



Independent Gambling Authority

Annual Report 2012–13

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1. INTRODUCTION

This document reports on the activities of the Independent Gambling Authority for the reporting period 1 July 2012 to 30 June 2013.

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

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

Alan Moss

PRESIDING MEMBER

30 September 2013

2. PRESIDING MEMBER'S REPORT

This year the Authority found itself unexpectedly at the centre of a national debate on the promotion of sportsbetting through “live odds” advertising.

The conclusion of the Authority’s 2 year code of practice review included reporting to the Government that, among the 49 in-principle outcomes of the review was a decision to ban the quotation of live odds and the advertising of betting on events which had commenced.

This decision should have been no surprise to stakeholders who had followed the issues papers released by the Authority the preceding July. Indeed, the Authority itself found it unremarkable until the Premier asked whether the Authority would consider bringing the measure forward so that the 2013 AFL finals series would be covered by it.

The Authority accepted the Premier’s lead in this area and, after engaging with the stakeholders (including the peak bodies for free-to-air and subscription radio and television), proceeded to implement the necessary changes.

And now there are no live odds quoted anywhere in Australia.

The live odds issue was, as I have mentioned, but one of 49 decisions concerning the advertising and responsible gambling codes of practice.

Many of the other changes are not capable of expedited implementation as they are not only technically complex but will also require significant “adjustment” by some of the Authority’s regulated entities.

Principal among these are the changes to the rules on the mandatory warning message that must accompany all gambling advertising. After 5 years of allowing the industry the opportunity to demonstrate that it can manage a mandatory warning as a responsible gambling issue, and seeing the industry demonstrate failure, the Authority is acting to set minimum standards, including allocating 25% of the screen space and 5 seconds out of a 30 second advertisement to the message.

Undoubtedly, there will be those who will say that these new rules will drive gambling underground or will denude the South Australian advertising industry. On balance, the Authority has not been satisfied that these arguments are anything more than excuses for no change.

This code of practice review was lengthy, and considered, and tiring. The Authority saw a range of views. However, at the end of the day, the Authority has made a decision. The time for talking has ended. The time for accepting has arrived.

One thing which has been very pointed this year has been the shift in gambling policy focus to sportsbetting. This is an area of huge movement and one that regulators and policy makers alike need to stay on top of. For its own part, the Authority has sought to inform itself by engaging with the subject. However, what must not be forgotten is that gaming still represents 70% of gambling activity and that, despite the very good work of all concerned, requires ongoing vigilance.

Speaking of good work, the Authority has been pleased with the development of reporting and exchange of views with the Consumer and Business Services administration headed by Liquor and Gambling Commissioner Paul White. As you will see in the body of this report, staff of Consumer and Business Services are now routinely attending meetings with the Authority's members and engaging directly on matters of enforcement and compliance.

As the Authority reports each year, members and staff participate in the national conference of Australia and New Zealand casino and gaming regulators. This is a conference which the regulatory community puts on for itself.

This year, unforeseen factors prevented the intended host (Victoria) from fulfilling that role and, to avoid the risk that this conference would fail, the Authority with 50% funding and logistical support from Paul White and Consumer and Business Services offered to host.

We surprised ourselves not only with numbers—participating countries (4), participating agencies (20) and full-time delegates (62)—but also with content. There were panels and presentations on sportsbetting, money laundering and criminal intelligence, gambling research, international casino development and the media—justifying the conference theme “Something for Everybody”.

I am always pleasantly surprised by the good that can come of putting a group of able, open-minded people in a room together and this event was no exception.

While “content is King” with conferences, there is no doubt that some very capable Adelaide conference venues impressed our guests. I should also repeat my appreciation, made at the time, to our former Presiding Member Stephen Howells for a spell-binding 30 minute dinner presentation.

A continuing challenge is the Authority’s role in the process for extending the licensed opportunity Skycity holds at the Adelaide Casino. The licensee has legitimate expectations to redevelop the property with high rolling international players as a mainstay. Our mutual challenge is to make sure this change does not expose South Australian locals to greater risk of gambling related harm.

This year, we have farewelled a long serving member in the inestimable Rex Jory. Rex has been a stalwart of the Authority’s work, particularly its hearing work. His contribution continued after his term ended, with him co-presenting a session at the June regulators’ conference with his former *Advertiser* colleague David Penberthy. Rex’s contribution has been aided from time to time by that of his partner Liz—who has often travelled at her own expense to look after the Authority’s members at official events.

Eve Barratt joined the board in April. As chief executive of Lifeline—the agency which provides gambling help services in Mount Gambier—Eve pioneered many of the interventions (therapeutic and otherwise) which we take for granted now. We have already benefited from Eve’s good humoured and perceptive approach.

Finally, as I do each year, on behalf of the board, I wish to recognise the work of our Director, Robert Chappell, and his small staff in the Authority’s Office in supporting the Authority’s decision making.

Alan Moss

PRESIDING MEMBER

30 September 2013

3. THE AUTHORITY’S ROLE

3.1 Working with the Government

3.1.1 Gambling policy reform

Throughout the reporting period, the regulatory policy unit in the Department of Treasury and Finance has been facilitating a comprehensive legislative effort for gambling policy reform.

Advertiser (Adelaide) 21 May 2013, page 15

Live odds ban for matches

Lauren Novak

THE advertising of live odds betting during sporting matches will be banned in South Australia following flagged changes to gambling codes of practice.

Premier Jay Weatherill yesterday said gambling industry rules in SA would be changed to ban advertising of live odds betting in broadcast media and at sporting grounds. The ban would not apply to online betting.

South Australia would be the first state to implement the change, which Mr Weatherill said he wanted in place before the end of the year.

Last week Independent Gambling Authority Director Robert Chappell handed down a report proposing the ban.

Mr Weatherill said the government would not need to change the law as the IGA already had the power to set and alter industry codes of practice. Any organisation advertising gambling in SA must be licensed in the state and adhere to codes of practice.

Nationally, free-to-air networks have proposed self-regulating which would ban live odds during matches but still allow gambling ads during breaks in play.

Federal Opposition Leader Tony Abbott has said if television networks do not act before the September election he would be prepared to legislate a ban.

The Federal Government has released a draft code which would not allow live odds during sport broadcasts. State Opposition gambling spokesman Iain Evans said the state and federal governments agreed to deal with the issue in May, 2011, but the SA government had “done nothing” since.

Mr Evans said if SA was the only state to make the change it could cause problems with national broadcasts.

Family First MLC Dennis Hood urged the government to enshrine the ban in law, not just in codes of practice.

SA Senator Nick Xenophon has had legislation before the Federal Parliament for two years to ban gambling advertisements during all G-rated broadcasts, including news and sport.

University of Adelaide gambling expert Paul Delfabbro said the promotion of live odds betting during sports broadcasts brought gambling “into the home”.

Associate Prof Delfabbro said it would “not be easy” to enforce the ban in SA unless other states followed the state’s lead.

Key elements have included initiatives to further reduce the number of gaming machines in the general South Australian community and, more particularly for the Authority, the proportion of licensed premises with gaming, the implementation of barring reforms proposed by the Authority, providing the Government with the tools it needed to manage the next stage of development for the Adelaide Casino licence and some general improvements for the legislative scheme.

The Authority has worked closely and intensively with the Government’s departmental officials, both at staff and board level, to ensure a coordinated and timely result.

During the reporting period, this was the project for the Statutes Amendment (Gambling Reform) Bill 2012. As the Authority moves into a new reporting period, that Bill, now enacted, gives the Authority key tasks to perform in implementing a range of changes, including to barring of problem gamblers.

3.1.2 Live odds

The Authority, at the direct initiative of the Premier, brought forward one aspect of the codes of practice reforms which came out of the 5 year review completed during the year (explained in detail at page 16).

With the support of the Government, a ban on live-odds advertising—which urges betting “in the run” on football, cricket and other sporting events once they have started by the constant quotation of the price in television coverage—was brought forward to cover the second half of the 2013 football season.

3.1.3 Casino licensing

The Authority has continued to work with the Casino Taskforce to ensure that the Government was fully enabled to negotiate the right terms for an extension of the exclusive rights associated with Skycity’s licence for the Adelaide Casino.

A decision in principle was announced in December 2012. This settles future tax treatments, the licensee’s wishes for regulatory change and the promise of a significant capital development.

Because of the Authority’s statutory role, it has an important decision to make about the terms of the licence. It has made its decisions balancing the need to protect the vulnerable with the world-wide reality that casino developments are structured to deliver economic benefits to the communities that license them and economic opportunities to the licensees taking the development risk.

3.1.4 Lotteries commercial licensing

During the reporting period the Government completed a process under which the Lotteries Commission licensed the Tatts Group to have the business opportunity of the SA Lotteries business.

Advertiser (Adelaide) 24 May 2013, page 22

If bet law drafted well, SA's on a winner

John Williams

FAMOUSLY, Australians are said to be willing to bet on two flies crawling up a wall.

With the emergence of slick bookmakers cluttering TV and radio broadcasts, it is likely that live odds would be provided on the progress of the two insects.

Premier Jay Weatherill has announced that he is willing to follow the recommendations of the Independent Gambling Authority and ban live odds advertising in broadcast media and at sport grounds. This raises serious legal questions.

Undoubtedly the South Australian Government's stance will be at odds with the Commonwealth, the gaming industry and many free-to-air broadcasters. Despite this there are good reasons to believe that, with carefully drafted legislation, South Australia might be on a winner.

The Authority, in its recently released Code of Practice Review, noted that the "live odds" advertising was not only problematic for adults with poor impulse control but "it sends a message to the children that sport is really just about betting". The authority also made the reasonable conclusion that "many viewers also find it annoying".

The solution offered by the Authority was to revise the code "to prohibit live odds advertising on radio and television and on ground signage".

The question confronting the SA Government is whether this can be done when national broadcasters screen into our lounge rooms. At the heart of this question is how our federal system operates.

Historically state parliaments have been responsible for the regulations of gaming and wagering. The South Australian legislation dealing with Authorised Betting Operations regulates the licences of local as well as interstate betting operators. So, for instance, a bookmaker must not accept a bet from a child.

For its part, the Commonwealth has authority under the Constitution to regulate "postal, telegraphic, telephonic and other like services".

The Constitution was drafted in the 1890s, and the High Court has held that the phrase "other like services" today includes radio, television and the internet.

With that, and other sources of power, the Commonwealth Parliament has established the Australian Communications and Media Authority as the regulator as well as the Broadcasting Services Act.

What is clear is that broadcasters have code of conduct relating to the advertising of gambling. With the rise of live odds and special "commentary" by bookmakers, this existing code has been criticised and is under review.

The decision by South Australia to ban live odds advertising gives rise to two possible constitutional challenges.

The first would be that a broadcaster with a Commonwealth licence should be able to conduct its business free of any inconsistent South Australian law.

The second argument would be that South Australia is protecting its gambling industry from interstate bookmakers.

Both arguments may have merit. But if South Australian regulation is targeted at bookmakers rather than broadcasters and treats interstate and local bookmakers the same, any proposed regulation is on firmer constitutional ground.

South Australia has a history of innovation and leading legislative reform. For too long Australian federalism has been a race to the bottom. In calling for higher standards of corporate responsibility, South Australia is again taking up the role as a national leader.

Will the bookmakers and broadcasters oppose this regulation? You can bet on it.

Professor John Williams is the Dean of the Law School at the University of Adelaide

The Authority provided assistance on probity and integrity issues to the Treasury officers supporting this transaction (in advance of Tatts Group being identified as the successful licensee-designate).

3.2 Functions, powers and objects

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

In addition to providing the Authority’s governance framework, the Independent Gambling Authority Act contains the legislative tool box for the Authority in relation to regulated commercial gambling activities—each of which is authorised by a separate piece of legislation. The Independent Gambling Authority Act also sets the “tone” for regulation, by stating objects to which the Authority must have regard.

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

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

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

These are the things the Authority must *do*.

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

- (a) the fostering of responsibility in gambling and, in particular, the minimising of harm caused by gambling, recognising the positive and negative impacts of gambling on communities; and

Advertiser (Adelaide) 30 May 2013, page 75

Crusade gets Premier's strongest approval yet

Michelangelo Rucci

PREMIER Jay Weatherill first took his crusade against live odds sports betting to his father George, a self-described “serious gambler”.

“He said, ‘Good onya,’” recalled Weatherill of the response. “I knew then I was on safe ground.”

On the streets, where Weatherill has 10 months to galvanise support to remain the state’s leader, the Premier has been left in no doubt sports fans are with him as well. The invasion of bookmakers into the commentary boxes at AFL games, rugby league matches and cricket events has overstepped the mark.

And when television networks can account for 15 per cent of their revenue during sporting events from gambling houses – while other traditional advertising streams have dried up amid a tough retail economy – it is easier to understand why self-regulation has failed.

From August 1 no bookmaker can spruik in a sporting venue in SA or advertise live odds during a telecast or broadcast in SA. Weatherill’s legislation goes as far as to stop any advertising from the gambling houses during a game of live odds or an offer that would encourage a bet, such as “you’ll get your money back if the margin is 20 points or less”.

Bookmakers can still promote their businesses with generic advertisements. But they cannot sit in the commentary box or ask for live crosses to their nerve centres to promote a bet.

For most sports fans, Weatherill’s move – after a 20-month review by the Independent Gambling Authority recommended a crackdown – will be welcomed.

“I have never had a stronger positive reaction to anything I have done in 11 years of politics in any topic,” the Premier says of the reaction beyond his father’s porch.

The bookmakers may get out of sporting telecasts, but they will not disappear.

As Weatherill acknowledges, they will test the legislation to the limit.

They will seek more advertising space inside sporting stadiums – premium space that will appear on telecasts. There is no better moving billboard than the jumper of an AFL club.

Port Adelaide can expect Tom Waterhouse and Co to be calling the Power’s commercial chief Steve Olech asking how much will it take to get their logos on the front and back of the club jumper. The devil’s advocate – often seen as former Melbourne player David Schwarz – will appear arguing there is hypocrisy when bans are put on gambling houses but sport and governments still take their coin.

Weatherill’s state coffers draw more from gambling revenue than sporting clubs.

“And if we lose revenue, so be it” he says. “I’m not opposed to gambling. But the live odds advertising has become intrusive. We need to shelter kids from it – at home and at the ground.

“We don’t have to put up with this.”

“We are entitled to protect our kids, particularly when we see the miserable lives that come from problem gambling. As a government we promote the message of responsible gambling.”

“We can’t have this diluted by the bookmakers getting in our faces.” Weatherill is calling the limit.

- (b) the maintenance of an economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gaming machine industry) in this State.

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

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

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

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

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

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

The Authority's main areas of activity divide into—

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

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

Advertiser (Adelaide), 13 December 2012, page 4

Bid to pull gambling ads from sport played in SA

Miles Kemp

GAMBLING advertising including the Tattsbet logo on SANFL umpire's shirts, could be removed from all SA sporting activities.

The radical idea is being pushed by the board of the Independent Gambling Authority, which met last Wednesday to consider options for codes of practice.

These included banning gambling advertising from all sporting events, in the same way as tobacco advertising was banned by the 1992 Tobacco Advertising Prohibition Act.

IGA Director Robert Chappell said the Authority was in the final stages of a five-yearly review that will result in new "codes of practice" for gambling advertising, possibly as early as February.

"We have had submissions ranging from 'there shouldn't be anything' to some of the industry people expressing shock that a logo on a sporting uniform was regulated," Mr Chappell said.

"There will be a decision on whether wagering providers when placing their logo have to include a mandatory warning message."

If the IGA board decided to adopt a ban, it would have to be tabled in Parliament and could be rejected by MPs.

Mr Chappell said logo in St Kilda AFL uniforms and SANFL umpires breached the codes of practice by not including the "gamble responsibly" message with their Centrebet and Tattsbet logos.

It is the companies' responsibility to ensure that the warnings are included. Mr Chappell said "Depending on the context, it is something people can be very upset about or not be particularly worried about."

Last month, *The Advertiser* revealed global betting giant bet365 had breached the rules by displaying signs at the Adelaide Oval Test without the warning message, prompting a "please explain" from Mr Chappell.

Mr Chappell said the logo on the SANFL umpires exposure compared to the large logos on the AFL jumpers.

He said it was significant that wagering logos were often taken off the uniforms of sports stars when they carried out coaching clinics for school children.

"Quite obviously the AFL player is a running billboard and the aim is to get that logo on TV," he said.

"Strictly, that should be accompanied by a mandatory warning message and it is not."

"If the wagering provider puts the name on the guernsey knowing that game is going to be shown on TV in SA then they are advertising in SA."

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

3.3 Relationship with other agencies and entities

3.3.1 *Key relationship—Liquor and Gambling Commissioner*

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

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

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

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

3.3.2 *Local stakeholder relations*

The Authority's key local stakeholders are:

- ◆ the Department of Treasury and Finance, which hosts the front-line government policy unit for gambling regulation;
- ◆ industry—the AHA|SA, Clubs SA and the recognised industry bodies for hotels and clubs—Club Safe and Gaming Care; the management of Skycity Adelaide, SA TAB Pty Ltd and the Lotteries Commission; the controlling authorities for thoroughbred, harness and greyhound racing; and the South Australian Bookmakers' League;
- ◆ Concern Sector (non-government)—the Heads of Christian Churches Gambling Taskforce and the charitable and other agencies providing gambler rehabilitation services;

Advertiser (Adelaide) 27 November 2012,
page 14

Betting ads lack warning

Miles Kemp

THE Independent Gambling Authority will issue a “please explain” to the world’s biggest online sports betting company, bet365, asking why it has failed to put problem gambling warnings on its Adelaide Oval advertising signs.

IGA Director Robert Chappell said any gambling operator advertising in South Australia must carry warnings the short version of which was “gamble responsibly”.

“bet365 is governed by the advertising code of practice so they are subject to exactly the same laws as the TAB for example,” he said.

“The need to have the mandatory warning message on all their advertising which is either gamble responsibly or the longer message on larger signs. The long form of the message currently reads ‘Don’t let the game play you, stay in control, gamble responsibly’.”

Bet365 has been a prominent sponsor of Cricket Australia during the Australian/South Africa Test series but did not respond to requests for comment.

Its signage was displayed on the Adelaide Oval boundary fence and boundary ropes.

Punishment for failing to carry warning messages can be a fine and a temporary ban from operating in South Australia.

