



Government of South Australia

Office of the Liquor and Gambling
Commissioner

Gaming Machines Act 1992 Annual Report 2009-10

Report of the Liquor and Gambling Commissioner

30 September 2010
Office of the Liquor and Gambling Commissioner
Level 9, East Wing
50 Grenfell Street
ADELAIDE SA 5000

www.olgc.sa.gov.au





Contents

1. RESTRUCTURE OF OLGC.....	6
2. LEGISLATIVE AMENDMENTS.....	7
3. LICENCE CONDITIONS.....	7
4. SPECIAL CLUB LICENCE - CLUB ONE.....	8
4.1 Club One Agreements.....	8
4.2 Allocation of Gaming Machine Entitlements.....	9
5. GAMING MACHINE LICENCES.....	12
5.1 Gaming machine licences.....	12
5.2 Gaming machine monitor licence.....	12
5.3 Gaming machine supplier's licence.....	14
5.4 Gaming machine service licence.....	15
5.5 Gaming machine dealer's licence.....	16
6. MONITORING AND COMPLIANCE.....	17
6.1 Gaming machine venues (hotels and clubs).....	17
6.2 Monitoring system.....	22
7. COMPLAINT INVESTIGATIONS.....	24
8. DISCIPLINARY ACTION.....	25
8.1 Disciplinary action resulting in a fine or licence suspension.....	25
8.2 Summary of all disciplinary action taken.....	28
9. APPROVAL OF PERSONS.....	30
9.1 Applications for approval.....	30



10. APPROVAL OF GAMES AND MACHINES.....	31
10.1 Testing and evaluation of gaming machines.....	31
10.2 National Standard for Gaming Machines.....	32
11. BARRING.....	32
11.1 Barring under section 59 of the Act.....	32
12. GAMING TAX.....	33
12.1 Rates.....	33
12.2 Distribution of NGR.....	33
12.3 Non payment of gaming tax.....	34
12.4 Refunds.....	34
13. ORGANISATION.....	35
13.1 Staffing.....	35
13.2 Budget Information.....	35
14. STATISTICS.....	36
15. TERMINOLOGY.....	45



30 September 2010

Hon. Minister for Gambling

It is with great pleasure that I present my first annual report as Liquor and Gambling Commissioner in accordance with section 74 of the *Gaming Machines Act 1992* (the Act).

As Commissioner, I am responsible for the administration of the Act, in particular for regulating and monitoring the gaming machine industry to ensure the interests of patrons, the industry, the community and the Government are protected.

Section 5 of the Act provides that the Commissioner is responsible to the Independent Gambling Authority (the Authority) for the constant scrutiny of the operations of all licences under the Act.

The Act establishes a structure in which all industry participants are licensed or approved to carry out specific roles in relation to the gaming machine industry in South Australia.

Responsibilities for various functions under the Act include:

- determination of all applications for licences under the Act;
- approval of persons in a position of authority, gaming machine managers, and gaming machine employees;
- approval of agents of the State Procurement Board (SPB);
- approval of gaming machines, games and the central monitoring system;
- approval of agreements relating to Club One and allocation of Gaming Machine Entitlements (GMEs) by Club One;
- approval of the number of machines per licensed premises and authorised hours of operation;
- collection of gaming tax;
- inspection, monitoring and scrutiny of gaming operations;
- disciplinary action against licensees; and
- review of barring by licensees.

As part of introducing a streamlined licensing and compliance process, the Office of the Liquor and Gambling Commissioner has recently restructured its functionality and currently employs—

- a compliance section incorporating liquor and gaming inspectors who have responsibility for inspecting approximately 5,600 licensed venues in South Australia of which 561 hold 'live' gaming machine licences;
- an audit and investigations section which includes responsibility for the investigation of complaints; and
- staff at various levels who exercise my delegated authority in relation to all of my powers under gambling administration or specific powers in relation to licensing and granting of approvals.

In addition, the Commissioner of Police, through both Local Service Areas and the Licensing Enforcement Branch also enforce aspects of the Act with police officers having the powers ascribed to authorised officers under the Act.



Since assuming the role of Liquor and Gambling Commissioner, my overall objective has been to ensure that the South Australian gambling industry operates in accordance with the requirements of various instruments of gambling legislation for which I am responsible. These legislative instruments are designed to encourage responsible attitudes towards the promotion, sale, supply and use of gambling products, minimise the harm associated with these products and to maintain public confidence in the State's gambling industries.

Accordingly, following my appointment as Commissioner in October 2009, I set the following specific priorities:

Priorities 2009-10

Re-structure Of The Office of the Liquor and Gambling Commissioner (OLGC)

I established a Continuous Improvement Program (CIP) to develop and implement strategies to enhance the operational effectiveness of the OLGC.

A commitment to change and improvement is the hallmark of successful organisations as they strive to keep pace with broader social and economic changes in society. OLGC is no exception to this general principle and must continue to demonstrate a leadership position within the field of gambling regulation.

By adopting a continuous improvement approach to operations, OLGC will increase its capability and capacity to provide efficient and effective regulatory services.

As at 30 June 2010, the OLGC was organised into 14 workgroups with an industry based focus (i.e. unique work groups with specific administrative responsibility for liquor, gambling, casino, racing, lotteries and charities). This had occurred systematically due to additional legislative responsibilities being assigned to the Liquor and Gambling Commissioner and the migration of staff from other business units to the OLGC over time.

It was apparent that the operations of the Office were not integrated with staff members undertaking similar functions under separate legislative requirements. Some workgroups comprised only minimal staff members who held industry specific knowledge and skills. This created vulnerabilities and restricted the capacity of OLGC to respond to staff absences and evolving patterns of gambling regulation.

Accordingly a new structure for OLGC has been developed based on the premise of a functional model. Core functions of Licensing and Compliance (across all legislation for which I am responsible) are supported by a Business Services Group.

The implementation of the new structure which commenced on 5 July 2010 completed stage one of the CIP. The new organisational structure chart can be found later in this report.

Disciplinary Action

I also reviewed disciplinary action taken against licensees for breaches of the Act. As a result, it came to my attention that, albeit with a few exceptions in relation to the non-payment of gaming tax or breaches by gaming service licence holders, action taken by OLGC against licence holders had been limited largely to reprimands.

During the reporting period, I took responsibility for initiating disciplinary action against licensees and determined that, in a number of instances, more serious action was appropriate. Having regard for my responsibilities for the administration of the Act I imposed both fines and licence suspensions.



It was concerning to find that a number of licensees who had previously received reprimands, had made little or no effort to address the breaches previously identified at that time and came before me again for disciplinary action when a subsequent inspection identified the same breaches.

I consider it imperative that licensees are fully cognisant of their responsibilities under the Act and that the interests of patrons are protected. Full details of action taken are outlined later in this report.

Priorities 2010-11

Compliance - A Targeted Risk Based Approach

The next, reengineering stage, of the Continuous Improvement Program has commenced and involves the critical examination of business processes within OLGC to align, standardise and streamline procedures.

Particular emphasis will be placed on the review of compliance and enforcement procedures to ensure the best use of resources and to implement a *targeted* risk based approach to these functions. This will also include a migration of existing disjointed inspectorial functions into a centralised multi-functional compliance inspectorate supported by dedicated audit and investigation functionality.

Future -Office of the Liquor and Gambling Commissioner

The OLGC will face a number of challenges in 2010-11 not least of which is the proposed merger of this office with the Office of Consumer and Business Affairs (OCBA).

I am confident that the regulation of the gambling industry in South Australia will remain a high priority and OLGC's vision of a lawful, safe and responsible gambling industry and its mission to work collaboratively to regulate that industry and enhance community confidence will continue.

I would like to take this opportunity to thank all of the staff and senior management team of OLGC for their dedicated work in 2009-10, in particular the level of contribution and involvement in the Continuous Improvement Program. It is pleasing to see that staff of the OLGC are engaged and have embraced a problem solving approach to business. Particular mention should also be made of Superintendent Noel Bamford who, having been released from his responsibilities with the South Australia Police, has led the CIP project team.

In closing, I would like to acknowledge the efforts of recently retired Deputy Commissioner Warren Lewis who, after more than 40 years dedicated service to this office, retiring on 2 July 2010.

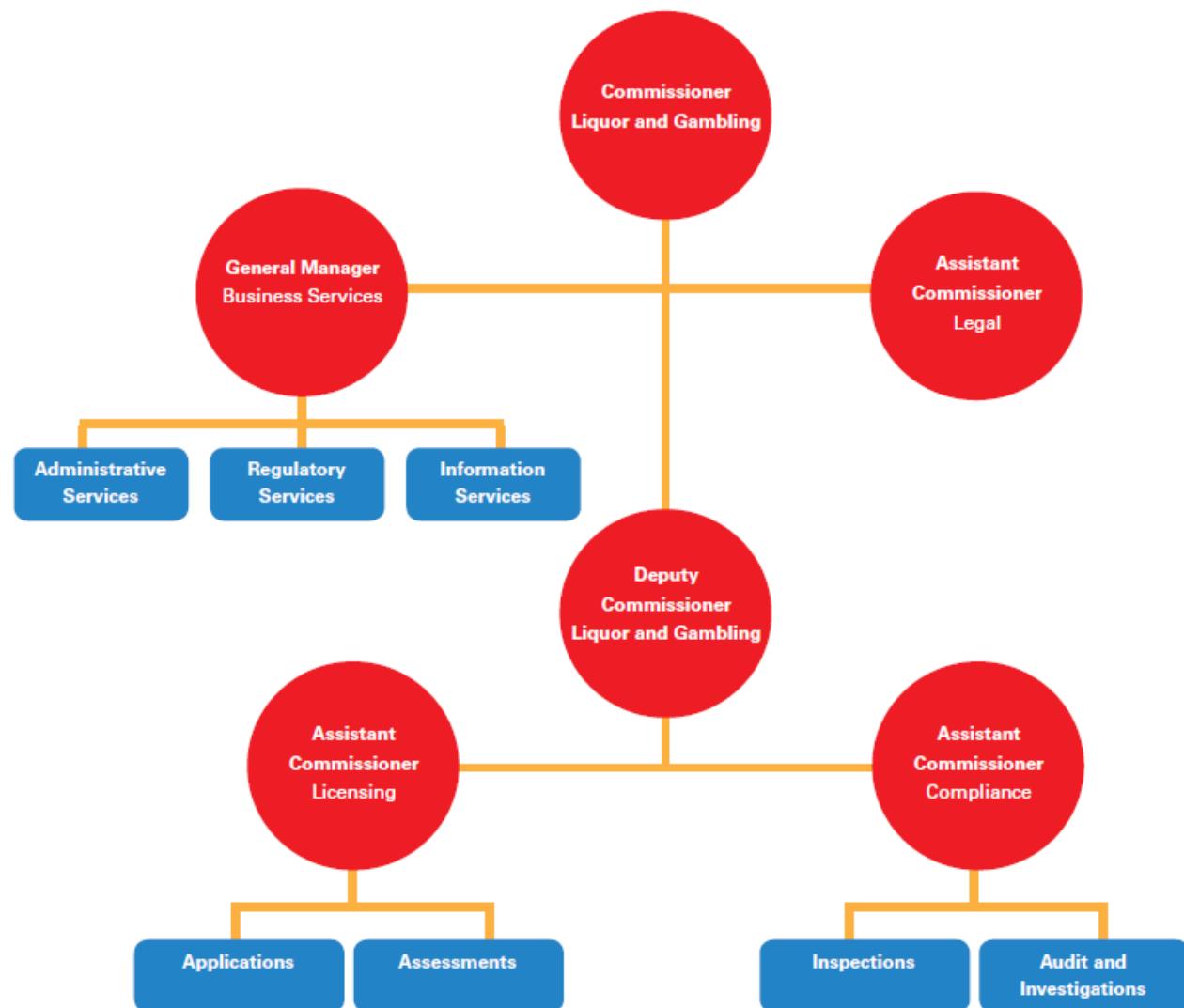
Paul White
Liquor and Gambling Commissioner
Office of the Liquor and Gambling Commissioner



