



**Independent
Liquor & Gaming
Authority**

A statutory board established under the Gaming and Liquor Administration Act 2007

Annual Report

2020-21

Independent Liquor & Gaming Authority

Copyright details

Independent Liquor & Gaming Authority Annual Report 2020-21

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Author

Department of Customer Service (DCS)

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The Hon Victor Dominello MP
Minister for Customer Service
52 Martin Place
SYDNEY NSW 2000

Dear Minister

We are pleased to submit the final annual report for the Independent Liquor & Gaming Authority for the year ended 30 June 2021 for presentation to Parliament.

The Authority's Annual Report has been prepared in line with the annual reporting compliance requirements outlined by NSW Treasury for a statutory body. It incorporates all regulatory requirements as outlined in the *Casino Control Act 1992*, the *Liquor Act 2007*, the *Annual Reports (Statutory Bodies) Act 1984* and the *Annual Reports (Statutory Bodies) Regulation 2010*.

If you have any questions regarding the report, please contact Dr Rochelle Hurst, Director ILGA Secretariat, in the first instance at ilga.secretariat@liquorandgaming.nsw.gov.au.

Yours faithfully



Philip Crawford
Chairperson



Murray Smith
Deputy Chairperson

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Independent Liquor & Gaming Authority Annual Report

Introduction

Promoting fair and transparent decision making under the *Gaming and Liquor Administration Act 2007*

The Independent Liquor & Gaming Authority (the Authority) is an independent statutory authority established under the *Gaming and Liquor Administration Act 2007*. The Authority holds a number of functions under liquor and gaming legislation, including:

- determining contentious liquor and gaming licensing proposals
- determining disciplinary action taken against licensees and others, and
- reviewing certain delegated decisions made on its behalf by Liquor & Gaming NSW.

The Authority is responsible for licensing approval and other regulatory functions under the *Liquor Act 2007*, *Gaming Machines Act 2001*, *Registered Clubs Act 1976* and related legislation. Under the *Casino Control Act 1992*, the Authority is responsible for the licensing of gaming and liquor matters for NSW casinos and also disciplinary complaints relating to the casinos. The Authority is also responsible for determining whether music festivals are considered high-risk under the *Music Festivals Act 2019*, and for approving safety management plans for high-risk festivals.

In undertaking its statutory functions, the Authority must:

- promote fair and transparent decision making
- deal with matters in an informal and expeditious manner, and
- promote public confidence in its decision making and the conduct of its members.

Significant developments and activities

Visit to Wilcannia

In March 2021, the Authority and representatives of Liquor & Gaming NSW visited the community of Wilcannia, a small town located in north western New South Wales, following representations made by NSW Police regarding the approval of an application to change liquor licence conditions imposed on Wilcannia Club Hotel.

Those who participated in the visit to Wilcannia agreed that the information obtained could not have been obtained as effectively by other means, and that the Authority and Liquor & Gaming NSW should consider strategic, regular visits to remote/rural localities across NSW where there is known to be significant alcohol-related harm. The stakeholders engaged in Wilcannia appeared to be genuinely grateful to the Authority for taking the time to visit and seriously consider the issues specific to their community.

As a result, the Authority is now working on a regional engagement strategy with a view to conduct regional visits on a quarterly basis in order to meet the needs of rural communities and to help build positive relationships with regional stakeholders.

Crown Sydney

On 14 August 2019, the Authority commissioned an independent inquiry into the suitability of Crown Resorts Limited (Crown) and related matters (Inquiry) pursuant to s.143 of the *Casino Control Act 1992* (Act).

The Authority appointed the Hon P.A Bergin SC to conduct the Inquiry, who reported the results to the Authority on 1 February 2021 (Bergin Report). The Bergin Report contained a number of findings in respect of the suitability of Crown to hold a casino licence, and recommendations on legislative reforms to improve the casino regulatory framework in NSW. A copy of the Bergin Report can be found at <https://www.parliament.nsw.gov.au/la/papers/Pages/tabled-paper-details.aspx?pk=79129>.

On 15 February 2021, the Authority wrote to Crown giving notice of its preliminary determination, having regard to the contents of the Bergin Report, that Crown Sydney Gaming Pty Ltd (the Licensee) is not presently “suitable” to give effect to the restricted gaming licence for the Barangaroo facility; and that Crown was not presently “suitable” to be a close associate of the Licensee.

As required by the existing contractual arrangements between Crown and the State, the Authority engaged in consultation with Crown in respect of its preliminary finding of unsuitability. As part of this consultation process, Crown has proposed a remediation plan setting out the action it has taken or will take to address the concerns raised in the Bergin Report and by the Authority.

The adequacy and implementation of Crown’s remediation plan is currently being assessed by an independent monitor appointed by the Authority, before the Authority forms a final view on Crown’s suitability to hold a casino licence. The Authority is also monitoring the current Royal Commissions in Victoria and Western Australia into Crown, including any issues of concern relevant to the consideration of Crown’s suitability to operate a casino in NSW.

Gaming Plan of Management

In accordance with the overarching objects of the *Liquor Act 2007* and *Gaming Machines Act 2001*, the Authority must be satisfied that granting an application under these Acts would facilitate the balanced development, in the public interest, of the liquor and gaming industries. In the case of applications involving gaming, the Authority must have due regard to the need for gambling harm minimisation and fostering responsible conduct in relation to gambling when considering whether to approve an application.

The Authority considers a Gaming Plan of Management to be a foundational measure that gaming venues can take to prevent and reduce gambling harm and demonstrate commitment to the wellbeing of patrons and the community.

In recent months, the Authority has been requesting a Gaming Plan of Management for any application that, if approved, would increase the availability of gaming machines or make play of gaming machines more conducive. It is the Authority’s intention that in the near future all gaming applications will be required to be accompanied by a Gaming Plan of Management.

Liquor Amendment (Night-time Economy) Act 2020

A range of changes to NSW liquor laws to support nightlife and encourage a vibrant and safe 24-hour economy began rolling out from 11 December 2020. Some notable changes include:

- three former sanctions schemes under the *Liquor Act 2007* (Three Strikes, Violent Venues and Minors Sanctions) have been consolidated into one integrated system

(Demerit points scheme) to incentivise well run venues, minimise violence and reduce serious liquor law breaches

- an enhanced regulatory framework to support the responsible operation of same day alcohol deliveries made in NSW
- going forward, the Authority and its delegates will need to consider whether licence applications provide employment or other opportunities in the live music, arts, tourism, or community and/or cultural sectors
- on 1 May 2021 the Sydney CBD and Kings Cross licence freeze was replaced with a new evidence-based framework for managing the density of licensed premises in the precincts, and the Authority issued a 'Cumulative Impact Assessment' for the precincts under the new framework.

Dee Why RSL Club Limited

The Authority issued its largest fine ever in response to a disciplinary complaint received from Liquor & Gaming NSW against Dee Why RSL Club Limited (Club). The Club was ordered to pay \$200,000 in fines and costs after the suicide of a male patron revealed the Club's irresponsible gambling practices.

The male patron made 170 visits to play gaming machines in the two years before his death, playing an average of approximately six hours per visit, with some visits lasting up to 13 hours. Club membership data revealed that across those visits he gambled more than \$3.7 million at an average of \$22,333 per visit, with a total loss of \$230,000.

The Authority found the Club's conduct was likely to encourage the misuse and abuse of gambling activities after the Liquor & Gaming NSW investigation exposed that the club had wine and dined the patron.

In addition to the monetary penalty, the Authority imposed three conditions on the Club's licence in respect of a responsible conduct of gambling (RCG) marshal, RCG register and a gaming machine player third party exclusion scheme.

Australian Leisure and Hospitality Group Pty Limited

The formerly Woolworths-owned Australian Leisure and Hospitality Group Pty Limited (ALH) was also issued a significant fine of more than \$172,000, with two of its hotels on the NSW North Coast banned from operating poker machines for a period of two weeks. The fine was issued after it was discovered that staff were encouraged to seek out regular high bidding gamblers and provide them with free drinks, a practice that illegally used alcohol in a bid to boost gambling across its venues.

As part of the Authority's penalty, licensees of the two North Coast venues were fined a total of \$3,500 with an ALH manager banned from being a close associate for a period of five years.

Management and Structure

Authority membership

The *Gaming and Liquor Administration Act 2007* provides that the Authority consists of members that are appointed by the Governor on the recommendation of the Minister for Racing.

Authority Board Members 2020-21

Authority member	Date of first appointment	Appointment date of current term	Expiry of term	Qualifications
Mr Philip Crawford Chairperson	17 March 2016	8 June 2021	24 May 2026	Bachelor of Laws and Bachelor of Arts
Mr Murray Smith Deputy Chairperson	26 May 2016	26 May 2021	1 December 2025	Bachelor of Business, and Chartered Accountant
Mr Craig Sahlin	17 March 2016	17 March 2021	1 December 2023	Bachelor of Laws and Bachelor of Arts (Honours)
Mr Stephen Parbery	26 May 2016	26 May 2021	24 May 2026	Fellow of the Institute of Chartered Accountants, Registered Liquidator
Ms Sarah Dinning	1 January 2017	1 January 2020	31 December 2021	Executive Master of Public Administration, Bachelor of Arts, Bachelor of Science
Ms Samantha Zouroudis	1 January 2017	1 January 2020	31 December 2021	Bachelor of Laws (Honours) and Bachelor of Arts
Mr Paul Gentle	16 October 2019	16 October 2019	15 October 2024	Bachelor of Laws and Bachelor of Arts
Dr Nicky McWilliam*	26 May 2016	26 May 2019	25 May 2021*	PhD(Law), Master of Laws, Bachelor of Laws, Bachelor of Arts

*Dr McWilliam retired from the Authority on 25 May 2021

Meetings held

The Authority held 12 ordinary meetings during the reporting period to transact business relating to casinos, liquor and gaming. From July 2020 to January 2021, the Authority held virtual meetings using Microsoft Teams due to the COVID-19 pandemic.

