



Independent  
Liquor & Gaming  
Authority

# Annual Report

2012–13





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## Erratum

Under the heading “Statement of the financial position as at 30 June 2013” on page 45, figures have been amended in the columns entitled “Actual 2013” and “Budget 2013”. This was due to an error of transcription at the time of publishing. The correct figures are shown below.

### INDEPENDENT LIQUOR and GAMING AUTHORITY

#### Statement of financial position as at 30 June 2013

	Notes	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalent	4	6,818	4,002	5,001
Receivables	5	434	271	271
<b>Total Current Assets</b>		<b>7,252</b>	<b>4,273</b>	<b>5,272</b>
<b>Non-Current Assets</b>				
Plant and equipment	6	49	67	87
Intangible assets	7	16	23	15
<b>Total Non-Current Assets</b>		<b>65</b>	<b>90</b>	<b>102</b>
<b>Total Assets</b>		<b>7,317</b>	<b>4,363</b>	<b>5,374</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	8	688	626	626
Provision for personnel Services	9(a)	834	601	601
Other	10	1,830	758	1,758
<b>Total Current Liabilities</b>		<b>3,352</b>	<b>1,985</b>	<b>2,985</b>
<b>Non-Current Liabilities</b>				
Provision for personnel Services	9(b)	10	11	11
<b>Total Current Liabilities</b>		<b>10</b>	<b>11</b>	<b>11</b>
<b>Total Liabilities</b>		<b>3,362</b>	<b>1,996</b>	<b>2,996</b>
<b>Net Assets</b>		<b>3,955</b>	<b>2,367</b>	<b>2,378</b>
<b>EQUITY</b>				
Accumulated funds		3,955	2,367	2,378
<b>Total Equity</b>		<b>3,955</b>	<b>2,367</b>	<b>2,378</b>

The accompanying notes form part of these financial statements.

Under the heading “Authority membership 2012–13” on page six, the date of second appointment for Mr Chris Sidoti currently reads “30 December 2012”. It should read “1 January 2013”. The date of the expiry term currently reads “5 March 2016” but should read “31 December 2017”. This information is in accordance with that published in the *New South Wales Government Gazette No. 126*.

### Mr Chris Sidoti – Chairperson

*Mr Sidoti was appointed a part-time member and Chairperson of the Casino Control Authority, a predecessor to the Independent Liquor and Gaming Authority, with effect from 1 January 2008.*

Date of first appointment:	1 January 2008
Date of second appointment:	1 January 2013
Expiry of term:	31 December 2017
Qualifications:	BA LLB. Australian lawyer of at least seven years standing
Directorships:	Nil
2012–2013 meeting attendance:	Formal meetings - 10 of 11 Other meetings - 7 of 7



26 March 2014

The Hon George Souris MP  
Minister for Tourism, Major Events, Hospitality and Racing  
Minister for the Arts, Minister for the Hunter  
Level 30  
Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Minister

The Independent Liquor and Gaming Authority submits to you its annual report for 2012–13. It apologises sincerely for the delay in doing so. The statutory requirement to provide you with an annual report of its administration of the liquor and gaming legislation was completed in time for lodgement as required but for the reasons indicated below audited Financial Statements for 2012–13 have not been available until now.

Principally, this report is late because the Auditor General was not initially satisfied with the quality of information provided by NSW Trade & Investment in support of the Authority's Financial Statements and because significant accounting issues existed in respect of transactions between the Authority and NSW Trade & Investment economic entities.

A large part of the delay in completing the Authority's 2012–13 Financial Statements was related to the accounting treatment of a number of transactions between the Authority and the main NSW Trade & Investment economic entities. This treatment has been modified from previous years to reflect better the true financial position of the Authority. The change means the technical deficits between those entities that had been accumulating over recent years have now been eliminated and those activities recognised as counterpart in revenues and expenditures in the Authority's Financial Statements.

Since the Authority was established on 1 July 2008, the cluster department with which it is associated - formerly Communities NSW and now NSW Trade & Investment - has handled all its financial administration. NSW Trade & Investment receives all revenue on behalf of the Authority, keeps the accounts and makes all payments. The Authority has limited access to the relevant accounting and IT systems, relying instead on service delivery from NSW Trade & Investment. While problems with elements of the Authority's accounts are not new, the current problems arise from our inability to obtain in a timely manner from NSW Trade & Investment reconciliations or evidence about transactions that the Auditor General considered adequate.



In auditing the Authority's accounts, the Auditor General's Office sought further, more detailed and basic transactional information from the Authority, which the Authority in turn has sought to obtain from NSW Trade & Investment. NSW Trade & Investment has continued to work with the Authority on providing all the information that the Auditor-General has requested to complete the audit. The transition to a new financial system (from SAP to SAP ByDesign) by NSW Trade & Investment during the year exacerbated the issues of being able to obtain detailed and reliable transitional accounting information in a timely manner. The Authority has sought and proposed a number of ways forward over the past nine months, with limited success until recently. Not having control of the information itself and not being able to provide it to the Auditor General's Office, the Authority's ability to bring these issues to a close was limited.

This situation is related to a larger difficulty with the Authority's finances. Since the Authority was established, it has been provided with an allocation in the annual Budget Paper number 3 only in respect of its functions in relation to the casino. Finance for the Authority's other functions, in relation to liquor, registered clubs and gaming machines, is not provided as a specific allocation to the Authority but is included in the total allocation to NSW Trade & Investment. The Authority has no advance knowledge of the amount to be provided for those functions, has no control over its budget and is able to account and be accountable for its expenditure only by means of the annual audit after the closure of the financial year. The lack of transparency and accountability presents significant challenges for the Authority's governance.

The Authority has raised its concerns repeatedly with NSW Treasury and NSW Trade & Investment and, although in principle a solution has been agreed, significant details still need to be resolved. The Authority is committed to ensuring greater clarity in this year's processes. It is determined to achieve complete resolution of all outstanding issues in time for the commencement of the 2014-15 financial year.

The Independent Liquor and Gaming Authority presents its annual report for 2012-13. The report has been prepared in accordance with the *Casino Control Act 1992*, the *Liquor Act 2007*, the *Annual Reports (Statutory Bodies) Act 1984* and the *Annual Reports (Statutory Bodies) Regulation 2010*.

Yours sincerely



Chris Sidoti  
**Chairperson**



Micheil Brodie  
**Chief Executive**

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## Chairperson's foreword to the 2012–13 annual report

Consultation is at the heart of the statutory framework of liquor and gaming legislation in New South Wales. The laws require broad community consultation through Community Impact Statements in the case of liquor licensing and Local Impact Assessments in the case of gaming machine regulation. In both cases local residents and key local organisations and services must be given notice of the application and provided with opportunities to comment, ask questions and make submissions. In addition key 'stakeholders' must be notified and given opportunities to express their views. These 'stakeholders' include the Police, the relevant local government authority, the Departments of Health and of Community Services, and Transport, Roads and Maritime Services. The decision maker, the Independent Liquor and Gaming Authority, is then required to take account of all submissions and information it receives in exercising its responsibilities under the legislation.

The requirements of consultation recognise, first and foremost, the rights of members of local communities to express their views on matters of significant local concern. The provision of liquor outlets and of gaming can have positive and negative effects on local communities. Applicants for new licenses and for changes to conditions attached to existing licence are required to identify those positive and negative effects and to assess impacts and to open their assessments to public scrutiny and response. Members of local communities can then provide their views, affirming or challenging the assessments of the applicants.

The requirements of consultation also recognise that those best placed to assess the positive and negative effects of liquor and gaming licences are the local experts – the local residents and the local stakeholders. They have the best available information through working and living in the affected community. Authority members and staff have a strong, broad knowledge of the State and, in considering any application, they gather and examine the best data about the locality. However, their knowledge cannot be as intensive, as detailed and as comprehensive as that of the local people. For that reason the Authority could not do its job properly without the assistance of local people and local 'stakeholders'.

Fortunately we have usually had the benefit of good advice when we have needed it.

The most sensitive, and therefore the most difficult, applications to the Authority almost always receive submissions from members of the public. They address their experiences as local residents concerned about their communities. They express opinions about the application and they often also provide specific information about local circumstances, with facts and figures. The information, the facts and the figures are what assist the Authority most. They enable us to form well based views of the likely impact of granting the application. They alert us to additional areas of inquiry we should make. Sometimes they will lead us to decide to hold a conference with all interested parties at or near the site and to inspect the site so that we can gain a better appreciation of the nature of the application and the likely consequences of granting it. On behalf of the Authority I express our great appreciation to all members of local communities who have assisted us in our work. I assure them that their views and assistance are important to us.

The Authority has especially appreciated the submissions from many Police licensing officers and Local Area Commands. During the past year we have received a greater number of Police submissions and their quality has often been very high. Police submissions that provide us with current crime statistics for the local community and an assessment of community safety and welfare issues relevant to the particular liquor or gaming application have enabled the Authority to appreciate far better the circumstances of the community affected by the application. The Authority thanks those Police who have provided substantive submissions on applications and encourages others to do so in the future. We need this evidentiary support.



Unfortunately the Authority does not receive the assistance from local government authorities that we would like. Local government is important to the liquor and gaming licensing processes, so important in fact that the Authority cannot even consider an application until the relevant development authority has given its consent. We have no power until then. Local authorities, however, usually consider that their role is complete when they have considered the development issue. That view is incorrect. The liquor and gaming legislation gives them a special place to provide comment and assistance to the Authority. The issues to be addressed under the liquor and gaming legislation are different from the issues under the planning and development legislation. We are told that local councils give consent grudgingly at times because of the requirements of the planning and development legislation. They have often an opportunity to express their views to the Authority more specifically about a liquor or gaming application than when they consider the planning and development issue. These areas of legislation have different bases and provide different opportunities but local government authorities rarely take the opportunity offered by the liquor and gaming legislation to present their views to the Authority. We encourage them to do so more often. Indeed we need them to do so.

The Authority also needs local government authorities to be more consistent in their approaches to liquor and gaming. We are often confused when local government leaders express strong public views about the need for greater restrictions on liquor and gaming and then provide development consent for new licences or changes to existing licences on terms that to the Authority are quite generous. The Authority would be assisted if the views expressed by some local government leaders were better reflected in the decisions taken by their councils.

Many State departments also assist the Authority in its work, also providing their views on liquor and gaming applications. I record our appreciation of the support provided by the Department of Trade and Investment, Regional Infrastructure and Services and its Office of Liquor, Gaming and Racing in particular. The Department and the Office have developed new tools and templates for their advice to the Authority to raise the quality of that advice to a very high standard. The Department of Health is one of the most frequent in providing submissions. Unfortunately those submissions are usually general in nature and so of limited assistance to the Authority in relation to a specific application. The Department of Community Services rarely provides a submission but, when it does, the submissions have been very significant in the Authority's decision making. Transport, Roads and Maritime Services provides advice to applicants on almost every application but does not usually make individual comments on applications.

In all cases the Authority appreciates the assistance of State departments and encourages them to offer, from their expertise, the information they have available specific to applications that come to us.

The Authority needs good information, relevant to each specific application, from those experts in the particular local community. We are grateful to those who have assisted us in the past and we encourage wider and more focused use of the consultation opportunities offered by the legislation.

While I have focused on consultation in my comments for this annual report, I want also to record the Authority's appreciation for those who have assisted it more generally. The Minister for Tourism, Major Events, Hospitality and Racing, the Hon George Souris MP, has continued to provide strong support to the Authority and for its work, for which we are very grateful.

The Department of Trade and Investment, Regional Infrastructure and Services has continued to provide staff, office accommodation and services to enable the Authority to perform its statutory responsibilities with the independence the legislation requires. I referred in my introduction to the last annual report to the completion of a Memorandum of Understanding between the Department and the Authority as the basis for this cooperation. I am very pleased to report now that many of the concerns of the Authority since its establishment, including the accountability of staff, have been resolved under the Memorandum of Understanding and other matters are being addressed. The

Authority as a whole and I personally are grateful to the Director General and Deputy Director General of the Department for their commitment and efforts in making the MOU work.

Throughout the year the Authority has maintained its close professional relationship within the NSW Police Casino and Racing Investigation Unit. The Unit has been unfailingly professional and diligent in assisting the achievement of the Authority's objective of keeping the casino free from criminal influence and exploitation. The Authority expresses its continuing appreciation to the Unit's staff for their efforts.

I must also express the Authority's appreciation once again for the leadership, commitment and sheer hard work of its Chief Executive, David Greenhouse. Mr Greenhouse completed his time as Chief Executive at the end of the year under review to take a well deserved extended period of leave. The Authority's effectiveness and strength are due in no small measure to the contribution he made to its development and work. At the end of the year under review we welcomed our new Chief Executive, Micheil Brodie. Mr Brodie has worked in liquor and gaming regulation for many years. He brings to us in New South Wales his experiences in three other jurisdictions. Authority members look forward very much to working with him in the coming years.

The staff team led by the Chief Executive continued to work long, hard and well in ensuring the highest possible quality of performance in all areas of the Authority's jurisdiction. I express the Authority's thanks and appreciation to them too.

All members of the Authority members apart from the Chief Executive are part time. The demands on them are great. The Authority meets in ordinary session once a month – rarely for less than nine hours. In addition members participate in six Authority committees, dealing with audit and governance, casino disciplinary matters, casino intelligence, casino licensing oversight, the appointment of receivers to registered clubs and applications for amalgamation of registered clubs. Then there are the conferences on complex licensing applications and hearings of review and disciplinary matters, all additional to the ordinary monthly meetings. Members are regularly required to consider and determine urgent matters on a between meetings basis. They also meet frequently with the legal profession and with industry associations. The Deputy Chairperson, the Chief Executive and I also meet six times each year with the Minister and separately with the Director General and Deputy Director General of the Department to brief them on our work. The workload is heavy for part timers! I thank the members of the Authority for their participation and their contributions. I am grateful for the opportunity of working with such a committed, professional team.

Chris Sidoti  
Chairperson

# Independent Liquor and Gaming Authority

In NSW there are currently **96,579** gaming machines entitlements and **16,399** liquor licences

During 2012– 13 we approved **2,469** new liquor licences

Processed **762** casino exclusion orders

Completed 67 hotel annual adjustments resulting in an overall refund of **\$441,216.46**

Processed and approved **683** casino special employee licences

Made **109** amendments to casino systems

Reviewed and completed **478** ClubGRANTS returns

Processed **640** gaming machine PBS authorisations

Approved **445** gaming machines

Processed **1486** gaming-related licence renewals

Completed 113 club reassessments with refunds totalling **\$498,304.56**



## Introduction

The Independent Liquor and Gaming Authority is an independent statutory authority constituted by the *Gaming and Liquor Administration Act 2007*.

The Authority has a large number of functions under legislation regulating the Sydney casino, and licensing liquor and gaming machine activities in New South Wales. Under the *Casino Control Act 1992*, the Authority is responsible for the regulation of gaming and liquor matters at the Sydney casino, encompassing both licensing and enforcement functions. It is also responsible for licensing, approval and some other regulatory functions under the *Liquor Act 2007*, *Gaming Machines Act 2001*, *Registered Clubs Act 1976* and related legislation.

In April 2011 (effected by the *Public Sector Employment and Management (Departments) Order 2011*), the Authority became part of the Trade and Investment, Regional Infrastructure and Services cluster (referred to in this report as 'NSW Trade & Investment').

## Charter

Under the *Casino Control Act 1992*, the Authority is responsible for the regulation of gaming and liquor matters at the Sydney casino, encompassing both licensing and enforcement functions. It is also responsible for licensing, approval and other regulatory functions under the *Liquor Act 2007*, *Gaming Machines Act 2001*, *Registered Clubs Act 1976* and related legislation.

## Management and structure

The *Gaming and Liquor Administration Act 2007* provides that the Authority consists of the Chief Executive, and such number of other members as are appointed by the Governor on the recommendation of the Minister, and that the affairs of the Authority are to be managed and controlled by the Chief Executive in accordance with the directions of the Authority.

The Act also provides that at least one of the appointed members must be a person who is or has been a Judge, or has been an Australian lawyer for at least seven years. One of the appointed members is to be appointed as Chairperson, and another is to be appointed as Deputy Chairperson. Appointed members hold office for terms not exceeding five years, and are eligible for re-appointment.

The Authority held 11 scheduled monthly meetings and seven other face-to-face meetings during the reporting period to transact business relating to casino, liquor and gaming. Several other meetings were conducted by telephone and email. Information about the Authority's Committees and their meetings is reported at Appendix 1.

Under s.9(2) of the *Gaming and Liquor Administration Act 2007*, the Authority cannot employ staff. However, in accordance with an agreement entered into in 2009, certain officers of NSW Trade & Investment have been made available to the Authority to assist the Authority exercise its casino-related functions.

An additional group of officers assists the Authority to exercise its (non-casino) liquor and gaming-related functions. Until 11 February 2013 these officers did not report to the Authority but to the Executive Director, Office of Liquor, Gaming and Racing, within NSW Trade & Investment. A Memorandum of Understanding (11 February 2013) has since been implemented to amend this structure and those staff carrying out Authority work, now report to the Authority. During 2012–13, work continues, in conjunction with NSW Trade & Investment, to ensure the Authority is in a position to exercise management control over the resources made available to the Authority to assist the discharge of its statutory responsibilities.

