

Annual Report 2010-2011

Gaming Machines Act 1992

**Office of the Liquor and
Gambling Commissioner**

**Report of the Liquor and
Gambling Commissioner
pursuant to Section 74 of
the Act**



Government of South Australia
Attorney-General's Department



30 September 2011

Hon. Minister for Gambling

I am pleased to submit my report for the period ending 30 June 2011.

The report has been prepared in accordance with the requirements of section 74(2) of the *Gaming Machines Act 1992*.

A handwritten signature in black ink, appearing to be 'P. White'.

Paul White
Liquor and Gambling Commissioner
Office of the Liquor and Gambling Commissioner



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1. Commentary

During 2010-11 the Office of the Liquor and Gambling Commissioner (OLGC) underwent significant change to its business processes. This included the introduction of a restructured licensing, compliance and business services framework to reflect the transition from an industry based regulatory model to a functional based model.

While this has largely resulted in the co-location of work teams to date, the compliance and inspection rationale for 2010-11 continued to be representative of specific industry requirements and the compliance record of each venue with inspectorial resources being applied accordingly.

However, over the next 12 months, OLGC will implement a new integrated enforcement and compliance framework which will consist of four complementary approaches to compliance—

- self-assessment by licensees;
- risk based inspections (including thematic inspections);
- taskforce operations; and
- complaint based investigations.

This framework will also include the centralisation of all inspection categories (Casino, Liquor, Gaming and Wagering), with inspectors being cross-skilled across all legislation types and undertaking shift work. Inspectors will focus solely on compliance and enforcement functions.

Compliance investigators will also be cross-skilled across all legislation types and will focus primarily on disciplinary action and prosecutions under the relevant Acts and codes of practice.

Currently, OLGC is in the process of determining appropriate rosters for the inspectorate and recruiting staff for these positions.

This model will provide OLGC with more flexibility to respond to liquor and gambling priorities and will ensure that current knowledge and expertise is preserved.

2010-11 also saw a number of significant technical, administrative and regulatory amendments which influenced the manner in which OLGC administers the Act. These included—

- the power to refer matters to the Licensing Court for contentious cases;
- the elimination of the State Procurement Board in the role of procurement under the Act;
- a strengthened Social Effect process for applications for new gaming machine licences; and
- the ability to expiate for infringements of the Act and the mandatory provisions of the Responsible Gambling and Advertising Codes of Practice.

Further amendments to the Act and the *Gaming Machines Regulations 2005* in 2011-12 will also introduce a new approved trading system for the purchase and sale of gaming machine entitlements.

In consultation with the Approved Trading System Working Party (a sub-committee of the Minister for Gambling's Responsible Gambling Working Party), my office has commenced the process of establishing an administrative framework for regulating and conducting future trading rounds and has developed a suite of publications which will be released later this year, to explain the new trading system.

The first trading round is expected to occur during the 2011-12 financial year.



2. Legislative Amendments

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

The Amendment Act included improvements to responsible gambling environments and a reduction in the administrative costs to licensees. It also contained provisions to expiate certain offences and removed the fixed price of \$50,000 on gaming machine entitlements traded through the approved trading system.

The first two tranches of provisions were proclaimed on 1 January 2011 and 1 June 2011 respectively. A summary of these amendments can be found in Appendix A.

The remaining amendments will come into effect on 1 July 2011.

1 January 2011 Amendments

These amendments relate primarily to an increase in the maximum penalties under the Act, the ability to expiate for certain breaches of the Act and licence conditions and red tape reduction initiatives. A summary of expiation fees can be found in Appendix B.

1 June 2011 Amendments

These amendments relate primarily to the prescribing of principles and the codes of practice by the Independent Gambling Authority (IGA), a strengthened Social Effect test and the introduction of expiation fees for breaches of mandatory code of practice provisions.

A summary of expiation fees for a breach of mandatory provisions of the Codes of Practice can be found in Appendix C.

1 July 2011 Amendments

A number of further amendments will come into effect on 1 July 2011 primarily relating to the abolition of the State Procurement Board, the introduction of a system for the trading of gaming machine entitlements and amended annual reporting requirements.

A summary of these amendments can be found in Appendix D.

3. Licence Conditions

Attachment A Licence Conditions

Schedule 1 of the Act prescribes statutory conditions which apply to all gaming machine licences. For administrative purposes, these conditions are affixed to gaming machine licences and are referred to as Attachment A licence conditions. While Attachment A is not required to be displayed by the licensee, compliance with these statutory conditions is mandatory.

As a result of amendments to Schedule 1 of the Act on 1 June 2011, arising from the *Gaming Machines (Miscellaneous) Amendment Act 2010*, the Attachment A licence conditions were amended and re-issued to gaming machine licensees.

Attachment B Licence Conditions

Under section 27AA(1) of the Act the Commissioner 'may vary or revoke any condition of a licence or impose further conditions on the licence'.

During the reporting period no amendments were made to the Attachment B licence conditions.



4. Special Club Licence - Club One

Section 14(1)(ab) of the 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 Act, this licence was granted to a body called Club One (SA) Ltd (Club One).

This section provides an update from previous reports on the activities of the special club licensee.

As at 30 June 2011, Club One held 250 gaming machine entitlements comprising:

- 40 entitlements allocated to the Adelaide Juventus Sports & Social Club (trading as Oakden Central);
- 10 entitlements allocated to the Roxby Downs Club;
- 187 entitlements allocated to hotels; and
- 13 unallocated entitlements.

The 187 entitlements allocated by Club One to hotels are held across various hotel groups comprising of the following:

Hotel Group	Number of Entitlements
Club Management Services (CMS)	75
Jones Group	31
Australian Leisure and Hospitality Group Limited (ALH Group)	18
Coles Group	15
Eureka Group	12
Reserve Group	12
King Group	8
Plush Group	8
Jillcar Pty Ltd	4
Chinbiya Pty Ltd	4
TOTAL	187

A summary of all entitlements allocated to these hotel groups by Club One are listed in Appendix E.



4.1 CLUB ONE AGREEMENTS

Section 24A(4)(a) of the 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 the Commissioner for approval. A summary of such agreements and contracts granted during 2010-11 are specified below.

Vesting Club Agreements

Approval of eight separate Vesting Club Agreements between Club One and six various clubs were granted during 2010-11.

- Hackham Community Sports & Social Club Inc (2 Agreements);
- Athelstone Football Club Inc;
- Gaza Sports & Community Club Inc;
- Millicent & District Community Club;
- Campania Sports and Social Club Inc (2 Agreements); and
- The Australian National Institute Inc t/a Cooina Club.

These Vesting Club Agreements allow Club One to enter into arrangements with non-profit associations whereby gaming machine entitlements (GME) and their respective title are sold to Club One so that they may be placed in other venues holding a gaming machine licence. The non profit association or “vesting club” as part of the agreement receives a lump sum payment or an annual fee payment in respect of each GME sold to Club One.

Temporary Allocation Agreement (TAA) between Club One and Australian Leisure & Hospitality Group Limited (ALH)

Club One submitted for consideration TAAs between it and three gaming machine venues which are new members of the Australian Leisure & Hospitality Group Limited (ALH). The licensees of the:

- Elizabeth Tavern (Elizabeth Tavern Pty Ltd);
- Slug ‘N’ Lettuce Tavern (Australian Leisure & Hospitality Group Limited); and
- Stockade Tavern (Australian Leisure & Hospitality Group Limited).

Being satisfied with the terms of each agreement, the TAAs between Club One and the licensees of the Elizabeth Tavern, the Slug ‘N’ Lettuce Tavern and the Stockade Tavern were approved on 20 July 2010 until 26 April 2011, being the same date that the agreements between Club One and other hotel groups are due to expire, with the right of review.

Temporary Allocation Agreement (TAA) between Club One and the Coles Group

Club One submitted for consideration an application for Liquorland (QLD) Pty Ltd the licensee of the Hope Inn Hotel to be approved as a member of the Coles Group.

On 16 February 2011, the licensee of the Hope Inn Hotel was approved to be a member of the Coles Group until 26 April 2011, being the same date on which the existing TAA agreement between Club One and the Coles Group is due to expire.

Call Option Agreement between Club One and Campania Sports and Social Club Inc

Club One submitted for consideration a Call Option Agreement between it and the licensee of the Campania Sports and Social Club (CSSC) whereby CSSC would grant Club One an option to purchase 15 GMEs in return for financial payment.

This agreement binds CSSC to selling its GMEs to Club One (up to 15, on an individual basis or in multiples) in return for an option fee for each of the first 10 entitlements sold. If no sales take place between Club One and CSSC, CSSC will be entitled to retain the option fee.

Being satisfied with the terms of the agreement, the Call Option Agreement between Club One and CSSC was granted approval on 29 November 2010.



Conversion Agreement between Club One and Kilburn Football and Cricket Club

Club One submitted for consideration a Conversion Agreement between it and the licensee of the Kilburn Football and Cricket Club (KFCC) whereby the vesting agreement with KFCC which was approved on 7 August 2009 would be amended to reflect the conversion of two GMEs previously transferred to Club One from KFCC from "Annual Fee" GMEs to "Lump Sum" GMEs.

Being satisfied with the terms of the agreement, a Conversion Agreement between Club One and KFCC was granted approval on 16 February 2011.

Extension of agreements between Club One and various Hotel Groups

Under various agreements approved by the Commissioner, Club One allocates GMEs to hotel groups and venues that are not subject to the Umbrella Agreement with Club Management Services (CMS).

In return these venues pay a parking fee to Club One in respect of the GMEs allocated. For administrative purposes, it has been the practice to align the expiry date for such agreements to be consistent across each group (i.e. 26 April 2011). The Hotel Groups and venues subject to such arrangements are as follows:

- **Jones Group;**
 - Settlers Hotel, Woodcroft Tavern, Midway Tavern, Bridgeway Hotel, Tea Tree Gully Hotel, Roxby Downs Tavern, Cove Tavern.
- **Australian Leisure and Hospitality Group Limited (ALH Group);**
 - Playford Tavern, Village Tavern, The Seacliff Beach Hotel, Ramsgate Hotel, Links Hotel Motel, Exeter Hotel, Esplanade Hotel, Aberfoyle Tavern; New Reservoir Hotel, Highbury Hotel, Hendon Hotel, Hotel Finsbury, Findon Hotel, Henley Hotel, Slug 'N' Lettuce Tavern, Stockade Tavern, Elizabeth Tavern.
- **Coles Group;**
 - Payneham Tavern, Grand Junction Tavern, Brighton Metro Hotel, Waterloo Station Hotel, Western Tavern, Hampstead Hotel, Hope Inn Hotel.
- **Eureka Group;**
 - Regency Tavern, Tavern 540, Richies Tavern.
- **Reserve Hotel Group;**
 - The Boathouse Tavern (Osborne), Flagstaff Hotel, Reephram Hotel, Rosewater Hotel, Cavan Hotel, West Thebarton Hotel, Sailmaster Tavern, Settlers Hotel, Woodcroft Tavern, Midway Tavern, Bridgeway Hotel, Tea Tree Gully Hotel, Roxby Downs Tavern.
- **King Group;**
 - Modbury Plaza Hotel, Highlander Hotel.
- **Plush Group;**
 - Smithfield Hotel, The Old Spot Hotel, Barossa Brauhaus, Tanunda Hotel, Valley Hotel, Angaston Hotel, The Angas Park Hotel.
- **Jillcar Pty Ltd;**
 - Semaphore Hotel
- **Chinbiya Pty Ltd;**
 - Aldinga Hotel

In order to determine if an extension of these agreements are necessary, Club One was requested to make a submission to justify its decision to continue with the current arrangements and if so, what due diligence was undertaken to arrive at the decision that the arrangements with each of these groups is still the best option available to Club One.



Club One has supplied a submission which is being reviewed by my office. Noting that the approval for these agreements expired on 26 April 2011, the approval of each agreement was extended for an interim period of up to 12 months being the 26 April 2012.

In granting this extension, the right to review Club One's situation or to evaluate the success of Club One's proposed new ventures at any time during the extended approval period was reserved.

Any subsequent amendments to the agreements by the parties must be submitted to OLGC for approval.

