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Note: Some minor statistical variations will occur in this Report in the numbers of licence types and machine holdings. This is a result of the various dates at which the statistics became available.

Charter

The Liquor Administration Board is constituted by Section 72 of the Liquor Act, 1982 and consists of Licensing Magistrates appointed under Section 8 of the Act.

The principal legislation administered by the Board is the Liquor Act 1982 and Registered Clubs Act 1976 and Regulations appurtenant thereto.

Specific powers and functions conferred on the Board by the Liquor Act 1982 and Registered Clubs Act 1976, include:

- a. approval of gaming machines in registered clubs and hotels;
- b. assessment and collection of quarterly duty in respect of the operation of gaming machines in registered clubs and hotels;
- c. determination of various applications relating to licensed premises and registered clubs;
- d. keeping under constant review the operation of the Acts and making recommendations to the Minister as appropriate;
- e. conducting inquiries, when directed by the Minister, into any matter connected with the administration of the Acts;
- f. keeping under constant review the standard of licensed premises and registered clubs;
- g. receiving submissions or reports from any person in respect of the operation of the Acts; and
- h. resolving complaints of undue disturbance of the neighbourhood of licensed premises and registered clubs.

In addition, the Board is vested with numerous ancillary powers relating to the operation of gaming machines, and general control over licensed premises and registered clubs.

Chairperson's Report

I have pleasure in presenting the 18th Annual Report of the Liquor Administration Board ("the Board") for the period 2000-01.

This report is written to reflect events up to 30 June 2001. Subsequent events will be reported upon in the 19th Annual Report.

Other sections of this Annual Report set out details of the Board's administrative and statutory responsibilities as well as work undertaken by officers of the Department of Gaming and Racing in the name of the Board. The Operations Review on pages 10 and 11 summarises these various functions.

This Annual Report again contains material on the operation of the Licensing Court of NSW to ensure that a comprehensive summary of activities under the Liquor Act and Registered Clubs Act is reported upon to Parliament. Other than the Chief Magistrate's Review of Local Courts, there is no other report upon the activities of the Licensing Court.

I continue the practice started in the 15th Annual Report of not commenting in considerable detail on the activities of the Board Members and touch upon major issues only.

Board Structure

To address delays in the Licensing Court of New South Wales Acting Magistrates Beveridge and McCarry were appointed as Licensing Magistrates from 2 April 2001 to 30 June 2001. As Licensing Magistrates, Magistrates Beveridge and McCarry ex-officio were appointed Members of the Board. At their request they were excused from Board duties. Whilst the appointment of two Acting Magistrates was solely for the purposes of addressing delays in the Licensing Court their appointment enabled the remaining Licensing Magistrates to address a considerable number of Board matters of importance. The benefits of their appointment are reported upon later.

For a period of three months commencing 21 July 2000 Mr D Collins was Acting Chairperson during my absence. To address an anticipated influx of s88AF (financial hardship applications) applications

under the Registered Clubs Act, arrangements were made with the Chief Magistrate for the former Board Member Mr J Swanson to be on call to handle these. As the applications were lodged in a piece-meal fashion the Board determined that Mr Swanson was not required and that the applications would be dealt with by the Board Members.

The Board complied with the terms of the Memorandum of Understanding entered into by it with the Hon J Richard Face, Minister for Gaming and Racing and Minister Assisting the Premier on Hunter Development. A copy of the Memorandum is set out in appendix 10.

Despite rumours of its abolition reported upon in the media, the Board was not abolished. To address a number of issues and inaccuracies which arose in the media reports on the Board's role, I gave a number of radio interviews.

It was necessary for the Department to continue its restructuring as a result of reduction in staff numbers and a number of officers who carried out duties in the name of the Board, left the Department (some of them of long standing). The appointment of a number of new officers or transference of officers without experience of Board matters has caused delay and disruption to various applications, and necessitated a greater than usual degree of training by Board Members of these officers and of assistance to them in the carrying out of their duties.

Board Members' Activities

In addition to numerous meetings with Departmental officers, the Board continued its practice of being available to, or otherwise approaching, industry associations and other entities for discussions. Numerous meetings were held on a regular basis.

The Board continues to be represented at industry association functions.

The 30th Australasian Liquor Licensing Authorities Conference was held in Brisbane in September 2000 and attended by Board Members Mrs D Kok and Mr

S Flood and Board Secretary Mr S Howard. The Department was represented by Ms A Ratu.

In June 2001, I attended the Darwin Conference of the Australasian Casino and Gaming Regulators.

Because of its substantial duties in respect of responsible gambling this year, the Board determined to actively participate in a number of National Working Parties. Myself and Board Secretary Mr S Howard together with Gaming Technology Branch officers and Departmental officers attended regular meetings of the National Working Party on Responsible Gambling, the National Working Party on Technical Standards and the National Panel for Accreditation of Approved Testing Facilities (ATFs) in various venues around Australia. I consider these meetings of regulators to be essential to enable each jurisdiction to be fully appraised of developments so that best practices are able to be implemented expeditiously. The Board participates in the Annual Manufacturers Forum held in Sydney to coincide with the Australasian Gaming Expo and at this Forum the manufacturers are able to meet with Australasian Regulators to discuss National Standards in gaming issues. Whenever Court and Board duties permit, Board Members attend gaming expositions to keep abreast of developments. Both the Australasian Gaming Expo and the AHA Expo were attended this year.

Unfortunately because of a recent argument for disqualification of Magistrates from participating in a Court case because of a Board meeting held with a licensed person, it is necessary for the Board now to be much more cautious about arranging meetings with individual members of the industry. The Board Members are always conscious of their need not to place themselves in a position of conflict of interest and many requests for meetings are refused for this reason.

In such circumstances the Board's Secretary usually meets with those persons.

The Sydney Olympics caused a 4-week stand down period for the Court but the Board remained available to deal with urgent issues and in particular noise conferences. Board Member Mr D Collins made himself available to deal with noise conferences at venues on short notice and arrangements were made with the then Director of Compliance, Mr R McCann, for inspectors to be available on short notice to assist the Board. Neither the Board nor the Court was required for noise complaint matters during the Olympic period. The compulsory shutdown period

of course exacerbated delays in the handling of Board matters and of course delays in the Court.

At the request of the Liquor Stores Association I presented a paper to a selection of its members on licensing procedures and law.

Procedural Matters

Appendix 7 contains policies promulgated by the Board during the year.

Appendix 5 refers to all courses approved by the Board under the Liquor Act up to 30 June 2001. The new Responsible Conduct of Gambling course approved by the Board from 1 July 2000 has been very successful and to 30 June 2001 20 course providers and 138 course trainers were approved for delivery of the course and a total of over 27,000 people had successfully completed the course. A number of course providers and trainers were not approved as they did not meet Board standards. The Board again acknowledges the work of Mr W Neville, Mr R McCulloch and Mr A Bennett in particular for their expertise in the assessment of courses and advice to the Board on courses.

The Board and Licensing Court continue to require completion of responsible service of alcohol courses and responsible service of alcohol affidavits. The courses are kept under constant review to ensure that current practices and law are taught.

The level of consultation between the Board and Departmental officers on legislative review, and indeed on many issues, was substantial and an excellent working relationship continues between the Department and the Board. As a result of these consultations a number of recommendations were made to the Department and the Minister for legislative change.

The Board thanks Ms J Hennessy, Director, Policy and Development Division, and each policy officer for their assistance to the Board.

Again, the legislation was amended on numerous occasions. The major changes of interest to the Board involve recognition of liquor accords, relaxation of rules relating to sanitary facilities, the Olympic and Paralympic Games, extension of the powers of the Principal Registrar and of course the three month freeze on hotel poker machine holdings with effect from 19 April 2001.

The Privacy and Personal Information Protection Act became operative and the Board is not required to have a separate plan as it is embraced by the Departmental plan on these issues.

The Social Impact Assessment process for both hotel and club gaming matters has required considerable Board Member resources. The assessment process invariably brings with it substantial paperwork prepared at considerable cost and difficulty by applicants and opponents. Board procedures in respect of the assessment of lodged material are under challenge in the Supreme Court and an issue has arisen as to the extent to which the Board is required to continue the consultation process and the Board awaits the decisions from the Supreme Court. Twelve SIAs have been lodged and the results have been 5 granted, 2 refused, 3 withdrawn and 2 outstanding. With the benefit of the assessments of these applications the Board is looking at recommendations for legislative change to improve the processes and to provide greater certainty to participants in the process as to precisely what has to be addressed and what tests have to be met.

The Board has dealt with many complex s88AF applications under the Registered Clubs Act by clubs seeking exemption from the poker machine freeze on the grounds of serious threat to their financial viability. Eighty applications have been lodged and particulars of these applications are set out in appendix 1.

The Board Members' Code of Conduct has not been amended and is under review.

As a result of fixing of guidelines by the Minister, the Board received a number of applications for exemption on the restrictions on cheque cashing and the location of ATMs in hotels. The Board has delegated this function to the Board Secretary, Mr S Howard. Particulars of the applications received are set out in appendix 1. Mr Howard has assumed this additional burden without receiving additional resources.

The Board continued to use Departmental officers acting under delegation to perform a number of its functions. The process for appointment of Departmental officers as officers of the Board requires approval by Cabinet and the Executive Council and the difficulties in this process, as well as limitations on who may be appointed, have led to the Board making recommendations for simplification of the process.

The Board provided advice to the Department on the Minister's paper on Amalgamations of Registered Clubs.

Revenue

The necessary steps for the transfer of the Board's duty to assess and collect gaming revenue were advanced to the stage of legislation passing the Lower House. This function will now be exercised by the Office of State Revenue. The Board will be limited to a duty of reassessment. Having regard to this limited role the Board made various submissions recommending that this function should also be transferred. However, this function will remain with the Board. The Board Secretary, Mr S Howard has represented the Board on an Inter-Departmental Working Party to ensure the smooth transfer of Board functions. When this transfer is actually effected, the Board will retain no duties for the collection of revenue with the 1997 abolition of liquor fees.

