



GAMING AND RACING'S
ANNUAL REPORT
2003-04

CORPORATE CHARTER

VISION

A Department that is an expert and responsive regulatory agency – working co-operatively with stakeholders – to ensure responsible, accountable, viable and evolving gaming, racing, liquor and charities industries.

MISSION

The Department is responsible for the proper conduct and balanced development, in the public interest, of the gaming, racing, liquor and charities industries in NSW.

KEY STAKEHOLDERS

- Casino Community Benefit Fund Trustees
- Casino Control Authority
- Citizens of NSW
- Crown Solicitor's Office
- Director of Liquor and Gaming
- Harness Racing Authority
- Harness Racing NSW
- Government of NSW
- Greyhound Racing Authority
- Greyhound Racing NSW
- Industry groups
- Industry operators and their patrons
- Licensing Court of NSW
- Liquor Administration Board
- NSW Country Racing Council
- NSW Department of Health
- NSW Lotteries Corporation
- NSW Police
- NSW Treasury
- Parliamentary Counsel's Office
- Premier's Department
- RacingNSW
- Roads and Traffic Authority
- Staff of the Department
- Tab Limited
- The Cabinet Office

KEY RESULT AREAS

INDUSTRY INTEGRITY

Activities that enhance the integrity and accountability of the industries by ensuring that venues, people and technology involved in the provision of gambling, liquor and fundraising services comply with the law.

VIABLE INDUSTRIES

Activities that allow the industries to contribute positively to tourism, recreational and employment opportunities, generate revenue for the Government, and develop and operate in the public interest.

HARM MINIMISATION

Activities that achieve responsible serving of alcohol by the liquor industry and responsible drinking by its patrons; responsible gambling providers and fundraisers; and responsible gambling by patrons.

COMMUNITY NEEDS

Activities that involve working with the industries to develop and maintain effective regulatory standards and a policy framework which balance the community interest with the needs of the regulated industries, and to ensure the community can continue to benefit from the operations of the industries.

GOVERNMENT REVENUE

Activities to protect the Government's revenue derived from the regulated industries.

RESOURCES PERFORMANCE

Activities that ensure the efficient and effective use of the Department's resources in achieving its mission.

CONTENTS

CORPORATE CHARTER	Inside front cover
-------------------	--------------------

2003–04 IN REVIEW

Minister's Foreword	2
Director-General's Report	3
About the Department	6
The Senior Executive	7
Organisation Structure	8
Significant Results	10
The Future	12
Challenges and Constraints	14

OPERATIONS REVIEW

Industry Integrity	15
Viable Industries	21
Harm Minimisation	27
Community Needs	34
Government Revenue	39
Resources Performance	42

APPENDICES

1 Agency Performance – SES Officers	48
2 Agency Performance – Programs	49
3 Report of the Director of Liquor and Gaming	52
4 Court Cases of the Director of Liquor and Gaming	53
5 Committees	55
6 Community Gaming and Charity Fundraising Cases	56
7 Consultants	56
8 Corporate Credit Cards	57
9 Customer Service	58
10 Ethnic Affairs Priorities Statement	59
11 Freedom of Information	63
12 Government Energy Management Policy	65
13 Legislation and Legislative Change	65
14 Major Assets	68
15 Market Research and Contracting	68
16 Overseas Travel	68
17 Payment Performance Analysis	69
18 Performance Evaluation	69
19 Privacy and Personal Information Protection Act	69
20 Publications	70
21 Public Authorities' Disability Plans – Disability Strategic Plan Report	71
22 Red Cross Bali Appeal Inquiry – Findings and Recommendations	72
23 Risk Management	72
24 Waste Reduction and Purchasing Policy	72

FINANCIAL STATEMENTS	73
----------------------	----

INDEX	96
-------	----

INDUSTRY FAST FACTS	Inside back cover
---------------------	-------------------

ACCESS	Back cover
--------	------------

The Department of Gaming and Racing's Annual Report should be read in conjunction with the Annual Reports of the Casino Community Benefit Fund Trustees and the Liquor Administration Board.

MINISTER'S FOREWORD



It is now 18 months since I became Minister for Gaming and Racing and that period has been one of significant reform for large sections of the portfolio.

We have achieved strategic reform in many areas across the gaming, racing, liquor and charities sectors that will serve us well into the future.

Major achievements over the last 12 months include:

- The delivery of the IPART report into problem gambling in June – the Government is now considering more than 100 recommendations that will play a major role in directing responsible gambling efforts in NSW for years to come.
- Measures were put in place for the establishment of the Special Ministerial Advisory Group (SMAG) on clubs. Top CEOs from clubs around NSW will form a special “sounding board” to help us develop positive policies for the club industry.
- Stage 1 of the *Registered Clubs Amendment Act 2003* strengthened the transparency and accountability of clubs’ financial affairs – to the benefit of all club members. It followed successful consultation between the Club Industry Task Force and the State Government.
- The Task Force, which I set up last year, will continue working to ensure the future growth and prosperity of the club sector.
- The NSW Government took a strong stand against corporate bookmakers and offshore betting exchanges during the year. We led the way in the fight against threats to the integrity and viability of the racing industry.
- The *Greyhound and Harness Racing Administration Act 2004* saw the amalgamation of the regulatory bodies of the two codes. The move will see considerable savings over coming years but the integrity of the sport will remain paramount.
- The introduction of the Automated Totalizator Monitoring System was a great success, cementing our claim to having the world’s best tote monitoring system.

- Liquor accords have gone from strength to strength – with 108 accords now in place across the State.
- In June the State Government released its response to the 2003 Summit on Alcohol Abuse, adopting liquor accords as a cornerstone of policy and establishing a special Accord Unit in the Department. That was one of a raft of harm minimisation and prevention measures stretching across several portfolios.
- Measures were put in place to introduce free tap water in all licensed premises across NSW – a move backed by the Australian Hotels Association and the NSW Wine Industry Association.
- In June we passed legislation to license NSW Parliament House in an historic development in liquor licensing in the State. The move brought Parliament House into line with all other licensed premises for the first time.
- Compulsory responsible service of alcohol training was also introduced over the last year for all permanent and casual bar staff as well as security guards at licensed venues.
- The first phase of changes stemming from the National Competition Policy review of the liquor laws has come into force, removing the outmoded needs test for new hotel and bottle shop licence applications and replacing it with a comprehensive social impact analysis.
- The Lo Po’ Review into Alcoholic Products that may target young people was also commissioned and is examining, in part, the promotion and packaging of certain alcoholic beverages and the drinking habits of young people.

These are just some of the successes of the past year.

I thank you all for your efforts and I look forward to the challenges of the year ahead.

A handwritten signature in dark ink, reading "Grant McBride". The signature is fluid and cursive, with a long, sweeping underline.

Grant McBride MP
Minister for Gaming and Racing

DIRECTOR-GENERAL'S REPORT

The Hon Grant McBride MP
Minister for Gaming and Racing

Dear Minister

In accordance with the requirements of the *Annual Reports (Departments) Act 1985*, I am pleased to submit the 2003–04 Annual Report of the Department of Gaming and Racing.

I have taken the opportunity to present to you coverage of the many important results achieved by my Executives and their staff.

The following provides an overview of the Department's principal activities for each industry sector during the year.

THE GAMING INDUSTRY

HARM MINIMISATION MEASURES

A major examination of existing and proposed gambling-related harm minimisation measures was instigated early in the year. In July 2003, the Government engaged the Independent Pricing and Regulatory Tribunal (IPART) to review 14 responsible gambling measures introduced in 1999 and 2001, as well as counselling services.

The review was also asked to assess gaming machine design changes that the Liquor Administration Board proposed in its 'First Determination' of April 2001, and any additional measures that the Tribunal identified in the course of its review.

Moreover, the review was aimed at developing a comprehensive, evidence-based decision-making process to deal with harm minimisation. Overall, the review sought to determine the impact of existing responsible gambling measures – as well as new proposals that would encourage responsible gambling – by examining initiatives in Australia and overseas.

Specifically, the review was asked to consider the effect of responsible gambling measures on recreational gamblers, on problem gamblers, on industry, on community services, on employment, on support for community projects, and on recreational and social opportunities.

IPART called for public submissions and met with organisations representing relevant industry, community and trade union groups. The Department provided significant support to the IPART review.

The review report, provided to the Minister in late June 2004, made 108 recommendations in the areas of prevalence studies, a responsible gambling policy framework, research guidelines, informed choice for the community, measures to protect problem gamblers, effective and efficient counselling services, and policy administration.



Ken Brown AM FCPA
Director-General and
Director of Liquor
and Gaming

Ken Brown was first appointed as a Government Department Head in July, 1982 when he assumed the responsibilities of the position of Chief Executive Officer of the Department of Leisure, Sport and Tourism. With the establishment of the Tourism Commission of NSW in February 1985, he was appointed to the position of Director of the Department of Sport, Recreation and Racing.

In April 1995, Ken was appointed to his current position of Director-General, Department of Gaming and Racing. During his career in Government, Ken has held various positions in the Auditor-General's Department, Chief Secretary's Department, the Sport and Recreation Service of New South Wales and the Department of Culture, Sport and Recreation.

He was a member of the Racecourse Development Committee from October 1979 until its winding up on 30 June 1998, and a past Chairman of the Committee.

Currently Ken is:

- Vice President, Australian Paralympic Committee;
- Board Member, Country Racecourse Development Fund; and
- President, Canine Research and Veterinary Foundation of NSW.

Ken is a Fellow of the Australian Society of Certified Practising Accountants.

By the end of the year, plans were confirmed for the public release of the report for a one-month period, to allow stakeholders and interested persons to provide the Government with comments. The Department will receive and consider submissions, and work with the Minister in formulating a response to the report's recommendations.

REGISTERED CLUB GOVERNANCE

The Department implemented new corporate governance and accountability measures as a result of amendments to the Registered Clubs Act following deliberations of the Club Industry Task Force.

Critical elements of the new laws ensure a greater transparency in club affairs embracing governance, probity, and matters of financial and community accountability and transparency.

An intensive information and education campaign was carried out by the Department that included industry workshops and a legislation bulletin explaining the reforms.

Included in the corporate governance package of legislation were provisions enabling the Director of Liquor and Gaming to establish a formal inquiry to investigate an allegation about any corrupt or improper conduct in relation to a registered club.

On 30 April 2004, I appointed Mr Ian Temby QC to investigate certain allegations about corrupt or improper conduct in relation to the Penrith Rugby League Club.

I expect that the Inquiry's finding will be available in the latter part of 2004.

To ensure that the corporate governance measures are monitored, additional funds are being made available to the Department for the 2004–05 year to establish a Registered Clubs Unit in the Department.

A business plan has been developed and I expect the Unit will be operational by 1 October 2004.

THE RACING INDUSTRY

CROSS-BORDER ADVERTISING RESTRICTIONS

The State of NSW was the respondent in a civil action by an interstate corporate bookmaker seeking a declaration that key legislation is invalid. This included a longstanding prohibition on the advertising of wagering services by operators not licensed in NSW.

In September 2003, the Federal Court upheld the validity of cross-border advertising restrictions in the *Racing Administration Act 1998*. An appeal by the corporate bookmaker was dismissed by a Full Bench of the Federal Court.

GREYHOUND AND HARNESS RACING

Stage one of the reforms was completed last year with the separation of the greyhound and harness racing controlling bodies into their “commercial” (ie. Greyhound Racing NSW and Harness Racing NSW) and regulatory (ie. Greyhound Racing Authority and Harness Racing Authority) parts.

The separation is in accordance with the desire of industry participants that their representatives, in the form of an autonomous body that is free of Government direction, should be responsible for the strategic direction and commercial management of their code of racing.

At the same time, the Greyhound Racing Authority and Harness Racing Authority have been adapting to their regulatory responsibilities, and preparing for the changes that will occur when they amalgamate.

Considerable work has been undertaken towards that goal, including a working party involving the Chairpersons of the two Authorities and Departmental officers, regarding change management issues, involving governance, finance, administration, and in particular, consultation with staff and the Public Service Association.

The *Greyhound and Harness Racing Administration Act 2004* is expected to commence on 1 October 2004, which will provide the legislative framework for the amalgamation of the two regulatory bodies.

TAKEOVER OF TAB LIMITED

Throughout the year, the Department monitored the progress of takeover bids for Tab Limited by interstate totalizator corporations – UNiTAB Limited (Queensland-based) and Tabcorp Holdings Limited (Victorian-based).

Tabcorp achieved the takeover with the acquisition of 50.1 per cent of shares in Tab Limited.

Tabcorp was declared as the “nominated company” in accordance with the legislation. By 30 June 2004, the percentage of shares held in Tab Limited had risen to more than 90 per cent.

The takeover will mean that Tab Limited will be delisted on the Australian Stock Exchange and become a wholly owned subsidiary of Tabcorp.

Discussions are now being held between the Department and Tabcorp about the proposal to merge NSW-based totalizator pools with the overall SUPERTAB pool. In addition, the takeover has implications for CMS and State Wide Links gaming machine licences. Discussions about these licences are continuing as Tabcorp has an 18 month window in which to divest itself of those licences.

THE LIQUOR INDUSTRY

INQUIRY INTO ALCOHOLIC BEVERAGES AIMED AT YOUNG PEOPLE

At the Minister’s request, I commissioned an inquiry into the packaging of all alcoholic drinks which target young people. Concerns about the marketing of these liquor products were raised at the Government’s Summit on Alcohol Abuse held in August 2003.

The review, which began on 1 December 2003, is chaired by the Hon Faye Lo Po’, a former Minister for Community Services. Extensive consultation has occurred, as well as an examination of the available research.

The inquiry is expected to conclude in October 2004, after taking account of survey data from the Australian Government’s *Overall Alcohol Consumption* and *Australian Secondary School Students Survey of Alcohol Consumption Habits*.

NATIONAL COMPETITION POLICY (NCP)

A review of the liquor and registered club laws, according to NCP principles, was completed during the year.

The review concluded that the liquor and club management laws contain significant barriers to entry and restrictions on competition.

It found that some of those barriers and restrictions are necessary to achieve the objects of the legislation – primarily the minimisation of alcohol-related harm in the community – while others warranted change.

Submissions from interested stakeholders (including the broader community) were sought, and a wide range of views expressed. The review took into account deliberations at the Alcohol Summit and the recommendations made to the Government.

In the course of this process, the Federal Government threatened to penalise the State financially if it did not

remove certain controls over the proliferation of hotel and liquor store licences. These controls were replaced by a new process for assessing the social impact of new hotels and liquor stores.

These changes were implemented through the *National Competition Policy Liquor Amendments (Commonwealth Financial Penalties) Act 2004* that the Parliament enacted in June 2004 for commencement on 1 August 2004.

The Department worked closely with The Cabinet Office during the development of this legislation, together with a supporting regulation and Ministerial guidelines.

At the end of the year, Departmental officers were developing a range of information materials about the new scheme for industry participants and the broader community.

NSW SUMMIT ON ALCOHOL ABUSE

I can report that the Department provided significant support to the Summit.

Over four days, the Summit brought together Members of Parliament, industry leaders, health experts, community leaders and others to examine ways to better address alcohol abuse problems in the community.

At the conclusion of the Summit, a communiqué containing 318 recommendations was released. It included recommendations developed by the Responsible Supply and Consumption Working Group that the Minister chaired with support from myself and Dr Mike MacAvoy (from New Zealand's Alcohol Advisory Council).

The Government responded to the communiqué in June 2004 by releasing a comprehensive report titled *Outcomes of the NSW Summit on Alcohol Abuse: Changing the Culture of Alcohol Use in NSW*.

I can also report that the Department has responsibility for implementing about one-third of the Government's commitments in response to the 318 Summit recommendations.

RESPONSIBLE SERVICE OF ALCOHOL (RSA)

RSA training for the liquor industry took effect from 5 December 2003 requiring all licensees, club secretaries and permanent staff to have completed a Liquor Administration Board-approved RSA course by 1 January 2004. Casual staff had until 30 June 2004 to complete the one-day program.

By 30 June 2004, some 60,000 participants had progressed through the training program conducted by 16 registered training organisations.

Mandatory training of liquor industry workers was one of the Summit's recommendations. Since 1996, the liquor laws have contained a capacity for RSA training to be made mandatory.

It is anticipated that RSA training will be extended to security personnel working in licensed venues in 2004–05.

THE DEPARTMENT

ADMINISTRATIVE DECISIONS TRIBUNAL (ADT)

The Department appeared before the ADT on 5 March 2004 relating to issues raised by *The Daily Telegraph* about the Department's user charges for gaming statistics and its policy about releasing details of the "Top 200 Hotels" ranked in gaming machine profit order.

At 30 June 2004, the ADT's decision was awaited.

CORPORATE STRATEGY

In late 2003, a review of certain corporate functions was undertaken. From the recommendations of the review, I established a Strategy and Policy Committee to further improve the Department's ability to set and implement its corporate and strategic program.

While the Committee is comprised of myself and my Executive team, other staff will attend on an "as required" basis to present discussion papers, policy positions and supportive material on issues that require a corporate position or response.

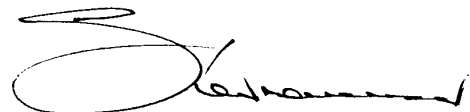
In addition, I took the opportunity to review the Department's communication and ministerial functions, establishing a new Division, with the Minister's approval, with an emphasis on communicating the Department's corporate and regulatory program to the widest possible industry and community audience.

The new Division will have a role in co-ordinating policy and administrative information to the Minister and central agencies, as well as giving support to designated corporate projects such as the Club Industry Task Force.

TEAMWORK AND SUCCESS

I thank all staff for their efforts in achieving the outcomes. I sincerely thank them for their dedication, professionalism and enthusiasm, as I look forward to similar strong outcomes for 2004–05.

I, and my Executive team, appreciate the continuing strong support of our Minister, Grant McBride and his staff.



K M Brown AM FCPA
Director-General
Department of Gaming and Racing

ABOUT THE DEPARTMENT

The Minister for Gaming and Racing is responsible for the various agencies and authorities that comprise the Gaming and Racing portfolio. These include the:

- Department of Gaming and Racing
- Liquor Administration Board
- Casino Control Authority
- Casino Community Benefit Fund Trustees
- NSW Lotteries Corporation
- Harness Racing Authority
- Greyhound Racing Authority.

EXECUTIVE MANAGEMENT

Established in March 1995, the Department regulates the key industries of gaming, racing, liquor and charities. The Department is responsible for the supervision and administration of most forms of gambling eg. machine gaming in hotels and clubs, wagering on and off course, lotteries, keno, and community gaming. For casino gaming, the Department continues to have a policy role.

During the reporting period, the Department had four Divisions. The Department's management team reports to the Director-General, who also holds the statutory position of Director of Liquor and Gaming, and comprises:

- Deputy Director-General, who is also the Director, Compliance, Racing and Charities (and the delegate of the Director of Liquor and Gaming);
- Director, Communications and Strategic Support;
- Director, Policy and Development; and
- Director, Revenue and Resource Management.

The Director-General and the four Directors administer the functions and resources of the Department.

THE DIVISIONS

COMMUNICATIONS AND STRATEGIC SUPPORT

will, when fully established, be responsible for media enquiries and the provision of Ministerial support activities including co-ordination of liquor and gaming enquiries.

In addition, the Division has responsibility for the Casino Community Benefit Fund Branch, as well as strategic support for Ministerial advisory bodies and specialised taskforces.

COMPLIANCE, RACING AND CHARITIES

COMPLIANCE

is responsible for investigations and inspections of liquor licensees and licensed venues to ensure the integrity of licensees and clubs, and to determine overall compliance with the law.

This sub-Division undertakes the probity assessment of applicants for liquor and gaming-related licences, and applications for approval to act as secretaries of clubs.

Applications to the Licensing Court and the Liquor Administration Board are reported upon within this area of the Division, which also supports the Board in the administration of disturbance and conduct complaints against licensed venues.

The sub-Division conducts inspections of licensed venues, as well as responding to, or initiating complaints for, alleged breaches of the Liquor, Registered Clubs and Gaming Machines Acts.

Legal services support is provided to areas of the Department and extends to legal representation of the Director in the Licensing Court and other courts.

The administration of the gaming machine approval process and field technical inspections of gaming machines and systems, and when necessary, statistical performance analysis of gaming machines and systems, are other functions carried out within this area.

RACING

is responsible for the initiation, development and implementation of Government racing and wagering policy. Other activities include the approval, inspection and evaluation of totalizator systems and bookmaker operations.

Within this Division, support is provided for the growth and economic viability of the racing industry in NSW. The Division maintains a comprehensive racing inspection program, designed to ensure the integrity of betting operations for the protection of the public as well as industry and Government revenues.

CHARITIES

is responsible for the administration of the Charitable Fundraising Act and the Lotteries and Art Unions Act.

Charities' investigators inspect, audit and investigate those conducting or participating in fundraising appeals and minor gaming activities (either as a result of complaints or investigation programs).

This area processes applications for fundraising authorities and permits to conduct various lotteries and games of chance. It also conducts educational seminars for charitable organisations and other interested bodies.

POLICY AND DEVELOPMENT

is responsible for the initiation, development, implementation and review of legislation, policies and procedures to achieve all corporate purposes, the provision of high-level executive and ministerial support, and the facilitation of certain portfolio committees and industry councils.

The Division conducts industry education programs, publishes industry bulletins, the Department's Annual Report, and other Departmental publications, as well as developing and maintaining the Department's website. It has responsibility for managing mandatory responsible service of alcohol and responsible conduct of gambling training. The Division supports the Liquor

Administration Board in critical areas of the Board's work including social impact assessments and industry training.

While training and development programs are coordinated or conducted for staff by the Division, it also has responsibility for the coordination of EEO and other employment equity programs, the management of the corporate and divisional planning processes and staff performance program, and the monitoring and maintenance of the Code of Conduct and Ethics.

REVENUE AND RESOURCE MANAGEMENT

is primarily responsible for the provision of Departmental corporate support – financial services, human resources, information technology and general administration

(accommodation and maintenance, asset management, fleet management, procurement, communications and records management).

Responsibility for the provision of registry support to the Licensing Court of NSW and Secretariat for the Liquor Administration Board is also part of the Division's charter.

The Division also provides comprehensive project management support to the Centralised Monitoring System, the State Wide Links jackpot system, Gaming Reform and the Government Licensing System.

In addition, under the Government's initiative – Shared Corporate Services Strategy – the Division has negotiated Shared Services Agreements with other agencies to provide financial, human resource management and procurement services.

THE SENIOR EXECUTIVE TEAM

DIRECTOR, COMMUNICATIONS AND STRATEGIC SUPPORT



ROBERT GRIGGS
BA (HONS) Dip Ed
DIRECTOR, COMMUNICATIONS
AND STRATEGIC SUPPORT

Robert Griggs joined the Department of Gaming and Racing, on secondment from the Premier's Department in July 2003, to assist the Director-General to implement policy initiatives.

Robert has been employed in the NSW public sector, in a variety of positions since 1976, when he joined the then Department of Education as a secondary school teacher. Following two years in schools, and working for seven years outside the public sector, he rejoined the NSW Public Service in 1985, filling a number of policy positions in the Department of Housing.

In 1989, Robert was employed by the NSW Legislative Council as a Research Coordinator for the then NSW Opposition. From 1995 to 2003, Robert, in various roles, worked in the Premier's Office, Department of Transport and the Premier's Department.

In May 2004, the Director-General appointed him as Director of the newly formed Communications and Strategic Support Division. Robert is also the chair of the Liquor Industry Consultative Council.

DIRECTOR, COMPLIANCE, RACING AND CHARITIES



DARRELL LOEWENTHAL
DEPUTY DIRECTOR-GENERAL,
DIRECTOR, COMPLIANCE
RACING AND CHARITIES,
DELEGATE OF DIRECTOR
OF LIQUOR AND GAMING

Darrell Loewenthal joined the NSW public service in 1965 and has been employed in several Departments, including the NSW State Emergency Services, Treasury, Department of Sport, Recreation and Racing, and the Department of Gaming and Racing.

He has been involved in the Government's administration of racing since 1975 and was appointed Director, Racing in 1983 and Director, Racing and Charities in 1995.

Darrell has previously served as a member of Harness Racing New South Wales (1986-1992), and the Racecourse Development Committee prior to its winding up on 30 June 1998.

He was appointed Deputy Director-General in 2000, and assumed additional responsibility for the Department's Compliance Division from that time.

DIRECTOR, REVENUE AND RESOURCE MANAGEMENT



MICHAEL FOGGO DipLaw
DIRECTOR, REVENUE AND
RESOURCE MANAGEMENT

Michael Foggo commenced his employment in the NSW public sector in 1968 when he joined Local Courts Administration. Michael worked in various courts throughout the State until 1977, when he joined the Attorney General's Department to provide policy advice on a number of projects, including the introduction of Sunday trading and the drafting of the Liquor Act 1982.

Michael was admitted as a barrister in 1983.

In 1987, Michael was appointed Deputy Director of the Treasury Casino Control Division, and subsequently to a senior management position within the then Chief Secretary's Department in 1988.

Michael has responsibility for the Revenue and Resource Management Division. Additionally, he has carriage of the Department's participation in the whole-of-Government initiative – the Government (Online) Licensing System – and oversees the Department's regulatory function in relation to the Centralised Monitoring System and State Wide Links jackpot system.

DIRECTOR, POLICY AND DEVELOPMENT



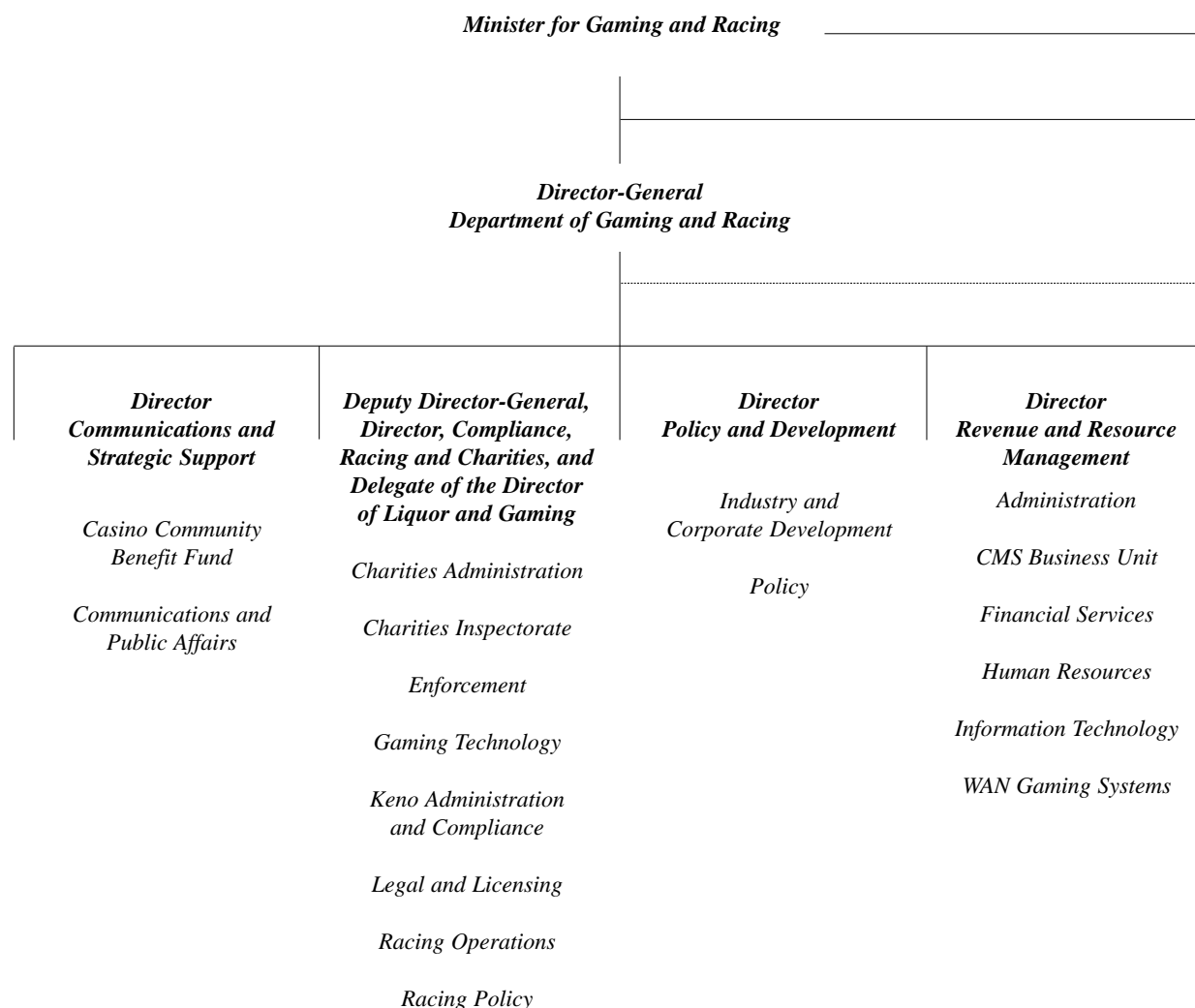
JILL HENNESSY BSc, MStats
DIRECTOR,
POLICY AND DEVELOPMENT

Jill Hennessy has been employed in the NSW public sector since 1974, when she joined the then Department of Motor Transport as a research statistician in road safety. She subsequently worked in the Departments of Community Services, Corrective Services and Health in various research, planning and policy roles, before joining the former Chief Secretary's Department in 1988.

She was appointed to the position of Director of Gaming and Charities in 1989, and then to her present position of Director, Policy and Development in 1992.

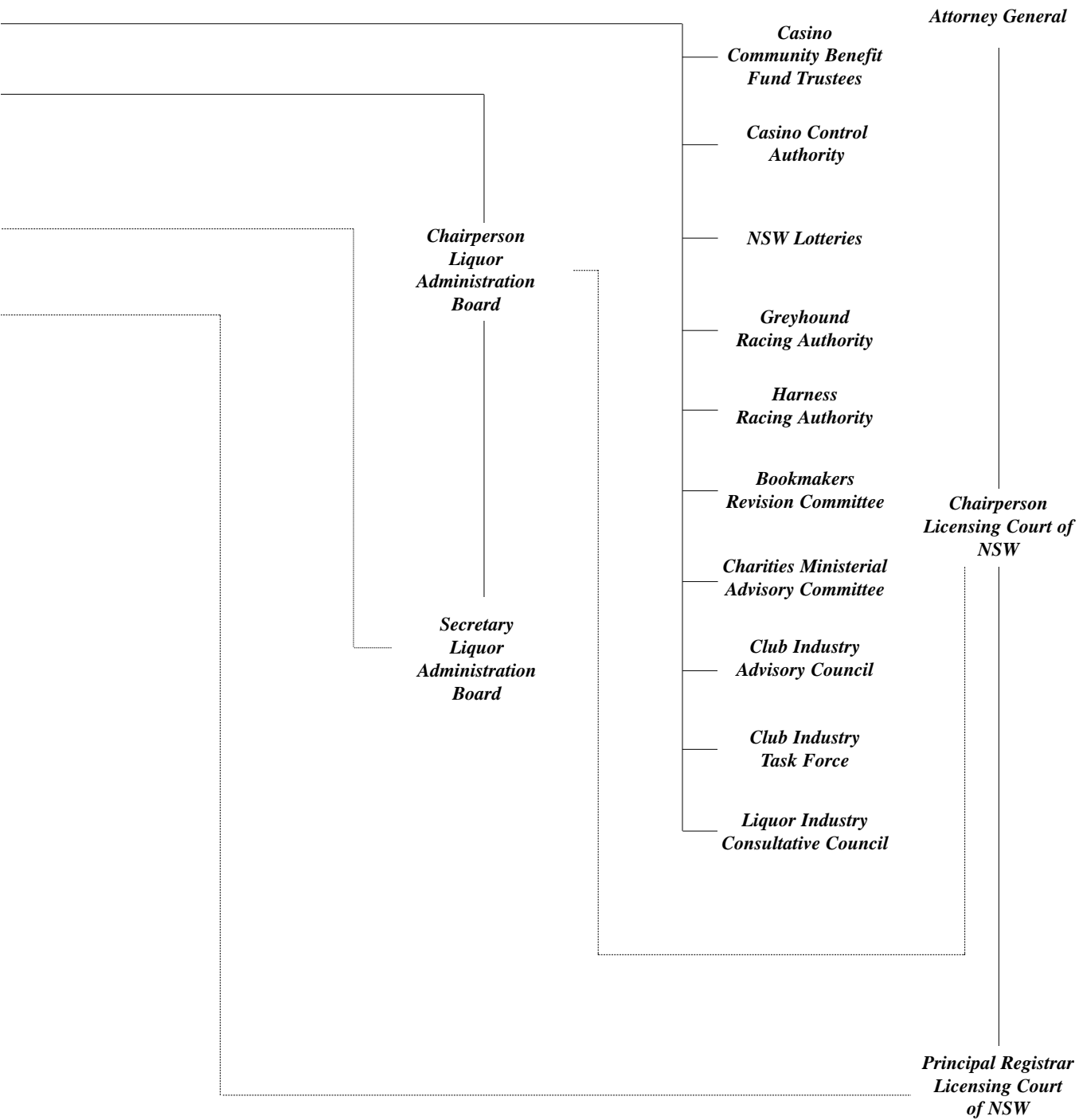
Jill is a Trustee of the Casino Community Benefit Fund. She has served as the Department's Director of Employment Equity.

THE ORGANISATION STRUCTURE



NOTES

- The Director-General is also the Director of Liquor and Gaming created by the *Liquor Act 1982*.
- The Principal Registrar and Court Registry staff are officers of the Department and provide support services to the Licensing Court of NSW.
- Some of the Department's staff provide support services to the Liquor Administration Board.
- Members of the Liquor Administration Board are also magistrates of the Licensing Court of NSW.
- The Secretary of the Liquor Administration Board is an officer of the Department.
- The Department provides secretariat services to the Bookmakers Revision Committee, the Casino Community Benefit Fund Trustees, the Charities Ministerial Advisory Committee, the Club Industry Advisory Council, the Club Industry Task Force, the Liquor Industry Consultative Council and various ad hoc committees.
- The Assistant Director, Racing is the Director-General's delegate as Chairperson of the Bookmakers Revision Committee.
- The Director, Policy and Development is a Trustee of the Casino Community Benefit Fund.
- Departmental officers chair the Liquor Industry Consultative Council and the CDSE Steering Group.
- The Director, Communications and Strategic Support is seconded from the Premier's Department. The Division was approved of by the Minister on 30 March 2004.



SIGNIFICANT RESULTS

WHAT THE DEPARTMENT ACHIEVED IN 2003-04

1 INDUSTRY INTEGRITY

Activities that enhance the integrity and accountability of the industries by ensuring that venues, people and technology involved in the provision of gambling, liquor and fundraising services comply with the law.

Under this Key Result Area, we:

- introduced new measures to enhance corporate governance, accountability and transparency in the club industry.
- established an inquiry into the Penrith Rugby League Club.
- developed proposals to protect club employment.
- reviewed secrecy laws in the gaming legislation.
- investigated 1,438 complaints about liquor and gaming machine venues.
- conducted 93 major inspections into licensed and club premises.
- issued 594 infringement notices against licensed venues.
- prosecuted 46 licensees and industry personnel for making false and misleading statements.
- assessed 439 gaming machine equipment applications.
- implemented a new inspection regime for the Tab's fixed odds betting operations.
- remade totalizator rules of betting.
- facilitated the appointment of a new Acting Appeals Tribunal for the three codes of racing.
- promulgated amendments to the Racing Appeals Tribunal Regulation.
- completed an inquiry into the Australian Red Cross Bali Victims Appeal.
- conducted 67 community gaming and charitable fundraising educational seminars.

2 INDUSTRY VIABILITY

Activities that allow the gaming, racing, liquor and charities industries to contribute positively to tourism, recreational and employment opportunities; generate revenue for the Government; and develop and operate in the public interest.

Under this Key Result Area, we:

- developed proposals to finetune the gaming machines legislation in light of practical experience
- reviewed gaming machine applications (SIA, hardship, hours, poker machine entitlements).
- conducted 45 workshops for the liquor and gaming industries.
- trialed an extension of fixed odds feature race betting.
- abolished the minimum telephone bet limit for bookmakers.
- amended telephone betting conditions for bookmakers.
- amended the Tab fixed odds and bookmaker sports betting rules.
- amended the Totalizator Rules to facilitate quadrella betting.
- amended legislation to facilitate possible changes in Tab Limited ownership.
- authorised betting auditoria for nine racecourses.
- awarded two racing scholarships.
- amended the Lotteries and Art Unions Act after a NCP review.
- reviewed the Charitable Fundraising Regulation.
- removed authorising permits for club bingo and promotional lotteries and allowed the advertising and sale of tickets in interstate-based lotteries in NSW.
- developed legislation to facilitate the sale of liquor on premises used by race clubs.
- developed proposals for the future management of lottery licences.

3 HARM MINIMISATION

Activities that achieve responsible serving of alcohol by the liquor industry and responsible drinking by its patrons, and activities that achieve responsible gambling providers and fundraisers, and responsible gambling by patrons.

Under this Key Result Area, we:

- commissioned and assisted in the development of the IPART review of the effectiveness of gambling harm minimisation measures.
- introduced mandatory RSA training for the liquor industry.
- strengthened the intent of the *Gaming Machines Act 2001* and the Regulation.
- investigated and prosecuted 105 venues for gaming harm minimisation breaches.
- monitored compliance by venues with the gaming machine shutdown periods.
- participated in the Ministerial Council on Gambling and other inter-jurisdictional mechanisms around gambling.
- facilitated and supported the Powerhouse Museum exhibition *Gambling in Australia: thrills, spills and social ills*.
- continued support for the Summit on Alcohol Abuse.
- established a review of the legislation governing beverages aimed at young people.
- monitored the availability of water at venues and the promotion of inappropriate alcoholic beverages.
- facilitated the operation of 108 liquor accords.
- developed licensing proposals for Parliament House.
- maintained RSA course evaluations, and assessed RCG RTOs and trainers.
- supported the Proof of Age Card scheme.

4 COMMUNITY NEEDS

Activities that will continue to see community benefits from services provided by the industries operating within a sensible regulatory framework.

Under this Key Result Area, we:

- implemented the outcomes of the statutory review of the Public Lotteries Act and the NSW Lotteries Corporatisation Act.
- commenced a review of the policy objectives and terms of the Unlawful Gambling Act, the Gambling (Two-up) Act and the Racing Administration Act.
- reported on the review of the policy objectives and terms of the Totalizator Act.
- co-ordinated a hearing of the Sports Betting Disputes Panel and separately facilitated the settlement of three claims.
- investigated 33 betting complaints about Tab Limited's totalizator operations.
- amended the Thoroughbred Racing Board Act following the review of the policy objectives and terms of the Act.
- prepared legislation to amalgamate the regulatory bodies for the greyhound and harness racing industries.
- facilitated appointments to the Greyhound Racing Industry Participants Advisory Committee.
- facilitated the appointment of a replacement industry representative on the Board of Harness Racing NSW.
- worked with The Cabinet Office to develop legislative proposals to relocate or establish new hotels and liquor stores.
- liberalised hotel trading hours on Sundays when special events were held.

5 GOVERNMENT REVENUE

Activities to protect the Government's revenue derived from the regulated industries.

Under this Key Result Area, we:

- conducted the triennial review of Keno subscriptions.
- worked with The Cabinet Office to introduce a new scheme for entry fees payable by applicants for a relocated or new hotel or liquor store licence.
- maintained Client Access Centre enquiry and marketing operations.
- maintained CMS monitoring activities to ensure integrity of the gaming machine tax assessment process.
- introduced a gaming machine authorisation "user charge" fee.
- assisted in developing the CORIS project for the licence fee and fine collection process.

6 RESOURCES PERFORMANCE

Activities that ensure a responsible, accountable, equitable, expert and professional agency, free from corruption and harassment, operating in the public interest.

