



Government
of South Australia

*Office of the Liquor and
Gambling Commissioner*

OFFICE OF THE LIQUOR AND GAMBLING COMMISSIONER

GAMING MACHINES ACT 1992

ANNUAL REPORT 2003-2004



Office of the Liquor and Gambling Commissioner

September 2004

The Honourable Michael Wright MP
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Dear Minister

Under section 74(2) of the *Gaming Machines Act 1992*, I submit this Annual Report on the administration of the Act for the financial year ended 30 June 2004.

Yours faithfully

A handwritten signature in black ink, appearing to read "W.A. Pryor".

W.A. PRYOR
LIQUOR AND GAMBLING COMMISSIONER

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1. INTRODUCTION

The Liquor and Gambling Commissioner is responsible for the administration of the *Gaming Machines Act 1992*. The Commissioner is responsible for regulating and monitoring the gaming industry to ensure the interests of patrons, gaming industry licensees, the community and the Government are protected.

Section 5 of the Act provides that the Commissioner is responsible to the Independent Gambling Authority for the constant scrutiny of the operations under all licences under the Act.

The Act establishes a structure in which all industry participants are licensed or approved to carry out specific roles in relation to the gaming machine industry in South Australia.

The Commissioner is responsible for various functions including:

- determination of all applications for licences under the Act;
- approval of persons in a position of authority, gaming machine managers, and gaming machine employees;
- approval of agents of the State Supply Board;
- approval of gaming machines, games and the central monitoring system;
- approval of the number of machines per licensed premises and authorised hours of operation;
- collection of gaming tax;
- inspection, monitoring and scrutiny of gaming operations;
- disciplinary action against licensees including the power to reprimand, suspend or revoke a licence;
- review of barring of persons by licensees.

2. LEGISLATIVE AMENDMENTS

One amendment was made to the *Gaming Machines Act 1992* during 2003-04.

2.1 STATUTES AMENDMENT (RENAISSANCE TOWER - GAMING AND LIQUOR LICENCES) BILL 2003

As reported last year, the *Statutes Amendment (Renaissance Tower - Gaming and Liquor Licences) Bill 2003* which sought to make the holder of the Renaissance Tower special circumstances licence eligible to be granted a gaming machine licence upon removal of the special circumstances licence to other premises was introduced on 5 June 2003.

At the time of my last report, the legislation had been passed by the Legislative Council but had not been debated in the House of Assembly. I report that the legislation was subsequently defeated in the House of Assembly on 18 February 2004.

2.2 GAMING MACHINES (EXTENSION OF FREEZE) AMENDMENT ACT 2003

On 7 December 2000 the *Gaming Machines (Freeze on Gaming Machines) Amendment Act 2000* was passed. The effect of this legislation is to prevent me from granting any applications for new gaming machine licences, or increases in the number of gaming machines approved, if that application was received on or after 7 December 2000.

The freeze was originally in place until 31 May 2001 and was further extended to 31 May 2003 and again to 21 May 2004. On 31 May 2004, the *Gaming Machines (Extension of Freeze) Amendment Bill 2004* was passed which extended the freeze until 15 December 2004 to allow Parliament to consider legislation introduced by the Government in response to the Independent Gambling Authority's report on the inquiry into gaming machine numbers.

3. CODES OF PRACTICE

On 12 February 2004, the Independent Gambling Authority issued new codes of practice to all gaming machine licence holders under section 74A(3) of the Gaming Machines Act 1992. The **Responsible Gambling Code of Practice** and **Advertising Code of Practice** which replaced the existing codes which had been in effect since 1 October 2001, came into effect on 30 April 2004.

3.1 RESPONSIBLE GAMBLING CODE OF PRACTICE

The new code provided for a number of new requirements which are summarised below.

3.1.1 Signage

- Licensees must display a sign in the gaming area which advises patrons that the operations of the venue are governed by a code of practice and must have a copy of the code available to any person on request.
- A sign advising patrons that the playing of more than one gaming machine at a time is prohibited must be displayed.
- A gambling helpline sticker must be displayed on or near each ATM and EFTPOS facility located on the premises.
- Gambling helpline cards must be made available at or near each gaming machine and on or near each ATM and EFTPOS facility and at other places throughout the gaming area.
- A Responsible Gambling Poster must be displayed within the gaming area.
- Responsible Gambling Brochures must be made available throughout the gaming area.

3.1.2 Alcohol and Gambling

Licensees must take all reasonable steps to:

- prevent intoxicated patrons from gambling or entering and remaining in gaming areas;
- ensure that alcohol is not supplied to reward, promote, or encourage continued gambling.

Licences must also ensure that patrons who are seated or standing at a gaming machine are not served alcohol.

3.1.3 Barring

Self-exclusion

The Responsible Gambling Code includes some additional requirements for licensees when dealing with requests for self-exclusion (barring). When the Independent Gambling Authority notified licensees of the new codes on 12 February 2004, it highlighted to licensees that self-barring can still be facilitated by the licensee under section 59 of the Gaming Machines Act 1992, and that the voluntary barring system through the Authority did not replace this.

These additional requirements include:

- responding to the request while the patron is on the premises or on the phone;
- providing a translation service if requested;
- providing immediate referral to, or liaison with, a counselling service;
- reviewing the barring with the patron before it is rescinded;
- removing the names of self-excluded persons from loyalty scheme mailing lists (this should also include persons barred by the IGA under the voluntary scheme).

3.1.4 Customer Newsletters

Licensees must reinforce their responsible gambling policies in any customer newsletters or other communications to customers. For licensees who are members of the AHA or Clubs SA, this requirement may be met through publications made by these bodies.

3.1.5 Responsible Gambling Document

The Responsible Gambling Code of Practice requires licensees to keep a document which details:

- the roles of staff (described by name or job title) in the implementation of the code;
- the manner in which staff training and measures for intervention with problem gamblers are implemented.

While there is no prescribed format for this document, it is envisaged that the document would serve as an employee manual describing the licensee's policies and procedures in relation to each of the requirements under the code. I have sought to provide a guide to licensees through bulletins and newsletters, suggesting that the document should include (but is not limited to) the following:

- details of the licensee's policies and procedures in relation to preventing intoxicated persons from playing gaming machines, serving alcohol to patrons at gaming machines and supplying alcohol to reward, promote or encourage continued gambling;
- details of the manner in which staff training and measures for intervention are to be implemented. i.e. the licensee's policies and procedures in meeting the requirements of Clause 9, such as:
 - how are requests to be self-barred dealt with and by whom;
 - which translation service is to be used;
 - which counselling service(s) is used for referral;
 - which staff have been designated to issue and/or rescind barrings.
- details of the licensee's policies and staff procedures in relation to the cashing of cheques;
- details of the licensee's policies and staff procedures for monitoring and handling incidents of patrons playing more than one machine at a time.

3.2 ADVERTISING CODE OF PRACTICE

The Advertising Code of Practice provides for a number of restrictions on the advertising of gambling.

Most significant is clause 5 of the code which sets out a number of requirements where the advertising of gambling products refers to the value or nature of the prize that can be won.

Also of significant note are the following:

- when advertising a gambling product which refers to winning or prizes that can be won, you must ensure that the advertisement does not make claims that are false or misleading, exaggerated, not factual or unable to be proven. The use of the word 'win' or the symbol '\$' may offend this provision;
- radio and television advertising is subject to restrictions between certain time periods and must not include the sound of coins landing in a coin tray or any sound made by a gaming machine when a prize is won.

Compliance with the new codes is detailed in part 7.

4. LICENCE CONDITIONS

4.1 CODES OF PRACTICE

To supplement the introduction of the new codes of practice and to facilitate a mechanism to check for compliance with a number of items, on 10 March 2004 I imposed a number of new conditions on gaming machine licences under section 27(4). They were:

(s) *For the purposes of ensuring compliance with the Responsible Gambling Code of Practice, the following documents must be kept in a folder located in the gaming room (or if this is not an appropriate secure area, at a location near to the gaming room) and made readily available to an inspector upon request:-*

- *a document detailing the manner in which staff training and measures for intervention with problem gamblers are implemented; and the roles of staff (described by name or by job title) in the implementation of the code (as required under clause 2(b) of the code);*
- *where the licensee uses an external training provider for problem gambling training - a copy of the certificate or other document provided by a Registered Training Organisation which verifies that a person has successfully completed training. (as required under Clause 10).*

(t) *For the purposes of ensuring compliance with the codes of practice, the licensee must maintain a register of the following documents and provide them to the Commissioner when directed to do so:-*

in relation to the Responsible Gambling Code of Practice:-

- *copies of all customer newsletters and other communications produced and distributed by the licensee (as required under clause 5(5) of the code);*
- *copies of player loyalty mailing lists and/or databases (as they relate to clause 9(d) of the code);*

in relation to the Advertising Code of Practice:-

- *copies of advertising activities in relation to gambling products made through print media, including advertisements placed in the Advertiser and local newspapers and other printed advertising pamphlets or flyers.*

(u) *Pursuant to clauses 2(a)(i) and 4(3)(a) of the Responsible Gambling Code of Practice, the licensee must display:-*

- *a sign indicating that gambling operations are governed by a code of practice; and*
- *a warning sign that the licensee does not permit any person to play more than one gaming machine at a time,*

in a form approved by the Commissioner.

(v) *For the purposes of clause 10(1)(a)(ii) of the Responsible Gambling Code of Practice which provides that appropriate senior staff (including the person in charge of a gambling area) receive advanced training on the identification of, and intervention techniques for, problem gambling, including administration of the self-exclusion process, appropriate senior staff includes approved gaming machine managers, licensees, directors and committee members.*

A licensee, director or committee member (but not an approved gaming machine manager) who does not actively supervise or manage the business conducted under the gaming machine licence, or carry out prescribed duties, may apply to the Commissioner for an exemption from the training requirement.

(w) *The licensee must ensure that all approved gaming machine employees, gaming machine managers, licensees, directors and committee members undertake training covering the operation of gaming machines. A licensee, director and committee member who does not actively supervise or manage the business conducted under the gaming machine licence, or carry out prescribed duties, may apply to the Commissioner for an exemption from the training requirement.*

Training must be conducted by a Registered Training Organisation approved by the Commissioner.