The Community Development and Support Expenditure Scheme was also the subject of recommendations by the Board for abolition or transfer to the Office of State Revenue but without success. The Board retains the duty of being satisfied that a proportion of profits is appropriately applied under the Ministerial Guidelines notwithstanding that the Board does not have sufficient resources to scrutinise each application to this end. The Board has noted the establishment and apparent success of the CDSE Local Consultative Committee Program, but this does not address the application issue.

The collection of outstanding debts now solely focuses upon gaming duty, and after the transfer of functions to the Office of State Revenue will only relate to debts up to that date, and again the Board reports that very little money has been collected as a result of legal proceedings. Matters which remain under Board supervision, such as the collection of deferred payments as a result of financial difficulties, have produced satisfactory results in virtually all cases. Unfortunately some cases of liquidation and the appointment of administrators have meant that there are simply no funds available to meet outstanding duty. The Board notes that during the year one Sydney club fell into arrears of duty for one quarter, without any prior default, to an extent of \$994,672 and is repaying this debt under a scheme of arrangement. This is the largest debt that had come to notice, particularly without any forewarning, for some time.

Gaming

The Board's role in administering gaming in New South Wales has increased substantially in recent years, and in particular this year.

The major development in the year was the Board's First Determination on Gambling Harm Minimisation and Responsible Conduct of Gambling Activities under its Review of the Technical Standards for Gaming Machines and Subsidiary Equipment. After consultation in the previous financial year the Board published a Preliminary Determination in November 2000 and invited industry input. In April 2001 the Board published its First Determination and, after changes in the timetable, has invited industry to make submissions on this First Determination by 30 September 2001. Many areas are touched upon in the Review and the majority of these have widespread support. Industry, however, strongly opposes three measures and these relate to a reduction in maximum bet from \$10 to \$1, slowing down the speed at which the reels spin and reducing the use of note acceptors. Industry has commissioned university-based research to determine the likely impact of these issues. Whilst acknowledging the valuable contributions made by many, the Board acknowledges in particular the submissions made by the New South Wales Hospitality and Gaming Industry Group which is made up of Clubs NSW, Star City Sydney, Leagues' Clubs Association of NSW, TAB Limited, Club Managers' Association Australia and Australian Hotels Association (NSW). Many meetings were held with these representatives and issues refined. The Board invited Government to comment on the proposals but no material came to the Board.

The Executive Summary of the First Determination of April 2001 is contained in appendix 11.

The Board has again raised for consideration with Departmental officers the appropriate use of the name Liquor Administration Board having regard to the substantial changes in duties from liquor administration to control.

The Board's Working Party on Gaming Machine Technical Standards involving Departmental and industry representatives continues to meet on a regular basis and provided considerable guidance to the Board. However, the Working Party was not in a position to make recommendations in respect of the adoption of National Standards in New South Wales nor in respect of two-way communications for gaming devices. The Board acknowledges the valuable assistance provided by those industry representatives.

No major changes were made to the Technical Standards for Gaming Machines during the year. To connect to the proposed state-wide link jackpot

system to be run by TAB Limited, the legislation requires a new type of gaming machine known as a specially approved gaming device (SAGD). The Board has settled draft Technical Standards for SAGDs and taken the opportunity to incorporate National Standards in the drafts. A number of other developments in the types of gaming machines and software are reported upon in the Gaming Technology section of this report.

The Central Monitoring System (CMS) for which TAB Limited holds an exclusive licence also occupied a substantial period of time for Board Members involving meetings with TAB Limited representatives as well as the Departmental representatives, Mr M Foggo and Ms D Delaney on many occasions. There are many issues which have required attention. Some of the main ones have involved the conduct of field trials, testing of the system and its certification, commissioning of the system, a temporary declaration for its use, timings for the roll out and most importantly, addressing communication deficiencies which have been identified in approximately 12,000 machines.

Because of the transfer of some Board functions to both TAB Limited and the Office of State Revenue, the Board has worked closely with the Departmental CMS Business Unit to ensure a smooth transfer of powers and appropriate practices in place for the future.

The Board has also worked closely with TAB Limited and the Departmental officers on the licensing of the state-wide linked system preliminary development. Field trials have been approved and are under way.

The Board's current Technical Standards require machines to operate to a standard known as X-standard. In 1993 when these X-standards were fixed a timetable was established requiring the removal of all non-X machines by 31 December 2000. The Board flagged that hardship applications for clubs would be considered. A number of hardship applications were received and only one for an extended period was granted. Allowing for this, virtually all machines that were non-compliant were removed by 31 December 2000 and the remaining few machines removed by 30 June 2001. The Board acknowledges the substantial costs incurred by industry in moving to these new types of devices and congratulates industry on its compliance with the timetable. Of course the new machines are much more efficient than the old ones and the cost of acquiring the machines is generally quickly recouped by improved profits.

Prior to the removal of a number of non-X machines the number of poker machines in New South Wales had risen to 102,375 but immediately after 31 December 2000 had reduced to 99,404. With various acquisitions that number of course is increasing and as at 30 June 2001 there were 100,162 machines.

The Approved Testing Facilities' (ATFs) procedures continued although not at a level which satisfied the Board. A number of the laboratories were failing to report matters of importance or indeed missing matters which turned out to be of substance. Numerous meetings have been held with the laboratories to address these deficiencies. In particular the Board consulted on a number of occasions with one particular manufacturer in respect of its compliance with its conditions of its approval that it be "non-aligned" with any manufacturer. The Board has provided guidance to the National Working Party on accreditation of ATFs for a rewording of the non-alignment clause.

Because of the use of ATFs the Board's previous APTE process for approving gaming machines has fallen into disuse. The Board met with numerous industry representatives to discuss the issue of delays in the Board approving gaming applications notwithstanding the lodgment of an ATF Certificate. The Board remains of the view that until it can be satisfied that the ATFs are operating to its standards that it will not simply approve devices without some evaluation.

As a result of commencement of legislation all testing facilities are required to be licensed by the Licensing Court and employees to hold work permits until the licence issues. Evaluation of the applications by Departmental officers continues.

One of the major developments which has involved numerous industry meetings has been the progression of applications for approval of card-based gaming systems. A number of systems have been approved for trial and remain under evaluation. The Board has worked with Departmental officers in settling the policy that should apply to such systems and provided advice in respect of the appropriate legislation to govern their use.

The New South Wales Hospitality and Gaming Industry Group submitted for the Board's consideration a paper dealing with recommendations for a new regime for dealing with longer claims against venue operators and manufacturers in respect of malfunctions of poker machines in venues. The Board made various recommendations in respect of the proposals.

Perhaps one of the most difficult issues for the Board was the question of Departmental officers acting in its name who have family members working for manufacturers. The resolution of this issue is ongoing but the Board took the opportunity to invite all manufacturers to attend at the Board and to provide input to the Board. Some procedural changes were made as a result of the Board's investigations and the Board awaits Departmental advice on this issue.

The Board has continued to work with Mr P Mulhall, Director Gaming Technology Branch and the Chief Engineer, Ms Olgica Lenger in respect of all of the above issues and acknowledges the work done by them in the Board's name.

Licensing Court of New South Wales

As reported earlier two additional Licensing Magistrates sat for the period 2 April 2001 to 30 June 2001 in an endeavour to reduce the unsatisfactory delays that had again returned to the jurisdiction. Unfortunately the finance for these Acting Magistrates ended on 30 June notwithstanding an anticipation that a further three months would be available. On very short notice all Court cases were spilled in the middle of March and reallocated for hearing for dates from 1 April 2001 to approximately 22 November 2001 which involved some 49 Full Bench cases and numerous single Magistrate cases. This then effected a reduction in delay from some 53 weeks to 36 weeks for the Full Bench. Unfortunately at the time of writing and as a result of another spill of all cases in late June delays have now increased, with only four Magistrates being available, to 48 weeks. Discussions continue in an endeavour to find funding for additional magisterial resources to reduce these delays. The difficulty for the Court and more particularly for applicants and practitioners is the pressure to complete cases in the time allocated lest a further 48 week delay (being the present delay) is necessitated before the Court has free dates again. Such delays of course do not of themselves encourage early settlement and thus one measure of reduction in delays is lost.

In an endeavour to reduce these delays the Court has published a further Practice Direction on procedure (Practice Direction 1/2001 Evidence in the Licensing Court of New South Wales). The Practice Direction reduces the need for the calling of residents to give "needs" evidence, tightens up the requirements for directions hearings, and foreshadows additional changes which will be considered. The Court is considering the issue of time standards to provide a clear measure of delays in the Court. This would be in

addition to the current time standard fixed in respect of Full Bench matters, of 12 weeks from date of first return to date of hearing. It is quite apparent that this timetable is not currently being met.

Whilst these endeavours continue there is no doubt that if the current procedures remain the way they are, and it must be remembered that the tests applicants must overcome are being increased with each legislative package and this requires additional Court time, then it is not expected that delays can be reduced and can only be addressed by additional magisterial resources. The Magistrates await the Government's determination on National Competition Policy to see what effect this might have upon the current duties of the Court and whether any reduction in Court time may flow.

Recommendations have been made for legislative change as a further means to assist in the reduction of Court delays.

To free up more magisterial time the delegation to the Principal Registrar was statutorily increased which enables that officer to carry out the routine duty work matters. Mr Scanlon has assumed this additional burden without receiving additional resources.

The extended delays in the Court system have meant that the Magistrates are not as readily available as they would wish, to respond to invitations to speak at seminars, conferences and the like.

The Court continues to meet with the legal profession, the Principal Registrar and Departmental officers on a regular basis to address procedural issues in the Court.

Applicants are not assisted at the moment by personnel changes in the Department of Gaming and Racing review office which has caused a substantial delay in review reports being available to the Court and therefore a further delay for applicants in having their uncontested applications disposed of. As at 30 June 2001 delays had increased to some 12 weeks from lodgment to preparation of review report. Meetings continue with Departmental officers to try and resolve this problem.