## Authority membership 2012–13

### Mr Chris Sidoti – Chairperson

*Mr Sidoti was appointed a part-time member and Chairperson of the Casino Control Authority, a predecessor to the Independent Liquor and Gaming Authority, with effect from 1 January 2008.*

Date of first appointment:	1 January 2008
Date of second appointment:	30 December 2012
Expiry of term:	5 March 2016
Qualifications:	BA LLB. Australian lawyer of at least seven years standing
Directorships:	Nil
2012–2013 meeting attendance:	Formal meetings - 10 of 11 Other meetings - 7 of 7

### Mr David Armati - Deputy Chairperson

Date of appointment:	31 August 2011
Expiry of term:	30 August 2014
Qualifications:	LLB. Australian lawyer of at least seven years standing
Directorships:	Nil
2012–2013 meeting attendance:	Formal meetings - 10 of 11 Other meetings - 6 of 7

### Mr Ken Brown AM – Member

*Mr Brown was appointed a part-time member of the Casino Control Authority, a predecessor to the Independent Liquor and Gaming Authority, with effect from 6 March 2006.*

Date of first appointment:	6 March 2006
Date of second appointment:	6 March 2011
Date of current appointment:	5 March 2013
Expiry of term:	6 March 2016
Qualifications:	FCPA
Directorships:	Board Member, Racing New South Wales
2012–2013 meeting attendance:	Formal meetings - 9 of 11 Other meetings - 7 of 7

### Mrs Sharryn Brownlee – Member

*Mrs Brownlee was appointed a part-time member of the Casino Control Authority, a predecessor to the Independent Liquor and Gaming Authority, with effect from 13 April 2005.*

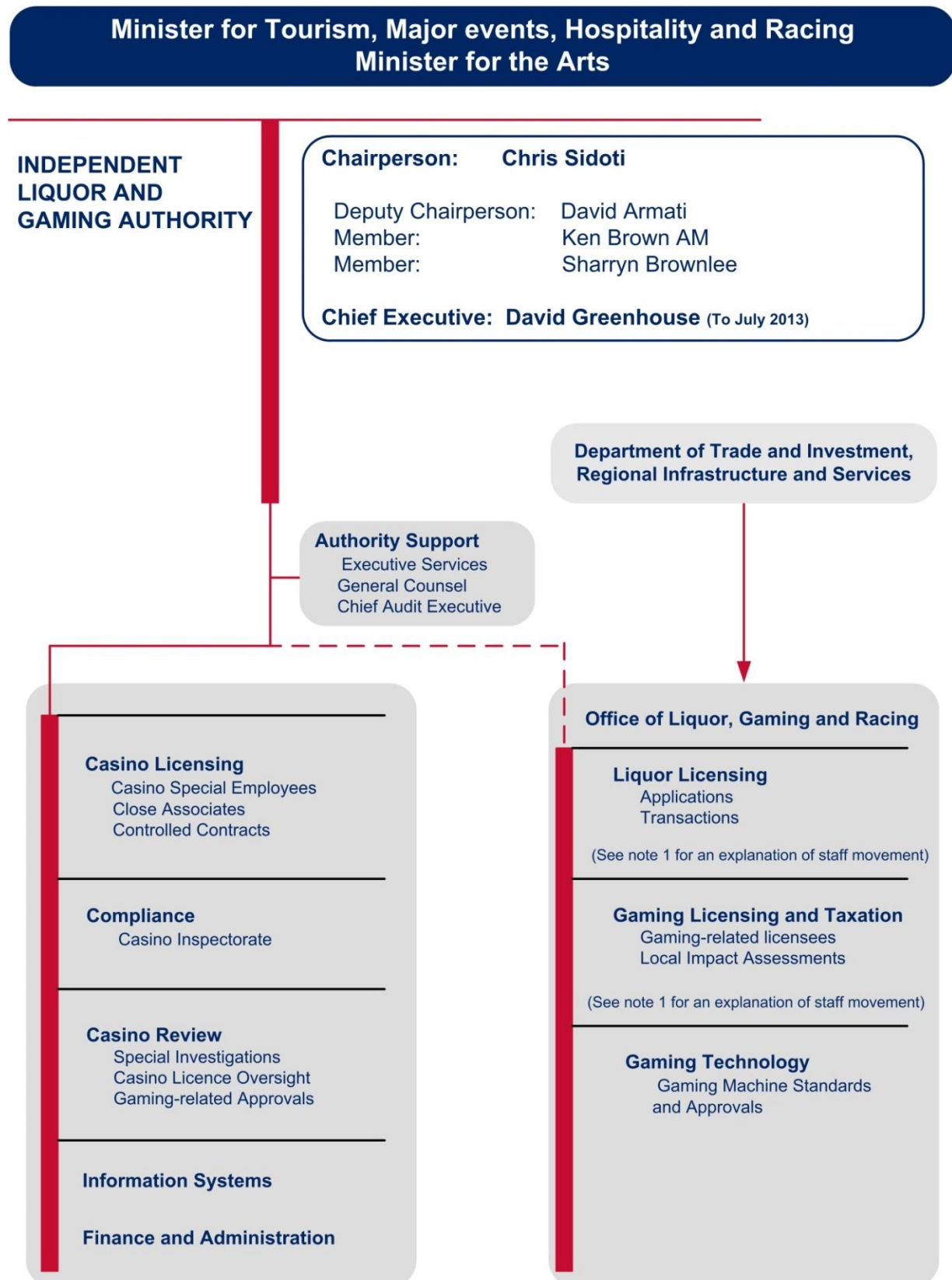
Date of first appointment:	13 April 2005
Date of second appointment:	13 October 2010
Date of current appointment:	10 October 2012
Expiry of term:	10 October 2013
Directorships:	Director and Secretary, Ace Electrical Services Pty Ltd; Pro Chancellor for the University of Newcastle; Director Peninsular Community Centre Inc. (Trading as Coast Community Connections), Member Australian Institute of Company Directors
2012–2013 meeting attendance:	Formal meetings - 11 of 11 Other meetings - 6 of 7

### Mr David Greenhouse – Chief Executive

Date of appointment:	13 May 2010
Expiry of term:	5 July 2013
Qualifications:	BA LLB MPP
Directorships:	Nil
2012–2013 meeting attendance:	Formal meetings - 11 of 11 Other meetings - 7 of 7



## Organisational structure



<sup>1</sup> On 11 February 2013, 20 officers from the Office of Liquor, Gaming and Racing were assigned to the Authority to assist it in its statutory requirements.

## Aims and objectives

The objects of the Authority, as set out in s.140 of the *Casino Control Act 1992*, are to maintain and administer systems for the licensing, supervision and control of a casino, for the purpose of:

- ensuring that the management and operation of the casino remains free from criminal influence or exploitation
- ensuring that gaming in the casino is conducted honestly
- containing and controlling the potential of a casino to cause harm to the public interest and to individuals and families.

Section 141 of the *Casino Control Act 1992* provides that the Authority has such functions as are necessary or convenient to enable the Authority to achieve its objects.

The objects of the *Liquor Act 2007* as set out in s.3 are:

- to regulate and control the sale, supply and consumption of liquor in a way that is consistent with the expectations, needs and aspirations of the community
- to facilitate the balanced development, in the public interest, of the liquor industry, through a flexible and practical regulatory system with minimal formality and technicality
- to contribute to the responsible development of related industries such as the live music, entertainment, tourism and hospitality industries.

To secure the objects of the *Liquor Act 2007*, the Authority is required to have due regard to the following:

- the need to minimise harm associated with the misuse and abuse of liquor (including harm arising from violence and other anti-social behaviour)
- the need to encourage responsible attitudes and practices towards the promotion, sale, supply, service and consumption of liquor
- the need to ensure that the sale, supply and consumption of liquor contributes to, and does not detract from, the amenity of community life.

The key objects of the *Gaming Machines Act 2001* as set out in s.3 are:

- to minimise harm associated with the misuse and abuse of gambling activities
- to foster responsible conduct in relation to gambling
- to facilitate the balanced development, in the public interest, of the gaming industry
- to ensure the integrity of the gaming industry
- to provide for an on-going reduction in the number of gaming machines in the State by means of the tradeable poker machine entitlement scheme.

The Authority and other persons having functions under the *Gaming Machines Act 2001* are required to have due regard to the need for gambling harm minimisation and the fostering of responsible conduct in relation to gambling when exercising functions under it. In particular, due regard is to be had to the need for gambling harm minimisation when considering for the purposes of the *Gaming Machines Act 2001* what is or is not in the public interest.

## Summary review of casino operations

The Authority's principal casino regulatory activities during the 2012–13 reporting period include:

- overseeing the operations of the casino and ascertaining whether the operation of the casino is being properly conducted and managed
- detecting offences committed in or in relation to the casino and prosecuting offences under the *Casino Control Act 1992*
- enforcing the Government's Responsible Service of Alcohol and Responsible Conduct of Gaming strategies
- responding to patron concerns about casino operations

- approving gaming equipment, rules of games and new games
- monitoring compliance with the conditions of the casino licence and related legal agreements
- licensing special employees through rigorous probity assessment procedures
- taking disciplinary action against licensees under the *Casino Control Act 1992* when the prerequisite legislative grounds exist
- investigating, monitoring and reviewing controlled contracts for the provision of goods and services to the casino and reviewing contract notifications.
- Investigating close associates of the casino operator
- assessing and collecting State revenue from casino operations
- determining applications for review of exclusion orders issued against patrons of the casino
- consenting to and monitoring building and development works in the casino complex.

## Casino statistics

Item	2011–12	2012–13	5 Year Average
<b>Casino Taxes</b>			
Casino duty (\$M)	109.02	118.57	*95.59
Rebate player duty (\$M)	24.34	35.80	23.09
Responsible gambling levy (\$M)	13.95	14.20	13.08
Total (\$M)	147.31	168.57	131.73
<b>Casino Patrons</b>			
Patron complaints	82	67	56
<b>Exclusion Orders</b>			
Exclusion orders issued	432	762	540
Applications for review	55	49	63
Exclusions overruled by the Authority	0	1	3
<b>Reasons for Exclusions</b>			
Self exclusion	211	230	203
Unattended children	15	29	18
Disorderly conduct	110	231	134
Theft / fraud	43	51	88
Gaming-related incidents and offences under <i>Casino Control Act 1992</i>	27	31	33
Direction by Commissioner of Police	3	**154	***37
Responsible gambling	22	36	25
Other	1	0	1
<b>Licensing</b>			
Special Employee Licences approved	627	395	478
Provisional Licences issued	522	361	387
Provisional Licences cancelled	1	2	1
Special Employee Licences renewed	421	288	262
Special Employee Licences refused	2	3	2

\* Revenue is always increasing

\*\* During April 2013, the NSW Commissioner of Police directed the casino operator to exclude 132 persons from the casino

\*\*\* Not reflective of a 5 year average

## Gaming-related approvals (casino operations)

### Approved Games

Under the casino licence, the casino operator is permitted to operate gaming tables, gaming machines and the game of Star Keno. The casino operator also offers wagering through a TAB Agency and trade promotion activities within the casino which are not conducted under the *Casino Control Act 1992* or the casino licence.

Under section 66 of the *Casino Control Act 1992*, all games played at the casino must be conducted in accordance with rules approved by the Authority and published on the Authority's website. Star Keno rules are published in the Gazette under section 23(2) of the *Public Lotteries Act 1996*.

The approved rules of games are available on the Authority's website, and on request, at the casino. In addition, the casino operator is required to ensure that brochures summarising the approved games and rules of play (in a text approved by the Authority) are provided to patrons on request.

During the 2012–13 reporting period, the Authority approved:

- four new casino table games
- one new multi terminal table game
- 15 amendments to various rules of games
- 34 gaming machines
- 17 software upgrades for gaming machines and multi terminal table games
- 4 software upgrades for the casino's management system for their gaming and financial operations
- 13 items of gaming equipment
- 28 'How to Play' brochures
- 19 casino floor layout and table configurations.

### Approved Operational Arrangements

Under various provisions of the *Casino Control Act 1992*, the Authority may approve the operational arrangements connected with the conduct and supervision of gaming in the casino including:

- all gaming equipment
- the casino floor layout and table configurations
- dealing procedures
- security and surveillance procedures
- cashier, cage and gaming pit operations

## Direct supervision of casino operations

### General

The Authority provides a continuous 24-hour presence at the casino through on-site inspectors. Inspectors prepare written reports of violations of the approved games' rules and procedures.

Where significant incidents of non-compliance occur, recommendations are made for the Authority to institute prosecution or disciplinary action against the casino operator, special employee licence-holders, or other relevant individuals. Where on-site inspectors observe minor incidents of non-compliance with requirements, these are generally resolved through direct liaison with casino management.

In 2012–13, there were ten investigations resulting in an inspector recommending that disciplinary action be taken against the casino operator. For details refer to the reports section.

## Penalty Infringement Notices and prosecutions

In 2012–13, inspectors investigated 42 incidents of individuals allegedly breaching s.87 of the *Casino Control Act 1992* (cheating in the casino) issuing 21 Penalty Infringement Notices.

A total of 79 Penalty Infringement Notices were issued by inspectors for minors using false evidence of age to attempt to enter casino licensed premises.

A total of 81 Penalty Infringement Notices were issued by inspectors for excluded persons entering the casino.

Total fines for Penalty Infringement Notices issued during the 2012–13 reporting period were \$67,100.

During 2012–13, the Authority successfully prosecuted 11 cases, including five matters carried over from 2011–12, relating to breaches of s.84 (1) of the *Casino Control Act 1992* (excluded person not to enter casino). One matter relating to a breach of s.87 of the *Casino Control Act 1992* (cheating) was withdrawn. Total fines imposed from these prosecutions for the 2012–13 reporting period were \$3,600. There were 11 matters still to be determined by the Courts at the end of the 2012–13 reporting period.

## Complaints about the conduct of gaming

Where errors in the delivery of casino games or disputes between patrons occur, the casino operator is required to follow prescribed procedures. These processes are to determine the appropriate outcome contained within the rules of the relevant game. Persons not satisfied with the casino operator's determination can lodge a complaint with an Inspector.

During 2012–13, inspectors received 63 enquiries which could have resulted in formal complaints about the conduct of gaming under s.33 of the *Gaming and Liquor Administration Act 2007*. The 63 enquiries relate to the following games:

Game	Electronic Gaming	Poker	Roulette	Baccarat	Blackjack	Other games
Number of Enquiries	19	16	11	7	2	8

Initial assessments by inspectors indicated that in four instances the casino operator might not have applied rules or procedures correctly. In accordance with s.33, in each of these instances the investigating inspector provided the casino operator with the substance of the complaint and an opportunity to respond. As a result of their investigations, inspectors were satisfied that in all four instances there had been no contravention by the casino operator. In two matters carried over from the 2011–12 reporting period, the Authority determined to issue a letter of caution to the casino operator for one matter and determined not to take any action in the other matter.

## Excluded persons entering the casino

The casino operator is required to notify an inspector and then to remove or cause to be removed any excluded person detected in the casino. Excluded persons (other than those who are self-excluded) who enter the casino commit an offence punishable under s.84 of the *Casino Control Act 1992*.

In 2012–13, on a total of 705 occasions, 612 persons contravening their exclusion orders were detected in the casino. Of these 353 were self-excluded persons who were detected in the casino on



417 occasions. In respect of non-voluntary excluded persons, 98 briefs of evidence were initiated and 190 verbal or written warnings were issued.

### Reviews of exclusion orders

There are three sections within the *Casino Control Act 1992*, whereby a person may be prohibited from entering or remaining in the casino. Under s.79(1) the Authority or the casino operator may, by order given to a person, prohibit that person from entering or remaining in the casino, under s.81(1) the NSW Commissioner of Police may direct the casino operator to exclude a person from the casino and under s.79(3) a person may voluntarily apply to be excluded from the casino.

Under s.80(1) of the *Casino Control Act 1992*, a person who is given an exclusion order may apply to the Authority within 28 days after the order is given for a review of the order, unless the order was given by the Authority or at the direction of the Commissioner of Police.

During 2012–13, the Authority received 49 requests from persons seeking to have their exclusion orders reviewed. There were also 13 reviews still to be determined at the end of the 2011–12 reporting period. The Authority determined:

- 42 exclusion orders were to stand
- 1 exclusion order was overruled
- 9 applications for review of exclusion orders were received out of time
- 1 application was revoked by the casino operator
- 9 applications for review remain to be determined.

### Minors

The *Casino Control Act 1992* prohibits minors from entering or remaining in the casino and requires the casino operator to ensure that minors do not gain access to the gaming areas. Warning signs are prominently displayed throughout the casino complex. Casino security officers continuously attend casino entrances to sight evidence of the age of suspected minors attempting to gain entry. When a person is detected using false evidence of age to attempt to enter licensed areas or to purchase alcohol at a liquor outlet in the casino, an inspector is notified and (where appropriate) a Penalty Infringement Notice is issued. For details of Penalty Infringement Notices issued in these cases, refer to Penalty Infringement Notices and Prosecutions.

The Authority may also ask the casino operator to show cause as to why disciplinary action should not be taken against it for failing to prevent access by the minor to casino facilities. For details of any disciplinary action taken by the Authority in these cases, refer to s.154(d) of the *Casino Control Act 1992* in the reports section. Over the last two years, the Authority has been more active in seeking explanations of events where minors enter the casino licensed areas and will continue with this strengthened oversight.

### Liquor outlets

The Authority administers liquor licences at the casino complex under the Liquor Act 2007, as modified to apply under the Casino Control Regulation 2009. The casino operator's liquor outlets and the retail liquor outlets (within the casino complex but not conducted by the casino operator) are subject to close scrutiny by inspectors. No complaints were laid by Inspectors against retail liquor outlets during 2012–13.

### Criminal intelligence activities

Regular meetings are conducted between inspectors, the casino operator's investigators and representatives of the NSW Police Casino and Racing Investigation Unit in order to ensure effective communication of criminal intelligence.

The Manager, Compliance (casino operations) also chairs a monthly meeting between the casino operator and City Central Police. These meetings include a review of issues relating to local area crime, compliance with liquor licensing requirements and security of the casino site.

### **Licensing (casino operations)**

For the 2012–13 reporting period, the Authority’s licensing staff focused on the following:

- consider and determine applications for special employee licences
- review the suitability of organisational structures and position descriptions of the casino operator and the licensing requirements of each position
- consider and make recommendations for liquor licences and approvals to manage licensed premises
- consider and determine the appropriateness of proposed contracts for the provision of goods and services to the casino
- investigate if there are grounds for disciplinary action against licensed employees.

During 2012–13, Authority representatives also participated in the Australasian Gaming Regulators’ Investigation Forum, which continues working toward increasing liaison between agencies and acceptance of probity investigations by other jurisdictions.

### **Special employees**

Licensing statistics for the 2012–13 reporting period include:

- approval and issue of 361 provisional licences
- approval and issue of 395 special employee licences
- approval of 288 licence renewals.

During the 2012–13 reporting period, licensing staff recommended to the Authority that three applications for a special employee licence be refused. After hearing the submissions, the Authority determined to refuse the three applications.