As an “official betting partner” a portion of betting revenue is given by bet365 to Cricket Australia.

Mr Chappell said the long version of the anti-problem gambling warning was changed every six months.

He said the issue was not the fault of the venue managers or the South Australian Cricket Association, only the betting firm.

- ◆ the Office for Problem Gambling in the Department for Communities and Social Inclusion; and
- ◆ government and non-government organisations whose functions are regulatory or quasi-regulatory or involve policy—South Australia Police, Independent Gaming Corporation Limited (the gaming machine monitor licensee) and the Office for Recreation and Sport (which manages racing industry development issues for the Government).

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

3.3.3 National liaison

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

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

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

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

The Authority has continued to provide secretariat support to the forum of Australia and New Zealand board and commission members. The board and commission members have two meetings a year: a meeting programmed into the annual conference and a mid-year meeting held on a stand alone basis. The Authority hosted a meeting in Adelaide on 26 November 2012 and another meeting was held in conjunction with the annual conference in Adelaide on 12 June 2013.

Authority staff attended the National Association for Gambling Studies conference held in Launceston on 21–23 November 2012.

3.3.4 National conference

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, with hosting rotating around the States and Territories and New Zealand.

This year, a need arose for a host to take the conference out of turn. The Authority proposed to bring the conference to Adelaide, and with 50% funding and logistical support from the Liquor and Gambling Commissioner, a successful conference was convened in Adelaide from 12–14 June 2013.

In all, there were 62 full registrants—of whom 52 were from regulators interstate and overseas. In addition, staff of the Authority and Consumer and Business Services had the opportunity to meet and work with the top regulatory and policy people from around the region.

There was representation from 19 gambling agencies in 13 jurisdictions. These jurisdictions included Macau and Singapore and, for the first time, the Australian Government. Related agencies in law enforcement and responsible gambling were not only represented but also participated in panels and presentations—the Australian Crime Commission, AUSTRAC (the Australian Transactions Reports and Analysis Centre) and the Australian Institute of Family Studies.

The Authority appreciated the Deputy Premier (and responsible Minister), the Hon John Rau MP opening the conference, and the contribution by Associate Professor Samantha Thomas of a keynote address on sportsbetting.

3.3.5 International liaison

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

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

The Authority has also continued its contact with overseas gaming jurisdictions, principally through its participation in the annual conference of the International Association of Gaming Regulators from 21–24 October 2012 held in Singapore. The Director, Assistant Director and three members attended the conference.

The Director moderated a responsible gambling panel discussion with Professor Alex Blaszczynski (University of Sydney) and Dr Jon Kelly (Ontario Responsible Gambling Council).

3.4 Organisation and administration

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

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

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

4. RESPONSIBLE GAMBLING

4.1 Overview

4.1.1 Highlights for 2012–13

The major responsible gambling activities for the reporting period were:

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

The Authority had anticipated it would be developing a new barring database system in 2012–13, to implement changes to barring arrangements and the new employee notification arrangements the Statutes Amendment (Gambling Reform) Bill 2013.

The Authority had chosen to pay for this activity from funds which would otherwise have been applied to research. The legislative changes were not enacted as early as the Authority had anticipated, with the result it was not possible to undertake the system in the anticipated timeframe.

4.1.2 Funding for responsible gambling and harm minimisation

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

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

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

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

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

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

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

4.2 Codes of practice

4.2.1 *Background*

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

4.2.2 *2011–13 Codes of practice review*

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

The Authority commenced such a review with a public hearing in October 2011.

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

Presentations were made by 11 stakeholders at the hearing.

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

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

The report was tabled in Parliament on 16 May 2013.

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

The Authority also announced that, subject to the passage of legislation, it would consolidate the codes of practice from 14 instruments to one.

At the time of reporting, the Authority was in the final stages of technical implementation of these in-principle decisions, with commencement of the new codes set for 1 March 2014 (to allow industry time to adapt).

4.2.3 Early implementation of live odds prohibition in sport

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

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

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

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

4.3 Responsible gambling decision making

4.3.1 Advanced problem gambling intervention training

The Authority has a function to recognise courses of training as advanced problem gambling intervention training. Late opening hotel and club gaming venues (those open past 2.00am) must have on premises at least one staff member with this training.

The Authority has recognised training courses provided by the Licensed Club Industry Training Foundation of SA Inc and AHA|SA.

The Authority has received one application for approval of a training course during the reporting period from the Jackpot Club. This application is still under consideration.

4.3.2 Online sales of SA Lotteries product

During the reporting period, the Lotteries Commission has continued to engage with the Authority over plans to sell SA Lotteries product online.

While this did not require any change to the relevant codes of practice, account based gambling, with pre-commitment and activity statements are a feature of the codes of practice applying to commercial wagering providers. It was understood that, on completion of the 2011–13 Codes of practice review, similar provisions would be applied to SA Lotteries.

The Authority has been satisfied that the approach proposed by the Lotteries Commission meets, or exceeds, the same high standards applied to wagering, particularly in respect of the processes to ensure that accounts are not opened by under 18s.

4.3.3 Approval of loyalty programs with pre-commitment

Clause 6A of the Gaming Machines Responsible Gambling Code of Practice prohibits the offering of any inducement to gamble other than participation in an acceptable loyalty program. In addition, unless the licensee has a responsible gambling agreement (with Gaming Care or Club Safe), the acceptable loyalty program must include a pre-commitment program approved by the Authority.

During the reporting period the Authority received two applications for approval of a pre-commitment program.

Global Gaming Industries Pty Ltd sought approval of the Maxetag product. At the time of reporting the Authority had granted Maxetag in-principle pre-commitment program status.

Bluize (Vic) Pty Ltd has also sought approval of its pre-commitment product. This application is in process.

4.4 Recognised industry bodies—Gaming Care and Club Safe

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

Gaming Care and Club Safe have been successful in engaging with licensees. At the end of the reporting period, all but one gaming machine licensee in South Australia was party to one.

The idea of a recognised industry body is to operate as an industry intervention agency for responsible gambling (indeed, Gaming Care and Club Safe first performed their present functions as approved intervention agencies under the codes of practice). This means Gaming Care and Club Safe having unrestricted access to licensees and staff (and staff suffering no detriment from being open and candid

with Gaming Care and Club Safe)—these are terms of the responsible gambling agreements—and providing information, advice and support to licensees in meeting their regulatory obligations and, in particular, in interacting and intervening with patrons.

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

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

The funding model for Gaming Care and Club Safe is explained at Item 4.1.2 (see page 15).

4.5 Research

4.5.1 Gambling Prevalence in South Australia

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

The funds were paid into the Gamblers Rehabilitation Fund in 2011–12 upon the identification of the successful tenderer.

The survey phase of this study was conducted between October and December 2012. The survey examined a wide range of gambling issues such as the prevalence and frequency of participation in various types of gambling including internet gambling, the prevalence and impact of problem gambling, awareness and use of gambling support services, and participation in selected activities associated with gambling at hotels, clubs, casinos or stand-alone TAB agencies. The survey built on knowledge obtained from the previous prevalence survey undertaken in 2005.

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

The final report is due for release in late 2013.

4.5.2 Australasian Gambling Review (AGR5)

The fifth edition of Australasian Gambling Review was released on 26 September 2012.

This document is a comprehensive and critical summary of relevant gambling research in Australia and New Zealand since 1992 (with the cut off publication date for AGR5 being 30 June 2011). The review included material from a variety of research areas.

During the review period funded research focused on gambling in culturally diverse communities. Several major studies of Indigenous communities were completed. Several new papers and reports also arose that focused on the validity and scoring of the Canadian Problem Gambling Index–Problem Gambling Severity Index. Another major area of research was on pre-commitment technology.

AGR5 is available from the Authority’s office (for a fee) and its website (for no fee).

4.6 Problem gambling family protection orders scheme

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

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

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

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

During the reporting period the Authority dealt with two new applications. As at 30 June 2013, there were 12 active cases.

4.7 Voluntary barring process

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

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

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

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

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

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

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

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

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

The scheme legislation commenced on 1 October 2001. During the reporting period, 95 people (2012, 81) sought voluntary barring for the first time, bringing the number who have been barred since the start of the scheme to 1496.

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, 41 (2012, 29) people had all of their barring orders revoked.

The number of people with one or more barrings, at 30 June 2013, was 901 (2012, 849).

The Authority records as a “session” each occasion when a person requests voluntary barring. This might be the request made in an initial interview, or it might be a subsequent request for additional barring orders (in which case an interview will generally not be necessary). There were 198 such sessions during the reporting period (2012, 371).

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 \$14 153 (2012, \$16 570). This estimate is derived using a formula applying costs to actual barring activity (interview conducted, articles posted). The decline is due to the full amortisation of system costs. This estimate is not audited.

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

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

5. INTEGRITY REGULATION

5.1 Overview

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

The regulatory framework achieves these ends through—

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

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

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

5.2 The Authority's role

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

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

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

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

5.3 The role of the Liquor and Gambling Commissioner

5.3.1 *Annual report*

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

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

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

The relevant provisions commenced on 31 August 2013, the date on which the reports are due. To the credit of the Consumer and Business Services staff, the Commissioner was able to provide that report, in a format consistent with the integrated reporting arrangements settled with the Authority.

That document is set out in **Appendix B** starting on page 50.

5.3.2 Regular reports

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

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

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

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

5.4 Casino statutory default action

During the reporting period, the Authority considered ten reports of possible statutory defaults in respect of the Adelaide Casino licence. The Authority provided the licensee with particulars of each matter, and comments were received. The Authority has considered the licensee's response—as at the end of the reporting period these matters were well progressed and options for enforcement are being considered.

5.5 Authorised interstate betting operators

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

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

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

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

- ◆ taking disciplinary action as appropriate.

On 30 June 2013 there were 26 authorised interstate betting operators.

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

GLOSSARY

AHA SA	Australian Hotels Association (SA Branch)
Clubs SA	Licensed Clubs' Association of South Australia Inc
CBS	Consumer and Business Services
DTF	Department of Treasury and Finance (South Australia)
GRA	Gambling Research Australia
IGA Act	<i>Independent Gambling Authority Act 1995</i>
Minister	the Minister for Business Services and Consumers
PGFPO	Problem Gambling Family Protection Orders
race	a horse, harness or greyhound race conducted (in South Australia) by a licensed racing club or (elsewhere in Australia) by a body authorised under a counterpart law to the <i>Authorised Betting Operations Act 2000</i> , on which bets may lawfully be placed with a totalisator operator or a bookmaker
RIB	Recognised Industry Body—an organisation approved by the Authority under the Gaming Machines Act for the purposes of entering responsible gambling agreements with gaming licensees; currently there are two RIBs, Gaming Care and Club Safe
Reporting date	30 September
Reporting period	1 July 2012–30 June 2013 (both days inclusive)
RGA	Responsible Gambling Agreement—a gaming licensee having an RGA obtains the benefit of certain regulatory relief under the gaming Machines Act and the codes of practice
statutory annual reporting requirements	This document relates to the obligations to make an annual report contained in the following provisions <ul style="list-style-type: none">◆ section 12 of the <i>Public Sector Act 2009</i>;◆ section 19 of the <i>Independent Gambling Authority Act 1995</i>;◆ section 23 of the <i>Public Finance and Audit Act 1987</i>;◆ section 90 of the <i>Authorised Betting Operations Act 2000</i>;◆ section 71 of the <i>Casino Act 1997</i>;◆ section 74 of the <i>Gaming Machines Act 1992</i>; and◆ section 52 of the <i>Racing (Proprietary Business Licensing) Act 2000</i>.

Appendix A: Financial Statements—continued

APPENDIX A

Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
EXPENSES			
Employee benefit expenses	4	1 074	930
Supplies and services	6	453	452
Depreciation expense	7	4	4
Grants and sponsorships	8	–	210
Total expenses		1 531	1 596
INCOME			
Interest revenues	10	96	122
Recoveries	11	107	106
Other revenues	12	20	5
Total income		223	233
NET COST OF PROVIDING SERVICES		(1 308)	(1 363)
Revenues from SA Government	13	1 657	1 623
NET RESULT AND TOTAL COMPREHENSIVE RESULT		349	260

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 2013

	Note	2013 \$'000	2012 \$'000
CURRENT ASSETS			
Cash and cash equivalents	14	3 413	2 956
Receivables	15	22	8
Total current assets		3 435	2 964
NON-CURRENT ASSETS			
Office equipment	16	–	4
Total non-current assets		–	4
TOTAL ASSETS		3 435	2 968
CURRENT LIABILITIES			
Payables	17	64	27
Employee benefits	18	69	51
Total current liabilities		133	78
NON-CURRENT LIABILITIES			
Payables	17	20	15
Employee benefits	18	221	163
Provisions	19	1	1
Total non-current liabilities		242	179
Total Liabilities		375	257
NET ASSETS		3 060	2 711
EQUITY			
Retained earnings		3 060	2 711
TOTAL EQUITY		3 060	2 711

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

Unrecognised Contractual Commitments 20

Contingent Assets and Liabilities 21

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 2013

	Retained Earnings \$'000
Balance at 30 June 2011	2 451
Net result and total comprehensive result for 2011–12	260
Balance at 30 June 2012	2 711
Net result and total comprehensive result for 2012–13	349
Balance at 30 June 2013	<u><u>3 060</u></u>

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

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

Appendix A: Financial Statements—continued

Statement of Cash Flows for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefits payments		(979)	(978)
Payment for supplies and services		(434)	(496)
Payment for grants and sponsorships		–	(210)
Payments for paid parental leave scheme		(2)	(3)
Cash used in operations		<u>(1 415)</u>	<u>(1 687)</u>
Cash Inflows			
Interest received		96	124
Recoveries		107	106
Other receipts		5	5
Receipts for paid parental leave scheme		7	3
Cash generated from operations		<u>215</u>	<u>238</u>
Cash Flows from SA Government			
Receipts from SA Government		1 657	1 623
Cash generated from SA Government		<u>1 657</u>	<u>1 623</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	22(b)	<u>457</u>	174
NET INCREASE IN CASH AND CASH EQUIVALENTS		457	174)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2 956	2 782
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22(a)	<u>3 413</u>	<u>2 956</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

Notes to and forming part of the Financial Statements

1 Objectives of the Independent Gambling Authority

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

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

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

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

2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

The Authority has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

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

Appendix A: Financial Statements—continued

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the period ending 30 June 2013. Refer to Note 3.

Basis of Preparation

The preparation of the financial statements requires:

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

2.2 Reporting Entity

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

2.3 Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements has

Appendix A: Financial Statements—continued

required a change. Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.4 Rounding

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

2.5 Taxation

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

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

2.6 Events after the reporting period

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

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

2.7 Income

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

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

The following are specific recognition criteria:

Other revenues

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

Revenues from SA Government

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

2.8 Expenses

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

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

Appendix A: Financial Statements—continued

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses includes all costs related to employment including 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 Authority staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

Depreciation

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

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

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

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

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

Grants and sponsorships

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

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

2.9 Current and Non-Current Classification

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

2.10 Assets

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

Cash and Cash Equivalents

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

For the statement of cash flows cash and equivalents consists of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Appendix A: Financial Statements—continued

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

Receivables

Receivables include amounts from accruals.

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

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

Non-Current Assets Acquisition and Recognition

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

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

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

2.11 Liabilities

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

Payables

Payables include accrued expenses, employment on-costs and paid parental leave scheme payable.

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

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

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

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

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

Appendix A: Financial Statements—continued

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, skills and experience retention leave and sick leave

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability 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 measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

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

Provisions

Workers Compensation

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

Leases

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

Operating leases

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

2.12 Unrecognised contractual commitments and contingent assets and liabilities

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

Appendix A: Financial Statements—continued

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

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

3 New and Revised Accounting Standards and Policies

The Authority did not voluntarily change any of its accounting policies during 2012–13.

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 2013. 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	2013	2012
	\$'000	\$'000
Salaries and wages	611	564
Long service leave	56	(14)
Annual leave	72	46
Skills and experience retention leave	2	–
Board fees	200	202
Employment on-costs—superannuation	80	83
Employment on-costs—payroll tax	49	43
Other employee related expenses	4	6
Total Employee benefit expenses	1 074	930

Remuneration of employees

	2013	2012
	Number of	Number of
	Employees	Employees
The number of employees whose total remuneration received or receivable falls within the following bands were:		
\$178 000 to \$187 999	–	1
\$188 000 to \$197 999	1	–
Total Number of Employees	1	1

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$192 000** (\$187 000).

5 Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during 2012–13 financial year were:

Independent Gambling Authority Board
–A D Blair

Appendix A: Financial Statements—continued

- P F Kaempf
- A P Moss (Presiding Member)
- A G Tisato
- M Wallace
- J S Wright
- E L Barratt (appointed 11/4/13)
- W R Jory (term expired 23/3/13)

The number of members whose remuneration received or receivable falls within the following bands:	2013	2012
	Number	Number
\$1–\$9 999	1	–
\$10 000–\$19 999	1	–
\$20 000–\$29 999	5	6
\$40 000–\$49 999	1	1
	8	7

Remuneration of members reflects all costs of performing board member duties including sitting fees, allowances and superannuation contributions. The total remuneration received or receivable by members was **\$216 000** (\$218 000).