It must be reported that a number of instances of oversight by Local Court Magistrates in meeting procedural steps were identified to the Court during the year and steps were taken by the Magistrates and the Principal Registrar to provide further guidance and assistance to Local Court Magistrates when they

are handling, for many of them very rarely, complicated licensing matters in remote areas.

The Principal Registrar is finalising a further update of the Court Procedures Manual for the assistance of Registrars and Local Court Magistrates.

To assist the profession and the industry the Magistrates are working with Departmental officers to improve facilities available via the Department's Website Internet in areas such as court forms, manuals, court lists and forms.

Conclusion

The Board has enjoyed an excellent working relationship with the Minister for Gaming and Racing, the Hon J Richard Face MP, and his staff.

As reported earlier, this year saw the working relationship between the Department and the Board reach new heights. The Board Members are very appreciative of the assistance provided to them by the Director-General Mr K Brown and all Departmental officers.

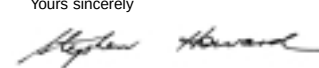
The Board Members acknowledge the work of the Board Secretary, Mr Stephen Howard and Executive Assistant, Mr David Fong. We also thank our Personal Assistant Mrs Yolande Hendricks.



D B Armati
Chairperson
26 October 2001

Transmittal Letters

New South Wales Government	
Liquor Administration Board	
Central Square 323 Castlereagh Street Sydney GPO Box 7060 SYDNEY 2001	
The Hon J R Face MP Minister for Gaming and Racing and Minister Assisting the Premier on Hunter Development Level 13, 55 Hunter Street SYDNEY 2000	
Dear Minister	
Pursuant to the provisions of Section 77 of the Liquor Act 1982, I have pleasure on behalf of the Liquor Administration Board in submitting to you, for presentation to Parliament, the 18th Annual Report of the Board for the twelve months ended 30 June 2001.	
Yours sincerely	
 D B Armati Chairperson 26 October 2001	

New South Wales Government	
Liquor Administration Board	
Central Square Building 323 Castlereagh Street Sydney GPO Box 7060 SYDNEY 2001	
The Hon J R Face MP Minister for Gaming and Racing and Minister Assisting the Premier on Hunter Development Level 13, 55 Hunter Street SYDNEY 2000	
Dear Minister	
Pursuant to the provisions of Section 12 of the Annual Reports (Departments) Act 1985, I have pleasure in submitting to you the 18th Annual Report of the Liquor Administration Board for the year ended 30 June 2001, for tabling in Parliament in accordance with the provisions of the Act.	
Yours sincerely	
 S J Howard Secretary 26 October 2001	

Operations Review

Management and Structure

The legislation provides for the Board to be comprised of:

- a. ex-officio members, being the Licensing Magistrates holding office for the time being; and
- b. if the Minister so determines, not more than three appointed members.

At present there are no appointed members and the Board consists of the following:

Chairperson	<i>David Bruce Armati, LLB</i>
Member	<i>Denis Arthur Collins, Dip. Law</i>
Member	<i>Daphne Anne Kok, BA, LLM</i>
Member	<i>Sean Anthony Flood</i>
Member	<i>Malcolm Cooper Beveridge, Dip. Law</i> <i>(2 April 2001 to 30 June 2001)</i>
Member	<i>Gregory John McCarry, BA, LLM</i> <i>(2 April 2001 to 30 June 2001)</i>

In February 2001, Local Court Magistrate, Ms Jillian Orchiston also provided assistance to help cope with the backlog of work in the Licensing Court.

Mr Stephen Howard is the Secretary of the Liquor Administration Board.

A number of officers of the Department of Gaming and Racing have been appointed officers of the Board and have been granted delegations by the Chairperson. Various Board functions are exercised under these delegations and the Organisation Chart (located at pages 12-13) sets out, in summary form, the functions performed on behalf of the Board by those officers with such delegated powers.

Aims, Objectives and Services Provided

Administrative support to the Board is provided by staff of the Department, principally from within the Departmental Divisions and Branches as follows:

- Assessment of gaming machine duty is undertaken by the Assessment Branch, in the Revenue and Resource Management Division of the Department.
- Collection of revenue from gaming machine duty is undertaken by Finance Branch in the Revenue and Resource Management Division of the Department.

- Approval of gaming equipment and conduct of field inspections of gaming machines is conducted by the Gaming Technology Branch in the Compliance Division of the Department.
- Arrangements for conferences for the determination of noise complaints are made by officers of the Legal and Licensing Branch in the Compliance Division of the Department.
- Reports on licence applications in respect of licensed and proposed licensed premises, made to the Board and to the Licensing Court, are prepared by officers of the Legal and Licensing Branch in the Compliance Division of the Department.
- Officers of the Legal and Licensing Branch review and refer submissions for the write-off of debts for endorsement by the Board, and refer matters for debt recovery action to the Crown Solicitor's Office of New South Wales.

Independently of the Board:

- Administrative support to the Court is provided by officers of the Department under the direction of the Principal Registrar. The Court also fulfils the role of a Local Court registry pursuant to the Local Courts Act 1982.
- Field inspections and monitoring of licensed premises and registered clubs to ensure compliance with the legislation is undertaken by the Enforcement Branch of the Compliance Division of the Department.

The Board is also assisted by the provision of information, assistance and advice in respect of the Board's functions, outlined on the previous page, to members of the public, the legal profession and the liquor and gaming industries, by Departmental officers in the Branches referred to.

A more detailed review of the operations and activities undertaken on behalf of the Board, by the various Branches referred to above is provided in respect of each of those Branches later within this Report.

Other Statutory Reporting Requirements

There was no change to the Board Members' Code of Conduct during the 2000-01 year. The Code was published in the 1992-93 Annual Report of the Board.

The Board does not have under its control, the care and management of any assets or personnel, and is not required to report in respect of the following operational and administrative activities and statutory reporting requirements thereon:

- Human Resources;
- Research and Development;
- Consultancies;
- Land Disposal;
- Risk Management;
- Controlled Entities;
- Freedom of Information;
- Chief and Senior Executive Officer positions;
- Equal Employment Opportunity;
- Committees and Taskforces;
- Assets; and
- Women's Action Plan.

Reference should be made to the Annual Report of the Department of Gaming and Racing in respect of those matters.

- Protected Disclosures Act 1994

Public Authorities and Statutory Bodies are required under the Annual Reports (Public Authorities) Act and the Annual Reports (Statutory Bodies) Act to report details of the extent and main features of consumer complaints. The Board did not receive any consumer complaints during the year.

- Privacy and Personal Information Protection Act 1998

The Board does not have under its control, the care and management of any assets or personnel, and all costs incurred by the Board are met by the Department of Gaming and Racing. In these circumstances, and pursuant to clause 4 of the Privacy and Personal Information Protection Regulation 2000, the Board whilst being a "public sector agency" under the Privacy & Personal Information Protection Act 1998, is exempt from the provisions of section 33 of that Act relating to the preparation of a Privacy Management Plan. The Department of Gaming and Racing's Privacy Management Plan extends to the Board pursuant to clause 4 and any reference to the Department of Gaming and Racing, extends to the Board, where applicable.

- Ethnic Affairs Priorities Statement

The Board has at all times, and in all its deliberations, embraced the principles of social justice, community

harmony and economic and cultural opportunities required by section 3(4) of the Ethnic Affairs Commission Act 1979. Notwithstanding, the Board has no budget independent of the Department, limited contact with the public other than industry representatives except in noise complaints, and no employees to whom the principles in the statement could apply. All personnel carrying out functions on behalf of the Board are staff of the Department, which has adopted a statement which applies to all its activities including those connected to the functions of the Board.

The Board works closely with Departmental officers and makes recommendations to them where appropriate. For example, recommendations have been made for statutory and other signs to be in various community languages, and forms are carefully scrutinised to ensure that they are in plain English and user friendly. It is important to note that the Board has not received any information that would suggest a need for documents produced in the name of the Board to be in languages other than English.

All Board members are magistrates who in fact comprise the Licensing Court of NSW. As judicial officers they embrace the principles set out in the Statement of the Attorney General's Department, and have, through the Judicial Commission of NSW, received substantial training in cultural diversity, cross-cultural communication, and the roles of interpreters. Wherever it is necessary to ensure a fair hearing in a Board matter, great care is taken to explain the procedures, the presiding Board member assesses the nature of any difficulties experienced by any party, adjournments are allowed, and interpreters are provided.

Note:

It should be noted that the Board has a statutory role which is totally independent of the Department. Officers of the Department, however, have an important role in assisting the Board as necessary, to carry out its functions under statute.

Departmental officers therefore exercise two broad responsibilities:

1. *to the independent Liquor Administration Board; and*
2. *to the Department of Gaming and Racing.*

It is important to distinguish between the two roles of Departmental officers in reading this Report.

Organisation Structure

Secretary

Liquor Administration Board

Secretary

Mr S Howard, LLB

Responsibilities:

- Provide administrative support to the Board.
- Overview the operations of the Assessment Branch.

Responsibilities under delegation:

- accept surrenders, in writing, of licences or certificates of registration;
- authorise, or impose conditions for, keeping, disposal or modification of gaming machines in hotels and registered clubs;
- approve financial arrangements for ownership, or changes in financial ownership, of gaming machines in hotels and registered clubs;
- approve financial arrangements, or changes thereto, in respect of gaming-related licences;
- reassessment of gaming machine duty where there is no evidence of fraud, and where the increase does not exceed \$10,000, or the decrease does not exceed \$5,000;
- approval for disposal of gaming machines by holder of cancelled/suspended licence;
- appropriation of credits in accounts to debits arising from gaming machine duty;
- estimate profit for assessment of gaming machine duty in hotels and registered clubs in absence of returns;
- approval of technician's place of business.

Assessment

Manager

Mr R Flood

Responsibilities:

Manage assessment and review of gaming machine duty and authorisation of gaming machines.