4.2 ALLOCATION OF GAMING MACHINE ENTITLEMENTS

Club One was granted approval to allocate gaming machine entitlements to the following hotel groups and venues during 2010-11:

Hotel Group	Premises	Number of Entitlements Allocated
Australian Leisure & Hospitality Group Limited Venues (ALH)	Slug 'N' Lettuce Tavern	3
	Elizabeth Tavern	3
	Stockade Tavern	3
	TOTAL	9
Plush Group	Barossa Brauhaus	1
	Old Spot Hotel	3
	Smithfield Hotel	4
	TOTAL	8
Club Management Services (CMS)	Oxford Hotel	5
	TOTAL	5
Coles Group ⁽¹⁾	Brighton Metro Hotel	3
	Waterloo Station Hotel	2
	Hampstead Hotel	2
	Grand Junction Tavern	2
	Payneham Tavern	2
	TOTAL	11

⁽¹⁾ Excludes the internal group transfer of four GMEs from the Waterloo Station Hotel to the Hope Inn Hotel, both being 'Approved Coles Group Members'



5. Gaming Machine Licences

5.1 GAMING MACHINE LICENCES

A gaming machine licence authorises the holder to possess and operate gaming machines. Each gaming machine licence shows the number of approved machines (the maximum number being 40) and the number of gaming machine entitlements applicable to the respective premises. One GME authorises the licensee to operate one machine.

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 2011 there were 561 active gaming machine licences, under the following categories of liquor licence:

464	Hotels
59	Clubs
38	Special Circumstances

A further 24 licences were under suspension.

One licensee surrendered their gaming machine licence during 2010-11 as a result of transferring all of their GMEs to Club One.

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 in South Australia (excluding those operated by the casino licensee under the *Casino Act 1997*).

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

Monitoring System

The central 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 the OLGC for the assessment of gaming tax.

Secure Internet Based Customer Reporting Facility

IGC's internet reporting facility, which allows gaming machine operators and manufacturers to access information and reports from the monitoring system via the Internet, continued to operate throughout 2010-11.

For a small monthly fee, the facility allows licensees to download formatted reports from the IGC website to access 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 a licensee's record keeping obligations and in other cases supplements the data recorded at the venue.

As at 30 June 2011, there were 435 licensees and eight manufacturers / service providers utilising the Secure Internet Based Customer Reporting Facility.



Replacement of the AGS Monitoring System

One of my responsibilities is to ensure that the operation, integrity and security of gaming machines are maintained at the highest standard.

The primary tool for performing this function is the central monitoring system operated by IGC.

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 coming to the attention of OLGC.

In September 2009, the new AEGIS central computer host and ExtremaDX Terminal Controller were approved to replace the previous AGS host and ageing SC300 Site Controller in each gaming venue. The AEGIS/DX monitoring system components were developed by IGC in conjunction with the system's vendor, Scientific Games Worldwide for use with all existing gaming machines in this State.

IGC's program to replace the AGS monitoring system with the new AEGIS system continued throughout 2010-11 with all gaming machine venues having migrated to and being monitored by the AEGIS system as at 30 June 2011.

Scrutiny of the operation of gaming machines is also maintained via the review and analysis of reports generated by the monitoring system by specialist technical staff within my office.

Information Data Port

The Information Data Port (IDP) facility was approved in February 1999. This facility allows gaming machine licensees to access machine information electronically, reducing the need for licensees to undertake manual meter readings.

The new ExtremaDX Terminal Controller provides direct IDP functionality (i.e. no additional hardware is required to be provided by IGC).

As at 30 June 2011, the number of venues accessing gaming machine data via IGC's IDP functionality has remained steady at 250. All such venues now access IDP data directly from ExtremaDX Terminal Controllers.

Fees

IGC charges an establishment fee for new gaming machine operators. This was maintained during 2010-11 at the same rate as 2009-10. Gaming machine licensees are also charged a monthly monitoring fee for each gaming machine connected to the monitoring system. Monitoring fees are the prime source of income for the IGC and must cover all of its costs. Monitoring fees are approved by the Minister and are reviewed on a regular basis.

Board Members

The Directors of IGC during the 2010-11 year were:

- Mr Colin Dunsford - Chairman;
- Mr Peter Hurley - Deputy Chairman;
- Mr Robin Guy;
- Mr Brian Hayes;
- Mr Cameron Taylor;
- Mr William Cochrane; and
- Mr David Basheer.



Service and Maintenance of the Monitoring System

IGC is responsible for the service and maintenance of the central monitoring system. However, as a condition of the gaming machine monitor licence, IGC 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 IGC:

Telstra Corporation Ltd	Chubb Security Australia Pty Ltd
Bytecraft Systems Pty Ltd	Wormald Fire Systems
Computer Site Services	IOCANE Pty Ltd
Firewall Systems	IBM Ltd
First Five Minutes	Internode Systems Pty Ltd
Hewlett Packard	Sungard Availability Services
Scientific Games Online Entertainment Systems Inc	Trend Micro Incorporated

5.3 GAMING MACHINE SUPPLIER'S LICENCE

As at 30 June 2011, the gaming machine supplier's licence was held by the State Procurement Board (SPB).

The gaming machine supplier's licence authorised 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.

From 1 July 2011, the role of the SPB in procurement under the Gaming Machines Act will be abolished.

New arrangements have been established to facilitate the movement of gaming machines within the industry, directly between gaming machine licensees and gaming machine dealers/service licensees.

Integral to this process, gaming machine dealers will only be permitted to enter into a sale agreement using an approved form of contract.

As a precursor to this amendment, as at 30 June 2011 a total of seven forms of contract have been approved in respect to the following gaming machine dealers:

- Ainsworth Game Technology Ltd;
- Konami Australia Pty Ltd;
- Statewide Gaming Supplies;
- Aristocrat Technologies Australia Pty Ltd;
- Macmont Gaming Supplies Pty Ltd;
- IGT (Australia) Pty Ltd; and
- Shufflemaster Australasia Pty Ltd.



5.4 GAMING MACHINE SERVICE LICENCE

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

As at 30 June 2011, there were 3 central service licensees:-

- Bytecraft Systems Pty Ltd;
- Maximum Gaming Pty Ltd; and
- Amtek Services Pty Ltd

Amtek Services Pty Ltd

On 3 June 2010, a new gaming machine service licence was granted to a Victorian based company, Amtek Services Pty Ltd. Amtek's application for a licence was met with a formal objection from Maximum Gaming Pty Ltd, who also holds a gaming machine service licence. After hearing the application and objection, a licence was granted to Amtek Services Pty Ltd effective 3 June 2010.

Amtek's service licence was granted subject to a condition that it not commence operating as authorised by the licence until the Liquor and Gambling Commissioner was satisfied that it can offer its services, either solely or by way of affiliation with other holders of a gaming machine service licence, to all holders of a gaming machine licence in South Australia.

On 7 September 2010, Amtek Services Pty Ltd provided submissions to satisfy the licence condition and accordingly, the condition was removed from the licence.

Licensees and Affiliates

While gaming machine licence holders are required to contract with one of these central service licensees for the servicing of machines, each has affiliations with other licensees in regional areas.

Regional Location	Affiliated Licensees
Adelaide Hills	Deborah Jayne Younger (Tungkillo)
Barossa Valley	Shamrock Gaming Services
Eyre Peninsula	Fleet Electronic Services (Port Lincoln) West Coast Electronics (Ceduna) BGSTECH (Whyalla) Brumfield Electronics (Cleve)
Fleurieu Peninsula	Electec Technologies (Goolwa)
Flinders Ranges & Outback	Oaklands Electrical (Port Pirie) Office National (Port Augusta) Augusta Electronic Centre (Port Augusta / Stirling North) Mike Maylin Construction (Cooper Pedy) Ridsdale Electrical (Leigh Creek) Mine Power Solutions (Roxby Downs)
Kangaroo Island	Visionfix (Penneshaw)
Limestone Coast	GI & JV Clark (Keith) Donna's Electrical (Naracoorte) Green Triangle Electrical Services (Mount Gambier) Gambier Electronics (Mount Gambier)
Murray River	Murray Computer & Office Shop (Murray Bridge) Mannum Electronics (Mannum) Pippos Technology (Loxton) Riverland Gaming (Loxton)
Yorke Peninsula	Kym Lange t/a YP Gaming B-Built Technologies (Moonta) SYP Security Services (Yorke town)



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 SPB or another gaming machine dealer.

There were 20 licensed gaming machine dealers as at 30 June 2011.

Acon Technology Pty Ltd	Macmont Gaming Supplies Pty Ltd
Ainsworth Game Technology Ltd	Multinational Entertainment
Aristocrat Technologies Australia	Neo Interactive Systems
Aruze Gaming Australia Pty Ltd	Shuffle Master Australasia Pty Ltd
Astute Marketing	Statewide Gaming Supplies
Atronic Australia	Tower Gaming
Global Gaming Industries	Transcity Pty Ltd
HITEK Gaming	Universal De Desarrollos Electronicos S
IGT (Australia) Pty Ltd	Victorian Gaming Systems
Konami Australia	Video Lottery Consultants Inc

Eight of these dealers actively operated in the South Australian market during 2010-11, five manufacturing and selling approved gaming machines, one selling new or second-hand approved machines and two supplying 3rd-party LCD monitors for existing approved machines.

6. Compliance and Enforcement

OLGC has undergone significant change during 2010-11 including the introduction of a restructured licensing, compliance and business services framework. Within this framework, a broad inspection and targeted risk based approach to compliance has been established featuring a transition from an industry based inspection model to a functional based model.

While this has largely resulted in the co-location of work teams to date, the inspection rationale for 2010-11 continued to be representative of specific industry requirements and the compliance record of each venue with inspectorial resources being applied accordingly.

6.1 GAMING MACHINE VENUES

Liquor and gaming inspectors have responsibility for inspecting approximately 6,000 licensed venues in the State (of which 561 hold live gaming machine licences as at 30 June 2011). These inspectors are supported by a compliance section which is responsible for the investigation of complaints under liquor, gaming, casino and wagering legislation. No staff are specifically dedicated as gaming machine venue inspectors.

Gaming machine venues are subject to formal inspection at least once every 12 months. In addition, venues may be subject to specific assessment criteria including covert surveillance or in conjunction with multi-agency task forces.

Compliance Methodology

The primary method of assessing compliance in 2010-11 involved the scheduled physical inspection of gaming venues based on geographic locality, referred to as a 'Routine Inspection'.

In addition, a number of specifically targeted or themed based operations (over and above routine inspections) were also conducted. These included the use of covert surveillance and the pooling of resources with the SA Police Licensing Enforcement Branch.

The use of a media monitoring service and the investigation of complaints supplement the compliance methodology of OLGC.

Routine Inspections

A routine inspection involves inspectors conducting a visual inspection of the premises and assessing compliance with specific requirements of the Act, statutory licence conditions, the regulations and the codes of practice as well as conducting a general observation of the premises. Inspectors are also cognisant of any supplementary conditions that may have been imposed on a gaming machine licence.

Routine inspections focus on whether:

- the licensee is complying with the Responsible Gambling and Advertising Codes of Practice, including, that:
 - 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 involved in implementing the code and policies in relation to dealing with requests to self-exclude; and
 - 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 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.

Targeted and Thematic Inspections

In addition to routine inspections, a number of specifically targeted or themed based operations were also conducted. These included the use of covert surveillance and the pooling of resources with the SA Police Licensing Enforcement Branch.

In November 2010, compliance staff conducted a task force operation based on the new compliance framework, in the south east of the State focusing on licensed premises in Naracoorte, Lucindale, Millicent and Mount Gambier.

While this operation predominantly focussed on compliance with the *Liquor Licensing Act 1997* and licensing conditions, gaming areas within such premises were also subject to inspection.

This operation was a valuable training exercise for staff and was a pre-cursor to the type of operations that will be conducted as the new compliance model is implemented in 2011-12.

Media Monitoring

During 2010-11, a media monitoring service continued to provide OLGC with copies of gambling advertisements placed in the Advertiser, Messenger and country newspapers. Copies are provided twice a week and are examined by officers for compliance with the various clauses of the Advertising Code of Practice.

Inspections by Complaint

The investigation of complaints and disputes is another method used to assess compliance. The nature of these complaints may vary from simple requests for information and clarification of the Act through to more complex matters which may involve closer examination of both financial and technical information.

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.

A summary of complaints received during 2010-11 is included later in this report.



