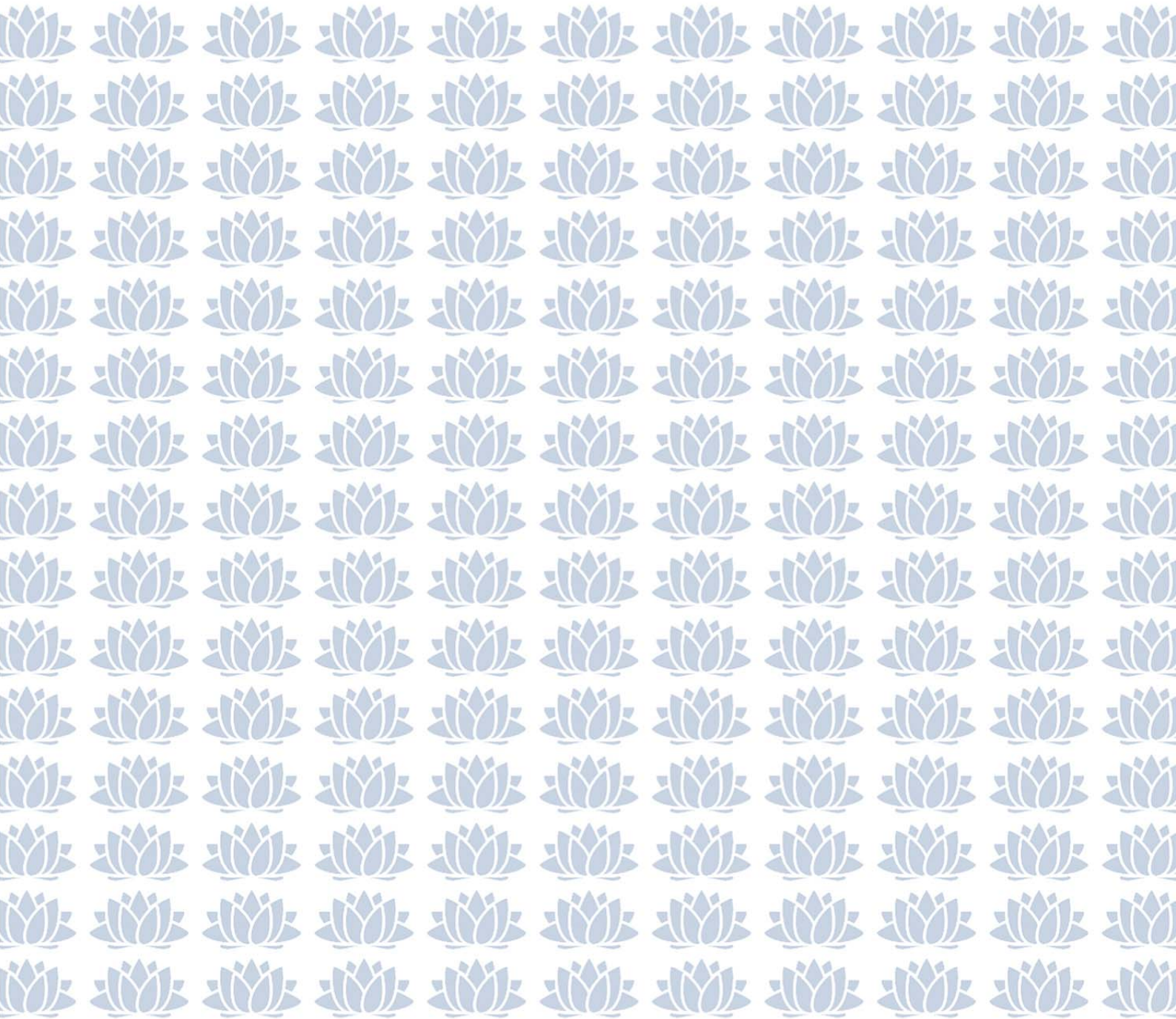


Annual Report

2013–14



Independent
Liquor & Gaming
Authority





Level 7, 10 Valentine Ave, Parramatta NSW 2150

PO Box 8325, Parramatta, Westfield NSW 2150

Office hours: 9.00am – 5.00pm, Monday – Friday





Independent Liquor & Gaming Authority

12 November 2014

The Hon. Troy Grant, MP
Deputy Premier
Minister for Trade and Investment
Minister for Regional Infrastructure and Services
Minister for Tourism and Major Events
Minister for Hospitality, Gaming and Racing
Minister for the Arts
Level 20, 52 Martin Place
SYDNEY NSW 2000

Dear Deputy Premier

The Independent Liquor and Gaming Authority is pleased to present its annual report for 2013–14 for presentation to Parliament.

The Independent Liquor and Gaming Authority apologises that this report is provided after the required date, this is because of technical accounting issues that emerged as a result of organisational changes and implementation of the *Government Sector Employment Act 2013*.

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 faithfully

Chris Sidoti
Chairperson

Micheil Brodie
Chief Executive

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CHAIRPERSON'S REPORT



During the year under review the Independent Liquor and Gaming Authority undertook its most important investigation since its establishment on 1 July 2008. It was the most important gaming related investigation in NSW

in well over a decade. The Authority was required to investigate and determine whether Crown Sydney Gaming Pty Ltd and all its close associates were suitable to be concerned in the management and operation of a new casino-like gaming venue in NSW.

The investigation arose from decisions of the NSW Government and Parliament to accept and approve an unsolicited proposal for a new 'restricted gaming facility' at Barangaroo in central Sydney. The Authority had no role in that decision but, under the legislation enacted by the Parliament, it was responsible for ensuring the integrity of the proposed owners and operators of the facility, that:

- the ownership, finances, management and operations of the facility would be satisfactory and would be financially viable;
- the facility would remain free from criminal influence, exploitation and undesirable or unsatisfactory financial sources; and
- the potential of the Restricted Gaming Facility to cause harm to the public interest is contained and appropriately regulated.

The Authority's investigation considered a wide range of material sourced from a number of regulatory and enforcement agencies both nationally and internationally, probity inquiries, public submissions, and legal and financial advice. Recognising Crown's international character, the Authority also reviewed Crown's operations overseas and will continue to monitor any business associations arising in new gaming jurisdictions. It decided just after the end of the year under review, on 8 July 2014, to approve Crown Sydney's application for a

licence to own and operate the new gaming facility.

The Crown Sydney investigation was a very large task. It came on top of the Authority's routine work of administering NSW liquor and gaming legislation and of regulating and supervising the existing casino, The Star. The Authority has responsibilities under the legislation that must be discharged as well as possible, no matter what unexpected demands it might face.

The Crown Sydney investigation, the regulation and supervision of The Star and the day to day regulation of the liquor and gaming industries, all demonstrate the importance of having an independent regulator to ensure that liquor and gaming in the State are provided with integrity and a minimum of harm. Policy concerning these industries is properly a matter for the political processes of Government and Parliament but implementation and administration of the law are best done independently.

Independence is at the heart of the Authority's nature and functioning. It is clearly provided in the law we administer. It is enhanced through the appointment of statutory office holders to lead the Authority. It is made possible through staff who are accountable only to the Authority and resources under the control of the Authority. Many issues relating to staff assisting the Authority and the budget available to the Authority have been resolved during the year, furthering the Authority's capacity to do its job independently and effectively.

During the year we welcomed the new Minister for Hospitality, Gaming and Racing, the Hon. Troy Grant MP. We look forward to continuing with him the close collaboration we have had with his ministerial predecessors.

The Hon. George Souris MP completed his term as Minister for Tourism, Major Events, Hospitality and Racing. Mr Souris provided strong support to the Authority and its work, respecting its independence at all times. My Authority colleagues and staff and I personally thank him for his leadership in the portfolio and for his support of the Authority.

We also farewelled a longstanding member of the Authority and welcomed a new member during the year. Sharryn Brownlee completed her term on the Authority in October 2013.

She had first been appointed to the Casino Control Authority, the present Authority's predecessor, in April 2005 and had been appointed to the present Authority when it was established on 1 July 2008. Ms Brownlee has had long and distinguished service for many years in a number of community organisations, especially those associated with public education in NSW. She brought to the Authority immense knowledge and experience of the concerns of communities, particularly poor and disadvantaged communities, and of community views and concerns regarding liquor and gaming provision and regulation. Her insights were greatly valued by other Authority members. She was warmly thanked at the end of her term.

Helen Morgan joined the Authority in November 2013. Ms Morgan is a former judge and former acting judge of the District Court of NSW where she served with distinction for over 15 years. She has also served as a member and deputy president of the NSW Mental Health Review Tribunal. She has been a practising judge and lawyer for more than thirty years. She brings to the Authority her extensive knowledge of and experience in the law and legal process and procedure. She is making a great contribution to our deliberations.

We are grateful to the Secretary (formerly Director General) and Deputy Directors General of the Department of Trade and Investment, Regional Infrastructure and Services for their commitment and efforts in ensuring a good and productive relationship between the Department and the Authority.

Throughout the year, as in past years, the Authority has enjoyed a close and effective professional relationship with the NSW Police Casino and Racing Investigation Unit and the Police Alcohol and Licensing Enforcement Command. The Authority expresses its thanks to the staff of these units for their continuing cooperation.

At the beginning of the year under review the Authority welcomed its new Chief Executive, Micheil Brodie. Mr Brodie came to NSW after working in liquor and gaming regulation in three other jurisdictions. He brought great expertise and experience to the Authority. Authority members and I thank him for all he has already contributed to the Authority and

look forward very much to his continued leadership of the Authority's staff and work.

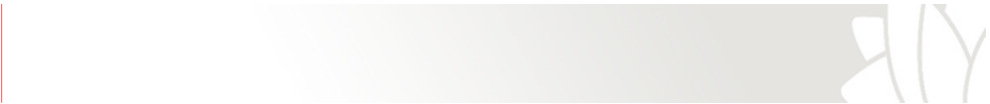
The staff team led by the Chief Executive continued to work long, hard and well in ensuring the highest possible quality of performance in all areas of the Authority's jurisdiction. I express the Authority's thanks and appreciation to them all. I want this year to single out for particular thanks the staff and consultants who have worked with the Authority on the probity investigations relating to the Barangaroo Restricted Gaming Facility and to a proposed increase in shareholding affecting The Star. These investigations have been especially demanding but they have been undertaken with extraordinary competence.

All members of the Authority members apart from the Chief Executive are part time. Their workload and the demands on them, as part timers, are great. I thank them for their unstinting dedication and their enormous contribution. I am grateful for the opportunity of working with such a committed, professional team.

Chris Sidoti

Chairperson

In NSW there are currently 96,140 gaming machines entitlements and 17,029 liquor licences		
During 2013–14, we approved 2,500 new liquor licences and processed 2,308 transfer applications		We also processed 523 casino exclusion orders
We saw a 13.5% decrease in packaged liquor licences approvals since the 2008–09 financial year		
We completed 81 hotel and 12 club annual adjustments resulting in an overall refund of \$668,132.86		
Processed and approved 960 casino special employee licences	Made 79 amendments to casino systems	
During 2013–14, the number of liquor licence applications refused was 56% higher than 2008–09		
Reviewed and completed 476 ClubGRANTS returns		
The number of liquor licence applications refused was 56% higher than the 2008–09 financial year		
We processed 677 gaming machine PBS authorisations	Granted 436 gaming machine approvals	Processed 1,274 gaming-related licence renewals
Completed 78 club and 32 hotel reassessments with refunds totalling \$348, 771.03		



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.

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. See **Appendix 1** for information on Authority members.

The Authority held 12 scheduled monthly meetings during the reporting period to transact business relating to casino, liquor and gaming.

Other face-to-face meetings were held by the Authority members and attendance was structured depending on the workload of members. Several other meetings were conducted by telephone and email. Information about the Authority's Committees and their meetings is reported at **Appendix 2**.

Under section 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.

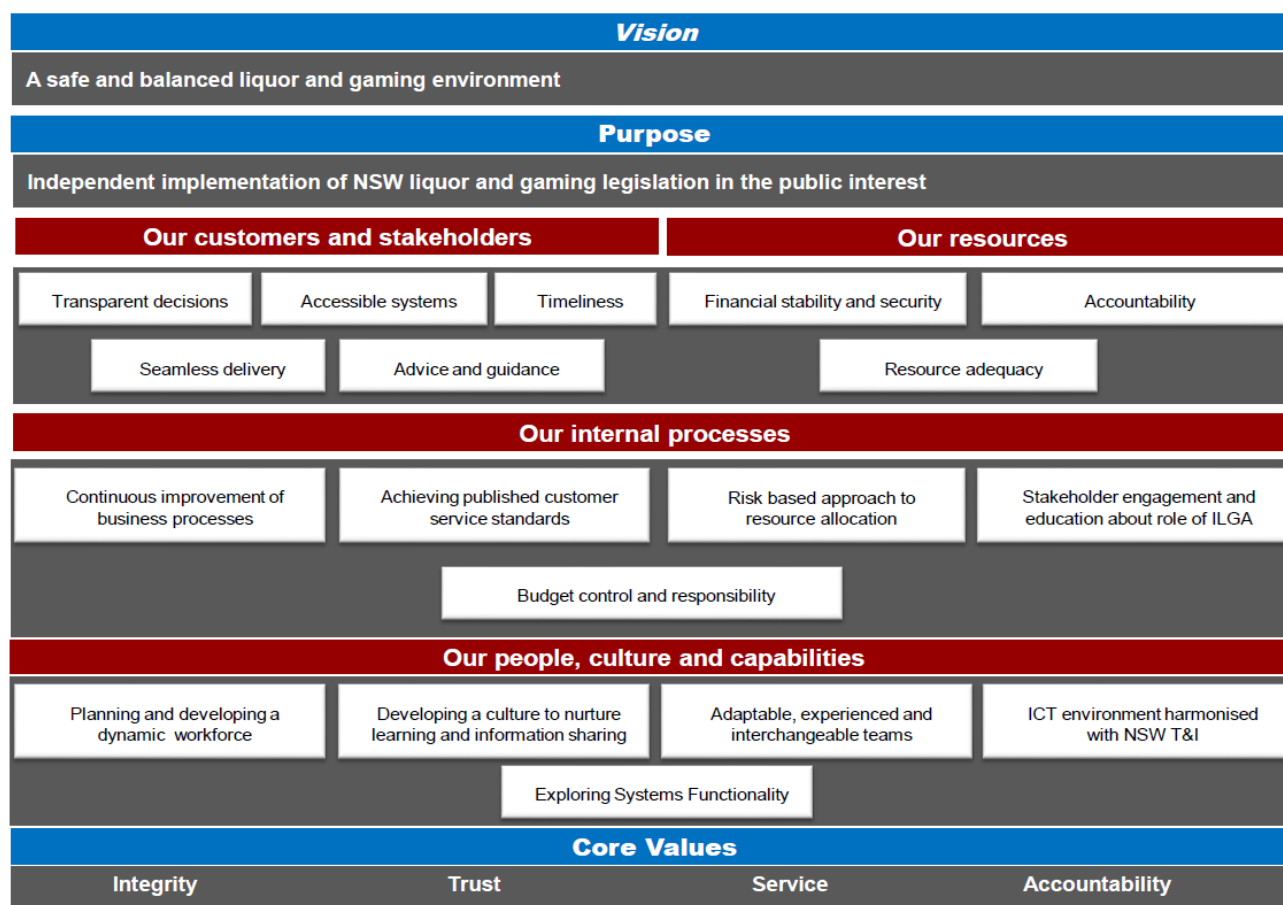
An additional group of officers assists the Authority to exercise its (non-casino) liquor and gaming-related functions. Until 11 February 2013 these officers did not report to the Authority but to the Executive Director, Office of Liquor, Gaming and Racing, within NSW Trade & Investment. A Memorandum 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 2013–14, 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.

On 28 March 2014, the Authority finalised its 2014–17 Strategic Plan. The plan was informed by a series of planning workshops with Authority members and staff and an extensive consultation process with key stakeholders. The main themes (see page 5) of the Authority's Strategic Plan include:

- Our customers and stakeholders
- Our resources
- Our internal processes
- Our people, culture and capabilities

Note: To view the full version of Authority's strategic plan visit the Authority's website – www.ilga.nsw.gov.au.

2014–17 STRATEGIC PLAN: A SNAPSHOT



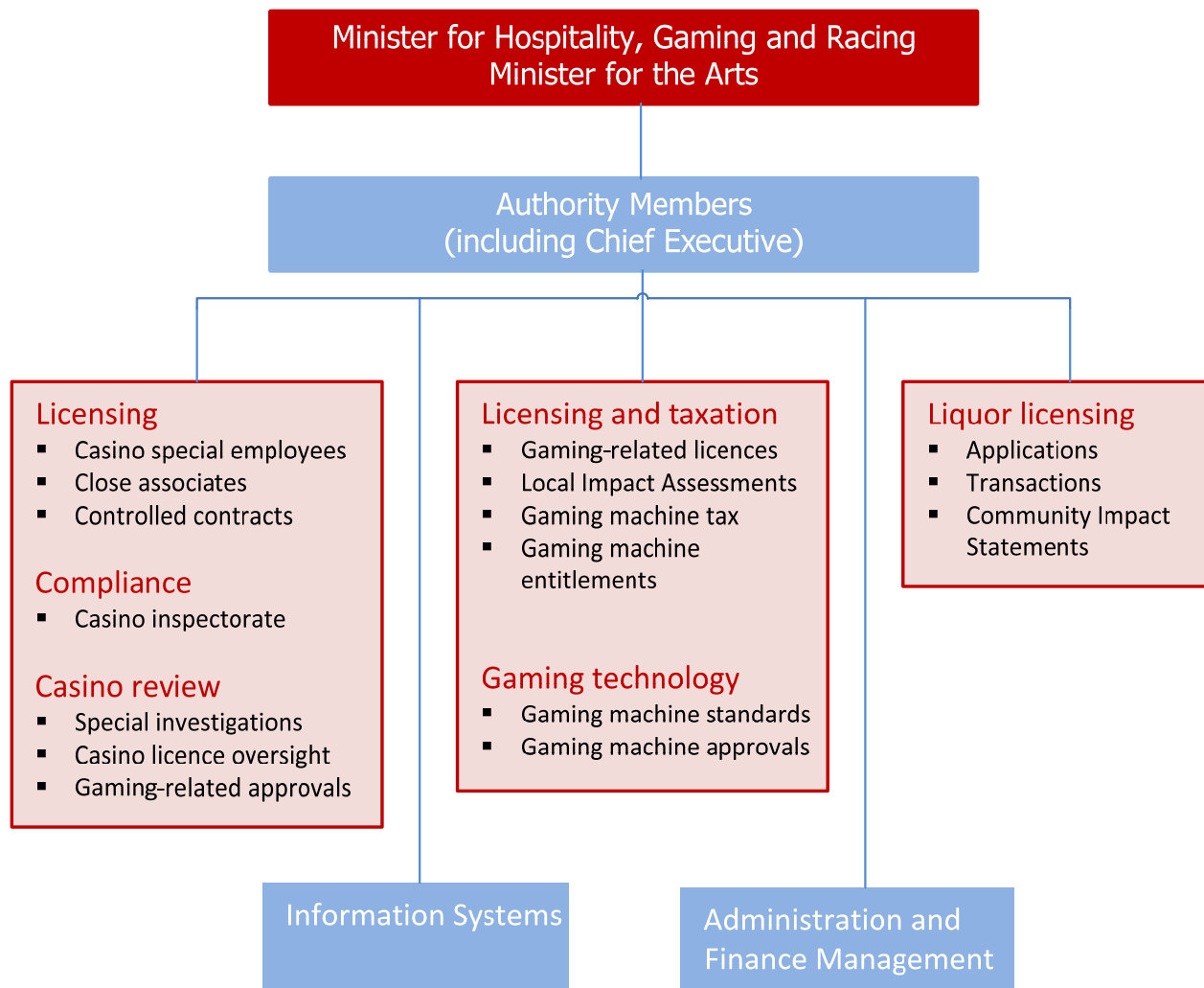
AUTHORITY MEMBERSHIP



Authority members (left to right) – Ms Helen Morgan, Mr David Armati, Mr Chris Sidoti (Chairperson), Mr Micheil Brodie and Mr Ken Brown.