Responsibilities under delegation:

- authorise, or impose conditions for, keeping, disposal or modification of gaming machines;
 - approve financial arrangements for ownership, or changes in financial ownership, of gaming machines in hotels and registered clubs;
 - reassessment of gaming machine duty where there is no evidence of fraud, and where the increase does not exceed \$10,000, or the decrease does not exceed \$5,000;
 - approval for disposal of gaming machines by holder of cancelled/suspended licence;
 - appropriation of credits in accounts to debits, arising from gaming machine duty;
 - estimate profit for assessment of gaming machine duty in hotels and registered clubs in absence of returns;
- and, when temporarily acting in the position of Secretary, the following additional delegated powers:
- accept surrenders, in writing, of licences or certificates of registration;
 - approve financial arrangements, or changes thereto, in respect of gaming-related licences;
 - estimate profit for assessment of gaming machine duty in hotels and registered clubs in absence of returns;
 - approval of technician's place of business.

Supervisor, Authorisations

Mr C Rivers (permanent)

Ms A Tranter (acting 1 July 2000 to 12 March 2001)

Ms L Bush (acting 12 March 2001 to 30 June 2001)

Enforcement

Assistant Director of Compliance

Mr A Gardner, MBA, MPPA
(From 13 November 2000)

Responsibilities:

Management of Enforcement Branch.

Responsibilities under delegation:

Approval for the keeping of records elsewhere than on licensed premises.

Senior Compliance Officers

- Mr Louis Antoine
Appointed 20 November 2000
- Mr Martin Coffey
Appointed 20 November 2000
- Mr Lance Egan
- Mr Peter Freeman
- Mr Kevin Vierboom

Responsibilities under Delegation:

Approve exhibition of gaming machines.

The Liquor Administration Board

Functional Responsibilities and Delegations

Finance

Financial Controller
Mr T Dooley, B Bus, ASA

Responsibilities:
Management of Finance Branch.

Responsibilities under delegation:

Appropriation of credits in accounts to debits, arising from gaming machine duty.

Accountant, Revenue
Mr J Drummond

Gaming Technology

Director
Mr P Mulhall

Chief Engineer
Ms O Lenger, BEE, M.IEAust, CP

Responsibilities:

Management of Branch including:

- approval of gaming equipment; and
- field inspections of gaming machines.

Responsibilities under delegation:

- grant of application for declaration of a device as an approved amusement device or approved poker machine;
- approval of applications for the keeping and operating by a hotelier of a device, which is of the nature of but is not an approved amusement device, on a trial basis for a fixed period and subject to conditions; and
- approval of the keeping by a registered club of a poker machine that is not an approved or established poker machine, on a trial basis, for a fixed period and subject to conditions.

Legal and Licensing

Manager
Mr D Freeman, Dip. Law (SAB)
(From 13 November 2000)

Responsibilities:

Management of the Branch including:

- debt recovery - initiating proceedings, reviewing and recommending write-off of debts >\$2,000;
- preparation of reports on applications to the Board and Licensing Court;
- maintenance of the database;
- carriage of noise complaint matters;
- reviewing and reporting on section 74A certificates and Governor's licences.

Responsibilities under delegation:

- approval to vary authorised area or reception area in licensed premises;
- approval to define or redefine the boundaries of licensed premises or registered clubs;
- approval of a proposed change of name of licensed premises and registered clubs;
- approval to carry on a business on temporary premises, for which a hotelier's licence or an off-licence retail is held;
- approval to authorise the use by a minor in the company of a responsible adult of part of the premises to which a hotelier's licence relates, on application of the licensee of the Commissioner of Police and subject to any conditions the Board or Commissioner may impose;
- approval of a manager during the temporary absence of the licensee;
- approval for a hotelier to cease to use the licensed premises as the usual place of residence;
- approval to impose any condition ancillary to the exercise of the above delegated functions.

Court Registry

Principal Registrar
Mr P Scanlon

Responsibilities:
Provides administrative support to the Licensing Court of NSW.

Executive Assistant to the Board
Mr D Fong

This Chart represents the functions performed by officers of the Department of Gaming and Racing on behalf of the Liquor Administration Board under the Liquor Act 1982 and the Registered Clubs Act 1976, either pursuant to specific delegation or otherwise. For line management structure refer to the Annual Report of the Department of Gaming and Racing.

Assessment

Functions

- Assess duties payable for gaming machines in registered clubs and hotels.
- Maintain a record of all gaming machines approved for installation in, removal from, or conversion within hotel and registered club premises.
- Initiate compliance action against licensees and registered clubs for failing to meet their gaming machine duty obligations.
- Referral of matters to the Enforcement Branch for investigation of possibly incorrect statements of gaming duty or unauthorised machine operation.

Key Results

Machine duty assessments have been made in an effective and timely manner. Where reassessments are necessary, hoteliers and registered clubs are consulted beforehand where it is reasonably possible to do so.

Officers of the Branch assist hoteliers and registered clubs to complete duty returns, explain duties assessed, as well as assisting clients to fulfil the requirements of assessments and for the installation and removal of machines.

Although, practices and procedures have been reviewed on an ongoing basis, the past years have seen intensive development for a complete overhaul of the authorisation of gaming devices and the subsequent assessment of related duties. The past year has seen the fruition of these labours in the expectation that the Centralised Monitoring System will be implemented next financial year.

Assessed Gaming Machine Duty

Duty from gaming machines installed in registered clubs decreased from \$595 million in 1999-00 to \$405.5 million for the year ended 30 June 2001. This decrease is due to the fact that much of the previously collected duty has been offset by the introduction of the Goods and Services Tax (GST) and duty rates have been decreased to take into account the commencement of this new tax.

Duty from gaming machines installed in hotels also decreased from \$359.1 million in 1999-00 to \$323.3 million for the year ended 30 June 2001. This decrease has been a result of the GST as well as the Government placing a cap on gaming device holdings in mid-April 2001.

These figures are the amounts assessed and differ from the amounts actually collected during the year. The amounts collected are detailed in the Finance Branch component of this Annual Report.

Gaming Machine Holdings

GAMING MACHINE HOLDINGS AS AT 30 JUNE 2001			
	Clubs	Hotels	Totals
PMs	73,448	22,907	96,355
AADs	1	2,544	2,545
Hybrid Machines	26	1	27
MTGM Systems	222	0	222
MTGM Terminals	1,235	0	1,235
Progressive Systems	709	208	917
Machines attached to Progressive Systems	22,134	4,344	26,478

Gaming Machine Authorisation

Processing of all applications to alter gaming machine holdings in a timely manner is one of the major objectives of the Branch.

Although the number of applications processed to acquire, dispose of, or convert gaming machines decreased this year (4.4%), overall, the total number of gaming machines increased during the year.

This increase can be attributed to the first three quarters of the year that contributed to a further rise in the numbers of poker machines in hotels, although this growth was checked by the Government's capping of hotel gaming device holdings in mid-April 2001. Clubs showed no growth in the number of devices as a result of a cap placed on them in late

GAMING MACHINE APPLICATIONS TOTAL NUMBER PROCESSED BY MACHINE TYPE			
	1998-99	1999-00	2000-01
Gaming Machines	21,668	17,927	16,288
Machines on Progressive Systems	8,808	8,116	8,567
Subsidiary Equipment	172	210	238
Total	30,648	26,253	25,093

GAMING MACHINE APPLICATIONS PROCESSED			
	1998-99	1999-00	2000-01
July	2,810	2,460	786
August	2,099	2,174	1,869
September	2,922	2,218	1,824
October	2,472	2,060	1,874
November	3,277	2,629	2,549
December	3,068	2,471	3,009
January	1,608	1,305	2,114
February	2,191	2,040	2,610
March	3,397	2,024	1,868
April	2,253	2,556	1,707
May	2,440	2,245	2,665
June	2,111	2,071	2,218
Total	30,648	26,253	25,093

March 2000 which has been extended for at least a further 12 months.

Common problems experienced while processing machine authorisation applications have been:

- the secretary manager's or hotelier's statement being incorrectly completed;
- hoteliers attempting to install more than their permitted number of gaming machines;
- incomplete submitted applications;
- unauthorised persons signing the application forms (eg. gaming machine managers signing rather than the approved secretary manager);
- the premises does not have a current approved Responsible Gaming Affidavit or has not completed a Liquor Administration Board

approved Responsible Gaming Course, as required from 1 July 2000 (indeed, this caused a disproportionately low number of gaming applications to be processed in July 2000).

Gaming Machines in Hotels

2000-01 was the fourth full financial year in which hotels have been permitted to operate poker machines, and duty was assessed on profit rather than turnover. Since the period ending 30 June 1999, hoteliers have been permitted to install up to 30 machines in restricted areas of their premises. On 29 June 1998, the requirement that a hotelier keep at least the same number of AADs as poker machines was removed. While the overall maximum number of gaming machines remained at 30, hotels could only increase their poker machine installations beyond 15 subject to poker machine permits being held. This was further limited as at 19 April 2001 when the government limited the number of machines held by a hotelier to the number held as at that day.

Duty on gaming machines is based on metered profit. This is collected and assessed quarterly and adjusted to an annual assessment upon request under the following rates which have been adjusted to compensate for the introduction of the Goods and Services Tax (GST):

Annual Profit	Duty Rate
up to \$25,000	5.91%
more than \$25,000 and up to \$400,000	15.91% (plus \$1,477.50*)
more than \$400,000 and up to \$1,000,000	25.91% (plus \$61,140*)
more than \$1,000,000	30.91% (plus \$216,600*)

* These figures represent the additional amounts payable from the lesser levels of the duty structure.

As already mentioned the growth in gaming machine holdings continued during the year. That is from 25,094 machines in 1,838 hotels at 30 June 2000 to 25,452 machines in 1,834 hotels at 30 June 2001. This trend was halted on 19 April 2001 when the Government capped hotel machine holdings.