6.2 COMPLIANCE ASSESSMENTS

The numbers of assessments conducted by OLGC in 2010-11 compared with 2009-10 are detailed below:

Assessment Type	2010-11	2009-10
Routine Inspections	687	636
Media Monitoring	194	228
TOTAL	881	864

The results of each assessment are recorded with any infringements subject to immediate corrective action by the licensee and/or formal disciplinary proceedings. During 2010-11, 13.2% of assessments resulted in an infringement being identified, a reduction from 21.3% in 2009-10.

The following tables show the number of infringements according to compliance type this year compared to the previous year. Common compliance types have been grouped together where possible.

Signage

Compliance Item	2010-11	2009-10
Gambling helpline cards/stickers including 'Gamble responsibly' (not available or affixed to ATMs and EFTPOS and/or gaming machines)	17	23
Code of practice not available	4	14
Warning to minors sign not displayed (at each entrance)	10	12
Playing of more than one machine sign including 'Gamble Responsibly' not displayed	7	11
Gaming licence not displayed (at principal entrance)	5	10
Governed by a code of practice sign including 'Gamble Responsibly' not displayed	2	7
Warning to minors sticker (not affixed to gaming machines)	8	6
Responsible gambling pamphlets including 'Gamble Responsibly' not displayed	2	5
Responsible gambling poster including 'Gamble Responsibly' not displayed	0	5
Rules ancillary to gaming sign not displayed	3	1
TOTAL	58	94

Cash Facilities and Credit

Compliance Item	2010-11	2009-10
Cash facilities within gaming area	0	1
TOTAL	0	1



Staff/Supervision

Compliance Item	2010-11	2009-10
Training - operation of machines- not completed or certificate not available at time of inspection	43	69
Responsible gambling training - not completed or certificate not available at time of inspection	41	67
All approved staff not clearly displaying ID badges	5	9
No gaming machine manager on duty	3	4
All staff not approved	1	3
Licensee not wearing approved badge while in the gaming area	2	2
TOTAL	95	154

Barrings

Compliance Item	2010-11	2009-10
All barring notices not being maintained in a folder or picture wall	2	7
All barring notices were not accessible by, or visible to, staff only and were visible to members of the public	1	4
Barring procedure not maintained (may be part of responsible gambling document)	6	3
Barring orders issued under section 59 have not been provided to LGC	3	2
TOTAL	12	16

Advertising

Compliance Item	2010-11	2009-10
Advertising does not include either condensed or expanded warning message	11	18
Advertising includes 'Win' or '\$' and is not used to refer to a particular prize	0	1
TOTAL	11	19

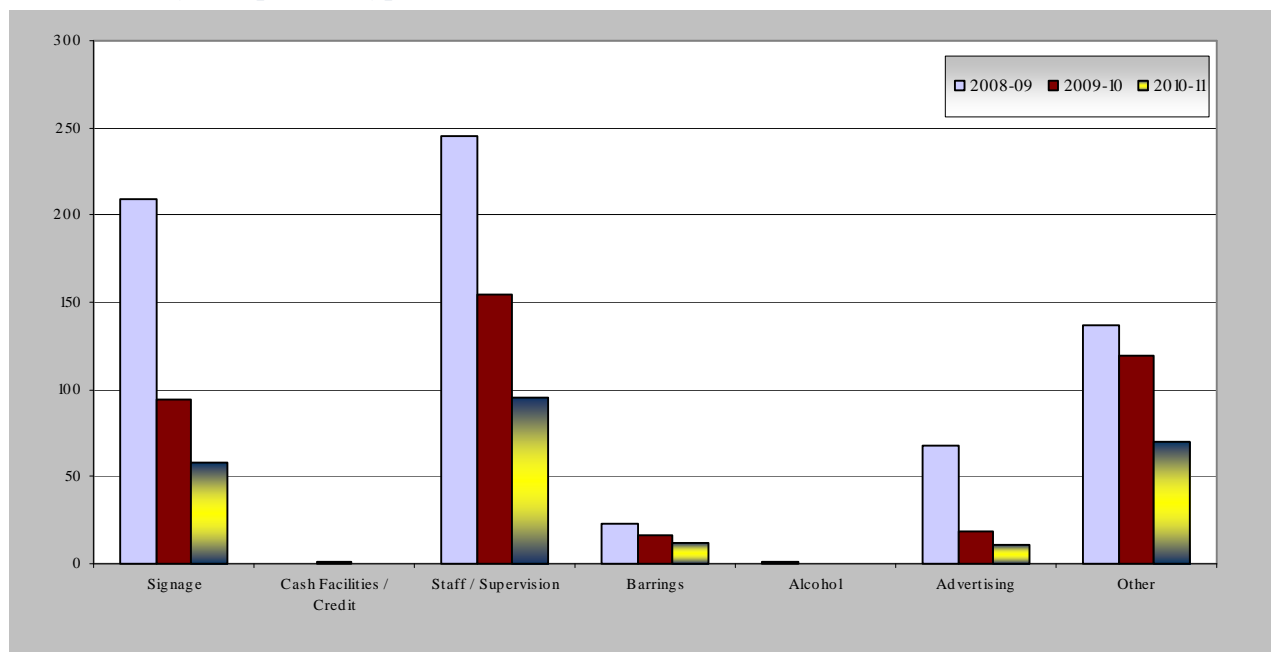
Other

Compliance Item	2010-11	2009-10
Machine condition inadequate (monitors, buttons etc)	29	41
Responsible Gambling Document not maintained	18	32
Gaming layout not approved	11	17



Compliance Item	2010-11	2009-10
Logic board not sealed	5	10
Log Books not present and/or completed	4	6
Time of day not prominently displayed in gaming area	2	5
Security box not locked	0	5
Structural alterations not approved	1	1
Inducements offered other than participation in a loyalty program	0	1
Gaming area security is not adequate	0	1
TOTAL	70	119

Distribution By Compliance Type



Overall, there has been a general improvement in compliance by gaming machine licensees with 246 non-compliant matters being detected in the reporting period compared with 403 in 2009-10.

There has also been significant improvement in relation to compliance with both the Responsible Gambling and Advertising Codes of Practice.

Licensees are adding the appropriate responsible gambling messages to their advertising and any found to be non-compliant have been warned by letter. Should they come to my attention again, further disciplinary action will be considered.

The level of non-compliance in relation to the requirement to maintain a responsible gambling document has also improved dramatically with only 18 non-compliant venues compared to 32 last year.

The requirement for licensees to be able to demonstrate that persons approved under the Act have completed appropriate training in Responsible Gambling and the Operation of Gaming Machines has improved significantly over the last two years, but remains an issue of concern.



6.3 MONITORING SYSTEM

One of the functions of OLGC is to ensure that the operation, integrity and security of gaming machines is maintained at the highest standard.

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

The imposition of licence conditions and the approval of procedures and policies ensures 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 OLGC's knowledge.

In order to be satisfied that only approved software and hardware is installed, OLGC 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 staff to compare the system at any point in time with the last baseline document to ensure that no unauthorised changes have been made.

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

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

Scrutiny of the operation of gaming machines 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 OLGC staff. The reports are used both to scrutinise the operations of IGC as well as the operation of machines in the field. For example, reports can be used to detect a possible malfunctioning machine. The reports are also monitored by OLGC to check that IGC has followed set procedures for trying to re-establish communications. Alternatively, some reports are used solely for scrutinising games installed in the field.

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

No unauthorised adjustments were found to be made to data and no alterations were made to the system without approval.



7. Investigation of Complaints

During 2010-11, OLGC received 20 gaming related complaints. As at 30 June 2011, 14 of these complaints had been investigated and finalised, while six remained under investigation.

The nature of these complaints varies from simple requests for information and clarification of the Act and the codes of practice through to more complex matters involving closer examination of both financial and technical information.

No complaints were upheld in favour of the complainant for various reasons including patrons failing to pursue matters, patrons mistaken on how or when machines pay winning credits or insufficiency of evidence to support the claims.

Section 76 of the Act states:

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

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

There were no applications for review under section 76 of the Act during 2010-11.

8. Disciplinary Action

Section 36 of the Act provides for disciplinary action to be taken 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 taking disciplinary action is the contravention of a provision of the Act, a condition of the licence or the codes of practice.

Section 36B of the Act provides that disciplinary action may be in the form of:

- reprimand a licensee;
- add to or vary the conditions of licence;
- suspend the licence;
- revoke the licence;
- cancel one or more gaming machine entitlements;
- impose a fine not exceeding \$15,000.

Before taking any action, the Act requires that a licensee and the Commissioner of Police must be given at least 21 days written notice of any inquiry to determine if disciplinary action should be taken.

The Licensee must be afforded reasonable opportunity to call and give evidence, to examine and cross examine witnesses, and to make submissions. In 2010-11, disciplinary action was taken on nine occasions and resulted in four reprimands, four fines and two licence suspensions.



8.1 SUMMARY OF ALL DISCIPLINARY ACTION TAKEN

Premises	Breach Details	Action Taken
Lighthouse Hotel (formerly Ales and Sales)	<p>Failure to comply with the Responsible Gambling Code of Practice.</p> <p>Three offences relating to the maintenance of a responsible gambling document, training requirements for problem gambling intervention and ability to provide a copy of the Responsible Gambling Code of Practice.</p>	Reprimand
St Kilda Hotel	<p>Failure to comply with the <i>Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice.</p> <p>Ten offences relating to the maintenance of a responsible gambling document, outdated version of Responsible Gambling Code of Practice, no document for the reporting of problem gamblers, no details of a rehabilitation agency, signage, time of day display and evidence of training.</p>	<p>Three day licence suspension from 12.01am on 18 October 2010 to 11.59pm on 20 October 2010; and</p> <p>Fine of \$1,000</p>
Elephant & Castle Hotel	<p>Failure to comply with the <i>Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice.</p> <p>Four offences relating to the maintenance of a responsible gambling document, details of the venues intervention agency, evidence of training, barring orders were unable to be ascertained due to a lack of documentation.</p>	Reprimand
Paringa Hotel	<p>Failure to comply with the <i>Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice.</p> <p>Five offences relating to the maintenance of a responsible gambling document, signage, not familiar with the requirements of the Approved Intervention Agency agreement or documentation processes that are required.</p>	Fine of \$1,000
Wheatsheaf Hotel	<p>Failure to pay gaming tax on time (previous history of late-payment of gaming tax on seven occasions between March 2009 and December 2010).</p>	Fine of \$600



Premises	Breach Details	Action Taken
Hotel Wright Street	<p>Failure to comply with the <i>Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice.</p> <p>Seven offences including no notice of warning to minors, seal located in gaming machine broken, employees not trained, staff register failed to specify currently approved persons, no evidence of training requirement, unable to produce any self barring forms, failed to maintain an adequate reporting process for identification of suspected problem gamblers, no entries recorded within the Gambling Help Service contact log, therefore unable to identify a gambling rehabilitation agency that patrons could readily access.</p>	Fine of \$2,500
Duke of Brunswick Hotel	<p>Failure to comply with the <i>Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice.</p> <p>Eight offences relating to the maintenance of a responsible gambling document, signage, unable to produce any self barring forms, unable to identify the venue's gambling rehabilitation agency, details of the venue's intervention agency agreement or documentation, evidence of training identification, identification card requirements.</p>	Reprimand
Whitmore Hotel	<p>Failure to comply with the <i>Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice.</p> <p>Seven offences relating to the maintenance of a responsible gambling document, signage, problem gambling intervention requirements, non-identification of the venues gambling rehabilitation agency, absence of self-barring forms, evidence of training and identification card requirements and failure to provide written notice of gaming machine managers who had ceased employment.</p>	Suspension of Licence for one day (3 May 2011)
Robe Hotel	<p>Failure to comply with <i>the Gaming Machines Act 1992</i> and the Responsible Gambling Code of Practice.</p> <p>Seven offences relating to responsible gambling signage; Responsible Gambling Document was incomplete; unable to produce Responsible Gambling Code of Practice; evidence of training not provided, failed to provide written notice of gaming machine managers and/or approved gaming machine employees who had ceased employment.</p>	Reprimand



9. Approval of Persons

Licensees are required to seek approval for persons who occupy particular positions or who have associations with licences.

Persons can be approved in respect of more than one venue 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 SPB;
- employees of the holder of a gaming machine service licence;
- employees and sub-contractors of 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.

