible disciplinary action.

As at 30 June 2009, the following number of breaches were provided to the Authority for consideration and possible further action—

	2008-09	2007-08	Total
SA TAB	97	115	212
Racing Clubs	25	16	41
Bookmakers	87	234	321
Total Breaches	209	365	574

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

My office is not aware of action taken by the Authority during 2008–09 for these breaches.

TECHNICAL MATTERS

Gaming machine monitoring system (excluding casino)

As referred to earlier, one of the functions of the Office is to ensure that the operation, integrity and security of gaming machines are maintained at the highest standard.

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

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

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

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

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

Any alteration to the approved system is evaluated and approved by the Liquor and Gambling Commissioner. Determination is given as to whether or not such alterations require specialist evaluation by a suitably qualified software testing facility or whether, upon production of results of test scripts, minor alterations can be approved without more detailed investigation.

Any alterations subsequently approved are installed in the presence of a staff member from the Office and the baseline procedure is conducted following its installation.

No modifications were made to the monitoring system during the year, however a baseline procedure was conducted in January 2009. A small number of minor environmental changes to the system were detected by the baseline procedure. None of the changes detected required further investigation.

Scrutiny is also maintained via the review and analysis of reports which are generated by the monitoring system. These reports are reviewed and analysed by specialist staff within the Office. The reports are used both to scrutinise the operations of IGC as well as the operations of machines operated in the field. For example, reports can be used to detect a possible malfunctioning machine. The reports are also monitored by the Office to check that IGC has followed set procedures for trying to re-establish communications. Alternatively, some reports are used solely for scrutinising games installed in the field.

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

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

There were no amendments to the procedure manuals for the AGS monitoring system, lodged by IGC for approval during 2008–09. The Office found no unauthorised adjustments made to data and no alterations were made to the system without approval.

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 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, 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 2008–09, 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	37 (45)	54 (43)
Approval of a new version of a game	41 (23)	32 (3)
Revocation of a game	113 (56)	0 (6)
Approval of a new gaming machine	8 (2)	9 (0)
Approval of a modification to a new game	31 (33)	33 (9)
Approval of linked progressive jackpot controllers	N/A ⁽¹⁾	1 (1)
Approval of variations of linked progressive jackpot controller software	N/A ⁽¹⁾	0 (2)

⁽¹⁾ Section 53 of the Gaming Machines Act prohibits linked jackpots on gaming machines in hotels and clubs

Approval of games

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

In considering such applications, regard must be given to any guidelines issued by the Authority. The Authority issued guidelines on 2 June 2003 effective 1 July 2003.

During 2008–09, all applications for approval of a game were considered to have regard for the Authority’s Game Approval Guidelines. No new games were approved that had features or characteristics covered by clause 2(2) of the Guidelines, (excluding “rate of play”).

Approval of systems at the casino

No modifications to the gaming machine monitoring system (DACOM) or table game management system (SGM) operated by Skycity Adelaide were approved during 2008–09.

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

Approval of equipment for surveillance at the casino

No modifications to the surveillance system operated by Skycity Adelaide were approved during 2008–09.

Approval of wagering systems and equipment

During 2008–09, 72 approvals were granted for modifications to components of the wagering system operated by SA TAB Pty Ltd.

Two compliance inspections of the systems and equipment, including Galaxy2, Branch Controller and Agency Browser software, operated by SA TAB Pty Ltd were conducted in 2008–09. Three routine compliance inspections of the Unitab (Albion Qld) facilities and local betting outlets were also conducted.

As a result of these compliance inspections, one minor non-compliant issue was referred to the Authority.

COMPLAINTS/DISPUTES

Complaints

During 2008–09 the following complaints were investigated:

Gaming	Casino	Wagering
0	13	6

Of the 13 complaints investigated by the casino inspectorate the majority related to the application of the rules of various games. All complaints were investigated and resolved to the satisfaction of all parties.

Of the 6 wagering disputes lodged, five related to the SA TAB and one related to bookmakers.

It was found in 5 instances that the wagering licensees had not breached any wagering legislation and the punters involved were advised that the matters would not be taken further.

One dispute lodged by a bookmaker who alleged that another bookmaker had accepted a bet from him of \$3 000 to \$200 was considered. The bookmaker who accepted the bet claimed that he only accepted a bet of \$2 000 to \$140.

The bet was successful.

