

Independent Gambling Authority

2016-17 Annual Report

Independent Gambling Authority

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Date presented to Minister: 29 September 2017

To:

The Honourable John Rau MP

Attorney-General
Minister for Justice Reform
Minister for Planning
Minister for Industrial Relations
Minister for Child Protection Reform
Minister for the Public Sector
Minister for Consumer and Business Services
Minister for the City of Adelaide

The Honourable Leon Bignell MP

Minister for Agriculture, Food and Fisheries
Minister for Forests
Minister for Tourism
Minister for Recreation and Sport
Minister for Racing

This annual report is presented to Parliament to meet the statutory reporting requirements of the Independent Gambling Authority for the period 1 July 2016–30 June 2017 in satisfaction of the annual reporting requirements of:

- section 19 of the *Independent Gambling Authority Act 1995*;
- section 80 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*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Independent Gambling Authority by:

Ms Jeanette Barnes, General Manager Operations

on behalf of Mr Alan Moss, Presiding Member

Signature

Date

29 September 2017

Contents

Contents.....	3
Section A: Reporting required under the <i>Public Sector Act 2009</i>, the <i>Public Sector Regulations 2010</i> and the <i>Public Finance and Audit Act 1987</i>.....	4
Agency purpose or role	4
Objectives	4
Key strategies and their relationship to SA Government objectives	4
Agency programs and initiatives and their effectiveness and efficiency	5
Legislation administered by the agency	5
Organisation of the agency	5
Other agencies related to this agency (within the Minister's area/s of responsibility)	9
Employment opportunity programs	9
Agency performance management and development systems	9
Occupational health, safety and rehabilitation programs of the agency and their effectiveness	9
Fraud detected in the agency	9
Strategies implemented to control and prevent fraud	10
Whistle-blowers' disclosure	10
Executive employment in the agency	10
Consultants	10
Financial performance of the agency	11
Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions.....	12
Section B: Reporting required under any other act or regulation	19
Section C: Reporting of public complaints as requested by the Ombudsman.	28
Appendix 1: Audited financial statements 2016–17
Appendix 2: Report of the Liquor and Gambling Commissioner 2016–17.....

Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The Authority is established as a body corporate under the *Independent Gambling Authority Act 1995*.

The *Independent Gambling Authority Act 1995* is committed to the Minister for Consumer and Business Services. The Authority is required to exercise its discretions independently except where the legislation gives the Minister for Consumer and Business Services an express power of direction.

The Authority's principal functions are to ensure that integrity is maintained in commercial gambling operations and that gambling products are delivered in a way which minimises harm and which promotes responsible gambling.

The Authority is responsible for mandatory advertising and responsible gambling codes of practice for the Adelaide Casino; hotels and clubs with gaming machines, Ubet SA, licensed racing clubs, authorised interstate betting operators, licensed bookmakers and SA Lotteries.

The Authority administers a state-wide gambling barring scheme and is the responsible body for the problem gambling family protection orders scheme.

The Authority commissions research projects into matters relevant to the Authority's functions.

The Authority works closely with Consumer and Business Services, the agency which supports the Liquor and Gambling Commissioner.

The Liquor and Gambling Commissioner is responsible to the Authority for the constant scrutiny of licensed gambling businesses.

Objectives

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

- 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 fostering of responsibility in gambling; 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.

Key strategies and their relationship to SA Government objectives

The Authority's work is guided by the statutory functions and objectives set out in the *Independent Gambling Authority Act 1995*.

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
State-wide barring scheme	508 people have sought a voluntary barring order in 2016–17. 102 people have been barred by the licensee or the Authority in 2016–17.	The Authority has reviewed 2,570 barring orders issued prior to July 2014. A further 720 orders were under review during the reporting period.

Legislation administered by the agency

Independent Gambling Authority Act 1995

Problem Gambling Family Protection Order Act 2004

Authorised Betting Operations Act 2000

Casino Act 1997

Gaming Machines Act 1992

State Lotteries Act 1966

Racing (Proprietary Business Licensing) Act 2000

Organisation of the agency

The Authority

Membership

The Authority is established as a 7 member body corporate under the *Independent Gambling Authority Act 1995*. Members are appointed for a maximum term of 3 years by the Governor. 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 2017
- Mr 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 7 September 2019
- Ms 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 30 June 2017
- Ms Barratt is the chief executive of Lifeline South East.

Amanda Dianne Blair

- member since 28 August 2010—appointed to 7 September 2019
- Ms 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 2019
- Mr 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.
- Ms Wallace is a private consultant. Prior to opening her consulting business she was a senior executive of the state education system.

Joseph John Ullianich BEc CPA

- member since 9 July 2015 to 8 October 2017
- Mr Ullianich is the retired chief financial officer of the Department for Communities and Social Inclusion.

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/General Manager Operations.
- Responsible Gambling Committee
Convener: Ms Wallace
Key participants: Ms Barratt, Ms Blair, Ms Kaempf and the Authority's Director/General Manager Operations.
- Audit Committee
Convener: 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. Members also

participate in Authority hearings as required.

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 attend on a regular basis.

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>
Aian Moss	10	10
Penny Kaempf	9	10
Eve Barratt	9	10
Amanda Blair	8	10
Adrian Tisato	9	10
Margaret Wallace	9	10
Joe Ullianich	9	10

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.

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.

Administration

Staff

The Authority staff consist of Attorney-General's Department employees assigned to assist the Authority in the exercise of its functions.

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.

In August 2016, a new role of General Manager Operations was created to support the Director with administration of the office and barring related work. The General Manager Operations has been managing the office and performing the duties of the Director since September 2016.

An additional administration officer and a project officer were engaged for part of 2016-17 to support barring related work.

The Authority's office is formally a unit of the Attorney-General's Department but retains its

independence in relation to advice provided to the Authority and directions to staff from the Authority will prevail over directions from the head of the Department.

The Director (and General Manager Operations) reports to the Executive Director, Policy and Community, Attorney-General's Department and to the Authority's presiding member.

Corporate and financial services

The Authority receives corporate support from the Attorney-General's Department. These services are provided under agreements between the Authority and the relevant units within Government, and transparently accounted for.

The Authority's computer systems are provided through the Attorney-General's Department network and the public facing BOEN application is delivered from a server operated by the Office of Digital Government.

Asset and facilities management is provided from within the corporate services unit of Attorney-General's Department.

The Authority banks with the Treasurer, its general and creditors' ledgers are maintained by Shared Services SA under the supervision of the Attorney-General's Executive 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.

Creditor accounts are certified and approved for payment by staff of the Authority and processed on an image-based automated platform managed by Shared Services SA.

Account Payment Performance

Treasurer's Instruction 11 requires all undisputed account to be paid within 30 days of the date of the receipt of the invoice or claim unless there is a discount or written agreement between the agency and the creditor. The following table sets out the account payment performance for the reporting period.

<i>Particulars</i>	<i>Number paid</i>	<i>%</i>	<i>Amount paid</i>	<i>%</i>
Paid within 30 calendar days	251	96	361,952.30	64
Paid within 60 calendar days	4	2	35,622.17	7
Paid more than 60 calendar days	6	2	166,387.20	29
Total	261		563,961.70	

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

Other agencies related to this agency (within the Minister's area/s of responsibility)

Liquor and Gambling Commissioner—Consumer and Business Services

The Liquor and Gambling Commissioner is responsible to the Authority for the constant scrutiny of licensed gambling businesses.

The Commissioner, through the agency Consumer and Business Services, largely provides the day to day activity of enforcement and compliance. The Authority is informed about the Commissioner's activities 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 also engage with Consumer and Business Services through routine attendance at meetings of the board and as required for day-to-day business.

Employment opportunity programs

Please refer to the 2016–17 Annual Report of the Attorney-General's Department for information on employment opportunity programs available to Authority staff.

Agency performance management and development systems

Please refer to the 2016–17 Annual Report of the Attorney-General's Department for information on performance management and development systems.

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Please refer to the 2016–17 Annual Report of the Attorney-General's Department for information on occupational health, safety and rehabilitation programs of the agency.

Fraud detected in the agency

There were no instances of fraud detected during the reporting period.

Strategies Implemented to control and prevent fraud

The Authority complies with Treasury policies to prevent fraud.

Data for the past five years is available at: www.data.sa.gov.au

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* Nil

Data for the past five years is available at: www.data.sa.gov.au

Executive employment in the agency

Executive classification	Number of executives
SAES 1	1

Data for the past five years is available at: www.data.sa.gov.au

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10,000 each	Expert advice on applications for approval of training programs for gaming staff and peer review of research reports.	4,000
Consultancies above \$10,000 each		
Adelaide Research and Innovation	Preparation of Australasian Gambling Review	14,000
Total all consultancies		\$18,000

Data for the past five years is available at: www.data.sa.gov.au

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

Full audited financial statements for 2016-17 are at Appendix 1 of this report.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Reporting under the *Independent Gambling Authority Act 1995*

Overview

The Authority's activities in 2016–17 have covered local and national issues. The Authority has spent considerable time reviewing the premium gaming arrangements for the Adelaide Casino and working with the local hotel and club industry on predictive monitoring requirements for gaming machines. The Authority has noted with concern the growth of online gambling operators and the proliferation of related gambling advertising. The Authority has welcomed the proposal for a National Consumer Protection Framework for online gambling and has actively engaged with other jurisdictions to progress the work.

Adelaide Casino—Premium gaming

The Authority has considered applications by the Adelaide Casino for changes to the premium gaming methodology. The Authority undertook extensive discussion with the Casino licensee regarding its proposal to strike a balance between a strong responsible gambling environment and maintaining an economically viable industry. The matter was not concluded during the reporting period.

Predictive monitoring

From 1 October 2016, all loyalty programs offered by gambling providers had to facilitate predictive monitoring of gambling activity.

Loyalty programs generate a volume of data on player activity. Predictive monitoring may use the data in support of the identification of at risk gamblers.

The hotel and club industry expressed concerns that it could not meet the prescribed timeframe for implementing the system. The industry proposed that predictive monitoring be delayed to allow it to put a proposal to the Authority on automated risk monitoring.

Automated risk monitoring (ARM) will be mandatory for gaming machine licensees from 31 December 2018 and is already present in the Adelaide Casino. An ARM system uses gaming technology to identify problem gamblers in the whole population of gaming machine players, not just those participating in loyalty programs.

The Authority agreed to grant a dispensation from the requirement of predictive monitoring to 1 July 2017. During the reporting period the industry and Independent Gaming Corporation have provided a proposal for an ARM system to be implemented through the central monitoring system for gaming machines. During the reporting period the Authority agreed to a further dispensation to 31 December 2017 to allow the ARM system to be recognised and rolled out to hotels and clubs.

A successful implementation will result in ARM being implemented 12 months earlier than the scheduled commencement date.

Other operators will still be required to implement predictive monitoring when the dispensation expires on 31 December 2017.

Online gambling

The Authority has welcomed the work by all states, territories and the Commonwealth to establish a National Consumer Protection Framework for online gambling. The Authority

has collaborated with the Department of Treasury and Finance on the national working group to settle the framework. South Australia remains at the forefront of harm minimisation measures for gambling and the Authority is seeking to support a 'raising of the bar' across other jurisdictions.

The Authority also welcomed the announcement by the Commonwealth Government of the proposal to restrict gambling advertising during live sporting matches on all platforms. The Authority already has stringent advertising codes of practice in place for South Australia however; a further limit on gambling advertising during live sporting events is a further step to limit the normalisation of gambling on sport.

Social effect certificate for gaming venues

The Authority noted with interest the decision of the Liquor and Gambling Commissioner to refuse an application by the South Australian Jockey Club for a social effect certificate. The decision is the first under the social effect provisions introduced in 2011. The Authority is required to review the provisions every 5 years. The review was formally commenced in 2015 and adjourned pending the Commissioner's decision. The appeal period has expired and the Authority will resume the review in the second half of 2017.

Barring orders

Barring orders have been a significant focus for the Authority in 2016-17. The review of approximately 2,500 pre-July 2014 barring orders was completed in the reporting period with a further 720 in progress. This was a significant body of work for a small organisation and has resulted in the removal of many obsolete orders. The Authority acknowledges the assistance of Gaming Care, the Adelaide Casino, and Club Safe to complete these reviews.

Other matters

In late 2016 the Authority participated in the Government's review of administrative arrangements for gambling regulation in South Australia.

The Authority has undertaken a probity investigation into Tabcorp Holdings Pty Ltd following the announcement that it proposed to merge with Tatts Group, the parent company of Ubet SA Pty Ltd, the holder of the major betting operations licence in South Australia. The investigation was not concluded during the reporting period.

Several longstanding staff members have departed the office during the reporting period. The Authority was able to engage experienced senior staff from within the Attorney-General's Department to fill those roles.

2017-2018

There is a busy year ahead for the Authority with the social effect review in 2017, work on the National Consumer Protection Framework progressing and the review of the gambling codes of practices falling due in late 2018.

The Authority is also developing a strategic plan to identify other priority issues for the Board in 2017-18 and future years.

The regulatory scheme for gambling in South Australia

Parliament has divided responsibility for the licensed gambling industry between the Executive Government, an independent board and a statutory officer.

The role of the Executive Government, represented by the Minister for Consumer and Business Services, 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 Consumer and Business Services, a business unit within the Attorney-General's Department. CBS performs enforcement, compliance and licensing activities.

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 wagering 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.

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.

The gambling laws require the codes to be reviewed periodically—at least every 5 years—and the Authority maintains the currency of the codes through comprehensive stakeholder engagement in these review processes.