9.1 APPLICATIONS FOR APPROVAL

In approving a person in any of the above categories, the Act requires that the Commissioner must be satisfied that the person is fit and proper to occupy that position. Factors such as a person's reputation, honesty, integrity and creditworthiness are taken into account. In determining whether a person is fit and proper, regard must be given to the reputation, 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 the Commissioner on the question of whether a person is fit and proper.

During 2010-11 a total of 2,823 applications were lodged by licensees seeking approval of persons under the above categories. Of these, 2,620 had been granted as at 30 June 2011.



10. Approval of Games and Machines

10.1 TESTING AND EVALUATION OF GAMING MACHINES

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

Testing and evaluation of gaming machines has been conducted by BMM Australia Pty Ltd, GLI (Australia), QALab Pty Ltd and Enex TestLab.

Test reports are received from accredited testing facilities, certifying that a gaming machine or game meets the current technical standards. In addition to this, IGC certifies that the machine or game that is to be operated in a gaming venue is compatible with the central monitoring system and communications protocol.

As at 30 June 2011, 48 machines and 428 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.

	2010-11	2009-10
Games Approval Activity		
Orders approving a new game	39	30
Orders approving a new version of a game	1	12
Orders revoking the approval of a game	0	35
Gaming Machines Approval Activity		
Orders approving a new gaming machine	1	3
Orders approving a modification to a gaming machine	10	25
Orders revoking the approval of a gaming machine	0	0

10.2 NATIONAL STANDARD FOR GAMING MACHINES

In developing a National Standard for gaming machines, a working party comprising of representatives from regulatory agencies in each Australian and New Zealand jurisdiction, 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 Manufacturers' Forum which is held every two years in Sydney following the Australasian Gaming Expo.

The Gaming Machines National Standard Rev 10.1 remains the current version of the Standard.

The current focus of the working party is on the rationalisation of testing and submissions made by Approved Testing Facilities (ATF). This work has been in consultation with ATFs and manufacturers.

A trial for rationalised submissions and testing of gaming machines is planned. The purpose of the trial is ultimately to reduce the duplication of testing and documentation requirements caused in part by the need to make submissions to multiple jurisdictions for the same hardware/software. The scope of the trial will be limited to hardware components such as Cabinet, Platform and Peripheral Devices.

The working party has resolved that an intention on the part of manufacturers to extend the trial to other components (e.g. Games) will require an explicit proposal to be forwarded to each agency for specific consideration.



11. Gaming Tax

11.1 RATES

The taxation rates effective for 2010-11 were:

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

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.

11.2 DISTRIBUTION OF NGR

During 2010-11, 566 venues operated for all or part of the year. The following tables show the total number of venues and total Net Gambling Revenue (NGR) falling within each tax threshold according to tax class.

Total Number Of Venues

Annual NGR	Total Number of Venues	
	Other than Non-Profit Businesses (Hotels)	Non-profit business (Clubs & Community Hotels)
\$0 - \$75,000	45	10
\$75,001 - \$399,000	150	23
\$399,001 - \$945,000	75	10
\$945,001 - \$1,500,000	45	5
\$1,500,001 - \$2,500,000	69	18
\$2,500,001 - \$3,500,000	55	7
Above \$3,500,000	48	6
Total Number of Venues	487	79



Total NGR

Annual NGR	Total Net Gambling Revenue	
	Other than Non-Profit Businesses (\$mil)	Non-Profit Businesses (\$mil)
\$0 - \$75,000	1.927	0.396
\$75,001 - \$399,000	29.543	4.757
\$399,001 - \$945,000	41.337	6.196
\$945,001 - \$1,500,000	55.169	6.763
\$1,500,001 - \$2,500,000	142.044	32.691
\$2,500,001 - \$3,500,000	145.970	23.232
Above \$3,500,000	211.941	22.495
Total NGR	648.551	96.916

11.3 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 of the initial EFT of the account, the Act automatically requires that a fine of 10% is applied.

Section 72B of the Act, which came into effect 1 February 2005, 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 2010-11, nine licensees were issued with fines and received notices requiring them to pay within three days. Of these licensees four did not pay by the due date as administrators were appointed by the licensee companies pursuant to section 436A(1) of the *Corporations Act 2001*. The Liquor and Gambling Commissioner lodged proof of debt forms with the relevant administrators in regards to the outstanding debts.

Disciplinary action was also taken against one licensee during 2010-11 due to Gaming Tax not being paid within 7 days of the end of each calendar month. This resulted in the licensee being fined \$600.00.

No gaming machine licences were suspended during 2010-11 due to the non payment of gaming tax.

11.4 REFUNDS

Refunds of gaming tax arise from the tax-free threshold for clubs and hotels with a 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.

45 venues are eligible for refunds for the 2010-11 financial year totalling \$165,079.79.



12. Organisation

12.1 STAFFING

OLGC had 69 Full Time Equivalent (FTE) positions as at 30 June 2011. Most staff perform duties across all legislation administered by the Office. Approximately 13.4 FTE can be deemed applicable to gaming matters at any time.

12.2 BUDGET INFORMATION

The total OLGC expenditure on salaries and goods and services over the past two years is shown below:

Operating Statement Summary	2010-11 Actual \$m	2009-10 Actual \$m
Salaries	5.19	5.67
Goods & Services	1.88	2.01
Total	7.07	7.68



13. Statistics

Table 1 Monthly gaming statistics 2010-11

Month	Total bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax Liability ⁽¹⁾ (\$)	Fines (\$)
Jul-2010	722,788,097	655,333,805	67,454,292	27,180,891	517
Aug	725,968,609	657,953,228	68,015,381	27,467,335	
Sep	692,158,368	627,248,860	64,909,508	25,737,674	
Oct	700,169,556	634,666,318	65,503,238	25,988,344	1021
Nov	658,926,255	597,783,946	61,142,309	23,723,524	
Dec	672,359,500	609,723,371	62,636,129	24,581,074	
Jan-2011	640,127,390	580,692,314	59,435,075	22,884,118	2850
Feb	592,148,666	536,972,099	55,176,567	20,651,341	2439
Mar	665,835,193	603,531,701	62,303,492	24,344,598	
Apr	636,828,775	577,328,190	59,500,585	22,849,619	
May	644,788,538	584,639,832	60,148,706	23,300,390	1553
Jun-2011	636,472,471	577,230,857	59,241,614	22,881,364	
2010-11 Year	\$7,988,571,419	\$7,243,104,521	\$745,466,897	\$291,590,273	\$8,380⁽²⁾

⁽¹⁾ Accrued Tax Liability prior to refunds being applied

⁽²⁾ Includes four fines which have not been paid due to the appointment of administrators and one fine which was remitted

Chart 1 Gaming tax levied per month 2010-11

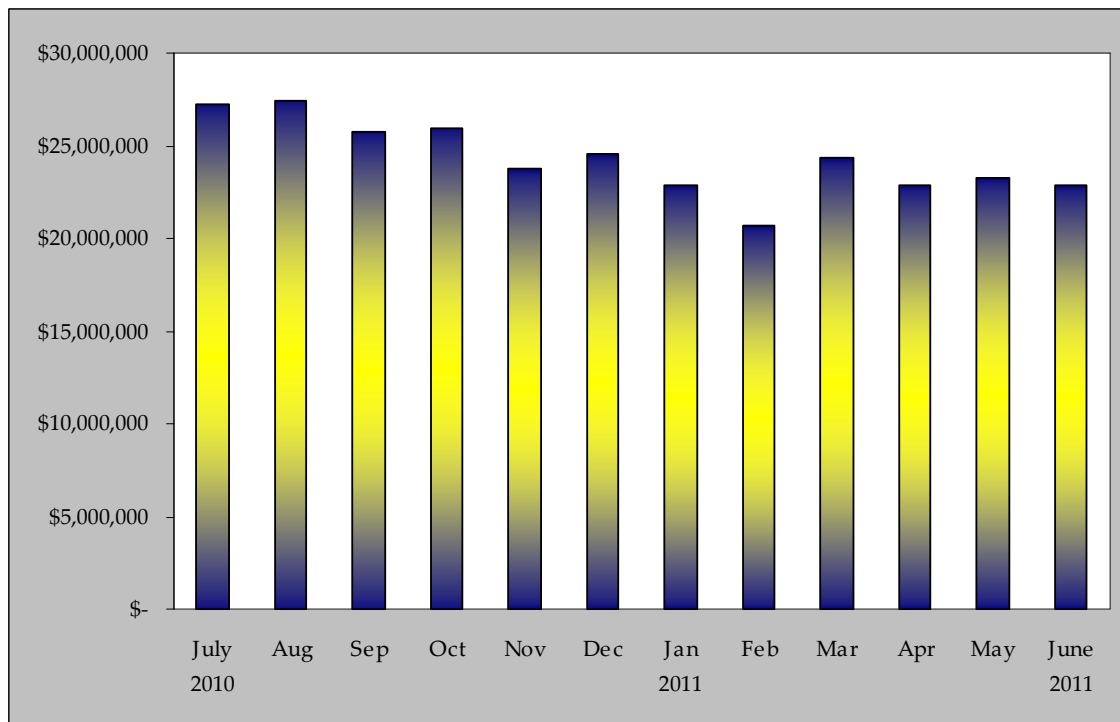




Table 2 Monthly live gaming machines and venues 2010-11

Month	Venues	Gaming Machines
Jul-2010	563	12750
Aug	563	12768
Sep	563	12762
Oct	563	12774
Nov	563	12774
Dec	563	12759
Jan-2011	562	12747
Feb	561	12739
Mar	562	12761
Apr	561	12727
May	561	12727
Jun-2011	561	12726