Other face-to-face meetings and public meetings were held by the Authority members as required and attendance was structured depending on the assignment of responsibilities among members. Several other meetings were conducted whenever required by telephone and email. In addition to scheduled meetings, board members served on numerous committees throughout the year, all of which were continuously active between meetings. The Authority has continued to see a significant increase in the amount of work required out of session which has required ongoing correspondence, videoconferences and decision-

making in addition to the Authority's regular workload, in order to carry out its functions and respond to community and industry needs.

Ordinary meetings attended by Authority board members 2020-21

Name	Position	No of meetings whilst member	Authority meetings attended
Current Authority board members 2020-21			
Philip Crawford	Chairperson	12	12
Murray Smith	Deputy Chairperson	12	12
Craig Sahlin	Member	12	12
Steve Parbery	Member	12	11
Samantha Zouroudis	Member	12	10
Sarah Dinning	Member	12	12
Paul Gentle	Member	12	12
Former Authority board members 2020-21			
Nicky McWilliam	Member	10	7

Report on operations

Liquor operations

The Authority's principal liquor regulatory activities during the 2020-21 reporting period included:

- determining and granting new liquor licences, including:
 - packaged liquor licence applications
 - hotel general bar licence applications
 - full hotel licence applications
 - club licence applications
 - certain small bar licence applications
 - extended trading authorisations beyond midnight
- reviewing certain delegated decisions made on its behalf by Liquor & Gaming NSW, and
- determining disciplinary complaints against licensees and other parties with an interest in a licensed premises.

A number of lower-risk licensing functions are delegated to staff in Liquor & Gaming NSW, such as granting of several classes of on-premises applications and most small bar applications. The full list of the Authority's decision making functions, including delegated functions, are contained in the Authority's [Regulatory Delegations Manual](#).

The numbers contained in this report include decisions made directly by the Authority, as well as those decisions made under delegation by Liquor & Gaming NSW.

Reporting under the *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

As at 30 June 2021 the total number of liquor licences in force in NSW was 17,702. Table 1 at Attachment E provides a breakdown of the number of licences in each local government area, including the total number of licences in NSW. Note, licence counts do not include limited licences.

Section 156 (b) – the number of new licences granted by the Authority during the year

The Authority granted a total of 1,725 new liquor licences in the reporting period. Table 2 at Attachment E details the numbers of new liquor licences granted since the 2016-17 financial year.

Section 156 (c) – the number of licences suspended or cancelled by the Authority during that year

In the 2020-21 financial year, the Authority did not cancel any liquor licences and 11 licences were suspended under section 144F(3)(a) of the *Liquor Act 2007*. In addition, 25 applications were refused and 375 were withdrawn by applicants.

The number of licences cancelled, usually relates to cancellations that occur annually as part of the Annual Liquor Licence Fee Scheme which commenced in 2015-2016. As part of this scheme, licensees that had not paid their periodic fees by a specified date were cancelled.

Approval was given to postpone the final date of payment of the Annual Liquor Licence Fee until later in 2021. This effectively provided businesses with more time to pay the fee and avoid automatic cancellation of licences due to non-payment by the June due date.

Table 3 in Attachment E presents data since the 2016-17 reporting period.

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 909 section 51 applications in the 2020-21 reporting period. Section 51 applications are licence-related authorisations, such as extended trading and primary service. Table 4 at Attachment E details the numbers of new liquor authorisations granted since the 2016-2017 financial year.

Section 156 (e) – the number of licences for which disciplinary action was taken by the Authority during that year and the nature of the disciplinary action taken

There were four disciplinary complaints determined under Part 9 of the *Liquor Act 2007* during 2020–21:

- one involved a complaint made by the NSW Police Force which resulted in the former licensee being disqualified from holding a liquor licence for a period of five years, a reprimand and conditions being imposed on the liquor licence.
- three involved complaints made by a delegate of the Secretary, NSW Department of Customer Service, two of which were related and resulted in the Authority issuing reprimands and imposing conditions on the liquor licence. The Authority also imposed a monetary penalty of \$5,000 on the manager and \$10,000 on the licensee and ordered the payment of \$10,000 by the manager and \$20,000 by the licensee, being a portion of the costs incurred by the Secretary in conducting the investigation.

- the third resulted in the former licensee being disqualified from holding a liquor licence for a period of five years, a reprimand and conditions being imposed on the liquor licence.

In addition, the Authority determined:

- 58 prescribed offences under Part 9A of the *Liquor Act 2007* (Three Strikes Scheme)* and;
- five prescribed offences under Division 4 of Part 7 of the *Liquor Act 2007* (Minors Sanctions Scheme)*

*On 1 January 2021, a new Demerit Points Scheme came into effect replacing the Three Strikes and Minors Sanctions schemes.

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

One review application under section 36A of the *Gaming and Liquor Administration Act 2007* was finalised during 2020-21.

- The applicant sought the review of a decision made by a delegate of the Authority to grant a liquor licence pursuant to section 45 of the *Liquor Act 2007*. The review resulted in the decision being varied by the Authority.

Gaming operations – casino

The Star at Pyrmont is currently the only operating casino in NSW. Crown Sydney, a restricted gaming facility in Barangaroo, was granted a restricted gaming licence in 2014 but has not yet commenced any gaming operations, as the Authority is considering the suitability of Crown Resorts and its subsidiaries to continue to hold the licence. The Authority's principal casino regulatory activities during the 2020-21 reporting period, either directly or under delegation by Liquor & Gaming NSW included:

- 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
- 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.

A number of routine gaming operations functions are delegated to senior staff in Liquor & Gaming NSW. The full list of the Authority's decision making functions, including delegated functions, are contained in the Authority's Regulatory Delegations Manual. The numbers contained in the Gaming Operations – casino section of this report include decisions made directly by the Authority, as well as those decisions made under delegation by Liquor & Gaming NSW.

Reporting under the *Casino Control Act 1992*

Section 154 (a) – details of any casino licence granted during the year

No casino licences were granted in 2020-21.

Section 154 (b) – number of licences granted under Part 4 of the *Casino Control Act 1992* ('Licensing of casino employees')

In 2020-21 the Authority granted 1,243 new casino special employee licences. During the year the Authority renewed 344 casino special employee licences.

Section 154 (c) – details of any changes to the conditions of a licence made by the Authority during the year

No changes were made to the licence conditions during 2020-21.

Section 154 (d) – details of any disciplinary action taken by the Authority against the casino operator during the year

Where significant incidents of non-compliance of the approved games, rules and procedures 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.

During the 2020-21 reporting period four matters resulted in disciplinary action being taken against the casino operator under section 23 of the *Casino Control Act 1992*.

- One matter related to three separate incidents over a four-month period, where minors were permitted entry to the casino premises and consumed liquor and/or gambled while on the premises. One minor was a 12-year-old girl whose parents snuck her in to play poker machines. As a result of all three incidents, The Star was fined a total of \$90,000.
- Three matters related to minors using another person's identification to gain entry to the casino premises and subsequently consuming liquor and gambling while on the premises. Two of the matters resulted in a monetary penalty.

Section 154 (e) – summary of any disciplinary action taken by the Authority against persons licensed under Part 4 of the *Casino Control Act 1992* ('Licensing of casino employees')

During the 2020–21 reporting period 11 disciplinary matters relating to special employees were dealt with by the Authority.

In all the matters the Authority determined to cancel the casino special employee licence.

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 2020-21.

Section 154 (g) – summary of outcome of any investigation or inquiry

On 14 August 2019, the Authority appointed the Honourable PA Bergin SC to preside over an inquiry into the suitability of Crown Sydney Gaming Pty Limited to hold a restricted gaming licence and other related matters pursuant to s.143 of the *Casino Control Act 1992* (Act) (the Inquiry).

The Inquiry report was issued to the Authority on 1 February 2021 and published on 9 February 2021. The Inquiry found, in response to the questions in the Terms of Reference, that:

- Crown Sydney Gaming Pty Limited (licensee) is not a suitable person to continue to give effect to the Barangaroo restricted gaming licence.
- Crown Resorts Limited is not a suitable person to be a close associate of the licensee.
- The disposal of shares held by CPH in Crown to Melco or KittyHawk in June 2019, and agreement by CPH to dispose further shares in Crown to Melco or KittyHawk by September 2019, did not constitute a breach of the Barangaroo restricted gaming licence or any other regulatory agreement.

The Inquiry report also contained detailed observations and recommendations on the changes required to render the identified Crown entities suitable, and legislative reforms to improve the casino regulatory framework in NSW.

A copy of the Inquiry report can be found at

<https://www.parliament.nsw.gov.au/la/papers/Pages/tabled-paper-details.aspx?pk=79129>.

Gaming-related approvals (casino)

Approved games

During the 2020-21 reporting period the Authority approved, either directly or under delegation by Liquor & Gaming NSW:

- 0 new casino table game
- 0 new multi terminal table game
- 12 amendments to various rules of games
- 23 gaming machines including new gaming machine games
- eight software upgrades for the casino's gaming management system
- 16 items of gaming equipment

Approved operational arrangements

The *Casino Control Amendment Act 2018* established a new offence for breaching an individual internal control which resulted in The Star conducting a full review of its existing Internal Control Manual (ICM). Liquor & Gaming NSW has worked to implement an enhanced, risk-based compliance assurance program after the introduction of new internal controls and reviews of compliance with the controls through ongoing compliance audits and operational activities.

Penalty Infringement Notices and prosecutions

In 2020-21 there were two penalty notices issued by Liquor & Gaming NSW inspectors to the casino and zero prosecutions commenced. Liquor & Gaming NSW elected to pursue disciplinary complaints where contraventions were detected, which are determined by the Authority as a specialist casino authority, in lieu of the court process. In this forum the Authority is able to enforce a greater range of sanctions including substantial fines, which are not available through the courts.

Disciplinary Complaints

During 2020-21 Liquor & Gaming NSW inspectors under delegation investigated two newly

registered complaints of minors entering the casino under section 94(1) of the *Casino Control Act 1992*, where these minors had consumed liquor, gambled or both.