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

6 Supplies and services	2013	2012
	\$'000	\$'000
Accommodation and telecommunication	120	118
General administration and consumables	292	275
Consultants	12	53
Contractors	27	6
Other	2	–
Total Supplies and services	453	452
	\$'000	\$'000
Supplies and services provided by entities within the SA Government		
Accommodation and telecommunication	118	115
General administration and consumables	125	125
Total Supplies and services provided by entities within the SA Government	243	240

Appendix A: Financial Statements—continued

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

	2013	2013	2012	2012
	Number of	\$'000	Number of	\$'000
	Consultants		Consultants	
Below \$10 000	3	12	2	9
Between \$10 000 and \$50 000	–	–	2	44
Total Paid/Payable to Consultants engaged	3	12	4	53
7 Depreciation expense			2013	2012
			\$'000	\$'000
Office Equipment			4	4
Total Depreciation expense			4	4
8 Grants and sponsorships			2013	2012
			\$'000	\$'000
Other expenses paid to entities within the SA Government				
Grants and sponsorships			–	210
Grants and sponsorships paid to entities within the SA Government			–	210
9 Auditor's remuneration			2013	2012
			\$'000	\$'000
Audit Fees paid/payable to the Auditor-General's Department relating to the audit of financial statements			15	9
Total Audit fees			15	9
Other services				
No other services were provided by the Auditor-General's Department.				
10 Interest revenues			2013	2012
			\$'000	\$'000
Interest from entities within the SA Government			96	122
Total Interest revenues			96	122

Appendix A: Financial Statements—continued

11	Recoveries	2013	2012
		\$'000	\$'000
	Recoveries received/receivable from entities within the SA Government:		
	Employee cost recoveries	107	106
	Total Recoveries from entities within the SA Government:	107	106
12	Other revenues	2013	2012
		\$'000	\$'000
	Other Revenues received/receivable	20	5
	Total Other revenues	20	5
13	Revenues from SA Government	2013	2012
		\$'000	\$'000
	Appropriations from Consolidated Account pursuant to the Appropriation Act	1 657	1 623
	Total Revenues from SA Government	1 657	1 623
	Total revenues from Government consists of operational funding. There was a material variation between the amount appropriated and the expenditure associated with this appropriation. This variation was due to a delay in the commencement of a project for an intended electronic barring and employee notification system. This project is scheduled to commence in 2013–14.		
14	Cash and cash equivalents	2013	2012
		\$'000	\$'000
	Deposits with the Treasurer	3 413	2 956
	Total Cash and cash equivalents	3 413	2 956
	Interest Rate Risk		
	Deposits with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.		
15	Receivables	2013	2012
		\$'000	\$'000
	Current		
	Accrued revenue	22	8
	Total Current receivables	22	8
	Total Receivables	22	8

Appendix A: Financial Statements—continued

	2013	2012
	\$'000	\$'000
Receivables from SA Government Entities		
Accrued revenue	22	8
Total Receivables from SA Government Entities	22	8
Interest rate and credit risk		
Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Accrued revenues are non-interest bearing.		
Maturity Analysis of Receivables—refer to Note 23.		
Categorisation of financial instruments and risk exposure information—refer to Note 23.		
16	Office equipment	
	2013	2012
	\$'000	\$'000
	22	22
	(22)	(18)
	–	4
Impairment		
There were no indications of impairment for Office equipment at 30 June 2013.		
Reconciliation of Office equipment		
The following table shows the movement of Office Equipment during 2012–13:		
	2013	2012
	\$'000	\$'000
Carrying amount at the beginning of the period	4	8
Depreciation expense	(4)	(4)
Carrying amount at the end of the period	–	4
17	Payables	
	2013	2012
	\$'000	\$'000
Current		
Accrued Expenses	51	20
Employment on-costs	11	7
Paid Parental Leave Scheme payable	2	–
Total Current Payables	64	27

Appendix A: Financial Statements—continued

	2013 \$'000	2012 \$'000
Non-Current		
Employment on-costs	20	15
Total Non-Current Payables	20	15
Total Payables	84	42
Payables to SA Government Entities		
Accrued expenses	15	16
Employment on-costs	15	11
Total Payables to SA Government Entities	30	27

Interest rate and credit risk

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

Maturity Analysis of Payables—refer to Note 23.

Categorisation of financial instruments and risk exposure information—refer to Note 23.

18		2013 \$'000	2012 \$'000
	Employee benefits		
	Current		
	Accrued board fees	5	–
	Annual leave	55	37
	Long service leave	7	14
	Skilled employee retention leave	2	–
	Total Current Employee benefits	69	51
	Non-Current		
	Long service leave	221	163
	Total Non-Current Employee benefits	221	163
	Total Employee benefits	290	214

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

AASB 119 contains the calculation methodology for long service leave liability. This year, an actuarial assessment performed by the Department of Treasury and Finance was used to calculate

Appendix A: Financial Statements—continued

the liability rather than using a short hand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased to 3.75% (2013) from 3.0% (2012).

19	Provisions	2013 \$'000	2012 \$'000
	Non-current		
	Provision for workers compensation	1	1
		1	1

A liability is recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. There have been no new claims for workers compensation in either year.

20 Unrecognised Contractual Commitments

(a) Remuneration Commitments

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

	2013 \$'000	2012 \$'000
Within one year	74	192
Later than one year but not later than five years	–	73
Total Remuneration Commitments	74	265

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

(b) Operating Lease Commitments

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

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

	2013 \$'000	2012 \$'000
Within one year	104	106
Later than one year but not later than five years	99	205
Total Operating Lease Commitments	203	311

Appendix A: Financial Statements—continued

21 Contingent Assets and Liabilities

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

22 Cash Flow Reconciliation

2013 2012
\$'000 \$'000

(a) Reconciliation of Cash and cash equivalents at the end of the reporting period

Statement of Cash Flows	3 413	2 956
Statement of Financial Position	3 413	2 956

(b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services

Net cash provided by operating activities	457	174
Less revenues from SA Government	(1 657)	(1 623)

Add/less Non cash items

Depreciation expense	(4)	(4)
----------------------	-----	-----

Movement in Assets/Liabilities

(Decrease) / increase in receivables	14	(6)
Decrease / (increase) in payables	(42)	49
Decrease / (increase) in employee benefits	(76)	48
(Increase) / decrease in provisions	–	(1)

Net Cost of Providing Services	(1 308)	(1 363)
---------------------------------------	----------------	----------------

23 Financial Instruments/Financial Risk Management

(a) Categorisation of financial instruments

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

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

Credit risk

The Authority has no significant concentration of credit risk.

(b) Ageing analysis of financial assets

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

(c) Maturity analysis of financial assets and liabilities

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

Appendix A: Financial Statements—continued

Liquidity risk

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

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

Market risk

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

Sensitivity disclosure analysis

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

24 Events after the reporting period

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

Appendix A: Financial Statements—continued

Certification of the Financial Statements

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

- comply with relevant Treasurer’s instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Authority; and
- present a true and fair view of the financial position of the Independent Gambling Authority as at 30 June 2013 and the results of its operations and cash flows for the financial year.

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

Alan Moss
PRESIDING MEMBER
27 September 2013

Robert Chappell
DIRECTOR
27 September 2013

Paul Williams
DIRECTOR, FINANCIAL SERVICES
27 September 2013

Appendix A: Financial Statements—continued

Independent Auditor’s Report

**TO THE PRESIDING MEMBER
INDEPENDENT GAMBLING AUTHORITY**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Independent Gambling Authority for the financial year ended 30 June 2013. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2013
- a Statement of Financial Position as at 30 June 2013
- a Statement of Changes in Equity for the year ended 30 June 2013
- a Statement of Cash Flows for the year ended 30 June 2013
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Director of the Independent Gambling Authority and the Director of Financial Services of the Department of Treasury and Finance.

The Authority’s Responsibility for the Financial Report

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

Auditor’s Responsibility

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

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

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

Appendix A: Financial Statements—continued

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Independent Gambling Authority as at 30 June 2013, 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.

27 September 2013

S O’Neill
AUDITOR-GENERAL

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

APPENDIX B

Report of the Liquor and Gambling Commissioner

Pursuant to section 74(1) of the *Gaming Machines Act 1992*, section 71(1) of the *Casino Act 1997* and section 90(1) of the *Authorised Betting Operations Act 2000*, I submit this report to the Authority on the administration of the *Gaming Machines Act 1992*, *Casino Act 1997* and *Authorised Betting Operations Act 2000* for the period 1 July 2012 to 30 June 2013.

Paul White

LIQUOR AND GAMBLING COMMISSIONER

31 August 2013

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1. ROLE OF THE LIQUOR AND GAMBLING COMMISSIONER

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

including responsibility to the Authority for the constant scrutiny of licensees under these Acts.

These responsibilities include—

Gaming Machines Act

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

Casino Act

- ◆ assessment of compliance by the Casino operator with the provisions of the Casino Act, the Approved Licensing Agreement, the Casino Duty Agreement and the Casino Advertising and Responsible Gambling Codes of Practice;
- ◆ inspection, monitoring and scrutiny of gambling operations;
- ◆ approval of management and staff;
- ◆ authorisation of games for the purposes of Casino gaming;
- ◆ approval of the installation and use of equipment for gambling, surveillance or security;
- ◆ approval of the Casino layout including the placement of gambling, security and surveillance related equipment;
- ◆ approval of prescribed contracts;
- ◆ evaluation and approval of internal control procedures;
- ◆ investigation and conciliation of complaints against the Casino operator; and

- ◆ review of orders issued by the Casino operator barring persons from entry to the licensed premises.

Authorised Betting Operations Act

- ◆ assessment of compliance by gambling providers with the provisions of the Authorised Betting Operations Act and relevant Agreements, Rules and Advertising and Responsible Gambling Codes of Practice;
- ◆ inspection, monitoring and scrutiny of wagering operations;
- ◆ provision of reports to assist the Authority in its role as the disciplinary body;
- ◆ approval of rules for on and off-course betting for racing clubs and SA TAB Pty Ltd (SA TAB);
- ◆ approval of SA TAB and racing club systems and equipment as required by the Authority;
- ◆ approval of contracts entered into by SA TAB;
- ◆ approval of telephone betting systems and procedures for bookmakers;
- ◆ approval of account betting systems and procedures for bookmakers;
- ◆ grant and renewal of licences for bookmakers, agents and 24 hour sports betting;
- ◆ grant of permits to bookmakers to accept bets at racecourses and other places;
- ◆ grant of permits to bookmakers to conduct 24 hour phone betting from an approved location;
- ◆ grant approval for licensed agents to conduct betting operations on behalf of a bookmaker;
- ◆ grant approval to bookmakers to accept bets by telephone and the internet; and
- ◆ resolution and conciliation of disputes.

2. RESOURCES

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

During 2012–13, this framework included:

- ◆ an inspection regime facilitated by a team of inspectors who were responsible for:
- ◆ inspecting approximately 6 000 licensed venues in the State (of which, 549 held ‘live’ gaming machine licences as at 30 June 2013);
- ◆ inspecting the operations of 22 licensed bookmakers, 374 SA TAB agencies and 37 active racing clubs; and
- ◆ scrutinising the operations of the licensed Casino;
- ◆ an investigatory regime facilitated by a team of investigators responsible for the investigation of complaints under liquor, gambling, wagering and charity legislation;

- ◆ a licensing regime facilitated by staff exercising my delegated authority under gambling legislation (the senior management team) or specific powers in relation to the assessment and granting of applications; and
- ◆ a regulatory regime facilitated by staff exercising my delegated authority under gaming legislation in relation to conducting trading rounds for the purchase and sale of gaming machine entitlements.

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

3. OVERVIEW

3.1 Overall Objective

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

3.2 Highlights 2012–13

3.2.1 Agency Changes

The merger of the former Office of the Liquor and Gambling Commissioner and Office of Consumer and Business Affairs as CBS is now finalised. All sections of CBS are now located at 91 Grenfell Street, Adelaide.

The new Customer Service Centre (CSC) located at street level, Chesser House, 91 Grenfell Street, Adelaide, opened its doors on 17 December 2012. The CSC provides a single point of contact for all CBS customers in one convenient location, with appropriate access to all relevant services. It delivers a safer custom-built environment for customer enquiries, as well as a sustainable and future-proof customer service model, providing face to face interaction with customers by staff trained across multiple services, saving individuals and businesses time and money.

3.2.2 Gaming Machines Act Amendments

The Gaming Machines (Miscellaneous) Amendment Act 2010 (the Gaming Machines Amendment Act) was passed by both Houses of Parliament on 25 November 2010.

The Gaming Machines Amendment Act included improvements to responsible gambling environments, provisions to expiate certain offences and removed the fixed price of \$50,000 on gaming machine entitlements traded through the approved trading system.

Tranches of provisions of this Gaming Machines Amendment Act were proclaimed on 1 January 2011, 1 June 2011 and 1 July 2011. The remaining provisions, which came into operation on 9 December 2012, were—

- ◆ the imposition of mandatory periods when gaming operations will not be allowed to be conducted if a gambling provider has not entered into an Responsible Gambling Agreement (RGA) with a recognised industry body, or has not provided a copy of the RGA to my office; and
- ◆ new mandatory licence conditions that the licensee will not conduct gaming operations on the licensed premises between the hours of 2am and 8am unless—
 - ◆ a gaming machine manager or gaming machine employee who has completed advanced problem gambling intervention training is present in the gaming area at all times;
 - ◆ arrangements are in place under which the gaming machine manager or gaming machine employee may immediately refer a person identified as engaging in problem gambling to a service to address the problem; and
 - ◆ measures are in place that prevent machines designed to change a monetary note into coins and located on the licensed premises from being operated between the hours of 2am and 8am.

A copy of amended Attachment A licence conditions was forwarded to all licensees.

3.2.3 Gaming venues on Commonwealth owned land

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

Parafield Airport is owned by the Commonwealth Government. It is subject to the Commonwealth Airports Act 1996 and associated regulations, which are administered by the Commonwealth Department of Infrastructure and Transport (DIT). Roulettes Tavern is a premises located at Parafield Airport, which was authorised by the former Federal Airports Corporation to sell and supply liquor and certain gaming facilities and services.

On 16 May 2013, I signed and entered into a Memorandum of Understanding (MOU) with DIT in relation to the regulation of liquor and gaming activities at Roulettes Tavern.

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

3.2.4 Approved Trading System for Gaming Machine Entitlements

During 2012–13, I conducted Trading Rounds 2/2012 and 3/2013 on 31 January 2013 and 13 June 2013 respectively. As a result of these trading rounds, the number of gaming machine entitlements and hence the number of gaming machines which may be operated in South Australia, has reduced to 12 856.

Further details concerning these trading rounds are shown in section 10 of this report.

3.3 Legislative Amendments

3.3.1 South Australian Betting Operations Rules and On-Course Betting Operations Rules

During 2012–13, under the Authorised Betting Operations Act, I approved a number of amendments to the South Australian Betting Operations Rules and On-Course Betting Operations Rules. The amendments resulted from similar modifications to the Queensland Wagering Rule 2010, which is adopted by reference in South Australia. These amendments included—

- ◆ simplifying the rules regarding refunds of fixed odds bets and fixed odds multi-bets when a race is postponed for another day (ie because of bad weather) to enable customers to obtain an immediate refund instead of having to wait until it is determined whether the race will be conducted on another day or not at all;
- ◆ incorporating a new fixed price race betting option called ‘Total Trio’. Total Trio is a wager placed where an investor selects a number range. The investor is a winner if the total of the runner’s numbers that place 1st, 2nd and 3rd fall within the selected number range; and
- ◆ amending the ‘Double Trio’ betting option to allow for fractional betting.

3.4 Priorities 2013–14

3.4.1 Gambling Reform Bill

The Government and the licensee of the Adelaide Casino have agreed to the introduction of a new taxation regime. Given the complexities of this new regime, proposed amendments to the Casino Act will allow the Treasurer to delegate his role under the Casino Duty Agreement to taxation specialists. If passed by Parliament, the Minister for Business Services and Consumers has indicated that it is expected that the Treasurer will delegate his role for the collection of Casino duty to the Commissioner of State Taxation with RevenueSA being the responsible agency.

In preparation for the transition of this function from CBS to RevenueSA, staff from both agencies are working closely to ensure that effective risk based audit and compliance practices are established in readiness for the new taxation regime.

Discussions between CBS and RevenueSA are continuing with the view of aligning responsibility with each agency’s sphere of speciality. While arrangements are yet to be finalised, it is envisaged that both agencies will work collaboratively. Accordingly, while CBS will continue to be the lead agency for regulatory compliance and enforcement of operational and licensing matters, it is envisaged that RevenueSA will assume responsibility for the forensic audit of Casino revenue and taxation receipts.

3.4.2 Postponement of expiry of Regulations

Under the Subordinate Legislation (Postponement of Expiry) Regulations 2012 made on 30 August 2012, the expiry date of the Authorised Betting Operations Regulations 2001 has been postponed until 30 August 2013.

4. LICENSING

4.1 Licence Types

As at 30 June 2013, the following classes of gambling licences were actively held or operating—

Licence Type	No. of Active Venues or Licensees
Gaming Machine Venues	549
SA TAB outlets ¹	374
Bookmaker Agents	67
Racing Clubs	37
Bookmakers	22
Casino Licence	1

4.2 Gaming Machine Licences

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

As at 30 June 2013, there were 549 active gaming machine licences, under the following categories of liquor licence—

- 453 Hotels
- 57 Clubs
- 39 Special Circumstances

A further 12 licences were under suspension. Three licensees surrendered their gaming machine licences during 2012–13 following the sale of gaming machine entitlements.

4.3 Gaming Machine Monitor Licence

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

¹ On 30 October 2012, the Authority granted approval for SA TAB to establish an office, branch or agency at 34 race courses throughout South Australia. This approval facilitated the offering of fixed odds betting by SA TAB at the approved race courses. This has resulted in an increase in the number of active SA TAB outlets. Refer to section 12 of this report.

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

IGC is planning a major upgrade of the gaming machine monitoring system, and the Request for Proposal for the new system was released in May 2013. Submissions are currently being prepared by interested parties, and a decision on the successful proposal is likely to be made in the next quarter.

4.4 Gaming Machine Dealer's licence

A gaming machine dealer's licence authorises the holder to manufacture gaming machines and prescribed gaming components, and to sell or supply such equipment to the holder of a gaming machine licence, the holder of a gaming machine service licence or another gaming machine dealer. There were 22 licensed gaming machine dealers as at 30 June 2013.

Crucial to the process of the movement of gaming machines within the industry, gaming machine dealers are only permitted to enter into a sale agreement with the holder of a gaming machine licence using a form of contract approved by my office. As at 30 June 2013, seven gaming machine dealers have had one or more forms of sale contract approved.

4.5 Gaming Machine Service Licence

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

As at 30 June 2013, there were two central service licensees:—

- ◆ Bytecraft Systems Pty Ltd; and
- ◆ Amtek Services Pty Ltd

4.6 Special Club Licence

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

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

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

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

As at 30 June 2013, Club One held 271 gaming machine entitlements comprising:

- ◆ 58 entitlements allocated to non-profit associations;
- ◆ 182 entitlements allocated to profit organisations; and
- ◆ 31 unallocated entitlements.