1. Restructure Of OLGC

Following my appointment in October 2009, a key priority was to establish a Continuous Improvement Program to develop and implement strategies to enhance the operational effectiveness of the OLGC.

Stage one of the CIP process was to restructure the OLGC from the previous '*industry-based* model' to a functional model which clearly defined and supported the core functions of Licensing and Compliance across all liquor and gambling related legislation regulated by OLGC. With stage one of the CIP complete, the new organisational structure of OLGC is shown below.



The operations of the office are now clearly divided between the two key functions of Licensing and Compliance and are supported by a Business Services Group. Over the next six months a program of re-engineering will be undertaken to streamline operations and cross skill staff to enable them to provide services across the various industries. The result will be an integrated office to service the varied and complex requirements of legislation regulated by the OLGC.



2. Legislative Amendments

Section 83 of the *Gaming Machines Act 1992* was repealed on 1 February 2010 by the *Statutes Amendment (Public Sector Consequential Amendments) Act 2009* to remove provisions relating to '*immunity from liability*' for persons engaged in the administration or enforcement of the Act.

3. Licence Conditions

Under section 27(4) of the Act the Commissioner '*may vary or revoke any condition of a licence or impose further conditions on the licence*'.

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





4. Special Club Licence - Club One

Section 14(1)(ab) of the Act allows a '*special club licence*' to be granted authorising the licensee to possess approved gaming machines and to operate them on premises in respect of which someone else holds a gaming machine licence as agent of the holder of the gaming machine licence.

Under section 24A of the Act, this licence was granted to a body called Club One (SA) Ltd (Club One).

This section provides an update from previous reports on the activity in relation to the Special Club Licence - Club One. A background of the Special Club Licence and activity has been provided in previous reports.

4.1 CLUB ONE AGREEMENTS

Vesting Club Agreements

Approval of seven separate Vesting Club Agreements between Club One and five various clubs were granted during 2009-10.

- Kilburn Football & Cricket Club Inc
- Tea Tree Gully Golf Club Inc
- Vine Inn Hotel Motel Inc
- Cue Sports SA Inc
- Hackham Community Sports & Social Club Inc

Coles Group Temporary Allocation Agreements (TAA)

Club One submitted for consideration a TAA between it and LHG3 Pty Ltd and Liquorland (Qld) Pty Ltd (Coles Group), the licensees of the:

- Payneham Tavern (LHG3 Pty Ltd)
- Grand Junction Tavern (LHG3 Pty Ltd)
- Brighton Metro Hotel (LHG3 Pty Ltd)
- Waterloo Station (LHG3 Pty Ltd)
- Western Tavern (LHG3 Pty Ltd)
- Hampstead Hotel (Liquorland (Qld) Pty Ltd)

The Coles Group first registered interest in entering arrangements with Club One after the closing date of the 2006 Expression Of Interest (EOI) call. The Coles Group was advised that its bids were not included in that EOI.

Club One advised that the Coles Group did not participate in any of the EOI calls since 2006, however discussions between the two organisations recommenced in August 2009.

Unlike the arrangements which Club One has with other hotel groups (Jones, King, ALH and Reserve) there is no Head Agreement. The provisions of the Head Agreement and TAAs Club One has with those other hotel groups have been combined.



Approval of the TAA between Club One and Coles Group was granted on 17 February 2010 up to 26 April 2011, being the same date on which the agreements which Club One has with other hotel groups are approved, with the right of review.

Jillcar Pty Ltd Gaming Machine Entitlement Allocation Agreement (GAA)

Club One submitted for consideration a GAA between it and Jillcar Pty Ltd being the licensee of the Semaphore Hotel.

Club One advised that Jillcar Pty Ltd registered interest in entering arrangements with Club One during the 2010 EOI call.

Unlike the arrangements which Club One has with other hotel groups (Jones, King, ALH and Reserve) there is no Head Agreement. The provisions of the Head Agreement and TAA's Club One has with those other hotel groups have been combined. The GAA subject to this application is the vehicle for Club One to allocate eligible gaming machine entitlements to the Semaphore Hotel.

Approval of the GAA between Club One and Jillcar Pty Ltd was granted on 7 June 2010 up to 26 April 2011, being the same date on which the agreements which Club One has with other hotel groups are approved, with the right of review.

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

As reported last year, approval was granted for an extension of the agreements between Club One and the ALH Group until the same date on which the arrangements between Club One and the Jones Group, King Group and later, Chinbiya Pty Ltd had been approved, being 26 April 2011, without Club One needing to make further submissions.

4.2 ALLOCATION OF GAMING MACHINE ENTITLEMENTS (GME)

As at 30 June 2010, Club One held 213 gaming machine entitlements comprising 40 entitlements allocated to the Adelaide Juventus Sports & Social Club (trading as Oakden Central), 10 entitlements allocated to the Roxby Downs Club, 157 entitlements allocated to hotels and 6 entitlements unallocated.

Allocation to Club Management Services (CMS) Venues

As reported last year, approval was granted to vary the agreements between Club One and CMS to allow superfluous GMEs allocated to CMS to be 'returned' to Club One so that they can be 're-allocated' to other licensed premises which are not part of the CMS arrangements.

In July and September 2009, Club One advised that CMS had a further four GMEs (being one GME from each of the Stirling Hotel and Park Hotel and two from the Hotel Eyre) that it wished to return to Club One to 're-allocate' to venues outside of the CMS arrangements. In line with the previous approval for CMS to 'return' GMEs, approval of these applications were granted on 29 July 2009, 9 September 2009 and 30 September 2009 respectively.



As at 30 June 2010 the total number of GMEs allocated by Club One to venues in the CMS Group is 73.

Allocation to the Roxby Downs Club Inc

Club One made one application during 2009-10 to allocate a total of ten GMEs that it held to the Roxby Downs Club Inc. Approval was granted on 12 August 2009.

As at 30 June 2010 the total number of GMEs allocated by Club One to the Roxby Downs Club is 10.

Allocation to Reserve Hotel Group Venues (RHG)

Club One made two applications during 2009-10 to 're-allocate' a total of three GMEs within the Jones Group.

- Re-allocation of two GMEs from the West Thebarton Hotel to the Flagstaff Hotel. Approval was granted on 6 October 2009; and
- Re-allocation of one GME from the West Thebarton Hotel to the Reepham Hotel. Approval was granted on 16 February 2010.

As at 30 June 2010 the total number of GMEs allocated by Club One to the Reserve Group is 12.

Allocation to Eureka Group Venues

Club One made five applications during 2009-10 to allocate a total of twelve GMEs that it held to members of the Eureka Group. Approval was granted as follows:

- Allocation of four GMEs to Tavern 540 granted 24 July 2009;
- Allocation of three GMEs to the Regency Tavern granted 10 August 2009;
- Allocation of one GME to the Regency Tavern granted on 9 September 2009;
- Allocation of three GMEs to Richies Tavern granted 9 September 2009;
- Allocation of one GME to the Richies Tavern granted 30 September 2009;

As at 30 June 2010 the total number of GMEs allocated by Club One to the Eureka Group is 12.

Allocation to the Coles Group Venues

Club One made two applications during 2009-10 to allocate a total of four GMEs that it held to members of the Coles Group. Approval was granted as follows:

- Allocation of two GMEs to the Brighton Metro Hotel granted 18 February 2010; and
- Allocation of two GMEs to the Waterloo Station Hotel granted 16 April 2010;

As at 30 June 2010 the total number of GMEs allocated by Club One to the Coles Group is 4.

Allocation to Jillcar Pty Ltd

Club One made one application during 2009-10 to allocate a total of four GMEs that it held to the Semaphore Hotel. Approval was granted on 7 June 2010.

As at 30 June 2010 the total number of GMEs allocated by Club One to the Semaphore Hotel is 4.



Allocation to Australian Leisure & Hospitality Group Limited Venues (ALH)

Club One made two applications during 2009-10 to allocate a total of six GMEs that it held to members of the ALH Group. Approval was granted on 7 June 2010 as follows:

- Allocation of three GMEs to the Playford Tavern; and
- Allocation of three GMEs to the Village Tavern.

As at 30 June 2010 the total number of GMEs allocated by Club One to the ALH Group is 9.



5. Gaming Machine Licences

5.1 GAMING MACHINE LICENCES

A gaming machine licence authorises the holder to possess and operate gaming machines. Each gaming machine licence shows the number of approved machines (the maximum number being 40) and the number of Gaming Machine Entitlements (GMEs). One GME authorises the licensee to operate one machine.

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

As at 30 June 2010 there were 561 active gaming machine licences, under the following categories of liquor licence:

462 Hotels
61 Clubs
38 Special Circumstances

A further 25 licences were under suspension.