Note: See **Appendix 1** for details of all members appointed to the Authority during the 2013–14 financial year.

ORGANISATIONAL STRUCTURE



AIMS AND OBJECTIVES

The objects of the Authority, as set out in section 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 section 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 section 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.



CASINO OPERATIONS

CASINO STATISTICS

	Reporting Period					Total	5 year average
	2009–10	2010–11	2011–12	2012–13	2013–14		
Casino Duty (\$M)	81.56	95.3	109.02	118.57	124.67	529.12	105.824
Rebate Player Duty (\$M)	9.83	25.72	24.34	35.8	39.6	135.29	27.058
Responsible Gambling Levy (\$M)	12.09	13.13	13.95	14.2	14.68	68.05	13.61
Total (\$M)	103.48	134.05	147.31	168.57	178.95	732.36	146.472
Patron Complaints	41	49	82	67	51	290	58
Exclusion Orders	528	424	432	762	523	2669	533.8
Applications for Review	75	43	55	49	48	270	54
Exclusion overruled	7	0	0	1	1	9	1.8
Self-Exclusion	202	198	211	230	189	1030	206
Unattended Children	10	12	15	29	15	81	16.2
Disorderly Conduct	111	69	110	231	183	704	140.8
Theft/Fraud	135	76	43	51	57	362	72.4
Gaming related incidents and offences under <i>Casino Control Act 1992</i>	43	25	27	31	29	155	31
Direction by the Police	0	11	3	154	36	204	40.8
Responsible gaming	25	32	22	36	12	127	25.4
Other	2	1	1	0	2	6	1.2
Total	528	424	432	762	523	2669	533.8
Licensing							
Special Employee Licences approved	376	438	627	395	370	2206	441.2
Provisional licences issued	297	318	522	321	233	1691	338.2
Provisional licences cancelled	0	1	1	2	1	5	1
Special Employee Licences renewed	44	4	421	288	590	1347	269.4
Special Employee Licences refused	0	2	2	3	1	8	1.6

REVIEW OF CASINO OPERATIONS

The Authority's principal casino regulatory activities during the 2013–14 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.

GAMING-RELATED APPROVALS

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 2013–14 reporting period, the Authority approved:

- three new casino table games
- two new multi terminal table games
- seven amendments to various rules of games
- 37 gaming machines
- 28 software upgrades for gaming machines and multi terminal table games including associated software, hardware and firmware
- One software upgrade for the casino's management system for their gaming and financial operations
- 25 items of gaming equipment
- Six 'How to Play' brochures
- 31 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.

SUPERVISION OF CASINO OPERATIONS

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 2013–14, there were seventeen investigations resulting in an inspector recommending that disciplinary action be taken against the casino operator. In four matters, the Authority determined that cause was shown by the casino operator. In

one matter, the Authority determined to amend the Internal Control Procedures. For details refer to the reports section.

Penalty Infringement Notices and prosecutions

In 2013–14, inspectors investigated 36 incidents of individuals allegedly breaching section 87 of the *Casino Control Act 1992* (cheating in the casino) issuing 18 Penalty Infringement Notices.

A total of 45 Penalty Infringement Notices were issued by inspectors for minors using false evidence of age to attempt to enter casino licensed premises. Three Penalty Infringement Notices were issued for minors entering or remaining on licensed premises.

Two Penalty Infringement Notices were issued by inspectors to The Star for failing to display notices relating to section 127(5) of the *Casino Control Regulation 2009* (notice to be continuously displayed in each part of the licensed premises from which minors are to be excluded). A total of 58 Penalty Infringement Notices were issued by inspectors for excluded persons entering the casino. Total fines for Penalty Infringement Notices issued during the 2013–14 reporting period were \$49,830.

During 2013–14, the Authority prosecuted 22 cases, including 11 matters still to be determined by the Courts at the end of the 2012–13 reporting period, relating to breaches of section 84 (1) of the *Casino Control Act 1992* (excluded person not to enter casino).

Twelve matters related to one defendant who was convicted and fined \$100 on each count. The defendant appealed against the sentences imposed. The appeal was heard in the District Court, Downing Centre, on 5 February 2014, before His Honour Judge Blanch CJ who dismissed the appeal, confirmed the orders of the Magistrate and ordered the appellant to pay costs as agreed or assessed. The same defendant was further convicted on another five matters and in respect of each matter was placed on a 12 month Good Behaviour Bond (GBB) pursuant to section 9 of the *Crimes (Sentencing Procedure) Act 1992*. In a separate matter, a defendant was placed on a 15 month GBB pursuant to section 10 of the *Crimes (Sentencing Procedure) Act 1992*. In another matter the Court imposed a 200 hour community service order on the defendant. One defendant was convicted on three matters and received a two year GBB pursuant to section 9 of the *Crimes (Sentencing Procedure) Act 1992*, including that the defendant report to the Bankstown Community Corrections Office and attend gambling counselling. On 30 June 2014, an appeal was heard in the District Court

regarding severity of the penalty; the GBB was varied to remove supervision by the Community Corrections Office.

Conduct of gaming complaints

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 2013–14, inspectors received 51 enquiries which could have resulted in formal complaints about the conduct of gaming under section 33 of the *Gaming and Liquor Administration Act 2007*.

The 51 enquiries relate to the following games:

- Electronic gaming
- Poker
- Roulette
- Baccarat
- Blackjack
- Other games

Initial assessments by inspectors indicated that in three instances the casino operator might not have applied rules or procedures correctly. Following discussions, the casino operator determined to resolve two of these matters in favour of the complaints and the formal complaint process was not required to be activated. In accordance with section 33, in the third matter, the investigating inspector provided the casino operator with the substance of the complaint and an opportunity to respond. As a result of their investigation, inspector was satisfied that there had been a contravention by the casino operator. The casino operator subsequently made payment to the complainant in satisfaction of the complaint. The Authority considered the investigating inspector's report on the matter and determined to take no further action.

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 section 84 of the *Casino Control Act 1992*. In 2013–14, on a total of 533 occasions, 475 persons contravening their exclusion orders were detected in the casino. Of these, 251 were self-excluded persons who were detected in

the casino on 294 occasions. In respect of non-voluntary excluded persons, 70 briefs of evidence were initiated and 169 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 section 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 section 81(1) the NSW Commissioner of Police may direct the casino operator to exclude a person from the casino and under section 79(3) a person may voluntarily apply to be excluded from the casino.

Under section 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 2013–14, the Authority received 48 requests from persons seeking to have their exclusion orders reviewed. There were also 9 reviews still to be determined at the end of the 2012–13 reporting period. The Authority determined that:

- 39 exclusion orders were to stand
- one exclusion order was overruled
- 11 applications for review of exclusion orders were received out of time
- two applications were revoked by the casino operator
- four 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 section 154(d) of the *Casino Control Act 1992* in the reports section. Over recent 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.

The Authority acknowledges that on average more than 25,000 people visit The Star casino on a daily basis and that incidents involving minors gaining access to the casino are the exception. Nevertheless, the Authority expects The Star to ensure that casino staff tasked with preventing minors from gaining access to the casino remain diligent in the exercise of their functions.

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 2013–14.

During 2013–14, the Authority considered and determined three matters in relation to The Star permitting intoxication in the casino. See **Appendix 3** for details of disciplinary action against the casino operator.

Around 10 million people visit the casino annually and the casino operates 24 hours per day, every day of the year. As a consequence, there may be a higher number of reported incidents at The Star than at other licensed venues in NSW. The Authority continues to closely monitor efforts by The Star to manage the risk of intoxication and violence on casino premises. The Authority reviews reports of alcohol related matters and assaults at its monthly meetings. Compliance by The Star with liquor licensing requirements is also reviewed at monthly meetings between the Authority's Manager Compliance (casino operations), the casino operator and City Central Police. The casino operator has in place a "Safer nights out" practices and strategies document. Practices and strategies introduced by The Star include the use of tempered glass in all main gaming floor bars; bottled beverages must be decanted after 2am; drink stockpiling is not permitted; shots and double spirit mixers only

served up to 2am; staff must wait for a guest to re-order rather than top up drinks automatically. Free water, low and non-alcoholic beverages and food are available to guests.

The NSW Government introduced measures, effective midnight on Sunday 23 February 2014, to tackle drug and alcohol-fuelled violence. These measures included 1.30am lockouts and 3am cease service of alcohol across the Sydney CBD Entertainment and Kings Cross precincts. The casino operator increased its security presence at casino entrances and on Pirrama Road, in response to an expected influx of persons after 1.30 am. While the casino operator felt an impact on the first weekend in particular, which coincided with the Mardi Gras, the lockout has had no major impact on The Star.

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.

The Authority Intelligence Committee (Casino) was established to ensure that the Authority is fully informed in connection with criminal and undesirable activities in or in the vicinity of the casino. 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. During the 2013–14 reporting period the Committee met on four occasions. See **Appendix 2** for more information.

Audit activities

Audit staff perform independent weekly verification of the calculation of casino gaming duty, rebate player duty and the Responsible Gambling Levy. Using a risk-based approach, staff also conduct special audits encompassing reviews of the casino operator's internal controls and accounting procedures. Nine special audits were completed during the 2013–14 reporting period. Exceptions, areas of weakness and opportunities for improvement observed during these audits; have been referred to the casino operator for

action. Follow-up reviews are undertaken to ensure that effective corrective measures have been implemented.

CASINO-RELATED LICENSING

For the 2013–14 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.

Special employees

For the 2013–14 reporting period the Authority approved and issued 233 provisional licences and 370 special employee licences, and approved 590 licence renewals. During the 2013–14 reporting period, licensing staff recommended to the Authority that one application for a special employee licence be refused. After hearing the submissions, the Authority determined to refuse the application. During the 2013–14 reporting period, the Authority cancelled one Provisional Licence because the applicant, after one week of granting the provisional licence, advised of a court matter that would take some time to resolve.

Controlled contracts

Under section 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 2013–14 reporting period, four 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. At the end of the 2013–14 reporting period, a total of 516 controlled contracts had been lodged with the Authority since its inception in 1992.

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 2013–14 reporting period, one application for approval to manage liquor licensed premises (The Star) was approved.

Casino and liquor licence boundaries

During the 2013–14 reporting period, one application for redefining of the casino boundary to increase the buffer zone at the Sovereign Room entry was approved. During the 2013–14 reporting period, no application for changes to the liquor licence boundary was received.

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 2013–14 reporting period the Authority approved 79 amendments to the system of internal controls. Of these, 63 were for changes to the organisational structures and position descriptions.

REPORTS – CASINO CONTROL ACT 1992

Section 154 (a)

Details of any casino licence granted during the year

One casino licence was granted during 2013–14.¹

Section 154 (b)

Number of licences granted under Part 4 of the *Casino Control Act 1992*. ('Licensing of casino employees')

The Authority granted 233 provisional special employee licences and 960 full special employee licences (including 288 renewals).

Section 154 (c)

Details of any changes to the conditions of a licence made by the Authority during the year

During 2013–14, a change was made to the conditions to include compliance of the provisions of the systems of internal controls and administrative and accounting procedures for the casino, as approved by the Authority.

Section 154 (d)

Details of any disciplinary action taken by the Authority against the casino operator during the year

Twelve matters that resulted in disciplinary action were taken against the casino operator under section 23 of the *Casino Control Act 1992*. See **Appendix 3** for more information.

Section 154 (e)

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*. Section 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.

¹ On 8 July 2014, the Authority granted approval to Crown Sydney Gaming Pty Ltd (Crown Sydney), a wholly owned subsidiary of Crown Resorts Limited (Crown Resorts), to operate the proposed Barangaroo Restricted Gaming Facility from 15 November 2019. For further details refer to page 18.

During the 2013–14 reporting period, disciplinary matters relating to five special employees were dealt with, as follows:

Grounds for Disciplinary Action	Outcome
Drive while suspended, and failure to notify	Licence suspended for one week
Common assault	Licence suspended for one week
Attempt assault, and failure to notify	Licence suspended for two weeks
Supply prohibited drug	Licence cancelled
Possess/use prohibited weapon stalk or intimidate with intent to cause fear or physical harm	Suspended until completion of good behaviour bond in February 2015

Section 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 2013–14.

Section 154 (g)

Summary of the outcome of any investigation or inquiry carried out by the Authority during the year

Two investigations/inquiries were carried out by the Authority, or continued, during 2013–14. Summary information about them is as follows:

Genting Hong Kong Limited Shareholding investigation

On 25 June 2012, the Genting Group sought approval for its intention to acquire an unspecified interest in the voting power of Echo Entertainment Group Limited (the operator of The Star casino) in excess of 10 per cent. The Authority determined to consider their notification as an application for approval of a proposed major change under section 35 of the *Casino Control Act 1992*.

On 18 July 2012, the Authority was advised that the Genting Group 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. This amendment was approved by the Authority.

Given the significance of this arrangement to the on-going management and control of The Star casino, the Authority must in each case be satisfied that Genting Hong Kong Limited, its associated companies and relevant office-holders, are suitable to become involved in the management and operation of The Star casino. 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 2013–14 the investigation was on-going.

Barangaroo Restricted Gaming Facility

Approval of Restricted Gaming Licence

On 8 July 2014, the Authority granted approval to Crown Sydney Gaming Pty Ltd (Crown Sydney), a wholly owned subsidiary of Crown Resorts Limited (Crown Resorts), to operate the proposed Barangaroo Restricted Gaming Facility from 15 November 2019. This followed the completion of negotiations for a proposed integrated hotel resort complex at Barangaroo as part of the NSW Government's Unsolicited Proposal process and amendments to the *Casino Control Act 1992* (Act).

On 6 September 2012, Crown Resorts submitted an Unsolicited Proposal to build and operate an integrated hotel resort complex at Barangaroo. On 4 July 2013, the State announced its decision to allow the Crown Unsolicited Proposal to advance to the final stage of the Unsolicited Proposals process, under which a binding agreement was entered into by the State, Crown Resorts and certain wholly owned subsidiaries of Crown Resorts under the Crown Unsolicited Proposal.

Following the State's selection of the Crown Unsolicited Proposal, the Act was amended to provide for an application process under which a Restricted Gaming Licence may be issued and granted by the Authority as an independent statutory authority. The amendments to the Act commenced operation on 27 November 2013.

Following the amendments to the Act, a Ministerial Direction was issued under section 5A of the Act by the Minister for Hospitality, Gaming and Racing and Minister for the Arts on 12 December 2013, naming Crown Sydney as an 'approved applicant' to apply for the Restricted Gaming Licence under section 13 of the Act. This Ministerial Direction also contained the terms and conditions of the Restricted Gaming Licence. The Ministerial Direction is found on the Authority's website. On 16 December 2013, Crown Sydney applied to the Authority seeking approval to be granted a Restricted Gaming Licence as an approved applicant under the Act. In assessing the application, the Authority was required to determine

if Crown Sydney and all close associates of Crown Sydney were suitable to be concerned in or associated with the management and operation of the proposed Barangaroo Restricted Gaming Facility. It was also necessary to consider all business associates of Crown Sydney and of its close associates.

The Authority's investigation considered a wide range of material sourced from a number of regulatory and enforcement agencies both nationally and internationally, probity inquiries, public submissions, and legal and financial advice. The Authority also took into account information obtained through its previous investigation concerning the Crown Group in relation to Crown Resorts' application to acquire up to 25% of Echo Entertainment Group Limited, the operator of The Star casino, which was completed on 10 May 2013.

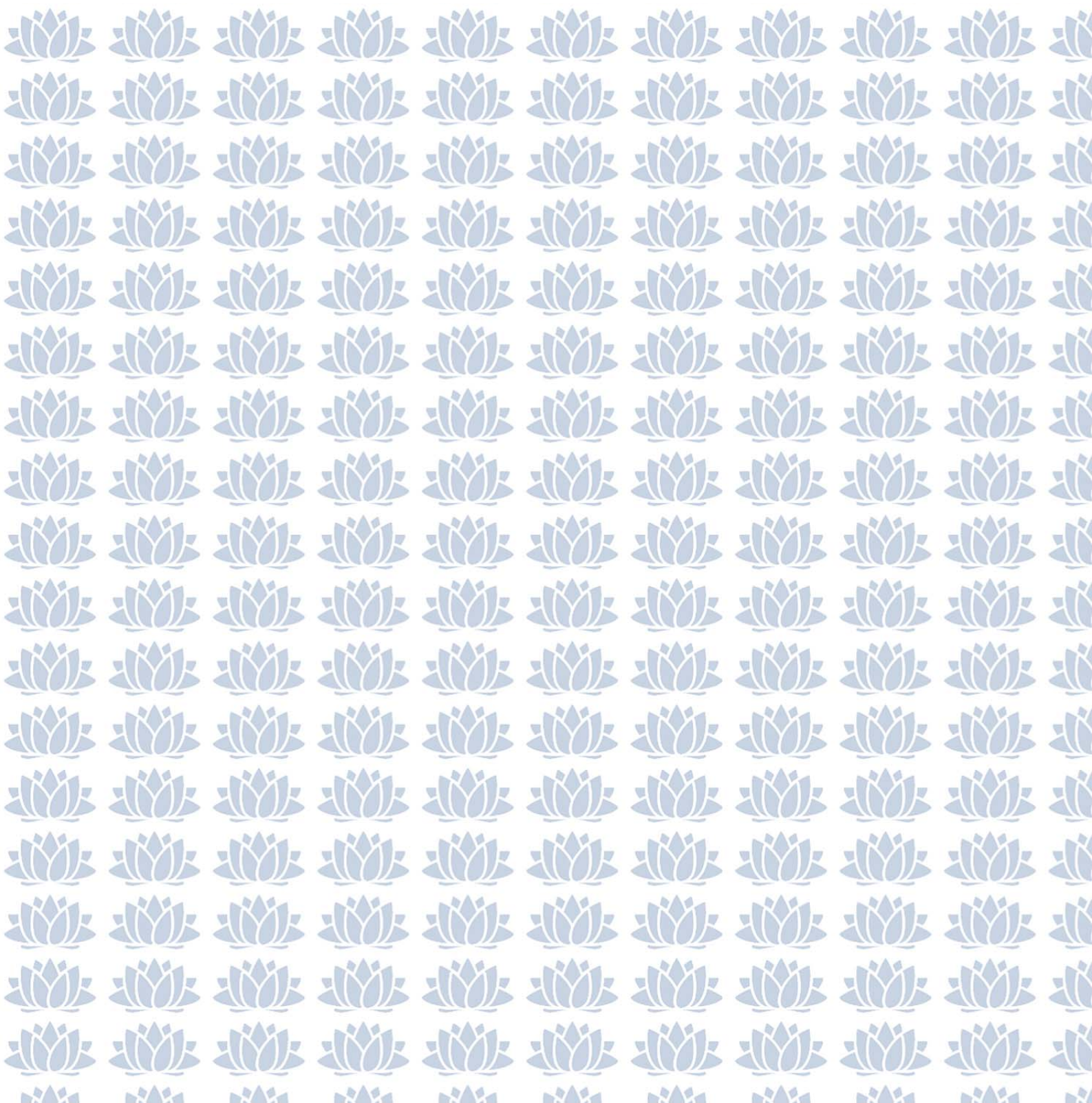
The Authority's investigation also focused on relevant individuals and entities connected to or associated with Crown Sydney, including its ultimate holding company Crown Resorts, Consolidated Press Holdings and James Packer. It included a review of their business and legal affairs, including any litigation in Australia or overseas and any criminal or related incidents, to determine whether they were of good repute having regard to character, honesty and integrity.