The minimum risk the bookmaker was required to take on the day was \$2 000 and no firm evidence could be found to support the claim that he accepted a bet of \$3 000 to \$200 and therefore he was directed that the bet be paid as \$2 000 to \$140.

Gaming machine payout disputes/malfunctions

There were 15 complaints received during 2008–09 in relation to gaming machine payout disputes or alleged machine malfunctions as compared to 20 in 2007–08.

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.

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

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 reason including: the patron failed to pursue the matter with this office after having reported the matter; the patron was mistaken on how or when machines pay winning credits or there was insufficient evidence to support the patron’s claim

Section 76 of the Gaming Machines Act states:

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

There were no applications for review received under section 76 of the Act during 2008-09.

ADMINISTRATIVE MATTERS

Gaming Machines Act

Special club licence

The activity of approvals of various agreements and allocation of gaming machine entitlements in relation to the holder of the special club licence, Club One (SA) Limited (Club One), has been provided in the last three reports to the Authority.

The special club licence was granted to Club One on 14 October 2005 and the application and approval process is now well established.

Section 74 of the Gaming Machines Act requires the Liquor and Gambling Commissioner to, “no later than 30 September in each year, submit to the Minister a report on the administration of this Act during the financial year ending on the previous 30 June”.

Details of the activity in relation to agreements submitted by Club One and application for the allocation of Gaming Machine Entitlements will be provided as part of that report.

Given that the activity was mostly of an administrative nature, and no issues of an integrity nature were raised, rather than repeating the activity in this report, I refer the Authority for specific administrative matters in relation to Club One to the report required under section 74 of the Gaming Machines Act.

Casino Act

Evaluation and approval of casino internal controls

Under Section 38(1)(a) of the Casino Act, 9 amendments to various procedures of the Accounting and Internal Control, Policies and Procedures Manual consisting of 8 relating to pit operations and one for gaming machine operations were approved.

One application for an amendment to pit operations was refused. A further two applications were withdrawn by Skycity Adelaide.

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

Under section 38(1)(b) of the Casino Act two amendments to the Security Procedures Manual were approved.

Evaluation and approval of game rules

Under Section 37A of the Casino Act, twenty amendments to the following game rules were approved—

Game	2008–09
Baccarat	2
Blackjack (all variations)	3
Big & Small (also known as Sic-Bo)	1
Casino War	1
Caribbean Stud Poker	2
Craps	1
Poker (all variations)	6
Pontoon	1
Roulette	3
Total	20

These amendments included, allowing for the use of automatic continuous card shuffling machines, changes to the “Scales of Charges” for poker games, the use of the Rapid Roulette gaming system and the ability to offer “Double Zero Roulette”.

Rules for the following new table games were also approved—

- ◆ Casino War;
- ◆ Inbetweens; and
- ◆ Progressive Texas Holdem.

Skycity Adelaide also submitted an application for a new game “Lightning Poker” which was subsequently withdrawn.

Authorised games

Under Clause 7.1 of the Approved Licensing Agreement, Skycity Adelaide must ensure that the placement of gambling equipment is in accordance with an approved floor layout. Further, Skycity Adelaide must only conduct gambling in the form of an authorised game.

As at 30 June 2009 the following number of authorised games were in operation at Skycity Adelaide—

Type of gaming	Table games	Gaming machines
General gaming	69	916
Members only gaming	14	67
Private gaming	5	n/a

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

Total	88	983	
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As at 30 June 2009 the following authorised table games were in operation at Skycity Adelaide—

Game type	General gaming	Members only gaming	Private gaming
American Roulette	12	4	n/a
Touchbet Roulette (20 Satellites)	1	n/a	n/a
Rapid Roulette (20 Satellites)	1	n/a	n/a
Baccarat	4	3	5
Blackjack	19	5	n/a
Blackjack/Baccarat (Flip Table)	5	n/a	n/a
Blackjack/Casino War	1	n/a	n/a
Big & Small (Sic-Bo)	1	n/a	n/a
Big wheel	2	n/a	n/a
Caribbean Stud	3	1	n/a
Casino War	2	n/a	n/a
Craps	1	n/a	n/a
Poker	12	n/a	n/a
Pontoon	3		
Three Card Poker	2	1	n/a
Total	69	14	5

(1) The game of Two-Up was removed from the gaming floor on 7 December 2008.