Under this Key Result Area, we:

- established a Communications and Strategic Support Division.
- established a Strategy and Policy Committee.
- continued to participate in the development of the NSW Government Licensing Project.
- provided chair and/or secretariat services to a range of consultative forums.
- participated in, and provided secretariat support to, the Casino and Gaming CEOs' Forums.
- prepared and published annual reports for the Department, the Liquor Administration Board and the Casino Community Benefit Fund Trustees.
- provided support to the Minister on Governor's and special event licence applications.
- participated in the Premier's Department Grants Administration Review.

THE FUTURE

WHAT WE EXPECT TO HAVE DONE BY 30 JUNE 2005

1 INDUSTRY INTEGRITY

Under this Key Result Area we expect to have:

- released a consultation paper for industry and stakeholder comment on “old” controls carried forward in the Gaming Machines Act.
- implemented legislation to protect club employment and community contributions.
- implemented outcomes from the review of secrecy laws in the gaming legislation.
- enhanced club governance by developing new, or refining existing, legislative requirements.
- developed reporting mechanisms to monitor club governance.
- advanced matters about corrupt or improper conduct to a special inquiry.
- implemented a new Bookmaker Telephone Betting System.
- completed a review of a possible merger of totalizator pools.
- prepared harness racing legislation to give effect to recommendations of the Legislation Review Committee.
- finalised the amalgamation of the regulatory bodies for the greyhound and harness racing industries.
- published four issues of *Liquor and Gaming* and three legislation bulletins.
- conducted 50 community gaming and charitable fundraising educational seminars.
- commenced a general review of the State’s fundraising laws.
- investigated the feasibility of a disaster appeal management plan.

2 INDUSTRY VIABILITY

Under this Key Result Area we expect to have:

- participated in gaming and hospitality industry exhibitions.
- implemented proposals for the migration of statute-created clubs to a company limited by guarantee.
- developed and fostered initiatives directed to increasing the number of women in positions of authority in registered clubs.
- implemented new arrangements for the conduct of fixed odds feature race betting by Tab Limited and bookmakers operating out of racecourse offices.
- facilitated the appointments to the Board and the recruitment of the CEO of the new Greyhound and Harness Racing Regulatory Authority.
- implemented amendments to the Liquor Act to clarify the licensing arrangements for horse and greyhound racing clubs.
- implemented legislative proposals to finetune the gaming machines legislation in light of practical experience.
- developed and implemented legislative changes to facilitate acquisition of Tab Limited’s gaming business by Tabcorp and UNiTAB.
- adopted and implemented proposals for the future management of lottery licences.
- identified strategies to ensure that the community assets of clubs confronting demographic and/or financial hardship are not lost from local communities.
- reviewed draw procedures for the game of Lotto.

3 HARM MINIMISATION

Under this Key Result Area we expect to have:

- participated in the Ministerial Council on Gambling process, the National Gambling Research Working Party, and the Regulators Responsible Gambling Working Party.
- supported a regional tour of the Powerhouse Museum exhibition *Gambling in Australia: thrills, spills and social ills*.
- monitored compliance by race clubs, Tab Limited and bookmakers with responsible gambling regulations.
- developed reforms arising from the IPART report into gambling harm minimisation measures.
- developed and implemented initiatives arising from the Government’s response to the NSW Summit on Alcohol Abuse 2003.
- participated in a review of underage drinking laws and the collection of wholesale alcohol sales data.
- facilitated the trial of three Aboriginal Community Liquor Accords in areas of high need.
- facilitated the implementation of an Aboriginal specific responsible drinking program.
- fostered and promoted liaison between Aboriginal community groups and the Department’s Aboriginal Liaison Officer.
- implemented a liquor licence for Parliament House.
- implemented regulations to ensure licensed venues provide free drinking water.
- applied RSA training obligations to security officers involved in retail liquor venue operations.
- developed and implemented proposals emanating from the review into alcoholic beverages that may target young people.

4 COMMUNITY NEEDS

Under this Key Result Area we expect to have:

- developed proposals for the staged repeal of the Liquor, Racing Administration, Registered Clubs and Totalizator Regulations.
- completed the review of the policy objectives and terms of the Unlawful Gambling Act, Gambling (Two-up) Act and Racing Administration Act, and commenced implementation of the review recommendations.
- assisted Racing NSW with appointments to the Racing Industry Participants Advisory Committee.
- implemented the first stage of reforms arising from the NCP review of the NSW liquor and club management laws, and developed proposals for a second stage of reforms.
- recruited an Aboriginal liaison officer to liaise with Aboriginal communities and liquor industry stakeholders.
- implemented the new legislative scheme affecting proposals to relocate or establish new hotels and liquor stores.
- liberalised hotel trading hours on Sundays for special events.
- contributed to proposals for the Ministerial Council on Drug Strategy as developed by the National Taskforce on "Underage Drinking".
- implemented amendments to licences and rules authorised under the Public Lotteries Act.

5 GOVERNMENT REVENUE

Under this Key Result Area we expect to have:

- implemented a new scheme for entry fees payable by applicants for a relocated or new hotel or liquor store licence.
- implemented agreed outcomes from the review of Keno subscriptions.
- reported on options for the post-2007 casino taxation and exclusivity arrangements.
- maintained the Client Access Centre enquiry and marketing operations.
- maintained CMS monitoring activities to ensure integrity of the gaming machine tax assessment process.

6 RESOURCES PERFORMANCE

Under this Key Result Area we expect to have:

- continued to participate in the development and implementation of the NSW Government Licensing Project.
- reviewed and updated the Department's Corporate Plan.
- participated in, and provided secretariat support to, the Casino and Gaming CEOs' Forums.
- prepared and published annual reports for the Department, the Liquor Administration Board and the Casino Community Benefit Fund Trustees.
- finalised and implemented a revised performance management system for Departmental staff.
- monitored the Department's Code of Conduct.
- provided support to the Minister on individual Governor's and special events licence applications.

CHALLENGES AND CONSTRAINTS

HOW THE DEPARTMENT MANAGED IN 2003–04

IT IS NOT POSSIBLE TO DO JUSTICE TO THE SCOPE AND COMPLEXITY OF THE ACTIVITIES FACED BY THE DEPARTMENT'S STAFF DURING THE YEAR. AT BEST, THE FOLLOWING CRITICAL EVENTS PROVIDE AN INSIGHT INTO SOME OF THE CHALLENGES FACED IN ACHIEVING AGREED OUTCOMES FOR THE GAMING, RACING, LIQUOR AND CHARITY INDUSTRIES, AND THE CONSTRAINING FACTORS THAT HINDERED THE DEPARTMENT IN ACHIEVING MORE.

ALCOHOL SUMMIT

Last year's report foreshadowed the Government's announcement that the NSW Summit on Alcohol Abuse, to be held in August 2003, would signal the start of months of intensive research and policy development. That prediction proved correct.

The Department's resources were tested to the limit in developing policy input and information materials for Summit participants. Many Departmental officers were given significant roles in the lead-up to, and during the conduct of, the Summit.

As well, the Department was given a significant role in working with the Minister's office to develop the Government's response to the 318 recommendations in the Summit communiqué, which the Government released on 3 June 2004.

The Department welcomes the opportunity to work with all stakeholders over the coming years on implementing the Government's comprehensive plan for addressing alcohol abuse in NSW.

CLUB GOVERNANCE

As the activities of registered clubs came under the spotlight during the year, the Department provided significant support for the establishment and functioning of the Club Industry Task Force established by the Minister on 22 August 2003.

The Task Force was asked to develop, through consultation, a framework to secure a relevant and viable club industry. The process is a working partnership between the Government, unions and the club industry. Major club industry and staff, associations and the appropriate union are represented.

Following stage 1 of the Task Force's deliberations, clubs are now required to comply with a wider range of corporate governance requirements.

As well, the package empowered the Director of Liquor and Gaming to establish a special inquiry into the management of a club, where corrupt or other improper conduct is alleged. The Department was extensively involved in preparing for an inquiry into one club during the year.

GAMBLING HARM MINIMISATION REVIEW

The Department provided support to a review of existing and proposed harm minimisation measures conducted by the Independent Pricing and Regulatory Tribunal (IPART) during the year.

Senior Departmental officers assisted as required the IPART review team throughout the year, which included help in releasing a discussion paper in September 2003, analysing submissions, and having discussions with peak organisations representing stakeholders. Also, the Department was instrumental in procuring funds for the cost of the review.

GAMING MACHINE POLICY REFORMS

Reports in recent years have discussed the gaming machine policy reforms announced by the Government in July 2001. The legislative package developed and implemented by the Department since April 2002 has been a far-reaching initiative to address the social harm caused by problem gambling.

As would be expected with any policy reforms, there is ongoing assessment of the effectiveness of the

package. From time to time during the year, the Department identified refinements to improve the operation and administration of the scheme. The Department hopes to secure Government support for the enhancements during 2004–05.

LIQUOR LAWS – REVIEW

It was noted in last year's Annual Report that a draft report into the liquor laws had been developed following a review of these laws for compliance with National Competition Policy principles. As noted then, the Government decided to suspend the review pending conduct of the Alcohol Summit.

After the Summit, the Department completed the review and finalised a report.

Also, the Department worked closely with The Cabinet Office on legislation to implement specific review outcomes applicable to hotel and liquor store licences – replacement of the needs test with a social impact assessment process, and replacement of the significant fee-on-grant scheme with a lower fixed cost fee structure.

The legislation aroused significant industry and community interest, and this was reflected in the Parliamentary process.

The Department played a key role in the development and facilitation of the legislation, and supported the Minister's office in managing stakeholder interests and submissions.

It was also responsible for developing supporting regulations and guidelines, and developing suitable information materials for industry participants and the broader community.

ACTIVITIES THAT ENHANCE THE INTEGRITY AND ACCOUNTABILITY OF THE INDUSTRIES BY ENSURING THAT VENUES, PEOPLE AND TECHNOLOGY INVOLVED IN THE PROVISION OF GAMBLING, LIQUOR AND FUNDRAISING SERVICES COMPLY WITH THE LAW.

OBJECTIVE

- An effective integrated compliance and probity regime that ensures responsible, responsive and accountable industries and people, with enforceable sanctions.

STRATEGIES

- Monitor the industries (through investigations, inspections, audits, probity and evaluation programs) for integrity, compliance, accountability, responsibility and fairness.
- Analyse trends, and develop and promote campaigns/programs, to improve compliance.
- Identify and target problem venues, people and technology.
- Review and improve compliance strategies, techniques and processes.
- Implement disciplinary action.
- Publish details of non-compliance.
- Review and improve legislative sanctions.
- Establish and maintain links with other enforcement and regulatory agencies.

PERFORMANCE INDICATORS

- Levels of industry compliance.
- Levels of industry integrity.
- Levels of conformity with probity and evaluation standards.
- Levels of disciplinary action.
- Pattern and trend of complaints received.

The principal programs that fall under the *Industry Integrity* key result area embrace compliance and probity functions – eg. investigations, inspections, monitoring and assessment operations. From time to time, review of the relevant laws will be necessary where compliance weaknesses are identified or to address other integrity issues.

While the Department uses a risk management approach for on-site investigations, inspections and audits, other methods can bring results that rely less on resources, such as desk audits of records, websites and publishing the results of disciplinary action against licensees and registered clubs.

For efficiency purposes, gaming and liquor inspections are usually combined where compliance activity involves a hotel or registered club.

In carrying out its compliance responsibilities, the Department, either in its own right, or under delegation, supports the Director of Liquor and Gaming, the Liquor Administration Board and the Licensing Court.

The Director prepares an independent report (*Appendix 3*) on the Director's statutory responsibilities, along with cases prosecuted by the Director (*Appendix 4*).

The Liquor Administration Board publishes its own annual report that incorporates Licensing Court activities.

The following summary addresses the more important industry integrity issues for 2003–04 that included:

- assessing the integrity of people and technology;
- enforcement and compliance operations of gaming and liquor venues;
- monitoring gaming machines for fairness;
- monitoring totalizator and bookmaker operations; and
- investigating charitable fundraising organisations.

GAMING AND LIQUOR

COMPLAINTS

During 2003–04, the Department received 1,438 complaints about the operation of liquor and gaming venues (1,915 in 2002–03). In addition, a further 531 complaints were resolved upon initial telephone or face to face contact.

ENFORCEMENT

Non-compliance by venue operators with the fundamentals of the liquor and gaming laws can be a pointer to underlying problems in a venue's operations.

Regular monitoring of venues by both the Department and police, who enforce the more serious liquor cases coming to notice, eg. intoxication, anti-social behaviour and underage

drinking, are critical to minimising harm and ensuring general compliance with liquor and gaming machine laws.

While many breaches detected from the Department's compliance operations will be fixed by the venue operator after receiving a compliance notice, penalty notices or Court action are deemed a better response in some cases.

Complementing the Department's enforcement programs is the *Liquor and Gaming* bulletin program where results of the Department's operations, along with cases prosecuted by the Director and the police, are published.

The bulletin is an effective enforcement tool, highlighting compliance issues to the wider liquor and gaming industries, as well as the outcome of criminal and civil litigation.

CORPORATE GOVERNANCE

In August 2003, the Minister announced the establishment of the Club Industry Task Force to develop a package of recommendations to expand and clarify the accountability, compliance and management responsibilities of registered club staff and directors.

The Task Force is a working partnership between Government, the club industry and employee groups with the key aim to clearly identify and articulate what the Government and the community expect of the club industry.

A particular focus is the key areas of governance, probity, financial and community accountability, and transparency.

Following extensive deliberations, the Task Force developed recommendations to amend the registered club laws. The new measures were introduced in stages during the first half of 2004.

An intensive information and education campaign was carried out by the Department that included industry workshops and a detailed legislation bulletin covering all of the changes. Further details of the enhanced measures are included in Appendix 13.

CLUB MANAGEMENT INQUIRY

Included in the corporate governance package of legislation were provisions enabling the Director of Liquor and Gaming to establish a formal inquiry to investigate an allegation about any corrupt or improper conduct in relation to a registered club. This part of the package commenced on 13 February 2004.

On 30 April 2004, the Director appointed Mr Ian Temby QC to investigate specified allegations about corrupt or improper conduct in relation to the Penrith Rugby League Club.

The allegations concerned:

- the aborted election of Club directors in March 2002;
- changes to the Club's constitution in 2002;
- information given to members of amalgamating clubs as to their voting rights;

- information given to the Club's board as to those voting rights;
- knowledge as to the remuneration package of the Club's secretary;
- knowledge as to the financial dealings between Phyro Holdings Pty Ltd and the Club; and
- whether the Club has been run in good faith for the benefit of all members or whether it has been to a large extent run by and for the benefit of others.

Mr Temby was asked to report on the findings of the inquiry by 1 October 2004, or a specified later date. By the end of the year, Mr Temby had presided at public hearings on nine days, commencing on 8 June 2004. The hearings were expected to continue into 2004–05.

PEOPLE

GAMING MACHINES ACT REVIEW

During the year, an inter-divisional working party met to review "old" gaming machine controls carried forward in the Gaming Machines Act. A consultation paper to facilitate industry and stakeholder comment on those controls is proposed for release in 2004–05.

BUSINESS NAMES

Under an arrangement entered into several years ago, the Department comments upon certain business name applications made to the Office of Fair Trading under the *Business Names Act 1962*.

The applications reviewed are those where there is a general liquor or gambling connotation.

In reviewing the applications, the Department usually considers whether the name is misleading in relation to the nature, objects or purposes of the business to be conducted under the proposed name or in relation to any other matter; and, where appropriate, whether the applicant is lawfully able to conduct the business proposed.

During 2003–04, the Department received 85 business name applications from Fair Trading. Of these, the Department objected to 18 applications; 65 applications were not objected to; and two applicants did not progress their applications.

TECHNOLOGY

A critical function of the Department is to recommend to the Liquor Administration Board the suitability of new and modified types of gaming equipment for approval.

These recommendations are generally based on evaluation reports received from gaming machine testing facilities, which ensure the integrity of gaming equipment being submitted for approval by gaming machine manufacturers.

Under delegation, the Department approves gaming equipment that is deemed to be “not exceptional”.

CASHLESS GAMING SYSTEMS

Two new cashless gaming systems were approved by the Board during the year, as well as a number of enhancements to existing cashless systems.

While the uptake of cashless gaming systems has generally not been embraced by the industry to the same extent expected by some analysts, there is still significant development by cashless system suppliers.

Cashless gaming systems and certain jackpot controllers can both electronically transfer money into gaming machines. As each gaming machine only has a single connection port for these systems, gaming machine operators must determine the preferred system for transferring money.

The introduction of port sharing devices provides operators with greater flexibility by permitting money to be transferred into a gaming machine from multiple sources. As cashless systems have the potential to introduce a range of harm minimisation features, the introduction of port sharing devices may facilitate an increase in the uptake of cashless gaming systems.

EVALUATIONS

In 2003–04, the Department received and assessed 439 gaming equipment applications for the Board’s approval. Of this total, the Department was able to assess 96 per cent of applications within 15 days.

Of the total number of applications received:

- 192 were new games;
- 3 were new gaming machines;
- 9 were new gaming machine systems;
- 19 were field trials; and
- 216 modified existing gaming equipment.

GAMING MACHINE TECHNICAL STANDARDS

The Department develops and maintains the approved Technical Standards against which testing facilities evaluate gaming machine equipment.

In 2003–04 a significant milestone was reached with the adoption of the Australian/New Zealand Gaming Machine National Standard by NSW.

The Department was active in other areas associated with the development of technical standards for gaming equipment including the:

- NSW Gaming Machine Communications Protocol Standard; and
- Linked Progressive Jackpot System Technical Standard.

More detailed coverage of the Standards is contained in the Liquor Administration Board’s 2003–04 Annual Report.

SPECIALLY APPROVED GAMING MACHINES (SAGMs)

SAGMs are deemed suitable by the Board to operate as part of Tab Limited’s statewide linked gaming system, of which the following two generic types are in operation:

- “Game outcome” based linked gaming systems, that award jackpot prizes for specific symbol combinations determined by a gaming machine; and
- “Mystery” linked gaming systems, which randomly award jackpot prizes to players of gaming machines within venues that are participating in the jackpot link.

One new type of SAGM game approved during the year was designed for operation with a game outcome based linked gaming system. The SAGM provided a new jackpot theme, and was designed to operate with new “jackpot prize” amounts.

TESTING FACILITY LICENCES

In 2003–04, the Department progressed licensing applications received from the following companies who provide independent technical evaluation services for gaming machine equipment:

- BMM Testlabs;
- Gaming Laboratories International (Australia);
- Global Gaming Services (GGS); and
- Technical Systems Testing (TST).

As indicated in last year’s Report, a recommendation was made to the Board that two applicants – GGS and TST – would undergo a technical audit prior to further consideration of their licence application. These audits were finalised in 2003–04, and the recommendations issued by the auditor have been adopted by the applicants. Later, GGS withdrew its application for commercial reasons.

The Licensing Court granted a testing facility licence to Gaming Laboratories International (Australia), while an application for BMM Testlab’s testing facility was before the Court at the end of the year.

At that time, the Board was also considering the granting of a certificate in support of TST’s testing facility licence application.

Testing facilities provided 416 evaluation reports on licensed dealer applications seeking approval of gaming machine equipment in 2003–04.

The Department has an ongoing role, in terms of monitoring the performance of licensed testing facilities, to ensure a high level of service is being provided.

COMMUNITY GAMING

Although a general legal prohibition applies to community gaming activities under the *Lotteries and Art*

Union Act 1901, the law allows certain types of gaming in particular circumstances and in the public interest.

The lawful types of lotteries and games of chance include raffles, art unions, housie, mini-numbers, no-draw lotteries, sweeps, social housie, club bingo, and trade promotion lotteries.

Some lotteries and games of chance may be conducted without an authorising permit, but subject to legislative conditions. Others may be conducted under an authorising permit and subject to legislative and permit conditions.

To improve compliance with the Lotteries and Art Unions Act, the Department's compliance program is designed to ensure those entities conducting community gaming activities do so within a framework that promotes integrity and minimises opportunities for improper conduct.

The program is supported by the provision of information, both electronically and paper-based, and ongoing education.

The compliance program is a risk management and complaint mix, with most investigation activity centred on trade promotion lotteries.

COMPLIANCE

During the year, the Department received 331 complaints about community gaming activities (361 in 2002–03).

Inquiries were undertaken into 277 persons and organisations conducting community gaming activities, which resulted in:

- 240 breach notices being issued; and
- 2 cases being referred for prosecution.

EDUCATION

As part of the Department's ongoing community gaming education program, seminars and workshops are held throughout the State. The program is designed to improve the level of legislative compliance.

One workshop was linked to a meeting of the Queanbeyan-based liquor accord. The meeting was well attended by registered clubs and hoteliers.

During 2003–04, the Department continued its community gaming education program; 34 seminars were conducted, 12 of which were run for particular organisations. This program is integrated with the charitable fundraising education program.

RACING

A principal function of the Department is to ensure that legal betting activities associated with bookmakers and totalizators are conducted honestly and with integrity.

The Department acts as the focal point between the Government, controlling authorities, race clubs, industry bodies, Tab Limited and the community.

The following highlights the principal racing integrity issues addressed during the year.

BETTING AUDITORIA

REVIEW OF AUDITORIA CONDITIONS

A working party, comprising representatives from the Department and the racing controlling bodies, was established in November 2003 to review the conditions attached to betting auditoria operations.

New conditions were subsequently approved by the Minister in respect of the betting auditoria operating at Randwick, Broadmeadow, Fairfield and Border Park (Tweed Heads) racecourses.

BOOKMAKERS

BOOKMAKERS REVISION COMMITTEE (BRC)

The BRC, which comprises representatives from the three controlling bodies of racing (which are responsible for the licensing of bookmakers), the NSW Country Racing Council, the NSW Bookmakers' Co-operative Ltd and the Department, is responsible for the issue of operating authorities to bookmakers and the general oversight of bookmaker operations.

The Department, under delegation from the BRC, issued nine State bookmaker authorities during the year.

INTERNET BETTING CONDITIONS

The Minister approved of a minor amendment to the conditions on 10 November 2003.

TELEPHONE BETTING SYSTEM

The lease and maintenance agreements for the Bookmaker Telephone Betting System (BTBS) are due to expire in November 2004. Discussions continued with the controlling bodies of racing and the NSW Bookmakers' Co-operative during the year over future administrative arrangements for the BTBS.

The capacity of the BTBS was further increased during the year to accommodate additional demand from bookmakers.

TAB LIMITED

AUTOMATED TOTALIZATOR MONITORING SYSTEM

A number of exception reporting procedures were implemented in relation to the Department's monitoring of Tab Limited's Automated Totalizator Monitoring System.

INSPECTION REGIME

In April 2004 the Department implemented a new inspection regime to monitor Tab Limited's fixed odds racing and sports betting operations.

MOBILE HARNESS EVENTS

In consultation with the Harness Racing Authority and Tab Limited, the Department commenced a review of procedures relating to close of betting in the case of mobile start harness racing events.

TOTALIZATOR RULES OF BETTING

During the previous year Tab Limited, in consultation with the Department, commenced a comprehensive review of the totalizator rules to ensure that they continue to appropriately address current totalizator betting practices.

An updated version of the totalizator rules was approved by the Minister on 23 December 2003 and gazetted on 9 January 2004.

RACING APPEALS TRIBUNALS**GREYHOUND AND HARNESS RACING APPEALS TRIBUNAL**

From 1 October 2004, the former Greyhound Racing Authority and Harness Racing Authority are to be replaced by an amalgamated body – the Greyhound and Harness Racing Regulatory Authority.

Similarly, the respective appeals tribunals are to be replaced by the Greyhound and Harness Racing Appeals Tribunal.

The Parliament passed the *Greyhound and Harness Racing Administration Act 2004* in 2003–04 to provide for these and other changes.

APPOINTMENT OF TRIBUNALS

The Minister approved of the following appointments for a period of three years commencing 1 July 2003:

- His Honour Mr Barrie Thorley AM as the Racing Appeals Tribunal, Harness Racing Appeals Tribunal and Greyhound Racing Appeals Tribunal; and
- The Hon Justice Wayne Haylen QC as the Acting Racing Appeals Tribunal, Acting Harness Racing Appeals Tribunal and Acting Greyhound Racing Appeals Tribunal.

THOROUGHBRED RACING APPEALS TRIBUNAL

As part of the package of reforms arising from the policy objectives and terms review of the *Thoroughbred Racing Board Act 1996*, amendments were made to the *Racing Appeals Tribunal Act 1983* and the *Racing Appeals Tribunal Regulation 1996*.

The amendments make it clear that the Thoroughbred Racing Board (now known as Racing NSW) has a right of appeal to the Racing Appeals Tribunal from its Appeal Panel, and that an appeal to the Panel and/or to the Tribunal is in the nature of a new hearing, and that fresh or additional evidence may be given on the appeal.

MERGING OF TOTALIZATOR POOLS

Following the takeover of Tab Limited by Tabcorp Holdings Ltd during early July 2004, it is possible that approaches will be made for the pooling of NSW and interstate totalizator investments. Under the *Totalizator Act 1998*, this would require the Minister's approval.

During the year the Department commenced a detailed examination of a range of issues associated with the pooling of totalizator investments. Overriding considerations include the preservation of totalizator betting integrity and satisfactorily addressing the risks of transfer of totalizator investments to other jurisdictions.

WAGERING INTEGRITY**ADVERTISING PROHIBITIONS**

The Racing Administration Act prohibits the publication of advertisements in NSW about non-NSW licensed betting operators.

The Department has continued its close monitoring of these legislative provisions which are designed to safeguard the interests of punters.

During the year, the Department issued 24 letters of warning to various media outlets and publishers in respect of possible breaches of this legislation.

CHARITIES**COMPLIANCE**

To improve compliance with the regulation of charitable fundraising activities, the Department has an integrated education and inspection compliance program, which is complemented by the *Best Practice Guidelines for Charitable Organisations* and the *Charities Bulletin*.

The compliance program is designed to ensure that people conducting charitable fundraising appeals do so within a framework that improves security, promotes integrity and minimises opportunities for improper conduct. In turn, this ensures community confidence in charitable fundraising activities.

Most investigations are generated as a consequence of complaints, many of which concern management and accountability issues.

INDUSTRY INTEGRITY

In some cases, allegations of fraud are made and these are referred to police for action.

For the public, the Department has an on-line database system which complements traditional compliance programs so that checks can be made on whether a person or organisation holds an authorising licence to conduct a community gaming activity or to conduct fundraising appeals for charitable purposes. Database information includes the authorising number, name, business and postal address, telephone number and other particulars.

OPERATIONS

During 2003–04, the Department received 171 complaints about persons and organisations conducting fundraising activities (210 the previous year).

Inquiries were made into 130 persons and organisations conducting fundraising activities, including six major charities.

The outcomes included:

- 107 breach notices issued (mostly to charities that failed to comply with procedural issues);
- show cause notices issued to two authorised fundraisers as to why their authority to fundraise should not be revoked; and
- one case being referred for prosecution.

During the year, the Department closed its file on a number of applications for an authority to fundraise as part of the strategic compliance management approach.

As a result, 22 applications were refused because the applicant failed to lodge requested information.

Details of significant cases are set out in Appendix 6.

RED CROSS BALI APPEAL INQUIRY

In May 2003, the Australian Red Cross was criticised in the media about its management of its Bali Appeal including the application of funds to purposes other than victims, the cost of administration and the delay in the provision of funds to victims, especially for prosthetic limbs and surgery.

After the allegations were made, the Minister announced that an inquiry would be conducted and a report provided to the community.

On 18 September 2003, the Minister announced the release of the Report. A summary of the Report's findings and recommendations are set out in Appendix 22.

EDUCATION

Throughout the year, the Department maintained its information and seminar program for charitable organisations.

Both the Best Practice Guidelines publication and the *Sweet Charity* brochure were used to assist organisations and the public about fundraising issues.

A total of 33 education seminars were conducted in 2003–04, with 21 held especially for particular charitable groups. This program is integrated with the community gaming education program.

The Department presented three training modules as part of the Fundraising Institute's – *Australia's Skills Training Course*, while two lectures were delivered to students in the Masters of Community Management program at the University of Technology, Sydney.

A special education and compliance program that targets peak bodies whose members conduct fundraising appeals and/or lotteries continued. The program sets out to obtain greater efficiency in the delivery of education / compliance programs.

By targeting these bodies, a co-ordinated and focussed approach is achievable. Often education workshops are linked to the targeted organisation's meeting of delegates or a conference.

Education programs were conducted for Mission Australia, Parents Without Partners, the Country Women's Association, Rural Fire Service Association and Lions clubs.

GUIDELINES FOR CHARITIES

During the year the Department continued to assist charities to develop and publish guidelines for support groups as an aid to compliance. The Country Women's Association and the World Wildlife Fund were among those that benefited from the Department's assistance.

ACTIVITIES THAT ALLOW THE GAMING, RACING, LIQUOR AND CHARITIES INDUSTRIES TO CONTRIBUTE POSITIVELY TO TOURISM, RECREATIONAL AND EMPLOYMENT OPPORTUNITIES; GENERATE REVENUE FOR THE GOVERNMENT; AND DEVELOP AND OPERATE IN THE PUBLIC INTEREST.

OBJECTIVES

- To work with stakeholders for the balanced development and viability of the industries.
- To review legislation, policies and practices to facilitate balanced development and viability.

STRATEGIES

- Establish processes for consultation.
- Consult and collaborate with stakeholders to identify innovative opportunities for development and growth, within the regulatory and policy framework.
- Analyse, monitor and evaluate industry sectors to ensure balanced development and viability.
- Provide assistance to maintain and improve viability.
- Keep industries informed of change.
- Implement Government policies.

PERFORMANCE INDICATORS

- Industry satisfaction with consultation processes.
- Legislative/policy changes that provide opportunities for viable development and growth.
- Requests from industry for financial relief or assistance.
- Results of assistance, intervention, and policy or legislative change.

The Department works with various industry sectors on viability issues. Principally, the Department's focus is on legislative implementation and policy development to balance the competing needs of the industries, but at the same time, provide opportunities for development within the public interest.

In some instances, legislative changes are required to address anomalies that arise from earlier legislative reforms.

At the venue level, the Department's activities cover:

- monitoring practices that could threaten the viability of a venue;
- registered club amalgamations; and
- workshops for charitable fundraisers.

For 2003–04, the following activities cover the more important viability issues addressed by the Department.

GAMING

GAMING MACHINE PROFITS

HOTELS

A total of 1,809 hotels earned profits from gaming machines in one or more quarters for the year ended 30 June 2004, compared to 1,830 hotels for the previous period.

Of these hotels, 442 earned more than one million dollars in profit compared to 427 in 2002–03.

Total profit for 2003–04 was assessed at \$1,501 million compared to \$1,424 million in 2002–03. This represents an increase of 5.41%.

REGISTERED CLUBS

A total of 1,374 clubs earned profits from gaming machines in one or more quarters for the year ended 31 May 2004, compared to 1,381 clubs for the previous period.

Of these clubs, 520 earned in excess of one million dollars in profit compared to 512 in 2002–03.

Total profit for 2003–04 was assessed at \$3,167 million compared to \$3,035 million in 2002–03. This represents an increase of 4.35%.

LEGISLATIVE AMENDMENTS

GAMING MACHINE ADVERTISING EXCLUSIONS

A regulation was made providing an exemption to the general prohibition on gaming machine advertising for advertising that is incidental to the publication of another

TABLE 1 - HOTEL GAMING MACHINE STATISTICS – YEAR ENDED 30 JUNE 2004

	Hotels	Machines	Turnover \$ million	Profit \$ million	Tax (assessed) \$ million	Profit /Hotel \$'000	Profit /Machine \$'000	Hotel Profits >\$1 million
2003–04	1,809	24,189	14,543	1,501	364.6	830	62	442
2002–03	1,830	24,255	13,794	1,424	343	778	59	427
2001–02	1,824	24,418	12,895	1,358	324	744	56	394

TABLE 2 - REGISTERED CLUB GAMING MACHINE STATISTICS – YEAR ENDED 31 MAY 2004

	Clubs	Machines	Turnover \$ million	Profit \$ million	Tax (assessed) \$ million	Profit /Club \$'000	Profit /Machine \$'000	Club Profits >\$1 million
2003–04	1,374	74,956	35,696	3,167	435	2,305	42	520
2002–03	1,381	75,214	33,936	3,035	414	2,198	40	512
2001–02	1,397	75,212	29,947	2,949	401	2,111	39	508

Notes to Tables: Hotel and club numbers represent those venues which were assessed for tax in at least one quarter. Machines represent the number of machines that operated on the last day of the quarter in which tax was assessed.

matter, and for advertising that promotes a public exhibition in a public institution.

GAMING MACHINE HARDSHIP APPLICATIONS

A regulation was made to provide an exemption from the requirement to prepare a social impact assessment for a hotelier’s licence that is moved within one kilometre of the previous premises.

GAMING MACHINES SHUTDOWN

Effective 1 December 2003, the Gaming Machines Act was amended to enable the Liquor Administration Board to approve of a hotel or club having a 3-hour shutdown period between 6 am and 9 am on any day of the week, so long as the hotelier or registered club can establish that the financial viability of the hotel or club will be seriously threatened if the general 6-hour shutdown period applied.

Venues must satisfy criteria established in Ministerial guidelines that include hardship considerations. Exemptions only apply to the 6-hour shutdown.

Under this scheme during the year, the Board approved 13 applications during the year.

STATE WIDE LINKED (SWL) GAMING SYSTEMS

HOTELS AND REGISTERED CLUBS

Two SWL jackpot games operate in registered club venues – *Maximillions* and *Golden Goals*.

At the end of the year, *Maximillions* was operating in 133 clubs, with 934 gaming machines attached to the link,

and *Golden Goals* was operating in 175 clubs with 350 gaming machines attached.

In February 2003, approval was given for an eight-week field trial for the operation of two *Mystery* SWL linked gaming systems in clubs and hotels, with restrictions on how the systems would operate.

Both the field trial and the operating parameters of the linked systems were extensively modified to address viability and integrity issues.

At 30 June 2004, two of the *Mystery* linked jackpot game systems were installed in clubs – *Bullionaire* (54 clubs and 659 gaming machines) and *Dollar Dazzler* (27 clubs and 287 gaming machines).

In hotels, four of the links were installed – *Stash* (59 hotels and 287 gaming machines), *Lasseter’s Loot* (28 hotels and 560 gaming machines), *Las Vegas Link* (7 hotels and 142 gaming machines) and *Treasure Quay* (6 hotels and 98 gaming machines).

COMMUNITY GAMING

In 2003–04, the Department issued:

- 13,864 permits for trade promotion lotteries;
- 281 permits for charity housie;
- 92 permits for other games such as chocolate wheels and lucky envelopes; and
- 45 permits for art unions.

PROMOTING TRADE

Trade promotion lotteries are free-entry lotteries conducted for the purpose of promoting the sale of goods

TRADE PROMOTION LOTTERIES 2003–04		
Prize Value Range	Applications	Total Prize Value
≤\$49,999	12,578	\$118,785,138
≥\$50,000 – ≤\$249,999	973	\$94,056,111
≥\$250,000	133	\$324,251,534
Total	13,684	\$537,092,783

and services. In 2003–04, the Department issued 13,684 permits (up 3.7% on the year before).

Businesses view trade promotion lotteries as a cost-effective way to boost sales, and provide a means by which those increases can be measured.

Popular trade promotion lotteries include:

- 1900-telephone competitions;
- coupon competitions;
- early bird promotions;
- gaming machine promotions;
- member's badge draws; and
- scratch competitions.

APPLYING ONLINE

A total of 60 per cent of businesses used the Department's online application system for trade promotion lottery permits (an increase of 8 per cent), with over 70 per cent of these applications processed within 24 hours.

The system has achieved efficiencies for the Department, with most applications approved within one working day, compared to two days under the manual system. Permits are issued by email, which has resulted in further savings.

RACING

The Department monitors the effectiveness of racing policies to secure the continued viability and positive contribution of the racing industry in terms of revenue generation and the creation of recreational, employment and tourism opportunities, while at the same time protecting the public interest.

BETTING AUDITORIA

Under the Racing Administration Act, the Minister may authorise a betting auditorium at a licensed racecourse. Betting auditoria were conducted at nine racecourses during the reporting year as follows.

ALBURY RACECOURSE

A betting auditorium was approved for Albury Race Club at the Albury Racecourse on 18 October 2003 (Caulfield Cup Day) in conjunction with a ClubsNSW function held at the course on that date.

BORDER PARK RACING COMPLEX – TWEED HEADS

Approval continued for the Tweed Heads Coursing Club to operate an auditorium on Wednesday afternoons when a harness race meeting is not being conducted. Approval was also given to the club for another 10 auditorium race dates, with the club conducting a betting auditorium on 60 days in 2003–04.

BROADMEADOW RACECOURSE

This part-time betting auditorium, managed by the Newcastle Jockey Club, has operated continually since it was first authorised by the Minister in July 1997. It operates on most Saturdays when race meetings are not conducted at Broadmeadow, which was on 31 occasions during the reporting year.

FAIRFIELD PACEWAY

In September 2002, Ministerial approval was given to extend the five day a week auditorium operation at the Fairfield Paceway to seven days per week. During 2003–04 this betting auditorium operated on 326 days.

ROYAL RANDWICK RACECOURSE RACING INDUSTRY BETTING AUDITORIUM

The auditorium at Royal Randwick Racecourse is a full-time operation, established in May 1997 and is open on non-Randwick race days. The racing industry betting auditorium operated on 329 days in 2003–04.

The Minister renewed the racing industry betting auditorium authorisation for a further 12 months expiring on 30 June 2005.

MELBOURNE CUP DAY AUDITORIA

In 1999, a "blanket" authorisation was given for all NSW race clubs to operate a betting auditorium on Melbourne Cup day each year, which was conditional on the club obtaining the approval of its relevant controlling authority.

The following race clubs took advantage of the blanket approval and operated betting auditoria with bookmakers and/or Tab facilities on Melbourne Cup day – 4 November 2003:

- Gosford Race Club (Gosford Racecourse);
- NSW Harness Racing Club (Harold Park Paceway);
- Port Macquarie Race Club (Port Macquarie Racecourse);
- Goulburn Racing Club (Kenmore Racecourse);

- Newcastle Jockey Club (Broadmeadow Racecourse);
- Tweed Heads Coursing Club (Border Park Racing Complex); and
- Fairfield District AH&I Society (Fairfield Paceway).

BOOKMAKERS

FEATURE RACE BETTING EXPANDED

On 3 September 2003 the Minister approved of an expansion of feature race betting operations by bookmakers operating out of racecourse offices for a trial period expiring on 30 June 2004.

Betting coverage was extended to Group 2 and Group 3 events (previously restricted to Group 1 events), with betting on single events permitted up until 30 minutes before the first race on the day (previously, betting was required to cease at midnight on the day before the relevant race).

The continuation of the expanded coverage in the 2004–05 year will be subject to an evaluation of the impact of the trial on the racing industry, Government revenue and bookmaker operations.

MINIMUM TELEPHONE BET LIMITS ABOLISHED

During the year, the Minister approved of an amendment to the Bookmaker Telephone Betting Conditions to lower the minimum telephone bet limit on or at metropolitan galloping meetings from \$100 to \$50, effective from 1 October 2003.

On 5 May 2004 the Minister approved of the abolition of the minimum bet limit effective from 1 July 2004.

INDUSTRY SCHOLARSHIPS

Through an industry scholarship program, the Department supports racing industry education initiatives to give young adults opportunities to further their racing industry careers.

COOLMORE STUD SCHOLARSHIP

While the Department administers this Scholarship, the Coolmore Stud provides funds by way of payment of return airfares to Ireland and full board. The Scholarship recipient is also paid for working at the Stud during the six-month stay.

In 2003, Melanie Maher of Bungonia was awarded the 2004 Coolmore Scholarship, but due to unforeseen circumstances, she deferred her travel until 2005.

With a tightening of Irish immigration and travel laws as a result of world events, the Scholarship's future was under review at the end of the year.