In addition, one gaming machine licence which was not suspended as at 30 June 2010 was not trading, however, the gaming machines were still being monitored by the Independent Gaming Corporation Ltd (IGC).

Two licensees surrendered their gaming machine licence during 2009-10 as a result of transferring all of their GMEs to Club One.

5.2 GAMING MACHINE MONITOR LICENCE

The gaming machine monitor licence authorises the holder to provide and operate an approved computer system for monitoring the operation of all gaming machines.

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

Monitoring System

The central computer monitoring system to which all gaming machines are connected is the prime source of control over the security, integrity and proper operation of gaming machines. The system also collects, processes and summarises gaming statistics for all venues and provides data to the Office of the Liquor and Gambling Commissioner (OLGC) for the assessment of gaming tax.



Secure Internet Based Customer Reporting Facility

IGC's internet reporting facility, which allows gaming machine operators and manufacturers to access information and reports from the monitoring system via the Internet, continued to operate throughout 2009-10.

For a small monthly fee, the facility allows licensees to download formatted reports from the IGC's web site which provides gaming machine statistics and events for that venue. It also provides downloadable data which can be imported into other data management applications. The information obtained from the monitoring system via the internet facility is used to fulfil some of a licensee's record keeping obligations and in other cases supplements the data recorded at the venue.

As at 30 June 2010, there were 409 licensees and seven (7) manufacturers and service providers utilising the Secure Internet Based Customer Reporting Facility.

Information Data Port

The Information Data Port (IDP) facility was first approved in February 1999. This facility allows gaming machine licensees to access machine information electronically via an interface to the SC300 Site Controller, reducing the need for manual meter reading.

The new ExtremaDX Terminal Controller provides IDP functionality directly, i.e. there is no additional hardware provided by the IGC.

As at 30 June 2010, the number of venues accessing gaming machine data via IGC's IDP functionality has remained steady at 250 comprising of 232 venues via IDPs connected to SC300 Site Controllers and 18 venues directly from ExtremaDX Terminal Controllers.

Replacement of the Existing Monitoring System

IGC's program to replace the existing AGS monitoring system with the new AEGIS system continued during 2009-10. In conjunction with Scientific Games Worldwide, IGC has developed both the AEGIS host and ExtremaDX Terminal Controllers for use with all existing gaming machines in this State.

In September 2009, approval was granted for the new AEGIS central computer host and ExtremaDX Terminal Controller; devices that will replace the existing AGS host and ageing SC300 Site Controller in each gaming venue. Prior to IGC seeking approval for the new components, the new system was independently tested by GLI Australia.

Following approval, IGC installed DX Terminal Controllers into a handful of gaming venues and transferred control of these venues' machines to the new AEGIS host for a period of close monitoring. It quickly became apparent that the new AEGIS/DX system had some technical issues that had to be resolved before the roll-out to the remainder of the state's venues could continue. IGC and the Commissioner agreed that the programmed roll-out would be suspended until these issues were addressed. Over the months that followed, Scientific Games released several new revisions of AEGIS and DX software to resolve the problems.

As at the 30 June 2010, twenty-one (21) gaming venues were operating under the control of the AEGIS/DX monitoring system. All other venues remained connected to the AGS system.



While the project is behind schedule, the issues identified in the first stage of the roll-out are expected to be addressed soon, and the roll-out of the new system is expected to recommence before the end of 2010.

Fees

IGC charges an establishment fee for new gaming machine operators. This was maintained during 2009-10 at the same rate as 2008-09. A monitoring fee is charged for each gaming machine connected to the monitoring system at a monthly rate. Monitoring fees are the prime source of income for the IGC and must cover all of its costs. Monitoring fees are approved by the Minister and are reviewed on a regular basis.

Board Members

The Directors of IGC during the 2009-10 year were:

- Mr Colin Wayne Dunsford - Chairman;
- Mr Peter John Hurley - Deputy Chairman;
- Mr Robin James Guy;
- Mr Brian Robert Michael Hayes;
- Mr Wolfgang Woehlert (retired 31 August 2009);
- Mr Cameron Murray Taylor;
- Mr William Cochrane; and
- Mr David Basheer (approved 1 September 2009)

Service and Maintenance of the Monitoring System

IGC is responsible for the service and maintenance of the central monitoring system. However, as a condition of the gaming machine monitor licence, IGC is required to appoint sub-contractors for the installation, servicing and repair of the central processor hardware for the central monitoring system.

The following sub-contractors have been approved to perform service and maintenance functions for IGC:

Telstra Corporation Ltd
Bytecraft Systems Pty Ltd
IGA Technology Pty Ltd
IOCANE Pty Ltd
IBM Ltd
INS Progressive Computing Pty Ltd
Hewlett Packard
McAfee
Scientific Games Online Entertainment Systems Inc

Chubb Security Australia Pty Ltd
Wormald Fire Systems
Computer Site Services
Firewall Systems
First Five Minutes
Internode Systems Pty Ltd
Sungard Availability Services
Trend Micro Incorporated

5.3 GAMING MACHINE SUPPLIER'S LICENCE

The gaming machine supplier's licence authorises the holder, acting through an approved agent, to purchase from a licensed gaming machine dealer, and to sell or supply to the holder of a gaming machine licence, approved gaming machines, prescribed gaming machine components and gaming equipment.

The gaming machine supplier's licence is held by the State Procurement Board (SPB).



5.4 GAMING MACHINE SERVICE LICENCE

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

Maximum Gaming Pty Ltd

On 1 February 2010, a new gaming machine service licence was granted to Maximum Gaming Pty Ltd; a direct competitor to the existing service provider Bytecraft Systems. Maximum Gaming previously held a gaming machine dealers licence, however this licence was surrendered immediately prior to the grant of a service licence to satisfy the requirements of section 44A of the Act.

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

On 5 March 2010, Maximum Gaming provided submissions to satisfy OLGC that it could offer its services to all venues and accordingly, the condition was removed from the licence.

Amtek Services Pty Ltd

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

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

As at 30 June 2010, that condition remains on the licence.

In support of Amtek's planned operation in South Australia, a number of regional service companies have applied for a service licence with the intention of becoming regional affiliates of Amtek Services Pty Ltd. As at 30 June 2010, none of these licences had been granted.

Licensees and Affiliates

As at 30 June 2010, there were 3 central service licensees :-

Bytecraft Systems Pty Ltd

Maximum Gaming Pty Ltd

Amtek Services Pty Ltd



While gaming machine operators contract with one of these central service licensees for the servicing of machines, each has affiliations with other licensees in regional areas. They are:-

GI & JV Clark (Keith)
Kym Lange T/a YP Gaming (Kadina)
Donna's Electrical (Naracoorte)
Fleet Electronic Services (Pt Lincoln)
Younger Electronics (Eastern Hills)
Riverland Gaming (Loxton)
Office National (Pt Augusta)
Mike Maylin Construction (Coober Pedy)
BGSTECH (Whyalla)
Brumfield Electronics (Cleve)

Electec Technologies (Goolwa)
Shamrock Gaming Services (Barossa Valley)
Green Triangle Electronic Services (Mt Gambier)
Murray Computer & Office Shop (Murray Bridge)
Visionfix (Kangaroo Island)
Oaklands Electrical (Pt Pirie)
Augusta Electronic Centre (Pt Augusta)
West Coast Electronics (Ceduna)
Ridsdale Electrical (Leigh Creek)
Mine Power Solutions (Roxby Downs)

5.5 GAMING MACHINE DEALER'S LICENCE

A gaming machine dealer's licence authorises the holder to manufacture gaming machines and prescribed gaming components and to sell or supply these to the SPB or another gaming machine dealer.

Since the last report in 2008-09, two new gaming machine dealer's licences have been granted and two have been surrendered.

There are 19 licensed gaming machine dealers as at 30 June 2010. Eight of these dealers actively operated in the South Australian market during 2009-10, five manufacturing and selling approved gaming machines, one selling new or second-hand approved machines and two supplying 3rd-party LCD monitors for existing approved machines.

In addition, Bytecraft Systems Pty Ltd, the holder of a gaming machine service licence, received approval for its 3rd-party LCD monitors.



6. Monitoring And Compliance

6.1 GAMING MACHINE VENUES

Liquor and gaming inspectors have responsibility for inspecting approximately 5,600 licensed venues in the State (as at 30 June 2010, 561 of which hold live gaming machine licences) and compliance officers who are responsible for the investigation of complaints under liquor, gaming and wagering legislation. No staff are specifically dedicated as gaming machine venue inspectors.

In setting the inspection and compliance program, all licensed premises are currently categorised according to a risk-based system which forms the basis for determining the frequency of inspections. Regard is also given to the compliance record of each venue and inspectorial resources are applied accordingly.

Gaming machine premises which have been categorised as high risk are inspected at least once every 12 months.

In addition to formal routine inspections, venues may be subject to specific assessment criteria including covert surveillance or in conjunction with multi-agency task forces.

Methods Used To Detect Non-Compliance

Routine Inspections

Gaming licensees are subject to formal routine inspections at least annually in accordance with a risk based inspection program.

A routine inspection involves inspectors checking for compliance with specific requirements of the Act, licence conditions, the regulations and codes of practice as well as conducting a general observation of the premises.

Routine inspections include ensuring that:

- the licensee is complying with the Responsible Gambling and Advertising Code of Practice, including that:
 - signs, posters, pamphlets, stickers and cards are displayed correctly;
 - licensees have and maintain a responsible gambling document which describes the names and roles of staff involved in implementing the code and policies in relation to dealing with requests to self-exclude;
 - staff have undertaken all training requirements;
- the layout of the gaming area conforms with the approved layout;
- cash facilities are located outside of the designated gaming area;
- signage (including warning notices to minors) is prominently displayed;
- approved persons are wearing appropriate identification;
- the area is adequately supervised;
- gaming machine log books have been properly completed;
- gaming machines are in acceptable operating condition; and
- copies of barring notices issued by the Authority are kept on the premises and made available to staff, and appropriate procedures have been developed to ensure that excluded persons do not enter or remain in a gaming area.



Inspectors also pay particular attention to any imposed conditions that are attached to a gaming machine licence.

Media Monitoring

A media monitoring service has also been engaged to provide the Office with copies of gambling advertisements placed in the Advertiser, Messenger and country newspapers. Copies are provided twice a week and are examined by officers for compliance with the various clauses of the Advertising Code of Practice.