After a peak year in 1998-99, the rate of changes to machine holdings continued to decline over the last two years. During the 2000-01 year, the number of applications declined by only 1% (in comparison to a

ASSESSED DUTY ON GAMING MACHINES IN HOTELS			
	1998-99	1999-00	2000-01
Machines	23,874	25,094	25,452
No. of Hotels	1,823	1,838	1,834
Total Duty \$'000	\$254,437	\$359,106	\$323,318
Duty/Hotel	\$139,571	\$195,379	\$176,291
Duty/Machine	\$10,657	\$14,310	\$12,703

NUMBER OF GAMING MACHINES IN HOTELS	
Years	Numbers of Machines
1994-95	11,609
1995-96	11,584
1996-97	20,638
1997-98	23,756
1998-99	23,874
1999-00	25,094
2000-01	25,452
Notes:	
- Statistics for years prior to 1996-97 were for AADs only. - There was a 1.4% increase in hotels' overall machine holdings. 4 less hotels installed gaming machines during the year, reducing the total number of hotels with machines to 1,834.	

24.3% decrease last year and unprecedented growth in the previous two years). This is due to the fact that most hotels reached their machine threshold in the 1998-99 year as hotels took advantage of their ability to operate a wider range of gaming machines with greater player appeal. As a result, 8,699 applications were lodged during the 2000-01 financial year, compared to 8,779 in 1999-00.

As in previous years, non-payment of duty or non-lodgement of duty returns by the due date remains a problem. However, it appears that the Board's practice of revoking offending hoteliers' rights to operate machines is continuing to lead to improved rates of compliance. During the year, 11 hoteliers had their right to operate gaming machines revoked.

However, following compliance with the legislation, all the hoteliers were subsequently reinstated with their right to operate gaming machines. They were:

- McEvoys Hotel, Alexandria
- Royal Hotel, Lyndhurst
- Billabong Station Tavern, Goulburn
- Shannon Hotel, Chippendale
- Royal Hotel, Parkes
- Charcoal Inn Hotel, Casino South
- Belmore Hotel, Scone
- Royal Hotel, Adelong
- Australian Hotel, Lake Cargelligo
- Grand Hotel, Harden
- Royal Hotel, Mandurama

Gaming Machines in Registered Clubs

Club duty assessment is based on metered profit, the new four tier duty rates and the Community Development and Support Expenditure Scheme.

Due to the introduction of the GST, Club gaming machine duty was based on a number of duty rate systems throughout the year. For the August 2000 quarter only transitional duty rates were applied as follows:

Quarterly Profit	Duty Rate
up to \$25,000	0%
more than \$25,000 and up to \$50,000	0.33%
more than \$50,000 and up to \$250,000	13.87% (plus \$82.50*)
more than \$250,000	18.62% (plus \$27,822.50*)

Following assessment of the August 2000 quarter the following duty rates took effect for the rest of the year as well as future years:

Annual Profit	Duty Rate
up to \$200,000	0%
more than \$200,000 and up to \$1,000,000	10.91%
more than \$1,000,000	17.16% (plus \$87,280*)

* These figures represent the additional amounts payable from the lesser levels of the duty structure.

Expenditure on Community Development and Support

The Community Development and Support Scheme has been operating since 1 December 1998.

As provided for by the Liquor and Registered Clubs Amendment (Community Partnership) Act 1998, clubs earning in excess of \$250,000 from approved gaming machine profits in a quarter, are only required to pay 24.75% of the amount that exceeds \$250,000 (plus \$40,250).

However at the end of the duty year, clubs which earned in excess of \$1 million from approved gaming machine profits, must satisfy the Board that at least 1.5% of the profits has been applied to appropriate "community development and support".

If a club cannot satisfy the Board that 1.5% of annual profits over \$1 million, or any proportion of the 1.5% had been applied as required, the club is assessed at the top duty rate. A lack of Departmental and Board resources prevents a detailed case by case checking of applications.

The effect of this new legislation is that over 400 clubs now qualify, which allows a much wider range of charitable and non-profit organisations to be financially assisted by the scheme, (it should be noted that the previous Welfare Expenditure Scheme attracted a participation of only 15 of the State's larger clubs that were centred in the State's urban centres).

In-House Progressive Gaming Systems

On 30 June 2001, 288 clubs had 22,134 gaming machines attached to 709 progressive gaming systems (this compares with 340 clubs with 22,560 gaming machines attached to 1,113 progressive gaming systems at 30 June 2000).

On 30 June 2001, 198 hotels had 4,344 gaming machines attached to 208 progressive gaming systems (this compares with 147 hotels with 3,325 gaming machines attached to 285 progressive gaming systems at 30 June 2000). Although the number of progressive systems in hotels has dropped this year the overall number of hotels operating such systems has increased. This is a consolidation of the relatively new implementation of progressive systems in the hotel industry.

CLUB NET PROFIT AND AVERAGE DUTY PAID FOR YEAR ENDED 30 JUNE 2001			
Net Profit \$'000	No. of Clubs	Average Net Profit \$	Average Duty Paid \$
0-100	307	45,405	1.43
101-200	178	144,129	255.64
201-500	257	329,085	15,484.06
501-1000	189	711,763	60,017.99
1000+	491	5,274,960	794,493.90
Total	1,422*		
* This is the total of all clubs that were assessed for duty in at least one quarter for 2000-01.			

CLUB GAMING MACHINE HOLDINGS AT 30 JUNE 2001		
Range of Machines/Club	No. of Clubs	No. of Gaming Machines
1-10	311	2,237
11-25	424	7,038
26-50	264	9,533
51-100	210	15,159
101-150	79	9,714
151-200	29	4,949
201-300	38	9,283
301+	36	16,797
Total	1,391	74,710

NUMBER OF GAMING MACHINES IN REGISTERED CLUBS			
	1998-99	1999-00	2000-01
Machines	70,405	76,329	74,710
No. of Clubs	1,438	1,425	1,391
Total Duty \$'000	\$561,863	\$594,996	\$405,465
Duty/Club	\$390,725	\$417,541	\$291,492
Duty/Machine	\$7,980	\$7,795	\$5,427

Multi-Terminal Gaming Machines

Multi-Terminal Gaming Machines (MTGMs) are machines designed to be played by more than one person simultaneously. Legislation allowing clubs to operate these machines was introduced in the 1997-98 financial year. MTGMs have a maximum bet of \$100 and a maximum prize of up to \$500,000.

As at 30 June 2001, 222 of these systems connecting some 1,235 terminals were installed in 68 clubs across NSW (217 of these systems connecting some 1,206 terminals existed in 71 clubs in the previous year).

Trend on "X" Standard Gaming Machines

The deadline for the Board's planned phasing out of all non-X standard gaming machines by 1 January 2001, was met successfully with only a small number of exemptions due to clubs experiencing financial hardship. By 1 June 2001 all gaming devices operating in the field were X standard machines.

Inspection Requests

During the assessment process, requests are raised for an inspection of premises following the review of gaming machine performance data where an apparent anomaly exists.

Of the 442 requests raised, 226 related to hotel gaming machines and 216 for club gaming machines.

Reassessments

Reassessments of hotel and club gaming machine duty returns identified 173 hotels with total duty understated by \$12,142 and 18 clubs where the total duty was understated by \$21,957.

Centralised Monitoring System Business Unit

In order for the Liquor Administration Board and the Department to satisfy regulatory and operational responsibilities for the Centralised Monitoring System (CMS), and meet obligations under the CMS Service Level Agreement, the CMS Business Unit has been established as the single point of contact for all communication between Data Monitoring Services (DMS) and the Department. (DMS is the division of TAB Limited that has the responsibility to operate the CMS under the CMS licence). This means that the coordination of all issues and escalations related to CMS, requests for data extractions, and obligations

under the Service Level Agreement (SLA) such as the Update/Refresh of CMS related information will be handled through the CMS Business Unit. Similarly, when the gaming revenue collection function is handed over to the Office of State Revenue (OSR), the CMS Business Unit will also be the single point of contact for all communication between OSR and the Department.

The CMS Business Unit has been set up to comprise four sections as follows:

- Liaison

The Liaison section of the CMS Business Unit will be responsible for handling all escalations and issues related to CMS and liaison with DMS, OSR, LAB and DGR functional areas and clients.

- CMS Performance Monitoring and SLA Management

The Performance Monitoring and SLA Management section of the CMS Business Unit will be responsible for reviewing daily reports and exception reports from CMS, DMS performance monitoring, reviews of integrity events, and SLA management.

- CMS Business Requirements

The CMS Business Requirements section of the CMS Business Unit will be responsible for the development of specifications and requirements, assisting with the development of new and changed processes, policies and procedures with relation to CMS, undertaking change management functions relative to CMS, and data analysis and extractions on CMS.

- Assessment Review

The Assessment Review section of the CMS Business Unit will be responsible for ensuring the compliance and integrity of assessments undertaken by DMS. This will include any re-assessments, arbitrary assessments and final assessments after 14 days, Community Development and Support Expenditure and over time device restriction levels, permits and Responsible Gambling Affidavits (RGAs).

GAMING MACHINES AUTHORISED IN REGISTERED CLUBS BY DENOMINATION 30 JUNE 1997 TO 30 JUNE 2001									
Year	\$2	\$1	50c	20c	10c	5c	2c	1c	Total
1997	182	3,974	56	1,135	9,996	36,187	7,853	6,590	65,973
1998	156	3,900	99	512	5,452	31,632	11,202	13,389	66,342
1999	119	4,061	161	246	2,821	23,228	14,008	25,761	70,405
2000	92	5,420	399	173	1,508	12,697	10,625	45,415	76,329
2001	50	5,335	382	40	557	5,772	6,260	56,314	74,710

Achievements and Objectives

TARGET 2000-01	ACHIEVEMENT	TARGET 2001-02
Assess gaming machine duty on time and continue to meet quarterly deadline	Finalised 90% of assessment of gaming machine duty by beginning of following quarter	Continue to meet quarterly deadline until process is carried out by the Assessments Module of the Central Monitoring System
Finalise stand-alone gaming applications within five working days.	95% finalised within time frame.	Maintain this level within time frame until process is carried out by the Internet Authorisation System
Finalise 95% of progressive applications within ten working days.	90% finalised within time frame.	Maintain this level within time frame until process is carried out by the Internet Authorisation System

Court Registry

Functions

Provide administrative support to the Licensing Court of New South Wales and the Liquor Administration Board.