NATIONAL STUD SCHOLARSHIP

Since 1991, the Government has sponsored a NSW student to attend the National Stud Student Training Course at Newmarket, in Suffolk, England.

For its part, the Department provides funding for the course fee (750 pounds), return airfares (approximately \$3,000) plus \$1,000 towards expenses.

The recipient of the 2004 National Stud Scholarship, Rebecca Armstrong of Murrumbateman, left for England in January 2004.

TAB LIMITED

CHANGE IN OWNERSHIP

Since 1998, Tab Limited has been the holder of the exclusive off-course totalizator betting licence in NSW.

During late 2003, amendments to legislation paved the way for possible changes in the ownership of Tab Limited.

Upon its acquisition of more than 50 per cent of Tab Limited shares, a Ministerial Order may nominate TABCORP Investments No 4 Pty Ltd, a wholly owned subsidiary of TABCORP Holdings Limited, as the nominated company under the *Totalizator Agency Board Privatisation Act 1997* and the *Totalizator Act 1997*.

A nominated company is able to exceed the 10 per cent limit on shareholdings in Tab Limited.

Integral to this takeover process was advice from the State's racing industry that the new Tab Limited ownership arrangements left it in a not less favourable position than prior to the takeover.

QUADRELLA BETTING

In accordance with its rule making powers under the Totalizator Act, Tab Limited proposed an amendment to the Totalizator Rules to facilitate the introduction of "Quadrella" betting.

The Minister's approval of the amendment was gazetted on 6 February 2004.

FEATURE RACE BETTING

On 3 September 2003 the Minister approved of an expansion of feature race betting operations by Tab Limited for a trial period expiring 30 June 2004 – similar to an approval given to bookmakers on the same day.

The conditions of the trial applying to bookmakers apply to Tab Limited, with the exception that betting on single events was permitted up to race start.

SPORTS BETTING

SCHEDULE OF EVENTS

On 27 January 2004 the Minister approved of an amendment to the Schedule to enable Tab Limited and

bookmakers to bet on certain Athens Olympic Games events. The approval was gazetted on 13 February 2004.

SPORTS BETTING RULES

On 22 August 2003 the Minister approved of amendments to the Bookmaker Sports Betting Rules to clarify that there is no requirement for bookmakers to quote betting odds on all potential outcomes or contingencies in a sports betting event. In addition, the Rules were amended to clarify the payment of bets relating to a “tie” in cricket.

The amendments were gazetted on 22 August 2003.

The Minister also amended both the Bookmaker and Tab Limited Rules on 30 September 2003 to provide for a refund of all single bets when a contestant in a tennis match fails to complete a match after it has commenced.

The Rules were also amended to clarify the payment of bets relating to the total number of runs scored in an innings.

The amendments were gazetted on 10 October 2003.

LIQUOR

VIABILITY

GRANTS, SURRENDERS, AMALGAMATIONS

In 2003–04, the Licensing Court granted 531 liquor licences and three certificates of registration, while 129 licences and four certificates were surrendered. In addition, licensees sometimes close their doors without notifying the Court that they have stopped trading.

During the year, receivers or administrators were appointed to 36 venues. Some of the venues were registered clubs that were absorbed into other clubs, often providing the “parent” club with a gaming machine tax break (Table 4). Further information on grants of licences for hotels and liquor stores is contained in Table 3.

Premises in receivership/management during the year are shown in Table 5.

SALE OF LIQUOR BY RACE CLUBS

During the year, the Department developed proposals to facilitate the sale of liquor on premises used by race clubs.

This initiative followed a Licensing Court decision that noted section 133 of the Liquor Act prohibits the sale or supply of liquor on the premises of an unregistered club (ie a club that is not registered under the Registered Clubs Act).

On 4 June 2004, the Government introduced legislation into the Parliament to amend the liquor laws to clarify that section 133 does not apply to the premises of a racing club that is authorised by a licence to sell liquor.

The legislation will also allow a Governor’s licence to authorise the sale of liquor on premises occupied by a greyhound racing club.

Under the current law, only premises occupied by horse racing clubs may apply for a Governor’s licence. It is anticipated that the Parliament will resume debate on the legislation in late 2004.

CHARITIES

The Charitable Fundraising Act regulates the conduct of fundraising appeals for charitable purposes. Under the Act, an organisation is required to hold an authority to fundraise if it conducts fundraising appeals.

During 2003–04:

- 1,412 applications were received (303 new and 1,109 renewals)
- 1,339 applications were finalised (302 new and 1,037 renewals), with 1,256 authorities issued, 60 applications withdrawn, 22 applications refused and one application not required.

As at 30 June 2004, 5,110 fundraising authorities were in force.

AUTHORITY CONDITIONS AMENDED

During the year, the standard authority conditions that apply to all authorised fundraisers under the Act were amended following a review.

The wording of the standard authority conditions mirrors the prescribed conditions under the *Charitable Fundraising Regulation 2003* that apply to authorities that are taken to have been granted under the Act when an application is not dealt with in a timely manner.

The amendment followed a review undertaken in accordance with the Subordinate Legislation Act.

WORKPLACE GIVING PROGRAMS

In 2003–04, the Australian Tax Office 2003 practice ruling on workplace giving was complemented by a change to the conditions upon which fundraising appeals are conducted in NSW under the Charitable Fundraising Act.

Under the change, authorised fundraisers no longer have to issue individual receipts for donations received through these schemes. The changes to workplace giving programs make it easier for people to donate regularly to charities through their pay.

With this program, the nominated charity receives a monthly payment for the full amount deducted from the employee directly by the employer. Records are required to be kept by both the fundraiser and the employer about the level of donations made by each employee.

HOTEL	FEE ON GRANT	BOTTLESHOP (CONT.)	FEE ON GRANT
• Sofitel Wentworth Hotel, SYDNEY	\$100,000	• Manning Point General Store, MANNING POINT	\$5,000
• Rafferty's Resort, CAMS WHARF	\$95,000	• North Beach Bottle Shop, MYLESTOM	\$5,000
• Parklands Bistro & Tavern, KARIONG	\$50,000	• Outback Brewery, WOODPARK	\$5,000
• Menangle House The Horse and Jockey Inn MENANGLE PARK	\$20,000	• Poole's Rock Winery, POKOLBIN	\$5,000
BOTTLESHOP		• Scone Wine Centre, SCONE	\$5,000
• Wyoming Bottle Shop, WYOMING	\$60,000	• Supreme Continental Deli, QUAKERS HILL	\$5,000
• Avalon Fine Food & Wine, AVALON	\$45,000	• The Heavenly Group, ARTARMON	\$5,000
• City Cellars, SYDNEY	\$35,000	• Townsend General Store, TOWNSEND	\$5,000
• La-Scala Liquor, HOMEBUSH BAY	\$35,000	• Wineorb, EAST SYDNEY	\$5,000
• Sydney Supermarkets, SYDNEY	\$35,000	• Wines Uncovered, NAREMBURN	\$5,000
• Great Tastes of Australia, KATOOMBA	\$25,000	• Orange Regional Food and Wine Centre, ORANGE	\$3,000
• Moet Hennessy Australia Pty Ltd, ROSEBERRY	\$20,000	• Thredbo Valley Distillery, JINDABYNE	\$3,000
• Montana Wines Australia Pty Ltd, MILPERRA	\$10,000	• Yetman Store, YETMAN	\$3,000
• My Shout - NSW, RYDALMERE	\$10,000	• Back Vintage Wines Australia Pty Ltd, NORTHBRIDGE	\$2,500
• Seaham General Store, SEAHAM	\$10,000	• de Mestre Wines, SYDNEY	\$2,500
• The Stroud General Store, STROUD	\$10,000	• Imperial Wine Traders Online, BONDI	\$2,500
• Simply Boutique, HOLBROOK	\$6,000	• Intervino Pty Limited, ALEXANDRIA	\$2,500
• Barrington General Store, BARRINGTON	\$5,000	• Mudgee Growers, MUDGEE	\$2,500
• BP General Store Wollongbar, WOLLONGBAR	\$5,000	• Virgona Wines, POKOLBIN	\$2,500
• Braidwood Traditional Ales (Retail), BRAIDWOOD	\$5,000	• Mount Vincent Estate, MOUNT VINCENT	\$2,000
• Flashengeist, HORNSBY	\$5,000	• Wollombi Valley Small Winemakers Centre, WOLLONGBI	\$2,000
• King Creek Express 'IGA' Supermarket, KING CREEK	\$5,000	• The Grog Shed, WOMBAT	\$1,500
		• Good Food & Wine Show, DARLING HARBOUR	\$500

"PARENT" CLUB	LOCATION	MERGING CLUB	LOCATION
Albury Soldiers Sailors & Airmens Club	ALBURY	Albury Railway Institute Bowling Club	ALBURY
Club Blakehurst	KYLE BAY	Hurstville Diggers Bowling & Recreation Club	HURSTVILLE
Commercial Club	ALBURY	Albury Golf Club	ALBURY
Corowa RSL Club	COROWA	Corowa RSL Club	COROWA
East Maitland Bowling Club	EAST MAITLAND	Maitland Golf Club	MAITLAND EAST
Petersham RSL Club	PETERSHAM	Newtown RSL Community Club	NEWTOWN
Penrith Rugby League Club	PENRITH	Glenbrook Bowling & Recreation Club Co-op.	GLENBROOK
Revesby Workers Club	REVESBY	Mooney Mooney Workers Sports & Recreation Club	MOONEY MOONEY
St Marys RSL & Ex Servicemens Club	ST MARYS	St Marys Bowling Club	ST MARYS

VENUE	LOCATION	VENUE	LOCATION
HOTEL		REGISTERED CLUB (CONT.)	
• Australian Hotel Motel	YASS	• Maroubra RSL Memorial Bowling Club Co-op	MAROUBRA
• Banjo Paterson Inn	JINDABYNE	• Mittagong Bowling & Recreation Club	MITTAGONG
• Commercial Hotel Motel	LITHGOW	• Moree Rugby League Club	MOREE
• Flinders Hotel	SYDNEY	• Narooma Bowling & Recreation Club	NAROOMA
• Town House Motor Inn	COWRA	• Parkes Leagues Club Co-op.	PARKES
REGISTERED CLUB		• Parkes Service & Citizens Club Co-op	PARKES
• Abruzzi Sports Club	WETHERILL PARK	• Parramatta Masonic & Community Club	PARRAMATTA
• Blackheath Bowling & Recreation Club	BLACKHEATH	• St George Business & Social Club	HURSTVILLE
• Bondi Diggers Memorial and Sporting Club	BONDI	• Shellharbour Golf Club	SHELLHARBOUR
• Chester Hill Bowling & Recreation Club	CHESTER HILL	• Shortland RSL Sub-branch Club	SHORTLAND
• Corowa RSL Club	COROWA	• The Silverwater Club Co-op	SILVERWATER
• Crookwell Bowling Club	CROOKWELL	• Trundle Golf Club	TRUNDLE
• Dundas Valley Rugby Union Football Club	DUNDAS	• Wagga Leagues Club	WAGGA WAGGA
• Hurstville Diggers Bowling & Recreation Club	KYLE BAY	• Wagga Wagga Golf Club	WAGGA WAGGA
• Kempsey Bowling & Recreation Club	KEMPSEY	• West Wallsend Bowling Club Co-op	W. WALLSEND
• Lismore RSL Club	LISMORE	• West Tamworth Bowling Club	W. TAMWORTH
• Marco Polo Social & Sporting Club	QUEANBEYAN	RESTAURANT	
		• Mercure Sydney on Broadway	SYDNEY
		• Paddy's Bar & Restaurant Pty Ltd	CRONULLA
		• Sanders Restaurant	CABARITA

ACTIVITIES THAT ACHIEVE RESPONSIBLE SERVING OF ALCOHOL BY THE LIQUOR INDUSTRY AND RESPONSIBLE DRINKING BY ITS PATRONS, AND RESPONSIBLE GAMBLING PROVIDERS AND FUNDRAISERS, AND RESPONSIBLE GAMBLING BY PATRONS.

OBJECTIVES

- To develop, implement and review integrated strategies to minimise liquor and gambling related harm.
- To encourage more congenial liquor and gambling venues.

STRATEGIES

- Monitor and maintain an effective regulatory and policy framework.
- Implement, promote and maintain strategic programs and campaigns to minimise problem gambling and liquor abuses.
- Target problem premises, people/licenseses for education, compliance and/or prosecution.
- Consult with key stakeholders, other agencies and the industry.
- Develop and maintain a multi-agency approach to liquor and gambling harm minimisation.
- Maintain the underage drinking prevention program, including promotion of alcohol-free entertainment for young people.
- Maintain a targeted program that addresses young adult drinking issues.
- Encourage and facilitate liquor accords.
- Minimise underage participation in community gaming.

PERFORMANCE INDICATORS

- Regulatory and policy improvements to minimise liquor and gambling harm.
- Level of industry compliance.
- Industry and community awareness of liquor and gambling harm minimisation programs.
- Consultation with key stakeholders and industry groups.
- Industry support for liquor and gambling harm minimisation.
- Remedies to local problems developed (including liquor accords).
- Improvements in public safety and personal security.

Harm minimisation, whether it relates to gambling or liquor, is designed to reduce the harm associated with abuse or excesses, and to provide mechanisms for gambling and liquor venues to practise the responsible conduct of gambling and the responsible service of alcohol.

Within the harm minimisation framework, the Department sets out to prevent the abuse and misuse of the products in the first place through policy initiatives, information and education campaigns, and enforcement options.

Often enforcement activities are carried out in conjunction with integrity issues which are reported upon in the Integrity section of this Report.

The following activities either reflect what the Department has achieved or is a “work in progress”, to minimise liquor and gambling harm.

GAMING

Problem gambling by patrons and the responsible conduct of gambling by venues constitute a major focus for the Department, particularly in the area of machine gaming.

The Department’s strategies reflect the Government’s harm minimisation approach to gambling policy through regulation, education and information, enforcement and a safety net program to assist people who have a gambling problem, or those who are affected by the activities of a problem gambler.

REVIEW OF HARM MINIMISATION MEASURES

On 30 July 2003, the Minister announced a major review of existing and proposed harm minimisation measures for gambling, with the Independent Pricing and Regulatory Tribunal (IPART) appointed to conduct the review.

In initiating the review, the Minister stated it was appropriate to identify those responsible gambling measures that have been successful, and those that may not be providing realistic assistance. The Minister anticipated that the review would result in a range of gambling harm minimisation programs that are grounded on rigorous evidence-based criteria.

The review was asked to consider the effect of each existing and proposed harm minimisation measure on recreational gamblers, problem gamblers, industry and community services, employment, support for community projects, and recreational and social opportunities.

In September 2003, IPART issued a discussion paper and called for public submissions. Later, IPART met with peak organisations representing relevant industry, community and employee groups, and other stakeholders.

The review report, provided to the Minister in late June 2004, made 108 recommendations in the areas of prevalence studies, a responsible gambling policy framework, research guidelines, informed choice for the community, measures to protect problem gamblers, effective and efficient counselling services, and policy administration.

By the end of the year, plans were confirmed for the public release of the report for a one-month period, to allow stakeholders and interested persons to provide the Government with comments. The Department will receive and consider submissions, and work with the Minister in formulating a response to the recommendations in the report.

GAME APPROVALS

Licensed gaming machine dealers, who manufacture and sell gaming machines, operate under commercial pressures that necessitate innovation in game design, to maximise player appeal for their products.

As part of the gaming equipment approval process, the Department considers design features associated with gaming machines submitted for approval, to ensure that player fairness and/or gambling harm concerns are adequately addressed prior to approval.

During 2003–04, the Department identified instances where dealers submitted games with features that were considered to provide an unacceptable inducement to players to play the particular game, or to increase their bet when playing.

The Department recommended that the Liquor Administration Board not approve games with these features, due to player fairness and/or gambling harm concerns. Further information is provided in the Board's 2003–04 Annual Report.

MINISTERIAL COUNCIL ON GAMBLING

This Ministerial Council was established in 2000 to minimise the negative social impacts of problem gambling, by exchanging information on responsible gambling strategies, and discussing common issues, with the objective of developing suitable regulatory approaches. NSW is represented by the Minister for Gaming and Racing.

While acknowledging gambling as a legitimate recreational activity, the Council focuses on the minority of people for whom gambling is a problem. The Ministerial Council concentrates its efforts on the key areas of:

- accessibility of gambling (including interactive gambling), and in particular, its relationship to the level of problem gambling;
- an appropriate regulatory and educative framework for gambling which includes appropriate consumer protection; and
- support for problem gamblers (with the acceptance of problem gambling as an important social issue,

and recognition of the important role of information, counselling and support services for problem gamblers and those close to them).

During the year, the Council met on two occasions.

Major topics considered at these meetings were the conduct of a National Gambling Research Program (see page 31) and the formulation of a National Framework on Problem Gambling. The Framework document was close to finalisation at the end of the year.

COMMUNITY EDUCATION ABOUT HELP FOR PROBLEM GAMBLING

G-LINE (NSW) CONSUMER AWARENESS CAMPAIGN - UNSCRAMBLING PROBLEM GAMBLING

This successful, Statewide mass media campaign funded through the Casino Community Benefit Fund, entered its second stage during 2003–04. The aim of the campaign was to raise awareness about the availability of the Government's 24 hour problem gambling counselling service G-line (NSW).

The campaign involved TV and radio commercials, press advertising, and community level advertising - for example, advertisements on shopping docketts issued by large supermarkets across the State, and the distribution of campaign posters to general practitioners.

An evaluation of the campaign's second stage found it had generated a significant increase in calls to the helpline from problem gamblers, their friends and families - 17 percent more calls compared to the same period in 2001/2002 (prior to the campaign starting). Of those who contacted G-line (NSW), 25 per cent identified the campaign advertising as their source of information about the helpline.

An independent community survey found the community awareness about G-line (NSW) following stage two of the campaign had increased to 41 per cent - a significant 25 per cent rise in awareness when compared to a survey in 2001.

POWERHOUSE MUSEUM EXHIBITION AND STUDENT EDUCATION

Gambling in Australia: thrills, spills and social ills - an exhibition which opened at the Sydney Powerhouse Museum in April 2004 - was another education initiative funded through the Casino Community Benefit Fund to raise awareness about problem gambling and sources of help.

The exhibition examines the past and present of gambling in all its major forms and the impact of gambling on Australian society. It explores problem gambling, its significant personal and social consequences, and the harm minimisation strategies introduced by the NSW Government. *Gambling in Australia* provides a unique opportunity to deliver information about problem gambling,

the G-line (NSW) service and other sources of help to a diverse and receptive audience.

There is also an educational component aimed at informing young people about the issues surrounding gambling. Through interactive displays, visitors discover the theory and practice of probability in various forms of gambling.

One of the interactives demonstrates how odds work in relation to gambling activities and it will become the core of a web-based education package that also received CCBF funding in 2003-04. The new web-based interactive education package will be a valuable and useful resource for teachers. It will increase students' awareness of the risks of gambling in a very accessible way, as well as providing logical links to problem gambling support services - such as G-line (NSW).

This package will extend the reach of *Gambling in Australia* beyond the life of the exhibition, and make it accessible to a broader audience to assist them in making more informed decisions over whether to participate in gambling as a leisure pastime.

The *Gambling in Australia* exhibition will tour regional NSW towards the end of 2004.

GAMING MACHINE REGULATION

During 2003-04, the Department implemented the following amendments to the *Gaming Machines Act 2001* and the *Gaming Machines Regulation 2002* to strengthen the intent of the legislation and to close loopholes discovered during implementation.

LARGE-SCALE CLUBS

Amendments to the Gaming Machines Act clarified the requirements for large-scale clubs (those with more than 450 machines) to reduce their gaming machine numbers by July 2007.

GAMING MACHINE ENTITLEMENTS

Two other amendments were also introduced to make it easier to transfer gaming machine entitlements where a registered club has more than one set of premises.

The requirements for hotels to exchange approved amusement devices for poker machine entitlements were also clarified.

GAMING MACHINES FOR RESEARCH PURPOSES

The use of gaming machines for research purposes was facilitated by amendment to section 8 of the Act, in line with the use of gaming machines for therapeutic, educational or cultural purposes.

MISCELLANEOUS AMENDMENTS

The following provisions were clarified:

- operation of the free entitlement scheme for certain registered clubs;
- the operation of the authorisation process; and
- requirements for SIA applications in the case of new hotels or registered clubs, or temporary premises.

In addition, the class 1 SIA threshold for registered clubs in non-metropolitan areas was extended to allow non-metropolitan clubs within 50 km of each other to transfer gaming machine entitlements between their premises under a class 1 SIA application.

TOTAL PRIZE MONEY

A regulation was made to clarify the definition of total prize money to ensure that it includes the amount that a person paid to play the machine.

RESEARCH AND REVIEWS

NATIONAL GAMBLING RESEARCH WORKING PARTY

The Memorandum of Understanding between all States and Territories for the funding and operation of the National Gambling Research Working Party was finalised in November 2003.

On 21 November 2003, the national gambling research website was launched (www.gamblingresearch.org.au).

The Minister approved the payment of \$1,475,000 over a five-year period as NSW's contribution to the program. The first payment of \$290,000 was made in January 2004.

Over the year, the Working Party conducted four face-to-face meetings and two teleconference meetings. Officers from the Department represented NSW at all meetings.

RESEARCH PROJECTS

In December 2003, the following six research projects, funded from the Casino Community Benefit Fund, were published on the Department's website:

- *Evaluation of the Impact of the Three Hour Shutdown of Gaming Machines* (ACNielsen);
- *The Psychological Causes of Problem Gambling: A Longitudinal Study of At Risk Recreational EGM Players* (University of Western Sydney);
- *Testing of Harm Minimisation Messages for Gaming Machines* (Consumer Contact);
- *The Economic Impact of Gambling* (National Institute of Economic and Industry Research);
- *Assessment of the Research on Technical Modifications to Electronic Gaming Machines in NSW, Australia* (Centre for Gambling Studies, Auckland University); and
- *An Assessment of Member Awareness, Perceived Adequacy and Perceived Effectiveness of Responsible Gambling Strategies in Sydney Clubs* (Southern Cross University).

REVIEWS

The *Unlawful Gambling Act 1998*, the *Gambling (Two-up) Act 1998* and the *Racing Administration Act 1998*, which commenced on 1 March 1999, were under review at 30 June 2004 as part of statutory requirements to consider the policy objectives of the legislation and ensure that policy objectives remain valid and the terms of the Acts remain appropriate for securing the stated objectives.

Because of the linkages between the legislation, the review was combined. It is expected that a consultation paper, to assist interested parties to make submissions to the review, will be released early in 2004–05.

RACING

RESPONSIBLE GAMBLING INITIATIVES

As part of its ongoing inspection program, the Department has continued to monitor the operations of race clubs, bookmakers and Tab Limited to ensure compliance with the display of responsible gambling notices and advertising.

LIQUOR

Throughout the year, the Department maintained its liquor harm minimisation program by pursuing:

- activities to promote responsible service of alcohol principles;
- practices to bring about changed behaviour by both liquor servers and on-premises consumers in the service and consumption of alcohol; and
- the establishment of liquor accords to complement the liquor laws.

At a macro level, the outcomes of harm minimisation will be evident from the way venues are operated, patron behaviour, the impact of the venue upon the community, and the commitment of liquor licensees and registered clubs to their local liquor accord.

Supporting the liquor harm minimisation regulatory framework are enforcement strategies.

Some venue operators continue with irresponsible liquor practices – having little regard for the welfare of their employees, patrons and the community.

Practices, such as serving patrons to intoxication, and often to dangerous levels, not only place the continued viability of a licensed venue at risk, but pose safety concerns for serving staff, other patrons, and to police who are called to the venue to deal with drunken and violent behaviour.

Through its educative role, the Department reminds licensees and club managers that responsible service must be

a critical management operation, and of the sanctions that can be applied for non-compliance.

Details of the programs under the core liquor harm minimisation program follow for 2003–04.

NSW SUMMIT ON ALCOHOL ABUSE 2003

In April 2003, the Premier announced that the Government would host a Summit on Alcohol Abuse at Parliament House from 26 to 29 August 2003.

The Premier stated that the Summit would bring together an array of stakeholders including: alcohol experts; families affected by alcohol abuse; industry; representatives of interest groups; treatment services; community leaders; and parliamentarians to examine existing approaches to alcohol abuse.

Through the Summit, the Government would seek to identify ways in which to improve existing strategies, programs and services as well as examine solutions that can provide a strong platform for addressing the problems associated with the abuse of alcohol.

Importantly, the Summit would focus on the significant community problems associated with alcohol use, and be supported by a whole-of-government approach to the issue. The Summit was seen as an important opportunity to help build consensus about future directions in alcohol-related policy.

Consultation with the liquor industry was identified as an essential aspect of the Summit, with the Liquor Industry Consultative Council – representing industry associations and key employee groups in the industry – as the primary point of industry consultation by the Government.

The Cabinet Office was responsible for coordinating the Summit for the Government, while the Minister, the Director-General and other senior Departmental officers were given significant roles in the lead-up to, and during the conduct of, the Summit.

In addition, Mr Peter Cox, a Senior Policy Officer in the Department, was seconded to The Cabinet Office to assist in the management of the Summit process and provide policy support. As well, the Department provided financial support towards aspects of the Summit. Ms Jill Hennessy, Director Policy and Development, Mr Rob Griggs, Director Communications and Strategic Support and Mr Ross McCulloch, acting Senior Policy Officer, participated actively in a Senior Officers Coordinating Committee that helped shape the Summit planning process.

The Summit produced a communiqué containing 318 recommendations for Government consideration. Subsequently the Department, along with other affected agencies, provided The Cabinet Office with advice on the merits of these recommendations.

On 3 June 2004, the Government released a comprehensive response to the Summit recommendations.

The response titled *Outcomes of the NSW Summit on Alcohol Abuse: Changing the Culture of Alcohol Abuse in New South Wales* included a raft of new and expanded initiatives to tackle problems associated with alcohol abuse. It is a detailed four-year plan which focuses on changing the culture of alcohol in NSW.

The Department implemented some of the recommended initiatives, such as mandatory industry training in responsible service of alcohol (see page 32), as the Government's response was being finalised. After the release of the Government's plan, the Department began action on many other innovative programs that build on the good work done by all who attended the Summit.

A feature of the Government response is an industry partnership framework – including a review of alcohol products and promotions deliberately targeted at minors, a new code of practice for sponsorship of under-18 events, and an industry sponsored 'retailer alert system' targeting irresponsible products. The Liquor Industry Consultative Council has a key role in post-Alcohol Summit implementation.

The Department will work with the industry and community to enhance the liquor accord program, and will review laws focusing on alcohol-related offences and penalties.

The Summit was a unique event that brought together many different stakeholders to tackle the problems of alcohol abuse, providing an invaluable springboard for the Department to work with those stakeholders over the coming years on the comprehensive alcohol abuse plan the Government has developed.

ABORIGINAL COMMUNITIES AND ALCOHOL

In August 2003, immediately prior to the Alcohol Summit, the Department of Aboriginal Affairs convened the Talking About Grog forum to provide Aboriginal leaders and Elders and agencies working with Aboriginal communities with the opportunity to discuss alcohol abuse in those communities. Gaming and Racing was represented at the forum, and acted as the facilitator for a working group that discussed the responsible supply and consumption of alcohol.

Various recommendations emerged from the forum, and these were referred to the Summit and considered by the relevant working groups. Many of the Talking About Grog recommendations were adopted and included in the Summit communiqué.

The Government's response to the communiqué included strategies to assist Aboriginal communities in dealing with alcohol abuse. The strategies outlined in the following paragraphs are to be implemented by the Department in consultation with relevant Government agencies and Aboriginal groups.

- Gaming and Racing has recruited an Aboriginal liaison officer who acts as a point of contact between Aboriginal communities and the liquor licensing system. This officer provides advice on licensing issues to Aboriginal communities and licensed venues within those communities, as well as to local police and Gaming and Racing inspectors who undertake compliance duties under the liquor licensing laws.
- A Discussion Paper on the Supply and Control of Alcohol in Aboriginal Communities will be prepared in consultation with Aboriginal groups, including the Aboriginal Justice Advisory Council. The Paper will be circulated in 2005 for public comment to enable careful consideration of appropriate policy and legislative options.
- Aboriginal Community Liquor Accords will be trialled in Aboriginal communities in areas of high need over the next four years. These will provide models that could be used for local application elsewhere in communities throughout NSW.
- Gaming and Racing will develop an Aboriginal specific 'No More. It's Our Law' responsible drinking campaign that will be introduced in licensed venues in Aboriginal communities.
- Aboriginal communities will be consulted over licensing applications and the use of restrictions as a harm minimisation measure as part of the new social impact assessment process developed for the liquor laws. The process will require licence applicants to consult with the local Aboriginal community on supply restrictions where their venue could have harmful consequences for that community.

TALKING ABOUT GROG FORUM

On 25 August 2003, the Department participated in a special forum convened by the Department of Aboriginal Affairs. Held just prior to the Summit on Alcohol Abuse, the Talking About Grog forum brought together Aboriginal community leaders and community workers from across the State to examine existing approaches to alcohol abuse, and consider what new steps should be taken.

Like the Summit, ten working groups discussed the issues that surround Aboriginal people and alcohol abuse, and new strategies that could be considered to tackle the problems. Gaming and Racing officers facilitated the working group that considered responsible supply and consumption of alcohol.

The forum developed a communiqué that featured over 50 recommendations, which were then delivered to the Alcohol Summit. Many of those recommendations were adopted by the Summit. Planning for a follow up forum in

HARM MINIMISATION

August 2004 to inform Aboriginal community representatives about the outcomes from the Summit was well advanced at the end of the year.

INDUSTRY INFORMATION AND EDUCATION

The Department maintained its strong educational approach for the liquor and machine gaming industries, their patrons, and the wider community by:

- featuring articles in the Department's *Liquor and Gaming* bulletin;
- conducting club and hotel industry seminars;
- exhibiting at gaming industry and related expos and conferences promoting responsible gambling;
- distributing information as part of routine inspections of venues;
- publishing information on the website; and
- staffing the Client Access Centre that handled in excess of 40,000 enquiries and transactions during the year.

DRINKING WATER IN LICENSED VENUES

Under the liquor laws, licensed venues must have free or reasonably priced drinking water available to patrons at all times liquor is sold or supplied. The Minister can issue guidelines about what constitutes a "reasonable price".

During the year, some patrons complained that they had been denied access to tap water for the purpose of taking medication or to relieve dehydration, or that bottled water was the only water available and the pricing structure did not comply with the guidelines.

Given these concerns, regulations were introduced by the Minister to require all licensed venues – except wholesalers and bottle shops – to have free drinking water available to patrons at all times liquor is sold or supplied.

Those regulations were set to commence on 1 August 2004.

LIQUOR ACCORDS

To 30 June 2004, 108 accords were active, with the Department providing an important supporting role to local communities in accord facilitation and monitoring.

RESPONSIBLE SERVICE OF ALCOHOL (RSA) TRAINING

In 1996, the Government signalled its intention to progressively implement mandatory responsible service of alcohol (RSA) training.

In response, the Licensing Court has required licensees and club secretaries to complete a Liquor Administration Board-approved RSA course since 18 February 1997. Additionally, some venues have required their employees to be RSA-trained, as a condition of employment, or as a result of disciplinary action in the Court or in the Board.

Government research published in 2002 pointed to alarming levels of irresponsible serving practices in some venues where the prevailing culture is to continue to serve drunk patrons more alcohol.

This, and other research, also pointed to the benefits associated with RSA training in minimising alcohol-related problems, particularly when combined with enforcement efforts.

At the Alcohol Summit, strong support was given to minimising alcohol abuse problems through the introduction of mandatory RSA training.

As a result, the Minister drew on regulation making powers to introduce mandatory RSA training in 2004 for all retail workers in the NSW liquor industry in a two-stage process.

The Department published details of the Minister's timetable for training in the July 2003 issue of *Liquor and Gaming*.

The regulatory regime required all permanent staff to hold a recognised RSA certificate from 1 January 2004, and all casual staff to hold this certificate from 1 July 2004.

At 30 June 2004, refresher RSA training was under consideration, along with extending the training to security personnel working in licensed venues.

UNDERAGE DRINKING

The Department continues to promote to licensees and registered clubs their obligations and responsibilities under the State's liquor laws to prevent minors accessing liquor on their venues. The Department's quarterly *Liquor and Gaming* bulletin is the principal medium used.

In addition, the Department works with education authorities to provide information resources to ensure that end of year celebrations and functions are conducted responsibly, and that school leavers understand their responsibilities, and the consequences of alcohol use and misuse.

ALCOHOLIC BEVERAGES REVIEW

Following the ban of the alcoholic milk drink known as "Moo Joose" in 2003, the Minister announced that the Department would review milk-based alcohol drinks in NSW, which was later widened to include the way all alcoholic drinks are marketed to young people, including packaging.

The review program was widened to include an examination of legislation currently in place to protect the community, especially young consumers, from inappropriate packaging and marketing of alcoholic beverages.

The review began in December 2003 and is expected to conclude later in 2004. Extensive consultation was undertaken with various stakeholders during 2003-04.

INFORMATION CAMPAIGN FOR SCHOOLS

Each year the Department undertakes targeted education campaigns to increase community awareness about the underage drinking laws and proof of age fraud.

With the help of the Department of Education and Training (DET), relevant information resources about the State's liquor laws for young people were distributed in the "End of Year Celebration Kits" to State secondary schools.

For the 2003 Kit, the Department provided an open letter to principals and parents about underage drinking, useful information available from the Department, and also information about the Department's "Why risk it?" and "No Proof. No Purchase" campaigns.

Senior students received information about underage drinking and proof of age fraud offences.

Assistance was provided by the Catholic Education Commission, and the Association of Independent Schools, to distribute similar information to their senior school students.

The Alcohol Summit recommended further initiatives to raise community awareness about underage drinking.

By 30 June 2004, the Department was working with DET to enhance information targeted at secondary school principals, parents and citizen groups, and young people, in preparation for the 2004 end of school year celebrations, and "schoolies week" celebrations.

INTER-AGENCY CONSULTATION

Leading up to the Alcohol Summit, the Department continued in its role as a member of the Interdepartmental Alcohol Summit (Youth) Participation Planning Group.

Consisting of representatives from State government agencies, young peoples' groups, and community organisations, the Group provided direction and assistance for the Young People and Alcohol Forum held on 25 August 2003, and young people's participation in the Summit.

The Forum was held the day before the Summit so that young people could voice their views and concerns about alcohol and make practical recommendations to be taken to the Summit.

PROOF OF AGE CARD

Now in its 13th year, the Proof of Age Card provides young adults (18 to 25) with evidence of their age so they may legally access alcohol, gambling and tobacco products, and licensed venues.

The Card also assists venue staff and police by providing a secure way of determining the age of young people who are on, or attempting to gain entry to, venues.

In 2003-04, the RTA issued 31,292 Cards, through its State motor registry network on the Department's behalf. The RTA regularly reviews its procedures to maintain the Card's integrity.

Of concern to the Department is the lack of care taken by some young people to safeguard their Card. While the RTA will issue two replacement Cards, an applicant must provide certain information, and receive the Department's authorisation, to obtain a third replacement (fourth Card). This added step assists in maintaining the security and integrity of the program.

In 2003-04, the Department authorised 45 applications for a fourth Card. Another eight applications were refused when the applicant did not provide sufficient information. While these applicants can submit supporting information for another Card, none did.

PHOTO IDENTIFICATION CARD (PIC)

Following the Summit, the Government announced that the Roads and Traffic Authority (RTA) would develop a new voluntary photo identification card for people who do not hold a driver's licence. The PIC is expected to replace the Proof of Age Card in time.

An interagency working party, on which the Department was represented, was formed to assist in the development of the PIC.

It is expected that the PIC will be available in 2005.

UNDESIRABLE LIQUOR PRODUCTS

The liquor laws allow liquor products to be banned from sale where a product has, or is likely to have, a special appeal to minors or is considered undesirable. Liquor products already on the banned list are alcoholic ice blocks and aerosol sprays, as well as *Moo Joose*.

In early 2004, an overseas product – the *Alcohol Without Liquid* (AWOL) device – was promoted as a new way of consuming alcohol and labelled the "ultimate party toy".

Concerns arose when the promoter claimed that consumers could get drunk "10 times faster", thereby raising responsible drinking, health and safety issues.

AWOL works by mixing spirits, like vodka, with oxygen, producing an alcoholic mist that is inhaled through an oxygen mask covering the nose and mouth.

Concerns about the device were also raised at the Ministerial Council on Drug Strategy – the country's peak policy and decision-making body for licit and illicit drugs – which resolved that regulatory authorities should review legislation with a view to banning the product.

At the end of the year, preparations were underway to prescribe alcoholic vapour as an undesirable liquor product, which would ban it from sale in NSW.

COMMUNITY NEEDS

ACTIVITIES THAT WILL CONTINUE TO SEE COMMUNITY BENEFITS FROM SERVICES PROVIDED BY THE INDUSTRIES OPERATING WITHIN A SENSIBLE REGULATORY FRAMEWORK.

OBJECTIVES

- To develop and maintain effective regulatory standards and a policy framework that reconciles the community interest with the continued development of the industries.
- To work with the registered clubs industry to optimise community and club benefits.

STRATEGIES

- Monitor effectiveness of, and make improvements as required, to the legislative standards and policy framework.
- Provide balanced advice to the Minister (and Government) on proposed changes to the regulatory standards and policy framework.
- Disseminate information on changes to relevant stakeholders.
- Review legislation in line with National Competition Policy and or other appropriate principles.

PERFORMANCE INDICATORS

- Level of stakeholder and community satisfaction with consultation processes.
- Results from consultation and collaboration.
- Changes to standards, policies and procedures.
- Information on change disseminated.
- Documented benefits to the community.
- Increased consumer choice and satisfaction.
- Level of responsiveness to changing tastes and expectations.
- Improved competitive environments through legislative review.

The gaming, racing, liquor and charity industries contribute to the NSW economy through a breadth of services and products.

While recognising the importance of the industries to the NSW infrastructure, the Government must balance the demands of the industries with those of the patrons, but at the same time, ensuring the needs of the community are met.

Legislative controls provide mechanisms to protect the public interest, and these have been dealt with in other sections of this Report.

For this key result area, the Department is responsible for implementing relevant Government policies eg. expansion or variation of existing services to address specific community needs, monitoring Government licensing regimes for the industries, or reviewing legislation.

GAMING

In NSW, those who choose to gamble have access to many gambling products ranging from the purchase of a raffle ticket (to support a local school) to playing roulette at the casino.

The Department is responsible for ensuring the integrity and fairness of the State's gaming and wagering activities, and administers the licensing arrangements for commercial lotteries and lotto-type activities in NSW.

GAMING AND LOTTERY LICENCES

The Department administers licences issued for the conduct of Lotto, Lotto Strike, Oz Lotto, Saturday Lotto, Powerball, Soccer Football Pools, Draw Lotteries Instant Lotteries, and Keno.

All licences to conduct public lotteries in NSW are due to expire in 2007. Clubkeno Holdings Pty Ltd and Jupiters Gaming (NSW) Pty Ltd jointly hold the licence to conduct Keno in NSW clubs.

The NSW Lotteries Corporation holds licences to conduct the other lotteries.

During the year, a Departmental review of these licences was instigated to determine options available to the Government for the post-2007 period.

PUBLIC LOTTERIES ACT 1996 AND THE NSW LOTTERIES CORPORATISATION ACT 1996

Reviews of both Acts were completed during the previous reporting period to determine whether the policy objectives of

the Acts were valid and whether the terms of the Acts remained appropriate for securing those objectives.

The Government also used the reviews to discharge its obligations with respect to examining public lotteries-related legislation for compliance with NCP principles.

As a result of the reviews, amendments to the Public Lotteries Act were made in 2003-04 to clarify requirements and improve the overall operation of the Act, as well as providing for action to be taken against unauthorised participants in the sale of lottery products.