Inspections by Complaint

Many areas of compliance relate to specific incidents. These areas are normally brought to OLGC's attention by complaint and include incidents of:

- persons playing more than one machine at a time;
- persons being supplied alcohol while sitting or standing at a gaming machine;
- approved gaming staff playing gaming machines;
- patrons being provided with credit to gamble; and
- payout disputes or alleged machine malfunctions.

A summary of complaints received during 2009-10 is included later in this report.

Compliance Assessments

Compliance assessments conducted during 2009-10 are detailed below:

Assessment Type	2009-10	2008-09
Routine Inspections	636	626
Media Monitoring	228	283
Investigation of complaints and disputes	9	15
TOTAL	873	924

Non-Compliance Detected

Overall, there was significant improvement in compliance by gaming licensees with 403 breaches detected in the reporting period compared with 694 in 2008-09.

The improvement is particularly evident in relation to signage and the availability of gambling related cards and stickers.

The level of non-compliance in relation to advertising has significantly decreased compared to the last year due in part to the on-going educational program that this Office has implemented.



Licensees are now adding the appropriate responsible gambling messages to their advertising and any found to be non-compliant have rectified the situation by contacting their advertising agencies to ensure the appropriate warning message is added to all advertising.

The matter of licensees being able to demonstrate that persons approved under the Act have completed appropriate training in Responsible Gambling and Operation of Gaming Machines remains a problem.

However, there was improvement in compliance with the requirements to ensure staff have appropriate training and provide evidence of that training. This is in relation to both responsible gambling and gaming machine operations training. There were 136 instances of non compliance detected in 2009-10 compared with 223 in 2008-09.

The level of non-compliance in relation to the requirement to maintain a responsible gambling document is similar to last year (30) but still relatively low (32 venues).

The release of an updated template for this document developed by Gaming Care may assist hotel licensees to ensure their document is up to date.

Statistics by Compliance Type

This section shows statistics for monitoring compliance based on the compliance type. Common compliance requirements have been grouped together where possible. The tables show the number of breaches identified from assessments of the requirements this year compared to the previous year.

Signage

Compliance Item	2009-10	2008-09
Gambling helpline cards/stickers including 'Gamble responsibly' (not available or affixed to ATMs and EFTPOS and/or gaming machines)	23	69
Code of practice not available	14	22
Warning to minors sign not displayed (at each entrance)	12	17
Playing of more than one machine sign including 'Gamble Responsibly' not displayed	11	31
Gaming licence not displayed (at principal entrance)	10	13
Governed by a code of practice sign including 'Gamble Responsibly' not displayed	7	15
Warning to minors sticker (not affixed to gaming machines)	6	16
Responsible gambling pamphlets including 'Gamble Responsibly' not displayed	5	15
Responsible gambling poster including 'Gamble Responsibly' not displayed	5	6
Rules ancillary to gaming sign not displayed	1	5
TOTAL	94	209



Staff/Supervision

Compliance Item	2009-10	2008-09
Training - operation of machines- not completed or certificate not available at time of inspection	69	111
Responsible gambling training - not completed or certificate not available at time of inspection	67	112
All approved staff not clearly displaying ID badges	9	6
No gaming machine manager on duty	4	4
All staff not approved	3	9
Licensee not wearing approved badge while in the gaming area	2	3
TOTAL	154	245

Barrings

Compliance Item	2009-10	2008-09
All barring notices not being maintained in a folder or picture wall	7	5
All barring notices were not accessible by, or visible to, staff only and were visible to members of the public	4	7
Barring procedure not maintained (may be part of responsible gambling document)	3	7
Barring orders issued under section 59 have not been provided to LGC	2	4
TOTAL	16	23

Alcohol

Compliance Item	2009-10	2008-09
Alcohol supplied to reward, promote or encourage continued gambling	0	1
TOTAL	0	1



Cash Facilities and Credit

Compliance Item	2009-10	2008-09
Cash facilities within gaming area	1	1
Coin only available from cashier or monitored dispensing machine	0	10
TOTAL	1	11

Advertising

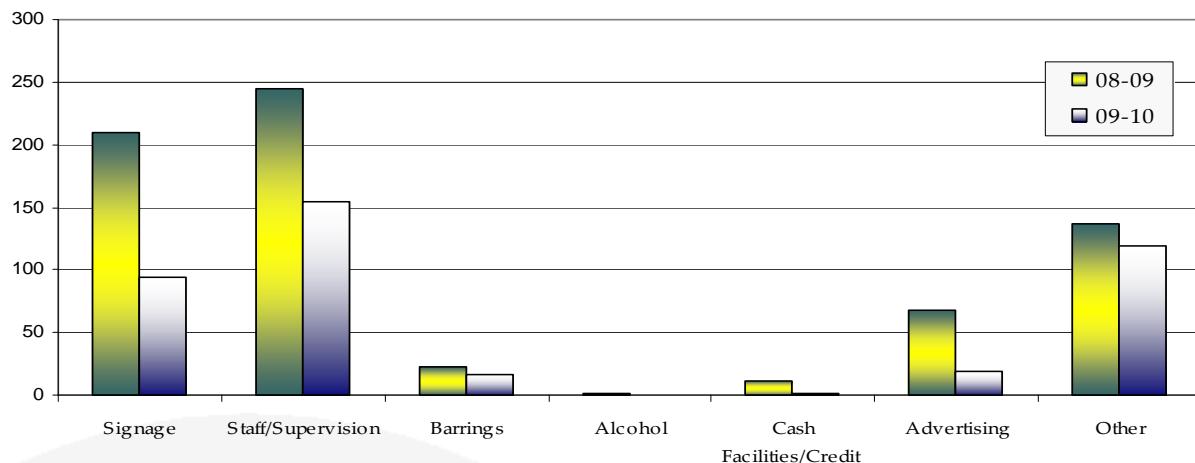
Compliance Item	2009-10	2008-09
Advertising does not include either condensed or expanded warning message	18	48
Advertising includes 'Win' or '\$' and is not used to refer to a particular prize	1	4
Advertising refers to inducements	0	1
Advertising on exterior or immediate environs of premises	0	11
Advertising within the premises except directional signage	0	4
TOTAL	19	68

Other

Compliance Item	2009-10	2008-09
Machine condition inadequate (monitors, buttons etc)	41	47
Responsible Gambling Document not maintained	32	30
Gaming layout not approved	17	22
Logic board not sealed	10	6
Log Books not present and/or completed	6	15
Time of day not prominently displayed in gaming area	5	5
Security box not locked	5	3
Structural alterations not approved	1	1
Inducements offered other than participation in a loyalty program	1	5
Gaming area security is not adequate	1	0
Unapproved amusement device located within gaming area	0	1
Government ID plates not on all machines	0	2
TOTAL	119	137



Overall non-compliance by compliance type .



6.2 MONITORING SYSTEM

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

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

The imposition of licence conditions and the approval of procedures and policies ensure that there are sufficient internal and external security and audit controls. These controls ensure that any manipulation of the data collected and produced by the monitoring system will produce an auditable trail and that the software or hardware of the monitoring system cannot be altered without OLG's knowledge.

In order to be satisfied that only approved software and hardware is installed, OLG established a 'baseline' procedure for taking a snapshot of the system at any point in time. The process involves using a computer utility tool to provide binary comparison verification of the application software. The result is the production of a baseline order showing the current configuration of software and hardware of the system at a point in time.

This baseline document enables OLG staff to compare the system at any point in time with the last baseline document to ensure that no unauthorised changes have been made.

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

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



Scrutiny of the operation of gaming machines is also maintained via the review and analysis of reports which are generated by the monitoring system. These reports are reviewed and analysed by specialist OLGC staff. The reports are used both to scrutinise the operations of IGC as well as the operation of machines in the field. For example, reports can be used to detect a possible malfunctioning machine. The reports are also monitored by OLGC to check that IGC has followed set procedures for trying to re-establish communications. Alternatively, some reports are used solely for scrutinising games installed in the field.

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

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





7. Complaint Investigations

PAYOUT DISPUTES AND MALFUNCTIONS

There were 9 complaints received during 2009-10 in relation to payout disputes or alleged machine malfunctions as compared to 15 in 2008-09.

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

A range of strategies are employed, depending on the nature of the complaint, including:

- interviewing parties;
- confirmation of a game's history;
- confirmation of events leading up to the dispute;
- examination of financial and chronological data acquired from the central monitoring system;
- testing of technical aspects of a particular game or machine; and
- any other actions deemed necessary.

The outcomes of the 9 complaints investigated during 2009-10 were as follows:

Outcome	Number of outcomes
Complaint settled between patron and the venue.	3
Patron mistaken on how or when machines pay winning credits and matter resolved in favour of the venue.	3
Insufficient evidence to support patron's claim.	3
Total	9

Section 76 of the Act states:

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

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

There were no applications for review received under section 76 of the Act during 2009-10.



8. Disciplinary Action

Section 36 of the Act provides for disciplinary action to be taken against a licensee for the following reasons:

- the licence was improperly obtained;
- the licensee is not a fit and proper person to hold the licence;
- a person who occupies a position of authority in a trust or corporate entity that holds a licence is not fit and proper;
- the licensee has contravened or failed to comply with a provision of the Act or a condition of licence;
- the licensee has been convicted of an offence against the Act or an offence punishable by imprisonment;
- the licensee has ceased to operate gaming machines on the premises.

The most common reason for taking disciplinary action is the contravention of a provision of the Act or a condition of licence (including codes of practice).

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

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

Before taking any action, the Act requires that a licensee and the Commissioner of Police must be given at least 21 days written notice of any inquiry to determine if disciplinary action should be taken. The Licensee must be afforded reasonable opportunity to call and give evidence, to examine and cross examine witnesses, and to make submissions

In 2009-10, disciplinary action was taken on 37 occasions and resulted in 25 reprimands, 9 fines and 3 licence suspensions.

8.1 DISCIPLINARY ACTION TAKEN RESULTING IN A FINE OR LICENCE SUSPENSION

Electric Light Hotel

On 20 May 2009, a gaming machine licence inspection of the premises was undertaken by a Liquor and Gaming Inspector. The inspection identified numerous areas of non-compliance relating to mandatory conditions imposed by the Commissioner on gaming machine licensees and the Responsible Gambling Code of Practice. As a result of this inspection, disciplinary proceedings were initiated against the licensees and the Commissioner imposed a reprimand.