The decision of the Authority was entirely separate from and independent of the decision making by the NSW Government under the Unsolicited Proposal process. It has been further overseen by an independent process auditor, IAB Services. The Authority has published on its website the Restricted Gaming Licence and section 142 Agreements relevant to the operation or management of the Restricted Gaming Facility, subject to redactions made for information relating to commercial-in-confidence financial matters and third party confidential information.

The development and construction of the hotel and Restricted Gaming Facility are under the oversight and control of the Barangaroo Delivery Authority.



LIQUOR OPERATIONS



REVIEW OF LIQUOR OPERATIONS

The Authority's principal liquor regulatory activities during the 2013–14 reporting period included:

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

The graph below presents the total number of liquor licences in effect and granted between the 2008–09 and 2013–14 financial years.

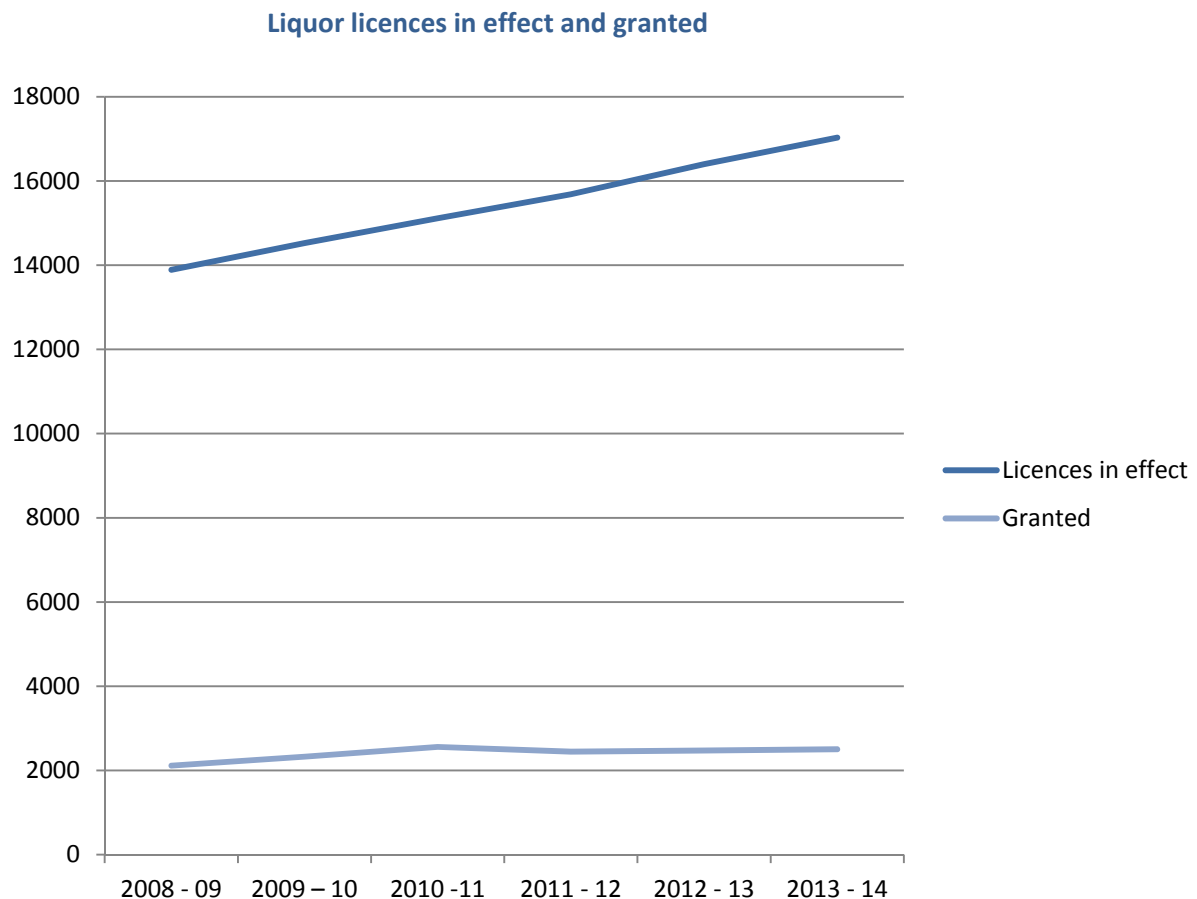


Figure 1. Total number of liquor licences in effect and granted between the 2008–09 and 2013–14 financial years

REPORTS – *LIQUOR ACT 2007*

Section 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 2013–14 reporting period was 17029. See **Appendix 4** for more information.

Section 156(b)

The number of new licences granted by the Authority during the year

The Authority granted a total of 2,500 new liquor licences in the 2013–14 reporting period:

- Club - 0
- Hotel (full hotel) - 4
- Hotel (general bar) - 11
- Limited licence - 1750
- On-premises - 492
- Packaged - 129
- Producer-wholesaler - 101
- Small bar - 13

See **Appendix 5** for the numbers of new licences granted since the 2008–09 reporting period.

Section 165(c)

The number of licences suspended or cancelled by the Authority during that year

In the 2013–14 reporting period the Authority cancelled eight liquor licences and only one licence was suspended under section 144F(3)(a) of the *Liquor Act 2007*. In addition, 50 applications were refused and 283 were withdrawn by applicants. The table below presents data since the 2008–09 reporting period. The large numbers of applications withdrawn results from the implementation of a policy which saw applications which had remained incomplete for an extended period of time returned to applicants for re-consideration. See **Appendix 5** for more information.

	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Refused	12	22	104	41	49	50
Suspended	0	0	0	0	0	1
Cancelled	1	0	0	7	0	8 ²
Withdrawn	23	40	93	74	141	283

Table 2. Total number of liquor licences refused, suspended, cancelled and withdrawn between the 2008–09 and 2013–14 financial years

² In respect of one decision in relation to a 'third strike', the respondents have sought review in the New South Wales Civil and Administrative Tribunal and those proceedings were still underway as of 30 June 2014.

Section 156(d)

The number of authorisations to which section 51 applies granted by the Authority during that year

The Authority granted a total of 823 section 51 applications in the 2013–14 reporting period:

- Club functions - 11
- Drink on-premises - 17
- Extended trading - 114
- Function on other premises - 364
- Minors area - 92
- Minors Functions - 1
- Non-restricted area - 51
- Primary service - 118
- Sale on other premises - 54
- Vessel trading - 1

See **Appendix 5** for the numbers of section 51 applications granted since the 2008–09 reporting period.

Section 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

There were six (6) disciplinary complaints were determined during 2013–14.

Four (4) matters involved complaints made by the then Director General (now Secretary) of the Department of Trade and Investment in relation to registered clubs under Part 6A of the *Registered Clubs Act 1976*.

Two (2) matters involved decisions by the Authority to incur a third “strike” against a liquor licence under the supplementary disciplinary regime provided by Part 9A of the *Liquor Act 2007*.

No complaints were determined under Part 9 of the *Liquor Act 2007* during 2012–13 although a complaint was made by Police during this financial year in relation to the Silk Hotel, Newcastle and was not yet determined as of 30 June 2014.

Another complaint by Police under Part 9 of the *Liquor Act 2007* concerned the Terrigal Hotel but that complaint was withdrawn following an agreement reached by Police and the licensee for the imposition of licence conditions under section 53 of the Act.

Another complaint was made by Police regarding the premises known as Station Bar and Pizza, Katoomba during 2012–13 but was pending determination as of 30 June 2014.

Complaints under Part 6A *Registered Clubs Act 1976*

Marrickville RSL, Marrickville

On 6 February 2014 the Authority determined that the complaint made by the Director General under section 10(1)(f) of the *Registered Clubs Act 1976* (Clubs Act) in respect to “Marrickville RSL Ltd” was established. The Club was found to have failed to provide suitable premises as required by the Clubs Act for a period of more than 6 years following the sale of its land in Marrickville. During this time, and with no means of deriving revenue, the Club continued to incur substantial costs by way office rental, salary paid to its former Secretary, Mr Dalley Robinson and annual fees paid to Board members. The Authority appointed an Administrator to administer the affairs of the Club under section 57H(2)(h) of the Clubs Act.

Brighton Amateur Fishermen’s Club, Brighton Le Sands

On 24 March 2014 the Authority found that a complaint made by the Director General under section 57F of the *Registered Clubs Act 1976* in relation to the Brighton Le Sands Amateur Fisherman’s Association Ltd”, as well as against five (5) former directors of the Club had been established. The Club had become insolvent and was in the process of being wound up. Following an investigation into the Club’s compliance with licensing legislation, the Director General alleged that the Club’s former secretary and several

former directors were not fit and proper persons to act in that role.

Club's former secretary, Mr Peter Jones, was found to be not a fit and proper person to act as the secretary of the Club. Mr Jones was found to not possess the necessary knowledge and skill required of a club secretary in that he did not have relevant knowledge of the Club's key obligations under licensing legislation and had not taken steps to obtain that knowledge through relevant training.

This lack of knowledge and skill led to an OLGR audit detecting numerous contraventions by the Club of licensing legislation – particularly the record keeping and financial reporting requirements under the *Gaming Machines Act 2001 and Gaming Machines Regulations 2010* with respect to the Club's gaming machines. This occurred at a time when those reports disclosed discrepancies.

Five (5) former directors of the Club (Mr Michael Azzi, Mr Vincenzo Carrabs, Mr Trajan Karovski, Mr Stephen Karanfilovski and Mr Pasquate Carbone) were also found not fit and proper persons to act as secretary or members of a governing body of a registered club. This was by reason of their lack of knowledge of these key legislative requirements and their decision to nominate an inexperienced secretary who was not provided with the appropriate training.

The Authority cancelled the Club's licence under section 57H(2)(c) of the Clubs Act. The Authority disqualified Mr Jones from holding the office of secretary or member of the governing body of any registered club in New South Wales for a period of three (3) years under section 57H(2)(g). The five (5) former directors were determined to be ineligible from holding the office of secretary of a registered club in New South Wales for a period of three (3) years under section 57H(2)(g).

Cabra Vale Ex Active Servicemen's Club, Canley Vale

On 28 March 2014 the Authority found that a complaint by the Director General under s 57F (3)(g) of the Clubs Act had been established. The Complainant alleged that the Club's former Secretary, Mr William O'Brien, was not a fit and proper person to hold that office by reason of his repeated use of Club supplied mobile telephones to communicate to Club staff racist and hard core pornographic texts and images (including acts of bestiality and necrophilia), in respect of which Mr O'Brien had been prosecuted for two counts of

the offence of using a carriage service to menace/harass/offend, contrary to section 474.17 (1) of the *Commonwealth Criminal Code Act 1995*.

Noting that the criminal offences had been found proven (with no conviction recorded and the matter dealt with by the Court by way of a bond) Mr O'Brien was found to be not a fit and proper person to act as a club secretary by reason that he engaged in a repeated course of conduct, including but not limited to the offences, that demonstrated a lack of skill and knowledge that would be expected of a reasonably diligent chief executive officer of a registered club. His conduct had also exposed the Club to a risk of civil litigation, anti-discrimination complaints and reputational damage. The Authority disqualified Mr O'Brien from holding the office of secretary of a registered club in New South Wales for a period of three (3) years under section 57H(2)(g) of the Clubs Act. The Authority ordered the Club to pay the Director General's costs on the investigation under section 57H(2)(i) of the Clubs Act.

Ramsgate Memorial RSL, Ramsgate

On 4 April 2014 the Authority determined that the complaint made in relation to the Ramsgate Memorial RSL Club Ltd by the Director General was established.

The Director General had alleged that the Club's former Secretary, Mr Noel Neate was not a fit and proper person to act as a secretary or member of a governing body of a registered club. Mr Neate was found to have not demonstrated the degree of honesty, skill and knowledge expected of a club secretary in that he had abdicated his responsibility in respect of the financial management of the Club in favour of the Club's financial controller; worked irregular and short hours; failed to ensure that financial reports required by the Gaming Machines Regulation and Registered Clubs Regulation were presented to the Board; issued credit cards to himself and the financial controller, with no adequate internal controls; failed to ensure that certain fringe benefits tax returns were lodged; failed to ensure that auditor's recommendations were implemented; failed to ensure staff training in occupational health and safety, information technology management and club governance; and failed to ensure trading hours complied with Council development approval.

Nine (9) former Club directors: Mr John Maloney, Mr Paul Berto, Mr John Weston, Mr John Garvan, Mr Brian Peacock, Mr Stephen McArthur, Mr

George Weddell, Mr Cliff Kuskey, and Mr Charlie Trickle were disqualified from acting as a secretary or member of a governing body of any registered club in New South Wales for a period of three years under section 57H(2)(g) of the Clubs Act. The former directors further undertook to notify the Authority before seeking such appointment after that three (3) year period has expired and made undertakings to complete any training required by the legislation. The Club was fined \$5000 under section 57H(2)(a) of the Clubs Act and was ordered to pay the director general's costs on the investigation under section 57H(2)(i) of the Clubs Act.

Matters under Part 9A *Liquor Act 2007*

Gold Music Box, Belmore

On 12 February 2014 the Authority determined that a 'third strike' be incurred under section 144D of the *Liquor Act 2007* in respect to the on premises license attaching to the Premises trading as "Gold Music Box" (a Karaoke venue) located at Belmore, Canterbury Road.

This was the first occasion upon which the Authority has been called to consider incurring a 'third strike' against the liquor license of a licensed premises under Part 9A of the *Liquor Act 2007*. The Authority determined to incur a 'third strike' in respect to the licensee due to police reports of permitted intoxication on licensed premises and associated violence.

The Authority decided to cancel the licence under section 144F(3)(b) of the *Liquor Act 2007*. The Authority further decided under section 144F(3)(c) of the *Liquor Act 2007* to disqualify, for a period of 12 months, the corporate Licensee Ba Da Entertainment Pty Ltd from holding a license in respect of the Premises or any other licensed premises in New South Wales.

The Authority also decided under section 144F(3)(c) of the *Liquor Act 2007* to disqualify, for a period of 12 months, the Approved Manager of

the Premises, Ms Soon Bok Yang, from holding the license or acting as an approved manager of the Premises or any other premises in New South Wales.

The respondents have sought review of this decision in the New South Wales Civil and Administrative Tribunal and those proceedings were still underway as of 30 June 2014.

Restaurant Bon Ga, Eastwood

On 25 March 2014 the Authority determined that a 'third strike' was incurred under section 144D of the *Liquor Act 2007* in respect to Mrs In Soon Hong, the Licensee of the Premises of "Restaurant Bon Ga" in Rowe St, Eastwood. This was the second occasion upon which the Authority has been called to consider incurring a 'third strike' against the liquor license of a licensed premises under Part 9A of the *Liquor Act 2007*.

The Authority determined to incur a third "strike" against the licensee by reason of the licensee breaching its licensed trading hours. By reason of the relatively minor nature of the matter and the circumstances and small scale of the business, the Authority determined under section 144F(3)(a) of the *Liquor Act 2007* to suspend the license for a period of two (2) weeks, while placing the licensee on notice that more substantial action may be taken if another 'strike' is incurred against the licence.

During the 2013–14 reporting period, the Authority also received four review applications under section 36A of the *Gaming and Liquor Administration Act 2007*:

- Tommy's Tavern, Lismore
- Pier on Clarence, Port Macquarie
- Globe Hotel, Cootamundra
- Bridge Hotel, Rozelle

See **Appendix 6** for further details on the review applications.



GAMING OPERATIONS



REVIEW OF GAMING OPERATIONS

The Authority's principal liquor regulatory activities during the 2013–14 reporting period included:

- determining applications for
 - gaming machine threshold increases
 - gaming machine entitlements
 - gaming machine permits
 - gaming related licenses
- assessing tax rebates under the ClubGRANTS Scheme
- approving gaming machines

Gaming statistics for 2013–14

	Clubs	Hotels	Total
Gaming machines	70,297	23,311	93,608
Active licences	1,405	2,097	3,502

Table 3. Number of gaming machines and active licences as at 30 June 2014.

See **Appendix 7** for a breakdown of gaming machine entitlements, numbers and turnover figures at the Local Government Area level.

Gaming technology

Under section 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 2013–14, the Authority granted a total of 436 approvals as follows:

- 260 new game approvals to operate on gaming machines
- 88 approvals to modify existing gaming machine software
- 47 gaming machine modifications and supporting devices approved
- 4 new technology gaming system field trials approved
- 37 subsidiary system related approvals were granted.

All 436 approvals were issued in accordance with the objects of the *Gaming Machines Act*, including

the Gaming Machine Prohibited Features Register. Of the 260 new game approvals, 22 were required by the Authority to be reworked during the application stage in order to address responsible gambling or player fairness issues.

Gaming machine entitlements

The object of the gaming machine entitlements scheme under the *Gaming Machines Act 2001* 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.



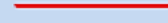
As shown by the table on page 27, as at 1 July 2014 there were 96,140 gaming machine entitlements in NSW (74,559 in clubs and 21,581 in hotels), compared to 96,579 at 1 July 2013 (74,917 in clubs and 21,662 in hotels). This is a decrease in the number of entitlements of 439. It was associated with a decrease in the number of gaming machines of 300. 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 3 entitlements will see 1 forfeited, thus reducing the overall number of gaming machines in NSW.