UNCLAIMED PUBLIC LOTTERY PRIZES – PROPOSED REGULATIONS

Amendments included enhanced regulatory powers, allowing the introduction of time limits on claims for lottery prizes. A prize is classified as unclaimed if it remains outstanding for 12 months after the relevant draw date. Currently there is no time limit on claims for prizes.

Towards the end of 2003-04, lottery licensees were consulted on a proposal to impose a staged time limit for claims. The proposal will be further developed in 2004-05.

PRIZES PAID BY LOTTERY AGENTS

The Public Lotteries Regulation was amended to state that a prize of more than \$9,999 in a game of keno, or of more than \$1,000 in any other public lottery is the maximum prize that may be paid by an agent of a licensed public lottery operator.

COMMUNITY GAMING

GAMES OF CHANCE IN REGISTERED CLUBS

From 1 December 2003, registered clubs were permitted to conduct promotional raffles and club bingo games without the need for an authorising permit, but subject to legislative conditions – the conditions are similar to those that applied under the previous permit scheme.

LOTTERIES AND ART UNIONS ACT 1901 AMENDMENTS

As a consequence of a NCP review of the community gaming legislation, the *Lotteries and Art Unions Amendment Act 2003* was enacted and the amendments commenced on 1 December 2003 at the same time as a supporting regulation was gazetted (*Lotteries and Art Unions Amendment (Games of Chance) Regulation 2003*). Details of the amendments are contained in **Appendix 13**.

PROMOTION OF INTERSTATE-BASED LOTTERIES

From 1 December 2003, community-based lotteries conducted in other Australian jurisdictions can be promoted and sold in NSW, overcoming a long-term prohibition.

This followed the NCP review of the legislation. The ban on lotteries conducted outside Australia and commercially based lotteries remains.

The amendment provides consistency between the Lotteries and Art Unions Act and the Charitable Fundraising Act, which does not restrict organisations from outside the State conducting their fundraising activities in NSW.

It also provides consistency with all other Australian jurisdictions, which do not ban lotteries from outside their jurisdiction. This is especially the case with trade promotion lotteries.

While the amendment does not mean that a person or organisation in another Australian State or Territory does not have to comply with the lotteries legislation, a lottery authorised to operate in another Australian jurisdiction must comply with the NSW legislation in all other respects.

Previously, the law restricted activities of interstate-based lotteries operators, and in many cases, forced them to adopt alternative practices that cost money – eg. the need to have the draw conducted in NSW when the organisation is based in another State or Territory.

If an interstate-based lottery fails to comply with standards of fairness and probity, the Minister can prohibit its conduct in NSW.

The Department published a fact sheet “*Conduct of Interstate Lotteries*” to help those wanting to conduct interstate-based lotteries.

NATIONAL COMPETITION POLICY (NCP) - CASINO

During the year, the Government considered and endorsed the Department’s review of the State’s casino legislation, according to National Competition Policy (NCP) principles.

The review observed that the *Casino Control Act 1992* contains policy objectives, including an objective directed to the minimisation of gambling-related harm. The review considered that the objectives are appropriate.

It also found that the casino legislation contains significant barriers to entry and other constraints on market conduct. The restrictions were considered necessary to achieve the objects of the legislation and are otherwise in the public interest.

In respect of community social standards, the review supported the retention of existing harm minimisation and responsible conduct of gambling principles (including the inherent competition restrictions in those principles), and the maintenance of existing restrictions relating to minors, as there is a net public benefit in these restrictions.

With respect to restrictions on market entry, the review noted that the main restriction was the provision allowing only one casino licence. This provision was passed prior to the establishment of the NCP review program in 1995.

The review noted that there was no compelling reason to liberalise the casino market prior to the current commercial restrictions expiring in 2007. Under the current arrangements, there is no feasible or less restrictive option available to the Government given the existence of the exclusivity agreement, the legislative environment and prevailing community attitudes to a major expansion of gambling.

While the review found that the casino legislation contains significant barriers to entry and other constraints on competition, it concluded that the restrictions are necessary to achieve the objects of the legislation.

Also during the year, the Government considered and endorsed the Department's review of the State's gaming machine laws according to NCP principles.

The review involved canvassing the views of a wide range of interested stakeholders. There was general agreement that the gaming machine laws and the licensing process are essential on the grounds of the net public benefit associated with this regulatory framework.

It began as a review of the gaming machine laws contained in the *Liquor Act 1982 and the Registered Clubs 1976*. These laws were repealed during the life of the review. The laws were re-enacted, with modification, into the *Gaming Machines Act 2001*. The new laws commenced operation in April 2002.

The reform process that preceded the making of the Gaming Machines Act was undertaken with NCP principles in mind. In view of the acknowledged harm that can be caused by gambling, the Government considered, and accepted, that there are substantial public benefits from this legislation.

The review observed that the gaming machine laws contain restrictions that support the community's social standards, and restrictions in the form of barriers to market entry and constraints on market conduct. It found that these restrictions provide very significant benefits to the community as a whole in terms of minimising gambling-related harm, protecting local amenity, and ensuring the integrity of market participants. Overall, the review concluded that the restrictions generate a net public benefit.

The review also observed that the legislation has some pro-competitive effects, such as the tradeable poker machine entitlement system, a new market consisting of a tradeable rights scheme that gives clubs and hotels added flexibility in the 'entitlement' to operate gaming machines, and a potential new source of income as a result.

Also, the Act simplified and streamlined the regulatory structure for gaming machines, benefiting all involved as it is now a less complex system.

While the review found that the gaming machine legislation contains significant barriers to entry and other constraints on competition, it concluded that the restrictions are considered necessary to achieve the objects of the legislation.

RACING

BOARDS AND COMMITTEES

GREYHOUND RACING INDUSTRY

PARTICIPANTS' ADVISORY COMMITTEE (GRIPAC)

The GRIPAC is established by the *Greyhound Racing Act 2002*.

The major functions of the GRIPAC are to provide advice to Greyhound Racing NSW and the Greyhound Racing Authority on industry policy and strategic direction and to serve as a channel for communication between industry stakeholders and those bodies.

During the reporting year, the Department facilitated the appointment of the first members of the new GRIPAC.

HARNESS RACING NSW

Harness Racing NSW is the independent commercial board responsible for the promotion, strategic development and viability of the harness racing industry in this State.

In September 2003, following the resignation of a board member, the Department provided assistance with the appointment of a replacement member to represent industry participants on the board of Harness Racing NSW.

BOOKMAKERS

CALL OF THE CARD

This form of betting is conducted on a day before a racing event takes place, at a venue approved by the Minister under the provisions of the *Unlawful Gambling Act 1998*.

Call of the card betting is an important promotional tool and betting activity of feature racing events and carnivals.

During the reporting year, the Minister approved of call of the card betting to be conducted at:

- Grafton District Services Club on 15 July 2003 for the Grafton Cup on 17 July 2003; and
- Wyong Racecourse on 3 September 2003 for the Wyong Gold Cup on 4 September 2003.

REFORMS AND REVIEWS

TOTALIZATOR ACT 1997

A review of this Act was conducted during the previous year to determine whether the policy objectives of the Totalizator Act remain valid and whether the terms of the Act remain appropriate for securing those objectives.

The objects of the Act are to:

1. make provision for the proper conduct of totalizator betting in the public interest and to minimise any harm associated with such betting, and
2. ensure that revenue derived from the conduct of totalizator betting is accounted for in a proper manner.

The review concluded that the first policy objective of the Act remains valid and that the terms of the Act remain appropriate for securing this objective.

With the second policy objective, the review found that while this policy objective remains valid, the terms of the Act were no longer appropriate for securing this objective. The review considered that this policy objective now fell within the ambit of the *Betting Tax Act 2001* and therefore recommended that the Totalizator Act be amended to remove this policy objective from the Act.

The review report was tabled in the Parliament on 2 December 2003.

THOROUGHBRED RACING LEGISLATION AMENDMENT ACT 2004

A five-year review of the policy and objectives of the *Thoroughbred Racing Board Act 1996* resulted in amendments to that Act, and to the *Racing Appeals Tribunal Act 1983*. The main reforms were:

- a change of name from the NSW Thoroughbred Racing Board to Racing NSW;
- to enable Racing NSW to take into account non-spent criminal convictions when considering applications from persons wishing to be licensed or registered within the industry;
- to provide Racing NSW with additional appeal rights to the Appeal Panel and the Racing Appeals Tribunal; and
- other changes to the Racing Industry Participants Advisory Committee, and to the procedures of the Appeal Panel and Racing Appeals Tribunal.

AMALGAMATION OF THE REGULATORY BOARDS FOR THE GREYHOUND AND HARNESS RACING INDUSTRIES

The *Greyhound and Harness Racing Administration Act 2004*, which was assented to on 15 June 2004, represents stage 2 of the Government's reforms for the governance of the greyhound and harness racing industries.

In accordance with the industry's desire for self determination of strategic and commercial governance, the former greyhound and harness racing controlling bodies were split into their autonomous non-government "commercial" and "regulatory" components in February 2003.

The amalgamation of the two regulatory boards then moved to stage 2 of the reform process. This involved the preparation of a feasibility study into the proposal which was undertaken by a working party chaired by the Department's Deputy Director-General and included the Chairpersons of the Greyhound Racing Authority and Harness Racing Authority.

Prepared in accordance with the fundamental principle that the amalgamation was not to be at the expense of the regulation of the integrity of racing, the study found that it

was feasible to amalgamate each Authority to achieve significant costs savings and ongoing economies of scale.

After start-up and transition costs are met, savings will become available to the greyhound and harness racing industries to distribute as prizemoney, or for any other purpose that the commercial boards consider in the best interests of their respective industries.

The new arrangements were scheduled to take effect from 1 October 2004.

RACECOURSE LICENSING

At 30 June 2004, 209 racecourses were licensed for the three forms of racing – 129 for thoroughbred racing, 39 for harness racing and 41 for greyhound racing.

In 2003–04, 2,763 race meetings (807 thoroughbred racing, 532 harness racing and 1,424 greyhound racing) were held in NSW.

Bookmakers fielding at race meetings increased from 295 to 302 in 2003-04.

SPORTS BETTING DISPUTES PANEL

Established under the Sports Betting Rules for licensed bookmakers and Tab Limited, the Panel, which comprises the Chairperson of Stewards from each of the three controlling bodies of racing, deals with disputed sports betting wagers.

In 2003-04, one claim was referred to the Panel for formal hearing and the Panel found in favour of the applicant (ie. the punter). Another three matters raised with the Panel's secretary were resolved to the satisfaction of the parties without referral to the Panel.

LIQUOR

To provide facilities for the community to access liquor, additional licences were issued under the Governor's licence provisions of the Liquor Act. Enhancements were also made to the Liquor Regulation to allow licensed vessel operators to sell liquor from various wharves prior to a cruise commencing. Details of these changes follow.

NATIONAL COMPETITION POLICY (NCP)

Following the Alcohol Summit, the Department completed a review of the liquor and club management laws according to NCP principles. Earlier, the Government accepted that it would be inappropriate for the review to draw conclusions, and to propose recommendations, prior to the Summit.

As the review was being progressed, the Federal Treasurer announced NSW would be penalised \$12.86 million on an ongoing basis because the review had not

resulted in the abolition of the needs test in the liquor laws. This led the Premier to indicate the Government had no choice but to introduce legislation that would abolish the needs test and also remove significant up-front fees for new hotel and bottle shop licences.

Legislation introduced into the Parliament in February 2004 aroused significant industry and community interest. In May 2004, the Government introduced replacement legislation titled the *National Competition Policy Liquor Amendments (Commonwealth Financial Penalties) Bill 2004*. The Parliament enacted this legislation in June 2004.

It replaces the needs test with a social impact assessment process, and replaces the up-front fees with a smaller, fixed cost structure. This new scheme was scheduled to take effect on 1 August 2004.

The Department played a significant role in the development and facilitation of this legislation, supporting regulations, and related guidelines.

GOVERNOR'S LICENCES

A Governor's licence is a special type of licence issued under section 19 of the Liquor Act. It allows liquor to be sold on a limited type of premises – for example, premises situated on Crown land. This licence is primarily for “on-premises” consumption, with takeaway sales in limited cases only.

Organisations eligible for this type of licence include regional museums, railway refreshment rooms, art galleries, and educational facilities.

Some major sporting and cultural venues situated on Crown land (Sydney Cricket Ground and the Sydney Opera House) operate under this licence, as well as many race clubs.

More recent examples include the Sydney Theatre and the Griffith Regional Theatre. Special licensing arrangements are approved recognising the unique operation of each venue.

A Governor's licence is issued on the recommendation of the Minister and, during the year, the Governor authorised 12 new licences being issued.

Variations were approved for some existing Governor's licences.

From time to time a request to vary a Governor's licence may not be supported on harm minimisation grounds.

During the year, the Minister was asked to consider a proposal to allow alcohol to be sold by waiter service at a large sporting venue on the north coast which holds a Governor's licence.

The proposal, which was not endorsed, raised concerns because it did not allow breaks from drinking, and proper checks could not be made for intoxicated or underage patrons.

LIQUOR SALES ON BERTHED VESSELS

Generally, licensed vessels cannot sell liquor where the vessel is berthed until after the start of a passenger cruise. Vessel operators usually berth at different locations to where cruises commence.

In 2002–03, following a growing trend for the berthing and departure point to be the same location, the liquor laws were amended to allow licensed vessels to sell liquor at specific wharves from one hour before a cruise starts until 30 minutes after it finishes.

During 2003–04, certain wharves at Darling Harbour were prescribed for the sale of liquor to passengers on the *Spirit of Tasmania*, which is a significant tourism initiative for both NSW and Tasmania, when berthed at Darling Harbour.

SPECIAL EVENT LICENCES

The NSW liquor laws allow the Minister to authorise the Licensing Court to issue a special event liquor licence for an event considered to be of State or regional significance. This temporary licence allows liquor to be sold and supplied at the special event subject to conditions authorised by the Minister.

To obtain this licence, an applicant must demonstrate that the proposed event has significant cultural, economic and/or social benefits for a substantial proportion of the population in a region or the State, and that there are no other liquor licences appropriate for the event.

During the year, 12 of these licences were issued -

- adidas International Tennis Tournament, Sydney Olympic Park - January 2004
- Becks Festival Bar (Sydney Festival), Sydney - January 2004
- East Coast Blues & Roots Music Festival - April 2004
- Field Day, Sydney - January 2004
- Flicker Fest, Bondi - January 2004
- Gay & Lesbian Mardi Gras, Moore Park – March 2004
- Homebake, Sydney - December 2003
- Northern Region Four Wheel Drive, Caravan and Camping Show, Lismore – July 2003
- Opera on the Move, various Sydney metropolitan and NSW regional locations - March/April 2004
- Sleaze Ball, Moore Park - October 2003
- Spirit of the Vine Harvest Festival, Broke - April 2004
- Thredbo Legends of Blues Festival (two licences), Thredbo Village - January 2004.

ACTIVITIES TO PROTECT THE GOVERNMENT'S REVENUE FROM THE REGULATED INDUSTRIES.

OBJECTIVES

- To protect gaming and wagering revenue due to the Government.

STRATEGIES

- Monitor revenue assessment, processes and collection systems.
- Identify areas of potential revenue avoidance (Liquor Subsidy Scheme).

PERFORMANCE INDICATORS

- Accuracy of gaming machine tax assessments.
- Proportion of premises connected to the Centralised Monitoring System.
- Level of avoidance from Liquor Subsidy Scheme.

Data Monitoring Services (DMS), a division of Tab Limited, calculates gaming machine tax for hotels and registered clubs, and the Office of State Revenue (OSR) collects the tax. The Department's principal role is to monitor and protect revenue assessment and collection processes. In addition, the Department monitors the Liquor Subsidy Scheme for vignerons.

It continues to collect fees from community gaming and charity fundraising activities, fines imposed by the Licensing Court and revenue from miscellaneous sources including product sales.

GAMING

CENTRALISED MONITORING SYSTEM (CMS)

The main purpose of the centralised monitoring system, (CMS), operated by Tab Limited is to:

- monitor the operation of gaming machines in clubs and hotels; and
- facilitate the calculation and collection of gaming machine taxes.

The CMS electronically monitors more than 100,000 gaming machines and jackpot systems in 3,200 venues.

Some technical issues with an interface card became evident in early 2002 that affected the receipt of data (replication) from gaming machines. These issues have now been rectified, and as a result, replication of data from gaming machines has increased:

Month of	% of gaming machines reporting over 2 days	% of gaming machines reporting over 7 days	% of gaming machines reporting over 30 days
July 2002	87.78	91.18	93.45
June 2003	93.95	96.61	97.45
June 2004	97.63	99.09	99.68

The Department continues to monitor replication rates achieved by the CMS licensee, and a number of initiatives are in place to continue the increase in rates.

ENHANCEMENTS TO CMS

DMS Internet Member Services has been introduced to allow venues internet access to CMS reports and correspondence for their venue. This service operates in a

highly secured environment to ensure confidentiality of a venue's gaming machine data.

Data from 1 February 2004 is available and up to 12 months of historical CMS reports and other communications will be stored and available for reference at any time. There are over 400 registered clubs and 250 hotels that access the CMS Internet Member Services.

CMS Data Access, which became available to clubs and hotels from November 2003, allows venues direct access to monitored gaming machine data through their site controller. Many venues are using CMS Data Access with third party products to assist in managing their gaming machine operations. The number of venues using CMS Data Access is continuing to grow with the number of registered clubs approaching 200 and the number of hotels close to 50.

New site controller software was deployed during August 2003. Hoteliers and registered clubs can now easily view the status of their gaming machines, including progressive systems, to ensure they are communicating with the CMS. The functionality also reports the length of time they have not been connected.

Quickchange is an internet authorisation system that provides instant on-line authorisation of gaming machine changes and is being widely taken up by the industry. Approximately 80 per cent of the 117,718 configuration changes authorised during the financial year were processed on Quickchange.

Changes have been made to the CMS for the new tax rates and change in the gaming machine tax year as a result of amendments to the *Gaming Machine Tax Act 2001*. The hotel tax year will now end on 30 June and the club gaming machine tax year will now end on 31 August. As a result, the 2004 gaming machine tax year will only consist of three tax quarters.

Changes to the tax year also impact on the operation of the Community Development and Support Expenditure (CDSE) scheme. CDSE declarations are now required to be submitted to the Liquor Administration Board by 7 September.

One of the projects the Department is currently working towards is a CMS models database, that, when implemented, will further improve the integrity of gaming machine operations. The Department will continue to initiate enhancements to the CMS and work with the new licensee to achieve additional benefits from the CMS.

CMS MONITORING FEE

Under the CMS scheme, the Government is required to determine the fee payable by registered clubs and hoteliers for monitoring their gaming machines. The original monitoring fee was determined in April 1998 and it applied until May 2004.

The fee is determined by the Minister for Gaming and Racing after consultation with the Independent Pricing and Regulatory Tribunal (IPART) and the Treasurer. Registered clubs and hoteliers pay the fee to Tab Limited, as the operator of the CMS.

On IPART's advice, the Minister determined to increase the CMS monitoring fee. IPART's recommendations were that the existing monitoring fee should be increased by 13.13% to \$30.72, and that the fee should increase by 3 per cent each year from mid-2005 to the expiry of the licence or until a fee review is instigated, and that there be no additional adjustment for inflation.

IPART's fee recommendation was based on an equitable sharing of the claimed increase in operating and capital costs between the CMS licensee and venues.

CMS MONITORING FEE INDEMNITY

When the CMS monitoring fee was first determined in 1998, the Government entered a deed of indemnity against any loss Tab Limited may suffer during the term of the CMS licence.

On 29 July 2004, Tab Limited gave notice of a claim under the indemnity. The Treasurer has subsequently advised Tab Limited that the Government does not accept the validity of the claim, as the requirements contained in the indemnity had been followed. The claim is still to be finalised.

TRANSFER OF CMS AND SWL LICENCES

Following rival bids by the Queensland-based totalizator operator UNiTAB Limited and the Victorian-based Tabcorp Holdings Limited to acquire the NSW-based Tab Limited, the Parliament enacted the Totalizator Legislation Amendment Act in December 2003 to facilitate both proposals.

It eased the 10 per cent limit on a shareholding in Tab Limited, and other restrictions on the dual ownership of wagering and casino licences. It also ensured that the NSW racing industry would not be disadvantaged by any takeover.

The Government stated that if Tabcorp acquired more than 50 per cent of Tab Limited's shares, Tabcorp must, within 18 months, divest Tab Limited's gaming business that operates under the CMS and linked jackpot licences. It also indicated that Tab Limited's investment licence would be withdrawn, but existing contractual obligations would not be disturbed.

Steps are being taken for Tabcorp to divest Tab Limited's gaming business to UNiTAB. This is subject to Tabcorp and UNiTAB finalising contractual arrangements. On present indications, the agreement will be formalised by December 2004.

	Up to 25,000	25,001 to 200,000	200,001 to 400,000	400,001 to 1,000,000	1,000,001 to 5,000,000	Above 5,000,000
Current marginal rates%	5.91	E	15.91	25.91	30.91	30.91
Rates from 1 July (%)						
2004	5.8	15.8	17.2	26.5	31.5	33.6
2005	5.7	15.7	18.5	27.1	32.1	36.4
2006	5.5	15.5	19.8	27.7	32.7	39.1
2007	5.4	15.4	21.1	28.2	33.2	41.8
2008	5.3	15.3	22.4	28.8	33.8	44.5
2009	5.1	15.1	23.7	29.4	34.4	47.3
2010	5.0	15.0	25.0	30.0	35.0	50.0

	Up to 200,000	200,001 to 1,000,000	1,000,001 to 5,000,000	5,000,001 to 10,000,000	Above 10,000,000
Current marginal rates%	0.00	10.91	17.16	17.16	17.16
Rates from 1 July (%)					
2004	0.0	10.8	18.3	19.7	20.4
2005	0.0	10.7	19.4	22.3	23.7
2006	0.0	10.5	20.5	24.8	26/0
2007	0.0	10.4	21.6	27.4	30.2
2008	0.0	10.3	22.8	29.9	33.5
2009	0.0	10.1	23.9	32.5	36.7
2010	0.0	10.0	25.0	35.0	40.0

GAMING MACHINE TAX ASSESSMENT

For information on registered club and hotel profitability from gaming machines, refer to the *Industry Viability* section of this Report.

GAMING MACHINE TAX RATES

In the 2003–04 State Budget, the Government announced that registered club and hotel gaming machine tax rates would increase from 1 July 2004 for hotels and from 1 September 2004 for clubs. This followed the Government's decision not to change tax rates since 1998.

The new rates are shown in Tables 6 and 7.

KENO SUBSCRIPTIONS REVIEW

It is a condition of the keno licence granted under the Public Lotteries Act that a review of the apportionment of keno subscriptions be undertaken once every three years. Reviews have occurred in 1998 and 2001. The third review was due in 2004.

A review committee, formed to undertake the 2004 review, was chaired by the Department and included representatives from Treasury and from the joint keno licensees, Clubkeno Holdings Pty Limited and Jupiters Gaming (NSW) Pty Limited.

A final report on the review of keno subscription allocations was submitted to the Minister on 31 March 2004.

The following is an extract from Budget Paper No 2 of the 2003/2004 State Budget about the tax changes:

The new rates extend the progressive tax scale so that clubs and hotels with larger gaming operations contribute more tax revenue. The rate increases are largest for the most profitable clubs and hotels, and bring their taxation more into line with tax regimes applying in other states. The progressive rate structure recognises that profits earned on each machine increases as the number of machines in each establishment rises.

The changes will commence from 1 September 2004 for clubs and 1 July 2004 for hotels. Implementation has been delayed to the 2004–05 financial year to meet the Government's commitment, announced on 26 July 2001, that the current duty rates for clubs and hotel gaming would be maintained for three years. The changes will be phased in over a period of seven years to ensure manageable adjustment for the club and hotel industry.

Clubs with gaming profits of up to around \$1.1 million will pay less tax than previously, or continue to pay no tax, while hotels with annual profits of up to \$220,000 will pay less tax. It is estimated that around two thirds of clubs will pay less, or no more tax, than previously. Around 38 percent of hotels will pay less tax than previously.

Gambling and betting tax revenue contributed an estimated 9.1 percent of total tax revenue in New South Wales in 2002–03 - the second lowest proportion among jurisdictions that permit gaming machines outside casinos. By 2006–07, this percentage is estimated to be 9.8 percent and New South Wales will remain the second lowest state.

RESOURCES PERFORMANCE

OBJECTIVES

- To maintain and review programs, policies and procedures for effective and efficient services.
- To support the Minister for Gaming and Racing in the fulfilment of the Minister's functions and responsibilities.
- To support the Licensing Court and Liquor Administration Board in the fulfilment of their functions and responsibilities.
- To operate within the Department's budget.

STRATEGIES

- Develop, implement and review corporate planning and organisational structures to provide clear focus for staff and to guide the Department's activities.
- Create, monitor and maintain a workplace environment and practices that comply with public sector guidelines and motivate staff to act with integrity and achieve excellence.
- Review, improve and maintain effective and up to date work practices, policies and procedure manuals.
- Review, improve and maintain effective and timely financial and other reporting procedures.
- Ensure timely, efficient and effective use of Departmental resources.
- Provide ongoing development activities for staff to carry out their duties.
- Maintain and improve the Department's EEO, Ethnic Affairs and Disability programs.
- Develop, implement and review mechanisms that provide accurate, comprehensive and timely advice and responses to the Minister, the Licensing Court, the Liquor Administration Board, CCBF Trustees and other Ministerial committees and councils.

PERFORMANCE INDICATORS

- Corporate goals are achieved.
- Satisfaction of the Minister, the Court, the Board, CCBF Trustees, and central agencies with the Department.
- Statutory requirements completed to required time frames and standards.
- Budgetary and revenue performance.
- Accuracy and timeliness of financial reporting systems and processes.
- Performance level in relation to service standard measures.
- Commitment of staff to the implementation of the Department's EEO, Ethnic Affairs and Disability programs.
- Satisfaction of staff.
- Changes to standards, policies and procedures.

ACTIVITIES THAT ENSURE A RESPONSIBLE, ACCOUNTABLE, EQUITABLE, EXPERT AND PROFESSIONAL AGENCY, FREE FROM CORRUPTION AND HARASSMENT, OPERATING IN THE PUBLIC INTEREST.

CORPORATE PERFORMANCE

HUMAN RESOURCES MANAGEMENT

At 30 June 2004, the Department employed 224 permanent and temporary staff. Table 8 contains details of staff numbers and Table 9 (bottom of page) shows the Senior Executive Officer positions for the past two years. Other staffing statistics are set out in Tables 10 and 11.

TABLE 8 – STAFF TRENDS – 2002 to 2004

Classification (June)	2002	2003	2004
Administrative and Clerical	187	192	200
Professional	26	26	24
Total	213	218	224

Annual figures are actual positions filled either permanently or temporarily, but does not include an officer seconded to the Department from the Premier's Department.

RECRUITMENT

Recruitment action in 2003–04 resulted in the following 39 appointments:

- eight applicants from outside the public sector (20%);
- 28 Departmental applicants (72%); and
- three applicants from other government agencies (8%).

SEPARATIONS AND RESTRUCTURING

A total of 23 staff left the Department in the reporting period, of whom 14 were male and nine were female. This compares to the previous period, when 10 males and 13 females left.

Exit interviews and reports show most separations were due to promotions elsewhere within the NSW public sector, resignation to take up private sector employment or the completion of temporary work assignments.

TABLE 9 - SENIOR EXECUTIVE SERVICE PROFILE of POSITIONS

Level	3	4	5	7	TOTAL
30 June 2004	2*	1	1**	1	5
30 June 2003	2*	1	-	1	4

* One female Senior Executive Service Officer.

** Seconded from Premier's Department.

TABLE 10 – STAFFING as at 30 JUNE 2004 by DIVISION and CATEGORY

	DIRECTOR-GENERAL'S UNIT	COMMUNICATIONS AND STRATEGIC SUPPORT *	COMPLIANCE RACING CHARITIES	REVENUE AND RESOURCE MANAGEMENT	POLICY AND DEVELOPMENT	MINISTER'S OFFICE	TOTAL
Director-General	1		-	-	-	-	1
Senior Executive		1*	1	1	1	1**	5
> Grade 9	1	3	11	12	7	3	37
Grades 3-9		7	69	37	17	4	134
< Grade 3	1		17	13	1	-	32
Specialist / Professional	-		6	-	-	-	6
Professional support	-		9	-	-	-	9
Services and Amenities	-		-	-	-	-	-
All other staff	-		-	-	-	-	-
TOTAL	3	11	113	63	26	8	224

Table 2 does not include casual staff or staff on various forms of unpaid leave.
 * New Division created March 2004. Senior Executive Officer Level 5 on secondment from Premier's Department - excluded from total EFT for the 2003-04 year.
 ** Up to SES 1 equivalent.

TABLE 11 STAFFING as at 30 JUNE 2004 by DIVISION and BRANCH TOTAL

Minister's Office	8	8
Director-General's Unit	3	3
COMMUNICATIONS AND STRATEGIC SUPPORT		
Director's Unit	1*	-
Casino Community Benefit Fund	10	11
COMPLIANCE, RACING AND CHARITIES		
Director's Unit	2	
Enforcement	34	
Legal and Licensing	27	
Gaming Technology	11	
Keno	2	
Racing Executive	2	
Racing Operations	6	
Racing Policy	4	
Charities Administration	14	
Charities Investigations	11	113
POLICY AND DEVELOPMENT		
Director's Unit	1	
Policy	13	
Industry and Corporate Development	12	26
REVENUE AND RESOURCE MANAGEMENT		
Director's Unit	2	
Administration	14	
Assessment	1	
CMS Business Unit	9	
Court Registry	11	
Financial Services	9	
Human Resources	6	
Information Technology	11	63
TOTAL		224

Table does not include casual staff or staff on various forms of unpaid leave.
 * Excluded from total EFT for the 2003-04 year.

An amount of \$66,263.08 was paid for a voluntary redundancy from the Department's Enforcement Branch to JSC DuBuisson-Perrine.

EMPLOYEE ASSISTANCE PROGRAM

The Department contracts Industrial Psychological Services (IPS) to conduct the Employee Assistance Program, which continues to be an effective tool for early intervention for staff with work-related or personal difficulties. To 30 June 2004, IPS reported a usage rate of 7.8 % of staff compared to 4.1 % in 2002-03.

During the year, IPS delivered three briefing sessions to 64 supervisory staff on its *Manager Helpline* initiative.

ETHNIC AFFAIRS AND MULTICULTURAL ISSUES

A detailed report on the Department's commitment to promoting equal access to services for ethnic and racial minorities is set out in Appendix 10.

For 2003-04, 13 of the Department's staff were able to assist clients in 11 community languages – unchanged from the previous period. As at 30 June 2004, five staff had nominated to undertake community language examinations in seven languages.

INDUSTRIAL RELATIONS

In the reporting year, no industrial disputes or other industrial relations issues were raised within the Department's Joint Consultative Committee process.

There were no appeals lodged with the Government and Related Employee Appeals Tribunal against promotion or appointment decisions during the year.

While a review of the Department's Flexible Working Hours Agreement was scheduled, this was not progressed. No changes were made to the Agreement.

MONETARY VALUE OF LEAVE

As at 30 June 2004, the monetary value of annual leave and long service leave owed to staff was \$1.50 million and \$5.4 million respectively.

OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety Committee (OH&S) met seven times in 2003–04. The Committee reviewed many issues, mainly concerning the physical work environment, eg. air conditioning and toilet facilities.

All issues that were raised were attended to and either fixed, or if outside the scope of the Committee's powers, were reported to building management. Few problems were reported about the reliability of the lifts in the Department's head office in 2003–04.

Where workplace inspections identified potential risks, these were reported to the relevant managers and the problems addressed.

Of the Department's staff, four are qualified to provide basic first aid.

SICK LEAVE

In 2003–04, employees averaged 7.67 sick days compared to 6.9 sick days in 2002–03, and 7.25 days in 2001–02.

WORKER'S COMPENSATION

A total of three worker's compensation claims were made during 2003–04 (five claims lodged during 2002–03).

The claims account for the loss of 44 working days (27.5 days in 2001–02 and 81.75 days in 2000–01).

EQUAL EMPLOYMENT OPPORTUNITY

The Department's progress towards meeting its EEO objectives during 2003–04 remained steady in a year where the level of recruitment exceeded the level of separations.

EEO Target Group members have not been more strongly affected by the recruitment and separation patterns over the year than other members of staff.

Overall, the employment situation for Target Groups and particularly for women in the Department remained static, both in terms of numbers and distribution of incomes.

Of new staff joining the Department, 94 per cent responded to the EEO survey, an increase of 2 per cent compared to 2002–03.

TARGET GROUPS

The Department reversed its position slightly in terms of percentages of EEO Target Group members since the last three reporting periods. The percentages of current Target Group members compared with the last reporting period are represented in the Parliamentary Annual Report Tables on page 44.

In line with the Premier's Memorandum 95-50, all government departments were required to achieve the goal of 50 per cent women in full-time employment by 2004. For 2003–04, of the Department's staff in full-time employment, 45 per cent were women.

For target groups *Aboriginal and Torres Strait Islander* staff and *racial, ethnic and ethno-religious minority* group members, the Department was above the benchmarks as set out in the Parliamentary Annual Report Tables (next page).

However, for the group – *people with a disability* – the Department fell short of the benchmark standards by 7 per cent.

ETHICAL CONDUCT

CODE OF CONDUCT AND ETHICS

No amendments were made to the Department's Code of Conduct and Ethics in 2003–04. All new staff received a copy of the Code. In addition, discussion of the Code and its ramifications for officers were covered in a half day training course, as part of the Department's Induction Program for 2003–04. A total of 37 staff attended the training session.

QUALITY MANAGEMENT

ENERGY MANAGEMENT

The Department achieved a reduction of electricity usage by 6.3 per cent within the last financial year resulting from the completion of a major lighting upgrade throughout the Department's Sydney Office as well as continued education in economical electricity usage. This reduction builds on the 5 per cent achieved in the previous reporting period.

The major lighting upgrade was jointly funded by the Department and Treasury and is strongly aligned to the recommendations of the Sustainable Energy Development Authority.

LICENSING COURT OF NSW AND LIQUOR ADMINISTRATION BOARD

The Department supports both the Court and the Board administratively. While this Report provides an overview of some of the support issues, extended details can be found in the Board's Annual Report for 2003–04.

PARLIAMENTARY ANNUAL REPORT TABLES

A. Trends in the Representation of EEO Groups					
EEO Group	% of Total Staff				
	Benchmark or Target (%)	2001	2002	2003	2004
Women	50.0	44.0	46.0	44.0	45.0
Aboriginal people and Torres Strait Islanders	2.0	2.3	2.8	3.0	3.0
People whose first language was not English	20.0	27.0	25.0	24.0	25
People with a disability	12.0	9.0	9.0	7.0	5.0
People with a Disability Requiring Adjustment at Work	7.0	4.1	4.4	4.0	4.4

B. Trends in the Distribution of EEO Groups					
EEO Group	Distribution Index				
	Benchmark or Target (%)	2001	2002	2003	2004
Women	100	82	83	84	85
Aboriginal people and Torres Strait Islanders	100	na	na	na	na
People whose first language was not English	100	93	94	96	95
People with a disability	100	97	na	na	na
People with a disability requiring work-related adjustment	100	na	na	na	na

Notes to Tables:

- 1 Staff numbers are at 30 June 2004.
- 2 Excludes casual staff.
- 3 A distribution index of 100 indicates that the centre of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by the Office of Employment Equity and Diversity.
- 4 The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

NSW GOVERNMENT LICENSING SYSTEM (GLS)

As one of the lead agencies identified by the GLS, the Department continued to assist the GLS project team through the provision of information and advice.

The purpose of the GLS is to develop on-line services for lodging licence applications and to provide an alternative to traditional methods.

Many of the Department's licensing systems, including the current on-line trade promotion lottery system, will be replaced by the GLS. It is anticipated that this will happen in mid-2005.

PERFORMANCE MANAGEMENT

The Department's 2003–2005 Corporate Plan was published in anticipation of a major review of the Plan scheduled for early 2005.

The review will involve a whole of agency approach and link to other central agency plans, including Treasury's Results and Services Plan.

Once the Plan is finalised, the Department intends to review its Staff Performance Management Program to ensure that all activities are aligned to the Corporate Plan.

RURAL ACCESS

In conjunction with the Government's Rural Access Strategy, the Department continues its support of Access Centres at Nambucca Heads and Maclean, while maintaining regional offices in Newcastle, Wagga Wagga and Dubbo.

Access centres supply Departmental forms and brochures for local participants in the liquor, gaming and charities industries. Compliance material can be purchased from the Maclean Centre – located within the Maclean Court House.

TRAINING AND DEVELOPMENT**APPROVED COURSE REIMBURSEMENTS**

The Department supported staff via a fee reimbursement scheme which covered study time, and study and exam leave. \$7,630.07 was reimbursed for course fees for the year.

TRAINING AND DEVELOPMENT ACTIVITIES

There were a number of major in-house training programs delivered in the reporting year. The box below details the courses and numbers participating.

The Department also organised for 12 staff to undertake *Certificate IV in Assessment and Workplace Training* in-house, along with an additional three staff who completed the *Train Small Groups* module only of the Certificate.

A total of 23 staff participated in 28 externally conducted training and development activities during the year. The total cost of these activities during the year was \$30,152.

Training Program	No. of Staff
• Grievance Handling for Managers and Supervisors	64
• EEO and Harassment Prevention Training for Managers and Supervisors	63
• Code of Conduct	37
• Induction	33
• Contact Officer Training in Grievance Handling	11
• OH&S Committee Training	3
• Merit Selection	18

MINISTERIAL SUPPORT

Various committees, industry councils and conferences provide advice to the Minister. The Department provides chair, secretariat and other administrative support.

A summary of the support activities follow for 2003–04.

CASINO COMMUNITY BENEFIT FUND (CCBF)

Since 1995, the Department has provided significant guidance and assistance to the CCBF Trustees, including the administration of day-to-day operations. That support continued throughout 2003–04. The Department’s Director, Policy and Development, Ms Jill Hennessy, is one of the appointed Trustees.

The Trustees are appointed by the Minister to make recommendations to him as to how funds acquired from a special gambling levy should be expended.

A governing trust deed specifies the purposes to which monies can be allocated.

Details of the Trustees’ activities, and the Department’s assistance and guidance to the CCBF, are set out in the Trustees’ 2003–04 Annual Report.

CHARITIES MINISTERIAL ADVISORY COMMITTEE

The Committee offers advice to the Minister and the Department on charitable fundraising activities including legislation and administrative requirements.

The Committee comprises representatives from 11 charitable organisations drawn from a wide spectrum of organisations conducting fundraising appeals.

Mr Ken Browne, Assistant Director, Charities provided secretariat support to the Committee.

CHARITIES MINISTERIAL ADVISORY COMMITTEE SIGNIFICANT AGENDA ISSUES FOR 2003–04

- Regulation of professional fundraisers
- Subordinate Legislation Act review of the Charitable Fundraising Regulation
- National approach to the regulation of charitable fundraising appeals
- Educational seminars including an accredited training program
- Minors and the Lotteries and Art Unions Act (responsible gaming proposals)
- Salary disclosure for charities.

CLUB INDUSTRY ADVISORY COUNCIL

During the year, the Council continued to provide advice to the Minister on matters affecting the club industry.

Chaired by Mr Pat Rogan, President of ClubsNSW, the Council’s members represent all sectors of the club industry.

In June 2003, Council membership was expanded to allow for the participation of representatives of the Labor Council of NSW and the Liquor Hospitality and Miscellaneous Workers’ Union.

The Council met on six occasions during the year. Departmental support was provided by Mr Warren McAllister, Policy Officer.