Newly approved persons must complete training within 6 months of approval.

The licensee must keep a copy of the certificate or other document provided by the Registered Training Organisation, which verifies that the person has successfully completed the training. Documents for each approved person must be kept in a folder located in the gaming room (or if this is not an appropriate secure area, at a location near to the gaming room) and made readily available to an inspector upon request.

- (x) *The licensee must provide to the Commissioner, a copy of all barring notices issued by the licensee under section 59 of the Gaming Machines Act 1992 within 14 days of the notice being issued.*

4.2 PURCHASE AND CONSUMPTION OF BEVERAGES IN GAMING AREAS

On 18 June 2004, I imposed a new condition on all gaming machine licences:

- (y) *The licensee will ensure that:*
- *any person who is not a minor, can purchase and consume a beverage (whether alcoholic or not) in a designated gaming area without being required to play gaming machines (provided the person is not the subject of a barring order made under the Gaming Machines Act 1992 or Independent Gambling Authority Act 1995); and*
 - *at all times when the premises is open to the public, a patron must be able to purchase and consume a beverage (whether alcoholic or not) in an area that is not the designated gaming area.*

The condition was imposed in response to a number of complaints received by patrons who were told by staff that they could not purchase and consume a drink from the bar in the gaming area, unless they were in the gaming area to play gaming machines. Furthermore, the incidents occurred primarily in situations where patrons were unable to purchase a drink elsewhere in the venue because the licensee had closed all other bars.

While it is understood that many licensees close off all other areas of the venue after midnight for staffing reasons, many patrons simply do not like gaming machines and in my opinion should not be forced to have their drink in the gaming area.

I imposed the condition because I believe that such practices go against the principles of responsible gambling.

Despite consulting with the peak industry bodies before the condition was imposed, the Australian Hotels Association has subsequently challenged my decision to impose the second part of the condition claiming that it is ultra vires. I have sought legal advice and at the time of this report am awaiting a reply.

5. GAMING LICENCES

5.1 GAMING MACHINE LICENCES

A gaming machine licence authorises the holder to possess and operate gaming machines. The maximum number of gaming machines that a licence holder can possess and operate is 40.

To be eligible to apply for a gaming machine licence a venue 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 2004 there were 593 active gaming machine licences, under the following categories of licence:

472	Hotels
82	Clubs
39	Special Circumstances

A further 15 licences were under suspension for various reasons. During the reporting year, no new gaming machine licences were granted.

5.2 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.

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

5.2.1 Monitoring System

The central computer monitoring system to which all gaming machines are connected is the prime source of control over the security, integrity and proper operation of gaming machines. The system also collects, processes and summarises gaming statistics for all venues and provides data to this Office for the assessment of gaming tax.

Relocation of Monitoring Operation

In September 2003, I approved the relocation of IGC's monitoring operation to 80 Greenhill Road, Wayville. The interior of the building was redesigned and refitted specifically for IGC's purposes.

At that time, there was some concern that the new premises did not have backup power available to cover any loss of mains power. The previous accommodation at 431 King William Street was provided with backup power from the building's generator system. I subsequently made it a condition of the approval that IGC install a backup generator within 3 months of relocating.

Shortly after the relocation, IGC suffered mains power failures resulting in system shutdown and some inconvenience to the industry. IGC moved quickly to install a backup power generator in November 2003.

5.2.2 System Upgrade

During the year, IGC modified the gaming machine monitoring system by installing the following software:

AGS Gaming Machine Monitoring System - Release 7.1
AIX Version 4.3.30 Maintenance Level 11
Oracle - Enterprise Version 8.1.7 Patchset 4 (Version 8.1.7.4.0)
AGS host hardware - IBM pSeries p660 6H1 server

5.2.3 Secure Internet Based Customer Reporting Facility

During 2001-02, IGC developed a reporting facility which allows gaming machine operators and manufacturers to access information and reports from the monitoring system via the Internet.

For a small monthly fee, the facility allows operators to download formatted reports from the IGC's web site which provide gaming machine statistics and events for that venue. It also provides downloadable data which can be imported into other data management applications.

The information obtained from the monitoring system via the Internet facility is used to fulfil some of the licensees' record keeping obligations and in other cases supplements the data recorded at the venue.

At 30 June 2004, there were 206 operators and manufacturers utilising the Secure Internet Based Customer Reporting Facility.

5.2.4 Information Data Port

The Information Data Port (IDP) facility was first approved in February 1999. This facility allows gaming machine operators to access machine information electronically via an interface to the SC300 Site Controller, reducing the need for manual meter reading.

The number of IDP's in the field increased from 227 as at 30 June 2003 to 232 as at 30 June 2004.

5.2.5 Fees

IGC charges an establishment fee for new gaming machine operators. This was maintained at \$1,500 for 2003-04. A monitoring fee is charged for each gaming machine connected to the monitoring system and is charged at a monthly rate. Monitoring fees are the prime source of income for the IGC and must cover all the Corporation's costs. Monitoring fees are approved by the Treasurer and are reviewed on a regular basis. The Treasurer approved a monitoring fee of \$37.40 per machine per month effective 1 July 2003 to 30 June 2004. This fee contains a GST amount of \$3.40 and remains unchanged from the previous two years.

Given the IGC's community service obligations such as its contribution to the Gambler's Rehabilitation Fund and its donation program, the monitoring fee is competitive.

5.2.6 Gamblers' Rehabilitation Fund

During the reporting year, the Independent Gaming Corporation Ltd provided \$1.5 million to the Gamblers' Rehabilitation Fund which is administered by the Minister for Human Services. The Government provided a further \$1.8 million from Consolidated funds.

5.2.7 Board Members

The Directors of the Independent Gaming Corporation Ltd as at 30 June 2004 were:

- Mr Barry Francis Beazley - Chairman
- Mr Peter John Hurley - Deputy Chairman
- Mr Colin Wayne Dunsford
- Mr Robin James Guy
- Mr Steven Ploubidis
- Mr William Cochrane
- Mr Brett Matthews

My Office continues to have an excellent working relationship with the Independent Gaming Corporation's staff.

5.3 GAMING MACHINE SUPPLIER'S LICENCE

The gaming machine supplier's licence authorises the holder, acting through an approved agent, to purchase from a licensed gaming machine dealer, and to sell or supply to the holder of a gaming machine licence, approved gaming machines, prescribed gaming machine components and gaming equipment.

The gaming machine supplier's licence is held by the State Supply Board.

As at 30 June 2004, the two approved agents of the Board were:

- James MacGuire
- John Leaton Harris

5.4 GAMING MACHINE SERVICE LICENCE

The gaming machine service licence authorises the licensee to install, service and repair approved gaming machines, prescribed gaming machine components and gaming equipment.

The State Supply Board, as holder of the licence, has appointed approved agents to perform the work authorised under the licence. AWA Gaming Services Pty Ltd (trading as Jupiters Gaming Services) and Bytecraft Systems Pty Ltd were the Board's approved agents for 2003-04.

The following subcontractor was approved as a subcontractor to Bytecraft during 2003-04:

- Vision Fix

The Independent Gaming Corporation Ltd is responsible for the service and maintenance of the central monitoring system. However, as a condition of the monitor licence, IGC Ltd is required to appoint sub-contractors for the installation, servicing and repair of the central processor hardware for the central monitoring system.

The following sub-contractors have been approved to perform service and maintenance functions for the IGC :-

- Telstra Corporation Ltd
- Video Lotteries Consultants Inc
- Video Lotteries Technologies Inc
- Getronics Australia Pty Ltd
- AWA Gaming Services Pty Ltd (t/as Jupiters Gaming Services)
- IGA Technology Pty Ltd
- Iocane Pty Ltd
- IBM Ltd
- Computer Site Services

5.5 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 these to the Board or another gaming machine dealer.

Since I last reported, the following gaming machine dealer's licence was granted:

- Astute Marketing Pty Ltd

There are 19 gaming machine dealer's licences granted as at 30 June 2004. Of these, 13 actively operated in the South Australian market. Eight of these manufacture gaming machines.

At 30 June 2004, there was one outstanding application for approval of a gaming machine dealer's licence - Stargames Corporation Pty Ltd.

6. APPROVAL OF PERSONS

Under the *Gaming Machines Act 1992*, licensees are required to seek my approval for individual persons who occupy various positions or associations with licences.

Persons can be approved in respect of more than one premise and approvals at gaming machine venues can be under more than one category. Categories include gaming machine managers, gaming machine employees, committee members of licensed clubs, directors and shareholders of licensee companies, agents of the State Supply Board, subcontractors and employees of the agent to the holder of the gaming machine service licence, employees and sub-contractors to the holder of the gaming machine monitor licence and in the case of a body corporate that holds a licence, any other person in a position to exercise or exert control or substantial influence over the body corporate in the conduct of its affairs.

As at 30 June 2004, a total of 7600 persons were approved under the *Gaming Machines Act 1992*.

6.1 APPLICATIONS FOR APPROVAL

In approving a person in any of the above categories, I must be satisfied that the person is fit and proper. Factors such as creditworthiness (including bankruptcy) and probity are taken into account. In determining whether a person is fit and proper, I must have regard to the honesty and integrity of the person's known associates, including relatives. A copy of every application is provided to the Commissioner of Police who may intervene in any proceedings before me on the question of whether a person is fit and proper.

During 2003-04 a total of 2536 persons were approved under the various categories of the *Gaming Machines Act 1992*.

6.1.1 Applications Refused

During 2003-04 two applications for approval as a gaming machine manager were refused following intervention by the Commissioner of Police.

6.1.2 Approvals Revoked

Under section 44, I may revoke an approval of a person on such ground or for such reasons as I think fit.

During 2003-04, one approval for a gaming machine manager was revoked due to the person unlawfully playing gaming machines at the venue.

Following a notification given under section 44, a gaming machine manager was placed on a three month 'good behaviour' probation following an accusation of inappropriate behaviour with another staff member.

