

HOUSE OF ASSEMBLY
LAID ON THE TABLE

14 Feb 2017



Independent Gambling Authority

Annual Report 2015–16

Volume 1

General and financial

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30 September 2016

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Minister for Consumer and Business Services
11th Floor, 45 Pirie Street
ADELAIDE SA 5000

Hon. Leon Bignell MP
Minister for Racing
12th Floor, Terrace Towers
178 North Terrace
ADELAIDE SA 5000

Dear Ministers

It is with pleasure that I submit the annual report of the Independent Gambling Authority for the period 1 July 2015–30 June 2016 in satisfaction of the annual reporting requirements of section 19 of the *Independent Gambling Authority Act 1995* and—

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

Yours sincerely
ALAN MOSS
Presiding Member

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The year in review The year in prospect

Presiding member's report

The Authority's activities in 2015–2016 have involved both new initiatives and the consolidation and refinement of earlier work. The commercial gambling environment is continuously changing with new technology and a host of new products coming onto the market. This makes the job of a gambling regulator, like the Authority, quite challenging and requires the regulator to be innovative and nimble to achieve its objectives. These objectives include ensuring a high standard of probity and legal compliance by gambling providers and at the same time providing an appropriate level of protection for vulnerable gamblers.

Occasionally the Authority's activities can lead to some tension with the gambling industry. The Board of the Authority is well aware that the gambling providers are running lawful and highly competitive businesses and hence always tries to seek a balance between proper regulation and unnecessary 'red tape'.

Three areas have been of particular concern, or interest, to the Authority in the past year, they are:

- The rise in online gambling products offered by interstate operators and illegal offshore operators;
- A large increase in online sportsbetting, including betting during events and the plethora of gambling advertising being shown on television; and
- Parliament has passed legislation requiring electronic gaming machine (EGMs) operators to install automated risk monitoring (ARMS) by 2018. This technology is designed to identify persons with problematic patterns of gambling. In anticipation of ARMS this Authority has required operators which run computer based loyalty programs to undertake a simple form of predictive monitoring by regularly examining their data to identify spikes in play. The industry has struggled with this.

ONLINE GAMBLING AND ILLEGAL OFFSHORE OPERATORS

In September 2015, the Federal Government announced a review of the illegal offshore wagering market, to be conducted by the Hon Barry O'Farrell.

As part of this review the Hon O'Farrell attended the National Gambling Board and Commission Member's meeting in Adelaide to seek the views of the regulators. The Hon O'Farrell delivered his report in

December 2015, and as a result the Federal Government has set up working groups to consider a variety of matters, many of which the Authority was already addressing.

The Federal Government is looking to develop a consumer protection framework, providing the Australian Communications and Media Authority with extra powers to take action against illegal offshore operators and the government will use various methods to disrupt these illegal operations. The Federal Government has made it clear that it has no intention to expand the online betting market. These outcomes align with the work that the Authority has been undertaking in relation to online gambling providers, who must comply with the codes of practice that the Authority has put in place for South Australia.

SPORTSBETTING

Anyone watching sporting events on free-to-air television on the weekends cannot have failed to notice the large quantity of gambling advertising during these programs. Although the Authority has received no formal complaints. The Authority is aware, anecdotally, that some members of the community are unhappy about this. The Authority is mindful of the fact that gambling providers are advertising a lawful product in a competitive market in which some higher intensity of advertising can be expected. It also realises that television stations rely on advertising to bring these programs free to the public in the first place. Accordingly the Authority has not moved to restrict such advertising (although it has already banned the broadcasting of live betting odds during such programs); rather it has beefed up the warning message requirements to include—

- Use of the national gambling helpline number;
- That the warning message must occupy 25% of the screen area for one-sixth of the length of the advertisement;
- Or the warning message must occupy the whole screen for a least one tenth of the length of the advertisement; and
- The message must also be spoken in a neutral tone as it appears on the screen.

Gambling providers wishing to avoid this disruption of their advertisement may submit a management plan which provides for 'counter-advertisements', within the same broadcast segment. These 'counter-advertisements' must be unbranded (apart from the final screen), provide the gambling helpline details and be refreshed every six months. The Authority has released a guidance document to assist gambling

operators with meeting their obligations. A number of gambling operators have adopted this option.

The Authority will continue to closely monitor this area and the industry has been advised that the Authority will be monitoring compliance.

PREDICTIVE MONITORING

As already mentioned, the Authority has required gambling operators offering a loyalty program to have a form of predictive monitoring in place by 1 October 2016. This is intended to be a precursor to the legislated requirement for automated risk monitoring to take effect in 2018.

This requirement only affects operators which run computer based loyalty schemes. In order to function, those schemes collect data on customer play. Predictive monitoring requires a periodic ‘washing’ of that data to identify spikes in play which might require a gambling operator to approach the customer to inquire if they are in difficulty.

The Authority sees this requirement as effective, simple and inexpensive. The industry does not agree, arguing that the requirement is burdensome and unnecessary.

The Authority conducted a public hearing into this issue in November 2015 at which all parties had an opportunity to express their points of view. After the hearing the Authority decided to maintain the requirement.

At the time of writing it appears unlikely that the industry will be compliant with the required date. I have been in personal discussions with industry leaders to try to resolve this problem.

OTHER MATTERS

The computerised online barring system (BOEN) has been installed and is operating in venues, however, it is not functioning as well as it should. This is due to both systematic problems and user practises. I am confident these problems will be resolved and the Authority is working with the hotels and clubs to have BOEN functioning satisfactorily.

The Authority’s current relationship with the casino is good. The casino is a big operation catering for a large number of customers all day, every day. Inevitably the casino will occasionally find itself in breach of a legal requirement. This most commonly involves minors getting onto the premises. The casino always self-reports these breaches, if they become known and is cooperative with the Authority in dealing with them.

During the reporting period the Authority received a number of applications from the casino to qualify local customers as premium players by reference to privileges held in interstate casinos. These applications were approved (with the exception of Perth Casino red card holders), and the Authority will keep an eye on the number of local persons qualified as premium players on this basis. The Authority has tried to be flexible in its approach to assessing these applications against standards in other Australian casinos, but it must always be remembered that the premium lounge area was designed for wealthy interstate, or overseas, gamblers deemed not to need all the regulatory protections accorded to local players on the main floor.

After discussions with the key regulators (Austrac, ACC, SAPOL and CBS) the Authority issued a direction to the casino in relation to group commission/junkets conducted at the casino, requiring the casino to provide certain information to SAPOL and CBS before the commencement of the junket.

Ubet applied to the Authority for approval to install self-service betting terminals in all premises where it provides betting services. This was approved.

The National Association of Gambling Studies (NAGS) held its annual national conference in Adelaide in November 2015. This was well attended and the quality of presentations was high, the Authority was active in supporting this highly successful event.

During the reporting period the Authority became concerned about the finances and solvency of the SA Harness Racing Club (SAHRC). The Authority spoke with representatives of SAHRC who presented a plan for future financial security. The Authority will continue to monitor the situation.

Financial Counselling Australia commissioned a report into various matters relating to commercial gambling “Duds, Mugs and the A-List: The Impact of Uncontrolled Sportsbetting”. This report provided a number of recommendations for regulators and the Federal Government. Of particular interest to the Authority were the recommendations in relation to account and credit betting. The Authority amended its codes of practice to reflect the recommendations in the report.

In conclusion it has been a busy year. On behalf of the Board I thank the Director and all of the small staff of the Authority for their hard work in a complex and demanding regulatory area.

ALAN MOSS
Presiding Member

How the Authority approaches its work

The Authority in the regulatory landscape

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

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

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

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

compliance and licensing workforce, and associated resources.

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

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

Managing gambling and helping the gambler

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

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

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

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

Rule-making and enforcement

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

This requires the Authority to understand what is hap-

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

How regulatory discretions are applied

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

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

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

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

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

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

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

Codes of practice

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

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

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

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

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

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

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

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

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

Regulating for responsible gambling

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

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

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

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

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

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

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

Responsible advertising

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

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

The advertising codes set out specific wordings for

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

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

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

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

Flexible outcomes

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

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

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

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

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

Guiding and influencing

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

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

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

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

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

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

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

Barring and problem gambling family protection

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

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

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

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

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

Research framework

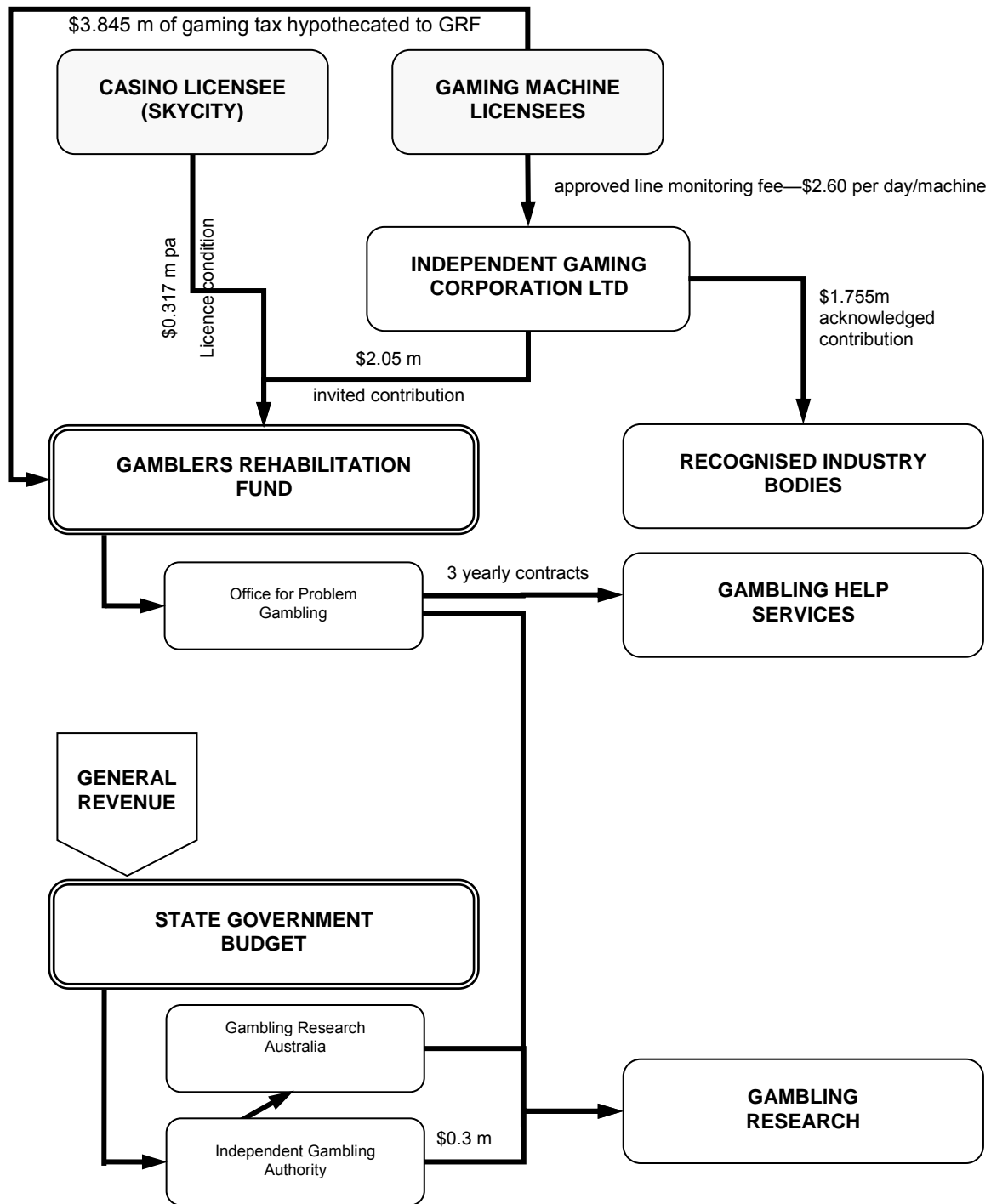
The Authority generally commissions, or provides grants for, research projects that will inform its statutory functions. This is about informing the Authority’s regulatory functions, developing strategies for reducing harm, identifying social and economic costs and benefits and understanding new gambling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

This work is structured around five research priority areas—

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

Funding for responsible gambling and harm minimisation

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



Operations

The Authority

Membership

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

Alan Peter Moss, LL B

presiding member since 1 October 2007—appointed to 3 October 2017

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

Penelope Frances Kaempf, BA, LL B

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

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

Eve Lyn Barratt, B SocSc, MAIPC

member since 11 April 2013—appointed to 30 June 2017

Eve Barratt is the chief executive of Lifeline South East.

Amanda Dianne Blair

member since 28 August 2010—appointed to 4 September 2016

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

Adrian Gary Tisato, BA, LL B, GDLP

member since 1 October 2010—appointed to 30 September 2016

Adrian Tisato is a practising lawyer in Adelaide.

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

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

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

Joseph John Ullianich BEc CPA

member since 9 July 2015 to 8 October 2017

Joe Ullianich, retired chief financial officer of the Department for Communities and Social Inclusion.

Committees

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

Regulation Committee

Convener: Ms Kaempf

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

Responsible Gambling Committee

Convener: Ms Wallace

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

Audit Committee

Convener: Mr Ullianich

Committee members: Ms Kaempf and Mr Tisato

Meetings

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

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

When arranging its meeting calendar, the Authority schedules additional time for members to meet. The purpose of these special fixtures is to informally discuss matters at length or to attend to other functions of the Authority.

In the cases of the Regulation Committee and the Responsible Gambling Committee, all members of the Authority are committee members and are entitled to participate. Those members designated as key participants promise to attend on a regular basis. The Authority's Director has been appointed to these committees (as provided for in legislation).

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

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

| <i>Member</i> | <i>Attended</i> | <i>Eligible to attend</i> |
|------------------|-----------------|---------------------------|
| Alan Moss | 10 | 10 |
| Penny Kaempf | 9 | 10 |
| Eve Barratt | 9 | 10 |
| Amanda Blair | 8 | 10 |
| Adrian Tisato | 9 | 10 |
| Margaret Wallace | 9 | 10 |
| Joe Ullianich | 9 | 10 |

Members' remuneration

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

Statutory references

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

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

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

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

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

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

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

This function is consistent with provisions of other legislation under which commercial gambling opera-

The allowances applying as at the reporting date are—

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

tions and related activities are authorised or permitted, which make the Commissioner responsible to the Authority for the constant scrutiny of the licensed businesses. With one exception, those gambling laws are also committed to the Minister for Consumer and Business Services.

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

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

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

In addition, the Authority exercises functions to receive and determine complaints under the *Problem Gambling Family Protection Orders Act 2004*, under which family members can act to intervene for the protection of their needs and welfare from problem gambling.

Key stakeholder relationships

Core regulatory relationship—Liquor and Gambling Commissioner

ENGAGEMENT WITH CONSUMER AND BUSINESS SERVICES

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

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

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

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

ANNUAL REPORT OF THE LIQUOR AND GAMBLING COMMISSIONER

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

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

- The Authority notes the Commissioner’s comments in relation to functions delegated to it by the Authority. Currently the Authority had delegated to the Commissioner the authorising of interstate betting operators, the approval under the codes of trade promotion lotteries and the approval of close associates of racing clubs and racing controlling bodies.
- The Authority notes the comments by the Commissioner regarding the matters that have been referred to it as the disciplinary body. The Authority acknowledges the reports from the Commissioner and is handling these matters under its powers.

Policy—Department of Treasury and Finance

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

Office for Problem Gambling

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

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

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

Office for Recreation and Sport

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

South Australia Police

The Authority engages with the Licensing Enforcement Branch of the South Australia Police in relation to a variety of matters. Staff of the Authority maintain relationships with South Australia Police to facilitate information exchanges, assistance with queries, welfare barrings and to conduct clearances as part of suitability checks for individuals from gambling operators.

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

Further, with the introduction of the central welfare barring system and the increased awareness of gambling issues through intervention orders, there has

been an increasing level of engagement between the two agencies in relation to gambling matters.

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

Counterpart agencies and law enforcement agencies

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

The Authority has continued to provide secretariat support to the forum of Australia and New Zealand board and commission members. The board and commission members have two meetings a year: a meeting programmed into the annual conference and a mid-year meeting held on a standalone basis in Adelaide.

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

Conferences

Three delegates (Members Eve Barratt, Margaret Wallace and Joe Ullianich) attended the annual conference of International Association of Gaming Advisors which was held in Malta USA in the week of 31 May–2 June 2016.

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

The National Association for Gambling Studies conference was held in Adelaide in 2015 at the Stamford Plaza Hotel on 25–27 November 2015. As the conference was held in South Australia all Authority members attended parts of the conference along with professional staff of the office of the Authority. Prominent discussion topics included vulnerable groups and problem gambling, access to

gambling products, youth gambling, and comorbidities associated with gambling problems.