The 182 entitlements allocated by Club One to profit organisations are held across various hotel groups comprising of the following—

Hotel Group	Number of Entitlements²	
Club Management Services (CMS)	63	(70)
Plush Group	24	(13)
Australian Leisure and Hospitality Group Limited (ALH)	23	(23)
Coles Group	21	(15)
Jones Group	17	(31)
Reserve Group	10	(10)
Toad Park Pty Ltd	7	(0)
Clovercrest Hotel Pty Ltd	6	(0)
Beswick Group	4	(0)
Chinbiya Pty Ltd	4	(4)
Jillcar Pty Ltd	3	(4)
Eureka Group	0	(12)
King Group	0	(8)
TOTAL	182	(190)

4.6.1 Club One agreements

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

A summary of approvals granted by my office during 2012–13 is shown below—

- Vesting Club Agreements

No Vesting Club Agreements with Club One have been granted during 2012–13.

- Host Club Allocation Agreements

Club One submitted an application for approval of a Host Club Allocation Agreement for trading round sales (HCAA) with the Athelstone Football Club Incorporated (AFC) to allow for the allocation of gaming machine entitlements

² Entitlements allocated as 30 June 2012 shown in parenthesis.

(GME) to AFC to replace all or any of the entitlements sold in Trading Round 2/2012. A summary of the agreement is—

- ◆ Club One to allocate the number of GMEs that the AFC wishes to replace as a result of sales from Trading Round 2/2012;
- ◆ the term of the agreement is for five years with rights of renewal as set out in the HCAA;
- ◆ AFC will pay Club One a licence fee in respect of these entitlements in accordance with the HCAA;
- ◆ termination rights in accordance with the HCAA; and
- ◆ title of the GMEs will remain with Club One.
- ◆ The HCAA between Club One and AFC was approved on 9 March 2013.

Club One submitted for approval an executed HCAA with the Unley Community Sports Club Incorporated (UCSC), trading as Barzaar, to allow for the allocation of GMEs to UCSC to replace all or any of the entitlements sold in Trading Round 2/2012. A summary of the agreement is—

- ◆ Club One to allocate the number of GMEs that the UCSC wishes to replace as a result of sales from Trading Round 2/2012;
- ◆ the term of the agreement is for five years with rights of renewal as set out in the HCAA;
- ◆ UCSC will pay Club One a licence fee in respect of these entitlements in accordance with the HCAA;
- ◆ termination rights in accordance with the HCAA; and
- ◆ title of the GMEs will remain with Club One.

The HCAA between Club One and UCSC was approved on 9 March 2013.

- Temporary Allocation Agreements

Club One submitted an application for approval to terminate a Temporary Allocation Agreement (TAA) with the following venues of the King Group (Kipa Pty Ltd)—Highlander Hotel and Modbury Plaza Hotel. The King Group was successful in purchasing eight GMEs in Trading Round 2/2012. As a result of the termination of this TAA, four GMEs located at each venue (Highlander Hotel and Modbury Plaza Hotel) were returned to Club One.

Approval of the termination of the TAA between Club One and the Highlander Hotel and Modbury Plaza Hotel was given on 20 July 2012.

Club One submitted an application for approval to terminate a TAA with the following venues of the Jones Group—Bridgeway Hotel, Cove Tavern and Tea Tree Gully Hotel. The Jones Group was successful in purchasing 14 GMEs in Trading Round 2/2012. As a result of the termination of this TAA, three GMEs located at each venue were returned to Club One.

Approval of the termination of the TAA between Club One and the Bridgeway Hotel, Cove Tavern and Tea Tree Gully Hotel was given on 1 August 2012.

Club One submitted an application for approval to amend a TAA with the following venues of the Jones Group—Colonnades Tavern, Settlers Tavern, Woodcroft Tavern and Midway Tavern. The Jones Group was successful in purchasing 14 GMEs in Trading Round 2/2012. As a result of the amendment to this TAA, one GME located at Colonnades Tavern, Settlers Tavern and Woodcroft Tavern, and two GMEs located at Midway Tavern were returned to Club One.

Approval of the amendment of the TAA between Club One and Colonnades Tavern, Settlers Tavern, Woodcroft Tavern and Midway Tavern was given on 1 August 2012.

Club One submitted an application for approval to terminate TAAs with the following venues of the Eureka Group—Regency Tavern, Tavern 540 and Richies Tavern. These three venues within the Eureka Group were successful in purchasing 12 GMEs in Trading Round 2/2012. As a result of these terminations, four GMEs located at each venue (Regency Tavern, Tavern 540 and Richies Tavern) were returned to Club One.

Approval of the termination of the TAAs between Club One and the Regency Tavern, Tavern 540 and Richies Tavern was given on 12 September 2012.

Club One submitted an application for approval to amend the TAA with the Plush Group of Hotels (Plush Group), and to allocate further GMEs to certain Plush Group members. A summary of these amendments are—

- ◆ a parking fee payable to Club One for any GMEs allocated by Club One to the venue;
- ◆ increase the number of GMEs allocated to the Plush Group in accordance with the TAA; and
- ◆ vary the terms of the termination period of the TAA by either party.

The amended TAA between Club One and the Plush Group was approved on 15 May 2013.

- Head Agreement

Club One submitted an application for approval to amend the Head Agreement with the Jones Group in respect of GMEs held at Colonnades Tavern, Settlers Tavern, Woodcroft Tavern and Midway Tavern. A summary of these amendments are—

- ◆ a variation to the parking fee per month per GME;
- ◆ the term of agreement will be extended for a period of up to 12 months; and
- ◆ after expiry of the term of the agreement, the agreement may be terminated on one month's notice by either Club One or the Jones Group.

Approval of the amendment to the Head Agreement between Club One and Colonnades Tavern, Settlers Tavern, Woodcroft Tavern and Midway Tavern was given on 1 August 2012.

- Short Term Allocation Agreement

Club One submitted an application for approval of a Short Term Allocation Agreement (STAA) with the Clovercrest Hotel Pty Ltd (Clovercrest Hotel), licensee of the Clovercrest Hotel Motel. This STAA includes provisions for—

- ◆ a parking fee payable by Clovercrest Hotel for any GMEs allocated by Club One;
- ◆ number of GMEs to be allocated;
- ◆ title of the GMEs;
- ◆ reallocation of GMEs between Clovercrest Hotel and Club One;
- ◆ ability of hoteliers to ‘exchange’ GMEs, subject to my approval;
- ◆ termination of the STAA; and
- ◆ other commercial arrangements.

The STAA between Club One and Clovercrest Hotel was approved on 18 April 2013.

- Umbrella Agreement and Rights Agreement

Club One submitted an application for approval to amend an Umbrella Agreement (UA) and Rights Agreement (RA) with Club Management Services (CMS). A summary of these amendments are—

- ◆ a host hotelier can transfer an additional GME back to Club One in accordance with the UA and RA;
- ◆ CMS will continue to pay the parking fee until the GME is allocated;
- ◆ any GME transfer to be in accordance with the UA and RA; and
- ◆ any GME transfer is subject to my approval.

The amended UA and RA between Club One and CMS were approved on 25 September 2012.

- GME Allocation Agreement

Club One submitted an application for approval to amend a GME Allocation Agreement (GAA) with Jillcar Pty Ltd, licensee of the Semaphore Hotel. A summary of these amendments are—

- ◆ a variation to the parking fee per month per GME;
- ◆ the term of agreement will be extended for a period of up to 12 months; and
- ◆ after the expiry of the term of the agreement, the agreement may be terminated on one month’s notice by either party.

The GAA between Club One and Jillcar Pty Ltd was approved on 14 August 2012.

Club One submitted an application for approval for a GAA with Toad Park Pty Ltd (Toad Park), the licensee of the Mawson Lakes Hotel. The GAA includes provisions for—

- ◆ the parking fee payable by Toad Park for any GMEs allocated by Club One;
- ◆ numbers of GMEs to be allocated;
- ◆ title of the GMEs;
- ◆ reallocation of GMEs between Toad Park and Club One;
- ◆ ability of hoteliers to ‘exchange’ GMEs, subject to my approval;
- ◆ termination of the GAA; and
- ◆ other commercial arrangements.

The GAA between Club One and Toad Park was approved on 16 August 2012.

Club One submitted an application for approval for a GAA with KJ Beswick Pty Ltd, PMJ Investments Pty Ltd and Tiffean Nominees Pty Ltd (the Beswick Group), the licensees of Somerset Hotel and Blue Gums Hotel. The GAA includes provisions for—

- ◆ the parking fee payable by the Beswick Group for any GMEs allocated by Club One;
- ◆ number of GMEs to be allocated;
- ◆ title of the GMEs;
- ◆ reallocation of GMEs between the Beswick Group and Club One;
- ◆ ability of hoteliers to ‘exchange’ GMEs, subject to my approval;
- ◆ termination of the GAA; and
- ◆ other commercial arrangements.

The GAA between Club One and the Beswick Group was approved on 19 November 2012.

- Allocation of Club One Gaming Machine Entitlements

Club One was granted approval to allocate gaming machine entitlements to the following hotel groups and venues during 2012–13—

Group/Licensee	Premises	Number of Entitlements Allocated To Venues
Toad Park Pty Ltd	Mawson Lakes Hotel	7
Beswick Group	Somerset Hotel	4
CMS Group	Avenues Hotel	2
Coles Group	Waterloo Station	6

Group/Licensee	Premises	Number of Entitlements Allocated To Venues
Clovercrest Hotel Pty Ltd	Clovercrest Hotel	6
Plush Group	Barossa Brauhaus	4
	Old Spot Hotel	2
	Valley Hotel	2
	Tanunda Hotel	2
	Angas Park Hotel	1
TOTAL		36

At the request of the Jones Group, Club One was granted approval to re-allocate gaming machine entitlements between a number of venues within the hotel group during 2012–13—

Group/Licensee	Premises	Number of Entitlements Re-allocated Within The Group
Jones Group	From Midway Tavern	(2)
	To Woodcroft Tavern	1
	To Settlers Tavern	1

Club One was granted approval to allocate gaming machine entitlements to the following non-profit associations (ie Clubs and Community Hotels) during 2012–13—

Group/Licensee	Premises	Number of Entitlements Allocated To Venues
Athelstone Football Club Inc	Athelstone Football Club	5
Unley Community Sports Club Inc	Barzaar	3
TOTAL		8

Approval was granted for gaming machine entitlements previously allocated to the following hotel groups and venues to be returned to Club One during 2012–13—

Hotel Group	Premises	Number of Entitlements Re-Allocated To Club One
CMS Group	Morphett Arms Hotel	3
	Highway Inn	3
	Feathers Hotel	2
	Warradale Hotel	1
King Group	Highlander Hotel	4
	Modbury Plaza Hotel	4

Hotel Group	Premises	Number of Entitlements Re-Allocated To Club One
Jones Group	Bridgeway Hotel	3
	Cove Tavern	3
	Tea Tree Gully Hotel	3
	Midway Tavern	2
	Colonnades Tavern	1
	Settlers Tavern	1
	Woodcroft Tavern	1
Jillcar Pty Ltd	Semaphore Hotel	1
Eureka Group	Regency Tavern	4
	Richies Tavern	4
	Tavern 540	4
TOTAL		44

5. ENFORCEMENT AND COMPLIANCE

5.1 Targeted risk based approach to compliance

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

The legislation aims to—

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

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

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

- ◆ self-assessment by licensees;
- ◆ complaint based investigations;
- ◆ risk based inspections;
- ◆ thematic inspections; and

- ◆ taskforce operations.

These are summarised as follows—

Self Assessment by Licensees

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

Complaint Based Inspections

- ◆ Complaints are received by my office from members of the public, other government agencies and Members of Parliament via telephone, email and mail.
- ◆ Information gathered from complainants forms an important part of the inspection process. It provides intelligence that can be gathered and collated to allow the authorised officers to concentrate their efforts in certain compliance areas or on specific areas of legislation.

Risk Based Inspections

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

- ◆ All gaming venues are considered High Risk, and as such will be routinely inspected at least once each financial year.

Taskforce Operations

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

Thematic Inspections

- ◆ A thematic inspection regime has been initiated for assessing compliance. This involves authorised officers entering selected licensed premises, assessing compliance or otherwise against a select number of items that relate to a common theme, generally allowing no more than 15 minutes per venue. Relevant themes are often decided through an analysis of data or complaints from the public and/or LEB.
- ◆ Authorised officers are divided into teams and are allocated a specific region/area to target, with inspections being conducted simultaneously across each region/area.

5.2 Compliance Activity

5.2.1 Gaming Machines

All gaming compliance activity for 2012–13 is shown below—

Assessment Type	2012–13
Routine Inspections	631
Taskforce Operations	346
Thematic Inspections	49
TOTAL	1026

- Routine Inspections

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

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

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

- Thematic Inspections

A number of overt operations were conducted in 2012–13 which were themed based, targeting compliance with specific requirements of the Gaming Machines Act and the Responsible Gambling Code of Practice.

In 2012–13, the following thematic inspections were undertaken—

- **Riverland Area**

Authorised officers conducted overt thematic inspections in conjunction with a taskforce operation in February 2013 at 23 gaming venues in Renmark, Berri, Loxton and Waikerie. These inspections focussed on ensuring compliance with—

- logic boards within each gaming machine are sealed;
- log book entries completed in accordance with the requirements; and
- prescribed duties carried out by an approved gaming machine manager or gaming machine employee.

Of the 23 overt themed inspections conducted, three breaches were detected. Warning letters were sent to the licensees reminding them of their obligations under the legislation.

- **Adelaide Hills**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Oakbank Easter Racing Carnival in March and April 2013, authorised officers conducted overt thematic inspections at 12 gaming venues in Lobethal, Charleston, Woodside, Oakbank, Littlehampton, Mount Barker and Hahndorf. These inspections focussed on ensuring compliance with—

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

Of the 12 inspections conducted, no breaches were detected.

- **Clare Area**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Clare Easter Races in March 2013, authorised officers

conducted overt thematic inspections at three gaming venues in Clare³. These inspections focussed on ensuring compliance with—

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

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

▪ **CBD and Metropolitan Adelaide**

Authorised officers conducted overt thematic inspections in April 2013 at 90 gaming venues through the Adelaide Central Business District (CBD) and metropolitan Adelaide area. These inspections focussed on ensuring compliance with—

- gambling helpline message affixed to ATMs and EFTPOS machines;
- gambling helpline cards displayed in gaming area;
- responsible gambling pamphlets prominently displayed in gaming area;
- gaming machine manager on duty;
- gaming machine manager clearly displaying ID badge; and
- gambling provider must—
 - identify a gambling rehabilitation agency that patrons can readily access (including the name of the manager of that agency and its address); and
 - ensure that gaming staff are sufficiently informed about the identity of the gambling rehabilitation agency so as to be able to direct persons to the agency.

Of the 90 inspections conducted, seven breaches were detected. Five of the breaches were minor and were rectified immediately. The remaining two breaches resulted in expiation notices being issued.

▪ **CBD and Metropolitan Adelaide**

Authorised officers conducted overt thematic inspections in June 2013 at 66 licensed venues in the CBD and metropolitan Adelaide area. These inspections focussed on ensuring compliance with—

- gaming machine manager on duty;

- gaming machine manager clearly displaying ID badge;
- gaming machine manager and gaming machine employees not playing gaming machines;
- gambling provider must—
 - identify a gambling rehabilitation agency that patrons can readily access (including the name of the manager of that agency and its address); and
 - ensure that gaming staff are sufficiently informed about the identity of the gambling rehabilitation agency so as to be able to direct persons to the agency; and
- gambling provider must ensure that the gaming machine manager—
 - reviews the record of suspected problem gamblers on a regular basis (at least fortnightly); and
 - documents, as part of the record, any steps taken to intervene in suspected problem gamblers’ gambling behaviour.

Of the 66 inspections conducted, four breaches were detected. Warning letters were sent to two licensees reminding them of their obligations under the legislation, and the remaining two breaches resulted in expiation notices being issued.

- Taskforce Operations

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

In 2012–13, the following taskforce operations were undertaken—

- **Yorke Peninsula**

Authorised officers conducted covert surveillance in August 2012 at 30 gaming venues in Kadina, Moonta, Wallaroo, Port Pirie, Clare area and Lower Yorke Peninsula area to assess compliance with the Responsible Gambling Code of Practice and other relevant gaming machine legislation. These inspections focussed on ensuring compliance with—

- minors not within designated gaming areas;
- patrons not playing multiple gaming machines;
- liquor not being supplied to patrons whilst seated or standing at a gaming machine;

- cheques not being cashed within the gaming area;
- a gaming machine manager on duty; and
- a gaming machine manager and gaming machine employees not playing gaming machines.

Of the 30 inspections conducted, no breaches were detected.

▪ **Metropolitan Adelaide and Iron Triangle Areas**

Authorised officers undertook a taskforce operation involving thematic inspections in October 2012 on 30 gaming venues in Metropolitan Adelaide, Whyalla, Port Augusta and Snowtown to assess compliance with the Gaming Machines Act and subordinate legislation. These inspections focussed on ensuring compliance with—

- gaming machine manager and gaming machine employees have completed training in Responsible Gambling and Operation of Machines within six months of approval;
- certificates are provided as evidence of gambling training;
- reporting process is established to identify suspected problem gamblers;
- notice of barring orders is accessible by gaming staff; and
- a gaming machine manager on duty and displaying ID badge.

Of the 30 inspections conducted, 14 breaches were detected. Letters were sent to all licensees concerned, and certificates were sighted during follow-up inspections.

▪ **Riverland Area**

A combined liquor and gaming taskforce operation (including covert surveillance and overt thematic inspections) was conducted at 23 licensed venues in Renmark, Berri, Loxton and Waikerie in February 2013 to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice. The covert surveillance focussed on ensuring compliance with—

- patrons not playing multiple gaming machines;
- liquor not being supplied to patrons whilst seated or standing at gaming machines;
- time of day prominently displayed throughout gambling areas;
- gaming machine manager on duty; and
- gaming machine manager and gaming machine employees not playing gaming machines.

Of the 23 covert surveillance inspections conducted, no breaches were detected.

▪ **Morphettville**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Adelaide Cup Race Meeting in March 2013, authorised officers conducted covert surveillance at three licensed gaming venues at Camden Park, Plympton and Glengowrie, to monitor general compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice.

All venues were found to be compliant with the legislation.