CLUB INDUSTRY ADVISORY COUNCIL SIGNIFICANT AGENDA ISSUES FOR 2003–04

- Accountability of auditors
- Amalgamation of registered clubs
- Community Development and Support Expenditure Scheme
- CMS and statewide linked jackpots
- Gaming machine taxation
- Gaming machine technology issues and review of Technical Standards
- Internet gaming
- IPART Review of Harm Minimisation Measures
- New ownership of the CMS
- National Competition review
- Player activity reports
- Transfer of poker machine entitlements

CLUB INDUSTRY TASK FORCE

On 22 August 2003, the Minister announced the formation of the Club Industry Task Force.

Representatives on the Task Force include the club industry, relevant employee groups and Departmental officers. The aim of the Task Force is to establish a long-term policy framework that will help maintain a strong club industry.

During 2003–04 the Task Force considered a broad range of issues, including:

- the development of club industry codes of conduct;
- general objectives for the club industry;
- reporting procedures and club governance;
- obligations of club directors;
- contractual arrangements;
- management agreements; and
- general reporting and accountability requirements.

It also examined the role of clubs in the community, and their contributions to their local communities.

Stage 1 of the Task Force's deliberations have been completed and a number of recommendations were made for enhancements to the registered club laws. These amendments focussed on corporate governance, accountability and transparency.

Stage 2 of the deliberations will continue into the second half of 2004, and involve more detailed consultation with key stakeholders and club industry participants.

The Task Force met on 12 occasions during the year. Departmental support was provided by Mr Rob Griggs, Director, Communications and Strategic Support, and Mr Warren McAllister, Policy Officer.

LIQUOR INDUSTRY CONSULTATIVE COUNCIL

The Council, which comprises the nine peak liquor industry associations – representing the various liquor retail and wholesale sectors, and the brewing, distilling and wine sectors – considered a range of liquor issues.

During the year, the Council provided advice to the Government on policy projects and topics, including the NSW Summit on Alcohol Abuse.

Council members played an integral role in contributing an industry perspective to the wide range of issues debated at the Alcohol Summit. The Council met on five occasions during the year, which included a special meeting in advance of the Summit.

The Council's membership was expanded during the year, through the inclusion of representatives from the Independent Liquor Stores Association, the Charter Vessel Association, the Labor Council of NSW, the Liquor Hospitality and Miscellaneous Workers' Union, and the Shop Distributive and Allied Employees Association. Contributions from these new members helped to ensure that the Government received comprehensive and realistic advice from a variety of participants in the liquor industry.

The Council was chaired initially by Mr Dominic Herschel, Assistant Director, Policy, and later by Mr Rob Griggs, Director Communications and Strategic Support. Secretariat support was provided by Mr Ross McCulloch, acting Senior Policy Officer.

OVERSEAS DELEGATIONS

Over recent years, the number of overseas control authorities visiting Australia – and NSW in particular – has increased.

Internationally, NSW is recognised as a mature racing and machine gaming jurisdiction with strong controls.

During 2003–04, the Department hosted official delegations or representatives from Heilongjiang Province, China; the United Kingdom Joint Committee on the Draft Gambling Bill; the Gauteng Gambling Board of South Africa; the Japanese Industry Council; the Ministry of Community Development and Sport, Singapore; and the Department of Criminology, Douglas College, British Columbia, Canada.

RACING TRAINING NSW

Details about Racing Training NSW, its formation, representation and functions have been provided in past annual reports. The Department is represented on the body.

In 2003–04, Racing Training NSW:

- succeeded with representations to the Australian National Training Authority for the national industry advisory body, Racing Training Australia, to be included on the newly formed Agri-Foods Skills Council.
- gained funding from the NSW Department of Education and Training for the development of training and learning materials for five modules from the Stewards' courses.
- Worked with TAFE to develop further learning materials of the Racing Administration – Stewards' Certificate IV/Diploma courses.
- conducted (in conjunction with TAFE and others) a two day seminar on legal issues that affect the work of racing stewards.
- coordinated vocational training opportunities across the three codes of racing in NSW.

STATEMENT OF PERFORMANCE OF SES OFFICERS – LEVEL 5 AND ABOVE

Name:	Kenneth Maxwell Brown
Position and Level:	Director-General (SES Level 7)
Period in position:	1 July 2003 – 30 June 2004
Total remuneration package	\$309,900

Mr Brown has continued to meet the Performance Criteria in his Performance Agreement and, in so doing, achieved significant and satisfactory progress towards the overall outcome of sensible regulation of the gaming, racing, liquor and charities industries.

The following are highlights for each of the Department’s Key Result Areas.

INDUSTRY INTEGRITY

- Established the Club Industry Task Force to review in consultation with the industry the key objectives of the Registered Clubs Act and formulate appropriate compliance, governance and probity principles for the future operation of registered clubs.
- Assisted in the establishment of a Special Ministerial Advisory Group comprising a senior group of CEOs from the club industry to augment the role of the Club Industry Task Force.
- Developed and introduced legislation to amend the Registered Clubs Act to permit detailed and in-depth inquiries into alleged misconduct in the NSW club industry.
- Appointed Mr Ian Temby AO QC to undertake an inquiry under section 41X of the Registered Clubs Act in relation to Penrith Rugby League Club Ltd.
- Completed an inquiry into the Australian Red Cross Bali Victims Appeal.

VIABLE INDUSTRIES

- Prepared legislation to amend the Thoroughbred Racing Board Act.
- Facilitated amendments to Totalizator Rules to provide for quadrella betting.
- Prepared legislation to amalgamate the Harness Racing Authority and Greyhound Racing Authority.
- Submitted a report on the Betting Exchange Taskforce.
- Undertook a net public benefit test on legislative provisions restricting advertising by interstate wagering operators.
- Concluded the review of the Charitable Fundraising Regulation under the Subordinate Legislation Act.

HARM MINIMISATION

- Arranged the conduct of, developed the terms of reference for, and provided assistance to, the Independent Pricing and Regulatory Tribunal to undertake an inquiry into harm minimisation measures for gambling.
- Introduced mandatory responsible service of alcohol training for liquor industry workers.
- Helped facilitate the conduct of the Government’s 2003 Alcohol Summit.
- Implemented specific outcomes of the Government Response to the Summit.
- Established and assisted in the conduct of an inquiry into alcoholic beverages that may target young people
- Developed and implemented proposals for the next stage of the Casino Community Benefit Fund’s community awareness program including the Powerhouse Museum Exhibit – *Gambling in Australia: thrills, spills and social ills*.

COMMUNITY NEEDS

- Completed the National Competition Policy (NCP) review of the liquor and club management laws.
- Supported the NCP Liquor Amendments (Commonwealth Financial Penalties) Act through Parliament and prepared the regulations, regulatory impact statement, guidelines and legislation bulletin.
- Completed the NCP reviews of the casino and gaming machine laws.
- Developed legislative proposals to protect club employment levels and community contributions.

GOVERNMENT REVENUE

- Introduced a gaming machine authorisation “user charge” fee.
- Assisted with the development of the CORIS project for the licence, fee and fine collection process.
- Reviewed keno subscriptions and reported on outcomes.
- Audited 39 venues identified as “high risk” for compliance with the liquor subsidy scheme.
- Reviewed the outcomes of IAB Services audits of revenue systems and processes and implemented changes as required.

RESOURCES PERFORMANCE

- Participated in the Ministerial Council on Gambling process.
- Published the Annual Reports for the Department of Gaming and Racing, Liquor Administration Board and Casino Community Benefit Fund Trustees.
- Continued to assist the Department of Commerce in the development of the NSW Government Licensing Project.
- Reviewed the operational structure of the Department – established a Strategy and Policy Committee, and a new Communications and Strategic Support Division.
- Reviewed current recruitment policies and procedures to ensure compliance with ICAC recommendations.



GRANT MCBRIDE MP
MINISTER FOR GAMING AND RACING

MAJOR PROJECTS

For 2003–04, the Department had scheduled 137 major projects/initiatives targeted for commencement and/or completion during the year. At 30 June 2004:

- 122 were completed;
- 14 were delayed/deferred; and
- 1 was abandoned.

Further, in reaction to changed circumstances, new Government initiatives/policies or the result of taking advantage of useful opportunities, 62 additional projects/initiatives were commenced, of which:

- 50 were completed;
- 4 were on target for completion within the time frames set;
- 3 have been delayed;

- 4 have been deferred; and
- 1 was abandoned.

STATEMENT OF PERFORMANCE OF SES OFFICERS – LEVEL 5 AND ABOVE

Name: Robert Griggs
Position and Level: Director, Communications and Strategic Support Division (SES Level 5)
Period in position: 7 July 2003 – 30 June 2004
Total remuneration package: \$197,680

Mr Griggs was appointed to the Department on a short secondment from the Premier's Department from 7 July 2003, which has since been extended for a further two years.

On 30 March 2004, the Minister formally approved of a Departmental restructure which saw the establishment of a new Division – Communications and Strategic Support – under Mr Griggs' responsibility. As part of the new Division, he assumed responsibility for the Casino Community Benefit Fund Branch on 13 April 2004.

I can report that since joining the Department, Mr Griggs has contributed to the Department's activities at the policy and strategic level by:

- establishing the Communications and

Strategic Support Division;

- establishing the Department's Strategy and Policy Committee;
- assisting the Independent Pricing and Regulatory Tribunal in conducting its review of gambling harm minimisation measures;
- commencing work on the review into beverages that may be targeted towards young people;
- working successfully on the Grants Administration Review, coordinated by the Premier's Department to develop a more concise and standard application form for community groups seeking government grants;
- participating in the Club Industry Task

Force and the establishment of the Special Ministerial Advisory Group (SMAG) to develop reforms to improve the governance requirements and management structures of registered clubs;

- chairing the Liquor Industry Consultative Council (LICCC);
- representing the Department on the Club Industry Advisory Council (CIAC); and
- representing the Department on the Government's Redfern/Waterloo Project.


K M BROWN
DIRECTOR GENERAL

APPENDIX 2
AGENCY PERFORMANCE – PROGRAMS

COMPLIANCE

Clients: The Department, the Licensing Court, the Liquor Administration Board and members and patrons of the liquor and gaming industries.
Program Objective: To ensure the integrity of the liquor and gaming machine industries.
Program Description: Conduct inspections/investigations to ensure compliance of clubs/licensees' statutory responsibilities. Review of applications to the Licensing Court and Liquor Administration Board and represent the Director of Liquor and Gaming in proceedings before those bodies. Conduct of field technical inspections.

OUTCOMES	1999–00	2000–01	2001–02	2002–03	2003–04
• % of licence applications completed within 40 working days of receipt	68.6	47.3	65	54.9	51.5
• No. of disciplinary actions brought against licensees/clubs	40	6	0	29	33
• No. of liquor and gaming breaches identified	na	na	na	2,415	2,722
No of breaches dealt with by compliance notice	na	na	na	1,660	2,010
No of breaches dealt with by infringement notice	27	60	840	682	594
No of breaches referred to consider Court action	na	na	na	73	118
• % of premises inspected where a breach detected	10.4	18.8	36	22	33
• % of quality assurance audits where change required	<1	<1	<1	<1	<1
• % of gaming machines inspected (technical)	6.5	4	10.9	12	14.8
• % of gaming machines inspected requiring technical modification	14	11	11.1	4.1	6.6
• % of complaints from public which substantiated a breach of legislation	na	na	na	na	39.9
OUTPUTS	1999–00	2000–01	2001–02	2002–03	2003–04
• No. of licence applications reviewed	4,507	1,558	4,734	5,435	5,454 ⁽¹⁾
• No. of licence objections lodged	23	11	5	2	3
• No. of complaints received concerning licensed premises and clubs	626	1,008	2,097	1,915	1,438
No of complaints recorded by Special Inspectors	na	na	na	1,315	825
No of complaints lodged by Public	na	na	na	600	613
• No. of compliance inquiries received from the public and industry	na	na	na	na	531
• No. of on-site premises inspections (general)	695	827	3,369	5,134	1,611
• No. of on-site premises inspections (technical)	176	141	352	385	469
• No. of gaming machines inspections (technical)	1,663	1,501	2,089	2,385	2,185
• No. of quality assurance audits	319	113	210	191	143
• No. of special audits of legislation and conditions of licence	na	na	na	1,026	1,228
• No. of liquor accords facilitated	na	na	44	73	108
• No. of statutory notices issued to venues by the Director of Liquor and Gaming	na	na	na	141	96
• No. of major investigations of licensed premises and clubs	na	na	na	138	93
• No. of letters sent to venues about impending audit and inspections	na	3,716	4,062	811	3,947

Notes

(1) Consists of 3,746 probity assessments and 1,708 premises applications.

APPENDIX 2 (CONT.)

AGENCY PERFORMANCE – PROGRAMS

DEVELOPMENT, CONTROL AND REGULATION OF THE RACING INDUSTRY

Clients: NSW racing industry.
 Program Objective: To support the economic viability of the NSW racing industry.
 Program Description: Enhance the viability of racing organisations and ensure the integrity of betting operations in the public interest.

OUTCOMES	1999–00	2000–01	2001–02	2002–03	2003–04
• No. of race meetings	3,222	2,864	2,772	2,775	2,763
OUTPUTS	1999–00	2000–01	2001–02	2002–03	2003–04
• Racing inspections	843	618	503	701	576

INDUSTRY DEVELOPMENT

Clients: Licensees, registered clubs, persons associated with the industries and interested members of the community.
 Program Objective: To assist in the development of the liquor and gaming industries.
 Program Description: Provision of industry education and information to improve industry compliance.

OUTCOMES	1999–00	2000–01	2001–02	2002–03	2003–04
• % of licensed and club premises that receive a bulletin	95	95	95	95	95
• % of enquiries/transactions handled same day	99	99	99	99	99
• % of RSA courses recommended for approval ⁽¹⁾	40	5	7	17	12
• % of RSA trainer applications recommended for approval	na	na	na	na	68
• % of RCG RTOs recommended for approval	na	na	na	50	86
• % of RCG trainer applications recommended for approval	na	na	na	61	61
• % of gaming machine applications reviewed requiring no change	na	na	na	100	70
OUTPUTS	1999–00	2000–01	2001–02	2002–03	2003–04
• No. of industry publications issued	32	6	21	23	16
• No. of transactions/enquiries processed	40,759	39,154	40,000	43,590	55,002
• No. of RSA courses evaluated for LAB	10	19	15	18	25
• No. of RSA trainer applications assessed for LAB	na	na	na	na	253
• No. of RCG RTOs reviewed for LAB	na	na	na	8	7
• No. of RCG trainer applications assessed for LAB	na	na	na	56	54
• No. of gaming machine applications reviewed for LAB	na	na	na	614	476

Notes:

(1) Responsible Service of Alcohol training (RSA) was made a mandatory course for the liquor industry from 1 January 2004.

MACHINE GAMING REVENUE

Clients: Tab Limited, hotel and registered club premises.
 Program Objective: To protect Government revenue derived from gaming machine operations.
 Program Description: Monitor Data Monitoring Services (Tab Limited) to ensure the integrity of the CMS data collection process and calculation of gaming machine tax. Under delegation from the Liquor Administration Board recalculate gaming machine tax. Process gaming machine authorisations.

OUTCOMES	1999–00	2000–01	2001–02	2002–03	2003–04
• % of "paper based" gaming machine authorisations approved	na	na	na	74	77
• No. of changes to gaming machine configurations	na	na	49,413	34,489	24,039
OUTPUTS	1999–00	2000–01	2001–02	2002–03	2003–04
• No. of applications to change gaming machine configurations	26,253	25,093	19,366	9,891	7,570

PUBLIC CHARITY FUNDRAISING STANDARDS

Clients: Charities, members of the community interested in charities, registered clubs and persons associated with games of chance and trade promotions.
 Program Objective: To ensure the integrity of public fundraising for charity.
 Program Description: Approval of fundraising activities for charity, monitoring and inspection of financial affairs/management of charities. Issue of permits and collection of fees for conduct of lotteries and games of chance.

OUTCOMES	1999–00	2000–01	2001–02	2002–03	2003–04
• % of authorities issued within statutory time frame	100	100	100	100	100
• % of complaints received re fundraising authorities compared to number of authorities in operation	3.1	2.5	3.9	4	3.4
• % of complaints that result in sanctions being imposed	4	1	1	1	1
• % of successful prosecutions	100	100	100	100	na
• % of charities not implementing recommended remedial action following investigation	5	5	2	2	2
• % of organisations attending education seminars	47	na	32	55	28
• % of trade competitions operating without complaint	98	98	97.4	97.7	98.2

OUTPUTS	1999–00	2000–01	2001–02	2002–03	2003–04
• No. of authorities to fundraise issued	2,395	1,528	792	745	1,256
• No. of education seminars conducted	44	30	49	55	67
• No. of complaints received	504	521	574	571	502
• No. of inspections and investigations	454	470	603	610	407
• No. of breach/compliance notices issued	389	408	500	513	347
• No. of prosecutions launched	5	1	2	4	3
• No. of authorities to fundraise revoked	2	0	1	1	0
• No. of show cause why authority should not be revoked	2	2	0	3	2
• No. of applications for trade competitions processed	12,342	12,690	12,870	13,226	13,684
• No. of community gaming permits processed	469	443	473	352	374

TECHNOLOGY SERVICES

Clients: Gaming machine players, gaming-related licensees, registered clubs and hotels with gaming machines, industry associations, Department of Gaming and Racing and the Liquor Administration Board.
 Program Objective: To regulate machine gaming in hotels and registered clubs.
 Program Description: Determination of standards for machine gaming in hotels and registered clubs. Evaluation of machine gaming equipment.

OUTCOMES	1999–00	2000–01	2001–02	2002–03	2003–04
• % of approvals assessed and processed in target time of 15 days	na	92	89	95	96

OUTPUTS	1999–00	2000–01	2001–02	2002–03	2003–04
• No. of new gaming system applications approved	16	8	10	16	9
• No. of new gaming machine game applications approved	na	na	216	207	192
• No. of new gaming machine type applications approved	na	na	2	3	3
• No. of field trial applications assessed and monitored	na	na	26	61	19
• No. of modification applications for approved equipment	na	na	159	209	216

The Director of Liquor and Gaming is a statutory officer located within the Department, and appointed by the Governor with powers, responsibilities and obligations under the *Liquor Act 1982*, the *Registered Clubs Act 1976* and the *Gaming Machines Act 2001*.

The Director-General of the Department, Mr Ken Brown, is also the Director of Liquor and Gaming. The Deputy Director-General, Mr Darrell Loewenthal, acts as delegate of the Director of Liquor and Gaming in respect of the relevant functions and responsibilities.

Staff of the Compliance Division support the dual functions of the Director of Liquor and Gaming and the Director of Compliance.

The Director of Liquor and Gaming's role is to:

- investigate all liquor and gaming licence applicants and their associates to establish their fitness to hold a licence;
- investigate all club secretary applicants to establish their fitness to hold this position;
- initiate prosecution and disciplinary action in the Licensing Court and superior courts;
- object to licence applications on probity and other public interest and statutory grounds in the Licensing Court and before the Liquor Administration Board;
- investigate licence holders, registered clubs and associates of licence holders regarding breaches of licence conditions, illicit activity or misconduct on licensed premises and registered clubs, and complaints from the public;
- conduct special investigations of serious mismanagement of registered clubs and breaches of the Liquor Act, the Registered Clubs Act and the Gaming Machines Act;
- monitor and take appropriate disciplinary or other compliance action in relation to the harm minimisation provisions concerning the responsible service or promotion of alcohol; and
- liaise with other government agencies (in particular, NSW Police) and with the liquor and gaming industries on compliance, public interest and liquor and gaming harm minimisation issues.

In accordance with the primary objective of the licensing laws, the Director must have due regard to the need for harm minimisation when exercising these functions and in any consideration of what is or is not in the public interest.

The following is a short summary of some of the issues considered by the Director in 2003–04.

APPLICATIONS

The Director reports on applications made to the Licensing Court to determine compliance with the liquor, registered club and gaming machine laws. Reports are also prepared by the

Director on the fitness of licence applicants and their business partners to ensure those seeking entry into the industry meet probity standards.

During the year 3,746 probity reports and 1,708 premises reports were prepared by the Department for the Director, with only three objections taken to licence applications.

The reduction in the number of licence objections can be attributed to the proactive approach taken by Departmental officers who liaise with applicants to enable contentious issues to be satisfactorily resolved.

The issue of applicants providing false information in their applications continued to be scrutinised, resulting in a number of penalty notices being issued for this offence.

DISCIPLINARY ACTION

While a number of prosecutions were taken by the Director during the year for breaches of the gaming machine laws, generally, the level of compliance was good and is improving, particularly following regional audit programs conducted by the Department.

SIGNIFICANT LITIGATION

Last year the Director reported on two major disciplinary cases to be heard by the Licensing Court. Decisions in those cases - against the Bulldogs Leagues Club and the Ocean Shores Country Club and its secretary, Tod Anthony Martin, were made during the year, with the Director lodging appeals in both cases.

Details of both cases are featured in Appendix 4.

INFRINGEMENT NOTICES

Apart from Court action being taken by the Director, the Department's inspectors can issue infringement notices for most offences under the liquor, registered club and gaming machine laws.

During the year, 594 infringement notices were issued for a range of offences including unlawful use of club premises, breach of club rules, not displaying statutory notices, unlawful advertising, signing false affidavits, operating gaming machines during the mandatory shut down period and unauthorised liquor sales.

REGISTERED CLUB CONCERNS

Amalgamations

During the year the Licensing Court approved nine amalgamations involving registered clubs under provisions introduced in 2002. These provisions limit the number of amalgamations of a parent club and requires a deed of execution to be executed by both clubs to ensure members of both clubs are better informed of the amalgamation process.

Corporate Governance

The *Registered Clubs Amendment Act 2003* introduced a number of important reforms to ensure clubs are more accountable to their members. These reforms enable the Director to establish an inquiry to investigate allegations of corrupt or improper conduct involving a registered club.

On 30 April 2004, the Director appointed Mr Ian Temby QC to conduct an inquiry into certain allegations involving the Penrith Rugby League Club and its secretary. The inquiry's findings are expected to be available towards the end of 2004.

Club Annual Report Audits

By law, registered clubs must submit their financial statements to the Liquor Administration Board annually. During the year, the financial statements of more than 600 clubs were audited by the Department.

As a result, it has become clear that further work in this area is needed. In particular, the Director was concerned about potentially serious breaches by some clubs identified during the audit program. The Director is continuing to examine the financial records of a number of clubs to determine compliance with the registered club laws.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Director continues to have a good working relationship with NSW Police and other key industry stakeholders.

In particular, the Director notes the efforts made by the Department in continuing to strengthen strategic alliances with the industry associations. As part of the Department's compliance programs, industry associations are consulted and provide invaluable input into the development of these programs.

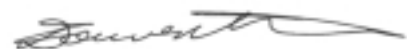
This transparent and collaborative approach allows the Department to provide a more efficient service delivery.

It is noted that the Department's objective is to achieve a long-term goal of higher levels of industry compliance. Under the Department's regional audit program, general industry compliance reached 75 per cent. Compliance levels would have been higher in the absence of multiple breaches.

Further analysis of the Department's compliance records showed higher compliance levels were achieved in areas where liquor accords are established.

Licensing Court Decisions

The Director was disappointed with some of the decisions and penalties made by the Licensing Court during the year. This led to the Director lodging an appeal to the Full Bench of the Licensing Court in relation to the disciplinary complaint taken against the Bulldogs Leagues Club where it was considered that the penalty imposed by the Court was inadequate.



DELEGATE OF
DIRECTOR OF LIQUOR AND GAMING
27 AUGUST 2004

Bulldogs Leagues Club Ltd, Belmore

A disciplinary complaint was taken by the Director in December 2002 alleging the club had failed to keep proper books and records of its financial affairs. In particular, the complaint alleged that the true financial nature of a number of transactions had not been correctly recorded in that:

- Over a two-year period the club produced invoices valued at \$1.170 million on the letterhead of International Sports Marketing or International Sports Design as part of the Oasis development at Liverpool. The invoices were used as payments for players from the Bulldogs Football Club.
- Over a one-year period agreements were entered into with International Sports Marketing Pty Ltd for development services for a waterpark and stadium at Liverpool. Service fees paid by the club totalled \$650,000. These payments related to payments to players from the Bulldogs Football Club.
- Financial statements published in the club's 2000 annual report did not correctly record under grants made to the football club a payment of \$300,000 paid to International Sports Marketing Pty Ltd for payments to players. This amount was included in an entry relating to the Oasis project totalling \$1,322,703.
- Financial statements published in the club's 2001 annual report did not include payments of \$750,000 paid to International Sports marketing Pty Ltd, Peter Warren Ford and the Australian Taxation Office for payment on behalf of players from the football club. These payments were included in an entry of \$1,127,369 for the Oasis project.

Show cause action was also taken by the Director against the club's secretary, John Ballesty and four former directors of the club.

In finding the Director's complaint established in March 2004, the Licensing Court imposed a \$10,000 penalty on the club. In June 2004, the Court accepted undertakings from the former President, Gary McIntyre, and former directors, Barry Nelson, Bob Hagan and Keith Lotty, that they would not seek appointment as a director or secretary of a registered club before 1 March 2006.

The Court declined to make a declaration against Mr Ballesty.

An appeal has been lodged by the Director, which is scheduled to be heard in November 2004.

Bondi Diggers Memorial & Sporting Club Ltd, Bondi

A disciplinary complaint taken by the Director was part of the fallout of a night of liquor abuse in September 2002 involving a large group of local high school students who had been drinking at the club.

The Director's complaint followed an extensive investigation by the Department that uncovered breaches of the liquor, club management and gaming machine laws.

In addition to prosecution action taken against the club for two cheque cashing offences, a disciplinary complaint alleged that between 29 May 2000 and 25 September 2002:

- the club's then secretary, Miriam Perry, permitted cash advances at various times in 2002;
- the club's then president, Anthony Perry, obtained benefits not offered equally to other members;
- the club did not keep proper books and records;
- the club's rules were habitually broken by accepting incomplete membership applications on 50 occasions; and
- the club engaged in activities likely to encourage the misuse or abuse of liquor (in which the Director alleged had involved aggravated circumstances).

In December 2003, the Licensing Court found aggravated circumstances existed (in relation to permitting liquor abuse activities) and imposed a \$215,000 penalty. Mr and Mrs Perry were disqualified from being a director or secretary of a registered club for 10 years, while the club was ordered to pay the Director's professional costs.

An appeal was lodged by the club to the Full Bench of the Licensing Court, who in June 2004, set aside the original \$215,000 penalty and imposed a \$200,000 penalty instead.

All other orders made by the Court were upheld.

Ocean Shores Country Club Ltd, Ocean Shores

The death of a teenage boy who had earlier attended a staff Christmas party at the Ocean Shores Country Club in 2001 led to a major investigation by the Department.

That investigation saw the Director file a series of prosecutions against the club and its then secretary, Tod Martin.

The Director alleged that at the party, three minors, who had been supplied liquor at the club, were intoxicated. After the party, one of the minors was killed after riding in a car on the club's golf course.

Complaint action was taken by the Director against the club and Mr Martin on a range of grounds, while the club was prosecuted for allowing liquor to be supplied to a minor. Mr Martin was also prosecuted for intoxication offences.

Fines totalling \$33,550 were imposed on Mr Martin, who was also banned from being a secretary or director of a registered club for two years.

Mr Martin also agreed to pay the Director's professional costs of \$62,500.

Fines and penalties totalling \$229,700 were imposed on the club, with conditions imposed on the club's certificate of registration.

Appeals against the Court's decision have been lodged by the club and Mr Martin.

Rohan Phillips, Cheeky Monkey's Restaurant & Bar, Byron Bay

Complaints about the operation of the Cheeky Monkey's Restaurant & Bar led to a joint investigation by police and the Department's inspectors.

The six-month investigation focussed on whether the primary purpose of serving meals was being met and compliance with licence conditions.

The investigation, which found the dine-or-drink restaurant was being operated along the lines of a nightclub, led to the Director taking a disciplinary complaint against the licensee, Rohan Phillips.

Grounds of the Director's complaint alleged licence conditions had been breached and that the restaurant was not being operated under the primary purpose of serving meals.

Records obtained during the investigation showed that over a 13-month period, drink sales accounted for 79 per cent of the restaurant's turnover.

Mr Phillips, who was fined \$5,000 and ordered to pay the Director's professional costs of \$5,000 in May 2004, has since obtained a nightclub licence for the venue.

Mandarin Club Ltd, Sydney

In July 2002, Club Keno informed the secretary of the Mandarin Club, Geoffrey Wong, that earlier in the month an apparent breach of the Keno legislation and rules had occurred when a keno prize in excess of \$1,000 was paid in cash.

The Department was advised and launched an investigation.

Investigators examined the club's Keno payout records and interviewed the club's secretary and staff who were alleged to have been involved in the unlawful payment.

The investigation established that a Keno prize of \$3,328 was paid in cash on 8 July 2002. All staff interviewed allegedly admitted that they were aware of the payment to an unknown gambler, who insisted on being paid in cash.

During the course of the investigation, the Department established that two staff members colluded to create a false record in the club's accounts relating to the prize payment.

Instead of recording the prize as a cash payment, a club cheque for \$2,328 was made payable to another person, who later reimbursed the club. The balance of \$1,000 was then shown in the club's accounts as a cash payment.

The matter was heard in the Downing Centre Local Court on 2 March 2004, when the club was found guilty of breaching clause 7G(1) of the Public Lotteries Regulation 1996. The club was fined \$1,000 and ordered to pay the Director's professional costs of \$1,000.

Radovan Djurovic, Sixty Darling Street, Balmain

As part of industry-wide compliance checks in early 2004, the Department contacted Sixty Darling Street, a large liquor store at Balmain.

When placing a telephone order for a case of wine for the first time at the store, an

CASES OF THE DIRECTOR OF LIQUOR AND GAMING

inspector, who was not asked her age, provided delivery instructions.

In these instructions, the RSA-trained employee was told that the person who would be accepting delivery of the wine would be a 16 year old.

The employee was then asked if it would be necessary for the 16 year old to sign for the delivery when it arrived. The inspector was told a signature is not required.

Moments later, the inspector rang back, cancelled the order, and asked to speak to the licensee, Radovan Djurovic, who, the inspector was told, was not available.

When Mr Djurovic contacted the Department the next day, he was informed that his store had been subject to a compliance audit against the remote liquor sales provisions.

He was told about the order that had been placed the day before with the employee, and also of the instructions for delivery.

Mr Djurovic explained that the employee had only been working with him for a couple of months. He also said that his other staff would not have given their full name to a customer.

Mr Djurovic also said that he had experienced problems with the company that set up the website used to conduct his Internet liquor sales business.

The Director issued a court attendance notice to Mr Djurovic under section 128(3)(a) of the Liquor Act for not obtaining the customer's date of birth when the liquor order was placed.

Mr Djurovic, who pleaded guilty, was fined \$220 by the Licensing Court.

Nyngan Bowling Club Ltd, Nyngan

A complaint received by the Department alleged cash advances had been permitted at the Nyngan Bowling Club over a period of time.

The Department's investigation found that between 1997 and 2002, the club's then secretary, Stewart Stanley, had allowed cash advances to be made to club staff and a member for gambling purposes.

A disciplinary complaint taken by the Director was heard by the Licensing Court in April 2004. The Court found that while the provision of cash advances was a serious matter and that the club should have had procedures in place to prevent cash advances occurring, it noted the club had admitted to the complaint and had not previously been before the Court.

The Court also found Mr Stanley was no longer employed by the club and that the club eventually took steps to prevent further cash advances being made.

While no monetary penalty was imposed, the club was ordered to pay the Director's professional costs of \$440.

Drummoyne Rowing Club Ltd, Drummoyne

During a routine audit of the Drummoyne Rowing Club by the Department in 2002, the club was found not to have an approved secretary. When the approved secretary left the club on 25 February 2002, the Liquor Administration Board wasn't notified.

The club operated this way for three months, with various people undertaking the club's secretary's duties.

When interviewed, the club's president, Jeffrey Andrews, said that he was aware of the seven day notification requirement, but added that the club's legal advice indicated this could be extended to 28 days.

Investigators were also told the appointment of a secretary had been affected by the club's financial position and the potential amalgamation with another registered club, but which had since fallen through.

The Director of Liquor and Gaming prosecuted the club for not notifying the Board that the approved secretary had left and for operating without an approved secretary. The club was fined a total of \$2,000 by the Licensing Court.

Peter Smith, Commercial Hotel, Young

A \$550 penalty notice issued to Peter Smith, licensee of the Commercial Hotel, Young for not displaying the statutory G-line notice on the hotel's ATM was defended at court.

In defending the matter, Mr Smith explained that while the notice was not on the ATM, a sign located a metre and a half away satisfied the statutory requirements.

In finding the offence proven and dismissing the matter under section 10 of the Crimes (Sentencing Procedure) Act, the Licensing Court noted that Mr Smith had travelled from Young to Sydney for the hearing and had to close the hotel in his absence.

Julianne Renata, Gates Hotel, Adamstown

Following an inspection of the Gates Hotel, Adamstown by police and the Department's inspectors in February 2003, penalty notices were issued to the then licensee, Julianne Renata for breaches of the liquor and gaming machine laws.

In addition, the Director also took complaint action for breaches of four licence conditions, including court-imposed harm minimisation conditions.

The Licensing Court imposed a \$150 penalty for each of the four grounds of complaint, and ordered Ms Renata to pay the Director's professional costs of \$240.

West Lindfield Sport and Recreation Club Ltd, West Lindfield

While inspecting the West Lindfield Sport and Recreation Club, the Department's inspectors detected breaches relating to statutory notices required under the Gaming Machines Act and the keeping of a register of temporary members.

For not keeping a register of temporary members, the Licensing Court imposed a penalty of \$200 and ordered the club to pay the Director's professional costs of \$220.

In finding the offence proven, but recording no conviction under section 10 of the Crimes (Sentencing Procedure) Act for not displaying a statutory notice in the gaming machine area, the

Court noted the club's gaming machines had since been sold.

Gaming Machines Act Breaches by Hotels and Clubs

Under section 46(1) of the Gaming Machines Act, hoteliers and registered clubs must enter into arrangements for problem gambling counselling services to be available to patrons. These counselling services can be conducted by the AHA, ClubsNSW, Betsafe, or any gambling counselling service funded by the Casino Community Benefit Fund.

Under section 49 of the Gaming Machine Act, hoteliers and registered clubs must enter into an arrangement with a person or organisation approved by the Minister for patrons to exclude themselves from either the entire venue or the gaming machine areas of the venue.

In 2003 the Department conducted an audit of hotels and registered clubs to check compliance with the gambling counselling provisions and self exclusion scheme of the Gaming Machines Act.

Details of complaint action taken by the Director against six hoteliers and registered clubs where gambling counselling services were not made available to patrons and did not operate a self exclusion scheme is outlined below.

- Deepwater Inn Hotel, Deepwater - \$1,000 court penalty
- Goldfields Tavern, Lucknow - \$1,000 court penalty
- Royal Hotel, Manildra - \$200 court penalty and ordered to pay the Director's professional costs of \$440
- Campbelltown City Bowling club Co-operative Ltd - court penalty of \$1,000 and ordered to pay the Director's professional costs of \$440
- Lane Cove Country Club, Lane Cove - court reprimand and club ordered to pay the Director's professional costs of \$440
- Singleton Golf Club, Singleton - court reprimand and club ordered to pay the Director's professional costs of \$440.

INTERSTATE

AUSTRALIAN AND NEW ZEALAND
GAMING MACHINE NATIONAL STANDARD WORKING PARTY

- Luke Freeman, Manager, Gaming Technology

AUSTRALASIAN CASINO AND GAMING REGULATORS
RESPONSIBLE GAMBLING WORKING PARTY (ACGRRGWP)

- Lucy Brotherton, Senior Policy Officer
- Jill Hennessy, Director, Policy and Development
- Dominic Herschel, Assistant Director, Policy
- Luke Freeman, Manager, Gaming Technology
- Lisa Kerr, Policy Officer

ACG CHIEF EXECUTIVE OFFICERS' FORUM

- Ken Brown, Director-General
- Jill Hennessy, Director, Policy and Development
- Lucy Brotherton, Senior Policy Officer and Secretariat

COMMUNITY SERVICES MINISTERS' ADVISORY COUNCIL
GAMBLING WORKING PARTY

- Jill Hennessy, Director, Policy and Development
- Susan Kelly, Acting Manager, CCBF

INTERSTATE RACING OFFICIALS CONFERENCE

- Darrell Loewenthal, Deputy Director-General
- Peter Baldwin, Assistant Director, Office of Racing

MINISTERIAL COUNCIL ON GAMBLING OFFICIALS GROUP

- Jill Hennessy, Director, Policy and Development

MINISTERIAL COUNCIL ON GAMBLING
RESEARCH WORKING PARTY

- Jabez Allies, Policy Officer
- Jill Hennessy, Director, Policy and Development

NATIONAL LOTTERY REGULATORS GROUP

- Dominic Herschel, Assistant Director, Policy
- Olga Lenger, Principal Technical Officer
- Warren McAllister, Policy Officer

NATIONAL PANEL FOR THE ACCREDITATION OF
TESTING FACILITIES

- Luke Freeman, Manager, Gaming Technology

NATIONAL WAGERING REGULATORS CONFERENCE

- Darrell Loewenthal, Deputy Director-General
- Peter Baldwin, Assistant Director, Office of Racing

INTERAGENCY

BOOKMAKERS REVISION COMMITTEE

Peter Baldwin, Assistant Director, Office of Racing

CASINO SAFETY NET COMMITTEE

Established to consider applications from a registered club, that is located within 10 kilometres of the Sydney casino, for exemption or deferral of gaming machine tax in circumstances where the club is suffering serious financial hardship from a reduction in machine profits that is attributable to the availability of machines in the casino.

- Dominic Herschel, Assistant Director, Policy
- Warren McAllister, Policy Officer and Secretariat

COMMUNITY DEVELOPMENT AND SUPPORT
EXPENDITURE STEERING GROUP

Established to oversee the operation of the CDSE scheme, the Group comprises representatives from ClubsNSW, the Council of Social Services of NSW, the Department of Community Services, the Liquor Administration Board and the Club Industry Advisory Council.

- Dominic Herschel, Assistant Director, Policy and Chair
- Warren McAllister, Policy Officer and Secretariat

GRANTS ADMINISTRATION REVIEW

The NSW Government has established a review of the administration of grants programs across a range of agencies. Various working groups have been established to undertake this review.

- **Operations Group**
Jill Hennessy, Director, Policy and Development
Rob Griggs, Director, Communications and Strategic Support
- **Application, Approvals, Administration Group**
Roupen Manjikian, Project Manager, CCBF
- **Monitor, Review, Redirect Group**
Roupen Manjikian, Project Manager, CCBF
- **Planning Group**
Susan Kelly, Acting Manager, CCBF
- **Principles, Best Practice Group**
Susan Kelly, Acting Manager, CCBF

NSW GOVERNMENT LICENSING PROJECT
STEERING COMMITTEE

The NSW Government Licensing Project was established to provide a Government portal to enable all licensing applications to be lodged over the Internet. The Department of Gaming and Racing is one of four lead agencies in the development of the project. The Department also has representatives on other committees within the Project.

- **Steering Committee**
Michael Foggo, Director, Revenue and Resource Management
- **Project Management Committee**
Steve Roberts, Manager, IT Branch
Ken Browne, Assistant Director, Charities

SENIOR OFFICERS COMMITTEE ON ALCOHOL

Established to ensure organisational support and agency participation in the development, organisation and operation of the Alcohol Summit.

- Rob Griggs, Director, Communications and Strategic Support
 - Jill Hennessy, Director, Policy and Development
 - Ross McCulloch, acting Senior Policy Officer
- Rob Griggs, Director, Communications and Strategic Support, is the Department's representative on the Redfern Waterloo Partnership Project.

DEPARTMENTAL

DISABILITY ACTION PLAN WORKING GROUP

Established to monitor and formulate policy in relation to the Department's Disability Action Plan, which is designed to promote the provision of services and opportunities for people with disabilities.

