



**Independent Gambling Authority**

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**Annual Report 2014–15**

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**Volume 1**

**General and financial**

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30 September 2015

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Dear Ministers

It is with pleasure that I submit the annual report of the Independent Gambling Authority for the period 1 July 2014–30 June 2015 in satisfaction of the annual reporting requirements of section 19 of the *Independent Gambling Authority Act 1995* and—

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

Yours sincerely  
ALAN MOSS  
Presiding Member

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## The year in review

## The year in prospect

### Presiding member's report

Key themes in last year's activity continued to dominate the Authority's agenda throughout 2014–15. The new casino arrangements, the new barring scheme and the implementation of reforms from the Government's 2013 legislative package provided substantial work for the Authority, at both board and management levels.

This year marks the 30th anniversary of casino regulation in South Australia and it seems appropriate that the new licensing arrangements for the Adelaide Casino, which took up much of the Authority's attention last year, have continued to remain high on the Authority's agenda. In last year's report, I remarked that settling on the thresholds to qualify a South Australian as a "premium customer" had been the hardest decision of the year. Local premium play complements Skycity's international strategy which, in turn, underpins the business case for the proposed expansion of the casino site that the new licensing arrangements sought to facilitate.

The new licensing arrangements anticipated that, by now, Skycity would have commenced the expansion. (Indeed, if the expansion is not completed by 2019, many of the new arrangements will lapse.) However, after the initial period of operation of the new licensing arrangements (including a year of refurbishing areas of the existing premises as premium gaming areas and investing in technology), the business outcomes—as publicly disclosed by Skycity—have been disappointing. In common with other State agencies, the Authority has extensively engaged with Skycity about the way the new arrangements are working and has worked to find solutions consistent with the original bargain struck for the extension of exclusivity and the availability of premium gaming.

The Authority has varied the responsible gambling code of practice for the Adelaide Casino to allow the service of liquor at gaming machines and automated table games in premium gaming areas, to remove what was seen as an obstacle to attracting and retaining premium local and interstate business.

While the Authority is supportive of the expansion proposed by Skycity and of the Government's regulatory approach to facilitate it, the Authority understands that the associated business risk is substantial,

with the capital commitment being in the range \$250–300 million. If the expansion proceeds, it is very important that it be successful, and this requires Skycity to be very sure. While it would be disappointing for there to be no expansion, this would be much preferable to a failed expansion.

On the question of the premium customer test, the core \$12 000 threshold in operation has not given rise to remarkable issues of problem gambling.

As detailed in the body of this report, and as I mentioned last year, implementation of the expanded barring scheme was to have been aided by a new system. Parts of this system were available to the Authority's external stakeholders on 1 July 2014, but the bulk of the office system was not delivered until March this year and was still the subject of bug-fixes at year end. While this has not prevented problem gamblers from having access to barring, both from venues and also by coming directly to the Authority, some things have taken longer than they should have and the inevitable process of education about the new arrangements has been more fraught than it might have been.

At year-end, the system development process is nearing completion and the operational processes are working smoothly. The journey has been aided by continuing assistance from Club Safe and Gaming Care in the field, for which the Authority is grateful.

Implementation has also tested some of the assumptions made for the way the new scheme intended a venue-level barring to be the first step on a path to comprehensive gambling help being provided. It was assumed that, having taken a positive first step in requesting barring from a venue, people would be eager to take further steps. In practice some of them have proven difficult to contact and not necessarily open to the next steps. The Authority's practices have adapted to address this, and expectations of good outcomes have been adjusted in turn.

Despite the difficulties, and the additional demands placed on the Authority's administration team, we now have a situation where venues enjoy immediate access to the central database and the ability to notify both barrings and breaches of barring orders online. In addition, the gaming industry has obtained the great benefit of the online employee notification facility built into the Authority's system. (This implementation of legislative change has meant that new employees can start work immediately, rather than await an approval in writing.)

The 2013 legislative package anticipated major change to the structure of training for casino and gaming employees around the notions of basic and advanced training.

Prior to 1 July 2014, the training requirements for gaming staff were able to be satisfied by them undertaking courses provided by an RTO (registered training organisation) and there were two nationally accredited courses which generally met the criteria. Similarly, the training requirements for casino staff could be satisfied through Skycity’s comprehensive in-house training. With the enhancements to regulation in the 2013 legislative package, the two nationally accredited courses were no longer adequate to ensure that staff were fully across the requirements.

In 2013, the Authority had prescribed the criteria for the approval of new training courses, which addressed not only the content of the training but also the method of delivery. Developed with external expert assistance, the criteria build upon the structures in place in the federally regulated VET (Vocational Education and Training) sector, and the process of application for recognition of the training courses is designed to ensure that the mandated training reflects the latest thinking in the VET sector.

Not only is this good for the licensees and those whom gambling regulation is designed to protect, it is also good for the employees who are receiving the training. (The new basic and advanced courses were prescribed to ensure that anyone completing them could also claim to have completed the two nationally accredited courses.)

The Authority’s staff and the external expert worked closely with the initial applicants to help them understand not only what new content was required, but also how the Authority needed the work to be documented to be certain that the right content would be delivered in the best possible way. This was a learning experience on both sides but, by the end of the reporting period, there were multiple courses from which licensees and their staff may select.

The industry is also well on track to meet a target which will ensure that 90% of employees have received new training by the end of March 2016.

One significant piece of internal awareness raising for the board was a visit from the Chief Psychiatrist, Dr Peter Tyllis, to talk to the Authority about the State’s approach to suicide prevention and how local initiatives are integrated into the national model. Suicide is often mentioned in company with problem gambling and the Authority drew many parallels between the

two issues. In particular, as Dr Tyllis explained, one of the great impediments to addressing it is people’s discomfort in talking—or stigma—about suicide and about their own mental health.

While the playing of gaming machines remains the major form of gambling in South Australia, and by definition the greatest potential source of harm from problem gambling, the greatest regulatory challenge is in wagering at the point of competition between SA TAB (or, as it has become known, Ubet SA) and the authorised interstate betting operators which deal with South Australians by telephone and over the internet.

Through the mandatory advertising and responsible gambling codes of practice, the Authority has sought to temper the very heavy marketing of the interstate operators’ products—through prescription of the mandatory warning message, through banning “free” bets and other inducements, and through mandating and requiring the promotion of pre-commitment.

It is one thing to have good rules, but entirely another to obtain good practice. In this period, the Authority invested in compliance work through an externally commissioned review of gambling providers’ websites. The results showed that there is indeed a gap between what the operators should be doing and what they are; an initial round of statutory default action completed in the reporting period should narrow that gap and the Authority will continue to push the interstate operators to meet South Australia’s standards.

Of course, the interstate operators are pursuing a national market. Compliance with rules which change at State and Territory borders can be testing when the point of sale is the customer’s own handheld device. The Authority has worked towards flexible models of regulation which can accommodate the realities of national markets and national marketing. During the reporting period, dispensations were granted and management plans accepted to allow different, but equivalent, regulatory outcomes which worked for the community and with which the operators could work.

In addition, the Authority varied the codes of practice to enable more things to be covered by a management plan, including allowing operators to broadcast responsible gambling advertising in lieu of applying the 25% rule with regard to the size of the mandatory warning message. In cooperation with the Office for Problem Gambling, the parameters for the first such advertisements have been put in place.

The Authority has been asked for a number of dispensations from the “family time” provisions of the

advertising codes. These prohibit gambling advertising between 4.00 and 7.30pm weekdays—without exception. The Authority remains of the view, first articulated in 2004, that here should be the time of day when families can watch television together without the intrusion of gambling.

Dispensations have been granted for sporting programs in those times on subscription television, noting the close links between some gambling providers and some sports—which make it sensible to expect gambling advertising when selecting a particular sporting channel. However, the Authority has limited this to sporting programming and remains committed to the blackout for general programming, particularly on free-to-air television.

The “family time” blackout, and the “live odds” bans in the codes of practice are examples of State-based action being viable even when dealing with a national market of which South Australia is only a small part. These initiatives have been successful because they have reflected a genuine regulatory need for the protection of our South Australian community.

One area where State-based action is not possible is in the arena of internet casinos, which are prohibited by Federal interactive gambling laws but which (despite being unable to advertise) continue to be available in the community. This is an area where, respectfully, the Authority believes more could be achieved if the official policy in those Federal laws were different and the Authority urges the State to pursue this with the Federal authorities.

This June, the Authority bade farewell to Member Jim Wright, who had been a dedicated and thoughtful contributor to its proceedings for 5½ years. Jim brought with him a wealth of knowledge and experience from over a decade as the head of the State Treasury, following a distinguished career in the Federal Public Service. Jim chaired the Audit Committee—never a glamorous task—but was also always there to ask the right question (although he often asserted that it might be the wrong question), adding balance at the board table and improving our decision making in the process. We will miss him, and we wish him well in his further retirement.

In July, the board welcomed Joe Ullianich, the recently retired chief financial officer of the Department for Communities and Social Inclusion, who has been appointed to fill the vacancy arising on Jim Wright’s retirement.

Acute readers of the Authority’s annual reports will note that a new format has been adopted this year—it being over a decade since the previous form started its evolution. By this, the Authority is aspiring for this report to tell more about the regulated commercial gambling industries and how the Authority approaches them.

As to the year in prospect, the Authority has a key date in November 2015 to hear from its stakeholders about the opportunities for technology to help predict problem gambling through analysis of loyalty data and about the need for reform to credit betting arrangements. The 2015–16 period will also see the commencement of research analysing the casino automated risk monitoring system and identifying whether there are specific, different needs for regulation of wagering products, as distinct from gaming.

The Authority will also be commencing a statutory 5-year review of the social effect inquiry process and principles.

These policy focused initiatives, along with the continuing implementation of the new barring arrangements and the new casino licensing arrangements, will undoubtedly keep the board and its staff busy.

In conclusion, on behalf of the board, I thank the Authority’s Director and the small team that makes up the Authority’s office. Their work is demanding both in terms of time pressures and the breadth of the issues they cover. Nonetheless, the Authority always finds itself well briefed and supported.

ALAN MOSS  
Presiding Member

## How the Authority approaches its work

### The Authority in the regulatory landscape

Since the first licensing of a casino in South Australia 30 years ago, the arrangements put in place by Parliament have divided responsibility for the licensed gambling industry between the Executive Government, an independent board and a statutory officer.

Over those 30 years, the focus of regulation has expanded beyond integrity matters into responsible gambling practices and the range of regulated activities has expanded to include gaming machines in hotels and clubs, betting on races and sports, and public lotteries.

The role of the Executive Government, represented now by the Minister for Business Services and Consumers, is about big-picture policy on the size and scale of the gambling industries and, in particular, on how the community will share financially in the benefits flowing from the grant of licences.

The statutory officer is the Liquor and Gambling Commissioner, who heads the Consumer and Business Services administration within the Attorney-General's Department, and leads the enforcement,

compliance and licensing workforce and associated resources.

The independent board is the Authority. At the outset, its functions included the suitability of the casino site and licensee and direction and supervision of the Commissioner concerning the integrity of gaming. The high level suitability functions were expanded to new licensees for the casino and for racing and sports betting and, as regulation widened to include responsible gambling, the Authority has taken on responsibility for rule making (codes of practice), research and providing advice to the Executive Government, and helping problem gamblers and their families through the barring and family protection schemes.

The role of the Authority is enhanced through two key aspects of its constitution: as a board of seven members, its collective decision making is informed by a diversity of experience, skills and orientation; as a body required to act independently of Ministerial direction, it must make its collective decisions based solely on the facts weighed against the criteria set out in the law.

### Managing the gambling and helping the gambler

The primary work of the regulators is to ensure that the gambling product largely conforms to community requirements as set out or as guided by the laws. This involves ensuring that the gambling product is fair, and that the environment in which people experience the product is sensitive to what is happening in it. Regulatory measures and regulatory enforcement can achieve these things.

However, there is also work for Government agencies in directly assisting people who have problems with gambling and in protecting them from risks associated with gambling.

This work is funded out of the Gamblers Rehabilitation Fund, which is disbursed by the Minister for Communities and Social Inclusion with support from the Office for Problem Gambling, and its principal focus is the delivery of gambling help and general support services, and in community education.

The Authority seeks to understand the work of the Office for Problem Gambling so that its regulatory activities are consistent with and supportive of it.

### Rule-making and enforcement

In terms of regulatory action, there is a general separation of functions between the Authority and the Commissioner where the Authority makes rules and sets expectations, and Consumer and Business Services works to ensure that those rules are followed and the expectations met.

This requires the Authority to understand what is hap-

pening in the gambling environment and to form a realistic expectation of what can be achieved through enforcement of rules. Likewise, Consumer and Business Services needs to understand what is intended by the rules and, within the constraints of the available resources, to focus on achieving the safe and sensitive environment to which the rules are directed.

## How regulatory discretions are applied

The Authority's functions come from the laws for gambling. There is a specific law for each form of gambling and there are general laws which apply to all gambling.

The *Independent Gambling Authority Act 1995* sets up the Authority and lists its general functions. These include developing and promoting strategies for reducing problem gambling and minimising harm, undertaking research, ensuring effective and efficient supervision of licensees, publishing advertisements directed at problem gambling, and advising the Government.

The *Independent Gambling Authority Act* also refers to functions given by the laws specific to particular forms of gambling (for example, granting licences to racing clubs and giving directions to the casino licensee) and, in relation to the barring scheme, sets out specific and detailed functions.

Some of its functions require the Authority to determine the facts and make a decision based on the facts.

One example is where the Authority must work out whether a person is suitable to be closely associated with a licensee. If the person is suitable, he or she must be approved. If the person is not suitable, he or she cannot be approved.

Other functions require the Authority to receive submissions and exercise a discretion. One example relates to approvals for the location of betting outlets.

Of assistance in discretionary matters, the *Independent Gambling Authority Act* also gives the

## Codes of practice

The Authority's major regulatory influencers are the mandatory advertising and responsible gambling codes of practice applying under each of the specific gambling laws. These codes set out rules for commercial gambling which are uniform across the industry, varying only where the nature of the product demands it.

Uniformity is important across the gambling industry because many venues offer multiple forms of gambling—this particularly affects hotels and clubs with gaming machines, a betting service and a lotteries outlet. Not only are the requirements uniform, but the codes themselves are set out in a single instrument.

The gambling laws require the codes to be reviewed periodically—at least every 5 years—and the Author-

ity two *objects* to which it must have regard when performing its functions:

- 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
- the maintenance of an economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gaming machine industry) within South Australia.

This structure is very important in guiding the Authority because, as it is required to act independently, it cannot rely on policy direction from the Government or anyone else.

The way this requires the Authority to work is that it must first identify the *function* being performed: is it to consider an application for a licence, or to vary a code of practice, or to discipline a licensee, or to bar a problem gambler. Having done that, the Authority looks at the two *objects* to identify whether either is relevant.

Two things flow from this. First, the objects alone do not require the Authority to do anything—they relate only to a function being performed and the manner in which it is performed. Secondly, the functions must be performed and, if there were a core conflict between a function and one of the objects, the function would still have to be performed.

ity maintains the currency of the codes through comprehensive stakeholder engagement in these review processes.

## *Regulating for responsible gambling*

Because we know, from population studies, that problem gambling is a rare phenomenon in the general community, the Authority focuses on the point of sale, or gambling environment, when regulating for responsible gambling. This is particularly important for the major gambling activity in the South Australian community—playing gaming machines.

The responsible gambling codes are intended to ensure that the gambling environment—whether



“bricks and mortar” or online—is sensitive to gamblers’ behaviours and facilitates the provision of help. This goes beyond passive measures such as the stocking of helpline cards and the presence of campaign material; managers and staff are prompted to be on alert for signs of problem gambling by requirements to record and note. Clearly, once issues are recorded and noted, responsible managers intervene.

The responsible gambling codes extend education and problem gambling campaigns into the gambling environment through the in-venue messaging requirements.

The responsible gambling codes also set standards for operating practices, by limiting inducements to gamble to particular loyalty offerings. These allow modest hospitality and rewards to attract and retain customers while guarding against faulty cognitions that gambling makes good economic sense (as might arise from past practices such as discounted gaming room meals and shopper docket).

Because the Authority designs the code requirements to make them easily inspectable, many of the requirements operate as proxies to the behaviours actually desired. The regulatory thinking is that, if gambling providers are complying with the codes, they will be thinking the right way about their responsibilities to offer gambling responsibly. The codes also have provisions to integrate uptake of other harm management tools (through the duty to offer barring) and to provide protection to children (through the unattended children requirements).

While much of the responsible gambling codes is common sense—not allowing intoxicated people to gamble, for instance—history shows that, without the codes, an unacceptable minority would provide their products in a way which defies common sense.

### *Responsible advertising*

The Authority has adopted a highly prescriptive approach to the regulation of gambling advertising because its experience with a “principles-based” approach was that too many were prepared to apply the codes in a way which denied the principles.

In the simplest terms, all advertising is required to be accompanied with a cautionary message that gambling is a lawful but dangerous product, and to qualify general requirements about truth in advertising by not allowing it to suggest glamorous and lucrative outcomes. Advertising must also not encourage impulsive and irresponsible activity.

The advertising codes set out specific wordings for

the mandatory messages. The messages are not insulting or offensive to the advertiser and, indeed, some have claimed that they are too soft. Nonetheless, their mere presence in the advertising tempers the message.

The codes require advertisers to respect the message for its purpose and go further, in specific circumstances, with minimum size requirements and, in the case of television advertising, a requirement that the message occupy one-quarter of the screen for one-sixth of the advertisement and be spoken.

Is this level of prescription actually necessary? Judging by marketers’ efforts to submerge the mandatory warning message, their ostensibly accidental omission of some requirements and an evident tendency to treat presentation of the message as a meaningless compliance exercise, the high level of prescription is not simply justified but is essential.

The advertising codes have particularly responded to the market wars waged in sportsbetting since 2008 through specifically addressing advertising in the forms of branding and the publication of live odds, which is now prohibited in South Australia.

### *Flexible outcomes*

The Authority has “set the bar high” in advertising and responsible gambling standards, but it is aware of the challenge the rules present to some operators, particularly those operating in multiple markets with differing advertising and responsible gambling rules.

The Authority offers flexibility in the form of a dispensations regime and the ability to tailor regulatory compliance by a management plan.

Dispensations can allow for national advertising campaigns to reach into South Australia with another jurisdiction’s warning message and for electronic advertising to enter family time where a clear case is made (such as with sponsored sporting programs on subscription television).

Management plans allow an equivalent regulatory treatment to be substituted for the letter of rules—for instance where a special purpose mandatory warning sign can be prominently placed on a racecourse in exchange for allowing a gambling provider’s brand to appear on saddle cloths and distance markers.

In addition, the management plan regime can allow an advertiser to place special purpose cautionary advertising into broadcasts in substitution for the 25% requirement.

## Guiding and influencing

The gambling laws give the Authority a role to set criteria in important regulatory processes.

Training of gambling staff is critical to ensuring timely and effective intervention with problem gamblers. Following the Government's legislative reform package in 2013, the Authority has laid out minimum criteria for basic and advanced training and recognised courses of training against those criteria. These criteria build on the existing good work done in the VET (for Vocational Education and Training) sector and seek to encourage contemporary practice consistent with the best available industry training, while making clear the required content.

Automated risk monitoring is a technology based approach included in the 2013 package: already present in the Adelaide Casino, it will become mandatory for gaming machine operators by the end of 2018. It assumes that clever technology will, through following patterns of activity, alert gambling staff to possible problems, with both tracked and untracked play. The Authority has already laid out criteria to allow industry to present and obtain recognition for systems to do just that.

Account based cashless gaming is a technology which will allow gaming machine operators to move from

coin-only play to a modern technology which not only works better for them but also facilitates interventions to protect players. (This is in contrast to transitional technologies such as ticket-in ticket-out and banknote accepters which offer nothing by way of harm minimisation.)

The Authority's approach to these regulatory initiatives is that they provide tools to assist human decision making about how and when to act when a problem is presented. The greatest benefit is achieved at the intersection of effective training for staff and the availability of advanced tools to support problem identification.

The laws also ask the Authority to specify the preparatory process to be followed when a new gaming venue is proposed. The regulatory process starts with an application for a social effect certificate, prior to which a social effect inquiry must be conducted by the applicant and the grant of which (by the Liquor and Gambling Commissioner) must be determined against principles. In laying out the inquiry process and the principles, the Authority has aimed to provide a usable template for community engagement and a set of principles which, with enough effort and the right undertakings about operations, would enable any venue to be licensed.