Chart 2 Variation to live gaming machines and venues 2010-11

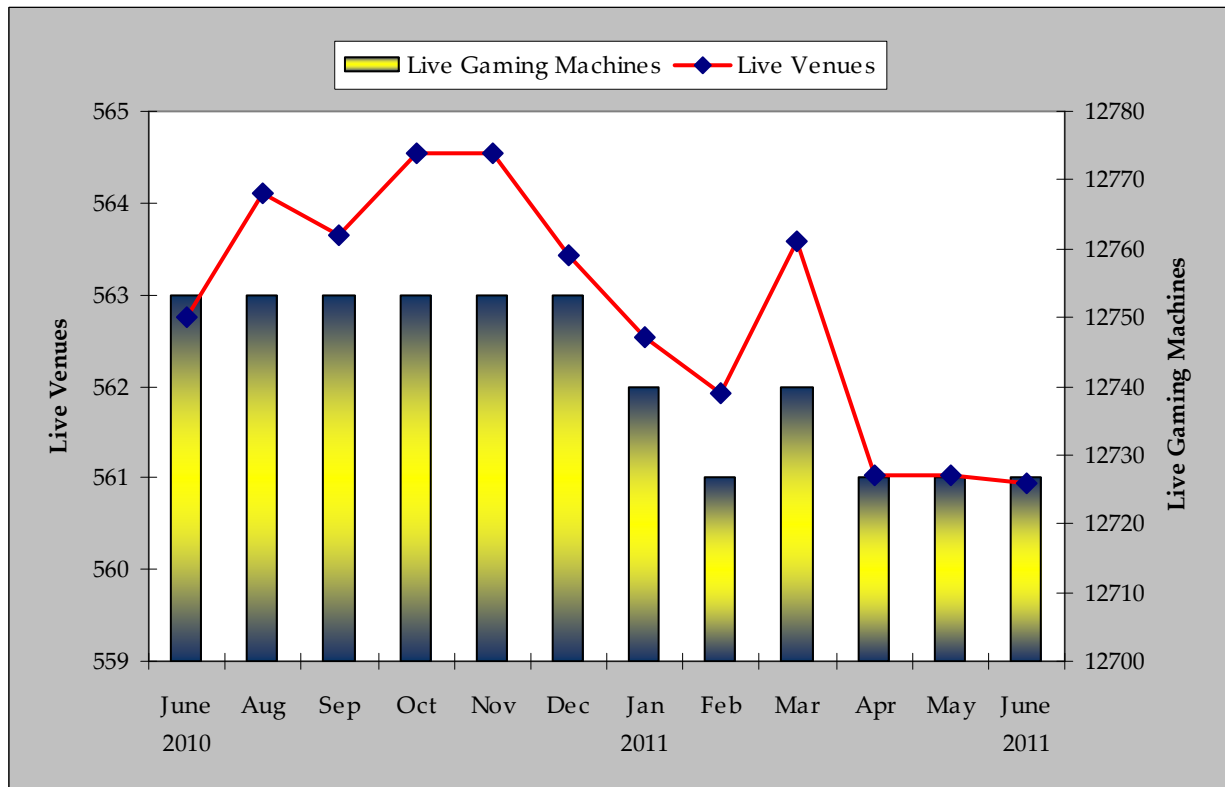




Table 3 Revenue Data by ABS LGA 2010-11

<i>LGA or Grouped LGA</i> <small>(Where a LGA has less than 5 venues, that LGA has been grouped with another LGA)</small>	<i>No of Venues</i>	<i>Gaming Machines as at 30 June 2011</i>	<i>Aggregate NGR \$ per LGA (2010-11)</i>	<i>Aggregate NGR \$ per venue (2010-11)</i>
Adelaide	56	1136	32,815,061.92	585,983.25
Adelaide Hills	18	264	5,097,005.70	283,166.98
Alexandrina	13	252	8,618,765.96	662,982.00
Barossa	15	235	6,454,661.55	430,310.77
Barunga West, Copper Coast	16	263	10,548,915.80	659,307.24
Berri, Barmera	7	176	6,785,615.44	969,373.63
Campbelltown, Tea Tree Gully	14	446	46,759,860.85	3,339,990.06
Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre Peninsula	10	142	5,040,537.67	504,053.77
Charles Sturt	27	801	64,787,561.81	2,399,539.33
Clare & Gilbert Valleys	7	88	2,172,434.19	310,347.74
Cleve, Kimba, Franklin Harbour, Tumby Bay	7	77	1,834,056.78	262,008.11
Coober Pedy, Roxby Downs, Flinders Ranges	8	155	5,039,288.37	629,911.05
Coorong, Tatiara	9	133	3,275,366.80	363,929.64
Gawler	8	208	14,258,928.89	1,782,366.11
Goyder, Northern Areas	8	56	1,245,930.75	155,741.34
Holdfast Bay	11	373	24,930,934.24	2,266,448.57
Light	7	61	1,999,850.62	285,692.95
Loxton, Waikerie	5	128	3,727,632.59	745,526.52
Mallala	5	48	2,056,303.63	411,260.73
Marion	11	347	30,327,674.98	2,757,061.36
Mid Murray	10	129	2,728,143.50	272,814.35
Mitcham, Burnside	7	224	16,200,815.93	2,314,402.28
Mount Barker	12	253	10,559,235.89	879,936.32
Mount Gambier, Grant	14	368	17,360,925.87	1,240,066.13
Murray Bridge, Karoonda/East Murray, Southern Mallee	10	159	9,186,211.70	918,621.17
Naracoorte & Lucindale, Robe, Kingston	8	168	4,921,447.84	615,180.98
Norwood Payneham & St Peters	17	551	31,146,650.91	1,832,155.94
Onkaparinga	25	726	62,586,194.23	2,503,447.77
Peterborough, Mount Remarkable	7	73	1,318,011.94	188,287.42
Playford	10	303	32,393,485.65	3,239,348.57
Port Adelaide Enfield	45	1255	79,399,647.17	1,764,436.60
Port Augusta	12	271	11,821,483.01	985,123.58
Port Lincoln	7	212	9,308,767.14	1,329,823.88
Port Pirie	9	220	9,490,734.44	1,054,526.05
Prospect, Walkerville	6	200	15,114,778.06	2,519,129.68
Renmark Paringa	6	150	5,533,900.31	922,316.72
Salisbury	21	609	66,660,131.17	3,174,291.96
Unicorp. West Coast, Unicorp Far North	6	45	817,637.31	136,272.89
Unley	8	254	14,922,483.10	1,865,310.39
Victor Harbor, Kangaroo Island, Yankalilla	11	230	8,939,977.87	812,725.26
Wakefield Regional	9	60	1,375,067.07	152,785.23
Wattle Range	8	113	3,088,943.56	386,117.95
West Torrens	11	337	31,369,639.04	2,851,785.37
Whyalla	8	222	15,664,247.99	1,958,031.00
Yorke Peninsula	17	205	5,781,952.16	340,114.83
Total	566	12726	\$745,466,901.40	\$1,317,079.33

The total number of 566 venues represents the total number of venues that operated and derived NGR at any time throughout the year. This number may differ from the total as at 30 June 2011 due to the surrender or suspension of a gaming licence.



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 (see section 11).

Table 4 Net Gambling Revenue(NGR) - 2007 to 2011

	2006-07 (\$mil)	%	2007-08 (\$mil)	%	2008-09 (\$mil)	%	2009-10 (\$mil)	%	2010-11 (\$mil)	%
Hotels	720.272	90.9	683.667	90.1	676.089	90.1	658.012	90.2	672.204	90.1
Clubs	72.348	9.1	74.792	9.9	74.564	9.9	71.361	9.8	73.263	9.9
Total	792.620		758.459		750.653		729.373		745.467	

Table 5 Gaming Tax Liability- 2007 to 2011⁽¹⁾

	2006-07 (\$mil)	%	2007-08 (\$mil)	%	2008-09 (\$mil)	%	2009-10 (\$mil)	%	2010-11 (\$mil)	%
Hotels	292.784	94.0	273.014	92.5	270.366	92.4	261.467	92.5	295.536	92.4
Clubs	21.065	6.0	22.022	7.5	22.382	7.6	21.161	7.5	22.054	7.6
Total	313.849		295.036		292.748		282.628⁽²⁾		291.590	

⁽¹⁾ Tax rates changed effective from 1 January 2003

⁽²⁾ Gaming tax after refunds applied

Table 6 Average NGR per machine per day - 2007 to 2011

	2006-07	2007-08	2008-09	2009-10	2010-11
Ave NGR per machine per day	\$172	\$164	\$162	\$157	\$160

Table 7 Average total NGR per day - 2007 to 2011

	2006-07 (\$mil)	2007-08 (\$mil)	2008-09 (\$mil)	2009-10 (\$mil)	2010-11 (\$mil)
Sun	1.649	1.599	1.595	1.540	1.577
Mon	1.671	1.652	1.619	1.578	1.612
Tues	1.891	1.770	1.818	1.761	1.798
Wed	2.221	2.116	2.101	2.055	2.087
Thurs	2.577	2.442	2.341	2.339	2.389
Fri	2.779	2.649	2.624	2.485	2.569
Sat	2.408	2.296	2.303	2.228	2.257



Table 8 Return To Player Percentage - 2007 to 2011⁽¹⁾

	2006-07	2007-08	2008-09	2009-10	2010-11
Return to Player	90.10%	90.29%	90.50%	90.59%	90.67%

⁽¹⁾ From 1 October 2001 all new games and machines installed after this date must have a minimum 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%.

Chart 3 Average RTP % - 6 monthly since commencement of gaming

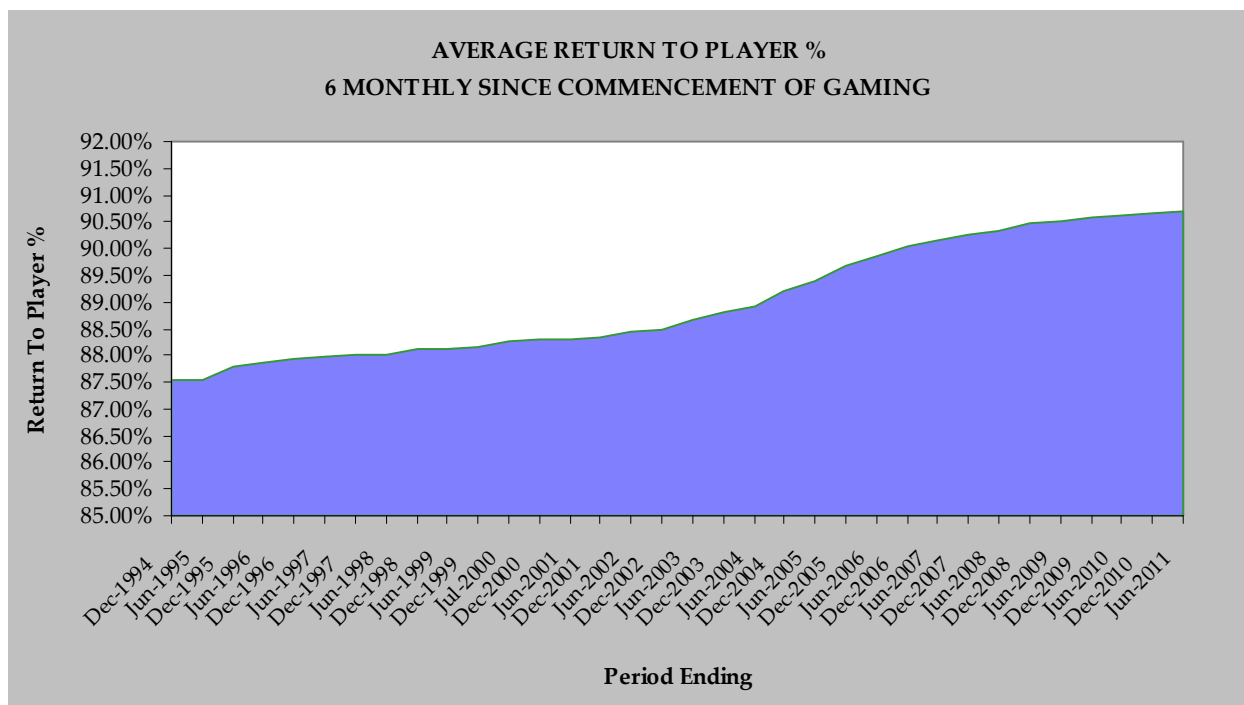


Table 9 Live venues and machines - 2007 to 2011

	30 June 07	30 June 08	30 June 09	30 June 10	30 June 11
No of venues	569	565	566	561	561
No of machines	12581	12682	12737	12744	12726



Table 10 Number of hotels by machine range - 2007 to 2011

No of machines	30 June 07	30 June 08 ⁽¹⁾	30 June 09	30 June 10	30 June 11
1 to 10	133	133	133	131	133
11 to 20	103	100	101	101	101
21 to 30	33	33	33	33	33
31 to 40	226	229	230	231	230
Total	495	495	497	495	497

(1) Figures have been adjusted for 30 June 2008 as the division was made in relation to how the venue was taxed rather than the nature of how the venue operates

Table 11 Number of clubs by machine range - 2007 to 2011

No of machines	30 June 07	30 June 08 ⁽¹⁾	30 June 09	30 June 10	30 June 11
1 to 10	20	17	18	16	15
11 to 20	25	23	21	19	19
21 to 30	6	6	6	7	6
31 to 40	23	24	24	24	24
Total	74	70	69	66	64

(1) Figures have been adjusted for 30 June 2008 as the division was made in relation to how the venue was taxed rather than the nature of how the venue operates

Table 12 Gaming venues by business type - 2007 to 2011

No of venues	30 June 07	%	30 June 08	%	30 June 09	%	30 June 10	%	30 June 10	%
Hotels	495	87.0	495	87.6	497	87.8	495	88.2	497	88.6
Clubs	74	13.0	70	12.4	69	12.2	66	11.8	64	11.4
Total	569		565		566		561		561	

Table 13 Gaming machines by business type - 2007 to 2011

No of venues	30 June 07	%	30 June 08	%	30 June 09	%	30 June 10	%	30 June 11	%
Hotels	10978	87.3	11108	87.6	11179	88.8	11204	87.9	11217	88.1
Clubs	1603	12.7	1574	12.4	1558	12.2	1540	12.1	1509	11.9
Total	12581		12682		12737		12744		12726	