There was no staff overseas travel during the reporting period.

Administration

Staff

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

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

The key staff statistics, as at 30 June 2016 for the reporting period, are—

- there were 8 staff regularly employed in the office—one executive officer (male), 4 non-executive full-time staff (4 female), 1 non-executive part-time staff (female) and 3 casual staff (2 female and 1 male);
- none of the staff has identified as of Aboriginal or Torres Strait Islander background;
- of the full-time staff, 3 were on-going employees, 2 were on a short term contract (less than 2 years);
- as to staff age, 1 person in the bracket 40–44 years, 2 persons were in the bracket 45–49, and 2 person was in the bracket 55–59 years;
- three staff were paid in the \$57 600–\$73 299 salary range, two in the \$93 800–\$118 399 salary range, and one in the \$118 400+ salary range.

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

The following disclosures are made in respect of particular forms of leave taken during the reporting period (averaged by reference to each unit of equivalent effective full time staffing)—

- sick leave—14.53 days;
- family carer leave—1.5 days; and
- miscellaneous special leave—3.33 days.

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

Corporate and financial services

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

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

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

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

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

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

| <i>Particulars</i> | <i>Number paid</i> | <i>%</i> | <i>Amount paid</i> | <i>%</i> |
|---------------------------------|--------------------|----------|--------------------|----------|
| Paid within 30 calendar days | 298 | 89 | 337,125.44 | 89 |
| Paid within 60 calendar days | 23 | 7 | 41,984.61 | 11 |
| Paid more than 60 calendar days | 11 | 4 | 666.16 | 0 |
| Total | 332 | | 379,776.21 | |

Note: Payment calculations are as per clause 11.8 of Treasurer's Instruction 11: Payment of Creditors' Accounts. Generally, unless there is a discount or a written agreement between the public authority and the creditor, payment should be within thirty days of the date the invoice or claim was first received.

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

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

The Attorney-General's Department provides back-office support to the Authority under service level agreements for the provision of information and

Regulated entities

Casino

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

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

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

While the Liquor and Gambling Commissioner supervises the suitability of staff at the casino, the licensee's more senior close associates are supervised by the Authority as designated persons. For the reporting period there were two approvals for designated persons.

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

The Authority's primary ongoing role in this relates to the principles and methodology for the assessment of South Australian residents as premium customers, but also extends to other areas of regulation which affect premium gaming operations. During the reporting

communications technology, human resources, financial transactions and annual reporting, leasing and premises maintenance. Some of these services are actually provided by Shared Services SA.

period the Authority assessed 3484 premium customer applications (1181 last year) against the principles and methodology to determine if any applicants were subject to current barrings.

Gaming machines

HOTEL AND CLUB GAMING MACHINE LICENSEES

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

The Liquor and Gambling Commissioner is the licensing and disciplinary authority for these licensees, whose operations are governed by the mandatory advertising and responsible gambling codes of practice prescribed by the Authority in the Gambling Codes of Practice Notice 2013.

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

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

RECOGNISED INDUSTRY BODIES

The Gaming Machines Act provides for the Authority to recognise industry bodies to perform the functions of an approved intervention agency in licensed gaming premises. Two such bodies have achieved recog-

dition from the Authority and obtained funding from Independent Gaming Corporation Limited: Club Safe, which supports the licensed clubs with gaming and Gaming Care which focuses on hotels.

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

They also provide helpful input into the processes of regulation.

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

OTHER LICENSEES

An important feature of the gaming regulatory regime is the requirement that each gaming machine be connected to a monitoring system. In South Australia, there is one gaming machine monitoring licence, and it is held by an industry owned, independently gov-

Wagering

MAJOR BETTING OPERATIONS LICENCE

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

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

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

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

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

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

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

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

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

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

During the 2015–16 financial year, 5 additional Ubet SA outlets were approved—at Tanunda Hotel, Rising Sun Hotel (Pt Wakefield), Loxton Club, St Kilda Beach Hotel and Mansions Tavern.

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

LICENSED BOOKMAKERS

A bookmaker's licence authorises fixed-odds betting, subject to the grant of a permit, on racecourses during race meetings and at certain other places where

bookmakers have traditionally operated. Telephone and online betting may also be allowed. These licences can only be held by individuals (that is, not by corporations other than companies whose members all hold individuals' licences) and are granted by the Liquor and Gambling Commissioner. The Authority is the disciplinary authority for bookmakers.

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

LICENSED RACING CLUBS

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

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

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

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

A specific issue of concern to the Authority was the revelation of the practice in Queensland greyhound racing of live baiting—where dogs' training includes chasing and catching living targets. Tolerance of such practices is a clear red flag for probity. At the same time as the Government was addressing this issue legislatively, the Authority sought assurances from Greyhound Racing SA that the practice was not tolerated or prevalent in this State. The Authority continues to maintain close relationships with Greyhound Racing SA and is kept abreast of the actions undertaken to ensure that probity is of the highest standard.

The *Authorised Betting Operations Act 2000* provides for licence conditions to be imposed by the Authority. The licence conditions deal, among other things, with

the suitability of close associates of licensed racing controlling authorities and of large clubs which have not ceded operational responsibility to a racing controlling authority.

For the 2015–16 financial year there were seven approvals for close associates of racing controlling bodies or racing clubs.

At the reporting date, there were 44 on-course totalisator betting licences, held as follows:

Thoroughbred Racing SA Limited [*racing controlling authority*]

Balaklava Racing Club Inc
Bordertown Racing Club Inc
Ceduna Racing Club Inc
Clare Valley Racing Club Inc
Gawler and Barossa Jockey Club Inc
Hawker Racing Club Inc
Jamestown Racing Club Inc
Kangaroo Island Racing Club Inc
Lock Racing Club Inc
Millicent Racing Club Inc
Mindarie-Halidon Racing Club Inc
Mount Gambier Racing Club Inc
The Murray Bridge Racing Club Inc
Naracoorte Racing Club Inc
Oakbank Racing Club Inc
Penola Racing Club Inc
Penong Racing Club Inc
Port Augusta Racing Club Inc
Port Lincoln Racing Club Inc
Quorn Jockey Club Inc
Roxby Downs and Districts Racing Club Inc
South Australian Jockey Club Inc [*retains legal responsibility for its racing product*]
Strathalbyn Racing Club Inc
Streaky Bay Racing Club Inc

Harness Racing SA Limited [*racing controlling authority*]

Franklin Harbor Harness Racing Club Inc
Gawler Harness Racing Club Inc
Kapunda Harness Racing Club Inc
Mount Gambier Harness Racing Club Inc
Port Augusta Harness Racing Inc
Port Pirie Harness Racing Club Inc

South Australian Harness Racing Club
Incorporated [*retains legal responsibility for its racing product*]
Strathalbyn Harness Racing Club Inc
Victor Harbor Harness Racing Club Inc
Whyalla Racing and Harness Racing Club Inc
Yorke Peninsula Harness Racing Club Inc

Greyhound Racing SA Limited [*racing controlling authority*]

S.A. Greyhound Owners, Trainers & Breeders Association Coursing Club Inc
Mt Gambier Greyhound and Coursing Club Inc
Port Augusta and District Greyhound Club Inc
Riverland Greyhound Racing Club Inc
Southern Greyhound Raceway Inc
Whyalla Greyhound Racing Club Inc

AUTHORISED INTERSTATE BETTING OPERATORS

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

By giving that notice, the licensee becomes an authorised interstate betting operator, bound to comply with the *Authorised Betting Operations Act 2000* and, among other things, the mandatory advertising and responsible gambling codes of practice prescribed by the Authority. Wagering activity is limited to betting on races conducted by licensed racing clubs and contingencies approved by the Authority under section 4 of the *Authorised Betting Operations Act 2000*.

Lotteries

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

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

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

As at 30 June 2016, there were 22 authorised interstate betting operators, as follows.

Bestbets.com.au
Betchoice Corporation Pty Ltd (Unibet)
Betfair Pty Ltd
Bet HQ Pty Ltd (currently closing operations)
Classicbet Pty Ltd
CrownBet Pty Ltd
Draftstars
Hillside (Australia New Media) Pty Ltd (Bet365)
Ladbrokes Digital Australia Pty Ltd
Luxbet Pty Ltd
Mad Bookie Pty Ltd
Merlehan Bookmaking Pty Ltd (Top Sport)
Palmer Bookmaking Pty Limited
Racing and Wagering Western Australia
Sportsbet Pty Ltd
Sportsbetting.com.au Pty Ltd
Tab Limited
Tabcorp ACT Pty Ltd
Tabcorp Wagering (Vic) Pty Ltd
Tom Waterhouse NT Pty Ltd
Topbetta Pty Ltd
William Hill Australia Wagering Pty Ltd

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

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

Regulatory instruments

Gazetted instruments

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

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

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

These notices may be varied by further gazette notice.

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

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

| <i>GR Notice No.</i> | <i>Description</i> |
|----------------------|--|
| 12 of 2015 | Gambling Codes of Practice (Predictive Monitoring) Variation Notice 2015 |
| 13 of 2015 | Gaming Machines—Jackpot Club Basic Training—Recognition Notice 2015 |
| 1 of 2016 | Gambling Codes of Practice (Account Gambling) Variation Notice 2016 |
| 2 of 2016 | Gaming Machines—Club Safe and Gaming Care—Recognition Notice 2016 |

Research operations

During 2015–16, the Authority commissioned two research projects—one related to reviewing the automated risk monitoring system at the Adelaide Casino and one on regulatory requirements wagering versus gaming machine customers.

In relation to the first research project, on 1 May 2014 the Authority recognised the Adelaide Casino’s automated risk monitoring system. The Authority is looking to identify how the Adelaide Casino uses its automated risk monitoring (ARM) system. In particular, looking at describing the ARM system step

| <i>GR Notice No.</i> | <i>Description</i> |
|----------------------|--|
| 3 of 2016 | Approved Contingencies (Marree Picnic Races—Galloping) Notice 2016 |
| 4 of 2016 | Gambling Codes of Practice (General) Variation Notice 2016 |
| 5 of 2016 | Approved Betting Contingencies Notice 2016 |

Of note—

- the Gambling Codes of Practice (Predictive Monitoring) Variation Notice 2015 amended the Gambling Codes of Practice Notice 2013 to allow operators more time to implement the requirement to offer predictive monitoring if the operator offered a loyalty program. The predictive monitoring requirement was initially due to commence on 1 January 2016 and was delayed initially until 1 July 2016 and then again until 1 October 2016;
- On 16 June 2016 a consolidated Approved Betting Contingencies Notice was issued and is available on the Authority’s website. This document lists all the bet types and events that bets can be taken on in South Australia.

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

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

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

In relation to the second research project, gaming machines, as the dominant gambling product, have been the basis for the development of a regulatory

framework in South Australia, and while growth has slowed for gaming machines and casino gaming, wagering expenditure has remained stable with growth in new markets (sportsbetting, albeit still a small market compared to horse and dog racing) and new modes (online, mobile phones) The changing wagering environment raises a question about whether there is a difference about what is required of the South Australian regulation for wagering customers

Barring and family protection schemes

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

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

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

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

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

Extensive work was done in preparation for the commencement of the scheme in early 2014, and the Authority received a great deal of cooperation from the recognised industry bodies Club Safe and Gaming

compared to gaming machine customers—can it be assumed that what works in relation to gaming machines also works for wagering products. This project seeks to identify if there are different South Australian regulatory requirements for wagering customers compared to gaming machine customers.

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

Care. These bodies particularly assisted in gathering data about existing licensee barrings (which had not previously been regulated) and in educating staff about the operation of the new scheme.

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

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

As at 30 June 2016, there were 1510 people barred by the Authority. During the reporting period the Authority made barrings orders in relation to 162 people for the first time, and revoked all orders for 64 people.

In addition there were 821 notifications of individual barrings by gambling providers.

In the meantime, the Authority has continued to administer the Problem Gambling Family Protection Orders scheme, which now integrates with the barring scheme. The level of activity in this scheme was continued at levels consistent with past periods. There were 12 cases with orders in place at the beginning of the year and the Authority had, in the second half of the reporting period, initiated a review of long standing adjourned orders. As a result of this there are now only 6 active cases with orders in place.

Statutory default actions

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

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

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

Systems project—barring and online employee notifications

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

At the time the project was commenced, the Authority understood that BOEN would be available prior to the commencement of Part 4 on 1 July 2014.

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

mechanism for online notification of gaming employees and managers.

During the reporting period the Authority commenced statutory default action against Skycity Adelaide in relation to two matters. At the end of the reporting period these matters were still to be completed. One relates to a child on premises and the other relates to commission based play.

The Authority has an ongoing concern about regulatory compliance—particularly with the advertising codes of practice. During the previous reporting period the Authority conducted a review of the websites of the authorised interstate betting operators to identify compliance (or otherwise) with the codes of practice. During the course of this reporting period the Authority continued to engage with operators to ensure compliance.

As a result of this compliance work and various queries raised about advertising, the Authority issued a guidance document to assist operators in navigating the requirements of the codes. The guidance document is a practical look at how to implement code requirements and is available on the Authority’s website.

The BOEN system continues to be developed and phase three is due to release in the second part of 2016. This release will add further enhancements such as the ability to attach training documents to employees and enhanced reporting functionality for the Authority.

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

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

While there has been some inconvenience to external stakeholders (over and above what would normally be expected in transitioning from manual processes to an automated system), the greater burden has been

shouldered by the staff of the Authority’s office. The Authority is grateful to its staff for their perseverance in the implementation of the new barring scheme, and, again, appreciative of the significant efforts made by

Club Safe and Gaming Care in the lead up to the implementation and in the post implementation process.

Financial statements

Financial statements

Certification of the Financial Statements

We certify that the:

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

Alan Moss

PRESIDING MEMBER
29 September 2016

Jeanette Barnes

GENERAL MANAGER OPERATIONS
29 September 2016

Andrew Swanson

EXECUTIVE DIRECTOR, FINANCIAL SERVICES, ATTORNEY-GENERAL’S DEPARTMENT
29 September 2016

Independent Auditor’s Report

TO THE PRESIDING MEMBER INDEPENDENT GAMBLING AUTHORITY

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Independent Gambling Authority for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the General Manager Operations of the Independent Gambling Authority and the Executive Director of Finance and Business Services – Attorney General’s Department.

The Authority’s Responsibility for the Financial Report

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

Auditor’s Responsibility

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

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

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Independent Gambling Authority’s website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Independent Gambling Authority as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Andrew Richardson
AUDITOR-GENERAL

30 September 2016

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2016

| | Note | 2016 \$'000 | 2015 \$'000 |
|---|------|----------------|----------------|
| EXPENSES | | | |
| Employee benefits expenses | 4 | 1 038 | 982 |
| Supplies and services | 6 | 529 | 576 |
| Depreciation and amortisation expense | 7 | 45 | 23 |
| Grants and sponsorships | 8 | 2 | - |
| Total expenses | | 1 614 | 1 581 |
| INCOME | | | |
| Interest revenue | 9 | 76 | 86 |
| Other revenue | 10 | 38 | 36 |
| Total income | | 114 | 122 |
| NET COST OF PROVIDING SERVICES | | (1 500) | (1 459) |
| Revenues from SA Government | 11 | 1 769 | 1 731 |
| Total revenue from SA Government | | 1 769 | 1 731 |
| NET RESULT | | 269 | 272 |
| NET RESULT AND TOTAL COMPREHENSIVE RESULT | | 269 | 272 |
| THE NET RESULT AND TOTAL COMPREHENSIVE RESULTS ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER. | | | |

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

Financial statements

Statement of Financial Position as at 30 June 2016

| | Note No | 2016 \$'000 | 2015 \$'000 |
|---|------------|----------------|----------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 12 | 4 412 | 3 974 |
| Receivables | 13 | 8 | 7 |
| Total current assets | | 4 420 | 3 981 |
| NON-CURRENT ASSETS | | | |
| Intangible assets | 15 | 160 | 205 |
| Total non-current assets | | 160 | 205 |
| TOTAL ASSETS | | 4 580 | 4 186 |
| CURRENT LIABILITIES | | | |
| Payables | 16 | 62 | 44 |
| Employee benefits | 17 | 100 | 61 |
| Provisions | 18 | 1 | - |
| Total current liabilities | | 163 | 105 |
| NON-CURRENT LIABILITIES | | | |
| Payables | 16 | 25 | 19 |
| Employee benefits | 17 | 267 | 206 |
| Provisions | 18 | 1 | 1 |
| Total non-current liabilities | | 293 | 226 |
| Total Liabilities | | 456 | 331 |
| NET ASSETS | | 4 124 | 3 855 |
| EQUITY | | | |
| Retained earnings | | 4 124 | 3 855 |
| TOTAL EQUITY | | 4 124 | 3 855 |
| The total equity is attributable to the SA Government as owner | | | |
| Unrecognised Contractual Commitments | 19 | | |
| Contingent Liabilities | 20 | | |

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

Financial statements

Statement of Changes in Equity for the year ended 30 June 2016

| | Retained Earnings \$'000 |
|---|---|
| Balance at 30 June 2014 | 3 583 |
| Net result and total comprehensive result for 2014-15 | 272 |
| Balance at 30 June 2015 | <u>3 855</u> |
| Net result and total comprehensive result for 2015-16 | <u>269</u> |
| Balance at 30 June 2016 | <u><u>4 124</u></u> |

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

Financial statements

Statement of Cash Flows for the year ended 30 June 2016

| | Note | 2016 | 2015 |
|---|------|---------|---------|
| | | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Outflows | | | |
| Employee benefit payments | | (901) | (980) |
| Payment for supplies and services | | (541) | (576) |
| Payment for grants and sponsorships | | (2) | - |
| Cash used in operations | | (1 444) | (1 556) |
| Cash Inflows | | | |
| Interest received | | 76 | 86 |
| Other receipts | | 37 | 36 |
| Cash generated from operations | | 113 | 122 |
| Cash Flows from SA Government | | | |
| Receipts from SA Government | | 1 769 | 1 731 |
| Cash generated from SA Government | | 1 769 | 1 731 |
| NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES | | 438 | 297 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 438 | 297 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 3 974 | 3 677 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 12 | 4 412 | 3 974 |

Financial statements

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Notes to and forming part of the Financial Statements

1 Objectives of the Independent Gambling Authority

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

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

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

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

2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

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

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

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

Financial statements

Basis of Preparation

The preparation of the financial statements requires:

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

2.2 Reporting Entity

The Authority is a body corporate established by statute. Its financial arrangements were administered, but not controlled, by the Department of Treasury and Finance until 31 December 2015 and from 1 January 2016 onwards, under the same basis of engagement, by the Attorney-General’s Department through an interest bearing Deposit Account named the “Independent Gambling Authority Operating Account”. The account is established for the purpose of recording all the activities of the Authority including recurrent and capital expenditures, income from various activities, injections of funds provided from the Consolidated Account.