## Barring and problem gambling family protection

The barring scheme allows problem gamblers to have the benefit of excluding themselves from any commercial gambling activity. They are supported by having their name and image sent to the places from which they are barred and by seeking barring through a structured interview process. This structured interview process not only ensures that they are aware of the commitments they are making but that they are also directed to other, therapeutic services which will help them take back control.

The Authority's approach to voluntary barring is generally to allow people to voluntarily place barrings on themselves and, subject to a six-month wait period, voluntarily remove them. The only rider is that, with the current compliance regime relying on human identification, wide barrings are not supported because the burden they place on venues could make the system entirely unworkable.

The barring scheme and the Problem Gambling Family Protection Orders scheme also allow friends and family members to seek to protect the gambler, or the gambler's close family, from harms arising from excessive gambling. Often all that is required is the initiation of the intervention.

The Authority's approach to involuntary barring is to be satisfied that the intrusion into the gambler's liberty is truly justified by the extent to which the gambling would otherwise harm the gambler or the family.

Gambling providers have an important referral role for barring and family protection, which has now been formalised through a mandatory reporting obligation of approaches for barring and a duty to bar which mirrors the Authority's approaches.

## Research framework

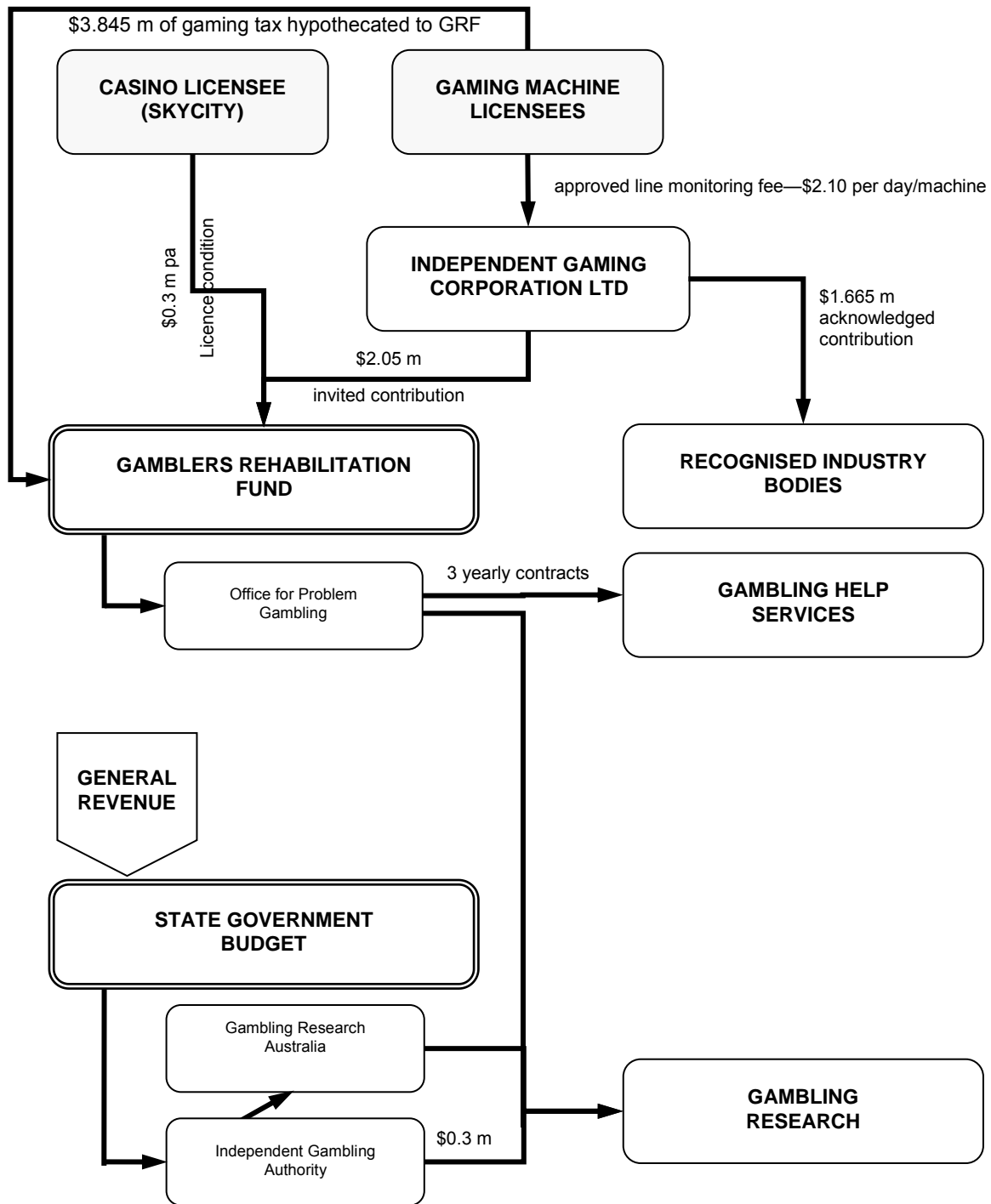
The Authority generally commissions, or provides grants for, research projects that will inform its statutory functions. This is about informing the Authority’s regulatory functions, developing strategies for reducing harm, identifying social and economic costs and benefits and understanding new gambling products.

This work is structured around five research priority areas—

- gambling behaviours—to understand the prevalence and nature of gambling behaviours, particularly problem gambling behaviours, according to a range of demographic factors;
- social impacts and linkages—to understand the nature and extent of the impact of negative gambling behaviours in their social context, including linkages with other problem behaviours and comorbidities;
- gambling products and environments—to understand how gambling products, technologies and environmental settings influence gambling behaviours and to shape regulatory responses to meet changing circumstances;
- treatments and interventions—to understand the pathways to recovery from problem gambling behaviours and the effectiveness of different treatments and interventions; and
- integrity and regulation—to understand issues relevant to the integrity of the gambling product and to assess and monitor the effectiveness of regulatory settings and practices generally.

### Funding for responsible gambling and harm minimisation

This chart shows the flows of funds for responsible gambling services and research.



## Operations

### The Authority

#### Membership

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

**Alan Peter Moss, LL B**

presiding member since 1 October 2007—appointed to 3 October 2015

*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**

member and deputy to the presiding member since 28 August 2010—appointed to 4 September 2016

*Penny Kaempf is retired from legal practice and continues as member of the Law Society Litigation Assistance Fund.*

**Eve Lyn Barratt, B SocSc, MAIPC**

member since 11 April 2013—appointed to 10 April 2016

*Eve Barratt is the chief executive of Lifeline South East.*

**Amanda Dianne Blair**

member since 28 August 2010—appointed to 4 September 2016

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

**Adrian Gary Tisato, BA, LL B, GDLP**

member since 1 October 2010—appointed to 30 September 2016

*Adrian Tisato is a practising lawyer in Adelaide.*

**Margaret Wallace, BA, Dip T (Sec), Grad Cert Mgt**

member since 13 February 2003—appointed to 30 April 2017.

*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**

member from 9 December 2010 to 8 June 2015

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

On 9 July 2015, Mr Joe Ullianich, retired chief financial officer of the Department for Communities and

Social Inclusion, joined the Authority for a term ending on 8 October 2017.

#### Committees

The Authority establishes committees, with specific terms of reference, from time to time. Standing Authority committees active during the reporting period were—

**Regulation Committee**

*Convener:* Ms Kaempf

*Key participants:* Ms Wallace, Mr Tisato and the Authority's Director.

**Responsible Gambling Committee**

*Convener:* Ms Wallace

*Key participants:* Ms Barratt, Ms Blair, Ms Kaempf and the Authority's Director.

**Audit Committee**

*Convener:* Mr Wright (*in 2015–16, Mr Ullianich*)

*Committee members:* Ms Kaempf and Mr Tisato

#### Meetings

The presiding member (or deputy) and 3 other members make up the quorum of the Authority, except for the purposes of hearings which can be conducted by the presiding member (or deputy) and one other member.

The Authority meets as a full board of 7, regularly on a monthly basis and as time critical business requires.

When arranging its meeting calendar, the Authority schedules additional time for members to meet. The purpose of these special fixtures is to informally discuss 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 promise to attend on a regular basis. The Authority's Director has been appointed to these committees (as provided for in legislation).

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

This table sets out members’ board meeting attendance in the reporting period.

<i>Member</i>	<i>Attended</i>	<i>Eligible to attend</i>
Alan Moss	10	10
Penny Kaempf	10	10
Eve Barratt	9	10
Amanda Blair	9	10
Adrian Tisato	8	10
Margaret Wallace	9	10
Jim Wright	6	9

### *Members’ remuneration*

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

### **Statutory references**

The Authority is established as a 7 member body corporate, representing the State, under the *Independent Gambling Authority Act 1995*. Members are appointed for maximum terms of 3 years by the Governor.

The Independent Gambling Authority Act is committed to the Minister for Business Services and Consumers.

Section 11 of the Act sets out the following functions and powers in detail:

- developing and promoting strategies for reducing the incidence of gambling related harm;
- research;
- effective and efficient supervision of commercial gambling operations licensed under other legislation;
- advertising;
- advising the Government;
- performing functions specifically assigned by the Minister.

When performing its functions, the Authority is required to have regard to two objects—

- the fostering of responsibility in gambling; and
- the maintenance of an economically viable and socially responsible industry.

Section 11 also gives the Authority functions to obtain information from the Liquor and Gambling Commissioner and to direct the Liquor and Gambling Commissioner in certain matters.

The allowances applying as at the reporting date are—

- presiding member, \$37 148 per annum, with an additional attraction and retention allowance of \$3 600—a total annual remuneration of \$40 748; and
- other members, \$24 765 per annum, with an additional attraction and retention allowance of \$2 200—a total annual remuneration of \$26 965.

This function is consistent with provisions of other legislation under which commercial gambling operations and related activities are authorised or permitted, which make the Commissioner responsible to the Authority for the constant scrutiny of the licensed businesses. With one exception, those gambling laws are also committed to the Minister for Business Services and Consumers.

Those other acts authorising commercial gambling and related activity are the *Authorised Betting Operations Act 2000*, for betting on races and sport, and the conduct of races; the *Casino Act 1997*, for the conduct of the Adelaide Casino; the *Gaming Machines Act 1992*, for the operation of gaming machines in premises licensed as hotel and clubs; and the *Racing (Proprietary Business Licensing) Act 2000*, under which licences may be granted for for-profit racing operations (noting that there has been no formal activity under that Act since its commencement). This last Act is committed to the Minister for Racing.

The Authority also performs functions under the *State Lotteries Act 1966*, prescribing mandatory advertising and responsible gambling codes of practice.

Part 4 of the *Independent Gambling Authority Act 1995* sets out the state wide barring system, under which orders may be made barring people from gambling either at their request, or because there is a concern about their welfare or the welfare of their dependents.

In addition, the Authority exercises functions to receive and determine complaints under the *Problem*

*Gambling Family Protection Orders Act 2004*, under which family members can act to intervene for the protection of their needs and welfare from problem gambling.

## Key stakeholder relationships

### Core regulatory relationship—Liquor and Gambling Commissioner

#### ENGAGEMENT WITH CONSUMER AND BUSINESS SERVICES

The regulatory model anticipates that the Liquor and Gambling Commissioner, through the agency Consumer and Business Services, will largely provide the eyes and ears, and legs and arms, of enforcement and compliance. The community relies on Consumer and Business Services to execute the compliance function and on the Authority to be assured of the adequacy of those arrangements through various reporting processes.

The Authority receives structured reporting from the Commissioner on three levels—

- the annual reports required by gambling laws (and incorporated into this report);
- quarterly reports providing both quantitative data on enforcement and compliance activity and qualitative information about risks, issues and trends;
- periodic reports aligned to the Authority’s board meeting cycle directed to just-in-time matters.

Authority members and staff engage less formally with Consumer and Business Services through routine attendance at meetings of the board and committees and as required for day-to-day business. In addition, there is a regular meeting scheduled between the Commissioner and the Authority’s Director.

#### ANNUAL REPORT OF THE LIQUOR AND GAMBLING COMMISSIONER

The Liquor and Gambling Commissioner reports annually under uniform provisions of the *Authorised Betting Operations Act 2000*, the *Casino Act 1997* and the *Gaming Machines Act 1992*, in the form of a single document, published as Volume 2 to the Authority’s annual report. This report is the work of Consumer and Business Services and the Authority is obliged to publish it without alteration.

The gambling laws provide for the Authority to add its own observations to the matters reported.

- The Authority notes the Commissioner’s comments in relation to the new training regime and the recognition of various training courses by the Authority and to the commencement of the centralised welfare barring system operated by the Authority. These matters are addressed in more detail below.
- The Authority notes the background information in relation to Operation Lone Wolf mentioned in the Commissioner’s report. The Authority is aware that concerns were raised with Consumer and Business Services by a venue that had observed children outside its premises. The Authority understands that Consumer and Business Services conducted an initial Lone Wolf exercise which was repeated in the school holidays to ensure that there were no systemic issues in relation to unattended children in or around gambling venues.
- The Authority also notes the useful gambling events chronology offered by the Commissioner in his annual report. It is instructive to read this chronology in context of all the changes that have been occurring in this area.

### Policy and administration—Department of Treasury and Finance

The Department of Treasury and Finance provides policy support to the Government in relation to gambling. Treasury officers are responsible for the development of legislative proposals and advising on executive action under the gambling laws. Authority members and staff engage with Treasury officers on a regular basis in relation to these matters.

In addition, the Department of Treasury and Finance provides back-office support to the Authority under service level agreements for the provision of information and communications technology, human resources, financial transactions and annual reporting, leasing and premises maintenance. Some of these services are actually provided by the Department of the Premier and Cabinet, through a joint corporate services unit and through Shared Services SA.

### *Office for Problem Gambling*

The Office for Problem Gambling, within the Department for Communities and Social Inclusion, is responsible for the administration of programs funded from the Gamblers Rehabilitation Fund. Its principal activities are the procurement of gambling help services, provided by non-government organisations, and the management of the related contracts.

However, the Office for Problem Gambling also has “campaign” responsibility on behalf of the State. Members and staff of the Authority are in regular contact with OPG staff in relation these matters. This is, particularly so, concerning the delivery of appropriate campaign material into the physical space for gambling as provided for in the codes of practice and with respect to special purpose cautionary advertising offered by gambling providers under management plan arrangements.

During the reporting period, the Authority has participated in OPG “Sharespace” forums and has met with the metropolitan gambling help services’ forum to ensure that the barring process operates to provide interviewees with appropriate information about the help available.

### *Office for Recreation and Sport*

The Office for Recreation and Sport, within the Department of Planning, Transport and Infrastructure, provides policy advice in those named areas. Liaison with this office ensures a consistent approach where regulation and policy overlap—particularly concerning integrity in sport and Government support for racing.

### *South Australia Police*

The Authority engages with the Licensing Enforcement Branch of the South Australia Police in relation to a variety of matters. Staff of the Authority maintain relationships with South Australia Police to facilitate information exchanges, assistance with queries, wel-

fare barrings and to conduct clearances as part of suitability checks for individuals from gambling operators.

With the introduction of the Barring and Online Employee Notification system, staff of the Authority have visited the Licensing Enforcement Branch to provide information sessions to its officers. These sessions have been well attended and allow the development of better relationships between both agencies.

Further, with the introduction of the central welfare barring system and the increased awareness of gambling issues through intervention orders, there has been an increasing level of engagement between the two agencies in relation to gambling matters.

The Licensing Enforcement Branch has taken on a coordination role within South Australia Police to engage with the Authority in relation to welfare barrings.

### *Counterpart agencies and law enforcement agencies*

The Authority participates in well-established liaison arrangements between the gambling regulatory and policy agencies of Australia’s states and territories and of New Zealand. In all, 10 jurisdictions regularly participate in forums for regulatory chief executives, and regulatory board and commission members, in addition to an annual conference.

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 standalone basis in Adelaide.

Associated with this peer liaison, the Authority also engages, as needed, with Commonwealth law enforcement agencies such as the Australian Crime Commission and the anti-money laundering agency Austrac.

### **Conferences**

Three delegates (Members Penny Kaempf and Eve Barratt, and Director Robert Chappell) attended the annual conferences of the International Association of Gaming Regulators and International Association of Gaming Advisors which were held concurrently in Philadelphia USA in the week of 27 October 2014.

- These conferences brought together regulators,

operators and commercial advisers (lawyers, accountants and hospitality consultants) from the world’s leading jurisdictions. The key emphases were on the rise of online sportsbetting, the use of crypto-currencies and expansion in Asia.

- Ms Barratt and Mr Chappell also inspected the first non-Indian casino in New York State, the



Genting Berhad operated Resorts World Casino in the grounds of Aqueduct Racecourse in Queens.

Director Robert Chappell attended the World Lottery Summit in Rome from 2–5 November 2015—travelling directly there from the Philadelphia conferences. He presented a paper and participated in a panel “Towards regulatory convergence”, discussing how regulators in the 10 separate Australia and New Zealand jurisdictions work together. This is a topical issue in Europe, with gambling being regulated at a national level.

Two delegates (non-executive staff of the Authority) attended the National Association for Gambling Studies conference, held on the Gold Coast at the Jupiters Casino Complex on 26–28 November 2014. Prominent discussion topics included vulnerable groups and problem gambling, access to gambling products, youth gambling, and co-morbidities associated with gambling problems.

Four delegates (Members Penny Kaempf and Eve Barratt, Director Robert Chappell and one non-executive staff member) attended the annual Australasian

Casino and Gaming Regulators Conference, held on 5–7 May 2015 in Sydney. This conference was well attended by all jurisdictions including New Zealand, Singapore and other Asian neighbours. This year the conference had a casino regulation focus.

The following table discloses the cost of staff overseas travel in the reporting period.

No.	Destination	Reason for travel	Cost
1	Philadelphia	To attend the annual conference of the International Association of Gaming Regulators and International Association of Gaming Advisors, 27–31 October 2014.	\$7 719
1	New York <i>(transit from Philadelphia to Rome)</i>	To visit Genting Resorts World (casino at Aqueduct Racecourse, Jamaica), 31 October 2014.	391
1	Rome	To attend the World Lottery Summit, 2–6 November 2014.	4 554
			12 664

## Administration

### Staff

The Authority is supported by a small office, made up of one executive officer, three professional staff and two administration staff, in addition to a team of three casual employees who undertake barring interviews.

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. He reports to the Authority’s presiding member.

The key staff statistics, as at 30 June 2015 for the reporting period, are—

- there were 8 staff regularly employed in the office—one executive officer (male), 4 non-executive full-time staff (4 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;
- of the full-time staff, 4 were on-going employees, 2 were on a short term contract (less than 2 years);

- as to staff age, 1 person was in the bracket 35–39 years, 3 persons in the bracket 40–44 years, 2 persons were in the bracket 45–49, 1 person was in the bracket 50–54 years, and 1 person was in the bracket 55–59 years;
- one staff was paid in the \$0–\$56 199 salary range, one staff was paid in the \$56 200–\$71 499 salary range, three in the \$71 500–\$91 499 (full time) salary range, two in the \$91 500–\$115 499 salary range, and one in the \$115 500+ salary range.

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

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—1.44 days;
- family carer leave—0.45 days; and
- miscellaneous special leave—0.16 days.

During the reporting period, flexitime was utilised by the non-executive staff members.

### Corporate and financial services

The Authority banks with the Treasurer, its general and creditors' ledgers are maintained by Shared Services SA under the supervision of Treasury's Director, Financial Services (who is the Authority's chief financial officer), its general purchasing follows Treasury policies and the administration of its larger procurements is outsourced to the Department for Communities and Social Inclusion.

The Authority's computer systems are provided through Treasury's network and the public facing BOEN application is delivered from a server operated by the Office of Digital Government. Its website is being rebuilt by eGovernmentSA.

Asset and facilities management is provided from within the corporate services unit which jointly supports Treasury and the Department of the Premier and Cabinet.

These services are provided under agreements between the Authority and the relevant units within Government, and transparently accounted for.