Authorised Betting Operations Act

Amendments to the Betting Operations Rules

In accordance with section 41(1) (a) of the Authorised Betting Operations Act, approval was granted for the inclusion of rules into the SA TAB Betting Operations Rules which—

- ♦ increased the number of circumstances where a punter is refunded their fixed odds investment and allowed for additional circumstances where an event will be a void leg for the purpose of calculating the payout on multi-bet events; and
- ♦ altered the base unit of investment for the first four bet type from \$1 to 25 cents, therefore if the total investment on the selected winning first four combination was 25 cents or greater then the total payout to the successful investor(s) would be an amount equal to 100 per cent of the pool.

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

SPECIFIC OBJECTIVES FOR 2009–10

Gaming Machines Act

- ◆ Audit the corporate governance of selected club gaming machine venues;
- ◆ Target gaming machine venues conducting promotions and offering inducements to ensure that they are complying with the Responsible Gambling Code of Practice; and
- ◆ Liaise with the Independent Gaming Corporation regarding the transition to a new central monitoring system, including approval of the system and a view to red tape reduction on the records licensees must keep in relation to the operation of gaming machines.

Casino Act

- ◆ Conduct a review of the casino surveillance system to assess its level of coverage throughout the premises and the quality of the surveillance coverage;
- ◆ In conjunction with Skycity Adelaide continue to review the internal control, security and surveillance procedures of Skycity Adelaide with the view to implementing a “risk-based” audit and report system of casino operations;
- ◆ Conduct a review of the casino procedure manuals with a view to removing any unnecessary approval processes;
- ◆ Investigate accessibility by this office to casino incident and player reporting systems; and
- ◆ Oversee the implementation of new gaming products which are planned by Skycity Adelaide in 2009–10.

Authorised Betting Operations Act

- ◆ Consult with racing clubs on the development of a set of guidelines for the issuing of permits to bookmakers to operate at race meetings; and
- ◆ Continue to review the approved procedures for bookmaker telephone and account betting in relation to punter identification and punters lodging cash amounts with bookmakers prior to betting, extended to include all amendments to Authorised Betting Operations Act (from 1 March 2009).

STATISTICS

The tables below show the number of instances detected for non-compliance of various requirements across the three gambling types which have been assessed at least once and there was at least one instance of non-compliance.

Gaming machines compliance statistics

Signage/stickers

Compliance item	2008–09	2007–08
Warning to minors sign not displayed (at each entrance)	17	16
Gambling helpline sticker (not affixed to ATMs and EFTPOS and/or gaming machines)—pre 1 December 2008	5	11
Gambling helpline sticker including “gamble responsibly” (not affixed to ATMs and EFTPOS and/or gaming machines)—post 1 December 2008	52	n/a

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

Compliance item	2008–09	2007–08
Gambling helpline cards not displayed—pre 1 December 2008	0	10
Gambling helpline cards including “gamble responsibly” not displayed—post 1 December 2008	12	n/a
Warning to minors sticker (not affixed to gaming machines)	16	8
Code of practice not available	22	7
Gaming licence not displayed (at principal entrance)	13	6
Responsible gambling pamphlets not displayed—pre 1 December 2008	0	5
Responsible gambling pamphlets including “gamble responsibly” not displayed—post 1 December 2008	15	n/a
Responsible gambling poster not displayed—pre 1 December 2008	2	4
Responsible gambling poster including “gamble responsibly” not displayed—post 1 December 2008	4	n/a
Governed by a code of practice sign not displayed—pre 1 December 2008	0	3
Governed by a code of practice sign including “gamble responsibly” not displayed - post 1 December 2008	15	n/a
Rules ancillary to gaming sign not displayed	5	3
Playing of more than one machine sticker (not affixed to gaming machines)	15	9
Playing of more than one machine sign including “gamble responsibly” not displayed—post 1 December 2008	16	n/a
TOTAL	209	82

Staff/supervision

Compliance item	2008–09	2007–08
Responsible gambling training—not completed or certificate not available at time of inspection	112	74
Training—operation of machines—not completed or certificate not available at time of inspection	111	73
All approved staff clearly not displaying ID badges	6	8
No gaming machine manager on duty	4	0
All staff not approved	9	0
Licensee not wearing approved badge while in the gaming area	3	0
TOTAL	245	155