▪ **CBD and North Adelaide**

A joint taskforce operation organised by CBS and conducted in April 2013, in collaboration with members of LEB, MFS and Adelaide City Council, targeted 10 licensed venues within the CBD and North Adelaide area. The inspections were conducted to ensure the proper conduct and compliance with the Liquor Act, Gaming Machines Act and subordinate legislation.

Of the 10 venues inspected, three hold gaming licences, and the inspections at these three venues were conducted with particular attention paid to—

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

No instances of non-compliance were detected.

▪ **Barossa Valley Area**

Authorised officers conducted covert surveillance in May 2013 on nine gaming venues in Lyndoch, Tanunda, Nuriootpa and Angaston to assess compliance with the Gaming Machines Act and the Responsible Gambling Code of Practice. These inspections focussed on ensuring compliance with—

- patrons not playing multiple gaming machines;
- liquor not being supplied to patrons whilst seated or standing at a gaming machine;
- time of day prominently displayed throughout gambling areas;
- gaming machine manager on duty; and
- gaming machine manager and gaming machine employees not playing gaming machines.

No instances of non-compliance were detected.

▪ **Fleurieu Peninsula Area**

Authorised officers conducted covert surveillance in May 2013 on 11 gaming venues in Mount Compass, Victor Harbor, Port Elliot, Middleton and Goolwa to assess compliance with the Gaming Machines Act and subordinate legislation.

Authorised officers monitored compliance, with particular attention to—

- patrons not playing multiple gaming machines;
- liquor not being supplied to patrons whilst seated or standing at a gaming machine;
- time of day prominently displayed throughout gambling areas;
- gaming machine manager on duty; and
- gaming machine manager and gaming machine employees not playing gaming machines.

No instances of non-compliance were detected.

5.2.2 Casino

All Casino compliance activity for 2012–13 is shown below—

Assessment Type	2012–13
Routine Inspections ³	789
Gaming Surveillance	550
Scheduled Inspections	372
Records Audit	168
Targeted Inspections	73
Prize Verification	16
Gaming Machine Compliance	15
Advertising Audit	15
Finance Audit	12
Media Monitoring	7
TOTAL	2 017

Authorised officers are rostered at the Adelaide Casino on a daily basis to scrutinise Casino systems, operating practices and procedures to assess compliance with the Casino Act, Approved Licensing Agreement, Casino Duty Agreement, Approved

³ Routine inspections include those inspections previously recorded as daily inspections. The work conducted during these inspections has not changed, only the reporting process.

Game Rules, Casino Internal Controls and the Casino Advertising and Responsible Gambling Codes of Practice.

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

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

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

- Taskforce Operations

In May 2013, a taskforce operation for the purpose of conducting routine inspections was conducted to continuously monitor compliance with all relevant Casino legislation.

The following items were monitored to ensure compliance—

- floor surveillance on various table games, including Roulette, Caribbean Stud, Mississippi Stud, Texas Hold'em, Pontoon, Blackjack, Mini Baccarat, Rapid Roulette and Baccarat;
- ID badges worn by staff at table games;
- soft count opening procedures, including confirmation of the total number of drop boxes;
- hard count collection and hard count staff procedures;
- hard count security procedures;
- drop boxes securely attached to table pits;
- table float/equipment checks for various games;
- soft count buy procedures;

Net Gaming Revenue paperwork;

- Caribbean Stud jackpot audit;
- Caribbean Stud progressive report;
- card shredding and written out of stock;
- card and dice audit;
- conduct of floor surveillance on pits;

- attend table float openings for various pits;
- complete financial audits of video gaming machines and Casino duty;
- verification of cards transferred to secure destruction bins;
- conduct floor surveillance on gaming machines; and
- conduct surveillance at liquor servery to monitor responsible service of alcohol.

Of the 69 inspections conducted, three minor breaches were detected, which were rectified immediately.

- Audit of Casino Advertising Procedures

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

In June 2013, my office conducted an advertising audit with a focus on advertising ‘Campaign Briefs’ for the period January to March 2013, to assess compliance by SkyCity Adelaide with the Direction Notice.

15 Campaign Briefs were randomly selected from the documentation provided by SkyCity Adelaide, and each brief was subjected to an individual assessment of the requirements of the Direction Notice. No instances of non-compliance were detected.

- Authorised Gaming

As at 30 June 2013, the Adelaide Casino had 93 gaming tables with 76 tables on the common gaming floor, 12 in the Grange Room (Members Only) and 5 for private table gaming.

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

The maximum permissible number of gaming machines which can be operated at the Casino is 995. The total number of gaming machines in operation as at 30 June 2013 was 974, comprising 901 in the common gaming area and 73 in the Platinum Room (Members Only).

5.2.3 *Wagering*

All SA TAB, Bookmaker and Racing Club compliance activity for 2012–13 is shown below—

Licence Class	Assessment Type	2012–13
SA TAB	Routine Inspections ⁴	387

⁴ Routine inspections of 27 of the 34 new on-course SA TAB agencies established in October 2012 are included in this figure. The remaining seven will be inspected in 2013-14.

Licence Class	Assessment Type	2012–13
	TAB Credit Betting Audit	36
Bookmakers	Visual Inspections ⁵	93
	Cash Betting Audit	30
	Routine Inspections ⁶	17
	Account Betting Audit ⁷	11
Racing Clubs	Routine Inspections	102
	Visual Inspection ⁷	26
	Punters Club Audit	2
TOTAL		704

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

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

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

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

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

- Taskforce Operations

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

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

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

⁷ Records audits now form part of account betting audits.

In 2012–13, the following taskforce operations were undertaken—

▪ **Morphettville**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Adelaide Cup Race Meeting in March 2013, authorised officers conducted visual inspections of bookmakers and their agents together with routine inspections of totalisator gambling areas. Authorised officers assessed specifically the level of compliance with the Authorised Betting Operations Act and the Responsible Gambling Codes of Practice.

Of the 15 visual inspections of bookmakers and their agents, two minor breaches were detected, which were rectified immediately.

A further 15 routine inspections of totalisator gambling areas were conducted with one minor breach detected, which was rectified immediately.

▪ **Oakbank**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Oakbank Easter Racing Carnival in March and April 2013, authorised officers conducted visual inspections of bookmakers and their agents together with routine inspections of totalisator gambling areas¹⁰. Authorised officers assessed specifically the level of compliance with the Authorised Betting Operations Act and the Responsible Gambling Codes of Practice.

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

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

▪ **Clare**

In conjunction with a combined liquor, gaming and wagering taskforce operation at the Clare Easter Races in March 2013, authorised officers conducted visual inspections of bookmakers and their agents together with routine inspections of totalisator gambling areas¹⁰. Authorised officers assessed specifically the level of compliance with the Authorised Betting Operations Act and the Responsible Gambling Codes of Practice.

Of the four visual inspections of bookmakers and their agents, two minor breaches were detected which were rectified immediately.

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

5.3 Non-compliance detected

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

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

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

5.3.1 *Gaming Machines Act*

Instances of non-compliance detected were as follows—

Non-Compliance Item	2012–13	2011–12
Operation of machines training—not completed or certificate not available at time of inspection	55	17
Responsible gambling training—not completed or certificate not available at time of inspection	51	17
Gambling cards/sticker not available/affixed	43	17
Register of interaction with problem gamblers not maintained	40	30
Playing of more than one machine sticker not affixed to gaming machines	30	12
Warning to minors sticker not affixed to gaming machines	29	14
All approved gaming staff on duty not prominently displaying ID badges	14	25
Warning to minors sign not displayed at each entrance	12	10
Logic board not sealed	8	4
Log Books not present and/or completed	6	4
No gaming machine manager on duty	5	3
Time of day not prominently displayed in gaming area	5	2
Responsible gambling pamphlets not displayed	5	0
Gaming manager not displaying ID badge	4	12
Gaming licence not displayed at principal entrance	4	11
Responsible Gambling Document not maintained	4	7
Rehabilitation Agency details not available	3	3
Code of practice not available	3	1
Advertising does not include either condensed or expanded warning message	1	0
Prescribed duties not carried out by approved gaming manager or employee	1	0
All barring notices not accessible by, or visible to, staff only	0	1
Person cannot obtain drink in area other than gaming area	0	8
Machine condition inadequate (monitors, buttons etc)	0	5
Rules ancillary to gaming sign not displayed	0	4

Non-Compliance Item	2012–13	2011–12
Barring procedure not maintained (may be part of responsible gambling document)	0	1
Governed by a code of practice sign not displayed	0	1
TOTAL	323	209

The focus of gaming inspections on different aspects of the Responsible Gambling Code of Practice (ie training, intervention, etc) has resulted in a higher number of non-compliant instances detected when compared with 2011–12 statistics.

The spotlight has been cast on the training of gaming staff and as such, the number of non compliant instances in this area has significantly increased when compared with 2011–12. In each instance, the licensee concerned was written to, reminded of their obligations under the Gaming Machines Act, and follow up inspections were carried out to confirm their compliance.

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

5.3.2 *Casino Act*

Instances of non-compliance detected were as follows—

Non-Compliance Item	2012–13	2011–12
Breach of Internal Controls (Pit Operations) (inc Table Game Procedures, Game Rules, Dealing Procedures, Equipment Integrity)	13	19
Warning Message and Gambling Helpline sticker not affixed to ATM or gaming machines	5	0
Breach of Internal Controls (Cash Handling) (inc Hard Count, Soft Count, Verification of Net Gambling Revenue)	4	5
Staff not displaying ID badge	4	7
Patron not warned for playing multiple gaming machines	3	1
Breach of Internal Controls (Gaming Machines) (inc Installation and Operation of Gaming Machines, Operational Procedures)	2	0
Breach of Internal Controls (Security) (inc Drop Box Procedures and Records)	2	5
Time of day not prominently displayed in gaming areas	1	0
Security Officer not monitoring collection	1	0
Minors not prohibited from entering gaming area	0	2
TOTAL	35	39

Details of matters referred to the Authority for disciplinary action arising from these investigations are shown later in this report⁸.

⁸ Refer to section 5.4.2 of this report for further details.

5.3.3 *Authorised Betting Operations Act*

SA TAB

Non-Compliance Item	2012–13	2011–12
All staff have not received responsible gambling training	4	12
Senior staff have not received advanced training	4	0
Not all staff received refresher course at least every two years	3	5
Responsible gambling pamphlet not displayed	3	0
Gambling helpline cards not at betting terminal	2	2
Responsible gambling poster not displayed	2	0
SA Betting Operation Rules not available in gambling area	2	0
Rules published in an approved manner sign not displayed	1	0
Governed by a code of practice sign not displayed	1	1
Document detailing roles of staff not available	1	4
Gambling helpline sticker not on or near betting terminals	0	2
Betting operations rules sign not displayed	0	1
Responsible gambling material not displayed in back area	0	1
TOTAL	23	28

I note that the level of compliance with staff training has improved during 2012–13. Overall, the level of compliance by SA TAB outlets continues to be high.

Racing Clubs

Instances of non-compliance detected were as follows—

Non-Compliance Item	2012–13	2011–12
Governed by a code of practice sign not displayed	2	2
Responsible gambling poster not displayed	1	3
TOTAL	3	5

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

Bookmakers

Instances of non-compliance detected were as follows—

Non-Compliance Item	2012–13	2011–12
Governed by a code of practice sign not displayed	11	2
Time on computer system incorrect or not visible	4	6
Not all staff received problem gambling training	2	2
Bookmakers not carrying photo ID	2	1
Gambling helpline message not on betting tickets	2	0
Bookmaker not retaining ticket for at least two months	2	0
Agents not displaying ID badge	1	2
Code of practice not available	1	1
Bookmaker not obtaining betting ticket before paying winnings to punter	1	0
No document available detailing how the measures for intervention with problem gamblers are implemented	1	0

Non-Compliance Item	2012–13	2011–12
Signs at betting stands not approved	1	0
Unclaimed winnings not lodged by prescribed date	0	7
Document detailing staff training not maintained	0	1
Document detailing roles of staff not maintained	0	1
Responsible gambling document not maintained	0	1
TOTAL	28	24

The number of instances where the ‘Governed by a code of practice’ sign was not displayed has increased. However, following the intervention of inspectors, all instances were rectified immediately by relevant bookmakers.

5.4 Expiations, Disciplinary Action and Prosecutions

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

5.4.1 Gaming Machines

Disciplinary Action

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

Licensed Premises	Breach	Action Taken
Renmark Hotel Motel	Section 56 of the <i>Gaming Machines Act 1992</i> Minors not permitted in gaming area	\$1,000 Fine
Rezz	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax	Formal reprimand
Bute Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax	Suspension of gaming machine licence ⁹

Expiations

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

Licensed Premises	Breach	Action Taken
Hotel Barker	Section 50A of the <i>Gaming Machines Act 1992</i> Approved gaming machine manager not prominently displaying ID badge	\$210 Fine, plus \$60 Victims of Crime Levy
Pier Hotel—Milang	Section 50A of the <i>Gaming Machines Act 1992</i> Approved gaming machine manager not prominently displaying ID badge	\$210 Fine, plus \$60 Victims of Crime Levy

⁹ Refer to section 8.2 of this report for further details.

Licensed Premises	Breach	Action Taken
Mick O’Shea Irish Pub	Section 50A of the <i>Gaming Machines Act 1992</i> Approved gaming machine manager not prominently displaying ID badge	\$210 Fine, plus \$60 Victims of Crime Levy
Hahndorf Old Mill	Section 50A of the <i>Gaming Machines Act 1992</i> Approved gaming machine manager not prominently displaying ID badge	\$210 Fine, plus \$60 Victims of Crime Levy
Esplanade Hotel	Clause 8A of the Responsible Gambling Code of Practice Gaming manager did not review the record of suspected problem gamblers at least fortnightly	\$160 Fine, plus \$60 Victims of Crime Levy
Maid & Magpie Hotel	Clause 8A of the Responsible Gambling Code of Practice Gaming manager did not review the record of suspected problem gamblers at least fortnightly	\$160 Fine, plus \$60 Victims of Crime Levy

Prosecutions

In 2012–13, no prosecutions were commenced by CBS for offences against the Gaming Machines Act.

5.4.2 Casino

Disciplinary Action

The following matters were reported to the Authority for consideration of disciplinary action for failure to comply with section 43 of the Casino Act—

- ◆ two female patrons were granted access to the Casino carrying an infant child in a carry harness. There was no interaction with gambling, and the patrons left the Casino after six minutes; and
- ◆ an adult woman escorting a child avoided security to gain access to the Casino.

5.4.3 Wagering

Disciplinary Action

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

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

5.5 Complaints and disputes

The framework for the investigation of complaints, non-compliance and referrals from internal CBS business units and external agencies was centralised, and is now

facilitated by a team of investigators who are cross-skilled across liquor, gambling, wagering and charity legislation.

5.5.1 Gaming Machines

During 2012–13, my office formally investigated 19 complaints and allegations of breaches of the Gaming Machines Act and subordinate legislation.

The nature of these matters varied from simple matters such as privacy curtains in gaming rooms through to more complex matters involving tampering with gaming machines and approved persons playing gaming machines.

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

Following assessment by investigators—

- ◆ disciplinary action was taken in three matters;
- ◆ five complaints resulted in the issue of a caution;
- ◆ one matter dealt with by South Australia Police (SAPOL);
- ◆ in one matter, the approval of a gaming machine employee was revoked; and
- ◆ nine matters were dismissed as no disciplinary action or expiations could be taken due to insufficient evidence.

5.5.2 Casino

During 2012–13, my office formally investigated 11 complaints and allegations of breaches of the Casino Act and subordinate legislation.

The nature of these matters covered a range of issues including faulty gaming machines, juveniles on the Casino premises and cash withdrawal limit from an ATM.

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

Following an assessment by investigators—

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

5.5.3 *Wagering*

During 2012–13, my office formally investigated 10 complaints and allegations of breaches of the Authorised Betting Operations Act and subordinate legislation.

The nature of these matters covered a range of issues including late closure of betting, incorrect results declared and failure to forward unpaid winnings to CBS.

Following an assessment by investigators—

- ◆ four matters were closed as it was determined that no breach of legislation had occurred;
- ◆ warning letters were sent to four bookmakers;
- ◆ one matter is under investigation by SA TAB; and
- ◆ one matter was closed due to insufficient evidence to support complaint.

6. BARRINGS

6.1 Gaming

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

	2012–13
Number Of Persons Barred¹⁰	315
Number Of Orders Granted¹¹	424

	As at 30 June 2013
Total Number Of Persons Currently Barred (S59)	1 353

6.1.1 *Gaming barring reviews*

A person who is the subject of a barring order may apply to the Commissioner to review the order. During 2012–13, three applications were made under section 61 of the Gaming Machines Act for the review of barring orders.

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

- ◆ revoked two barring orders; and

¹⁰ This figure represents number of persons barred in 2012–13. Individual barring orders are issued for each premises that a person is barred from.

¹¹ This figure represents the number of barring orders issued in 2012–13. Multiple barring orders are issued if a person is barred from more than one premises.

- ◆ amended the expiry date of one barring order.

6.2 Casino

6.2.1 Barring reviews determined (by type)

Result Of Review	2012–13
S44—Self Barred	3
S44—No Further Action (S44 Order To Stand)	34
S45—Barring Extended To 6 Months	21
S45—Barring Extended To Greater Than 6 Up To 12 Months	57
S45—Barring Extended To Greater Than 12 Up To 24 Months	36
S45—Barring Extended Greater Than 24 Months	24
TOTAL BY TYPE OF BARRING ORDER	175

6.2.2 Total number of currently barred persons

Type	As at 30 June 2013
S44—Self Barred	689
S44—Involuntary	15
S45—Commissioner Imposed	423
Section 15B—IGA Act 1995	293
TOTAL NO OF BARRED PERSONS	1420

6.3 Wagering

	2012–13
Number Of Persons Barred (S50)	8

	As at 30 June 2013
Total Number Of Persons Currently Barred (S50)	45

7. TECHNICAL MATTERS

7.1 Upgrade of Casino operating system

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

integrated gaming and financial management system encompassing both table game and gaming machine operations, loyalty and campaign management, revenue operations and gaming chip inventory control.

Following a satisfactory test report from BMM Compliance, a designated accredited testing facility (ATF), the Adelaide Casino provided an installation plan, and in conjunction with staff from my office, commenced the implementation and rollout of the Bally System which included a discrete pilot operation of the Bally SDS System (gaming machine monitoring module) on 58 gaming machines. The success of this pilot operation resulted in all gaming machines at the Casino being transferred to the Bally System effective 27 September 2012.