Over 440 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.

The table below shows presents the number of club entitlements, hotel entitlements and hotel permits in effect as at 30 June for each reporting period since the 2008–09 reporting period.

Financial Year	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	Trend line
Clubs entitlements	76344	76020	75514	75222	74926	74559	
Hotels entitlements ³	22026	21964	21862	21761	21668	21576	
Hotel permits	2300	2300	2300	2300	2300	2300	

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 2013 and 30 June 2014, a total of 16 applications for gaming machine threshold increase with class 1 Local Impact Assessment were approved, with a total threshold increase of 202. Further, three applications were refused and three applications were withdrawn by the applicant. Over \$1.193 million in donations was required to be made for community benefit as part of the approved Local Impact Assessment applications.

The Authority refused a class 2 Local Impact Assessment in August 2013 for a gaming machine threshold increase of seven (from 23 to 30) for the Fairfield Hotel located in a Band 3 (high risk) Local Government Area (LGA). In total, 16 class 1 Local Assessment applications were approved, two were refused, three were withdrawn and one was deferred. Please see **Appendix 8** for details on Local Impact Assessment determinations and **Appendix 9** for details on contributions to community groups between the 2012–13 and 2013–14 financial years.

LEGISLATIVE CHANGES

Casino

Casino Control Amendment (Barangaroo Restricted Gaming Facility) Act 2013 commenced on 28 November 2013. This Act amends Schedule 1 of the *Casino Control Act 1992* to authorize the conduct of gaming in a new type of casino licence – a “restricted gaming facility” to be situated at Barangaroo South.

Liquor

Liquor Amendment Act 2014 - commenced 5 February 2014. This Act amends Schedule 1, 2 and 3 of the *Liquor Act 2007*. This Act enables the regulations to declare areas to be “prescribed precincts” and to impose conditions on licensed premises within those precincts (section 116C); to extend the current freeze on the grant of hotel, club and certain other licences in respect of premises in the Kings Cross precinct and the Oxford Street–Darlinghurst precinct to the Sydney CBD Entertainment precinct and to make the freeze in the Kings Cross precinct, Oxford Street–Darlinghurst precinct and Sydney CBD Entertainment precinct extend to 2 years after the date of assent to the proposed Act (section 47A); to enable periodic licence fees to be levied for licences (section 58A); to preclude bottle shops and other take-away of alcohol for consumption venues from trading anywhere in New South Wales after 10 pm (section 12 (1B)).

Liquor Amendment (Periodic License Fees) Regulation 2014 - commenced on 16 May 2014. This Act inserts a new Part (2A) into the *Liquor Regulations 2008* to give effect to a scheme of periodic license fees to be payable by licensed premises under the *Liquor Act 2007*.

Liquor Amendment Regulation 2014 - commenced on 7 March 2014. This regulation amends Schedule 1 of the *Liquor Regulation 2008* to put beyond doubt that liquor sales cessation periods and lock out periods apply on every day and that such provisions as they apply to “high risk” venues within the meaning of sections 116AA and 116B of the *Liquor Act* are limited to only those venues that are declared to be “subject premises” or “CBD subject premises” by an order made by the Secretary of the Department of Trade and Investment.

Liquor Amendment (Special Events - Extended Trading Periods) Regulation 2014 - commenced on 8 June 2014. This regulation amends cl.38A of

the *Liquor Regulation 2008* to allow certain hotels and clubs to trade for extended periods on days which certain special events occur such as the National Rugby League Grand Final or when Australia plays a match in the 2014 FIFA world cup

Liquor Amendment (Special License Conditions) Regulation 2014 - commenced on 1 June 2014. This regulation amended the list of licensed premises which are subject to the special license conditions for the purposes of Schedule 4 to the *Liquor Act 2007*.

Liquor Amendment (Sydney CBD Entertainment Precinct Plan of Management) Regulation 2014 - commenced 6 June 2014 or 6 weeks after publication of the regulation. This regulation amends Schedule 1 of the *Liquor Regulation 2008* and prescribes further special license conditions for certain licensed premises in the “Sydney CBD Entertainment precinct” and the “Kings Cross precinct”; ensures that the special license conditions applicable to licensed premises within those precincts are consistent and imposes conditions restricting the hours during which passengers can board or disembark licensed vessels from within the Sydney CBD Entertainment precinct.

Liquor Amended (Sydney CBD Entertainment Precinct) Regulation 2014 - commenced on 4 April 2014. This regulation amends Schedules 1, 1B and 1C of the *Liquor Regulation 2008*. It specifies which licensed premises in the Sydney CBD Entertainment precinct are (or are not) “high risk venues” and makes clear which accommodation establishments, licensed restaurants and small bars in the Kings Cross and Sydney CBD Entertainment precincts will be subject to the lock out and the cessation of liquor sales requirements.

Liquor Amendment (Transitional) Regulation 2014 - commenced on 5 February 2014. This regulation amends Schedule 1 and inserts Part 8 into the *Liquor Regulation 2008* so that licensed premises affected by the enactment of the *Liquor Amendment Act 2014* will have until 24 February 2014 to make arrangements to comply with provisions that prevent bottle shops from trading after 10pm and so that provisions of that Regulation requiring certain licensed premises to “lock out” patrons after 1.30 am and cease serving alcohol to patrons at 3 am will apply from 24 February 2014.

Gaming machines

Civil and Administrative Legislation (Repeal and Amendment) Act 2013 - commenced on 1 January 2014. The *Civil and Administrative Legislation (Repeal and Amendment) Act* amends section 131C the *Gaming Machines Act* to allow the complainant and the registered club or person against whom disciplinary action is taken by the Authority to apply to the New South Wales Civil and Administrative Tribunal for an administrative review under the *Administrative Decisions Review Act 1997*.

Casino Control Amendment (Barangaroo Restricted Gaming Facility) Act 2013 - commenced on 28 November 2013. This Act inserts into the *Gaming Machines Act* section 56A which prohibits the Authority from authorizing the keeping of gaming machines on any premises situated on the site of Barangaroo restricted gaming facility as referred to in section 3 (1) of the *Casino Control Act 1992*.

Registered clubs

Civil and Administrative Legislation (Repeal and Amendment) Act 2013 - commenced on 1 January 2014. This Act amended section 57L of the *Registered Club Act 1976* and so allows the complainant and the registered club or person against whom disciplinary action is taken by the authority to apply to the New South Wales Civil and Administrative Tribunal for an administrative review under the *Administrative Decisions Review Act 1997*.

MANAGEMENT ACTIVITIES

Budget review 2013–14

The Authority has three service groups: casino control, liquor licensing and gaming-systems and technology 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 licensing and gaming systems and technology 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 licensing and gaming systems and technology related licensing groups (i.e. operating costs and the relevant revenue) is included in the budget for OLGR/DTIRIS and was 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 2013–14 compared to the relevant budget is summarised below:

Item	2013–14 Actual ‘\$000	2013–14 Budget ‘\$000	Variance ‘\$000
Expenses			
Personnel services	8,671	5,332	(3,339)
Other operating expenses	3,969	4,578	609
Depreciation & amortization	31	82	51
Total expenses	12,671	9,992	(2,679)
Revenue			
Sale of goods and services	2,737	3,072	(335)
Investment revenue	153	175	(22)
Retained taxes, fees and fines	2,493	--	2,493
Grants and contributions	8,018	6,479	1,539
Acceptance by the Crown Entity	358		358
Total revenues	13,759	9,992	3,767
Net surplus / (deficit) for the year	1,088	--	1,088

Total expenses in 2013–14 in relation to the Casino operations \$10,252,000 which was \$260,000 above the expected budget for the period. This variance was principally due to other operating expenses associated with the Crown Sydney Gaming Pty Ltd review which was not anticipated in the budget. It should be noted that all expenses incurred in this review were recoverable from Crown Resorts Ltd (see analysis on revenue below).

Total revenue in 2013–14 was \$11,430,000, some \$1,438,000 more than budget. This was mainly due to revenue from sale of goods being above budget expectations, due to the recovery of expenses from Genting Hong Kong Limited (\$398,000) and Crown Sydney Gaming Pty Ltd (\$960,000) reviews conducted during the year. The Genting Hong Kong Limited review was in relation to their application to acquire more than

10% of the shares in Echo Entertainment Ltd. The Crown Sydney Gaming Pty Ltd review was in relation to Crown Sydney Gaming Pty Ltd application for a restricted gaming licence pursuant to Section 13 of the *Casino Control Act 1992* (NSW).

In 2013–14 actual revenue collected by the OLGR on behalf of the Authority for liquor administration, gaming and licensing revenue of \$2,440,000 (\$2,313,000 in 2013). While the actual revenue was included in the Authority's financial statements (see **Appendix 13**), the budget for this revenue was reflected in the OLGR budget.

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).

Budget for 2014–15

The Authority's budget for the 2014–15 year includes an allocation for the liquor and gaming-related licensing functions (i.e. personnel services costs and the relevant revenue). Previously this part of the budget was included in the OLGR/DTIRIS budget. The budget shown on the table below represents the full cost of providing the Liquor, Gaming and Casino Control groups.

Operating budget	Liquor & Gaming '\$000	Casino Control '\$000	Total Budget '\$000
Expenses			
Personnel services	4,103	6,720	10,823
Other operating expenses	819	1,907	2,726
Depreciation & amortization	--	34	34
Total expenses	4,922	8,661	13,583
Revenue			
Sale of goods and services	912	1,245	2,157
Investment revenue	--	170	170
Retained regulatory fees	1,572	6,990	8,562
Grants and contributions	2,309	--	2,309
Acceptance by the Crown Entity of personnel benefits and other liabilities	129	256	385
Total revenues	4,922	8,661	13,583
Net surplus / (deficit) for the year	--	--	--

The 2014–15 Budget estimates include residual costs which are associated with the Genting Hong Kong Limited review conducted during the previous year and part of which are continuing in the coming financial

year. These costs relate to the 'Sale of goods and services' item within the Casino Control Group. It should be noted that all costs associated with these reviews are fully recoverable from Genting Hong Kong Limited.

Overseas travel

Overseas travel undertaken by staff and consultants attached to the Authority during 2013–14 is shown on the table below.³

Name and Position	Staff or consultant	Country / City	Purpose of visit	Date from	Date to
Ron Harrex Probity Investigator, Casino Review	Consultant	Hong Kong & Macau	Genting Hong Kong – progress investigation and interviews with executives	27/10/2013	06/11/2013
Ron Harrex, Probity Investigator, Casino Review	Consultant	Manila, Philippines	Genting Hong Kong – progress inquiries in regards to Genting interest in the Philippines	30/11/2013	07/12/2013
Susan Heylin Manager, Casino Licensing	Staff				
Ron Harrex Probity Investigator, Casino Review	Consultant	Singapore	Genting Hong Kong – progress investigation in regards to Genting interests in Singapore	11/02/2014	14/02/2014
Michael Mullaly Detective A/Inspector (assisting)	NSW Police				
Ron Harrex Probity Investigator, Casino Review	Consultant	Hong Kong	Genting Hong Kong – interviews with senior executives	17/03/2014	26/03/2014
David Brearley Manager, Casino Review	Staff			17/03/2014	25/03/2014
Michael Mullaly Detective A/Inspector (assisting)	NSW Police			17/03/2014	23/03/2014

³ All of the above travel expenses are cost recoverable by Genting Hong Kong Limited.

Payment of accounts

Details of the Authority's performance in paying accounts relevant to its casino related operations during the 2013–14 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 2013	1,464,702	194,975	9,403	2,566	46,399
December 2013	1,606,549	73,776	41,103	8,065	18,954
March 2014	543,421	124,370	453,406	11,986	3,139
June 2014	1,833,640	299,549	110,419	-	109,788

Measure	September	December	March	June
	2013 \$	2013 \$	2014 \$	2014 \$
Invoices due for payment (#)	327	282	148	348
Invoices paid on time (#)	279	251	63	305
% of account paid on time	85%	89%	43%	88%
Amount due for payment (\$)	1,718,045	1,748,447	1,136,322	2,353,396
Amount of accounts paid on time (\$)	1,464,702	1,606,549	543,421	1,833,640
% of accounts paid on time (based on \$)	85%	92%	48%	78%
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 2013–14 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 Ltd, Crown Resorts 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	1,338,356 Note: all costs recovered from Genting Hong Kong Ltd and/or Crown Resorts Limited	Advice as part of the Authority's investigations into a proposed increased shareholding in Echo Entertainment Group by Genting Hong Kong Limited and an investigation into Crown Sydney Gaming Pty Ltd in relation to their application for a restricted gaming licence.
BDO East Coast, Management services	528,297 Note: 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.
HC Law, Legal	261,046	Legal services and advice 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	175,000 Note: all costs recovered from Crown Resorts Limited	Financial analysis and advice as part of the Authority's investigation into an investigation into Crown Sydney Gaming Pty Ltd in relation to their application for a restricted gaming licence.
Internal Audit Bureau of NSW, Management services	127,430	Professional services and advice on a variety of matters, including Strategic Planning process, Review of Regulatory Decision Making Structures, Development & Implement Automated Reporting in the liquor licensing area.
Crown Solicitors Office, Legal	77,030	Legal services and advice on certain liquor related matters.
Ron Harrex, Management services	57,292 Note: all costs recovered from Genting Hong Kong Limited	Advice on the investigation into a proposed increased shareholding in Echo Entertainment Group by Genting Hong Kong Limited.
Davison Consultants Pty Ltd, Management services	51,960 Note: all costs recovered from The Star	Advice on planning and casino building development matters.

Consultancies less than \$50, 000

There were a number of consultancies each costing less than \$50,000 totalling \$77,253. Advice in relation to the Authority's investigation into a proposed increased shareholding in Echo Entertainment Group by Genting Hong Kong Group Limited, project management in relation to the Crown Sydney Limited, advice on risk assessment, property relocation services and other smaller matters.

Statement of Responsibility

Credit card certification

The Chief Executive certifies that the credit card use for the Authority during the 2013–14 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 2014 was \$153,000 (2013 - \$225,000).

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 2013–14 reporting period.

Land disposal

There was no land disposal during the 2013–14 reporting period. The Independent Liquor and Gaming 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 2014

Nil.

Senior executive profile

In the 2013–14 reporting period, there was one Senior Executive position attached to the Authority. See table below for more information.

Band	2013-14 Reporting Year	
	Female	Male
Band 2 (Executive Director)	0	1
Total:	1	

Remuneration package range	Average remuneration 2013–14 Reporting Year
\$	\$
238,301 - 299,750	295,602

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 2013–14 reporting period the Authority spent \$4,273 (\$10,365 in 2013) 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 2013–14.

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

Staff numbers

	2012–13	2013–14
Full Time	26	51
Other	0.6	7.06
Totals	26.6	58.06

Number of female and male staff within salary levels

Salary Level	\$0–\$41679	\$41680–\$54742	\$54743–\$61198	\$61199–\$77441	\$77442–\$100145	\$100146–\$125181	\$125182> (NON SES)	\$125182> (SES)	Total
Female	2	1	2.6	9	7	3	2	0	26.60
Male	0	0	1	5.86	15.6	5	3	1	31.46
Total	2	1	3.6	14.86	22.6	8	5	1	58.06

Note: All statistics shown in the following tables are expressed in equivalent full (EFT) unless otherwise stated.

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
- Work 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 .

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 section 11(2) of the *Public Finance and Audit Act 1983*. See **Appendix 10** for a copy of the Internal Audit and Risk Management Statement.

From the 2013–14 reporting year, each NSW Government Department and Statutory Body must include a Digital Information Security Annual Attestation Statement in its annual report. This document attests that:

- the Authority's Information Security Management System (ISMS) is consistent with the NSW Government Digital Information Security Policy
- adequate security controls are in place to mitigate identified risks to digital information and digital information systems for the foreseeable future
- certified compliance with AS/NZS ISO/IEC 27001 by an accredited third party has been maintained during the financial year being reported on.

See **Appendix 11** for a copy of the Authority's Annual Attestation Statement.

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.

Electronic service delivery

The ICT department of the Authority maintained systems for electronic service delivery and management throughout the 2013–14 reporting period. Several purchases of ICT equipment and software made prior to 30 June 2014 to implement upgrades and improvements with the

Authority's desktop and server environment. All work undertaken met budget constraints.

With the merging of the Liquor Licensing Team, a project was also initiated to integrate email and documentation access. To allow for this to take place, the Authority's entire email system was migrated from Lotus Notes to Google Mail.

The annual surveillance audit of the Authority's ISMS was undertaken in August 2013. In March 2014, SAI Global provided the Authority with its report on the annual surveillance audit and in June 2014, all non-conformances raised in the report were addressed. The Authority passed this audit and was successful in maintaining the ISO 27001: 2005 and 2006 Standard for Information Security for the governance of the Authority's regulatory functions.

In November 2013, a website developer was contracted to design the website and staff were trained on how to produce and manage website content. As at 30 June 2014, the Authority's new website is near completion and due to be launched on 1 September 2014. Activities are also underway to create a secure connection to the NSW Trade & Investment network. Once completed, this will enable the Authority to implement the TRIM EDRMS system for document storage and search. In addition, systems were targeted under the Authority's internal audit plan and received favourable reports.

Records management policies and procedures

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 2013–14, no public interest disclosures made by officers attached to the Authority.

Research and development

Nil to report.

Agreements with the Community Relations Commission

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

Appendix 1 Authority membership

Mr Chris Sidoti – Chairperson

Date of first appointment:	1 January 2008 (Casino Control Authority)
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
2013–2014 meeting attendance:	Formal Authority meetings - 12 of 12 Other meetings as required - 6

Mr David Armati - Deputy Chairperson

Date of appointment:	31 August 2011 (Casino Control Authority)
Expiry of term:	30 August 2014
Qualifications:	LLB. Australian lawyer of at least seven years standing
Directorships:	Nil
2012–2013 meeting attendance:	Formal Authority meetings - 11 of 12 Other meetings as required - 6

Mr Ken Brown AM – Member

Date of first appointment:	6 March 2006 (Casino Control Authority)
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
2013–2014 meeting attendance:	Formal Authority meetings - 11 of 12 Other meetings as required - 7

Ms Helen Morgan – Member

Date of first appointment:	11 October 2013
Expiry of term:	10 October 2016
Qualifications:	Diploma of Laws, University of Sydney
Directorships:	Nil.
2013–2014 meeting attendance:	Formal Authority meetings - 8 of 9 Other meetings as required - 5

Mrs Sharryn Brownlee – Member (Until 10 October 2013)

Date of first appointment:	13 April 2005 (Casino Control Authority)
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
2013–2014 meeting attendance:	Formal Authority meetings - 3 of 3 Other meetings as required - N/A

Mr Micheil Brodie – Chief Executive

Date of appointment:	7 July 2014
Expiry of term:	Unspecified
Qualifications:	Master of Business Administration, Executive Master of Public Administration Graduate Certificate of Management, Fellow of the Australian Institute of Management
Directorships:	Nil.
2012–2013 meeting attendance:	Formal Authority meetings - 12 of 12 Other meetings as required - 8

Mr David Greenhouse – Chief Executive (Until 5 July 2013)

Date of appointment:	13 May 2010
Expiry of term:	5 July 2013
Qualifications:	BA LLB MPP
Directorships:	Nil.
2012–2013 meeting attendance:	Formal Authority meetings - N/A Other meetings as required - 1

Note: Other meeting attendance is structured around members' workload and not all members are required to attend every meeting.