Creditor accounts are certified and approved for pay-

### Regulated entities

#### Casino

The Adelaide Casino is operated under a licence granted by the Governor, an approved licensing agreement between the Minister and the licensee and a duty agreement between the Treasurer and the licensee. The making and variation of the approved licensing agreement requires the Authority's assent, except in relation to exclusivity. These arrangements operate under, and subject to, the *Casino Act 1997*.

The licensee of the Adelaide Casino is Skycity Adelaide Pty Ltd, and its ultimate parent company is the listed entity Skycity Entertainment Group Limited.

Skycity provides the Authority with monthly management reporting and, as required by the Casino Act, audited statements for the entity holding the licence. As in past years, casino management attended the November Regulation Committee meeting to present the financial statements and to explain the past and prospective performance of the business.

While the Liquor and Gambling Commissioner supervises the suitability of staff at the casino, the licen-

ment by staff of the Authority and processed on an image-based automated platform managed by Shared Services SA.

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

Particulars	Number paid	%	Amount paid (\$'000)	%
Paid within 30 calendar days	293	98	388 323.78	93
Paid within 60 calendar days	5	2	27 337.42	7
Total	298	100	415 661.20	100

*Note:* Payment calculations are as per clause 11.8 of Treasurer's Instruction 11: Payment of Creditors' Accounts. Generally, 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 the invoice or claim was first received.

There were no instances of fraud detected during the reporting period. The Authority complies with Treasury policy to prevent fraud.

During the reporting period, there were no contracts over \$4 million.

see's more senior close associates are supervised by the Authority as designated persons. For the reporting period there were two approvals for designated persons.

Under variations to the approved licensing agreement implemented in 2013–14, Skycity's regulatory regime has been changed to facilitate it pursuing premium gaming business from within and outside South Australia. Following those changes, Skycity began a \$50 million capital program, which included a substantial allowance for the renewal of the ageing gaming machine monitoring system. The majority of the expenditure was directed to improving the physical environment for gaming, particularly in premium gaming areas.

The Authority's primary ongoing role in this relates to the principles and methodology for the assessment of South Australian residents as premium customers, but also extends to other areas of regulation which affect premium gaming operations. During the reporting period the Authority assessed 1181 premium customer applications against the principles and methodology to determine if any applicants were subject to current barrings.

It is a matter of public record that the performance of the Adelaide Casino business has not met Skycity's initial expectations, and the Authority—in company with other agencies of the Government—has worked with Skycity to fine tune the regulatory regime to ensure that nothing in regulation presented a genuine obstacle to the execution of Skycity's business model. Some of those refinements have been in the codes of practice and others have been in administrative permissions. The highlights have included—

- allowing the service of liquor at automated devices in premium gaming areas;
- approving flexible profit sharing arrangements with international group commission (or junket) operators;
- approving spotters' fees for the recruitment of interstate business;
- removing the requirement that group commission operators be approved as though employees of the licensee (thereby enabling them to gamble) and replacing it with a collect and file probity regime;
- granting one-off permissions to qualify particular individuals as premium customers.

The Authority's guiding principle in these matters has been that genuine premium gaming is low risk to problem gambling and that a profitable licensee is less of a regulatory risk than a marginal licensee.

Skycity's well-known host responsibility scheme came under the regulatory regime for the first time in the reporting period. The Authority gave a short transitional dispensation to allow that to commence on 1 August 2014.

Training provided to staff also came under new regulatory arrangements with implementation of measures foreshadowed in legislative changes in 2013–14. Authority staff worked with Skycity to ensure that its training courses met the requirements of the prescribed criteria, with the basic and advanced courses being formally recognised in January 2015.

### *Gaming machines*

#### HOTEL AND CLUB GAMING MACHINE LICENSEES

The operation of gaming machines outside the Adelaide Casino is authorised under gaming machine licences granted in respect of the premises of hotels and licensed clubs, authorised by and subject to the *Gaming Machines Act 1992*.

The Liquor and Gambling Commissioner is the licensing and disciplinary authority for these licen-

sees, whose operations are governed by the mandatory advertising and responsible gambling codes of practice prescribed by the Authority in the Gambling Codes of Practice Notice 2013.

Gaming training came under new regulatory arrangements at the start of the reporting period. The Authority established an assessment panel chaired by a board member and including external advisers expert in gambling and in vocational education and training, to guide the regulatory process for recognition of training courses.

Only a registered training organisation can deliver recognised basic or advanced gaming training, and Authority staff worked closely with the RTOs applying for recognition. The Authority supported an orderly transition of training arrangements through the introduction of transitional provisions into the Gambling Codes of Practice Notice 2013 and through the grant of dispensations which responded to a coordinated industry effort to meet targets for the training of the gaming workforce.

#### RECOGNISED INDUSTRY BODIES

The Gaming Machines Act provides for the Authority to recognise industry bodies to perform the functions of an approved intervention agency in licensed gaming premises. Two such bodies have achieved recognition from the Authority and obtained funding from Independent Gaming Corporation Limited: Club Safe, which supports the licensed clubs with gaming and Gaming Care which focuses on hotels.

The role of these bodies was first identified by the Authority in its 2006–08 review of codes of practice, and the initiative has proven successful. The two bodies provide practical translation of the specifics and intent of responsible gambling regulation to the industry community in terms which the community understands and in which it would not be appropriate for regulators to communicate.

They also provide helpful input into the processes of regulation.

The two bodies report to the Authority on a quarterly basis and their representatives meet with the Authority, generally through the forum of the Regulation Committee, at least annually.

#### OTHER LICENSEES

An important feature of the gaming regulatory regime is the requirement that each gaming machine be connected to a monitoring system. In South Australia, there is one gaming machine monitoring licence, and

it is held by an industry owned, independently governed entity, Independent Gaming Corporation Limited. IGC's revenue comes from a regulated line monitoring fee, which is fixed at a level which meets the operating costs of the system, the need to put aside funds for reinvestment and the industry choice to contribute to the Gamblers Rehabilitation Fund, to provide the operating budget of the recognised industry bodies and to support good causes.

A gaming machine licensee may only acquire a gaming machine from a licensed dealer.

A gaming machine may only be serviced by an approved technician employed by a service licensee.

## Wagering

### MAJOR BETTING OPERATIONS LICENCE

Fixed-odds and off-course totalisator betting are authorised under a licence granted by the Governor, an approved licensing agreement between the Minister and the licensee and a duty agreement between the Treasurer and the licensee. The making and variation of the approved licensing agreement requires the Authority's assent, except in relation to exclusivity. These arrangements operate under, and subject to, the *Authorised Betting Operations Act 2000*.

The licence authorises telephone, online and face-to-face betting.

The Authority is the disciplinary authority for the major betting operations licence.

The major betting operations licence is held by Ubet SA Pty Ltd, and its ultimate parent company is the listed entity Tatts Group Limited. The current licence is a monopoly licence granted for the purposes of the sale of the formerly State-owned SA TAB business to TAB Queensland Limited in 2001.

Ubet provides the Authority with monthly management reporting and, as required by the *Authorised Betting Operations Act*, audited statements for the entity holding the licence. As in past years, the group's Brisbane-based management attended the November Regulation Committee meeting to present the financial statements and to explain the past and prospective performance of the business.

During the 2014–15 financial year, 12 additional Ubet SA outlets were approved—at Andamooka, Hyde Park, Blanchetown, Normanville, Coffin Bay, Clare, Wallaroo, Roxby Downs, Salisbury North, Port Hughes, Lyndoch and Minlaton.

There is a single special club licence, held by Club One (SA) Limited, a company jointly owned by the Licensed Clubs Association and the South Australian National Football League. The special club licence provides for the aggregation and distribution of gaming machine entitlements for the benefit of the non-profit gaming sector.

The Liquor and Gambling Commissioner is the licensing and disciplinary authority for these licensees and further detail on their operations is provided in the Commissioner's report in Volume 2.

The suitability of the licensee's more senior close associates is supervised by the Authority as designated persons. For the reporting period there were no applications for approval of designated persons.

### LICENSED BOOKMAKERS

A bookmaker's licence authorises fixed-odds betting, subject to the grant of a permit, on racecourses during race meetings and at certain other places where bookmakers have traditionally operated. Telephone and online betting may also be allowed. These licences can only be held by individuals (that is, not by corporations other than companies whose members all hold individuals' licences) and are granted by the Liquor and Gambling Commissioner. The Authority is the disciplinary authority for bookmakers.

These arrangements operate under, and subject to, the *Authorised Betting Operations Act 2000*, which provides for rules to be made by the Authority and for licence conditions to be imposed by the Commissioner.

### LICENSED RACING CLUBS

An on-course totalisator betting licence authorises the conduct of races on which betting may be authorised, at a particular racecourse, and the conduct of a totalisator within the racecourse.

A licence may only be granted to a racing club registered by a racing controlling authority (a body designated as such by the Minister) or to a racing controlling authority. The Authority is the licensing and disciplinary authority for these licences.

These arrangements operate under, and subject to, the *Authorised Betting Operations Act 2000*.

Because the racing clubs' licences authorise the races, the Authority engages with the three racing codes' stewards to form a view as to the ongoing adequacy of the standards of probity surrounding the event. In the reporting period, the Regulation Committee met with the chief harness racing steward. The Authority has generally found itself satisfied with the demonstrated standards of probity, while recognising that the stewards face constant challenge especially concerning the administration of substances.

A specific issue of concern to the Authority was the revelation of the practice in Queensland greyhound racing of live baiting—where dogs' training includes chasing and catching living targets. Tolerance of such practices is a clear red flag for probity. At the same time as the Government was addressing this issue legislatively, the Authority was seeking assurance from Greyhound Racing SA that the practice was not tolerated or prevalent in this State.

The Authorised Betting Operations Act provides for licence conditions to be imposed by the Authority. The licence conditions deal, among other things, with the suitability of close associates of licensed racing controlling authorities and of large clubs which have not ceded operational responsibility to a racing controlling authority.

For the 2014–15 financial year there were six approvals for close associates—Thoroughbred Racing SA (1), Harness Racing SA (1), South Australian Jockey Club (1) and South Australian Harness Racing Club (3).

At the reporting date, there were 44 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  
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

**AUTHORISED INTERSTATE BETTING OPERATORS**

The holder of a wagering licence or authority in operation elsewhere in Australia may offer telephone or online betting to people in South Australia if the licensee has given notice of intention to operate to the Authority.

By giving that notice, the licensee becomes an authorised interstate betting operator, bound to comply with the *Authorised Betting Operations Act 2000*

and, among other things, the mandatory advertising and responsible gambling codes of practice prescribed by the Authority. Wagering activity is limited to betting on races conducted by licensed racing clubs and contingencies approved by the Authority under section 4 of the Authorised Betting Operations Act.

Section 40B of the Authorised Betting Operations Act has always allowed for an annual fee to be levied on authorised interstate betting operators to recover the costs of administration of the scheme. This section was activated on 30 June 2014, and the annual fee was fixed at \$1500. This amount was collected at the time of authorised interstate betting operators lodging their annual returns. For 2015–16, the fee is \$2000.

As at 30 June 2015, there were 19 authorised interstate betting operators, as follows.

Betchoice Corporation Pty Ltd (Unibet)  
Betfair Pty Ltd  
Centrebet Pty Ltd

Classicbet Pty Ltd  
CrownBet Pty Ltd  
Hillside (Australia New Media) Pty Ltd (Bet365)  
Ladbrokes Digital Australia Pty Ltd  
Luxbet Pty Ltd  
Merlehan Bookmaking Pty Ltd (Top Sport)  
Palmer Bookmaking Pty Limited  
Racing and Wagering Western Australia  
Sportingbet Pty Ltd (now William Hill Australia Trading Pty Ltd)  
Sportsbet Pty Ltd  
Sportsbetting.com.au Pty Ltd  
Tab Limited  
Tabcorp ACT Pty Ltd  
Tabcorp Wagering (Vic) Pty Ltd  
Tom Waterhouse NT Pty Ltd  
Topbet Pty Ltd

## Lotteries

Public lotteries in South Australia may only be conducted by the Lotteries Commission, a statutory body established by the *State Lotteries Act 1966*.

The Lotteries Commission has entered into a long term master agency arrangement with an entity owned by Tatts Group Limited (the parent company of Ubet SA Pty Ltd) for the distribution of its lottery product.

The Lotteries Commission supervises the arrangement to ensure the integrity of the lotteries and to collect all applicable payments.

The State Lotteries Act provides for the Authority to prescribe mandatory advertising and responsible gambling codes of practice, which it has done in the Gambling Codes of Practice Notice 2013.

## Regulatory instruments

### *Gazetted instruments*

The Authority's principal regulatory tools are the mandatory advertising and responsible gambling codes of practice for the seven different forms of commercial gambling licence or authorisation. These codes have been gazetted in one instrument, the Gambling Codes of Practice Notice 2013.

The Authority is responsible for the gazetted Bookmakers Licensing Rules 2000.

The Authority is also responsible for notices prescribing criteria for casino and gaming training, for casino and gaming automated risk monitoring and account based cashless gaming systems, and prescribing the gaming social effect inquiry process and principles and the form of responsible gambling agreement for gaming licensees.

These notices may be varied by further gazette notice.

Similarly, the Authority gazettes recognition notices for training and systems, and notices approving contingencies for betting.

The gazette notices for the reporting period are listed in this table.

<i>GR Notice No.</i>	<i>Description</i>
3 of 2014	Approved Contingencies (Innamincka Picnic Races—Gallopings) Notice 2015
4 of 2014	Gaming Machines (Social Effect—General) Variation Notice 2014
1 of 2015	Adelaide Casino—Basic Training—Recognition Notice 2014
2 of 2015	Adelaide Casino—Advanced Training—Recognition Notice 2014
3 of 2015	Gaming Machines—AHA SA Basic Training—Recognition Notice 2015

<i>GR Notice No.</i>	<i>Description</i>
4 of 2015	Gaming Machines—AHA SA Advanced Training—Recognition Notice 2015
5 of 2015	Gaming Machines—HITsa Advanced Training—Recognition Notice 2015
6 of 2015	Gambling Codes of Practice (General) Variation Notice 2015
7 of 2015	Approved Contingencies (Eurovision—Ubet SA) Notice 2015
8 of 2015	Gambling Codes of Practice (Premium Gaming) Variation Notice 2015
9 of 2015	Approved Contingencies (Marree Picnic Races—Gallopings) Notice 2015
10 of 2015	Gaming Machines—Licensed Clubs Basic Training—Recognition Notice 2015
11 of 2015	Gaming Machines—Licensed Clubs Advanced Training—Recognition Notice 2015

Of note—

- the Gaming Machines (Social Effect—General) Variation Notice 2014 made miscellaneous housekeeping amendments to the prescribed social effect inquiry process;
- the Gambling Codes of Practice (General) Variation Notice 2015 amended the Gambling Codes of Practice Notice 2013 to allow the space and time requirements for the mandatory warning message to be variable by management plan; to allow dispensations to be granted from the prohibition on inducements to gamble where the inducement would not increase the risk of problem gambling; to ensure that permitted inducements to gamble may be advertised; to regulate the use of self-service terminals in terrestrial gambling environments; to make further transitional provision for the training of casino and gaming em-

ployees; and to make miscellaneous textual revisions;

- the Gambling Codes of Practice (Premium Gaming) Variation Notice 2015 removed the prohibition on serving liquor at gaming machines and automated table games in premium gaming areas of the Adelaide Casino.

### *Non-gazetted approvals, etc*

Approvals and determinations not listed elsewhere, and not gazetted, were:

<i>Non-gazetted class</i>	<i>Number</i>
Dispensation notices	19
Management plan filings and commencement approvals	6
Trade promotion lottery approvals	88
Changes to the list of authorised interstate betting operators	8
Miscellaneous	12

Dispensations are granted and management plans are accepted under the Gambling Codes of Practice Notice 2013 to allow for appropriate instance-specific variations to the requirements of the codes of practice. These are published on the Authority’s website.

One exception to the ban on inducements to gamble in the Gambling Codes of Practice Notice 2013 is an acceptable trade promotion lottery. The notice provides for one-off or class approvals to be granted. No class approval has been sought. The major applicant for trade promotion lottery approvals is Skycity. Other approvals have been granted to Ubet SA, hotel licensees and authorised interstate betting operators.

## **Research operations**

During 2014–15, the Authority commissioned four research projects—two related to the development of a new mandatory warning message for gambling products; the third involved an assessment of the effectiveness of approaches undertaken by South Australian recovered problem gamblers to recover; and the fourth was an update of the Australasian Gambling Review (a literature review of published Australian and New Zealand gambling research which the Authority maintains).

The warning message projects arose from the 2011–13 codes of practice review during which submissions were made for the Authority to adopt a more “hard hitting” message. With no message suggestions made, the Authority committed to undertake further work.

The first of the two commissioned projects involved the development of three message options for a hard-hitting, product focused, warning message, and the second involved market testing of those options. The development of message options received media coverage with an article in the Advertiser and a circular email through Government Departments, both seeking registration of message suggestions via a website portal. Over 600 people registered their ideas.

Market testing using focus groups showed no clear message option that would be suitable across a range of demographics and gambling types. The Authority is proposing to undertake further public engagement using social media.

The preferred respondent to the request for proposals for the recovered problem gambler project is currently being contracted. The project is expected to commence in the fourth quarter of 2015. The research will explore the extent to which various approaches such as therapy, support group, self-help and natural recovery have, or have not, helped individuals to recover.

## Barring and family protection schemes

The Authority has been responsible for a voluntary barring scheme since October 2001, and for the Problem Gambling Family Protection Orders scheme since 1 July 2004. At the start of the reporting period (1 July 2014), major changes to the barring scheme were implemented with the commencement of the new Part 4 of the *Independent Gambling Authority Act 1995*.

Those changes put in place a barring system which applies across all forms of commercial gambling in South Australia (where it had previously only applied to casino and gaming machine licensees) and makes both voluntary and involuntary barring available at both the venue and the Authority level.

Under the scheme, both gambling providers and the Authority can make barring orders. The orders can either be made at the request of the person to be barred, or in circumstances where harm will be caused to the gambler or the gambler's family members and it is "appropriate" to make the order.

People seeking barring have the option of approaching the gambling provider or the Authority. All approaches to gambling providers must be responded to, and must be reported to the Authority. Decisions made by gambling providers must be reviewed by the Authority. The purpose of these regulatory processes is to bring all people in respect of whom barring is sought (either by themselves or by others) to the Authority's attention, with a view to offering the widest possible range of remedies.

The policy assumes that people who are voluntarily barred will be keen to respond to the follow up, and that those who seek involuntary barring will be willing to assist the Authority's deliberative processes.

Extensive work was done in preparation for the commencement of the scheme in early 2014, and the Authority received a great deal of cooperation from the recognised industry bodies Club Safe and Gaming Care. These bodies particularly assisted in gathering data about existing licensee barrings (which had not

The updated Australasian Gambling Review will be completed in late 2015.

The Authority's Director continued to represent South Australia on Gambling Research Australia.

previously been regulated) and in educating staff about the operation of the new scheme.

Nonetheless, there have been some initial difficulties in administering the scheme, principally arising from the late delivery of system support for its administration. Implementation had proceeded on the basis that, with appropriate system support, no additional staff resources would be required to administer the scheme. Accordingly, being required to manage the scheme largely on paper at the first 9 months of its operation has given rise to some issues.

On 1 July 2014, the Authority received 2100 records of individual barrings from license premises, to add to the records of individuals barred by the Authority under the former scheme. It is estimated that these records involve 1300 individuals.

As at 30 June 2015, there were 1067 people barred by the Authority. During the reporting period the Authority made barrings orders in relation to 168 people for the first time, and revoked all orders for 42 people.

In addition there were 728 notifications of individual barrings by gambling providers.

In the meantime, the Authority has continued to administer the Problem Gambling Family Protection Orders scheme, which now integrates with the barring scheme. The level of activity in this scheme was continued at levels consistent with past periods. There are 12 cases with orders in place and the Authority had, in the second half of the reporting period, initiated a review of long standing adjourned orders.

One critical issue resolved, by legal advice, during the year, was whether the present scheme extended to unlicensed forms of gambling such as tournament poker conducted in hotels. The only way that Authority can be authorised to bar from these activities, but only as a result of specific executive action.



## Statutory default actions

Statutory default actions are undertaken by the Authority in circumstances where gambling providers fail to meet obligations required of them by legislation, their licences, the codes of practice or approved procedures.