2.3 Transferred functions

The Public Sector (Reorganisation of Public Sector Operations) Notice 2015 (dated 9 December 2015) declared that:

- Employees of Independent Gambling Authority transferred from the Department of Treasury and Finance to employment in the Attorney-General’s Department on the same basis of engagement as applied before the transfer.
- The notice comes into operation from 1 January 2016.
- This was published in the South Australian Government Gazette on the 17 December 2015.

2.4 Comparative Information

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

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

2.5 Rounding

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

2.6 Taxation

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

The Business Activity Statement for the Authority was grouped with DTF until 31 December 2015 and from 1 January 2016 with AGD under the grouping provisions of the GST legislation. Under these provisions, DTF (until 31 December 2015) and AGD (from 1 January 2016) were liable for the payments and entitled to the receipt of GST. As such, GST applicable to the Authority forms part of the Statement of Comprehensive Income and Statement of Financial Position of DTF and AGD.

2.7 Events after the reporting period

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

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

2.8 Income

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

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

The following are specific recognition criteria:

Other revenues

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

Revenues from SA Government

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

Financial statements

2.9 Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses includes all costs related to employment including salaries and wages and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current Authority staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

Depreciation and Amortisation

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

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

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

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

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

Grants and sponsorships

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

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

2.10 Current and Non-Current Classification

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

2.11 Assets

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

Cash and Cash Equivalents

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

Cash is measured at nominal value.

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

Receivables

Receivables include amounts from accruals.

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

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

Non-Current Assets

Acquisition and Recognition

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

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

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

Intangible assets

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

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

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

Financial statements

2.12 Liabilities

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

Payables

Payables include accrued expenses and employment on-costs.

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

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

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

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

Employee Benefits

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

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

Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

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

Financial statements

Provisions

Workers' Compensation

The workers' compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

Leases

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

Operating leases

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

2.13 Unrecognised contractual commitments and contingent assets and liabilities

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

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Refer to note 20.

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

3 New and Revised Accounting Standards and Policies

The Authority did not voluntarily change any of its accounting policies during 2015-16.

4 Employee benefits expenses

| | 2016 | 2015 |
|--|--------------|------------|
| | \$'000 | \$'000 |
| Salaries and wages | 577 | 575 |
| Long service leave | 67 | 22 |
| Annual leave | 55 | 46 |
| Skills and experience retention leave | 8 | 4 |
| Board fees | 199 | 201 |
| Employment on-costs—superannuation | 80 | 86 |
| Employment on-costs—payroll tax | 48 | 46 |
| Other employee related expenses | 4 | 2 |
| Total Employee benefit expenses | 1 038 | 982 |

Financial statements

| Remuneration of employees | 2016 | 2015 |
|--|---------------------|---------------------|
| The number of employees whose total remuneration received or receivable falls within the following bands were: | Number of Employees | Number of Employees |
| \$195 001 to \$205 000 | 1 | 1 |
| Total Number of Employees | 1 | 1 |

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$202 000** (\$198 000).

5 Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during 2015-16 financial year were:

Independent Gambling Authority Board

A D Blair

E L Barratt

P F Kaempf (Deputy Presiding Member)

A P Moss (Presiding Member)

A G Tisato

M Wallace

J J Ullianich (appointed 9 July 2015)

| | | |
|--|---------------|----------|
| The number of members whose remuneration received/receivable falls within the following bands: | 2016 | 2015 |
| | Number | Number |
| \$20 000 - \$29 999 | 6 | 5 |
| \$30 000 - \$39 999 | - | 1 |
| \$40 000 - \$49 999 | 1 | 1 |
| | 7 | 7 |

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and superannuation contributions. The total remuneration received or receivable by members was \$216 653 (\$224 000).

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

Financial statements

6 Supplies and services

| | 2016 | 2015 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Accommodation and telecommunication | 130 | 117 |
| General administration and consumables | 194 | 210 |
| Service level agreement fees | 87 | 95 |
| Contractors | 65 | 19 |
| Consultants | 47 | 134 |
| Other | 6 | 1 |
| Total Supplies and services | 529 | 576 |

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

| | 2016 | 2016 | 2015 | 2015 |
|-----------------------------------|----------------------------------|---------------|--------------------------|--------|
| | Number of Consultants | \$'000 | Number of Consultants | \$'000 |
| Below \$10 000 | 10 | 32 | 6 | 20 |
| Between \$10 000 - \$50 000 | 1 | 15 | 5 | 114 |
| Total paid/payable to consultants | 11 | 47 | 11 | 134 |

7 Depreciation and amortisation expense

| | 2016 | 2015 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Depreciation | | |
| Office equipment | - | - |
| Total depreciation expense | - | - |
| The Authority continued to use the fully depreciated assets during the year. | | |
| Amortisation | | |
| Intangible assets | 45 | 23 |
| Total amortisation | 45 | 23 |
| Total depreciation and amortisation expense | 45 | 23 |

Additional disclosure is made in the asset movement note 15.

Financial statements

| | | | |
|-----------|--|------------------------------|----------------|
| 8 | Grants and sponsorship | 2016 \$'000 | 2015 \$'000 |
| | Grants and sponsorships paid to entities within the SA Government | | |
| | Grants and sponsorships | 2 | - |
| | Total Grants and sponsorships paid to entities within the SA Government | 2 | - |
| | | | |
| 9 | Interest revenues | 2016 \$'000 | 2015 \$'000 |
| | Interest from entities with SA Government | 76 | 86 |
| | Total Interest revenues | 76 | 86 |
| | | | |
| 10 | Other revenues | 2016 \$'000 | 2015 \$'000 |
| | Expiation notice payments received | - | 3 |
| | Authorised interstate betting operators (AIBO) annual payments received | 38 | 33 |
| | Total Other revenues | 38 | 36 |
| | | | |
| 11 | Revenues from SA Government | 2016 \$'000 | 2015 \$'000 |
| | Appropriations from the Consolidated Account pursuant to the Appropriation Act | 1 769 | 1 731 |
| | Total Revenues from SA Government | 1 769 | 1 731 |
| | | | |
| 12 | Cash and cash equivalents | 2016 \$'000 | 2015 \$'000 |
| | Deposits with the Treasurer | 4 412 | 3 974 |
| | Total Cash and cash equivalents | 4 412 | 3 974 |

Interest rate risk

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

Financial statements

| | | | |
|-----------|---|---------------|------------|
| 13 | Receivables | 2016 | 2015 |
| | | \$'000 | \$'000 |
| | Current | | |
| | Accrued revenue | 2 | 7 |
| | Other Interest Revenues | 6 | – |
| | Total Current receivables | 8 | 7 |
| | Total Receivables | 8 | 7 |
| 14 | Office Equipment | 2016 | 2015 |
| | | \$'000 | \$'000 |
| | Office equipment at cost | 22 | 22 |
| | Accumulated depreciation | (22) | (22) |
| | Total Office Equipment | - | - |
| 15 | Intangible assets | 2016 | 2015 |
| | | \$'000 | \$'000 |
| | Externally acquired software | | |
| | At cost | 228 | 228 |
| | Accumulated amortisation | (68) | (23) |
| | Total Externally acquired software | 160 | 205 |
| | Total Intangible assets | 160 | 205 |

Reconciliation of Intangible Assets

The following table shows the movement of intangible assets during 2016–16:

| | | |
|---|--|----------------------|
| | Externally acquired software \$'000 | Total 2016 \$'000 |
| Carrying amount at the beginning of the period | 205 | 205 |
| Additions | - | - |
| Capital transfers from WIP | - | - |
| Amortisation expense | (45) | (45) |
| Carrying amount at the end of the period | 160 | 160 |

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

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16 Payables

| | 2016 \$'000 | 2015 \$'000 |
|-----------------------------------|----------------|----------------|
| Current | | |
| Creditors and Accrued Expenses | 51 | 35 |
| Employment on-costs | 11 | 9 |
| Total Current Payables | 62 | 44 |
| Non-Current | | |
| Employment on-costs | 25 | 19 |
| Total Non-Current Payables | 25 | 19 |
| Total Payables | 87 | 63 |

As a result of actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to 40% and the average factor for the calculation of employer superannuation cost has also changed from the 2015 rate (10.3%) to 10.2%. These rates are used in the employment on-cost calculation

17 Employee benefits liabilities

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Current | | |
| Accrued salaries and wages | 25 | 6 |
| Annual leave | 55 | 42 |
| Long service leave | 9 | 8 |
| Skills employee retention leave | 11 | 5 |
| Total Current Employee benefits liabilities | 100 | 61 |
| Non-Current | | |
| Long service leave | 267 | 206 |
| Total Non-Current Employee benefits liabilities | 267 | 206 |
| Total Employee benefits liabilities | 367 | 267 |

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 3% (2015) to 2% (2016).

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

Financial statements

The net financial effect of bond yield changes in the current financial year is an increase in the long service leave liability of \$19 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions—a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

18 Provisions

| | 2016 | 2015 |
|-------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Provision for workers' compensation | 1 | - |
| Total Current Provisions | 1 | - |
| Non Current | | |
| Provision for workers' compensation | 1 | 1 |
| Total Non-Current Provisions | 1 | 1 |
| Total Provisions | 2 | 1 |

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

19 Unrecognised Contractual Commitments

(a) Operating Lease Commitments

The Authority's operating leases are for the lease of office accommodation. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The lease is non-cancellable with a term of three (3) years.

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

| | 2016 | 2015 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 116 | 29 |
| Later than one year and not later than 5 years | 164 | - |
| Total Operating Lease Commitments | 280 | 29 |

Financial statements

(b) Other commitments

The Authority’s other commitments are for research services.

- (1) Regulatory requirements – Wagering vs Gaming Machine Customers
- (2) Automated Risk Monitoring (Adelaide Casino system)

| | 2016 | 2015 |
|---|---------------|--------|
| | \$’000 | \$’000 |
| Within one year | 90 | - |
| Later than one year but not later than five years | 42 | - |
| Total Other Commitments | 132 | - |

20 Contingent Assets and Liabilities

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

21 Financial Instruments/Financial Risk Management

Categorisation of financial instruments

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

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

22 Events after the reporting period

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



Independent Gambling Authority

Annual Report 2015–16

Volume 2

**Report of the Liquor and
Gambling Commissioner**

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REPORT OF THE LIQUOR AND GAMBLING COMMISSIONER

Pursuant to section 74(1) of the *Gaming Machines Act 1992*, section 71(1) of the *Casino Act 1997* and section 90(1) of the *Authorised Betting Operations Act 2000*, I submit this report to the Authority on the administration of the *Gaming Machines Act 1992*, *Casino Act 1997* and *Authorised Betting Operations Act 2000* for the period 1 July 2015 to 30 June 2016.

A handwritten signature in black ink, appearing to read 'G. Kamencak'.

George Kamencak
A/LIQUOR AND GAMBLING COMMISSIONER

31 August 2016

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1. ROLE OF THE LIQUOR AND GAMBLING COMMISSIONER

As Liquor and Gambling Commissioner (Commissioner), I am responsible for the regulation of the South Australian gambling industry in relation to operations conducted under the *Gaming Machines Act 1992* (Gaming Machines Act), *Casino Act 1997* (Casino Act) and *Authorised Betting Operations Act 2000* (Authorised Betting Operations Act), including responsibility to the Independent Gambling Authority (the Authority) for the constant scrutiny of licensees under these Acts.

These responsibilities include—

Gaming Machines Act

- assessment of compliance by gaming providers with the provisions of the Gaming Machines Act, Gambling Codes of Practice Notice 2013 (COP) and the Gaming Machines Regulations;
- inspection, monitoring and scrutiny of gaming machine operations;
- determination of applications with respect to gaming machine licences and the imposition of conditions under such licences;
- approval of persons in a position of authority;
- approval of gaming machines, games and the central monitoring system;
- approval of the maximum number of gaming machines for licensed premises and the authorised hours of operation;
- establishment and conduct of trading rounds for the purchase and sale of gaming machine entitlements;
- collection of gaming tax;
- investigation and conciliation of complaints against gaming licensees; and
- disciplinary action against gaming licensees.

Casino Act

- assessment of compliance by the Casino operator with the provisions of the Casino Act, the Approved Licensing Agreement, the Casino Duty Agreement, COP and the Casino Regulations;
- inspection, monitoring and scrutiny of gambling operations;
- provision of reports to assist the Authority in its role as the disciplinary body;
- approval of management and staff;
- authorisation of games for the purposes of Casino gaming;
- approval of the installation and use of equipment for gambling, surveillance or security;
- approval of the Casino layout including the placement of gambling, security and surveillance related equipment;
- evaluation and approval of systems and procedures;
- investigation and conciliation of complaints against the Casino operator; and
- review of orders issued by the Casino operator barring persons from entry to the licensed premises for non-welfare reasons.

Authorised Betting Operations Act

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

2. RESOURCES

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

During 2015-16, this framework included—

- an inspection regime facilitated by a team of inspectors who were responsible for—
 - inspecting approximately 6 000 licensed venues in the State (of which, 524 held ‘live’ gaming machine licences as at 30 June 2016);
 - inspecting the operations of 18 licensed bookmakers, 336 UBET SA agencies and 35 active racing clubs; and
 - scrutinising the operations of the licensed Casino;
- an investigatory regime facilitated by a team of investigators responsible for the investigation of complaints under liquor, gambling, wagering and charity legislation;
- a licensing regime facilitated by staff exercising my delegated authority under gambling legislation or specific powers in relation to the assessment and granting of applications; and
- a regulatory regime facilitated by staff exercising my delegated authority under gaming legislation in relation to conducting trading rounds for the purchase and sale of gaming machine entitlements.

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

3. OVERVIEW

3.1 Overall Objective

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

3.2 Highlights 2015-16

3.2.1 Agency Changes

CBS has once again undertaken major changes and reviewed many of its work practices previously adopted following further legislative reform, enormous volumes of transactions, calls, emails and customer service centre counter visits.

CBS introduced a new website in December 2015 following six months of development. The new website strives to be more customer friendly, enabling users to find exactly what they need. Since the launch of the new website, CBS has noticed a significant increase in the number of customers using the CBS live help ‘Web Chat’. Web Chat not only gives our customers another channel in which to reach CBS, but provides a quick and efficient method of responding to simple queries.

South Australian Labor Minister Gail Gago announced her resignation from State Cabinet on 15 January 2016. CBS now reports to the Hon. John Rau MP as both Attorney-General and Minister for Consumer and Business Services.

CBS has strategic goals for 2016-2018 which include providing informative and responsive customer service, providing education and focusing on regulation, working with our external partners and building flexible service delivery channels.