On 7 April 2010, a further gaming machine licence inspection was undertaken by a Liquor and Gaming Inspector. This inspection identified that many of the breaches previously identified on 20 May 2009 had not been rectified and that further issues of non-compliance in respect to the *Gaming Machines Act 1992* and the Barring provisions under section 15B of the *Independent Gambling Authority Act 1995* were not being complied with.

As a result of this inspection, disciplinary proceedings were initiated against the licensees.

At the inquiry held on 16 June 2010 the Commissioner determined that "*the identification of non-compliant matters on 7 April 2010 indicated a lack of adherence to important obligations by the holder of a licence under the Gaming Machines Act 1992, including the Responsible Gambling Code of Practice. The legislation and the Code make it clear that licensees have a responsibility to encourage responsible gambling and to reduce problem gambling.*"

Noting that the licensee has received a reprimand previously and that many issues of non-compliance continued to be reflected in the inspection on 7 April 2010, the Commissioner imposed the following penalties:

- Suspension of the gaming licence for four days from 30 June 2010 to 3 July 2010 inclusive; and
- A fine of one thousand dollars (\$1,000).

Kersbrook Tavern

On 13 May 2009, a gaming machine licence inspection of the premises was undertaken by a Liquor and Gaming Inspector. The inspection identified numerous areas of non-compliance relating to mandatory conditions imposed by the Commissioner on gaming machine licensees, the Responsible Gambling Code of Practice and the Barring provisions under section 15B of the *Independent Gambling Authority Act 1995*. As a result of this inspection, disciplinary proceedings were initiated against the licensee and the Commissioner imposed a reprimand.

On 9 March 2010 a further gaming machine licence inspection was undertaken by a Liquor and Gaming Inspector. This inspection found that the breaches identified were identical to those as noted in the inspection on 13 May 2009 which resulted in disciplinary action and a reprimand being imposed.

Following an inquiry, the Commissioner determined that "*the identification of non-compliant matters on 9 March 2010 indicated a lack of adherence to important obligations by the holder of a licence under the Gaming Machines Act 1992, including the Responsible Gambling Code of Practice. The legislation and the Code make it clear that licensees have a responsibility to encourage responsible gambling and to reduce problem gambling. Non-compliance with the identified issues indicates that the licensees are not meeting their important obligations under the legislation and code.*"

The circumstances lead me to conclude that the licensees are not taking their responsibilities seriously."

Noting that the licensee has previously received a reprimand for identical breaches, the Commissioner imposed the following penalties:

- Suspension of the gaming licence for three days from 11 May 2010 to 13 May 2010 inclusive; and
- A fine of three hundred and fifty dollars (\$350).



Blyth Hotel

On 19 April 2010, a gaming machine licence inspection was undertaken by a Liquor and Gaming Inspector. This inspection identified numerous areas of non-compliance relating to mandatory conditions imposed by the Commissioner on gaming machine licensees and the Responsible Gambling Code of Practice. As a result of this inspection, disciplinary proceedings were initiated against the licensees.

Following an inquiry, the Commissioner determined that *“the identification of non-compliant matters on 19 April 2010 indicated a lack of adherence to important obligations by the holder of a licence under the Gaming Machines Act 1992, including the Responsible Gambling Code of Practice. The legislation and the Code make it clear that licensees have a responsibility to encourage responsible gambling and to reduce problem gambling.”* The licensee was referred to an Approved Intervention Agency for assistance in implementing the full suite of responsible gambling requirements.

The Commissioner imposed the following penalty:

- A fine of two hundred dollars (\$200).

Old Queens Arms Hotel

As a result of an inspection at the Old Queens Arms Hotel, disciplinary proceedings were initiated

The Commissioner imposed the following penalty:

- A fine of one thousand, five hundred dollars (\$1,500).

Mac's Hotel

In July 2009, a fine of \$3,000 was imposed for repeated failure to pay gaming tax at the prescribed time.

The licensee again failed to pay gaming tax for the month of June 2009 and another fine of \$3,500 was imposed. An appeal to the Licensing Court against this fine was subsequently discontinued.

Macmont (NT) Pty Ltd (trading as SA Power Gaming)

In June 2009, Macmont (N.T.) Pty Ltd (trading as SA Power Gaming) was notified of intention to take disciplinary action for supplying unapproved gaming machine software to the State Procurement Board for installation at the New Reservoir Hotel, Newton.

SA Power Gaming was found to have supplied “demonstration” gaming machine software fitted to a Konami gaming machine delivered to the New Reservoir Hotel and that this software was not approved for operation in South Australia.

The Commissioner imposed the following penalty:

- Given that this was the third breach by Macmont (N.T.) Pty Ltd, a fine of \$6,000 was imposed.



Hotel Peterborough

Advice was received on 11 June 2009 that the attempt to collect gaming tax for the month of May 2009 was unsuccessful. The Commissioner noted that disciplinary action had previously been taken against the licensee for non-payment of gaming tax by the due date, resulting in a reprimand. Considering a further reprimand as inappropriate a fine of \$800 was imposed in July 2009 for repeated failure to pay gaming tax at the prescribed time.

Marble Hotel

Advice was received on 9 October 2009 that the attempt to collect gaming tax for the month of September 2009 was unsuccessful. The Commissioner noted that disciplinary action had previously been taken against the licensee for non-payment of gaming tax by the due date, resulting in a reprimand. Considering a further reprimand as inappropriate a fine of \$1,000 was imposed in November 2009 for repeated failure to pay gaming tax at the prescribed time.

8.2 SUMMARY OF ALL DISCIPLINARY ACTION TAKEN

The following action was taken from disciplinary action initiated during 2009-10:

Premises	Breach Details	Action Taken
Kersbrook Tavern	Failure to comply with Gaming Machines Act 1992 and Responsible Gambling Code Of Practice.	Suspension of the gaming licence from 11 May 2010 to 13 May 2010 inclusive. Fined \$350
Electric Light Hotel	Failure to comply with Gaming Machines Act 1992 and Responsible Gambling Code of Practice.	Suspension of the gaming licence from 30 June 2010 to 3 July 2010 inclusive. Fined \$1,000
Royal Exchange Hotel - Burra	Failure to maintain a monitoring agreement with the Independent Gaming Corporation (Condition (k) Attachment A)	Suspension of the gaming licence pending the outcome of the transfer of the licence. (Licensees abandoned premises)
Mac's Hotel	On two occasions failed to ensure that sufficient funds are available for payment of gaming tax within 7 days of the end of each calendar month - Section 72(A)(1) of the Act	Fined \$3,000 Fined \$3,500
Hotel Peterborough	Failure to ensure that sufficient funds are available for payment of gaming tax within 7 days of the end of each calendar month - Section 72(A)(1) of the Act	Fined \$800
Old Queens Arms	Failure to comply with licensee obligations under the Gaming Machines Act 1992.	Fined \$1,500
Blyth Hotel	Failure to comply with signage requirements and licensee not clearly displaying and approved identification card.	Referred to an Approved Intervention Agency to assist licensee meet legislative requirements. Fined \$200
Marble Hotel	Failure to ensure that sufficient funds are available for payment of gaming tax within 7 days of the end of each calendar month - Section 72(A)(1) of the Act	Fined \$1,000



Premises	Breach Details	Action Taken
Macmont (NT) Pty Ltd (trading as SA Power Gaming)	Supply of unapproved gaming machine components	Fined \$6,000
Exchange Hotel	Minor Non-Compliance	Reprimand
Kentish Arms	Minor Non-Compliance	Reprimand
Kersbrook Tavern	Minor Non-Compliance	Reprimand
Electric Light Hotel	Minor Non-Compliance	Reprimand
Jolly Miller Tavern	Minor Non-Compliance	Reprimand
Commercial Hotel	Minor Non-Compliance	Reprimand
Red Lion Hotel	Minor Non-Compliance	Reprimand
Seven Stars Hotel	Minor Non-Compliance	Reprimand
Swan Reach Hotel	Minor Non-Compliance	Reprimand
Maylands Hotel	Minor Non-Compliance	Reprimand
Hamley Bridge Hotel	Minor Non-Compliance	Reprimand
The Dog & Duck	Minor Non-Compliance	Reprimand
Traveller's Rest	Minor Non-Compliance	Reprimand
Princes Berkley	Minor Non-Compliance	Reprimand
Forrester & Squatters Arms	Minor Non-Compliance	Reprimand
Morphettville Racecourse	Minor Non-Compliance	Reprimand
Southern Districts Workingmen's Club	Minor Non-Compliance	Reprimand
Colac Hotel	Minor Non-Compliance	Reprimand
Tivoli Hotel	Minor Non-Compliance	Reprimand
Pooraka Football Club	Minor Non-Compliance	Reprimand
Semaphore Hotel	Minor Non-Compliance	Reprimand



Premises	Breach Details	Action Taken
Bytecraft Systems	Minor Non-Compliance	Reprimand
Bon Accord Hotel	Minor Non-Compliance	Reprimand
Cremorne Hotel	Minor Non-Compliance	Reprimand
Exchange Hotel	Minor Non-Compliance	Reprimand

9. Approval Of Persons

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

Persons can be approved in respect of more than one venue and approvals at gaming machine venues can be under more than one category. Categories include:

- gaming machine managers;
- gaming machine employees;
- committee members of licensed clubs;
- directors and shareholders of licensee companies;
- agents of the SPB;
- employees of the holder of a gaming machine service licence;
- employees and sub-contractors of the holder of the gaming machine monitor licence; and
- in the case of a body corporate that holds a licence, any other person in a position to exercise or exert control or substantial influence over the body corporate in the conduct of its affairs.

9.1 APPLICATIONS FOR APPROVAL

In approving a person in any of the above categories, the Commissioner must be satisfied that the person is fit and proper to occupy that position. Factors such as a person's reputation, honesty, integrity and creditworthiness are taken into account. In determining whether a person is fit and proper, regard must be given to the reputation, honesty and integrity of the person's known associates, including relatives. A copy of every application is provided to the Commissioner of Police who may intervene in any proceedings before the Commissioner on the question of whether a person is fit and proper.

During 2009-10 a total of 2,936 approvals were granted.



10. Approval Of Games And Machines

10.1 TESTING AND EVALUATION OF GAMING MACHINES

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

Testing and evaluation of gaming machines has been conducted primarily by GLI (Australia) and BMM Australia Pty Ltd. Some testing has also been undertaken by QALab Pty Ltd and Technical Systems Testing Pty Ltd.