7. MONITORING AND COMPLIANCE

7.1 GAMING MACHINE VENUES (HOTELS AND CLUBS)

The Office of the Liquor and Gambling Commissioner currently employs 10 liquor and gaming inspectors who have responsibility for inspecting 4,700 licensed venues in the State (608 of which hold gaming machine licences) and 2 compliance officers who are responsible for investigation of complaints under liquor and gaming legislation. The inspectorate is integrated with no staff specifically dedicated as gaming machine venue inspectors.

In setting the inspection and compliance program, all licensed premises are categorised according to a risk based system which forms the basis for determining the frequency that premises are inspected. I also have regard to the compliance record of each venue and inspectorial resources are applied accordingly. This risk based approach was developed with the assistance of the Auditor General.

Gaming machine premises have been categorised as high risk to ensure an inspection at least once every 12 months. Typically most gaming machine premises are inspected more than once a year.

7.1.1 Inspections

All gaming machine venues are inspected regularly to assess whether the operations under the licence comply with the requirements of the *Gaming Machines Act 1992*, *Gaming Machine Regulations 1993*, licence conditions and codes of practice.

During 2003-04 a total of 735 inspections were conducted of the State's gaming machine venues.

Inspections include:

- major inspections of every aspect of a premises as part of a routine inspection program;
- attendance at a premise by inspectors to oversee installation of gaming machines;
- inspections of premises in relation to applications made by licensees for variations to gaming area layouts, redefinition of gaming areas and structural alterations as part of renovations;
- targeted inspections of premises in response to specific issues or complaints;
- inspection by licensee disclosure.

Routine Inspections

All licensed premises are inspected on a regular basis in accordance with the risk based inspection program.

A routine inspection will involve inspectors checking a predetermined list of issues as well as conducting a general observation of the premises.

All gaming machine venues were inspected at least once during 2003-04.

Matters which form part of routine inspections include ensuring that:

- the licensee is complying with the Responsible Gambling Code of Practice, including:
 - signs, posters, pamphlets, stickers and cards are displayed correctly;
 - licensees have and maintain a responsible gambling document which describes the names and roles of staff in implementing the code and policies in relation to dealing with requests to self-exclude;
 - staff have undertaken all training requirements;
- the layout of the gaming area conforms with the approved layout;
- cash facilities are located outside of the designated gaming area;
- signage including warning notices to minors is prominently displayed;
- approved persons are wearing appropriate identification;
- the area is adequately supervised;
- gaming machine log books have been properly completed;
- gaming machines are in acceptable operating condition;

- copies of barring notices issued by the Independent Gambling Authority are kept on the premises and made available to staff and appropriate procedures have been developed to ensure that excluded persons do not enter or remain in a gaming area;
- the licensee is complying with the Advertising Code of Practice.

Inspectors also pay particular regard to any specific conditions that are attached to each gaming machine licence.

Inspections by Complaint

There are many areas of compliance which can not be detected by routine inspection as they relate to specific incidents. These areas are normally brought to my Office's attention by complaint and include incidents of:

- minors being allowed to enter a gaming area and play machines;
- barred patrons being allowed to enter a gaming area;
- persons playing more than one machine at a time;
- persons being supplied alcohol while sitting or standing at a gaming machine;
- approved gaming staff playing gaming machines;
- patrons being provided with credit to gamble.

A summary of complaints received during 2003-04 is included in part 8.

Compliance by Licensee Disclosure

Compliance in a number of areas is achieved by the licensee providing materials to my Office for analysis. These include:

- ensuring licensees do not provide ATM or EFTPOS withdrawals above set limits;
- examination of licensees customer newsletters for compliance with the Responsible Gambling Code of Practice;
- examination of licensees player loyalty mailing lists to ensure that barred patrons have been removed from the list;
- examining licensee's print advertising for compliance with the Advertising Code of Practice.

7.1.2 Breaches

During 2003-04 the following breaches were recorded during routine inspections:

	No. of incidents
Signage not displayed (includes all signs, stickers, pamphlets, posters required by legislation, licence conditions and codes of practice)	122
Barring notices not maintained correctly	4
Gaming Manager not on duty	3
Approved staff not wearing identification	4
Staff not completed required training	153
Responsible Gambling Document not maintained	46

Licensees are given 14 days in which to rectify detected breaches. Disciplinary action will be taken where a licensee fails to rectify breaches or where the licensee has blatantly failed to comply with a number of requirements.

7.1.3 Trends

Inspection Program

The significant number of legislative amendments, the work load associated with new licence conditions and new codes of practice introduced over the past few years has seen the number of inspections able to be

conducted each year decline. This year a total of 735 inspections were conducted compared with 1006 for 2002-03.

The introduction of the new codes of practice resulted in a great deal of uncertainty and confusion by licensees in understanding the obligations required of them despite the efforts of my office in providing regular bulletins and updates. As a result, the time required to undertake routine inspections of premises since 30 April 2004 has, on average, doubled. It was anticipated that licensees would require some lead time to become acquainted with the new requirements and the increase in the amount of time to conduct an inspection was not unexpected. Inspectors have been required to spend significantly more time educating licensees and answering a multitude of questions from licensees on areas of the codes which they feel are not entirely clear.

As a consequence, the number of inspections for May and June 2004 declined. It is anticipated that this trend will subside as licensees become more familiar and aware of their obligations. In the meantime, maintaining my commitment to inspecting all gaming machine venues at least once every 12 months may be to the detriment of inspecting non-gaming machine venues. This has been a significant strain on resources.

Signage

A breach in relation to signage is recorded on a per item basis. While the number of breaches totalled 122 for the year, this includes one breach for each of the 11 different items of signage required to be displayed. The extent of the breach is also not reflected in this number, for example a breach may be recorded where one sticker on a machine required replacing out of 40 machines in the venue, or where signs were actually displayed but not in the correct position.

Overall, compliance with the signage requirements is good and non-compliance usually only relates to one or two items.

Training

The level of compliance with the training requirements has significantly improved since training became mandatory in October 2001. The total number of breaches for 2003-04 was 153 compared with 277 the previous year.

Incidents of non-compliance in the main now only occur in relation to new staff to the industry. Non-compliance for country venues is generally higher but this is to be expected given the limited availability of training courses conducted in these areas.

Responsible Gambling Document

A new requirement of the Responsible Gambling Code of Practice has been the development of a responsible gambling document.

Clause 2(b) of the responsible gambling code of practice requires licensees to

“... prepare and keep current a document detailing -

(i) the manner in which staff training and measures for intervention with problem gamblers are implemented;
and

(ii) the roles of staff (described by name or by job title) in the implementation of the code.”

This has proven to be a difficult task for most licensees who, in the absence of any guidance or pro-forma, have failed to understand the concept or purpose of the document. The variation in content and format of these documents is extreme ranging from a one page list of employee names to a comprehensive venue policy detailing all responsible gambling matters.

I have attempted to provide guidance to licensees through licensee update newsletters and inspectors also provide a summary of requirements as part of follow up procedures.

The peak industry bodies Australian Hotels Association (AHA) and Clubs SA have developed or are in the process of developing responsible gambling manuals for their members which address the requirements.

However, I am concerned that the level of non-compliance by non-industry body members will continue and I will be monitoring this over the coming months with a view to establishing a proforma if I deem it is required.

Advertising Code of Practice

The new advertising code of practice commenced on 30 April 2004. In response, I engaged a media monitoring service to provide my Office with copies of gambling advertisements placed in the Advertiser, Messenger newspapers and country press newspapers. Copies are received on a fortnightly basis and are examined by my officers for compliance with the various clauses of the code. A number of areas of concern have been identified. However, I have sought legal advice as to whether certain practices constitute a breach of the code. At the time of this report that advice had not been received.

Alcohol and Gambling

Another area of contention relates to clause 6(1) of the Responsible Gambling Code of Practice - Alcohol and gambling, in particular sub-clause (c) which says:

“The gambling provider will take all practicable steps to ensure that alcohol is not supplied to reward, promote or encourage continued gambling.”

The application of this clause has brought into question a number of existing practices conducted by licensees such as the offering of free drinks to regular patrons, the offering of alcohol as prizes in promotions or redeeming loyalty points for alcohol.

In many instances the nexus between gambling and the supply of alcohol is not clearly defined. In response to numerous queries from licensees on this matter I have sought legal advice and at the time of this report that advice had not been received.

7.2 MONITORING SYSTEM

One of the main functions of the Office of the Liquor and Gambling Commissioner is to ensure that the operation, integrity and security of gaming machines are maintained at the highest standard.

The primary tool in performing this function is the central monitoring system operated by the Independent Gaming Corporation Ltd. The primary focus of the Commissioner in ensuring constant scrutiny of the operations conducted under the monitor licence is the integrity of the monitoring system itself.

The system currently operated by the Independent Gaming Corporation Ltd is the VLC Advanced Gaming System (AGS).

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

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

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

Any alteration made to the current system is evaluated and approved by the Commissioner. The Commissioner determines whether or not such alterations require specialist evaluation by a suitably qualified software testing facility or whether upon production of results of test scripts minor alterations can be approved without more detailed investigation.

Any alterations subsequently approved are installed in the presence of an OLGC officer and the baseline procedure is conducted following its installation.

A total of two baseline procedures were conducted during 2003-04.

Scrutiny is also maintained via the review and analysis of reports which are generated by the monitoring system.

These reports are reviewed and analysed by specialist staff within my office. The reports are used both to scrutinise the operations of IGC as well as the operations of machines operated in the field.

For example, reports can be used to detect a possible malfunctioning machine. The reports are also monitored by my office to check that IGC has followed set procedures for trying to re-establish communications.

Alternatively, some reports are used solely for scrutinising games installed in the field.

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

There was one amendment to the procedure manuals for the AGS monitoring system approved during 2003-04. Ongoing scrutiny by my Office found no unauthorised adjustments made to data and no alterations were made to the system without my approval.

8. COMPLAINT INVESTIGATIONS

The Office investigated a total of 15 complaints during 2003-04 in respect of the conduct of gaming operations by licensed hotels and clubs.