Appendix 2 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 2013–14, the Committee met on eleven occasions. Information about Authority members' attendance at meetings is in the following table:

Name	Position	Meetings attended	Meetings conducted
Ken Brown AM	Committee Chairperson	10	11
David Armati	Committee Member	10	11
¹ Helen Morgan	Committee Member	7	7
Chris Sidoti	Authority Chair (Ex-officio)	11	11
Micheil Brodie	Chief Executive (Ex-officio)	10	11
² Sharryn Brownlee	Former Member	4	4
³ David Greenhouse	Former A/Chief Executive (Ex-officio)	1	1

¹ Ms Morgan commenced her term of appointment on 11 October 2013 and was available for 7 meetings.

² Ms Brownlee completed her term of appointment on 10 October 2013 and was available for 4 meetings.

³ Mr Greenhouse completed his term of appointment on 5 July 2013 and was available for 1 meeting.

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 2013–14 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.

Long term banning order Committee

The Long Term Banning Order Committees (1 & 2) were established on 28 November 2013 pursuant to section 10 of the *Gaming and Liquor Administration Act 2007* to determine Police Commissioner applications under section 116 Liquor Act 2007.

Committee number one comprises of the Chief Executive and a member of staff of the Authority who occupies a position of grade 11/12 or above and determines less complex applications, Committee number two comprises of an Authority Member, the Chief Executive and a member of staff of the Authority who occupies a position of grade 11/12 or above and determines more complex applications.

Appendix 3 Details of disciplinary action against the casino operator during the 2013–14 financial year

	Ground for Disciplinary Action	Outcome
1	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
2	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
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 \$5,000 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 imposed a penalty of \$5,000 on the casino operator
5	The Star permitted intoxication in the casino	The Authority imposed a penalty of \$10,000 on the casino operator
6	The Star permitted intoxication in the Marquee Nightclub	The Authority imposed a penalty of \$5,000 on the casino operator
7	The Star contravened the gaming machine rules when full details of a promotion were not provided to the Authority and The Star displayed or caused to be displayed a gambling-related sign which sign was not located in the casino	The Authority issued a letter of censure to the casino operator
8	The Star allowed a minor to enter the casino premises where no acceptable proof of age was presented	The Authority imposed a penalty of \$15,000 on the casino operator
9	The Star allowed a minor to enter the casino premises where no acceptable proof of age was presented	The Authority imposed a penalty of \$2,000 on the casino operator
10	The Star allowed a minor to enter the casino premises where no acceptable proof of age was presented	The Authority imposed a penalty of \$1,000 on the casino operator
11	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
12	The Star permitted intoxication in the casino and permitted an intoxicated person to gamble in the casino	The Authority imposed a penalty of \$7,500 on the casino operator

Appendix 4 Number of liquor licences in force in each Statistical Local Area during 2013–14, 2012–13 and 2011–12 financial years

Statistical Local Area	2013–14	2012–13	2011–12
Albury City Council	145	137	125
Armidale Dumaresq Council	64	63	63
Auburn Council	142	133	128
Ballina Shire Council	99	97	95
Balranald Shire Council	15	15	14
Bankstown City Council	192	183	181
Bathurst Regional Council	116	113	110
Bega Valley Shire Council	127	119	120
Bellingen Shire Council	41	40	40
Berrigan Shire Council	41	41	41
Blacktown City Council	191	188	182
Bland Shire Council	31	31	30
Blayney Shire Council	38	39	38
Blue Mountains City Council	157	155	150
Bogan Shire Council	17	17	17
Bombala Council	12	12	12
Boorowa Council	10	10	10
Bourke Shire Council	20	20	20
Brewarrina Shire Council	7	6	6
Broken Hill City Council	67	67	65
Burwood Council	79	76	73
Byron Shire Council	127	122	115
Cabonne Shire Council	84	84	83
Camden Council	96	90	84
Campbelltown City Council	132	130	127
Canterbury City Council	146	147	145
Carrathool Shire Council	12	12	12
Central Darling Shire Council	12	12	11
Cessnock City Council	444	437	425
City of Canada Bay Council	206	188	174
City of Lithgow Council	61	59	58
Clarence Valley Council	120	117	114
Cobar Shire Council	17	16	16
Coffs Harbour City Council	162	149	147

Statistical Local Area	2013–14	2012–13	2011–12
Conargo Shire Council	5	5	5
Coolamon Shire Council	16	15	15
Cooma-Monaro Shire Council	48	48	46
Coonamble Shire Council	19	19	19
Cootamundra Shire Council	21	21	21
Corowa Shire Council	40	40	37
Council of the City of Sydney	2,420	2,316	2,188
Cowra Shire Council	49	49	48
Deniliquin Council	27	26	26
Dubbo City Council	84	83	82
Dungog Shire Council	31	31	31
Eurobodalla Shire Council	114	113	108
Fairfield City Council	209	204	189
Forbes Shire Council	32	32	31
Gilgandra Shire Council	16	16	16
Glen Innes Severn Council	30	27	27
Gloucester Shire Council	18	18	17
Gosford City Council	282	267	255
Goulburn Mulwaree Council	73	71	69
Greater Hume Shire Council	35	35	36
Greater Taree City Council	96	96	90
Great Lakes Council	105	102	101
Griffith City Council	170	160	150
Gundagai Shire Council	27	27	26
Gunnedah Shire Council	35	35	34
Guyra Shire Council	13	13	12
Gwydir Shire Council	16	16	16
Harden Shire Council	26	26	26
Hawkesbury City Council	147	143	138
Hay Shire Council	19	19	19
Holroyd City Council	66	62	59
Hurstville City Council	109	103	94
Inverell Shire Council	42	42	41
Jerilderie Shire Council	7	7	7

Statistical Local Area	2013–14	2012–13	2011–12
Junee Shire Council	18	18	17
Kempsey Shire Council	59	59	58
Kogarah City Council	79	81	78
Ku-ring-gai Council	168	156	144
Kyogle Council	17	17	16
Lachlan Shire Council	26	25	24
Lake Macquarie City Council	208	200	192
Lane Cove Municipal Council	66	64	57
Leeton Shire Council	33	32	30
Leichhardt Municipal Council	248	238	223
Lismore City Council	90	89	84
Liverpool City Council	148	146	142
Liverpool Plains Shire Council	33	33	32
Lockhart Shire Council	15	15	14
Maitland City Council	116	111	108
Manly Council	170	165	157
Marrickville Council	229	211	197
Mid-Western Regional Council	202	202	201
Moree Plains Shire Council	42	42	42
Mosman Municipal Council	79	75	69
Murray Shire Council	57	53	51
Murrumbidgee Shire Council	7	7	7
Muswellbrook Shire Council	62	59	60
Nambucca Shire Council	37	36	36
Narrabri Shire Council	44	48	47
Narrandera Shire Council	24	24	23
Narromine Shire Council	20	20	20
Newcastle City Council	408	383	371
North Sydney Council	435	414	386
Oberon Council	16	15	15
Orange City Council	131	126	125
Palerang Council	53	52	51

Statistical Local Area	2013–14	2012–13	2011–12
Parkes Shire Council	49	47	46
Parramatta City Council	285	279	265
Penrith City Council	184	181	171
Pittwater Council	151	136	132
Port Macquarie-Hastings Council	146	143	140
Port Stephens Council	154	148	142
Queanbeyan City Council	48	46	44
Randwick City Council	250	238	224
Richmond Valley Council	38	37	37
Rockdale City Council	133	133	126
Ryde City Council	202	191	181
Shellharbour City Council	75	73	69
Shoalhaven City Council	235	225	218
Singleton Council	137	137	134
Snowy River Shire Council	117	118	114
Strathfield Municipal Council	88	82	81
Sutherland Shire Council	309	296	278
Tamworth Regional Council	155	154	149
Temora Shire Council	19	19	19
Tenterfield Shire Council	34	34	32
The Council of the City of Botany Bay	102	93	91
The Council of the Municipality of Ashfield	72	66	62
The Council of the Municipality of Hunters Hill	32	31	30
The Council of the Municipality of Kiama	58	54	51
The Council of the Shire of Hornsby	167	158	151
The Council of the Shire of Wakool	19	19	19
The Hills Shire Council	225	212	194
Tumbarumba Shire Council	30	28	28
Tumut Shire Council	42	40	39
Tweed Shire Council	166	164	157
Unincorporated Far West	8	7	8
Upper Hunter Shire Council	52	54	52
Upper Lachlan Shire Council	34	34	34
Uralla Shire Council	22	21	20

Statistical Local Area	2013-14	2012-13	2011-12
Urana Shire Council	10	10	10
Wagga Wagga City Council	145	139	133
Walcha Council	15	15	15
Walgett Shire Council	27	27	27
Warren Shire Council	13	13	12
Warringham Council	251	230	213
Warrumbungle Shire Council	36	36	36
Waverley Council	281	264	247
Weddin Shire Council	16	15	15
Wellington Council	27	27	27
Wentworth Shire Council	35	35	35
Willoughby City Council	228	208	197
Wingecarribee Shire Council	174	174	166
Wollondilly Shire Council	52	52	51
Wollongong City Council	325	307	284
Woollahra Municipal Council	198	190	181
Wyong Shire Council	193	187	170
Yass Valley Council	99	96	93
Young Shire Council	48	47	46

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.

Appendix 5 Liquor licensing statistics

Liquor licences refused and withdrawn by licence type in the 2013–14 financial year

Licence type	Refused	Withdrawn
Full hotel	1	2
General bar	2	4
Limited licence	34	75
On premises licence	2	143
Packaged liquor	11	34
Producer/Wholesaler	0	4
Small bar	0	4

Liquor licences cancelled by licence type in the 2013–14 financial year

Licence type	Cancelled
Club licence	1
Hotel licence	6
On premises licence	1

Numbers of new liquor licences since the 2008-09 financial year

Licence type	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Club licence	3	1	2	0	2	0
Hotel licence (Full hotel)	7	1	6	3	3	4
Hotel licence (General bar)	9	22	22	27	22	11
Limited licence	1474	1,041	1,717	1,692	1,665	1,751
On premises licence	428	455	535	491	507	518
Packaged liquor licence	78	115	166	122	183	133
Producer/Wholesaler	115	111	108	114	87	105
Small bar	0	0	0	0	0	13

Numbers of section 51 authorisations approved since the 2008-09 financial year

Approval type	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Club functions	17	21	25	16	9	11
Drink on-premises authorisation	13	25	25	14	13	17
Extended trading	114	290	77	138	93	114
Function on other premises	551	483	479	335	350	364
Minors area	78	125	154	101	103	92
Minors function	5	3	6	1	4	1
Non-restricted area	67	99	115	60	59	51
Primary service	166	188	154	129	123	118
Residents bar	0	2	0	0	4	0
Sale on other premises	39	30	69	50	50	54
Take-away sales	1	0	0	0	3	0
Vessel trading authorisation	0	0	1	0	0	1
Junior members	0	5	5	5		

Note: Due to data-cleansing, the figures above may not align with figures reported in previous annual reports

Appendix 6 Review applications under section 36A of the *Gaming and Liquor Administration Act 2007*

Licence name	Reviewable decision	Authority's decision
Tommy's Tavern, Lismore	LA 10 noise control Condition (1) and Restricted use of Premises Condition (2)	Confirm the reviewable decision Condition (1) and varied reviewable decision Condition (2)
Pier on Clarence, Port Macquarie	Security Condition	Varied the reviewable decision
Globe Hotel, Cootamundra	Supervisor Condition	Confirm the reviewable decision
Bridge Hotel, Rozelle	Lockout Condition	Varied the reviewable decision

Appendix 7

Numbers of entitlements, gaming machines and turnover for the 2013–14 financial year

LGA	Clubs		Hotels		LGA Turnover
	No. of entitlements	No. of machines	No. of entitlements	No. of machines	
Albury	1130	1070	245	237	730,693,016
Armidale Dumaresq	165	165	111	111	101,530,690
Ashfield	820	754	88	88	933,758,351
Auburn	773	762	277	277	2,031,064,901
Ballina	423	408	167	167	251,765,831
Balranald	134	134	6	6	125,786,894
Bankstown	2351	2303	460	460	3,408,743,429
Bathurst	303	276	146	146	214,814,953
Bega	655	632	127	112	247,208,842
Bellingen	133	133	55	55	46,842,073
Berrigan	480	409	34	33	157,888,106
Blacktown	2184	2126	634	632	2,661,184,336
Bland	87	87	27	27	21,842,554
Blaney	28	28	23	23	11,725,236
Blue Mountains	356	345	182	182	200,479,700
Bogan	46	46	12	12	14,688,204
Bombala	26	26	10	10	8,818,998
Boorowa	22	22	3	3	3,239,281
Botany Bay	96	96	178	178	245,385,900
Bourke	30	30	0	0	16,709,293
Brewarrina	12	12	10	10	12,825,881
Broken Hill	305	264	54	53	141,485,167
Burwood	467	465	156	156	951,576,132
Byron	271	271	161	161	129,760,676
Camden	298	272	160	160	261,704,548
Campbelltown	1735	1613	320	320	1,643,249,255
Canada Bay	614	592	184	184	630,268,267
Canterbury	1815	1812	390	387	3,445,780,061
Carbonne	93	93	24	20	21,495,571
Carrathool	22	22	21	21	8,344,509
Central Darling + Unincorp. Far West	30	29	27	27	17,249,413
Cessnock	639	622	216	216	285,616,981
Clarence Valley	593	584	273	273	264,659,806
Cobar	65	65	41	41	38,624,297
Coffs Harbour	824	755	176	176	461,525,070
Coolamon	38	38	24	24	7,606,533
Cooma-Monaro	92	91	45	45	44,458,173
Coonamble	62	62	25	25	29,646,863
Cootamundra	61	59	25	25	30,859,058
Corowa	847	803	36	36	336,944,246
Cowra	150	146	40	40	56,769,395
Deniliquin	137	137	35	34	53,147,778
Dubbo	419	419	197	197	329,288,402
Dungog	66	66	37	37	16,149,488
Eurobodalla	771	728	107	107	333,500,226
Fairfield	3366	3327	477	477	6,987,117,009
Forbes	97	97	52	52	54,343,458
Gilgandra	48	48	19	19	20,119,665

Glen Innes Severn	86	86	25	24	37,365,028
Gloucester	55	55	16	16	14,420,045
Gosford	1692	1579	419	419	1,197,335,095
Goulburn Mulwaree	328	324	121	115	229,307,804
Great Lakes	577	576	115	115	292,986,148
Greater Hume	76	69	45	45	18,573,550
Greater Taree	512	483	149	149	229,000,458
Griffith	394	390	82	82	213,846,226
Gundagai	53	53	19	19	21,848,300
Gunnedah	122	113	69	69	72,237,741
Guyra	37	37	16	16	9,439,188
Gwydir	55	55	20	20	13,960,869
Harden	26	26	12	12	7,108,926
Hawkesbury	559	530	248	248	404,541,939
Hay	50	50	28	27	20,989,610
Holroyd	1326	1283	177	177	1,764,958,756
Hornsby	897	849	160	160	597,894,104
Hunters Hill + Ryde	1043	957	213	213	1,002,903,466
Hurstville	779	779	202	202	1,326,797,082
Inverell	122	122	60	60	73,375,287
Jerilderie + Murrumbidgee	55	53	22	22	15,220,958
Junee	58	52	17	17	19,624,182
Kempsey	349	349	124	121	185,684,866
Kiama	232	224	48	48	74,955,217
Kogarah	772	772	207	207	985,748,557
Ku-ring-gai	65	64	45	45	55,198,506
Kyogle	45	45	39	39	15,917,460
Lachlan	81	81	53	51	35,299,300
Lake Macquarie	2195	2025	441	441	1,029,678,413
Lane Cove	80	80	27	27	43,077,721
Leeton	107	107	36	36	49,956,788
Leichhardt	135	49	401	386	224,433,678
Lisomre	340	289	182	178	197,253,349
Lithgow	217	215	101	101	128,902,448
Liverpool	1096	1041	356	353	1,344,242,153
Liverpool Plains	77	77	35	35	34,228,144
Lockhart	44	44	5	5	7,172,033
Maintland	513	491	267	266	371,510,483
Manly	320	227	127	127	212,365,158
Marrickville	423	311	522	521	590,520,017
Mid-Western Regional	249	247	150	148	132,158,054
Moree Plains	152	143	93	87	103,048,638
Mosman	80	75	29	29	57,816,253
Murray	639	615	36	33	452,232,025
Muswellbrook	180	180	85	85	106,200,076
Nambucca	276	269	70	70	103,301,523
Narrabri	163	154	72	72	74,585,537
Narrandera	89	89	34	33	33,130,455
Narromine	90	88	23	23	32,246,211
Newcastle	2395	2178	938	922	1,637,905,309
North Sydney	394	324	323	308	556,352,848

Oberon	45	45	20	20	17,206,813
Orange	320	305	189	189	260,919,654
Palerang	32	29	29	29	14,875,399
Parkes	187	187	57	57	73,519,002
Parramatta	1468	1413	644	598	2,259,367,167
Penrith	2584	2141	436	421	1,848,039,910
Pittwater	556	525	43	43	252,940,997
Port Macquarie-Hastings	1019	991	190	190	572,295,681
Port Stephens	768	759	217	217	437,261,154
Queanbeyan City	597	580	93	93	449,112,511
Randwick	1261	1131	366	351	1,323,418,059
Richmond Valley	270	270	108	108	116,573,991
Rockdale	1104	1064	226	226	1,110,994,460
Shellharbour	776	751	104	104	513,905,473
Shoalhaven	1417	1382	235	235	696,612,390
Singleton	216	213	117	117	125,023,547
Snowy River	59	58	56	56	24,841,950
Strathfield	130	113	126	98	250,649,280
Sutherland	1793	1685	302	302	1,257,967,690
Sydney	1088	882	3616	3378	3,458,619,118
Tamworth	530	530	239	235	305,350,481
Temora	68	68	12	12	26,735,706
Tenterfield	69	69	37	37	23,735,380
The Hills	716	703	171	171	766,360,995
Tumbarumba	40	40	18	18	10,742,978
Tumut	141	141	77	77	57,176,126
Tweed	2063	1868	241	218	1,063,857,417
Upper Hunter	165	165	60	59	60,309,979
Upper Lachlan	42	42	22	22	10,074,586
Uralla	36	36	21	21	10,120,401
Urana	24	22	0	0	1,667,831
Wagga Wagga	452	425	318	313	370,141,799
Wakool	376	356	29	29	155,541,735
Walcha	35	35	7	7	5,045,230
Walgett	173	162	21	21	81,300,302
Warren	41	41	11	11	17,934,067
Warringah	1299	1229	233	233	1,025,476,278
Warrumbungle	63	63	35	35	27,156,988
Waverley	783	512	231	211	613,264,456
Weddin	27	27	13	10	12,933,660
Wellington	80	80	43	43	44,385,602
Wentworth	261	261	54	54	154,434,877
Willoughby	456	447	204	204	599,503,883
Wingecarribee	344	331	144	140	200,505,564
Wollondilly	129	129	131	131	90,157,647
Wollongong	2733	2565	543	523	1,817,583,668
Woollahra	162	149	190	181	217,420,924
Wyong	2456	2383	227	226	1,498,467,914
Yass Valley	82	82	62	62	56,449,541
Young	107	103	66	66	62,754,671