During the 2012–13 reporting period, the Authority cancelled two Provisional Licences because the applicants failed to provide the required supporting records to assess the applicants’ suitability to be granted a casino special employee licence.

### **Controlled contracts**

Under s.36 of the *Casino Control Act 1992*, a controlled contract relates to the supply or servicing of gaming equipment at the casino, or a contract, or class of contracts, that - in the opinion of the Authority - is materially significant to the integrity of the operation of a casino and which the Authority declares to be a controlled contract. During the 2012–13 reporting period, three controlled contracts were lodged with the Authority. The Authority determined that no associates of parties entering into a controlled contract need apply for a special employee licence. Since 1995, the total number of associates the Authority has determined must apply for a special employee licence comes to 148.

At the end of the 2012–13 reporting period, a total of 512 controlled contracts had been lodged with the Authority since its inception in 1992.

### **Casino internal controls**

Section 124 of the *Casino Control Act 1992* states that the casino operator is not to conduct operations in the casino unless the Authority has approved in writing, a system of approved internal controls and administrative and accounting procedures. These function to ensure the security and

integrity of the casino's gaming operations. Breaches of approved internal controls and procedures may result in disciplinary action by the Authority. During the 2012–13 reporting period the Authority approved 109 amendments to the system of internal controls. Of these, 84 were for changes to the organisational structures and position descriptions.

### **Liquor licensing applications**

The *Casino Control Act 1992* effectively deems the casino complex to 'stand alone' in relation to the operation of the *Liquor Act 2007*, as modified to apply under the *Casino Control Regulation 2009*.

During the 2012–13 reporting period, one liquor licence application within the retail precinct of the casino was lodged. The Authority determined to approve a liquor licence for Century Restaurant.

During the 2012–13 reporting period, three applications for approval to manage liquor licensed premises (Century Restaurant) were approved.

### **Changes to the casino licence boundary**

During the 2012–13 reporting period, the casino operator did not seek to redefine the casino licence boundary.

### **Changes to the liquor licence boundary**

During the 2012–13 reporting period, the casino operator sought, and was given, approval on eight occasions to redefine the liquor licence boundary to accommodate the changes that occurred within the casino premises owing to the finalisation of refurbishment of the premises and special functions.

### **Reports required under section 154 of the *Casino Control Act 1992***

s.154(a) Details of any casino licence granted during the year

No licences were granted during 2012–13.

s.154(b) The number of licences granted under Part 4 of the Casino Control Act 1992.  
(‘Licensing of casino employees’)

The Authority granted:

- 361 provisional special employee licences
- 683 full special employee licences (including 288 renewals).

s.154(c) Details of any changes to the conditions of a licence made by the Authority during the year

No changes were made to the licence conditions during 2012–13.

s.154(d) Details of any disciplinary action taken by the Authority against the casino operator during the year

The following disciplinary action was taken against the casino operator under s.23 of the *Casino Control Act 1992*:

	Ground for Disciplinary Action Against the Casino Operator	Outcome
1	The Star permitted an employee on three occasions to exercise functions without that person being authorised by licence to exercise those functions	The Authority imposed a penalty of \$5,000 on the casino operator
2	The Star entered into three contracts without prior written notice being given to the Authority	The Authority issued a letter of censure to the casino operator
3	The Star allowed a minor to enter the casino premises where no acceptable proof of age was presented	The Authority imposed a penalty of \$10,000 on the casino operator
4	The Star allowed a minor to enter the casino premises where no acceptable proof of age was presented	The Authority issued a letter of censure to the casino operator
5	The Star allowed a minor to enter the casino premises where no acceptable proof of age was presented	The Authority imposed a penalty of \$5,000 on the casino operator
6	The Star permitted the games of Three Card Poker, Blackjack, Blackjack Challenge and Even Money Baccarat to be played other than in accordance with the approved rules of the game, when the games were conducted or played with incomplete decks of cards	The Authority issued a letter of censure to the casino operator
7	The Star allowed a minor to enter the casino premises where no acceptable proof of age was presented	The Authority imposed a penalty of \$10,000 on the casino operator
8	The Star allowed two minors to enter the casino premises through entrance doors that were unsecured and not guarded/controlled by a security officer at the time	The Authority imposed a penalty of \$5,000 on the casino operator
9	The Star allowed a minor to enter the casino premises without the minor producing acceptable proof of age for the minor.	The Authority imposed a penalty of \$50,000 on the casino operator

s.154(e) Disciplinary matter

The Authority found that The Star breached the *Casino Control Act 1992* in the period leading up to the public announcement of the cessation of the employment of The Star's former Managing Director, Mr S Vaikunta in February 2012 by not providing the requisite notification to the Authority and imposed penalties totalling \$110,000.

The Authority found that The Star should have disclosed to the Authority but did not disclose:

as from 2 January 2012, the suspension of Mr Vaikunta's employment functions (as required under section 62(1)(c) of the *Casino Control Act 1992*), penalty \$10,000, and on or about 23 January 2012, the likelihood that Mr Vaikunta would cease to be a close associate of the casino operator (as required under section 35(2)(b) of the *Casino Control Act 1992*), penalty \$100,000.

s.154(f) Summary of any disciplinary action taken by the Authority against persons licensed under Part 4 of Casino Control Act 1992 ('Licensing of casino employees')

Section 59(1) of the *Casino Control Act 1992* sets out the nature and grounds for disciplinary action that the Authority may take in relation to persons licensed under Part 4 of the *Casino Control Act 1992*. s.59(2) provides that the Authority may make such inquiries as it thinks fit into the question of whether there are grounds for disciplinary action against a licensee. The Authority considers the results of the inquiries and any submissions made by the licensee in defence or mitigation of the circumstances surrounding disciplinary proceedings. During the 2012–13 reporting period, disciplinary matters relating to five special employees were dealt with, as follows:

	Ground for Disciplinary Action Against Special Employees	Outcome
1	Drive with mid-range prescribed concentration of alcohol	Licence suspended for two weeks
2	Drive with high-range prescribed concentration of alcohol Drive while licence suspended	Licence suspended for six weeks
3	Drive with high-range prescribed concentration of alcohol Failure to notify	Licence suspended for three weeks
4	Fail/refuse to undergo breath test	Licence suspended for eight weeks
5	Drive with mid-range prescribed concentration of alcohol Failure to notify	Licence suspended for three weeks

s.154(f) Details of any directions given by the Minister under section 5 ('Directions by the Minister to protect integrity of casino gaming')

No relevant directions were given during 2012–13.

s.154(g) Summary of the outcome of any investigation or inquiry carried out by the Authority during the year

Several investigations/inquiries were carried out by the Authority, or commenced, during 2012–13. Summary information about them is as follows.

### Crown Limited shareholding investigation

On 24 February 2012, Crown Limited announced to the Australian Stock Exchange that it held a 10% interest in Echo Entertainment Group - the operator of The Star casino in Sydney and other casinos in Queensland. On that day, Crown Limited lodged an application with both the Authority and the Queensland Government seeking consent to increase its shareholding in Echo Entertainment Group beyond 10%.



On 20 June 2012, Crown Limited sought to amend its application on the basis that it would be subject to a condition that it not acquires more than 25% of the shares in Echo Entertainment Group without first seeking and obtaining a further approval. The Authority resolved to accept the amended application and determined to treat that amended application in the same way as the original application, as if Crown Limited was a close associate of the casino operator under s.35 of the *Casino Control Act 1992*.

Given the significance of this arrangement to the future management and control of the Sydney casino, the Authority had to be satisfied that Crown Limited, its associated companies and relevant office-holders were suitable to become involved in the management and operation of the Sydney casino. Accordingly, the Authority's investigations extended beyond the Crown Limited and CPH Close Associates to relevant entities and individuals considered by the Authority to be business associates of Crown Limited and CPH Close Associates, including in relation to overseas jurisdictions.

Following an extensive investigation, undertaken in conjunction with officers from the Queensland Office of Liquor and Gaming Regulation, the Authority - on 10 May 2013 - approved Crown Limited and Consolidated Press Holdings Limited (CPH) becoming close associates of The Star. This was on the basis that they are suitable persons to be associated with the management of The Star for the purposes of Crown Limited and CPH Close Associates and associated entities and individuals holding voting power in Echo Entertainment Group in excess of 10% up to the ownership cap (i.e. a 23% shareholding in Echo Entertainment Group).

The Authority also imposed a sunset date of 36 months from May 2013, after which Crown Limited's shareholding in Echo Entertainment Group will be capped at the level reached as that date.

The divestiture by Crown Limited of its entire shareholding in Echo Entertainment Group shortly after the announcement of the Authority's decision has no impact on the approvals granted or the conditions attached to them.

### **Genting Hong Kong Limited shareholding investigation**

On 25 June 2012, Genting Hong Kong Limited sought approval for its intention to acquire an unspecified interest in the voting power of Echo in excess of 10 per cent. Similar to the Crown Limited application, the Authority determined to consider their notification as an application for approval of a proposed major change under s.35 of the *Casino Control Act 1992*.

On 18 July 2012, the Authority was advised that Genting Hong Kong Limited wished to amend its application by seeking approval to acquire a shareholding in Echo up to 25 per cent and to make Genting Hong Kong Limited the sole Genting entity that would acquire the additional shares in Echo if approval is granted.

The Authority is undertaking its investigation into the proposed increased share acquisition in conjunction with officers from the Queensland Office of Liquor and Gaming Regulation.

As at the end of 2012–13 the investigation was on-going.

## Summary review of liquor operations

The Authority's principal liquor regulatory activities during the 2012–13 reporting period included:

- determining applications for
  - review of decisions of the Director General under section 36A of the *Gaming and Liquor Administration Act 2007*
  - packaged liquor licences
  - hotel – general bar licences
  - on-premises licences
  - extended trading authorisations
- reviewing the regulatory framework for the liquor industries
- providing liquor information services to support industry self-compliance, best practice and harm minimisation.

### Liquor statistics

Item	2012–13
Total number of licences	16,399
New liquor licences granted	2,469
Section 51 Authorisations	811

Information about the Authority's exercise of these various responsibilities during 2012–13 follows.

### Reports required under section 156 of the *Liquor Act 2007*

s.156(a) The number of licences in force in each Statistical Local Area determined by the Australian Bureau of Statistics (along with the total State-wide number of Licences) during the financial year

The total number of liquor licences in force in New South Wales for the 2012–13 reporting period was 16,399. Statistical Local Area licence information is as follows:

Statistical Local Area	2010–11	2011–12	2012–13	Statistical Local Area	2010–11	2011–12	2012–13
Albury City Council	124	125	137	Byron Shire Council	114	115	122
Armidale Dumaresq Council	66	63	63	Cabonne Shire Council	71	83	84
Auburn Council	123	128	133	Camden Council	79	84	90
Ballina Shire Council	89	95	97	Campbelltown City Council	125	127	130
Balranald Shire Council	15	14	15	Canterbury City Council	141	145	147
Bankstown City Council	175	181	183	Carrathool Shire Council	12	12	12
Bathurst Regional Council	106	110	113	Central Darling Shire Council	10	11	12
Bega Valley Shire Council	113	120	119	Cessnock City Council	409	425	437
Bellingen Shire Council	38	40	40	City of Canada Bay Council	164	174	188
Berrigan Shire Council	39	41	41	City of Lithgow Council	54	58	59
Blacktown City Council	178	182	188	Clarence Valley Council	111	114	117
Bland Shire Council	29	30	31	Cobar Shire Council	16	16	16
Blayney Shire Council	37	38	39	Coffs Harbour City Council	143	147	149
Blue Mountains City Council	142	150	155	Conargo Shire Council	4	5	5
Bogan Shire Council	16	17	17	Coolamon Shire Council	15	15	15
Bombala Council	12	12	12	Cooma-Monaro Shire Council	45	46	48
Boorowa Council	9	10	10	Coonamble Shire Council	19	19	19
Bourke Shire Council	16	20	20	Cootamundra Shire Council	21	21	21
Brewarrina Shire Council	6	6	6	Corowa Shire Council	38	37	40
Broken Hill City Council	64	65	67	Council of the City of Sydney	2,087	2,188	2,316
Burwood Council	69	73	76	Cowra Shire Council	47	48	49

Statistical Local Area	2010–11	2011–12	2012–13	Statistical Local Area	2010–11	2011–12	2012–13
Deniliquin Council	26	26	26	Narromine Shire Council	20	20	20
Dubbo City Council	81	82	83	Newcastle City Council	365	371	383
Dungog Shire Council	30	31	31	North Sydney Council	366	386	414
Eurobodalla Shire Council	105	108	113	Oberon Council	16	15	15
Fairfield City Council	186	189	204	Orange City Council	129	125	126
Forbes Shire Council	32	31	32	Palerang Council	49	51	52
Gilgandra Shire Council	16	16	16	Parkes Shire Council	46	46	47
Glen Innes Severn Council	28	27	27	Parramatta City Council	259	265	279
Gloucester Shire Council	16	17	18	Penrith City Council	168	171	181
Gosford City Council	246	255	267	Pittwater Council	126	132	136
Goulburn Mulwaree Council	71	69	71	Port Macquarie-Hastings Council	137	140	143
Greater Hume Shire Council	35	36	35	Port Stephens Council	136	142	148
Greater Taree City Council	88	90	96	Queanbeyan City Council	30	44	46
Great Lakes Council	100	101	102	Randwick City Council	200	224	238
Griffith City Council	138	150	160	Richmond Valley Council	38	37	37
Gundagai Shire Council	27	26	27	Rockdale City Council	121	126	133
Gunnedah Shire Council	33	34	35	Ryde City Council	170	181	191
Guyra Shire Council	11	12	13	Shellharbour City Council	60	69	73
Gwydir Shire Council	16	16	16	Shoalhaven City Council	206	218	225
Harden Shire Council	25	26	26	Singleton Council	137	134	137
Hawkesbury City Council	134	138	143	Snowy River Shire Council	106	114	118
Hay Shire Council	19	19	19	Strathfield Municipal Council	71	81	82
Holroyd City Council	55	59	62	Sutherland Shire Council	268	278	296
Hurstville City Council	91	94	103	Tamworth Regional Council	145	149	154
Inverell Shire Council	41	41	42	Temora Shire Council	18	19	19
Jerilderie Shire Council	6	7	7	Tenterfield Shire Council	30	32	34
Junee Shire Council	16	17	18	The Council of the City of Botany Bay	95	91	93
Kempsey Shire Council	58	58	59	The Council of the Municipality of Ashfield	59	62	66
Kogarah City Council	79	78	81	The Council of the Municipality of Hunters Hill	30	30	31
Ku-ring-gai Council	136	144	156	The Council of the Municipality of Kiama	51	51	54
Kyogle Council	16	16	17	The Council of the Shire of Hornsby	145	151	158
Lachlan Shire Council	25	24	25	The Council of the Shire of Wakool	16	19	19
Lake Macquarie City Council	185	192	200	The Hills Shire Council	178	194	212
Lane Cove Municipal Council	53	57	64	Tumbarumba Shire Council	30	28	28
Leeton Shire Council	32	30	32	Tumut Shire Council	38	39	40
Leichhardt Municipal Council	220	223	238	Tweed Shire Council	152	157	164
Lismore City Council	82	84	89	Unincorporated Far West	7	8	7
Liverpool City Council	143	142	146	Upper Hunter Shire Council	52	52	54
Liverpool Plains Shire Council	31	32	33	Upper Lachlan Shire Council	35	34	34
Lockhart Shire Council	13	14	15	Uralla Shire Council	20	20	21
Maitland City Council	104	108	111	Urana Shire Council	10	10	10
Manly Council	153	157	165	Wagga Wagga City Council	131	133	139
Marrickville Council	186	197	211	Walcha Council	15	15	15
Mid-Western Regional Council	201	201	202	Walgett Shire Council	27	27	27
Moree Plains Shire Council	38	42	42	Warren Shire Council	12	12	13
Mosman Municipal Council	62	69	75	Warrimah Council	217	213	230
Murray Shire Council	51	51	53	Warrumbungle Shire Council	37	36	36
Murrumbidgee Shire Council	6	7	7	Waverley Council	218	247	264
Muswellbrook Shire Council	61	60	59	Weddin Shire Council	16	15	15
Nambucca Shire Council	36	36	36	Wellington Council	28	27	27
Narrabri Shire Council	47	47	48	Wentworth Shire Council	36	35	35
Narrandera Shire Council	23	23	24	Willoughby City Council	183	197	208

Statistical Local Area	2010–11	2011–12	2012–13	Statistical Local Area	2010–11	2011–12	2012–13
Wingecarribee Shire Council	162	166	174	Wyong Shire Council	161	170	187
Wollondilly Shire Council	49	51	52	Yass Valley Council	90	93	96
Wollongong City Council	272	284	307	Young Shire Council	45	46	47
Woollahra Municipal Council	174	181	190				

Note: Licences are grouped by the current LGA recorded for each licence. There is one licence without LGA details. The licence is for a tourist train which has a South Australia address but travels through NSW. Counts do not include 'Liquor - limited licence' records.

s.156(b) The number of new licences granted by the Authority during the year

The Authority granted a total of 2,469 new liquor licences in 2012–13 reporting period:

Licence type	Number of new liquor licences in 2012–2013
Club licence	2
Hotel licence (Full hotel)	3
Hotel licence (General bar)	22
Limited licence	1,665
On premises licence	507
Packaged liquor licence	183
Producer/Wholesaler	87

s.156(c) The number of licences suspended or cancelled by the Authority during that year

The Authority did not suspend or cancel any licences during the reporting period.

s.156(d) The number of authorisations to which section 51 applies granted by the Authority during that year

The Authority granted a total of 811 authorisations during 2012–13 reporting period:

Approval type	Number of authorisations
Club functions authorisation	9
Drink on-premises authorisation	13
Extended trading authorisation	93
Function on other premises authorisation	350
Minors area authorisation	103
Minors function authorisation	4
Non-restricted area authorisation	59
Primary service authorisation	123
Residents bar authorisation	4
Sale on other premises authorisation	50
Take-away sales authorisation	3

s.156(e) The number of licences in respect of which disciplinary action was taken by the Authority during that year and the nature of the disciplinary action taken

Two disciplinary complaints were determined during 2012–13. One matter involved a complaint under the disciplinary regime provided by Part 9 of the *Liquor Act 2007*, while the second matter

involved the review of a second “strike” recorded against a liquor licence under the supplementary disciplinary regime provided by Part 9A of the Liquor Act.