- Terry Dooley, Director, Employment Equity
- Michael Hall, Staff Representative
- John Hollis, Staff Representative
- Michael Moore, Human Resources Manager
- Cheyne Wright, Organisation Development Officer and Disability Action Plan Coordinator

Continued on page 57

APPENDIX 6

COMMUNITY GAMING AND CHARITY FUNDRAISING CASES

RAY CAMPBELL & GOLD STAR SOCIAL SPORTS CLUB INCORPORATED

The Department investigated complaints about the bona fides of raffles conducted in various hotels by Mr Ray Campbell on behalf of an organisation known as Gold Star Social Sports Club Incorporated.

An inquiry revealed that Mr Campbell formed the club allegedly for members to get together socially and share common interests. As club president, Mr Campbell conducted raffles at a variety of hotels to raise funds for the club. An examination of the books and records showed that many of the club's expenses appeared to be of a private nature, despite the fact that Mr Campbell argued that the expenses were legitimate expenses as his private residence is the official meeting place of the club and all the members frequently use his facilities.

Based on the inspector's report, the Minister was satisfied that the club was not formed as a bona fide non-profit organisation but rather an avenue for Mr Campbell to generate income from the public to meet his day-to-day expenses and, accordingly, issued a notice on Mr Campbell prohibiting the conduct of raffles for two years.

Further inquiries are continuing.

MOTOR VEHICLE PRIZE NOT AWARDED

A club conducted a raffle with tickets costing \$100 each. About 300 of the 500 raffle tickets were sold.

The winning ticket number was determined by selecting randomly numbered balls. Because the resulting number related to an unsold ticket, the club decided not to award the motor vehicle prize.

As a result of the Department's investigation, the club was forced to undertake a further draw using only the original purchased tickets and awarded the motor vehicle to the prizewinner.

PATRONS FORCED TO BUY TICKETS

The Department received complaints from bingo players that when they tried to purchase

tickets to play only club bingo games, they were forced to also purchase tickets in a fundraising charity houseie game, which followed the conduct of the club bingo game. If they did not make the purchase, they could not participate in the club bingo game.

As a result of the complaints, the Department reminded offending operators that club bingo and charity houseie are two distinct and separate games.

There must be at least a 30 minute-break between the two games and there cannot be any requirement that a patron must purchase tickets to both sessions – if someone wants to play only club bingo and leave they must be afforded that opportunity.

KEYLESS

A charity conducted a raffle at a fundraising dinner, which involved the sale of keys to patrons. On the night of the event, the winning key was to be determined by each key holder trying to open a lock. During the evening, a number of guests left before the draw took place. When the time came to open the lock, none of the remaining patrons' keys were successful.

Because no particulars were retained of the purchasers of the keys, the integrity of the whole draw process became questionable which reflected poorly on the charity.

CHARITY'S POOR PERFORMANCE

An inquiry into the charity followed the receipt of a complaint.

The inquiry identified numerous deficiencies including: receipts not issued for all income received – all payments were not authorised – the cashbook did not record all income and expenditure – cheques were pre-signed – failure to bank gross income from appeals; a register of collection devices was not maintained – a record was not maintained for funds received from each collection device – a register of participants was not maintained – management of the charity was not vested in a management committee of three office bearers – all funds received were used to pay for expenses

and no amount was used in pursuance of the charity's objectives.

The investigating officer considered the charity had poor record keeping procedures and lacked accountability, and was incapable of introducing proper procedures and controls.

The charity was asked to show cause why its authority to fundraise should not be revoked. The inquiry is continuing.

RAFFLE NOT MAKING 40 PER CENT PROFIT

Departmental inspectors investigated a high profile charity conducting raffles and receiving less than the required 40 per cent profit.

Inquiries found the charity had employed a commercial operator to conduct the fundraising appeal, and as part of the agreement between the charity and the commercial operator, all costs relating to the raffle were to be paid by the commercial operator.

An audit of the charity's records revealed some costs associated with the raffle were being paid by the charity and not accounted for when calculating the percentage profit, which meant that the profit was significantly less than the statutory 40 per cent profit when conducting raffles.

As a result of the Department's inquiry, the charity severed its ties with the commercial operator.

DONOR RENEGES ON PRIZE TO CHARITY

A person who attended a charity auction was successful in bidding for a donated accommodation and ski lift ticket package. Afterwards, the donating company refused to honour the accommodation and ski lift package.

Although the charity received the donation in good faith, it was held directly responsible to provide the package as stated in its advertising.

Charities should ensure that they obtain confirmation of donated prizes or auction items in writing before offering them as prizes in auctions or raffles. This type of dispute has the potential of harming a charity's good name.

APPENDIX 7

CONSULTANTS

The Department has not expended funds on the use of consultants during 2003–04.

At 30 June 2004, there were 48 corporate credit cards issued throughout the Department. The major users are the Enforcement Branch's inspectors, inspectorate staff in the Racing and Charities Branches, Licensing Court magistrates and administration staff. There are no Departmental credit cards issued to officers in the Ministerial Office.

Following a joint review by the Director-General, Premier's Department and the Secretary of NSW Treasury, a review committee

concluded that Treasurer's Directions 205.02-205.08 (relating to corporate credit card use) needed to be updated.

This has now been done and the Department has adopted a Best Practice Guide issued by NSW Treasury.

In April 2003, the NSW Government banking service supplier was changed from the ANZ Banking Corporation to the Westpac Banking Corporation. ANZ Visa cards were withdrawn and replaced with the Westpac

Bank's Master Cards.

At that time, the opportunity was taken to review and update the various documents used by the Department to manage the use of these credit cards. These documents include:

- Application for a Departmental Credit Card
- Revised Treasurer's Directions
- Guidelines for the use of Departmental Credit Cards.

APPENDIX 5 (CONT.) COMMITTEES

EQUAL EMPLOYMENT OPPORTUNITY COMMITTEE

Established to oversee and steer the progress of the Department's EEO policy and procedures.

- Amy Banerjie, Non-English Speaking Background Contact (NESB) Officer
- Terry Dooley, Director, Employment Equity
- Erica Luiz, Spokeswoman
- Michael Moore, Human Resources Manager
- Cheyne Wright, Organisation Development Officer, EEO Coordinator
- Troy Zarb, Staff Representative

ETHNIC AFFAIRS POLICY ADVISORY COMMITTEE

Established to monitor and formulate policy in relation to equal access for all clients of non-English speaking background.

- Amy Banerjie, NESB Contact Officer
- Ken Browne, Staff Representative
- Terry Dooley, Director, Employment Equity
- Erica Luiz, Spokeswoman
- Michael Moore, Human Resources Manager
- Cheyne Wright, Ethnic Affairs Policy Coordinator, and Organisation Development Officer

GAMING REFORM IMPLEMENTATION COMMITTEE

Established to develop and implement administrative arrangements required to support gaming machine-related legislation.

- Rena Skropidis, Principle Business Analyst, IT Branch
- Jill Hennessy, Director, Policy and Development
- Michael Foggo, Director, Revenue and Resource Management
- Dominic Herschel, Assistant Director, Policy
- Stephen Howard, Secretary, Liquor Administration Board
- Ivana Rados, Business Analyst, IT Branch
- Andrew Bennett, Senior Development Officer, Industry and Corporate Development
- Lucy Brotherton, Senior Policy Officer, Policy
- Lisa Kerr, Policy Officer, Policy
- Charles Rivers, CMS Team Leader, CMS Business Unit
- Steve Roberts, Manager, IT
- Darryl Freeman, Manager, Legal and Licensing

JOB ROTATION COMMITTEE

Established to monitor the Job Rotation Program. Various members participate in Job Rotation Panels to ensure the Job Rotation Policy is correctly applied.

- Amy Banerjie, NESB Officer
- Terry Dooley, Director, Employment Equity

- Sue Lang, Staff Representative
- Erica Luiz, Spokeswoman
- Michael Moore, Manager, Human Resources
- Cheyne Wright, Organisation Development Officer and EEO Coordinator

OCCUPATIONAL HEALTH & SAFETY COMMITTEE

Established to make recommendations to the Department on health, safety and welfare issues.

- Saroj Attrey, Staff representative
- Paul Barrie, Employer representative
- Geoff Craine, Staff representative and Chair
- Terry Dooley, Employer representative
- Lucas Ho, Staff representative
- John Hollis, Staff representative
- Michael Moore, Employer representative
- Cathy Pollock, Staff representative

STRATEGY AND POLICY COMMITTEE

Established to oversee the Department's overall strategic and policy agendas, and be the forum for management of major whole of organisation policy issues.

- Ken Brown, Director-General
- Darrell Loewenthal, Deputy Director-General
- Rob Griggs, Director, Communications and Strategic Support
- Michael Foggo, Director, Resource and Revenue Management
- Jill Hennessy, Director, Policy and Development.

MINISTERIAL ADVISORY COMMITTEES

Refer to pages 46-47 for details of the following ministerial advisory committees:

- Charities Ministerial Advisory Committee (page 46)
- Club Industry Advisory Council (page 46)
- Club Industry Task Force (page 46)
- Liquor Industry Consultative Council (page 47)

OUR GUARANTEE OF SERVICE

We are committed to giving our clients the highest level of service. We will treat you courteously, and deal efficiently with your enquiry or request.

Our Code of Conduct and Ethics has established a high standard of behaviour to be followed by all staff of the Department.

Your rights will be respected. Our staff must respect your culture, religious beliefs, and your right to privacy and confidentiality.

Our staff will treat you fairly, regardless of race, nationality, language, age, sex, sexual preference or disability.

We will continue to work with our clients to maintain and improve our high standards and services.

We provide:

- extended office hours with flexibility for

after hours service;

- an improved counter service with a “fast lane” in peak times;
- a Client Access Centre in the Industry and Corporate Development Branch;
- improved signage in the offices of the Department;
- improved telephone communications to assist clients;
- improved Fact Sheets relevant to the industries;
- more user-friendly letters, forms and other documents;
- training for our staff in relation to our Charter, Corporate Plan and Code of Conduct; and
- a website for relevant information.

We also give special priority to:

- promoting our services at industry workshops and through industry bulletins;
- participating at major industry events;
- displaying information for people going into Court unrepresented;
- consulting with peak associations over changes to legislation and procedures;
- interpreter services where a client’s first language is not English;
- our internal interpreter service – where nine community languages can be accessed;
- meeting community expectations for appropriate controls over fundraising bodies; and
- conducting seminars for charitable organisations.

CONSUMER RESPONSE

2003–04 TARGETS:

- Process 98% mail orders within 5 working days of receipting, balance with 20 working days.
- Same day response to 98% of client telephone enquiries, balance within 2 days.
- 65% of minor gaming permits reviewed and completed within 5 working days; balance within 30 working days.
- 100% of applications for an authority to fundraise acknowledged within 10 days.
- 85% of applications for an authority to fundraise reviewed and responded to within 20 days; balance within 60 days.
- 80% of correspondence replied to within 10 days; balance within 30 working days.
- 100% of letters of complaint acknowledged within 10 days.
- 60% of inquiries commenced within 8 weeks of complaint receipt; balance within 16 weeks.
- 90% of complainants notified of outcomes within 20 days of completion of inquiry.
- For lengthy inquiries, 70% of complainants notified of progress of inquiry every 8 weeks after complaint receipt.
- 100% of inquiries prioritised and scope of inquiry established.

- 60% of inquiries concluded within established timeframe; balance within 60 days.
- 100% of deviations from legislation reported and appropriate action taken.

ACHIEVEMENTS:

- Achieved.
- Achieved.
- Achieved.
- Achieved.
- Achieved.
- Achieved.
- 98%.
- 75% and 90% respective achievement levels.
- Achieved.
- Achieved.
- Achieved.
- 65% and 70% respective achievement levels.
- Achieved.

2004–05 TARGETS:

- Process 98% of mail orders within 5 working days of receipting, balance within 20 working days.
- Same day response to 98% of client

- 65% of minor gaming permits reviewed and completed within 5 working days; balance within 30 working days.
- 100% of applications for an authority to fundraise acknowledged within 10 days.
- 85% of applications for an authority to fundraise reviewed and responded to within 20 days; balance within 60 days.
- 80% of correspondence replied to within 10 days; balance within 30 working days.
- 100% of letters of complaint acknowledged within 10 days.
- 60% of inquiries commenced within 8 weeks of complaint receipt; balance within 16 weeks.
- 90% of complainants notified of outcomes within 20 days of completion of inquiry.
- For lengthy inquiries, 70% of complainants notified of progress of inquiry every 8 weeks after complaint receipt.
- 100% of inquiries prioritised and scope of inquiry established.
- 60% of inquiries concluded within established timeframe; balance within 60 days.
- 100% of deviations from legislation reported and appropriate action taken.

TELL US IF WE ARE NOT UP TO STANDARD

There will be times when clients are not satisfied with the service provided by staff at a counter, over the telephone, or in the field.

Given the diversified nature of the industries regulated by the Department, and its role in relation to those industries, there may be complaints about a range of matters.

These may include complaints about:

- clients of the Department;
- policies and procedures of the Department; or
- staff of the Department.

In the course of carrying out investigations, officers are sometimes the subject of allegations about their conduct of an investigation.

The Department believes that:

- when complaints are made they are important to both the client making the complaint and the Department; and
- there must be an effective client complaint handling process in place.

The Department is committed to ensuring the satisfactory resolution of a complaint in the following ways:

- the facts of the complaint will be established;
- the complaint will be dealt with promptly;
- the client making the complaint will be kept informed of the progress of the complaint; and
- action will be taken to bring about a resolution of the complaint.

ETHNIC AFFAIRS INITIATIVE	KEY RESULT AREA	STRATEGIES/TASKS	RESPONSIBILITY	RESOURCE/BUDGET	TIMELINE
Consult with our clients of non-English speaking background on changes to policies and procedures affecting the liquor, gaming, racing and charity industries.	Social Justice	Publicise, in the ethnic press, legislation or policies that have a direct impact on ethnic communities.	All Directors, Manager, Policy	As appropriate	Ongoing
Inform our clients, in plain English, of changes to the laws, policies and procedures.		Review of industry information, fact sheets and application forms to ensure that plain English standards are maintained.	All Directors, Manager, Industry and Corporate Development, Principal Registrar	As appropriate	Ongoing as information is reviewed and reprinted
Respect our clients' culture, religious beliefs, and the right to privacy and confidentiality.		Ensure that procedures and work practices are flexible where possible accommodating clients' special needs.	Directors	Recurrent funding	Ongoing
		Ensure human resource policies are in place allowing for religious practices.	Human Resources Manager	Recurrent funding	Ongoing
		Client Access Centre (CAC) staff are properly trained in cultural diversity issues.	Organisation Development Officer	Appropriation - Training Budget	30 June 2004
		Senior managers, middle managers and staff with a high proportion of contact with clients to be properly trained in cultural diversity issues.	Organisation Development Officer, Branch Managers	Appropriation - Training Budget	Ongoing
Resolve our clients' grievances through an informal and accessible process.		Ensure that complaint procedures are in place and that all staff are aware of the complaint process.	Director, Revenue and Resource Management	Recurrent funding	Ongoing
In dealing with clients who may be experiencing difficulties with the English language, we will call on bilingual staff as language aides.		Ensure that staff with community language skills are encouraged to join the Community Language Allowance Scheme (CLAS).	Human Resources Manager and EAPS Coordinator	Recurrent salary funding	Ongoing
		Where relevant, language skills are taken into account when recruiting staff.	Human Resources Manager	Recurrent salary funding	Ongoing
		CLAS numbers to be increased by encouraging extra staff to undertake language aide exams.	Human Resources Manager and EAPS Coordinator	Recurrent funding	Ongoing
		Details of accredited staff who receive CLAS and the language they speak to be circulated to all staff on a regular basis.	Human Resources Manager	Recurrent funding	Quarterly
		Produce information flyers about the Department and its functions in main community languages,	EAPS Coordinator	Recurrent funding	30 June 2004
Professional interpreters will be used, either through the Telephone Interpreter Service or on-site where their professional skills are appropriate.		Ensure that staff are aware of the availability of professional interpreters, including the quarterly distribution of the contact details of the Telephone Interpreter Service.	EAPS Coordinator	As appropriate	Ongoing
		Professional interpreters used on site in the Licensing Court when required.	Principal Registrar	As appropriate	Ongoing
EAPS issues to be considered and incorporated into major corporate documentation as appropriate.		Corporate Plan identifies EAPS issues.	Manager, Industry and Corporate Development	As appropriate	Ongoing
Directors responsible for commitment and implementation of EAPS into Divisions.		All executive performance agreements incorporate commitment to implement EAPS statements.	Director-General and all Directors	As appropriate	Ongoing
Funding for counselling and treatment services, community projects and prosecutions for exclusion order breaches, which address ethno-specific needs.		Casino Community Benefit Fund to allow for funding for assistance to ethno-specific organisations for counselling, also appropriate interventions to meet particular needs such as problem gambling, isolation or loneliness.	Director, Policy and Development	Appropriation from Casino Community Benefit Fund resources	Ongoing as needed
		Continue to develop problem gambling awareness programs.	Director, Policy and Development	As above	Ongoing as needed
Recruitment of staff from culturally diverse backgrounds.		All recruitment-information packages sent out to potential applicants, contain EAPS information and name of EAPS Coordinator for further assistance if needed, in applying for a job within the Department.	Human Resources Manager and selection panel convenors	As appropriate	Ongoing
		Where appropriate, recruitment panels will include a representative from the Racial, Ethnic, Ethno-Religious Minority Groups.	Human Resources Manager	As appropriate	Ongoing

APPENDIX 10 (CONT.)

ETHNIC AFFAIRS PRIORITIES STATEMENT – REPORT FOR 2003–04

PERFORMANCE INDICATORS	OUTCOMES ACHIEVED
Relevant legislation and policies advertised.	All Casino Community Benefit Fund funded services are required via their funding agreements, to comply with EAPS. The five Play Smart brochures are available in 12 different community languages for counselling services, and patrons of hotels, registered clubs, and other venues where gambling is conducted.
Information in plain English.	Industry information sheets and fact sheets printed in plain English format. Court and Board applications reviewed and issued in plain English.
Written procedures in place setting behavioural standards. Available on Intranet site. Leave and reasonable accommodation for staff available. The Human Resources Manager is to remind all staff of the relevant policies. 100% of CAC permanent counter staff appropriately trained. All senior managers, middle managers and relevant staff, as identified by Branch Managers, appropriately trained.	The Department's Statement of Intent and Code of Conduct set out the Department's standards for personal behaviour towards our clients. These documents have been distributed to all staff. The Code of Conduct and Ethics is on the Department's Intranet site. Family and Community Leave is available to all staff for religious purposes. A room has been made available for staff for the purposes of religious observation. All staff were reminded of the relevant policies by e-mail. This project has been delayed by other priorities. As above.
Complaint procedures published and distributed. Available on Intranet site.	A complaint handling procedure manual has been published and distributed to all staff. This document illustrates timeframes, advises who deals with complaints and monitoring procedures. Client Access Centre Staff are aware of the complaint process and procedures. The inclusion of the documentation on the Intranet site is to be carried forward.
CLAS allowance available to accredited staff in each community language. Where relevant, advertisements to contain a requirement to speak a community language. Additional staff qualified to receive CLAS. 100% of staff notified. Available on Intranet site. Explore the feasibility of a facility that would permit language-specific information about the Department to be included on its website.	There are currently 13 staff members who receive a CLAS allowance. This represents 11 different community languages. There are currently no positions in the Department that require the knowledge and ability to speak a community language. Nominations were received from five staff to undertake the community language examination in a total of seven languages. The deadline for CRC registration was not met and these nominations are to be held over to 2004–05. Details of staff who are accredited to receive CLAS are available on the intranet. In respect of Departmental-specific information, this project has been delayed by other priorities. In relation to the Play Smart brochures, the most popular three brochures in each community language are available as a Portable Document File (.pdf) and included on the Department's website for downloading.
Staff are aware of the availability of professional interpreters. 100% of staff notified. Available on the Intranet site. Professional interpreters used on site.	Details of the Telephone Interpreter Service and CRC's Professional Interpreter service are available on the intranet. In the reporting period, professional interpreters were used for five community languages, on 19 occasions in the Licensing Court.
Corporate Plan clearly articulates EAPS goals. Available on the Intranet site.	The Corporate Plan for 2003–05 was published on the Department's website and also the Department's intranet site. A review of the Plan is scheduled for early 2005.
100% of executive performance agreements satisfy EAPS criteria.	50% of executive performance agreements currently satisfy EAPS criteria.
Percentage of funding allocated from the Casino Community Benefit Fund for ethno-specific purposes. Examples of the types of services that were funded. Examples of campaigns undertaken.	\$1,447,735 or 12% of the CCBF was allocated to ethno-specific purposes to assist with the continuation of counselling and treatment services to a number of ethno-community groups. From December 2003 to May 2004, CCBF conducted Stage 2 of <i>Unscrambling Problem Gambling</i> – a specific problem gambling awareness campaign – with G-line (NSW). Translated advertisements appeared in ethnic newspapers and translated commercials were played on ethnic radio stations. A campaign poster about the availability of the helpline was translated into community languages and distributed to public libraries and to the State's Area Health Services. CCBF developed a series of training and learning resources on <i>Working with culturally diverse clients and co-workers</i> with the NSW Community Services and Health Industry Training Advisory Body. The training program was piloted to meet the national competency standards and will be rolled out to the problem gambling treatment sector over the next 12 months to enhance the skills and knowledge of counsellors to ensure the efficient service delivery to its clients and co-workers from culturally and linguistically different backgrounds.
100% of all recruitment activities arranged through Human Resources Branch contain EAPS information for inclusion with information packages sent to potential applicants. Percentage of recruitment panels that contained a representative from the Racial, Ethnic, Ethno-Religious Minority Groups.	100% of recruitment - information packages contained EAPS information. 36.8% of all panels convened during the year contained at least one representative from the Racial, Ethnic, Ethno-Religious Minority Groups.

**APPENDIX 10 (CONT.) – ETHNIC AFFAIRS PRIORITIES STATEMENT
FORWARD PLANNING INITIATIVES AND STRATEGIES FOR 2004–05**

Note that a number of initiatives already in existence are being brought forward because of their ongoing importance to the Department and its clients.

ETHNIC AFFAIRS INITIATIVE	KEY RESULT AREA	STRATEGIES/TASKS	RESPONSIBILITY	RESOURCE/BUDGET	TIMELINE
Consult with our clients of non-English speaking background on changes to policies and procedures affecting the liquor, gaming, racing and charity industries.	Social justice	Publicise in the ethnic press, legislation or policies that have a direct impact on ethnic communities.	All Directors, Manager, Policy	As appropriate	Ongoing
Inform our clients, in plain English, of changes to the laws, policies and procedures.		Review of industry information, fact sheets and application forms to ensure that plain English standards are maintained.	All Directors, Manager, Industry and Corporate Development, Principal Registrar	As appropriate	Ongoing as information is reviewed and reprinted
Respect our clients' culture, religious beliefs, and the right to privacy and confidentiality.		Ensure that procedures and work practices are flexible where possible accommodating clients' special needs.	Directors	Government funding	Ongoing
		Ensure human resource policies are in place allowing for religious practices.	Human Resources Manager	Government funding	Ongoing
		Client Access Centre (CAC) staff are properly trained in cultural diversity issues.	Organisation Development Officer	Appropriation – Training Budget	30 June 2005
		Senior managers, middle managers and staff with a high proportion of contact with clients to be properly trained in cultural diversity issues.	Organisation Development Officer, Branch Managers	Appropriation – Training Budget	Ongoing
Resolve our clients' grievances through an informal and easy process.		Ensure that complaint procedures are in place and that all staff are aware of the complaint process.	Director, Revenue and Resource Management	Government funding	Ongoing
In dealing with clients who may be experiencing English language difficulties, we will call on bilingual staff as language aides.		Ensure that staff with community language skills are encouraged to join the Community Language Allowance Scheme (CLAS).	Human Resources Manager and EAPS Coordinator	Government funding	Ongoing
		Where relevant, language skills are taken into account when recruiting staff.	Human Resources Manager	Government funding	Ongoing
		CLAS numbers to be increased by encouraging extra staff to undertake language aide exams.	Human Resources Manager and EAPS Coordinator	Government funding	Ongoing
		Details of accredited staff who receive CLAS and the language they speak to be circulated to all staff on a regular basis.	Human Resources Manager	Government funding	Quarterly
		Produce information flyers about the Department and its functions in main community languages.	EAPS Coordinator	Government funding	30 June 2005
Professional interpreters will be used, either through the Telephone Interpreter Service or on-site where their professional skills are appropriate.		Ensure that staff are aware of the availability of professional interpreters, including the quarterly distribution of the contact details of the Telephone Interpreter Service.	EAPS Coordinator	As appropriate	Ongoing
		Professional interpreters used on site in the Licensing Court when required.	Principal Registrar	As appropriate	Ongoing
EAPS issues to be considered and incorporated into major corporate documentation as appropriate.	Corporate Plan identifies EAPS issues.	Manager, Industry and Corporate Development	As appropriate	Ongoing	
Directors responsible for commitment and implementation of EAPS into Divisions.	All executive performance agreements incorporate commitment to implement EAPS statements.	Director-General and all Directors	As appropriate	Ongoing	
Funding for community projects and prosecutions for exclusion order breaches, which address ethno-specific needs.	Casino Community Benefit Fund to allow for funding for assistance to ethno-specific organisations for counselling, also appropriate interventions to meet particular needs such as problem gambling, isolation or loneliness.	Director, Policy and Development	Appropriation from CCBF resources	Ongoing as needed	
	Continue to develop problem gambling awareness campaigns.	Director, Policy and Development	As above	Ongoing as needed	
Recruitment of staff from culturally diverse backgrounds.	All recruitment-information packages sent out to potential applicants, contain EAPS information and name of the EAPS Coordinator for further assistance if needed, in applying for a job within the Department.	Human Resources Manager and selection panel convenors	As appropriate	Ongoing	
	Where appropriate, recruitment panels should include a representative from the Racial, Ethnic, Ethno-Religious Minority Groups.	Human Resources Manager	As appropriate	Ongoing	

APPENDIX 10 (CONT.) - ETHNIC AFFAIRS PRIORITIES STATEMENT
FORWARD PLANNING INITIATIVES AND STRATEGIES FOR 2004-5

PERFORMANCE INDICATORS

Relevant legislation and policies advertised.

Information in plain English.

Written procedures in place setting behavioural standards. Available on intranet site.

Leave and reasonable accommodation for staff available. Staff reminded of relevant policies by Human Resources Manager.

100% of CAC permanent counter staff appropriately trained.

All senior managers, middle managers and relevant staff, as identified by Branch Managers, appropriately trained.

Complaint procedures published and distributed. Available on Intranet site.

CLAS allowance available to accredited staff in each community language.

Where relevant, advertisements to contain a requirement to speak a community language.

Additional staff qualified to receive CLAS.

100% of staff notified. Available on Intranet site.

Explore feasibility of a facility to permit language-specific information about the Department to be included on its website.

Staff are aware of the availability of professional interpreters. 100% of staff notified. Available on Intranet site.

Professional interpreters used on site.

Corporate Plan clearly articulates EAPS goals. Available on Intranet site.

100% of executive performance agreements satisfy EAPS criteria.

Percentage of allocation from Casino Community Benefit Fund allocated for ethno-specific purposes.

Examples of the types of services funded.

Examples of campaigns undertaken.

100% of all recruitment activities arranged through Human Resources Branch contain EAPS information for inclusion with information packages sent to potential applicants.

Percentage of recruitment panels that contained a representative from the Racial, Ethnic, Ethno-Religious Minority Groups.

These statistics are reported in accordance with the requirements of Section 68(6) of the Freedom of Information Act 1989, Appendix B of the Premier's Department FOI Procedure Manual, and Memorandum 93-4.

A. APPLICATIONS – SOURCES AND HOW DEALT WITH

	Personal		Other		Total	
	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04
Unfinished (b/fwd)	-		-	1	-	1
New applications	-		24	27	24	27
Totals	nil		24	28	24	28
Completed	-		20	25	20	25
Transferred out	-		-	1	-	1
Withdrawn	-		4	2	4	2
Total processed	-		24	28	24	28
Unfinished (c/fwd)	-		-	-	-	-
Total applications	nil		24	28	24	28

B. COMPLETED APPLICATIONS – ACCESS OUTCOMES

	Personal		Other	
	2002-03	2003-04	2002-03	2003-04
Granted in full	-	-	8	7
Granted in part	-	-	6	7
Refused	-	-	5	5
Deferred	-	-	-	5
Documents not held – s28(1)	-	-	1	1
Total	nil	nil	20	25

C. MINISTERIAL CERTIFICATES ISSUED

	2002-03	2003-04
	nil	

D. FORMAL CONSULTATIONS

	2002-03	2003-04
Number of requests requiring formal consultation	nil	nil

E. AMENDMENT OF PERSONAL RECORDS

	2002-03	2003-04
Agreed	-	-
Refused	-	-
Total	nil	nil

F. NOTATION FOR PERSONAL RECORDS

	2002-03	2003-04
Agreed	-	-
Refused	-	-
Total	nil	nil

G. BASIS FOR DISALLOWING OR RESTRICTING ACCESS

	Personal		Other	
	2002-03	2003-04	2002-03	2003-04
Section 25(1)(a1)	-	-	1	1
Section 25(4)(a)	-	-	-	4
Section 28(1)(b)	-	-	-	1
Sch 1 – clause 4	-	-	-	1
Sch 1 – clause 6	-	-	-	2
Sch 1 – clause 7	-	-	1	2
Sch 1 – clause 9	-	-	1	5
Sch 1 – clause 10	-	-	-	2
Sch 1 – clause 13	-	-	2	3

APPENDIX 11 (CONT.)
FREEDOM OF INFORMATION 2003-04

H. COSTS AND FEES OF REQUESTS PROCESSED

	Fees Received	
	2002-03	2003-04
Completed requests	\$705	\$2,292.36

I. REDUCTION IN FEES ALLOWED

Type of discount allowed:	Personal		Other	
	2002-03	2003-04	2002-03	2003-04
Public interest	-	-	-	-
Financial hardship - Pensioner/ Child	-	-	3	-
Financial hardship - non profit organisation	-	-	-	-
Significant correction of personal records	-	-	-	-

J. DAYS TO PROCESS

Elapsed time:	Personal		Other	
	2002-03	2003-04	2002-03	2003-04
0 - 21 days	-	-	19	23
22 - 35 days	-	-	5	2
Over 35 days	-	-	-	-
Total	nil	nil	24	25

K. PROCESSING TIME

Hours:	Personal		Other	
	2002-03	2003-04	2002-03	2003-04
0 - 10	-	-	19	20
11 - 20	-	-	5	5
21 - 40	-	-	-	-
Over 40 hours	-	-	-	-
Total	nil	nil	24	25

L. REVIEWS AND APPEALS

	2002-03	2003-04
Internal reviews	-	4
Ombudsman	-	1
Administrative Decisions Tribunal	-	1

M. OUTCOME OF INTERNAL REVIEWS

	Personal				Other			
	Upheld *		Varied *		Upheld *		Varied *	
	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04
Deferred	-	-	-	-	-	-	-	-
Exempt matter	-	-	-	-	-	3	-	-
Unreasonable charges	-	-	-	-	-	-	-	-
Charge unreasonably incurred	-	-	-	-	-	-	-	-
Amendment refused	-	-	-	-	-	-	-	1
Total	nil	nil	nil	nil	nil	3	nil	1

* Relates to whether or not the original agency decision was upheld or varied by the internal review

OVERVIEW

During the 2003-04 reporting period the Department received 27 new requests for information under the *Freedom of Information Act 1989* compared to 24 in 2002-03.

One application was brought forward from 2002-03. Of the 28 applications, seven were granted in full, seven granted in part, five refused, five advised documents were otherwise available and one transferred to another agency.

There were four applications requiring an internal review, three of which were upheld - the fourth in effect being granted, with advice to the applicant of the document in question being released into the public domain.

During 2003-04, one matter was referred to the Ombudsman's Office and one matter to the Administrative Decisions Tribunal.

For the 28 applications, fees totalling \$2,292.36 were received. However, the operating cost to the Department for 2003-04 is far in excess of the fees and processing costs received - the operating costs including consideration of the salaries of the decision makers and general administration costs (eg, searches, extraction of information, internal consultation and photocopying).

To date, the Department has endeavoured to keep the fees charged for processing FOI applications to a minimum. However, this practice will be reviewed during 2004-05.

There were no requests for amendment of records and no Ministerial Certificates.

There have been no applications of a personal nature during the last 12 months.

The Department is committed to the GEMP and the objectives embedded in the policy to achieve and sustain reduced greenhouse gas emission and significant energy cost savings in a coordinated and comprehensive manner across the NSW public sector.

PLANNING

- Appointed a Senior Executive as Energy Manager.
- Established an energy database.
- Established a timetable of requirements.
- Established goals and targets aligned with Government targets.

These commitments are included in corporate planning activities.

IMPLEMENTATION

- Established an energy inventory system.

- Developed a staff awareness program.
- Achieved savings in vehicle fleet use.
- Incorporated purchasing procedures (eg. buying "Energy Star" products).

PERFORMANCE REQUIREMENTS

- Reduction in electricity (GJ) of 15% of 1995 consumption by 2002 and 25% by 2005.
- 6% Green Power from July 1999.
- Overall reduction in energy use.

ACTUAL PERFORMANCE

- 6% Green Power from July 2000.
- From the base year (1995–96) to the current year, total energy consumption has been reduced by 44% and Greenhouse gas emission has been reduced by 27%.

FUTURE DIRECTION

Adherence to the Department's Energy Management Plan has assisted the Department in meeting its commitments to GEMP.

Indications are that the strategies in place – including use of LPG in vehicles – are working and that the Department is likely to achieve its future targets by the nominated dates.

A project commenced in August 2003 will further reduce electricity usage through the use of more efficient lamps for lighting, the standardisation of lighting levels and the use of movement sensitive switches to turn off lights when office areas are not in use.

APPENDIX 13 LEGISLATION AND LEGISLATIVE CHANGE

During 2003–04, the Minister for Gaming and Racing was responsible for the following legislation.

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> • Australian Jockey Club Act 1873 • Casino Control Act 1992 • Charitable Fundraising Act 1991 • Gambling (Two-Up) Act 1998 • Gaming Machines Act 2001 • Gaming Machine Tax Act 2001 • Greyhound Racing Act 2002 • Harness Racing Act 2002 | <ul style="list-style-type: none"> • Hawkesbury Racecourse Act 1996 • Innkeepers Act 1968 • Liquor Act 1982 (most parts) • Liquor (Repeals and Savings) Act 1982 • Lotteries and Art Unions Act 1901 • NSW Lotteries Corporatisation Act 1996 • Public Lotteries Act 1996 • Racing Administration Act 1998 | <ul style="list-style-type: none"> • Racing Appeals Tribunal Act 1983 • Registered Clubs Act 1976 • Sydney Turf Club Act 1943 • Thoroughbred Racing Act 1996 • Totalizator Act 1997 • Unlawful Gambling Act 1998 • Wagga Wagga Racecourse Act 1993 |
|--|--|---|

ACTS OF PARLIAMENT

Gaming Machines Amendment

(Miscellaneous) Act 2003 No. 58

Date of Assent: 6 November 2003

Date of Commencement: 1 December 2003

This Act amended the *Gaming Machines Act 2001* to:

- refine arrangements for the allocation, transfer and forfeiture of poker machine entitlements;
- clarify the requirement that large-scale clubs reduce their allocated number of entitlements;
- clarify provisions governing the determination of social impact assessments; and
- make various miscellaneous amendments.

Greyhound and Harness Racing

Administration Act 2004 No 36

Date of Assent: 15 June 2004

Date of Commencement: Parts 1 & 2 and Schedule 1 on date of Assent. Remainder of Act to commence on Proclamation (1 October 2004)

The object of this Act is to amalgamate the regulatory bodies for the greyhound and harness racing industries (ie Greyhound Racing Authority and Harness Racing Authority) thereby creating the Greyhound and Harness Racing Regulatory Authority. The Act also constitutes the Greyhound and Harness Racing Appeals Tribunal, which is to take over the functions of the Greyhound Racing Appeals Tribunal and the Harness Racing Appeals Tribunal.

Lotteries and Art Unions Amendment Act

2003 No. 19

Date of Assent: 7 July 2003

Date of Commencement: 1 December 2003

This Act amends the *Lotteries and Art Unions Act* to:

- include a provision explicitly stating the objects of the Act;
- remove the requirement for a registered club to hold a permit before the club can conduct club bingo and promotional raffles under section 4C;
- remove the prohibition on a person conducting a lottery in another State or Territory of Australia from advertising and selling tickets in NSW;
- provide the Minister with the power to prohibit a lottery activity, or to prohibit a person or organisation from conducting a lottery activity for two years.

Public Lotteries Legislation

Amendment Act 2004 No. 13

Date of Assent: 24 March 2004

Date of Commencement: 7 May 2004

This Act amended the *Public Lotteries Act 1996* with respect to the conduct of public lotteries and offences in relation to public lotteries. The Amendment Act also made a number of ancillary and consequential amendments to the *Public Lotteries Act*, and repealed certain redundant provisions of the *New South Wales Lotteries Corporatisation Act 1996*.

Registered Clubs Amendment Act 2003 No. 93

Date of Assent: 10 December 2003

Date of Commencement: Part on 13 February 2004 and part on 9 April 2004

This Act amended the *Registered Clubs Act 1976* to:

- require the appointment of managers for premises of a registered club at which the secretary of the club is not in attendance (with certain exceptions),
- require the disclosure of certain interests held by, and gifts given to, members of the governing body and employees of a registered club,
- require a registered club to keep a register of such disclosures,
- require certain matters to be reported annually to members of registered clubs including, for example, loans to employees of registered clubs and amounts paid to consultants,
- prohibit, or place controls on, certain contracts and arrangements entered into by registered clubs,
- enable the Director of Liquor and Gaming to take action in relation to contracts that do not comply with the new requirements, and
- make the secretary and members of the governing body of a registered club liable (with certain defences available) if the club enters into a contract in contravention of the new requirements.

Thoroughbred Racing Legislation

Amendment Act 2004 No 23

Date of Assent: 16 April 2004

Date of Commencement: 1 July 2004

The Act amended the *Thoroughbred Racing Board Act 1996* and other racing legislation to change the name of the NSW Thoroughbred Racing Board to Racing NSW and to make further provision with respect to the licensing and registration of industry participants. The Act also made further provision with respect to the appeals process and the Racing Industry Participants Advisory Committee.

Totalizator Legislation

Amendment Act 2003 No 101

Date of Assent: 10 December 2003

Date of Commencement: 11 June 2004

This Act amended the *Totalizator Agency Board Privatisation Act 1997* and the *Totalizator Act 1997* to amend the Tab Ltd shareholding provisions in the respective Acts so as to allow Tab Ltd shareholders to consider acquisition offers from the Queensland-based UNITAB and the Victorian-based TABCORP.

SUBORDINATE LEGISLATION**Casino Control Amendment (Responsible Service of Alcohol Training) Regulation 2003**

Government Gazette No. 191

of 5 December 2003

This Regulation amended the *Casino Control Regulation 2001* to require the licensee of licensed premises, and such staff as are engaged in the retailing of liquor on the premises, to have successfully completed an approved course of training with respect to the responsible service of alcohol. The new requirement took effect on 1 January 2004 for the licensee and any permanent staff, and on 1 July 2004 for any casual staff.

Charitable Fundraising Regulation 2003

Government Gazette No. 132

of 29 August 2003

This Regulation remade (with some modifications) the *Charitable Fundraising Regulation 1998*, which was repealed on 1 September 2003 under the provisions of the *Subordinate Legislation Act 1989*.

The modifications made by the Regulation to the former Regulation related mainly to the standard conditions set out in Schedule 1. Other modifications included clarifying the particulars to be shown in the records of income and expenditure that must be kept under the Act, increasing fees payable for certain information that must be provided to the public on request under the Act, removing superfluous provisions and updating certain references.