Appendix 8 Class 1 and 2 local impact assessment determinations

Class 1 Local Impact Assessment determinations

Commercial Club (Albury) Ltd, Albury	
Increase of 12 (10 to 22)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> No transfers of gaming machine entitlements from the Commercial Golf Resort (LIQC300235025) to the Commercial Club (Albury) Ltd (LIQC300235068) are permitted. The Club providing evidence to the Authority by 31 August 2013 that the Club has donated \$30,000 to YES Youth and Family Services for provision of secure accommodation for homeless youth in the Albury local government area, and \$30,000 to Betty's Place Women's Refuge for accommodation and related services in the Albury local government area. The Club's donations must exceed the Club's minimum ClubGRANTS liability.
New South Wales Harness Racing Club Limited Menangle Park Paceway, Menangle Park	
Increase of 20 (from 39 to 59)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> The Independent Liquor & Gaming 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 a payment of \$20,000 has been made in donation to Lifeline Macarthur and that 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. The Club's donations must be in excess of the Club's minimum annual ClubGRANTS liability.
Imperial Hotel, Rooty Hill	
Increase of 4 (from 22 to 26)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 4 (from 22 to 26) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the licensee providing evidence by 30 September 2013 that the Hotel has donated \$18,000 to the CatholicCare Social Services for services related to gambling problems in the local community.
Narrabri RSL Memorial & Citizens Club Limited, Narrabri	
Increase of 20 (from 60 to 80)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 20 (from 60 to 80) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the Club providing evidence by 30 September 2013 that the Club has donated \$33,000 to the Narrabri Dirt Bike Club for an upgrade of amenities at the Club's Newtown Park venue; \$41,000 to furnish Abbeyfield House (Narrabri) as a low-cost accommodation facility for persons with mild intellectual disability or aged over 55; and \$33,000 to expand and enhance the Narrabri West War Memorial. The Club's donation must exceed the Club's minimum ClubGRANTS liability.
Queanbeyan Leagues Club Limited, Queanbeyan	
Increase of 20 (from 353 to 373)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 20 (from 353 to 373) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the Club providing

	evidence by 30 September 2013 that the Club has donated \$120,000 to the Queanbeyan City Council for the improvement and extension of the Railway Park Skate Park adjacent to the Queanbeyan Railway Station. The Club's donation must exceed the Club's minimum ClubGRANTS liability.
Greta Workers Sports & Recreation Club Limited, Greta	
Increase of 8 (from 42 to 50)	<p>Approved, subject to the following conditions:</p> <p>The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 8 (from 42 to 50) for the licence under section 36 of the <i>Gaming Machines Act 2001</i> subject to the licensee providing evidence to the Authority:</p> <ul style="list-style-type: none"> • By 1 March 2014 that the Club has donated a total of \$20,000 by way of donations to Greta Community Pre-School of \$6,000, Greta Public School of \$3,000, Branxton Public School of \$3,000, Rosary Park Catholic School of \$3,000, Branxton District Netball Association of \$2,000, Branxton Greta Amateur Swimming Club of \$2,000 and Coalfields Neighbourcare (Meals on Wheels) of \$1,000; and • A further donation of \$20,000 by 1 March 2015 by way of donations to Greta Community Pre-School of \$6,000, Greta Public School of \$3,000, Branxton Public School of \$3,000, Rosary Park Catholic School of \$3,000, Branxton District Netball Association of \$2,000, Branxton Greta Amateur Swimming Club of \$2,000 and Coalfields Neighbourcare (Meals on Wheels) of \$1,000. • The Club's donation must be additional to the Club's minimum Contribution under the ClubGRANTS program.
The Westport Club, Port Macquarie	
Increase of 20 (from 202 to 222)	<p>Approved, subject to the following conditions:</p> <p>The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 20 (from 202 to 222) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> • The Club must obtain the 20 additional gaming machine entitlements from a Band 2 or Band 3 Local Government Area; • The Club must provide evidence to the Authority by 1 April 2014, that the Club has donated \$40,000 divided between schools within 10 km radius from the Club, and the Birpai Local Aboriginal Land Council, for numeracy educational programs; • The Club must provide evidence to the Authority by 1 April 2015, that the Club has donated further \$40,000 divided between schools within 10 km radius from the Club, and the Birpai Local Aboriginal Land Council, for numeracy educational programs; • The Club must provide evidence to the Authority by 1 April 2016, that the Club has donated further \$40,000 divided between schools within 10 km radius from the Club, and the Birpai Local Aboriginal Land Council, for numeracy educational programs; and • All contributions must be in addition to the Club's minimum ClubGRANTS liability.
Tiger Bar, Hurstville	
Increase of 1 (from 29 to 30)	<p>Approved, subject to the following conditions:</p> <ul style="list-style-type: none"> • The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 1 (from 29 to 30) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the licensee providing evidence to the Authority by 1 March 2014 that the Hotel has donated \$7,000 to Pole Depot Community Centre.
Railway Hotel, Albury	
Increase of 14 (from 16 to 30)	<p>Approved, subject to the following conditions:</p> <p>The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 14 (from 16 to 30) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> • All gaming machine entitlements transferred to the Hotel as a result of the

	<p>approval of this gaming machine threshold increase application must be transferred from country hotels in Band 2 or Band 3 local government areas.</p> <ul style="list-style-type: none"> • By 1 April 2014 the Hotel must provide evidence to the Authority that the Hotel has donated \$35,000 by way of donation to Albury Wodonga Community Network Inc. for Betty's Place. • By 1 April 2014 the Hotel must provide evidence to the Authority that the Hotel has donated \$35,000 by way of donation to Uniting Care for St David's Care in Albury.
Muswellbrook RSL Sub-branch Club Limited, Muswellbrook	
Increase of 12 (from 80 to 92)	<p>The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 12 (from 80 to 92) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> • 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 country clubs located in Band 2 or Band 3 local government areas; • By 1 June 2014 the Club must provide evidence to the Authority that the Club has donated \$30,000 by way of donations to Muswellbrook SES of \$10,000, Rural Fire Service Muswellbrook Shire of \$10,000 and Muswellbrook Men's Shed of \$10,000; • By 1 June 2015 the Club must provide evidence to the Authority that the Club has donated a further \$30,000 by way of donations to Challenge Disabilities Muswellbrook of \$10,000, Westpac Helicopter Service Hunter of \$10,000 and Muswellbrook Men's Shed of \$10,000; • The Club's contribution must be additional to the Club's minimum contribution under the ClubGRANTS program.
Shoalhaven Ex-Servicemen's Club Limited, Worrigee	
Increase of 12 (from 54 to 74)	<p>Approved, subject to the following conditions: The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 12 (from 54 to 74) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> • 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 country clubs located in Band 2 or Band 3 local government areas; • By 1 June 2014 the Club must provide evidence to the Authority that the Club has donated \$119,200 to Parkinson's NSW to expand its services in the Shoalhaven Region; • By 1 June 2014 the Club must provide evidence to the Authority that the Club has donated \$6,854.75 to Waminda South Coast Women's Health and Welfare Aboriginal Corporation to facilitate the rollout of personal safety plans to families living at risk of domestic violence; • The Club's contribution must be additional to the Club's minimum contribution under the ClubGRANTS program.
Club Central Hurstville, Hurstville	
Increase of 20 (from 273 to 293)	<p>Approved, subject to the following conditions: The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 20 (from 273 to 293) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> • 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 metropolitan clubs located in Band 2 or Band 3 local government areas; • By 1 August 2014 the Club must provide evidence to the Authority that the Club has donated \$160,000 to the Keystone Community Solutions and The Pole Depot Community Centre (merging into 3Bridges Community from 1 July 2014), for the purchase of two 14 seater buses, one to have wheel chair access for community

	<p>transport uses</p> <ul style="list-style-type: none"> The Club's contribution must be additional to the Club's minimum contribution under the ClubGRANTS program.
Riverwood Legion and Community Club Limited, Riverwood	
Increase of 20 (from 178 to 198)	<p>Approved, subject to the following conditions: The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 20 (from 178 to 198) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> 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 metropolitan clubs located in Band 2 or Band 3 local government areas; By 1 August 2014 the Club must provide evidence to the Authority that the Club has donated: <ul style="list-style-type: none"> \$30,400 to Riverwood-Punchbowl Anglican Church for funding of the Riverwood Community ESL Program which seeks to expand its services to support a larger number of new and long term migrants to enhance their English skills, for a period from mid-2014 to the end of December 2016 (or equivalent later period, not less than 30 months in duration); \$71,500 to Riverwood-Punchbowl Anglican Church to fund the employment of a community worker whose role will be to assist Riverwood residents who face social isolation and are at risk of social exclusion, for a period from July 2014 until June 2017 (or equivalent later period, not less than 36 months in duration); \$40,000 to the Pole Depot Community Centre to fund a number of educational programs aimed at parents from multi-cultural backgrounds and elderly residents, including a project to be known as "Positive, Healthy Ageing for seniors – Parkview Cottage, Penshurst". The Club's contributions must be additional to the Club's minimum ClubGRANTS liability.
The Pinnacle South Hurstville RSL Club, South Hurstville	
Increase of 6 (from 68 to 74)	<p>Approved, subject to the following conditions: The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 6 (from 68 to 74) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> 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 metropolitan clubs located in Band 2 or Band 3 local government areas; The Club must provide evidence to the Authority by 1 August 2014 that the Club has donated a total of \$30,000 by way of donations to Intellectual Disability Foundation of St George of \$10,000, Nurses on Wheels of \$5,000, St George Sutherland Legacy of \$5,000, Learning Links of \$5,000 and St George Cancer Support Group of \$5,000. The Club must provide evidence to the Authority by 1 August 2015 that the Club has donated a further \$30,000 by way of donations to Intellectual Disability Foundation of St George of \$10,000, Nurses on Wheels of \$5,000, St George Sutherland Legacy of \$5,000, Learning Links of \$5,000 and St George Cancer Support Group of \$5,000. The Club's contribution must be additional to the Club's minimum contribution under the ClubGRANTS program.
Earlwood-Bardwell Park RSL Club Limited, Bardwell Park	
Increase of 8 (from 180 to 188)	<p>Approved, subject to the following conditions: The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 8 (from 180 to 188) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> 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 metropolitan clubs located in Band 2 or Band 3 Local Government Areas;

	<ul style="list-style-type: none"> The Club must provide evidence to the Authority by 1 September 2014 that the Club has donated a total of \$20,000 by way of donation to Intellectual Disability Foundation of St George; The Club must provide evidence to the Authority by 1 September 2015 that the Club has donated a further \$20,000 by way of donation to Intellectual Disability Foundation of St George; The Club's donation must be additional to the Club's minimum Contribution under the ClubGRANTS program.
PJ's Irish Pub Parramatta, Parramatta	
Increase of 5 (from 25 to 30)	<p>Approved, subject to the following conditions: The Independent Liquor & Gaming Authority has approved the Class 1 LIA for a gaming machine threshold increase of 5 (from 25 to 30) for the licence under section 36 of the <i>Gaming Machines Act 2001</i>, subject to the following conditions:</p> <ul style="list-style-type: none"> The Hotel must obtain the 5 additional gaming machine entitlements from a Band 2 or Band 3 Local Government Area; The Hotel must provide evidence to the Authority by 1 September 2014 that the Hotel has donated \$23,200 to the Children's Hospital at Westmead; and The Hotel must provide evidence to the Authority by 1 September 2014 that the Hotel has donated \$23,200 to PCYC Parramatta.
Toongabbie Sports and Bowling Club Limited, Toongabbie	
Increase of 40 (53 to 93)	Application withdrawn.
Royal Hotel, Brewarrina	
Increase of 10 (from 4 to 14)	Application deferred.
West's Tennis Club, Leumeah	
Increase of 20 (from 74 to 94)	Application refused.
Mount Pritchard & District Community Club Limited (Trading as Mounties), Mount Pritchard	
Increase of 60 (from 561 to 621)	Application refused.
Berkeley Hotel, Berkeley	
Increase of 11 (from 19 to 30)	Application withdrawn.
Eastern Creek Tavern, Huntingwood	
Increase of 5 (from 25 to 30)	Application withdrawn.

Class 2 Local Impact Assessment determinations

Fairfield Hotel, Fairfield	
Increase of 7 (from 23 to 30)	Application refused.

Appendix 9

Local impact assessment contributions to community groups between the 2012–13 and 2013–14 financial years

No.	LIA Class	LGA Band	LGA	Premises	Determination date	Gaming Machine Threshold Prior to Grant	Increase requested	Increase approved	Total Community Contribution
1	1	2	Parramatta City Council	PJ Irish Pub Parramatta	26/6/2014	25	5	5	\$46,400
2	1	2	Rockdale City Council	EBP RSL	30/6/2014	180	8	8	\$40,000
3	1	2	Kogarah City Council	The Pinnacle South Hurstville RSL Club	20/6/2014	68	6	6	\$60,000
4	1	2	Hurstville City Council	Riverwood Legion and Community Club Ltd	28/5/2014	178	20	20	\$141,900
5	1	2	Hurstville City Council	Club Central Hurstville	28/5/2014	273	20	20	\$160,000
6	1	2	Shoalhaven City Council	Shoalhaven Ex Servicemens Sports Club	28/3/2014	54	20	20	\$126,054
7	1	2	Muswellbrook Shire Council	Muswellbrook RSL Sub-branch Club Limited	28/3/2014	80	12	12	\$120,000
8	1	2	Albury City Council	Railway Hotel	26/2/2014	16	14	14	\$70,000
9	1	2	Hurstville City Council	Tiger Bar	6/2/2014	29	1	1	\$7,000
10	1	2	Port Macquarie-Hastings Council	The Westport Club	18/12/2013	202	20	20	\$120,000
11	1	2	Cessnock City Council	Greta Workers Sports & Recreation Club Limited	17/12/2013	42	8	8	\$40,000
12	1	2	Queanbeyan City Council	Queanbeyan Leagues Club Limited	29/8/2013	353	20	20	\$120,000
13	1	2	Narrabri Shire Council	Narrabri RSL Memorial & Citizens Club Limited	29/8/2013	60	20	20	\$107,000
14	1	2	Blacktown City Council	Imperial Hotel	20/8/2013	22	4	4	\$18,000
15	1	2	Campbelltown City Council	New South Wales Harness Racing Club Limited Menangle Park Paceway	1/7/2013	39	20	20	\$40,000
16	1	2	Albury City Council	Commercial Golf Resort	1/7/2013	10	12	12	\$60,000

17	1	2	Goulburn Mulwaree Council	Goulburn & District Soldiers Club Limited	5/6/2013	115	20	20	\$105,000
18	1	2	Queanbeyan City Council	Queanbeyan Australian Football Club Ltd	5/6/2013	62	8	8	\$40,000
19	1	2	Parramatta City Council	Royal Oak Hotel	5/6/2013	25	5	5	\$25,000
20	1	2	Parramatta City Council	Old Goulburn Brewery Hotel	27/3/2013	10	9	9	\$50,000
21	1	2	Rockdale City Council	Earlwood Bardwell Park RSL	3/5/2013	166	14	14	\$70,000
22	1	2	Wollongong City Council	Western Suburbs Leagues Club Illawarra Ltd	27/3/2013	267	20	20	\$380,000
23	1	2	Shoalhaven City Council	Milton Ulladulla Ex-Servos Club Limited	20/3/2013	94	20	20	\$100,000
24	2	3	Burwood Council	Strathfield Recreation Club Limited	28/2/2013	16	20	10	\$122,500¹
25	1	2	Kogarah City Council	St George Motor Boat Club Limited	10/8/2012	68	6	6	\$30,000
26	1	2	Goulburn Mulwaree Council	Goulburn Workers Club	12/7/2012	130	20	20	\$70,000
27	1	2	Parramatta City Council	Rose & Crown Hotel	12/7/2012	25	5	5	\$30,000
28	1	2	Port Macquarie-Hastings Council	The Westport Club	12/7/2012	182	20	20	\$55,000
Totals:							377	367	\$2,353,854

¹ + 5% of profit in excess of 1.22 Million to community

Appendix 10 Internal audit and risk management statement

INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT FOR THE 2013-14 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 given its relative small size and staffing levels, resourcing 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 Chief Audit Executive and the Audit Risk and Corporate Governance Committee. The Authority has adopted an out-sourced service delivery model.

The members of the Authority are of the opinion that the internal audit and risk management processes for the Authority departs 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 and
- (b) the Authority has implemented the following practicable alternative measures that will achieve a level of 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 and satisfy the intended independent requirements of the policy, hold the requisite skills, diversity and ability to perform the Audit and Risk Committee function. The Authority Members are best placed to understand the business of the Authority and the environment from which it operates. The alternative arrangement achieves an equivalent outcome whilst minimising costs to government.
<i>The determination by the Portfolio Minister for the Independent Liquor and Gaming Authority in respect of these departures is dated 30 July 2014</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 Chairperson (4 year term: August 2011 to July 2015)
- David Armati Independent member (term: 31 August 2011 to 30 August 2014)
- Chris Sidoti Ex-officio member (term: 1 July 2008 to 31 December 2017)
- Helen Morgan Independent member (term: 11 October 2013 to 10 October 2016)
- Micheil Brodie Chief Executive

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



**Independent
Liquor & Gaming
Authority**

Digital Information Security Annual Attestation Statement for the 2013–14
Financial Year for the Independent Liquor and Gaming Authority.

The Independent Liquor and Gaming Authority is of the opinion that an Information Security Management System has been in place during the financial year being reported on consistent with the Core Requirements set out in the *Digital Information Security Policy for the NSW Public Sector*.

The Independent Liquor and Gaming Authority is of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of the Independent Liquor and Gaming Authority are adequate for the foreseeable future.

— The Independent Liquor and Gaming Authority, notes that, in accordance with the *Digital Information Security Policy for the NSW Public Sector*, it is certified compliant with AS/NZS ISO/IEC 27001 *Information technology - Security techniques Information security management systems – Requirements* and this certification has been maintained by all or part of the Independent Liquor and Gaming Authority.