Regulating for responsible gambling

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 is sensitive to gamblers' behaviours and facilitates the provision of help. Managers and staff are prompted to be on alert for signs of problem gambling by requirements to record and note, and 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.

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).

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 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.

Research

The Authority generally commissions, or provides grants for, research projects that will inform its statutory functions. 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 co-morbidities;
- gambling products and environments—to understand how gambling products, technologies and environmental settings influence gambling behaviours and to shape regulatory responses to meet changing circumstances;
- treatments and interventions—to understand the pathways to recovery from problem gambling behaviours and the effectiveness of different treatments and interventions; and
- integrity and regulation—to understand issues relevant to the integrity of the gambling product and to assess and monitor the effectiveness of regulatory settings and practices generally.

During 2016–17, three research projects previously commissioned by the Authority progressed during the year.

Wagering vs Gaming Machine Customers Research Project

This project aims to address the question about whether a different approach is required for regulation of wagering customers compared to gaming machine customers—can it be assumed that what works in relation to gaming machines also works for wagering products.

ORIMA Research Pty Ltd (ORIMA) was commissioned to undertake the project and delivered a draft final report in December 2016. Following that ORIMA addressed feedback from a peer review of the draft report; and then provided a final report in June 2017 which is currently being considered by the Authority.

Review of the automated risk monitoring system at the Adelaide Casino

The Authority is looking to identify how the Adelaide Casino uses its automated risk monitoring (ARM) system which was recognised on 1 May 2014. In particular, looking at

describing the ARM system step by step, identifying any differences in relation to gaming machine and automated table game play and how does the system work (for example: what data is monitored, what types of alerts are triggered and what are the triggers, what are the steps in the alert process from triggering to conclusion, how long does each step take, who (staff position) has what responsibility in the alert process.

The South Australian Centre for Economic Studies (SACES) was engaged by the Authority to undertake this research project.

SACES submitted a draft final report to the Authority in May 2017 which is currently being peer reviewed by two experts in gambling research.

Assessing the effectiveness of approaches undertaken by problem gamblers to recover

The Authority previously commissioned Colmar Brunton Social Research (Colmar Brunton) to assess the effectiveness of approaches taken by recovered problem and moderate risk gamblers to recover.

In May 2017, Colmar Brunton informed the Authority that the draft report was nearing completion. The draft final report is expected to be received in early 2017-18.

Australasian Gambling Review 6th edition

An update on the state of research up to June 2015 for the Australasian Gambling Review 6th edition publication was substantially completed in August 2016.

The document is extensive and editing has taken longer than anticipated. It is expected the editing process will be completed in the first half of 2017-18.

Gambling Research Australia 2017-2020

On the 27 April 2017, Commonwealth and state and territory ministers agreed to continue collaboration on national gambling research through a new partnership agreement. Gambling Research Australia (GRA) will commence on 1 July 2017, with each state and territory government committing to funding over three years.

The policy objective for establishing the GRA Program is to deliver a high-quality national gambling research program which focuses on areas of national significance and supports the development and continuous improvement of an effective regulatory and consumer protection gambling framework.

It is not intended to replace existing jurisdiction-based, community sector or industry research. The model will build on, and fill gaps in, the evidence relevant to the nature and impact of gambling activities and policy interventions in Australia, with a focus on informing government policies, programs and regulatory decisions.

The Authority is South Australia's representative on GRA and its contribution for 2017-18 is \$15,700 which increases to \$22,000 for future years.

Barring scheme

The Authority has been responsible for a voluntary barring scheme since October 2001. In 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).

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.

The Authority has been engaged in an extended process of reviewing all pre-2014 barring orders to transition those orders into the new scheme.

On 1 July 2014, the Authority received 2,100 records of individual barrings from licensed premises, to add to the records of individuals barred by the Authority under the former schema. It is estimated that these records involve 1300 individuals.

As at 30 June 2017, there were 1,198 people barred by the Authority. During the reporting period the Authority made barrings orders in relation to 140 people for the first time, and revoked all orders for 528 people.

In addition there were 530 notifications of individual barrings by gambling providers.

The Authority recognised the need to dedicate additional resources to the transition process and in early 2017 additional staff were engaged to work on barrings and the BOEN system.

BOEN—Barring and online employee notifications system

BOEN is the web accessible application to manage the voluntary and involuntary barring of problem gamblers, from gambling and places where gambling takes place.

The system also provides a mechanism for online notification of gaming employees and managers.

The BOEN system was not substantially completed until 2015 and continues to be enhanced. The system is now accessible to all hotels, clubs and the Adelaide Casino. The Authority is working with operators to implement online access for Ubet and lotteries outlets and online gaming operators.

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, included at Appendix 2 of this 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 comments by the Commissioner regarding the matters that have been referred to it as the disciplinary body. The Authority acknowledges the reports from the Commissioner and is handling those matters under its powers.

Stakeholder relationships

Policy—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.

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.

The Office for Problem Gambling also has campaign responsibility on behalf of the state.

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 consideration of new contingencies.

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

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. 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.

International Conferences

One Authority member and two Authority staff attended the Australasian Casino and Gaming Regulators Conference in Auckland, New Zealand from 17-19 May 2017.

The conference is attended by all Australian states and territories, New Zealand and other Pacific nations.

Jurisdictions host the conference on a rotating basis. South Australia hosted the conference (jointly hosted by the Authority and the Liquor and Gambling Commissioner) in 2013.

The General Manager Operations attended the forum of the chief executives of Australasian casino and gaming regulators. The forum meets during the Regulators Conference.

The Authority also provides secretariat support to the forum of Australian and New Zealand board and commission members, which also met during the conference. An Authority staff member attended to provide support to this meeting.

Section B: Reporting required under any other act or regulation

Casino Act 1997

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 2016 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 licensee'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. 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 988 premium customer applications against the principles and methodology to determine if any applicants were subject to current barrings.

The Authority also considered proposal by Skycity for changes to the premium gaming arrangements.

Gaming Machines Act 1992

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.

The Liquor and Gambling Commissioner is the licensing and disciplinary authority for these licensees, 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 in 2014. The Authority established an assessment panel chaired by a board member and including external experts 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. The Authority has approved two new training courses in the reporting period.

The Act requires 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. The Authority will proceed with the review of this process in the first half of 2017-18.

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: Club Safe, which supports the licensed clubs with gaming and Gaming Care which focuses on hotels.

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.

There is a single special club licence, held by Club One (SA) Limited, a company jointly owned by the Licensed Clubs Association of South Australia 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 Appendix 2.

Authorised Betting Operations Act 2000

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.

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 (Tatts).

On 19 October 2016, Tabcorp Holdings Limited (Tabcorp) and Tatts announced the proposed merger of the companies. Under the proposed merger Tatts would become a wholly-owned subsidiary of Tabcorp. On 28 November 2016, Tabcorp notified the Authority of the proposed merger under section 18 of the Act and requested approval of the proposed merger as a transaction subject to the Act.

The Authority has undertaken a probity investigation of Tabcorp and a decision on whether to ratify the proposed merger had not been determined during the reporting period.

Ubet provides the Authority with monthly management reporting and, as required by the *Authorised Betting Operations Act 2000*, audited statements for the entity holding the licence. As in past years, the group's Brisbane-based management attended the November 2016 Regulation Committee meeting to present the financial statements and to explain the past and prospective performance of the business.

During the 2016–17 financial year, 3 additional Ubet SA outlets were approved—at Stirling Hotel, Semaphore Hotel and North Laura Hotel.

The suitability of the licensee's more senior close associates is supervised by the Authority as designated persons. For the reporting period there was one application for approval of designated persons.

Licensed Bookmakers

A bookmaker's licence authorises fixed-odds betting 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.

The operations of a bookmaker had been subject to a permit to operate on course however this requirement was removed in March 2017.

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.

During the reporting period the Board met with the Chief Executive Officer from Greyhound Racing SA to seek assurance that the practice of live baiting 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. The Authority has delegated this function to the Commissioner, who in turn may delegate the decision making power to staff at CBS. The Commissioner has reported six approvals for close associates of racing controlling bodies or racing clubs for 2016-17.

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

Stoaky 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 Gambler 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.

The Authority has delegated the receipt of notices to the Commissioner.

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

As at 30 June 2017, 24 authorised interstate betting operators had given notice to operate in South Australia. These are:

Bestbet.com.au Pty Ltd
Betchoice Corporation Pty Ltd (Unibet)
Blucbet
Betfair Pty Ltd
Classicbet Pty Ltd
CrownBet Pty Ltd
Draftstars Pty Ltd
Hillside (Australia New Media) Pty Ltd (Bet365)
Ladbrokes Digital Australia Pty Ltd
Luxbet Pty Ltd
Mad Bookie Pty Ltd
Merlehan Bookmaking Pty Ltd (Top Sport)
Moneyball Australia Pty Ltd
Palmer Bookmaking Pty Limited
Racing and Wagering Western Australia (WA TAB)
Sportsbet Pty Ltd
Sportsbetting.com.au Pty Ltd
Sportsdeck Pty Ltd
Tab Limited
Tabcorp ACT Pty Ltd
Tabcorp Wagering (Vic) Pty Ltd
Topbatta Pty Ltd
Tradeplayer Australia
William Hill Australia Wagering Pty Ltd

State Lotteries Act 1966

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

The Lotteries Commission has entered into a long term master agency arrangement with an entity owned by Tatts Group Limited (the parent company of Ubel 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.

Racing (Proprietary Business) Licensing Act 2000

There is no activity to report under this Act.

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>
6/2016	Approved Contingencies (Innaminka Picnic Races - Galloping) Notice 2016
7/2016	Approved Betting Contingencies (Olympic Golf and Rugby) Variation Notice 2016
9/2016	Gaming Machines— Career Employment Group Inc (CEG Training Partnerships) Basic Training—Recognition Notice 2016
10/2016	Gaming Machines— Career Employment Group Inc (CEG Training Partnerships) Advanced Training—Recognition Notice 2016
1/2017	Gaming Machines— Club Sale and Gaming Care—Recognition Notice 2017
2/2017	Approved Betting Contingencies (Sanctioned World Title Fights by the World Boxing Organisation) Variation Notice 2017

Acceptable trade promotion lotteries

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.

The approval of trade promotion lotteries has been delegated to the Commissioner.

Management Plans and Dispensations

The Authority 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.

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.

Statutory default action

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 the Authority completed statutory default actions against Skycity Adelaide in relation to three matters relating to:

- a child on premises,
- commission based play;

- an unapproved trade promotion lottery.

All matters were resolved by payment of a fine by Skycity.

The Authority has an ongoing concern about regulatory compliance by online operators—particularly with the advertising codes of practice and approved contingencies. In August 2016 the Authority issued an updated guidance document to assist operators in navigating the requirements of the codes. The guidance document is a practical look at how to implement code requirements and is available on the Authority's website.

Problem Gambling Family Protection Orders Act 2004

The Authority has been responsible for the Problem Gambling Family Protection Orders scheme since 1 July 2004.

There were 6 active cases with orders in place at the beginning of the reporting period. The Authority had, in the second half of the reporting period, initiated a review of long standing adjourned orders. As a result of this several orders will be relisted for hearing in the early part of the next reporting period.

One new order was made during the reporting period.

Section C: Reporting of public complaints as requested by the Ombudsman

Under section 18 of the *Independent Gambling Authority Act 1995*, the Ombudsman's jurisdiction does not extend to acts of the Authority. However, a formal complaint handling process will be implemented in the 2017–18 reporting period and a '*make a complaint*' function will be included in the redeveloped Authority website.

Appendix 1: Audited financial statements 2016–17

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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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 financial report of the Independent Gambling Authority for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Independent Gambling Authority as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Deputy Presiding Member, the General Manager Operations of the Independent Gambling Authority and the Executive Director, Finance, People and Performance – Attorney-General's Department.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Independent Gambling Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APBS 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Authority 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 the Australian Accounting Standards, and for such internal control as the members of the Independent Gambling Authority determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

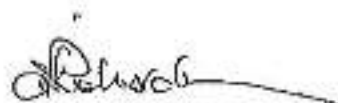
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Independent Gambling Authority
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the General Manager Operations and the members of the Independent Gambling Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

28 September 2017

INDEPENDENT GAMBLING AUTHORITY

Financial Statements

For the year ended 30 June 2017

Independent Gambling Authority Certification of the Financial Statements

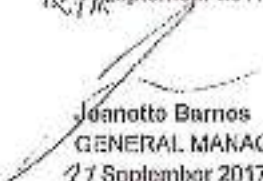
We certify that the:

- financial statements of the Independent Gambling Authority:
 - are in accordance with the accounts and records of the Authority
 - comply with relevant Treasurer's instructions
 - comply with relevant accounting standards
 - 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 cash flows 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.