The Authority does not take action lightly. However, it is one of the tools available to the Authority in the regulatory environment to ensure compliance. The ultimate goals are to ensure a fair playing field for all providers accountable to the Authority, to ensure that responsible gambling and harm minimisation measures are in place to protect the consumer and, above all else, to provide a reasonable level of assurance that commercial gambling is conducted as the Parliament has intended.

When the Authority initiates statutory default proceedings it has a number of options open to it. The Authority can issue a compliance notice seeking the gambling operator make good the default, or the Authority can issue a notice offering expiation by payment or the Authority can commence formal disciplinary proceedings against the gambling operator—which in turn can lead to reprimand, fine, variation of operating parameters, suspension or, in the worst possible case, licence cancellation.

During the reporting period Skycity Adelaide made an expiation payment of \$3000 for allowing a child to enter its premises.

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. During the reporting period Bookmaker Ian Humphries was fined \$1 200 for engaging in credit betting with an unregistered customer.

The Authority has an ongoing concern about regula-

tory compliance—particularly with the advertising codes of practice. During the reporting period the Authority conducted a review of the websites of the authorised interstate betting operators to identify compliance (or otherwise) with the codes of practice. It was found that many of the authorised interstate betting operators did not have conforming websites as a result of this exercise compliance notices were issued to the following operators:

- Betchoice Corporation Pty Ltd (Unibet)
- Betfair Pty Ltd
- Centrebet Pty Ltd
- Classicbet Pty Ltd
- Crownbet
- Betstar Pty Ltd
- Hillside (Australia New Media) Pty Ltd (Bet365)
- Ladbrokes Digital Australia Pty Ltd
- Luxbet Pty Ltd
- Merlehan Bookmaking Pty Ltd
- Palmer Bookmaking Pty Limited
- Racing and Wagering Western Australia
- Sportingbet Pty Ltd (William Hill)
- Sportsbet Pty Ltd
- Sportsbetting.com.au Pty Ltd
- Tab Limited
- Tom Waterhouse NT Pty Ltd.

The Authority wanted to ensure that all the authorised interstate betting operators' websites were compliant in relation to the responsible gambling and harm minimisation requirements and determined that a compliance notice was preferable to a fine, thereby ensuring that the operator acted to remedy the situation.

## Systems project—barring and online employee notifications

In 2013–14, the Authority authorised the development by Treasury's Business Applications Systems group of a web accessible application to manage the voluntary and involuntary barring of problem gamblers, from gambling and places where gambling takes place, under the provisions of the new Part 4 of the *Independent Gambling Authority Act 1995*. The application was named BOEN for Barring and Online Employee Notification system. The agreed cost was \$230 000.

At the time the project was commenced, the Authority understood that BOEN would be available prior to the

commencement of Part 4 on 1 July 2014.

Because BOEN would need to be secured by username and password, and because the majority of users of the system would be the same people required to be notified to the Liquor and Gambling Commissioner as gaming employees and gaming managers, it was designed to also provide the facility for licensees to notify their employees online. Therefore the system performs two roles—one being to provide for the administration of the barring scheme and the other being to provide an immediate

mechanism for online notification of gaming employees and managers.

While substantial progress was made in 2013–14, only BOEN’s public facing parts were ready for deployment at the commencement of the new arrangements: these enabled licensees to notify their staff to the Commissioner and to notify new venue barrings to the Authority. However, development of the parts of the system which would enable the Authority to actually make barring orders online, and would provide support for the scheduling of the necessary barring interviews and the management of cases, had not been started at that time. Most of this functionality was delivered in March 2015 and, by the end of the reporting period, is largely operating in a stable and predictable manner.

As at the end of the reporting period, the functions which remained to be deployed were those which would enable the system to track employee training and would provide detailed statistical analysis of the work that has been done.

The Authority has paid the original agreed cost to the system for the software delivered thus far. The development team has placed an estimate on the cost of delivering the final functionality (recording and tracking of training, statistical analyst and reporting

and some additional business functionalities) in the vicinity of \$40 000. The Authority expects that BOEN will be completed during the 2015–16 reporting period.

The Authority notes that it is not unusual for system developments to take longer than originally anticipated, and that the likely cost overrun is relatively minor in that experience.

Late delivery of BOEN has significantly distracted the operations of the Authority’s office, because manual interventions were required to extend the life of older software (not designed for the present purpose) and to meet the additional business requirements of the new scheme.

While there has been some inconvenience to external stakeholders (over and above what would normally be expected in transitioning from manual processes to an automated system), the greater burden has been shouldered by the staff of the Authority’s office. The Authority is grateful to its staff for their perseverance in the implementation of the new barring scheme, and, again, appreciative of the significant efforts made by Club Safe and Gaming Care in the lead up to the implementation and in the post implementation process.

## Financial statements

### Certification of the Financial Statements

We certify that the:

- financial statements of the Independent Gambling Authority:
  - are in accordance with the accounts and records of the Authority; and
  - comply with relevant Treasurer’s instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the Authority at the end of the financial year and the results of its operations and cashflows for the financial year.
- internal controls employed by the Independent Gambling Authority over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

**Alan Moss**

PRESIDING MEMBER  
28 September 2015

**Robert Chappell**

DIRECTOR  
28 September 2015

**Paul Williams**

DIRECTOR, FINANCIAL SERVICES, DEPARTMENT OF TREASURY AND FINANCE  
28 September 2015

### 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 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- 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–Department of Treasury and Finance.

## Financial statements

### **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 judgment, 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.

### **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 2015, 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.

28 September 2015

**Andrew Richardson**  
AUDITOR-GENERAL

Financial statements

**Statement of Comprehensive Income for the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>EXPENSES</b>			
Employee benefit expenses	4	982	882
Supplies and services	6	576	467
Depreciation and amortisation expense	7	23	–
Grants and sponsorships	8	–	14
<b>Total expenses</b>		<b>1 581</b>	1 363
<b>INCOME</b>			
Interest revenues	10	86	85
Recoveries	11	–	41
Other revenues	12	36	67
<b>Total income</b>		<b>122</b>	193
<b>NET COST OF PROVIDING SERVICES</b>		<b>(1 459)</b>	<b>(1 170)</b>
<b>Revenues from SA Government</b>			
Revenues from SA Government	13	1 731	1 693
<b>Total revenues from SA Government</b>		<b>1 731</b>	1 693
<b>NET RESULT</b>		<b>272</b>	<b>523</b>
<b>NET RESULT AND TOTAL COMPREHENSIVE RESULT</b>		<b>272</b>	<b>523</b>
<b>THE NET RESULT AND TOTAL COMPREHENSIVE RESULT ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.</b>			

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

Financial statements

**Statement of Financial Position as at 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14	3 974	3 677
Receivables	15	7	148
<b>Total current assets</b>		<b>3 981</b>	<b>3 825</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	17	205	88
<b>Total non-current assets</b>		<b>205</b>	<b>88</b>
<b>TOTAL ASSETS</b>		<b>4 186</b>	<b>3 913</b>
<b>CURRENT LIABILITIES</b>			
Payables	19	44	67
Employee benefits	20	61	50
<b>Total current liabilities</b>		<b>105</b>	<b>117</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	19	19	18
Employee benefits	20	206	194
Provisions	21	1	1
<b>Total non-current liabilities</b>		<b>226</b>	<b>213</b>
<b>Total Liabilities</b>		<b>331</b>	<b>330</b>
<b>NET ASSETS</b>		<b>3 855</b>	<b>3 583</b>
<b>EQUITY</b>			
Retained earnings		3 855	3 583
<b>TOTAL EQUITY</b>		<b>3 854</b>	<b>3 583</b>

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

Unrecognised Contractual Commitments 22

Contingent Assets and Liabilities 23

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

Financial statements

**Statement of Changes in Equity for the year ended 30 June 2015**

	<b>Retained Earnings \$'000</b>
<b>Balance at 30 June 2013</b>	3 060
Net result and total comprehensive result for 2013–14	523
<b>Balance at 30 June 2014</b>	3 583
Net result and total comprehensive result for 2014-15	272
<b>Balance at 30 June 2015</b>	<u><u>3 855</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.

Financial statements

**Statement of Cash Flows for the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Employee benefit payments		(980)	(936)
Payment for supplies and services		(576)	(598)
Payment for grants and sponsorships		–	(14)
Payments for paid parental leave scheme		–	(7)
<b>Cash used in operations</b>		<b>(1 556)</b>	<b>(1 555)</b>
<b>Cash Inflows</b>			
Interest received		86	86
Recoveries		–	41
Other receipts		36	82
Receipts for paid parental leave scheme		–	5
<b>Cash generated from operations</b>		<b>122</b>	<b>214</b>
<b>Cash Flows from SA Government</b>			
Receipts from SA Government		1 731	1 693
<b>Cash generated from SA Government</b>		<b>1 731</b>	<b>1 693</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase of intangible assets		–	(88)
<b>Cash used in investing activities</b>		<b>–</b>	<b>(88)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
		<b>–</b>	<b>(88)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>297</b>	<b>264</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
		<b>3 677</b>	<b>3 413</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
	24(a)	<b>3 974</b>	<b>3 677</b>

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



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## Financial statements

### 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 Authority is a not-for-profit entity.

## Financial statements

Except for AASB 2015-7 which the Authority has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the period ending 30 June 2015. 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;
  - (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

The financial statements have been prepared based on a 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 2015 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

## Financial statements

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.

Where the Authority has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

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 revenue consists 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.

## Financial statements

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

The following are specific recognition criteria:

### *Employee benefits expenses*

Employee benefits expenses includes all costs related to employment including salaries and wages 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 and Amortisation*

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

Class of Asset	Depreciation	Useful Life
Office Equipment	Straight Line	3–4
Intangibles—Software	Straight Line	5

### *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.

## Financial statements

### *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.

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 indications 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.

### *Intangible assets*

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of software or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

## **2.11 Liabilities**

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

### *Payables*

Payables include accrued expenses and employment on-costs.

## Financial statements

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, Return To Work SA levies with respect to outstanding liabilities for salaries and wages, long service leave, skills and experience retention leave and annual leave.

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

### *Employee Benefits*

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

Where a liability line item combine amounts expected to be settled within twelve months and more than twelve months, the Authority has separately disclosed the amounts expected to be settled after more than twelve months.

### 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.

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.

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 employee departures and periods 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 2015 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.

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### 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 operating and remuneration commitments arising from contractual or statutory sources and are disclosed at their nominal value. Refer to Note 22.

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

Except for AASB 2015–7 which the Authority has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2015. 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	2015 \$'000	2014 \$'000
Salaries and wages	575	537
Long service leave	22	(14)
Annual leave	46	38
Skills and experience retention leave	4	3
Board fees	201	201
Employment on-costs—superannuation	86	67
Employment on-costs—payroll tax	46	42
Other employee related expenses	2	8
<b>Total Employee benefit expenses</b>	<b>982</b>	<b>882</b>
<b>Remuneration of employees</b>	<b>2015</b>	<b>2014</b>
The number of employees whose total remuneration received or receivable falls within the following bands were:	<b>Number of Employees</b>	Number of Employees
\$191 500 to \$201 499	<b>1</b>	1
<b>Total Number of Employees</b>	<b>1</b>	<b>1</b>



Financial statements

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 **\$198 000** (\$198 000).

**5 Remuneration of Board and Committee Members**

Members that were entitled to receive remuneration for membership during 2014–15 financial year were:

Independent Gambling Authority Board

- A D Blair
- E L Barratt
- P F Kaempf (Deputy Presiding Member)
- A P Moss (Presiding Member)
- A G Tisato
- M Wallace
- J S Wright (retired 08–06–15)

The number of members whose remuneration received or receivable falls within the following bands:	<b>2015</b>	2014
	<b>Number</b>	Number
\$20 000–\$29 999	5	6
\$30 000–\$39 999	1	–
\$40 000–\$49 999	<b>1</b>	1
	<b>7</b>	<b>7</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and superannuation contributions. The total remuneration received or receivable by members was **\$224 000** (\$215 000).

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**

	<b>2015</b>	2014
	<b>\$’000</b>	\$’000
Accommodation and telecommunication	<b>117</b>	117
General administration and consumables	<b>210</b>	193
Service level agreement fees	<b>95</b>	105
Contractors	<b>19</b>	52
Consultants	<b>134</b>	–
Other	<b>1</b>	–
<b>Total Supplies and services</b>	<b>576</b>	<b>467</b>

Financial statements

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

	<b>2015</b> Number of Consultants	<b>2015</b> \$'000	2014 Number of Consultants	2014 \$'000
Below \$10 000	6	20	–	–
Between \$10 000 and \$50 000	5	114	–	–
<b>Total Paid/Payable to Consultants</b>	<b>11</b>	<b>134</b>	–	–

<b>7</b>	<b>Depreciation and amortisation expense</b>	<b>2015</b> \$'000	2014 \$'000
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**Depreciation**

Office equipment	–	–
<b>Total Depreciation expense</b>	–	–

The Authority continued to use the fully depreciated assets during the year.

**Amortisation**

Intangible assets	23	–
<b>Total Amortisation</b>	23	–

<b>Total Depreciation and amortisation expense</b>	<b>23</b>	–
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Additional disclosure is made in the asset movement note 17.

<b>8</b>	<b>Grants and sponsorships</b>	<b>2015</b> \$'000	2014 \$'000
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**Grants and sponsorships paid to entities within the SA Government**

Grants and sponsorships	–	14
<b>Total Grants and sponsorships paid to entities within the SA Government</b>	–	14

<b>9</b>	<b>Auditor's remuneration</b>	<b>2015</b> \$'000	2014 \$'000
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Audit Fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	15	17
<b>Total Auditor's Remuneration</b>	<b>15</b>	17

**Other services**

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Supplies and Services—General administration and consumables' (refer to Note 6).

Financial statements

<b>10</b>	<b>Interest revenues</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	Interest from entities with SA Government	<b>86</b>	85
	<b>Total Interest revenues</b>	<b>86</b>	85
<b>11</b>	<b>Recoveries</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	<b>Recoveries received/receivable from entities within the SA Government:</b>		
	Employee cost recoveries	–	41
	<b>Total Recoveries from entities within the SA Government:</b>	<b>–</b>	<b>41</b>
<b>12</b>	<b>Other revenues</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	Expiation notice payments received	<b>3</b>	67
	Authorised interstate betting operators (AIBO) annual payments received	<b>33</b>	–
	<b>Total Other revenues</b>	<b>36</b>	67
<b>13</b>	<b>Revenues from SA Government</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	Appropriations from the Consolidated Account pursuant to the Appropriation Act	<b>1 731</b>	1 691
	Transfers from the Treasurer's Contingency Fund	–	2
	<b>Total Revenues from SA Government</b>	<b>1 731</b>	1 693
<b>14</b>	<b>Cash and cash equivalents</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	Deposits with the Treasurer	<b>3 974</b>	3 677
	<b>Total Cash and cash equivalents</b>	<b>3 974</b>	3 677
	<b>Interest rate risk</b>		
	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.		
<b>15</b>	<b>Receivables</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	<b>Current</b>		
	Accrued revenue	<b>7</b>	8
	Prepayments	–	140
	<b>Total Current receivables</b>	<b>7</b>	148
	<b>Total Receivables</b>	<b>7</b>	148

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**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 26.

Categorisation of financial instruments and risk exposure information—refer to Note 26.

<b>16</b>	<b>Office equipment</b>	<b>2015</b>	2014
		<b>\$'000</b>	<b>\$'000</b>
	Office equipment at cost	22	22
	Accumulated depreciation	(22)	(22)
	<b>Total Office equipment</b>	<b>–</b>	<b>–</b>
<b>17</b>	<b>Intangible assets</b>	<b>2015</b>	2014
		<b>\$'000</b>	<b>\$'000</b>
	Externally acquired software		
	At cost	228	–
	Accumulated amortisation	(23)	–
	<b>Total Externally acquired software</b>	<b>205</b>	<b>–</b>
	Work in Progress		
	At cost (deemed fair value)	–	88
	<b>Total Work in Progress</b>	<b>–</b>	<b>88</b>
	<b>Total Intangible assets</b>	<b>205</b>	<b>88</b>

**Reconciliation of Intangible Assets**

The following table shows the movement of intangible assets during 2014–15:

	<b>Externally acquired software</b>	<b>Work in Progress</b>	<b>Total 2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	–	88	88
Additions	–	140	140
Capital transfers from WIP	228	(228)	–
Amortisation expense	(23)	–	(23)
<b>Carrying amount at the end of the period</b>	<b>205</b>	<b>–</b>	<b>205</b>

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The following table shows the movement of intangible assets during 2013–14:

	<b>Externally acquired software</b>	<b>Work in Progress</b>	<b>Total 2014</b>
	\$'000	\$'000	\$'000
Additions	–	88	88
<b>Carrying amount at the end of the period</b>	<b>–</b>	<b>88</b>	<b>88</b>

In 2013–14, the Authority commissioned the Department of Treasury and Finance to develop a data system to support changes to the barring scheme under Part 4 of the *Independent Gambling Authority Act 1995* and the “notify and work” arrangements for gaming employees under the *Gaming Machines Act 1992*. These legislated changes came into operation on 1 July 2014. Under the arrangement with the Department of Treasury and Finance, the cost of the development has been fixed at \$227 930.

The system is called BOEN (for Barring and Online Employee Notification). Some functions of BOEN were deployed into production in the first week of July 2014 to enable gaming licensees to notify their employees as required by the *Gaming Machines Act 1992*, and other functions were deployed in August 2014 to enable gambling providers to notify the making of barring orders. BOEN system was fully operational by the end of the second quarter in 2014–15.

**18 Fair value measurement**

**Fair Value Hierarchy**

The Authority categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

The Authority had no valuations categorised into Level 1, 2 or 3.

**19 Payables**

	<b>2015</b>		<b>2014</b>
	\$'000		\$'000
<b>Current</b>			
Creditors and Accrued Expenses	<b>35</b>		60
Employment on-costs	<b>9</b>		7
<b>Total Current Payables</b>	<b>44</b>		<b>67</b>
<b>Non-Current</b>			
Employment on-costs	<b>19</b>		18
<b>Total Non-Current Payables</b>	<b>19</b>		<b>18</b>
<b>Total Payables</b>	<b>63</b>		<b>85</b>

As a result of actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2014 rate of 40% to the

## Financial statements

2015 rate of 37%. The average factor for the calculation of employer superannuation cost is 10.3% in 2015–16. These rates are used in the employment on-cost calculation.

### 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 26.

Categorisation of financial instruments and risk exposure information—refer to Note 26.

20	<b>Employee benefits liabilities</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	<b>Current</b>		
	Accrued salaries and wages	6	3
	Annual leave	42	34
	Long service leave	8	9
	Skilled employee retention leave	5	4
	<b>Total Current Employee benefits liabilities</b>	<b>61</b>	50
	<b>Non-Current</b>		
	Long service leave	206	194
	<b>Total Non-Current Employee benefits liabilities</b>	<b>206</b>	194
	<b>Total Employee benefits liabilities</b>	<b>267</b>	244

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave.

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 decreased to 3.00% (2015) from 3.50% (2014).

This change in the bond yield, which is used as the rate to discount future long service leave cash flows, has had an impact on the calculation of the reported long service leave liability.

The net financial effect of bond yield changes in the current financial year is an increase in the long service leave liability of \$6 973.44. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions—a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

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<b>21</b>	<b>Provisions</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	<b>Non-current</b>		
	Provision for workers' compensation	1	1
		1	1

A provision is held to reflect workers' compensation claims incurred but not reported. This provision is based on an actuarial assessment performed by the Public Sector Workforce Division of the Department of the Premier and Cabinet, on a Whole of Government basis. There have been no actual claims in the reporting period or the previous period.