Barrings

Compliance item	2008–09	2007–08
All barring notices were not accessible by, or visible to, staff only and were by members of the public	9	7
Barring procedure not maintained (may be part of responsible gambling document)	8	7
All barring notices not being maintained in a folder or picture wall	7	5
Barring orders issued under section 59 have not been provided to LGC	4	4
TOTAL	28	23

Alcohol

Compliance item	2008–09	2007–08
Alcohol supplied to reward, promote or encourage continued gambling	1	0
TOTAL	1	0

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

Cash facilities and credit

Compliance item	2008–09	2007–08
Coin only available from cashier or monitored dispensing machine	10	n/a
Cash facilities within gaming area	1	0
TOTAL	11	0

Advertising

Compliance item	2008–09	2007–08
Advertising refers to inducements	1	n/a
Advertising does not include either condensed or expanded warning message	48	n/a
Advertising includes ‘Win’ or ‘\$’ and is not used to refer to a particular prize	4	n/a
Advertising on exterior or immediate environs of premises	11	n/a
Advertising within the premises except directional signage	4	n/a
TOTAL	68	n/a

Other

Compliance item	2008–09	2007–08
Inducements offered other than participation in a loyalty program	5	n/a
Responsible Gambling Document not maintained	30	21
Time of day not prominently displayed in gaming area	5	5
Log Books not present and/or completed	15	15
Unapproved amusement device located within gaming area	1	0
Government ID plates not on all machines	2	2
Machine condition inadequate (monitors, buttons etc)	47	66
Security box not locked	3	6
Gaming layout not approved	22	18
Structural alterations not approved	1	0
Logic board not sealed	6	13
TOTAL	137	146

Casino compliance statistics

Signage/stickers

Compliance item	2008–09	2007–08
Gambling Helpline Sticker (not affixed to each gaming machine) - pre 1 December 2008	0	3
Gambling Helpline Sticker (not on or near each gaming table)	0	1
Gambling Helpline Cards available (not at or near each gaming machine, gaming table and ATM)	0	1
Prominently display game information	1	0
TOTAL	1	5

Staff/supervision

Compliance item	2008–09	2007–08
All non-exempt staff displaying ID badges	3	4

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

Not all staff approved	1	0
Approved Pit Supervision Levels are being enforced	0	5
Staff not to gamble	0	1
TOTAL	4	10
<i>Alcohol</i>		
	2008–09	2007–08
Compliance item		
Intoxicated persons not prevented from gambling	2	0
Intoxicated persons not prevented from entering gaming area	3	0
TOTAL	5	0
<i>Other</i>		
	2008–09	2007–08
Compliance item		
Time of day not prominently displayed in gaming area	1	1
Patron not warned for playing multiple gaming machines	12	12
TOTAL	13	13
Wagering compliance statistics		
<i>SA TAB</i>		
	2008–09	2007–08
Compliance item		
All staff have not received problem gambling training	23	35
Responsible gambling document not maintained	14	30
Responsible gambling pamphlet not displayed	18	19
Responsible gambling pamphlet displayed (but did not include condensed warning message)	12	n/a
Gambling helpline cards not at betting terminal	7	14
Responsible gambling poster not displayed	3	6
Condensed warning message not on or near terminals	1	0
Betting operations rules sign not displayed	1	5
Payment not made on result announced	0	2
Not all staff received refresher course at least every 2 years	10	1
No responsible gambling material back of house	1	1
Gambling helpline sticker not on or near betting terminals	1	1
Receiving payment when accepting bets (credit betting)	1	1
Governed by a code of practice sign not displayed	5	0
TOTAL	97	115
<i>Racing clubs</i>		
	2008–09	2007–08
Compliance item		
Unclaimed dividends not paid by due date	8	0
Time of day visible in gambling area	0	7
Responsible gambling pamphlet not displayed	1	0
Responsible gambling pamphlet not displayed	1	1

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

Responsible gambling poster not displayed	0	3
Responsible gambling poster displayed but did not include warning message	4	n/a
Condensed warning message not on or near each totalisator terminal	4	n/a
Governed by a code of practice sign not displayed	1	2
Punters club - return not lodged within 21 days after race meeting	3	2
Punters club - unclaimed winnings not lodged within two months	1	2
Code of practice not available	1	1
Gambling helpline cards not on or near each ATM	0	1
No responsible gambling message in race book	1	1
Gambling helpline cards not at betting terminal	0	0
TOTAL	25	20