8.1 SUMMARY OF COMPLAINTS

Type of complaint	No. of complaints
Barring (allowing barred person to enter gaming area)	5
No approved gaming manager on duty	1
Gaming employee playing machines	2
Minors in gaming room	2
Breach of Responsible Gambling Code of Practice	4
Employee not fit and proper	1

For the majority of cases, either the licensee was found to be not at fault or there was insufficient evidence to support the complaint.

8.2 PAYOUT DISPUTES AND MALFUNCTIONS

There were 30 complaints received during 2003-04 in relation to payout disputes or alleged machine malfunctions.

The nature of these matters varies from simple requests for information and clarification of the *Gaming Machines Act 1992* through to more complex matters involving closer examination of both financial and technical information.

A range of strategies are employed, depending on the nature of the complaint, including:

- interviewing complainants or respondents;
- 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;
- any other actions deemed necessary.

For the majority of the complaints an investigation found no evidence to support the claim. Three complaints were found in favour of the player.

Section 76 of the *Gaming Machines Act 1992* states:

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

All parties involved in a dispute are advised of this section if it appears that the matter cannot be resolved following the internal investigation.

During 2003-04, no applications for review were received under section 76 of the Act.

9. DISCIPLINARY ACTION

Section 36 of the *Gaming Machines Act 1992* allows the Commissioner to take disciplinary action against a licensee for the following reasons:

- the licence was improperly obtained;
- the licensee is not a fit and proper person to hold the licence;
- a person who occupies a position of authority in a trust or corporate entity that holds a licence is not fit and proper;
- the licensee has contravened or failed to comply with a provision of the Act or a condition of licence;
- the licensee has been convicted of an offence against the Act or an offence punishable by imprisonment;
- the licensee has ceased to operate gaming machines on the premises.

The most common reason for initiating disciplinary proceedings is the contravention of a provision of the Act or a condition of licence.

In taking disciplinary action, I may:

- reprimand a licensee;
- add to or vary the conditions of licence;
- suspend the licence;
- revoke the licence.

I must give written notice to the licensee of the proposed disciplinary action and allow the licensee 21 days or longer to show cause why action should not be taken.

9.1 SUMMARY OF DISCIPLINARY NOTICES ISSUED

Reason for disciplinary notice		No. of notices
Allowed cash withdrawals over specified limit	Contravention of section 51B	1
Failure to pay gaming tax within 14 days of demand	Contravention of section 72B	3
Gaming staff not completed training	Contravention of condition (nb)	4

9.2 SUMMARY OF DISCIPLINARY ACTION TAKEN

During 2003-04 the following disciplinary action was taken:

Reason for disciplinary action		No. of incidents	Action taken
Allowed cash withdrawals over specified limit	Contravention of section 51B	1	Licensee signed assurance

10. APPROVALS OF GAMES AND MACHINES

10.1 TESTING AND EVALUATION OF GAMING MACHINES

Schedule 1(a) under the Gaming Machines Act provides that only approved gaming machines, games and prescribed components may operate in South Australia. Section 40 of the Act then gives me the power to approve machines, games and equipment.

Testing and evaluation of gaming machines has been conducted for me primarily by Gaming Laboratories Australia. However, testing has also been undertaken by BMM International and Technical Systems Testing Pty Ltd. In addition to the certification received from an accredited test laboratory that a gaming machine or game meets the South Australian Gaming Machine Technical Standards, the Independent Gaming Corporation provides a certificate attesting to the fact that the machine or game conforms to the monitoring system's communications protocol.

As at 30 June 2004, 30 machines and 373 games are currently approved. A number of game approvals include more than one variation of the basic game, such as the return to player percentage, maximum bet and optional game features.

For the period 1 July 2003 to 30 June 2004 :-

Orders approving a new game	79
Orders approving a new version of a game	27
Orders revoking the approval of a game	146
Orders approving a new gaming machine	4
Orders approving a modification to a gaming machine	20
Orders revoking the approval of a gaming machine	3

The Office of the Liquor and Gambling Commissioner is currently convenor of a national working party for the assessment of testing laboratories. The working party reports to all participating regulators with recommendations of suitably qualified and experienced organisations for consideration as an Accredited Testing Facility (ATF).

The aim is to provide a cooperative and coordinated approach to the assessment of testing facilities by the various gaming regulators of Australia and New Zealand. While accreditations will be issued by individual jurisdictions, the assessment process is conducted most efficiently by this cooperative arrangement.

The first report of the Assessment Panel was issued to participating organisations in November 2000.

South Australia issued accreditations to three organisations - Gaming Laboratories Australia (GLI), BMM International (BMM) and Technical Systems Testing (TST).

In December 2002, the Assessment Panel conducted its second review of the performance of the ATF's and the accreditation system in general. The review included an assessment of key performance indicators provided by participating regulators. The Panel released its review report on 16 January 2004, confirming its recommendations for accreditation of GLI, BMM and TST. The Panel also recommended that regulators consider Global Gaming Services (GGS) however GGS has since withdrawn from the market.

10.2 NATIONAL STANDARD FOR GAMING MACHINES

South Australia continues to chair the Working Party on Gaming Machine National Standards.

Work has continued with other Australasian gaming jurisdictions to develop the uniform technical standard for gaming machines throughout Australia and New Zealand. The process of developing the National Standard has minimised the different requirements of each gaming jurisdiction.

In developing the National Standard, the working party has consulted with gaming machine manufacturers, testing laboratories and other industry participants. The official mechanism for the amendment and development of the National Standard is the annual Manufacturer's and Operator's Forum which was held in Sydney in August 2003 and was jointly chaired by South Australia and New Zealand.

Along with most other Australian and New Zealand regulators, I have adopted the latest revision of the National Standard Rev 7.0, which became effective on 30 June 2004. Manufacturers were notified in January 2004 of the impending change. As of 30 June 2004, all submissions of new gaming machines and games will be evaluated against the National Standards for Gaming Machines Version 7.0 plus the South Australian Appendix Version 4.0.

10.3 APPROVAL OF GAMES

The *Statutes Amendment (Gambling Regulation) Act 2001* amended the *Gaming Machines Act 1992* to require that I now consider the impact of new games on problem gambling. Effective 1 October 2001, section 40(3) of the Act requires that I must refuse any application for approval of a game if, in my opinion, the game is likely to lead to an exacerbation of problem gambling.

In considering such applications, I must also have regard to any guidelines issued by the Independent Gambling Authority. The Authority issued guidelines for the purposes of section 40(2) of the Act on 2 June 2003 effective 1 July 2003. The guidelines set out a number of game characteristics which I must consider likely to lead to an exacerbation of problem gambling unless there is evidence to the contrary. In addition, the guidelines require that an application for approval of a game providing new features or characteristics should be accompanied by a responsible gambling impact analysis.

10.3.1 Application for Approval of a Game - IGT

Last year, I reported on an application by IGT (Australia) Pty Ltd for approval of two new game features - Pro-X standalone mystery progressive jackpot and tokenisation to \$1=1,000 credits. At the time of application, both features were new to the hotel and club gaming market.

Pursuant to section 29(1)(d) of the Act, I directed that the applications be advertised. An objection to both new features was lodged by No Pokies Campaign Inc on the grounds that the games, if approved, would be likely to lead to an exacerbation of problem gambling.

The applications were heard together as much of the evidence and submissions was pertinent to both new features.

On 28 October 2002, I handed down my decision to approve both new features. I did not consider that there had been sufficient evidence put by the objector which could lead me to conclude that these new features were likely to exacerbate problem gambling.

No Pokies Campaign Inc lodged an appeal against my decision with the Licensing Court in November 2002. Before hearing argument on the matter, IGT contended that the objector did not have a right of appeal to the Court as it was not "the subject of an order or decision..." (s.69(1) Gaming Machines Act 1992).

Judge B. St. L Kelly considered that the objector did have the right to appeal my decision however IGT sought a judicial review by the Supreme Court. In 2004, Justice Mulligan agreed with IGT that No Pokies Campaign Inc did not have a right of appeal.

10.3.2 Application for Approval of a Game - Konami

Last year also, I reported on an application for approval of a game by Konami Australia Pty Ltd. Konami sought approval for a new game 'Incan Pyramid Wildfire' - a game providing a standalone mystery progressive jackpot feature.

Pursuant to section 29(1)(d) of the Act, I directed that the application be advertised. An objection to the application was lodged by No Pokies Campaign on the grounds that the game, if approved, would be likely to lead to an exacerbation of problem gambling.

Argument was heard from each party and both provided supporting evidence from expert witnesses.

As the date of the application by Konami was prior to the issue of guidelines by the IGA, I considered that I should not have regard to those guidelines in determining the application. During the hearing, it was put to me by Mr Xenophon that the guidelines should apply as the matter had not be determined before the date that the guidelines took effect. After considering the argument put by both parties and with reference to the Acts Interpretation Act 1915, I agreed with the objector - I should have regard to the guidelines in considering the approval of this game and its impact on problem gambling.

Data from interstate markets was put before me which showed no real difference in the performance of games with Wildfire feature compared to those without.

On 13th January 2004 I approved the game. Again, I was not satisfied on the evidence before me that the feature was likely to led to an exacerbation in problem gambling.

10.3.3 Interpretation of IGA Guidelines - 25 Free Games

The guidelines issued by the IGA suggest that for a game which has one or more of the characteristics listed, approval of that game will be likely to lead to an exacerbation of problem gambling unless there is evidence to the contrary.

One of those characteristics listed is “[free spins] that the game has a special feature which includes more than 25 automated free reel spins or bets”.

As games, and particularly feature games, become more complex, the determination of whether a particular game provides the characteristic of “free spins” becomes quite difficult. In some cases, the maximum number of free games is not defined. Such features still offer free games, however, the implementation does not specify exactly how many can be awarded.