In October 2012, BMM Compliance provided my office with a final report to certify that the software for the Bally System in operation at the Adelaide Casino is in accordance with the final recommended software release, and has confirmed the successful implementation of the monitoring system. CBS will conduct ongoing audit and verification of system files against the approved baseline file data to ensure the integrity of the Bally System.

7.2 Upgrade of Casino surveillance system

SkyCity Adelaide has replaced the NICE Vision Surveillance System with the Dallmeier SeMSy III Vision Management System (Dallmeier System). In conjunction with the installation of new recording and associated surveillance equipment, the Dallmeier System provides a fully integrated software suite which allows surveillance operators to use desktop functionality to configure and manage the control of surveillance cameras on the Casino premises and surveillance coverage.

Early indications have been positive, with the Dallmeier System providing enhanced surveillance coverage quality (ie footage of incidents resulting in barrings from the Casino) and an improvement in the detection and identification of persons and their activities on the Casino premises.

7.3 Approval of Games

7.3.1. Gaming

No applications for the approval of new games were refused.

7.3.2. Casino

Three applications for approval of new games at the Casino were refused under section 37A of the Casino Act.

I note that SkyCity Adelaide applied to the Authority for a review of these decisions, however they subsequently withdrew the applications.

7.4 Testing and Evaluation of Gaming Machines and Games

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

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

During 2012–13, the following activity occurred for gaming machines, games and associated equipment for gambling (activity for the previous year is in parenthesis)—

Activity	Gaming Machines Act ¹²		Casino Act ¹²	
Approval of a new game	43	(51)	131	(95)
Approval of a new version of a game	13	(48)	1	(6)
Revocation of a game	14 ¹³	(0)	0	(0)
Approval of a new gaming machine	4	(2)	5	(1)
Approval of a modification to a gaming machine	19	(32)	28	(24)

7.5 Systems and equipment compliance inspection

A compliance inspection of a selection of systems and equipment operated by SA TAB was conducted in November 2012 at the TattsBet Headquarters in Albion, Queensland. The inspection included a visit to TattsBet’s disaster recovery site and its new offices.

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

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

All components inspected were found to be compliant.

Discussions were held regarding the possibility of CBS obtaining remote access to TattsBet systems for the purposes of conducting limited remote compliance audits. This will be a focus of the 2013–14 TattsBet compliance audit.

¹² Activity for the previous year is in parenthesis.

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

7.6 Internet betting—Best Bookies Price Service Pty Ltd

Best Bookies Price Service Pty Ltd (Best Bookies) requested approval to allow South Australian bookmakers to accept bets via its internet betting platform. It was proposed that punters would lodge their funds with Best Bookies which would place bets with individual bookmakers. Senior CBS staff held discussions with representatives of Best Bookies to clarify how its system operates, and also briefed the Authority and the Department of Treasury and Finance (Regulatory Policy).

In October 2012, after consideration of the information provided, I advised Best Bookies that approval of its system under rule 43 of the Bookmakers Licensing Rules 2000 is not required. If bookmakers are authorised to accept internet bets and wish to use the Best Bookies system, they must establish a direct relationship with the punter originating the betting transaction (ie the person risking the amount of the bet). The SA Bookmakers League has been advised of this requirement.

8. GAMING TAX

8.1 Distribution of net gambling revenue

During 2012–13, 568 venues operated for all or part of the year. The following table show the total number of venues and total Net Gambling Revenue (NGR) falling within each tax threshold according to tax class.

Annual NGR	Total Number of Venues	
	Other than Non-Profit Businesses (Hotels)	Non-profit business (Clubs & Community Hotels)
\$0–\$75,000	47	10
\$75,001– \$399,000	150	26
\$399,001–\$945,000	72	11
\$945,001–\$1,500,000	45	4
\$1,500,001–\$2,500,000	73	20
\$2,500,001–\$3,500,000	51	5
Above \$3,500,000	48	6
Total Number of Venues	486	82

8.2 Non-payment of Gaming Tax

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

Section 72B of the Gaming Machines Act provides that if an amount remains outstanding for more than 10 days from the due date, the licence may be suspended,

by written notice, until the amount is paid. On the day that the fine is applied, licensees receive a notice advising that a fine has been incurred and that they have a further three days to pay the amount outstanding (including the fine).

In 2012–13, 10 licensees were issued fines and received notices requiring them to pay within three days. Of these 10 breaches—

- ◆ the outstanding balance was received from five licensees;
- ◆ three licensees did not pay by the due date as administrators had been appointed by the licensee companies pursuant to section 436A(1) of the Corporations Act 2001. Proof of debt forms were lodged with the relevant administrators in regards to the outstanding debts; and.
- ◆ disciplinary action was taken against two licensees for non-payment of gaming tax. One gaming machine licence was suspended on 23 April 2013 due to the non-payment of gaming tax. The outstanding balance was paid within three days and the suspension lifted. A formal reprimand was issued to the other gaming licensee.

8.3 Refunds

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

Gaming tax is collected on a monthly basis, whereas the tax rates are based on thresholds for a financial year. Where a venue’s gaming revenue fluctuates above and below the tax-free threshold on a month-by-month basis, a refund may occur. A refund will arise where the total tax paid each month exceeds the amount payable on a yearly basis.

49 venues were eligible for refunds for the 2012–13 financial year totalling \$73,719.39.

9. GAMING MACHINE STATISTICS

Table 1—Monthly gaming statistics 2012–13

Month	Total Bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax Liability ¹⁴ (\$)	Fines (\$)
Jul-2012	701,941,273	637,103,766	64,837,507	25,951,548	31
Aug	745,890,457	677,042,191	68,848,266	27,991,133	469
Sep	671,604,302	609,561,537	62,042,765	24,380,624	461
Oct	675,737,212	613,362,816	62,374,396	24,577,922	
Nov	648,823,587	588,774,755	60,048,832	23,343,274	
Dec	652,511,315	591,723,163	60,788,151	23,717,332	

¹⁴ Accrued Tax Liability prior to refunds being applied.

Month	Total Bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax Liability ¹⁴ (\$)	Fines (\$)
Jan–2013	642,933,902	583,393,530	59,540,372	23,047,609	147
Feb	584,720,391	530,847,875	53,872,517	20,096,544	
Mar	642,771,637	583,007,990	59,763,647	23,226,998	382
Apr	640,127,173	580,792,954	59,334,219	23,085,923	2,961
May	663,497,673	602,296,566	61,201,107	24,101,707	114
Jun–2013	631,182,258	573,246,439	57,935,819	22,407,520	
Total	\$7,901,741,180	\$7,171,153,582	\$730,587,597	\$285,928,134	\$4,565

Chart 1—Gaming tax levied per month 2012–13

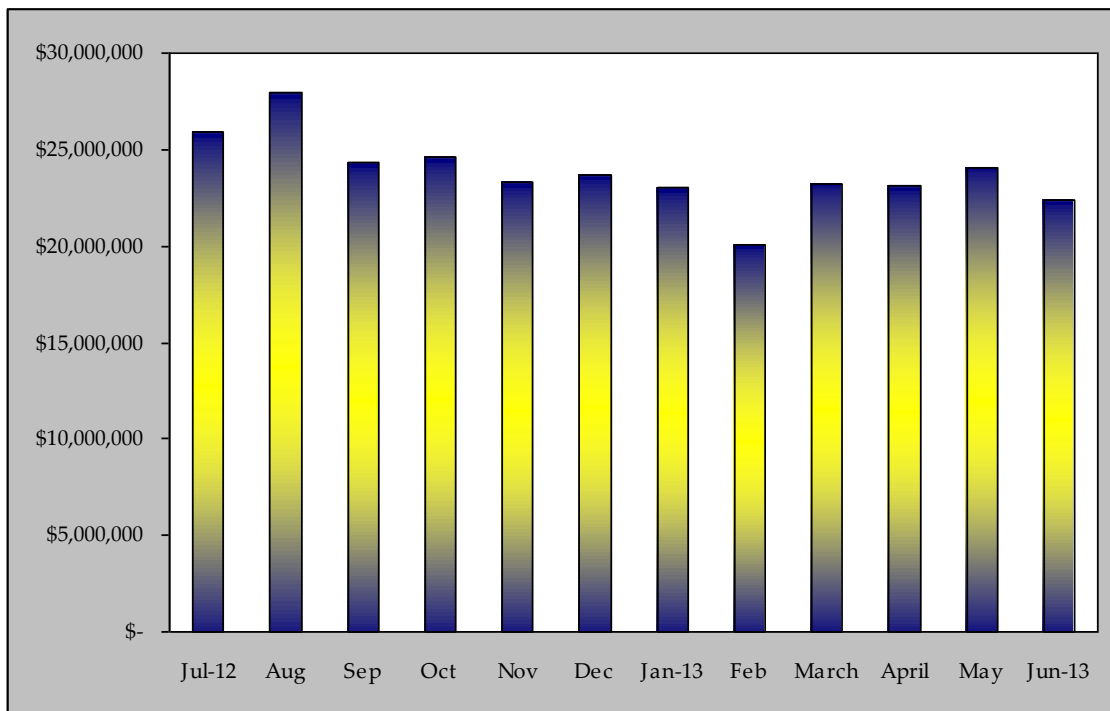


Table 2—Monthly live gaming machines and venues 2012–13

Month Ending	Venues	Gaming Machines
Jul–2012	555	12 623
Aug	553	12 595
Sep	553	12 556
Oct	554	12 613
Nov	554	12 613
Dec	555	12 667
Jan–2013	555	12 669
Feb	554	12 640

Month Ending	Venues	Gaming Machines
Mar	550	12 549
Apr	550	12 614
May	549	12 614
Jun–2013	549	12 613

Table 3—Revenue data by ABS LGA 2012–13

LGA or Grouped LGA (Where a LGA has less than 5 venues, that LGA has been grouped with another LGA)	No. of Venues	Gaming Machines as at 30 June 2013	Aggregate NGR \$ per LGA (2012–13)	Aggregate NGR \$ per venue (2012–13)
Adelaide	54	1030	29,543,798.09	547,107.37
Adelaide Hills	18	232	4,797,803.20	266,544.62
Alexandrina	13	256	8,446,262.02	649,712.46
Barossa	15	244	6,459,399.57	430,626.64
Barunga West, Copper Coast	16	262	10,114,943.77	632,183.99
Berri, Barmera	7	164	6,436,067.51	919,438.22
Campbelltown, Tea Tree Gully	14	454	44,863,256.13	3,204,518.30
Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre Peninsula	10	143	4,716,979.24	471,697.92
Charles Sturt	27	815	63,583,133.61	2,354,930.87
Clare & Gilbert Valleys	7	88	2,293,260.08	327,608.58
Coorong, Tatiara	9	133	3,257,562.09	361,951.34
Gawler	8	188	13,852,591.67	1,731,573.96
Goyder, Northern Areas	8	54	1,142,981.53	142,872.69
Holdfast Bay	11	377	22,955,008.29	2,086,818.94
Kangaroo Island, Yankalilla, Victor Harbor,	11	230	9,536,534.72	866,957.70
Kimba, Cleve, Tumby Bay, Franklin Harbour	7	77	1,588,398.30	226,914.04
Light, Mallala	12	109	3,852,389.16	321,032.43
Loxton, Waikerie	4	121	3,567,257.03	891,814.26
Marion	11	348	29,651,810.25	2,695,619.11
Mid Murray	10	124	2,673,441.53	267,344.15
Mitcham, Burnside	7	219	16,055,924.98	2,293,703.57
Mount Barker	12	253	10,718,583.04	893,215.25
Mount Gambier, Grant	14	368	16,998,838.38	1,214,202.74
Mount Remarkable, Orroroo/Carrieton, Peterborough,	7	73	1,274,883.50	182,126.21
Murray Bridge, Karoonda/East Murray, Southern Mallee	10	159	9,233,036.94	923,303.69
Naracoorte & Lucindale, Robe, Kingston	8	168	4,957,491.59	619,686.45
Norwood Payneham & St Peters	17	557	32,065,216.50	1,886,189.21
Onkaparinga	25	740	60,662,916.36	2,426,516.65
Playford	10	316	31,963,824.36	3,196,382.44
Port Adelaide Enfield	44	1212	78,048,089.09	1,773,820.21

LGA or Grouped LGA (Where a LGA has less than 5 venues, that LGA has been grouped with another LGA)	No. of Venues	Gaming Machines as at 30 June 2013	Aggregate NGR \$ per LGA (2012–13)	Aggregate NGR \$ per venue (2012–13)
Port Augusta	12	275	11,987,107.28	998,925.61
Port Lincoln	7	212	9,734,888.30	1,390,698.33
Port Pirie	9	220	9,575,066.88	1,063,896.32
Prospect, Walkerville	6	198	14,561,252.75	2,426,875.46
Renmark, Paringa	6	122	5,238,101.59	873,016.93
Roxby Downs, Coober Pedy, Flinders Ranges	8	133	4,905,391.66	613,173.96
Salisbury	21	682	65,409,415.17	3,114,734.06
Unincorp Far North, Unincorp West Coast	6	57	773,639.83	128,939.97
Unley	8	255	14,197,188.12	1,774,648.52
Wakefield Region	9	60	1,211,614.02	134,623.78
Wattle Range	7	113	3,125,474.03	446,496.29
West Torrens	11	345	32,570,917.20	2,960,992.47
Whyalla	8	222	16,696,469.71	2,087,058.71
Yorke Peninsula	17	205	5,289,387.99	311,140.47
Total	56115	12 613	\$730,587,597.06	\$1,302,295.18

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

Table 4—Net gambling revenue (NGR)—2009 to 2013

	2008–09 (\$mil)	%	2009–10 (\$mil)	%	2010–11 (\$mil)	%	2011–12 (\$mil)	%	2012–13 (\$mil)	%
Hotels	676.089	90.1	658.012	90.2	672.204	90.1	669.937	90.2	661.836	90.6
Clubs	74.564	9.9	71.361	9.8	73.263	9.9	72.851	9.8	68.751	9.4
Total	750.653		729.373		745.467		742.788		730.587	

Table 5—Gaming tax liability—2009 to 2013

	2008–09 (\$mil)	%	2009–10 (\$mil)	%	2010–11 (\$mil)	%	2011–12 (\$mil)	%	2012–13 (\$mil)	%
Hotels	270.366	92.4	261.467	92.5	269.536	92.4	269.011	92.5	265.646	92.9
Clubs	22.382	7.6	21.161	7.5	22.054	7.6	21.933	7.5	20.282	7.1

¹⁵ The total number of 561 venues represents the total number of venues that operated and derived NGR at any time throughout the year. This number may differ from the total number of venues operating as at 30 June 2013 due to the surrender or suspension of gaming licences.

Total	292.748		282.62816		291.590		290.944		285.928	
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Table 6—Average NGR per machine per day—2009 to 2013

	2008–09	2009–10	2010–11	2011–12	2012–13
Ave NGR per machine per day	\$162	\$157	\$160	\$160	\$159

Table 7—Average total NGR per day—2009 to 2013

	2008–09 (\$mil)	2009–10 (\$mil)	2010–11 (\$mil)	2011–12 (\$mil)	2012–13 (\$mil)
Sunday	1.595	1.540	1.577	1.516	1.567
Monday	1.619	1.578	1.612	1.594	1.575
Tuesday	1.818	1.761	1.798	1.799	1.746
Wednesday	2.101	2.055	2.087	2.097	2.057
Thursday	2.341	2.339	2.389	2.368	2.297
Friday	2.624	2.485	2.569	2.580	2.556
Saturday	2.303	2.228	2.257	2.238	2.221

Table 8—Return to player percentage (RTP%)—2009 to 2013

	2008–09	2009–10	2010–11	2011–12	2012–13
Return to Player ¹⁷	90.50%	90.59%	90.67%	90.71%	90.75%

Table 9—Live venues and gaming machines—2009 to 2013

As At	30 June 09	30 June 10	30 June 11	30 June 12	30 June 13
No of Venues	566	561	561	557	549

¹⁶ Gaming tax after refunds applied.

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

No of Machines	12 737	12 744	12 726	12 688	12 613
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Table 10—Number of hotels by machine range—2009 to 2013

No of Machines	30 June 09	30 June 10	30 June 11	30 June 12	30 June 13
1 to 10	133	131	133	131	132
11 to 20	101	101	101	101	97
21 to 30	33	33	33	33	31
31 to 40	230	231	230	229	227
Total	497	496	497	494	487

Table 11—Number of clubs by machine range—2009 to 2013

No of Machines	30 June 09	30 June 10	30 June 11	30 June 12	30 June 13
1 to 10	18	16	15	16	15
11 to 20	21	19	19	17	17
21 to 30	6	7	6	6	7
31 to 40	24	24	24	24	23
Total	69	66	64	63	62

Table 12—Gaming venues by business type—2009 to 2013

Venue Type	30 June 2009	%	30 June 2010	%	30 June 2011	%	30 June 2012	%	30 June 2013	%
Hotels	497	87.8	495	88.2	497	88.6	494	88.7	487	88.7
Clubs	69	12.2	66	11.8	64	11.4	63	11.3	62	11.3
Total	566		561		561		557		549	

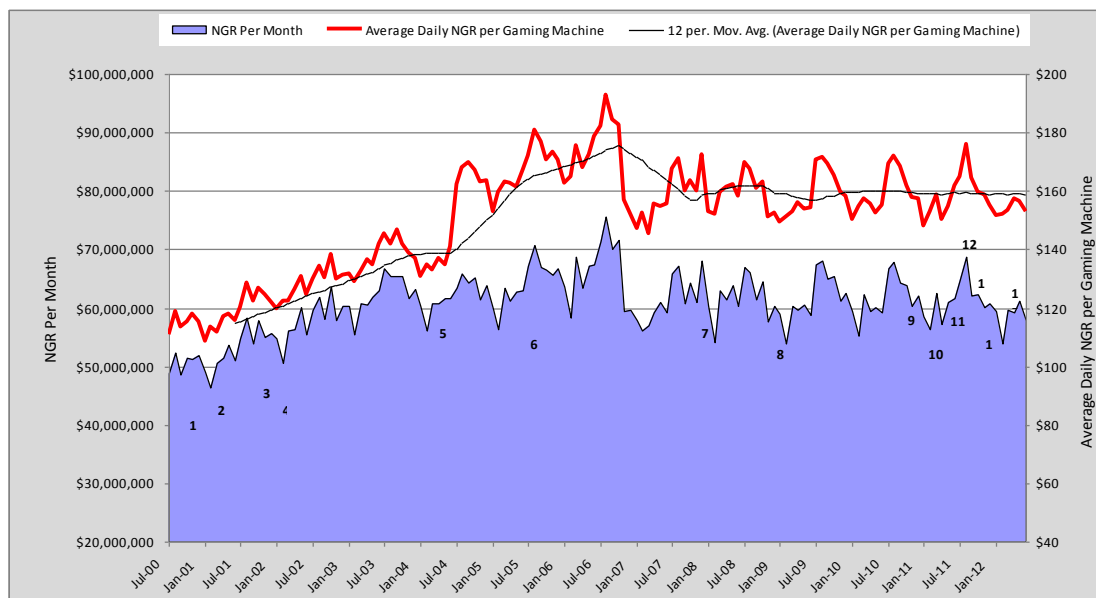
Table 13—Gaming machines by business type—2009 to 2013

Venue Type	30 June 2009	%	30 June 2010	%	30 June 2011	%	30 June 2012	%	30 June 2013	%
Hotels	11 179	88.8	11 204	87.9	11 217	88.1	11 195	88.2	11 135	88.3
Clubs	1 558	12.2	1 540	12.1	1 509	11.9	1 493	11.8	1 478	11.7
Total	12 737		12 744		12 726		12 688		12 613	

Chart 2—Average Daily NGR per gaming machine

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

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



per machine per day.