Charitable Fundraising Amendment (Exempt Organisation) Regulation 2004

Government Gazette No. 63

of 26 March 2004

This Regulation amended the *Charitable Fundraising Regulation 2003* to exempt the Gospel Patrons Society Foundation (being a religious organisation) from the application of the *Charitable Fundraising Act 1991* (apart from section 48 which deals with remuneration of board members of charitable organisations).

Gaming Machines Amendment (Advertising Exclusions) Regulation 2003

Government Gazette No. 165

of 17 October 2003

This Regulation amended the *Gaming Machines Regulation 2002* to exclude from the general prohibition on gaming machine advertising any gaming machine advertising that appears:

- as an accidental or incidental accompaniment to the publishing of other matter, provided that the person publishing the other matter does not receive any direct or indirect benefit for publishing the gaming machine advertising (in addition to any direct or indirect benefit that the person receives for publishing the other matter); or
- in a publication advertising a public exhibition held at a State-owned museum or similar public institution; or
- in a publication advertising a certain touring public exhibition of gaming machines conducted by the Powerhouse Museum.

Lotteries and Art Unions Amendment (Games of Chance) Regulation 2003

Government Gazette No. 186

of 28 November 2003

This Regulation amended the *Lotteries and Art Unions Regulation 2002* to:

- insert Part 7A to provide special conditions in respect of not-for-profit promotional raffles conducted in registered clubs;
- insert Part 7B to provide special conditions in respect of club bingo conducted in registered clubs;
- make provision for records to be kept for games of chance conducted in registered clubs;
- provide for the keeping and lodgement of certain financial records in relation to lotteries conducted by art unions.

Gaming Machines Amendment (Hardship Applications) Regulation 2003

Government Gazette No. 186

of 28 November 2003

This Regulation amended the *Gaming Machines Regulation 2002* to include within the exemption from the requirement to prepare a social impact assessment for additional gaming machines any hotel in respect of which the hotelier's licence was or is removed after 26 July 2001 to other premises within 1 kilometre of the previous premises.

Gaming Machines Amendment (Miscellaneous) Regulation 2004

Government Gazette No. 94 of 4 June 2004

This Regulation amended the *Gaming Machines Regulation 2002* to:

- make it clear that a registered club which has emerged as the result of the de-amalgamation of a dissolved club is only required to provide a class 1 social impact assessment in connection with an application to keep gaming machines on the premises that were occupied by the dissolved club (so long as the application does not result in the club having more gaming machines than were previously kept on the premises of the dissolved club);

- make it clear that section 24A of the *Gaming Machines Act 2001* (which requires a registered club that has ceased to trade on any of its premises to forfeit any of the poker machine entitlements allocated in respect of those premises that have not been transferred within 12 months of the cessation of trade) applies only if the club ceases to trade on the premises on or after 1 December 2003 (being the date of commencement of section 24A);
- provide for a number of additional offences under the *Gaming Machines Act* and the *Gaming Machines Regulation* to be dealt with by way of penalty notice; and
- make miscellaneous amendments of a minor or consequential nature.

Gaming Machines Amendment (Payment of Prize Money) Regulation 2003

Government Gazette No. 196

of 12 December 2003

This Regulation amended the *Gaming Machines Regulation 2002* to make it clear that, when determining what is the total prize money payable to a person playing a gaming machine, the amount that the person spent to play the machine is not to be deducted.

Gaming Machines Amendment (SIA Exemption) Regulation 2004

Government Gazette No. 16

of 23 January 2004

This Regulation amended the *Gaming Machines Regulation 2002* to exempt a registered club from the requirement to provide a class 2 social impact assessment in connection with an application to keep approved gaming machines, where the club has emerged as the result of the "de-amalgamation" of a dissolved club and provided the club will end up with no more gaming machines than were previously kept on the premises of the dissolved club.

Liquor Amendment (Requirements Relating to Training in Responsible Service of Alcohol) Regulation 2003

Government Gazette No. 191

of 5 December 2003

This Regulation amended the *Liquor Regulation 1996* to remove a requirement that persons who conduct an approved training course in the responsible service of alcohol must have attended a seminar conducted by or on behalf of the Liquor Administration Board.

Liquor Amendment (Responsible Service of Alcohol Training) Regulation 2003

Government Gazette No. 191

of 5 December 2003

This Regulation amended the *Liquor Regulation 1996* to require the licensee of licensed premises, and such staff as are engaged in the retailing of liquor on the premises, to have successfully completed an approved course of training with respect to the responsible service of alcohol. The new requirement took effect on 1 January 2004 for the licensee and any permanent staff, and on 1 July 2004 for any casual staff.

Liquor Amendment (Sunday Trading Hours – Anzac Day) Regulation 2004
Government Gazette No. 75 of 23 April 2004

This Regulation amended the *Liquor Regulation 1996* to prescribe 25 April 2004 (being a Sunday) as a day when hotels may be kept open until midnight, but only when liquor is sold or supplied for consumption on the licensed premises.

Liquor Amendment (Sunday Trading Special Rugby Events) Regulation 2003
Government Gazette No. 132
of 29 August 2003

This Regulation amended the *Liquor Regulation 1996* to prescribe six dates (being Sundays) on which hotels may be kept open after 10 pm until midnight, but only when liquor is sold or supplied for consumption on the licensed premises. The dates prescribed related to the NRL grand final and Rugby World Cup 2003 fixtures.

Liquor Amendment (Wharves) Regulation (No 2) 2003
Government Gazette No. 197
of 19 December 2003

This Regulation amended the *Liquor Regulation 1996* to prescribe Wharves 5, 7 and 8, Darling Harbour, as wharves at which liquor may be sold or supplied to passengers on board a vessel while it is at its berth, provided no persons other than passengers and crew are being allowed on board.

Public Lotteries Amendment (Prizes Paid by Agents) Regulation 2004
Government Gazette No. 80 of 7 May 2004

This Regulation amended the *Public Lotteries Regulation 1996* to prescribe the amounts of \$9,999 in relation to a game of keno, and \$1,000 in relation to a public lottery other than a game of keno, as the maximum prize that may be paid by an agent of the licensee.

Racing Appeals Tribunal Regulation 2004
Government Gazette No 104 of 25 June 2004

The object of this Regulation is to repeal and remake, with minor changes, the *Racing Appeals Tribunal Regulation 1999* as a consequence of the 5 year statutory review of the *Thoroughbred Racing Board Act 1996*.

Registered Clubs Amendment (Accountability) Regulation 2004
Government Gazette No. 70 of 8 April 2004

This Regulation amended the *Registered Clubs Regulation 1996* to provide for the following:

- the form of and time for lodging, and determination of the value of gifts to be included in, returns by members of governing bodies of registered clubs or employees of registered clubs under section 41F of the *Registered Clubs Act 1976*;
- matters relating to the keeping of a register of disclosures, declarations and returns made under Part 4A of that Act;
- the time within which information is required to be provided by a registered club each year to members under Part 4A and the form in which the information is to be provided;
- exemptions from certain provisions of Part 4A dealing with disposal of land by a registered club and

requirements relating to contracts with certain persons and bodies connected with a registered club;

- prescribing certain contracts as controlled contracts for the purposes of section 41O of the Act and prescribing certain terms and conditions that are taken to be included in such contracts; and
- savings and transitional matters.

Registered Clubs Amendment (Responsible Service of Alcohol Training) Regulation 2003
Government Gazette No. 191
of 5 December 2003

This Regulation amended the *Registered Clubs Regulation 1996* to require the secretary of a registered club, and such staff as are engaged in the retailing of liquor at the club, to have successfully completed an approved course of training with respect to the responsible service of alcohol. The new requirement took effect on 1 January 2004 for the secretary and any permanent staff, and on 1 July 2004 for any casual staff.

AMENDMENTS TO RULES

Totalizator Rule Amendments
Government Gazette No 8
of 9 January 2004

The rules were remade to reflect current totalizator betting practices.

Government Gazette No 21
of 6 February 2004

The rules were amended to facilitate the introduction of Quadrella totalizator betting by TAB.

TAB Limited Sports Betting Rule Amendments
Government Gazette No 163
of 10 October 2003

The rules were amended to provide for a refund of all single bets when a contestant in a tennis match fails to complete a match after it has commenced; and to clarify the payment of bets relating to the total number of runs scored in an innings and to a "tie" in cricket.

Bookmaker Sports Betting Rule Amendments
Government Gazette No 128
of 22 August 2003

The rules were amended to clarify that there is no requirement for bookmakers to quote betting odds on all potential outcomes or contingencies in a sports betting event; and to clarify the payment of bets relating to a "tie" in cricket.

Government Gazette No 163
of 10 October 2003

The rules were amended to provide for a refund of all single bets when a contestant in a tennis match fails to complete a match after it has commenced; and to clarify the payment of bets relating to the total number of runs scored in an innings in cricket.

TAB Limited Fixed Odds Racing (Futures) Betting Rule Amendments
Government Gazette No 137
of 5 September 2003

The rules were amended to provide for expanded fixed odds racing operations by TAB Limited.

PENDING LEGISLATION

Liquor Amendment (Parliamentary Precincts) Act 2004 No. 57
Date of Assent: 6 July 2004
Date of Commencement: (on Proclamation)

- This Act, when commenced, will:
- amend the *Liquor Act 1982* to remove the exemption of Parliament House from the application of the liquor laws and to allow a Governor's licence to be issued to authorise the sale of liquor in the Parliamentary precincts; and
 - amend the *Parliamentary Precincts Act 1997* to allow the Presiding Officers to enter into a memorandum of understanding with the Director of Liquor and Gaming regarding the exercise of functions under the *Liquor Act 1982* in the Parliamentary precincts.

National Competition Policy Liquor Amendments (Commonwealth Financial Penalties) Act 2004 No. 53
Date of Assent: 6 July 2004
Date of Commencement: 1 August 2004

This Act, when commenced, will amend the *Liquor Act 1982* to:

- remove the hotelier's licences and off-licences (retail) "needs test" and replace it with a social impact assessment process for applications for the grant or removal of these licences;
- provide that an off-licence (retail) cannot be granted to a service station;
- provide that restrictions on granting an off-licence (retail) that apply in relation to convenience stores also apply to other general stores such as mixed business shops, corner shops and milk bars;
- provide that the fee for granting a hotelier's licence or an off-licence (retail) is as prescribed by (or determined in accordance with) the regulations instead of being fixed by the Liquor Administration Board;
- provide that an annual fee will be payable in respect of a hotelier's licence or an off-licence (retail); and
- make other ancillary and consequential amendments.

Liquor Amendment (Racing Clubs) Bill 2004
This Bill, approved by the Legislative Assembly on 23 June 2004, will be considered by the Legislative Council during the 2004 Spring sittings. The object of this Bill is to amend the Liquor Act to:

- allow a Governor's licence to be issued to authorise the sale of liquor on premises occupied by a greyhound racing club;
- make it clear that the prohibition under section 133 of the Act on selling or supplying liquor on the premises of an unregistered club (ie a club that is not registered under the *Registered Clubs Act 1976*) does not apply in relation to the premises of an unregistered racing club that is authorised by a licence under the Act to sell liquor; and
- provide that the exercising of certain powers under search warrant in relation to an unregistered club does not apply in relation to an unregistered racing club that is licensed to sell liquor.

APPENDIX 14

MAJOR ASSETS AS AT 30 JUNE 2004

Major assets under the care, control and management of the Department are:

INFORMATION TECHNOLOGY EQUIPMENT

- Central Computer System: Data General AViON 5800/4800 clustered computer system.
- Finance System: Dell Power Edge 2400.
- File Servers – servicing Gaming Technology Branch, the Executive, CSD4 (General) and Racing (WaTS).

OTHER COMPUTER EQUIPMENT –
includes 302 personal computers, 58 portable computers, 161 printers and technical evaluation equipment.

OFFICE EQUIPMENT –
24 facsimile machines, 9 facsimile/copier machines, 12 photocopiers and 5 scanners.

AUDIO AND VISUAL ELECTRONIC EQUIPMENT –
includes 18 television receivers, 4 electronic projectors, 8 VCRs and 1 camcorder.

COURT SOUND RECORDING SYSTEM KNOWN AS “COURT CODE” –
includes 3 boxed units and 2 portable units.

MOTOR VEHICLES –
29 vehicles are leased from State Fleet Services.

MAJOR ACQUISITIONS 2003–04 –
128 personal computers.

APPENDIX 15

MARKET RESEARCH AND CONTRACTING

Implementation of a Service Competition Policy is part of the Government's Budget Policy. As part of business planning, all budget-sector agencies are required to incorporate processes to identify their contestable activities and consider their suitability for market testing and contracting. These processes may be combined with program evaluation, audits and similar activities.

The Department is progressively analysing all tasks and functions that it now undertakes to implement the Service Competition Policy. In reviewing these matters the following principles have been adopted:

- robust assessment for retaining or contracting activities;
- quality and equity in the provision of contracting services;
- consultation with staff;
- staff and equity in the workplace;
- clarity of roles and accountabilities;

- facilitation of innovation;
- fair and effective competition;
- full risk assessment and efficient risk allocation;
- efficient performance monitoring and assessment of contracts; and
- defined scope for contracting between government organisations.

All functions of the Department will, over time, be considered for contracting. Consideration will include corporate support, operational activities and development of policy options (with the exception of activities such as coordinating policy or providing policy advice to the Minister).

2003–04 AND FORWARD YEARS

Contracting out during 2003–04 addressed a broad cross section of services including administrative support, maintenance, audit, IT maintenance, legal services, postal and courier,

property services, security services, and staff training and education.

Evaluation of gaming systems by the Gaming Technology Branch and Accredited Testing Facilities continues. This process generated revenue (in user charges) of an estimated \$1.289 million for the 2003–04 reporting year.

Full risk assessment continues to be contracted out to IAB Services (IAB) with a Strategic Plan for 2003–2008 being developed.

IT support for various projects, including Internal Control and Operating Procedure audits for the Centralised Monitoring System (CMS), State Wide Links and Financial Hardship applications related to gaming machines are also contracted out to IAB.

To 30 June 2004, the Department contracted out services and functions totalling \$2.621 million.

APPENDIX 16

OVERSEAS TRAVEL

Expenditure for overseas travel undertaken by officers of the Department during the 2003–04 reporting period totalled \$11,259.94.

Travel was undertaken as indicated in the following table. Funding provided in all instances was from the Department's Consolidated Fund recurrent appropriation.

OFFICER	DESTINATION	PURPOSE	TRAVEL DATES	LEAVE	COST (\$)
Chairperson, Liquor Administration Board	Auckland	National Gaming Machines Working Party	25/6/03 to 26/6/03	nil	2,490.55
Manager, Gaming Technology	Auckland	National Gaming Machines Working Party	25/6/03 to 26/6/03	nil	1,985.33
Manager, Gaming Technology	United States of America	Global Gaming Expo	16/9/03 to 18/9/03	nil	1,955.33
Winner, Coolmore Stud Scholarship *	Ireland	Scholarship	From 30 January 2004 for 12 months	na	60.00
Winner, National Stud Scholarship	United Kingdom/Ireland	Scholarship	From 30 January 2004 for 12 months	na	4,768.26

* Travel deferred until 2005. \$60 was for a visa application.

AGED ANALYSIS AT THE END OF EACH QUARTER:					
Quarter	Current (ie. within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
	\$	\$	\$	\$	\$
September	7,592,258	210,885	4,134	---	39,415
December	2,977,695	76,069	15,797	71,248	5,709
March	6,630,349	38,544	3,530	---	1,322
June	6,198,798	174,489	3,847	10,842	5,973

ACCOUNTS PAID ON TIME WITHIN EACH QUARTER:				
Quarter	Target %	Actual %	Total accounts paid on time \$	Total amount paid \$
September	85	96.76	7,592,258	7,846,692
December	85	94.63	2,977,695	3,146,519
March	85	99.35	6,630,349	6,673,745
June	85	96.95	6,198,798	6,393,949

COMMENTS:

- Format is in accordance with requirements of Treasury Circular TC01/12.
- No interest was paid on overdue amounts.
- Actual performance exceeded Department's targets.

APPENDIX 18
PERFORMANCE EVALUATION

In line with the Department's obligations to undertake performance evaluations of its programs and activities, independent reviews and assessments of its operations were carried out by IAB Services (IAB) during the 2003-04 reporting period.

These reviews and assessments ensure the Department's commitment to maintaining an effective system of internal control to identify cost savings, improving efficiency, optimising the IM&T environment, preparing fraud and corruption prevention strategies, implementing appropriate risk management initiatives, improving management and accounting controls, and evaluating the effectiveness of programs.

For the 2003-04 financial year, the following areas of the Department's operations were reviewed:

PRACTICES AND PROCEDURES

- Personnel / Payroll
- CHRIS Personnel / Payroll processing
- Department of Local Government, Health Care Complaints Commission and other organisations
- Corruption Prevention Policies and Procedures
- IT Intranet Gateway Administration and Security
- IT Application Review - CHRIS Personnel / Payroll
- IT WIN 2000
- IT Dial-in Gateway Administration and Security
- IT Data Centre Administration
- IT UNIX Administration and Security
- IT Business Continuity Planning / ITDRP
- IT Internet WebPage Administration and Security

FINANCIAL CONTROLS

- Accounts Payable / Corporate Credit Cards / Petty Cash
- SUN Accounting processing
- Department of Local Government, Health Care Complaints Commission and other organisations:

BRANCHES

- CMS Business Unit
- Court Registry

NOMINATED OPTIONAL REVIEWS

- Tax Compliance
- Wagering Revenue
- Poker Machine Tax – CMS Assessment Process
- Poker Machine Tax – Manual Assessment Process
- Keno

APPENDIX 19
PRIVACY AND PERSONAL INFORMATION PROTECTION ACT 1998

In accordance with the *Privacy and Personal Information Protection Act 1998* individuals can apply for access to personal information held by the Department which has not been acquired under the terms of the *Liquor Act 1982*, *Registered Clubs Act 1976* and *Gaming Machines Act 2001*.

For the year 2003-04, the Department did not receive any applications.

APPENDIX 20 PUBLICATIONS

LIQUOR AND GAMING BULLETINS

- July 2003 General Industry
- September 2003 General Industry
- December 2003 General Industry
- March 2004 General Industry

INFORMATION SHEETS

- 4/04 RSA Training requirements for Wine Australia 2004 (June 2004)
- 3/04 Urgent Attention - Top 200 Hotels (March 2004)
- 2/04 Easter Trading Hours (March 2004)
- 1/04 Sale of Undesirable Products in NSW (Updated July 2004)
- 10/03 CDSE - Special Arrangements for 2004 (November 2003)
- 9/03 Mandatory RSA Training (Updated December 2003)
- 8/03 Christmas/New Year Trading Hours - 2003-04 (September 2003)

INDUSTRY INFORMATION SHEETS

- NSW Liquor Industry's Code of Practice - Responsible Promotion of Liquor Products
- Casino Community Benefit Fund
- Counselling and Support Services for Problem Gamblers, Families and Others
- Department of Gaming and Racing
- End of Year Functions and Alcohol Checklist
- G-line (NSW) Problem Gambling Help Line
- G-line (NSW) Awareness Campaign
- Government Duty on Commercial Gaming and Wagering
- Industry Statistics at a Glance
- Interstate Gaming Tax Comparisons - For Clubs and Hotels with Gaming Machines
- Liquor Accords - Local Solutions for Local Liquor Problems
- Marginal Tax Rates for Gaming Machines
- NSW Racing Industry
- Responsible Service of Alcohol Program
- Proof of Age Card - Applying for Your Fourth Card
- Underage Drinking Prevention Program
- Young People and the NSW Liquor Laws

BROCHURES

- How to obtain a Proof of Age Card
- Playsmart Gaming Consumer Information Brochures

PRICED PUBLICATIONS

- Index of Licensed Premises and Registered Clubs (\$43.45)
- Annual Reports Package 2002-03 (\$25.30)
- Hotel Gaming Device Duty Return Books (\$12.50)
- Technical Standards for Gaming Devices (\$42.90)

FACT SHEETS

- Liquor Licences in NSW
- Hotel Trading Hours
- Minors Functions Authority – Hotels
- Minors Functions Authority – Nightclubs
- 10 Hints for Under 18s Functions
- Certificate of Registration
- Signs in Registered Clubs
- Signs in Licensed Premises
- Section 22A Approval for Junior Members – Registered Clubs
- Functions Authority – Registered Clubs
- Applying for a New Liquor Licence in NSW
- Transfer of Licence – NSW
- Restaurant Trading Hours
- Caterer's Licence
- Advertising Applications
- Objections to Applications under the Liquor Act
- Board Applications
- Signs in Licensed Premises
- Complaints – Quiet and Good Order of the Neighbourhood
- Permanent Function Licences
- Temporary Function Licences
- Special Event Licences
- Governor's Licences

CHARITABLE FUNDRAISING

- Best Practice Guidelines for Charitable Organisations – \$35
- Fundraising package – information about the law, application form for an authority to fundraise
- Access to information (and Information Request Form)
- Auditor independence
- Auditor qualifications
- Authority conditions
- Branches
- Charity investigations
- Disaster appeals
- Financial reporting
- Incorporation and change of name
- Registered office
- Religious bodies – exemption
- Remuneration
- Reporting entity
- Starting a charity
- Sweet Charity
- Traders

CHARITIES BULLETINS

- February 2004

COMMUNITY GAMING PUBLICATIONS

These brochures provide information on the following types of community gaming:

- Art unions
- Card jackpot games
- Club bingo
- Community gaming ready reference
- Charity housie
- Conduct of interstate lotteries
- Football doubles
- Gaming nights
- Gratuitous lotteries
- GST impact on community gaming activities
- Investigating community gaming
- Lucky envelopes and chocolate wheels
- Mini-numbers
- No-draw lotteries
- Progressive lotteries
- Promotional lotteries in registered clubs
- Raffles
- Social housie
- Sweeps and calcuttas
- Tipping competitions
- Trade promotions lotteries
- Two-up on Anzac Day

PURPOSE OF THE PLAN

The purpose of the Disability Action Plan for the Department is to facilitate the implementation of the provisions of the Federal Disability Discrimination Act 1992, NSW Anti-Discrimination Act 1977, and the NSW Disability Services Act 1993.

The Plan is designed to promote the provision of services which will enable people with disabilities to maximise their potential, further their integration into the community and achieve positive outcomes, including increased independence and employment opportunities.

The goals of the Plan are to:

- ensure appropriate access for clients with disabilities to the services provided by the Department; and
- ensure that people with disabilities have opportunities for work and career development within the Department.

The Department continued to monitor and address disability issues that arose during the past year.

**PRIORITY AREA FOR ACTION –
PHYSICAL ACCESS**

GOALS/TARGETS

- Review buildings occupied by Departmental staff to identify barriers that prevent physical access by people with a disability, and address identified barriers.
- Review Departmental emergency procedures to ensure the safe and successful evacuation of people with a disability.
- Review client access services to identify barriers that prevent access by people with a disability, and address identified barriers.

OUTCOMES

- Review work environment of all Branches. *Ongoing.*
- Review evacuation procedures to include the safe conduct of people with disabilities. *Ongoing.*
- Ensure updated procedures are provided to all staff. *Ongoing. Procedures are updated as needed.*
- Provide Emergency/Fire Wardens with training to ensure the safe evacuation of people with disabilities. *Ongoing.*
- Monitor enquiries about barriers to physical access from people with disabilities, and take appropriate action to address concerns. *Ongoing.* Building Manager was contacted to ensure the lift doors have sufficient time-delay to allow safe entry and exit of staff in a wheelchair.

**PRIORITY AREA FOR ACTION –
PROMOTING POSITIVE
COMMUNITY ATTITUDES**

GOALS/TARGETS

- The Department promotes positive attitudes to people with disabilities through the education of staff and information to clients.

OUTCOMES

- Develop procedures to include the Department's commitment to equitable access for people with

disabilities in contracts entered into. *Ongoing. The Department continues to contract an organisation that employs people with disabilities to do bulk mail outs of Departmental publications.*

- Review policies and procedures to incorporate positive images of people with disabilities and to remove negative assumptions, stereotypes, phrases and words that demean people with disabilities. *Ongoing.*
- All staff to be provided with reviewed policies and procedures. *Ongoing.*

**PRIORITY AREA FOR ACTION –
TRAINING OF STAFF**

GOALS/TARGETS

- Staff training on disability access issues eliminates attitudinal barriers in service delivery.
- Staff with disabilities are provided with appropriate training and development opportunities.
- Establish a database of staff who have specialised skills in communicating with people with disabilities.

OUTCOMES

- Conduct staff survey to identify specialised communication skills. *Delayed due to other priorities.*
- Provide disability awareness training to all client contact staff. *Delayed due to other priorities.*
- Conduct post-training survey to assess staff attitudes to people with disabilities and needs of staff with disabilities. *Delayed due to other priorities.*
- Monitor client complaints about staff attitudes, behaviour and service delivery. *Ongoing. No complaints received in reporting period.*
- Conduct survey of staff with disabilities to assess training and development needs. *Delayed due to other priorities.*
- Provide the Director, Employment Equity with quarterly reports on the allocation of training funds and training hours for staff with disabilities. *Ongoing. Staff with a disability represented 5.2% of total training participants. (This correlates with their representation in staff numbers). They expended 7.6% of the total training expenditure for the year ended 30 June 2004.*

**PRIORITY AREA FOR ACTION –
INFORMATION ABOUT SERVICES**

GOALS/TARGETS

- Clients with disabilities are able to access information about the Department's services in an appropriate format.

OUTCOMES

- Conduct survey of clients to assess the information formats required. *Delayed due to other priorities.*
- Include reference in Departmental publications to indicate that information on alternative formats training can be made available. *Ongoing.*
- Provide information on alternative formats training to all staff. *Delayed due to other priorities.*

**PRIORITY AREA FOR ACTION –
EMPLOYMENT**

GOALS/TARGETS

- Maintain and/or increase the number of staff and distribution of people with disabilities.
- The Department's recruitment and selection processes present no artificial barriers for people with disabilities to obtain positions or promotions commensurate to their skills.

OUTCOMES

- Recruitment strategies ensure that disability organisations are advised of position vacancies. *Ongoing. Two staff were recruited through the Disability Traineeship Scheme.*
- Ensure staff with disabilities are encouraged to participate in the Job Rotation Program. *Ongoing. The review of the Job Rotation Program was deferred due to other priorities.*
- Ensure position descriptions do not include statements which describe the physical way activities are to be carried out. *Ongoing. Position descriptions are reviewed regularly to comply with this strategy.*
- Provide disability awareness training to all selection committee members. *18 additional staff undertook Merit Selection training written by EEDD which included the topic "EEO and Recruitment" that ensured that equal employment outcomes are achieved for people with disabilities. It is proposed to conduct refresher training for the remaining staff in the next reporting year.*
- Monitor job applicants' complaints about barriers to employment and promotion. *Ongoing. No complaints received this reporting period.*

**PRIORITY AREA FOR ACTION –
COMPLAINTS PROCEDURES**

GOALS/TARGETS

- Staff and clients with disabilities are aware of the Department's complaint procedures and contact point for enquiries about complaints and special requirements.

OUTCOMES

- Nominate a staff member as a contact point for enquiries and complaints from clients with disabilities. *Delayed due to other priorities.*
- Review existing complaint procedures and take appropriate action. *Delayed due to other priorities.*
- Advise staff of contact person and role and revised complaint procedure. *Action is pending review of procedures.*
- Publicise contact person and role in Departmental publications. *Action is pending review of procedures.*
- Complaint procedures regarding disability issues incorporated into staff induction course. *To be undertaken when review of procedures is finalised.*

APPENDIX 22

RED CROSS BALI APPEAL INQUIRY - FINDINGS AND RECOMMENDATIONS

INQUIRY INTO RED CROSS BALI APPEAL

In May 2003, the Australian Red Cross was criticised by the media concerning its management of the Bali appeal, including the application of funds to purposes other than victims, the cost of administration and the delay in provision of funds to victims, especially for prosthetic limbs and surgery. After the allegations were made, the Minister announced that an inquiry would be conducted and a report be provided to the community.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

The Inquiry found:

- no evidence of fraud or misuse of donor funds;
- no evidence to support the allegation that the Red Cross deliberately misled the public;
- there was an apparent communication problem with the public when the appeal was announced and afterwards;
- that most people gave to the Bali appeal not knowing for what purpose the funds would be used. Donors made certain assumptions arguably based on imagery of victims and of the devastation in Bali. Most did not give based on information contained in the Red Cross media releases, as these were not communicated by the media;
- that it was not the role of the Red Cross to provide funds for victims for out of pocket health related expenses,

including artificial limbs and surgery which is the role of the Commonwealth Government;

- that funds were made available progressively and prudently;
- no identifiable delay in processing victim's claims, which were processed compassionately to meet the unmet needs of victims and their families; and
- a delay in finalising the long-term assistance program, which started in July 2003, due to the Red Cross needing to clarify its position with the Commonwealth Government in order to avoid duplication.

The Inquiry made four recommendations to investigate, in cooperation with relevant stakeholders, the feasibility of introducing or establishing:

1. a 'charitable fundraising prospectus' detailing the purpose and performance targets of an appeal including the costs of fundraising and the proposed allocation of funds.
2. a management plan which might be applied to disaster appeals including the development of procedures, checklists, guidelines and methodologies for the allocation and monitoring of funds to the stated purposes of the appeal, which also addresses risks and duplication of services.

3. in respect of multi-agency responses to disaster appeals, a communication strategy to ensure that victims are entirely aware about which service or assistance is to be provided and by which agency (government or charity).
4. an Internet-based reporting mechanism in respect of fundraising appeals that would detail the gross proceeds, the cost of fundraising, the cost of administration and the allocation of funds, which would be viewable by the public and allow continual monitoring of appeals to enable comparison with the stated purposes and performance targets of appeals.

The introduction of a charitable fundraising prospectus and an Internet-based reporting mechanism are feasible and will be included in an overall review of the fundraising legislation that is anticipated to be announced in the first quarter of 2004-05.

The purpose of the prospectus and the reporting mechanism is to provide fundamental information to donors so that they can make an informed decision before giving, and to report afterwards as to how well a charity went about achieving the objects of the appeal – ie. greater transparency, which is vital for the continued viability and integrity of the sector.

More work is required in respect of recommendations 2 and 3.

APPENDIX 23

RISK MANAGEMENT

The Department contributes to the NSW Treasury Managed Fund for workers' compensation, motor vehicle accident, property loss, public liability and various other insurance risks.

Risk management strategies are in place to protect members of staff, assets and the Department's business reputation. These include:

- a staff code of conduct;
- a monitorable electronic access system to the Department's tenancy which is being expanded to include a revised personnel security system;
- emergency evacuation procedures and practices;
- a records management system complying with the State Records Act;
- policies on the use and maintenance of motor vehicles;
- an active OH&S Committee;
- maintenance of up-to-date insurance policies for motor vehicles, property, workers' compensation and public liability; and
- developing plans covering a range of essential functions such as business continuity, IT security, telecommunications and accommodation.

APPENDIX 24

WASTE REDUCTION AND PURCHASING POLICY

The NSW Government's Waste Reduction and Purchasing Policy (WRAPP) aims to ensure that all Government agencies contribute to the target of reducing waste.

As a strong supporter of WRAPP, the Department has effected a 5% reduction in waste sent to landfill by strongly encouraging the continued use of the electronic environment and purchase of recycled products such as paper, office equipment and toners.

Disposal policies for office equipment, such as IT equipment, which may be able to be recycled, are being reviewed to further reduce the amount of equipment going to landfill.

OUTCOMES

The Department's WRAPP plan has resulted in:

- ✓ a 10% reduction in the purchase of photocopying paper over the last three years;
- ✓ an increased use of recycled toner cartridges from 42% to 56%;
- ✓ the use of hand dryers in wet areas increasing by 50%; and
- ✓ 83% of paper bought for office equipment is recycled.

FINANCIAL STATEMENTS

DEPARTMENT OF GAMING AND RACING

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

CERTIFICATE OF ACCOUNTS

Pursuant to Section 45F(1B) of the *Public Finance and Audit Act 1983*, I declare on behalf of the Department of Gaming and Racing that:

- (i) the consolidated financial statements of the Department of Gaming and Racing and its controlled entity for the year ended 30 June 2004 have been prepared in accordance with the requirements of applicable Australian Accounting Standards and the Urgent Issues Group Consensus Views, the requirements of the Public Finance and Audit Act 1983, and Regulation, the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

Statements of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, Urgent Issues Group Consensus Views and legislative requirements.

- (ii) the consolidated financial statements present fairly the financial position and transactions of the Department of Gaming and Racing and its controlled entity.
- (iii) there are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



D Loewenthal
Acting Director-General
Date: 12/10/2004



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT
DEPARTMENT OF GAMING AND RACING

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Department of Gaming and Racing:

- (a) presents fairly the Department's and the consolidated entity's financial position as at 30 June 2004 and their financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 45E of the *Public Finance and Audit Act 1983* (the Act).

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

The Director-General's Role

The financial report is the responsibility of the Director-General of the Department of Gaming and Racing. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows, the program statement - expenses and revenues, the summary of compliance with financial directives and the accompanying notes for the Department of Gaming and Racing and the consolidated entity. The consolidated entity comprises the Department of Gaming and Racing and the entity controlled at the year's end or during the financial year.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Director-General in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Director-General had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Department of Gaming and Racing or its controlled entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

A. Dyetunji CPA
Assistant Director of Audit

SYDNEY
15 October 2004

Department of Gaming and Racing

Consolidated Statement of Financial Performance for the Year Ended 30 June 2004

Actual 2004 \$'000	Parent Budget 2004 \$'000	Actual 2003 \$'000		Notes	Actual 2004 \$'000	Consolidated Budget 2004 \$'000	Actual 2003 \$'000	
			Expenses					
			Operating Expenses					
16,509	15,482	16,901	Employee Related	2(a)	17,236	15,482	17,643	
6,955	5,338	6,063	Other Operating Expenses	2(b)	7,183	5,338	7,338	
400	206	397	Maintenance		400	206	397	
637	599	905	Depreciation and Amortisation	2(c)	645	606	914	
1,609	1,500	1,465	Grants and Subsidies	2(d)	13,848	13,700	10,317	
---	5	1	Other Expenses	2(e)	---	5	1	
26,110	23,130	25,732	Total Expenses		39,312	35,337	36,610	
			Less:					
			Retained Revenues					
2,993	2,607	2,575	Sale of Goods and Services	3(a)	2,767	2,607	2,399	
67	60	70	Investment Income	3(b)	783	689	789	
2,361	1,786	2,530	Other Revenue	3(c)	2,340	1,786	2,842	
5,421	4,453	5,175	Total Retained Revenue		5,890	5,082	6,030	
(8)	---	(2)	Gain/(Loss) on Disposal of Non-Current Assets	4	(8)	---	(2)	
20,697	18,677	20,559	Net Cost of Services	21	33,430	30,255	30,582	
			Government Contributions					
18,163	16,529	17,142	Recurrent Appropriation	5	29,119	28,729	27,911	
(667)	---	---	Repayment to Consolidated Fund - Lapsed Appropriation		(667)	---	---	
1,108	402	1,064	Capital Appropriation	5	1,108	402	1,064	
2,270	1,744	2,937	Acceptance by the Crown Entity of Employee Benefits and Other Liabilities	7	2,270	1,744	2,937	
20,874	18,675	21,143	Total Government Contributions		31,830	30,875	31,912	
177	(2)	584	SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES					(1,600)
			TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY					---
			TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS					177
				17	(1,600)	620	1,330	

The accompanying notes form part of these Financial Statements

Department of Gaming and Racing

Consolidated Statement of Financial Position as at 30 June 2004

Actual 2004 \$'000	Parent Budget 2004 \$'000	Actual 2003 \$'000	Notes	Consolidated			
				Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000	
ASSETS							
Current Assets							
1,865	1,779	1,495	Cash	9	20,815	23,059	22,176
567	895	892	Receivables	10	1,004	1,419	1,388
445	93	93	Other	11	447	93	94
2,877	2,767	2,480	Total Current Assets		22,266	24,571	23,658
Non-Current Assets							
2,470	1,766	1,963	Property, Plant and Equipment	12	2,487	1,784	1,988
2,470	1,766	1,963	Total Non-Current Assets		2,487	1,784	1,988
5,347	4,533	4,443	Total Assets		24,753	26,355	25,646
LIABILITIES							
Current Liabilities							
678	649	610	Payables	14	806	796	758
1,637	1,695	1,655	Provisions	15	1,637	1,695	1,655
667	---	---	Other	16	667	---	---
2,982	2,344	2,265	Total Current Liabilities		3,110	2,491	2,413
Non-Current Liabilities							
470	473	460	Provisions	15	470	473	460
470	473	460	Total Non-Current Liabilities		470	473	460
3,452	2,817	2,725	Total Liabilities		3,580	2,964	2,873
1,895	1,716	1,718	Net Assets		21,173	23,391	22,773
EQUITY							
1,895	1,716	1,718	Accumulated Funds	17	21,173	23,391	22,773
1,895	1,716	1,718	Total Equity		21,173	23,391	22,773

The accompanying notes form part of these Financial Statements

Department of Gaming and Racing

Consolidated Statement of Cash Flows for the Year Ended 30 June 2004

Actual 2004 \$'000	Parent Budget 2004 \$'000	Actual 2003 \$'000	Notes	Consolidated		
				Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
(15,118)	(14,210)	(13,927)	Employee Related	(15,858)	(14,210)	(14,663)
(1,609)	(1,500)	(1,465)	Grants and Subsidies	(11,114)	(13,700)	(9,442)
(7,732)	(6,918)	(6,523)	Other	(11,182)	(6,918)	(8,519)
(24,459)	(22,628)	(21,915)	Total Payments	(38,154)	(34,828)	(32,624)
Receipts						
3,849	2,607	2,356	Sale of Goods and Services	3,849	2,607	2,192
67	57	47	Interest Received	771	656	732
2,225	3,155	2,664	Other	2,529	3,155	2,964
6,141	5,819	5,067	Total Receipts	7,149	6,418	5,888
Cash Flows from Government						
18,163	16,529	17,142	Recurrent Appropriation	29,119	28,729	27,911
1,108	402	1,064	Capital Appropriation	1,108	402	1,064
569	564	512	Cash Reimbursement from the Crown Entity	569	564	512
---	---	(32)	Cash Transfers to the Consolidated Fund	---	---	(32)
19,840	17,495	18,686	Net Cash Flows from Government	30,796	29,695	29,455
1,522	686	1,838	NET CASH FLOWS FROM OPERATING ACTIVITIES	(209)	1,285	2,719
CASH FLOWS FROM INVESTING ACTIVITIES						
---	---	---	Proceeds from Sale of Plant and Equipment	---	---	---
(1,152)	(402)	(1,115)	Purchase of Plant and Equipment	(1,152)	(402)	(1,141)
(1,152)	(402)	(1,115)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,152)	(402)	(1,141)
370	284	723	NET INCREASE/(DECREASE) IN CASH	(1,361)	883	1,578
1,495	1,495	772	Opening Cash and Cash Equivalents	22,176	22,176	20,598
1,865	1,779	1,495	CLOSING CASH AND CASH EQUIVALENTS	20,815	23,059	22,176

The accompanying notes form part of these Financial Statements

Department of Gaming and Racing - Supplementary Financial Statements
 Consolidated Program Statement - Expenses and Revenues for the year ended 30 June 2004

AGENCY'S EXPENSES & REVENUES	Program 40.1.1*		Program 40.2.1*		Program 40.3.1*	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Expenses						
Operating expenses						
Employee related	4,794	4,969	9,074	9,132	2,109	2,183
Other operating expenses	2,760	3,709	3,132	2,592	464	466
Maintenance	136	215	188	129	46	31
Depreciation and amortisation	172	264	327	496	72	74
Grants and subsidies	12,239	8,852	1,534	1,465	---	---
Other expenses	---	---	---	---	---	---
Total Expenses	20,101	18,009	14,255	13,814	2,691	2,754
Retained Revenue						
Sale of goods and services	1,155	683	1,570	1,686	36	26
Investment income	730	733	38	40	10	11
Other revenue	1,150	1,556	822	950	105	107
Total Retained Revenue	3,035	2,972	2,430	2,676	151	144
Gain/(loss) on disposal of non-current assets	(1)	(1)	(4)	(1)	(1)	---
NET COST OF SERVICES	17,067	15,038	11,829	11,139	2,541	2,610
Government contributions **	---	---	---	---	---	---
NET EXPENDITURE/(REVENUE) FOR THE YEAR	17,067	15,038	11,829	11,139	2,541	2,610
ADMINISTERED EXPENSES & REVENUES						
Administered Expenses						
Transfer payments	---	---	---	---	---	---
Other	---	---	6,786	9,256	---	---
Total Administered Expenses	---	---	6,786	9,256	---	---
Administered Revenues						
Transfer receipts	---	---	---	---	---	---
Consolidated Fund	---	---	3,671	4,081	2,222	2,146
- taxes, fees and fines	---	---	---	---	---	---
Total Administered Revenues	---	---	3,671	4,081	2,222	2,146
Administered Revenues less Expenses	---	---	(3,115)	(5,175)	2,222	2,146

* The name and purpose of each program is summarised in Note 8.
 ** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions must be included in the 'Not Attributable' column.