In June 2004, I provided all manufacturers and testers with the following interpretation :-

For the purpose of assessing a game against clause 2(2)(g) of the Independent Gambling Authority’s guidelines, a game will be determined to have the characteristics of 2(2)(g) if that game;

- a) offers more than 25 free reel spins, games or bets; or*
- b) can provide more than 25 free reel spins, games or bets, on average, more than once in one hundred times that the feature is triggered.*

The interpretation seeks to satisfy the intent of the guidelines and to provide for continued flexibility of design of free game features.

In simple terms, this interpretation allows games to provide free game features which will not award more than 25 free games in 99% of all feature sequences. This interpretation of the IGA’s wording will also allow ATFs to test the mathematical design of a game and provide a clear indication of compliance or otherwise with the guidelines.

11. BARRING

11.1 BARRING UNDER SECTION 59 OF THE GAMING MACHINES ACT 1992

Under section 59 of the *Gaming Machines Act 1992* a licensee may bar a person from the gaming area of the premises if he or she is satisfied that the welfare of the person, or the welfare of a person's dependents, is seriously at risk as a result of the excessive playing of gaming machines by the person.

On 10 March 2004 in conjunction with the implementation of the new codes of practice, I imposed a condition on gaming machine licences requiring licensees to provide copies of barring notices made under section 59 to this Office within 7 days.

A person who is the subject of a barring order may appeal to me to review the order.

During 2003-04 no applications were made to review a barring order.

11.2 VOLUNTARY BARRING UNDER THE INDEPENDENT GAMBLING AUTHORITY ACT 1995

Under section 15B of the *Independent Gambling Authority Act 1995* a person may apply to the Independent Gambling Authority to bar themselves from the gaming area(s) of one or more gaming machine venues.

Copies of barring notices issued by the Authority are sent to each venue. The Authority also issued a direction to all licensees under section 11 of the *Gaming Machines Act 1992* requiring that:

- reasonable steps be taken by the licensee to ensure that the excluded person does not enter or remain in a gaming area within the venue while the order is in force;
- a procedure be implemented by the licensee for this purpose and the licensee must ensure that staff in the venue are instructed in the procedure;
- the notice be kept in a place which is accessible by, or visible to, staff but neither accessible by, nor visible to, members of the public;
- reasonable steps be taken to ensure that the identity of the excluded person is communicated only to the extent necessary to enable the enforcement of the barring order and is otherwise kept confidential.

During inspections of gaming machine venues, inspectors check for compliance with the direction issued by the Authority.

11.3 COMPLIANCE

The effectiveness of the barring systems in place has long been a topic of contention. I sympathise with licensees who express concern about the difficulties of identifying a person from amongst hundreds of photographs, many of whom have never before patronised the venue.

I understand that it is at times frustrating for licensees, especially when a patron complains that hotel staff are monitoring their behaviour and feel that their privacy is being invaded (which has happened on occasion) but I applaud those licensees who remain vigilant in trying to identify patrons who may have a problem.

12. GAMING TAX

12.1 RATES

Tax rates were last amended during 2002-03 as a result of the *Gaming Machines (Gaming Tax) Amendment Act 2002* which was passed in Parliament on 24 October 2002.

The rates effective for 2003-04 were:

Annual NGR	Other than Non-Profit Businesses (Hotels)	Non-Profit Business (Clubs & Community Hotels)
	Marginal Tax Rates	Marginal Tax Rates
\$0 - \$75,000	0%	0%
\$75,001-\$399,000	27.50%	21.00%
\$399,001 - \$945,000	\$89,100 plus 37.00% of excess NGR over \$399,000	\$68,040 plus 28.50% of excess NGR over \$399,000
\$945,001 - \$1,500,000	\$291,120 plus 40.91% of excess NGR over \$945,000	\$223,650 plus 30.91% of excess NGR over \$945,000
\$1,500,001 - \$2,500,000	\$518,170.50 plus 47.5% of excess NGR over \$1,500,000	\$395,200.50 plus 37.5% of excess NGR over \$1,500,000
\$2,500,001 - \$3,500,000	\$993,170.50 plus 57% of excess NGR over \$2,500,000	\$770,200.50 plus 47% of excess NGR over \$2,500,000
Above \$3,500,000	\$1,563,170.50 plus 65% of excess NGR over \$3,500,000	\$1,240,200.50 plus 55% of excess NGR over \$3,500,000

A **non-profit business** is defined as “a business carried out pursuant to a gaming machine licence held by or on behalf of a body corporate or association, where the Minister is satisfied that the profits of the business cannot be returned to the members or shareholders of the body corporate or association”.

Effectively this definition applies to all incorporated clubs and also includes community hotels.

12.2 NON PAYMENT OF GAMING TAX

A number of licensees fail to pay gaming tax from their designated bank account on the due date. If the amount remains unpaid within 7 days of the initial sweep of the account, a fine of 10% is applied. A letter of demand is also sent to the licensee giving the licensee 14 days in which to pay the outstanding amount. During 2003-04, 15 fines were applied totalling \$29,049.10. One of these fines totalling \$6,718.81 was subsequently remitted.

It is pleasing to report that the incidences of non-payment and the imposition of fines has reduced by 50% this financial year.

If the amount remains outstanding after the 14 days, I may exercise my powers under section 36 to take disciplinary action. Disciplinary action may involve reprimanding a licensee, suspension or revocation of the licence or adding or varying licence conditions.

I must give written notice to a licensee of the proposed disciplinary action, allowing a period of at least 21 days for the licensee to respond. In the same notice I may suspend the licence pending determination of the disciplinary proceedings.

During 2003-04 I issued 3 notices of disciplinary action. In all cases the outstanding amounts were paid before the deadline.

12.3 REFUNDS

Refunds of gaming tax arise as a result of the introduction of the tax-free threshold for clubs and hotels with a net gambling revenue 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.

Twenty nine venues received refunds for the 2003-2004 financial year totalling \$60,926.80.

12.4 STAMP DUTIES (GAMING MACHINE SURCHARGE) AMENDMENT ACT 2002

On 28 November 2002, the *Stamp Duties (Gaming Machine Surcharge) Amendment Act 2002* came into operation. This legislation introduced a surcharge to be payable where ownership of a gaming machine business is transferred. The surcharge is payable where the gaming machine licence itself is transferred or any underlying or indirect interest in a business transfers (e.g. a change to a shareholder of a private company that holds a gaming machine licence).

The surcharge is calculated as 5% of the net gambling revenue of the business derived for the last 12 complete calendar months before the date of the transaction giving rise to the transfer of ownership, multiplied by the proportion of the interest in the business that is transferred.

The responsibility for the calculation and collection of the surcharge is vested with Revenue SA. However, the *Gaming Machines Act 1992* provides that where the surcharge has not been paid upon the grant of a transfer or approval of a person, it is a condition of licence that the surcharge be paid within the period allowed under the *Stamp Duties Act 1923*.

To facilitate this provision, where the surcharge has not been paid at the time of the grant of transfer or approval of person, I place a condition on the order requiring that the applicant provide evidence within a specified period that the surcharge has been paid.

13. ORGANISATION

13.1 ORGANISATION STRUCTURE

The organisation structure of the Office of the Liquor and Gambling Commissioner is attached at item 16.

The structure reflects an integration of related liquor and gambling functions which has proven to be not only cost efficient but also effective. The integrated liquor and gambling model reflects best practice.

13.2 STAFFING

	2002-03 Budget	2002-03 Actual	2003-04 Budget	2003-04 Actual
Average full time equivalent staff	19.2	17.8	18.5	18.1

13.3 BUDGET INFORMATION

	2002-03 Budget	2002-03 Actual	2003-04 Budget	2003-04 Actual
	\$m	\$m	\$m	\$m
Salaries	1.154	1.157	1.114	1.048
Goods & Services	0.528	0.394	0.373	0.389
Total	1.682	1.551	1.487	1.437

\$500,000 was provided in the 2004-05 budget for compliance with codes of practice issued by the Authority.

14. THANKS

I take the opportunity to record my thanks to all staff for their continued efforts in 2003-04.

I also thank the Board and staff of the Independent Gaming Corporation Ltd, the State Supply Board and staff, the service agents Bytecraft Systems Pty Ltd and AWA Gaming Services Pty Ltd and the Independent Gambling Authority and its staff.

15. STATISTICS

Table 1 Monthly gaming statistics 2003-04

Month	Total bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax (\$)	Fines (\$)
Jul-2003	531,696,733	472,028,854	59,667,879	23,380,306	1,000
Aug	553,965,860	492,089,385	61,876,475	24,465,227	1,116
Sep	518,765,534	460,633,214	58,132,320	22,543,097	1,649
Oct	568,814,457	505,253,846	63,560,611	25,252,688	1,301
Nov	518,778,840	460,806,230	57,972,610	22,349,430	3,015
Dec	542,754,448	482,334,298	60,420,150	23,696,870	8,448
Jan-2004	541,947,589	481,625,291	60,322,298	23,561,325	3,810
Feb	496,443,825	441,083,835	55,359,990	21,120,477	-
Mar	547,868,068	487,066,950	60,801,118	23,898,852	-
Apr	548,655,976	488,018,337	60,637,639	23,750,054	-
May	557,638,268	495,816,206	61,822,062	24,418,555	-
Jun-2004	574,541,133	511,509,735	63,031,397	25,083,820	1,991
2003-04 Year	6,501,870,730	5,778,266,180	723,604,550	283,520,701	22,330