A ‘Digital Strategy’ has also been launched across CBS. The purpose of this strategy is to ensure CBS aligns to the ‘Digital By Default’ vision for all of state government. This means making it easier to do business with CBS by providing our services via a number of digital channels enabling our customers to engage with CBS when convenient for them. A number of initiatives are already active with much work still to be done over the next few years. These current initiatives include the continuation of the ‘CBS website refresh’ project which will look at improving internet content and website analytics, a review of all CBS forms to determine which are able to be offered to customers online and a trial of the ‘paperless office’ concept within the Licensing section of CBS.

CBS is also reviewing its compliance and enforcement policies and priorities for 2016-17. CBS stakeholders were invited to comment on what aspects of compliance and enforcement they would like to see included in the policy, key issues of risk facing their industry, any emerging issues that they consider may require a regulatory response, and ways to reduce the regulatory compliance burden.

The consultation process has now closed and CBS will shortly produce a public ‘Compliance and Enforcement Policy’ which will outline the framework including the enforcement powers, functions, priorities and strategies used to achieve industry compliance with the law.

3.2.2 Gambling Reforms

Significant reforms to gambling related legislation were undertaken in 2013 aimed at improving existing regulatory and responsible gambling measures for gaming venues, including red tape reduction as well as some technical improvements.

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

- *Gaming Machines Act 1992*;
- *Casino Act 1997*;
- *Independent Gambling Authority Act 1995*;
- *Authorised Betting Operations Act 2000*;
- *State Lotteries Act 1966*; and

- *Problem Gambling Family Protection Orders Act 2004.*

Most of the measures in those reforms have already been implemented with the next change taking effect on 1 January 2017 when all gaming machines in South Australia will be limited to a \$5 maximum bet (current maximum is \$10).

Following that, from 31 December 2018, gaming machines will be required to be capable of displaying on-screen messages and licensees must provide an automated risk monitoring system which has been recognised by the Authority.

Further minor amendments were considered by Parliament during 2015 as the Statutes Amendment (Gambling Measures) Bill. This Bill was passed by both houses of Parliament and His Excellency the Governor assented to the Bill on 1 October 2015 creating the *Statutes Amendment (Gambling Measures) Act 2015*.

Further details regarding amendments that commenced on 1 January 2016 are outlined in section 3.3 of this report

3.2.3 *Approved Trading System for Gaming Machine Entitlements.*

During 2015-16, I conducted Trading Rounds 9/2015, 10/2015 and 11/2016 on 30 July 2015, 19 November 2015 and 5 May 2016 respectively. As a result of these trading rounds, the number of gaming machine entitlements and hence the number of gaming machines which may be operated in South Australia is now 13 793. This total includes 995 non-transferable and 65 transferable entitlements allocated to the Adelaide Casino on 1 January 2014 as part of the gambling reforms.

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

3.3 Legislative Amendments - Gambling Reforms

3.3.1 *Gaming machine layouts no longer require the Liquor and Gambling Commissioner's approval.*

As a red tape reduction measure, it was determined that gaming machine layouts would no longer require the Commissioner's approval.

Previously, a gaming machine licence included a statement that "the gaming machine layout is depicted on the approved plan". This will be removed from gaming machine licences if and when the licence is amended.

Licensees were not required to take any action. All existing gaming machine licences that include the statement will remain valid.

However, it is still a licence condition that licensees must not make any structural or other alterations within a gaming area on a licensed premises except with the approval of the Commissioner.

3.3.2 *Integrity checks for gaming managers and gaming employees.*

As a red tape reduction measure as part of the 2013 gambling reforms, gaming managers and gaming employees no longer require the approval of the Commissioner to work at a gaming machine venue.

Instead, licensees now notify the Commissioner of the appointment of gaming managers and gaming employees using the Barring and Online Employee Notification (BOEN) system.

In order to ensure integrity risk checks can be made by giving the Commissioner of Police access to the BOEN system to be able to review all notifications of persons as a gaming manager or gaming employee, an amendment was made to the Gaming Machines Act to allow for the sharing of information between the Commissioner and the Commissioner of Police.

The Commissioner of Police can review notifications of the appointment of gaming managers and gaming employees retrospectively and into the future and is able to provide the Commissioner with any relevant information on a person.

Subject to any adverse information about a person, the Commissioner has the power to prohibit that person from carrying out the duties of a gaming manager or gaming employee, either permanently or for a specified period.

3.3.3 Unlawful possession of gaming machines.

It is currently unlawful to possess a gaming machine without being licensed to do so.

In my 2014-15 annual report, I reported that CBS had received information indicating that unlawful gaming machines were being brought into South Australia from interstate and overseas suppliers. In July 2014, CBS in association with South Australia Police (SAPOL), raided properties and seized illegal poker machines.

To further assist in the detection of people taking steps to possess a gaming machine without being licensed to do so, the Act has been amended to make it an offence to purchase, or enter into a contract or agreement to purchase a gaming machine unless that person has a licence to possess gaming machines.

This means that CBS and SAPOL are now able to take action following the transaction to purchase the gaming machine in addition to waiting for the person to take possession of it.

3.3.4 Cash facilities within gaming areas.

Previously it was an offence for a licensee to provide cash facilities within a gaming area. This applied to both Automatic Teller Machines (ATMs) and EFTPOS facilities.

This meant that gamblers wishing to withdraw extra cash were required to leave the gaming room to access an ATM or EFTPOS facility. If the person chose to use an EFTPOS facility to do this, it was possible that they would not be assisted by a staff member who has been trained in the identification of problem gambling behaviours and low level interventions.

It is considered that if the EFTPOS facility is provided within the gaming area, there would be more opportunity for appropriate low level intervention and referral by trained gaming staff if the person attempting to access extra cash is showing signs of having difficulties controlling their gambling.

Therefore, the prohibition for a licensee providing EFTPOS facilities within a gaming area was lifted so that trained gaming staff would be able to monitor a person's cash withdrawal behaviour and if necessary make an appropriate low level intervention.

ATM's are still not permitted to be provided within the gaming area and the \$250.00 per card per 24 hour withdrawal limit still applies.

If a person is barred from the gaming area or if they are under the age of 18 years, they will not be able to access the EFTPOS facility within the gaming area.

3.3.5 Delegation of the Independent Gambling Authority's functions.

In order for the Authority to better manage its administrative arrangements, the Independent Gambling Authority Act has been amended to extend the Authority's ability to delegate its powers and functions to any person or body.

This means that the Authority could, for example, delegate any of its powers or functions which are similar to those performed by CBS, to CBS. The aim of this change is to facilitate a one-stop-shop arrangement for the gambling industry where appropriate.

It is important to note that the Board of the Authority remains independent from the Government.

Licensees are advised if and when the Authority delegates any of its functions to other persons or bodies that affect gaming machine licensees.

3.3.6 Dealing with confidential information

The Independent Gambling Authority Act has been improved to deal with how certain people treat confidential information obtained in the course of carrying out functions or duties as an 'authorised person' under that Act and 'Prescribed Acts' (including the Gaming Machines Act). This information includes the details of welfare barrings and also the details of notified gaming managers and gaming employees.

It is already a condition of access to the BOEN system that the information in BOEN is kept confidential.

These amendments make it an offence for gaming staff (authorised persons) to disclose information in BOEN other than to other authorised persons, as required to do their jobs. The Authority has also authorised Gaming Care and Club Safe staff to view barring orders for the purpose of assisting gaming

staff to perform their duties. Licensees have been encouraged to discuss how confidential information must be treated with their gaming staff.

4. LICENSING

4.1 Licence Types

As at 30 June 2016, the following classes of gambling licences were actively held or operating—

| Licence Type | No of Active Venues or Licensees |
|------------------------------|----------------------------------|
| Gaming Machine Venues | 524 |
| UBET SA outlets ¹ | 336 |
| Bookmaker Agents | 78 |
| Racing Clubs | 35 |
| Bookmakers | 18 |
| Casino Licence | 1 |

4.2 Gaming Machine Licences

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

As at 30 June 2016, there were 524 active gaming machine licences, under the following categories of liquor licence—

- 439 Hotels
- 52 Clubs
- 33 Special Circumstances

A further 51 licences were under suspension during 2015-16.

4.3 Gaming Machine Monitor Licence

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

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

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

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

On 1 February 2016, IGC advised that Scientific Games will be unable to meet the existing timetable for implementation that was provided to my office in October 2015, due to significant software development being

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

required to resolve issues identified by IGC during preliminary testing. Advice received from IGC in July 2016 has indicated a completion of venue migration is now scheduled for April 2017.

4.4 Gaming Machine Dealer’s licence

A gaming machine dealer’s licence authorises the holder to manufacture gaming machines and prescribed gaming components, and to sell or supply such equipment to the holder of a gaming machine licence, the holder of a gaming machine service licence or another gaming machine dealer. There were 20 licensed gaming machine dealers as at 30 June 2016.

Crucial to the process of the movement of gaming machines within the industry, gaming machine dealers are only permitted to enter into a sale agreement with the holder of a gaming machine licence using a form of contract approved by my office. During 2015-16, no gaming machine dealers had any new or amended forms of sale contract approved.

4.5 Gaming Machine Service Licence

Gaming machine service licensees are authorised to install, service and repair gaming machines on licensed premises. As at 30 June 2016, there were two service licensees - Bytecrafft Systems Pty Ltd and Amtek Services Pty Ltd.

4.6 Special Club Licence

Section 14(1)(ab) of the Gaming Machines Act allows a ‘*special club licence*’ to be granted which authorises the licensee to possess approved gaming machines and to operate them on premises in respect of which someone else holds a gaming machine licence as agent of the holder of the gaming machine licence. Under section 24A of the Gaming Machines Act, this licence is held by Club One. Club One is a not-for-profit organisation created by Clubs SA and the SANFL.

As the holder of the special club licence, Club One can, with my approval, acquire gaming machine entitlements (GMEs) from the non-profit sector (i.e. Clubs and Community Hotels) and re-allocate those gaming machine entitlements to other licensed gaming machine venues to be operated by the host venue. Club One also receives one in every four entitlements sold by non-profit associations in any trading round.

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

As at 30 June 2016, Club One held 262 gaming machine entitlements comprising:

- 92 entitlements allocated to non-profit associations;
- 89 entitlements allocated to profit organisations; and
- 81 unallocated entitlements.

The 89 entitlements allocated by Club One to profit organisations are held across various hotel groups comprising of the following—

| Hotel Group | Number of Entitlements ² |
|--|-------------------------------------|
| Club Management Services (CMS) | 31 (31) |
| Plush Group | 10 (21) |
| Australian Leisure and Hospitality Group Limited (ALH) | 23 (23) |
| Coles Group | 0 (0) |
| Jones Group | 2 (17) |
| Toad Park Pty Ltd | 7 (7) |
| Holles Street Pty Ltd | 5 (5) |
| Hotel Eyre Pty Ltd | 3 (3) |
| Clovercrest Hotel Pty Ltd | 0 (4) |
| Beswick Group | 4 (4) |

² Entitlements allocated as 30 June 2015 shown in parenthesis.

| Hotel Group | Number of Entitlements ² |
|------------------|-------------------------------------|
| Chinbiya Pty Ltd | 4 (4) |
| TOTAL | 89 (119) |

4.6.1 Club One agreements

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

A summary of approvals granted by my office during 2015-16 is shown below—

- Vesting Club Agreements

No Vesting Club Agreements with Club One were approved during 2015-16.

- Host Club Allocation Agreements

No Host Club Allocation Agreements with Club One were approved during 2015-16.

- Temporary Allocation Agreements

Club One submitted for approval a temporary addendum (2016 Temporary Addendum) to an existing Temporary Allocation Agreement (TAA) between Club One and the Plush Group. The addendum relates to the temporary allocation of Club One GMEs to specific venues within the Plush Group.

The 2016 Temporary Addendum provided that—

- Club One would temporarily allocate five GMEs to the Valley Hotel for three days in return for costs and a temporary licence fee;
- The temporary allocation of five GMEs was for the period 9 June 2016 to 11 June 2016 inclusive;
- The temporary allocation of five GMEs ceased as at 12.01am on 12 June 2016 and Club One confirmed via email to my office that this had occurred and the five GMEs were returned to Club One.

An order approving the 2016 Temporary Addendum to an existing TAA was approved on 9 June 2016.

In addition, Club One also applied to allocate seven ‘new’ GMEs to the Valley Hotel. (The Valley Hotel is a member of the Plush Group which has a TAA with Club One for the allocation of GMEs to venues within the Plush Group).

The 2016 Temporary Addendum referred to previously, also provides for Club One to allocate seven ‘new’ Club One GMEs to the Valley Hotel with the same licence fee as the new fee payable for the GMEs at the Angas Park Hotel (which is also part to the 2016 Addendum).

Club One requested approval of the 2016 Addendum and allocation of the seven GMEs to the Valley Hotel to ideally coincide with the vesting of GMEs in successful purchasers from Trading Round 11/2016.

The 2016 Addendum provides that the applicable parking fee for the seven GMEs requested to be allocated to the Valley Hotel began on 9 June 2016.

An order approving the allocation of seven GMEs to the Valley Hotel was approved on 9 June 2016.

- Gaming Machine Entitlement Allocation Agreements

There were no Gaming Machine Entitlement Allocation Agreements with Club One approved during 2015-16.

- Allocation of Club One Gaming Machine Entitlements

Club One was granted approval to allocate gaming machine entitlements to the following hotel groups and venues during 2015-16—

| Group / Licensee | Premises | Number of Entitlements Allocated To Venues |
|-------------------------|-----------------|---|
| Plush Group | Valley Hotel | 7 |
| TOTAL | | 7 |

Club One did not seek approval to allocate GMEs to any non-profit associations (i.e. Clubs and Community Hotels) during 2015-16.

Approval was granted for GMEs previously allocated to the following hotel groups and venues to be returned to Club One during 2015-16—

| Hotel Group | Premises | Number of Entitlements Returned To Club One |
|---------------------------|-------------------|--|
| Plush Group | Barossa Brauhaus | 6 |
| | Old Spot Hotel | 3 |
| | Tanunda Hotel | 4 |
| | Valley Hotel | 5 |
| Clovercrest Hotel Pty Ltd | Clovercrest Hotel | 4 |
| Jones Group | Woodcroft Tavern | 4 |
| | Settlers Tavern | 4 |
| | Midway Tavern | 3 |
| | Colonnades Tavern | 4 |
| TOTAL | | 37 |

Note:

No approvals were granted to Club One to allocate GMEs to non-profit associations (i.e. Clubs and Community Hotels) during 2015-16.

No approvals were granted to Club One for GMEs previously allocated to clubs to be transferred or returned to Club One during 2015-16.

5. ENFORCEMENT AND COMPLIANCE

5.1 Targeted risk based approach to compliance

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

The legislation aims to—

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

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

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

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

These are summarised as follows—

Complaint Based Inspections

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

Risk Based Inspections

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

Taskforce Operations

- Taskforce operations involve the covert surveillance of specifically targeted licensed premises.

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

Thematic Inspections

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

Formal Investigation

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

5.2 Compliance Activity

5.2.1 Gaming Machines

All gaming compliance activity for 2015-16 is shown below—

| Assessment Type | 2015-16 |
|------------------------|----------------|
| Routine Inspections | 540 |
| Thematic Inspections | 260 |
| Complaint | 4 |
| TOTAL | 804 |

- Routine Inspections

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

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

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

- Thematic Inspections

A number of overt operations were conducted in 2015-16 which were themed based, targeting compliance with specific requirements of the Gaming Machines Act and the COP.

In 2015-16, the following thematic inspections were undertaken—

- Operation Johnny Cash

A thematic gaming operation was conducted on Wednesday 19 August 2015 and Thursday 20 August 2015 involving six authorised officers inspecting over 60 regional licensed premises. The premises were located in the Riverland West, Riverland East, Whyalla, Port Augusta, Port Pirie and the South East.

Authorised officers monitored compliance with various requirements of the COP, Gaming Machines Act, *Liquor Licensing Act 1997* (LLA) and the Authorised Betting Operations Act.

Inspections conducted as a result of this thematic operation involved the areas of gaming and wagering. As a result of these inspections, authorised officers reported a satisfactory rate of compliance with only 15 licensed premises found to be non-compliant with any aspect of legislation reviewed.

This included—

- Records of suspected problem gamblers must be reviewed by a manager at least every 14 days (eight venues recorded non-compliance);
- ATM Responsible gambling message to be displayed on a full screen of an ATM or EFTPOS enabled touch screen for at least 20% of screen idle time (two venues recorded non-compliance);
- ATM transaction slips produced by ATM terminal to include condensed warning message and national gambling helpline number (three venues recorded non-compliance);
- gambling helpline provider must ensure that a quantity of helpline cards is available at or near each gaming machine (one venue recorded non-compliance); and
- gaming managers and employees must carry identification (one venue recorded non-compliance).

Action taken by my office in relation to non-compliance following these inspections included—

- six expiations; and
- nine warning letters.

Follow up inspections will be undertaken at venues found to be non-compliant.