On 26 October 2012 the Authority found that a complaint by NSW Police under s.139 of the Liquor Act against Mr Matthew Rattray, the former licensee of the Royal Hotel at Hill End had been established. The finding was based upon Mr Rattray’s recent conviction for assault occasioning actual bodily harm against his brother arising from an ongoing domestic dispute.

Mr Rattray was found to be not a fit and proper person to hold a liquor licence. However, the Authority exercised its discretion to take no action in this matter. For further details of this decision refer to [www.ilga.nsw.gov.au](http://www.ilga.nsw.gov.au).

The Authority nevertheless instructed staff to flag Mr Rattray so that any future application naming him must come before the Authority and shall not be determined under delegation.

On 11 June 2013 the Authority determined an application for review under s.144H of the *Liquor Act 2007*. The review application was made by the business owner of “Hue Karaoke”, a venue with an on-premises licence in Sussex Street, Sydney. This was the first occasion upon which the Authority has been requested to review a “second strike” decision under the new “three strikes” disciplinary scheme under Part 9A of the Liquor Act.

The Director General had determined to record a “second strike” against the licence by reason of the commission by the licensee of the offence of permitting intoxication on premises, arising from an incident that involved an intoxicated male assaulting a waitress. The Authority confirmed the reviewable decision and a second strike remains in effect against the licence.

The Authority also received five review applications under section 36A of the *Gaming and Liquor Administration Act 2007*. The below table summaries those applications and the outcomes.

Licence name	Reviewable decision	Authority's decision
South Curl Curl Surf Life Saving Club	LA10 noise restrictions	No jurisdiction Application received out of time
Hilton Hotel, Sydney	Glass restrictions	Confirm the reviewable decision
Amble Inn Hotel, Corindi Beach	LA10 noise restrictions	Confirm the reviewable decision
Mean Fiddler Hotel, Rouse Hill	Crime scene preservation	Confirm the reviewable decision
Sugarmill, Potts Point	Glass restrictions	Confirm the reviewable decision

For further details of these decisions refer to [www.ilga.nsw.gov.au](http://www.ilga.nsw.gov.au).



## Summary review of gaming machine operations

### Gaming statistics for 2012-13

Item	Club licences	Hotel licences	Total
Total number of entitlements	74,917	21,662	96,579
Total number of gaming machines	70,514	23,394	93,908
Active licences	1,414	2,093	3,507

### Gaming technology

Under s.64 of the *Gaming Machines Act 2001*, the Authority may declare a device to be an approved gaming machine for use in hotels and registered clubs. During 2012–13, the Authority granted a total of 445 approvals as follows:

- 246 new game approvals to operate on gaming machines
- 90 approvals to modify existing gaming machine software
- 1 new technology gaming machine platform approved
- 54 gaming machine modifications and supporting devices approved
- 11 new technology gaming system field trials approved
- 43 subsidiary system related approvals were granted.

All 445 approvals were issued in accordance with the objects of the Gaming Machines Act, including the Gaming Machine Prohibited Features Register. Of the 247 new game and platform approvals, 16 were required by the Authority to be reworked during the application stage in order to address responsible gambling or player fairness issues.

### Gaming machine applications

The object of the gaming machine entitlements scheme under the Gaming Machines Act is to provide for on-going reduction in the number of gaming machines in NSW by facilitating trade and forfeiture of gaming machine entitlements required to operate gaming machines in NSW clubs and hotels.

As mentioned above, as at 1 July 2013 there were 96,579 gaming machine entitlements in NSW (74,917 in clubs and 21,662 in hotels), compared to 96,968 at 1 July 2012 (75,207 in clubs and 21,761 in hotels). This is a decrease in the number of entitlements of 389. It was associated with a decrease in the number of gaming machines of 179. The overall number of gaming machine entitlements in NSW cannot increase. Each venue must acquire gaming machine entitlements from within the existing supply. Hotels can only acquire entitlements from other hotels and clubs from other clubs.

The maximum number of gaming machines that may be authorised in each venue is limited by the number of entitlements held by the venue. The maximum number of entitlements that a venue may have is determined by a gaming machine threshold for the venue. Under the gaming machine threshold scheme that threshold can only be increased for an individual venue if the proposed increase in gaming machines for the venue results in a positive impact to the community.

The number of entitlements for a venue can only be increased if entitlements are transferred from another venue. Under most circumstances, a transfer block of 9 entitlements will see 3 forfeited, thus reducing the overall number of gaming machines in NSW.

Over 360 applications were processed, including gaming machine entitlement transfers, gaming machine threshold increase applications, and class 1 and class 2 Local Impact Assessments. These classes are determined to recognise the number of machines sought to be transferred and local

factors such as the gaming machine density, gaming machine expenditure and evidence of socio-economic risk factors.

When undertaking a class 1 Local Impact Assessment, the venue must demonstrate that approval of the application will result in a positive contribution to the community. Under class 2 Local Impact Assessment, the venue must satisfy a much more stringent test by showing that the application, if approved, will provide an overall net positive impact on the local community.

Between 1 July 2012 and 30 June 2013, a total of 12 applications for gaming machine threshold increase with class 1 Local Impact Assessment were approved, with a total threshold increase of 167, and one application with class 2 Local Impact Assessment, with a threshold increase of 10. Over \$1.217 million in donations was required to be made for community benefit as part of the approved Local Impact Assessment applications.

The Authority approved a class 2 Local Impact Assessment in February 2013 for a gaming machine threshold increase of 10 (from 16 to 26) for the Strathfield Recreation Club located in a Band 3 (high risk) Local Government Area (LGA), with entitlements to be sourced only from another Band 3 LGA. Payments exceeding \$100,000 were also required to be made to local charitable organisations.

In April 2013 a public conference was held in relation to a class 2 Local Impact Assessment lodged by the Mt Pritchard & District Community Club ("Mounties") located in a Band 3 LGA for a gaming machine threshold increase of 60 (from 561 to 621). As at 30 June 2013 the application is under consideration by the Authority.

A class 2 Local Impact Assessment lodged by the Fairfield Hotel located in a Band 3 LGA for gaming machine threshold increase of 7 (from 23 to 30) is under review by the Authority as at 30 June 2013.

Details of the Authority's class 1 and class 2 Local Impact Assessment determinations follow.

### Class 1 Local Impact Assessment determinations

Premises	Application	Determination
The Westport Club, Port Macquarie	Increase of 20 (182 to 202)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>The approval by the Authority of an increase in the Club's gaming machine threshold from 182 to 202 is conditional on the Club providing evidence to the Authority by 31 July 2012 that a payment of \$55,000 has been made to the Port Macquarie-Hastings Council towards the internal fit-out of a van purchased for the operation of a new mobile library service to be run by the Council.</li> <li>This payment must be additional to the Club's minimum contribution under the ClubGrants program.</li> </ul>
Goulburn Workers' Club, Goulburn	Increase of 20 (from 130 to 150)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>The approval by the Authority of an increase in the Club's gaming machine threshold from 130 to 150 is conditional on the Club providing evidence to the Authority; <ul style="list-style-type: none"> <li>by 16 November, 2012 that payments totalling \$37,500 have been made in donation to Disability Services Australia in order to install a Liberty Swing in Victoria Park Goulburn with any remaining funds to go towards upgrades to the DSA Options facilities in Goulburn.</li> <li>by 9 August, 2013 that further payments totalling \$17,500 have been made in donation to Disability Services Australia in order to install a Liberty Swing in Victoria Park Goulburn with any remaining funds to go towards upgrades to the DSA Options facilities in Goulburn and</li> <li>by 8 August, 2014 that further payments totalling \$15,000 have been made in donation to Disability Services Australia in order to install a Liberty Swing in Victoria Park Goulburn with any remaining funds to go towards upgrades to the DSA Options facilities in Goulburn</li> </ul> </li> <li>These payments must be additional to the Club's minimum contribution under the ClubGrants program.</li> </ul>
Rose & Crown Hotel, Parramatta	Increase of 5 (from 25 to 30)	<p>Approved, subject to the following condition:</p> <ul style="list-style-type: none"> <li>The approval by the Authority of an increase in the Hotel's gaming machine threshold from 25 to 30 is conditional on the Hotel providing evidence to the Authority by 10th August 2012 that a payment of \$30,000 has been made to the Parramatta Mission, 119 Macquarie St Parramatta, to go towards their outreach and refuge services.</li> </ul>
The Palate Hotel Rydalmere (previously Old Goulburn Brewery Hotel)	Increase of 9 (from 10 to 19)	<p>Approved, subject to the following condition:</p> <ul style="list-style-type: none"> <li>The approval by the Authority of an increase in the Hotel's gaming machine threshold from 10 to 19 is conditional on the hotel providing evidence to the Authority within 28 days of the approval that a payment of \$50,000 has been made in donation to the Parramatta Mission for the provision of services in the local area.</li> </ul>
St George Motor Boat Club, Sans Souci	Increase of 6 (from 68 to 74)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>The approval of an increase in the club's gaming machine threshold from 68 to 74 is conditional on the club providing evidence to the Authority by 12 September 2012 that a payment of \$30,000 has been made to the St. George Hospital and Community Health Services for the purpose of purchasing a CO2</li> </ul>

Laser and Robotic Scanner.

- This payment must be additional to the club's minimum contribution under the ClubGrants program.

Milton Ulladulla Ex-Servos Club Limited, Ulladulla	Increase of 20 (from 94 to 114)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• The Club must obtain the 20 additional gaming machine entitlements from a Band 3 Local Government Area.</li> <li>• The Club must provide evidence to the Authority by 9 April 2013 that a payment of \$25,000 has been made in donation to the Dunn &amp; Lewis Youth Development Foundation.</li> <li>• The Club must provide evidence to Authority by 9 April 2013 that a payment of \$25,000 has been made in donation to Shoalhaven City Council for redevelopment of the West Ulladulla Sports Park.</li> <li>• The Club must provide evidence to the Authority by 9 April 2014 that an additional payment of \$25,000 has been made in donation to Shoalhaven City Council for redevelopment of the West Ulladulla Sports Park.</li> <li>• The Club must provide evidence to the Authority by 9 April 2014 that a payment of \$25,000 has been made in donation to Jindelara Disability Respite House.</li> <li>• These donations must be additional to the Club's minimum contribution under the ClubGrants program.</li> </ul>
Western Suburbs Leagues Club Illawarra Ltd, Unanderra	Increase of 20 (from 267 to 287)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• The Club must provide evidence to the Authority on or before 27 March 2014 that a minimum of \$190,000 has been paid over the preceding 12 months to Waldock Construction Group Pty Ltd for the construction of a grandstand at Sid Parrish Park.</li> <li>• The Club must provide evidence to the Authority on or before 27 March 2015 that a minimum of \$190,000 has been paid over the preceding 12 months to Waldock Construction Group Pty Ltd for the construction of a grandstand at Sid Parrish Park.</li> <li>• All of the above expenditure is to be excess of the Club's minimum ClubGrants liability.</li> </ul>
Earlwood Bardwell Park RSL, Bardwell Park	Increase of 14 (from 166 to 180)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• All gaming machine entitlements transferred to the Club as a result of the approval of this gaming machine threshold increase application must be transferred from clubs located in Band 2 or Band 3 local government areas.</li> <li>• The Club must provide evidence to the Authority on or before 31 May 2013 that a payment of \$17,500 has been made in donation to Earlwood Salvation Army for emergency food parcels.</li> <li>• The Club must provide evidence to the Authority on or before 31 May 2013 that a payment of \$17,500 has been made in donation to Kingsgrove Community Aid Inc for provision of elderly support.</li> <li>• The Club must provide evidence to the Authority on or before 31 May 2014 that an additional payment of \$17,500 has been made in donation to Earlwood Salvation Army for emergency food parcels.</li> <li>• The Club must provide evidence to the Authority on or before 31 May 2014 that an additional payment of \$17,500 has been made in donation to Kingsgrove Community Aid Inc for provision of elderly support.</li> <li>• All of the above expenditure is to be excess of the Club's minimum annual ClubGrants liability.</li> </ul>
Royal Oak Hotel, Parramatta	Increase of 5 (from 25 to 30)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• The Authority approved the Class 1 LIA for a gaming machine threshold of 5 (from 25 to 30) for the licence under section 36 of</li> </ul>

the *Gaming Machines Act 2001*, subject to the licensee providing evidence by 30 June 2013 that the Hotel has donated \$12,500 to each of The Children's Hospital at Westmead and CatholicCare Social Services.

Queanbeyan Australian Football Club, Queanbeyan	Increase of 8 (from 62 to 70)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• The Authority approved the Class 1 LIA for a gaming machine threshold of 8 (from 62 to 70) for the licence under section 36 of the Gaming Machines Act 2001, subject to: <ul style="list-style-type: none"> <li>- the Club providing evidence by 31 July 2013 that the Hotel has donated \$18,000 to The Cancer Support Group – ACT Eden Monaro's Own</li> <li>- the Club providing evidence by 31 July 2014 that the Club has donated \$11,000 to Meals on Wheels Queanbeyan and \$11,000 to the Queanbeyan Base Hospital.</li> </ul> </li> </ul>
Goulburn & District Soldiers Club Limited, Goulburn	Increase of 20 (from 115 to 135)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• The Authority approved a gaming machine threshold increase of 20 (from 115 to 135) for the licence and approved of the associated LIA subject to: <ul style="list-style-type: none"> <li>- the Club providing evidence to the Authority on or before 1 July 2014 that a payment of \$35,000 was made over the previous 12 months to Growing Abilities Goulburn Inc for services that support persons experiencing disability or disadvantage in the Goulburn Mulwaree local government area.</li> <li>- the Club providing evidence to the Authority on or before 1 July 2015 that a payment \$35,000 was made over the previous 12 months to Growing Abilities Goulburn Inc for services that support persons experiencing disability or disadvantage in the Goulburn Mulwaree local government area.</li> <li>- the Club providing evidence to the Authority on or before 1 July 2016 that a payment \$35,000 was made over the previous 12 months to Growing Abilities Goulburn Inc for services that support persons experiencing disability or disadvantage in the Goulburn Mulwaree local government area.</li> <li>- the Club's donations must be additional to the Club's minimum contribution under the ClubGrants program.</li> </ul> </li> </ul>
New South Wales Harness Racing Club Limited, Menangle Park Paceway	Increase of 20 (from 39 to 59)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• The Authority has approved the Class 1 LIA and the gaming machine threshold increase of 20 (from 39 to 59) for the licence subject to the Club providing evidence to the Authority on or before 31 July 2013 that: <ul style="list-style-type: none"> <li>- a payment of \$20,000 has been made in donation to Lifeline Macarthur</li> <li>- a payment of \$20,000 has been made in donation to Tharawal Aboriginal Corporation for provision of support and services to indigenous people in the Macarthur area and surrounds.</li> </ul> </li> <li>• The Club's donations must be in excess of the Club's minimum annual ClubGrants liability.</li> </ul>

## Class 2 Local Impact Assessment determinations

Premises	Application	Determination
Strathfield Recreation Club, Strathfield	Increase of 20 (from 16 to 36)	<p>The Authority has determined to partly approve the LIA and the threshold increase of 10, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• All gaming machine entitlements transferred to the Club as a result of the approval of this gaming machine threshold increase application must be transferred from Club's located in Band 3 Local Government Areas.</li> <li>• The Club must provide evidence to the Authority on or before 2 February 2014 and every 12 months thereafter until 2 February 2018 that over the prior 12 months a minimum of \$12,500 has been donated to the Chalmers Road School.</li> <li>• The Club must provide evidence to the Authority on or before 2 February 2014, and every 12 months thereafter until 2 February 2016 that a minimum \$10,000 has been donated to Mission Australia to fund problem gaming programs over the previous 12 months.</li> <li>• The Club must provide evidence to the Authority on or before 2 February 2014 and every 12 months thereafter until 2 February 2016 that over the prior 12 months a minimum of \$10,000 has been donated to the Inner West Tennis Academy.</li> <li>• The Club must provide evidence to the Authority on or before 1 March 2014 and every 12 months thereafter until 1 March 2016 that over the prior 12 months a minimum 5% of the Club's poker machine metered profit for the 12 months ending 31 August that exceeds \$1.22 million has been donated to either/or - Family Drug Support, the Chinese Parents Association and The Special Children's Service Centre.</li> <li>• The Club must provide evidence to the Authority on or before 1 March 2017 and every 12 months thereafter that over the prior 12 months a minimum 5% of the Club's poker machine metered profit for the 12 months ending 31 August that exceeds \$1.22 million has been donated to community groups.</li> <li>• All of the above expenditure is to be excess of the Club's minimum annual ClubGrants liability.</li> </ul>



## Legislative changes during 2012–13

The following changes to legislation relevant to the Authority's casino, liquor and gaming machine functions and related matters were made during 2012–13.

### Gaming and liquor administration – general

No amendments during the 2012–13 financial year.

### Casino

*Casino Control Amendment (Supervisory Levy) Act 2013* – commenced on 3 June 2013, this Act amends the *Casino Control Act 1992* by inserting a new s.115A which provides for a new casino supervisory levy that may be fixed by regulation. Consequential amendments are made to s.117 and s.119 of the Casino Control Act.

### Liquor

*Liquor Amendment (Conditional Grants) Regulation 2012* – commenced on 24 August 2012. This Regulation continues the operation of the former *Liquor Act 1982* in relation to conditionally approved applications granted before the repeal of that Act to enable the Local Court to take certain action with regard to conditionally granted applications.

*Liquor Amendment (Special Licence Conditions) Regulation 2012* – commenced on 1 December 2012. This Regulation amends the list of declared premises that are subject to special licence conditions under Schedule 4 to the *Liquor Act 2007*.

*Liquor Amendment (Kings Cross Plan of Management) Act 2012* – commenced on 7 December 2012. This Act inserted, inter alia, s.116A into the Liquor Act which along with other amendments introduces a new scheme of regulation for licensed premises in the Kings Cross precinct.