Testing reports are received from an accredited test laboratory, certifying that a gaming machine or game meets the current technical standards. In addition to this, IGC certifies that the machine or game that is to be operated in a gaming venue is compatible with the monitoring system's communications protocol.

As at 30 June 2010, 47 machines and 389 games are currently approved. A number of game approvals include more than one variation of the basic game, such as the return to player percentage, maximum bet and optional game features.

	2009-10	2008-09
Games Approval Activity		
Orders approving a new game	30	37
Orders approving a new version of a game	12	41
Orders revoking the approval of a game	35	113
Gaming Machines Approval Activity		
Orders approving a new gaming machine	3	8
Orders approving a modification to a gaming machine	25	31
Orders revoking the approval of a gaming machine	0	0

Assessment Panel for the Accreditation of Testing Facilities

The NSW Office of Liquor, Gambling and Racing continues to chair the national Assessment Panel for the Accreditation of Testing Facilities (the Panel). The Panel reports to all participating regulators with recommendations of suitably qualified and experienced organisations for consideration as an Accredited Testing Facility. South Australia is represented on the Panel by the Office of the Liquor and Gambling Commissioner.

The aim is to provide a cooperative and coordinated approach to the assessment of testing facilities by the various gaming regulators of Australia and New Zealand. While accreditations will be issued by individual jurisdictions, the assessment process is conducted most efficiently by this cooperative arrangement.

Existing test laboratories GLI, BMM, TST and Enex continue to be accredited to test gaming machine and games for South Australia.



During the year, a new candidate - QALab Pty Ltd - was assessed by the Panel and found to be suitable for accreditation. In February 2010, QALab was issued formal accreditation as being suitable for the testing of gaming machines, games and associated in-venue devices for use in South Australia.

10.2 NATIONAL STANDARD FOR GAMING MACHINES

During 2009-10 South Australia continued to chair the Working Party on Gaming Machine National Standards. From 22 July 2010, this role will be undertaken by the Northern Territory.

Work has continued with other Australasian gaming jurisdictions to develop the uniform technical standard for gaming machines throughout Australia and New Zealand. The process of developing the National Standard has minimised the different requirements across each gaming jurisdiction.

In developing the National Standard, the Working Party has consulted with gaming machine manufacturers, testing laboratories and other industry participants. The official mechanism for the amendment and development of the National Standard is the Manufacturers' Forum which is held every 2 years in Sydney following the Australasian Gaming Expo.

The planned Manufacturers' Forum 2010 was postponed however, as the small number of proposed amendments to the technical requirements did not justify a new revision of the Standard.

National Standard Rev 10.1 was released to the industry on 5 February 2010 after significant consultation with the industry on facilitating the use of 3rd-party operating systems and software in gaming machines. The changes between Rev 10.0 and 10.1 were seen as 'enabling' amendments, and therefore the normal grace period before the effective operation of the new revision was unnecessary. Most Australian and New Zealand jurisdictions adopted Rev 10.1 during 2010.

11. Barring

11.1 BARRING UNDER SECTION 59 OF THE ACT

Under section 59 of the Act a licensee may bar a person from the gaming area of the premises if he or she is satisfied that the welfare of the person, or the welfare of a person's dependents, is seriously at risk as a result of the excessive playing of gaming machines by the person.

This can occur based on the licensee's own initiative or at the request of the person.

A person who is the subject of a barring order may apply to the Commissioner to review the order.

During 2009-10 two applications were made under section 59 of the Act for a review of a barring order. One application was subsequently withdrawn while the other was upheld after the Commissioner found that the patron's welfare was at risk as a result of the excessive playing of gaming machines.



12. Gaming Tax

12.1 RATES

The rates effective for 2009-10 were:

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

A **non-profit business** is defined as “*a business carried out pursuant to a gaming machine licence held by or on behalf of a body corporate or association, where the Minister is satisfied that the profits of the business cannot be returned to the members or shareholders of the body corporate or association*”.

Effectively this definition applies to all incorporated clubs and also includes community hotels.

12.2 DISTRIBUTION OF NGR

During 2009-10, 568 venues operated for all or part of the year. The following tables shows the total number of venues and total Net Gambling Revenue (NGR) falling within each tax threshold according to tax class.

Total Number Of Venues

Annual NGR	Total Number of Venues	
	Other than Non-Profit Businesses	Non-profit business
\$0 - \$75,000	47	10
\$75,001-\$399,000	150	26
\$399,001 - \$945,000	72	11
\$945,001 - \$1,500,000	45	4
\$1,500,001 - \$2,500,000	74	19
\$2,500,001 - \$3,500,000	51	5
Above \$3,500,000	48	6
Total Number of Venues	487	81



Total NGR

Total Net Gambling Revenue		
Annual NGR	Other than Non-Profit Businesses (\$mil)	Non-Profit Businesses (\$mil)
\$0 - \$75,000	2.141	0.404
\$75,001-\$399,000	30.066	6.076
\$399,001 - \$945,000	44.694	6.646
\$945,001 - \$1,500,000	55.946	5.021
\$1,500,001 - \$2,500,000	144.569	38.404
\$2,500,001 - \$3,500,000	151.273	15.256
Above \$3,500,000	205.366	23.511
Total NGR	634.055	95.318

12.3 NON PAYMENT OF GAMING TAX

A number of licensees failed to pay gaming tax by EFT from their designated bank account on the due date. If the amount remains unpaid for more than 7 days of the initial EFT of the account, the Act automatically requires that a fine of 10% is applied.

Section 72B of the Act, which came into effect 1 February 2005, provides that if an amount remains outstanding for more than 10 days from the due date, the licence may be suspended, by written notice, until the amount is paid. On the day that the fine is applied, licensees receive a notice advising that a fine has been incurred and that they have a further three days to pay the amount outstanding (including the fine).

In 2009-10, two licensees were issued with fines and received notices requiring them to pay within 3 days. The outstanding amounts were paid before the deadline in all cases and no licences were suspended or disciplinary action initiated.

12.4 REFUNDS

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

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

43 venues are eligible for refunds for the 2009-10 financial year totalling \$32,844.41.



13. Organisation

13.1 STAFFING

OLGC had 79.05 Full Time Equivalent (FTE) positions as at 30 June 2010. Most staff perform duties across all legislation administered by the Office. Approximately 15.5 FTE can be deemed applicable to gaming matters at any time.

13.2 BUDGET INFORMATION

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

Operating Statement Summary	2008-09 Actual	2009-10 Actual
	\$m	\$m
Salaries	5.93	5.67
Goods & Services	1.92	2.01
Total	7.85	7.68



14. Statistics

Table 1 *Monthly gaming statistics 2009-10*

Month	Total bets (\$)	Total Wins (\$)	Net Gambling Revenue (\$)	Tax Liability (\$)	Fines (\$)
Jul-2009	706,370,842	639,287,112	67,083,730	26,820,138	
Aug	696,524,748	630,422,675	66,102,073	26,277,449	
Sep	653,279,657	591,768,115	61,511,543	23,913,278	
Oct	684,241,029	619,687,301	64,553,729	25,385,404	
Nov	613,672,311	555,957,808	57,714,503	21,954,203	
Dec	645,649,016	585,364,023	60,284,993	23,345,092	
Jan-2010	622,874,076	563,968,083	58,905,993	22,621,729	17
Feb	573,749,677	519,805,221	53,944,456	20,062,350	
Mar	643,082,858	582,756,902	60,325,957	23,279,407	300
Apr	633,453,537	573,883,260	59,570,277	22,910,171	
May	645,506,669	584,982,675	60,523,994	23,530,918	
Jun-2010	628,889,676	570,038,096	58,851,581	22,560,460	
2009-10 Year	7,747,294,096	7,017,921,270	729,372,827	282,660,599⁽¹⁾	317

⁽¹⁾ Accrued Tax Liability prior to refunds being applied

Chart 1 *Gaming tax levied per month 2009-10*

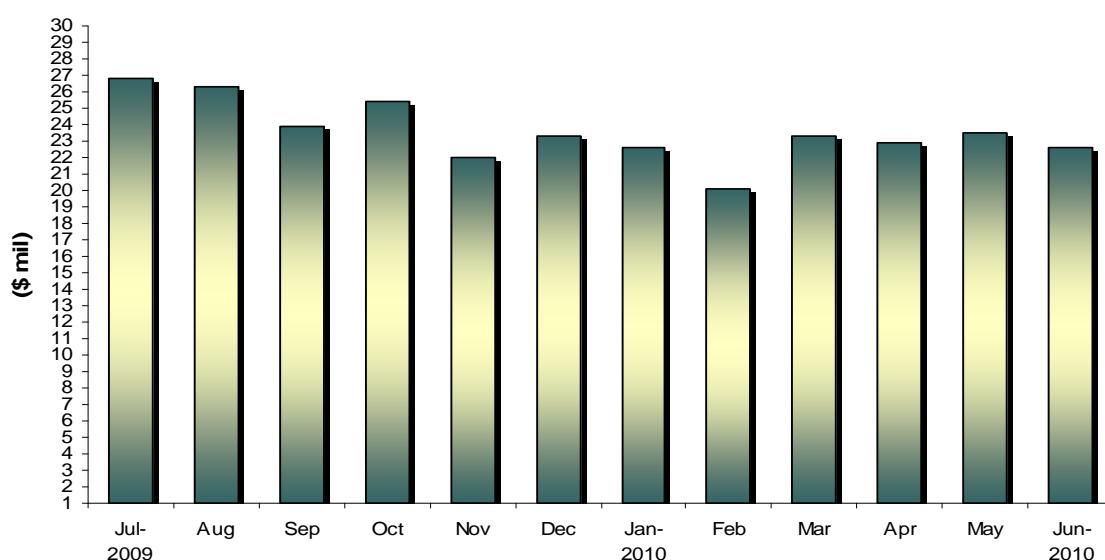




Table 2 *Monthly gaming machine and venue installations 2009-10*

<i>Month</i>	<i>Venues</i>	<i>Gaming Machines</i>
Jul-2009	565	12721
Aug	565	12728
Sep	564	12741
Oct	564	12742
Nov	564	12741
Dec	564	12742
Jan-2010	562	12724
Feb	562	12720
Mar	561	12713
Apr	560	12707
May	561	12706
Jun-2010	561	12744



Table 3 Data by ABS LGA 2009-10

Note: Where a LGA has less than 5 venues, that LGA has been grouped with another LGA