Inspectors also investigated one newly registered complaint of intoxication under cl. 73 of Schedule 6 of the *Casino Control Regulation 2019*.

The investigations did not result in any disciplinary complaint to the Authority and the incident of a minor entering the casino and consuming liquor was dealt with by way of a penalty notice. Five disciplinary complaints submitted to the Authority for consideration under section 23(2) of the *Casino Control Act 1992* were concluded in the reporting period, all of which related to minors entering the casino. Three other disciplinary complaints pending submission to or determination by the Authority remain ongoing, where one relates to minor entering the casino and the other two relate to intoxication.

Excluded persons entering the casino

In 2020-21 Liquor & Gaming NSW inspectors under delegation investigated 226 incidents of persons contravening their non-voluntary exclusion orders by entering the casino. Three penalty infringement notices and 117 warning letters were issued to non-voluntarily excluded patrons in 2020-21. Two prosecutions were commenced in relation to an excluded patron; with one finalized in February 2021 enforcing gambling counselling and the other matter remains ongoing.

Reviews of exclusion orders

There were no exclusion order reviews undertaken during 2020-21. This is largely due to legislative reforms to the *Casino Control Act 1992* which came into effect on 3 April 2018. This restricted the Authority to only considering exclusion orders related to problem gambling.

Casino-related licensing

Close associates

During the 2020-21 reporting period, 21 close associate applications were lodged. Eleven individuals were approved as close associates and 10 individuals are subject to ongoing consideration and investigation.

Controlled contracts

During the 2020-21 reporting period six controlled contracts were lodged and investigated. Three of these are on hold pending the question of Crown's overall suitability.

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 2020-21 reporting period five applications for approval for a liquor licensed premises were approved.

Casino and liquor licence boundaries

During the 2020-21 reporting period zero applications to redefine the casino boundary were approved.

Gaming operations – clubs and hotels

The Authority's principal club and hotel gaming related regulatory activities, either directly or under delegation by Liquor & Gaming NSW included:

- considering applications in relation to gaming machine entitlements and gaming machines, including gaming machine entitlement transfers, gaming machine threshold increase applications, and Class 1 and Class 2 Local Impact Assessments
- approving gaming machines and games following a thorough technical assessment
- supervising field trials of gaming systems
- ensuring that faulty equipment is removed from venues.

In accordance with the objects of the *Gaming Machines Act 2001*, the Authority has had due regard to the need for gambling harm minimisation and fostering responsible conduct in relation to gambling when exercising functions under this Act.

A number of routine gaming operations functions are delegated to senior staff in Liquor & Gaming NSW. The full list of the Authority's decision making functions, including delegated functions, are contained in the Authority's Regulatory Delegations Manual. The numbers contained in the Gaming operations – clubs and hotels section of this report include decisions made directly by the Authority, as well as those decisions made under delegation by Liquor & Gaming NSW.

Gaming machines

In accordance with the *Gaming Machines Act 2001*, a hotel or registered club is required to have a gaming machine entitlement for each gaming machine operated on the premises. There is an overall State cap on gaming machine entitlements which is set at 99,000. In addition, there is a limit on the maximum number of gaming machines a hotel can operate at a venue, which is set at 30.

The number of gaming machine entitlements that a hotel or registered club can hold in respect of a licence cannot exceed the gaming machine threshold for the venue. These measures assist to minimise gambling harm.

Gaming machine statistics

As at 30 June 2021 there were 94,368 gaming machine entitlements authorised. This includes:

- club licences – 71,624 entitlements, and
- hotel licences – 22,744 entitlements.

The total number of authorised gaming machines operating as at 30 June 2021 was 87,696. This includes:

- club licences – 65,145 gaming machines, and
- hotel licences – 22,551 gaming machines.

Attachment F presents data by Local Government Area for the 2020-21 reporting period.

Gaming machine applications

Under the *Gaming Machines Act 2001*, a hotel or registered club can apply to transfer gaming machine entitlements. This may occur, for example, when one hotel buys gaming

machine entitlements from another hotel, or a registered club buys gaming machine entitlements from another registered club. To be approved, the hotel or registered club must have a sufficient gaming machine threshold for the venue to which entitlements are being transferred.

During 2020-21, a total of 156 applications were approved to transfer gaming machine entitlements. Of these, 52 were for leased entitlements.

A hotel or registered club can also apply to the Authority to increase the gaming machine threshold for the venue. There are circumstances where a hotel or registered club is required to submit a Local Impact Assessment with the gaming machine threshold increase application. The purpose of a Local Impact Assessment is to inform and support a community consultation process to enable the Authority to determine whether approving a gaming machine threshold at a particular hotel or registered club will have an overall positive impact on the community.

During 2020-21 the Authority approved 16 gaming machine threshold increases subject to a Class 1 Local Impact Assessment.

Gaming machine tax

Tax is payable on profits from gaming machines approved to be kept in a hotel or registered club under the *Gaming Machine Tax Act 2001*. Liquor & Gaming NSW, under delegation of the Authority, oversees tax assessment and works closely with Revenue NSW which is responsible for tax collection.

Liquor & Gaming NSW undertook various tasks to reconcile gaming machine tax during 2020-21. This included 579 gaming machines tax assurance activities, and 10,616 ClubGRANTS assessments (3,869 Category 1 and 6,747 Category 2) across 426 eligible clubs. Registered clubs receive a tax rebate for approved expenditure on funding categories specified in Guidelines.

In response to COVID-19, the Government announced a six-month deferral of gaming machine taxes payments until September 2020 and October 2020 for clubs and hotels respectively. Trading restrictions meant gaming taxes were overcalculated when assessed against quarterly instalments.

Inadvertently, the deferrals also meant venues could not seek an annual tax reassessment as the law requires taxes to be paid before being reassessed.

In collaboration with NSW Treasury and Revenue NSW, Liquor & Gaming NSW implemented an amended operational approach to proactively adjust the 2019-2020 gaming taxes.

Liquor & Gaming NSW and Revenue NSW worked to minimise resourcing and customer impacts resulting in tax credits of \$14.5 million for clubs (n = 398) and \$13.4 million for hotels (n = 825) which helped help retain staff and improve business liquidity.

Gaming technology

Under 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 2020-21 the Authority granted the following approvals for gaming technology in hotels and registered clubs:

- 98 new game approvals to operate on gaming machines
- one new technology gaming machine platform

- 49 gaming machine software upgrades
- 52 gaming machine hardware upgrades
- four new technology gaming system field trials.

Gaming-related licences

In order to manufacture, sell, service or test a gaming machine a person must hold an appropriate gaming-related licence.

During 2020-21 following a rigorous probity assessment process the Authority granted the following gaming-related licences:

- nine gaming machine seller's licences, and
- 62 gaming machine technician licences.

There were no gaming machine manufacturers dealer's licences granted during 2020-21.

Disciplinary action

Disciplinary action under the *Gaming Machines Act 2001*

In 2020-21 there were three complaints determined under Part 8 of the *Gaming Machines Act 2001*.

- In one matter the Authority issued a reprimand, suspended authorisation to keep approved gaming machines for a period of two weeks, imposed monetary penalties of \$3,500 and ordered the payment of \$172,692.44 in costs to the Secretary, Department of Customer Service.
- In the second matter, the Authority imposed three conditions on the licence, imposed a monetary penalty of \$100,000 and ordered the payment of \$99,628.05 in costs to the Secretary, Department of Customer Service*
- In the third matter, the Authority issued a reprimand, suspended authorisation to keep approved gaming machines for a period of seven days, imposed monetary penalties of \$4,400 and ordered the payment of \$19,291.85 in costs to the Secretary, Department of Customer Service.

Further information in respect of the first two matters can be found in the [significant developments and activities](#) section of this report.

Disciplinary action under the *Registered Clubs Act 1976*

*Two grounds of complaint were made under the *Registered Clubs Act 1976* in respect of the abovementioned matter.

Attachments: Independent Liquor & Gaming Authority

Attachments

Attachment A: Land disposal

Attachment B: Promotion and overseas travel

Attachment C: Consultants

Attachment D: Budget review and plan

Attachment E: Liquor operations statistics

Attachment F: Gaming operations statistics

Attachment G: Internal audit and risk management statement

Attachment H: Audited financial statements for the Independent Liquor & Gaming Authority

Attachment I: Statutory reporting requirements

Attachment A: Land disposal

Nil.

Attachment B: Promotion and overseas travel

No overseas travel was undertaken by the Authority during 2020-21.

Attachment C: Consultants

The Authority engages consultants to assist in undertaking certain specialist and most of its non-core functions such as legal services and internal audit. The table below shows consultancies paid during Financial year 2020-21, which are equal to or more than \$50,000.

Company	Amount excl. GST	Description	Nature of services
Norton Rose Fulbright	\$11,588,835	Bergin Inquiry. Refer to breakdown below.	Legal Services
Crown Solicitor's Office	\$263,106	Legal services and advice on liquor and gaming related matters determined as "non-core" by Crown Solicitor's Office	Legal Services
HC Law Pty Ltd	\$186,250	Legal services and advice on liquor and gaming related matters, including advising the Authority in the exercise of its primary decision making, review and disciplinary functions.	Legal Services

There were five consultants with expenditure under \$50,000, for legal advice totaling \$85,707.

Legal expenses related to the Inquiry under section 143 of the *Casino Control Act 1992* concern the casino licence for the Barangaroo restricted gaming facility granted to Crown Sydney Gaming Pty Limited and other matters relating to the regulatory framework in which the Authority operates.

The services provided by Norton Rose Fulbright are as per below:

Breakdown	Amount
Commissioner fees	\$2,271,062.84
Counsel fees	\$1,224,818.06
NRF Inquiry related fees	\$7,793,247.87
Post Bergin Inquiry advice	\$299,706.70
Total	\$11,588,835.47

Attachment D: Budget review and plan

Copies of the Internal Audit and Risk Management Attestation Statement and the Financial Statements for 2020-21 are provided at Attachments G and H.