This support includes the efficient and timely management of:

- Licensing Court operations (metropolitan and regional).
- Client services.
- General enquiries as to Court operation.
- The List Office and Registry Counter.
- The recovery of fines and costs (via the State Debt Recovery Office).
- The issue of Court process for breaches of Acts and Regulations.

The Principal Registrar is a Chamber Magistrate and the Clerk of the Local/Licensing Court.

Key Results

Jurisdiction of Court

The Licensing Court has State-wide jurisdiction and deals specifically with applications under the Liquor Act 1982 for the grant of new licences, transfer of licences, breaches, complaints and disciplinary proceedings against licensees. Under a general delegation, local court magistrates sitting in country regions can deal with specified applications and objections to such applications. This facilitates the prompt processing of country applications.

The Court also deals with applications for certificates of registration under the Registered Clubs Act 1976 and breaches of, and disciplinary proceedings arising under, that legislation.

Licensing magistrates, who are also magistrates under the Local Courts Act 1982, sit regularly to hear objections to applications under the Property Stock and Business Agents Act 1941, breaches of, and disciplinary proceedings under that legislation. The Court also deals with breaches under the Casino Control Act 1992.

Appeals

The Licensing Court is unique in that it has an 'appellate jurisdiction' whereby an appeal against a decision of the Court constituted by a single magistrate can be heard before a Full Bench of the Court constituted by three other Licensing Magistrates (or two licensing magistrates and a local court magistrate, as determined by the Chairperson).

REGIONAL COURT SITTINGS 2000-01

	Days		Days
Ballina	1	Mudgee	1
Bega	1	Newcastle	2
Belmont	2	Nowra	1
Cobar	1	Queanbeyan	1
Gosford	1	Wagga Wagga	2
Lismore	1	Wauchope	1
Maclean	1	Wilcannia	1
Moree	1		

Total of 18 single magistrate sittings.

FULL BENCH COUNTRY SITTINGS 2000-01

Full Bench	Days
Belmont	8
Cessnock	2
East Maitland	1
Gosford	8
Kempsey	2
Kiama	1
Lismore	2
Newcastle	4
Nowra	2
Port Kembla	2
Tamworth	4
Total	36

An appeal from a single Licensing Magistrate or the Full Bench can be made to the Supreme Court of New South Wales on a point of law.

An appeal to the Full Bench against a decision of a single Licensing Magistrate can be made on a point of law, finding of fact, or both, in applications under the Liquor Act and Registered Clubs Act. In proceedings for offences, an appeal to the District Court may be made against the decision of a Licensing Magistrate. An appeal may be lodged to the Supreme Court, but only on questions of law.

Information Service

Court Registry personnel provide an information service to the industry, legal representatives, police, Departmental officers, other government agencies and the general public. This service provides a full range of information on the legislation and matters before the Licensing Court.

Staff undertake the processing and checking of applications to the Board, and correspond with applicants, legal representatives, other parties to proceedings and regional registries.

The Principal Registrar of the Court conducts chamber interviews by appointment. These are for unrepresented litigants before the Court for licence applications, and unrepresented defendants summoned before the Court for offences against the legislation.

In 2000-01, 478 interviews were conducted (compared to 468 in the previous year), averaging 20 minutes in duration. The increase is partly due to the implementation of new legislative initiatives, eg. nightclub licences, dine-or-drink authorities, an interest in licensed premises due to the Sydney Olympics, gaming enquiries, harm minimisation and responsible serving practices and the proximity of the Legal Aid Office to the Court Registry.

A major feature of the year has been the request for the Principal Registrar (together with other officers within the Department) to give presentations to members of the industry, police, community consultative groups, legal organisations and other interested groups.

A further significant aspect has been the focus on gaming applications and general enquiries concerning current gambling related legislation.

DUTY MAGISTRATE STATISTICS

	2000-01	1999-00
Transfer Type		
Straight	12	9
Provisional	1,229	1,324
Confirmations	1,539	1,568
Extension of application for provisional	1,002	999
Provisional - ceased to have effect	55	35
Gaming personnel	304	287
Course exemption application (hoteliers, caterers, restaurateur's and nightclub licences)	182	133
O.I.P Transfer applications	396	Not included
Total	4,719	4,355

Operations Review

Detailed statistics of Court Registry and operations are provided later in this Report. Those statistics reflect, in part, current workloads having regard to frequent legislative change and revised procedural practices, inclusive of functions of the Director of Liquor and Gaming and those of the NSW Police Service Organised Crime (Firearms, Gaming and Liquor).

The Registry also processes the surrender of licence applications. A total of 99 surrender applications were finalised during the year.

SURRENDER APPLICATIONS APPROVED

	2000-01	1999-00
Premises	67	59
Personnel	32	2
Total	99	61

The Department of Gaming and Racing is presently awaiting the technology program to implement the transfer and collection of outstanding court fines and costs on behalf of the Licensing Court to the State Debt Recovery Office.

To date, this program has not been finalised with the State Debt Recovery Office and consequently no action to enforce any fine or penalty has been

INFRINGEMENT NOTICE SCHEME

Number of Infringement Notices issued by the NSW Police Service for alleged breaches under the Liquor Act 1982 and the Registered Clubs Act 1976

2000-01	1999-00
3,257	2,134

undertaken since 1996. The Debt Recovery process is under the Fines Act 1996.

The Infringement Notice scheme has reduced the number of police prosecutions in both the country and city.

Throughout the year, the Registry continued to face severe staff shortages and loss of experienced personnel. These have been partly overcome by employing temporary staff and by attempting to recruit experienced registry staff from within the NSW public sector. The continued effective operation of these areas has been as a result of its competent and dedicated staff.

Court Registry staff continued to undertake higher duties, or act in other positions within other areas of the Department by actively participating in the Department's Job Rotation Program. The effect of these activities has been adverse to the Registry where selected officers are not replaced or are replaced by inexperienced personnel requiring constant training.

A feature again throughout 2000-01 has been high client expectations of the Registry, particularly by insistence of 'specialised' advice to the standard of that of professional legal advice. This expectation has created certain difficulties with customer-client relations in understanding and appreciating the role of the Registry staff who are not legal officers. Placement of notices within the Registry foyer to remind practitioners, industry personnel, police and the public in this regard has not provided a complete solution. Many of these dealings are also conducted on the telephone and by way of correspondence.

The Registry enjoys a good liaison with officers of the NSW Police Service and has provided information on outstanding court penalties, court practices and procedures and the Licensing Court prosecution database. A continued feature has been the constant number of requests to provide certificates of conviction, court files, transcripts and premises plans from both metropolitan and regional offices.

The Registry and the Board are again committed to an ongoing review of the fact sheets and forms, together with all applications and affidavit forms. Legislation has been introduced in relation to a review of on-licence (function) licences, which has necessitated a separate brochure and form review.

The Principal Registrar has brought to the attention of the Department the need to:

- restructure the Court Registry generally;
- supply additional resources and data enhancement in the enforcement process;
- improve resources for regional registries (supply of legislation, annual conferences).
- Electronic communication enhancements with regional registries.
- replacement of outdated equipment.

Notable Achievements and Highlights

The Court Registry has been able to continue to provide quality client service notwithstanding the increased workloads from constant legislative change. This has been achieved by releasing experienced staff into other areas of need (database, legal and special investigations) to ensure that the Courts' supply of reports remained steady and to allow applications to be determined within reasonable time frames.

A notable feature of client service this year has been the constant updating of brochures, application and affidavit forms by both Registry staff and officers of the Industry and Corporate Development Branch.

A major highlight has been the revision of the Principal Registrar's Manual (undertaken by Ms Lang) and the distribution of the same to the 68 regional registries. The manual includes information on all recent legislative change, current brochures and fact sheets and updated forms.

The Olympic period placed additional workloads on a very staff reduced registry, however, all situations which arose during that period were competently and efficiently dealt with ensuring a significant cooperation with many State services.

A further feature has been the requirement of licensees and staff to undertake Responsible Gaming Courses and the effect in processing court

applications in this regard. Provisional transfer applications have been granted requiring applicants to undertake the course within a prescribed period prior to confirmation of the transfer. The Industry has readily adopted this requirement.

The Licensing Court also lost the services of former Chairman's Clerk, Mrs Wilma Oliver to retirement on the South Coast, certainly a great loss to all users of the Court Registry and List Office. Wilma developed a remarkable respect and reputation State wide and is sorely missed by all concerned.

The Principal Registrar and officers of the Legal Branch, Department of Gaming and Racing, met with parties involved with:

1. Fox Studio Licensees – Additional premises usage – Growers Market
2. State Rail – Re: Surrender Railway Refreshment Licenses.
3. Victorian Racing Commission Members.
4. Australian Jockey Club Officials.
5. New Zealand Brewing Company Representatives.
6. Councillor Ho, Council of the City of Sydney
7. St West Rocks Country Club – Secondary Premises
8. Cronulla Surf Life Saving Club.
9. Detective Chief Inspector of Police – Gaming Licences
10. Paul Fowler – Vending Machines – Smart Card Access.
11. Licensing Police – Temporary Closure of Premises.
12. State Debt Recovery Office – IT Enforcement Program.
13. New South Wales Law Society – Licensing Update.
14. St. George Community Consultative Committee.
15. Legal Profession (Licensing) – Poker Machine Freeze.
16. Australian Hotels Association – Harbord Beach
17. AHA South Coast Regional Consultative Meeting.
18. Local Courts – Training and Review Procedures.
19. Local Government Association – Trading Hours Requirements.
20. Department of Fair Trading – Court Practices & Procedures.
21. Sydney Harbour Foreshore Authority – Notification of Applications.