*Liquor Further Amendment (Extension of Freeze Period) Regulation 2012* – commenced in part on 21 December 2012 and in part on 24 December 2012. This Regulation amends Schedule 5 of the Liquor Act and extends by 12 months until 24 December 2013 the freeze on the granting of new licences or licence related authorisations and development consents in the Oxford Street, Darlinghurst precinct while removing the CBD South precinct from the Schedule, thus bringing that freeze to an end with effect from 24 December 2012.

*Liquor Amendment (Kings Cross) Regulation 2012* – commenced on 7 December 2012. This Regulation prescribes additional licence conditions in respect of licensed premises in the Kings Cross precinct; to make provision for the operation of certain “small venues” within the Kings Cross precinct (which shall be exempt from some of the additional licence conditions and development consent freeze provisions that apply to the Kings Cross precinct); and to require certain staff of Kings Cross licensed premises to hold a Responsible Service of Alcohol competency card.

*Liquor Amendment (Kings Cross Late Trading Venues) Regulation 2012* – commenced on 21 December 2012. This Regulation amends cl.53C and cl.53D of the *Liquor Regulation 2008* to prevent those venues in the Kings Cross Precinct that are licensed to trade after 5.00 am on Saturday and Sunday mornings from selling or supplying liquor between 4.00am and 5.00 am on those days.

*Liquor Amendment (Special Events – Extended Trading Periods) Regulation 2013* – commenced on 18 January 2013. The Regulation amends cl.38A of the Liquor Regulation to give hotels and clubs extended trading hours on certain Sundays upon which special events are held – being the Tamworth Country Music Festival, Australian Open Tennis and Commonwealth Bank Cricket Series.

*Liquor Amendment (Special Events – Extended Trading Periods) Regulation (No 2) 2013* – commenced on 31 May 2013. The Regulation amends cl.38A of the Regulation to give hotels and clubs permission to trade until midnight on certain Sundays on which special events will be held, being the National Rugby League Grand Final.

*Liquor Amendment (Special Licence Conditions) Regulation 2013* – commenced on 31 May 2013. The Regulation amends the list of declared premises that are subject to special licence conditions under Schedule 4 to the Liquor Act.

*Liquor Amendment (Small Bars) Act 2013 No 5* – assented 19 March 2013, commenced on 1 July 2013. The Liquor Amendment (Small Bars) Act amended the Liquor Act to provide for a new type of liquor licence, the “small bar” licence which authorises the sale of liquor on premises until 2.00 am on any day of the week provided that there are no more than 60 persons, or such other number prescribed by regulation, on the premises.

## **Gaming machines**

*Gaming Machines Amendment (Multi-Terminal Gaming Machines in Clubs) Act 2013* – commenced on 3 June 2013. The Gaming Machines Amendment (Multi-Terminal Gaming Machines in Clubs) Act amends s.61 and s.61A and inserts a new s.61B into the Gaming Machines Act to enable certain clubs to keep up to five multi terminal gaming machine player terminals on the premises.

## **Registered clubs**

*Registered Clubs Amendment (Training) Regulation 2013* – published on 14 June 2013 but commenced on 1 July 2013. This Regulation amends the *Registered Clubs Regulation 2009* to impose requirements upon club board members to complete, within 12 months of acquiring that status, certain prescribed corporate governance and club finance training courses to be conducted by registered training organisations.

Existing governing bodies must ensure that 50 per cent of board members have completed the training by 30 June 2016 and all existing members must complete the training by 30 June 2018. Small clubs must have at least two board members who have completed the prescribed training by 30 June 2016 and if that number falls below two board members, small clubs must ensure that two members have completed the required training within 12 months. Those club secretaries and approved managers who are appointed as of 1 July 2013 must complete the prescribed corporate governance training and any other prescribed course by 30 June 2015 and new secretaries or managers must do so within two years of their appointment.

## Management activities

### Budget review 2012–13

The Authority has two service groups: casino control and liquor and gaming-related licensing.

The casino control service group contributes to protecting the integrity of casino gaming in NSW and minimising harm to individuals and families. The liquor and gaming-related licensing group provides services relating to liquor licensing and gaming licensing and gaming machine approvals, other than those relating to the casino complex. The services of this latter group were provided through officers within the Office of Liquor, Gaming and Racing (OLGR) within the NSW Department of Trade and Investment, Regional Infrastructure and Service (DTIRIS).

The budget for the liquor and gaming-related licensing group (ie personnel services costs and the relevant revenue) is included in the budget for OLGR/DTIRIS and not included in the budget in the table below. For the purpose of this budget review, the actual personnel services costs of this service group and the relevant revenue collected by them on behalf of the Authority, are excluded from the table in order to arrive at a more meaningful comparison.

The Authority's actual revenue and expenses for its casino control service group in 2012-13 compared to the relevant budget is summarised below:

Item	2012-13 Actual \$'000	2012-13 Budget \$'000	Variance \$'000
<b>Expenses</b>			
Personnel services	8,745	5,091	(3,654)
Other operating expenses	3,579	2,908	(671)
Depreciation & amortization	37	82	45
<b>Total expenses</b>	<b>12,361</b>	<b>8,081</b>	<b>(4,280)</b>
<b>Revenue</b>			
Sale of goods and services	2,841	1,171	1,670
Investment revenue	225	152	73
Retained taxes, fees and fines	2,331	-	2,331
Grants and contributions	8,186	6,734	1,452
Acceptance by the Crown Entity of personnel benefits and other liabilities	355	13	342
<b>Total revenues</b>	<b>13,938</b>	<b>8,070</b>	<b>5,868</b>
<b>Net surplus / (deficit) for the year</b>	<b>1,577</b>	<b>(11)</b>	<b>1,588</b>

Total expenses in 2012-13 in relation to the Casino operations was \$8,221,000 which was \$140 000 above the expected budget for the period. This variance was principally due to other operating expenses associated with the Crown Ltd review which was not anticipated in the budget. It should be noted that all expenses incurred in this review were recoverable from Crown Ltd (see next page for an analysis on revenue).

Total revenue in 2012-13 in relation to the Casino operations was \$8,589,000 some \$519,000 more than budget. This was mainly due to revenue from sale of goods being above budget expectations, due to the recovery of expenses from Crown Ltd (\$2,242,000) and Genting Hong Kong Limited (\$453,000) reviews conducted during the year. Both of these reviews occurred as a result of Crown Ltd and Genting Hong Kong Limited both applying (at different times) to acquire more than 10% of the shares in Echo Entertainment Ltd.

In 2012-13 actual revenue collected by the OLGR on behalf of the Authority for liquor administration, gaming and licensing revenue of \$2,331,000 (\$2,512,000 in 2012). While the actual revenue was included in the Authority's financial statements, the budget for this revenue was included in the OLGR financial statements.

It should be noted that the Authority relies on accounting (SAP ByDesign system) and other information (GLS system,) provided by NSW Department of Trade & Investment, Regional Infrastructure and Services (DTIRIS). This financial year there were problems with the information exchange which has resulted in the Audit Office of New South Wales not being able to complete the required audit activity and certification for the figures included in these financial statements.

### Budget for 2013–14

The following budget is for the Authority's casino control service group only.

Operating Budget	'\$000
Expenses	
Personnel services	5,091
Other operating expenses	4,819
Depreciation & amortization	82
Total expenses	9,992
Revenue	
Sale of goods and services	3,072
Investment revenue	175
Grants and contributions	6,745
Acceptance by the Crown Entity of personnel benefits and other liabilities	342
Total revenues	9,992
Net surplus / (deficit) for the year	-

The 2013–14 Budget estimates include an amount of residual costs associated with Crown Limited and Genting Hong Kong Limited reviews conducted during the previous year and part of which are continuing in the coming year. All costs associated with these reviews are fully recoverable from Crown Limited and Genting Hong Kong Limited.

## Overseas travel

Overseas travel undertaken by staff attached to the Authority during 2012–13 is shown on the table below.

Name and Position	Country / City	Purpose of visit	Date from	Date to
Susan Heylin, Manager, Licensing	Victoria, Canada Pittsburgh, United States Las Vegas, United States	Crown Investigation	7.7.2012	20.7.2012
David Brealey, Manager, Casino Review	Victoria, Canada Pittsburgh, United States Las Vegas, United States	Crown Investigation	7.7.2012	20.7.2012
Sharryn Brownlee, Authority Member	Singapore	To attend International Association of Gaming Regulators Conference	21.10.2012	24.10.2012
David Armati, Authority Member	Wellington, NZ	To attend Australasian Liquor Licensing Authorities Conference	7.11.2012	9.11.2012
Susan Heylin, Manager, Licensing	Manilla, Philippines	Crown/Genting Shareholding Investigation	19.2.2013	24.02.2013

## Payment of accounts

Details of the Authority's performance in paying accounts relevant to its casino related operations during the 2012–13 year, as measured quarterly, were as follows:

All suppliers

Quarter	Current within due date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
	\$	\$	\$	\$	\$
September 2012	93,700	891,572	314,414	4,496	11,985
December 2012	434,764	632,819	11,154	96,919	48,068
March 2013	523,183	140,942	456,472	9,596	9,596
June 2013	1,113,785	476,631	260,805	1,019	20,818

All suppliers

Measure	September 2012	December 2012	March 2013	June 2013
Invoices due for payment (#)	155	143	148	213
Invoices paid on time (#)	135	129	120	192
% of account paid on time	87%	90%	81%	90%
Amount due for payment (\$)	1,316,167	1,223,723	1,139,789	1,873,058
Amount of accounts paid on time (\$)	985,273	1,067,583	664,125	1,590,415
% of accounts paid on time (based on \$)	75%	87%	58%	85%
Number of payment for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil



## Consultants

The Authority engages consultants to assist in undertaking certain specialist and most of its non-core functions such as security system, legal advice, internal audit, risk management and system development. During 2012–13 the Authority spent a total of \$2,874,318 for expert advice and specialized services from various consultants. Based on contractual agreements \$2,605,054 of these expenses were recoverable from The Star Pty. Limited, Crown Limited and Genting Hong Kong Limited. The breakdown of the Authority's use of consultants is listed below:

### Consultants equal to or more than \$50,000

The following table contains information for the casino control service group only.

Consultant / category	Cost \$	Service provided
Piper Alderman Legal	2,109,896  <b>Note:</b> all costs recovered from Crown Limited and/or the Genting Group.	Advice as part of the Authority's investigations into a proposed increased shareholding in Echo Entertainment Group by Crown Limited and the Genting Hong Kong Limited (separate investigations).
Ron Harrex Management services	209,547  <b>Note:</b> all costs recovered from Crown Limited	Advice on the investigation into a proposed increased shareholding in Echo Entertainment Group by Crown Limited.
HC Law Legal	186,659	Legal services and advise on liquor and gaming relate matters, including advising the Authority in the exercise of its primary decision making, review and disciplinary functions
PriceWaterhouseCoopers Management services	121,990  <b>Note:</b> all costs recovered from Crown Limited	Financial analysis and advice as part of the Authority's investigation into a proposed increased shareholding in Echo Entertainment Group by Crown Limited.
Crown Solicitor's Office Legal	65,415	Legal services and advice on certain liquor related matters.
BDO East Coast Management services	65,000  <b>Note:</b> all costs recovered from Genting Hong Kong Limited.	Advice as part of the Authority's investigation of into a proposed increased shareholding in Echo Entertainment Group by Genting Hong Kong Limited.
Davison Consultants Pty Ltd Management services	51,950  <b>Note:</b> all costs recovered from The Star Pty. Limited.	Advice on planning and casino building development matters.

### Consultancies less than \$50, 000:

There were four consultancies each costing less than \$50,000 totalling \$153,851. Three were related to advice in relation to the Authority's investigation into a proposed increased shareholding in Echo Entertainment Group by Crown Limited and one was related to management services matters.

## Statement of responsibility

### Credit card certification

The Chief Executive certifies that the credit card use for the Authority during the 2012–13 year was in accordance with applicable Premier’s Memoranda and Treasurer’s Directions.

### Investment performance

The Authority has no investments other than bank balance within the Treasury Banking System. Interest income earned in the year ended 30 June 2013 was \$221,000.

### Disclosure of controlled entities

The Authority is a reporting entity and has no entity under its control. The reporting entity is consolidated as part of the New South Wales Total State Sector and as part of the New South Wales Public Accounts.

### Disclosure of subsidiaries

The Authority does not hold shares in any subsidiary.

### Funds granted to non-government, community organisations

The Authority has not granted any funds to non-government community organisations during the 2012–13 reporting period.

## Land disposal

There was no land disposal during the 2012–13 reporting period. The Authority, on behalf of the State, holds title over the parcels of land bound by Pyrmont Street, Jones Bay Road, Pirrama Road, Edward Street and Union Street, Pyrmont. This is the site of the casino and the adjacent switching station. In respect of both, the Authority is the lessor in respect of long-term leases to the casino, which run to 2093.

## Events after 30 June 2013

Nil.

### Senior executive service profile

No Senior Executive Service positions were attached to the Authority in 2012–13.

### Professional development outcomes

The Authority used both skills-based training opportunities and broader developmental approaches to help Members and staff in the acquisition of skills and knowledge necessary for the organisation to meet its objectives and for the professional development of individual staff. During the 2012–13 reporting period the Authority spent \$10,366 in direct training and staff development.

### Workers’ compensation

The Authority’s workers’ compensation cover was arranged under the Treasury Managed Fund. One officer attached to the Authority claimed workers’ compensation in 2012–13.

## Corporate management outcomes

The Authority's corporate management objectives are to ensure good corporate management practices within the Authority and to deliver effective and efficient corporate management outcomes.

## Human resources

### Requirements arising from employment arrangements

Details of employment arrangements are included in the annual report of NSW Trade & Investment.

### Exemptions

Triennial reporting of particulars regarding the operations of the Authority, relating not only to the current reporting year and to those of the two preceding reporting years for the following reporting provisions is included in the annual report of NSW Trade & Investment:

- Disability
- Occupational Health and Safety
- Waste
- Equal Employment Opportunity
- Multicultural Policies and Services Program

Information concerning the following criteria is included in the annual report of NSW Trade & Investment:

- Code of Conduct
- Recruitment
- *Government Information (Public Access) Act 2009* (GIPA)
- Industrial Relations Policies and Procedures
- Personnel Policies and Procedures
- Privacy Management Plan and *Privacy and Personal Information Protection Act 1998*

**Note:** Further information about accessing documents under GIPA is on the Authority's website – [www.ilga.nsw.gov.au](http://www.ilga.nsw.gov.au) .

## Standard operating policies

### Fraud Prevention and Control

The Authority continued its ongoing commitment and practice of its fraud prevention and control and has adopted the guidelines established by NSW Trade & Investment.

### Risk management, insurance and internal audit

The Authority's insurance cover is arranged under the Treasury Managed Fund for workers' compensation and public and property liabilities. The Authority's Internal Audit Charter provides the framework for internal audit, in compliance with s.11(2) of the *Public Finance and Audit Act 1983*.

### Consumer response

The Authority always looks to respond to consumers in a prompt, efficient and helpful manner. An Authority protocol requires that any complaints about the Authority's actions be directed to the Chief Executive for measured dealing. During 2012–13, there were no recorded complaints from the casino operator, casino patrons or the general public about the Authority's actions.

## **Electronic service delivery**

The ICT department of the Authority maintained systems for electronic service delivery and management throughout the 2012–13 reporting period. Several purchases of ICT equipment made prior to 30 June 2013 to implement upgrades and improvements with the Authority’s desktop and server environment. All work undertaken met budget constraints.

Activities are also underway to revamp the Authority’s website, with the goal of launching a new site early in 2014.

Leading up to June 2013 the Authority was also relocated to refurbished premises on level 6 of 323 Castlereagh Street and is now joined by the Liquor Licensing team. During the refurbishment and relocation process, the Authority satisfactorily maintained all systems.

The annual surveillance audit of the Authority’s Information Security Management System (ISMS) was undertaken in August 2012. The Authority passed this audit and remains certified to ISO 27001:2006 Standard for Information Security for the governance of the Authority’s regulatory functions until November 2014. In addition, systems were targeted under the Authority’s internal audit plan and received favourable reports.

## **Records management policies and procedures**

The Authority is undertaking the transfer and storage of liquor licensing records held in Local Court Registries. During the reporting period, over 1,124 liquor licensing records were transferred from six local Courts.

The Authority’s Records Management Policies and Procedures have been maintained in line with requirements under the *State Records Act 1998*.

## **Public interest disclosures**

Officers attached to the Authority have access to public interest disclosure responsibility policies and procedures through the awareness responsibilities of NSW Trade & Investment. During 2012–13, no public interest disclosures made by those officers or the public were received by the Authority.

## **Research and development**

In 2010–11, the Authority allocated \$150,000 (plus GST of \$15,000) to co-fund research being commissioned through NSW Trade & Investment. The research project considered both positive and negative cumulative impacts of licensed premises in NSW. It was conducted in two phases. The first phase, commenced in 2011–12 (completed in October 2012), identified underlying factors that contribute to the cumulative impact of licensed premises. The second phase in 2012–13 concerned the development of an Environment and Venue Assessment Tool (EVAT). The tool was developed as a means of assisting licensing decisions. The EVAT is currently being trialled for 12 months in the City of Sydney and City of Newcastle local government areas. The trial is independent of the research funded by the Authority.

## **Agreements with the Community Relations Commission**

The Authority has no agreements in place with the Community Relations Commission.

## Appendix 1 Authority Committees

### Audit, Risk and Corporate Governance Committee

This Committee was established on 29 January 2009 and its Charter was adopted by the Authority at its meeting on 30 April 2009. The Charter was reviewed and updated by the Committee and adopted by the Authority at its meeting on 1 July 2013. The Committee's objectives as outlined in its Charter are to:

- assess corporate risk
- monitor the quality and reliability of the Authority's financial information
- ensure effective corporate governance.