Table 14—Chronology of Responsible Gambling Measures and Legislative Amendments

Event	Details
Event 1: 07/12/2000	Commencement of legislation preventing the granting of new gaming machine licences.
Event 2: 30/05/2001	Statutes Amendment (Gambling Regulation) Act 2001 is passed.
Event 3: 01/10/2001	<p>First mandatory versions of the Responsible Gambling Code of Practice and the Advertising Code of Practice introduced. Key elements of the codes were:</p> <ul style="list-style-type: none"> ▪ clocks to be displayed in gaming areas; ▪ players to be prevented from playing while intoxicated; ▪ mandatory training requirements; and ▪ cheques not to be cashed in gaming areas. <p>Minimum RTP on all newly approved games increased to 87.5% from the previously approved rate of 85%.</p> <p>Applications for new games must be refused if they are deemed to have characteristics that are likely to lead to an exacerbation of problem gambling. Voluntary Barring system introduced.</p>

Event	Details
Event 4: 01/01/2002	Licensees are not to provide ATM or EFTPOS facilities that are capable of allowing more than \$200 per transaction per debit or credit card. Autoplay function removed from all South Australian gaming machines by this implementation date.
Event 5: 30/04/2004	New Mandatory Codes of Practice introduced.
Event 6: 01/07/2005	Removal of 2 162 machines as a result of compulsory reduction.
Event 7: 01/11/2007	Introduction of complete indoor smoking bans.
Event 8: 01/12/2008	Responsible Gambling and Advertising Codes of Practice amended.
Event 9: 25/11/2010	<i>Gaming Machines (Miscellaneous) Amendment Act 2010</i> is passed.
Event 10: 01/01/2011	Tranche 1 amendments proclaimed relating primarily to an increase in maximum penalties, the ability to expiate for certain breaches of the Act and licence conditions, and red tape reduction initiatives.
Event 11: 01/06/2011	Tranche 2 amendments proclaimed primarily relating to the prescribing of principles and the codes of practice by the IGA, a strengthened Social Effect test and the introduction of expiation fees for breaches of mandatory code of practice provisions. Responsible Gambling and Advertising Codes of Practice amended.
Event 12: 01/07/2011	Tranche 3 amendments proclaimed primarily relating to the role of the State Procurement Board in the administration of the Gaming Machines Act being abolished, the introduction of a new system for the trading of gaming machine entitlements and amended annual reporting requirements.
Event 13: 12/07/2012	The <i>Statutes Amendment (Criminal Intelligence) Act 2012</i> provides for the amendment of criminal intelligence provisions in various Acts so that they are consistent and conform to the model upheld as constitutionally valid by the High Court.
Event 14: 09/12/2012	Remaining amendments proclaimed relating to periods when gaming operations are not allowed to be conducted unless the gambling provider has entered into an RGA, and mandatory licence conditions for venues trading after 2am.
Event 15: 17/06/2013	Directors' liability has been removed for offences committed by a body corporate against the Gaming Regulations. These amendments clarify that the regulation making power exists to enable the Gaming Regulations to impose such liability should that be considered appropriate in particular cases.

10. APPROVED TRADING SYSTEM FOR GAMING MACHINE ENTITLEMENTS

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

During 2012–13, the following trading rounds were conducted—

Trading Round 2/2012

On 8 November 2012, I announced the establishment of a trading round for the purchase or sale of gaming machine entitlements (known as Trading Round 2/2012) by publishing a notice to this effect in the South Australian Government Gazette (p. 4922).

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

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

The closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Friday 21 December 2012 at 5.00pm.

The official trade of entitlements (the Trading Day) was conducted on 31 January 2013, being the date that offers regarded as accepted for the trading round were determined and the amount of the Purchaser Price (ie the amount that purchasers paid) and Vendor Price (ie the amount that sellers were paid) were established.

The key outcomes of Trading Round 2/2012 were—

- ◆ a Purchaser Price of \$60,000.00 (plus GST);
- ◆ a Vendor Price of \$45,000.00 (plus GST);
- ◆ 101 gaming machine entitlements were sold by 11 profit organisations;
- ◆ 15 gaming machine entitlements were sold by four non-profit associations;
- ◆ 26 gaming machine entitlements were cancelled (being every fourth entitlement sold by profit organisations plus one entitlement sold but not vested in purchasers or Club One);
- ◆ three gaming machine entitlements were transferred to Club One (being every fourth entitlement sold by non-profit associations); and
- ◆ 87 gaming machine entitlements were allocated to new venues.

The Gaming Regulations require that any remainder of gaming machine entitlements sold by non-profit associations in a trading round (ie after dividing the number sold by four) is to be carried over and taken into account in future trading rounds as if they had been sold in that trading round by non-profit associations. Accordingly, the remainder, after dividing the number of entitlements sold by non-profit associations by four, was three. This remainder was therefore carried over to be taken into account in the next trading round for the purposes of determining the number of entitlements sold by non-profit associations.

Further, the Gaming Regulations require that any difference between the aggregate of the amounts paid by purchasers and the aggregate of the amounts paid to vendors for

gaming machine entitlements sold in the trading round should be paid as commission into the Gamblers Rehabilitation Fund (GRF). For Trading Round 2/2012, there was no difference to be paid as commission to the GRF.

As a result of Trading Round 2/2012, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 12 887 to 12 861.

My office prepared a review of the conduct and outcome of Trading Round 2/2012. A copy of this report was previously provided to the Authority and is published on the CBS website.

Reconciliation of cancelled entitlements

In Trading Round 2/2012, 101 entitlements were sold by profit organisations. In accordance with the Gaming Regulations, 25 were cancelled (ie one entitlement in every four). The remaining entitlement was sold but not vested in purchasers or Club One, and was therefore cancelled in accordance with Regulation 5I(2) of the Gaming Regulations.

However, on review, it appears that this entitlement should have remained available to be vested in Club One in a subsequent trading round.

Accordingly, I re-instated this entitlement on 12 June 2013 with the effect that, as at the commencement of Trading Round 3/2013, the number of gaming machines that could be operated in South Australia was 12 862.

Trading Round 3/2013

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

While the Casino will need to participate in future trading rounds to secure additional gaming machine entitlements to allow for the operation of any additional gaming machines, legislation is yet to be proclaimed which would allow the Casino to participate in a trading round.

On 28 March 2013, I announced the establishment of Trading Round 3/2013 by publishing a notice to this effect in the South Australian Government Gazette (p897).

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

The closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Friday 10 May 2013 at 5.00pm. The official trade of entitlements (Trading Day) was conducted on 13 June 2013.

The key outcomes of Trading Round 3/2013 were—

- ◆ a Purchaser Price of \$51,916.67 (plus GST);
- ◆ a Vendor Price of \$38,937.50 (plus GST);
- ◆ 24 gaming machine entitlements were sold by four profit organisations;
- ◆ 36 gaming machine entitlements were taken to have been sold by non-profit associations (comprising 33 sold in this trading round by five non-profit associations and three being the remainder carried over from the previous trading round);
- ◆ six gaming machine entitlements were cancelled (being every fourth entitlement sold by profit organisations);
- ◆ nine gaming machine entitlements were transferred to Club One (being every fourth entitlement taken to have been sold by non-profit associations including one entitlement which remained available from the previous round);
- ◆ 43 gaming machine entitlements were allocated to new venues; and
- ◆ commission of \$14,277.25 payable to the Gamblers Rehabilitation Fund.

The number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, has reduced from 12 862 to 12 856.

A post implementation review of the conduct of Trading Round 3/2013 is being prepared and will be provided to the Authority and published on the CBS website, when available.

Results of Trading Rounds

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

Trading Round	1/2012	2/2012	3/2013
Trading Day	14/06/2012	31/01/2013	13/06/2013
Total number of entitlements held prior to Trading Round	12 900	12 887	12 862
Offers to sell	472	429	311
Offers to purchase	96	94	45
Entitlements sold by profit organisations	53	101	24
Entitlements sold by non-profit organisations	28	15	33
Entitlements purchased	61	87	43
Entitlements cancelled	13	25	6
Entitlements transferred to Club One	7	3	9
Vendor Price (plus GST)	\$54,472.73	\$45,000.00	\$38,937.50

Trading Round	1/2012	2/2012	3/2013
Purchaser Price (plus GST)	\$72,630.30	\$60,000.00	\$51,916.67
Commission paid into the Gamblers Rehabilitation Fund	\$19,972.89	\$0.00	\$14,277.25
Total entitlements held after Trading Round	12 887	12 862	12 856
Entitlements to be cancelled to meet statutory objective	801	776	770

11. ADMINISTRATIVE MATTERS

During 2012–13, CBS processed in excess of 25 700 applications for licences and miscellaneous approvals across liquor and gambling legislation. Over 4 300 gaming, Casino and wagering applications were processed, as detailed below.

11.1 Gaming Machines

All gaming applications processed during 2012–13 are shown below—

Application Type	2012–13
Applications—new licences	1
Applications—licence transfers	28
Applications—general	1075
Applications—game approvals	22
Applications—gaming machine approvals	13
Applications—person approvals	2 389

11.1.1 Applications for person approvals

During 2012–13, a total of 2 549 applications were lodged by licensees seeking approval of persons under the Gaming Machines Act. Including applications outstanding from 2012–13, 2 389 applications have been processed as at 30 June 2013.

11.1.2 Destruction of gaming machines

As a result of a fire on the premises, I approved the suspension of the liquor and gaming licences at a metropolitan hotel in September 2012. The licensee lodged applications to redefine the licensed premises, vary the gaming layout and dispose of the damaged gaming machines to enable them to trade in the original hotel building (which was separate from the fire damaged buildings).

On 18 September 2012, under Schedule 1(b) of the Gaming Machines Act, I granted approval for the hotel to destroy 33 fire damaged gaming machines. A Statutory Declaration attesting to the destruction of the gaming machines was provided by the licensee.

Following an inspection of the proposed premises and approval of relevant applications, 33 new gaming machines were installed, and trading recommenced after the licence suspensions were lifted in October 2012.

11.2 Casino

Application Type	2012–13
Applications—approvals, variations to procedures, etc	185
Applications—game approvals	89
Applications—gaming machine approvals	27
Applications—person approvals	266

11.2.1 Casino expansion

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

- ◆ 1,500 gaming machines (up from 995);
- ◆ 200 gaming tables (up from 90);
- ◆ a 6-star boutique hotel;
- ◆ an extension of the Casino licence exclusivity agreement until 2035; and
- ◆ account based cashless gaming.

The Casino will participate in future trading rounds to secure the gaming machine entitlements required to operate the additional 505 gaming machines. Proposed legislative amendments will allow this to occur in 2013–14 trading rounds.

11.3 Wagering

All wagering applications processed during 2012–13 are shown below—

Application Type	2012–13
Applications—licences	2
Applications—bookmaker permits	207
SA TAB System Modifications	57

11.3.1 Bookmaker and Bookmaker Agent Licences

- ◆ In November 2012, in line with the Government’s policy of red tape reduction, I determined that—
 - ◆ the term of new and renewal bookmaker and bookmaker agent licences be extended to a period of up to three years with an expiry date of 31 December; and
 - ◆ the condition on all bookmaker licences requiring the provision of an annual financial statement as at 30 June each year, be revoked. The ‘Bookmaker Financial Statement’ is a comprehensive statement of a bookmaker’s financial position requiring considerable time on the part of the bookmaker to complete and for CBS staff to evaluate. No bookmaker has ever had a licence renewal refused as a result of the information provided in this annual statement. Under section 64 of the Authorised Betting Operations Act, I have the necessary powers to obtain all relevant financial information from bookmakers as part of a random and/or scheduled financial audit assessment.

- ◆ In December 2012, I approved licence renewals for 22 bookmakers and 70 bookmaker agents. These licences expire on 31 December 2015. Eight of these bookmakers are also authorised to conduct telephone betting.
- ◆ The following bookmakers did not submit applications for licence renewal—
 - ◆ J D Pope; and
 - ◆ M J Bigham.
- ◆ I note the death of bookmaker Stephen Machin who passed away in January 2013.

11.3.2 Bookmaker Permits

Annual Permits

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

In 2012–13, 143 annual permits were issued for the period 1 April 2013 to 31 March 2014 to 17 bookmakers to attend meetings conducted by 37 racing clubs. Further permits are issued on an ad hoc basis when necessary (ie special events or feature race meetings).

Permits—Melbourne Cup and Adelaide Cup

- ◆ In accordance with the Approved Licensing Agreement between the South Australian Government and SA TAB, I granted permits for bookmakers to attend Melbourne Cup functions at eight licensed premises on 6 November 2012. An application for a permit for one function was refused as there was an existing SA TAB agency in the licensed premises.
- ◆ The South Australian Jockey Club (SAJC) advised CBS that, in addition to the existing eight bookmakers who hold annual permits for Morphettville Race Course, a further five bookmakers were required for the Adelaide Cup race meeting in March 2013. After consultation with SAJC, permits were issued to five bookmakers, and letters sent to the unsuccessful applicants. The unsuccessful applicants appealed the decision to the Authority, and following a hearing on 5 March 2013, the Authority confirmed the decision to refuse the applications. Subsequently, the bookmakers and the SAJC came to an agreement and accordingly, permits were issued to three of these bookmakers.

12. MINISTERIAL DIRECTION

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

- ◆ SA TAB to offer fixed odds betting at race courses; and

- ◆ bookmakers to apply for a permit to accept bets by telephone at a place other than a race course on any day other than Good Friday and Christmas Day.

12.1 Fixed Odds Betting

As a result of the Ministerial Direction, in October 2013, the Authority granted approval for SA TAB to establish an office, branch or agency at 34 race courses throughout South Australia. This approval facilitated the offering of fixed odds betting by SA TAB at the approved race courses.

12.2 24 Hour Phone Betting Permit

As a result of the Ministerial Direction, permits to conduct 24 hour phone betting from their places of residence were issued in December 2012 for the period 13 December 2012 to 12 June 2013 to the following bookmakers—

- ◆ E V Seal; and
- ◆ W R Barrington

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

Further, in May 2013, permits to conduct 24 hour phone betting from their places of residence were issued to the same two bookmakers for the period 13 June 2013 to 12 December 2013.

Appendix C: Activities and disclosures—continued

APPENDIX C

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1. THE AUTHORITY'S BOARD

1.1 Composition of the Authority

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

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

Appendix C: Activities and disclosures—continued

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

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

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

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

Penny Kaempf is a practising lawyer in Adelaide.

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

Eve Barratt is the chief executive of Lifeline South East.

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

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

William Rex Jory: appointed from 24 March 2005; Mr Jory's appointment expired on 23 March 2013.

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

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

Adrian Tisato is a practising lawyer in Adelaide.

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

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

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

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

1.2 Remuneration of Authority members

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

The allowances applying as at the reporting date are—

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

Appendix C: Activities and disclosures—continued

1.3 Meetings of the Authority

Under section 12 of the IGA Act, the presiding member (or deputy) and 3 other members constitute a quorum of the Authority.

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

<i>Member</i>	<i>Attended</i>	<i>Eligible to attend</i>
Alan Moss	9	10
Penny Kaempf	9	10
Eve Barratt	1	2
Amanda Blair	10	10
Rex Jory	6	7
Adrian Tisato	9	10
Margaret Wallace	9	10
Jim Wright	9	10

1.4 Committees of the Authority

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

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

The Committees active during the reporting period were—

Regulation Committee

Convener: Mr Jory;

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

Responsible Gambling Committee

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

Audit Committee

Convener: Mr Wright;

Committee members: Mr Jory and Ms Kaempf.

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

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

Appendix C: Activities and disclosures—continued

2. THE AUTHORITY'S STAFF

2.1 Staff

The Authority is supported by a small office.

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

The key staff statistics, as at 30 June 2013 for the reporting period, are—

- ◆ there were 12 staff regularly employed in the office—one executive officer (male), 6 non-executive full-time staff (5 female), 1 non-executive part-time staff (female) and 3 casual staff (2 female and 1 male);
- ◆ none of the staff has identified as of Aboriginal or Torres Strait Islander background;
- ◆ one staff member was on placement in the Revenue and Economics Branch of the Department of Treasury and Finance for the whole reporting period;
- ◆ one staff member was on maternity leave for 6 months during the reporting period;
- ◆ of the full-time staff, 3 were on-going employees, 1 were on a long term contract (greater than two years), 8 were on a short term contract (less than 2 years);
- ◆ as to staff age, 2 persons were in the bracket 25–29 years, 1 persons was in the bracket 30–34 years, 4 person in the bracket 40–44 years, 3 persons were in the bracket 50–54 years, 1 person was in the bracket 55–59 years; and 1 in the bracket 60–64;
- ◆ three staff were paid in the \$51 600–\$65 699 salary range, five in the \$65 700–\$84 099 (full time) salary range, three in the \$84 100–\$106 199 salary range, and one in the \$106 200+ 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—32.96 days;
- ◆ family carer leave—6.5 days; and
- ◆ miscellaneous special leave—176.4 days.