Chart 3 Variation in gaming venues - 1995 to 2011

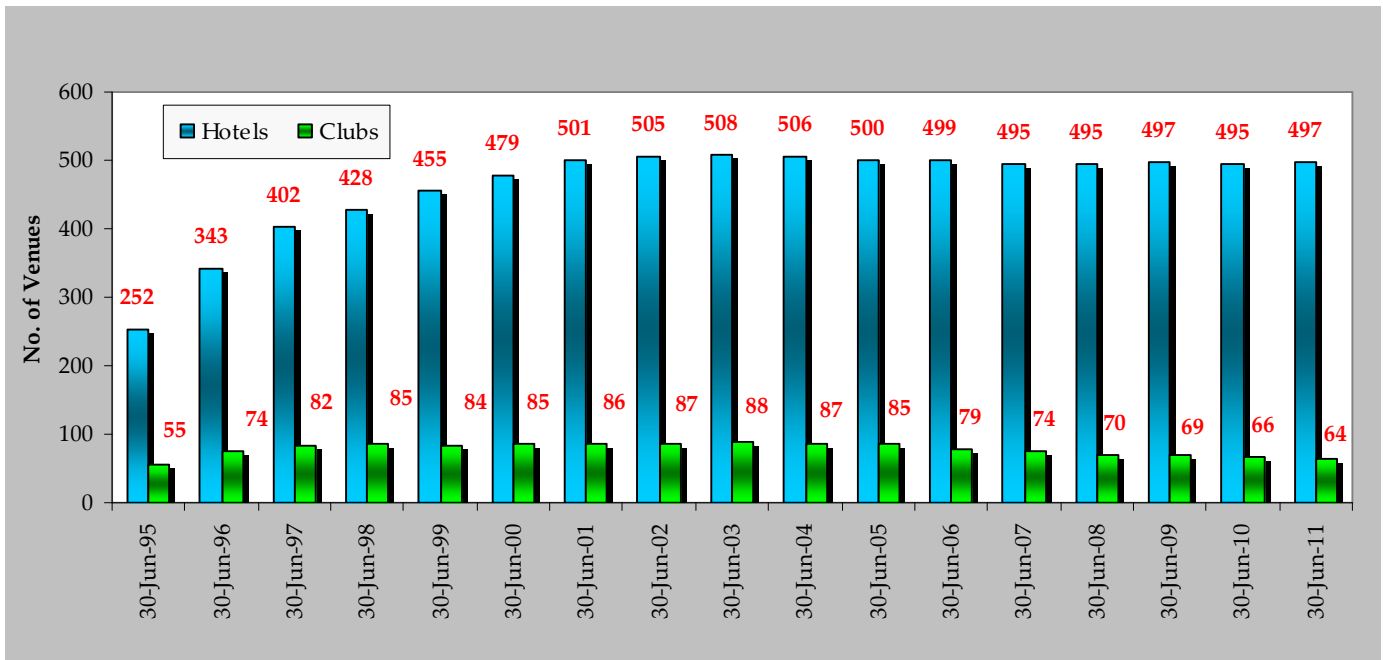


Chart 4 Variation in gaming machines installed - 1995 - 2011

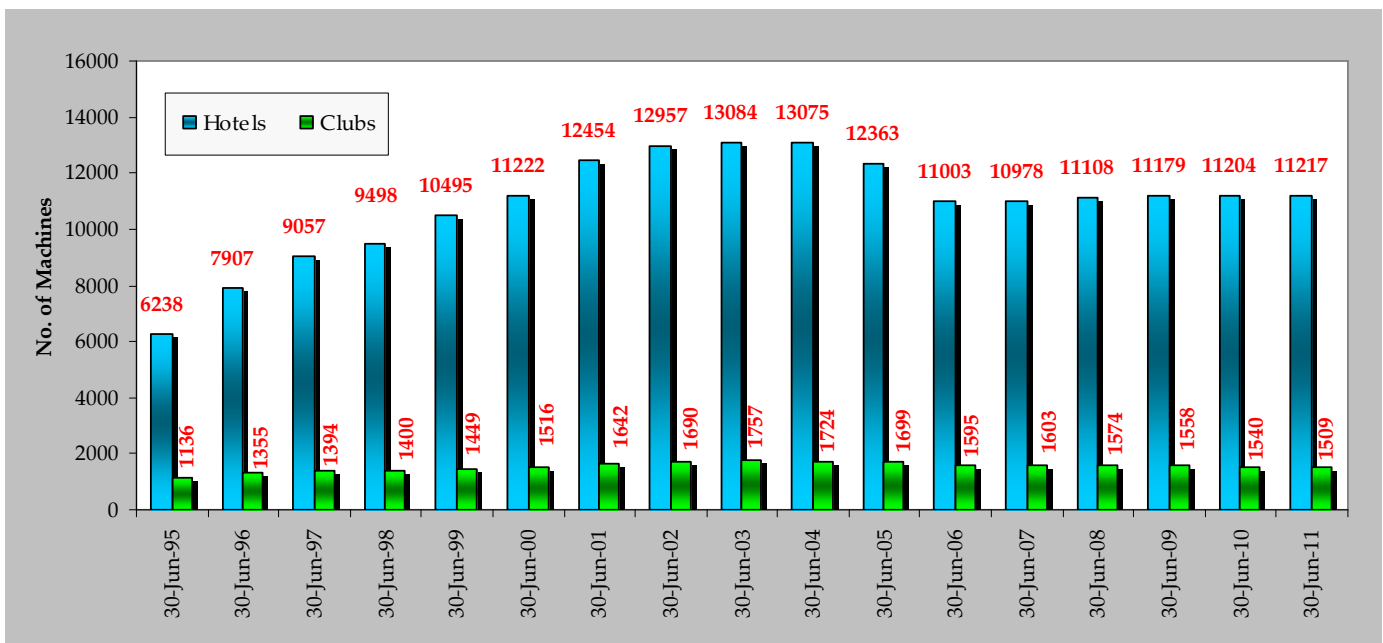




Table 15 *Manufacturer's share of the gaming machine market - 2007 to 2011*

	June 07	June 08	June 09	June 10	June 11
Aristocrat	7850	7502	7167	6511	5899
IGT	3037	3458	3777	4076	4287
Konami	1237	1347	1555	1757	1871
Ainsworth	298	281	296	348	433
Stargames	n/a	n/a	n/a	50	252
Pacific	111	76	59	45	41
AGT (VGS)	89	69	52	37	28
Olympic	43	27	22	18	13
Datacraft/VLC	35	17	12	8	8
Atronic	16	10	8	7	7
Total⁽¹⁾	12716	12787	12948	12857	12839

⁽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 live machines operating 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.

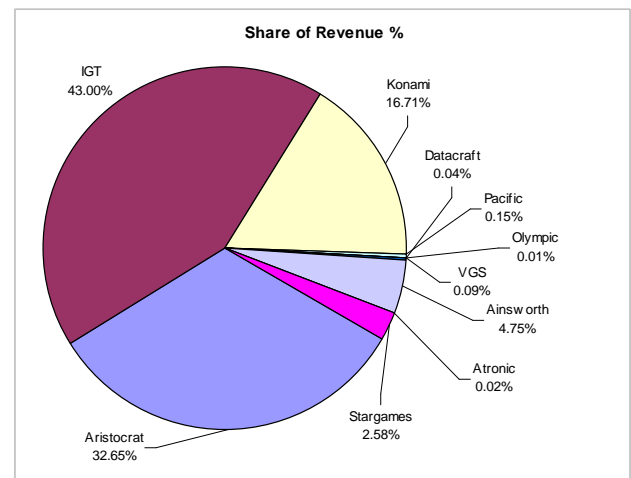
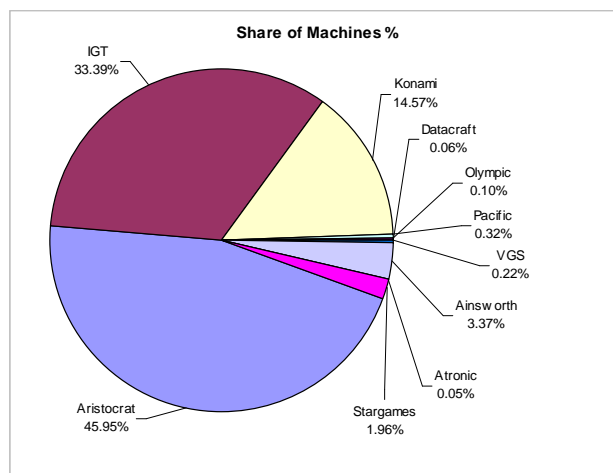




Chart 5 Impact of legislation and codes of practice on NGR

Prior to the commencement of this financial year, with the exception of 1996-97 the average NGR per machine per day increased on an annual basis from \$98 in 1994-95 to \$172 for 2006-07. While the decrease to \$164 for 2007-08 and \$162 for 2008-09 may in part have been attributed to the introduction of total smoking bans in November 2007, the decrease to \$157 for 2009-10 followed by an increase to \$160 this year would appear to be indicative of the fluctuating economic climate.

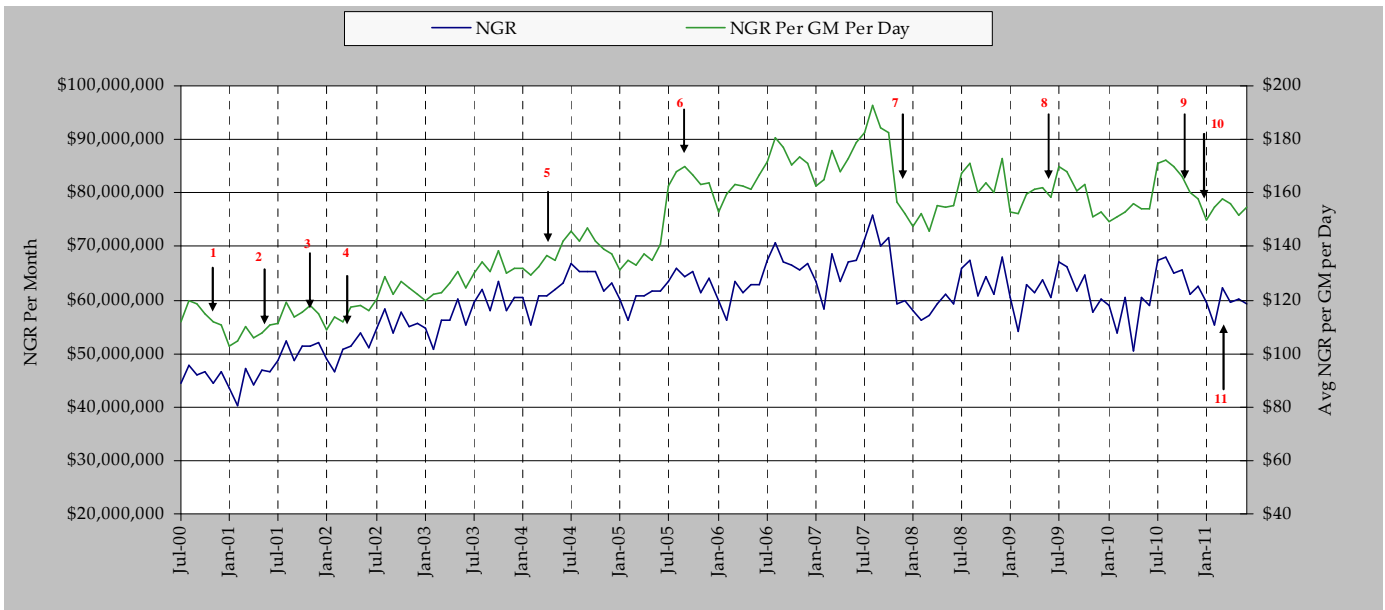




Table 16 *Chronology of Responsible Gambling Measures*

Event	Details
Event 1: 07/12/2000	Commencement of legislation preventing the granting of new gaming machine licences.
Event 2: 30/05/2001	<i>Statutes Amendment (Gambling Regulation) Act 2001</i> is passed.
Event 3: 01/10/2001	<p>First mandatory versions of the Responsible Gambling Code of Practice and the Advertising Code of Practice introduced. Key elements of the Codes were:</p> <ul style="list-style-type: none"> • clocks to be displayed in gaming areas • players to be prevented from playing while intoxicated • mandatory training requirements • 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>Licenses 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>Autoplay 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 2162 machines as a result of compulsory reduction.
Event 7: 01/11/2007	Introduction of complete indoor smoking bans.
Event 8: 01/12/2008	Responsible Gambling and Advertising Codes of Practice amended.
Event 9: 25/11/2010	<i>Gaming Machines (Miscellaneous) Amendment Act 2010</i> is passed.
Event 10: 01/01/2011	Tranche 1 amendments proclaimed relating primarily to an increase in maximum penalties, the ability to expiate for certain breaches of the Act and licence conditions and red tape reduction initiatives.
Event 11: 01/06/2011	<p>Tranche 2 amendments proclaimed primarily relating to the prescribing of principles and the codes of practice by the Independent Gambling Authority (IGA), 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>



14. Terminology

ACOP	Advertising Code of Practice
AHA	Australian Hotels Association (South Australian Branch)
AIA	Approved Intervention Agency
Bytecraft	Bytecraft Systems Pty Ltd - holder of a service licence
CBS	Consumer and Business Services
Club One	Club One (SA) Pty Ltd
Clubs SA	Licensed Clubs Association of South Australia
CMS	Club Management Services Pty Ltd
Cond	Condition
EFT	Electronic Funds Transfer
GME	Gaming Machine Entitlement
GST	Goods and Services Tax
IGA	Independent Gambling Authority
IGC	Independent Gaming Corporation Ltd - holder of the monitor licence
LGA	Local Government Area
NGR	Net Gambling Revenue
OLGC	Office of the Liquor and Gambling Commissioner
Regulations	<i>Gaming Machines Regulations 2005</i>
RGCOF	Responsible Gambling Code of Practice
RTP	Return to Player
SPB	State Procurement Board (formerly the State Supply Board) - holder of the supplier's licence
TAA	Temporary Allocation Agreement
The Act	<i>Gaming Machines Act 1992</i>
The Authority	Independent Gambling Authority
The Commissioner	Liquor and Gambling Commissioner



15. Appendix

Appendix A - Legislative Amendments

1 January 2011 Amendments

These amendments related 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.