The Committee's functions are:

- Enhancement of the risk control framework
  - monitor the system of internal management and accounting controls and ensure they are operating effectively, including:
    - review the Authority's risk profile and risk management strategies
    - review the Authority's financial statements
    - liaise with external and internal auditors
    - recommend the internal audit plan to the Authority
    - oversee the internal audit plan
    - review and act on internal and external audit reports
  - review management information and communication systems to ascertain if they are operating effectively
  - review the material and financial risk management strategy and fraud control plans of the Authority as to their efficacy
  - recommend to the Authority the appointment of internal auditors
  - monitor management's implementation of recommendations of audit reports
- Risk, governance and compliance
  - overview identification and assessment of corporate risks
  - consider matters of corporate governance generally and as referred by the Authority
  - review and recommend changes to Authority Committee structure.

In March 2013, O'Connor Marsden and Associates (OCM) were appointed as the internal auditor of the Authority. They commenced a business risk assessment to inform the Authority's 2012–13 internal audit plan, which was adopted by the Committee at its meeting conducted on 1 July 2013.

During 2012–13, the Committee met on six occasions. Information about Authority members' attendance at meetings is in the following table:

Name	Position	Meetings attended	Meetings conducted
Chris Sidoti	Member ex-officio	6	6
David Armati	Member ex-officio	6	6
Ken Brown AM	Committee Chairperson	5	6
Sharryn Brownlee	Committee member	6	6
David Greenhouse	Chief Executive	6	6

### Authority Intelligence Committee (Casino)

The Authority Intelligence Committee (Casino) was re-established on 21 August 2012 with its Charter adopted on 20 November 2012. The Committee's objectives as outlined in its Charter are to ensure that the Authority is fully informed in connection with criminal and undesirable activities in or in the vicinity of the casino, necessary for the Authority to meet its legislative objects and functions.

The Committee comprises at least one part time member of the Authority, the Chief Executive of the Authority, a senior member of the NSW Police Force nominated by the Police Commissioner, and the manager of the Authority's (Casino) Compliance Branch.

The functions of the Committee are to:

- consider information and intelligence in relation to the presence of criminals and other undesirables in the casino, and matters of loan sharking, money laundering and prostitution
- review and assess the Authority's practices and procedures in relation to the collection and dissemination of information concerning criminal and undesirable activities in and in the vicinity of the casino
- provide advice to the Authority on exclusion from the casino of persons involved in or suspected of involvement in criminal or undesirable activities
- monitor the relationship and interaction between Authority personnel, casino investigators and the Police Force and other law enforcement agencies, and
- monitor the level of co-operation given by The Star to the Authority, the Police Force and other law enforcement agencies in terms of the flow of information concerning criminal and undesirable activities in and in the vicinity of the casino.

During 2012–13 the Committee met on four occasions.

#### **Clubs Administrators and Amalgamations Committee**

The Administrators and Amalgamations Committee was established on 24 July 2012 pursuant to section 13(3)(b) of the *Gaming and Liquor Administration Act 2007* comprising the Deputy Chairperson and Chief Executive. The core function of the committee is to determine whether the requirements of Division 1A or 1B of the Registered Clubs Act 1976 or applicable regulations have been complied with.



## Appendix 2 Internal Audit and Risk Management Statement for the 2012–13 Financial Year for the Independent Liquor and Gaming Authority

The members of the Independent Liquor and Gaming Authority (the Authority) are of the opinion that the Authority has internal audit and risk management processes in place that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09–08 *Internal Audit and Risk Management Policy*.

The Authority determined that because of its relatively small size and staffing levels, resourcing the Internal Audit and Risk Management function would best be achieved by using the expertise of independent, third-party contractors and to manage those contracts through the Audit Risk and Corporate Governance Committee. The Authority has adopted an outsourced delivery model.

The members of the Authority are of the opinion that the internal audit and risk management processes for the Authority depart from the following core requirements set out in *Treasury Circular NSW TC 09–08* and that:

- (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister
- (b) the Authority has implemented the following practicable alternative measures that will achieve a level of, or the assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirement 3 (3.2 and 3.3) Appoint members of the Audit and Risk Committee from the panel of prequalified individuals maintained by the Department of Commerce's <i>Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members</i>	Part-time Authority Members are appointed by the Governor
<i>The determination by the Portfolio Minister for the Independent Liquor and Gaming Authority in respect of this departure is dated 27 September 2013</i>	

The members of the Authority are of the opinion that its Audit, Risk and Corporate Governance committee is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and members of the Audit, Risk and Corporate Governance committee are:

- Ken Brown AM Independent Chair (term: 1 July 2008 to 5 March 2016)
- Sharryn Brownlee Independent member (term: 1 July 2008 to 12 October 2013)
- Chris Sidoti Ex-officio committee member (term: 1 July 2008 to 31 December 2017)
- David Armati Authority Deputy Chair (term: 31 August 2011 to 30 August 2014)
- David Greenhouse Chief Executive (term: 3 May 2010 to 5 July 2013)

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the Authority to understand, manage and satisfactorily control risk exposures.

Micheil Brodie  
Chief Executive

Section / Clause Code	Section / Clause Name	Location
ARSBR Sch.1	Access	Inside front cover
ARSBR c10	Additional matters for inclusion in annual reports	32 DTIRIS 2012–13 Annual Report Inside back cover
ARSBR Sch.1	Agreements with the Community Relations Commission	37
ARSBR Sch.1	Aims and objectives	8
ARSBA s13(5)	Application for extension of time	N/A
ARSBA s7(1)(a)(iii) ARSBR c7-8	Budgets	30–31
ARSBR Sch.1	Charter	5
PM 2002-07 ARSBR Sch.1	Consultants	34
ARSBR Sch.1	Consumer Response	36
TD 205.01	Credit card certification	35
PSEMA Sch.1 DSA s9 ARSBR Sch.1 ARSBR c20	Disability Plans	36 To be reported on a triennial basis DTIRIS 2012–13 Annual Report
ARSBR Sch.1	Disclosure of Controlled Entities	35
PM 06-02	Disclosure of Subsidiaries	N/A
ARSBR Sch.1	Economic or other factors	N/A
TC 11/03 ARDR Sch.1 ARSBR c20 TC 08/08	Equal Employment Opportunity	To be reported on a triennial basis in accordance with TC 08/08
ARSBR c19(4) ARSBR c20	Exemptions	N/A
ARSBA s7(1)(a)(i)-(ia)	Financial Statements	Appendix 4
PM 91-34 ARSBR Sch.1	Funds granted to non-government community organisations	N/A
GIPAA s125(4), (6) GIPAAR c7, Sch.2, c12, Sch.3	<i>Government Information (Public Access) Act 2009</i>	36 DTIRIS 2012–13 Annual Report
ARSBR Sch.1	Human resources	36
ARSBR c5	Identification of audited financial statements	Appendix 4
IPARTA s18(4)	Implementation of Price Determination	N/A
ARSBR c6	Inclusion of unaudited financial statements	N/A
TPP 09-05 TC 09/08	Internal Audit and Risk Management policy statement	36 Appendix 2
ARSBR c12 TC 09/07	Investment performance	35
ARSBR Sch.1	Land Disposal	35
ARSBR Sch.1 ARSBA s9(1)(f)	Legal Change	28–29
ARSBA s9A	Letter of Submission	Before page 1
ARSBR c13 TC 09/07	Liability Management Performance	N/A
ARSBR Sch.1	Management and activities	30–37
ARSBR Sch.1	Management and structure	5
ARSBR Sch.1 ARSBR c20 TC 08/08	Multicultural Policies And Services Program (formerly EAPS)	36 To be reported on a triennial basis DTIRIS 2012–13 Annual Report
ARSBR Sch.1 ARSBR c20	Occupational Health and Safety	36 To be reported on a triennial basis DTIRIS 2012–13 Annual Report
TC 11/21 ARSBR Sch.1	Payment of Accounts	33
ARSBR c11,14	Performance and numbers of executive officers	N/A
ARSBR Sch.1	Promotion (Overseas Travel)	32
PIDA s.31 PIDR c4	Public Interest Disclosures	37
TC 11/19 ARSBA s15(1)	Requirements arising from employment arrangements	2
ARSBR Sch.1	Research and development	37
ARSBR Sch.1	Risk management and insurance activities	36
ARSBR Sch.1	Summary review of operations	8-9, 18, 22–23
ARSBR Sch.1 TC 11/21	Time for Payment of Accounts	33
ARSBR Sch.1 ARSBR c20 TC 08/08	Waste	36 To be reported on a triennial basis DTIRIS 2012–13 Annual Report

## References

<b>ARSBA</b>	Annual Reports (Statutory Bodies) Act 1984
<b>ARSBR</b>	Annual Reports (Statutory Bodies) Regulation 2010
<b>DTIRIS</b>	NSW Department of Trade and Investment, Regional Infrastructure and Service
<b>DSA</b>	Disability Services Act 1993
<b>GIPAA</b>	Government Information (Public Access) Act 2009
<b>GIPAAR</b>	Government Information (Public Access) Regulation 2009
<b>PIDA</b>	Public Interest Disclosures Act 1994
<b>PIDR</b>	Public Interest Disclosures Regulation 2011
<b>IPARTA</b>	Independent Pricing and Regulatory Tribunal Act 1992
<b>PM</b>	Premier's Memorandum
<b>PSEMA</b>	Public Sector Employment and Management Act 2002
<b>TC</b>	Treasury Circular
<b>TD</b>	Treasurer's Direction

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 JUNE 2013



### Financial Statements for the Year Ended 30 June 2013

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, I state that:

- (a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for NSW General Government Sector Agencies, the applicable clauses of the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions;
- (b) the statements exhibit a true and fair view of the financial position as at 30 June 2013 and financial performance of the Independent Liquor and Gaming Authority for the year then ended; and
- (c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Micheil Brodie  
Chief Executive

25 March 2014

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Statement of comprehensive income for the year ended 30 June 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>EXPENSES excluding losses</b>				
Operating expenses				
Personnel services	2(a)	8,745	5,091	9,383
Other operating expenses	2(b)	3,579	2,908	3,840
Depreciation and amortisation	2(c)	37	82	52
<b>TOTAL EXPENSES excluding losses</b>		<b>12,361</b>	<b>8,081</b>	<b>13,275</b>
<b>REVENUE</b>				
Sale of goods and services	3(a)	2,841	1,171	1,677
Investment revenue	3(b)	225	152	188
Retained taxes, fees and fines	3(c)	2,331	-	2,512
Grants and contributions	3(d)	8,186	6,734	7,033
Acceptance by the Crown Entity of personnel benefits and other liabilities	3(e)	355	13	438
<b>TOTAL REVENUE</b>		<b>13,938</b>	<b>8,070</b>	<b>11,848</b>
<b>NET RESULT</b>	<b>13</b>	<b>1,577</b>	<b>(11)</b>	<b>(1,427)</b>
<b>Other comprehensive income</b>		-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,577</b>	<b>(11)</b>	<b>(1,427)</b>

The accompanying notes form part of these financial statements.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Statement of financial position as at 30 June 2013

	Notes	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalent	4	6,818	4,397	5,001
Receivables	5	557	178	271
<b>Total Current Assets</b>		<b>7,375</b>	<b>4,575</b>	<b>5,272</b>
<b>Non-Current Assets</b>				
Plant and equipment	6	49	61	87
Intangible assets	7	16	23	15
<b>Total Non-Current Assets</b>		<b>65</b>	<b>84</b>	<b>102</b>
<b>Total Assets</b>		<b>7,440</b>	<b>4,659</b>	<b>5,374</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	8	699	118	626
Provision for personnel Services	9(a)	792	500	601
Other	10	3,180	1,525	1,758
<b>Total Current Liabilities</b>		<b>4,671</b>	<b>2,143</b>	<b>2,985</b>
<b>Non-Current Liabilities</b>				
Provision for personnel Services	9(b)	10	6	11
<b>Total Current Liabilities</b>		<b>10</b>	<b>6</b>	<b>11</b>
<b>Total Liabilities</b>		<b>4,681</b>	<b>2,149</b>	<b>2,996</b>
<b>Net Assets</b>		<b>2,759</b>	<b>2,510</b>	<b>2,378</b>
<b>EQUITY</b>				
Accumulated funds		2,759	2,510	2,378
<b>Total Equity</b>		<b>2,759</b>	<b>2,510</b>	<b>2,378</b>

The accompanying notes form part of these financial statements.



# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Statement of changes in equity for the year ended 30 June 2013

	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Other Reserves \$000	Total \$000
<b>Balance at 1 July 2012</b>	2,378	-	-	2,378
Net result for the year	1,577	-	-	1,577
<b>Total comprehensive income for the year</b>	<b>1,577</b>	-	-	<b>1,577</b>
<b>Balance at 30 June 2013</b>	<b>3,955</b>	-	-	<b>3,955</b>
<b>Balance at 1 July 2011</b>	3,805	-	-	3,805
Net result for the year	(1,427)	-	-	(1,427)
<b>Total comprehensive income for the year</b>	<b>(1,427)</b>	-	-	<b>(1,427)</b>
<b>Balance at 30 June 2012</b>	<b>2,378</b>	-	-	<b>2,378</b>

The accompanying notes form part of these financial statements.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Statement of cash flows for the year ended 30 June 2013

	Notes	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Personnel services		(4,018)	(5,091)	(4,322)
Other		(3,381)	(3,808)	(3,797)
<b>Total Payments</b>		<b>(7,399)</b>	<b>(8,899)</b>	<b>(8,119)</b>
<b>Receipts</b>				
Sale of goods and services		2,830	1,171	2,045
Interest received		211	152	188
Grants and contributions		5,168	6,468	7,033
Transfer to the Crown Entity		-	-	(554)
Other		1,007	179	1,142
<b>Total Receipts</b>		<b>9,216</b>	<b>7,970</b>	<b>9,854</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>13</b>	<b>1,817</b>	<b>(929)</b>	<b>1,735</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of plant, equipment & intangible assets		-	(70)	(61)
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>-</b>	<b>(70)</b>	<b>(61)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>				
		-	-	-
<b>NET INCREASE / (DECREASE) IN CASH</b>		<b>1,817</b>	<b>(999)</b>	<b>1,674</b>
Opening cash and cash equivalents		5,001	5,396	3,327
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>4</b>	<b>6,818</b>	<b>4,397</b>	<b>5,001</b>

The accompanying notes form part of these financial statements.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

Final 21 Mar 2014

## Service group statements for the year ended 30 June 2013

ENTITY'S EXPENSES & INCOME	Casino Control *		Liquor Licensing *		Not Attributable		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>EXPENSES excluding losses</b>								
Operating expenses								
Personnel services	4,605	4,527	4,140	4,856	-	-	8,745	9,383
Other operating expenses	3,579	3,840	-	-	-	-	3,579	3,840
Depreciation and amortisation	37	52	-	-	-	-	37	52
<b>TOTAL EXPENSES excluding losses</b>	<b>8,221</b>	<b>8,419</b>	<b>4,140</b>	<b>4,856</b>	<b>-</b>	<b>-</b>	<b>12,361</b>	<b>13,275</b>
<b>REVENUE</b>								
Sale of goods and services	2,841	1,677	-	-	-	-	2,841	1,677
Retained taxes, fees and fines	-	-	2,331	2,512	-	-	2,331	2,512
Investment income	225	188	-	-	-	-	225	188
Grants and contributions	-	-	3,018	-	5,168	7,033	8,186	7,033
Acceptance by the Crown Entity of personnel benefits and other liabilities	355	438	-	-	-	-	355	438
<b>TOTAL REVENUE</b>	<b>3,421</b>	<b>2,303</b>	<b>5,349</b>	<b>2,512</b>	<b>5,168</b>	<b>7,033</b>	<b>13,938</b>	<b>11,848</b>
Loss on disposal	-	-	-	-	-	-	-	-
<b>NET RESULT</b>	<b>(4,800)</b>	<b>(6,116)</b>	<b>1,209</b>	<b>(2,344)</b>	<b>5,168</b>	<b>7,033</b>	<b>1,577</b>	<b>(1,427)</b>
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(4,800)</b>	<b>(6,116)</b>	<b>1,209</b>	<b>(2,344)</b>	<b>5,168</b>	<b>7,033</b>	<b>1,577</b>	<b>(1,427)</b>

\* Purpose of each service group are summarised on Note 20.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Service group statements for the year ended 30 June 2013 (continued)

ENTITY'S ASSETS & LIABILITIES	Casino Control *		Liquor Licensing *		Not Attributable		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	6,818	5,001	-	-	-	-	6,818	5,001
Receivables	434	271	-	-	-	-	434	271
<b>Total current assets</b>	<b>7,252</b>	<b>5,272</b>	-	-	-	-	<b>7,252</b>	<b>5,272</b>
<b>Non-Current Assets</b>								
Plant and equipment	49	87	-	-	-	-	49	87
Intangible assets	16	15	-	-	-	-	16	15
<b>Total non-current assets</b>	<b>65</b>	<b>102</b>	-	-	-	-	<b>65</b>	<b>102</b>
<b>TOTAL ASSETS</b>	<b>7,317</b>	<b>5,374</b>	-	-	-	-	<b>7,317</b>	<b>5,374</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Payables	688	626	-	-	-	-	688	626
Provision for personnel expenses	834	601	-	-	-	-	834	601
Other	1,830	1,758	-	-	-	-	1,830	1,758
<b>Total current liabilities</b>	<b>3,352</b>	<b>2,985</b>	-	-	-	-	<b>3,352</b>	<b>2,985</b>
<b>Current liabilities</b>								
Provision for personnel expenses	10	11	-	-	-	-	10	11
<b>Total non-current liabilities</b>	<b>10</b>	<b>11</b>	-	-	-	-	<b>10</b>	<b>11</b>
<b>TOTAL LIABILITIES</b>	<b>3,362</b>	<b>2,996</b>	-	-	-	-	<b>3,362</b>	<b>2,996</b>
<b>NET ASSETS</b>	<b>3,955</b>	<b>2,378</b>	-	-	-	-	<b>3,955</b>	<b>2,378</b>

\* Purpose of each service group are summarised on Note 20.