A handwritten signature in blue ink, appearing to read 'M Brodie'.

Micheil Brodie

for and on behalf of the Independent Liquor and Gaming Authority

29 October 2014

Appendix 12 Legislative Compliance Index

Section / Clause Code	Section / Clause Name	Location
ARSB Sch.1	Access	Inside front cover
ARSB c10	Additional matters for inclusion in annual reports	34 DTIRIS 2013–14 Annual Report Back cover
ARSB Sch.1	Agreements with the Community Relations Commission	37
ARSB Sch.1	Aims and objectives	8
ARSB s13(5)	Application for extension of time	N/A
ARSB s7(1)(a)(iii) ARSB c7-8	Budgets	30–32
ARSB Sch.1	Charter	4
PM 2002-07 ARSB Sch.1	Consultants	34–35
ARSB Sch.1	Consumer Response	37
TD 205.01	Credit card certification	35
PM 2012-15	Digital information security policy attestation.	37
PSEMA Sch.1 DSA s9 ARSB Sch.1 ARSB c20	Disability Plans	36 DTIRIS 2013–14 Annual Report
ARSB Sch.1	Disclosure of Controlled Entities	35
PM 06-02	Disclosure of Subsidiaries	N/A
ARSB Sch.1	Economic or other factors	N/A
TC 11/03 ARDR Sch.1 ARSB c20 TC 08/08	Equal Employment Opportunity	36 DTIRIS 2013–14 Annual Report
ARSB c19(4) ARSB c20	Exemptions	36
ARSB s7(1)(a)(i)-(iia)	Financial Statements	Appendix 13
PM 91-34 ARSB 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 2013–14 Annual Report
ARSB Sch.1	Human resources	36
ARSB c5	Identification of audited financial statements	Appendix 13
IPARTA s18(4)	Implementation of Price Determination	N/A
ARSB c6	Inclusion of unaudited financial statements	N/A
TPP 09-05 TC 09/08	Internal Audit and Risk Management policy statement	37 Appendix 10
ARSB c12 TC 09/07	Investment performance	35
ARSB Sch.1	Land Disposal	35
ARSB Sch.1 ARSB s9(1)(f)	Legal Change	28–29
ARSB s9A	Letter of Submission	Before page 1
ARSB c13 TC 09/07	Liability Management Performance	N/A
ARSB Sch.1	Management and activities	30–37
ARSB Sch.1	Management and structure	4
ARSB Sch.1 ARSB c20 TC 08/08	Multicultural Policies And Services Program (formerly EAPS)	36 DTIRIS 2013–14 Annual Report
ARSB Sch.1 ARSB c20	Occupational Health and Safety	36 DTIRIS 2013–14 Annual Report
TC 11/21 ARSB Sch.1	Payment of Accounts	33
ARSB 14	Performance and numbers of senior executives	35
ARSB Sch.1	Promotion (Overseas Travel)	32
PIDA s.31 PIDR c4	Public Interest Disclosures	37
TC 11/19 ARSB s15(1)	Requirements arising from employment arrangements	4
ARSB Sch.1	Research and development	37
ARSB Sch.1	Risk management and insurance activities	37
ARSB Sch.1	Summary review of operations	11–27
ARSB Sch.1 TC 11/21	Time for Payment of Accounts	33
ARSB Sch.1 ARSB c20 TC 08/08	Waste	36 DTIRIS 2013–14 Annual Report

References

ARSBA	<i>Annual Reports (Statutory Bodies) Act 1984</i>
ARSBR	<i>Annual Reports (Statutory Bodies) Regulation 2010</i>
GIPAAR	<i>Government Information (Public Access) Regulation 2009</i>
PIDA	<i>Public Interest Disclosures Act 1994</i>
PIDR	<i>Public Interest Disclosures Regulation 2011</i>
IPARTA	<i>Independent Pricing and Regulatory Tribunal Act 1992</i>
PM	Premier's Memorandum
PSEMA	<i>Public Sector Employment and Management Act 2002</i>
TC	Treasury Circular
TD	Treasurer's Direction



INDEPENDENT AUDITOR'S REPORT

Independent Liquor and Gaming Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Independent Liquor and Gaming Authority (the Authority), which comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

11 November 2014
SYDNEY



Independent
Liquor & Gaming
Authority

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2014**



Independent
Liquor & Gaming
Authority

Statement in accordance with Section 41C (1B) of the Public Finance and Audit Act, 1983

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 applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2010*, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position as at 30 June 2014 and financial performance of the Independent Liquor and Gaming Authority for the year then ended; and
- (c) at the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read "M Brodie".

Mitchell Brodie
Chief Executive

11 November 2014

INDEPENDENT LIQUOR and GAMING AUTHORITY

Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	Consolidated Entity			Parent Entity	
		Actual	Budget	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES excluding losses						
Operating expenses						
Personnel services	2(a)	5,800	5,332	8,745	8,671	8,745
Employee related	2(b)	2,871	--	--	--	--
Other operating expenses	2(c)	3,969	4,578	3,579	3,969	3,579
Depreciation and amortisation	2(d)	31	82	37	31	37
TOTAL EXPENSES excluding losses		12,671	9,992	12,361	12,671	12,361
REVENUE						
Sale of goods and services	3(a)	2,737	3,072	2,841	2,737	2,841
Investment revenue	3(b)	153	175	225	153	225
Retained taxes, fees and fines	3(c)	2,493	--	2,331	2,493	2,331
Grants and contributions	3(d)	8,018	6,479	8,186	8,376	8,186
Acceptance by the Crown Entity of personnel benefits and other liabilities	3(e)	358	266	355	--	355
TOTAL REVENUE		13,759	9,992	13,938	13,759	13,938
NET RESULT	14	1,088	--	1,577	1,088	1,577
Other comprehensive income		--	--	--	--	--
TOTAL COMPREHENSIVE INCOME		1,088	--	1,577	1,088	1,577

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Statement of Financial Position

as at 30 June 2014

		Consolidated Entity			Parent Entity	
	Notes	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
ASSETS						
Current Assets						
Cash and cash equivalent	4	5,534	2,612	6,818	5,534	6,818
Receivables	5	2,403	285	434	2,403	434
Total Current Assets		7,937	2,897	7,252	7,937	7,252
Non-Current Assets						
Plant and equipment	6	35	46	49	35	49
Intangible assets	7	4	31	16	4	16
Total Non-Current Assets		39	77	65	39	65
Total Assets		7,976	2,974	7,317	7,976	7,317
LIABILITIES						
Current Liabilities						
Payables	9	1,516	840	1,036	2,365	1,036
Provisions	10(a)	840	--	490	--	490
Other	11	568	965	1,830	568	1,830
Total Current Liabilities		2,924	1,805	3,356	2,933	3,356
Non-Current Liabilities						
Provisions	10(b)	9	11	6	--	6
Total Non-Current Liabilities		9	11	6	--	6
Total Liabilities		2,933	1,816	3,362	2,933	3,362
Net Assets		5,043	1,158	3,955	5,043	3,955
EQUITY						
Accumulated funds		5,043	1,158	3,955	5,043	3,955
Total Equity		5,043	1,158	3,955	5,043	3,955

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Statement of Changes in Equity (Consolidated Entity)

For the year ended 30 June 2014

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2013		3,955	3,955
Net result for the year		<u>1,088</u>	<u>1,088</u>
Total comprehensive income for the year		<u>1,088</u>	<u>1,088</u>
Balance at 30 June 2014		<u>5,043</u>	<u>5,043</u>
 Balance at 1 July 2012		 2,378	 2,378
Net result for the year		<u>1,577</u>	<u>1,577</u>
Total comprehensive income for the year		<u>1,577</u>	<u>1,577</u>
Balance at 30 June 2013		<u>3,955</u>	<u>3,955</u>

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Statement of Cash Flows

For the year ended 30 June 2014

	Notes	Consolidated Entity			Parent Entity	
		Actual	Budget	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Personnel services		(4,361)	(5,332)	(4,018)	(8,534)	(4,018)
Payments to employees		(4,173)	--	--	--	--
Other		(6,485)	(4,478)	(3,381)	(6,485)	(3,381)
Total Payments		(15,019)	(9,810)	(7,399)	(15,019)	(7,399)
Receipts						
Sale of goods and services		4,061	3,072	2,830	4,061	2,830
Interest received		187	175	211	187	211
Grants and contributions		6,820	6,479	5,168	6,820	5,168
Other		2,672	166	1,007	2,672	1,007
Total Receipts		13,740	9,892	9,216	13,740	9,216
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	(1,279)	82	1,817	(1,279)	1,817
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of plant, equipment & intangible assets		(5)	(70)	--	(5)	--
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		(5)	(70)	--	(5)	--
NET CASH FLOWS FROM FINANCING ACTIVITIES		--	--	--	--	--
NET INCREASE / (DECREASE) IN CASH		(1,284)	12	1,817	(1,284)	1,817
Opening cash and cash equivalents		6,818	2,600	5,001	6,818	5,001
CLOSING CASH AND CASH EQUIVALENTS	4	5,534	2,612	6,818	5,534	6,818

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Service Group Statements (Consolidated Entity)

For the Year ended 30 June 2014

ENTITY'S EXPENSES & INCOME	Casino Control *		Liquor & Gaming Services *		Not Attributable		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
EXPENSES excluding losses								
Operating expenses								
Personnel services	3,054	4,605	2,746	4,140	--	--	5,800	8,745
Employee related	1,844	--	1,027	--	--	--	2,871	--
Other operating expenses	3,969	3,579	--	--	--	--	3,969	3,579
Depreciation and amortisation	31	37	--	--	--	--	31	37
TOTAL EXPENSES excluding losses	8,898	8,221	3,773	4,140	--	--	12,671	12,361
REVENUE								
Sale of goods and services	2,737	2,841	--	--	--	--	2,737	2,841
Retained taxes, fees and fines	--	--	2,493	2,331	--	--	2,493	2,331
Investment income	153	225	--	--	--	--	153	225
Grants and contributions	6,820	--	1,198	3,018	--	5,168	8,018	8,186
Acceptance by the Crown Entity of personnel benefits and other liabilities	276	355	82	--	--	--	358	355
TOTAL REVENUE	9,986	3,421	3,773	5,349	--	5,168	13,759	13,938
NET RESULT	1,088	(4,800)	--	1,209	--	5,168	1,088	1,577
Total Other Comprehensive Income	--	--	--	--	--	--	--	--
TOTAL COMPREHENSIVE INCOME	1,088	(4,800)	--	1,209	--	5,168	1,088	1,577

* Purpose of each service group are summarised in Note 21.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Service Group Statements (Consolidated Entity)

For the year ended 30 June 2014 (continued)

ENTITY'S ASSETS & LIABILITIES	Casino Control *		Liquor & Gaming Services *		Not Attributable		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
ASSETS								
Current Assets								
Cash and cash equivalents		6,818	--	--	--	--	5,534	6,818
Receivables	5,534	434	--	--	--	--	2,403	434
Total current assets	7,937	7,252	--	--	--	--	7,937	7,252
Non-Current Assets								
Plant and equipment	35	49	--	--	--	--	35	49
Intangible assets	4	16	--	--	--	--	4	16
Total non-current assets	39	65	--	--	--	--	39	65
TOTAL ASSETS	7,976	7,317	--	--	--	--	7,976	7,317
LIABILITIES								
Current liabilities								
Payables	1,516	1,036	--	--	--	--	1,516	1,036
Provisions	840	490	--	--	--	--	840	490
Other	568	1,830	--	--	--	--	568	1,830
Total current liabilities	2,924	3,356	--	--	--	--	2,924	3,356
Non-Current liabilities								
Provisions	9	6	--	--	--	--	9	6
Total non-current liabilities	9	6	--	--	--	--	9	6
TOTAL LIABILITIES	2,933	3,362	--	--	--	--	2,993	3,362
NET ASSETS	5,043	3,955	--	--	--	--	5,043	3,955

* Purpose of each service group are summarised in Note 21.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Service Group Statements (Consolidated Entity) For the year ended 30 June 2014 (continued)

ADMINISTERED REVENUES	Casino Control *		Liquor & Gaming Services *		Not Attributable		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Administered Revenues								
Consolidated funds								
Casino duty & related fees	191,351	177,152	--	--	--	--	191,351	177,152
Casino licensing fees	360	353	--	--	--	--	360	353
Liquor licensing and other fees	83	236	1,693	1,737	--	--	1,776	1,973
Total Administered revenues	191,794	177,741	1,693	1,737	--	--	193,487	179,478

* Purpose of each service group are summarised in Note 21.

** Administered assets, liabilities and revenues are disclosed in Notes 16,17 and 18.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

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*.

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

The Independent Liquor and Gaming Authority Staff Agency ("Entity") was established by Administrative Order on 24 February 2014, under the Government Sector Employment Act 2013 (GSE Act). The Entity commenced operations on 24 February 2014, when it assumed responsibility for the employees and employee related liabilities of the former employer, the Department of Trade and Investment Regional Infrastructure and Services (DTIRIS). The Entity's sole objective being to provide personnel services to the Authority. The Entity is a reporting entity controlled by the Authority and these financial statements are consolidated into the financial statements of the Authority.

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

These financial statements for the year ended 30 June 2014 have been authorised for issue by the Authority on 11 November 2014.

(b) Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010* 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.

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(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.

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 16, 17 and 18 as 'Administered Income', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'.

(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.

(iii) Rendering of services

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

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(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) Acquisition 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 price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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.

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 6 and Note 8 for further information regarding fair value.

The Authority-values each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets using cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(iv) **Impairment of plant and equipment**

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(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) **Leased 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.

(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.

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(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 a 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) De-recognition of financial assets and 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.

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

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(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 received personnel services from DTIRIS (from 1 July 2013 to 23 February 2014) and from the Entity (from 24 February to the reporting date) and based on these arrangements, liabilities for personnel services at year end are stated as liabilities for the service provider, the Entity.

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) Fair value hierarchy

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 8 and Note 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity and reserves

(i) Revaluation surplus

The Authority did not have any revaluation surplus.

(ii) Accumulated funds

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

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(l) 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.

(m) 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.

(n) New Australian Accounting Standards and Interpretation 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 and AASB 2010-7 regarding financial instruments
- AASB 2013-7 Consolidated Financial Statements
- AASB 14 Regulatory Deferral Accounts
- AASB 1031 Materiality
- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 1056 Superannuation entities
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 regarding financial instruments – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 regarding accounting for Investment Entities
- AASB 2013-6 regarding reduced disclosure requirements
- AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).
- AASB 2014-1 regarding amendments to Australian Accounting Standards
- AASB 2014-2 regarding AASB 1053 transition to and between Tiers

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 and Forming Part of the Financial Statements

for year ended 30 June 2014

	Consolidated Entity		Parent Entity	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
2. Expenses (excluding losses)				
(a) Personnel services expenses ¹				
Salaries and wages (including annual leave)	5,005	7,201	7,340	7,201
Superannuation – defined benefit plan	76	203	123	203
Superannuation – defined contribution plans	321	560	459	560
Long service leave	21	274	247	274
Workers' compensation insurance	24	82	28	82
Payroll tax	353	424	468	424
Fringe benefit tax	--	1	6	1
	5,800	8,745	8,671	8,745
(b) Employee related expenses ²				
Salaries and wages (including annual leave)	2,335	--	--	--
Superannuation – defined benefit plan	47	--	--	--
Superannuation – defined contribution plans	138	--	--	--
Long service leave	226	--	--	--
Workers' compensation insurance	4	--	--	--
Payroll tax	115	--	--	--
Fringe benefit tax	6	--	--	--
	2,871	--	--	--

¹ Including the amount reimbursed by DTIRIS/Crown for long service leave payment and superannuation-defined benefit plans

² Including the amount reimbursed by the Entity/Crown for long service leave payment and superannuation-defined benefit plans.

The Independent Liquor and Gaming Authority Staff Agency ("Entity") was established on 24 February 2014, under the Government Sector Employment Act 2013 (GSE Act). The Entity assumed responsibility for the employees and employee related liabilities of the former employer, DTIRIS. The Entity's sole objective being to provide personnel services to the Authority.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

	Consolidated Entity		Parent Entity	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
(c) Other operating expenses include the following:				
Auditor's remuneration – audit of the financial statements	154	75	154	75
Operating lease rental expense				
- minimum lease payments	174	121	174	121
Insurance	4	4	4	4
Consultants [Note (c)(1)]				
- Crown Resorts Ltd review	1	2,152	1	2,152
- Genting Hong Kong Ltd review	1,173	398	1,173	398
- Crown Sydney Ltd review	960	--	960	--
- Section 31 investigation [Note (c)(3)]	--	--	--	--
- Section 143 inquiry	--	16	--	16
- Other	169	--	169	--
- Casino Project	52	51	52	51
Contractors [Note (c)(2)]				
- Shared corporate services	131	131	131	131
- Other contractors	48	40	48	40
Other - Casino licensing expenses	253	156	253	156
- Legal fees	338	245	338	245
- Travelling	73	29	73	29
- Information technology	17	21	17	21
- Other administration expenses	422	140	422	140
	3,969	3,579	3,969	3,579

- (c)(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 \$2,355,588 in 2014 included nil (\$2,617,000 in 2013) on legal and other professional costs in connection with the review conducted on Crown Resorts Limited by the Authority. The Authority has completed the review by 30 June 2013. The overall total costs of the investigation were \$4,100,000 over two years.

The total consultant costs in 2014 also included \$1,173,432 (\$398,000 in 2013) 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 \$57,495 as they have been separately reported as personnel services costs in Note 2(a) and 2(b). This review was as a result of the Genting Hong Kong'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 consultant costs in 2014 also included \$960,360 (nil in 2013) on legal and other professional costs in connection with the review conducted on the Crown Sydney Limited by the Authority. This review was as a result of the Crown Sydney's application for a restricted gaming licence pursuant to Section 13 of the Casino Control Act 1992 (NSW).

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

There was nil consultants costs in 2014 (\$12,000 in 2013) on the section 143 investigation, and no consultants costs on the Casino project (\$55,000 in 2013).

- (c)(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 \$179,000 in 2014 included \$131,000 charged by the Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) for providing corporate services to the Authority (\$131,000 in 2013).

- (c)(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 or 2013-14.