The Authority's actual revenue and expenses in 2020-21 compared to the relevant budget is summarised in the table below:

Item	2020-21 Actual '\$000	2020-21 Budget '\$000	Variance '\$000
Expenses excluding losses			
Board members' remuneration	869	818	(51)
Operating Expenses			
Personnel services – in kind	1,543	0	(1,543)
Legal Expenses	11,579	1,512	(10,067)
Other operating expenses	1,712	712	(1,000)
Total Expenses excluding losses	15,703	3,042	(12,661)
Revenue			
Grants and contributions	14,559	3,013	11,546
Other revenue	47	0	47
In-kind contribution	1,543	0	1,543
Total Revenue	16,149	0	13,136
Net Results	446	(29)	475

Net result

The actual net result is a surplus of \$0.4 million (2020: \$1.9 million deficit) which was favourable to the budgeted net result by \$0.4 million. The major variations to budget are:

- Total Revenue was \$13.1 million favourable to budget, due to funding received to support the Bergin Inquiry of \$11.6 million and in-kind contribution received of \$1.5m from the Department of Customer Service which will offset against the In-kind personnel services expenses of the same amount. Both of these amounts were not anticipated at the time the budgeted financial statements were prepared.
- Total Expenses were \$12.7 million unfavourable to budget, primarily due to legal expenses in relation to the Bergin Inquiry of \$10.1 million and in-kind personnel services expenses of \$1.5m from Department of Customer Service which offset against the in-kind contribution of the same amount. Both of these amounts were not anticipated at the time the budgeted financial statements were prepared.

Personnel services expenses

In the 2020-21 financial year a Memorandum of Understanding was agreed detailing the shared services the Authority receives from the Department of Customer Service, which is an in-kind contribution.

Budget for 2021-22

The budget set out in the table below represents the budgeted cost of all activities of the Authority.

Item	2021-22 Budget '\$000
Expenses excluding losses	
Board members remuneration	1,123
Operating expenses	
Legal expenses	1,385
Other operating expenses	540
Total expenses excluding losses	3,048
Revenue	
Grants and contributions	2,920
Other revenue	109
Total Revenue	3,029
Net Results	(19)

Attachment E: Liquor operations statistics

Table 1: Number of licences in force in each Local Government Area as at 30 June 2021 (excludes Limited Licences)

Local Government Area	2016-17	2017-18	2018-19	2019-20	2020-21
Albury City Council	130	128	129	128	135
Armidale Regional Council*	74	73	71	73	74
Ballina Shire Council	93	91	96	95	102
Balranald Shire Council	10	10	9	9	10
Bathurst Regional Council	103	103	101	98	99
Bayside Council*	214	227	229	239	260
Bega Valley Shire Council	123	127	126	128	133
Bellingen Shire Council	36	36	35	35	36
Berrigan Shire Council	36	37	37	36	37
Blacktown City Council	178	183	188	191	203
Bland Shire Council	28	26	28	28	28
Blayney Shire Council	32	32	32	30	30
Blue Mountains City Council	149	154	156	159	166
Bogan Shire Council	15	14	14	13	14
Bourke Shire Council	17	17	18	18	18
Brewarrina Shire Council	6	6	6	5	5
Broken Hill City Council	60	58	59	57	60
Burwood Council	77	94	93	89	93
Byron Shire Council	131	136	147	158	176
Cabonne Shire Council	81	85	87	86	89
Camden Council	101	104	113	118	125
Campbelltown City Council	116	112	115	111	112
Canterbury-Bankstown Council*	277	277	283	289	295
Carrathool Shire Council	11	12	12	12	13
Central Coast Council*	446	460	478	476	510
Central Darling Shire Council	11	13	14	15	15
Cessnock City Council	402	389	384	394	408
City of Canada Bay Council	195	198	203	203	217
City of Lithgow Council	57	54	55	53	52
City of Parramatta Council*	304	321	334	335	372
Clarence Valley Council	116	122	121	122	126
Cobar Shire Council	14	14	13	13	13
Coffs Harbour City Council	132	144	150	155	167
Coolamon Shire Council	14	14	14	14	14
Coonamble Shire Council	17	17	18	19	19

Local Government Area	2016-17	2017-18	2018-19	2019-20	2020-21
Cootamundra-Gundagai Regional Council*	44	45	46	44	43
Council of the City of Sydney	2282	2347	2378	2395	2512
Cowra Shire Council	45	46	43	39	40
Cumberland Council*	162	169	177	185	200
Dubbo Regional Council*	103	104	106	106	114
Dungog Shire Council	32	30	31	30	33
Edward River Council*	31	32	31	30	31
Eurobodalla Shire Council	100	101	97	99	104
Fairfield City Council	194	204	210	220	235
Federation Council*	45	49	49	50	51
Forbes Shire Council	20	20	20	21	21
Georges River Council*	178	189	188	180	192
Gilgandra Shire Council	15	15	14	13	13
Glen Innes Severn Council	24	23	23	23	25
Goulburn Mulwaree Council	65	63	64	63	65
Greater Hume Shire Council	29	30	30	31	32
Griffith City Council	157	155	152	149	152
Gunnedah Shire Council	29	30	30	30	28
Gwydir Shire Council	16	19	19	18	19
Hawkesbury City Council	128	129	134	131	142
Hay Shire Council	16	16	16	16	16
Hilltops Council*	76	77	74	76	76
Inner West Council*	516	539	568	591	643
Inverell Shire Council	44	43	41	40	43
Junee Shire Council	17	16	15	16	17
Kempsey Shire Council	57	58	60	61	63
Ku-ring-gai Council	154	156	161	157	171
Kyogle Council	15	19	20	19	19
Lachlan Shire Council	26	25	25	25	25
Lake Macquarie City Council	193	198	202	206	220
Lane Cove Municipal Council	67	67	68	69	78
Leeton Shire Council	32	34	34	33	33
Lismore City Council	86	91	95	96	101
Liverpool City Council	142	148	152	158	185
Liverpool Plains Shire Council	28	28	28	27	27
Lockhart Shire Council	14	14	14	14	14
Maitland City Council	106	111	114	114	120

Local Government Area	2016-17	2017-18	2018-19	2019-20	2020-21
Mid-Coast Council*	204	201	201	205	206
Mid-Western Regional Council	164	163	161	163	164
Moree Plains Shire Council	40	38	38	38	39
Mosman Municipal Council	70	78	77	77	83
Murray River Council*	68	68	67	67	69
Murrumbidgee Council*	14	15	15	14	15
Muswellbrook Shire Council	50	48	46	43	43
Nambucca Shire Council	35	39	42	39	39
Narrabri Shire Council	39	40	40	39	41
Narrandera Shire Council	19	18	18	18	18
Narromine Shire Council	22	22	22	22	22
Newcastle City Council	392	404	420	429	458
North Sydney Council	368	373	366	373	399
Northern Beaches Council*	552	577	597	590	645
Oberon Council	15	16	16	18	19
Orange City Council	124	124	127	125	132
Parkes Shire Council	47	46	46	46	46
Penrith City Council	174	185	193	203	215
Port Macquarie-Hastings Council	150	161	165	168	175
Port Stephens Council	129	134	132	140	146
Queanbeyan-Palerang Regional Council*	87	91	89	90	98
Randwick City Council	245	251	256	256	276
Richmond Valley Council	34	33	33	32	33
Ryde City Council	223	229	230	234	253
Shellharbour City Council	70	72	71	73	78
Shoalhaven City Council	221	225	234	238	252
Singleton Council	103	118	118	121	127
Snowy Monaro Regional Council*	161	164	169	168	170
Snowy Valleys Council*	64	62	61	61	63
Strathfield Municipal Council	70	70	72	72	78
Sutherland Shire Council	325	336	337	341	370
Tamworth Regional Council	144	141	144	144	148
Temora Shire Council	19	19	20	20	19
Tenterfield Shire Council	31	30	30	29	31
The Council of the Municipality of Hunters Hill	32	31	32	30	33
The Council of the Municipality of Kiama	54	59	62	67	70
The Council of the Shire of Hornsby	151	165	167	162	174

Local Government Area	2016-17	2017-18	2018-19	2019-20	2020-21
The Hills Shire Council	199	204	222	227	251
Tweed Shire Council	163	171	179	190	206
Unincorporated Far West	7	11	11	11	11
Upper Hunter Shire Council	46	50	48	48	49
Upper Lachlan Shire Council	32	32	35	33	34
Uralla Shire Council	21	22	21	21	23
Wagga Wagga City Council	137	143	143	137	141
Walcha Council	14	14	13	14	16
Walgett Shire Council	25	24	23	23	23
Warren Shire Council	12	11	11	11	11
Warrumbungle Shire Council	32	41	41	40	40
Waverley Council	244	245	254	252	265
Weddin Shire Council	14	14	14	14	14
Wentworth Shire Council	28	27	29	31	32
Willoughby City Council	214	235	234	235	251
Wingecarribee Shire Council	173	180	187	187	195
Wollondilly Shire Council	53	54	52	52	55
Wollongong City Council	323	339	357	367	389
Woollahra Municipal Council	201	207	203	199	214
Yass Valley Council	96	97	101	104	106
Total	15,838	16,295	16,589	16,730	17,702

Notes:

*Councils commenced in 2016

Table 2: Total number of liquor licences granted between the 2016-17 and 2020-21 financial years

Licence Type	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Club licence	2	3	2	1	3
Hotel licence: Full hotel	6	11	5	19	7
Hotel licence: General bar	6	1	10	5	4
Limited licence	1,563	1,518	1,424	886	540
On-premises licence	751	755	664	514	632
Packaged liquor licence	118	133	117	127	310
Pop-up licence	-	-	-	-	53
Producer wholesaler licence	146	129	111	135	139
Small bar licence	25	34	43	23	37
Total	2,617	2,584	2,376	1,710	1,725

Table 3: Total number of liquor licence applications refused and withdrawn and total number of liquor licences suspended or cancelled between the 2016-17 and 2020-21 financial years