Appendix C: Activities and disclosures—continued

2.4 *Voluntary flexible working arrangements*

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

2.5 *Equal employment opportunity*

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

2.6 *Occupational health and safety*

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

2.7 *Disability action*

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

3. SERVICE LEVEL AGREEMENT WITH DTF

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

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

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

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

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

Appendix C: Activities and disclosures—continued

4. DISCLOSURES

4.1 Contractual arrangements

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

4.2 Account payment performance

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

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	307	98	228	87
Paid within 30 days or less from the due date	7	2	34	13
Total	314	100	262	100

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

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

4.3 Fraud

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

4.4 Overseas travel

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

<i>No. of employees</i>	<i>Destination</i>	<i>Reason for travel</i>	<i>Amount</i>
2	Singapore	To attend the annual conference of the International Association of Gaming Regulators, 21–24 October 2012.	\$5 972.26

The Director and Assistant Director attended the conference, along with three members fully funded by the Authority and one member for whom no travelling expense was incurred. The aggregate cost was \$18 568.85.

The Authority contributed to the cost of two members travelling to New Zealand to inspect the Auckland Casino. The net cost to the Authority was \$869.48.

Appendix C: Activities and disclosures—continued

4.5 Consultants

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

<i>Consultant</i>	<i>Purpose of consultancy</i>	<i>Number</i>	<i>Amount (\$'000s)</i>
Value below \$10 000			
April Cooper	Assessment of training programs		
Professor Jan McMillen	Assessment of training programs		
Warner and Associates	Assessment of venue compliance		
Subtotal		3	11
Value \$10 000 to \$50 000			
None			
Subtotal		0	0
Value above \$50 000			
None			
Subtotal		0	0
Totals		3	11

4.6 Freedom of information

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

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

5. REGULATORY ACTIVITIES—CASINO

5.1 Overview

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

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

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

Appendix C: Activities and disclosures—continued

5.2 Statutory defaults and disciplinary action

Casino statutory default action by the Authority is dealt with in the main part of the report (on page 24). It is also mentioned by the Liquor and Gambling Commissioner in his report in Appendix B (at page 81).

5.3 General power of the Authority to issue directions

Section 47 of the Casino Act allows the Authority to give directions to the licensee about any aspect of the management, supervision and control of the casino.

Throughout the reporting period, one such direction was in force under this provision concerning the barring of excessive gamblers from the casino under the voluntary barring provisions of section 15B of the IGA Act. The direction requires the licensee to take reasonable steps—

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

5.4 Reviews and regulatory approvals

Section 65 of the Casino Act allows a person unhappy with any decision of the Liquor and Gambling Commissioner to have that decision reviewed, on the merits, by the Authority.

In the case of decisions to refuse authorisation of games, section 65 allows the licensee to obtain a review.

The Authority received 3 applications for the review of decisions to refuse authorisation of casino games. All the applications were withdrawn prior to hearing.

5.5 Barrings and reviews

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

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

During the reporting period, the Authority received two applications for review. Both of these applications proceeded to a pre-hearing conference. One application was withdrawn and the other application was reviewed by the board and a decision was made to vary the barring period.

Appendix C: Activities and disclosures—continued

5.6 *Approval of suitable persons and review of decisions*

Section 30 of the Casino Act requires Skycity Adelaide to apply to the Commissioner for approval of a person as a suitable person to work in sensitive positions. The Commissioner has discretionary powers with respect to such applications and is not required to give reasons for refusing an application.

There were no applications for review in the reporting period.

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

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

There were no applications for approval of persons in a position of significant influence during the reporting period.

5.8 *Approval of amendments to the approved licensing agreement*

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

5.9 *Request for casino boundary redefinition*

Skycity Adelaide requested that the Authority recommend to the Governor that the casino boundaries be redefined. The proposed redefinition excises the staff entrance and the areas known as the North Loft and Boardroom. The redefinition is a contraction of the present casino boundaries and the Liquor and Gambling Commissioner has raised no objection.

The redefinition will ensure that Skycity has areas within its tenancy where its staff can hold meetings which may involve people who by law must not enter a casino—principally children and barred people. It is expected that the redefinition will be approved in the second half of 2103.

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

Appendix C: Activities and disclosures—continued

gaming equipment—these licences are held by gaming machine manufacturers and their agents;

- (c) **Gaming machine monitor licence**—which authorises the licensee to provide and operate an approved computer system for monitoring the operation of all gaming machines operated pursuant to gaming machine licences—this licence is held by Independent Gaming Corporation Limited, a company owned by the hotel and club industries; and
- (d) **Gaming machine service licence**—which authorises the licensee to install, service and repair approved gaming machines, prescribed gaming machine components and gaming equipment—Bytecrafft Pty Ltd (a Tatts Group company) and 20 affiliates hold service licences.

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

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

6.2 *General power of the Authority to issue directions*

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

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

The direction requires licensees to take reasonable steps—

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

7. REGULATORY ACTIVITIES—WAGERING

7.1 *Overview*

The Authorised Betting Operations Act provides for:

- ◆ one **major betting operations** licence granted by the Governor on the recommendation of the Authority, allowing for the conduct, in respect of races and approved contingencies, of off-course totalisator betting and other betting operations subject to the Act and the terms of an approved licensing agreement between the licensee and the Minister (which agreement also requires the approval of the Authority);
- ◆ a number of **on-course totalisator betting** licences granted by the Authority, allowing for the conduct of races and for the conduct of a totalisator on races;

Appendix C: Activities and disclosures—continued

- ◆ a number of licences for **bookmakers and agents of bookmakers** granted by the Liquor and Gambling Commissioner, allowing for the acceptance of bets at fixed odds on races and approved contingencies, subject to the relevant bookmaker principal holding a permit granted by the Commissioner; and
- ◆ the authorisation of **interstate betting operators** who hold an interstate betting licence to conduct betting operations in South Australia by telephone, internet or other electronic means.

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

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

7.2 Major betting operations licence (SA TAB)

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

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

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

Under section 42 of the Authorised Betting Operations Act, it is a condition of SA TAB's licence that it obtain the approval of the Authority for the establishment of any new office, branch or agency. The Authority received three applications during the reporting period. The applications related to a temporary outlet at the Adelaide Entertainment Centre for the Melbourne Cup, the establishment of a ClubTAB facility at the Morphettville Junction, and an application for agency outlets at 34 additional locations all of which were racecourses, to enable fixed odds betting to be offered on-course.

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

7.3 Licensing of racing clubs

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

Appendix C: Activities and disclosures—continued

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

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

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

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

Each of the 3 racing controlling authorities holds an on-course totalisator betting licence and, as at 30 June 2013, 40 licensed racing clubs had arrangements in place with their respective racing controlling authorities for the management of the racing product and provision of wagering services. Acting in this formal way, to centralise the legal responsibility for their racing and on-course wagering products, is consistent with regulating for risk and has relieved individual club committees of significant compliance burdens. Two clubs chose to retain legal responsibility for their racing product.

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

Thoroughbred Racing SA Limited [*racing controlling authority*]

Balaklava Racing Club Inc
Bordertown Racing Club Inc
Ceduna Racing Club Inc
Clare Valley Racing Club Inc
Gawler and Barossa Jockey Club Inc
Hawker Racing Club Inc
Jamestown Racing Club Inc
Kangaroo Island Racing Club Inc
Lock Racing Club Inc
Millicent Racing Club Inc
Mindarie-Halidon Racing Club Inc
Mount Gambier Racing Club Inc
The Murray Bridge Racing Club Inc
Naracoorte Racing Club Inc
Oakbank Racing Club Inc
Penola Racing Club Inc
Penong Racing Club Inc
Port Augusta Racing Club Inc
Port Lincoln Racing Club Inc
Quorn Jockey Club Inc
Roxby Downs and Districts Racing Club Inc
South Australian Jockey Club Inc [*retains legal responsibility for its racing product*]
Strathalbyn Racing Club Inc

Streaky Bay Racing Club Inc

Harness Racing SA Limited [*racing controlling authority*]

Franklin Harbor Harness Racing Club Inc
Gawler Harness Racing Club Inc
Kapunda Harness Racing Club Inc
Kimba Harness Racing Club Inc
Mount Gambier Harness Racing Club Inc
Port Augusta Harness Racing Inc
Port Pirie Harness Racing Club Inc
South Australian Harness Racing Club
Incorporated [*retains legal responsibility for its racing product*]
Strathalbyn Harness Racing Club Inc
Victor Harbor Harness Racing Club Inc
Whyalla Racing and Harness Racing Club Inc
Yorke Peninsula Harness Racing Club Inc
Greyhound Racing SA Limited [*racing controlling authority*]
S.A. Greyhound Owners, Trainers & Breeders Association Coursing Club Inc
Mt Gambier Greyhound and Coursing Club Inc
Port Augusta and District Greyhound Club Inc
Riverland Greyhound Racing Club Inc
Southern Greyhound Raceway Inc
Whyalla Greyhound Racing Club Inc

Appendix C: Activities and disclosures—continued

7.4 *Licensing of bookmakers and their agents*

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

The Authority has power to review a decision of the Liquor and Gambling Commissioner in accordance with section 77 of the Authorised Betting Operations Act 2000. During the reporting period the Authority received applications from 4 licensed bookmakers seeking a review of the Commissioner's decision to refuse them permit applications to stand at Morphettville Racecourse on 11 March 2013, the Adelaide Cup Day race meeting. The Authority determined to hear all 4 matters together and the hearing was held on 5 March 2013. The Authority refused all 4 applications.

Subsequent to the decision, and prior to the race day, the SAJC engaged in discussions with the applicants with a view to providing them with an opportunity to field on Cup Day subject to committing to meet specific criteria in the coming year.

The Authority received a complaint concerning the operation of the on-course totalisator at Angle Park racecourse. The matter arose from a decision made by an agent of the relevant licensed racing club during the race meeting to decline to cancel and refund a bet of \$60 made by the complainant on a greyhound race in August 2012. The Authority heard the matter in October 2013 and determined that the licensee had not been at fault and therefore declined to intervene in this matter.

7.5 *Authorisation of interstate betting operators*

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

The Authority has an ongoing concern about regulatory compliance—particularly with the advertising code of practice—and closely monitored advertising during major sporting events.

During the reporting period a statutory default was committed by Eskander's Betstar for non-compliant advertising—no formal action was taken by the Authority subject to the receipt of an offer made by Betstar to pay \$2 000 as a donation to a gambling help service in South Australia.

A complaint was also received concerning the activities of Topbetta Pty Ltd during the Oakbank races in April 2013. The matter was considered by the Authority during the reporting period and Topbetta was invited to expiate a possible statutory default.

The Authority received applications from Tabcorp Holdings Ltd and Sportingbet Australia Pty Ltd for dispensation from the advertising code of practice. In both cases the dispensation sought was with respect to particular advertising on subscription television during the television blackout period required by clause 4 of the Code. The Authority granted the dispensations.

The Authority has continued to encounter poor performance by a number of authorised interstate betting operators in their compliance with annual return requirements. The regulatory burden of operating in South Australia is not high, and the Authority has consciously sought to limit the demands made of authorised interstate betting operators.

Appendix C: Activities and disclosures—continued

The Authority is concerned that there is a degree of indifference to the regulatory regime by some of the interstate bookmakers.

The Authority took a graduated approach to obtaining the annual returns, offering reminders and issuing default notices only when other reasonable attempts to obtain compliance had been undertaken. In the reporting period, Eskander’s Betstar failed to lodge a complete return—this matter is currently being pursued by the Authority.

During the course of the reporting period, the licence of one authorised interstate betting operator expired and the Authority received one notice of intention to conduct betting operations in South Australia. Tabcorp Holdings Limited had held the exclusive Victorian wagering licence since 1994. Following the expiry of that licence in August 2012, Tabcorp Wagering (Vic) Pty Ltd was granted an exclusive betting and wagering licence. Tabcorp Holdings is the parent company of Tabcorp Wagering. In April 2013, Tabcorp Wagering gave notice to the Authority in accordance with section 40A of the Authorised Betting Operations Act.

As at 30 June 2013, there were 26 authorised interstate betting operators, as follows.

ACT TAB Limited	Racing and Wagering Western Australia
Betchoice Corporation Pty Ltd	Sportingbet Pty Ltd
Betezy.Com.Au Pty Ltd	Sportsbet Pty Ltd
Betfair Pty Ltd	Sportsbetting.com.au Pty Ltd
Networks	Sports Alive Pty Ltd [<i>under external administration</i>]
Bookmaker.com.au Pty Ltd	Tab Limited
Centrebet Pty Ltd	Tabcorp Wagering(Vic) Pty Ltd
Cricketbet	TattsBet Limited
Eskander’s Betstar Pty Ltd	Tom Waterhouse
Hillside (Australia New Media) Pty Ltd	Tom Waterhouse NT Pty Ltd
Luxbet Pty Ltd	Topbetta Pty Ltd
Merlehan Bookmaking Pty Ltd	Tote Tasmania Pty Ltd
NT TAB Pty Ltd (CentreRacing)	
Placeabet	

7.6 Approval of contingencies

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

During the reporting period, the Authority approved contingencies to allow bookmaker betting operations to be conducted on the picnic races at Innamincka in August 2012 and Marree in June 2013.

The Authority also approved the contingency “First 3–Aggregate Entrant’s Numbers” allowing SA TAB to take bets on a race that the sum of the first, second and third placegetters numbers will fall in a particular range.

The Authority has also received a number of applications for the approval of new contingencies, consideration of which will be finalised after the reporting period—these were for betting on papal elections, Federal and State elections, interest rates and the stock market.

7.7 *Rule-making*

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

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

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

8. REGULATORY ACTIVITIES—PROPRIETARY RACING

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

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

An applicant for a proprietary racing business licence, and all of its close associates, would need to be investigated, and found suitable, by the Authority prior to being licensed.

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

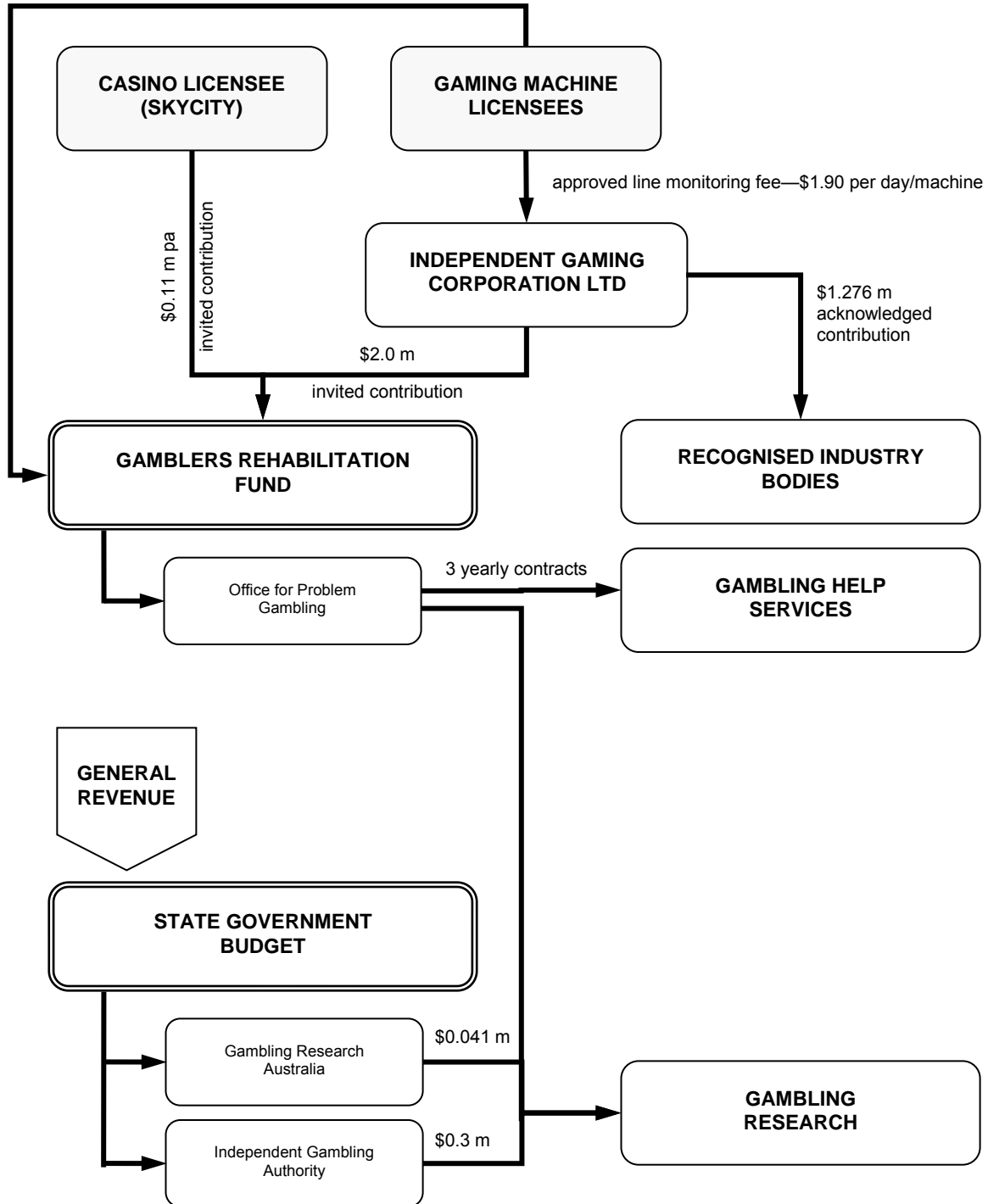
In past periods, the Authority and the Office for Recreation and Sport (the public sector unit supporting the Minister for Recreation and Sport on proprietary racing issues) have had occasional contact from parties interested in establishing proprietary racing businesses. The Authority has not had any such contact in the reporting period and is unaware of any such contact being made with the Office of Recreation and Sport.

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

APPENDIX D

Funding for responsible gambling and harm minimisation

\$3.845 m of gaming tax hypothecated to GRF





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