Section	Details
	<i>Application of Act</i>
4(1)(a)	Allows the provisions of the Act to apply to gaming venues on Commonwealth land (i.e. Airports - Roulettes Tavern).
	<i>Conduct of proceedings</i>
7(3) and (4)	Allows the Commissioner to resolve contested applications through a process of conciliation.
	<i>Power of Commissioner to refer questions to Court</i>
8A	To reduce red tape for contentious cases, the Commissioner may refer matters to the Licensing Court.
	<i>Power to disclose information</i>
9(c)	The Commissioner may now disclose non-confidential information, where it is considered appropriate in the public interest.
	<i>Transferability of gaming machine entitlements</i>
27B(1)	A non-profit association (i.e. a Club or Community Hotel) will now be able to transfer entitlements to Club One or to another non-profit association either absolutely or for a limited period. Previous provisions were limited to absolute transfers only.
	<i>Disciplinary action against licensees</i>
36B(1)(e)	Maximum fine increased from \$15,000 to \$20,000.
	<i>Breach of licence conditions</i>
46	A gaming machine licence holder may for failing to comply with a licence condition be subject to a maximum penalty of \$10,000. Expiation Fee \$1,200
	<i>Requirement to wear an identification card</i>
50A	A gaming machine licence holder may for failing to wear the approved identification card be subject to a maximum penalty of \$2,500. Expiation Fee \$210. An approved gaming machine manager or gaming machine employee may for failing to wear the approved identification card be subject to a maximum penalty of \$1,250. Expiation Fee \$160.
	<i>Persons who may not operate gaming machines</i>
51(1)	An approved gaming machine manager or gaming machine employee may for operating a gaming machine on the licensed premises be subject to a maximum penalty of \$5,000. Expiation Fee \$315.
	<i>Persons who may not operate gaming machines</i>
51(2)	A person operating a gaming machine on the licensed premises within 28 days of ceasing to be the approved gaming machine manager or a gaming machine employee may be subject to a maximum penalty of \$5,000. Expiation Fee \$315.
	<i>Licence to be displayed</i>
54	A gaming machine licence holder may for failing to display a copy of the gaming machine licence in a prominent position at the entrance to the gaming area on the licensed premises be subject to a maximum penalty of \$10,000. Expiation Fee \$1,200.



Section	Details
	<i>Licensee must erect warning notices</i>
57(3)	A gaming machine licence holder may for failing to erect prescribed warning notices in a prominent position at the entrance to the gaming area on the licensed premises be subject to a maximum penalty of \$10,000. Expiation Fee \$1,200.
	<i>Powers in relation to minors in gaming areas</i>
58(5)	An authorised person may remove minors from the licensed premises or part of a licensed premise in accordance with procedures stated in the <i>Liquor Licensing Act 1997</i> .
	<i>Interference with machines, equipment or games</i>
62	Maximum penalty increased from \$20,000 to \$50,000
	<i>Interference devices</i>
63	Maximum penalty increased from \$20,000 to \$50,000
	<i>Sealing of gaming machines and equipment</i>
64	The mandatory requirement for a Government Inspector to seal each gaming machine at installation has been eliminated. Function transferred to an approved gaming machine technician.
	<i>Right of appeal</i>
69(6)(a)	A person who has lodged an objection to an application under the Act is now entitled to be a party to any proceedings relating to the application.
	<i>Powers of authorised officers</i>
71	Officers have been granted increased powers to require a person to produce documents at a specific place and time, inspect, retain and copy.
	<i>Financing of licensee's business</i>
76A	Gaming machine entitlements and gaming machines are now able to be used as collateral in finance arrangements by holders of gaming machine licences. While credit providers who acquire gaming entitlements or gaming machines as a result of a default of a financial arrangement will be able to possess or sell those assets, they are not authorised to operate gaming machines.
	<i>Bribery</i>
79	Maximum penalty increased from \$20,000 to \$50,000
	<i>Regulations</i>
87	Increases maximum penalty for a breach of the regulations from \$2,500 to \$10,000. Fixes maximum expiation fee for a breach of the regulations at \$1,200.

1 June 2011 Amendments

These amendments primarily relate to the prescribing of principles and the codes of practice by the Independent Gambling Authority (IGA), a strengthened Social Effect test and the introduction of expiation fees for breaches of mandatory code of practice provisions.

Section	Details
	<i>Powers to make interim or conditional decisions</i>
7A	Amended to allow decisions to be imposed in respect of a Social Effect and/or Proposed Premises Certificate.



Section	Details
10A	<p>Principles, codes of practice, etc</p> <p>Requires the IGA to prescribe the—</p> <ul style="list-style-type: none"> • social effect inquiry process; • principles for assessing the social effect of an application for a gaming machine licence; • principles for assessing whether a game is likely to lead to an exacerbation of problem gambling; • advertising code of practice; • responsible gambling code of practice; and • the form of a responsible gambling agreement <p>Essentially, this amendment enhances the role of the IGA as a “rule maker” in the administration of the Act, including the way that the codes of practice and other rules are made and reviewed.</p>
10B	<p>Recognition</p> <p>Requires the IGA to recognise a person with whom a licensee may enter into a responsible gambling agreement and a course of training as advanced problem gambling intervention training.</p> <p>A Minister may determine such an application on appeal of a decision made by the IGA.</p>
12	<p>Criminal intelligence</p> <p>For consistency with other applications under the Act, allows the Commissioner to refuse an application for a social effect certificate, without stating the reason, in light of police provided intelligence.</p>
15(4) & 15(5)	<p>Eligibility criteria</p> <p>Requires that a gaming machine licence will not be granted unless the applicant holds a social effect certificate for the site at the time of application.</p> <p>Evidentiary requirements for the grant of a licence have been amended to include that the proposed gaming area is enclosed as defined by the <i>Tobacco Products Regulation Act 1997</i> (i.e. no outdoor gaming machines), or that the applicant holds a proposed premises certificate for the premises in accordance with section 17A of the Act.</p>
17A	<p>Proposed premises certificate</p> <p>Allows the Commissioner to issue a proposed premises certificate approving plans for a gaming machine licence provided the applicant holds a social effect certificate for the site. Applicants will also be required to provide evidence of satisfying section 15(5) of the Act (requirements for grant of a gaming machine licence).</p>
17B	<p>Social effect certificate</p> <p>Requires the Commissioner to apply the social effect principles stipulated by the IGA to determine if the grant of a gaming machine licence would not be contrary to the public interest, having regard for the impact of the licence on the local community.</p> <p>The Commissioner will be required to maintain a register of certificates which is to be published on a website to which the public has access to at no cost.</p>
18	<p>Form of application</p> <p>Amended to include applications for a social effect certificate and a proposed premises certificate.</p>
23A	<p>Discretion</p> <p>Allows the Commissioner to treat an application for a gaming machine licence as an application for a proposed premises certificate.</p>



Section	Details
	<i>Variation of licence</i>
27AA	Allows the Commissioner to require that an application to vary a gaming machine licence must be preceded by a social effect inquiry if the application may significantly alter the likely social effect on the community.
	<i>Gaming machine entitlements</i>
27A	Requires the Commissioner to maintain a register of licensees holding entitlements, the number of entitlements held by each licensee and the premises to which the entitlement relate.
	<i>Transferability of gaming machine entitlements</i>
27B	Stamp duty has been abolished for the transfer of entitlements to Club One, or another non-profit association or following the sale through the trading system.
	<i>Certain applications require advertisement</i>
29	For consistency with other applications under the Act, requires the Commissioner to direct that applications for a proposed premises certificate, a social effect certificate and a licence variation (subject to a social effect inquiry) are to be advertised.
	<i>Surrender or revocation of social effect certificate</i>
32A	Allows the holder of a social effect certificate to surrender the certificate. Allows the Commissioner to revoke a social effect certificate subject to the holder of the certificate having 21 days to show cause why the certificate should not be revoked.
	<i>Cause for disciplinary action against a licensee</i>
36(1)(da)	Allows the Commissioner to initiate disciplinary action against a licensee who has contravened or failed to comply with the advertising or responsible gambling code of practice.
	<i>Approval of gaming machines and games</i>
40	Requires the Commissioner to apply the principles prescribed by the IGA (section 10A of the Act), when determining whether a game is likely to lead to an exacerbation of problem gambling.
	<i>Offence of breach of mandatory provisions</i>
47	Specifies penalties and expiation fees for a breach of a mandatory provision of the responsible gambling code of practice. Maximum penalties and expiation fees range from \$1,250 to \$10,000 and \$160 to \$1,200 respectively.
	<i>Review and alteration of codes of practice</i>
74A & 74B	Deleted and replaced by section 10A of the Act
	<i>Guidelines</i>
86A	Deleted and replaced by section 10A of the Act
	<i>Transitional provisions</i>
Transitional	Applications for a gaming machine licence lodged with the Commissioner before 1 June 2011 will not be subject to the requirement for the applicant to hold a social effect certificate and are to be determined as if section 15(5) had not been deleted (i.e. assessed under the existing provisions)



Appendix B - Expiation fees applicable from 1 January 2001

A summary of expiation fees in respect to amendments to the Act from 1 January 2011.

Section	Details	Expiation Fee	Maximum Penalty
46	<i>Breach of licence conditions</i> A gaming machine licensee contravenes or fails to comply with a condition of the licence.	\$1,200	\$10,000
50A	<i>Requirement to wear an identification card</i> An approved gaming machine manager or gaming machine employee does not, while carrying out their duties on the licensed wear the approved identification card.	Licensee— \$210 Other Approved Persons— \$160	Licensee— \$2,500 Other Approved Persons— \$1,250
51(1)	<i>Persons who may not operate gaming machines</i> An approved gaming machine manager or gaming machine employee operates a gaming machine on the licensed premises.	\$315	\$5,000
51(2)	<i>Persons who may not operate gaming machines</i> A person operating a gaming machine on the licensed premises within 28 days of ceasing to be the approved gaming machine manager or a gaming machine employee.	\$1,200	\$10,000
54	<i>Licence to be displayed</i> Failure by a gaming machine licence holder to display a copy of the gaming machine licence in a prominent position at the entrance to the gaming area on the licensed premises.	\$1,200	\$10,000
57(3)	<i>Licensee must erect warning notices</i> Failure by a gaming machine licence holder to erect prescribed warning notices in a prominent position at the entrance to the gaming area on the licensed premises.	\$1,200	\$10,000



Appendix C - Expiation fees and penalties applicable from 1 June 2011

From 1 June 2011, section 47 of the Act specifies the maximum penalties and amount of expiation fees in respect to a gaming machine licence holder who contravenes or fails to comply with a mandatory provision of the advertising code of practice or the responsible gambling code of practice. as follows—

Maximum Penalty:

- for a category A offence— \$10,000;
- for a category B offence— \$5,000;
- for a category C offence— \$2,000;
- for a category D offence— \$1,250.