Application / Liquor Licence Status	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Refused	28	18	51	16	25
Suspended	10	13	23	19	11
Cancelled	516	477	512	598	0
Withdrawn	366	276	194	359	375

Table 4: Total number of authorisations, to which section 51 applies, granted by the Authority

Authorisation Type	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Club functions authorisation	25	18	9	12	39
Drink on-premises permanent authorisation	30	52	37	40	49
Extended trading authorisation	114	134	155	102	250
Function on other premises authorisation	258	228	208	147	108
Junior members authorisation	3	2	1	3	1
Minors area authorisation	114	113	106	131	155
Minors functions authorisation	2	0	0	3	0
Non-restricted area authorisation	81	63	42	61	131
Primary service authorisation	117	120	92	103	116
Sale on other premises authorisation	59	68	61	47	58
Take away sales authorisation	0	2	0	1	2
Vessel trading	0	1	0	0	0
Total	803	802	711	650	909

Attachment F: Gaming operations statistics

Table 1: Numbers of entitlements, gaming machines authorised as at 30 June 2021 and net profit for the 2020-21 financial year

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit (\$)
	# of entitlements	# machines authorised as at 30 Jun 21	# of entitlements	# machines authorised as at 30 Jun 21	
Albury City Council	1,083	796	228	228	81,188,917
Armidale Regional Council	187	187	120	116	16,259,753
Ballina Shire Council	411	383	158	158	32,682,363
Balranald Shire Council	162	162	-	-	12,257,040
Bathurst Regional Council	306	261	153	153	29,577,193
Bayside Council	1,151	1,058	439	439	158,756,244
Bega Valley Shire Council	565	546	87	87	26,340,011
Bellingen Shire Council	130	130	47	47	6,927,960
Berrigan Shire Council	306	306	20	20	15,282,542
Blacktown City Council	2,168	2,050	728	716	324,361,816
Bland Shire Council	84	84	15	15	2,685,959
Blayney Shire Council	12	9	18	18	1,111,790
Blue Mountains City Council	363	327	180	180	24,132,530
Bogan Shire Council	43	43	1	1	1,331,350
Bourke Shire Council	30	30	-	-	2,389,546
Brewarrina Shire Council	12	12	-	-	1,492,483
Broken Hill City Council	301	264	24	24	15,411,280
Burwood Council	502	490	171	171	93,110,655
Byron Shire Council	255	237	139	139	14,543,256
Cabonne Shire Council	92	92	12	12	3,001,116
Camden Council	466	419	200	200	72,918,825
Campbelltown City Council	1,728	1,580	313	310	181,580,891
Canterbury-Bankstown Council	4,191	4,028	914	913	602,316,040
Carrathool Shire Council	19	19	2	2	551,643
Central Coast Council	4,004	3,643	628	628	303,592,691
Central Darling Shire Council	22	22	19	19	2,183,725
Cessnock City Council	595	547	183	175	38,227,511
City of Canada Bay Council	662	512	218	217	67,395,350
City of Lithgow Council	240	236	47	47	13,840,930
City of Parramatta Council	1,467	1,213	541	537	198,276,367
Clarence Valley Council	523	459	217	214	34,933,549
Cobar Shire Council	65	65	12	12	4,346,554
Coffs Harbour City Council	651	546	222	222	63,544,287
Coolamon Shire Council	32	31	4	4	552,263
Coonamble Shire Council	45	45	6	6	2,830,461
Cootamundra-Gundagai Regional Council	114	111	31	31	6,288,079

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit (\$)
	# of entitlements	# machines authorised as at 30 Jun 21	# of entitlements	# machines authorised as at 30 Jun 21	
Council of the City of Sydney	690	550	3,153	3,112	293,921,458
Cowra Shire Council	143	139	16	16	7,154,088
Cumberland Council	2,235	2,135	522	522	367,985,586
Dubbo Regional Council	456	448	246	246	51,993,368
Dungog Shire Council	57	57	15	15	2,140,110
Edward River Council	128	128	15	15	5,346,378
Eurobodalla Shire Council	723	710	82	82	40,600,756
Fairfield City Council	3,358	3,340	507	507	563,036,662
Federation Council	794	717	27	27	36,371,818
Forbes Shire Council	79	77	47	47	7,630,529
Georges River Council	1,680	1,601	426	422	212,251,493
Gilgandra Shire Council	48	48	9	9	2,523,722
Glen Innes Severn Council	82	80	9	9	4,474,492
Goulburn Mulwaree Council	362	347	104	104	27,660,127
Greater Hume Shire Council	70	60	30	30	2,217,761
Griffith City Council	376	375	81	81	34,461,117
Gunnedah Shire Council	122	114	50	50	9,953,936
Gwydir Shire Council	46	46	3	3	1,740,252
Hawkesbury City Council	601	525	271	266	53,163,838
Hay Shire Council	50	50	26	26	2,353,091
Hilltops Council	143	143	45	44	9,737,783
Inner West Council	1,207	892	937	920	150,856,310
Inverell Shire Council	128	124	34	34	10,082,300
Junee Shire Council	49	49	17	17	2,806,869
Kempsey Shire Council	351	342	112	112	25,473,707
Ku-ring-gai Council	58	58	49	49	6,842,386
Kyogle Council	42	42	34	34	2,311,804
Lachlan Shire Council	69	69	27	27	4,099,317
Lake Macquarie City Council	2,049	1,858	469	465	135,415,376
Lane Cove Municipal Council	72	64	27	27	4,982,911
Leeton Shire Council	101	101	29	29	8,281,071
Lismore City Council	306	279	133	133	24,408,100
Liverpool City Council	1,205	1,076	346	342	174,230,675
Liverpool Plains Shire Council	74	74	5	5	3,381,489
Lockhart Shire Council	44	44	-	-	858,954
Maitland City Council	443	433	300	300	53,772,780
Mid-Coast Council	1,137	1,074	276	276	69,840,448
Mid-Western Regional Council	197	168	131	131	17,320,201
Moree Plains Shire Council	138	138	79	78	14,501,955

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit (\$)
	# of entitlements	# machines authorised as at 30 Jun 21	# of entitlements	# machines authorised as at 30 Jun 21	
Mosman Municipal Council	75	75	39	39	7,921,192
Murray River Council	944	925	69	69	61,295,650
Murrumbidgee Council	46	41	9	9	1,720,626
Muswellbrook Shire Council	198	170	40	40	12,685,527
Nambucca Shire Council	258	246	63	62	13,266,434
Narrabri Shire Council	161	145	65	65	8,753,472
Narrandera Shire Council	83	79	24	24	3,939,408
Narromine Shire Council	81	79	10	10	3,103,840
Newcastle City Council	2,159	1,938	892	875	172,310,235
North Sydney Council	351	306	332	317	50,350,661
Northern Beaches Council	2,071	1,728	424	424	132,275,712
Oberon Council	50	50	17	17	1,811,146
Orange City Council	310	296	164	156	35,645,087
Parkes Shire Council	184	184	50	50	11,055,098
Penrith City Council	2,234	2,077	460	459	205,420,709
Port Macquarie-Hastings Council	1,035	933	189	189	71,420,639
Port Stephens Council	770	752	215	215	58,963,691
Queanbeyan-Palerang Regional Council	677	609	141	141	67,839,845
Randwick City Council	1,173	993	378	378	102,516,836
Richmond Valley Council	264	245	81	75	16,926,143
Ryde City Council	1,005	922	285	279	109,693,568
Shellharbour City Council	830	722	138	138	65,251,486
Shoalhaven City Council	1,434	1,385	224	224	89,753,562
Singleton Council	240	222	65	65	16,128,124
Snowy Monaro Regional Council	161	156	67	67	10,679,391
Snowy Valleys Council	145	145	68	68	8,186,287
Strathfield Municipal Council	104	69	117	117	48,614,905
Sutherland Shire Council	1,732	1,503	366	362	122,878,435
Tamworth Regional Council	529	509	190	189	38,889,608
Temora Shire Council	65	65			2,480,070
Tenterfield Shire Council	57	57	22	22	2,900,950
The Council of the Municipality of Hunters Hill	13	13	28	28	2,762,728
The Council of the Municipality of Kiama	224	199	48	48	10,206,471
The Council of the Shire of Hornsby	914	838	162	162	58,486,798
The Hills Shire Council	750	653	270	268	97,903,483
Tweed Shire Council	1,965	1,664	207	204	95,507,270

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit (\$)
	# of entitlements	# machines authorised as at 30 Jun 21	# of entitlements	# machines authorised as at 30 Jun 21	
Unincorporated Far West	-	-	1	1	13,842
Upper Hunter Shire Council	159	159	40	40	7,015,356
Upper Lachlan Shire Council	38	38	14	14	1,219,783
Uralla Shire Council	36	36	21	21	1,184,041
Wagga Wagga City Council	382	326	347	336	53,188,129
Walcha Council	13	13	7	7	315,358
Walgett Shire Council	163	163	17	17	10,976,684
Warren Shire Council	41	41	-	-	1,643,097
Warrumbungle Shire Council	96	96	27	26	3,619,638
Waverley Council	390	369	273	271	46,259,008
Weddin Shire Council	25	25	9	9	1,369,944
Wentworth Shire Council	202	182	47	47	20,247,924
Willoughby City Council	527	379	215	215	61,276,711
Wingecarribee Shire Council	323	313	128	128	24,407,188
Wollondilly Shire Council	164	159	147	147	17,386,087
Wollongong City Council	2,654	2,162	560	560	176,433,125
Woollahra Municipal Council	105	59	155	153	18,582,563
Yass Valley Council	114	114	31	31	5,501,881
Total	71,624	65,145	22,744	22,551	7,172,593,430

Notes: In keeping with past Annual Reports, entitlements numbers represent the sum of Gaming Machine Entitlements and Poker Machine Permits for current, suspended, cancelled and surrendered licences.