**22      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:

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Within one year	205	199
Later than one year but not later than five years	511	726
<b>Total Remuneration Commitments</b>	<b>716</b>	925

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:

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Within one year	29	93
<b>Total Operating Lease Commitments</b>	<b>29</b>	93

**23      Contingent Assets and Liabilities**

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

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<b>24</b>	<b>Cash Flow Reconciliation</b>	<b>2015</b>	2014
		<b>\$'000</b>	\$'000
	<b>(a) Reconciliation of Cash and cash equivalents at the end of the reporting period</b>		
	Cash and cash equivalents disclosed in the Statement of Financial Position	<b>3 974</b>	3 677
	Balance as per the Statement of Cash Flows	<b>3 974</b>	3 677
	<b>(b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services</b>		
	Net cash provided by operating activities	<b>297</b>	352
	Less revenues from SA Government	<b>(1 731)</b>	(1 693)
	<b>Add/less Non cash items</b>		
	Depreciation and amortisation expense	<b>(23)</b>	–
	<b>Movement in Assets/Liabilities</b>		
	(Decrease) / increase in receivables	<b>(141)</b>	126
	(Decrease) / increase in other assets	<b>140</b>	–
	Decrease / (increase) in payables	<b>22</b>	(1)
	Decrease / (increase) in employee benefits	<b>(23)</b>	(46)
	<b>Net Cost of Providing Services</b>	<b>(1 459)</b>	(1 170)

**25 Transactions with SA Government**

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

APFII APS4.1 APS4.2		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	<b>EXPENSES</b>						
4	Employee benefit expenses	46	38	936	844	982	882
6	Supplies and services						
	Accommodation and telecommunication	117	115		2	117	117
	General administration and consumables	32	30	163	146	195	176
	Service level agreement fees	95	105	–	–	95	105
	Contractors	–	–	19	52	19	52
	Consultants	–	–	134	–	134	–
	Other	1	–	–	–	1	–
8	Grants and sponsorships	–	14	–	–	–	14
9	Auditor's remuneration	15	17	–	–	15	17
	<b>TOTAL EXPENSES</b>	<b>306</b>	319	<b>1 251</b>	1 044	<b>1 558</b>	1 363



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APFII APS4.1 APS4.2		SA Government		Non-SA Government		Total	
Note		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	<b>INCOME</b>						
10	Interest revenues	86	85	–	–	86	85
11	Recoveries	–	41	–	–	–	41
12	Other revenues	–	–	36	67	36	67
13	Revenues from SA Government	1 731	1 693	–	–	1 731	1 693
	<b>TOTAL INCOME</b>	<b>1 817</b>	<b>1 819</b>	<b>36</b>	<b>67</b>	<b>1 853</b>	<b>1 886</b>
	<b>FINANCIAL ASSETS</b>						
15	Receivables						
	Accrued Revenue	7	7	–	1	7	8
	Prepayments	–	140	–	–	–	140
	<b>TOTAL FINANCIAL ASSETS</b>	<b>7</b>	<b>147</b>	<b>–</b>	<b>1</b>	<b>7</b>	<b>148</b>
	<b>FINANCIAL LIABILITIES</b>						
19	Payables						
	Creditors and Accrued Expenses	23	44	12	16	35	60
	Employment on-costs	14	13	14	12	28	25
	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>37</b>	<b>57</b>	<b>26</b>	<b>28</b>	<b>63</b>	<b>85</b>

## 26 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.

#### 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

## Financial statements

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.

## **27 Events after the reporting period**

The Authority is not aware of any events after the reporting period that would have a material impact on the financial statements.



**Independent Gambling Authority**

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**Annual Report 2014–15**

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**Volume 2**

**Report of the Liquor and  
Gambling Commissioner**

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## **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 2014 to 30 June 2015.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

**Dini Soulio**  
LIQUOR AND GAMBLING COMMISSIONER

31 August 2015

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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 Gambling Codes of Practice;
- inspection, monitoring and scrutiny of gaming machine operations;
- determination of applications with respect to gaming machine licences and the imposition of conditions under such licences;
- approval of persons in a position of authority;
- 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; and
- disciplinary action against gaming licensees.

### **Casino Act**

- assessment of compliance by the Casino operator with the provisions of the Casino Act, the Approved Licensing Agreement, the Casino Duty Agreement and the 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;
- evaluation and approval of systems and 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 for non-welfare reasons.



### **Authorised Betting Operations Act**

- assessment of compliance by gambling providers with the provisions of the Authorised Betting Operations Act and relevant Agreements, Rules and the 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 UBet SA Pty Ltd (UBet SA);
- approval of UBet SA and racing club systems and equipment as required by the Authority;
- approval of contracts entered into by UBet SA;
- 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 2014-15, 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, 530 held ‘live’ gaming machine licences as at 30 June 2015);
  - inspecting the operations of 21 licensed bookmakers, 370 UBet SA agencies and 38 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 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 2014-15**

##### **3.2.1 Agency Changes**

Consumer and Business Services (CBS) has been through major changes in recent years and reviewed many of its work methods previously adopted. The former Commissioner, Paul White retired in April 2014 and I was appointed as the Commissioner for Consumer Affairs, Liquor and Gambling in July 2014. CBS has continued to play a vital role in improving consumer wellbeing through consumer empowerment and protection and make further improvements and changes.

There has been a strong focus on incorporating new technology and the provision of online services including web-chat service, online complaint process, web based interviews, smart forms and additional payment channels for customers. The CBS website continues to be reviewed and improved with a focus on making it easier for our customers to easily find information and up to date content.

CBS also recently sought feedback through a Customer Centric Culture Program to identify customer needs and continuous improvement opportunities which are aimed at making it easier for our customers to do business with CBS.

The Inspections and Investigations staff continue to work diligently using targeted and themed operations that are leading to seizures, arrests and prosecutions. They are also serving to educate and warn industry, educate the public and protect consumers.

A new Deputy Commissioner has also recently been appointed. Mr George Kamencak took up this position in March 2015 and as part of this role, he will also undertake duties as the Director Compliance and Enforcement, encompassing areas of CBS including Advice & Conciliation, and Inspections and Investigations.

The significant changes at CBS has seen the department develop into a more streamlined and efficient organisation that is more proactive than ever before, and better at servicing our clients.

##### **3.2.2 Gambling Reforms**

As previously reported in my 2013-14 Annual Report, the *Statutes Amendment (Gambling Reform) Act 2013* (Gambling Reform Act) was passed with amendments by both Houses of Parliament in July 2013 and received Royal Assent in August 2013.

The *Statutes Amendment (Gambling Reform) Act 2013* (Gambling Reform Act) contains amendments to the following Acts—

- *Gaming Machines Act 1992*;
- *Casino Act 1997*;
- *Independent Gambling Authority Act 1995*;
- *Authorised Betting Operations Act 2000*;
- *State Lotteries Act 1966*; and
- *Problem Gambling Family Protection Orders Act 2004*.

Various provisions of the Gambling Reform Act progressively come into operation between 31 August 2013 and 1 January 2017. Further details regarding these changes are outlined in section 3.3 of this report.

These reforms are aimed at reducing the harm from problem gambling in the South Australian community and make improvements to existing regulatory measures, including red tape reduction as well as some technical improvements.

### **3.2.3 *Illegal Gaming Machines Seized***

Section 45 of the *Gaming Machines Act 1992* requires that a person must not have possession of a gaming machine on any premises unless they are licensed to do so.

During May and June 2014, CBS received information indicating that unlawful gaming machines were being brought into South Australia from interstate and overseas suppliers. In July 2014, Consumer and Business Services (CBS) in association with South Australian Police (SAPOL) raided properties and seized illegal poker machines - the first seizure in the state.

CBS investigators attended four separate properties to execute warrants for the purpose of locating and seizing gaming machines. The outcomes of the operation were—

- a gaming machine and other evidence was seized from a house in the Willaston area;
- a gaming machine at a Whyalla address was surrendered;
- two gaming machines were surrendered at a Prospect address; and
- a gaming machine at a Port Pirie address was surrendered.

Five machines were seized and eight individuals were found in unlawful possession of gaming machines.

In June 2015, CBS in association with SAPOL raided a Walkley’s Heights house, seizing four illegal poker machines. CBS received information that there was a ‘pokies lounge’ set up in a private house, with four fully functioning gaming machines.

Investigators executed a warrant and seized four gaming machines. CBS is working with interstate and overseas authorities to identify any companies or individuals supplying gaming machines to people in South Australia.

### **3.2.4 *Approved Trading System for Gaming Machine Entitlements***

During 2014-15, I conducted Trading Rounds 6/2014, 7/2014 and 8/2015 on 31 July 2014, 20 November 2014 and 26 March 2015 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 is now 13 827. This total includes 995 non-transferable entitlements allocated to the Adelaide Casino on 1 January 2014 as part of the gambling reforms.

Further details regarding these trading rounds are outlined in section 10 of this report.

## **3.3 Legislative Amendments - Gambling Reforms**

### **3.3.1 *Online notification of gaming managers and gaming employees***

Changes to the approval process for gaming managers and gaming employees commenced on 1 July 2014. Gaming managers and gaming employees no longer require approval from the Commissioner to work at a gaming machine venue.

Licensees (or a person nominated by the licensee as a venue administrator) now use the new Barring and Online Notification System (BOEN) to ‘notify’ the Commissioner of the appointment of new gaming managers and gaming employees prior to them commencing in those roles. No application fees apply to these new arrangements.

The Commissioner has the power to prohibit a person from carrying out the duties of a gaming manager or gaming employee, either permanently or for a specified period.

If a licensee allows a person to carry out the prescribed duties of a gaming manager or gaming employee without first notifying the Commissioner, both the person and licensee are guilty of an offence. If a person ceases to hold the position of gaming manager or gaming employee or is no longer employed at a venue, the licensee must within 14 days notify the Commissioner by updating the person’s record in the BOEN system.

### **3.3.2 *New responsible gambling training designed to complement responsible gambling systems.***

Previously, training requirements for gaming managers and gaming employees were set out in legislation, codes of practice and licence conditions which created some confusion and duplication.

As from 1 July 2014, the amendments provide a consistent minimum level of training across the hotel and club sector and the Adelaide Casino and allow some portability between those gambling sectors.

Under the Gaming Machines Act, the IGA is required to specify the details of how or by what means the training will be provided in order for it to be formally recognised. The amendments extend this requirement for training under the *Casino Act 1997* (Casino Act).

Two new levels of training have been established—

1. *recognised basic training*, which covers operation of gaming machines; responsible gambling; basics of problem gambling identification (including automated risk monitoring); and basics of pre-commitment.
2. *recognised advanced training*, is in addition to basic training, covering advanced identification of problem gambling (including automated risk monitoring); low level intervention and referral to gambling help services; and advanced pre-commitment tools.

All gaming employees that work in the gaming area are now required to complete *recognised basic training*. Gaming managers are also required to complete *recognised advanced training*. These two levels of training are also now included in the Casino Act.

All new and existing gaming managers and gaming employees will be required to complete the new training courses and maintain their level of knowledge through repeat training every two years.

### **3.3.3 *One Government agency will have responsibility for all gambling related welfare barrings***

Arrangements for barring of patrons was previously provided for in the various gambling related Acts, which caused some confusion among gambling providers, and was inconsistent in the administration of barring orders.

As a result, as from 1 July 2014, welfare barring arrangements have been made consistent across all gambling legislation, with the Independent Gambling Authority (IGA) as the central gambling barring agency.

Barring orders made by gambling providers will be valid for three months, during which time the IGA will invite the barred person to discuss whether a barring order covering a longer period, more venues, or more types of gambling would be appropriate.

As from 1 July 2014, the details of a barring or request for barring from a gaming area or other areas in the premises must be notified through the new BOEN system. The BOEN system has been developed, so that gambling providers can make barring orders online and have online access to recent photographs of persons barred from their venue, or by type of gambling. A paper based system is available for gambling providers without internet access.

### **3.3.4 *Conduct of gaming operations (between 2am and 8am)***

From 1 July 2014, licensees must now ensure that a gaming manager is present on a licensed premises at all times that gaming operations are being conducted on the licensed premises (rather than specifically in the gaming area between 2am and 8am as was the case prior).

### **3.3.5 *Simplified in-venue signage***

The requirement was for the display of regulatory, responsible gambling signage and gambling help service messaging covered by the various gambling related Acts, regulations, codes of practice and licence conditions. Over time, this caused a cluttered look, some duplication and reduced message impact.

Amendments to the Gaming Machines Act and Casino Act provide for the responsible gambling codes of practice to consolidate and simplify signage requirements.

From 1 July 2014, signage requirements have been improved to achieve an optimal level to increase the impact of regulatory, responsible gambling and gambling help service messages, while reducing the overall number of signs in venues.

The old gambling helpline card has been replaced and now features a new National gambling helpline number. These cards must be available near each Automatic Teller Machine (ATM); automated coin dispensing machine in or near a gaming area; cashier area; and each gaming machine.

Also from 1 July 2014 licensees must display at least one A3 ‘multi-lingual’ sign in six different languages in a prominent position in each gaming area. Licensees must take into account the typical culture of, and the language used by, patrons of each gaming area and give consideration to displaying any locally relevant language other than those displayed in the sign.

Licensees must also now ensure the prominent display of the condensed warning message and national gambling helpline number on or near each coin dispensing machine and each cashier area.

A new ‘perimeter’ sign must now be displayed at the entry to each gaming area and must include the following—

- the gaming area is restricted to people over the age of 18;
- the gaming area is subjected to state laws and codes of practice;
- the gaming area is inspected by CBS; and
- a telephone number to make complaints through CBS.

Licensees must display approved Office for Problem Gambling (OPG) responsible gambling campaign material in gaming areas and, depending on the number of gaming machines operated, additional signs either in gaming areas or other parts of the venue which area accessible to the public.

Responsible gambling message images must also be displayed on ATM screens and EFTPOS enabled touch screens connected to cash dispensers. Licensees can choose to display any of a number of approved images or a combination of them, and that a full screen responsible gambling message is displayed on the ATM screen or EFTPOS enabled touch screen at least 20% of the time that the screen is idle. Transaction slips produced by an ATM or EFTPOS terminal must also include the condensed warning message and the new national gambling helpline number.

## 4. LICENSING

### 4.1 Licence Types

As at 30 June 2015, the following classes of gambling licences were actively held or operating—

Licence Type	No of Active Venues or Licensees
Gaming Machine Venues	530
UBet SA outlets <sup>1</sup>	370
Bookmaker Agents	72
Racing Clubs	38
Bookmakers	21
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 2015, there were 530 active gaming machine licences, under the following categories of liquor licence—

- 443 Hotels
- 53 Clubs
- 34 Special Circumstances

A further 45 licences were under suspension. One licensee surrendered their gaming machine licence during 2014-15.

### 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).

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).

As previously reported, 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. Scientific Games International (SG) (the incumbent) was the successful bidder to supply the new monitoring system for IGC. Contract approval between IGC and SG was granted in June 2014.

IGC recently provided my office and licensees with a bulletin updating its progress towards the implementation of its new gaming machine monitoring system (SG Video) which is to be provided by SG.

SG is presently customising SG Video to comply with IGC's functional specifications. Acceptance of the new system will require my approval before its implementation.

SG Video represents a significant advance in technology and hence will require a major upgrade to the network cabling and modifications to all gaming machines. IGC have stated that these modifications are necessary in order to allow for the maximum utilisation of technology.

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<sup>1</sup> On 30 October 2012, the Authority granted approval for SATAB (now known as UBet SA) to establish an office, branch or agency at 34 race courses throughout South Australia. This approval facilitated the offering of fixed odds betting by UBet SA at the approved race courses. This has resulted in an increase in the number of active UBet SA outlets.

#### 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 21 licensed gaming machine dealers as at 30 June 2015.

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. During 2014-15, three 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 2015, there were two 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 (GMEs) from the non-profit sector (i.e. 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 2015, Club One held 280 gaming machine entitlements comprising:

- 92 entitlements allocated to non-profit associations;
- 119 entitlements allocated to profit organisations; and
- 69 unallocated entitlements.

The 119 entitlements allocated by Club One to profit organisations are held across various hotel groups comprising of the following—

Hotel Group	Number of Entitlements <sup>2</sup>
Club Management Services (CMS)	31 (48)
Plush Group	21 (24)
Australian Leisure and Hospitality Group Limited (ALH)	23 (23)
Coles Group	0 (21)
Jones Group	17 (17)
Toad Park Pty Ltd	7 (7)
Holles Street Pty Ltd	5 (0)
Hotel Eyre Pty Ltd	3 (0)
Clovercrest Hotel Pty Ltd	4 (6)
Beswick Group	4 (8)
Chinbiya Pty Ltd	4 (4)
<b>TOTAL</b>	<b>119 (158)</b>

<sup>2</sup> Entitlements allocated as 30 June 2014 shown in parenthesis.

#### **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 2014-15 is shown below—

- Vesting Club Agreements

No Vesting Club Agreements with Club One have been approved during 2014-15.

- Host Club Allocation Agreements

Club One had previously submitted an application for approval of a Host Club Allocation Agreement (HCAA) with the Playford City and Community Club Inc. (PCCC) to allow for the allocation of GMEs to PCCC.

The HCAA between Club One and PCCC was approved on 12 July 2013.

An application to allocate 32 GMEs from Club One to the Angle Vale Tavern, pursuant to the existing HCAA was approved on 21 October 2014.

Further, an addendum HCAA and loan agreement which varied previous documentation lodged and approved by my office were approved on 11 February 2015.

An application to vary a HCAA was made whereby Club One consented to an application to vary the terms of an existing HCAA with the Athelstone Football Club (AFC) to allow for five GMEs to be removed from the premises and that the HCAA be terminated.

The variation and subsequent termination of the HCAA between Club One and the AFC was approved on 7 January 2015.

- Temporary Allocation Agreements

Club One submitted for approval an addendum to an existing Temporary Allocation Agreement (TAA) between Club One and the Plush Group as a result of the Plush Group successfully purchasing gaming machine entitlements (GME) in trading round 6/2014.

The addendum provides that—

- the Plush Group to return four GMEs to Club One on the basis that the Plush Group will take five GMEs allocated by Club One at a new monthly rate;
- 20 of its current GMEs allocated to the Plush Group remain in place at the original rate;
- once the transactions are complete the total number of GMEs allocated to the Plush Group will be 25;
- Club One can impose a late fee if any payment due for the GMEs allocated is paid late;
- the terms of the original TAA continue unless varied by the addendum; and
- the Plush Group cannot return any of the 25 GMEs for a period of six months.

An order approving the addendum to the existing TAA was approved on 11 September 2014.

Club One submitted for approval an executed TAA between Club One and the Campania Sports and Social Club Inc. (CSSC) which would enable the transfer of all ten of its GMEs to Club One in return for financial payment.

The agreement provides that—

- CSSC agrees to transfer all 10 of its GME to Club One in return for a transfer fee payable monthly;
- the term of the agreement is for two years;
- provision in the agreement for the parties to either negotiate an extension or to negotiate a permanent transfer of the ten GMEs to Club One; and
- GMEs to be re-allocated to CSSC at expiration of the term if no negotiations have taken place.

An order approving the TAA was approved on 29 September 2014.



- Gaming Machine Entitlement Allocation Agreements

Club One submitted an application for approval to allocate five eligible GMEs to Holles Street Pty Ltd (the Kadina Hotel). The Gaming Machine Entitlement Allocation Agreement (GMEAA) also included provision for—

- the parking fee payable by Holles Street Pty Ltd to Club One for any GMEs allocated by Club One to it;
- number of GMEs to be allocated;
- title to the GMEs;
- reallocation of GMEs between it and Club One;
- termination of the agreement; and
- other commercial arrangements.

An order approving the GMEAA was approved on 15 July 2014 and an order approving the transfer of entitlements was approved on 8 August 2014.

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 2014-15—

Group / Licensee	Premises	Number of Entitlements Allocated To Venues
Plush Group	Barossa Brauhaus	1
	Valley Hotel	3
	Angas Park Hotel	1
Holles Street Pty Ltd	Kadina Hotel	5
<b>TOTAL</b>		<b>10</b>

Club One was granted approval to allocate gaming machine entitlements to the following non-profit associations (i.e. Clubs and Community Hotels) during 2014-15—

Group / Licensee	Premises	Number of Entitlements Allocated To Venues
Playford City Soccer & Community Club	Angle Vale Tavern	32
<b>TOTAL</b>		<b>32</b>

Approval was granted for gaming machine entitlements previously allocated to the following hotel groups and venues to be returned to Club One during 2014-15—

Hotel Group	Premises	Number of Entitlements Re-Allocated To Club One
Plush Group	Old Spot Hotel	4
	Smithfield Hotel Motel	4
Clovercrest Hotel Pty Ltd	Clovercrest Hotel	2
Coles Group	Waterloo Station Hotel	6
	Hope Inn Hotel	4
	Hampstead Hotel	1
	Grand Junction Tavern	3
	Brighton Metro Hotel	5
	Payneham Tavern	2
Beswick	Blue Gums Hotel	4
CMS Group	Warradale Hotel	2
	Morphett Arms Hotel	3
	Oxford Hotel	9
<b>TOTAL</b>		<b>49</b>

Approval was granted for gaming machine entitlements previously allocated to the following clubs to be transferred or returned to Club One during 2014-15—

Licensee	Number of Entitlements Re-Allocated To Club One
Athelstone Football Club (Returned)	5
Campania Sports & Social Club (Transferred)	10
<b>TOTAL</b>	<b>15</b>

## **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 complementary approaches—

- complaint based investigations;
- risk based inspections;
- taskforce operations;
- thematic inspections; and
- formal investigation.