## INDEPENDENT LIQUOR and GAMING AUTHORITY

### Service group statements for the year ended 30 June 2013 (continued)

ADMINISTERED EXPENSES & INCOME	Casino Control *		Liquor Licensing *		Not Attributable		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Administered Income</b>								
<b>Consolidated funds</b>								
Casino duty & related fees	177,152	155,891	-	-	-	-	177,152	155,891
Casino licensing fees	353	512	-	-	-	-	353	512
Liquor licensing and other fees	236	41	1,737	1,642	-	-	1,973	1,683
<b>Total Administered fees</b>	<b>177,741</b>	<b>156,444</b>	<b>1,737</b>	<b>1,642</b>	<b>-</b>	<b>-</b>	<b>179,478</b>	<b>158,086</b>

\* Purpose of each service group are summarised on Note 20.

\*\* Administered assets, liabilities and revenues are disclosed in Notes 15,16 and 17.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

The Independent Liquor and Gaming Authority ("Authority") is a reporting entity and is a NSW statutory body established under the *Gaming and Liquor Administration Act 2007* which constitutes the Authority as the licensing and regulatory authority for the purposes of the *Liquor Act 2007*, the *Casino Control Act 1992*, the *Gaming Machines Act 2001* and the *Registered Clubs Act 1976*.

With effect from 1 March 2012, the Authority changed its name from the Casino, Liquor and Gaming Control Authority to the Independent Liquor and Gaming Authority. There were no changes to the structure and functions of the Authority as a result of changing its name.

The Authority is a not-for-profit entity. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

#### (b) Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

#### (d) Administered activities

The Authority administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the Authority's own objectives.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

Transactions and balances relating to the administered activities are not recognised as the Authority's income, expenses, assets and liabilities, but are disclosed in Notes 15, 16 and 17 as 'Administered Income', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'.

The accrual basis of accounting and applicable accounting standards have been adopted.

(e) Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

(f) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable or casino special employee licence fees. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions and grants

Except as specified below, parliamentary appropriations and contributions from other bodies, including grants and donations, are generally recognised as income when the Authority obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

With effect from 1 July 2011, parliamentary appropriations to the Authority were discontinued. Instead, the Authority received grants from the Department of Trade and Investment, Regional Infrastructure and Investments in accordance with the approved budget.

(ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when the Authority transfers the significant risks and rewards of ownership of the assets.



## INDEPENDENT LIQUOR and GAMING AUTHORITY

### Notes to the Financial Statements for the Year ended 30 June 2013

(iii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion.

(iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in *AASB 139 Financial Instruments: Recognition and Measurement*.

(v) Retained taxes, fees and fines

Liquor licensing and gaming revenue other than those relating to the casino precinct were managed and collected by the NSW Office of Liquor, Gaming and Racing which is part of the Department of Trade and Investment, Regional Infrastructure and Services. Revenue is recognised when the service is provided.

(vi) Grants

Grants for recurrent and capital expenditure purposes were received from the Department of Trade and Investment, Regional Infrastructure and Services in accordance with the approved amount indicated in the Budget Papers for the financial year. Grants were recognised as income of the Authority upon receipt of the grants in cash.

(vii) Grants 'in kind'

Services relating to liquor licensing and gaming other than those relating to the casino precinct were provided through the Department of Trade and Investment, Regional Infrastructure and Services. Since the budget allocation for the associated staff and related costs was in the budget for the Department, the Department has agreed to provide a grants 'in kind' to the Authority to cover the difference between the revenue collected by the Department on behalf of the Authority and the associated staff and related costs.

(h) Assets

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network or group costing more than \$5,000) are capitalised.

(iii) Revaluation of plant and equipment

The Authority considers that all the assets of the Authority are non-specialised assets with short useful lives and due to the relatively small amount of the Authority's assets, all assets of the Authority are measured at depreciated historical costs, as a surrogate for fair value.

(iv) Impairment of plant and equipment

As a not-for-profit entity, the Authority is effectively exempted from *AASB 136 Impairment of Assets* and impairment testing. This is because *AASB 136* modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) Depreciation of plant and equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

Depreciation rates by class of assets are:

*	computer equipment	25% pa
*	office equipment	25% pa
*	office furniture and fitting	10% pa

(vi) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(vii) Lease assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

The Authority has no finance leases.

Operating lease payments are charged to the net results in the statement of comprehensive income in the periods in which they are incurred.

## INDEPENDENT LIQUOR and GAMING AUTHORITY

### Notes to the Financial Statements for the Year ended 30 June 2013

#### (viii) Intangible assets

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The Authority's intangible assets consisted of computer software only.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Authority's intangible assets are amortised using the straight line method over a period of four years (i.e. 25% pa).

Intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity, the Authority is effectively exempted from impairment testing.

## INDEPENDENT LIQUOR and GAMING AUTHORITY

### Notes to the Financial Statements for the Year ended 30 June 2013

(ix) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net results for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

All the receivables of the Authority are short-term.

(x) Investments

The Authority has no investments other than the Authority's bank balances within the Treasury Banking System which earns interest.

(xi) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net results for the year.

Any reversals of impairment losses are reversed through the net results for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" which must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Authority has not transferred substantially all the risks and rewards, if it has not retained control.

Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

### (i) Liabilities

#### (i) Payables

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### (ii) Personnel services

The Authority's staff are employed by the Department of Trade and Investment, Regional Infrastructure and Services. The Authority has to pay personnel services fees for the specified personnel provided, an amount equivalent to all employee related costs and employment administration costs.

The personnel services liabilities included all employee benefits such as salaries and wages, recreation leave, long service leave, superannuation, workers' compensation insurance and payroll tax.

### (j) Equity and reserves

#### (i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets.

The Authority did not have any revaluation surplus.

#### (ii) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

### (k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

(l) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(m) New Australian Accounting Standards issued but not effective

NSW Public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

Accordingly, the Authority has not applied the following Australian Accounting Standards recently issued but not yet implemented:

- \* AASB 9, AASB 2010-7 and AASB2012-6 regarding financial instruments
  
- \* AASB 12 *Disclosure of Interests in Other Entities*
- \* AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- \* AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- \* AASB 127 *Separate Financial Statements*
  
- \* AASB 2101-10 regarding removal of fixed dates for the first time adopters
- \* AASB 2011-12 regarding Trans Tasman Convergence – reduced disclosure requirements
- \* AASB 2011-4 removing individual KMP disclosure requirements
  
- \* AASB 2011-12 regarding interpretation 20
- \* AASB 2012-1 regarding fair value measurement – RDR requirements
- \* AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- \* AASB 2012-3 regarding offsetting financial assets and financial liabilities
- \* AASB 2012-4 regarding government loans first time adoption
- \* AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- \* AASB 2012-7 regarding RDR
- \* AASB 2012-9 regarding withdrawal of Interpretation 1039
- \* AASB 2012-10 regarding transition guidance and other arrangements
- \* AASB 2012-11 regarding RDR requirements and other amendments

While the impact of these standards in the period of initial application has not been specifically quantified, they are not expected to materially impact the financial statements.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>2. Expenses Excluding Losses</b>		
(a) Personnel services included the following major employee related expenses:		
Salaries and wages (including recreation leave)	7,201	7,371
Superannuation – defined benefit plan	203	78
Superannuation – defined contribution plans	560	558
Long service leave	274	419
Workers' compensation insurance	82	49
Payroll tax and fringe benefit tax	425	413
Other	-	495
	<b>8,745</b>	<b>9,383</b>

The above personnel services included \$90,000 for the Crown Ltd investigation and \$56,000 for the Genting investigation.

(b) Other operating expenses include the following:

Auditor's remuneration –audit of the financial statements	75	53
Operating lease rental expense	121	126
- minimum lease payments		
Insurance	4	3
Consultants [Note (b)(1)]		
- Crown Ltd review	2,152	1,455
- Genting review	398	-
- Section 31 investigation [Note (b)(3)]	-	184
- Section 143 inquiry	16	588
- Casino Project	51	183
Contractors [Note (b)(2)]		
- Shared corporate services	131	119
- Other contractors	40	62
Other - Casino licensing expenses	156	446
- Legal fees	245	304
- Travelling	29	42
- Information technology	21	92
- Other administration expenses	140	183
	<b>3,579</b>	<b>3,840</b>

Expenditure associated with the Crown Ltd review, Section 31 investigation, Section 143 inquiry and Casino Project has been appropriately group together under 'Consultants' as opposed to being split with 'Other' expenditure.



## INDEPENDENT LIQUOR and GAMING AUTHORITY

### Notes to the Financial Statements for the Year ended 30 June 2013

- (b)(1) A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management.

Consultants costs of \$2,617,000 in 2013 included \$2,152,000 (\$1,455,000 in 2012) on legal and other professional costs in connection with the review conducted on Crown Ltd by the Authority. This review was as a result of Crown Ltd's application to acquire more than 10% of the shares in Echo Entertainment Ltd. All costs in connection with this review were recovered from a deposit received from Crown Ltd. The Authority has completed the review by 30 June 2013. The overall total costs of the investigation were \$4,100,000 over two years, including \$121,000 in personnel services costs.

The total consultant costs in 2013 also included \$398,000 on legal and other professional costs in connection with the review conducted on the Genting Hong Kong Limited by the Authority. These did not include personnel services costs of \$56,000 as they have been separately reported as personnel services costs in Note 2 (a). This review was as a result of the Genting Group's application to acquire more than 10% of the shares in Echo Entertainment Ltd. All costs in connection with this review are covered from Genting Hong Kong Limited.

The total consultants costs in 2013 also included \$12,000 (\$588,000 in 2012) on the section 143 investigation, and \$55,000 on the Casino project (\$183,000 in 2012).

- (b)(2) A contractor is any individual who is engaged to undertake operational work that would or could be regarded as normally undertaken by an employee, but internal expertise is not available. Contractors are free to decide the manner in which they will complete the task and achieve the desired result. Contractors are distinct from employees as they are engaged under a different set of legal arrangements.

Contractors costs of \$171,000 in 2013 included \$131,000 charged by the Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) for providing corporate services to the Authority (\$119,000 in 2012).

- (b)(3) Under section 31 of the *Casino Control Act 1992*, the Authority, not later than 3 years after the grant of a casino licence and thereafter at intervals not exceeding 5 years, must investigate and form an opinion as to whether or not (a) the casino operator is a suitable person to continue to give effect to the casino licence and the Act, and (b) it is in the public interest that the casino licence should continue in force.

The last section 31 investigation was completed and reported to the Minister on 15 December 2011. There was no Section 31 investigation conducted in 2012-13.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	2013 \$'000	2012 \$'000
(c) Depreciation and amortisation expense:		
Computer equipment	19	29
Computer software	-	12
Office equipment	5	4
Office furniture and fittings	-	1
Depreciation	24	46
Amortisation – intangible assets	13	6
	<b>37</b>	<b>52</b>

### 3. Revenue

(a) Sale of goods and services		
Recovery of project management costs and certain other costs from the Star Pty Ltd under legal agreements between the Authority and them [see Note 2(b)(1)]	55	183
Recovery of expenses from Crown Ltd in connection with the review on Crown Ltd [see Note 2(b)(1)]	2,242	1,486
Recovery of expenses from Genting Hong Kong Limited in connection with the review on Genting Hong Kong Limited [see Note 2(b)(1)]	453	-
Casino Special Employee License fees [see Note 1 (g) and Note 17(vi)]	91	-
Recovery of expenses from a key employee in connection with his application for a casino special employee licence	-	8
	<b>2,841</b>	<b>1,677</b>
(b) Investment revenue		
Interest revenue from financial assets not at fair value through profit or loss	<b>225</b>	<b>188</b>

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	2013 \$'000	2012 \$'000
(c) Retained taxes, fees and fines		
Gaming machine evaluation fees	1,512	1,447
Licensing – Liquor revenue	727	779
Sales – general revenue	-	162
Miscellaneous revenue	92	124
	<b>2,331</b>	<b>2,512</b>
(d) Grants and contributions		
Grants (recurrent) from the Department of Trade and Investment, Regional Infrastructure and Services	5,117	6,972
Grants (capital) from the Department of Trade and Investment, Regional Infrastructure and Services	51	61
Grants ('In Kind') from the Department of Trade and Investment, Regional Infrastructure and Services	3,018	-
	<b>8,186</b>	<b>7,033</b>
(e) Acceptance by the Crown Entity of personnel benefits and other liabilities		
The following liabilities and / or expenses have been assumed by the Crown Entity:		
Superannuation – defined benefit	76	78
Long service leave	275	356
Payroll tax	4	4
	<b>355</b>	<b>438</b>

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>4. Current Assets – Cash and Cash Equivalents</b>		
Cash at bank	6,818	5,000
Cash on hand	-	1
	<b>6,818</b>	<b>5,001</b>

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	6,818	5,001
<b>Closing cash and cash equivalents (per statement of cash flows)</b>	<b>6,818</b>	<b>5,001</b>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 5. Current Assets – Receivables

Sale of goods and services [Note (a)]	55	44
Net GST recoverable	-	75
Other debtors	258	1
Interest receivable	112	98
Prepayments	9	53
	<b>434</b>	<b>271</b>

No allowance for impairment was considered necessary and no bad debts were written off during the financial year ended 30 June 2013.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

- (a) This related to the recovery of project management costs and certain other costs from The Star Pty Ltd [see Note 3 (a)].

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### 6. Non-Current Assets – Plant and Equipment

	Computer Equipment \$'000	Computer Software \$'000	Office Equipment \$'000	Office Furniture & Fittings \$'000	Total \$'000
<b>At 1 July 2012 – fair value</b>					
Gross carrying amount	400	66	96	24	586
Accumulated depreciation and impairment	(344)	(52)	(84)	(19)	(499)
<b>Net carrying amount</b>	<b>56</b>	<b>14</b>	<b>12</b>	<b>5</b>	<b>87</b>
<b>At 30 June 2013 – fair value</b>					
Gross carrying amount	367	-	93	24	484
Accumulated depreciation and impairment	(330)	-	(86)	(19)	(435)
<b>Net carrying amount</b>	<b>37</b>	<b>-</b>	<b>7</b>	<b>5</b>	<b>49</b>

### Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Computer Equipment \$'000	Computer Software \$'000	Office Equipment \$'000	Office Furniture & Fittings \$'000	Total \$'000
<b>Year ended 30 June 2013</b>					
Net carrying amount at start of year	56	14	12	5	87
Additions	-	-	-	-	-
Disposals/written off	(33)	-	(3)	-	(36)
Reclassification of intangibles	-	(14)	-	-	(14)
Depreciation expense	(19)	-	(5)	-	(24)
Accumulated depreciation written back	33	-	3	-	36
<b>Net carrying amount at end of year</b>	<b>37</b>	<b>-</b>	<b>7</b>	<b>5</b>	<b>49</b>

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	Computer Equipment \$'000	Computer Software \$'000	Office Equipment \$'000	Office Furniture & Fittings \$'000	Total \$'000
<b>At 1 July 2011 – fair value</b>					
Gross carrying amount	363	71	95	19	548
Accumulated depreciation and impairment	(315)	(55)	(88)	(17)	(475)
<b>Net carrying amount</b>	<b>48</b>	<b>16</b>	<b>7</b>	<b>2</b>	<b>73</b>
<b>At 30 June 2012 – fair value</b>					
Gross carrying amount	400	66	96	24	586
Accumulated depreciation and impairment	(344)	(52)	(84)	(19)	(499)
<b>Net carrying amount</b>	<b>56</b>	<b>14</b>	<b>12</b>	<b>5</b>	<b>87</b>

### Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Computer Equipment \$'000	Computer Software \$'000	Office Equipment \$'000	Office Furniture & Fittings \$'000	Total \$'000
<b>Year ended 30 June 2012</b>					
Net carrying amount at start of year	48	16	7	2	73
Additions	37	10	9	4	60
Disposals/written off	-	(13)	(8)	-	(21)
Depreciation expense	(29)	(12)	(4)	(1)	(46)
Accumulated depreciation written back	-	13	8	-	21
<b>Net carrying amount at end of year</b>	<b>56</b>	<b>14</b>	<b>12</b>	<b>5</b>	<b>87</b>

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### 7. Intangible Assets

	Software \$'000	Total \$000
<b>At 1 July 2012 – fair value</b>		
Gross carrying amount	157	157
Accumulated amortisation and impairment	(142)	(142)
<b>Net carrying amount</b>	<b>15</b>	<b>15</b>
<b>At 30 June 2013 – fair value</b>		
Gross carrying amount	224	224
Accumulated amortisation and impairment	(208)	(208)
<b>Net carrying amount</b>	<b>16</b>	<b>16</b>

### Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

	Software \$'000	Total \$000
<b>Year ended 30 June 2013</b>		
Net carrying amount at the start of year	15	15
Reclassification of intangibles	14	14
Amortisation	(13)	(13)
<b>Net carrying amount at end of year</b>	<b>16</b>	<b>16</b>



# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	Software \$'000	Total \$000
<b>At 1 July 2011 – fair value</b>		
Gross carrying amount	189	189
Accumulated amortisation and impairment	(169)	(169)
<b>Net carrying amount</b>	<b>20</b>	<b>20</b>
<b>At 30 June 2012 – fair value</b>		
Gross carrying amount	157	157
Accumulated amortisation and impairment	(142)	(142)
<b>Net carrying amount</b>	<b>15</b>	<b>15</b>

### Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

	Software \$'000	Total \$000
<b>Year ended 30 June 2012</b>		
Net carrying amount at the start of year	20	20
Additions	1	1
Disposal/written off	(33)	(33)
Amortisation	(6)	(6)
Accumulated amortisation written back	33	33
<b>Net carrying amount at end of year</b>	<b>15</b>	<b>15</b>

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>8. Current Liabilities –Payables</b>		
Creditors	688	626
	<b>688</b>	<b>626</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 18.