*Net profit is the combined profit from gaming machines for all venues with gaming machines within an LGA. It is not exactly the same as player losses because it includes factors such as the paying of jackpots across multiple venues and LGAs. Changes have been made to reporting on gaming machine data and net profit has replaced turnover as the main data category on the financial impacts of gaming machine activity. This change has been made as net profit is the closest indicator of how much communities have lost on gaming machines. Turnover has commonly been misinterpreted and led to wrong assumptions about the amount of money lost on gaming machines. This change is in line with other jurisdictions. Please note that the Net profit figure consists of finalised quarterly figures for hotels and clubs for the FY20/21 except for the June 2021 figure for clubs, which is a preliminary figure. The finalised figure was not available at the time of producing this report.

Independent Liquor & Gaming Authority
Internal Audit and Risk Management Attestation
Statement
2020-2021

Internal Audit and Risk Management Attestation Statement for the 2020-2021 Financial Year for Independent Liquor and Gaming Authority

I, Philip Crawford, Chairperson, am of the opinion that the Independent Liquor and Gaming Authority has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	In transition
Internal Audit Function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant - except re 2.3.1 & 2.3.2: In transition from 1 January 2021
Audit and Risk Committee		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant - except re 3.2.1 & 3.2.3: In transition from 1 January 2021

Membership

The independent chair and members of the Audit and Risk Committee are:

- Independent Chair, Carol Holley, 1 November 2019 – 31 October 2022
- Independent Member, Bruce Turner AM, 1 November 2019 – 31 October 2022
- Independent Member, Nancy Milne OAM, 1 November 2019 – 31 October 2022

Shared Arrangements

I, Philip Crawford, Chairperson, advise that the Independent Liquor and Gaming Authority has entered into an approved shared arrangement with the following Department/agencies:

- Department of Customer Service
- Rental Bond Board
- NSW Government Telecommunications Authority
- Greyhound Welfare Integrity Commission.

Departures from Core Requirements

I, Philip Crawford, Chairperson, advise that the internal audit and risk management processes for the Independent Liquor and Gaming Authority depart from the Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*.

1. The departure from the Core Requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangement.

Departure	Reason for departure and description of practicable alternatives measures implemented/being implemented
Non-Compliance	
Nil	
In Transition	
1.2	<p>DCS Risk Management Policy and Framework have been updated and the risk management approach aligns with Australian Standard AS ISO31000:2018 – Risk Management – Guidelines, however process documents are currently being updated.</p> <p>Further integration will be applied in line with the refreshed risk management policy documents.</p> <p>Climate related risks including bushfires, flood and drought have been identified and captured for some agencies. In addition to standard risk management processes, the climate risk management process will also include:</p> <ul style="list-style-type: none"> • Assessing risk based on a plausible future and climate trends rather than historical experience. • Accessing and understanding climate change projections. • Building skills and knowledge to use climate change projections and information. • Communicating potential uncertainty to decision makers. • Enabling adaptive management of risks in response to potential uncertainty <p>Further integration of cyber security risk is occurring when identifying agency risks and will be embedded into the risk management practices and assurance processes. Regular reporting is provided to senior executives and the recent appointment of a Cluster CISO will strengthen consideration of cyber security risks.</p>

2.3.1	A draft IA Charter consistent with the model charter has been endorsed by the ARC and is awaiting final sign-off.
2.3.2	The predecessor Charter based on TPP 15-03 is largely consistent with the model charter and remains in force in the interim.
3.2.1	A draft ARC Charter has been endorsed by Committee and is in the process of gaining final approval.
3.2.3	The predecessor ARC Charter based on TPP 15-03 is largely consistent with the model charter and remains in force in the interim.

These processes, including the practicable alternative measures being implemented, demonstrate that the Independent Liquor and Gaming Authority has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the Independent Liquor and Gaming Authority.



Philip Crawford
Chairperson
Independent Liquor and Gaming Authority

Date: 6 October 2021

Agency Contact Officer
Effie Chen
DCS Chief Audit Executive (+61 2 8575 1248)
cae@customerservice.nsw.gov.au

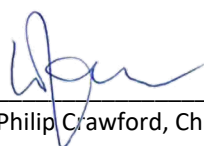
Independent Liquor & Gaming Authority
Financial Statements

30 June 2021

INDEPENDENT LIQUOR AND GAMING AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
STATEMENT BY ACCOUNTABLE AUTHORITY

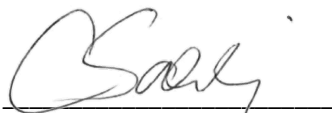
Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* (the Act), I state:

- a) these financial statements have been prepared in accordance with:
 - Australian Accounting Standards (which includes Australian Accounting Interpretations);
 - applicable requirements of the Act, *the Government Sector Finance Regulation 2018*; and
 - Treasurer's directions issued under the Act.
- b) these financial statements present fairly the Independent Liquor & Gaming Authority's financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
- c) there are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Philip Crawford, Chairperson

Date: 29 October 2021



Craig Sahlin, Board Member

Date: 29 October 2021

INDEPENDENT LIQUOR AND GAMING AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021				
	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
Expenses excluding losses				
Board members remuneration	2(a)	869	818	780
Operating expenses				
In-kind personnel services	2(b)	1,543	-	1,096
Legal Expenses	2(c)	11,579	1,512	10,340
Other operating expenses	2(d)	1,712	712	1,005
Other	2(e)	12,500	-	-
Total Expenses excluding losses		28,203	3,042	13,221
Revenue				
Grant and contributions	3(a)	14,559	3,013	10,255
Other revenue	3(b)	12,547	-	-
In-kind contribution	3(c)	1,543	-	1,096
Total Revenue		28,649	3,013	11,351
NET RESULT		446	(29)	(1,870)
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS)		446	(29)	(1,870)

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR AND GAMING AUTHORITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021				
	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4	1,217	2,252	2,281
Receivables	5	12,568	158	158
Total Current Assets		13,785	2,410	2,439
Total Assets		13,785	2,410	2,439
LIABILITIES				
Current Liabilities				
Payables	6	114	668	1,714
Provisions	7	12,500	-	-
Other Liabilities		-	1,046	-
Total Current Liabilities		12,614	1,714	1,714
Total Liabilities		12,614	1,714	1,714
Net Assets / (Liabilities)		1,171	696	725
EQUITY				
Accumulated funds		1,171	696	725
Total Equity		1,171	696	725

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR AND GAMING AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021		
	Notes	Accumulated Funds \$'000
Balance as at 1 July 2020		725
Total comprehensive income for the year		446
Balance as at 30 June 2021		1,171
Balance as at 1 July 2019		2,595
Total comprehensive income for the year		(1,870)
Balance as at 30 June 2020		725

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR AND GAMING AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021				
	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Board members' remuneration		876	818	784
Suppliers for goods and services		15,344	2,224	11,515
Total Payments		16,220	3,042	12,299
Receipts				
Grants and contributions		13,513	3,013	11,302
Refund of GST		1,596	-	578
Other revenue		47	-	29
Total Receipts		15,156	3,013	11,909
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	(1,064)	(29)	(390)
NET DECREASE IN CASH		(1,064)	(29)	(390)
Opening cash and cash equivalents		2,281	2,281	2,671
CLOSING CASH AND CASH EQUIVALENTS	4	1,217	2,252	2,281

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR AND GAMING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Independent Liquor and Gaming Authority (“the Authority”) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Authority is a statutory body constituted under the *Gaming and Liquor Administration Act 2007* with probity, investigations, licensing, disciplinary and merit review powers for the purposes of the *Liquor Act 2007*, the *Casino Control Act 1992*, the *Gaming Machines Act 2001* and the *Registered Clubs Act 1976*.

Under section 13 of the *Gaming and Liquor Administration Act 2007* and in accordance with the Regulatory Delegations Manual approved on 15 April 2021, the Authority has delegated the responsibility for lower-risk and non-contentious licence-related decisions to Liquor & Gaming NSW (a division of the Department of Customer Service).

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Authority on 29 October 2021.

(b) Basis of Preparation

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

- the applicable requirements of Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* and the *Government Sector Finance Regulation 2018*; and
- Treasurer’s Directions issued under the GSF Act.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimates management have 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, which is the Authority’s presentation and functional currency.

(c) Statement of Compliance

The Authority’s financial statements and notes comply with the Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Going concern

The financial statements have been prepared on a going-concern basis.

It is the intention of the Department of Customer Service to support the Independent Liquor and Gaming Authority to ensure that it is able to pay its debts as and when they fall due for the period of 12 months from the date of signing the financial statements and / or the date of signing the auditor’s report (whichever occurs later), which are for the reporting period ended 30 June 2021. These costs will include those approved by the Department of Customer Service for undertaking the Inquiry in relation to the Star Casino by Mr Bell SC and implementing interim arrangements in response to the Bergin Report recommendations.

(e) Administered Activities

The Authority administers, but does not control, activities on behalf of the Crown in right of the State of New South Wales (Crown). It was accountable for the transactions relating to those administered activities but did not have the discretion to deploy the resources for the achievement of its own objectives.

There were no administered activities in the year ended 30 June 2021.

Transactions and balances relating to the administered activities are not recognised as the Authority's income, expenses, assets and liabilities, but are disclosed in the accompanying Note 11 as 'Administered Revenues'. The accruals basis of accounting and applicable accounting standards has been adopted.

(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 (ATO) 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 ATO are classified as operating cash flows.

(g) Comparative Information

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

Where necessary, comparative disclosures in financial statements and in the notes to the financial statements have been amended to conform to the current year presentation.

(h) Changes in Accounting Policy, including New or Revised Australian Accounting Standards

(i) Effective for the first time in financial year 2021

AASB 1059 Service Concession Assets: Grantors

AASB 1059 is effective from 1 July 2020 but as the corporation does not have any service concession assets it has no impact on these financial statements.

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. These new Australian Accounting Standards will not have a material impact on the financial statements based on its current operations.