Chart 1 Gaming tax levied per month 2003-04

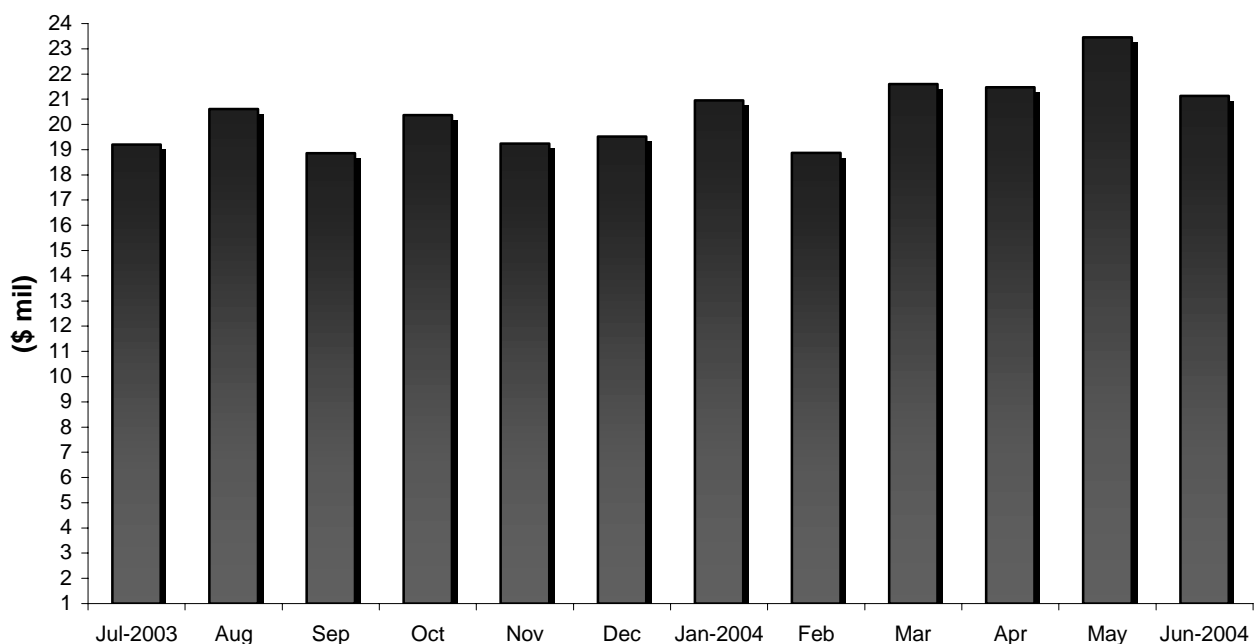


Table 2 **Monthly gaming machine and venue installations 2003-04**

<i>Month</i>	<i>Venues</i>	<i>Gaming Machines</i>
Jul-2003	596	14,835
Aug	596	14,845
Sep	598	14,832
Oct	597	14,854
Nov	596	14,846
Dec	594	14,817
Jan-2004	592	14,752
Feb	593	14,777
Mar	593	14,783
Apr	593	14,783
May	592	14,791
Jun-2004	593	14,799

Chart 2 **Monthly gaming machine and venue installations 2003-04**

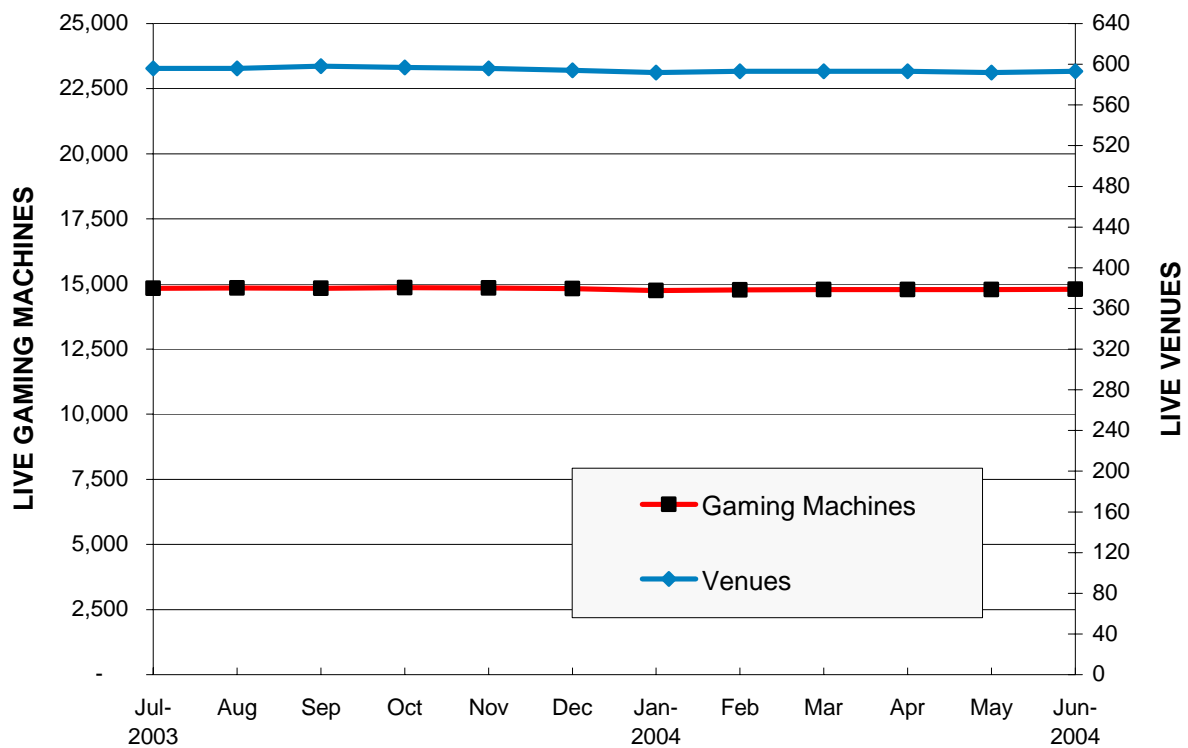


Table 3 Data by ABS Local Government Area (LGA) 2003-04

Note: Where a LGA has less than 7 venues, that LGA has been grouped with another LGA

<i>LGA or Grouped LGA</i>	<i>No of Venues</i>	<i>No of machines at 30 Jun 04</i>	<i>Aggregate NGR (2003-04)</i>	<i>Aggregate NGR per venue (2003-04)</i>
Adelaide	59	1400	\$40,780,757.88	\$691,199
Adelaide Hills	18	292	\$4,625,102.87	\$256,950
Alexandria	13	287	\$7,512,579.13	\$577,891
Barossa	15	261	\$6,546,812.42	\$436,454
Barunga West, Copper Coast	16	260	\$8,192,627.68	\$512,039
Berri Barmera	7	184	\$7,951,458.45	\$1,135,923
Campbelltown, Tea Tree Gully	16	547	\$49,223,029.93	\$3,076,439
Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre	10	151	\$4,357,363.92	\$435,736
Charles Sturt	30	965	\$61,726,456.03	\$2,057,549
Clare & Gilbert Valleys	7	133	\$1,907,483.39	\$272,498
Coorong, Tatiara	9	153	\$4,337,746.66	\$481,972
Gawler	8	244	\$12,741,445.44	\$1,592,681
Goyder, Northern Areas	11	71	\$985,129.83	\$89,557
Holdfast Bay	12	451	\$26,576,512.78	\$2,214,709
Kangaroo Island, Yankalilla, Victor Harbor	13	294	\$9,743,706.02	\$749,516
Kapunda & Light, Mallala	12	117	\$3,334,463.43	\$277,872
Kimba, Cleve, Tumby Bay, Franklin Harbour	7	77	\$1,676,930.09	\$239,561
Loxton Waikerie	7	148	\$4,186,784.70	\$598,112
Marion	12	383	\$29,323,519.38	\$2,443,627
Mid Murray	10	135	\$2,589,977.57	\$258,998
Mitcham, Burnside	9	280	\$14,973,578.68	\$1,663,731
Mount Barker	12	293	\$9,494,411.28	\$791,201
Mount Gambier, Grant	15	455	\$16,295,403.59	\$1,086,360
Mount Remarkable, Orroroo/Carrieton, Peterborough	7	80	\$1,364,273.28	\$194,896
Murray Bridge, Karoonda/East Murray, Southern Mallee	10	181	\$9,484,126.25	\$948,413
Naracoorte & Lucindale, Robe, Lincepede	8	193	\$5,080,416.68	\$635,052
Norwood Payneham & St Peters	20	700	\$31,565,094.21	\$1,578,255
Onkaparinga	26	863	\$63,817,629.65	\$2,454,524
Playford	12	352	\$30,268,624.77	\$2,522,385
Port Adelaide Enfield	48	1331	\$64,253,261.81	\$1,338,610
Port Augusta	12	305	\$9,427,437.14	\$785,620
Port Lincoln	7	225	\$8,798,056.63	\$1,256,865
Port Pirie	9	260	\$8,593,830.29	\$954,870
Prospect, Walkerville	7	277	\$17,564,073.30	\$2,509,153
Renmark Paringa	7	160	\$5,448,793.06	\$778,399
Roxby Downs, Coober Pedy, Flinders Ranges	8	158	\$5,772,526.95	\$721,566
Salisbury	22	733	\$66,831,240.67	\$3,037,784
Unincorp. Far North, Unincorp. West Coast	7	66	\$810,550.67	\$115,793
Unley	8	306	\$14,921,507.16	\$1,865,188
Wakefield Region	9	64	\$1,381,169.28	\$153,463
Wattle Range	8	151	\$4,021,976.73	\$502,747
West Torrens	11	372	\$26,903,804.13	\$2,445,800
Whyalla	7	216	\$12,563,713.27	\$1,794,816
Yorke Peninsula	18	225	\$5,649,163.41	\$313,842
	599	14,789	\$723,604,550.49	\$1,208,021

The total number of 599 represents the total number of venues that operated and derived NGR at any time throughout the year. This number may differ from the total as at 30 June 2004 due to surrender or suspension of the gaming licence.