Penny Koempf
DEPUTY PRESIDING MEMBER

27th September 2017



Jeanette Barnes
GENERAL MANAGER OPERATIONS

27 September 2017



Andrew Swanson
EXECUTIVE DIRECTOR, FINANCE, PEOPLE AND PERFORMANCE, ATTORNEY-GENERAL'S DEPARTMENT

27 September 2017

Independent Gambling Authority
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits expense	4	1 501	1 039
Supplies and services	6	579	528
Depreciation and amortisation expense	7	48	48
Grants and sponsorships		-	2
Total expenses		2 128	1 614
Income			
Interest revenues	8	61	76
Other revenues	9	49	38
Total income		110	114
Net cost of providing services		(2 018)	(1 500)
Revenues from SA Government	10	1 809	1 769
Total revenue from SA Government		1 809	1 769
Net result		(207)	269
Net result and total comprehensive result		(207)	269

The net result and total comprehensive results are attributable to the SA government as owner

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

Independent Gambling Authority
Statement of Financial Position
as at 30 June 2017

	Note No	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	11	4 281	4 412
Receivables	12	17	8
Total current assets		<u>4 298</u>	<u>4 420</u>
Non-current assets			
Intangible assets	14	114	180
Total non-current assets		<u>114</u>	<u>180</u>
Total assets		<u>4 412</u>	<u>4 600</u>
Current liabilities			
Payables	15	146	64
Employee benefits	16	99	98
Provisions	17	1	1
Total current liabilities		<u>246</u>	<u>163</u>
Non-current liabilities			
Payables	15	22	26
Employee benefits	16	227	267
Provisions	17	1	1
Total non-current liabilities		<u>250</u>	<u>294</u>
Total liabilities		<u>496</u>	<u>457</u>
Net assets		<u>3 917</u>	<u>4 124</u>
Equity			
Retained earnings		3 917	4 124
Total equity		<u>3 917</u>	<u>4 124</u>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	18
Contingent assets and liabilities	19

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

Independent Gambling Authority
Statement of Changes in Equity
for the year ended 30 June 2017

	Retained Earnings R'000
Balance at 30 June 2016	<u>3 056</u>
Net result and total comprehensive result for 2016-17	<u>269</u>
Balance at 30 June 2017	<u>4 124</u>
Net result and total comprehensive result for 2015-16	<u>(207)</u>
Balance at 30 June 2017	<u>3 917</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.

Independent Gambling Authority
Statement of Cash Flows
for the year ended 30 June 2017

		2017	2016
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash outflows			
Employee benefits payments		(1 643)	(901)
Payment for supplies and services		(490)	(541)
Payment for grants and sponsorships		-	(2)
Cash used in operations		<u>(2 041)</u>	<u>(1 444)</u>
Cash inflows			
Interest received		62	76
Other receipts		39	37
Cash generated from operations		<u>101</u>	<u>113</u>
Cash flows from SA Government			
Receipts from SA government		<u>1 809</u>	<u>1 789</u>
Cash generated from SA Government		<u>1 809</u>	<u>1 769</u>
Net cash provided by/(used in) operating activities		<u>(131)</u>	<u>430</u>
Net increase in cash and cash equivalents		(131)	430
Cash and cash equivalents at the beginning of the period		<u>4 412</u>	<u>3 974</u>
Cash and cash equivalents at the end of the period	11	<u>4 281</u>	<u>4 412</u>

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

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

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 Consumer and Business Services.
- 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 Consumer and Business Services 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 Consumer and Business Services.

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 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 (Reduced Disclosure Requirements) 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.

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.2 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.
- Compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1997*. 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) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
 - (b) 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
 - (c) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

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

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

2.3 Reporting entity

The Authority is a body corporate established by the *Independent Gambling Authority Act 1995*.

2.4 Comparative information

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

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

2.5 Rounding

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

2.6 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).

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.7 Current and non-current classification

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

2.8 Non-current assets

Asset 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.

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.

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.

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

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

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

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 amount of expenditure is greater than or equal to \$10 000.

2.9 Liabilities

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

The Authority has entered into an operating lease. 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.

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 combines amounts expected to be settled within 12 months and more than 12 months, the Authority has separately disclosed the amounts expected to be settled after more than 12 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 12 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.

2.10 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating commitments arising from contractual or statutory sources and are disclosed at their nominal value. Refer to Note 19.

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. Refer to Note 19.

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

3 New and revised accounting standards and policies

The Authority did not voluntarily change any of its accounting policies during 2016-17.

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

4 Employee benefits expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	808	577
Board fees	204	199
Employment on-costs - superannuation	106	80
Employment on-costs - payroll tax	71	48
Long service leave	70	67
Annual leave	83	55
Other employee related expenses	158	12
Total employee benefits expenses	1 501	1 038

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2017	2016
	Number of employees	Number of employees
\$147 001 to \$157 000*	1	-
\$197 001 to \$207 000	-	1
\$417 001 to \$427 000*	1	-
Total number of employees	2	1

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$573,000 (\$202,000).

* Includes payment of long service leave, annual leave, termination benefits for officers who have left the Authority.

There were no targeted voluntary separation packages paid during the reporting period or the prior period.

5 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during 2016-17 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 Tisale

M Wallace (term expired 30 April 2017)

J J Ulianich

The number of members whose remuneration received/receivable falls within the following bands:

	2017	2016
	Number	Number
\$20 000 - \$29 999	6	6
\$40 000 - \$49 999	1	1
	7	7

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

6 Remuneration of board and committee members (continued)

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 \$218,000 (\$217,000).

6 Supplies and services

	2017 \$'000	2016 \$'000
General administration and consumables	213	194
Contractors	194	65
Accommodation and telecommunication	120	130
Service level agreement fees	22	87
Consultants	10	47
Other	-	6
Minor works, maintenance and equipment	3	-
Total supplies and services	879	628

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

	2017 Number of Consultants	2017 \$'000	2016 Number of Consultants	2016 \$'000
Below \$10 000	3	4	10	32
Between \$10 000 - \$50 000	1	14	1	15
Total paid/payable to consultants	4	18	11	47

7 Depreciation and amortisation expense

	2017 \$'000	2016 \$'000
Amortisation		
Intangible assets	46	46
Total amortisation	46	46
Total depreciation and amortisation expense	46	46

8 Interest revenues

	2017 \$'000	2016 \$'000
Interest from entities within SA Government	61	76
Total interest revenues	61	76

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

9 Other revenues

	2017	2016
	\$'000	\$'000
Authorised interstate betting operators (AIBO) annual payments received	49	38
Total other revenues	49	38

10 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Appropriations from Consolidated Account Pursuant to the Appropriation Act	1 809	1 769
Total revenues from SA Government	1 809	1 769

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

11 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	4 281	4 412
Total cash and cash equivalents	4 281	4 412

Interest rate risk

Deposits with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

12 Receivables

	2017	2016
	\$'000	\$'000
Current		
Accrued revenue	12	2
Other interest revenues	5	6
Total current receivables	17	8
Total receivables	17	8

13 Office equipment

	2017	2016
	\$'000	\$'000
Office equipment at cost	22	22
Accumulated depreciation	(22)	(22)
Total office equipment	-	-

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

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

14 Intangible assets

	2017	2016
	\$'000	\$'000
Externally acquired software		
At cost	228	228
Accumulated amortisation	(114)	(68)
Total externally acquired software	<u>114</u>	<u>160</u>
Total intangible assets	<u><u>114</u></u>	<u><u>160</u></u>

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2016-17:

	Externally acquired software \$'000	Total 2017 \$'000
Carrying amount at the beginning of the period	160	160
Amortisation expense	(46)	(46)
Carrying amount at the end of the period	<u>114</u>	<u>114</u>

The externally acquired software is the Barring and Online Employee Notification System (BOEN), which is used to manage welfare barring of problem gamblers under Part 4 of the *Independent Gambling Authority Act 1995* and the 'notify and work' scheme for gaming employees under the *Gaming Machines Act 1992*.

15 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors and accrued expenses	132	51
Employment on-costs	13	13
Total current payables	<u>145</u>	<u>64</u>
Non-current		
Employment on-costs	22	25
Total non-current payables	<u>22</u>	<u>25</u>
Total payables	<u><u>167</u></u>	<u><u>89</u></u>

As a result of actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has not changed from the 2016 rate (40%) and the average factor for the calculation of employer superannuation cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation.

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

16 Employee benefits liabilities

	2017 \$'000	2016 \$'000
Current		
Accrued salaries and wages	29	23
Annual leave	56	66
Long service leave	7	0
Skills and experience retention leave	7	11
Total current employee benefits liabilities	<u>99</u>	<u>99</u>
Non-current		
Long service leave	<u>227</u>	<u>267</u>
Total non-current employee benefits liabilities	<u>227</u>	<u>267</u>
Total employee benefits liabilities	<u>326</u>	<u>366</u>

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 increased from 2% (2016) to 2.5% (2017).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The net financial effect of the changes in actuarial assumptions in the current financial year is immaterial.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability.

17 Provisions

	2017 \$'000	2016 \$'000
Current		
Provision for workers' compensation	<u>1</u>	<u>1</u>
Total current provisions	<u>1</u>	<u>1</u>
Non-current		
Provision for workers' compensation	<u>1</u>	<u>1</u>
Total non-current provisions	<u>1</u>	<u>1</u>
Total provisions	<u>2</u>	<u>2</u>

A provision is held to reflect workers' compensation claims incurred but not reported. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector. There have been no actual claims in the reporting period or the previous period.

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

18 Unrecognised contractual commitments

(a) 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 three (3) years.

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

	2017 \$'000	2016 \$'000
Within one year	110	118
Later than one year and not later than 5 years	46	104
Total operating lease commitments	164	280

(b) Other commitments

The Authority's 2016-17 other commitments are for the following research services:

- (1) Assessing the Effectiveness of Approaches for Recovered Problem Gamblers
- (2) Automated Risk Monitoring (Adelaide Casino system)

	2017 \$'000	2016 \$'000
Within one year	52	90
Later than one year but not later than five years	-	42
Total other commitments	52	132

19 Contingent assets and liabilities

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

20 Related Party Transactions

The Authority is a statutory authority established by the *Independent Gambling Authority Act 1995* and is a wholly owned and controlled entity of the Crown.

Related parties of the Authority include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key management personnel

Key management personnel of the Authority include the Minister, members of the Authority, the Director and the General Manager Operations who have responsibility for the strategic direction and management of the Authority.

Total compensation for the Authority's key management personnel was \$401,000. Salaries and other benefits the Minister receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Independent Gambling Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Transactions with key management personnel and other related parties

There are no related party transactions.

21 Financial Instruments/financial risk management

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 Significant Accounting Policies.

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

22 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.

**Appendix 2: Report of the Liquor and Gambling
Commissioner 2016–17**



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 2016 to 30 June 2017.

A handwritten signature in black ink, consisting of a stylized 'D' and 'S' followed by a horizontal line.

Dini Souto
LIQUOR AND GAMBLING COMMISSIONER

8 September 2017

CONTENTS

1.	ROLE OF THE LIQUOR AND GAMBLING COMMISSIONER	3
2.	RESOURCES	4
3.	OVERVIEW	5
3.1	OVERALL OBJECTIVE	5
3.2	HIGHLIGHTS 2016-17	5
3.3	REGULATORY MATTERS	6
4.	LICENSING	7
4.1	LICENCE TYPES	8
4.2	GAMING MACHINE LICENCES	8
4.3	GAMING MACHINE MONITOR LICENCE	8
4.4	GAMING MACHINE DEALER'S LICENCE	9
4.5	GAMING MACHINE SERVICE LICENCE	9
4.6	SPECIAL CLUB LICENCE	9
5.	ENFORCEMENT AND COMPLIANCE	12
5.1	TARGETED RISK BASED APPROACH TO COMPLIANCE	13
5.2	COMPLIANCE ACTIVITY	17
5.3	NON-COMPLIANCE DETECTED	23
5.4	EXPIATIONS, DISCIPLINARY ACTION AND PROSECUTIONS	26
5.5	COMPLAINTS AND DISPUTES	29
6.	BARRINGS	30
6.1	CASINO	30
7.	TECHNICAL MATTERS	31
7.1	UPGRADE OF CASINO SURVEILLANCE SYSTEM	31
7.2	APPROVAL OF GAMES	31
7.3	TESTING AND EVALUATION OF GAMING MACHINES AND GAMES	31
7.4	SYSTEMS AND EQUIPMENT COMPLIANCE INSPECTION	31
8.	GAMING TAX	32
8.1	DISTRIBUTION OF NET GAMBLING REVENUE	32
8.2	NON-PAYMENT OF GAMING TAX	32
8.3	REFUNDS	32
9.	GAMING MACHINE STATISTICS (EXCLUDING THE CASINO)	33
	TABLE 1 — MONTHLY GAMING STATISTICS 2016-17	33
	CHART 1 — GAMING TAX LEVIED PER MONTH 2016-17	ERROR! BOOKMARK NOT DEFINED.
	TABLE 2 — MONTHLY LIVE GAMING MACHINES AND VENUES 2016-17	33
	TABLE 3 — REVENUE DATA BY ABS LGA 2016-17	33
	TABLE 4 — NET GAMBLING REVENUE (NGR) - 2012 TO 2017	34
	TABLE 5 — GAMING TAX LIABILITY - 2012 TO 2017	35
	TABLE 6 — AVERAGE NGR PER MACHINE PER DAY - 2012 TO 2017	35
	TABLE 7 — AVERAGE TOTAL NGR PER DAY - 2012 TO 2017	35
	TABLE 8 — RETURN TO PLAYER PERCENTAGE (RTP%) - 2012 TO 2017	36
	TABLE 9 — LIVE VENUES AND GAMING MACHINES - 2012 TO 2017	36
	TABLE 10 — NUMBER OF HOTELS BY MACHINE RANGE - 2012 TO 2017	36
	TABLE 11 — NUMBER OF CLUBS BY MACHINE RANGE - 2012 TO 2017	36
	TABLE 12 — GAMING VENUES BY BUSINESS TYPE - 2012 TO 2017	37
	TABLE 13 — GAMING MACHINES BY BUSINESS TYPE - 2012 TO 2017	37
	CHART 2 — AVERAGE DAILY NGR PER GAMING MACHINE	37
	TABLE 14 — CHRONOLOGY OF RESPONSIBLE GAMBLING MEASURES AND LEGISLATIVE AMENDMENTS	35

10. APPROVED TRADING SYSTEM FOR GAMING MACHINE ENTITLEMENTS	40
11. ADMINISTRATIVE MATTERS	42
11.1 GAMING MACHINES	42
11.2 CASINO	42
11.3 WAGFRING	43

1. ROLE OF THE LIQUOR AND GAMBLING COMMISSIONER

As Liquor and Gambling Commissioner (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 Independent Gambling Authority (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, Gambling Codes of Practice Notice 2013 (GCOP) and the Gaming Machines Regulations;
- 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 maximum number of gaming machines 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, GCOP and the Casino Regulations;
- inspection, monitoring and scrutiny of gambling operations;
- provision of reports to assist the Authority in its role as the disciplinary body;
- 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, Approved Licensing Agreement, Rules, GCOP and the Authorised Betting Operations Regulations;
- 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 2016-17, this framework included—

- an inspection regime facilitated by a team of inspectors who were responsible for—
 - inspecting licensed venues in the State of which, 523 held active gaming machine licences as at 30 June 2017;
 - inspecting the operations of 16 licensed bookmakers, 335 UBET SA agencies and 43 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 2016-17

3.2.1 Agency Changes

Consumer and Business Services (CBS) has continued its previously reported program of change to ensure it builds its capability and effectiveness in improving consumer welfare through consumer empowerment and protection.