(i) Financial impact of natural disasters and pandemic on the Authority

The natural disasters and pandemic in the financial year, primarily bushfires, floods, and coronavirus ("COVID-19") pandemic, have had a major impact on individuals, businesses, and the government sector. There are no material impacts on key assumptions and estimates used.

There is no uncertainty about the Authority's ability to continue as a going concern at 30 June 2021 as liquidity and credit risk are not significant areas of risk for the Authority. There has been no impact on the Authority's liquidity or credit risk profiles as a result of COVID-19.

2. EXPENSES EXCLUDING LOSSES

(a) Board Members' Remuneration

	2021	2020
	\$'000	\$'000
Board Members' Remuneration	869	780

(b) In-kind personnel services

	2021	2020
	\$'000	\$'000
Secretariat Services	1,543	1,096

The Authority does not employ staff and relies on the personnel services provided In-kind from the Department of Customer Service from 1 July 2019.

Services covered in the In-kind Contribution disclosed in Note 2 (b) expenses and Note 3 (b) revenues are documented in the Memorandum of Understanding between the Authority and the Department of Customer Service.

The Department of Customer Service has incurred expenses on behalf of the Authority, including employee related expenses and other operating costs. These expenses have not been on-charged to the Authority.

(c) Legal expenses

	2021	2020
	\$'000	\$'000
Bergin Inquiry *	11,089	9,719
Other legal expenses	490	621
	11,579	10,340

* Bergin Inquiry

Legal expenses relating to the Bergin Inquiry under section 143 of the *Casino Control Act 1992*. The Inquiry examined matters concerning the casino licence for the Barangaroo restricted gaming facility granted to Crown Sydney Gaming Pty Limited and also matters relating to the regulatory framework and settings under which the Authority operates.

(d) Other operating expenses

	2021	2020
	\$'000	\$'000
Auditor's remuneration- audit of the financial statements	27	33
Computer expenses *	1,118	275
Expense relating to short- term lease *	346	463
Fees and charges	170	190
Other operating	51	44
	1,712	1,005

* Bergin Inquiry

Computer expenses and Expense relating to short-term lease are costs incurred in conducting the Bergin Inquiry in respect of technology supporting the Inquiry, hearing room services and premises.

(e) Other

	2021	2020
	\$'000	\$'000
Reimbursement of funding for Bergin Inquiry to Department of Customer Service	12,500	-

During the year, the Authority recognised a reimbursement of \$12.5 million (2020: Nil) for the Bergin Inquiry ("the Inquiry") costs from a third party, Crown Resorts Limited ("Crown Resorts"). As a result, there is a constructive obligation on the Authority to reimburse DCS the funds received from Crown Resorts where they have not been used for the Inquiry (refer Note 7 - Provisions).

3. REVENUE

(a) Grants

	2021 \$'000	2020 \$'000
<i>Grants without sufficiently specific performance obligations</i>		
Cluster grants	3,013	2,902
<i>Other grants with sufficiently specific performance obligations</i>		
Other funding received to support Bergin Inquiry	10,500	4,400
Community Development Fund	-	1,000
Funding received from Responsible Gambling Fund for Bergin Inquiry	1,046	1,953
	(11,546)	7,353
	14,559	10,255

Recognition and Measurement

Income from grants without sufficiently specific performance obligations are recognised when the Authority obtains control over the granted assets (e.g., cash). The Authority is deemed to have assumed control when the grant is received or receivable.

Grants without sufficiently specific performance obligations are recognised as revenue upon cash receipt.

Revenue from grants with sufficiently specific performance obligations are recognised as when the Authority satisfies a performance obligation by incurring promised services. As grants are provided for a specific funding purpose, revenue is not recognised until costs relevant to the funding project have been incurred. Hence revenue is recognised as an expense is incurred.

Funds of \$10.5 million (2020: \$4.4 million) were received from the Department of Customer Service ("DCS") to meet the costs relating to the Bergin Inquiry and recognised as revenue in accordance with AASB 1058. As these funds were received for this specific purpose, any unused funds have to be returned back to DCS where applicable.

An amount of \$3.0 million of funds was received from the Responsible Gambling Fund in the 2020 financial year to contribute to costs for the Regulatory Framework and Settings component of the Bergin Inquiry and in accordance with AASB 1058, \$1.046 million is recognised in the current year (2020: \$1.953 million).

(b) Other Revenue

	2021 \$'000	2020 \$'000
Recovery from Department of Customer Service	47	-
Bergin Inquiry Reimbursement	12,500	-
	12,547	-

Recognition and Measurement

Rendering of services

Recovery from Department of Customer Service is recognised for the service costs incurred on Police fees as per the agreement.

Reimbursement of Costs

Recovery from Crown Resorts Limited is recognised for the reimbursement of Bergin Inquiry costs as per the agreement.

(c) In-kind Contribution

	2021	2020
	\$'000	\$'000
Expenses that Department of Customer Service has incurred that has not been on-charged to the Authority	1,543	1,096

In the 2021 financial year a Memorandum of Understanding was agreed detailing the shared services the Authority receives from the Department of Customer Service, refer to note 2(b).

(d) Deemed appropriations

	2021	2020
	\$'000	\$'000
Cluster grants	3,013	2,902
Total spending authority from parliamentary appropriations, other than deemed appropriations	3,013	2,902
Add:		
Own source revenue received during the year	12,143	9,007
Own source revenue balance brought forward	2,281	2,671
Total spending authority from parliamentary appropriations	17,437	14,580
Less: total expenditure from parliamentary appropriations	16,220	12,299
Deemed appropriations balance carried forward	1,217	2,281

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2021	2020
	\$'000	\$'000
Cash at bank and on hand	1,217	2,281

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes 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 as shown in the Statement of Cash Flows as follows:

	2021	2020
	\$'000	\$'000
Cash and cash equivalents (as per Statement of Financial Position)	1,217	2,281
Closing cash and cash equivalents (per Statement of Cash Flows)	1,217	2,281

Refer to Note 13 for details regarding credit risk and market risk arising from financial instruments.

5. CURRENT ASSETS – RECEIVABLES

	2021 \$'000	2020 \$'000
Current		
Bergin Inquiry Reimbursement *	12,500	-
GST Receivable	46	158
Prepayments	13	-
Accrued Income	3	-
Other receivable	6	-
	12,568	158

* Bergin Inquiry Reimbursement

On 14 August 2019, the Authority established an Inquiry under section 143 of the Casino Control Act 1992 and appointed the Honourable Patricia Bergin SC to preside over the Inquiry. The Terms of Reference concerned the casino licence relating to the Barangaroo restricted gaming facility granted to Crown Sydney Gaming Pty Limited and other matters relating to the regulatory framework in which the Authority operates.

The Commissioner handed down her report on 1 February 2021 and it was published on 9 February 2021.

The Authority has agreed with Crown Resorts that Crown Resorts will pay \$12.5 million to partially reimburse the government for the costs of the Bergin Inquiry.

Recognition and Measurement

Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Subsequent measurement

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Authority recognises an allowance for Expected Credit Losses (ECL) for all debt financial assets not held at fair value through its profit or loss. ECLs are based on the difference between the contractual cash flows that the Authority expects to receive, discounted at the original effective interest rate.

For trade receivables, the Authority applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

6. CURRENT LIABILITIES - PAYABLES

	2021	2020
	\$'000	\$'000
Trade creditors and accruals	114	668
Unearned income	-	1,046
	114	1,714

Unearned income as at 30 June 2020 represents a portion of the funding received from the Responsible Gambling Fund in relation to the Bergin Inquiry. This has been recognised in the 2021 financial year.

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Authority and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

7. CURRENT LIABILITIES - PROVISIONS

	2021	2020
	\$'000	\$'000
Provision for reimbursement to the Department of Customer Service	12,500	-

The Authority received funds from the Department of Customer Service to meet the costs related to the Bergin Inquiry. As the funds were received for this specific purposes, the Authority has to return any unused funds including any third party reimbursements for this Inquiry.

As stated in note 5 - Receivables, an amount of \$12.5 million (2020: Nil) has been determined as the compensation amount from a third party. As such, the Authority has recognised the same amount as a provision repayable back to the Department of Customer Service as this is the unused portion in relation to the Inquiry.

Recognition and Measurement

A provision has been made for the return of funds received from a third party for reimbursements of Bergin Inquiry costs to the Department of Customer Service of which the timing of the payment is yet to be confirmed.

8. COMMITMENTS

There are no commitments as at 30 June 2021 (2020 \$Nil)

9. CONTINGENT ASSETS AND LIABILITIES**(a) Contingent Assets**

As stated in Note 7 - Provisions the Authority has a receivable of \$12.5m being a recoverable of Bergin Inquiry costs from Crown Casino. The Authority believes that further costs may be recoverable from other third parties but at this time the Authority cannot reliably estimate the likelihood or quantum of the additional cost recovery.

(b) Contingent Liabilities

There were no known contingent liabilities as at the end of the financial year (2020: \$Nil). However if the Authority receives further cost recoveries from third parties then some, or all, of these recovered amounts may be payable to the Department of Customer Service.

10. BUDGET REVIEW

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the financial year. Subsequent amendments to the original budget (e.g., adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net Result

The actual net result is a surplus of \$0.4 million (2020: \$1.9 million deficit) which was favourable to the budgeted net result by \$0.4 million. The major variations to budget are:

Total Revenue was \$25.2 million favourable to budget predominantly due to the reimbursement of Bergin Inquiry costs received from a third party which were not anticipated at the time the budgeted financial statements were prepared.

Total Expenses were \$25.6 million unfavourable to budget, primarily due to reimbursement of funding for Bergin Inquiry to Department of Customer Service of \$12.5m, legal expenses in relation to the Bergin Inquiry of \$10.1 million and in kind personnel services expenses of \$1.5 million also not anticipated at the time the budgeted financial statements were prepared.

Assets and liabilities

Net Assets: The actual net assets of \$1.2 million (2020: \$0.7 million) was favourable to budget by \$0.5 million because of lower payables in the 2021 financial year.

Cash flows

Net decrease in cash during the financial year is \$1.1 million which was reasonably consistent with the increase in expenses.

11. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2021 \$'000	2020 \$'000
Net cash used in operating activities	(1,064)	(390)
(Decrease) / Increase in receivables	12,410	113
Decrease / (Increase) in payables	1,600	(1,593)
Decrease / (Increase) in provisions	(12,500)	-
Net result	446	(1,870)

12. ADMINISTERED REVENUE - CROWN ENTITY

Administered revenue information is presented on a revenue earned (accruals) and revenue collected (cash) basis.

Revenue earned	2021 \$'000	2020 \$'000
Casino regulatory and compliance deed	-	3,200

Casino regulatory and compliance deed

On 14 December 1994, in accordance with the Casino Control Act 1992, the Authority granted the Licensee (The Star Pty Limited) ("the Licensee") a licence to operate a casino in NSW. On the same date, the Licensee also entered into an Exclusivity Agreement whereby 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 a new Exclusivity Period and protection rights that applied from 14 November 2007 to 13 November 2019 for which the Licensee agreed to pay \$100 million. Pursuant to the Casino regulatory and compliance deed, this payment was made 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. This arrangement expired on 13 November 2019.

There was no administered revenue earned for the year ended 30 June 2021 (2020: \$3.2 million).

13. 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 financial 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 Authority's Board has overall responsibility for the establishment and oversight of risk management and reviews, and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits, and to control and monitor risks.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

(a) Financial Instrument Categories

			2021 \$'000	2020 \$'000
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:				
Cash and cash equivalents	4	Amortised cost	1,217	2,281
Receivables ⁽ⁱ⁾	5	Amortised cost	12,509	-
Financial Liabilities	Note	Category		
Class:				
Payables ⁽ⁱⁱ⁾	6	Financial liabilities measured at amortised cost	114	668

(i) Excludes statutory receivables and prepayments (i.e., not within scope of AASB 7)

(ii) Excludes statutory payables and unearned revenue (i.e., not within scope of AASB 7)

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if Authority transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- Authority has transferred substantially all the risks and rewards of the asset; or
- Authority has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the Authority has transferred its rights to receive cash flows from an asset or has entered a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(c) Finance Risk

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, receivables, and authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Cash and cash equivalents

Cash and cash equivalents comprise 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 – trade debtors

All trade debtors are recognised at the amount receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. The entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

The trade debtors of the Authority are the Department of Customer Service and Crown Resorts. As there is a reasonable expectation of recovery of the debts, an expected credit loss was not calculated.

As at 30 June 2021, the ageing analysis of trade debtors is as follows:

	30 June 2021					
	\$000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	12,509	-	-	-	-	12,509
Expected credit loss	-	-	-	-	-	-
Total	12,509	-	-	-	-	12,509

	30 June 2020					
	\$000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note: The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB7. Therefore, the 'total' will not reconcile to the sum of the receivables total in Note 5.

(d) 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 objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

The Authority's exposure to liquidity risk is deemed insignificant based on its Cluster funding arrangements, prior periods' data, and a current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether invoiced or not. 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, 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.

For the years ended 30 June 2021 and 30 June 2020, the Authority was not required to pay any interest for late payment.

The table below summarises the maturity profile of the Authority's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	%	\$'000	\$'000			\$'000		
	Weighted Average Effective Interest Rate		Interest Rate Exposure			Maturity Dates		
		Nominal Amount ⁽ⁱ⁾	Fixed Interest Rate	Variable Interest Rate	Non- interest Bearing	< 1 Year	1-5 Years	> 5 Years
2021 Payables	0.00%	114	-	-	114	114	-	-
		114			114			
2020 Payables		668	-	-	668	668	-	-
		668			668	668		

(e) 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. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

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 and other price risk. A reasonably possible change in risk variable has been determined after considering the economic environment in which the Authority operates and the time frame for the assessment (i.e., until the end of the next financial year). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

(f) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Authority's interest-bearing liabilities. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

14. RELATED PARTY DISCLOSURES

The Authority's key management personnel comprise the Board Members of the Authority. During the year, the Authority incurred \$869,000 (2020: \$780,000) in respect of Board Members' remuneration.

There were no transactions entered into during the year with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Authority entered into transactions on arm's length terms and conditions with other entities that are controlled / jointly controlled / significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Authority's rendering of services and receiving of services. These transactions include :

Counterparty	Nature of Transaction	2021 \$'000		2020 \$'000	
		Income/ (Expense) \$'000	Net Receivable/ (Payable) \$'000	Income/ (Expense) \$'000	Net Receivable/ (Payable) \$'000
Revenue					
NSW Department of Customer Service*	Cluster grant & In-kind contribution	15,103	3	11,351	-
Expenses					
NSW Department of Customer Service	Provision for reimbursement of funds received for Bergin Inquiry	(12,500)	(12,500)	-	-
NSW Department of Customer Service	Administrative, secretarial support and operational assistance	(2)	-	(1,130)	-
Audit Office NSW	Independent audit services of Authority's financial statements	(27)	(18)	(32)	(9)
Crown Solicitors Office (NSW)	Professional legal services and legal advice	(250)	1	(225)	-
NSW Department of Communities and Justice	Payments for Civil and Administrative Tribunal of New South Wales (NCAT)	(67)	(17)	(83)	-
NSW Police Force	Funding of Police Casino Inspectors for Casino regulation and compliance	(94)	-	(83)	(13)
NSW Department of Planning, Industry Environment	Accommodation cost to conduct the Bergin Inquiry	(346)	-	(463)	-

15. EVENTS AFTER BALANCE DATE

Non-Adjusting Events

There are no known events after the end of the financial year which would give rise to a material impact on the reported results or financial position of the Authority as at 30 June 2021.

On 14 September 2021 the Authority commenced a review of The Star Pty Limited under sections 30 and 143 of the Casino Control Act 1992, and appointed Adam Bell SC to preside over the review. The review will consider how effectively The Star is complying with its statutory obligations and whether it remains suitable to hold a casino licence.

At this stage the Authority is unable to reliably estimate the total costs of the review, due to the recently announced expansion of its scope to include public hearings.

END OF AUDITED FINANCIAL STATEMENTS

Attachment I: Statutory reporting requirements

Funds granted to non-government community organisations

The Authority has not granted any funds to non-government community organisations during the 2020–21 reporting period.

Legal Change

Refer to Department of Customer Service (DCS) Annual report 2020-21 for any information regarding legal change.

Economic or other factors

Nil.

Research & Development

Nil.

Human Resources

Seven staff are employed by DCS who directly support the Authority. Refer to DCS Annual report for further information.

Workforce Diversity

Diversity reporting is covered in the DCS Annual Report 2020-21.

Disability Inclusion Action Plan

Diversity and Inclusion is covered in the DCS Annual Report 2020-21.

Consumer Response

The Authority always aims to respond to consumers in a prompt, efficient and helpful manner. Refer to DCS Annual Report 2020-21 for further information.

Payment of Accounts

Measure	Quarter ended Sept-20	Quarter ended Dec-20	Quarter ended Mar-21	Quarter ended Jun-21
Invoices due for payment (#)	55	51	43	40
Invoices paid on time (#)	39	27	18	25
Actual % of total # of accounts paid on time	71%	53%	42%	63%
Amount due for payment (\$'000)	\$3,484	\$7,328	\$3,317	\$1,081
Amount paid on time (\$'000)	\$2,914	\$1,759	\$185	\$150
Actual % of total \$\$ of accounts paid on time*	84%	24%	6%	14%
Number of payments for interest on overdue accounts (#)	-	-	-	-
Interest paid on late accounts (\$)	0	0	0	0
Number of payments to small business for interest on overdue accounts (#)	0	0	0	0
Interest paid to small businesses on late accounts (\$)	-	-	-	-

There have been some delays in the payment of invoices for the Bergin Inquiry due to the lengthy process involved in getting accounts approved through multiple approval chains and then subsequently paid by DCS.

Time for payment of accounts

No interest was paid during the 2020-21 reporting period due to late payments.

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.

Multicultural policies and services program

Multicultural policies and services for the Authority is covered in the DCS Annual Report 2020-21.

Agreements with Multicultural NSW

Refer to the DCS Annual Report 2020-21.

Work Health and Safety (WHS)

As staff were all employed by DCS, please refer to the DCS Annual Report 2020-21.

Investment performance

The Authority has no investments other than bank balances within the Treasury Banking System. Interest income earned in the year ended 30 June 2021 was nil.

Liability management performance

Nil.

Numbers and remuneration of senior executives

No Senior Executive Service positions were attached to the Authority in 2020–21.

Implementation of Price Determination

The Authority is not subject to determination or recommendation of Tribunal.

Government Information (Public Access) Act 2009

Applications made under the *Government Information (Public Access) Act 2009* involving the Authority were coordinated centrally within DCS. Please refer to the DCS Annual Report for 2020-21 for details on any access applications concerning the Authority received during the year.

Cyber Security Policy (CSP) attestation

The Authority is covered by the DCS CSP attestation. Refer to the DCS Annual Report 2020-21.

Public Interest Disclosures

Please refer to the DCS 2020-21 Annual Report for details on actions taken to ensure staff awareness of responsibilities under section 6E (1)(b) of the *Public Interest Disclosures Act 1994*. No public officials made a Public Interest Disclosure to the Authority during the reporting period. The Authority did not receive or finalise any Public Interest Disclosures during the year.

Requirements arising from employment arrangements

A memorandum of understanding between the Authority and Department of Customer Service is currently in the final stages of approval.

Additional matters for inclusion in Annual Reports

The Authority's Annual Report can be accessed at the following link:

<https://www.liquorandgaming.nsw.gov.au/about-us/annual-reports>

4 Parramatta Square
12 Darcy Street
Parramatta NSW 2150
Office hours: 9.00am-5.00pm, Mon–Fri

Tel +61 2 9995 0827
ilga.secretariat@liquorandgaming.nsw.gov.au
<https://www.liquorandgaming.nsw.gov.au/>

ABN 42 496 653 361