	Consolidated Entity		Parent Entity	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
(d) Depreciation and amortisation expense:				
Computer equipment	16	19	16	19
Office equipment	3	5	3	5
Office furniture and fittings	--	--	--	--
Depreciation	19	24	19	24
Amortisation – intangible assets	12	13	12	13
	31	37	31	37

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

	Consolidated Entity		Parent Entity	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
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(c)(1)]	--	55	--	55
Recovery of expenses from Crown Resorts Limited in connection with the review on Crown Resorts Limited [see Note 2(c)(1)]	--	2,242	--	2,242
Recovery of expenses from Genting Hong Kong Limited in connection with the review on Genting Hong Kong Limited [see Note 2(c)(1)]	1,231	453	1,231	453
Recovery of expenses from Crown Sydney Limited in connection with a review of Crown Sydney Limited as a result of the Crown Sydney's application for a restricted gaming licence [see Note 2(b)(1)]	960	--	960	--
Casino Special Employee License fees [see Note 1 (g) and Note 17(vi)]	546	91	546	91
	2,737	2,841	2,737	2,841
(b) Investment revenue				
Interest revenue from financial assets not at fair value through profit or loss	153	225	153	225
	153	225	153	225
(c) Retained taxes, fees and fines				
Gaming machine evaluation fees	1,564	1,512	1,564	1,512
Licensing – Liquor revenue	868	727	868	727
Miscellaneous revenue	61	92	61	92
	2,493	2,331	2,493	2,331
(d) Grants and contributions				
Grants (recurrent) from the Department of Trade and Investment, Regional Infrastructure and Services.	8,018	5,117	8,018	5,117
Grants (capital) from the Department of Trade and Investment, Regional Infrastructure and Services.	--	51	--	51
Grants ('In Kind') from the Department of Trade and Investment, Regional Infrastructure and Services.	--	3,018	--	3,081
Other grants – Personnel Services. ¹	--	--	358	--
	8,018	8,186	8,376	8,186

¹ Personnel services and liabilities provided free of charge by the Independent Liquor and Gaming Authority Staff Agency.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

	Consolidated Entity		Parent Entity	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000

(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	125	76	--	76
Long service leave	226	275	--	275
Payroll tax	7	4	--	4
	358	355	---	355

4. Current Assets – Cash and Cash Equivalents

Cash at bank and on hand	5,534	6,818	5,534	6,818
	5,534	6,818	5,534	6,818

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)	5,534	6,818	5,534	6,818
Closing cash and cash equivalents (per statement of cash flows)	5,534	6,818	5,534	6,818

Refer Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. Current Assets – Receivables

Sale of goods and services	--	55	--	55
Other debtors	2,322	258	2,322	258
Interest receivable	78	112	78	112
Prepayments	3	9	3	9
	2,403	434	2,403	434

No allowance for impairment was considered necessary and no bad debts were written off during the financial year ended 30 June 2014.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

6. Non-Current Assets – Plant and Equipment (Consolidated and Parent Entity)

	Computer Equipment \$'000	Office Equipment \$'000	Office Furniture & Fittings \$'000	Total \$000
At 1 July 2013 – fair value				
Gross carrying amount	367	93	24	484
Accumulated depreciation and impairment	(330)	(86)	(19)	(435)
Net carrying amount	37	7	5	49
At 30 June 2014 – fair value				
Gross carrying amount	367	98	24	489
Accumulated depreciation and impairment	(346)	(89)	(19)	(454)
Net carrying amount	21	9	5	35

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	Office Equipment \$'000	Office Furniture & Fittings \$'000	Total \$000
Year ended 30 June 2014				
Net carrying amount at start of year	37	7	5	49
Additions	--	5	--	5
Disposals/written off	--	--	--	--
Reclassification of intangibles	--	--	--	--
Depreciation expense	(16)	(3)	--	(19)
Net carrying amount at end of year	21	9	5	35

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Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

6. Non-Current Assets – Plant and Equipment (cont.) (Consolidated and Parent Entity)

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

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
Year ended 30 June 2013					
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
Net carrying amount at end of year	37	--	7	5	49

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Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

7. Intangibles (Consolidated and Parent Entity)

	Software \$'000	Total \$000
At 1 July 2013 – fair value		
Gross carrying amount	224	224
Accumulated amortisation and impairment	(208)	(208)
Net carrying amount	16	16
At 30 June 2014 – fair value		
Gross carrying amount	224	224
Accumulated amortisation and impairment	(219)	(219)
Net carrying amount	5	5

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:

	Software \$'000	Total \$000
Year ended 30 June 2014		
Net carrying amount at the start of year	16	16
Amortisation	(11)	(11)
Net carrying amount at end of year	5	5

INDEPENDENT LIQUOR and GAMING AUTHORITY

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for year ended 30 June 2014

7. Intangibles (cont.) (Consolidated and Parent Entity)

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

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:

	Software \$'000	Total \$000
Year ended 30 June 2013		
Net carrying amount at the start of year	15	15
Additions	--	--
Disposal/written off	(14)	(14)
Amortisation	(13)	(13)
Net carrying amount at end of year	16	16

8. Fair value measurement of non-financial assets

(a) Fair value hierarchy

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Plant and equipment (Note 6)				
Plant and equipment	--	35	--	35
	--	35	--	35

All plant and equipment have been valued using market evidence with adjustment for condition, location and comparability and is therefore categorised as Level 2.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

	Consolidated Entity		Parent Entity	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
9. Current Liabilities – Payables				
Creditors	138	229	138	229
Accrued salaries, wages and on-costs				
- Accrued salaries, wages and on-costs	350	348	--	348
- Personnel services expenses	--	--	1,334	--
Accruals	1,028	459	893	459
	1,516	1,036	2,365	1,036

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

10. Provisions for personal services

(a) Current

Provision for Annual leave	621	289	--	289
Provision for Long Service leave	219	201	--	201
Total Current Provisions	840	490	--	490

(b) Non-current

Provision for Long Service Leave	9	6	--	6
Total Current Provisions	9	6	--	6
Total Provisions	849	496	--	496

Aggregate employee benefits and related on-costs

Personnel services liability	849	496	--	496
Accrued salaries, wages and on-costs (note 9)	350	348	--	348
	1,341	844	--	844

Movements in provisions (other than employee benefits)

Carrying amounts at the beginning of financial year	496	612	--	612
Additional provisions recognised	480	269	--	269
Amounts used	127	385	--	385
Carrying amounts at the end of financial year	849	496	--	496

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

	Consolidated Entity		Parent Entity	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
11. Current Liabilities – Other				
Deposits held for Casino Special Employee Licensing application	40	40	40	40
Deposits from Genting Hong Kong Limited held for covering expenses in connection with the Authority's review of Genting Hong Kong Limited.	147	1,501	147	1,501
Deposits from Crown Sydney Limited held for covering expenses in connection with the Authority's review of Crown Sydney Limited.	--	--	--	--
Payable to the Department of Trade and Investment, Regional Infrastructure and Services (note (a))	--	4	--	4
Net GST payable	324	162	324	162
Liabilities to Consolidated Fund	57	123	57	123
	568	1,830	568	1,830

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

(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.

12. Commitments for Expenditure

(a) Capital Commitments

The Authority did not have any capital commitments as at 30 June 2014 (nil for 2013).

(b) Operating Lease Commitments

The Authority did not have any operating lease commitments as at 30 June 2014 (nil for 2013).

(c) Finance Lease Commitments

The Authority did not have any finance lease commitments as at 30 June 2014 (nil for 2013).

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

13. Contingent Liabilities and Contingent Assets

Contingent liabilities

The Authority has no contingent liabilities as at 30 June 2014 (nil for 2013).

Contingent Assets

The Authority has no contingent assets as at 30 June 2014 (nil for 2013).

	Consolidated Entity		Parent Entity	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
14. Reconciliation of Cash Flows from Operating Activities to Net Result				
Net cash used on operating activities	(1,279)	1,817	(1,279)	1,817
Depreciation and amortisation	(31)	(37)	(31)	(37)
Increase in provisions	(353)	(232)	(355)	(232)
Increase in receivables	1,969	163	1,969	163
Increase in creditors	782	(134)	782	(134)
Net result	1,088	1,577	1,088	1,577

15. Audit Remuneration

For the financial year ending 30 June 2014, the audit remuneration paid/payable to the Audit Office of NSW amounted to \$169,070 including GST (\$82,500 for 2013). The auditors received no other benefit.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

16. Administered Assets and Liabilities (Consolidated and Parent Entity)

	2014 \$'000	2013 \$'000
Administered assets		
Receivable – Casino Duty	4,018	1,880
Receivable – Responsible Gambling Levy	320	271
Total Administered assets	4,338	2,151
Administered liabilities		
Deferred income – current	8,330	8,330
Deferred income – non current	36,520	44,850
Total Administered liabilities	44,850	53,180

17. Administered Revenue – Schedule of Uncollected Amounts (Consolidated and Parent Entity)

2014

	Less than 30 days \$'000	30-90 days \$'000	Greater than 90 days \$'000	Total \$'000
Casino Duty	4,018	--	--	4,018
Responsible Gambling Levy	320	--	--	320
Total	4,338	--	--	4,338

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
Total	2,151	--	--	2,151

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

18. Administered Revenues (Consolidated and Parent Entity)

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

	2014 \$'000	2013 \$'000
Administered revenues		
(i) Casino Duty	124,664	118,572
(ii) Rebate player duty	36,600	35,800
(iii) Responsible gambling levy	14,687	14,200
(iv) Casino Regulatory and Compliance Deed payment	8,330	8,330
(v) Casino Supervisory Levy	6,820	--
(vi) Casino Rent	250	250
(vii) Casino special employee licence fees	360	353
(viii) Controlled contracts fees	--	--
(ix) Fees for granting of liquor licences (casino precinct)	--	--
(x) Others	83	236
(xi) Liquor application/grant fees	1,041	867
(xii) Gaming machine fees	652	870
Total Administered revenues	193,487	179,478

(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 2013-14.

(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 2014. The instalment was not refundable in whole or in part.

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

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 2013-14.

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 2013-14.

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).

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 2014 in each financial year following.

INDEPENDENT LIQUOR and GAMING AUTHORITY

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for year ended 30 June 2014

(v) Casino Supervisory Levy

The *Casino Control Amendment (Supervisory Levy) Regulation 2013* commenced in October 2013. The new regulation requires the casino operator (The Star Ltd) to pay a casino supervisory levy of \$6,820,000 for the 2013-14 financial year. The levy, which is paid to the Authority, is treated as Consolidated Revenue and is passed onto to NSW Treasury. The levy was received in full and was remitted to Treasury in 2013-14.

(vi) 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 20 December 2013 and was then remitted to Treasury.

(vii) 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 2014, the Authority collected and remitted to Treasury \$306,000 (\$353,000 in 2013) in respect of Casino Special Employee Licence application fees (including fees for renewal of licences).

(viii) 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.

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 2014, there was nil collection and remittance of controlled contract fees (nil in 2013).

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

(ix) 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 2014, there were no fees for granting of liquor licences (casino precinct) (nil in 2013).

(x) Others

In the financial year ended 30 June 2014, other revenues received included:

(a) A total of \$55,000 of infringement notices (\$195,000 in 2013) pecuniary penalty on The Star during the period. These relate to the following section breaches of the *Casino Control Act 1992*:

- section 62(1)(c) nil (\$100,000 in 2013);
- section 94(1) - \$40,000 (\$80,000 in 2013);
- section 163 - \$10,000 (nil in 2013);
- section 73, Schedule 6 - \$5,000 (nil in 2013);
- section 35(2)(b) - nil (\$10,000 in 2013); and
- section 44 (1) - nil (\$5,000 in 2013)

(b) A total of \$28,092 (\$41,000 in 2013) in connection with infringement notices issued to persons for breaches of the Casino Control Act or Regulation.

The above revenues were remitted to Treasury.

(xi) 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.

(xii) 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.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

19. 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.

			Consolidated Entity		Parent Entity	
			Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
(a) Financial instrument categories						
Note	Category		Carrying amount	Carrying amount	Carrying amount	Carrying amount
Financial Assets						
Class:						
Cash and cash equivalents	4	N/A	5,534	6,818	5,534	6,818
Receivables	5	Loans and receivables (at amortised cost)	2,403	425	2,403	425
Financial Liabilities						
Class:						
Payables	9	Financial liabilities measured at amortised cost	1,031	688	1,031	688
Other	11	Financial liabilities measured at amortised cost	187	1,545	187	1,545

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.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

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.

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 2014 the Authority was not required to pay any interest for late payment (nil for 2013).

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

	Consolidated entity			Parent Entity		
	Maturity Dates			Maturity Dates		
	<1 year \$'000	1-5 years \$'000	>5 years \$'4000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
2014						
Payables	1,031	--	--	1,031	--	--
Other Liabilities	187	--	--	187	--	--
Total	1,218	--	--	1,218	--	--
2013						
Payables	688	--	--	688	--	--
Other Liabilities	1,545	--	--	1,545	--	--
Total	2,233	--	--	2,233	--	--

All the above financial liabilities are non-interest bearing.

INDEPENDENT LIQUOR and GAMING AUTHORITY

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for year ended 30 June 2014

(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 2013. The analysis assumes that all other variables remain constant.

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.

	Consolidated and Parent Entity				
	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2014					
<i>Financial assets</i>					
Cash and cash equivalents	5,534	(55)	--	55	--
2013					
<i>Financial assets</i>					
Cash and cash equivalents	6,818	(68)	--	68	--

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.

INDEPENDENT LIQUOR and GAMING AUTHORITY

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

20. Budget Review

Net Result

The net result for the year ended on 30 June 2014 was a surplus of \$1,088,000, which was above the expected zero budget. This result was primarily due to total revenue being higher than budget (\$3,767,000) but partly offset by total expenses above the budget (\$2,769,000).

As indicated in the Service Group Statements on page 7 and Note 21 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 machines evaluation and licensing other than those relating to the casino precinct on behalf of the Authority. DTIRIS has agreed to provide a grant of \$1,198,000 to the Authority in 2013-14 (\$3,108,000 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 grant additional was not included in the budget.

The total revenue also included retained taxes, fees and fines of \$2,493,000 (revenue collected by DTIRIS on behalf of the Authority as mentioned above) which were not included in the budget.

Total expenses were \$12,671,000 and were \$2,679,000 more than budget mainly due to:

- Total personnel services and employee related costs were above budget by \$3,339,000. This was mainly due to personnel services costs of \$3,773,000 (\$4,140,000 in 2012-13) 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.
- Other operating expenses were \$609,000 less than budget. This was mainly due to the expenses of \$1,230,000 incurred by the Authority in conducting the Genting Hong Kong Limited review and \$960,000 for the Crown Sydney Limited investigation (the budget provision for these two investigations was \$3,000,000). The costs of these two investigations were fully covered by Genting Hong Kong Limited and Crown Sydney Ltd.

Assets and Liabilities

Total assets were \$7,976,000 which were higher than budget mainly due to cash and cash equivalents being higher than budget as well as receivables also being higher than budget, mainly as a result of the grant receivable from DTIRIS.

Total liabilities were \$2,933,000, which was higher than budget mainly due payables (\$676,000) and provisions for personnel services being \$840,000 more than budget.

Cash Flows

Net cash flows from operating activities was a deficit of \$1,279,000 which was significantly below the expected surplus of \$82,000 in the budget.

Closing cash and cash equivalents were \$2,922,000 above budget mainly due to deposits received from Genting Hong Kong Limited and Crown Sydney Limited as mentioned above.

Notes to and Forming Part of the Financial Statements

for year ended 30 June 2014

21. 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 7, 8 and 9).

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.

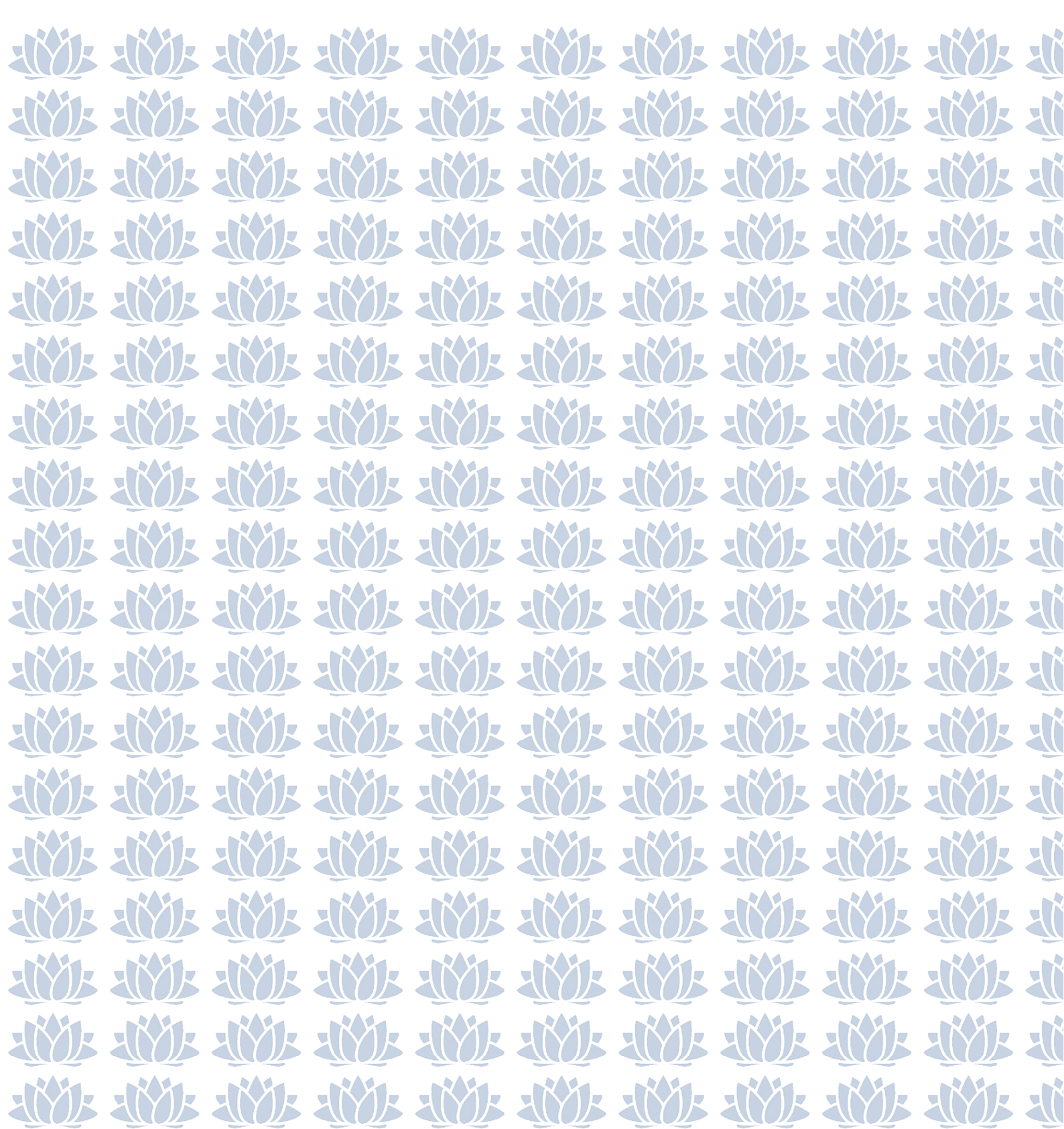
Liquor and Gaming services

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.

22. 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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Independent Liquor and Gaming Authority

NSW Trade & Investment