LGA or Grouped LGA	No of Venues	No of machines at 30 Jun 10	Aggregate NGR \$ (2009-10)	Aggregate NGR \$ per venue (2009-10)
Adelaide	56	1135	33,805,415.68	603,668.14
Adelaide Hills	18	265	5,246,393.24	291,466.29
Alexandria	13	256	8,374,432.74	644,187.13
Barossa	15	234	6,561,820.49	437,454.70
Barunga West, Copper Coast	16	263	10,090,129.29	630,633.08
Berri, Barmera	7	176	7,157,932.79	1,022,561.83
Campbelltown, Tea Tree Gully	15	449	45,601,452.36	3,040,096.82
Ceduna, Streaky Bay, Le Hunte, Elliston, Lower Eyre Peninsula	10	143	4,959,907.97	495,990.80
Charles Sturt	27	810	63,279,273.05	2,343,676.78
Clare & Gilbert Valleys	7	88	2,252,135.22	321,733.60
Coorong, Tatiara	9	133	3,358,592.00	373,176.89
Gawler	8	208	13,545,207.77	1,693,150.97
Goyder, Northern Areas	9	48	1,148,647.76	127,627.53
Holdfast Bay	11	370	23,936,669.18	2,176,060.83
Kangaroo Island, Yankalilla, Victor Harbor	10	210	8,874,926.06	887,492.61
Kimba, Cleve, Tumby Bay, Franklin Harbour	7	77	1,842,832.94	263,261.85
Light, Mallala	12	109	4,104,727.28	342,060.61
Loxton Waikerie	5	128	3,681,050.69	736,210.14
Marion	11	347	30,048,410.18	2,731,673.65
Mid Murray	10	129	2,758,142.18	275,814.22
Mitcham, Burnside	7	226	16,702,108.79	2,386,015.54
Mount Barker	12	253	9,818,938.74	818,244.90
Mount Gambier, Grant	14	368	17,143,655.54	1,224,546.82
Mount Remarkable, Orroroo/Carrieton, Peterborough	7	73	1,326,719.89	189,531.41
Murray Bridge, Karoonda/East Murray, Southern Mallee	9	155	8,785,543.33	976,171.48
Naracoorte & Lucindale, Robe, Kingston	8	168	5,005,545.29	628,693.16
Norwood Payneham & St Peters	17	549	32,050,240.60	1,885,308.27
Onkaparinga	25	740	62,189,994.10	2,487,599.76
Playford	11	293	31,281,415.72	2,843,765.07
Port Adelaide Enfield	46	1252	77,114,962.02	1,676,412.22
Port Augusta	12	274	11,122,343.79	926,861.98
Port Lincoln	7	212	8,739,832.20	1,248,547.46
Port Pirie	9	220	9,018,359.54	1,002,039.95
Prospect, Walkerville	6	198	13,159,897.82	2,193,316.30
Renmark Paringa	6	150	5,332,459.22	888,743.20
Roxby Downs, Coober Pedy, Flinders Ranges	8	141	4,478,297.33	559787.17
Salisbury	21	635	64,490,948.91	3,070,997.57
Unincorp. Far North, Unincorp. West Coast	6	60	826,367.71	137,727.95
Unley	8	254	14,148,432.75	1,768,554.09
Wakefield Region	9	60	1,400,791.51	155,643.50
Wattle Range	8	121	3,335,536.26	416,942.03
West Torrens	11	337	30,063,555.95	2,733,050.54
Whyalla	8	222	15,712,636.66	1,964,079.58
Yorke Peninsula	17	205	5,496,144.30	323,302.61
	568	12,744	\$729,372,826.84	\$1,284,107.09

The total number of 568 represents the total number of venues that operated and derived NGR at any time throughout the year. This number may differ from the total as at 30 June 2010 due to surrender or suspension of the gaming licence.



Where data is divided between hotels and clubs in the following tables, the division is made in relation to the nature of how the venue operates as opposed to how it is taxed. i.e. a community hotel is included in the following tables under 'Hotels' but is taxed as a non-profit business (see section 13).

Table 4 NGR - 2006 to 2010

	2005-06 (\$mil)	%	2006-07 (\$mil)	%	2007-08 (\$mil)	%	2008-09 (\$mil)	%	2009-10 (\$mil)	%
Hotels	687.448	91.5	720.272	90.9	683.667	90.1	676.089	90.1	658.012	90.2
Clubs	63.584	8.5	72.348	9.1	74.792	9.9	74.564	9.9	71.361	9.8
Total	751.032		792.620		758.459		750.653		729.373	

Table 5 Gaming tax - 2006 to 2010⁽¹⁾

	2005-06 (\$mil)	%	2006-07 (\$mil)	%	2007-08 (\$mil)	%	2008-09 (\$mil)	%	2009-10 (\$mil)	%
Hotels	275.797	94.0	292.784	94.0	273.014	92.5	270.366	92.4	261.467	92.5
Clubs	17.623	6.0	21.065	6.0	22.022	7.5	22.382	7.6	21.161	7.5
Total	293.420		313.849		295.036		292.748		282.628⁽²⁾	

⁽¹⁾Tax rates changed effective from 1 January 2003

⁽²⁾Gaming tax after refunds applied

Table 6 Average NGR per machine per day - 2006 to 2010

	2005-06	2006-07	2007-08	2008-09	2009-10
Ave NGR per machine per day	\$163	\$172	\$164	\$162	\$157

Table 7 Average total NGR per day type - 2006 to 2010

	2005-06 (\$mil)	2006-07 (\$mil)	2007-08 (\$mil)	2008-09 (\$mil)	2009-10 (\$mil)
Sun	1.507	1.649	1.599	1.595	1.540
Mon	1.625	1.671	1.652	1.619	1.578
Tues	1.781	1.891	1.770	1.818	1.761
Wed	2.114	2.221	2.116	2.101	2.055
Thurs	2.455	2.577	2.442	2.341	2.339
Fri	2.655	2.779	2.649	2.624	2.485
Sat	2.254	2.408	2.296	2.303	2.228



Table 8 RTP - 2006 to 2010⁽¹⁾

	2005-06	2006-07	2007-08	2008-09	2009-10
Return to Player	89.77%	90.10%	90.29%	90.50%	90.59%

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

Chart 2 Average RTP % - 6 monthly since commencement of gaming

AVERAGE RETURN TO PLAYER %
6 MONTHLY SINCE COMMENCEMENT OF GAMING

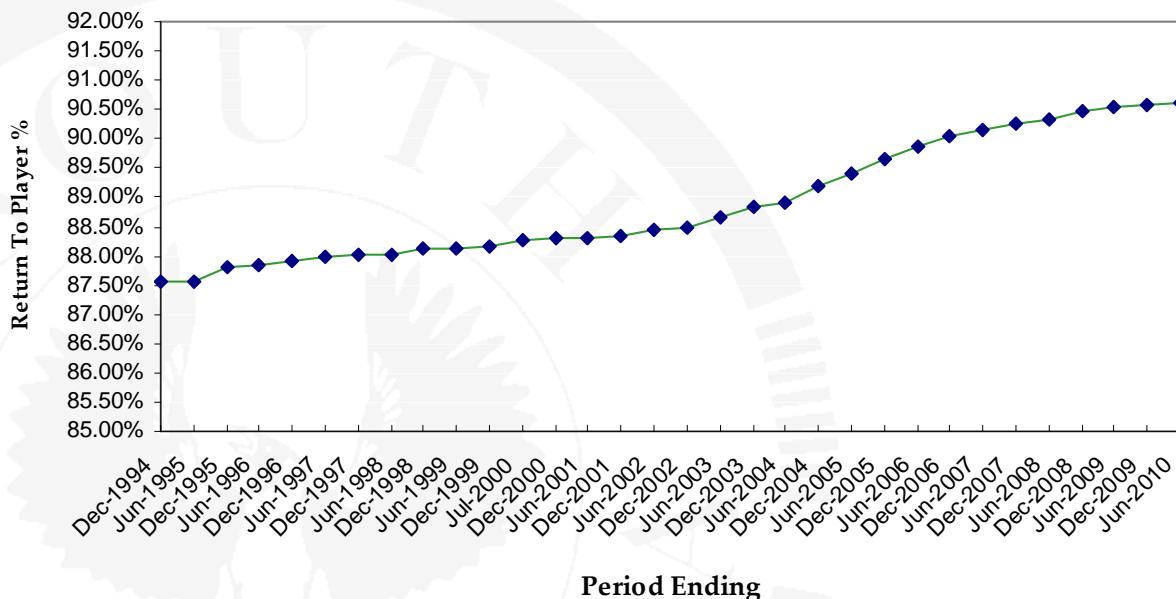


Table 9 Live venues and machines - 2006 to 2010

	30 June 06	30 June 07	30 June 08	30 June 09	30 June 10
No of venues	578	569	565	566	561
No of machines	12,598	12,581	12,682	12,737	12,744



Table 10 *Number of hotels by machine range - 2006 to 2010*

No of machines	30 June 06	30 June 07	30 June 08 ⁽¹⁾	30 June 09	30 June 10
1 to 10	134	133	133	133	131
11 to 20	107	103	100	101	101
21 to 30	32	33	33	33	33
31 to 40	226	226	229	230	231
Total	499	495	495	497	495

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

Table 11 *Number of clubs by machine range - 2006 to 2010*

No of machines	30 June 06	30 June 07	30 June 08 ⁽¹⁾	30 June 09	30 June 10
1 to 10	26	20	17	18	16
11 to 20	25	25	23	21	19
21 to 30	7	6	6	6	7
31 to 40	21	23	24	24	24
Total	79	74	70	69	66

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

Table 12 *Gaming venues by business type - 2006 to 2010*

No of venues	30 June 06	%	30 June 07	%	30 June 08	%	30 June 09	%	30 June 10	%
Hotels	499	86.3	495	87.0	495	87.6	497	87.8	495	88.2
Clubs	79	13.7	74	13.0	70	12.4	69	12.2	66	11.8
Total	578		569		565		566		561	

Table 13 *Gaming machines by business type - 2006 to 2010*

No of venues	30 June 06	%	30 June 07	%	30 June 08	%	30 June 09	%	30 June 10	%
Hotels	11,003	87.3	10,978	87.3	11,108	87.6	11,179	88.8	11,204	87.9
Clubs	1,595	12.7	1,603	12.7	1,574	12.4	1,558	12.2	1,540	12.1
Total	12,598		12,581		12,682		12,737		12,744	