Bookmakers

Compliance item	2008–09	2007–08
Unclaimed winnings not lodged by prescribed date	41	138
Bookmaker did not retain ticket for the required period	1	26
Weekly returns not lodged by prescribed time detailing all bets	12	20
Responsible gambling document not maintained	6	17
Code of practice not available	2	6
Time of day not visible in gambling area	0	5
Responsible gambling pamphlet not displayed	6	3
Did not adhere to credit betting account procedures	0	2
Annual financial statement not lodged by due date	0	2
Bets identified as telephone bets not on betting sheets	0	2
Not all staff received refresher course at least every 2 years	4	2
Accept bets not only on approved contingencies	0	2
Bookmakers not carrying photo ID	2	2
Governed by a code of practice sign not displayed	3	1
Not all staff received problem gambling training	2	1
Bookmaker or Authorised Agent did not personally conduct betting operations	3	1
Betting sheets not retained for one year	0	1
Bookmaker did not obtain ticket when bet paid	3	1
Win must be possible when bet made	0	1
Gambling helpline message not on betting tickets	2	-
TOTAL	87	233

APPENDIX C

Activities and disclosures

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.

Membership of the Authority as at 30 June 2009 was as follows—

Alan Peter Moss, LL B: appointed presiding member from 1 October 2007; initial term runs until 30 September 2010.

Margaret Julia Kelly, LL M: appointed as a member and as deputy to the presiding member from 28 August 2003 and continuing; as presiding member from 16 August 2007 until 30 September 2007; current term runs until 27 August 2010.

Robyn Lee Buckler, Dip Teaching, Grad Dip Legal Studies: appointed from 1 October 2004; current term runs until 30 September 2010.

John Thomas Hill, BEc: appointed from 15 July 2004; current term runs until 14 July 2010.

William Rex Jory: appointed from 24 March 2005; current term runs until 23 March 2011.

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

Dale Peter West: appointed from 1 October 2001; current term runs until 30 September 2010.

During the reporting period, Ms Wallace was reappointed as her appointment fell due. She was reappointed for a further 3 year term. Ms Margaret Kelly was reappointed as her appointment fell due. She was reappointed for a further 12 months.

1.2 Remuneration of Authority members

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

The allowances applying as at the reporting date are—

- ♦ presiding member, \$37 148.16 per annum, with an additional attraction and retention allowance of \$51.84—a total annual remuneration of \$37 200.00;

Appendix C: Activities and disclosures—continued

- ◆ other members, \$24 765.44 per annum, with an additional attraction and retention allowance of \$1 134.56—a total annual remuneration of \$25 900.00.

The aggregate remuneration levels have remained unchanged since 1 October 2001.

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>A Moss</i>	<i>M Kelly</i>	<i>M Wallace</i>	<i>D West</i>	<i>J Hill</i>	<i>R Buckler</i>	<i>R Jory</i>
<i>Attended</i>	10	10	10	9	10	10	8
<i>Held</i>	10	10	10	10	10	10	10

1.4 Committees of the Authority

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

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

The Committees active during the reporting period were—

Regulation Committee

Convener: Ms Kelly; *Key participants:* Mr Hill, Mr West, Mr Jory and the Director.

Responsible Gambling Committee

Convener: Mr West; *Key participants:* Ms Wallace, Ms Buckler, Mr Jory, Mr Hill and the Director.

Audit Committee

Mr Hill (Convener) and Ms Kelly.

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

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

2 The Authority's staff

2.1 Staff

The Authority is supported by a small office.

The staff are contracted, under the *Public Sector Management Act 1992*, to the chief executive of the Department of Treasury and Finance on conditions which parallel those in the Department. The Director of the office, Robert Chappell, is responsible for the management of the office and also holds the statutory appointment of Secretary under section 10 of the IGA Act.

The key staff statistics, as at 30 June 2009 for the reporting period, are—

Appendix C: Activities and disclosures—continued

- ◆ there were 10 staff regularly employed in the office—one executive officer (male), 5 non-executive full-time staff (2 female and 3 male) and 4 casual staff (all female);
- ◆ none of the staff has identified as of Aboriginal or Torres Strait Islander background;
- ◆ one staff member was on secondment to the Department of Treasury and Finance and a Treasury and Finance staff member was on secondment to the Authority;
- ◆ of the full-time staff, 2 were on-going employees, one was on a long term contract (greater than two years), 2 were on short term contracts (less than 2 years) and one was a Department of Treasury and Finance staff member on placement;
- ◆ as to staff age, two persons were in the bracket 25–29 years, two persons were in the bracket 30–34 years, two persons were in the bracket 35–39 years, 3 persons were in the bracket 40–44 years and one person was in the bracket 45–49 years; and
- ◆ two staff were paid in the \$44 000–\$56 999 salary range, 3 in the \$57 000–\$72 999 (full time) salary range, one in the \$73 000–\$91 999 salary range, and one in the \$92 000+ 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—7.075 days; and
- ◆ family carer leave—0.5 days.