There has been an ongoing focus on incorporating new technology and the provision of online services including web-chat, online complaint process, web based interviews, smart forms and additional payment channels for customers. The CBS website will shortly undergo further review and improvement with a focus on making it easier for our customers to easily find information and up to date content.

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

In accordance with the South Australian Premier's declaration "Digital by Default", CBS is continuing to explore options for increasing and improving its online presence, capacity and general accessibility. Customer Service Ambassadors and representatives for a Service Delivery Group will provide an opportunity to assist in re-engineering current processes and challenge the way things are done to assist in the progress of this agenda.

The Education & Engagement group continues to innovate and provide specialised education and information services, as well helping CBS engage with community and industry stakeholders and promote its services.

The compliance and enforcement staff continue to work strategically and diligently using targeted and themed operations that are focused on addressing harm, and on reducing risks to the community. Such actions also serve to educate and deter industry from engaging in unlawful behaviour, as well as educate the public and protect consumers.

On 27 October 2016, CBS released its Compliance and Enforcement Policy, highlighting CBS's priorities and the principals that will guide its approach to supporting consumers and investigating complaints against businesses and traders.

The policy highlights CBS' increased focus on prevention through education and empowering consumers to exercise their rights, while ensuring businesses are aware of their legal obligations.

3.2.2 Legislative Amendments

Statutes Amendment (Gambling Reform) Act 2013 (Gambling Reform Act).

On 1 January 2017, the *Gaming Machines Act 1992* was amended to prescribe all gaming machines in South Australia to be limited to a \$5 maximum bet (reduced from the previous maximum of \$10).

This was one of the final measures contained as part of reforms to gambling related legislation undertaken in 2013 through the *Gambling Reform Act* aimed at improving existing regulatory and responsible gambling measures for gaming venues.

Amendments to the *Authorised Betting Operations Act 2000*

On 15 March 2017, the *Statutes Amendment and Repeal (Simplify) Act 2017* amended sections 54 to 59 of the *Authorised Betting Operations Act 2000*.

The amendments now mandate that it is a condition of a bookmaker's licence that the licensee may only accept bets (not being bets made by telephone, internet or other electronic means)—

- (a) at a racecourse on a day on which a licensed racing club is authorised to conduct on-course totalisator betting within that racecourse; or
- (b) at a licensed betting shop; or
- (c) at a place of a class declared by the Commissioner by notice in the Gazette (and in accordance with any other conditions specified in the declaration).

Licensed bookmakers can now take bets face to face without applying to the Commissioner for a separate permit.

3.2.3 *Approved Trading System for Gaming Machine Entitlements.*

During 2016-17, I conducted Trading Rounds 12/2016 and 13/2017 on trading days 29 September 2016 and 11 May 2017 respectively. As a result of these trading rounds, the number of gaming machine entitlements (GMEs) and hence the number of gaming machines which may be operated in South Australia is 13 793. This total includes 995 non-transferable GMEs allocated to the Casino.

On 1 January 2014 as part of the gambling reforms, 995 non-transferrable GMEs were granted to the Casino, being the equivalent to the maximum number of gaming machines which could be operated at the Casino as at 31 December 2013. The Casino has since been purchased additional GMEs through the approved trading system.

Further details regarding the trading rounds listed above are outlined in section 10 of this report.

3.3 Regulatory Matters

On 22 December 2016 a bulletin was issued to gaming machine venue licensees on a number of matters. Details of which are provided below.

3.3.1 *\$5 Maximum Bet.*

As the Authority is aware, the maximum bet on gaming machines in South Australia reduced from \$10 to \$5 on 1 January 2017.

The new \$5 maximum bet is now prescribed by the Gaming Machines Act.

The previous maximum bet of \$10 was prescribed by condition 2.3 in the Attachment B Licence Conditions imposed by the Commissioner under section 27AA(1) of the GMA. With the move to the new \$5 maximum bet this condition is no longer required. Therefore, I revoked condition 2.3 from 1 January 2017.

The South Australian Appendix to the Australian/New Zealand Gaming Machine National Standard was also updated to reflect the move to a maximum bet of \$5 (except for in premium gaming areas at the Adelaide Casino).

3.3.2 *Incorrect information on Barring and Online Employee Notification System (BOEN)*

In mid-2014 licensees began using the BOEN system to notify the Commissioner of the appointment of gaming managers and gaming employees.

Since the notification system began staff of my office and the Independent Gambling Authority have been reviewing notifications on the BOEN system noticed that some gaming managers and/or gaming employees listed their residential address as the address of the gaming venue.

This makes it difficult for South Australia Police to undertake integrity checks on the person being appointed as a gaming manager and/or gaming employee.

While some gaming managers and gaming employees may reside at the premises on most occasions that would not be the case. Licensees have been requested to review the information provided on 'Employee declarations and consent' form.

If the person provided an incorrect residential address they have been requested to complete a new 'Employee declarations and consent' form and the BOEN system should be updated to reflect the correct information.

Inspectors have also noticed that some gaming managers and/or gaming employees have not had their 'Employee declarations and consent' form uploaded onto the BOEN system.

Licensees have been reminded that the Commissioner has determined that the recording of the initial appointment of each gaming manager and gaming employee will be satisfied by a licensee uploading a copy of the Employee Declaration and Consent Form to the BOEN system.

3.3.3 *Offering of free bingo in gaming machine venues*

It was brought to my office's attention that some venues may have been conducting bingo sessions with entry being free of charge.

It is thought that those venues were conducting free bingo under the guise of a non-fundraiser bingo sessions (minor trade promotion lotteries).

In order to remove any element of doubt, licensees have been reminded and should be aware that bingo is a lottery and must comply with the relevant lottery rules in the Lottery and Gaming Regulations 2008 (regulations).

The regulations only allow fundraising bingo sessions to be conducted by an association. The regulations provide that non-fundraiser bingo sessions, for example when conducted as a minor trade promotion lottery (free to enter) cannot be conducted at a venue which has a gaming machine licence.

3.3.4 *Self-assessment audit checklist*

There have been significant changes to the regulatory framework for the gaming sector over the past couple of years which has made the self-assessment audit checklist which was developed approximately 10 years ago out of date.

CBS updated the checklist to reflect these changes and is available on the CBS website.

4.

4.1 Licence Types

As at 30 June 2017, the following classes of gambling licences were actively held or operating—

Licence Type	No of Active Venues or Licensees as at 30 June 2017	No of Active Venues or Licensees as at 30 June 2016
Gaming Machine Venues	523	524
UBET SA outlets	335	336
Bookmaker Agents	78	78
Racing Clubs	43	35
Bookmakers	16	18
Casino Licence	1	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 2017, there were 523 active gaming machine licences, under the following categories of liquor licence—

- 436 Hotels
- 53 Clubs
- 34 Special Circumstances

A further 51 licences were under suspension during 2016-17.

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-SA Branch and Licensed Clubs Association of South Australia (Clubs SA).

In my 2014-15 annual report, I reported on IGC's plans for a major upgrade of the gaming machine monitoring system. Scientific Games International (SGI) (the incumbent) was the successful bidder to supply the new monitoring system for IGC. Contract approval between IGC and SGI was granted in June 2014.

IGC appointed an Independent Accredited Testing Authority (BMM) to undertake testing of this system. On completion of IGC's user acceptance testing and BMM's independent testing, all reports and supporting documentation would be provided to my office in support of IGC's application for approval to implement SG Video. An implementation schedule was also provided at the time. SG Video represents significant advancement in technology and would require a major upgrade to the network cabling and modifications to all gaming machines within gaming venues.

On 1 February 2016, IGC advised that Scientific Games will be unable to meet the existing timetable for implementation that was provided to my office in October 2015, due to significant software development being required to resolve issues identified by IGC during preliminary testing. Advice received from IGC in July 2016 has indicated a completion of venue migration is now scheduled for April 2017.

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 2017.

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 2016-17, no gaming machine dealers had any new or amended 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 2017, there were two service licensees - Bytecraft Systems Pty Ltd and Amtak 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 SANFL.

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. Club One also receives one in every four entitlements sold by non-profit associations in any trading round.

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 2017, Club One held 221 gaming machine entitlements comprising:

- 92 entitlements allocated to non-profit associations;
- 65 entitlements allocated to profit organisations; and
- 64 unallocated entitlements.

The 65 entitlements allocated by Club One to profit organisations are held across various hotel groups comprising of the following—

Hotel Group	Number of Entitlements ¹
Club Management Services (CMS)	14 (31)
Palmer Group (commenced 2016)	5 (0)
Fahey Group (commenced 2016)	3 (0)
Plush Group	0 (10)
Australian Leisure and Hospitality Group Limited (ALH)	23 (23)
Jones Group	0 (2)
Toad Park Pty Ltd	7 (7)
Holles Street Pty Ltd	5 (5)
Hotel Eyre Pty Ltd	0 (3)
Boswick Group	4 (4)
Chinbiya Pty Ltd	4 (4)
TOTAL	65 (89)

¹ Entitlements allocated as 30 June 2016 shown in parentheses.

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 2016-17 is shown below—

- Vesting Club Agreements

No Vesting Club Agreements with Club One were approved during 2016-17.

- Host Club Allocation Agreements

One continuation of Host Club Allocation Agreement with Club One was approved during 2016-17. The Deed of Variation is outlined below:

Club One (SA) Limited (Club One) submitted a Deed of Variation to Host Club Allocation Agreement and Allocation Renewal Agreement (HCARA) with Adelaide Juventus Sports & Social Club (ASC), to vary the existing Host Club Allocation Agreement (HCAA) and the allocation of 40 entitlements to ASC until 31 December 2022.

ASC currently holds a liquor licence for the premises known as The Oakden Central at Foster's Road, Oakden. The HCAA agreement was approved on 5 April 2006, and several amendments were subsequently approved.

Club One and ASC have agreed to seek to vary the arrangements between them through a "Deed of Variation to the Host Club Allocation Agreement" dated 8 July 2016.

I note the following agreed conditions:

- The parties have reached Agreement to move to a "fixed fee" arrangement for payment of the monthly licensing fee to Club One for the 40 GMEs that are allocated to the Host Club;
- The fixed fee for the 40 GMEs per month is \$25,000.00 plus GST for the duration of what is defined as the "Third Term";
- The Third Term runs from the period commencing 1 February 2016 expiring 31 December 2022.

- Temporary Allocation Agreements

One continuation of Temporary Allocation Agreement was approved by Supplementary Order dated 12 October 2016.

A Temporary Allocation Agreement dated from 2014 (TAA) was approved between Club One the holder of the special club licence, and KADINA HOTEL (HOLLES STREET PTY LTD).

The TAA allows for five (5) entitlements to be allocated to HOLLES STREET PTY LTD from Club One. The agreement has been renewed for a further 12 months from the 10 August 2016 and expires on the 9 August 2017.

I note the following agreed conditions:

- The Hotelier can terminate the Agreement upon 3 months written notice;
- b) A new special condition 7.4 of the Agreement entitling the Hotelier to replace any Club One GMEs with GMEs purchased in the trade during the further term upon 30 days written notice.

- **Gaming Machine Entitlement Allocation Agreements**

There were four (4) Gaming Machine Entitlement (GME) Allocation Agreements (GMEAA) with Club One approved during 2016-17.

On 31 August 2016, Club One submitted for approval a GMEAA between Club One and the Fahey's Lakes Resort Pty. Ltd. (Lakes Resort). This GMEAA replaces a previous Umbrella Agreement between Club One and Club Management Services Pty Ltd. The GMEAA incorporates the following—

- o a commencement date of 1 September 2016;
- o seven (7) GMEs allocated are to remain on the premises as from this date; and
- o an initial term of 12 months, after which either party can terminate the agreement upon three months' notice.

This GMEAA was approved on 12 October 2016.

On 20 September 2016, Club One submitted for approval a GMEAA between Club One and the Pastoral Hotel Enterprises Pty Ltd (Pastoral Hotel). The GMEAA incorporates the following—

- o a commencement date of 1 November 2016;
- o the allocation of three (3) GME are approved by the Commissioner; and
- o an initial term of 12 months, after which party can terminate the agreement upon three months' notice.

This GMEAA was approved on 12 October 2016.

On 31 May 2017, Club One submitted for approval a GMEAA between Club One and the Morphett Arms Hotel Pty Ltd, Highway Inn Hotel Pty Ltd and Warradale Hotel Pty Ltd (comprising the Palmer Group of hotels).