Expiation Fees:

- for a category A expiable offence— \$1,200;
- for a category B expiable offence— \$315;
- for a category C expiable offence— \$210;
- for a category D expiable offence— \$160.

A summary of expiable offences are as follows—

Advertising Code of Practice

Clause	Offence	Expiation Fee		Maximum Penalty	
		Cat	\$	Cat	\$
2	Advertising not undertaken in a responsible manner and does not mislead or deceive	A	\$1,200	A	\$10,000
3(1)	Advertising not in accordance with State and Commonwealth Laws	A	\$1,200	A	\$10,000
3(1A)(a)	Advertising does not include the expanded warning message where practicable or the condensed warning message	B	\$315	B	\$5,000
3(1A)(b)	Advertising uses condensed warning message when expanded message should have been used or when the wrong expanded warning message is used.	D	\$160	D	\$1,250
3(1B)	Advertising of gambling products on the exterior of premises or in the immediate environs (RGA Venues Exempt)	A	\$1,200	A	\$10,000
3(1C)	Advertising of gambling products within the premises except within gambling areas (RGA Venues Exempt)	B	\$315	B	\$5,000
3(2)(a)	Advertising is directed at minors	B	\$315	B	\$5,000
3(2)(b)	Advertising portrays minors participating in gambling activities	D	\$160	D	\$1,250
3(2)(c)	Advertising directed at vulnerable or disadvantaged groups	B	\$315	B	\$5,000
3(2)(d)	Advertising promotes gambling as a means of funding household purchases or costs of living	D	\$160	D	\$1,250
3(2)(e)	Advertising promotes gambling as a means of enhancing social standing or employment, social or sexual prospects	D	\$160	D	\$1,250
3(2)(g)	Advertising makes claims that prizes can be won that are not factual, unproven or exaggerated	C	\$210	C	\$2,500



Clause	Offence	Expiation Fee		Maximum Penalty	
		Cat	\$	Cat	\$
3(2)(h)	Advertising implies that a players skill can influence the outcome	C	\$210	C	\$2,500
3(2)(i)	Advertising associates gambling with excessive alcohol consumption	B	\$315	B	\$5,000
3(2)(j)	Advertising exaggerates the connection between gambling activities and a providers profits	D	\$160	D	\$1,250
3(2)(k)	Advertising refers to factors that may induce a person to engage in gambling (RGA Venues Exempt)	D	\$160	D	\$1,250
3(3)	Advertising on radio or television includes sounds associated with the playing of gaming machines	C	\$210	C	\$2,500
4	Advertising on radio or television occurs within prohibited period	B	\$315	B	\$5,000
5	Advertising does not inform of prize probability and frequency	C	\$210	C	\$2,500

Responsible Gambling Code of Practice

Clause	Offence	Expiation Fee		Maximum Penalty	
		Cat	\$	Cat	\$
2(a)(i)	Code of Practice signage not displayed	D	\$160	D	\$1,250
2(a)(ii)	Copy of code not available in the gambling area, on request	D	\$160	D	\$1,250
2(b)	Responsible Gambling document not kept or maintained	B	\$315	B	\$5,000
3	Business not conducted in accordance with all applicable laws and legal requirements	A	\$1,200	A	\$10,000
4(1)(a)	Condensed warning message sticker not displayed on gaming machines	D	\$160	D	\$1,250
4(1)(b)	Condensed warning message not displayed on gaming machine screen (if available)	D	\$160	D	\$1,250
4(2)	Time of day not displayed	D	\$160	D	\$1,250
4(3)	Person allowed to play multiple gaming machines	D	\$160	D	\$1,250
4A	Gaming area visible from within other parts of the premises or from outside. Sounds from gaming area are audible within other parts of the premises or from outside. (RGA Venues Exempt)	A	\$1,200	A	\$10,000
5(1)(a)(i)	Expanded warning message not included in responsible gambling materials	C	\$210	C	\$2,500
5(1)(a)(i)	Incorrect expanded warning message included in responsible gambling materials	D	\$160	D	\$1,250
5(1)(a)(ii)	Condensed warning message used when expanded message should have been used	D	\$160	D	\$1,250



Clause	Offence	Expiation Fee		Maximum Penalty	
		Cat	\$	Cat	\$
5(1)(b)	Responsible gambling material not available in specified languages	D	\$160	D	\$1,250
5(2)(a)	Condensed warning message sticker not affixed to or near each ATM	D	\$160	D	\$1,250
5(2)(b)	Helpline cards not available at or near each gaming machine and on or near each ATM	D	\$160	D	\$1,250
5(3)	Patron not referred to a gambling referral service	B	\$315	B	\$5,000
5(3A)	Gambling rehabilitation agency not identifiable to patrons or staff are not able to direct patrons to such an agency.	B	\$315	B	\$5,000
5(4)	Responsible gambling materials not filed with the IGA and published on its own website if it has one	D	\$160	D	\$1,250
5(5)	Responsible gambling policy not reinforced in appropriate customer newsletters	D	\$160	D	\$1,250
5A(1)	Coin availability is not restricted to a cashier or monitored automatic coin dispensing machines (RGA Venues Exempt)	A	\$1,200	A	\$10,000
5A(2)	Patron activity at automatic coin dispensing machines is not monitored (RGA Venues Exempt)	B	\$315	B	\$5,000
6(1)(a)	A persons who appears to be intoxicated or impaired allowed to gamble	B	\$315	B	\$5,000
6(1)(b)	A persons who appears to be intoxicated or impaired allowed to enter or remain in a gambling area	D	\$160	D	\$1,250
6(1)(c)	Liquor is supplied to reward, promote or encourage continued gambling	D	\$160	D	\$1,250
6(2)	Liquor served to a person while seated at or standing at a gaming machine	D	\$160	D	\$1,250
6A(1)(a)	Inducement directed at encouraging patrons to gamble	B	\$315	B	\$5,000
6A(1)(b)	Offers participation in a loyalty program not acceptable to the IGA (RGA Venues Exempt)	D	\$160	D	\$1,250
7	No procedure for addressing unattended children (age 10 or less) on the premises or in a motor vehicle parked in a car park for which the gambling provider controls	B	\$315	B	\$5,000
8(1)	Cheques cashed in a gambling area	B	\$315	B	\$5,000
8(2)	Gambling provider does not provide a cheque for winnings when requested within 30 minutes of request	D	\$160	D	\$1,250
8A(1)	Reporting process for suspected problem gamblers not maintained	A	\$1,200	A	\$10,000
8A(2)(a)	Register not reviewed by a gaming manager at least fortnightly	D	\$160	D	\$1,250
8A(2)(b)	Intervention against suspected problem gamblers not documented	D	\$160	D	\$1,250



Clause	Offence	Expiation Fee		Maximum Penalty	
		Cat	\$	Cat	\$
9(1)	Gambling provider does not facilitate the indefinite voluntary exclusion of persons from gambling areas	A	\$1,200	A	\$10,000
9(2)	Approach by customer for self exclusion is not responded to	D	\$160	D	\$1,250
9(3)(a)	Translation service not made available during application process	D	\$160	D	\$1,250
9(3)(b)	No provision for immediate referral to a counselling agency	D	\$160	D	\$1,250
9(3)(c)	No provision for review of self exclusion notices before being revoked	D	\$160	D	\$1,250
9(3)(d)	Self-excluded person not removed from loyalty mailing databases	B	\$315	B	\$5,000
9(4)	Self-excluded persons allowed to enter or remain in gambling areas from which they have been excluded	D	\$160	D	\$1,250
10(1)	Approved gaming managers and employees have not conducted problem gambling training and have not maintained competency	D	\$160	D	\$1,250
10(5)(a)	Staff training programs have not been audited	D	\$160	D	\$1,250
10(5)(b)	Outcome of audit not provided to IGA within 28 days after completion	D	\$160	D	\$1,250
10(6)	Staff with a potential or actual gambling problem are not identified and referred for treatment	A	\$1,200	A	\$10,000



Appendix D - Amendments to the Act to be proclaimed on 1 July 2011

A summary of amendments to the Act to be proclaimed on 1 July 2011.

Section	Details
	Licence classes
14	Deletion of references to the State Procurement Board and gaming machine suppliers licence. Transactions will occur directly between licensees and holders of a gaming machine dealer's licence. The Commissioner will assume some administrative functions previously conducted by the Board.
26	State Procurement Board to hold suppliers licence Deleted due to abolition of the Board.
	Conditions
27(7)(b)(ii)	If a licensee has entered into a Responsible Gambling Agreement (RGA) and provided a copy to the Commissioner, gaming operations cannot be conducted on the premises for a 6 hour period (which may be a continuous period, two separate three hour periods or three separate periods of two hours). Licensees who have not entered into a RGA, or who has not provided the Commissioner with a copy, will not be able to conduct gaming operations: <ul style="list-style-type: none"> • before 10.00am on Monday to Friday; and • between 2.00am and 10.00am on Saturday and Sunday.
27B(2)	Transferability of gaming machine entitlements Requires that the approved trading system is a system established by the regulations (Refer Gaming Machines (Approved Trading System) Variation Regulations 2011).
39	Approval of form of supply contract In place of the Board, the Commissioner must approve the form of contract between a holder of a gaming machine dealers licence (i.e. manufacturers and second hand dealers) and the holders of a gaming machine licence or a gaming machine service licence (i.e. service agents).
44A	Prohibition of links between dealers and other licensees Prohibits links between a dealer and other licensees under which one party is remunerated or receives proceeds from the business of the other.
47A	Offence of selling or supplying gaming machines, components or equipment without approved contract or with inducement Imposes a maximum penalty of \$35,000 where a dealer is found to have sold or supplied gaming machines etc, using a form of contract not approved by the Commissioner. A dealer must not provide or offer any form of inducement, other than the provision of a discount as specified in the form of contract.
	Annual reports
74(3)	Requires that the Commissioner must include in the annual report for the purposes of the Act: <ul style="list-style-type: none"> • the number of expiation notices issued; • the number of prosecutions commenced; • the number of persons barred by order under section 59 (i.e. power of a licensee to bar a person) and the number of orders made against such persons.



Appendix E - Club One GME allocation

Section 14(1)(ab) of the Act allows a 'special club licence' to be granted authorising 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.

As at 30 June 2011, the holder of the special club licence, Club One had allocated a total of 187 gaming entitlements to such premises.

Hotel Group	Participating Premises	Number of Entitlements Allocated
Club Management Services (CMS)	Avenues Hotel	5
	Belair Hotel	7
	Feathers Hotel	5
	Highway Inn	6
	Lakes Resort	7
	Mick O'Shea Irish Pub	7
	Mile End Hotel	7
	Morphett Arms Hotel	7
	Stirling Hotel	3
	The Oxford Hotel	15
	Warradale Hotel	6
	TOTAL	75
Jones Group	Bridgeway Hotel	3
	Colonnades Tavern	5
	Cove Tavern	3
	Midway Tavern	7
	Settlers Tavern	5
	Tea Tree Gully Hotel	3
	Woodcroft Tavern	5
		TOTAL
Australian Leisure and Hospitality Group (ALH)	Elizabeth Tavern	3
	Findon Hotel	3
	Playford Tavern	3
	Slug 'N' Lettuce Tavern	3
	Stockade Tavern	3
	Village Tavern	3
		TOTAL
Coles Group	Brighton Metro Hotel	5
	Grand Junction Tavern	2
	Hampstead Hotel	2
	Hope Inn Hotel	4
	Payneham Tavern	2
		TOTAL



Hotel Group	Participating Premises	Number of Entitlements Allocated
Eureka Group	Regency Tavern	4
	Richies Tavern	4
	Tavern 540	4
	TOTAL	12
Reserve Group	Flagstaff Hotel	7
	Reepham Hotel	5
	TOTAL	12
King Group	Highlander Hotel	4
	Modbury Plaza Hotel	4
	TOTAL	8
Plush Group	Barossa Brauhaus	1
	Old Spot Hotel	3
	Smithfield Hotel Motel	4
	TOTAL	8
Jillcar Pty Ltd	Semaphore Hotel	4
	TOTAL	4
Chinbya Pty Ltd	Aldinga Hotel	4
	TOTAL	4
TOTAL NUMBER OF ENTITLEMENTS ALLOCATED TO HOTELS BY CLUB ONE		187



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