Inspections were also undertaken in a number of venues in regard to the Authorised Betting Operations Act with only limited non-compliance recorded. This related to the review of records relating to suspected problem gamblers being reviewed. Authorised officers determined that this was a result of confusion by venues regarding how records were required to be kept.

There were no instances of non-compliance relating to credit betting or betting by minors, and each venue displayed all relevant signage required.

- Operation Attract

A thematic gaming operation was conducted on Thursday 29 October 2015 involving five authorised officers inspecting over 40 licensed premises. The premises were located in the metropolitan area and south coast.

Authorised officers monitored compliance with various requirements of the COP and Gaming Machines Act.

Inspections conducted as a result of this thematic operation primarily involved the following—

- Unqualified use of “WIN” and “\$”;
- Outdoor signage;
- Offences relating to management or positions of authority;
- Gaming managers and employees carrying identification; and
- Offences related to carrying out duties in gaming areas.

As a result of these inspections, authorised officers reported overall a satisfactory rate of compliance and an improvement in comparison to previous thematic inspections.

There were three licensed premises found to be non-compliant with the requirements relating to outdoor signage, with expiation notices being issued to all non-compliant venues.

Authorised officers also noted 100% compliance in relation to gaming staff on duty at the time of inspection all having the appropriate notification on the BOEN system. No other non-compliance was reported.

- Operation Monitor

Authorised officers conducted a thematic operation on Friday 26 February 2016 involving four authorised officers inspecting over 30 licensed premises. The premises were located throughout the Adelaide central business district and North Adelaide.

Authorised officers monitored compliance with various requirements of the COP and Gaming Machines Act.

In addition to authorised officers assessing compliance with numerous areas of the relevant legislation, they also conducted a questionnaire for the gaming manager or gaming employee on duty, which included three questions relating to the supervision levels of patrons within the gaming areas. These questions included—

- How often does a gaming manager or gaming employee enter the gaming area? (Q1)
- What do they do when they are in the gaming area? (Q2)
- Does the licensee have a policy or instruction as to how often staff should do this? (Q3)

Some of the responses received for each question included—

Question 1 (Q1)

- Venues with 15+ gaming machines perform ‘walk throughs’ every five to 15 minutes. Gaming staff at smaller venues perform this activity less frequently.

Question 2 (Q2)

- Provide customer service to patrons.
- Make observations of patrons showing signs relating to problem gambling.
- Monitor patron spending.

Question 3 (Q3)

- Majority of venues do not have a written policy that includes the frequency of gaming area ‘walk throughs’ and duties required when doing this function.
- Most venues consider it imperative that gaming staff interact regularly with patrons to ensure that customers feel comfortable and to be in a position to assess any potential gambling issues.

Feedback obtained during this operation was considered valuable in gaining an indication of the industry’s operational procedures and commitment towards reducing the prevalence of problem gambling issues. The results of the questionnaire will be utilised as intelligence for future thematic operations. They will also be used in developing further work in identifying strategies to deal with problem gambling, including ensuring appropriate interventions and follow-ups are being made by licensees that can effectively address harm associated with problem gambling.

- Operation Review

Authorised officers conducted a thematic operation on Friday 20 May 2016 involving five authorised officers inspecting 25 licensed premises. The premises were located throughout various suburban areas including northern suburbs; eastern suburbs; southern suburbs; western suburbs and Port Adelaide.

The focus of this operation concentrated primarily on venues with 20 or more gaming machines on premises and compliance with various requirements of the COP and Gaming Machines Act.

In addition to authorised officers assessing compliance with numerous areas of the relevant legislation, they also conducted a questionnaire for the gaming manager on duty, which included a series of questions relating to policies and procedures relevant to the identification of suspected problem gamblers and any associated actions, reporting and reviewing of these incidents.

The following questions were asked of the gaming manager—

- What process is undertaken by gaming managers and employees to intervene with problem gamblers? (Q1)
- What reporting processes have been established to identify suspected problem gamblers? (Q2)
- What steps has the gaming manager taken to intervene in suspected problem gamblers behaviour? (Q3)
- What records are being kept in relation to interventions with suspected problem gamblers and are these interventions adequate and effective in dealing with the issues? (Q4)
- What steps are in place to ensure that suspected problem gamblers have their attention drawn to the name and telephone number of a gambling help service and that employees are aware of this requirement? (Q5)
- What level of contact is kept between gaming managers and the gaming rehabilitation agency about problem gambling matters? (Q6)

- If the licensed premises sends a newsletter or other communication, is the responsible gambling policy reinforced? (Q7)

Gaming staff were also requested to provide written evidence documenting measures taken by individual venues in relation to—

- evidence of training for gaming staff;
- processes undertaken for intervention with suspected problem gamblers;
- evidence of review of reports for suspected problem gamblers at least fortnightly;
- steps taken to intervene on suspected problem gamblers;
- steps in place to ensure that suspected problem gamblers are referred to a help service;
- level of contact is kept between gaming managers and gaming rehabilitation agencies; and
- the licensee sends a newsletter or other communication reinforcing the responsible gambling policy.

A summary of the most frequent responses received for each question included—

Question 1 (Q1)

- Refer to procedures contained within the responsible gambling folder
- Communication books utilised to share information
- Refer to staff training
- Checklist/procedure behind counter for staff to follow

Question 2 (Q2)

- Check BOEN for barring information
- Review communication book entries
- Review incident reports
- Regular staff meetings and communication between staff members

Question 3 (Q3)

- Speak to patrons, ask them “how are you?”
- Make observations on patron behaviour, demeanour, sudden changes in mood
- Talk to patrons in private regarding rehabilitation services/options
- Monitor gaming areas via walk through and CCTV

Question 4 (Q4)

- Incident reports are completed, collated and reviewed
- Intervention sheets
- Barring notices
- Staff communication books/logs

Question 5 (Q5)

- Business cards/pamphlets detailing rehabilitation agencies details displayed
- Gambling packs provided including rehabilitation services information
- Information provided for indigenous support services
- Brochures/information available for services including Lifeline, Youth Helpline etc.

Question 6 (Q6)

- Regular visits by Gaming Care
- Regular visits by various rehabilitation agencies

Question 7 (Q7)

- Gamble responsibly message is contained within all newsletters and promotional material

Authorised officers found compliance with these matters to be of a high standard. Of the twenty-five licensed premises inspected, there were two found to be non-compliant with the requirements of clause 42 of the COP. A warning letter was sent to one venue and an expiation notice to the other.

- Operation Review 2 and 3

Following on from ‘Operation Review’, authorised officers conducted two further thematic operations of similar nature; ‘Operation Review 2’ and ‘Operation Review 3’.

On Wednesday 8 June 2016, five authorised officers inspected 20 licensed premises located within semi-regional areas including Gawler, Adelaide Hills, Barossa Valley, Victor Harbor and Murray Bridge.

On Monday 26 June and Tuesday 27 June 2016, four authorised officers inspected 13 licensed premises situated within the Adelaide CBD.

The focus of Operation Review 2 and 3 was on large gaming venues with 20 or more gaming machines. As per Operation Review, authorised officers checked for compliance with various legislation contained within the Gaming Machines Act and the COP and asked a series of questions relating to policies and procedures relevant in the identification of suspected problem gamblers and the associated actions, reporting and review of these incidents.

Responses to questions asked were similar to those received during Operation Review, with a high degree of compliance recorded. Of the 33 licensed premises inspected during these two operations, three venues were found to be non-compliant with the requirements of clause 42 of the COP resulting in expiation notices.

Authorised officers were encouraged by the venues efforts in adopting effective procedures and written documentation in dealing with suspected problem gamblers. Authorised officers were also able to gather a greater understanding of the levels of training provided at gaming venues by speaking directly with gaming staff and thus providing confidence that venues are taking the issue of problem gambling seriously and adopting suitable measures to help alleviate the consequences of this issue.

5.2.2 *Casino*

All casino compliance activity for 2015-16 is shown below—

| Assessment Type | 2015-16 |
|--|----------------|
| Casino Revenue Inspection & Audit | 1039 |
| Casino Gaming Inspection & Audit | 404 |
| Casino Surveillance | 206 |
| Prize Verification | 37 |
| Finance Audit - Monthly NGR Verification | 653 |
| Casino Advertising Audit | 13 |
| Premium Customer Audit | 0 |
| Casino Themed Inspection | 6 |
| Complaint | 6 |
| TOTAL | 2364 |

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

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

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

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

- Taskforce Operations (July 2015)

On Saturday 25 July 2015 and Sunday 26 July 2015, between the hours of 3pm and 1am a covert taskforce operation was conducted at the Adelaide Casino involving three authorised officers primarily to monitor intoxication issues.

However, compliance with clause 51A of the COP was also a focus and included observations of the Chandelier Bar area located in Marble Hall - ground floor gaming area and the surrounding gaming tables.

Observations were conducted within both table game and gaming machine areas of the casino, monitoring any issues of persons gambling while intoxicated.

The date selected for this operation coincided with an Australian Football League (AFL) game at the Adelaide Oval. No breaches were identified and authorised officers were satisfied with the actions of gaming, security, and food and beverage staff in dealing with any related matters.

- Taskforce Operations - Casino Blitz (April 2016)

Authorised officers conducted a taskforce operation at the Adelaide Casino between the hours of 4.00pm on Friday 1 April 2016 and 8.00pm on Sunday 3 April 2016.

Authorised officers were required to provide extended coverage at the casino in order to monitor compliance with all relevant casino legislation and performing audits that are not possible during normal shift times.

The following categories of audits and inspections were undertaken—

- Casino Surveillance;
- Casino Revenue Inspections and Audits;
- Finance Audits; and
- Casino Gaming Inspections and Audits.

There were 36 inspections and audits conducted over this period with four non-compliant items being reported. The date chosen for the taskforce operation was to coincide with an AFL match between the Adelaide Crows and Port Adelaide. It was anticipated that casino patronage would be high due to the large number of football supporters expected at the casino before and after the game.

Similar operations will continue in the future.

- Audit of Casino Advertising Procedures

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

Between 1 July 2015 and 30 June 2016, my office conducted audits to assess compliance by SkyCity Adelaide with the Directions Notice.

13 audits were completed during this time, subject to an individual assessment of the requirements of the Directions Notice. There were 30 instances of non-compliance detected during this period resulting in written notification to the Authority and/or SkyCity.

- Authorised Gaming

As at 30 June 2016, the Adelaide Casino had 83 gaming tables with 59 tables on the common gaming floor and 24 in the premium gaming areas (members only).

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

The maximum permissible number of gaming machines which can be operated at the Casino is 1,500 (prior to amendments in February 2014, the maximum number of gaming machines was 995). The total number of gaming machines in operation as at 30 June 2016 was 936, comprising of 752 in the common gaming area and 184 in the premium gaming areas (members only).

5.2.3 *Wagering*

All UBET SA (formerly SATAB), Bookmaker and Racing Club compliance activity for 2015-16 is shown below—

| Licence Class | Assessment Type | 2015-16 |
|---------------|------------------------------------|------------|
| UBET SA | Routine Inspections | 301 |
| | UBET SA Credit Betting Audit | 51 |
| | Themed Inspections | 115 |
| | Visual Inspections | 0 |
| | Finance Audit | 0 |
| | Complaint | 1 |
| Bookmakers | Routine Inspections ³ | 30 |
| | Visual Inspections | 91 |
| | Account Betting Audit ⁴ | 0 |
| | Cash Betting Ticket Audit | 0 |
| | Surveillance - Minors | 66 |
| | Complaint | 0 |
| Racing Clubs | Routine Inspections | 99 |
| | Visual Inspection | 59 |
| | Punters Club Audit | 0 |
| | Surveillance - Minors | 49 |
| | Complaint | 0 |
| TOTAL | | 862 |

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

These inspections are undertaken by authorised officers annually and measured against a standardised checklist. Items on the checklist cover matters such as possession of relevant betting permits, record keeping requirements, signage, compliance with the COP requirements and bookmaker rules.

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

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

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

Taskforce Operations

My office also conducted a taskforce operation to target specific issues relating to wagering operations. These taskforce operations are often combined with liquor, gaming and wagering operations, and are

³ While 18 bookmakers are currently licensed, routine inspections could only be undertaken on the bookmakers who were granted permits to attend race meetings during the year.

⁴ Records audits now form part of account betting audits.

typically undertaken unannounced and concentrate on the behaviour of licensees and staff, including their interaction with members of the public.

In 2015-16, the following taskforce operation was undertaken—

- Taskforce Operations - UBET SA Agencies

On Wednesday 4 May 2016, authorised officers visited 30 suburban based UBET SA agencies and Pub/Club UBET SA agencies. The purpose of this operation was to ensure—

- compliance with clause 42 of the COP (fortnightly review of suspected problem gamblers);
- no minors were betting (via observations); and
- no credit betting (via observations).

It was found that six venues had not complied with clause 42 of the COP, however the breaches were considered minor.

On 7 May 2016, authorised officers attended Oaks Day at the Morphettville Racecourse (SAJC) and performed—

- visual and routine inspections on totalisator areas within the racecourse; and
- visual and routine inspections on all bookmakers in attendance.

No non-compliance was observed.

On 13 May 2016, authorised officers attended the Mount Gambier Cup and performed the following—

- visual and routine inspections on totalisator areas within Glenburnie Racecourse;
- visual and routine inspections on bookmakers in attendance.

During inspections, an authorised officer in attendance suspected a bookmaker was accepting bets without approval to do so. A business card was obtained from the bookmaker in question and it was determined he was from Victoria.

Subsequent checks revealed that the bookmaker did not hold any South Australian bookmaker approval instigating further investigations. It was further determined that the bookmaker had attended Mount Gambier races to hire out computer equipment to one of the South Australian approved bookmakers to use at the specific race meeting. As a result it was determined no breach had occurred.

5.3 Non-compliance detected

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

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

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

5.3.1 Gaming Machines Act

Instances of non-compliance detected from all gaming inspections were as follows—

| Non-Compliance Item | 2014-15 | 2015-16 |
|---|------------|------------|
| Operation of machines training - not completed or certificate not available at time of inspection | 3 | n/a |
| Responsible gambling training - not completed or certificate not available | 18 | 42 |
| Gambling helpline cards not available | 32 | 9 |
| Register of interaction with problem gamblers not maintained | 89 | 82 |
| All gaming staff on duty not prominently displaying ID badges | 10 | 14 |
| Logic board not sealed | 21 | 0 |
| No gaming manager on duty | 4 | 4 |
| Time of day not prominently displayed in gaming area | 4 | 1 |
| Responsible Gambling Document not maintained | 34 | 4 |
| Rehabilitation Agency details not available | 1 | 0 |
| Code of practice not available | 18 | 14 |
| All barring notices not accessible by, or visible to, staff only | 1 | 1 |
| Barring procedure not maintained | 1 | 1 |
| Cash facilities not within gaming area | 1 | 0 |
| Establish, maintain and implement procedures to respond to children (age 10 years or less), left unattended in a car park or vehicle | 2 | 2 |
| Patron not warned for playing multiple gaming machines | 1 | 2 |
| "Perimeter" sign at entry to gaming area & include regulatory information | 33* | 6 |
| Warning message in outdoor signage must occupy 10% of the space | 3* | 8 |
| At least one A3 sign with "Gambling Helpline" 6 languages to be displayed. | 33* | 1 |
| Condensed warning & national gambling helpline number to be prominently displayed on/near each coin dispenser & cashier area. | 33* | 11 |
| Responsible gambling sign must be displayed (A1 sign in each gaming area plus one A1 sign or equivalent for every 10 gaming machines) | 60* | 25 |
| Responsible Gambling message to be displayed on full screen of ATM or EFTPOS enabled touch screen for at least 20% of idle time. | 22* | 21 |
| Transaction slips produced by ATM terminal to include condensed warning message & national gambling helpline number | 10* | 8 |
| TOTAL | 434 | 256 |

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

New gambling reforms and a suite of new training requirements were introduced in 2014-15, and as a result there continues to be a focus on various aspects of the COP including responsible gambling training, signage requirements and the internal reporting of problem gamblers. This again has resulted in a high number of non-compliant instances being detected.

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

The majority of non-compliant instances were detected in the period July 2015 to December 2015.

5.3.2 *Casino Act*

Instances of non-compliance detected were as follows —

| Non-Compliance Item | 2014-15 | 2015-16 |
|--|-----------|-----------|
| Breach of Internal Controls (Pit Operations) (inc Table Game Procedures, Game Rules, Dealing Procedures, Equipment Integrity) | 15 | 26 |
| Warning Message and Gambling Helpline sticker not affixed to ATM or gaming machines | 1 | 4 |
| Breach of Internal Controls (Cash Handling) (inc Hard Count, Soft Count, Verification of Net Gambling Revenue) | 2 | 3 |
| Staff not displaying ID badge | 4 | 1 |
| Patron playing multiple gaming machines | 12 | 2 |
| Breach of Internal Controls (Gaming Machines) (inc Installation and Operation of Gaming Machines, Operational Procedures) | 3 | 8 |
| Breach of Internal Controls (Security) (inc Drop Box Procedures and Records) | 6 | 4 |
| Breach of Casino Advertising Directions | 0 | 30 |
| TOTAL | 43 | 78 |

Details of matters referred to the Authority for disciplinary action arising from these investigations are shown later in this report⁵.