Table 4 Net gambling revenue - 2000 to 2004

	1999-00		2000-01		2001-02		2002-03		2003-04	
	(\$mil)	%	(\$mil)	%	(\$mil)	%	(\$mil)	%	(\$mil)	%
Hotels	452.528	93.1	506.924	93.2	567.592	93.5	623.792	93.2	670.267	92.6
Clubs	33.460	6.9	36.546	6.8	39.222	6.5	45.283	6.8	53.337	7.4
Total	485.988		543.470		606.814		669.075		723.604	

Table 5 Gaming tax - 2000 to 2004

	1999-00		2000-01 ¹		2001-02		2002-03 ²		2003-04	
	(\$mil)	%	(\$mil)	%	(\$mil)	%	(\$mil)	%	(\$mil)	%
Hotels	200.490	94.7	180.832	95.2	203.245	95.4	234.166	95.5	269.860	95.2
Clubs	11.288	5.3	9.084	4.8	9.826	4.6	11.118	4.5	13.660	4.8
Total	211.778		189.916		213.071		245.284		283.520	

¹ Tax rates reduced with the introduction of GST

² Tax rates changed effective from 1 January 2003

Table 6 Average net gambling revenue per machine per day - 2000 to 2004

	1999-00	2000-01	2001-02	2002-03	2003-04
Ave NGR per machine per day	\$107	\$111	\$115	\$124	\$134

Table 7 Average total net gambling revenue per day type - 2000 to 2004

	1999-00 (\$ mil)	2000-01 (\$ mil)	2001-02 (\$ mil)	2002-03 (\$ mil)	2003-04 (\$mil)
Sun	0.941	1.053	1.210	1.345	1.479
Mon	1.033	1.123	1.304	1.430	1.540
Tues	1.124	1.269	1.374	1.588	1.697
Wed	1.317	1.503	1.690	1.848	2.056
Thurs	1.689	1.896	2.085	2.285	2.354
Fri	1.753	1.958	2.171	2.370	2.546
Sat	1.422	1.618	1.810	1.973	2.170

Table 8 Return to player - 2000 to 2004¹

	1999-00	2000-01	2001-02	2002-03	2003-04
Return to Player	88.21%	88.30%	88.39%	88.57%	88.87%

¹ From 1 October 2001 all new games and machines installed after this date, must have a minimum return to player 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%.

Chart 3 Average return to player % - 6 monthly since commencement of gaming

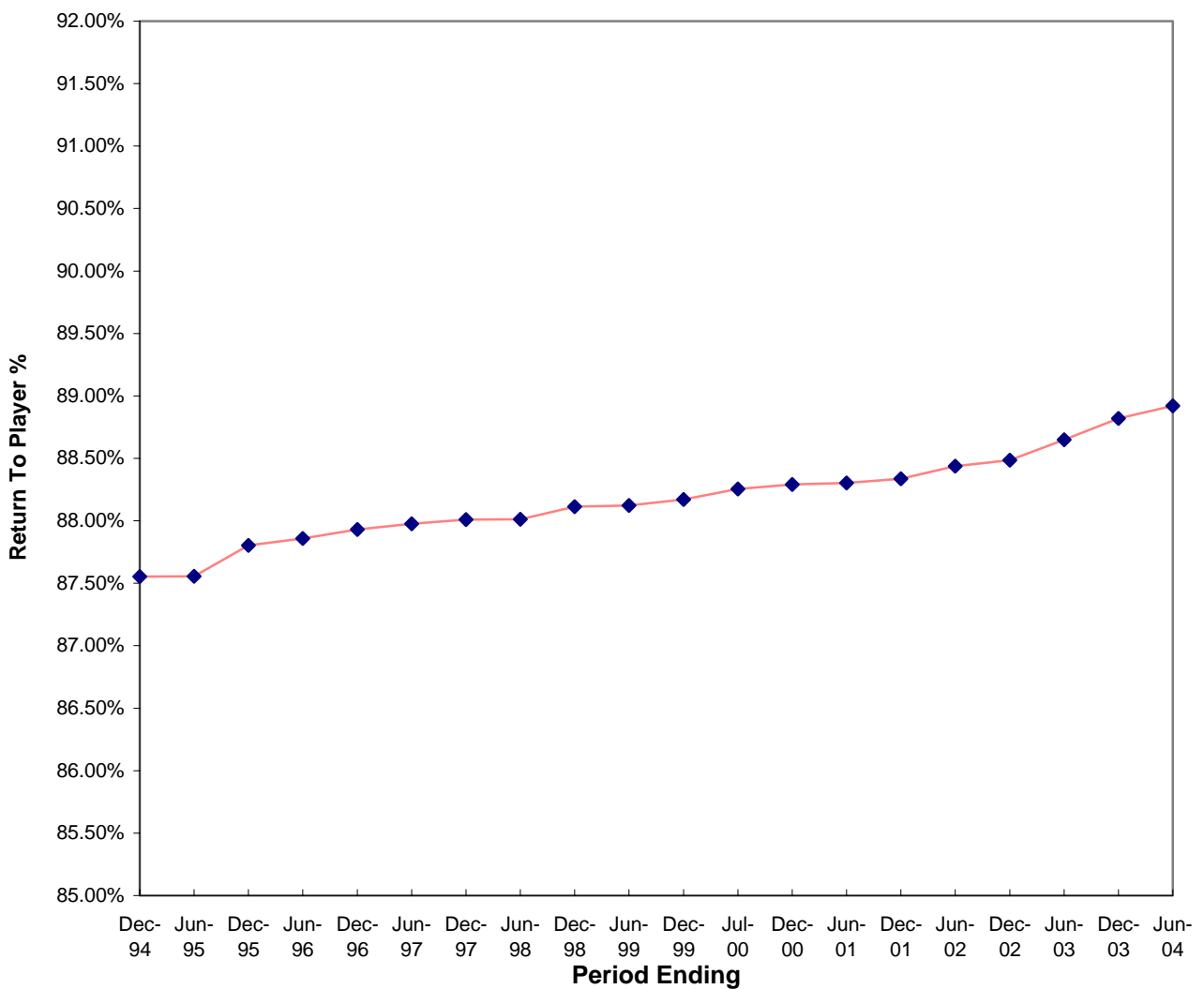


Table 9 Live venues and machines - 2000 to 2004

	30 Jun 00	30 Jun 01	30 Jun 02	30 Jun 03	30 Jun 04
No of venues	564	587	592	596	593
No of machines	12,738	14,096	14,647	14,841	14,799

Table 10 Number of clubs by machine range - 2000 to 2004

No of machines	30 Jun 00	30 Jun 01	30 Jun 02	30 Jun 03	30 Jun 04
1 to 10	33	30	31	30	30
11 to 20	28	29	27	27	27
21 to 30	7	7	8	8	8
31 to 40	17	20	21	23	22
Total	85	86	87	88	87

Table 11 Number of hotels by machine range - 2000 to 2004

No of machines	30 Jun 00	30 Jun 01	30 Jun 02	30 Jun 03	30 Jun 04
1 to 10	158	150	137	138	136
11 to 20	80	83	86	85	85
21 to 30	47	41	42	41	41
31 to 40	194	227	240	244	244
Total	479	501	505	508	506

Table 12 Gaming venues by business type - 2000 to 2004

No of venues	30 Jun 00		30 Jun 01		30 Jun 02		30 Jun 03		30 Jun 04	
		%		%		%		%		%
Hotels	479	84.9	501	85.3	505	85.3	508	85.2	506	85.3
Clubs	85	15.1	86	14.7	87	14.7	88	14.8	87	14.7
Total	564		587		592		596		593	

Table 13 Gaming machines by business type - 2000 to 2004

No of venues	30 Jun 00		30 Jun 01		30 Jun 02		30 Jun 03		30 Jun 04	
		%		%		%		%		%
Hotels	11,222	88.1	12,454	88.3	12,957	88.5	13,084	88.1	13,075	88.4
Clubs	1,516	11.9	1,642	11.7	1,690	11.5	1,757	11.9	1,724	11.6
Total	12,738		14,096		14,647		14,841		14,799	