The Palmer Group was an approved group member of Club Management Services Pty Ltd and had Short Term Allocation Agreements (STAA) with Club One which were terminated on 22 May 2017. This GMEAA replaces all previous STAA's between Club One and the Morphett Arms Hotel Pty Ltd, Highway Inn Hotel Pty Ltd and Warradale Hotel Pty Ltd. The GMEAA incorporates the following—

- o a commencement date of 23 May 2017;
- o seven (7) GMEs allocated to the Palmer Group (being a continuance of GMEs defined under the previous STAA); and
- o an initial term of six (6) months.

This GMEAA was approved on 23 June 2017.

Also on 31 May 2017, Club One submitted for approval a GMEAA between Club One and the Belair Hotel Pty Ltd, Hotel Flagstaff Pty Ltd, Hotel Eyre Pty Ltd, Feathers Hotel Pty Ltd, Stirling Hotel Pty Ltd, Mansfield Park Hotel Pty Ltd, South Eastern Hotel Pty Ltd and Park Hotel Pty Ltd (comprising the Matthews Group of hotels).

The Matthews Group was an approved group member of Club Management Services Pty Ltd and had STAA's with Club One which were terminated on 22 May 2017. This GMEAA replaces all previous STAA's between Club One and the Belair Hotel Pty Ltd, Hotel Flagstaff Pty Ltd, Hotel Eyre Pty Ltd, Feathers Hotel Pty Ltd, Stirling Hotel Pty Ltd, Mansfield Park Hotel Pty Ltd, South Eastern Hotel Pty Ltd and Park Hotel Pty Ltd. The GMEAA incorporates the following—

- o a commencement date of 23 May 2017;
- o 20 GMEs allocated to the Matthews Group (being a continuance of GMEs defined under the previous STAA); and
- o an initial term of six (6) months.

This GMEAA was approved on 23 June 2017.

- 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 2016-17 –

Group / Licensee	Premises	Number of Entitlements Allocated To Venues
Fahey Group	Pastoral Hotel	3
TOTAL		3

Club One did not seek approval to allocate GMEs to any non-profit associations (i.e. Clubs and Community Hotels) during 2016-17.

Approval was granted for GMEs previously allocated to the following hotel groups and venues to be returned to Club One during 2016-17 –

Hotel Group	Premises	Number of Entitlements Returned To Club One
Jones Group	Woodcroft Hotel	1
	Settlers Tavern	1
Palmer Group	Warradale Hotel	1
	Morphett Arms Hotel	1
Matthews Group	Hotel Eyre	3
	Feathers Hotel	3
	Flagstaff Hotel	7
Plush Group	Angas Park Hotel	3
	Valley Hotel	7
TOTAL		27

5. ENFORCEMENT AND COMPLIANCE

5.1 Targeted risk based approach to compliance

The 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;
 - Medium Risk; and
 - Low Risk.
- 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.

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 2016-17 is shown below—

Assessment Type	2016-17	2015-16
Routine Inspections	345	540
Thematic Inspections	105	260
Complaint	0	4
TOTAL	451	804

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 compliance with the code of practice requirements and some licence condition responsibilities.

Thematic Inspections

A number of overt operations were conducted in 2016-17 which were themed based, targeting compliance with specific requirements of the Gaming Machines Act and the GCOP.

In 2016-17, the following thematic inspections were undertaken—

Operation Remuneration

In November 2016, a themed gaming operation targeted 30 venues within the metropolitan area to ensure compliance with the GCDP, Gaming Machines Act and the subordinate legislation particularly for the use of ATM in licensed venues.

Inspection Officers verified the following:

- The ATM is not situated in the Gaming Area of the Licensed Premises as per section 51A(1) of the Gaming Machines Act.
- Conduct a visual confirmation to ensure the ATM screen displays the Office of Problem Gambling image and Gambling Helpline number for at least 20% of the idle time as per clause 45(1)(a)(i)&(ii).
- Conduct a visual confirmation of an ATM transaction slip to ensure the transaction record includes the appropriate information in accordance with clause 45A(1)(b).
- Confirm that a quantity of Gambling Helpline cards are available at each ATM as per the requirement of clause 45A(2)(b)(i).

Following the completion of the visual verifications, the Inspections Officers approached the Gaming Manager and requested any available transaction records relating to the withdrawal of cash from EFTPOS Terminals to ensure all transactions have been completed in accordance with regulation 15B(a)(i).

The Authorised Officer then completed a short survey with the Gaming Manager to ascertain the Gaming Manager's level of understanding in relation to the availability of cash facilities, the limits that apply to each transaction and any daily limits which may apply.

The survey included the following questions:

- Is there a limit on how much money can be withdrawn from an ATM at any one time?
- Is there a limit on how many times a person may use an ATM within a 24 hour period?
- Is there a limit to the total amount that can be withdrawn from an ATM within a 24 hour period?
- Is there a limit in relation to how much money can be withdrawn from an EFTPOS terminal at any one time?
- Is there a limit on how many times a person may use an EFTPOS terminal within a 24 hour period?

Seven non-compliant issues were identified in relation to nine venues from this thematic inspection operation and are outlined below:

- One venue was detected in breach of 15B(1)(a)(i) which has instigated an in-depth investigation which is currently ongoing.
- One venue was issued an explanation notice for a breach of 45A(1)(a).
- One venue was issued a warning letter for a breach of 45A(1)(b).
- Three venues were detected in breach of 45A(2)(b) and rectified the issue at the time of inspection.
- One venue was in breach of 50A(b), warning letter issued.

Further to the above, themed inspections were carried out in Mount Gambler (which coincided with the Mount Gambler Show) in October. Of the 11 inspections 3 breaches were detected resulting in one warning letter and two verbal warnings.

Operation Remunerato Duo

Consumer and Business Services had a series of complaints, relating to the provision of cash facilities on licensed premises; an operation was conducted on 10 January 2017 as a follow up themed gaming operation. This operation targeted 24 venues within the metropolitan area to ensure compliance with the GCOP, Gaming Machines Act and the subordinate legislation particularly for the use of ATM in licensed venues.

Authorised Officers verified the following:-

- The ATM is not situated in the Gaming Area of the Licensed Premises as per section 51A(1) of the Gaming Machines Act.
- Conduct a visual confirmation to ensure the ATM screen displays the Office of Problem Gambling image and Gambling Helpline number for at least 20% of the idle time as per clause 45(1)(a)(i)&(ii).
- Conduct a visual confirmation of an ATM transaction slip to ensure the transaction record includes the appropriate information in accordance with clause 45A(1)(b).
- Confirm that a quantity of Gambling Helpline cards are available at each ATM as per the requirement of clause 45A(2)(b)(ii).

Following the completion of the visual verifications, the Authorised Officers approached the Gaming Manager and requested all transaction records from the previous seven days relating to the withdrawal of cash from EFTPOS Terminals to ensure all transactions have been completed in accordance with section of the Regulation 15B(a)(i).

The Authorised Officer then completed a short survey with the Gaming Manager to ascertain the Gaming Manager's level of understanding in relation to the availability of cash facilities, the limits that apply to each transaction and any daily limits which may apply. The survey included the following questions:

- Is there a limit on how much money can be withdrawn from an ATM at any one time?
- Is there a limit on how many times a person may use an ATM within a 24 hour period?
- Is there limit to the total amount that can be withdrawn from an ATM within a 24 hour period?
- Is there a limit in relation to how much money can be withdrawn from an EFTPOS terminal at any one time?
- Is there a limit on how many times a person may use an EFTPOS terminal within a 24 hour period?

Three non-compliant issues were identified in relation to three venues from this thematic inspection operation and are outlined below:

- Two venues were issued warning letters for breaches of clause 45A(1)(a) of the GCOP.
- One venue was found to have processed a transaction in excess of the requirements of clause 15B(1)(a)(i) of the GCOP.

Further investigations were required in relation to the *Gaming Machines Regulations 2005* about a matter which pertained to an EFTPOS cash withdrawal transaction that exceeded the prescribed transaction limit of \$200.00 per transaction.

The investigation established that this conduct was limited to one transaction and had been processed by a trained gaming staff member that had completed the required training. A review of staff training documentation revealed that the licensor had ensured that each staff member, including the staff member that processed the transaction, had been adequately trained and received instruction with regard to the prescribed transaction limits.

Following further scrutiny of the training practices used by the licensor it was determined that no further action would be possible as it could not be established that the licensee allowed the transactions to occur. Further consideration was given to the possibility of addressing this conduct with the individual that performed the transaction; however there is no authority under the current legislation to appropriately deal with conduct of this type.

Operation Chronicle

A themed operation was undertaken on 15 May 2017. Four authorised officers inspected 18 licensed premises throughout the Adelaide metropolitan region, checking for compliance with the GMA and GCOP.

The authorised officers ensured that all gaming venues are meeting their obligations, with regard to the internal reporting of suspected problem gamblers.

The officers also requested all documentation relating to the internal reporting of suspected problem gamblers and conducted a detailed review of all reports completed within the period from November 2016 to May 2017. This review enabled the authorised officer to verify whether these reports had been subject to a review by a manager in accordance with the requirements of clause 42 of the GCOP.

Following the review, the authorised officer asked each of the Gaming Managers on duty a series of questions relating to the internal reporting of suspected problem gamblers. This survey assisted the authorised officers with verifying if the venue gaming staff members are aware of their obligations in relation to the internal reporting process, and their level of understanding of the types of issues that should be reported.

Authorised officers reported a reasonable rate of compliance amongst the premises inspected, with four of the 18 venues visited detected with issues of non-compliance.

Action taken by my office included the following:-

- Two warning letters were issued as a result of a failure to record an action taken as a result of the internal report in accordance with clause 42(2)(b)(ii) of the GCOP.
- A warning letter was issued as a result of a failure to complete the required Management Review on at least a fortnightly basis in accordance with clause 42(2)(a) of the GCOP.
- A warning letter was issued in relation to premises having adopted an alternate reporting process and thereby failing to maintain the Responsible Gambling Document in accordance with the requirements of clause 41 of the GCOP.

5.2.2 Casino

All casino compliance activity for 2016-17 is shown below—

Assessment Type	2016-17	2015-16
Casino Revenue Inspection & Audit	1020	1039
Casino Gaming Inspection & Audit	367	404
Casino Surveillance	192	206
Prize Verification	24	37
Finance Audit - Monthly NGR Verification	634	653
Casino Advertising Audit	4	13
Premium Customer Audit	0	0
Casino Themed Inspection	0	6
Complaint	9	6
TOTAL	2250	2364

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 GCOP.

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 (January and February 2017)

From 1 January 2017, the legislated maximum permissible bet on a gaming machine was reduced from \$10 per game to \$5 per game. Between 12 January and 3 February 2017, an audit of all gaming machines within the public areas (main floor) of the Casino was undertaken.

During this audit process, a total of 741 gaming machines were assessed. All were found to operate in accordance with the maximum bet requirements as mandated by section 42B(7) of the Casino Act.

Authorised Gaming

As at 30 June 2017, the Casino had 86 gaming tables with 58 tables on the common gaming floor and 28 in the premium gaming areas (members only).

The Casino had 63 automated table games with 59 terminals on the common gaming floor and 4 terminals 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.

The maximum permissible number of gaming machines which can be operated at the Casino is 1,500. The total number of gaming machines in operation as at 30 June 2017 was 898, comprising of 709 in the common gaming area and 189 in the premium gaming areas (members only).

5.2.3 Wagering

All UBET SA, Bookmaker and Racing Club compliance activity for 2016-17 is shown below—

Licence Class	Assessment Type	2016-17	2015-16
UBET SA	Routine Inspections	139	301
	UBET SA Credit Betting Audit	44	51
	Themed Inspections	136	115
	Visual Inspections	2	0
	Finance Audit	0	0
	Surveillance - Minors	3	0
	Complaint	0	1

Bookmakers	Routine Inspections	25	30
	Themed Inspections	10	0
	Visual Inspections	101	91
	Account Betting Audit	0	0
	Cash Betting Ticket Audit	0	0
	Surveillance - Minors	60	66
	Complaint	0	0
Racing Clubs	Routine Inspections	107	99
	Visual Inspection	76	59
	Credit Betting Audit	1	0
	Surveillance - Minors	43	49
	Complaint	0	0
TOTAL		227	862

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 GCOP requirements and bookmaker rules.

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

Authorised officers also use covert surveillance to focus their attention on ensuring bookmakers, on-course totalisators and UBET SA agencies 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 in relation to unclaimed dividends. Consideration of complaints and disputes is another method used to detect non-compliance.

Taskforce Operations

My office also conducted a taskforce operation to target specific issues relating to wagering operations. These taskforce operations are often combined with liquor, gaming and wagering operations, and are typically undertaken unannounced and concentrate on the behaviour of licensees and staff, including their interaction with members of the public.

In 2016-17, the following taskforce operation was undertaken--

Taskforce Operations - UBET SA Agencies

Operation IGU was conducted between 22 and 28 September 2016, authorised officers visited 79 suburban based UBET stand-alone agencies and UBET agents situated within licensed premises. The focus of the operation was on staff training, in particular what training has been undertaken by staff and how well equipped staff are in appropriately dealing with problem gambling and credit betting incidents.

The purpose of this operation was to ensure—

- Compliance with various legislation contained within the Authorised Betting Operations Act and the GCOP

Authorised officers asked the UBET operator on duty a series of questions (refer below) relating to policies and procedures with a view to establishing staff knowledge of and required training

Wagering staff were also asked to produce documentation in relation to:-

- evidence of training by wagering staff;
- a copy of the Gambling Codes of Practice;
- evidence of review of reports for suspected problem gamblers;
- the Responsible Gambling Complaints & Incidents Register; and
- the Request for Barring form.