The majority of non-compliant instances were detected during the period July 2015 to December 2015 (46 instances). This included 25 non-compliant instances relating to a breach of the Authority’s Casino Advertising Procedures Direction.

5.3.3 *Authorised Betting Operations Act*

UBET SA

Instances of non-compliance detected were as follows—

| Non-Compliance Item | 2014-15 | 2015-16 |
|--|-----------|-----------|
| Not all staff received refresher course at least every two years | 4 | 1 |
| Gambling helpline cards not at betting terminal | 2 | 1 |
| SA Betting Operation Rules not available in gambling area | 1 | 1 |
| Governed by a code of practice sign not displayed | 2 | 3 |
| Document detailing roles of staff not available | 0 | 2 |
| Internal reporting of problem gamblers review | 61 | 49 |
| Code of practice not available | 1 | 4 |
| Responsible gambling poster must be available in 5 languages | 0 | 1 |
| TOTAL | 71 | 62 |

I note non-compliance regarding the requirement for reviewing internal reporting of problem gamblers continues to be problematic. This criteria will continue to be monitored.

⁵ Refer to section 5.4.2 of this report for further details.

Racing Clubs

Instances of non-compliance detected were as follows —

| Non-Compliance Item | 2014-15 | 2015-16 |
|--|----------------|----------------|
| Prominent display of condensed warning message and national gambling helpline number | 0 | 1 |
| Helpline cards available on or near ATM and throughout gambling areas | 0 | 4 |
| Governed by a Code of Practice message not displayed | 0 | 9 |
| Internal reporting of problem gamblers review | 0 | 2 |
| Responsible gambling material not displayed | 1 | 19 |
| TOTAL | 1 | 35 |

The requirement for responsible gambling material to be displayed increased in 2015-16, however all non-compliance in this area were rectified following advice.

Bookmakers

Instances of non-compliance detected were as follows—

| Non-Compliance Item | 2014-15 | 2015-16 |
|---|----------------|----------------|
| Betting ticket must clearly indicate all terms of bet | 0 | 1 |
| Gamble responsibly sign not displayed | 0 | 3 |
| Helpline cards available on or near ATM and throughout gambling areas | 0 | 1 |
| Document and implement procedures to respond to barring enquiries | 0 | 3 |
| Persons involved in selling products must receive responsible gambling training | 0 | 3 |
| Governed by a code of practice sign not displayed | 2 | 1 |
| Internal reporting of problem gamblers review | 0 | 3 |
| Time on computer system incorrect or not visible | 7 | 8 |
| Time of day to be prominently displayed and visible | 0 | 1 |
| Agents not displaying ID badge | 1 | 0 |
| Code of practice not available | 1 | 1 |
| Responsible gambling document not maintained | 2 | 6 |
| TOTAL | 13 | 31 |

I note that the number of instances where the ‘Time on computer system was incorrect or not visible’ has again marginally increased during 2015-16 compared with 2014-15. Most instances were as a result of the time displayed being inaccurate by a few minutes.

5.4 Expiations, Disciplinary Action, Gaming Tax Fines and Prosecutions

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

5.4.1 Gaming Machines

Gaming Tax Fines

Details of fines relating to non-payment of gaming tax during 2015-16 in relation to the Gaming Machines Act is detailed in the table below—

| Licensed Premises | Breach | Action Taken |
|-------------------------------------|---|--------------------|
| Travellers Rest | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jul 2015) | \$387.77 (Fine) |
| Berri Club | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Sept 2015) | \$35.14 (Fine) |
| Port Broughton Sunnyside Hotel | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Oct 2015) | \$917.42 (Fine) |
| Barmera Hotel Motel | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Oct 2015) | \$480.00 (Fine) |
| WA/SA Border Village Hotel Motel | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Dec 2015) | \$55.41 (Fine) |
| Melville Hotel | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2016) | \$811.58 (Fine) |
| Hotel Crown | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2016) | \$9 558.29 (Fine) |
| Mawson Lakes Hotel | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Jan 2016) | \$21 895.44 (Fine) |
| Melville Hotel | Section 72B of the <i>Gaming Machines Act 1992</i> Non-payment of gaming tax (Feb 2016) | \$759.93 (Fine) |

Expiations

Details of matters expiated during 2015-16 in relation to the Gaming Machines Act are detailed in the table below—

| Licensed Premises | Breach | Action Taken |
|---|--|--|
| Jackpots on Pulteney | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Saracen's Head Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Hope Inn Hotel | Clause 27(1) - Gambling Code of Practice Outdoor gambling advertising must conform with requirements of the codes | \$210 Fine, plus \$60 Victims of Crime Levy |
| Travellers Rest Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Central Augusta Football & Community Club | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Snowtown Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Snowtown Hotel | Section 50A - <i>Gaming Machines Act 1992</i> Gaming manager did not wear identification in an approved manner | \$160 Fine, plus \$60 Victims of Crime Levy |
| Royal Hotel (Crystal Brook) | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| South Australian Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Cadney Homestead | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Renmark Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Waikerie Club | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Alma Hotel (Willunga) | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Feathers Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |

| Licensed Premises | Breach | Action Taken |
|--------------------------|--|--|
| Southwark Hotel | Clause 27(1) - Gambling Code of Practice Outdoor gambling advertising must conform with requirements of the codes | \$210 Fine, plus \$60 Victims of Crime Levy |
| The Eagles Club | Clause 27(1) - Gambling Code of Practice Outdoor gambling advertising must conform with requirements of the codes | \$210 Fine, plus \$60 Victims of Crime Levy |
| Grosvenor Hotel | Clause 27(1) - Gambling Code of Practice Outdoor gambling advertising must conform with requirements of the codes | \$210 Fine, plus \$60 Victims of Crime Levy |
| Ambassadors | Clause 45A(2) - Gambling Code of Practice Failure to display condensed warning message and national gambling helpline number | \$160 Fine, plus \$60 Victims of Crime Levy |
| Paradise Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Pretoria Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Angler's Inn Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Hotel Maitland | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Tanunda Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Tanunda Club | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| North Laura Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Crystal Brook Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Meningie Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Lady Daly Hotel | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |
| Flanagan's Irish Pub | Clause 42(2) - Gambling Code of Practice Gaming manager did not review the records of suspected problem gamblers on a regular basis | \$160 Fine, plus \$60 Victims of Crime Levy |

5.4.2 Casino

Disciplinary Action

There have been two matters reported to the Authority under section 56 of the Casino Act for consideration of disciplinary action for failure to comply with the Act for the period 2015-16.

These matters relate to the following—

Exclusion of children (December 2015)

This incident relates to a possible breach of section 38(2), section 43(1) and section 43(3) of the Casino Act requiring the Adelaide Casino to comply with procedures approved by the Commissioner relating to the exclusion of children. The incident involves an adult couple who entered the casino premises pushing a pram which contained an infant child and then proceeded to walk through the casino's gaming areas.

The incident has also raised concerns as to the adequacy of security at the casino noting the incident took place during peak period. At the time of writing this report, no formal response has been received from the Authority.

Gambling Codes of Practice Notice 2013 - Trade promotion lottery (February 2016)

This incident relates to a possible breach of clause 56(1)(c) of the COP regarding the approval of a trade promotion lottery.

The Adelaide Casino was required to apply to the Commissioner for a trade promotion lottery licence in relation to a proposed promotion entitled "Win a Share with a Pair Promotion". This application was approved in January 2016 and a licence issued.

However, an application for a trade promotion lottery also requires that the Adelaide Casino provide the Authority with the trade promotion rules and conditions and that these are approved by the Authority. Following the issuing of a licence by my office to the Adelaide Casino, the Authority advised that the trade promotion rules and conditions for the Pair Promotion had not been approved.

However, in March 2016, authorised officers observed that the Adelaide Casino had proceeded with the Pair Promotion, which was a possible breach of clause 56(1)(c) of the COP by not having the trade promotion rules and conditions approved by the Authority.

At the time of writing this report, no formal response has been received from the Authority.

5.4.3 Wagering

Disciplinary Action

The following relates to incidents referred to my office from the SAPOL involving five licensed premises reported for matters including fraud and credit betting.

Section 44 of the Authorised Betting Operations Act provides that it is a condition of the major betting operations licence or an on-course totalisator betting licence that the licensee must not in connection with the making of a bet, lend money or anything that might be converted into money or extend any other form of credit.

The investigation into this matter is ongoing at the time of writing this report.

5.4.4 Gaming

Disciplinary Action

The following matter relates to a licensed venue which was reported for a possible breach of clause 42 of the COP relating to the requirement for the internal reporting of problem gamblers. This breach meant that the venue had been reported for the same matter on four separate occasions.

The investigation into this matter is ongoing at the time of writing this report.

5.5 Complaints and disputes

The framework for the investigation of complaints, non-compliance and referrals from internal CBS business units and external agencies has been centralised, and is now facilitated by a team of investigators who are cross-skilled across liquor, gambling, wagering and charity legislation.

5.5.1 Gaming Machines

During 2015-16, my office formally investigated four matters relating to allegations of breaches of the Gaming Machines Act and subordinate legislation.

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

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

Following assessment by investigators—

- one matter resulted in a warning letter being issued requiring gaming machines that were not being monitored to be removed from the licenced premises;
- one matter was investigated regarding withdrawal limits at ATM's and was resolved;
- one matter resulted in an expiation notice being issued relating to outdoor signage requirements; and
- one matter remains ongoing.

5.5.2 Casino

During 2015-16, my office formally investigated six complaints and allegations of breaches of the Casino Act and subordinate legislation.

The nature of these matters covered a range of issues including possible faulty gaming machines, casino systems, and gaming rules.

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

Following an assessment by CBS authorised officers —

- five matters were found in favour of the Casino and dismissed; and
- one matter remains ongoing.

5.5.3 Wagering

During 2015-16, my office formally investigated one complaint and allegation of a breach of the Authorised Betting Operations Act and subordinate legislation.

The nature of this matter related to wagers placed and payment made at one licensed UBET SA outlet. Following an assessment by CBS authorised officers in conjunction with UBET SA staff, this matter was resolved with no further action taken.

6. BARRINGS

6.1 *Casino*

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

6.1.1 *Barring reviews determined (by type)*

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

6.1.2 *Total number of currently barred persons*

| Type | As at 30 June 2016 |
|-----------------------------------|-----------------------|
| S44 - Involuntary | 34 |
| S45 - Commissioner Imposed | 275 |
| TOTAL NO OF BARRED PERSONS | 309 |

7. TECHNICAL MATTERS

7.1 Casino Surveillance System

On 4 March 2016, Skycity Adelaide Casino advised my office of the need to undertake maintenance on the casino’s surveillance system, specifically the ‘Cisco Core Switch’ which is a high end switch that several access or distribution layer switches connect to.

Skycity advised that the switch had an intermittent fault which required replacement. This would involve a complete shutdown of the casino’s surveillance network. This would result in there being no CCTV coverage of the casino premises and surrounding areas during this time.

The current Cisco Core Switch would be removed from the equipment rack and all power supply modules, supervision modules and interface cards transferred to the new chassis, which would then be installed back into the equipment rack. Skycity Adelaide advised that the estimated duration of the outage would be approximately three hours, with the Core Switch then being powered up and a series of commissioning tests run to ensure the correct functioning.

As the equipment to be installed would be equipment that had been previously approved, no additional application for approval would be required.

The shutdown of the surveillance system and installation of the replacement Core Switch was scheduled to take place on Friday 25 March 2016 (Good Friday) when all casino operations were closed for business.

CBS authorised officers conducted a review of all surveillance systems following the replacement installation and determined all CCTV coverage was operational and in accordance with current approvals.

7.2 Approval of Games

7.2.1. Gaming

No applications for the approval of new games were refused.

7.2.2. Casino

No applications for the approval of new games were refused.

7.3 Testing and Evaluation of Gaming Machines and Games

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

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

During 2015-16, the following activity occurred for gaming machines, games and associated equipment for gambling—

| Activity | Gaming Machines Act ⁶ | Casino Act |
|--|----------------------------------|------------|
| Approval of a new game | 56(53) | 109(128) |
| Approval of a new version of a game | 21(5) | 13(22) |
| Approval of a new gaming machine | 5(2) | 6(5) |
| Approval of a modification to a gaming machine | 21(34) | 16(29) |

⁶ Activity for the previous year is in parenthesis.

7.4 Systems and Equipment Compliance Inspection

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

The next compliance inspection audit will be scheduled for early 2017.

The scope of audits include the following systems and equipment—

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

8. GAMING TAX

8.1 *Distribution of Net Gambling Revenue*

During 2015-16, 535 venues operated for all or part of the year. The following table show the total number of venues and total Net Gambling Revenue (NGR) falling within each tax threshold according to tax class.

| Annual NGR | Total Number of Venues | |
|-------------------------------|--|---|
| | Other than Non-Profit Businesses (Hotels) | Non-profit business (Clubs & Community Hotels) |
| \$0 - \$75,000 | 63 | 9 |
| \$75,001 - \$399,000 | 138 | 20 |
| \$399,001 - \$945,000 | 49 | 6 |
| \$945,001 - \$1,500,000 | 43 | 7 |
| \$1,500,001 - \$2,500,000 | 78 | 11 |
| \$2,500,001 - \$3,500,000 | 39 | 14 |
| Above \$3,500,000 | 55 | 3 |
| Total Number of Venues | 465 | 70 |

8.2 *Non-payment of Gaming Tax*

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

Section 72B of the Gaming Machines Act provides that if an amount remains outstanding for more than 10 days from the due date, the licence may be suspended, by written notice, until the amount is paid. On the day that the fine is applied, licensees receive a notice advising that a fine has been incurred and that they have a further three days to pay the amount outstanding (including the fine).

In 2015-16, 13 licensees (three Licensees on more than one occasion) were issued fines and received notices requiring them to pay within three days. Of these 13 breaches—

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

8.3 *Refunds*

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

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

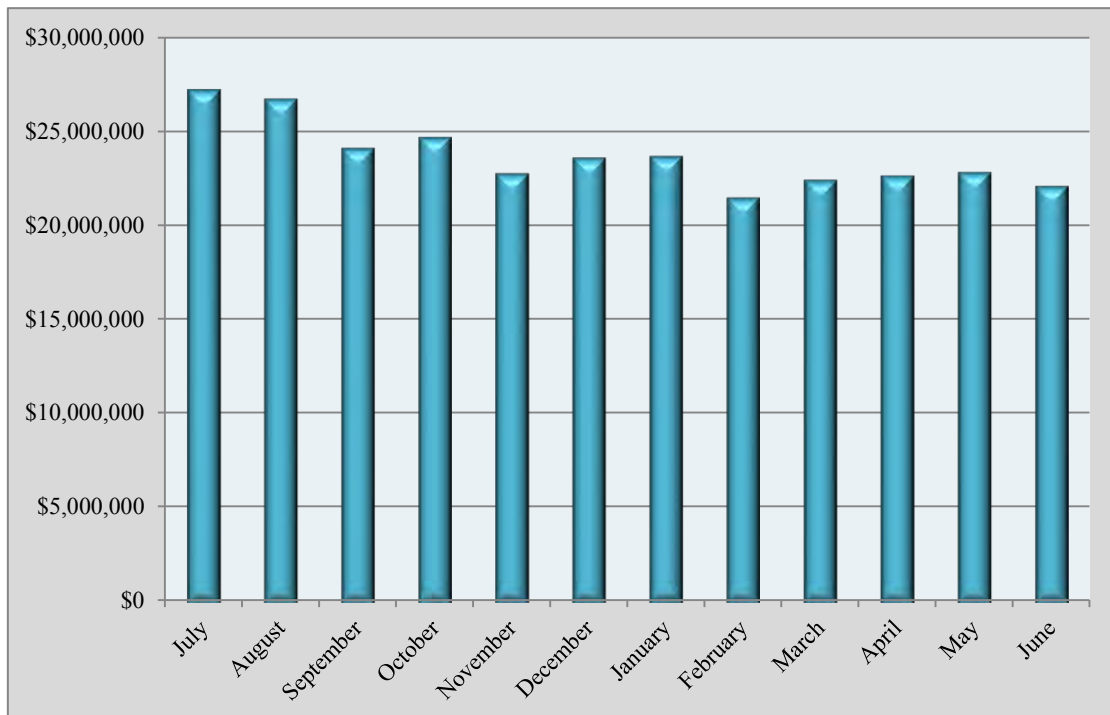
45 venues were eligible for refunds for the 2015-16 financial year totalling \$63,369.30.