These are summarised as follows—

#### ***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 licensee include—
  - trading hours;
  - venue capacity;
  - entertainment type;
  - entertainment hours; and
  - intelligence relating to the history of the licensee, including complaint data and prior conduct.
- 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 SAPOL (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 in relation to particular areas of harm. 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.

***Formal Investigation***

- Inspections may result in the detection of serious non-compliance warranting formal investigation, which may result in enforcement action, including prosecution or disciplinary action against the licensee or other parties.

**5.2 Compliance Activity**

**5.2.1 Gaming Machines**

All gaming compliance activity for 2014-15 is shown below—

<b>Assessment Type</b>	<b>2014-15</b>
Routine Inspections	563
Taskforce Operations	0*
Thematic Inspections	249
<b>TOTAL</b>	<b>812</b>

\* Taskforce Operations now form part of Thematic Inspections for 2014-15

- 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 2014-15 which were themed based, targeting compliance with specific requirements of the Gaming Machines Act and the Responsible Gambling Code of Practice.

In 2014-15, the following thematic inspections were undertaken—

- **Operation Lone Wolf 3 (South East)**

On 12 and 13 August 2014, authorised officers undertook a thematic taskforce operation on 11 randomly selected gaming venues located in Mount Gambier and Millicent.

The inspections were primarily organised to conduct surveillance in and around licensed premises monitoring for unattended children (up to the age of 10 years) and compliance with clause 48 of the *Gambling Codes of Practice Notice 2013* (COP).

*Clause 48—Young Children in and around premises*

*A Gaming provider must—*

- (a) *establish and keep current; and*
- (b) *implement—  
a written procedure addressing the issue of young children (being children aged 10 years or less) who might, but for the procedure, be left unattended on the gaming provider's premises or in a motor vehicle parked in a car park over which the gaming provider has direct power and control.*

If the child's parents/guardians were found to be playing gaming machines during this time, authorised officers were to—

- identify the gaming manager on duty;
- obtain a copy of the written procedure addressing the issue of young children;
- interview the gaming manager, in respect to the written procedure to determine whether it had been implemented; and
- seek and review the CCTV footage (if necessary) to ascertain the length of time that the parents had been playing gaming machines and the child had been left unattended.

Authorised officers conducted surveillance within all areas of the licensed premises and adjacent areas including car parks and observed no issues with regard to children being left unattended in or around licensed venues.

- **Operation Lone Wolf 3 (Riverland / Yorke Peninsula)**

On 20 and 21 August 2014, four teams of authorised officers undertook a thematic taskforce operation on 33 randomly selected gaming venues located throughout the Riverland and Yorke Peninsula.

Inspections were primarily organised to conduct surveillance in and around licensed premises monitoring for unattended children (up to the age of 10 years) and compliance with clause 48 of the *Gambling Codes of Practice Notice 2013*.

No unattended children were found within vehicles, car parks under the control of the licensee, or within the licensed premises during these times.

Authorised officers observed some of the larger licensed premises inspected, such as the Renmark Club, Loxton Club and Berri Hotel, utilise staff to monitor external areas of the premises at regular intervals during the day and then employ security guards to perform these duties at night.

A number of venues advised authorised officers that they had not encountered unattended children in or around their premises but that staff were more aware of the potential risks associated with increased numbers of families visiting tourist destinations such as the Yorke Peninsula and Riverland, particularly during school holidays.

It was also noted that most licensed premises have staff training in regards to their unattended minors policy upon induction.

- **Operation Seal (CBD)**

On 11 and 12 December 2014, authorised officers attended 34 licensed premises within the Adelaide central business district to monitor compliance with specific legislation including the Gaming Machine Act and COP.

The relevant areas monitored included—

- Section 48 Gaming Machines Act  
Offences relating to management or positions of authority.
- Section 50A Gaming Machines Act  
Gaming managers and employees must carry identification.
- Section 66 Gaming Machines Act  
Machines not to be operated in certain circumstances.
- Section 42 COP  
Internal Reporting of Problem Gamblers.
- Section 45 COP  
Gaming Areas - Regulatory Signs.

One venue was reported for a breach of section 48 of the Gaming Machines Act where no gaming manager was present at the time of inspection, but returned a short time later. A warning letter was issued to the licensee.

In relation to section 66 of the Gaming Machines Act, authorised officers found four venues each with one gaming machine not sealed as required. A warning letter was issued to each venue instructing the gaming managers to have gaming technicians rectify the situation.

Authorised officers found compliance in relation to clause 42 COP was unsatisfactory. Of the 34 licensed premises inspected, 12 venues were found to be non-compliant. Expiations were issued to five licensees and warning letters were issued to five licensees. Due to the remaining two venues having had their licences suspended for reasons unrelated, no further action will be taken.

Authorised officers found compliance in relation to clause 45 COP was unsatisfactory. Of the 34 licensed premises inspected, five venues had no perimeter signage displayed at the entrance to a gaming area. Expiation notices have been issued to each of the five venues.

- **Operation Seal 2**

A thematic taskforce operation was conducted during December 2014 and January 2015 targeting a number of venues within regional areas. The operation included the following—

Monday 29 December 2014 (Victor Harbor)  
Friday 9 January 2015 (South East)  
Thursday 15 January 2015 (Port Augusta and Gawler)  
Friday 16 January 2015 (Port Pirie)

Authorised officers conducted surveillance of approximately 54 licensed venues encompassed within these areas, monitoring compliance with the COP and the Gaming Machines Act.

Authorised officers found compliance in relation to clause 42 of the COP was moderate. Of the 54 licensed premises inspected, seven venues were found to be non-compliant. However the severity of instances of non-compliance varied from one or two fortnights to more extended periods. This period determined the issuing of expiations. Expiations were issued to two licensees and warning letters were issued to the remaining licensees.

Other areas of non-compliance included section 66 of the Gaming Machines Act where there is a requirement for the door of a gaming machine's computer cabinet to be sealed in a manner approved by the Commissioner. These matters were minimal and licensees issued with a warning letter to rectify.

- **Operation Metro**

A thematic taskforce operation was conducted on 20 May 2015 involving four authorised officers inspecting 40 licensed premises within the metropolitan area. Authorised officers monitored compliance with the COP and the Gaming Machines Act.

Authorised officers specifically monitored compliance with—

- offences relating to management or positions of authority;
- gaming managers and employees carrying identification;
- responsible gambling documents;

- internal reporting of problem gamblers; and
- duty to offer barring.

Most of the non-compliance matters detected were in relation to the requirement for internal reporting of problem gamblers, where 10 out of 40 venues inspected were found to be non-compliant with clause 42 of the COP. The severity of instances of non-compliance varied from one or two fortnights being overlooked to several reviews not being undertaken.

Warning letters were issued to most licensees detected with non-compliance, and expiation notices were issued to three licensees.

Further inspections will be scheduled targeting those venues where breaches have been identified.

#### • **Operation Metro**

A thematic taskforce operation was conducted on 23 June 2015 involving five authorised officers inspecting 50 licensed premises within the metropolitan area. Authorised officers monitored compliance with various aspects of the COP and the Gaming Machines Act including—

- offences relating to management or positions of authority;
- gaming managers and employees carrying identification;
- regulatory signage requirements at the entry to gaming areas;
- requirements for displaying a condensed warning message and national gambling helpline number;
- requirements to ensure a quantity of gambling helpline cards are available at specific locations; and
- requirements for ATMs to display the responsible gambling message for the appropriate time.

Overall, authorised officers found a high level of compliance by licensed premises inspected. Of the 50 venues inspected, there were three found to be non-compliant in relation to—

- requirements for gambling helpline cards; and
- requirements for ATMs to display the responsible gambling message for appropriate time.

An expiation notice was issued for the breach relating to the requirements for ATMs to display the responsible gambling message. A warning letter has been issued for other non-compliance.

### 5.2.2 *Casino*

All casino compliance activity for 2014-15 is shown below—

<b>Assessment Type</b>	<b>2014-15</b>
Casino Advertising Audit	24
Casino Surveillance	175
Casino Gaming Inspection & Audit	439
Casino Revenue Inspection & Audit	1024
Finance Audit - Monthly NGR Verification	0
Prize Verification	23
Premium Customer Audit	1
<b>TOTAL</b>	<b>1686</b>

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 Game Rules, Casino Control Standards and the 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 (i.e. gaming areas, Casino entry points, cashier areas, back-of-house) or by desk audits (i.e. gaming 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 (i.e. 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 and consistent approach to compliance. This has resulted in a shift from the traditional types of Casino inspections (i.e. targeted and scheduled inspections) to unannounced routine and other specialised inspections (i.e. gaming surveillance, finance audits and commission program audits).

- Taskforce Operations (September 2014)

Between 20 September and 21 September 2014, a taskforce operation was conducted by authorised officers targeting compliance with various gaming operations at the Adelaide Casino.

Authorised officers conducted a total of 29 inspections during this time. These inspections included—

- Caribbean Stud and Supa-Nova jackpots audit;
- Drop box and table audits in numerous pits;
- Various table game and gaming machine compliance audits;
- Pit supervision levels;
- Staff identification checks;
- Cheque holding audit;
- Drop box collection process;
- Card shredding;
- Attend soft count buy and hard count buy;
- Gaming table chip float checks;
- Jackpot controller seal audits; and
- Commission Program settlements and reconciliation.

Of the 29 inspections conducted, there were two matters of non-compliance reported. These included:

- Licensee must take steps to ensure that a person plays no more than one gaming machine at a time.  
Two incidents were identified during an audit of surveillance logs.
- Juvenile on premises.  
A juvenile was viewed via Surveillance coverage entering the Casino premises via the North Terrace entrance on the ground floor. The juvenile was accompanied by an adult and did not consume liquor or gamble whilst in the Casino.

The taskforce operation allowed for an extended presence to be maintained at the Casino premises by authorised officers for a full 24-hour period, enabling authorised officers to conduct surveillance during various periods of trade.

- Taskforce Operations (November 2014)

Between 21 and 23 November 2014, authorised officers conducted a taskforce operation at the Adelaide Casino.

This operation involved authorised officers attending at various intervals in order to monitor compliance with relevant legislation. Authorised officers conducted 34 inspections, with numerous instances of non-compliance being reported in relation to three criteria. These included—

- Licensee must take steps to ensure that a person plays no more than one gaming machine at a time.



Eleven incidents where patrons were playing more than one gaming machine at a time were identified upon review of surveillance logs.

- Involuntary barring—barred person must not enter gaming area.

A patron was observed on the casino premises where they were requested to leave by security officers. Barring orders were also issued at the time.

- Section 45 Commissioner barring—barred person must not enter gaming area.

Two patrons were observed on the casino premises where they were requested to leave by security officers. Barring orders were also issued at the time.

A letter regarding these incidents was sent to the casino licensee requesting an explanation.

#### Taskforce Operations (May 2015)

Between 29 and 31 May 2015, authorised officers conducted a taskforce operation at the Adelaide Casino.

This operation involved authorised officers attending at various intervals in order to monitor compliance with relevant legislation. Authorised officers conducted 37 inspections during this time. These inspections included—

- Premium customer audit;
- Table game compliance;
- Drop box attached to tables;
- Table floats and chip bank audit;
- Cheques held audit;
- Floor surveillance;
- Drop box collection;
- Hard count and soft count buy;
- Financials audit;
- Surveillance observations regarding intoxication in gaming areas; and
- Table game and gaming machine surveillance.

There was one non-compliance reported in relation to the following criteria—

- Licensee must take steps to ensure that a person plays no more than one gaming machine at a time.  
Skycity Adelaide casino staff dealt with this matter by requesting the patron cease this action. Authorised officers were also present at the time.

- Taskforce Operations (June 2015)

Between 12 and 14 June 2015, authorised officers conducted a taskforce operation at the Adelaide Casino.

This operation involved authorised officers attending at various intervals in order to monitor compliance with relevant legislation. Authorised officers conducted 38 inspections during this time. These inspections included—

- Premium customer audit;
- Card and Dice audit;
- Gaming machine audit;
- Drop box attached to tables;
- Table floats and chip bank audit;
- Floor surveillance;
- Drop box collection;
- Financials audit;
- Surveillance observations regarding intoxication in gaming areas; and
- Table game and gaming machine surveillance

There were five instances of non-compliance reported in relation to the following criteria—

- Licensee must take steps to ensure that a person plays no more than one gaming machine at a time.  
Two instances were identified during an audit of surveillance logs.
- Barred person must not enter gaming area.  
Two instances were identified where a barred patron was observed on the casino premises and was requested to leave by security officers.
- Table floats and chip bank audit - Actual table inventory reflects closing documentation.

One instance where the closing float documentation did not reflect actual chips held at the table on opening. Relevant documentation was adjusted and surveillance advised.

- Audit of Casino Advertising Procedures

As required by the Casino - Advertising Procedures - Direction Notice 2013 (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 Advertising Code of Practice.

Between 1 July 2014 and 30 June 2015, my office conducted audits to assess compliance by SkyCity Adelaide with the Direction Notice.

26 audits were completed during this time, subject to an individual assessment of the requirements of the Direction Notice. There were no instances of non-compliance detected during this period resulting in written notification to the Authority or SkyCity.

- Authorised Gaming

As at 30 June 2015, the Adelaide Casino had 84 gaming tables with 63 tables on the common gaming floor and 21 in the premium gaming areas (members only).

Procedures are in place to limit the number of tables in operation at any one time to the maximum permissible level of 200 gaming tables (prior to amendments to the Approved Licensing Agreement in February 2014, the maximum number of gaming tables was 90).

The maximum permissible number of gaming machines which can be operated at the Casino is 1,500 (prior to amendments to the Approved Licensing Agreement in February 2014, the maximum number of gaming machines was 995). The total number of gaming machines in operation as at 30 June 2015 was 914, comprising of 732 in the common gaming area and 182 in the premium gaming areas (members only).

### 5.2.3 Wagering

All UBet SA (formerly SATAB), Bookmaker and Racing Club compliance activity for 2014-15 is shown below—

Licence Class	Assessment Type	2014-15
UBet SA	Routine Inspections	300
	UBet SA Credit Betting Audit	27
Bookmakers	Visual Inspections <sup>3</sup>	46
	Cash Betting Audit	13
	Routine Inspections <sup>4</sup>	33
	Account Betting Audit <sup>5</sup>	2
Racing Clubs	Routine Inspections	42
	Visual Inspection <sup>5</sup>	4
	Punters Club Audit	2
<b>TOTAL</b>		<b>469</b>

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 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.

<sup>3</sup> The surveillance of minors and intoxicated persons placing bets now forms part of visual inspections.

<sup>4</sup> While 21 bookmakers are currently licensed, routine inspections could only be undertaken on the bookmakers who were granted permits to attend race meetings during the year.

<sup>5</sup> Records audits now form part of account betting audits.

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.

In 2014-15, the following taskforce operations were undertaken—

#### **Roxby Downs Cup**

On 2 August 2014, authorised officers conducted a taskforce operation targeting the Roxby Downs Cup race meeting.

The operation was to ensure compliance with the Authorised Betting Operations Act and relevant Gambling Codes of Practice, and the collection of information to identify any matters of concern and determine appropriate ways to improve future events.

Authorised officers conducted audits on four licensed bookmakers and the Roxby Downs and District Racing Club totalisator.

One breach was detected where a licensed bookmaker had the incorrect time displayed on his computer used to record all bets and produce betting tickets. The matter was corrected following advice by the authorised officer and dealt with by the issuing of a warning letter.

All other bookmakers were found to be compliant with the relevant legislation.

#### **Mindarie-Halidon Cup**

On 14 September 2014, authorised officers conducted a taskforce operation targeting the Mindarie-Halidon Cup race meeting.

The focus of this operation was to ensure compliance with the Authorised Betting Operations Act and relevant Gambling Codes of Practice, and the collection of information to identify any matters of concern and determine appropriate ways to improve future events.

Authorised Officers conducted audits on four licensed bookmakers and the Mindarie-Halidon Racing Club totalisator.

All bookmakers and the Mindarie-Halidon Racing Club were found to be compliant with the relevant legislation.

### **Melbourne Cup Day 2014**

On 4 November 2014, authorised officers conducted a taskforce operation targeting the Morphetville Racecourse and associated venues.

The focus of the operation on Melbourne Cup day was to ensure compliance with the Authorised Betting Operations Act and the relevant COP. This included—

- Inspecting venues subject to bookmaker permits being issued for Melbourne Cup functions including the Glenelg Football Club and Stamford Grand Hotel, Glenelg.
- Inspections of bookmaker and on-course totalisator operations at Morphetville Racecourse.

Authorised officers conducted audits on four licensed bookmakers and their agents at the Morphetville Racecourse. All were found to be compliant.

Inspections were also conducted on 12 totalisator gambling areas with no non-compliance noted.

Inspectors attended the Glenelg Football Club and Stamford Grand Hotel, Glenelg in relation to bookmaker permits being issued for Melbourne Cup functions.

Inspectors were advised that the function at the Glenelg Football Club had been cancelled due to limited ticket sales.

Inspections at the Stamford Grand found no instances of non-compliance. It was noted following issues identified last year where persons not attending the function were allowed to place bets with the bookmakers in attendance, that several precautions had been taken to ensure those patrons attending the function were clearly identifiable.

### **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 (i.e. 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 from all gaming inspections were as follows—

<b>Non-Compliance Item</b>	<b>2014-15</b>	<b>2013-14</b>
Operation of machines training - not completed or certificate not available at time of inspection	3	20
Responsible gambling training - not completed or certificate not available at time of inspection	18	41
Gambling helpline cards/stickers not available/affixed	32	47
Register of interaction with problem gamblers not maintained	89	16
Playing of more than one machine sticker not affixed to gaming machines	0	16
Warning to minors sticker not affixed to gaming machines	0	32
All approved gaming staff on duty not prominently displaying ID badges	0	11
Warning to minors sign not displayed at each entrance	0	4
Logic board not sealed	21	0
No gaming manager on duty	4	1
Time of day not prominently displayed in gaming area	4	3
Responsible gambling pamphlets not displayed	0	4
Gaming manager not displaying ID badge	10	2
Gaming licence not displayed at principal entrance	0	3
Responsible Gambling Document not maintained	34	46
Rehabilitation Agency details not available	1	5
Code of practice not available	18	4
Advertising does not include either condensed or expanded warning message	0	1
Prescribed duties not carried out by approved gaming manager or employee	0	0
All barring notices not accessible by, or visible to, staff only	1	0
Rules ancillary to gaming sign not displayed	0	1
Barring procedure not maintained	1	1
Cash facilities not within gaming area	1	0
Establish, maintain and implement procedures to respond to children (age 10 years or less), left unattended in a car park or vehicle	2	0
Patron not warned for playing multiple gaming machines	1	0
"Perimeter" sign at entry to gaming area & include regulatory information	33*	0
Warning message in outdoor signage must occupy 10% of the space	3*	0
At least one A3 sign with "Gambling Helpline" 6 languages to be displayed.	33*	0
Condensed warning & national gambling helpline number to be prominently displayed on/near each coin dispenser & cashier area.	33*	0
Responsible gambling sign must be displayed (A1 sign in each gaming area plus one A1 sign or equivalent for every 10 gaming machines)	60*	0
Responsible Gambling message to be displayed on full screen of ATM or EFTPOS enabled touch screen for at least 20% of idle time.	22*	0
Transaction slips produced by ATM terminal to include condensed warning message & national gambling helpline number	10*	0
<b>TOTAL</b>	<b>434</b>	<b>258</b>

**NOTE:** Figures included in the table “Gaming Machines Act - Non-Compliance Item” and designated with (\*) are items relating to new compliance requirements introduced as part of new gambling reforms as at 1 July 2014.

Following the introduction of new gambling reforms and a suite of new training requirements in 2014-15, there has been a focus on various aspects of the Gambling Codes of Practice including responsible gambling training, signage requirements and the internal reporting of problem gamblers. This has resulted in a high number of non-compliant instances being detected.