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 5 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.

Appendix C: Activities and disclosures—continued

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. He is responsible for the day-to-day management of the Authority's general ledger. In conjunction with the Director of the Authority's office, and in consultation with the Authority's Audit Committee, the Director, Financial Services prepares annual financial statements for adoption by the Authority and audit by the Auditor-General.

4 **Disclosures**

4.1 *Contractual arrangements*

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

4.2 *Account payment performance*

Creditor accounts are certified and approved for payment by staff of the Authority and forwarded processing against the Authority's operating account.

The back office processing of accounts payable was transferred from the Financial Services Branch of the Department of Treasury and Finance to the Shared Services SA unit during the reporting period.

Appendix C: Activities and disclosures—continued

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	456	90	491	79
Paid within 30 days or less from the due date	34	7	82	13
Paid more than 30 days from the due date	15	3	52	8
Total	505	100	625	100

Note: 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.

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

In September 2008, 2 members represented the Authority at the International Gaming Law Conference of the International Association of Gaming Attorneys and the International Association of Gaming Regulators held in Rome, Italy.

In November 2008, one member represented the Authority at the National Center for Responsible Gaming conference held in Las Vegas, Nevada.

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	United States (Las Vegas)	To attend the 9th annual conference on addictions of the National Center for Responsible Gaming	\$20 020
2	Rome (Italy)	International Gaming Law Conference of the International Association of Gaming Attorneys and the International Association of Gaming Regulators	\$15 457

4.5 Consultants

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

Appendix C: Activities and disclosures—continued

<i>Consultant</i>	<i>Purpose of consultancy</i>	<i>Number</i>	<i>Amount (\$'000s)</i>
Value below \$10 000			
None		0	0
Value \$10 000 to \$50 000			
Adelaide Research and Innovation Pty Ltd	Australasian Gambling Review (4th edition)		
Flinders University of South Australia	Grant—naltrexone clinical study		
Insightrix Research Inc	Evaluative research—mandatory warning messages		
Southern Cross University	Grant—gaming venue staff responses to problem gamblers		
SA Centre for Economic Studies	Social impacts study		
Subtotal		5	117
Value above \$50 000			
Offenders Aid and Rehabilitation Service Inc	Grant—gambling and crime		
University of Sydney	Comparative study—CPGI vs clinical assessment		
Subtotal		2	117
Totals		7	234

4.6 *Freedom of information*

There were 5 applications under the *Freedom of Information Act 1991* made to the Authority in the reporting period. A determination was made for 4 of the applications, with the remaining one pending.

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 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

There were no statutory defaults noted during the reporting period.

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 9 formal review applications. Five of the applications proceeded to a pre-hearing conference. Four of the matters were concluded: in 3 cases, the application was withdrawn. 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.

No requests for review were received during the reporting period.

The Authority has previously granted an exemption to the casino allowing employees in certain roles to start work as soon as an approval application is made, pending a final decision by the Commissioner within 3 months. During the reporting period Skycity made a request to the Authority to increase the range of employees covered by this exemption. After consultation with other agencies, the Authority has reached an agreement in principle with Skycity to vary the exemption in response to its request.

Appendix C: Activities and disclosures—continued

5.6 *Complaints*

One complaint about intoxication at the casino was received during the reporting period. The matter was considered by the Authority and a report from the Liquor and Gambling Commissioner was requested. Given the passage of time and differing accounts of the incident in question, the Authority determined no formal action would be taken in relation to the matter. However, the complaint was drawn to Skycity's attention with a request that the casino review its intoxication assessment procedures.

5.7 *Approval of amendments to the approved licensing agreement*

On 23 April 2009, the Authority gave its approval to an agreement between Skycity Adelaide and the Minister for Gambling to vary the terms of the approved licensing agreement.