Five authorised officers were designated a number of wagering venues each, located within various suburban areas of the state. The areas included the Western suburbs and CBD; Glenelg and Inner South; Inner and Outer North; North West and Elizabeth; and Eastern Suburbs and Southern Suburbs.

During each inspection, authorised officers questioned the UBET operator on duty regarding a series of questions relating to the inspection criteria listed above. A summary of the most frequent responses recorded against each of the questions is as follows:-

General Questions

1) Have you read and signed the UBET South Australia Responsible Gambling Manual?

All UBET operators were able to show the Authorised Officers, their signature on the Responsible Gambling Document which states the Responsible Gambling Manual had been read.

2) UBET operations are governed by a code of practice; can you tell me where I can find a copy of the code?

Almost all of the UBET operators were able to either indicate or locate a copy of the code in the UBET folder and roughly a third also know a digital copy was available on the touch screen. Only a couple of operators didn't know where to find it at all.

3) The code requires that a mandatory warning message must be displayed on many items of equipment and literature, can you tell me what that message is?

The majority of UBET operators answered correctly "Gamble Responsibly" with a few getting it mixed up answering "Responsible Gambling". Two venues were able to quote the expanded warning message and few were not able to answer this question at all.

Credit Betting Questions

1) What do you understand by the term "Credit Betting is Unlawful"?

The majority of UBET operators answered this question adequately with varied responses such as:

- "it's illegal" or "it's against the law";
- "we have to receive cash before giving customers the ticket";
- "no money, no bet" or "if you don't have money, you can't bet";
- "using ticket not cleared" or "no promise of winning tickets that are not paying yet";
- "no lending money to bet".

One UBET operator was unable to answer this question and was referred to UBET Responsible Gambling Manual in order to seek clarification.

2) How long after a patron has placed a bet is it acceptable to wait for payment?

The main two responses to this question were "immediately" and "straight away" and at least half of the UBET operators elaborated further by saying, "if the customer is unable to pay straight away, the ticket is cancelled".

3) What is the process you use to cancel a bet for non-payment if the race has jumped?

All UBET operators answered correctly with something along the lines, "I would ring the emergency cancellation number and cancel the bet straight away" with all venues having a telephone in the near vicinity of the UBET terminal and the phone number either displayed on or near the terminal or on speed dial.

4) Can a patron pay by cheque or credit card?

All UBET operators answered correctly, "no".

Responsible Gambling Questions

1) Can you tell me some signs that problem gambling exists?

The answers to these two questions tended to overlap with all UBET operators easily able to describe numerous risk indicators or behaviours associated with problem gambling with many describing actual occasions in which they had witnessed such behaviours. With a little more prompting most of the UBET operators were also able to describe the wider impact or effect problem gambling has on the individual, their families and the wider community.

2) What are some of the risk indicators?

Below are some of the most common answers.

Risk indicators include:

- angry, frustrated, abusive, aggressive, agitated, swearing, throwing tickets, sad, crying, upset; a change in a regular customers normal demeanour over time;
- chasing losses, staying all day, betting too much, betting less;
- frequent visits to the ATM, asking people for money;
- family members coming in/ringing up, intel from other customers; and

Signs that problem gambling exists include:

- increased debt and unable to pay rent/bills, unable to buy food;
- loss of job, car, house, marriage;
- relationship problems/breakdowns, neglecting family;
- depression, self-harm and theft.

3) Gambling providers are required to establish a reporting process in respect of identifying and reporting problem gamblers. Are you aware of the location of the Responsible Gambling Complaints and Incidents register?

Most of the UBET operators located within a licensed premises said they used the gaming internal reporting form and again most of the UBET agency operators were able to either indicate or locate the form in their UBET folder. Approximately a quarter of all operators, agents and agencies, didn't know where to find the form or didn't think they had one.

4) Can you explain how you would go about assisting a customer who wanted to bar themselves from a UBET agency?

Most of the UBET operators located within a licensed premises said either they would refer the customer to their Duty Manager or use the gaming self-exclusion forms and BOEN system and most of the UBET agency operators were able to either indicate or locate the form in their UBET folder with a couple of them saying they would refer them to head office. Less than a quarter of all operators were unable to answer this question adequately.

Compliance with clause 42 of the Code of Practice (COP) (fortnightly review of suspected problem gamblers)

Of the seventy-nine (79) agencies and agents inspected, sixteen (16) were found to be non-compliant with the requirements of Clause 42 of the Gambling Codes of Practice, which is approximately 20%. Of the 16, only one was a UBET agency and the rest (15) were UBET agents within licensed premises.

The one non-compliant UBET agency was:

- Hindley Street UBET - UBET operator didn't think they did a review and couldn't find one.

The 15 non-compliant UBET agents within a licence premises were:

- Holdfast Hotel - Last review dated 25/08/2016 (2 weeks overdue);
- Brighton Metro Hotel - Last review dated 1/09/2016 (8 days overdue);
- Esplanade Hotel - No UBET review could be found and gaming review didn't include UBET;
- Warradale Hotel - Last review dated 5/09/2016 (4 days overdue);
- Land of Promise - UBET operator didn't know where to find it and it couldn't be found;
- Hope Inn Hotel - Last review dated 30/08/2016 (10 days overdue);
- West Thebarton Hotel - UBET operator advised it was kept with the lotteries register but there was no evidence on the sheet that it included UBET;
- Bay Hotel Motel - Last review dated 1/09/2016 (7 days overdue);
- Marlon Hotel - Last review dated 29/06/2016 (10 weeks overdue);
- Flagstaff Hotel - Last review dated 11/08/2016 (4 weeks overdue);
- Elizabeth Tavern - Last review dated 31/08/2016 (7 days overdue);
- Rose & Crown Hotel - Last review dated 2/09/2016 (5 days overdue);
- Playford Tavern - Last review dated 31/08/2016 (7 days overdue);
- Midway Tavern - Last review dated 31/08/2016 (7 days overdue);
- Duke of Brunswick Hotel - non gaming venue and did not have a UBET reviewing process.

In addition to the notifying of the 16 incidences of non-compliance with the requirement of Clause 42 of the GCOP, please note the results of this operation. In particular the questions and findings surrounding whether the UBET operators' knowledge and understanding of their obligations is adequate, with a view to the IGA to consider the introduction of a requirement that all UBET operators complete a nationally recognised Responsible Gambling Training Course as is required for Gaming staff.

Taskforce Operations - Bookmakers

Authorised Officers completed Taskforce operations at a number of major race days such as, the Adelaide Cup, Streaky Bay Cup, Port Lincoln Cup, Kangaroo Island Cup and the Naracoorte Cup. These operations were a mixture of Routine Inspections with continued observations conducted throughout the race day.

Authorised officers completed Taskforce Operations at two major race days at Oakbank and Clare Racing Carnivals.

At the Oakbank Races, officers conducted inspections on all the Tote outlets checking for correct signage, pamphlets and gamble responsible cards. The training register was checked and found to be completed with all staff having completed refresher training in responsible gambling. Officers also checked bookmakers with full routine inspections conducted on two bookmakers. One bookmaker failed to have an updated copy of the GCOP. Visual inspections were conducted on five bookmakers.

At the Clare Races, officers conducted inspections on all the Tote outlets checking for correct signage, pamphlets and gamble responsible cards. The training register was checked and found to be completed with all staff having completed refresher training in responsible gambling. Visual inspections were conducted on two bookmakers.

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—

Non-Compliance Item	2016-17	2015-16
Operation of machines training - not completed or certificate not available at time of inspection	n/a	n/a
Responsible gambling training - not completed or certificate not available	23	42
Gambling helpline cards not available	12	9
Register of interaction with problem gamblers not maintained	46	82
All gaming staff on duty not prominently displaying ID badges	13	14
Logic board not sealed	0	0
No gaming manager on duty	5	4
Time of day not prominently displayed in gaming area	1	1
Responsible Gambling Document not maintained	2	4
Rehabilitation Agency details not available	2	0
Code of practice not available	5	14
All barring notices not accessible by, or visible to, staff only	1	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	2
Patron not warned for playing multiple gaming machines	0	2
"Perimeter" sign at entry to gaming area & include regulatory information	8	6
Warning message in outdoor signage must occupy 10% of the space	2	8
At least one A3 sign with "Gambling Helpline" 6 languages to be displayed.	4	1
Condensed warning & national gambling helpline number to be prominently displayed on/near each coin dispenser & cashier area.	3	11
Responsible gambling sign must be displayed (A1 sign in each gaming area plus one A1 sign or equivalent for every 10 gaming machines)	16	25
Responsible Gambling message to be displayed on full screen of ATM or EFTPOS enabled touch screen for at least 20% of idle time.	19	21
Transaction slips produced by ATM terminal to include condensed warning message & national gambling helpline number	6	8
TOTAL	172	256

5.3.2 Casino Act

Instances of non-compliance detected were as follows —

Non-Compliance Item	2016-17	2015-16
Breach of Internal Controls (Pit Operations) (inc Table Game Procedures, Game Rules, Dealing Procedures, Equipment Integrity)	11	26
Warning Message and Gambling Helpline sticker not affixed to ATM or gaming machines	1	4
Breach of Internal Controls (Cash Handling) (inc Hard Count, Soft Count, Verification of Net Gambling Revenue)	90	3
Staff not displaying ID badge	1	1
Patron playing multiple gaming machines	4	2
Breach of Internal Controls (Gaming Machines) (inc Installation and Operation of Gaming Machines, Operational Procedures)	3	8
Breach of Internal Controls (Security) (inc Drop Box Procedures and Records)	3	4
Breach of Casino Advertising Directions	0	30
TOTAL	113	78

Details of matters referred to the Authority for disciplinary action arising from these investigations are shown later in this report².

The significant increase in breach of internal controls is attributed to a greater emphasis on internal controls including hard count and commission programs. Follow up audits were made where breaches were found.

No audits were undertaken in 2016-17 on Casino Advertising Directions.

5.3.3 Authorised Betting Operations Act

LIBET SA

Instances of non-compliance detected were as follows—

Non-Compliance Item	2016-17	2015-16
Not all staff received refresher course at least every two years	1	1
Gambling helpline cards not at betting terminal	3	1
SA Betting Operation Rules not available in gambling area	0	1
Governed by a code of practice sign not displayed	0	3
Document detailing roles of staff not available	1	2
Internal reporting of problem gamblers review	32	49
Code of practice not available	0	4
Responsible gambling poster must be available in 5 languages	2	1
Condensed warning message not displayed	3	0
TOTAL	42	62

² Refer to section 5.4.3 of this report for further details.

Racing Clubs

Instances of non-compliance detected were as follows —

Non-Compliance Item	2016-17	2015-16
Prominent display of condensed warning message and national gambling helpline number	1	1
Helpline cards available on or near ATM and throughout gambling areas	2	4
Governed by a Code of Practice message not displayed	0	9
Internal reporting of problem gamblers review	0	2
Responsible gambling material not displayed	2	19
TOTAL	5	35

Bookmakers

Instances of non-compliance detected were as follows—

Non-Compliance Item	2016-17	2015-16
Betting ticket must clearly indicate all terms of bet	0	1
Gamble responsibly sign not displayed	3	3
Helpline cards available on or near ATM and throughout gambling areas	0	1
Document and implement procedures to respond to barring enquiries	0	3
Persons involved in selling products must receive responsible gambling training	0	3
Governed by a code of practice sign not displayed	0	1
Internal reporting of problem gamblers review	0	3
Time on computer system incorrect or not visible	0	8
Time of day to be prominently displayed and visible	0	1
Agents not displaying ID badge	0	0
Code of practice not available	6	1
Responsible gambling document not maintained	0	6
No bets taken over the race exempt on protest	1	0
Governed by a code of practice message displayed	1	0
TOTAL	11	31

5.4 Gaming Tax Fines, Explanations, Prosecutions and Disciplinary Action

As the 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 Authority.

5.4.1 Gaming Machines

Gaming Tax Fines

Details of fines relating to non-payment of gaming tax during 2016-17 in relation to the Gaming Machines Act is detailed in the table below—

Licensed Premises	Breach	Action Taken
Commercial Hotel - Burra	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jul 2016)	\$31.84 (Fine)
Rising Sun Hotel - Lobethal	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jul 2016)	\$44.12 (Fine)
Kinross Hotel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Aug 2016)	\$600.87 (Fine)
Royal Hotel Crystal Brook	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Aug 2016)	\$145.45 (Fine)
Tailom Bend Hotel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Sep 2016)	\$800.56 (Fine)
Melville Hotel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Oct 2016)	\$489.66 (Fine)
Royal Hotel Kent Town	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Oct 2016)	\$1777.08 (Fine)
Barmera Hotel Motel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Nov 2016)	\$33.43 (Fine)
Tailom Bend Hotel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Apr 2017)	\$174.20 (Fine)
Melville Hotel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (May 2017)	\$496.06 (Fine)
Travellers Rest Hotel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (May 2017)	\$70.61 (Fine)
Barmera Hotel Motel	Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jun 2017)	\$2629.90 (Fine)

Explanations

Details of matters explained during 2016-17 in relation to the Gaming Machines Act 1992[74(2(a))] are detailed in the table below—

Licensed Premises	Breach	Action Taken
Gaslight 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
Southwark Hotel	Clause 45(1) – Failure to display a perimeter sign at each entrance to the gaming room	\$1200 Fine, plus \$60 Victims of Crime Levy
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
Earl of Aberdeen	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
Glynde Hotel	Clause 45(A) – Office of Problem Gambling material not displayed as required	\$160 Fine, plus \$60 Victims of Crime Levy
Saracens Head Hotel	Clause 45(1) – Failure to display a perimeter sign at each entrance to the gaming room	\$1200 Fine, plus \$60 Victims of Crime Levy
Queens Head 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
West End Tavern	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
Rosemont Hotel and Pokies	Clause 27(1) - Gambling Code of Practice Outdoor gambling advertising must conform with requirements of the codes	\$210 Fine, plus \$60 Victims of Crime Levy
Central Hotel, Riverton	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
New Dublin 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
New Dublin Hotel	Clause 45(2) (a) – Gambling provider must ensure prominent display of the condensed warning message	\$160 Fine, plus \$60 Victims of Crime Levy

Prosecutions

During the reporting period there were no prosecutions commenced for offenses against *Gaming Machines Act 1992*.