Depending on the severity of the breach, the licensee concerned was written to, reminded of their obligations under the Gaming Machines Act, or issued with an expiation notice.

The majority of non-compliant instances detected in relation to new compliance requirements were detected within the period July 2014 to December 2014.

### 5.3.2 *Casino Act*

Instances of non-compliance detected were as follows —

Non-Compliance Item	2014-15	2013-14
Breach of Internal Controls (Pit Operations) (inc Table Game Procedures, Game Rules, Dealing Procedures, Equipment Integrity)	15	22
Warning Message and Gambling Helpline sticker not affixed to ATM or gaming machines	1	2
Breach of Internal Controls (Cash Handling) (inc Hard Count, Soft Count, Verification of Net Gambling Revenue)	2	27
Staff not displaying ID badge	4	4
Patron not warned for playing multiple gaming machines	12	15
Breach of Internal Controls (Gaming Machines) (inc Installation and Operation of Gaming Machines, Operational Procedures)	3	3
Breach of Internal Controls (Security) (inc Drop Box Procedures and Records)	6	13
Time of day not prominently displayed in gaming areas	0	1
<b>TOTAL</b>	<b>43</b>	<b>87</b>

Details of matters referred to the Authority for disciplinary action arising from these investigations are shown later in this report<sup>6</sup>.

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<sup>6</sup> Refer to section 5.4.2 of this report for further details.

### 5.3.3 *Authorised Betting Operations Act*

#### UBet SA

Instances of non-compliance detected were as follows—

<b>Non-Compliance Item</b>	<b>2014-15</b>	<b>2013-14</b>
Not all staff received refresher course at least every two years	4	3
Gambling helpline cards not at betting terminal	2	0
SA Betting Operation Rules not available in gambling area	1	0
Rules published in an approved manner sign not displayed	0	1
Governed by a code of practice sign not displayed	2	1
Document detailing roles of staff not available	0	2
Gambling helpline sticker not on or near betting terminals	0	1
Betting operations rules sign not displayed	0	1
Responsible gambling material not displayed in back area	0	4
Internal reporting of problem gamblers review	61	n/a
Code of practice not available	1	0
<b>TOTAL</b>	<b>71</b>	<b>13</b>

I note a significant increase in non-compliance detected following a number of themed inspections targeting the requirement for reviewing internal reporting of problem gamblers. This criteria will continue to be monitored.

#### Racing Clubs

Instances of non-compliance detected were as follows —

<b>Non-Compliance Item</b>	<b>2014-15</b>	<b>2013-14</b>
All staff have not received responsible gambling training	0	1
Responsible gambling poster not displayed	1	1
<b>TOTAL</b>	<b>1</b>	<b>2</b>

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

#### Bookmakers

Instances of non-compliance detected were as follows—

<b>Non-Compliance Item</b>	<b>2014-15</b>	<b>2013-14</b>
Governed by a code of practice sign not displayed	2	1
Time on computer system incorrect or not visible	7	2
Bookmaker not retaining ticket for at least two months	0	4
Agents not displaying ID badge	1	1
Code of practice not available	1	0
Bookmaker not obtaining betting ticket before paying winnings to punter	0	2
Unclaimed winnings not lodged by prescribed date	0	2
Responsible gambling document not maintained	2	0
<b>TOTAL</b>	<b>13</b>	<b>12</b>

I note that the number of instances where the ‘Time on computer system was incorrect or not visible’ has increased during 2014-15 compared with 2013-14. Most of these instances were as a result of the time displayed being inaccurate by a few minutes. Overall, non-compliance has remained steady in 2014-15.



## 5.4 Expiations, Disciplinary Action and Prosecutions

As the Liquor and Gambling Commissioner, I am 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 IGA.

### 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—

<b>Licensed Premises</b>	<b>Breach</b>	<b>Action Taken</b>
Berri Club	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jul 2014)	\$133.73 (Fine)
Barmera Hotel Motel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2015)	\$2 000.00 (Fine)
Dockside Tavern	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2015)	\$134.92 (Fine)
Bute Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2015)	\$290.41 Fine
Meningie Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2015)	\$334.26 (Fine)
Meningie Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Feb 2015)	\$357.76 (Fine)
Bute Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Apr 2015)	\$58.93 Fine
Meningie Hotel	Section 72A of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Apr 2015)	\$181.26 (Fine)

Expiations

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

<b>Licensed Premises</b>	<b>Breach</b>	<b>Action Taken</b>
The Office on Pirie	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Edinburgh Castle Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Colonel Light Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Chiaro Bar	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Gas Light Tavern	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
German Arms Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Rose and Crown Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Red Lion Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Callington Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Central District Footballers Club	Clause 27(1) - Gambling Codes of Practice Mandatory warning messages in gambling advertising must occupy at least 10% of space	\$210 Fine, plus \$60 Victims of Crime Levy
Hotel Balhannah	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Macclesfield Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Duke of Brunswick Hotel	Clause 45(1) - Gambling Code of Practice Perimeter sign must be displayed at entry to each gaming area	\$160 Fine, plus \$60 Victims of Crime Levy
The Office on Pirie	Clause 45(1) - Gambling Code of Practice Perimeter sign must be displayed at entry to each gaming area	\$1200 Fine, plus \$60 Victims of Crime Levy
Hotel Wright Street	Clause 45(1) - Gambling Code of Practice Perimeter sign must be displayed at entry to each gaming area	\$1200 Fine, plus \$60 Victims of Crime Levy

Licensed Premises	Breach	Action Taken
Whitmore Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Chiaro Bar	Clause 45(1) - Gambling Code of Practice Perimeter sign must be displayed at entry to each gaming area Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$1200 Fine, plus \$60 Victims of Crime Levy \$160 Fine, plus \$60 Victims of Crime Levy
Aces Bar and Bistro	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Meningie Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Mansions Tavern	Clause 45(1) - Gambling Code of Practice Perimeter sign must be displayed at entry to each gaming area	\$1200 Fine, plus \$60 Victims of Crime Levy
Jackpots on Pulteney	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Crown Inn Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
The Famous Royal Mail Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
The Southwark Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Railway Hotel Freeling	Clause 45(1) - Gambling Code of Practice Perimeter sign must be displayed at entry to each gaming area	\$1200 Fine, plus \$60 Victims of Crime Levy
Royal Exchange Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Semaphore Palais	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Cumberland Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Tower Hotel	Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis	\$160 Fine, plus \$60 Victims of Crime Levy
Maylands Hotel	Section 50A - <i>Gaming Machines Act 1992</i> Gaming manager did not wear identification in an approved manner	\$160 Fine, plus \$60 Victims of Crime Levy

As previously reported in my 2013-14 annual report, a licensed venue had outstanding matters in relation to section 72A of the Gaming Machines Act. This involved a licensee defaulting on paying its monthly gaming tax within seven days on 10 occasions, as required under the Act.

In February 2014, written notice was given under the Act to the licensee regarding an inquiry under section 36A of the Act to determine cause for disciplinary action under section 36B of the Gaming Machines Act.

Pursuant to section 36B of the Gaming Machines Act, the following disciplinary action was imposed—

- the licensee was fined a total of \$10,000.00. \$5,000.00 payable within 28 days of the issuing of the order.
- Payment of \$5,000.00 was suspended for a period of 12 months subject to the licensee committing any further breach of section 72A of the Act during this period.

Following a further breach of section 72A of the Gaming Machines Act, the licensee was required to make payment of \$5,000.00 previously suspended.

#### **5.4.2 Casino**

##### Disciplinary Action

There have been two matters reported to the Authority under section 56 of the Casino Act for consideration of disciplinary action for failure to comply with the Act for the period 2014-15.

These matters relate to the following—

##### *Commission program (Nov 2014)*

This incident relates to a breach of section 38(2) of the Casino Act requiring the Casino to comply with procedures approved by the Commissioner. The incident involves a junket group who were permitted to play on an Individual Commission program whilst being afforded the ability to play as a group.

Skycity Adelaide Casino has the ability to offer approved commission based table gaming programs to an individual or a group of interstate or international guests. The requirement is for this gaming to be conducted in accordance with the relevant approved Commission Program agreements.

##### *Juvenile on venue or in gaming area (Jan 2015)*

This incident involved a male being located in a gaming area of the Adelaide Casino after being refused entry on two occasions on the same gaming day due to intoxication. The male and companion gained entry by scaling an external wall to the casino premises.

It was reported that the two males were detected on the casino premises on two occasions. On the first occasion, the males were found to be gambling at a table game and requested to leave by security. On the second occasion, security detected the males entering the premises and requested identification be provided. South Australia Police were also requested to attend and both parties were issued with a common law barring pending any formal barring process being initiated.

#### **5.4.3 Wagering**

##### Disciplinary Action

The following matter was reported to the Authority for consideration of disciplinary action for failure to comply with the Bookmakers Licensing Rules 2000.

The matter involved a South Australian bookmaker, Ian Humphries taking unauthorised bets. The bookmaker was alleged to have accepted a series of telephone bets from a non-registered bettor over an eight month period and failed to keep accurate records in accordance with rule 6A(1) of the *Bookmakers Licensing Rules 2000*.

The Authority determined that the bookmaker had failed to comply with the rules applying to the bookmaker's licence and imposed a \$1,200.00 fine.

## 5.5 Complaints and disputes

The framework for the investigation of complaints, non-compliance and referrals from internal CBS business units and external agencies has been 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 2014-15, my office formally investigated seven complaints and allegations of breaches of the Gaming Machines Act and subordinate legislation.

These investigations included such matters as advertising gambling codes of practice and gaming machine malfunctions, through to more complex matters involving children being left unattended in and around gaming areas.

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—

- one matter resulted in an expiation notice being issued;
- one matter remains ongoing; and
- five matters were dismissed with matters being resolved.

In August 2014, an investigation was initiated following an allegation of minors being left unsupervised inside a licensed premises. Inspectors found the licensee operating in accordance with their responsibilities and that the licensee had adequate policies in place relating to minors being left unattended.

In November 2014, it was determined that advertising on the exterior of a mode of public transport did not comply with the requirements of the Gambling Codes of Practice where a warning message must be distinct and occupy ten percent of the space of the advertisement. This resulted in an expiation notice being issued to the licensed club.

### 5.5.2 *Casino*

During 2014-15, my office formally investigated seven 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, casino systems, and gaming rules.

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 —

- no matters were referred to the Authority;
- five matters were found in favour of the Casino and dismissed;
- a warning letter was sent to the casino regarding one matter; and
- no further action taken in one matter as the breach was resolved at the time.

### 5.5.3 *Wagering*

During 2014-15, my office formally investigated two complaints and allegations of breaches of the Authorised Betting Operations Act and subordinate legislation.

The nature of these matters covered issues relating to wagers placed and payments made at two licensed UBet SA outlets. Following an assessment by investigators, one matter was resolved with no further action taken and the other determined following a conciliation conference between parties involved.

## 6. **BARRINGS**

### 6.1 **Casino**

Under section 44 of the Casino Act, the licensee may bar a person from the gaming areas of the casino premises on any reasonable ground (other than on the ground that the person is placing his or her own welfare, or the welfare of dependants, at risk through gambling). Under section 45 of the Casino Act, the Commissioner may make an order on review of the licensee's order or on the Commissioner's own initiative.

#### *6.1.1 Barring reviews determined (by type)*

<b>Result Of Review</b>	<b>2014-15</b>
S44 - No Further Action (S44 Order To Stand)	39
S45 - Barring Extended To 6 Months	13
S45 - Barring Extended To Greater Than 6 Up To 12 Months	31
S45 - Barring Extended To Greater Than 12 Up To 24 Months	2
S45 - Barring Extended Greater Than 24 Months	3
<b>TOTAL BY TYPE OF BARRING ORDER</b>	<b>88</b>

#### *6.1.2 Total number of currently barred persons*

<b>Type</b>	<b>As at 30 June 2015</b>
S44 - Involuntary	30
S45 - Commissioner Imposed	312
<b>TOTAL NO OF BARRED PERSONS</b>	<b>342</b>

## 7. **TECHNICAL MATTERS**

### 7.1 **Upgrade of Casino Surveillance System**

In my 2013-14 Annual Report, I advised that the surveillance department of the Adelaide Casino was preparing to replace the iBase surveillance reporting system with a system called iTrak.

iTrak is widely used in casino surveillance departments, including Crown Casino and other SkyCity properties. The system has been designed to provide a highly secure, multi property, multi departmental solution for a broad range of reporting required by security and surveillance departments.

On 13 October 2014, pursuant to section 38(1)(b) of the *Casino Act 1997* I approved the iTrak system for use subject to all applicable requirements being met in relation to approved Adelaide Casino Control Standards being updated to reflect the use of this system.

### 7.2 **Approval of Games**

#### 7.2.1. *Gaming*

No applications for the approval of new games were refused.

#### 7.2.2. *Casino*

No applications for the approval of new games were refused.

### 7.3 **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 2014-15, the following activity occurred for gaming machines, games and associated equipment for gambling (activity for the previous year is in parenthesis)—

<b>Activity</b>	<b>Gaming Machines Act<sup>7</sup></b>	<b>Casino Act</b>
Approval of a new game	53 (61)	128 (153)
Approval of a new version of a game	5 (4)	22 (33)
Revocation of a game	0 (0) <sup>8</sup>	0 (0)
Approval of a new gaming machine	2 (0)	5 (13)
Approval of a modification to a gaming machine	34 (14)	29 (21)

### 7.4 **Systems and Equipment Compliance Inspection**

The six-monthly to yearly physical audit of a selection of systems and equipment operated by UBET SA, coupled with the Queensland regulator's regular testing and approvals satisfies my regulatory obligations under the Authorised Betting Operations Act. At this stage, remote access to UBET SA systems appears to be of limited benefit. CBS is currently assessing whether or not receiving regular reports from UBET SA internal auditors will complement its existing schedule.

The scope of audits include the following systems and equipment—

- WAGON software;
- WAGON hardware;
- EISA Host software; and
- UBet SA Terminal software.

<sup>7</sup> Activity for the previous year is in parenthesis.

<sup>8</sup> 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.

## 8. GAMING TAX

### 8.1 Distribution of Net Gambling Revenue

During 2014-15, 546 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	64	8
\$75,001 - \$399,000	138	23
\$399,001 - \$945,000	53	8
\$945,001 - \$1,500,000	47	8
\$1,500,001 - \$2,500,000	73	10
\$2,500,001 - \$3,500,000	40	14
Above \$3,500,000	57	3
<b>Total Number of Venues</b>	<b>472</b>	<b>74</b>

### 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 2014-15, eight licensees (three Licensees on several occasions) were issued fines and received notices requiring them to pay within three days. Of these 15 breaches—

- the outstanding balance was received from seven licensees;
- fines were remitted in relation to all licensees;
- one licensee 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*.

### 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.

55 venues were eligible for refunds for the 2014-15 financial year totalling \$151,524.68.

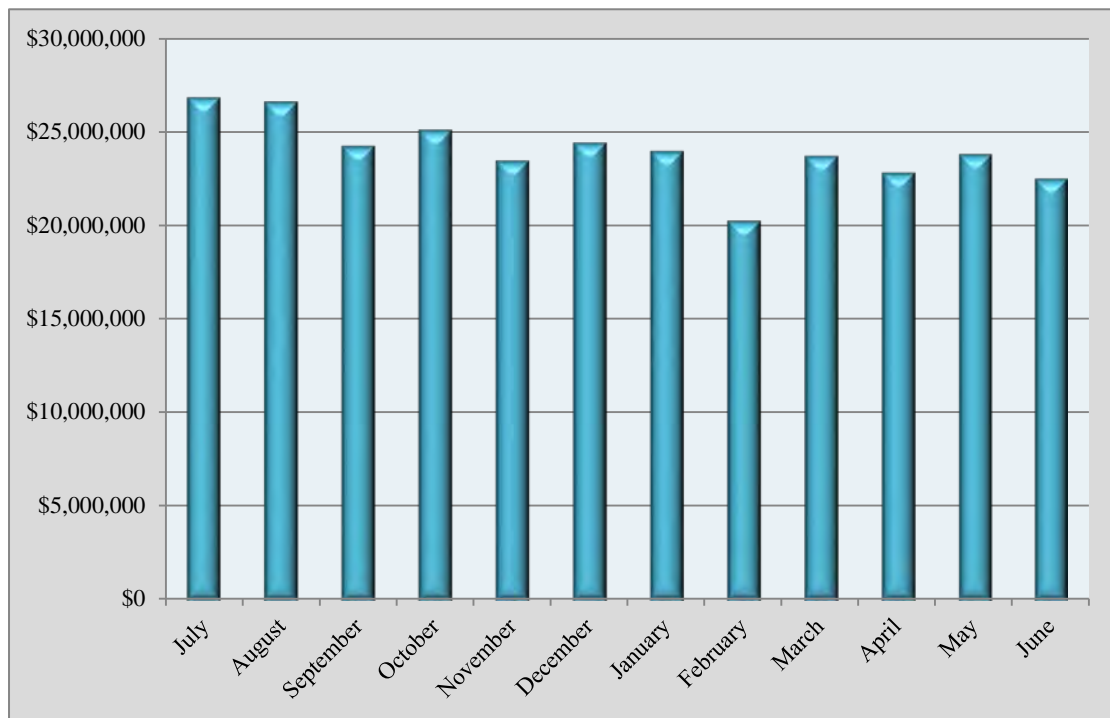


**9.    GAMING MACHINE STATISTICS (excluding the casino)**

Table 1 — Monthly gaming statistics 2014-15

Month	Total Bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax Liability <sup>9</sup> (\$)	Fines (\$)
Jul-2014	\$720,589,393	\$654,853,557	\$65,735,836	\$26,768,381	\$474
Aug	\$729,130,152	\$663,580,494	\$65,549,658	\$26,550,437	
Sep	\$674,419,129	\$613,394,792	\$61,024,337	\$24,188,655	
Oct	\$698,719,011	\$635,973,942	\$62,745,069	\$25,031,527	\$248
Nov	\$662,229,331	\$602,436,795	\$59,792,536	\$23,398,468	
Dec	\$677,647,306	\$616,305,298	\$61,342,008	\$24,352,518	\$1962
Jan-2015	\$674,917,334	\$614,380,308	\$60,537,026	\$23,910,757	\$2759
Feb	\$594,946,119	\$541,530,439	\$53,415,680	\$20,183,351	\$357
Mar	\$663,633,931	\$603,651,078	\$59,982,853	\$23,652,126	\$240
Apr	\$646,678,124	\$588,536,933	\$58,141,190	\$22,757,686	
May	\$669,293,738	\$609,215,756	\$60,077,982	\$23,739,933	
Jun-2015	\$642,504,750	\$584,940,826	\$57,563,924	\$22,435,950	\$226
<b>Total</b>	<b>\$8,054,708,318</b>	<b>\$7,328,800,220</b>	<b>\$725,908,098</b>	<b>\$286,969,789</b>	<b>\$6266</b>

Chart 1 — Gaming tax levied per month 2014-15



<sup>9</sup> Accrued Tax Liability prior to refunds being applied.