Chart 3 *Growth in gaming venues - 1995 to 2010*

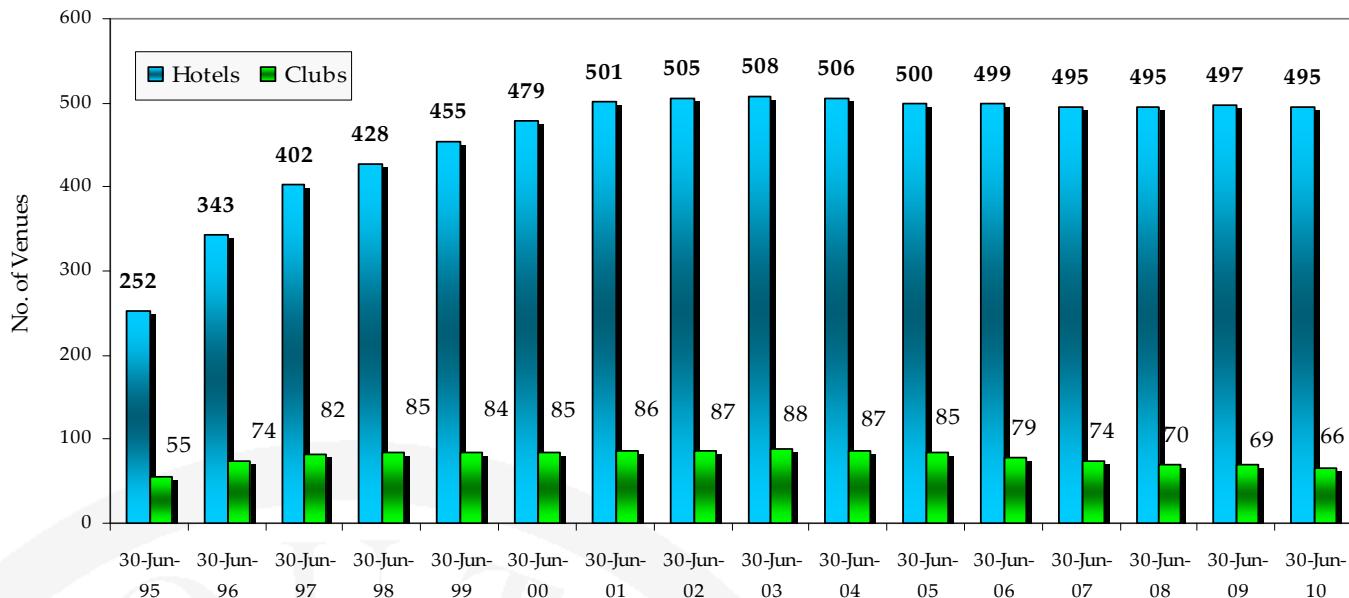


Chart 4 *Growth in gaming machines installed - 1995 - 2010*

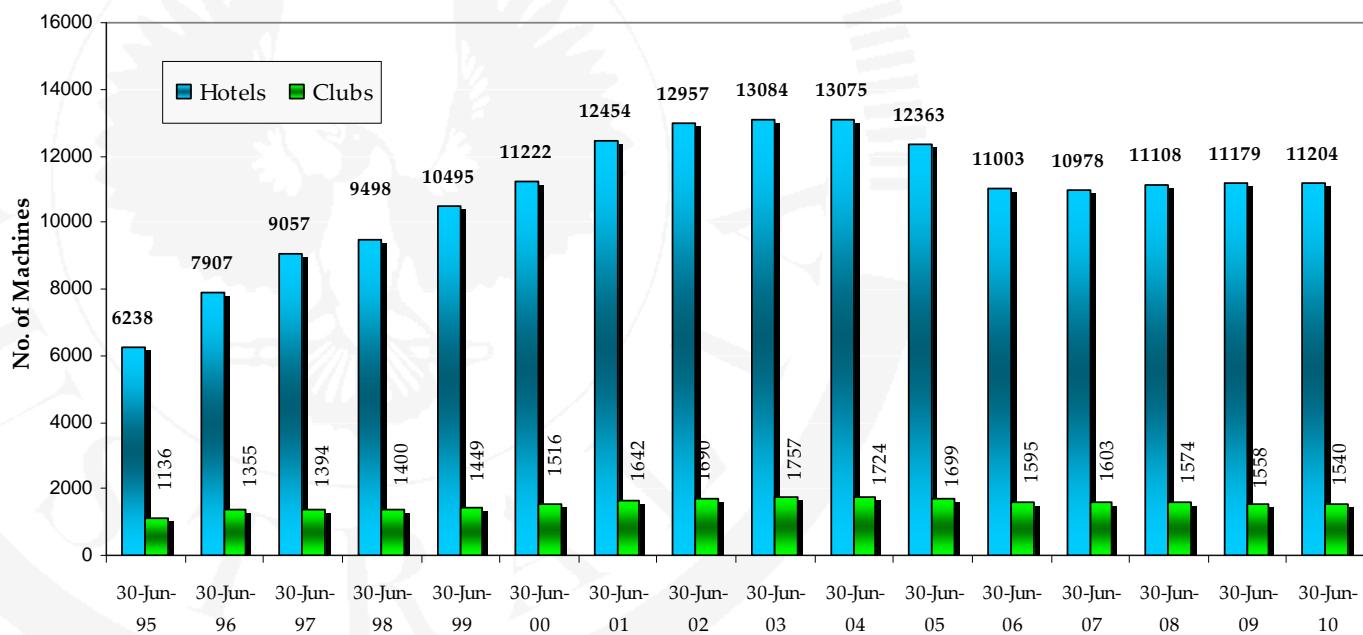




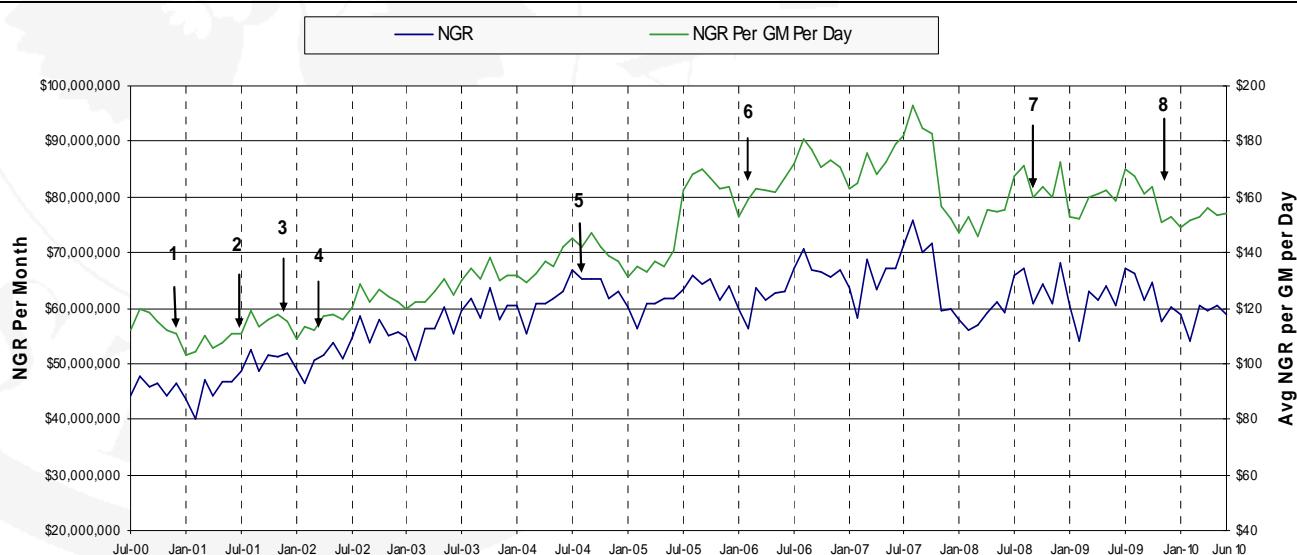
Table 15 *Manufacturer's share of gaming machine market - 2006 to 2010*

	June 06	June 07	June 08	June 09	June 10
Aristocrat	8,283	7,850	7,502	7,167	6,511
IGT	2,667	3,037	3,458	3,777	4,076
Konami	1,035	1,237	1,347	1,555	1,757
Ainsworth	278	298	281	296	348
Stargames	n/a	n/a	n/a	n/a	50
Pacific	142	111	76	59	45
AGT (VGS)	132	89	69	52	37
Olympic	85	43	27	22	18
Datacraft/VLC	43	35	17	12	8
Atronic	26	16	10	8	7
Total⁽¹⁾	12,691	12,716	12,787	12,948	12,857

⁽¹⁾ The total number of gaming machines for June of each year as shown above may be higher than the amount reported in Table 9 as the number of machines installed in venues as at the 30 June each year. The data shown in Table 9 above takes into account data on any machine installed at any time during June with the difference due to machines being installed and removed from venues.

Chart 5 *Impact of legislation and codes of practice on NGR*

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





Chronology of Responsible Gambling Measures

Event 1: 07/12/2000	Commencement of legislation preventing the granting of new gaming machine licenses.
Event 2: 30/05/2001	<i>Statutes Amendment (Gambling Regulation) Act 2001</i> is passed.
Event 3: 01/10/2001	First mandatory versions of the Responsible Gambling Code of Practice and the Advertising Code of Practice introduced. Key elements of the Codes were: <ul style="list-style-type: none">• clocks to be displayed in gaming areas• players to be prevented from playing while intoxicated• mandatory training requirements• cheques not to be cashed in gaming areas
01/10/2001	Minimum RTP on all newly approved games increased to 87.5% from the previously approved rate of 85%
01/10/2001	Applications for new games must be refused if they are deemed to have characteristics that are likely to lead to an exacerbation of problem gambling.
01/10/2001	Voluntary Banning system introduced.
Event 4: 01/01/2002	Licensees are not to provide ATM or EFTPOS facilities that are capable of allowing more than \$200 per transaction per debit or credit card.
01/01/2002	Autoplay function removed from all South Australian gaming machines by this implementation date.
Event 5: 30/04/2004	New Mandatory Codes of Practice introduced.
Event 6: 01/07/2005	Removal of 2162 machines as a result of compulsory reduction.
Event 7: 01/11/2007	Introduction of complete indoor smoking bans.
Event 8: 01/12/2008	Responsible Gambling and Advertising Codes of Practice amended.



15. Terminology

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