Chart 4 Growth in gaming venues

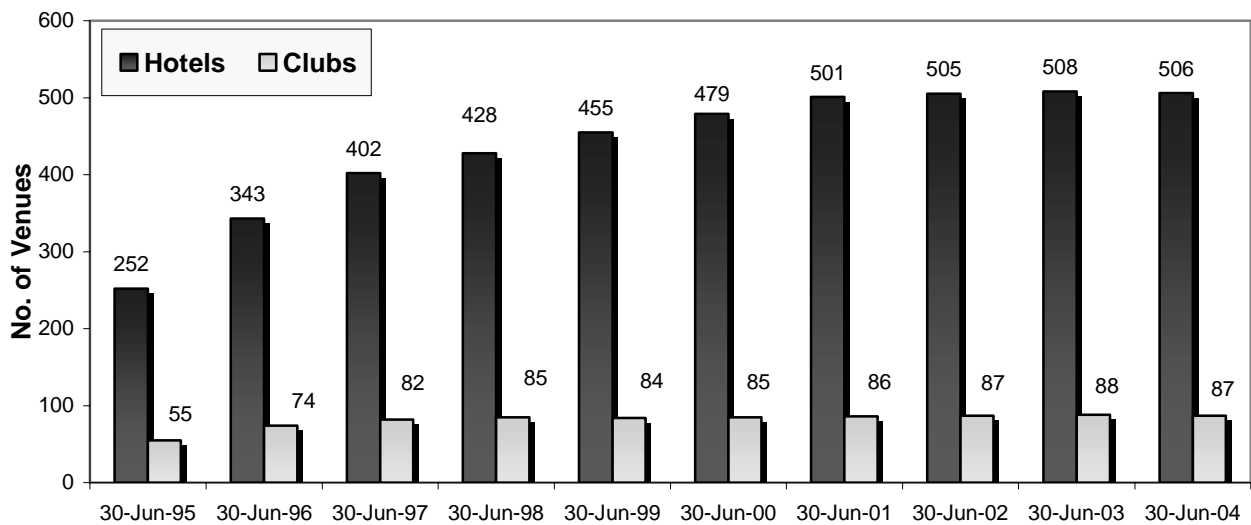


Chart 5 Growth in gaming machines installed

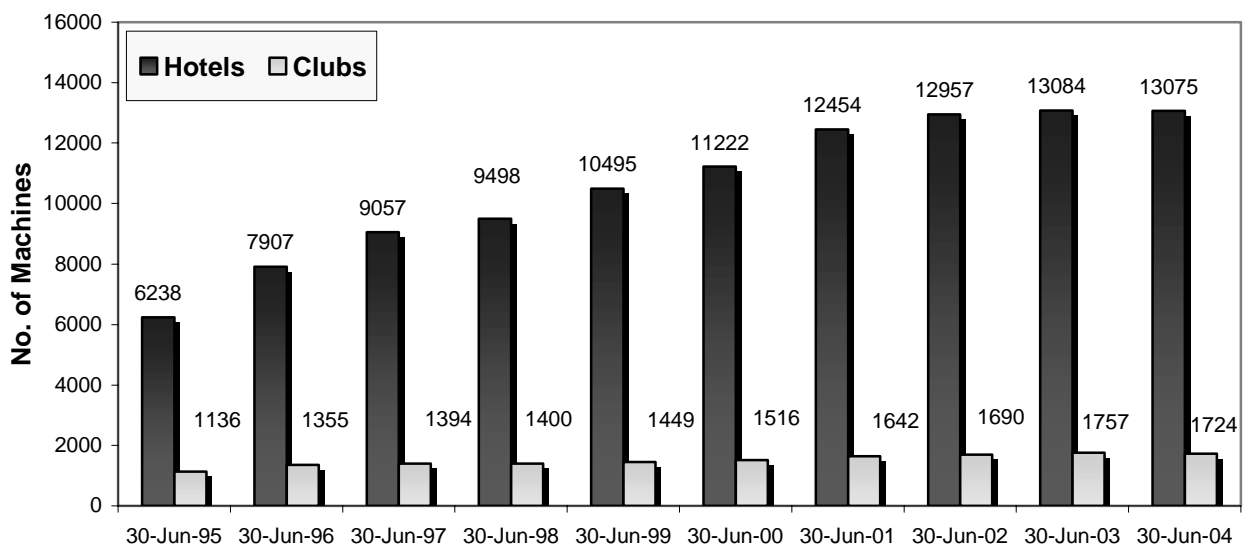


Table 14 **Average growth in live machines - 2000 to 2004**

	1999-00	2000-01	2001-02	2002-03	2003-04
Monthly average number of machines installed	66	113	46	16	-1

Table 15 **Manufacturer's share of gaming machine market - 2000 to 2004**

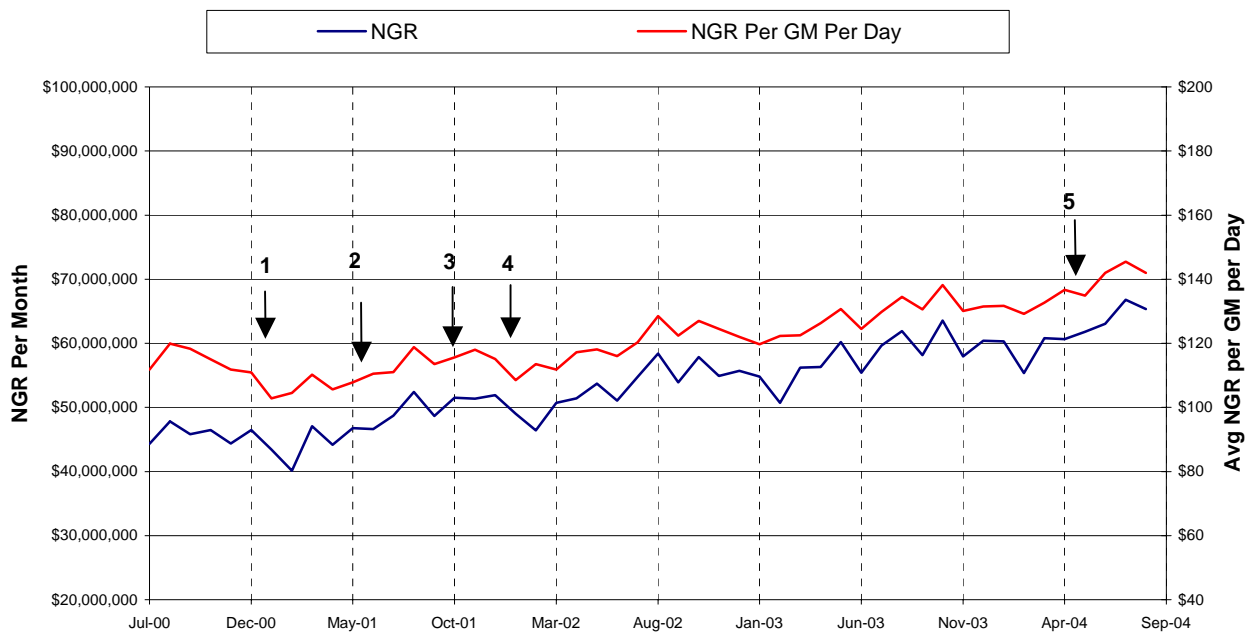
	Jun 00	Jun 01	Jun 02	Jun 03	Jun 04
Aristocrat	8,838	9,827	10,479	10,468	10,168
IGT	1,662	1,659	1,772	1,932	2,242
Konami	100	292	466	876	1,021
Pacific	418	523	582	446	342
Ainsworth	-	-	-	93	307
Olympic	1,148	947	649	414	260
VGS	19	158	260	265	227
Datacraft	834	629	403	262	162
Atronic	-	66	70	81	85
Vidco	54	33	12	1	0
Total ¹	13,073	14,134	14,693	14,838	14,814

¹ The total number of gaming machines for June of each year as shown above, may be higher than the amount reported in Table 9 as the number of machines installed in venues as at the 30 June each year. The data shown in Table 9 above takes into account data on any machine installed at any time during June with the difference due to machines being installed and removed from venues.

Chart 6 **Impact of harm minimisation measures on net gambling revenue**

The growth in Net Gambling Revenue (NGR) has increased every year since gaming commenced in 1994. With the exception of 1996-97 the average net gambling revenue per machine per day has also increased on an annual basis from \$98 for the 1994-95 financial year to \$134 for the 2003-04 financial year.

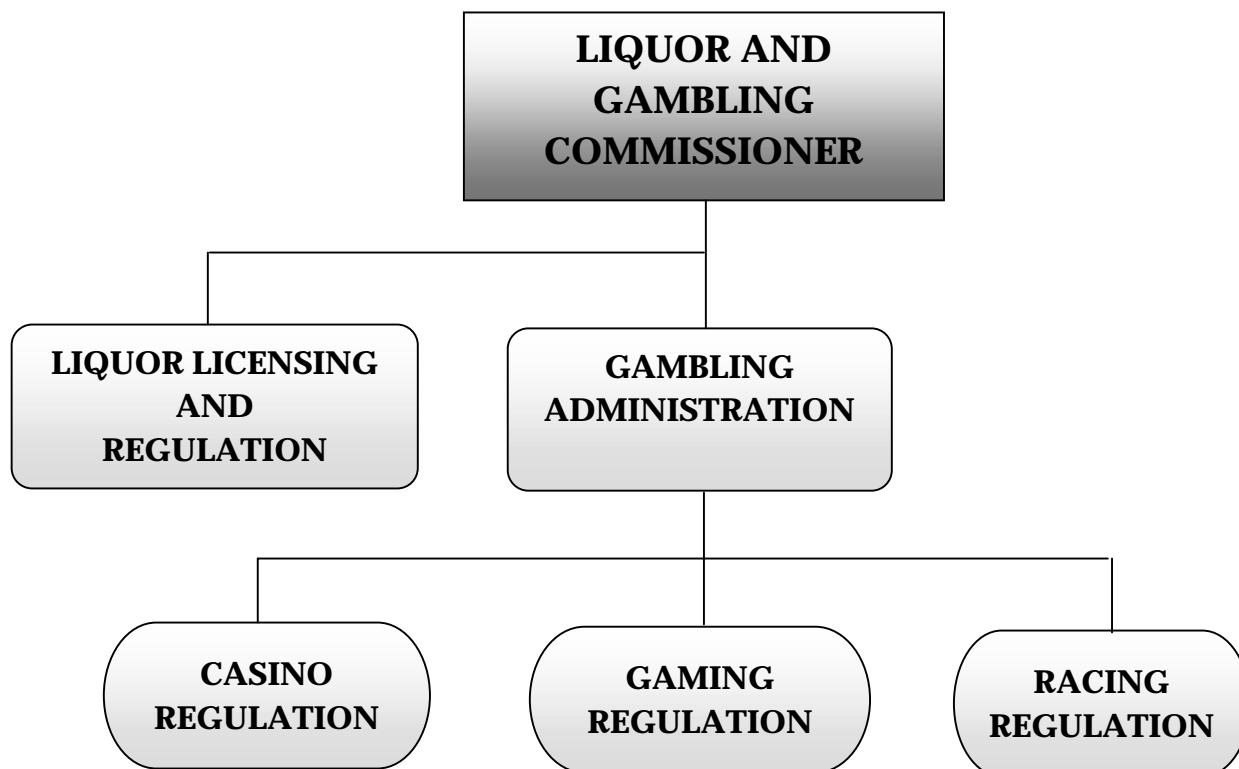
These figures continue to increase despite the significant number of harm minimisation and responsible gambling measures introduced in recent years as depicted graphically below.



Chronology of Responsible Gambling Measures

- Event 1: 7/12/2000 Commencement of legislation preventing the granting of new gaming machine licenses.
- Event 2: 30/05/2001 *Statutes Amendment (Gambling Regulation) Act 2001* is passed.
- Event 3: 01/10/2001 First mandatory versions of the Responsible Gambling Code of Practice and the Advertising Code of Practice introduced. Key elements of the codes were:
- clocks to be displayed in gaming areas
 - players to be prevented from playing while intoxicated
 - mandatory training requirements
 - cheques not to be cashed in gaming areas
- 01/10/2001 Minimum Return To Player on all newly approved games increased to 87.5% from the previously approved rate of 85%
- 01/10/2001 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.
- 01/10/2001 Voluntary Barring system introduced.
- Event 4: 01/01/2002 Licensees are not to provide ATM or EFTPOS facilities that are capable of allowing more than \$200 per transaction per debit or credit card.
- 01/01/2002 Autoplay function removed from all South Australian gaming machines by this implementation date.
- Event 5: 30/04/2004 New Mandatory Codes of Practice introduced.

16. ORGANISATION CHART



17. CONTACTS

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