Table 2 — Monthly live gaming machines and venues 2014-15

<i>Month Ending</i>	<i>Venues</i>	<i>Gaming Machines</i>
Jul-2014	537	12471
Aug	538	12486
Sep	539	12495
Oct	538	12531
Nov	539	12533
Dec	535	12483
Jan-2015	533	12459
Feb	532	12443
Mar	532	12423
Apr	532	12427
May	530	12390
Jun-2015	530	12377

Table 3 — Revenue data by ABS LGA 2014-15

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 2015	Aggregate NGR \$ per LGA (2014-15)	Average NGR \$ per venue (2014-15)
Adelaide	52	918	\$27,754,690.12	\$533,744.04
Adelaide Hills	16	222	\$4,617,390.83	\$288,586.93
Alexandrina	13	256	\$7,829,682.04	\$602,283.23
Barossa	15	249	\$6,776,023.78	\$451,734.92
Barunga West, Copper Coast	16	263	\$9,962,410.88	\$622,650.68
Berri, Barmera	7	171	\$6,198,425.40	\$885,489.34
Campbelltown, Tea Tree Gully	14	433	\$46,403,890.90	\$3,314,563.64
Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre Peninsula	10	143	\$4,656,671.44	\$465,667.14
Charles Sturt	26	785	\$61,633,173.33	\$2,370,506.67
Clare & Gilbert Valleys	7	88	\$2,218,382.79	\$316,911.83
Coorong, Tatiara	9	125	\$2,821,921.16	\$313,546.80
Gawler	8	212	\$13,565,406.39	\$1,695,675.80
Goyder, Northern Areas	7	54	\$815,115.65	\$116,445.09
Holdfast Bay	11	369	\$21,879,001.52	\$1,989,000.14
Kangaroo Island, Yankalilla, Victor Harbor,	10	205	\$9,803,610.44	\$980,361.04
Kimba, Cleve, Tumby Bay, Franklin Harbour	7	77	\$1,285,941.98	\$183,706.00
Light, Mallala	13	141	\$4,849,702.32	\$373,054.02
Loxton, Waikerie	4	121	\$3,872,757.22	\$968,189.31
Marion	10	333	\$30,263,366.78	\$3,026,336.68
Mid Murray	9	124	\$2,537,304.46	\$281,922.72
Mitcham, Burnside	7	219	\$15,169,327.93	\$2,167,046.85
Mount Barker	12	243	\$10,624,129.59	\$885,344.13
Mount Gambier, Grant	14	363	\$17,310,118.89	\$1,236,437.06
Mount Remarkable, Ororoo/Carrieton, Peterborough,	7	65	\$1,092,103.29	\$156,014.76
Murray Bridge, Karoonda/East Murray, Southern Mallee	10	167	\$9,931,538.61	\$993,153.86
Naracoorte & Lucindale, Robe, Kingston	8	156	\$4,874,550.93	\$609,318.87
Norwood Payneham & St Peters	17	556	\$32,505,031.94	\$1,912,060.70
Onkaparinga	24	741	\$61,942,483.73	\$2,580,936.82
Playford	10	318	\$31,274,697.51	\$3,127,469.75
Port Adelaide Enfield	41	1153	\$75,771,869.74	\$1,848,094.38
Port Augusta	12	272	\$11,577,263.94	\$964,772.00
Port Lincoln	7	212	\$9,477,324.09	\$1,353,903.44
Port Pirie	9	219	\$9,500,936.70	\$1,055,659.63
Prospect, Walkerville	6	199	\$14,393,078.50	\$2,398,846.42
Renmark, Paringa	5	118	\$5,651,760.11	\$1,130,352.02
Roxby Downs, Coober Pedy, Flinders Ranges	7	133	\$4,217,687.14	\$602,526.73
Salisbury	21	690	\$69,123,868.72	\$3,291,612.80
Unincorp Far North, Unincorp West Coast	6	60	\$523,430.33	\$87,238.39
Unley	8	258	\$13,971,935.60	\$1,746,491.95
Wakefield Region	9	54	\$1,191,508.87	\$132,389.87
Wattle Range	7	113	\$2,947,199.64	\$421,028.52
West Torrens	10	344	\$32,106,718.70	\$3,210,671.87
Whyalla	8	231	\$16,274,920.88	\$2,034,365.11
Yorke Peninsula	17	204	\$4,709,743.09	\$277,043.71
<b>Total</b>	<b>546</b>	<b>12377</b>	<b>\$725,908,097.90</b>	<b>\$54,003,155.66</b>

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

Table 4 — Net gambling revenue (NGR) - 2010 to 2015

	2009-10 (\$mil)	%	2010-11 (\$mil)	%	2011-12 (\$mil)	%	2012-13 (\$mil)	%	2013-14 (\$mil)	%	2014-15 (\$Mil)	%
Hotels	658.012	90.2	672.204	90.1	669.937	90.2	661.836	90.6	664.364	90.8	633.018	87.2
Clubs	71.361	9.8	73.263	9.9	72.851	9.8	68.751	9.4	66.646	9.2	92.890	12.8
<b>Total</b>	<b>729.373</b>		<b>745.467</b>		<b>742.788</b>		<b>730.587</b>		<b>731.010</b>		<b>725.908</b>	

Table 5 — Gaming tax liability - 2010 to 2015

	2009-10 (\$mil)	%	2010-11 (\$mil)	%	2011-12 (\$mil)	%	2012-13 (\$mil)	%	2013-14 (\$mil)	%	2014-15 (\$mil)	%
Hotels	261.467	92.5	269.536	92.4	269.011	92.5	265.646	92.9	268.567	93.1	258.606	90.1
Clubs	21.161	7.5	22.054	7.6	21.933	7.5	20.282	7.1	19.665	6.9	28.386	9.9
<b>Total</b>	<sup>10</sup> <b>282.628</b>		<b>291.590</b>		<b>290.944</b>		<b>285.928</b>		<b>288.232</b>		<b>286.992</b>	

Table 6 — Average NGR per machine per day - 2010 to 2015

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Ave NGR per machine per day	\$157	\$160	\$160	\$159	\$159	\$160

Table 7 — Average total NGR per day - 2010 to 2015

	2009-10 (\$mil)	2010-11 (\$mil)	2011-12 (\$mil)	2012-13 (\$mil)	2013-14 (\$mil)	2014-15 (\$mil)
Sunday	1.540	1.577	1.516	1.567	1.546	1.567
Monday	1.578	1.612	1.594	1.575	1.586	1.574
Tuesday	1.761	1.798	1.799	1.746	1.792	1.745
Wednesday	2.055	2.087	2.097	2.057	2.002	2.057
Thursday	2.339	2.389	2.368	2.297	2.331	2.296
Friday	2.485	2.569	2.580	2.556	2.543	2.556
Saturday	2.228	2.257	2.238	2.221	2.226	2.220

<sup>10</sup> Gaming tax after refunds applied.

Table 8 — Return to player percentage (RTP%) - 2010 to 2015

	2009-10	2010-11	2011-12	2012-13	2013-14	2013-14
Return to Player <sup>11</sup>	90.59%	90.67%	90.71%	90.75%	90.86%	90.99%

Table 9 — Live venues and gaming machines - 2010 to 2015

As At	30 June 10	30 June 11	30 June 12	30 June 13	30 June 14	30 June 15
No of Venues	561	561	557	549	540	530
No of Machines	12 744	12 726	12 688	12 613	12 561	12 377

Table 10 — Number of hotels by machine range - 2010 to 2015

No of Machines	30 June 10	30 June 11	30 June 12	30 June 13	30 June 14	30 June 15
1 to 10	131	133	131	132	123	120
11 to 20	101	101	101	97	99	98
21 to 30	33	33	33	31	33	35
31 to 40	231	230	229	227	224	219
<b>Total</b>	<b>496</b>	<b>497</b>	<b>494</b>	<b>487</b>	<b>479</b>	<b>472</b>

Table 11 — Number of clubs by machine range - 2010 to 2015

No of Machines	30 June 10	30 June 11	30 June 12	30 June 13	30 June 14	30 June 15
1 to 10	16	15	16	15	15	13
11 to 20	19	19	17	17	17	16
21 to 30	7	6	6	7	7	8
31 to 40	24	24	24	23	22	21
<b>Total</b>	<b>66</b>	<b>64</b>	<b>63</b>	<b>62</b>	<b>61</b>	<b>58</b>

<sup>11</sup> 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%.

Table 12 — Gaming venues by business type - 2010 to 2015

Venue Type	30 June 2010	%	30 June 2011	%	30 June 2012	%	30 June 2013	%	30 June 2014	%	30 June 2015	%
Hotels	495	88.2	497	88.6	494	88.7	487	88.7	479	88.7	460	86.79
Clubs	66	11.8	64	11.4	63	11.3	62	11.3	61	11.3	70	13.21
<b>Total</b>	<b>561</b>		<b>561</b>		<b>557</b>		<b>549</b>		<b>540</b>		<b>530</b>	

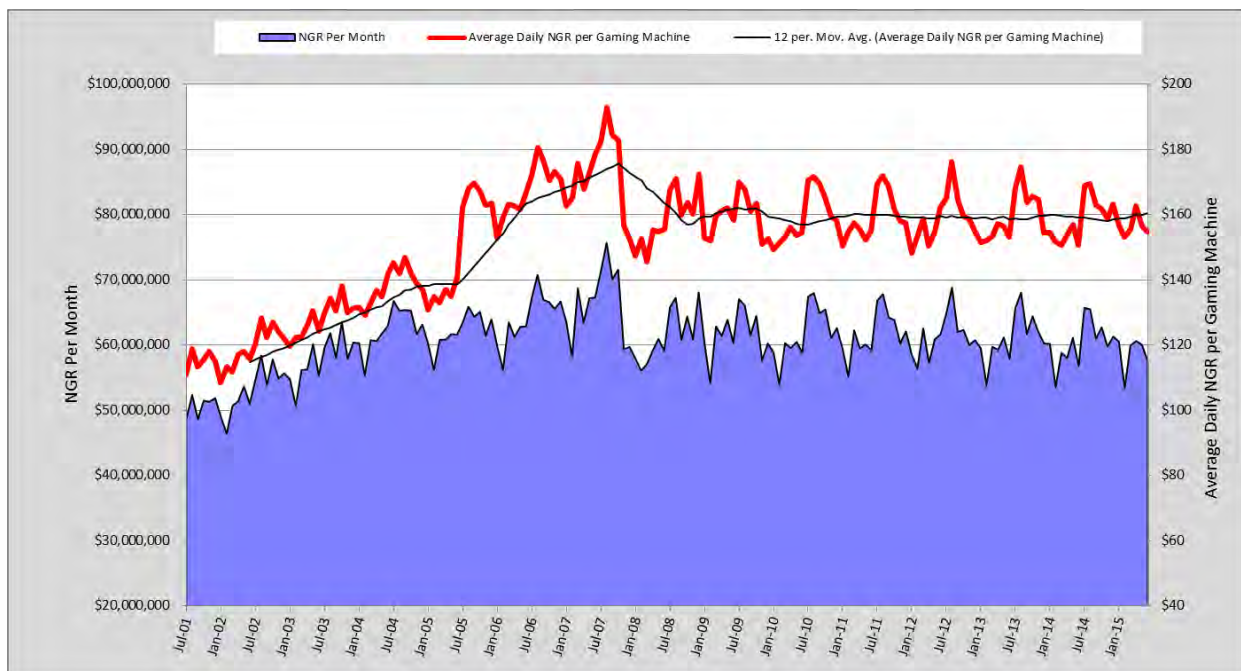
Table 13 — Gaming machines by business type - 2010 to 2015

Venue Type	30 June 2010	%	30 June 2011	%	30 June 2012	%	30 June 2013	%	30 June 2014	%	30 June 2014	%
Hotels	11 204	87.9	11 217	88.1	11 195	88.2	11 135	88.3	11 118	88.5	10564	85.35
Clubs	1 540	12.1	1 509	11.9	1 493	11.8	1 478	11.7	1 443	11.5	1813	14.65
<b>Total</b>	<b>12 744</b>		<b>12 726</b>		<b>12 688</b>		<b>12 613</b>		<b>12 561</b>		<b>12377</b>	

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. The average daily NGR remained at \$159 per machine per day in 2013-14 with a slight increase in 2014-15 to \$160 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"> <li>• clocks to be displayed in gaming areas;</li> <li>• players to be prevented from playing while intoxicated;</li> <li>• mandatory training requirements; and</li> <li>• cheques not to be cashed in gaming areas.</li> </ul> <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 4: 01/01/2002	<p>Licensees are not to provide ATM or EFTPOS facilities that are capable of allowing more than \$200 per transaction per debit or credit card.</p> <p>Auto-play function removed from all South Australian gaming machines by this implementation date.</p>
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 Authority, 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	Details
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.
Event 16: 25/07/2013	<i>Statutes Amendment (Gambling Reform) Act 2013</i> is passed.
Event 17: 01/01/2014	Tranche 1 amendments commenced to improve existing regulatory and responsible gambling measures for gaming venues and reduce red tape. Includes: new games and gaming machines approved for a limited period; games and gaming machines already approved in approved jurisdictions are automatically approved in South Australia so long as they comply with certain specific South Australian requirements; Account based cashless gaming systems can be used so long as the system has been recognised by the Authority and additional harm minimisation measures (voluntary pre-commitment and automated risk management systems are to be implemented by the venue if account based cashless gaming system is offered.
Event 18: 01/02/2014	Regulations introduced to impose a \$250 per card per 24 hour withdrawal limit from automatic teller machines (ATM) and for EFTPOS facilities: each withdrawal must not exceed \$200; the person operating the facility must confirm the amount of cash requested to be withdrawn immediately before the transaction is processed; and cash may only be obtained directly from a person operating the EFTPOS facility or from a dispenser which is in the immediate vicinity of the EFTPOS facility so long as the dispenser does not form part of an ATM
Event 19: 01/03/2014	Responsible Gambling and Advertising Codes of Practice amended as Gambling Codes of Practice Notice 2013.
Event 20: 01/07/2014	Tranche 2 amendments commenced to improve existing regulatory and responsible gambling measures for gaming venues and reduce red tape. Includes: online notification of gaming managers and gaming employees; .new responsible gambling training designed to complement responsible gambling systems; one government agency has responsibility for all gambling related welfare barrings; changes to the conduct of gaming operations (between 2am and 8am); and simplified in-venue signage.



## **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. Since that time, there has been a further seven trading rounds conducted.

During 2014-15, the following trading rounds were conducted—6/2014; 7/2014 and 8/2015

### Trading Round 6/2014

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 1,500 gaming machines.

Legislation was passed in September 2013 which allowed the Casino to participate in future trading rounds.

On 22 May 2014, I announced the establishment of a trading round for the purchase or sale of gaming machine entitlements (known as Trading Round 6/2014) by publishing a notice to this effect in the South Australian Government Gazette.

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 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 27 June 2014 at 5.00pm.

The official trade of entitlements (the Trading Day) was conducted on 31 July 2014, being the date that offers regarded as accepted for the trading round were determined and the amount of the Purchaser Price (i.e. the amount that purchasers paid) and Vendor Price (i.e. the amount that sellers were paid) were established.

The key outcomes of Trading Round 6/2014 were—

- a Purchaser Price of \$40,000.00 (plus GST);
- a Vendor Price of \$30,000.00 (plus GST);
- 28 gaming machine entitlements were sold by five profit organisations;
- 14 gaming machine entitlements were sold by two non-profit associations;
- seven gaming machine entitlements were cancelled (*being every fourth entitlement taken to have been sold by profit organisations*);
- three gaming machine entitlements were transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- 32 gaming machine entitlements were allocated to new venues; and
- commission of \$20,000.00 payable to the Gamblers Rehabilitation Fund.

As a result of Trading Round 6/2014, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 13 846 to 13 839.

My office prepared a review of the conduct and outcome of Trading Round 6/2014. A copy of this report was previously provided to the Authority and also published on the CBS website.

### Trading Round 7/2014

On 11 September 2014, I announced the establishment of Trading Round 7/2014 by publishing a notice to this effect in the South Australian Government Gazette.

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 17 October 2014 at 5.00pm. The official trade of entitlements (Trading Day) was conducted on 20 November 2014.

The key outcomes of Trading Round 7/2014 were—

- a Purchaser Price of \$39,883.33 (plus GST);
- a Vendor Price of \$29,912.50 (plus GST);
- 17 gaming machine entitlements were sold by four profit organisation;
- 15 gaming machine entitlements were sold by one non-profit associations;
- four gaming machine entitlements were cancelled (*being every fourth entitlement taken to have been sold by profit organisations*);
- four gaming machine entitlements were transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- 24 gaming machine entitlements were allocated to new venues; and
- no commission was payable to the Gamblers Rehabilitation Fund.

As a result of Trading Round 7/2014, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 13 839 to 13 835. A review of the conduct of Trading Round 7/2014 was provided to the Authority and published on the CBS website.

#### Trading Round 8/2015

On 15 January 2015, I announced the establishment of Trading Round 8/2015 by publishing a notice to this effect in the South Australian Government Gazette.

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 20 February 2015 at 5.00pm. The official trade of entitlements (Trading Day) was conducted on 26 March 2015.

The key outcomes of Trading Round 8/2015 were—

- a Purchaser Price of \$38,283.33 (plus GST);
- a Vendor Price of \$28,712.50 (plus GST);
- 32 gaming machine entitlements were sold by four profit organisation;
- 17 gaming machine entitlements were sold by three non-profit associations;
- eight gaming machine entitlements were cancelled (*being every fourth entitlement taken to have been sold by profit organisations*);
- four gaming machine entitlements were transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- 37 gaming machine entitlements were allocated to new venues; and
- commission of \$9,570.71 payable to the Gamblers Rehabilitation Fund

As a result of Trading Round 8/2015, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 13 835 to 13 827. A review of the conduct of Trading Round 8/2015 was provided to the Authority and published on the CBS website.

### Results of Trading Rounds

A summary of the results of previous trading rounds conducted are shown below. Figures for trading rounds 1/2012, 2/2012 and 3/2013 are available in previous related annual reports.

<b>Trading Round</b>	<b>4/2013</b>	<b>5/2014</b>	<b>6/2014</b>	<b>7/2014</b>	<b>8/2015</b>
Trading Day	14/11/2013	3/04/2014	31/07/2014	20/11/2014	26/03/2015
Total number of entitlements held prior to Trading Round	12856	<sup>12</sup> 13847	13846	13839	13835
Offers to sell	159	235	254	121	135
Offers to purchase	36	7	36	82	37
Entitlements sold by profit organisations	16	6	28	17	32
Entitlements sold by non-profit organisations	26	5	14	15	17
Entitlements purchased	32	7	32	24	37
Entitlements cancelled	4	1	7	4	8
Entitlements transferred to Club One	6	1	3	4	4
Vendor Price (plus GST)	\$40,625.00	\$35,643.75	\$30,000.00	\$29,912.50	\$28,712.50
Purchaser Price (plus GST)	\$54,166.67	\$47,525.00	\$40,000.00	\$39,883.33	\$38,283.33
Commission paid into the Gamblers Rehabilitation Fund	\$29,791.78	\$13,069.37	\$20,000.00	\$0.00	\$9,570.71
Total entitlements held after Trading Round	12 852	13 846	13 839	13 835	13 827
Entitlements to be cancelled to meet statutory objective	766	765	758	754	746

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<sup>12</sup> Includes 995 non-transferable entitlements allocated to the Adelaide Casino on 1 January 2014

## 11. ADMINISTRATIVE MATTERS

During 2014-15, CBS processed in excess of 20 000 applications for licences and miscellaneous approvals across liquor and gambling legislation. A decrease in the total number of applications processed relates to amendments to the legislation enabling a person to be approved as a ‘responsible person’ industry wide rather than premises specific. Over 3 500 gaming, Casino and wagering applications were processed, as detailed below.

### 11.1 Gaming Machines

All gaming applications processed during 2014-15 are shown below—

Application Type	2014-15
Applications - new licences	2
Applications - licence transfers	39
Applications - general	218
Applications - game approvals	53
Applications - gaming machine approvals	30

#### 11.1.1 Applications for person approvals

During 2013-14, a total of 1 966 applications were lodged by licensees seeking approval of persons under the Gaming Machines Act. On 1 July 2014, changes to the approval process for gaming managers and gaming employees meant that these positions no longer required approval from the Commissioner to work at a gaming machine venue. Licensees are now required to use the new BOEN system to ‘notify’ the Commissioner of the appointment of these positions. In 2014-15 there were—

- 6 582 notifications of persons commencing employment as a gaming manager or gaming employee at a licensed gaming machine venue; and
- 1 496 notifications of persons ceasing employment as a gaming manager or gaming employee at a licensed gaming machine venue.

### 11.2 Casino

All Casino applications processed during 2014-15 are shown below—

Application Type	2014-15
Applications - approvals, variations to procedures, etc.	108
Applications - game approvals	137
Applications - gaming machine approvals	37
Applications - person approvals	362

### 11.3 Wagering

All wagering applications processed during 2014-15 are shown below—

Application Type	2014-15
Applications - licences	0
Applications - bookmaker permits	16
UBet SA System Modifications	65

#### *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.
- Licence renewals approved in December 2012, expire on 31 December 2015. No licence renewals were approved in 2014-15.

#### *11.3.2 Bookmaker Permits*

##### Annual Permits

Following consultation with South Australian Racing Controlling 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.

Annual permits were issued in 2014-15 for the period 1 April 2015 to 31 March 2016 to 21 bookmakers to attend meetings conducted by 38 racing clubs. Further permits are issued on an ad hoc basis when necessary (i.e. special events or feature race meetings).