9. GAMING MACHINE STATISTICS (excluding the casino)

Table 1 — Monthly gaming statistics 2015-16

| Month | Total Bets (\$) | Total Wins (\$) | Net Gambling Revenue (\$) | Tax Liability ⁷ (\$) | Fines (\$) |
|--------------|------------------------|------------------------|------------------------------|------------------------------------|-----------------|
| Jul-2015 | \$740,035,780 | \$673,633,960 | \$66,401,820 | \$27,185,898 | \$387 |
| Aug | \$725,583,321 | \$660,061,198 | \$65,522,123 | \$26,674,675 | |
| Sep | \$678,121,995 | \$617,383,263 | \$60,738,732 | \$24,079,193 | \$35 |
| Oct | \$686,778,727 | \$624,856,955 | \$61,921,772 | \$24,660,295 | \$1397 |
| Nov | \$651,454,545 | \$593,258,438 | \$58,196,107 | \$22,727,116 | |
| Dec | \$662,500,305 | \$602,830,847 | \$59,669,457 | \$23,557,152 | \$55 |
| Jan-2016 | \$661,307,699 | \$601,525,126 | \$59,782,573 | \$23,646,937 | \$32,265 |
| Feb | \$620,285,714 | \$564,598,831 | \$55,686,883 | \$21,441,685 | \$3723 |
| Mar | \$645,086,977 | \$587,500,226 | \$57,586,751 | \$22,386,661 | \$240 |
| Apr | \$651,165,818 | \$593,144,366 | \$58,021,451 | \$22,606,813 | |
| May | \$644,164,201 | \$585,884,193 | \$58,280,008 | \$22,791,055 | |
| Jun-2016 | \$633,907,687 | \$577,112,461 | \$56,795,226 | \$22,059,187 | \$6671 |
| Total | \$8,000,392,768 | \$7,281,789,863 | \$718,602,905 | \$283,816,667 | \$44,773 |

Chart 1 — Gaming tax levied per month 2015-16



⁷ Accrued Tax Liability prior to refunds being applied.

Table 2 — Monthly live gaming machines and venues 2015-16

| <i>Month Ending</i> | <i>Venues</i> | <i>Gaming Machines</i> |
|---------------------|---------------|------------------------|
| Jul-2015 | 529 | 12388 |
| Aug | 530 | 12397 |
| Sep | 529 | 12337 |
| Oct | 530 | 12366 |
| Nov | 530 | 12366 |
| Dec | 530 | 12340 |
| Jan-2016 | 530 | 12366 |
| Feb | 527 | 12320 |
| Mar | 526 | 12314 |
| Apr | 526 | 12309 |
| May | 524 | 12341 |
| Jun-2016 | 524 | 12337 |

Table 3 — Revenue data by ABS LGA 2015-16

| LGA or Grouped LGA (Where a LGA has less than 5 venues, that LGA has been grouped with another LGA) | No of Venues | Gaming Machines as at 30 June 2016 | Aggregate NGR \$ per LGA (2015-16) | Average NGR \$ per venue (2015-16) |
|---|---------------------|---|---|---|
| Adelaide | 46 | 899 | \$26,527,940.33 | \$576,694.36 |
| Adelaide Hills | 16 | 222 | \$4,445,286.42 | \$277,830.40 |
| Alexandrina | 13 | 256 | \$7,850,042.50 | \$603,849.42 |
| Barossa | 15 | 253 | \$6,650,051.15 | \$443,336.74 |
| Barunga West, Copper Coast | 16 | 265 | \$9,515,680.79 | \$594,730.05 |
| Berri, Barmera | 7 | 171 | \$6,065,969.15 | \$866,567.02 |
| Campbelltown, Tea Tree Gully | 12 | 435 | \$45,762,447.83 | \$3,813,537.32 |
| Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre Peninsula | 10 | 140 | \$4,444,444.05 | \$444,444.41 |
| Charles Sturt | 25 | 788 | \$60,079,253.19 | \$2,403,170.13 |
| Clare & Gilbert Valleys | 7 | 88 | \$2,358,556.30 | \$336,936.61 |
| Coorong, Tatiara | 8 | 122 | \$2,949,567.96 | \$368,696.00 |
| Gawler | 8 | 212 | \$13,990,338.84 | \$1,748,792.36 |
| Goyder, Northern Areas | 7 | 54 | \$902,541.11 | \$128,934.44 |
| Holdfast Bay | 11 | 377 | \$21,407,126.93 | \$1,946,102.45 |
| Kangaroo Island, Yankalilla, Victor Harbor, | 10 | 210 | \$9,475,885.65 | \$947,588.57 |
| Kimba, Cleve, Tumby Bay, Franklin Harbour | 7 | 77 | \$1,286,983.88 | \$183,854.84 |
| Light, Mallala | 12 | 109 | \$3,635,842.70 | \$302,986.89 |
| Loxton, Waikerie | 4 | 121 | \$3,712,723.37 | \$928,180.84 |
| Marion | 10 | 333 | \$30,018,841.26 | \$3,001,884.13 |
| Mid Murray | 9 | 114 | \$2,637,998.17 | \$293,110.91 |
| Mitcham, Burnside | 7 | 219 | \$14,670,799.26 | \$2,095,828.47 |
| Mount Barker | 12 | 233 | \$10,522,918.42 | \$876,909.87 |
| Mount Gambier, Grant | 14 | 360 | \$17,501,950.71 | \$1,250,139.34 |
| Mount Remarkable, Orroroo/Carrieton, Peterborough, | 8 | 65 | \$1,182,414.69 | \$147,801.84 |
| Murray Bridge, Karoonda/East Murray, Southern Mallee | 10 | 167 | \$10,168,575.54 | \$1,016,857.55 |
| Naracoorte & Lucindale, Robe, Kingston | 8 | 156 | \$4,727,820.43 | \$590,977.55 |
| Norwood Payneham & St Peters | 17 | 566 | \$33,209,056.70 | \$1,953,473.92 |
| Onkaparinga | 24 | 740 | \$61,053,196.66 | \$2,543,883.19 |
| Playford | 11 | 353 | \$33,497,573.18 | \$3,045,233.93 |
| Port Adelaide Enfield | 41 | 1161 | \$75,619,079.33 | \$1,844,367.79 |
| Port Augusta | 12 | 252 | \$11,053,829.15 | \$921,152.43 |
| Port Lincoln | 7 | 212 | \$9,126,243.09 | \$1,303,749.01 |
| Port Pirie | 9 | 219 | \$9,694,340.13 | \$1,077,148.90 |
| Prospect, Walkerville | 6 | 199 | \$14,393,272.17 | \$2,398,878.70 |
| Renmark, Paringa | 4 | 118 | \$5,540,214.69 | \$1,385,053.67 |
| Roxby Downs, Coober Pedy, Flinders Ranges | 7 | 130 | \$3,535,845.94 | \$505,120.85 |
| Salisbury | 21 | 690 | \$68,878,551.83 | \$3,279,931.04 |
| Unincorp Far North, Unincorp West Coast | 6 | 60 | \$490,011.53 | \$81,668.59 |
| Unley | 8 | 253 | \$14,505,444.33 | \$1,813,180.54 |
| Wakefield Region | 8 | 54 | \$1,074,065.50 | \$134,258.19 |
| Wattle Range | 7 | 113 | \$2,892,658.68 | \$413,236.95 |
| West Torrens | 10 | 347 | \$31,494,261.72 | \$3,149,426.17 |
| Whyalla | 8 | 231 | \$15,460,168.90 | \$1,932,521.11 |
| Yorke Peninsula | 17 | 193 | \$4,593,091.15 | \$270,181.83 |
| Total | 535 | 12337 | \$718,602,905.31 | \$1,343,183.00 |

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).

Addendum—2014-15 Annual Report: Regarding Table 3 - Revenue data by ABS LGA 2014-15

The ‘Average NGR per venue’ total figure provided for the 2014-15 annual report was incorrect. The total figure should have read \$1,329,502.01.

Table 4 — Net gambling revenue (NGR) - 2011 to 2016

| | 2010-11 (\$mil) | % | 2011-12 (\$mil) | % | 2012-13 (\$mil) | % | 2014-15 (\$mil) | % | 2014-15 (\$mil) | % | 2015-16 (\$Mil) | % |
|--------------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|
| Hotels | 672.204 | 90.1 | 669.937 | 90.2 | 661.836 | 90.6 | 664.364 | 90.8 | 633.018 | 87.2 | 625.612 | 87.1 |
| Clubs | 73.263 | 9.9 | 72.851 | 9.8 | 68.751 | 9.4 | 66.646 | 9.2 | 92.890 | 12.8 | 92.990 | 12.9 |
| Total | 745.467 | | 742.788 | | 730.587 | | 731.010 | | 725.908 | | 718.602 | |

Table 5 — Gaming tax liability - 2011 to 2016

| | 2010-11 (\$mil) | % | 2011-12 (\$mil) | % | 2012-13 (\$mil) | % | 2013-14 (\$mil) | % | 2014-15 (\$mil) | % | 2015-16 (\$mil) | % |
|--------------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|
| Hotels | 269.536 | 92.4 | 269.011 | 92.5 | 265.646 | 92.9 | 268.567 | 93.1 | 258.606 | 90.1 | 255.166 | 89.9 |
| Clubs | 22.054 | 7.6 | 21.933 | 7.5 | 20.282 | 7.1 | 19.665 | 6.9 | 28.386 | 9.9 | 28.651 | 10.1 |
| Total | 291.590 | | 290.944 | | 285.928 | | 288.232 | | 286.992 | | 283.817 | |

Table 6 — Average NGR per machine per day - 2011 to 2016

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| Ave NGR per machine per day | \$160 | \$160 | \$159 | \$159 | \$160 | \$159 |

Table 7 — Average total NGR per day - 2011 to 2016

| | 2010-11 (\$mil) | 2011-12 (\$mil) | 2012-13 (\$mil) | 2013-14 (\$mil) | 2014-15 (\$mil) | 2015-16 (\$mil) |
|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Sunday | 1.577 | 1.516 | 1.567 | 1.546 | 1.567 | 1.570 |
| Monday | 1.612 | 1.594 | 1.575 | 1.586 | 1.590 | 1.574 |
| Tuesday | 1.798 | 1.799 | 1.746 | 1.792 | 1.816 | 1.771 |
| Wednesday | 2.087 | 2.097 | 2.057 | 2.002 | 2.055 | 2.015 |
| Thursday | 2.389 | 2.368 | 2.297 | 2.331 | 2.220 | 2.228 |
| Friday | 2.569 | 2.580 | 2.556 | 2.543 | 2.477 | 2.410 |

| | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|
| Saturday | 2.257 | 2.238 | 2.221 | 2.226 | 2.197 | 2.169 |
|----------|-------|-------|-------|-------|-------|-------|

Table 8 — Return to player percentage (RTP%) - 2011 to 2016

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| Return to Player ⁸ | 90.67% | 90.71% | 90.75% | 90.86% | 90.99% | 91.02% |

Table 9 — Live venues and gaming machines - 2011 to 2016

| As At | 30 June 11 | 30 June 12 | 30 June 13 | 30 June 14 | 30 June 15 | 30 June 16 |
|----------------|------------|------------|------------|------------|------------|------------|
| No of Venues | 561 | 557 | 549 | 540 | 530 | 524 |
| No of Machines | 12 726 | 12 688 | 12 613 | 12 561 | 12 377 | 12337 |

Table 10 — Number of hotels by machine range - 2011 to 2016

| No of Machines | 30 June 11 | 30 June 12 | 30 June 13 | 30 June 14 | 30 June 15 | 30 June 16 |
|----------------|------------|------------|------------|------------|------------|------------|
| 1 to 10 | 133 | 131 | 132 | 123 | 120 | 118 |
| 11 to 20 | 101 | 101 | 97 | 99 | 98 | 96 |
| 21 to 30 | 33 | 33 | 31 | 33 | 35 | 31 |
| 31 to 40 | 230 | 229 | 227 | 224 | 219 | 222 |
| Total | 497 | 494 | 487 | 479 | 472 | 467 |

Table 11 — Number of clubs by machine range - 2011 to 2016

| No of Machines | 30 June 11 | 30 June 12 | 30 June 13 | 30 June 14 | 30 June 15 | 30 June 16 |
|----------------|------------|------------|------------|------------|------------|------------|
| 1 to 10 | 15 | 16 | 15 | 15 | 13 | 13 |
| 11 to 20 | 19 | 17 | 17 | 17 | 16 | 17 |
| 21 to 30 | 6 | 6 | 7 | 7 | 8 | 6 |
| 31 to 40 | 24 | 24 | 23 | 22 | 21 | 21 |
| Total | 64 | 63 | 62 | 61 | 58 | 57 |

⁸ From 1 October 2001 all new games and machines installed after this date must have a minimum return to player (RTP) of 87.5% (increased from 85%). While the actual return to player has continued to increase steadily each year, it is expected that this change to the minimum RTP will impact further as older games and machines installed prior to 1 October 2001 are removed and replaced with new games with a minimum return to player of 87.5%.

Table 12 — Gaming venues by business type - 2011 to 2016

| Venue Type | 30 June 2011 | % | 30 June 2012 | % | 30 June 2013 | % | 30 June 2014 | % | 30 June 2015 | % | 30 June 2016 | % |
|--------------|--------------|------|--------------|------|--------------|------|--------------|------|--------------|------|--------------|------|
| Hotels | 497 | 88.6 | 494 | 88.7 | 487 | 88.7 | 479 | 88.7 | 460 | 86.8 | 455 | 86.8 |
| Clubs | 64 | 11.4 | 63 | 11.3 | 62 | 11.3 | 61 | 11.3 | 70 | 13.2 | 69 | 13.2 |
| Total | 561 | | 557 | | 549 | | 540 | | 530 | | 524 | |

Table 13 — Gaming machines by business type - 2011 to 2016

| Venue Type | 30 June 2011 | % | 30 June 2012 | % | 30 June 2013 | % | 30 June 2014 | % | 30 June 2015 | % | 30 June 2016 | % |
|--------------|---------------|------|---------------|------|---------------|------|---------------|------|--------------|------|--------------|-------|
| Hotels | 11 217 | 88.1 | 11 195 | 88.2 | 11 135 | 88.3 | 11 118 | 88.5 | 10564 | 85.3 | 10558 | 85.58 |
| Clubs | 1 509 | 11.9 | 1 493 | 11.8 | 1 478 | 11.7 | 1 443 | 11.5 | 1813 | 14.7 | 1779 | 14.42 |
| Total | 12 726 | | 12 688 | | 12 613 | | 12 561 | | 12377 | | 12337 | |

Chart 2 — Average Daily NGR per gaming machine

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

The further decline in NGR to \$157 for 2009-10 was likely due to a reduction in discretionary income, following interest rate rises, the global financial crisis and a fluctuating economic climate. Growth in NGR to \$160 per machine per day during 2010-11 was maintained in 2011-12, with only a minor reduction in 2012-13 to \$159 per machine per day. The average daily NGR remained at \$159 per machine per day in 2013-14 with a slight increase in 2014-15 to \$160 per machine per day. The average daily NGR for 2015-16 has seen a drop back to the 2013-14 figure of \$159.