APPLICATION STATISTICS		
Licensing and Gaming Applications		
	2000-01	1999-00
Lodged	12,297	10,400
Finalised	11,777	9,355
Withdrawn	388	447
Refused	54	44
Granted	11,301	8,839
Cancel/Error	31	6
No Jurisdiction	3	19
Pending	9,052	8,408

Summary of Noticeable Trends

- Continued acceptance by applicants and licensees of harm minimisation and responsible serving conditions/practices and responsible gaming practices.
- The continued drop in prosecutions by the New South Wales Police Service following the issuing of infringement notices.
- Additional workloads placed on Registry staff owing to legislative changes.
- Delays currently experienced in processing licensing applications owing to organisational restructure and loss of experienced officers.
- The increase in Full Bench sittings as against Single Magistrate sittings during the past 12 months – regional sittings: Full Bench 36, Single Magistrate 18.

The Principal Registrar commends the work performance of officers of the Court Registry and the List Office and acknowledges, notwithstanding the staffing difficulties and limited resources of the prior 12 months, the continual quality and output of work performed by a competent and dedicated staff.

TRANSFERS				
Transfer Type	Finalised		Pending	
	2000-01	1999-00	2000-01	1999-00
Straight	12	98	4	0
Provisional	1,229	1,324	86	75
Owner in Possession	4	5	3	1
Owner in Possession (Provisional)	392	436	37	43
Total	1,637	1,774	130	119

Achievements and Objectives

TARGET 2000-01	ACHIEVEMENT	TARGET 2001-02
Continue to provide and maintain efficient client services and best Registry practices and procedures.	96% completed.	Continue to provide and maintain efficient client services and best Registry practices and procedures.
Review restructure of Court Registry and List Office in April 2001.	Not reached. Lack of funds.	Review restructure of Court Registry and List Office in December 2001.
Replace photocopier, install photocopying wall fixtures by 30 June 2001.	Not reached. Awaiting funds.	Replace photocopier, install photocopying wall fixtures by 31 March 2002.
Forms and brochures onto website by 31 December 2000.	70% completed. Ongoing.	Forms and brochures onto website by 31 March 2002. Complete all forms and brochures.
IT Enforcement Program with State Debt Recovery Office.	80% completed. Ongoing.	IT Enforcement Program with Stater Debt Recovery Office. Completed by 31 March 2002.
Registry Manual of Practices and Procedures.	Completed.	Review Local Court regional registry requirements by 30 June 2002.
All Staff to undertake in/out house courses by 30 June 2002.	80% completed. Ongoing.	Undertake face to face Local Court training programs by 30 June 2002.
To hook up with Local Courts Database.	Not reached. Ongoing.	To complete hook up with Local Courts Database.
Local Courts Ongoing Training Program.	Ongoing.	To complete hook up with Local Court database by 30 June 2002.

PRINCIPAL REGISTRAR'S STATISTICS		
Type of Application	2000-01	1999-00
Extension of Hotel Trading Hours (section 25(4) Liquor Act 1982)	142	191
Hotelier to sell liquor at function (section 18(4) Liquor Act 1982)	334	203
On-Licence (Function)	303	314
On-Licence (Function) Additional Dates (clause 16 Liquor Regulation)	678	681
Change of Mooring On-Licence (Vessel)	4	8
Approval to act as Secretary	349	315
Approval to act as Temporary Secretary	127	84
Functions Authority (section 23 Registered Clubs Act 1976)	71	68
Minors Functions Authority - Hotels (section 111A Liquor Act 1982)	15	14
Final Order	85	41
Amend approved function dates	69	67
New grant - Motelier's licence	16	9
Total	2,193	1,995

GENERAL STATISTICS - COURT REGISTRY AND LIST OFFICE			
Liquor and Registered Clubs Acts		2000-01	1999-00
Informations*	(Licensing Enforcement Agency)	509	816
Complaints*	(Licensing Enforcement Agency)	123	223
Informations/Complaints*	(Director of Liquor and Gaming)	38	31
Informations	(Department of Fair Trading)	273	282
Complaints	(Department of Fair Trading)	31	24
Notices of Objection	(Department of Fair Trading)	51	45
Extensions	(Department of Fair Trading)	25	26
Informations	(Casino Surveillance Division)	47	107
Remission Applications		14	8
General Enquiries	Phone	Not recorded	43,229
General Enquiries	Counter	Not recorded	10,586
Principal Registrar/Chamber Magistrate Interviews		478	468
Principal Registrar	General Enquiries	5,902	5,809
Full Bench Appeals		7	2
Supreme Court Appeals		7	5
District Court Appeals		3	10
* Note: Interruption to enforcement action owing to Olympic requirements.			

Enforcement

Functions

The Enforcement Branch is a Departmental Branch totally independent of the Board. A brief synopsis of its work is included in the Board's report to give a broader picture of operations under the Liquor Act 1982 and the Registered Clubs Act 1976. Greater detail is contained in the Department of Gaming and Racing's annual report.

During 2000-01 a strategic assessment of the Department's Liquor and Gaming Compliance program was undertaken. The review identified that the changing business environment facing the

organisation required new approaches and innovative compliance strategies. These factors formed the impetus for a restructure of the Compliance Division, which was effected in November last year.

The Enforcement Branch report replaces reports for Inspections and Special Investigations in previous Annual Reports. The review also saw the devolution of the Special Investigation Branch, which effectively consolidated the Compliance Division's liquor and gaming inspection and investigation resources.

Key Results

During the year, 997 inspections of licensed premises were undertaken. 170 were gaming revenue related which identified \$73,094 in additional gaming duty. 113 quality assurance audits, 117 internet website audits and some 20 educational visits to new licensees were also conducted.

The Branch received 1,008 stakeholder complaints, which related to the following premises types:

STAKEHOLDER COMPLAINTS	
Premises	Complaints
Registered Clubs	469
Hotels	319
Restaurants	68
Retail	16
Functions	14
Other *	103
Unlicensed Premises	19
Total	1,008
* Includes On-Licence (Vessels), Vignerons, Theatres, Public Halls, On-licence Universities, On-Licence (functions) and Governor's licences.	

The most common complaints against licensed premises and registered clubs involved:

- Intoxication/anti social behaviour
- Conduct of licensee/club secretary/director
- Gaming machine prizes

- Irresponsible gaming practices
- Underage drinking/minors in restricted areas
- Unlicensed liquor sales
- Irresponsible liquor promotions
- Hotel trading hours
- Club open door policy
- Theft from club/hotel

The Department utilises a number of sanction methods within the industry to ensure compliance to the Liquor Act and the Registered Clubs Act. These methods include the use of compliance notices, penalty infringement notices, information and summons and complaint and summons. During the past twelve months compliance officers have more frequently utilised Infringement Notices as an effective and cost efficient tool in lieu of more expensive litigation methods.

2000-01 saw 465 enforcement procedures instigated by the Department as a result of the detection of a variety of offences.

Of the detected breaches, 13% were dealt with by way of penalty infringement notice, 85% by way of compliance notice and 2% were subject to prosecution in the form of complaint and summons and information and summons. Breaches identified included but were not limited to, sale and supply of alcohol to minors, altering name of premises without approval, breach of club rules, gaming related advertising, failure to produce licence, ATM/EFTPOS in gaming room, statutory signage offences, statutory gaming related signage offences, illegal use of club premises, intoxication, credit betting and drugs on premises.

Finance

Functions

Collect gaming device duties and liquor fees from liquor licensees and registered clubs.

Key Results

The collection of revenue was significantly affected during the 2000-01 year with the introduction of the Goods and Services Tax from 1 July 2000.

In June 2000 the NSW Parliament passed amendments to both the Liquor Act 1982 and the Registered Clubs Act 1976 for the reduction of duty rates on gaming machine revenue to allow for the introduction of the Goods and Services Tax – GST.

The legislative amendments have been made under the Intergovernmental Agreement Implementation (GST) Act 2000.

From 1 July 2000 gaming machine duty for both registered clubs and hotels was assessed at a rate reduced by 9.1% as a result of the introduction of the GST component.

Collection of Liquor Licence Fees

Total liquor fees collected by 30 June 2001 were \$2.5 million (compared with \$3.1 million in 1999-00).

Club Gaming Duty

Club gaming machine duty decreased by 31.9% during the year as a result of legislative changes to duty rates.

Total duty collected by 30 June 2001 was \$405.8 million (compared with \$595.6 million in 1999-00).

Hotel Gaming Duty

Hotel gaming machine duty decreased by 10% during the year as a result of legislative changes to duty rates.

Total duty collected by 30 June 2001 was \$323.4 million (compared with \$359.5 million in 1999-00).

Remission of Penalties on Fees and Duty

The Board has the authority to remit penalties imposed on licensees and registered clubs where there are mitigating circumstances which prevent a licensee or registered club from meeting revenue payments on time.

During the year 606 applications were received.

The following table describes the results of those applications in comparison with previous years:

REMISSION OF PENALTIES - RESULT				
	2000-01	1999-00	1998-99	1997-98
Applications Received	606	678	652	968
Applications Granted	601	661	611	841
Percentage Granted	95.9%	97.5%	93.7%	86.9%

During the 2000-01 year the number of remission applications dealt with by the Board were categorised as follows:

REMISSION APPLICATIONS- CATEGORIES				
	2000-01	1999-00	1998-99	1997-98
Hotel Gaming Penalties	379	420	411	394
Full remissions	357	405	374	344
Part remissions	20	11	27	46
Penalties to stand	2	4	10	4
Club Gaming Penalties	227	258	241	199
Full remissions	224	258	237	194
Part remissions	3	Nil	4	5
Penalties to stand	Nil	Nil	Nil	Nil

AGEING OF OUTSTANDING DEBTS (DAYS)					
2000-01	0-30 days \$'000	>30-90 days \$'000	>90 days \$'000	Total 2000-01 \$'000	% of revenue
Liquor fees	32	97	481	610	24.2%
Hotel gaming duty	130	67	993	1,190	0.3%
Club gaming duty	29	59	1,402	1,490	0.4%
Total	191	223	2,876	3,290	0.4%
1999-00	Total 1999-00 \$'000		Variation \$'000		% variation %
Liquor fees	492		118		24%
Hotel gaming duty	1,614		(424)		(26.3%)
Club gaming duty	973		(517)		(53.1%)
Total	3,079		211		6.9%

Debt Recovery

The continuation of the debt recovery facility to ensure follow-up and monitoring of debts due to the Board has resulted during the year 2000-01 in a total of \$526,000 in outstanding debts being written off.