5.4.2 Casino

Disciplinary Action

There was one matter 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 2016-17.

These matters relate to the following—

Minor on Premises (April 2017)

This incident relates to a possible breach of section 38 and section 43 of the Casino Act requiring the Adelaide Casino to comply with procedures approved by the Commissioner relating to the exclusion of children. The incident involves juvenile aged 16 years who entered the casino premises via the North Terrace entrance then spend approximately 1.5 hours playing various table games within the Casino premises.

The incident has also raised concerns as to the adequacy of security at the casino noting the incident took place during peak period being 10pm on a Saturday night. It is noted that on three occasions the juvenile exits and re-enters the Casino via the North Terrace entrance. At the time of writing this report, no formal response has been received from the Authority.

5.4.3 Wagering

Disciplinary Action

The Authority raised concerns in June 2016 about credit betting at UBET agents and questioned the adequacy of UBET procedures and their implementation. My office investigated the Authority's concerns with a Taskforce Operations - UBET SA Agencies (Operation IOU). The detail of this operation is provided above (page 20-23).

The outcome of this operation was to write to UBET detailing the results including our recommendation to the IGA that the UBET training programs are reviewed in March 2017. This was confirmed to the IGA with my recommendation in writing 18 November 2016.

The following matter relates to a licensed bookmaker who was reported for allegedly breaching the Bookmakers Licensing Rules 2000.

CBS Inspectors reported SA Licensed Bookmaker, Gregory McAtee for allegedly breached rule 117 of the Bookmakers Licensing Rules 2000 whilst operating at Balaklava Racecourse on Balaklava Cup Day on Wednesday 31 August 2017.

On Monday 26 September 2017 McAtee was interviewed by CBS Officers where McAtee made admissions to placing 2 wagers after the result of a race was known.

On Tuesday CBS wrote to McAtee inviting him to provide a written submission would be forwarded to the IGA in relation to the incident at the Balaklava Cup. On Wednesday 28 December 2016 McAtee contacted CBS and advised that he did not feel it was necessary to provide a written submission.

On 10 January 2017 CBS wrote to the IGA asking the IGA to consider as to whether to proceed with disciplinary action against McAtee.

5.4.4 Gaming

Disciplinary Action

During 2016-17 no disciplinary action was taken other than the matter dealt with under Complaints and disputes (5.5.3).

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 2016-17, my office formally investigated four matters relating to 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 was investigated regarding EFTPOS withdrawal limits which resulted in a warning letter sent to the licensee;
- one matter resulted in an expiation notice being issued relating to outdoor signage requirements; and
- two matter remains ongoing.

5.5.2 Casino

During 2016-17, my office formally investigated ten complaints and allegations of breaches of the Casino Act and subordinate legislation.

The nature of these matters covered a range of issues including possible 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 CBS authorised officers —

- ten matters were found in favour of the Casino and dismissed

5.5.3 Wagering

During 2016-17, my office formally investigated one complaint and allegation of a breach of the Authorised Betting Operations Act and subordinate legislation.

The nature of this matter related to a UBET trade promotion for the 2017 AFL Grand Final. The matter was referred to CBS by the IGA. CBS wrote to UBET seeking a response in writing which was received on 15 June 2017. CBS then wrote to the IGA on 22 June 2017 requesting advice relating to proposed IGA recommendations and proposed action in due course.

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)*

Result Of Review	2016-17	2015-16
S44 - No Further Action (S44 Order To Stand)	40	20
S45 - Barring Extended To 6 Months	4	13
S45 - Barring Extended To Greater Than 6 Up To 12 Months	12	22
S45 - Barring Extended To Greater Than 12 Up To 24 Months	6	20
S45 - Barring Extended Greater Than 24 Months	4	8
TOTAL BY TYPE OF BARRING ORDER	66	83

6.1.2 *Total number of currently barred persons*

Type	As at 30 June 2017	As at 30 June 2016
S44 - Involuntary (Licensee barring to be reviewed by Commissioner at the barred person's request)	0	0
S44 - Involuntary (Licensee barring fixed for 3 month period)	38	34
S45 - Commissioner Imposed	256	275
TOTAL NO OF BARRED PERSONS	278	309

7. TECHNICAL MATTERS

7.1 Casino Surveillance System

The Adelaide Casino surveillance monitor room has been refurbished and expanded to provide space for additional operator consoles. The Adelaide Casino Surveillance department has developed the ability to remotely monitor 'high action' play in Darwin (Horizon Room) whenever there are resource limitations at Darwin casino. This additional work does not impinge upon the monitoring of operations at Adelaide Casino.

System upgrades are planned for next financial year. This will involve routine replacement of old servers and hard disk recorders with newer technology.

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 Enx 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 2016-17, the following activity occurred for gaming machines, games and associated equipment for gambling—

Activity	Gaming Machines Act ²	Casino Act
Approval of a new game	60 (56)	122 (105)
Approval of a new version of a game	10 (21)	26 (13)
Approval of a new gaming machine	1 (5)	4 (6)
Approval of a modification to a gaming machine	17 (21)	22 (16)

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.

After discussions with UBET internal auditors, this would not be considered to be an independent audit.

My office is investigation with the Queensland regulator what audit schedule it has in place, and whether CBS could use this audit to regulatory compliance.

² Activity for the previous year is in parenthesis.

B. GAMING TAX

B.1 Distribution of Net Gambling Revenue

During 2016-17, 526 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	65	11
\$75,001 - \$399,000	133	18
\$399,001 - \$945,000	43	6
\$945,001 - \$1,500,000	51	7
\$1,500,001 - \$2,500,000	75	12
\$2,500,001 - \$3,500,000	39	12
Above \$3,500,000	50	4
Total Number of Venues	456	70

B.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 2016-17, 12 licenses (three Licensees on more than one occasion) were issued fines and received notices requiring them to pay within three days. Of these 12 breaches—

- the outstanding balance was received from ten licensees;
- Two licensee did not pay by the due date as administrators had been appointed by the licensee's companies pursuant to section 436A(1) of the Corporations Act 2001.

B.3 Refunds

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

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

49 venues were eligible for refunds for the 2016-17 financial year totalling \$77,549.89.

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

Table 1 — Monthly gaming statistics 2016-17

Month	Total Bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax Liability (\$)	Fines (\$)
Jul-2016	\$711,161,494	\$647,226,328	\$68,935,166	\$25,950,785	\$75.96
Aug	\$703,401,322	\$640,734,108	\$62,667,214	\$25,168,979	\$746.32
Sep	\$669,302,054	\$610,172,522	\$59,129,531	\$23,271,109	\$800.56
Oct	\$673,798,181	\$613,981,691	\$59,816,490	\$23,615,851	\$2266.74
Nov	\$629,846,114	\$573,559,948	\$56,286,167	\$21,786,831	\$33.43
Dec	\$638,108,513	\$581,861,836	\$56,246,676	\$21,827,596	0
Jan-2017	\$588,498,404	\$535,341,851	\$53,156,552	\$20,250,436	0
Feb	\$550,198,234	\$500,393,044	\$49,805,190	\$18,493,962	0
Mar	\$616,163,376	\$560,464,000	\$55,699,376	\$21,543,651	0
Apr	\$591,100,617	\$537,821,541	\$53,279,076	\$20,345,032	\$174.20
May	\$613,780,997	\$560,667,399	\$53,113,599	\$21,278,405	\$566.67
Jun-2017	\$607,667,527	\$552,526,333	\$55,141,194	\$21,334,085	\$2629.90
Total	\$7,595,026,833	\$6,914,752,602	\$680,274,231	\$264,866,721	\$7293.78

Table 2 — Monthly live gaming machines and venues 2016-17

Month Ending	Venues	Gaming Machines
Jul-2016	523	12351
Aug	523	12352
Sep	523	12353
Oct	522	12347
Nov	521	12327
Dec	520	12316
Jan-2017	517	12278
Feb	514	12220
Mar	514	12211
Apr	511	12184
May	512	12196
Jun-2017	511	12210

Table 3 — Revenue data by ABS LGA 2016-17

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 2017	Aggregate NGR \$ per LGA (2016-17)	Average NGR \$ per venue (2016-17)
Adelaide	43	851	\$24,221,672.18	\$563,294.70
Adelaide Hills	16	221	\$4,048,864.84	\$253,054.05
Alexandrina	13	256	\$7,893,416.06	\$607,188.16
Barossa	15	244	\$6,275,628.05	\$418,375.20
Barunga West, Copper Coast	14	265	\$9,479,196.69	\$631,946.45
Barri, Barmora	7	170	\$6,005,828.51	\$857,975.50
Camubelltown, Tea Tree Gully	12	435	\$44,422,987.44	\$3,701,915.62
Caduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre Peninsula	10	140	\$4,006,804.03	\$400,680.40
Charles Sturt	25	785	\$55,650,676.89	\$2,226,027.08
Clare & Gilbert Valleys	7	88	\$2,353,126.07	\$336,160.87
Coorong, Tatler	8	120	\$7,607,741.12	\$951,967.64
Gawler	8	214	\$13,844,556.38	\$1,730,444.55
Goyder, Northern Areas	7	49	\$798,026.69	\$114,003.81
Holdfast Bay	11	377	\$20,486,765.64	\$1,862,433.24
Kangaroo Island, Yankalilla, Victor Harbor,	10	217	\$8,812,329.04	\$881,232.90
Kimba, Cleve, Tumby Bay, Franklin Harbour	7	77	\$1,290,208.53	\$184,315.50
Light, Mallala	12	99	\$3,411,355.79	\$284,446.32
Loxton, Waikerie	4	121	\$3,616,743.98	\$904,186.00
Manion	10	333	\$28,147,495.54	\$2,814,749.55
Mid Murray	9	113	\$2,527,216.94	\$280,801.88
Mitcham, Burnside	7	219	\$14,095,203.42	\$2,013,600.49
Mount Barker	11	233	\$9,458,311.09	\$859,846.46
Mount Gambier, Grant	14	359	\$17,187,846.67	\$1,227,703.33
Mount Remarkable, Ororoo/Carrieton, Peterborough,	7	64	\$1,093,873.17	\$156,267.60
Murray Bridge, Karoonda/East Murray, Southern Mallee	10	167	\$9,810,758.88	\$981,075.89
Naracoorte & Lucindale, Robe, Kingston	8	155	\$4,633,379.95	\$579,172.49
Norwood Payneham & St Peters	17	534	\$30,700,599.02	\$1,805,917.59
Onkaparinga	23	746	\$57,614,094.56	\$2,504,958.02
Playford	11	358	\$32,205,912.34	\$2,927,810.21
Port Adelaide Enfield	41	1174	\$73,149,563.82	\$1,784,135.70
Port Augusta	11	238	\$10,346,892.38	\$940,621.13
Port Lincoln	7	212	\$8,643,193.60	\$1,234,741.94
Port Pirie	9	203	\$9,352,510.72	\$1,039,167.86
Prospect, Walkerville	6	199	\$13,206,685.46	\$2,201,115.91
Renmark, Paringa	4	118	\$5,074,649.92	\$1,268,662.48
Roxby Downs, Coorab Pedy, Flinders Ranges	7	129	\$3,246,463.31	\$463,780.47
Salisbury	21	650	\$64,940,552.28	\$3,092,407.25
Unincorp Far North, Unincorp West Coast	6	45	\$421,807.82	\$70,301.30
Unley	8	255	\$11,536,671.54	\$1,439,583.94
Wakefield Region	8	52	\$1,091,456.33	\$136,432.04
Wattle Range	7	108	\$2,729,506.03	\$389,929.43
West Torrens	10	350	\$29,657,685.85	\$2,965,768.59
Whyalla	8	231	\$11,961,726.31	\$1,495,215.79
Yarri Peninsula	16	192	\$4,213,325.91	\$263,332.87
Total	526	12210	\$680,274,230.80	\$51,723,248.22

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) - 2012 to 2017

	2011-12 (\$mil)	%	2012-13 (\$mil)	%	2013-14 (\$mil)	%	2014-15 (\$mil)	%	2015-16 (\$mil)	%	2016-17 (\$Mil)	%
Hotels	669.937	50.2	661.836	90.6	664.364	90.8	633.018	87.2	625.612	87.1	589.549	86.7
Clubs	72.851	9.8	68.751	9.4	66.646	9.2	92.890	12.8	92.990	12.9	90.725	13.3
Total	742.788		730.587		731.010		725.908		718.602		680.274	

Table 5 — Gaming tax liability - 2012 to 2017

	2011-12 (\$mil)	%	2012-13 (\$mil)	%	2013-14 (\$mil)	%	2014-15 (\$mil)	%	2015-16 (\$mil)	%	2016-17 (\$mil)	%
Hotels	269.011	92.5	265.646	92.9	268.567	93.1	258.606	90.1	255.166	89.9	237.265	89.6
Clubs	21.933	7.5	20.282	7.1	19.665	6.9	28.386	9.9	28.651	10.1	27.602	10.4
Total	290.944		285.928		288.232		286.996		283.817		264.867	