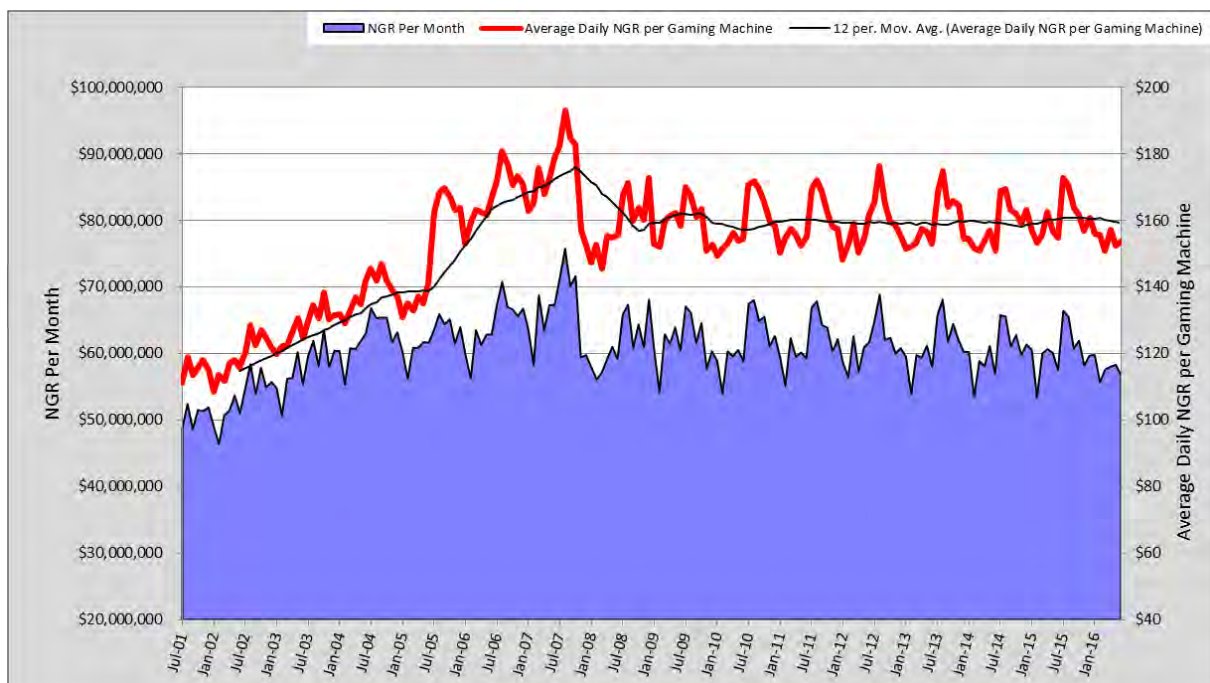


Table 14 — Chronology of Responsible Gambling Measures and Legislative Amendments

| Event | Details |
|----------------------|---|
| Event 1: 07/12/2000 | Commencement of legislation preventing the granting of new gaming machine licences. |
| Event 2: 30/05/2001 | Statutes Amendment (Gambling Regulation) Act 2001 is passed. |
| Event 3: 01/10/2001 | <p>First mandatory versions of the Responsible Gambling Code of Practice and the Advertising Code of Practice introduced. Key elements of the codes were:</p> <ul style="list-style-type: none"> • clocks to be displayed in gaming areas; • players to be prevented from playing while intoxicated; • mandatory training requirements; and • cheques not to be cashed in gaming areas. <p>Minimum RTP on all newly approved games increased to 87.5% from the previously approved rate of 85%.</p> <p>Applications for new games must be refused if they are deemed to have characteristics that are likely to lead to an exacerbation of problem gambling. Voluntary Barring system introduced.</p> |
| Event 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>Auto-play function removed from all South Australian gaming machines by this implementation date.</p> |
| Event 5: 30/04/2004 | New Mandatory Codes of Practice introduced. |
| Event 6: 01/07/2005 | Removal of 2 162 machines as a result of compulsory reduction. |
| Event 7: 01/11/2007 | Introduction of complete indoor smoking bans. |
| Event 8: 01/12/2008 | Responsible Gambling and Advertising Codes of Practice amended. |
| Event 9: 25/11/2010 | <i>Gaming Machines (Miscellaneous) Amendment Act 2010</i> is passed. |
| Event 10: 01/01/2011 | Tranche 1 amendments proclaimed relating primarily to an increase in maximum penalties, the ability to expiate for certain breaches of the Act and licence conditions, and red tape reduction initiatives. |
| Event 11: 01/06/2011 | Tranche 2 amendments proclaimed primarily relating to the prescribing of principles and the codes of practice by the Authority, a strengthened Social Effect test and the introduction of expiation fees for breaches of mandatory code of practice provisions. Responsible Gambling and Advertising Codes of Practice amended. |
| Event 12: 01/07/2011 | Tranche 3 amendments proclaimed primarily relating to the role of the State Procurement Board in the administration of the Gaming Machines Act being abolished, the introduction of a new system for the trading of gaming machine entitlements and amended annual reporting requirements. |
| Event 13: 12/07/2012 | The <i>Statutes Amendment (Criminal Intelligence) Act 2012</i> provides for the amendment of criminal intelligence provisions in various Acts so that they are consistent and conform to the model upheld as constitutionally valid by the High Court. |

| Event | Details |
|----------------------|--|
| Event 14: 09/12/2012 | Remaining amendments proclaimed relating to periods when gaming operations are not allowed to be conducted unless the gambling provider has entered into an RGA, and mandatory licence conditions for venues trading after 2am. |
| Event 15: 17/06/2013 | Directors' liability has been removed for offences committed by a body corporate against the Gaming Regulations. These amendments clarify that the regulation making power exists to enable the Gaming Regulations to impose such liability should that be considered appropriate in particular cases. |
| Event 16: 25/07/2013 | <i>Statutes Amendment (Gambling Reform) Act 2013</i> is passed. |
| Event 17: 01/01/2014 | Tranche 1 amendments commenced to improve existing regulatory and responsible gambling measures for gaming venues and reduce red tape. Includes: new games and gaming machines approved for a limited period; games and gaming machines already approved in approved jurisdictions are automatically approved in South Australia so long as they comply with certain specific South Australian requirements; Account based cashless gaming systems can be used so long as the system has been recognised by the Authority and additional harm minimisation measures (voluntary pre-commitment and automated risk management systems are to be implemented by the venue if account based cashless gaming system is offered. |
| Event 18: 01/02/2014 | Regulations introduced to impose a \$250 per card per 24 hour withdrawal limit from automatic teller machines (ATM) and for EFTPOS facilities: each withdrawal must not exceed \$200; the person operating the facility must confirm the amount of cash requested to be withdrawn immediately before the transaction is processed; and cash may only be obtained directly from a person operating the EFTPOS facility or from a dispenser which is in the immediate vicinity of the EFTPOS facility so long as the dispenser does not form part of an ATM |
| Event 19: 01/03/2014 | Responsible Gambling and Advertising Codes of Practice amended as Gambling Codes of Practice Notice 2013. |
| Event 20: 01/07/2014 | Tranche 2 amendments commenced to improve existing regulatory and responsible gambling measures for gaming venues and reduce red tape. Includes: online notification of gaming managers and gaming employees; new responsible gambling training designed to complement responsible gambling systems; one government agency has responsibility for all gambling related welfare barrings; changes to the conduct of gaming operations (between 2am and 8am); and simplified in-venue signage. |
| Event 21: 01/10/2015 | <i>Statutes Amendment (Gambling Measures) Act 2015</i> is passed. |
| Event 22: 01/01/2016 | Tranche 3 amendments commenced aimed at improving existing regulatory and responsible gambling measures for gaming venues, including red tape reduction as well as some technical improvements. Includes: Gaming machine layouts no longer require the Liquor and Gambling Commissioner's approval; Integrity checks for gaming managers and gaming employees; Unlawful possession of gaming machines; Cash facilities within gaming areas; Delegation of the Independent Gambling Authority's functions; and Dealing with confidential information. |

10. APPROVED TRADING SYSTEM FOR GAMING MACHINE ENTITLEMENTS

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

During 2015-16, the following trading rounds were conducted—9/2015; 10/2015 and 11/2016.

Trading Round 9/2015

On 21 May 2015, I announced the establishment of Trading Round 9/2015 for the purchase or sale of gaming machine entitlements by publishing a notice to this effect in the South Australian Gazette.

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

The closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Friday 26 June 2015 at 5.00pm.

The official trade of entitlements (the Trading Day) was conducted on 30 July 2015, being the date that offers regarded as accepted for the trading round were determined and the amount of the Purchaser Price (i.e. the amount that purchasers paid) and Vendor Price (i.e. the amount that sellers were paid) were established.

The key outcomes of Trading Round 9/2015 were—

- a Purchaser Price of \$38,833.33 (plus GST);
- a Vendor Price of \$29,125.00 (plus GST);
- 44 gaming machine entitlements were sold by four profit organisations;
- eight gaming machine entitlements were sold by three non-profit associations;
- 11 gaming machine entitlements were cancelled (*being every fourth entitlement taken to have been sold by profit organisations*);
- two gaming machine entitlements were transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- 39 gaming machine entitlements were allocated to 13 successful organisation purchasers; and
- no commission was payable to the Gamblers Rehabilitation Fund.

As a result of Trading Round 9/2015, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 13 827 to 13 816.

My office prepared a review of the conduct and outcome of Trading Round 9/2015. A copy of this report was provided to the Authority and published on the CBS website.

Trading Round 10/2015

On 10 September 2015, I announced the establishment of Trading Round 10/2015 by publishing a notice to this effect in the South Australian Government Gazette.

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

The closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Friday 16 October 2015 at 5.00pm. The official trade of entitlements (Trading Day) was conducted on 18 November 2015.

The key outcomes of Trading Round 10/2015 were—

- a Purchaser Price of \$37,250.00 (plus GST);
- a Vendor Price of \$27,937.50 (plus GST);
- 58 gaming machine entitlements were sold by six profit organisation;
- 28 gaming machine entitlements were sold by three non-profit associations;

- 14 gaming machine entitlements were cancelled (*being every fourth entitlement taken to have been sold by profit organisations*);
- seven gaming machine entitlements were transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- 65 gaming machine entitlements were allocated to 17 successful organisation purchasers; and
- commission of \$18,625.00 was payable to the Gamblers Rehabilitation Fund.

As a result of Trading Round 10/2015, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 13 816 to 13 802. A review of the conduct and outcome of Trading Round 10/2015 was provided to the Authority and published on the CBS website.

Trading Round 11/2016

On 25 February 2016, I announced the establishment of Trading Round 11/2016 by publishing a notice to this effect in the South Australian Government Gazette.

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

The closing date and time for the submission of offers to purchase or sell gaming machine entitlements in this trading round was Friday 1 April 2016 at 5.00pm. The official trade of entitlements (Trading Day) was conducted on 5 May 2016.

The key outcomes of Trading Round 11/2016 were—

- a Purchaser Price of \$34,916.67 (plus GST);
- a Vendor Price of \$26,187.50 (plus GST);
- 39 gaming machine entitlements were sold by six profit organisation;
- 13 gaming machine entitlements were sold by three non-profit associations;
- nine gaming machine entitlements were cancelled (*being every fourth entitlement taken to have been sold by profit organisations*);
- four gaming machine entitlements were transferred to Club One (*being every fourth entitlement taken to have been sold by non-profit associations*);
- 39 gaming machine entitlements were allocated to nine successful organisation purchasers; and
- no commission was payable to the Gamblers Rehabilitation Fund

As a result of Trading Round 11/2016, the number of gaming machine entitlements, and hence the number of gaming machines which may be operated in South Australia, was reduced from 13 802 to 13 793. A review of the conduct and outcome of Trading Round 11/2016 was provided to the Authority and published on the CBS website.

Results of Trading Rounds

A summary of the results of previous trading rounds conducted are shown below. Figures for trading rounds 1/2012, 2/2012, 3/2013, 4/2013, 5/2014 and 6/2014 are available in previous related annual reports.

| Trading Round | 7/2014 | 8/2015 | 9/2015 | 10/2015 | 11/2016 |
|--|---------------|---------------|---------------|----------------|----------------|
| Trading Day | 20/11/2014 | 26/03/2015 | 30/07/2015 | 19/11/2015 | 5/05/2016 |
| Total number of entitlements held prior to Trading Round | 13839 | 13835 | 13827 | 13816 | 13802 |
| Offers to sell | 121 | 135 | 125 | 165 | 137 |
| Offers to purchase | 82 | 37 | 71 | 89 | 59 |
| Entitlements sold by profit organisations | 17 | 32 | 44 | 58 | 39 |
| Entitlements sold by non-profit organisations | 15 | 17 | 8 | 28 | 13 |
| Entitlements purchased | 24 | 37 | 39 | 65 | 39 |
| Entitlements cancelled | 4 | 8 | 11 | 14 | 9 |
| Entitlements transferred to Club One | 4 | 4 | 2 | 7 | 4 |
| Vendor Price (plus GST) | \$29,912.50 | \$28,712.50 | \$29,125.00 | \$27,937.50 | \$26,187.50 |
| Purchaser Price (plus GST) | \$39,883.33 | \$38,283.33 | \$38,833.33 | \$37,250.00 | \$34,916.67 |
| Commission paid into the Gamblers Rehabilitation Fund | \$0.00 | \$9,570.71 | \$0.00 | \$18,625.00 | \$0.00 |
| Total entitlements held after Trading Round | 13 835 | 13 827 | 13 816 | 13 802 | 13 793 |
| Entitlements to be cancelled to meet statutory objective | 754 | 746 | 735 | 721 | 712 |

11. ADMINISTRATIVE MATTERS

During 2015-16, CBS processed in excess of 16 000 applications for licences and miscellaneous approvals across liquor and gambling legislation. The decrease in the total number of applications processed compared to 2014-15 is again a reflection of previous amendments to legislation enabling a person to be approved as a ‘responsible person’ industry wide rather than premises specific, and the changes to applications for person approvals as detailed below at 11.1.1.

Note: In 2014-15, over 1 000 gaming, casino and wagering applications were processed. This was incorrectly reported as over 3 500 applications being processed. However, the figure of 3 500 related to the previous year’s annual report.

During 2015-16, in excess of 1 300 gaming, casino and wagering applications were processed, as detailed below.

11.1 Gaming Machines

All gaming applications processed during 2015-16 are shown below—

| Application Type | 2015-16 |
|---|---------|
| Applications - new licences | 0 |
| Applications - licence transfers | 49 |
| Applications - general | 417 |
| Applications - game approvals | 74 |
| Applications - gaming machine approvals | 24 |

11.1.1 Notifications of gaming managers and gaming employees

On 1 July 2014, changes to the approval process for gaming managers and gaming employees meant that these positions no longer required approval from the Commissioner to work at a gaming machine venue. Licensees are now required to use the new BOEN system to ‘notify’ the Commissioner of the appointment of these positions. In 2015-16 there were—

- 2 840 notifications of persons commencing employment as a gaming manager or gaming employee at a licensed gaming machine venue; and
- 2 146 notifications of persons ceasing employment as a gaming manager or gaming employee at a licensed gaming machine venue.

11.1.2 Prohibition Notice

A licensee provided information to my office alleging an employee had contravened section 51 of the Gaming Machines Act. The allegations included—

- the employee played gaming machines at the licensed premises; and
- the employee played gaming machines at the licensed premises using money allegedly belonging to the licensee of the licensed premises.

The employee was invited to provide a response to these allegations. No response was received within the required time frame. As a result of these allegations the employee’s employment was terminated by the licensee in October 2015.

Previously the Act required that a licensee must seek the approval of the Commissioner for a person to perform the prescribed duties of a gaming manager or gaming employee. The Act was amended (as detailed at 11.1.1 above) and this requirement ceased to apply from 1 July 2014.

As a result of these amendments, it was not possible for the Commissioner to revoke a gaming manager’s approval as at October 2015. However, following amendments to the Act, the introduction of section 44AA allows for the Commissioner to prohibit people from performing gaming duties.

It was determined that the evidence provided indicated that the employee had played gaming machines whilst undertaking the duties of a gaming manager and that they had played the gaming machines using coins belonging to the licensee. This conduct is not consistent with the standard of conduct expected of a person performing the duties of a gaming manager or gaming employee.

An order was issued under section 44AA of the Act prohibiting the employee from performing the duties of a gaming manager or gaming employee until further order.

11.2 Casino

All Casino applications processed during 2015-16 are shown below—

| Application Type | 2015-16 |
|--|---------|
| Applications - approvals, variations to procedures, etc. | 135 |
| Applications - game approvals | 130 |
| Applications - gaming machine approvals | 35 |
| Applications - person approvals | 254 |

11.3 Wagering

All wagering applications processed during 2015-16 are shown below—

| | |
|------------------------------|-----|
| Applications - licences | 0 |
| UBET SA System Modifications | 124 |

11.3.1 Bookmaker and Bookmaker Agent Licences

- In November 2012, in line with the Government’s policy of red tape reduction, the then Commissioner determined that—
 - the term of new and renewal bookmaker and bookmaker agent licences be extended to a period of up to three years with an expiry date of 31 December; and
 - the condition on all bookmaker licences requiring the provision of an annual financial statement as at 30 June each year, be revoked. The ‘Bookmaker Financial Statement’ is a comprehensive statement of a bookmaker’s financial position requiring considerable time on the part of the bookmaker to complete and for CBS staff to evaluate. No bookmaker has ever had a licence renewal refused as a result of the information provided in this annual statement. Under section 64 of the Authorised Betting Operations Act, I have the necessary powers to obtain all relevant financial information from bookmakers as part of a random and/or scheduled financial audit assessment.
- Licence renewals approved in December 2015, expire on 31 December 2018.

11.3.2 Bookmaker Permits

Annual Permits

Following consultation with South Australian Racing Controlling Authorities and racing clubs, in March 2012, the then Commissioner commenced the issuing of annual bookmaker permits. These permits allow bookmakers to attend all race meetings held at a specified racecourse throughout the year. Where the bookmaker requires a permit to accept bets at more than one racecourse, additional applications are required. Annual permits were issued in 2015-16 for the period 1 April 2016 to 31 March 2017 to 14

bookmakers to attend meetings conducted by 35 racing clubs. Further permits are issued on an ad-hoc basis when necessary (i.e. special events or feature race meetings).