Department of Gaming and Racing - Supplementary Financial Statements
Consolidated Program Statement - Expenses and Revenues for the year ended 30 June 2004

AGENCY'S EXPENSES & REVENUES	Program 40.4.1*		Not Attributed		TOTAL	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Expenses						
Operating expenses						
Employee related	1,259	1,359		---	17,236	17,643
Other operating expenses	827	571		---	7,183	7,338
Maintenance	30	22		---	400	397
Depreciation and amortisation	74	80		---	645	914
Grants and subsidies	74	---		---	13,848	10,317
Other expenses	---	1		---	---	1
Total Expenses	2,264	2,033		---	39,312	36,610
Retained Revenue						
Sale of goods and services	5	4		---	2,767	2,399
Investment income	5	5		---	783	789
Other revenue	262	229		---	2,340	2,842
Total Retained Revenue	272	238		---	5,890	6,030
Gain/(loss) on disposal of plant and equipment	(1)	---		---	(8)	(2)
NET COST OF SERVICES	1,993	1,795		---	33,430	30,582
Government contributions **	---	---	(31,830)	(31,912)	(31,830)	(31,912)
NET EXPENDITURE/(REVENUE) FOR THE YEAR	1,993	1,795	(31,830)	(31,912)	1600	(1,330)
ADMINISTERED EXPENSES & REVENUES						
Administered Expenses						
Transfer payments	---	---	---	---	---	---
Other	---	---	---	---	6,786	9,256
Total Administered Expenses	---	---	---	---	6,786	9,256
Administered Revenues						
Transfer receipts	---	---	---	---	---	---
Consolidated Fund						
- taxes, fees and fines	---	1	---	---	5,893	6,228
Total Administered Revenues	---	1	---	---	5,893	6,228
Administered Revenues less Expenses	---	1	---	---	(893)	(3,028)

* The name and purpose of each program is summarised in Note 8.

** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions must be included in the 'Not Attributable' column.

Department of Gaming and Racing - Supplementary Financial Statements
 Summary of Compliance with Financial Directives for the year ended 30 June 2004

	2004				2003			
	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
ORIGINAL BUDGET APPROPRIATION/EXPENDITURE								
- Appropriation Act	28,729	27,485	402	1,108	29,376	27,911	2,564	1,064
- Additional Appropriations	---	---	---	---	---	---	---	---
- s21A PF&AA - Special Appropriation	---	---	---	---	---	---	---	---
- s24 PF&AA - Transfer of functions between departments	---	---	---	---	---	---	---	---
- s26 PF&AA - Commonwealth specific purpose payment	---	---	---	---	---	---	---	---
	28,729	27,485	402	1,108	29,376	27,911	2,564	1,064
OTHER APPROPRIATIONS/ EXPENDITURE								
- Treasurer's Advance	967	967	750	---	---	---	---	---
- Section 22 - Expenditure for certain works and services	---	---	---	---	---	---	---	---
- Transfers from another agency (s25 of the Appropriation Act)	---	---	---	---	---	---	---	---
	967	967	750	---	---	---	---	---
Total Appropriations /Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	29,696	28,452	1,152	1,108	29,376	27,911	2,564	1,064
Amount drawn down against Appropriation Liability to Consolidated Fund **		29,119		1,108		27,911		1,064
		667		---		---		---

• The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

** Liability to Consolidated Fund represents the difference between the "Amount drawn against Appropriation" and the "Total Expenditure/Net Claim" on Consolidated Fund.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

- (i) The Department of Gaming and Racing as a reporting entity comprises all the operating activities of the Casino Community Benefit Fund under the *Casino Control Act 1992* and all the operating activities of the Department of Gaming and Racing.
- (ii) As part of the consolidation process, transfer payments made to the Casino Community Benefit Fund by the Department of Gaming and Racing have been eliminated, in conjunction with the corresponding receipt by the Casino Community Benefit Fund of such funds.
- (iii) In addition to the consolidated results, the results of the parent entity (the Department of Gaming and Racing) are also included.
- (iv) The reporting entity is consolidated as part of the NSW Total State Sector and as part of the NSW Public Accounts.

(b) Principles of Consolidation

The consolidated financial statements of the economic entity include the financial statements of the Department, being the parent entity, and its controlled entities (“the consolidated entity”).

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effect of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

(c) Basis of Accounting

The Department’s financial statements are a general purpose financial report which has been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB)
- Urgent Issues Group (UIG) Consensus Views
- the requirements of the Public Finance and Audit Act and Regulation, and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 “Accounting Policies”, is considered.

Except for plant and equipment, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

(d) Administered Activities

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

Transactions and balances relating to the administered activities are not recognised as the Department’s revenues, expenses, assets and liabilities, but are disclosed in the accompanying schedules as “Administered Revenues”, “Administered Expenses” and “Administered Assets” and “Administered Liabilities”.

All costs of the Liquor Administration Board (LAB) are met by the Department of Gaming and Racing from annual appropriations to the Department of Gaming and Racing.

The LAB prepares a general purpose financial report.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(e) Revenue Recognition

Revenue is recognised when the Department has control of the good or right to receive, it is probable that the economic benefits will flow to the Department and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

- (i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Department obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

FINANCIAL STATEMENTS

Notes to and forming part of the financial statements of the Department of Gaming and Racing for the year ended 30 June 2004

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are now accounted for as liabilities rather than revenue.

The liability is disclosed in Note 16 as part of 'current liabilities – other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services, ie user charges. User charges are recognised as revenue when the Department obtains control of the assets that result from them.

(iii) Investment Income

Interest revenue is recognised on a time proportionate basis as it accrues that takes into account the effective yield on the cash balance.

(iv) Other revenue

The Casino Community Benefit Fund (CCBF) reviews the Funding Agreement to assess whether grantees have fully spent grant monies. Should the assessment indicate that monies are refundable to CCBF, revenue is recognised in the period the assessment is completed.

(f) Employee Benefits and other provisions

(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The Department's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Department accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits and other Liabilities".

Long service leave is measured on present value basis and it is based on remuneration rates expected to be paid, not rates at year end.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(g) Insurance

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

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

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

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

(i) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets by the Department. Cost is determined as the fair value of assets given as consideration plus the costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(j) Plant and Equipment

Plant and Equipment costing at least \$5,000 is capitalised except for grouped assets (assets with inter-related functions, such as the computer network, revenue receipting system), where all additions regardless of amount are capitalised.

Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(k) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002.

The Agency holds non-specialised assets with short useful lives and these are measured at depreciated historical cost, as a surrogate for fair value.

(l) Depreciation of Non-Current Physical Assets

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

The useful life of the various categories of non current assets is as follows:

Asset Description	Depreciation Life in Years
Computer Hardware	4-5
Computer Software	5
Office Equipment	4-7
Furniture and Fittings	10
Leasehold Improvements	Lease life

(m) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(n) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Financial Performance in the period in which they are incurred.

(o) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(p) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

(q) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effect of additional appropriations, s 21A, s 24 and/or s 26 of the Public Finance and Audit Act 1983.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie. per the audited financial statements (rather than carried forward estimates).

FINANCIAL STATEMENTS

Notes to and forming part of the financial statements of the Department of Gaming and Racing for the year ended 30 June 2004

Parent		Consolidated	
2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
2 EXPENSES			
(a) Employee related expenses comprise the following specific items:			
13,292	12,930	13,975	13,627
1,289	1,182	1,289	1,182
903	1,684	904	1,684
91	81	96	85
934	1,024	972	1,065
<u>16,509</u>	<u>16,901</u>	<u>17,236</u>	<u>17,643</u>
(b) Other operating expenses			
45	51	58	741
55	58	64	65
--	--	52	-
67	71	68	73
2,292	1,387	2,319	1,823
53	42	56	45
334	414	397	430
219	212	219	212
339	331	183	334
181	191	197	207
251	234	257	244
2,430	2,384	2,488	2,442
451	456	572	473
238	232	253	249
<u>6,955</u>	<u>6,063</u>	<u>7,183</u>	<u>7,338</u>
(c) Depreciation and amortisation expense			
Depreciation			
260	198	267	206
217	153	218	154
71	66	71	66
21	420	21	420
68	68	68	68
<u>637</u>	<u>905</u>	<u>645</u>	<u>914</u>
(d) Grants and subsidies			
1,534	1,465	1,534	1,465
---	---	12,239	7,985
75	---	75	867
<u>1,609</u>	<u>1,465</u>	<u>13,848</u>	<u>10,317</u>
(e) Other expenses			
---	1	---	1
<u>---</u>	<u>1</u>	<u>---</u>	<u>1</u>

	Parent			Consolidated	
	2004 \$'000	2003 \$'000		2004 \$'000	2003 \$'000
3 REVENUES					
			(a) Sales of goods and services		
	175	199	Additional services	175	199
	2	3	Commissions	2	3
	1,289	1,407	Device evaluation interstate	1,289	1,407
	57	52	Lotto recoup	57	52
	126	6	Miscellaneous user charges	25	6
	225	267	Other	---	91
	1,068	594	Other publications	1,169	594
	4	5	Photocopy charges	4	5
	5	---	Probity fee	5	---
	---	4	Seminar fees	---	4
	26	22	Transcription fee	25	22
	16	16	Transfer list subscriptions	16	16
	<u>2,993</u>	<u>2,575</u>		<u>2,767</u>	<u>2,399</u>
			(b) Investment income		
	<u>67</u>	<u>70</u>	Interest	<u>783</u>	<u>789</u>
			(c) Other revenue		
			Other Departmental Revenue		
	288	680	Administration costs recovered from TAB Limited	288	680
	156	91	Administration costs recovered from Health Care Complaints Commission	156	91
	421	284	Administration costs recovered from Department of Local Government	421	284
	---	110	Costs recovered from CCBF (Royal Easter Show)	---	---
	236	235	Proof of Age cards recovery from RTA	236	235
	199	167	Social Impact statements - Class 1 & 2	199	167
	242	126	Hardship applications	242	126
	62	69	PM entitlement transfer application	62	69
	---	179	ODR Grants - CCBF	---	179
	---	---	CCBF Grants Repayments	---	422
	205	169	Recovery of costs from racing telephone betting system	211	169
	24	58	Workers Compensation Claims	24	58
	<u>528</u>	<u>362</u>	Other Revenue	<u>501</u>	<u>362</u>
	<u>2,361</u>	<u>2,530</u>		<u>2,340</u>	<u>2,842</u>
4 GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS					
			Gain/(loss) on disposal of plant and equipment		
	---	---	Proceeds from sale	---	---
	(8)	(2)	Written down value of asset disposed	(8)	(2)
	<u>(8)</u>	<u>(2)</u>	Net gain/(loss) on disposal of plant and equipment	<u>(8)</u>	<u>(2)</u>

FINANCIAL STATEMENTS

Notes to and forming part of the financial statements of the Department of Gaming and Racing for the year ended 30 June 2004

Parent			Consolidated	
2004 \$'000	2003 \$'000		2004 \$'000	2003 \$'000
5 APPROPRIATIONS				
		Recurrent Appropriations		
18,163	17,142	Total recurrent drawdowns from Treasury (per Summary of Compliance)	29,119	27,911
(667)	---	Less: Liability to Consolidated Fund (per Summary of Compliance)	(667)	---
<u>17,496</u>	<u>17,142</u>	TOTAL	<u>28,452</u>	<u>27,911</u>
		Comprising:		
17,496	17,142	Recurrent appropriations (per Statement of Financial Performance)	28,452	27,911
<u>17,496</u>	<u>17,142</u>	TOTAL	<u>28,452</u>	<u>27,911</u>
		Capital Appropriations		
1,108	1,064	Total capital drawdowns from Treasury (per Summary of Compliance)	1,108	1,064
---	---	Less: Liability to Consolidated Fund (per Summary of Compliance)	---	---
<u>1,108</u>	<u>1,064</u>	TOTAL	<u>1,108</u>	<u>1,064</u>
		Comprising:		
1,108	1,064	Capital appropriations (per Statement of Financial Performance)	1,108	1,064
<u>1,108</u>	<u>1,064</u>		<u>1,108</u>	<u>1,064</u>
6 INDIVIDUALLY SIGNIFICANT ITEMS				
903	1,684	Long service leave	903	1,684
<u>903</u>	<u>1,684</u>		<u>903</u>	<u>1,684</u>

The higher long service leave liability reflects (in 2002-03) the content of Treasury Circular TC03/08. This circular required that the calculation of long service leave and on-cost liability be changed from the "short hand" to the "present value" method for financial years beginning on or after 1 July 2002.

The resultant effect on the change in valuation method increased the provision and on-cost liability but the change is considered to produce more realistic calculations of the liability.

7 ACCEPTANCE BY THE CROWN ENTITY OF

EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity or other government agencies.

1,289	1,182	Superannuation	1,289	1,182
903	1,684	Long service leave	903	1,684
78	71	Payroll tax on superannuation	78	71
<u>2,270</u>	<u>2,937</u>		<u>2,270</u>	<u>2,937</u>

8 PROGRAM/ACTIVITIES OF THE DEPARTMENT

(a) Program 40.1.1 Policy & Development

Objectives: To ensure the proper conduct and balanced development of the liquor, gaming and charity industries and to assist in the development of those industries.

(b) Program 40.2.1 Liquor and Machine Gaming Compliance

Objectives: To ensure the integrity of the liquor and machine gaming industries.

(c) Program 40.3.1 Public Charity Fundraising Standards

Objectives: To ensure the integrity of fundraising for charity.

(d) Program 40.4.1 Development, Control and Regulation of the Racing Industry

Objectives: To support and enhance the viability of racing organisations. To protect the interests of the public in relation to racing operations.

Parent			Consolidated	
2004 \$'000	2003 \$'000		2004 \$'000	2003 \$'000
9 CURRENT ASSETS - CASH				
1,861	1,490	Cash at bank	20,811	22,171
<u>4</u>	<u>5</u>	Petty cash	<u>4</u>	<u>5</u>
<u>1,865</u>	<u>1,495</u>		<u>20,815</u>	<u>22,176</u>
For the purpose of the Statement of Cash Flows, cash includes cash on hand and cash at bank. Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:-				
<u>1,865</u>	<u>1,495</u>	Cash (per Statement of Financial Position)	<u>20,815</u>	<u>22,176</u>
<u>1,865</u>	<u>1,495</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>20,815</u>	<u>22,176</u>
10 CURRENT ASSETS - RECEIVABLES				
159	606	Sale of goods and services	107	657
19	6	Accrued revenue – TAB Limited	19	6
164	135	Accrued other revenue	184	138
35	36	Interest receivable	409	397
<u>190</u>	<u>109</u>	Australian Taxation Office (GST)	<u>285</u>	<u>190</u>
<u>567</u>	<u>892</u>		<u>1,004</u>	<u>1,388</u>
11 CURRENT ASSETS - OTHER				
6	1	Salaries in advance	6	1
<u>439</u>	<u>92</u>	Prepaid expenses	<u>441</u>	<u>93</u>
<u>445</u>	<u>93</u>		<u>447</u>	<u>94</u>

FINANCIAL STATEMENTS

Notes to and forming part of the financial statements of the Department of Gaming and Racing for the year ended 30 June 2004

12 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Parent			Consolidated	
2004 \$'000	2003 \$'000		2004 \$'000	2003 \$'000
		Plant and Equipment		
6,140	5,682	At Fair Value	6,190	5,735
3,819	3,776	Less Accumulated Depreciation	3,852	3,804
<u>2,321</u>	<u>1,906</u>		<u>2,338</u>	<u>1,931</u>
		Leasehold Improvements		
4,148	4,035	At Fair Value	4,148	4,035
3,999	3,978	Less Accumulated Depreciation	3,999	3,978
<u>149</u>	<u>57</u>		<u>149</u>	<u>57</u>
<u>2,470</u>	<u>1,963</u>	Total Plant and Equipment and Leasehold Improvements at Fair Value	<u>2,487</u>	<u>1,988</u>

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current year is set out below.

Parent				Consolidated		
Plant and Equipment \$'000	Leasehold Improvements \$'000	Total \$'000		Plant and Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
			2004			
1,906	57	1,963	Carrying amount at start of year	1,931	57	1,988
1,039	113	1,152	Additions	1,039	113	1,152
(8)	---	(8)	Disposals	(8)	---	(8)
(616)	(21)	(637)	Depreciation expense	(624)	(21)	(645)
<u>2,321</u>	<u>149</u>	<u>2,470</u>	Carrying amount at end of year	<u>2,338</u>	<u>149</u>	<u>2,487</u>

NOTES

(a) The valuation of non-current assets was reviewed by officers of the Department as at 30 June 2004. Valuations were consistent with book values.

Parent			Consolidated	
2004 \$'000	2003 \$'000		2004 \$'000	2003 \$'000
13 RESTRICTED ASSETS				
---	75	Cash - Racing Assistance Fund	---	75
<u>---</u>	<u>75</u>		<u>---</u>	<u>75</u>
14 CURRENT/NON-CURRENT LIABILITIES - PAYABLES				
81	380	Accrued salaries, wages and on-costs	90	402
39	23	Creditors	40	23
558	207	Other	676	333
<u>678</u>	<u>610</u>		<u>806</u>	<u>758</u>

Parent		Consolidated	
2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
15 CURRENT/NON-CURRENT LIABILITIES - PROVISIONS			
Employee benefit and related on-costs			
1,586	1,605	1,586	1,605
335	325	335	325
186	185	186	185
<u>2,107</u>	<u>2,115</u>	<u>2,107</u>	<u>2,115</u>
Aggregate employee benefits and related on-costs			
1,637	1,655	1,637	1,655
470	460	470	460
515	380	545	402
<u>2,622</u>	<u>2,495</u>	<u>2,652</u>	<u>2,517</u>
16 CURRENT LIABILITIES – OTHER			
667	---	667	---
<u>667</u>	<u>---</u>	<u>667</u>	<u>---</u>
17 CHANGES IN EQUITY			
1,718	1,134	22,773	21,443
---	---	---	---
177	584	(1,600)	1,330
<u>1,895</u>	<u>1,718</u>	<u>21,173</u>	<u>22,773</u>
18 COMMITMENTS FOR EXPENDITURE			
a) CCBF Project Commitments			
---	---	10,803	13,369
---	---	4,514	3,764
---	---	---	---
<u>---</u>	<u>---</u>	<u>15,317</u>	<u>17,133</u>
b) Operating Lease Commitments (Rentals and Motor Vehicles)			
Commitments in relation to non-cancellable operating leases are payable as follows:			
2,972	2,904	2,972	2,904
5,161	7,907	5,161	7,907
---	---	---	---
<u>8,133</u>	<u>10,811</u>	<u>8,133</u>	<u>10,811</u>
These operating lease commitments and projects are not recognised in the financial statements as liabilities.			
<u>8,133</u>	<u>10,811</u>	<u>23,450</u>	<u>27,944</u>
		TOTAL COMMITMENTS (including GST)	

Total commitments above include input tax credits of \$2,131,894.85 that are expected to be recoverable from the Australian Taxation Office.

19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets at 30 June 2004 (2003: NIL).

FINANCIAL STATEMENTS

Notes to and forming part of the financial statements of the
Department of Gaming and Racing for the year ended 30 June 2004

20 BUDGET REVIEW

Net cost of services

The Net Cost of Services for the Consolidated entity for the year ended 30 June 2004 is over Budget by \$3,175,000.

Employee related costs exceeded Budget by \$1,754,000. This expenditure follows the setting up and operation, within the Compliance Program, of the Registered clubs unit and the group associated with the Section 41X Inquiry into Registered Clubs.

Additional employee related on-costs are now included following the change in the determination of the long service leave previously calculated after 10 years of service, now taken up after 5 years of service.

Additional on cost amounts now taken into account in 2003-04 actuals amounted to \$1,845,000 which were not part of the 2003-04 Budget Estimates as the result of increased overheads (accommodation, communications, etc) following the setting up of the Registered Clubs Unit and the Section 41 X Inquiry into Registered Clubs.

The remainder relates to the inclusion into the Consolidated accounts of the employee related costs for the Casino Community Benefit Fund.

Total retained revenue was \$808,000 above Budget from continued revenue from device evaluation fees, the assistance provided to TAB Limited on a cost recovery basis on the development of their systems, the recovery of shared services from the Department of Local Government and the Health Care Complaints Commission and revenue associated with the sale of Responsible Service of Alcohol certificates.

Assets and Liabilities

Current Assets

The level of Cash on Hand at 30 June 2004 was \$2,244,000 below Budget. This amount arises mainly from the costs of operation of the Registered Clubs Unit and the Section 41 X Inquiry into Registered Clubs, the funding by the Department of the CMS Business unit and the increase value of grant payments made by the Casino Community Benefit Fund during the period.

Receivables are lower in 2003-04 (-\$415,000) following a review of outstanding evaluation debts and a change in billing arrangements whereby payments must be received before the results of the evaluation are made available.

Current and Non Current Liabilities

Current and Non-Current liabilities at 30 June 2004 were \$616,000 in excess of Budget. This arises from increased amounts accrued for salaries and salary overhead costs, as compared to 2002-03 and as well as \$667,000 which is to be repaid to the NSW Treasury as an overdrawn appropriation. The current and non-current provisions were close to Budget.

Cash Flows

The Cash Flow Statement for 2003-04, net cash flows from operating activities are \$1,494,000 below Budget. The total actual payments of "Grants and Subsidies" and "Other" for 2003-04 was \$22,296,000 compared to the Budget of \$20,618,000. This increase is accounted for by the increase in the payment of grants made during the year by Casino Community Benefit Fund.

Although the total receipts were close to Budget, this arose from the increase in the cash value of "Sales of Goods and Services" (evaluation fees etc) and a decrease in the value of "Other" receipts which included amounts received from applicants for approved amusement devices (entitlement transfers, hardship applications, surrender applications and social impact assessments).

Interest received for 2003-04 was slightly above Budget due to higher than anticipated cash balances held by Treasury on behalf of the Casino Community Benefit Fund and slightly higher in interest rates (3.76% to 4.06%) paid.

Parent					Consolidated	
2004 \$'000	2003 \$'000		2004 \$'000	2003 \$'000		
21 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES						
1,522	1,838	Net cash flows from operating activities	(209)	2,719		
(19,839)	(18,686)	Cash flows from Government	(30,796)	(29,455)		
(1,701)	(2,426)	Acceptance by Crown Entity of employee entitlements and other liabilities	(1,701)	(2,426)		
		(Increase)/Decrease in liabilities				
7	(143)	Provision for employee benefits	7	(143)		
(50)	(344)	Accounts payable	(31)	(349)		
		Increase/(Decrease) in assets				
(324)	134	Receivables	(382)	13		
333	(25)	Other assets	335	(25)		
		Adjustment for non cash items				
(637)	(905)	Depreciation	(645)	(914)		
(8)	(2)	Net (Loss)/Gain on sale of plant and equipment	(8)	(2)		
20,697	(20,559)	Net cost of services	(33,430)	(30,582)		

22 ADMINISTERED REVENUE

Revenue collected on behalf of the State for the year ended 30 June 2004 is as follows:

	Actual 2004 \$'000	Estimate 2004 \$'000	Actual 2003 \$'000
Liquor application/grant fees *	1,621	3,700	2,612
Club gaming devices duty *	685	---	443
Hotel gaming devices duty *	(45)	---	(197)
Trade competition fees	2,222	2,200	2,146
Local court fees	733	600	681
Fines - local courts	677	500	542
Bookmakers licensing fees ***	---	---	1
	<u>5,893</u>	<u>7,000</u>	<u>6,228</u>

- The items marked “*” are collected by the Department on behalf of the Liquor Administration Board for the State. Club and Hotel gaming device duties have been in the main collected by Office of State Revenue from 1 March 2002 (for Clubs) and 1 April 2002 (for Hotels). Figures above relate to matters being dealt with by the Department prior to the transfer of the function.
- Taxes, fines and fees collected as reported above are net of refunds paid.
- Revenue collected by the Department on behalf of the State is reported on a cash basis.
- Revenue collected by the Department is paid directly into Consolidated Fund.
- Hotel gaming device duty collected for the year ended 30 June 2004 amounted to \$1,000, however this was offset by a refund of duty totalling \$46,000.

*** The racing revenue collection function was transferred to the Office of State Revenue from 1 January, 2001.

FINANCIAL STATEMENTS

Notes to and forming part of the financial statements of the
Department of Gaming and Racing for the year ended 30 June 2004

Parent			Consolidated		
2004 \$'000	2003 \$'000		2004 \$'000	2003 \$'000	
23 ADMINISTERED REVENUE – DEBTS WRITTEN OFF					
---	79	Court fees and fines	---	79	
---	164	Hotel gaming device duty	---	164	
80	265	Club gaming devices duty	80	265	
<u>80</u>	<u>508</u>		<u>80</u>	<u>508</u>	

Debts written off represent primary tax and the related fines and penalties regarded as irrecoverable in accordance with Treasurer's Direction 450.05.

24 ADMINISTERED REVENUE – SCHEDULE OF UNCOLLECTED AMOUNTS

	Less than 30 days \$'000	30-90 days \$'000	Greater than 90 days \$'000	Total 2004 \$'000	Total 2003 \$'000
Liquor application/grant fees	30	52	550	632	655
Hotel gaming devices duty	---	---	685	685	685
Club gaming devices duty	---	---	401	401	481
Local court fees	3	1	207	211	223
Fines - local court	32	13	1,058	1,103	1,431
	<u>65</u>	<u>66</u>	<u>2,901</u>	<u>3,032</u>	<u>3,475</u>

The uncollected amounts comprise debts expected to be realised with exception of those cases subject to liquidation and insolvency action. All debts include additional penalties and fines imposed as at 30 June 2004.

25 FINANCIAL INSTRUMENTS

Classes of financial instruments recorded at cost and their terms and conditions at balance date are as follows:

Cash

Cash comprises cash on hand and bank balances within the 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 Treasury.

Terms and Conditions - Monies on deposit attract an average interest rate of 4.06%.

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Directions 219.01. If trade terms are not specified, payment is made no later than the end of the month following in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

Interest Rate Risk

Interest rate risk affects cash at bank and investments where the value of these instruments is subject to fluctuations due to changes in market interest rates.

The Department's consolidated exposure to interest rate risk and the effective interest rates of financial instruments at year end are:-

	2003-04 \$	2002-03 \$	
Cash	20,814,691.74	22,175,984.17	all at floating interest rates
Receivables	1,036,952.37	1,385,936.36	all non-interest bearing
Creditors	931,725.56	756,320.96	all non-interest bearing

All amounts are carried in the accounts at net fair value.

Credit rate risk affects receivables where there is a risk of trade debtors of the Department failing to meet their obligations as and when they fall due.

There are no unrecognised financial instruments.

26 UNCLAIMED MONIES

All accounts unclaimed are forwarded to Treasury for credit to the Special Deposits - Unclaimed Money Account and are available for refund from that account. No unclaimed amounts have been held in the accounts of the Department in excess of two years.

27 LIQUOR SUBSIDY SCHEME

Following the High Court decision on 5 August 1997 which led to the abolition of business franchise fees, State charges on liquor wholesale sales are now collected by the Australian Taxation Office.

To help ensure there was no increase in retail liquor prices as a result of the changed taxing arrangements, a Liquor Subsidy Scheme was introduced in September 1997.

In New South Wales, the Liquor Subsidy Scheme is to provide subsidies to licensed suppliers and producers.

The rate of the subsidy in 2003-04 remained unchanged (15%) on the following wholesale sale

- Cellar door sales by vignerons to unlicensed persons
- Wine tastings by vignerons.

During 2003-04, \$6,785,888.89 (2002-03 \$9,256,183) was paid by the Department of Gaming and Racing on behalf of Treasury to suppliers and producers in response to their claims for this liquor subsidy.

28 (a) THE IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Department of Gaming and Racing (The Department) will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

The Department is managing the transition to the new standards by allocating resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

As a result of this exercise, the agency has taken the following steps to manage the transition to the new standards;

- The Department is responsible for the project and reports regularly to the Committee on progress against plan.
- The following phases that need to be undertaken have been identified:
- Nominate an officer to have responsibility for the implementation of AIFRS
- Scope and impact assessment
- Design
- Implementation and Review
- The first phase is in progress and is due for completion in July 2004.

NSW Treasury is assisting the Department to manage the transition by developing policies, including mandates of options, presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

(b) KEY CHANGES TO ACCOUNTING POLICIES THAT ARE APPLICABLE TO THE DEPARTMENT OF GAMING AND RACING

The Department has identified a number of significant differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from the existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the Department of options it is likely to mandate, and will confirm during 2004-05. This disclosure reflects these likely mandates.

The Department's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- **AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards** requires retrospective application of the new AIFRS from July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds.

FINANCIAL STATEMENTS

Notes to and forming part of the financial statements of the
Department of Gaming and Racing for the year ended 30 June 2004

This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.

- **AASB 116 Property, Plant and Equipment** requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingency Liabilities and Contingent Assets.

Major inspection costs must be capitalised and this will require the fair value and depreciation of the related asset to be re-allocated.

- **AASB 119 Employee Benefits** requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. Where the unfunded superannuation liability is not assumed by the Crown, this will increase the amount and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expense.
- **AASB 120 Accounting for Government Grants and Disclosure of Government Assistance** applies to for-profit entities only. Entities will either apply the current AASB 120 or early adopt a revised AASB 120, based on the grant requirements in AASB 141 Agriculture. The current AASB 120 spreads income recognition over the period necessary to match related costs. A revised AASB 120 based on AASB 141 is likely to require revenue recognition when conditions are satisfied. Both of these alternatives may have the effect of delaying revenue recognition.
- **AASB 1004 Contributions** applies to not-for-profit entities only. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grants included in ED 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the Department supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.
- **AASB 132 Financial Instrument Disclosure and Presentation** prohibits in-substance defeasance. Agencies can no longer offset financial assets and financial liabilities when financial assets are set aside in trust by a debtor for the purposes of discharging an obligation, without assets having been accepted by the creditor in settlement of the obligation. This will have the effect of increasing both assets and liabilities but will have no impact on equity.
- **AASB 136 Impairment of Assets** requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy Valuation of Physical Non-Current Assets at Fair Value.

END OF AUDITED FINANCIAL STATEMENTS

This Report has been produced by
Industry and Corporate Development
Policy and Development Division
Department of Gaming and Racing

Design and Layout
Angela Anastassiadis, Wal Neville

Project Manager
Ross McCulloch, Wal Neville

Special thanks to the officers of the Department who contributed to the
Report and helped in its editing.

ISSN 1324-2040

600 copies of the Report were printed by Artegra Imaging at a cost of
\$6,975.10 (inc.GST) or (\$11.63 per copy). No consultants were used in the
production of the Report.

The Report is also available for downloading from the Department's website –
www.dgr.nsw.gov.au - Publications - Corporate Publications.

INDEX

Access	Back cover	Viable Industries	21
Agency Performance	48	Charities	25
Annual Report – cost and number printed	95	Community gaming	22
Appendices	48	Gaming	21
Assets – Major	68	Liquor	25
Audit Report on Financial Statements	74	Racing	23
Challenges and Constraints	14	Harm Minimisation	27
Charities Ministerial Advisory Committee	46	Gaming	27
Chief Executive's Performance Statement	48	Liquor	30
Club Industry Advisory Council	46	Racing	30
Code of Conduct	44	Community Needs	34
Committees	55	Gaming	34
Community Gaming and Charity Fundraising Cases	56	Community gaming	35
Consultants	56	Gaming licences	34
Corporate		Liquor	37
Charter	Inside front cover	Racing	36
Credit Cards	57	Government Revenue	39
Key Result Areas	Inside front cover	Centralised Monitoring System	39
Performance	49	Gaming	39
Customer Service		Gaming machines tax rates	41
Customer Response	58	Resources Performance	42
Guarantee of Service	58	Equal Employment Opportunity	44
Debts	69	Ethical conduct	44
Director, Communications and Strategic Support		Ministerial support	46
Performance Statement	49	Quality management	44
Director-General's Report	3	Resource management	42
Director of Liquor and Gaming's Report	52	Staff development and training	45
Cases	53	Organisation Chart	8
Disability Action Plan	71	Overseas Travel	68
Equal Employment Opportunity	44	Overview of the Department	6
Ethical Conduct	44	Parliamentary Annual Report Tables	45
Ethnic Affairs Priorities Statement	59	Payment Performance Analysis	69
Financial Statements	74	Performance Evaluation	69
Freedom of Information	63	Performance Targets 2004–05	12
Government Energy Management Policy	65	Publications	70
Hours of Business	Back cover	Privacy and Personal Information Protection Act	69
Human Resources	42	Results Summary 2003–04	10
Industrial Relations	43	Racing Training NSW	47
Industry Fast Facts	Inside back cover	Risk Management	72
Key Stakeholders	Inside front cover	Senior Executive Service	7
Leave (sick and long service)	44	Staff Development	45
Legislation and Legislative Change	65	Staffing	42
Liquor Industry Consultative Council	47	Staff Trends	42
Management Structure	8	Structure	8
Market Research and Contracting	68	Training	45
Ministerial Support	46	Waste Reduction and Purchasing Policy	72
Minister's Foreword	2		
Operations Review			
Industry Integrity	15		
Charities	19		
Community gaming	17		
Gaming and liquor	15		
Racing	18		

NSW FAST FACTS

(UNLESS OTHERWISE STATED, ALL FIGURES ARE AT 30 JUNE 2004)

LIQUOR

- 12,953 licensed premises and registered clubs in total
- 3,969 restaurant licences
- 2,064 hotel licences
- 1,566 retail (bottleshop) licences
- 1,525 registered clubs
- 1,081 function (permanent) licences
- 633 vigneron licences
- 552 wholesale licences
- 412 restaurant licences with motel endorsement
- 220 vessel licences
- 197 caterer's licences
- 120 Governor's licences
- 100 nightclub licences
- 99 motel licences
- 89 theatre licences
- 83 section 18(4)(g) licences
- 53 wine licences
- 43 university licences
- 38 aircraft licences
- 36 brewer licences
- 25 auction licences
- 18 public hall licences
- 11 airport licences
- 8 casino complex licences
- 6 clubs with gaming machines (no liquor)
- 3 community liquor licences
- 2 nightclubs with motel

(Total does not include 12 special event licences issued.)

* Some hotel and liquor store licences are held in a dormant capacity. There are hotels and registered clubs that do not operate gaming machines. Of the 1,525 clubs, 124 are separate or amalgamated premises of a "parent" club.

* In 2003-04, the Licensing Court granted four new hotel licences; 40 bottleshop licences; and three registered club certificates, of which two were for a separate premises of a club.

* From 1 August 2004, a 2-tiered social impact assessment process applies to new and removal licence applications for hotels and bottleshops.

RACING

- 209 licensed racecourses
 - 129 thoroughbred racing
 - 39 harness racing
 - 41 greyhound racing
- 2,763 race meetings held
 - 807 thoroughbred race meetings
 - 532 harness race meetings
 - 1,424 greyhound race meetings

TAB OPERATIONS

\$4.8 billion (approximate) turnover in respect of on-course and off-course totalizators, fixed odds racing and sports betting.

BOOKMAKERS

- Sports Betting
 - 3 authorised full-time and 42 authorised casual bookmakers
 - Bookmakers' turnover – \$71 million
- Racing
 - 300 bookmakers held bets totalling \$667 million

CHARITIES INDUSTRY

- 13,684 permits for trade promotion lotteries issued
- 5,110 current fundraising authorities
- 281 permits for charity housie
- 92 permits issued for other games of chance for charities eg. lucky envelopes and chocolate wheels
- 45 permits for art unions issued
- \$537 million – total value of trade competition prizes
- 407 charities and organisations conducting community gaming investigated

GAMING INDUSTRY

Club Gaming

- 1,370 registered clubs operating 74,912 gaming machines
- Gaming machine turnover \$35.7 billion (31 May 2004)
- Gaming machine assessed profit \$3.2 billion (31 May 2004)
- \$434.8 million assessed in tax
- Average profit per gaming machine – \$42,250
- Mt Pritchard & District Community Club – top registered club for assessed gaming machine profit

Hotel Gaming

- 1,793 hotels operating 24,197 gaming machines
- Gaming machine turnover \$14.5 billion
- Gaming machine assessed profit \$1.5 billion
- \$364.6 million assessed in tax
- Average profit per gaming machine – \$62,042

Casino Gaming

- 200 gaming tables
- 1,500 gaming machines
- \$70.2 million payable in casino duty
- \$11 million payable in community benefit levy
- \$551 million gross gaming revenue

Keno Gaming

- 1,029 registered clubs and the casino connected to Keno
- \$339.6 million in net subscriptions
- \$37 million in profit to registered clubs
- \$7.5 million payable in tax (ex. GST)

NOTES: The Office of State Revenue (NSW Treasury) collects all gaming machine, keno and racing taxes.

Data Monitoring Services (Tab Limited) assesses gaming machine tax assessments. The integrity of the assessment process is monitored by the Department.

ACCESS

DEPARTMENT OF GAMING AND RACING

323 Castlereagh Street, Sydney

Telephone (02) 9995 0300

Facsimile (02) 9995 0888

E-mail dgr@dgr.nsw.gov.au

Internet address

www.dgr.nsw.gov.au

All written correspondence to
GPO Box 7060
SYDNEY NSW 2001

DUBBO REGIONAL OFFICE

1st Floor, Premier Building

130 Brisbane Street

DUBBO NSW 2830

Telephone (02) 6882 2200

Facsimile (02) 6884 5936

HUNTER REGIONAL OFFICE

2nd Floor, NSW Government Offices

117 Bull Street

NEWCASTLE WEST NSW 2302

Telephone (02) 4929 7234

Facsimile (02) 4929 7439

WAGGA REGIONAL OFFICE

State Government Office Block

43-45 Johnston Street

WAGGA WAGGA NSW 2650

Telephone (02) 6921 3566

Facsimile (02) 6921 3290

LIQUOR ADMINISTRATION BOARD

323 Castlereagh Street, Sydney

All written correspondence to

GPO Box 7060

SYDNEY NSW 2001

Telephone (02) 9995 0300

Facsimile (02) 9995 0893

PRINCIPAL COURT REGISTRY

Licensing Court of NSW

323 Castlereagh Street, Sydney

All written correspondence to

GPO Box 7060

SYDNEY NSW 2001

Telephone (02) 9995 0300

Facsimile (02) 9995 0819

HOURS OF BUSINESS

8.30am to 5.00pm

Monday to Friday

After hours service by appointment

from 7.30am to 8.30am and

5.00pm to 6.00pm



NEW SOUTH WALES
GOVERNMENT