Table 6 — Average NGR per machine per day - 2012 to 2017

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Ave NGR per machine per day	\$160	\$159	\$159	\$160	\$159	\$152

Table 7 — Average total NGR per day - 2012 to 2017

	2011-12 (\$mil)	2012-13 (\$mil)	2013-14 (\$mil)	2014-15 (\$mil)	2015-16 (\$mil)	2016-17 (\$mil)
Sunday	1.516	1.567	1.546	1.567	1.570	1.458
Monday	1.594	1.575	1.586	1.590	1.574	1.485
Tuesday	1.799	1.745	1.792	1.816	1.771	1.692
Wednesday	2.037	2.057	2.002	2.055	2.015	1.889
Thursday	2.368	2.292	2.331	2.220	2.328	2.107
Friday	2.580	2.556	2.543	2.477	2.410	2.351
Saturday	2.238	2.221	2.226	2.197	2.169	2.055

Table 8 — Return to player percentage (RTP%) - 2012 to 2017

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Return to Player ¹	90.71%	90.75%	90.86%	90.90%	91.02%	91.04%

Table 9 — Live venues and gaming machines - 2012 to 2017

As At	30 June 12	30 June 13	30 June 14	30 June 15	30 June 16	30 June 17
No of Venues	557	549	540	530	524	511
No of Machines	12 688	12 613	12 561	12 977	12 337	12210

Table 10 — Number of hotels by machine range - 2012 to 2017

No of Machines	30 June 12	30 June 13	30 June 14	30 June 15	30 June 16	30 June 17
1 to 10	131	132	123	120	118	112
11 to 20	101	97	99	98	96	94
21 to 30	33	31	33	35	31	29
31 to 40	229	227	224	219	222	222
Total	494	487	479	472	467	457

Table 11 — Number of clubs by machine range - 2012 to 2017

No of Machines	30 June 12	30 June 13	30 June 14	30 June 15	30 June 16	30 June 17
1 to 10	16	15	15	13	13	12
11 to 20	17	17	17	16	17	16
21 to 30	6	7	7	8	6	6
31 to 40	24	23	22	21	21	21
Total	63	62	61	58	57	55

¹ 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 - 2012 to 2017

Venue Type	30 June 2012	%	30 June 2013	%	30 June 2014	%	30 June 2015	%	30 June 2016	%	30 June 2017	%
Hotels	494	88.7	487	88.7	479	88.7	460	86.8	455	86.8	456	89.2
Clubs	63	11.3	62	11.3	61	11.3	70	13.2	69	13.2	55	10.7
Total	557		549		540		530		524		511	

Table 13 — Gaming machines by business type - 2012 to 2017

Venue Type	30 June 2012	%	30 June 2013	%	30 June 2014	%	30 June 2015	%	30 June 2016	%	30 June 2017	%
Hotels	11 195	88.2	11 135	88.3	11 118	88.5	10564	85.3	10558	85.6	10879	89.1
Clubs	1 493	11.8	1 478	11.7	1 443	11.5	1813	14.7	1779	14.4	1331	10.9
Total	12 688		12 613		12 561		12337		12337		12210	

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.

The average daily NGR for 2015-16 saw a drop back to the 2013-14 figure of \$159.

The average daily NGR for 2016-17 is \$152 which is a drop of \$7 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.</p> <p>Key elements of the codes were:</p> <ul style="list-style-type: none"> • clocks to be displayed in gaming areas; • players to be prevented from playing while intoxicated; • mandatory training requirements; and • cheques not to be cashed in gaming areas. <p>Minimum RTP on all newly approved games increased to 87.5% from the previously approved rate of 85%.</p> <p>Applications for new games must be refused if they are deemed to have characteristics that are likely to lead to an exacerbation of problem gambling. Voluntary Barring system introduced.</p>
Event 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 2 152 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	Gaming Machines (Miscellaneous) Amendment Act 2010 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	<p>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.</p> <p>Responsible Gambling and Advertising Codes of Practice amended.</p>
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 Statutes Amendment (Criminal Intelligence) Act 2012 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	Statutes Amendment (Gambling Reform) Act 2013 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 barriers; changes to the conduct of gaming operations (between 2am and 8am); and simplified in-venue signage.
Event 21: 01/10/2015	Statutes Amendment (Gambling Measures) Act 2015 is passed.
Event 22: 01/01/2016	Tranche 3 amendments commenced aimed at improving existing regulatory and responsible gambling measures for gaming venues, including red tape reduction as well as some technical improvements. Includes: Gaming machine layouts no longer require the Liquor and Gambling Commissioner's approval; Integrity checks for gaming managers and gaming employees; Unlawful possession of gaming machines; Cash facilities within gaming areas; Delegation of the Independent Gambling Authority's functions; and Dealing with confidential information.
Event 23: 01/01/2017	Statutes Amendment (Gambling Measures) Act 2015 On 1 January 2017, the Gaming Machines Act 1992 was amended to prescribe all gaming machines in South Australia to be limited to a \$5 maximum bet (reduced from the previous maximum of \$10). This was one of the final measures contained as part of reforms to gambling related legislation undertaken in 2013 through the Gambling Reform Act aimed at improving existing regulatory and responsible gambling measures for gaming venues.

10. APPROVED TRADING SYSTEM FOR GAMING MACHINE ENTITLEMENTS

During 2016-17, the following trading rounds were conducted—12/2016 and 13/2017.

Trading Round 12/2016

On 21 July 2016, I announced the establishment of Trading Round 12/2016 for the purchase or sale of gaming machine entitlements by publishing a notice to this effect in the South Australian 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 closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Friday 26 August 2016 at 5.00pm.

The official trade of entitlements (the Trading Day) was conducted on 29 September 2016, 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 12/2016 were—

- a Purchaser Price of \$31,166.67 (plus GST);
- a Vendor Price of \$23,375.00 (plus GST);
- nil gaming machine entitlements were sold by profit organisations;
- 18 gaming machine entitlements were sold by one non-profit association;
- nil 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*);
- 14 gaming machine entitlements were allocated to six successful organisation purchasers; and
- commission of \$17,141.72 (including GST) was payable to the Gamblers Rehabilitation Fund.

As a result of Trading Round 12/2016, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, remained at 13 793.

Trading Round 13/2017

On 2 March 2017, I announced the establishment of Trading Round 13/2017 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 7 April 2017 at 5.00pm. The official trade of entitlements (Trading Day) was conducted on 11 May 2017.

The key outcomes of Trading Round 13/2017 were—

- a Purchaser Price of \$22,751.33 (plus GST);
- a Vendor Price of \$17,063.50 (plus GST);
- two gaming machine entitlements were sold by one profit organisation;
- 52 gaming machine entitlements were sold by three non-profit associations;
- Nil gaming machine entitlements were cancelled (*being every fourth entitlement taken to have been sold by profit organisations*);
- 13 gaming machine entitlements were transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- 41 gaming machine entitlements were allocated to 30 successful organisation purchasers; and
- commission of \$12,513.09 was payable to the Gamblers Rehabilitation Fund.

As a result of Trading Round 13/2017, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, remained at 13 793.

A review of the conduct and outcome of Trading Round 12/2016 and 13/2017 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, 3/2013, 4/2013, 5/2014, 6/2014, 7/2014 and 8/2015 are available in previous related annual reports.

Trading Round	9/2015	10/2015	11/2016	12/2016	13/2017
Trading Day	30/07/2015	19/11/2015	5/05/2016	29/09/2016	5/05/2016
Total number of entitlements held prior to Trading Round	13827	13816	13802	13793	13793
Offers to sell	125	165	137	131	185
Offers to purchase	71	89	59	14	64
Entitlements sold by profit organisations	44	58	39	0	2
Entitlements sold by non-profit organisations	8	28	13	18	52
Entitlements purchased	39	65	39	14	41
Entitlements cancelled	11	14	9	0	0
Entitlements transferred to Club One	2	7	4	4	13
Vendor Price (plus GST)	\$29,125.00	\$27,937.50	\$26,187.50	\$23,375.00	\$17,063.50
Purchaser Price (plus GST)	\$38,813.33	\$37,250.00	\$34,916.67	\$31,166.67	\$22,751.33
Commission paid into the Gamblers Rehabilitation Fund (plus GST)	\$0.00	\$18,625.00	\$0.00	\$15,583.38	\$11,375.53
Total entitlements held after Trading Round	13 816	13 802	13 793	13 793	13 793
Entitlements to be cancelled to meet statutory objective	735	721	712	712	712

11. ADMINISTRATIVE MATTERS

During 2016-17, 1231 gaming, casino, wagering and acceptable trade promotion lottery applications were processed, as detailed below.

11.1 Gaming Machines

All gaming applications processed during 2016-17 are shown below—

Application Type	2016-17	2015-16
Applications - new licences	2	0
Applications - licence transfers	42	49
Applications - general	150	417
Applications - game approvals	69	74
Applications - gaming machine approvals	15	24

On 29 December 2016, I refused an application made by the South Australian Jockey Club Inc for the grant of a Social Effect Certificate pursuant to the Gaming Machines Act in relation to a proposed gaming venue to be located at the corner of Cheltenham Parade and St Clair Avenue, St Clair to be known as Cheltenham Park Community and Sport Club.

The applicant did not satisfy me that the grant of a gaming machine licence would not be contrary to the public interest on the ground of the likely social effect on the local community, and in particular, the likely effect on problem gambling within the local community.

Full details for my reasons for decision are published on the CBS website.

11.1.1 Notifications of gaming managers and gaming employees

Licensees use the BOEN system to notify me of the appointment of these positions. In 2016-17 there were—

- 2 878 notifications of persons commencing employment as a gaming manager or gaming employee at a licensed gaming machine venue; and
- 2 377 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 2016-17 are shown below—

Application Type	2016-17	2015-16
Applications - approvals, variations to procedures, etc.	115	135
Applications - game approvals	140	130
Applications - gaming machine approvals	21	35
Applications - person approvals	201	254

11.3 Wagering

All wagering applications processed during 2016-17 are shown below—

Application Type	2016-17	2015-16
Applications - licences	0	0
Applications - bookmaker permits	67	144
UBET SA System Modifications	181	124

11.3.1 Bookmaker and Bookmaker Agent Licences

- In November 2012, in line with the Government's policy of red tape reduction, the then Commissioner 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 2015, expire on 31 December 2018.

11.4 Acceptable Trade Promotion Lotteries

All acceptable trade promotion lottery applications as delegated to me under section 11B of the *Independent Gambling Authority Act 1995* processed during 2016-17 are shown below—

Application Type	2016-17
Gaming Applications Approved	79
Casino Applications Approved	71
Wagering Applications Approved	83
Lotteries Applications Approved	1
Gaming Applications Refused	0
Casino Applications Refused	0
Wagering Applications Refused	0
Lotteries Applications Refused	0

11.5 Authorised Interstate Betting Operators

All authorised interstate betting operators as delegated to me under section 11B of the *Independent Gambling Authority Act 1995* for the period ending 30 June 2017 are shown below—

Name	Domicile	Operative Date	Date of Notice
Bestbet.com.au	NSW	6 May 2016	6 May 2016
Betchalca Corporation Pty Ltd	NT	15 Jun 2009	13 Jun 2009
Betfair Pty Ltd	TAS	1 Mar 2009	16 Feb 2009
BetHQ Pty Ltd (currently closing operations)	Norfolk Island	21 Oct 2015	21 Oct 2015
BlueBet	NSW	17 Nov 2016	07 Apr 2016
Classicbet Pty Ltd	NSW	26 Feb 2014	26 Feb 2014
CrownBet Pty Ltd (originally listed as BetEasy Pty Ltd)	NT	16 Sep 2014	16 Sep 2014
Draftstars Pty Ltd	NT	3 May 2016	22 Mar 2016
Hillside (Australia New Media) (trades as betJES)	NT	7 June 2012	5 June 2012
Ladbrokes Digital Australia Pty Ltd	Norfolk Island	15 Feb 2012	9 Feb 2012
Luxbet Pty Ltd	NT	1 Mar 2009	10 Feb 2009
Mad Bookie Pty Ltd	Norfolk Island	28 Oct 2015	28 Oct 2015
Meridian Bookmaking Pty Ltd (trades as Topspart)	NSW	1 Mar 2009	19 Feb 2009
Moneyball Australia Pty Ltd	Norfolk Island	19 Sept 2016	7 Sept 2016
Palmer Bookmaking Pty Ltd	NSW	3 Apr 2014	3 Apr 2014
Racing and Wagering Western Australia (WA TAB)	WA	24 Mar 2009	24 Mar 2009
Sportsbet Pty Ltd	NT	9 Sep 2010	9 Sep 2010
Sportsbetting.com.au Pty Ltd	NT	1 Jul 2010	1 Jul 2010
Sportsdeck Pty Ltd	Norfolk Island	6 July 2016	22 Jun 2016
Tab Limited	NSW	1 Mar 2009	10 Feb 2009
Tabcorp ACT Pty Ltd	ACT	14 Oct 2014	9 Oct 2014
Tabcorp Wagering (Vic) Pty Ltd	VIC	8 Apr 2013	4 Apr 2013
Topbetta Pty Ltd	Norfolk Island	28 Oct 2010	18 Oct 2010
Tradeplayer Australia Pty Ltd	NT	30 June 2016	23 Nov 2016
William Hill Australia Wagering Pty Ltd (originally listed as Centrabet Pty Ltd)	NT	17 Apr 2009	17 Apr 2009
TOTAL	25		