This followed a request from Skycity to the Government to redefine the boundaries of the casino to include the central area known as Marble Hall. The Authority had (in an earlier reporting period) undertaken the necessary work to recommend this redefinition.

The Government made it a condition of the inclusion of Marble Hall within the licensed casino envelope that the gaming would be limited table games only. The variations to the approved licensing agreement were the appropriate licensing instrument to give effect to that condition.

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 and 20 affiliates hold service licences.

Appendix C: Activities and disclosures—continued

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

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

6.2 *General power of the Authority to issue directions*

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

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

The direction requires licensees to take reasonable steps—

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

During the reporting period a new direction was approved and commenced that would allow staff of an AIA to have access to the notices of barring orders.

7 **Regulatory activities—wagering**

7.1 *Overview*

The Authorised Betting Operations Act provides for:

- (a) 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);
- (b) 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;
- (c) 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
- (d) 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.

Appendix C: Activities and disclosures—continued

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

7.2 Ministerial directions

The Authority did not receive any directions under the Authorised Betting Operations Act during the reporting period.

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 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 7 approval applications during the reporting period. Five related to outlets at hotels, one at an agency and one to a football club. One application was withdrawn, the remaining 6 were all approved.

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 registered by a racing controlling authority and may also be held by a racing controlling authority which conducts races. At the reporting date there were in force 45 on-course totalisator betting licences. Two licences were surrendered during the reporting period.

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 2009, 40 racing clubs had arrangements in place with their respective racing

Appendix C: Activities and disclosures—continued

controlling authority 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.

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

During the reporting period, no formal action was taken by the Authority in respect of statutory defaults by licensed racing clubs.

On 11 March 2009, the Authority varied the conditions of the on-course totalisator betting licences. The variation relocated the obligation to seek approval of close associates of the club and clarified its operation in relation to senior executives and race stewards. The effective date of operation of the changes was 1 April 2009. However, clubs have 6 months from this date to seek approval of persons not currently approved as close associates.

During the reporting period the Authority considered a proposal from the South Australian Jockey Club (SAJC) and Thoroughbred Racing SA (TRSA) to alter arrangements for the operation of the non-raceday totalisator at Morphettville racecourse. Under current arrangements, in order to enable the operation of a betting auditorium at Morphettville pursuant to a ministerial direction, the Authority has authorised the SAJC to conduct totalisator betting on non-racedays under section 34(1)(a) of the Authorised Betting Operations Act. A consequence of this authorisation is that it is lawful for a bookmaker to conduct betting at the racecourse during on non-racedays; this is conducted in a betting auditorium provided by the SAJC. The SAJC and TRSA have been negotiating for a transfer of management of the betting auditorium from the SAJC to TRSA. To enable this to occur, the Authority has given in principle approval for the revocation of the authorisation granted to the SAJC and the grant of an equivalent authorisation to TRSA. Implementation of the changes is now pending ongoing negotiations between the SAJC and TRSA.

7.5 *Licensing of bookmakers and their agents*

Responsibility for the licensing of South Australia's bookmakers and bookmaker's agents passed from the Authority to the Liquor and Gambling Commissioner on 1 September 2004. The Authority remains the disciplinary body in relation to these licences.

During the reporting period, no formal action was taken by the Authority in respect of bookmaker statutory defaults.

7.6 *Authorisation of interstate betting operators*

During the reporting period the Authority became responsible for receiving notices of intention to conduct betting operations by interstate betting operators and maintaining a current list of authorised interstate betting operators. As of 20 June 2009 there were 29 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.

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 by notice published in the Government Gazette.

Appendix C: Activities and disclosures—continued

During the reporting period, the Authority approved contingencies to allow bookmaker betting operations to be conducted on the picnic races at Innamincka in August 2008 and Marree in June 2009.

On 1 March 2009 the Authority issued *Approved Contingencies (Authorised Interstate Betting Operators) Notice 2009*. By this notice, the Authority approved contingencies which authorised interstate betting operators could take bets on; the list of contingencies mirrored those already approved for other betting operators in South Australia. The notice came into effect on 1 March 2009.

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;
- ◆ bookmakers' record keeping and returns;
- ◆ prohibiting or restricting advertising by licensed bookmakers; and
- ◆ other related matters.

One set of amending rules was made during the reporting period, the Bookmakers Licensing (Amendment) Rules 2009. This was consequential upon amendments to the Authorised Betting Operations Act that came into force on 1 March 2009.