## 9. Current /Non-Current – Liabilities - Provisions

### (a) Current

Provision for personnel services	834	601
Total Current Provisions	<b>834</b>	<b>601</b>

### (b) Non-Current

Provision for personnel services	10	11
Total Current Provisions	<b>10</b>	<b>11</b>

<b>Total Provisions</b>	<b>844</b>	<b>612</b>
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### *Movements in provisions*

#### Personnel Services

Carrying amounts at the beginning of financial year	612	516
Additional provisions recognised	626	385
Amounts used	393	283
Unused amounts reversed	-	6
Carrying amounts at the end of financial year	<b>844</b>	<b>612</b>

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>10. Current Liabilities - Other</b>		
Deposits held for Casino Special Employee Licensing application	40	40
Deposits from Crown Ltd held for covering expenses in connection with the Authority's review of Crown Ltd	-	366
Deposits from Genting Hong Kong Limited held for covering expenses in connection with the Authority's review of Genting	1,501	-
Net personnel services costs payable to the Department of Trade and Investment, Regional Infrastructure and Services [Note (a)]	-	1,141
Payable to the Department of Trade and Investment, Regional Infrastructure and Services	4	142
Net GST payable	162	-
Fees received in advance	-	69
Liabilities to Consolidated Fund	123	-
<b>Total Current Liabilities – Other</b>	<b>1,830</b>	<b>1,758</b>

- (a) This is related to the personnel services costs payable to the Department of Trade and Investment, Regional Infrastructure and Services less the revenue receivable from them.

## 11. Commitments for Expenditure

### (a) Capital Commitments

The Authority did not have any capital commitments as at 30 June 2013 (nil for 2012).

### (b) Operating Lease Commitments

The Authority did not have any operating lease commitments as at 30 June 2013 (nil for 2012).

### (c) Finance Lease Commitments

The Authority did not have any finance lease commitments as at 30 June 2013 (nil for 2012).

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### 12. Contingent Liabilities and Contingent Assets

#### Contingent liabilities

The Authority has no contingent liabilities as at 30 June 2013 (nil for 2012).

#### Contingent Assets

The Authority has no contingent assets as at 30 June 2013 (nil for 2012).

### 13. Reconciliation of Cash Flows from Operating Activities to Net Result

	2013 \$'000	2012 \$'000
Net cash used on operating activities	1,817	1,735
Depreciation and amortisation	(37)	(52)
Increase in provisions	(232)	(96)
Increase in receivables	163	(1,566)
Decrease/(increase) in creditors	(134)	(1,448)
<b>Net result</b>	<b>1,577</b>	<b>(1,427)</b>

### 14. Audit Remuneration

For the financial year ending 30 June 2013, the audit remuneration payable to the Audit Office of NSW amounted to \$82,500 including GST (\$57,750 for 2012). The auditors received no other benefit.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### 15. Administered Assets and Liabilities

	2013 \$'000	2012 \$'000
<b>Administered assets</b>		
Receivable – Casino Duty	1,880	2,286
Receivable – Responsible Gambling Levy	271	293
<b>Total Administered assets</b>	<b>2,151</b>	<b>2,579</b>
<b>Administered liabilities</b>		
Payable – rebate player duty	-	3,000
Deferred income – current	8,330	8,330
Deferred income – non current	44,850	53,180
<b>Total Administered liabilities</b>	<b>53,180</b>	<b>64,510</b>

### 16. Administered Revenue – Schedule of Uncollected Amounts

#### 2013

	Less than 30 days \$'000	30-90 days \$'000	Greater than 90 days \$'000	Total \$'000
Casino Duty	1,880	-	-	1,880
Responsible Gambling Levy	271	-	-	271
<b>Total</b>	<b>2,151</b>	<b>-</b>	<b>-</b>	<b>2,151</b>

#### 2012

	Less than 30 days \$'000	30-90 days \$'000	Greater than 90 days \$'000	Total \$'000
Casino Duty	2,286	-	-	2,286
Responsible Gambling Levy	293	-	-	293
<b>Total</b>	<b>2,579</b>	<b>-</b>	<b>-</b>	<b>2,579</b>

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### 17. Administered Revenues

The Authority administered the undermentioned Crown revenues to NSW Treasury. These revenues were not recorded in the financial statements of the Authority.

<b>Administered revenues</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
(i) Casino duty	118,572	109,021
(ii) Rebate player duty	35,800	24,343
(iii) Responsible gambling levy	14,200	13,947
(iv) Casino regulatory and compliance deed payment	8,330	8,330
(v) Casino Rent	250	250
(vi) Casino special employee licence fees	353	509
(vii) Controlled contracts fees	-	3
(viii) Fees for granting of liquor licences (casino precinct)	-	4
(ix) Others	236	37
(x) Liquor application/grant fees	867	957
(xi) Gaming machine fees	870	685
<b>Total Administered revenues</b>	<b>179,478</b>	<b>158,086</b>

#### (i) Casino Duty

Pursuant to section 114 of the *Casino Control Act 1992*, a casino duty is to be paid to the Authority in respect of the casino licence. Duty is calculated and paid on a weekly basis.

The Authority audited the weekly casino duty paid by The Star Pty Ltd. The duty was, at Treasury's direction, remitted directly to Treasury each week.

The above revenues were remitted to Treasury in 2012-13.

#### (ii) Rebate Player Duty

##### Rebate Player Instalment Amounts

Subject to clause 3 of schedule 5 of the Amended and Restated Casino Duty and Responsible Gambling Levy Agreement dated 26 June 2008, the Licensee (The Star Pty Ltd) must pay to the Authority, at the discretion of the Treasurer, \$6,000,000 in each Calendar Year.

The Licensee must pay this amount via instalments on the following dates:

- (a) \$3,000,000 on 1 January; and
- (b) \$3,000,000 on 1 July.

A total amount of \$6 million was received in the financial year ended 30 June 2013. The instalment was not refundable in whole or in part.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### **Rebate Player Duty**

Rebate player duty means casino duty calculated at the Rebate Player Duty Rate on non-NSW Gross Revenue in accordance with clause 4 of schedule 5 of the Amended and Restated Casino Duty and Responsible Gambling Levy Agreement.

Rebate Player Duty Rate is 10%.

Duty above the instalment amounts becomes payable when Rebate Player Gross Revenue exceeds \$60,000,000 in the Calendar Year.

The above revenues were remitted to Treasury in 2012-13.

### **GST Offset**

Under clause 7 of schedule 5 of the Amended and Restated Casino Duty and Responsible Gambling Levy Agreement, the Treasurer must rebate GST offset payments to the casino licensee (The Star Pty Ltd).

### **(iii) Responsible Gambling Levy**

Section 115 of the *Casino Control Act 1992* requires a responsible gambling levy to be paid by the casino licensee.

The Authority audited the weekly responsible gambling levy paid by The Star Pty Ltd which was remitted by the casino operator direct to NSW Treasury.

The above revenues were remitted to Treasury in 2012-13.

The money derived from payment of the responsible gambling levy is subject to the operation of a trust deed appointing trustees and containing provisions approved by the Minister to the expenditure of that money for the benefit of the community. Responsibility for providing administrative support and assistance to the trustees and the Minister in relation to the administration of the Fund and the operation of the trustees lies with the NSW Office of Liquor, Gaming and Racing in the Department of Trade and Investment, Regional Infrastructure and Services.

### **(iv) Casino Regulatory and Compliance Deed Payment**

On 14 December 1994, in accordance with the *Casino Control Act 1992*, the Authority granted the Licensee a licence to operate a casino in NSW. On the same date, the Licensee also entered into an Exclusivity Agreement where damages were payable by the State of NSW if certain regulatory events occurred during the Exclusivity Period. The Original Exclusivity Agreement expired on or about 14 September 2007.

Following negotiations the State of NSW agreed to grant the Licensee (The Star Pty Ltd) a new Exclusivity Period and protection rights that apply from 14 November 2007 to 13 November 2019 for which The Star Pty Ltd agreed to pay \$100 million. Pursuant to the Casino Regulatory and Compliance Deed, this payment is required in two lump sums of \$50 million (plus GST).



## INDEPENDENT LIQUOR and GAMING AUTHORITY

### Notes to the Financial Statements for the Year ended 30 June 2013

The first instalment was received and remitted to Treasury in July 2009. The second instalment was received and remitted to Treasury in July 2010.

The total amount of \$100 million was considered as administered revenue over a period of 12 years commencing from 14 November 2007. Hence, there was an administered revenue of \$8,330,000 during 2013 in each financial year following.

(v) **Casino Rent**

In accordance with the Permanent Site Lease, The Star Pty Ltd has to pay \$250,000 to the Authority being annual rent of the permanent casino site commencing from 14 December 1996. The money was received from The Star Pty Ltd on 19 December 2012 and was then remitted to Treasury.

(vi) **Casino Special Employee Licensing Fees**

Section 44 of the *Casino Control Act 1992* provides that a person must not exercise in or in relation to a casino any of the functions of a special employee except in accordance with the authority conferred on the person by a licence.

Staff of The Star Pty Ltd who are "Special Employees" under Section 43 of the *Casino Control Act 1992* must be licensed by the Authority. With effect from 1 May 2005 the licence application fee was \$500 for each casino special employee. From effect 1 May 2013 the fee is \$1,000 each.

Under Section 55 of the *Casino Control Act 1992* and with effect from 26 June 2009 these licences expire 5 years after being granted. The licensee may, under Section 56 of the Act, apply to the Authority for the licence to be renewed. With effect from 1 May 2005 the fee for a renewal of licence is \$350. From effect 1 May 2013, the renewal fee is \$1,000 each.

In the financial year ended 30 June 2013, the Authority collected and remitted to Treasury \$353,000 (\$509,000 in 2012) in respect of Casino Special Employee Licence application fees (including fees for renewal of licences).

(vii) **Controlled Contracts Fees**

Under Section 36 of the *Casino Control Act 1992*, a "controlled contract" means:

- (a) a contract that relates to the supply or servicing of gaming equipment that has been approved by the Authority under section 68 (1), or
- (b) a contract, or class of contracts, that, in the opinion of the Authority, is materially significant to the integrity of the operation of a casino and that the Authority declares, by notice in writing to the casino operator, to be a controlled contract.

## INDEPENDENT LIQUOR and GAMING AUTHORITY

### Notes to the Financial Statements for the Year ended 30 June 2013

Section 37 of the *Casino Control Act 1992* provides that the casino operator must not enter into or become a party to a controlled contract, or the variation of a controlled contract, relating to the casino until the operator has given the Authority written notice of the details of the proposed contract or variation of contract and the investigation time that the Authority is allowed by this section has elapsed. The contract notice must be accompanied by the prescribed fee of \$2,500.

In the financial year ended 30 June 2013, there was nil collection and remittance of controlled contract fees (\$3,000 in 2012).

#### (viii) Fees for Granting of Liquor Licences (casino precinct)

The fees for liquor licensing and associated matters are prescribed in the *Liquor Regulation 2008*.

In the financial year ended 30 June 2013, there were no fees for granting of liquor licences (casino precinct) (\$4,000 in 2012).

#### (ix) Others

Other revenues received in the financial year ended 30 June 2013 included:

- (a) \$195,000 pecuniary penalty on The Star due to breach of section 62(1)(c) (\$100,000), section 94 (\$80,000), section 35(2)(b) (\$10,000) and section 44 (1) (\$5,000) of the *Casino Control Act 1992*.
- (b) \$41,000 (\$24,900 – 2012) in connection with infringement notices issued to persons for breaches of the Casino Control Act or Regulation.

The above revenues were remitted to Treasury.

#### (x) Liquor application/grant fees

In accordance with the *Liquor Act 2007* and *Liquor Regulation 2008* the Authority received fees for the granting of a new liquor licence and for a change to an existing liquor licence. The fees were collected by the Department of Trade and Investment, Regional Infrastructure and Services on behalf of the Authority. They included:

Liquor – Club Licence fees  
Liquor – Hotel Licence fees  
Liquor – Limited Licence fees  
Liquor – On Premises Licence fees  
Liquor – Packaged Liquor Licence fees  
Liquor – Producer Wholesaler Licence fees

The revenue figure was provided by NSW Department of Trade & Investment, Regional Infrastructure and Services.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### (xi) Gaming machine fees

In accordance with the *Gaming Machines Act 2001* and *Gaming Machines Regulation 2010*, the Authority received fees for the granting and renewal of gaming-related licences and work permits. The fees were collected by the Department of Trade and Investment, Regional Infrastructure and Services on behalf of the Authority. They included:

Gaming Machine Licence fees  
Gaming Machine Technicians fees

The revenue figure was provided by NSW Department of Trade & Investment, Regional Infrastructure and Services.

## 18. Financial Instruments

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The Authority does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive and the Audit, Risk and Corporate Governance Committee have overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management is established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Risk management is reviewed by the Audit, Risk and Corporate Governance Committee and the Authority's internal auditors on a continuous basis.

### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying amount	Carrying amount
			2013	2012
Class:			'\$000	'\$000
Cash and cash equivalents	4	N/A	6,818	5,001
Receivables	5	Loans and receivables (at amortised cost)	425	143

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2013	2012
Class:			'\$000	'\$000
Payables	8	Financial liabilities measured at amortised cost	688	626
Other	10	Financial liabilities measured at amortised cost	1,545	1,689

The financial instruments excluded statutory receivables and payables, prepayment and unearned revenues as these were not within the scope of AASB 7 *Financial Instruments: Disclosures*.

### (b) Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash and receivables. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

### Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

### Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Authority will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions. No interest is earned on trade debtors.

All the Authority's debtors are not past due or impaired.

### (c) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows to ensure adequate holding of high quality liquid assets.

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Authority may automatically pay the supplier simple interest.

In the financial year ended 30 June 2012 the Authority was not required to pay any interest for late payment (nil for 2012).

The table below summarises the maturity profile of the Authority's financial liabilities:

'\$000

	Maturity Dates		
	<1 year	1-5 years	>5 years
<b>2013</b>			
Payables	688		
Other Liabilities	1,545		
<b>Total</b>	<b>2,233</b>	-	-
<b>2012</b>			
Payables	626		
Other Liabilities	1,689	-	-
<b>Total</b>	<b>2,315</b>	-	-

All the above financial liabilities are non-interest bearing.

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposure to market risk is primarily through interest rate risk on the Authority's bank balances within the NSW TCorp.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment. The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2012. The analysis assumes that all other variables remain constant.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

### Interest rate risk

Exposure to interest rate risk arises primarily through the Authority's interest bearing bank balances within the NSW TCorp. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

'\$000

	Carrying Amount '\$000	-1%		+1%	
		Profit '\$000	Equity '\$000	Profit '\$000	Equity '\$000
<b>2013</b>					
<i>Financial assets</i>					
Cash and cash equivalents	6,818	-68	-	68	-
<b>2012</b>					
<i>Financial assets</i>					
Cash and cash equivalents	5,001	-50	-	50	-

### Other price risk

The Authority has no financial assets and liabilities exposed to other price risk.

### (e) Fair value compared to carrying amount

Financial instruments are generally recognised at amortised cost. The amortised cost of the financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of the financial instruments.

## 19. Budget Review

### Net Result

The net result was a surplus of \$1,577,000 which was better than budget by \$1,588,000 primarily due to total revenue was higher than budget (\$5,868,000) but partly offset by total expenses above the budget (\$4,280,000).

As indicated in the Service Group Statements on page 6 and Note 20, as indicated in the Service Group Statements on page 6 and Note 20 on page 39, the NSW Office of Liquor and Gaming and Racing (OLGR) which is part of the Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) provided services relating to liquor licensing and gaming other than those relating to the casino precinct on behalf of the Authority. DTIRIS has agreed to provide a grants 'in kind' of \$3,018,000 to the Authority in 2012-13 to cover the difference between the revenue collected by DTIRIS on behalf of the Authority and the associated staff and related costs. This grants 'in kind' was not included in the budget.

The total revenue also included retained taxes, fees and fines of \$2,331,000 (revenue collected by DTIRIS on behalf of the Authority as mentioned above) which were not included in the budget.

# INDEPENDENT LIQUOR and GAMING AUTHORITY

## Notes to the Financial Statements for the Year ended 30 June 2013

Total expenses were \$12,361,000 and were \$4,280,000 more than budget mainly due to:

- Personnel services costs were above budget by \$3,654,000. This was mainly due to personnel services costs of \$4,140,000 in connection with the services provided by DTIRIS relating to liquor licensing and gaming other than those relating to the casino precinct on behalf of the Authority. These costs were not covered in the budget.

This was partly offset by savings of \$486,000 in personnel services costs in connection with the Authority's casino control service.

- Other operating expenses were \$671,000 more than budget. This was mainly due to the expenses of \$2,152,000 incurred by the Authority in conducting the Crown Ltd investigation and \$398,000 for the Genting Hong Kong Limited review (the budget provision for these two investigations was \$1,000,000). The costs of these two investigations were fully covered by Crown Ltd and Genting Hong Kong Limited.

This was partly offset by savings of 879,000 in other operating expenses relating to casino control services.

### Assets and Liabilities

Total assets were \$2,954,000 higher than budget mainly due to cash and cash equivalents being higher than budget.

Total liabilities were \$1,366,000 higher than budget mainly due other current liabilities being \$1,367,000 more than budget. The other current liabilities include \$1,501,000 deposit received from Genting Hong Kong to cover expenses in connection with the Authority investigation [see note 2(b)(1)]. These liabilities were not anticipated in the budget process.

### Cash Flows

Net cash flows from operating activities were \$1,817,000 which was significantly above the expected deficit of \$929,000 in the budget. This resulted from payments being below budget and receipts being above budget.

Closing cash and cash equivalents were \$2,421,000 above budget mainly due to deposits received from Crown Ltd and Genting Hong Kong Limited as mentioned above.

## 20. Services of the Independent Liquor and Gaming Authority

### Service Description

This service group covers administration of systems for the licensing, supervision, control and monitoring of legal casino gaming in New South Wales (refer to Service Group Statements on pages 6, 7 and 8).

# **INDEPENDENT LIQUOR and GAMING AUTHORITY**

## **Notes to the Financial Statements for the Year ended 30 June 2013**

### **Casino Control**

This service group contributes to protecting the integrity of casino gaming in New South Wales and minimising harm to individuals and families by working towards a range of intermediate results that include the following:

- compliant casino operator who respects the public interest
- only suitable employees and companies are associated with the Casino
- illegal and undesirable activities precluded from the Casino and
- licensed entities and staff conduct authorised gambling and liquor activities in a responsible manner.

### **Liquor Licensing**

Services relating to liquor licensing and gaming other than those relating to the casino precinct were provided through the Department of Trade and Investment, Regional Infrastructure and Services.

### **21. Event after Reporting Period**

The Authority was not aware of any events after the reporting period that would have a significant impact to the financial statements and the notes to the financial statements.

## **END OF AUDITED FINANCIAL STATEMENTS**





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