During the reporting period the Authority commenced consultation with bookmakers and other stakeholders in relation reviewing the Bookmakers Licensing Rules. It is the Authority's intention to complete this review in the forthcoming year, with a new set of updated rules to be made at the end of the process.

8 Regulatory activities—proprietary racing

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

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

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.

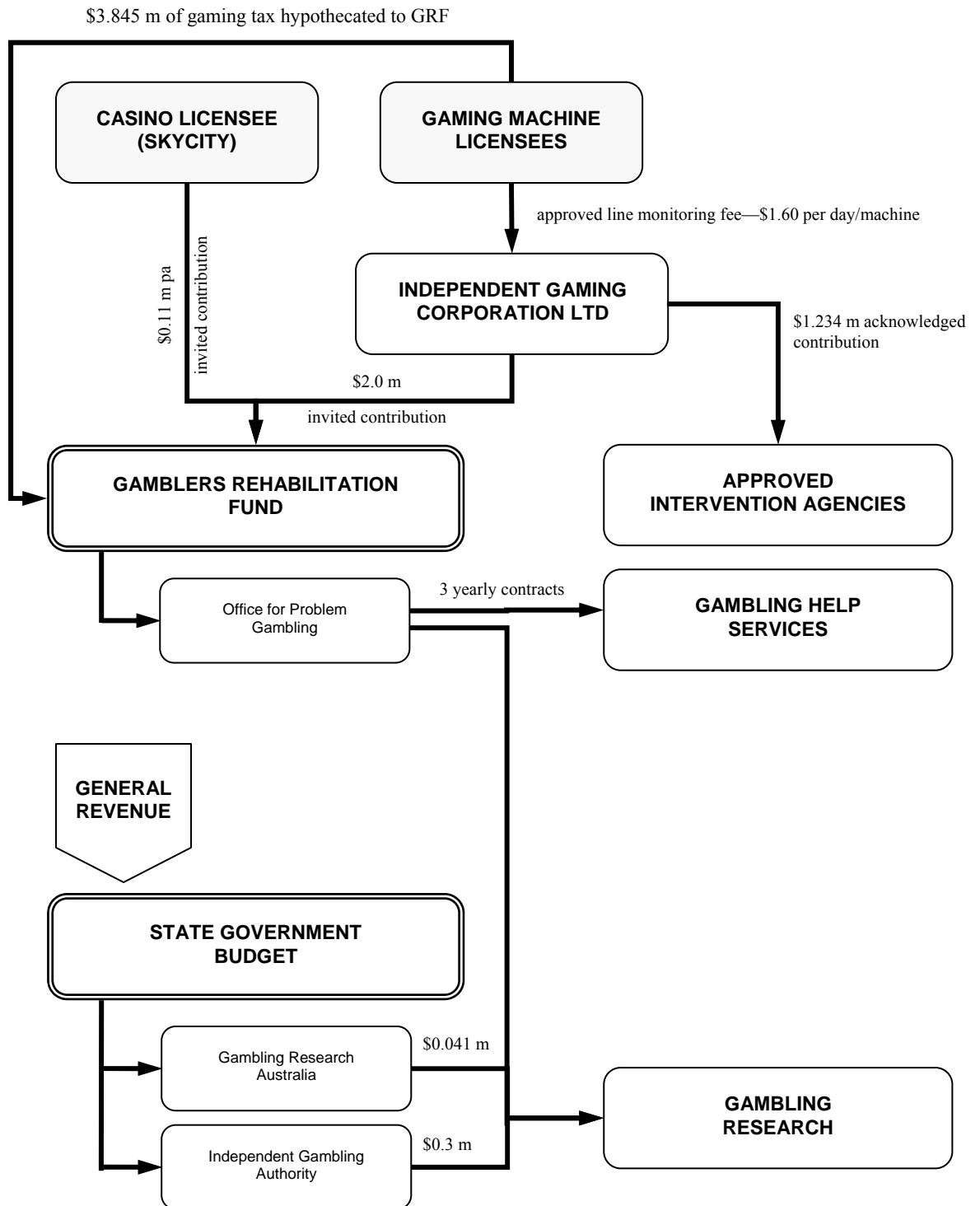
Appendix C: Activities and disclosures—continued

During the reporting period there was a meeting between some proponents considering an application under the Racing (Proprietary Business Licensing) Act.

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

APPENDIX D

Funding for responsible gambling and harm minimisation





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