The total debt outstanding from all sources at 30 June 2001 totalled \$3,079,206. Of this amount \$1,024,968 was recovered during the year leaving a carry over balance of \$2,054,238 outstanding from previous years.

The variances reflected in the table of aged debts as shown below, are due to a number of factors.

Outstanding liquor fee debts increased from \$492,000 in 1999-00 to \$610,000 in 2000-01 due mainly to the introduction of legislation for dine-or-drink authorities allowing licence fees to be paid by instalment.

Outstanding hotel gaming duty decreased from \$1,614,000 in 1999-00 to \$1,190,282 in 2000-01 (0.3% of revenue).

There were no hoteliers called before the Board for non-payment of duty during 1999-00 and 2000-01 which reflects an improvement in viability with hoteliers since the introduction of poker machines in hotels in 1997.

Outstanding club gaming duty debts increased from \$973,000 in 1999-00 to \$1,490,476 in 2000-01 due mainly to an increase in the number of clubs with financial difficulties. During 2000-01, only one club was called before the Board regarding the non-payment of duty.

Achievements and Objectives

TARGET 2000-01	ACHIEVEMENT	TARGET 2001-02
Collect 98% of duty revenues on time.	99% club gaming duty collected on time.	99% club gaming duty; and
	98% hotel gaming duty collected on time.	99% hotel gaming duty to be collected on time.
Increase usage of direct banking for gaming duties and promote benefits.	54.5% usage.	65% of all licensees to pay gaming machine duties by direct deposit.

Gaming Technology

Functions

- Maintain security and integrity of machine gaming by regulating the design, testing and operation of electronic and mechanical gaming machines, to protect Government revenue and the interests of gaming machine players.
 - Advise the Board on technical issues, particularly those with gambling harm minimisation and responsible gambling implications.
 - Develop and monitor the effectiveness of technical standards for electronic gaming machines and subsidiary equipment.
 - Conduct technical compliance inspection of gaming machines on licensed premises.
 - Undertake investigations of gaming related matters.
-

Key Results

The Branch reports to the Deputy Director-General, Department of Gaming and Racing.

This review covers those areas of responsibility relating to the approval of gaming equipment under delegation from the Liquor Administration Board by the Director of Gaming Technology, the Chief Engineer and the Applications Manager.

The Gaming Technology Branch manages the process of technical evaluation of gaming machine systems conducted by independent Accredited Testing Facilities (ATFs) and reviews associated software and hardware applications and ATF reports prior to the submission of applications to facilitate their approval under delegation from the Board. The Branch also maintains internal systems for administration and control of the approval process.

In November 1999, the Gambling Legislation Amendment (Responsible Gambling) Act came into operation. This Act makes harm minimisation and responsible gambling primary objects of the legislation. Officers of the Branch have particular regard to these issues when approving applications under delegation or providing advice to the Board.

Particular attention is paid to the integrity of Branch staff and operations and the maintenance of confidentiality. The gaming machine evaluation process involves commercially sensitive material and some details have not been presented in this Report in relation to particular machines or particular manufacturers in order to protect the commercial interests of manufacturers.

The Branch undertakes projects that are intended to facilitate the security and integrity of the industry such as maintaining the Board's Technical Standards for Gaming Machines and Subsidiary Equipment for New South Wales.

Technical field inspections and investigations of installed gaming machines and systems are carried out to ensure that they are operating with approved software and comply with the standards for electronic gaming.

Accredited Testing Facilities

In May 1999 Government directed that the testing of gaming devices was to be outsourced. In response to that direction, the Board granted interim accreditation to four Accredited Testing Facilities (ATFs) in July that year. New legislation commenced in this reporting period that requires the licensing of testing facilities. Four applications for licensing were received by the Licensing Court of New South Wales and these are currently with the Branch for examination prior to consideration by the Board and the Court. Pending the outcome of these applications, the Board extended its interim accreditation and, in accordance with s90A of the Registered Clubs Act, work permits incorporating conditions in similar terms to the principles which were determined by the Board for interim accreditation have been issued to the following:

- Bellamy, Miller & Monypenny Pty Ltd,
- Gaming Laboratories Australia,
- Global Gaming Services Pty Ltd, and
- Technical Systems Testing Pty Ltd.

The Board also noted that the National Assessment Panel for the Accreditation of Testing Facilities

conducted assessments of ATFs on 22 June 2001 and recommended ongoing accreditation of these four companies.

One of the accreditation principles has been that ATFs are not to be 'aligned' with any gaming machine manufacturer or operator. During the course of this reporting period, the Board had occasion to re-examine that principle and consulted ATFs and other jurisdictions in that connection. The Board agreed to amend the conditions such that an ATF must be non-aligned, unless it seeks to obtain prior Board approval to carry out work other than testing for manufacturers or operators in particular cases and is granted such approval.

Costs Associated with Gaming Device Approvals

During this reporting period, application processing costs remained unchanged from the rates established by the Board in September 1999.

A flat base charge applies for the following types of gaming applications:

GAMING APPLICATION COSTS	
Approval Prior to Evaluation (APTE) application submitted directly to the Branch	\$3,000
APTE application submitted through an ATF	\$2,000
ATF evaluated application	\$2,000

In addition to the flat base charge, there is an extra time component for each type of application listed above for processing time in excess of 20 hours at the following rates:

ADDITIONAL GAMING APPLICATION COSTS	
Engineers and technical officers	\$100 per hour
Managers and senior staff (Grade 7/8 and above).	\$150 per hour

Minor applications submitted directly to the Branch are also charged at these hourly rates.

For each EPROM or equivalent component a handling charge of \$30 is added to the total application charge.

Where a device is sought to be evaluated as suitable for licensing in another Australian jurisdiction, there is an additional charge of \$150 per jurisdiction.

Examples of minor applications would be artwork for a previously approved game model, and for extension of a previously approved hardware platform.

Phase-in of X-Standard Compliant Gaming Machines

The Board approved the Technical Standards for Gaming Machines and Subsidiary Equipment in New South Wales on 10 December 1993 after consultation with the various stakeholders in the gaming industry. The effective date for commencement of implementation was 1 July 1995.

At the end of December 2000, the Board had received 18 applications from clubs to extend the deadline beyond 1 January 2001. Seven applications were refused extensions, while others were granted extensions varying from one to three months. One club was granted an extension to retain 41 machines until 30 June 2001. No further hardship applications were received in respect of these devices and they were de-licensed.

At the end of this reporting period, all 100,162 gaming machines in the field were X-standard and the phase-in of X-standard compliant gaming machines was complete.

The number of installed progressive jackpot systems declined in both registered clubs and hotels during 2000-01 as indicated in the following table. Installations of X-standard systems commenced and increased substantially. This is also shown in the table.

	1998-99		1999-00		2000-01	
Progressive Jackpot Systems	Clubs	Hotels	Clubs	Hotels	Clubs	Hotels
Total No. of Systems	1209	160	1113	285	709	208
No. of X-standard Systems	0	0	0	0	232	97

As at 30 June 2001, five X-standard progressive jackpot systems were approved. A further system had also been approved for field trial.

In March 2001 the Board received representations from the industry in relation to non X-standard link controllers. The issues canvassed were whether to extend the timetable from the deadline of 31 March 2001 and whether venues should be forced to convert to X-standard links within a time limit. The Board noted that initially CMS would not be able to monitor X-standard links and clubs would be required to report manually to TAB.

After further industry consultation, the Board extended by nine months to 31 December 2001, the deadline for the continued manufacture, sale, possession and operation of non X-standard link controllers and the alteration of reset, prize and percentage increments.

TAB Limited

Central Monitoring System

The development of the TABNET Gaming Project continued.

On 15 December 2000, the Board was advised that the Minister had granted an extension deadline for the commencement of Central Monitoring System (CMS) from 31 December 2000 to 1 July 2001. The Board agreed that the CMS is not gambling equipment, but a facility to collect metering and status information from gaming devices and clarified its responsibility for it as being confined to approving CMS as subsidiary equipment and its principal concerns as:

- the security and integrity of the system;
- the revenue functions;
- the possibility that the CMS might interfere with the machines already in the field;
- any functions the CMS was unable to perform; and
- what reconciliations would be provided.

On 28 February 2001, the Board granted a temporary declaration for the CMS In Venue Subsidiary Equipment. This temporary approval was subsequently extended for two further periods, the last of which extends until 15 September 2001.

Gaming Laboratories Australia (GLA) commenced end-to-end testing in the third week of April 2001. GLA encountered difficulty in replicating data to the host and with the site controller having difficulty

sending data to the host. GLA confirmed the capture of data was accurate, but the problem was obtaining it consistently on a daily basis. Testing also revealed there were some 8,000 non-conforming gaming machines in the field that were presenting problems to the CMS.

As at 15 June 2001 TAB was receiving data from 2,560 venues involving 75,000 gaming machines. Problems with particular gaming machine models were continuing, but the relevant manufacturers had submitted software corrections and the malfunctioning machines were to be retrofitted in the near future.

StateWide Links (SWL)

TAB Limited continued to develop State Wide Linked Jackpots (SWL) in accordance with its licence.

On 21 July 2000, the Board approved a test of the Statewide Links (SWL) communication and network, which involved a SWL demonstration area at TAB's Granville site being connected to six live sites. This trial came to be known as the Preliminary Development Field Trial (PDFT).

Standards for Specially Approved Gaming Devices (SAGD) were drafted by the Branch and released to industry for comment on 15 March 2001. The Standards were based on NSW Technical Standards and drew upon best practice Standards from other jurisdictions worldwide, including the Australian National Standards.

On 20 April 2001, PDFT was extended to 60 sites and the Board was advised that TAB had proposed that the average maximum jackpot prize for SWL would be \$60,000. The Board welcomed this suggestion given the Government's stance on responsible gambling.

On 18 May 2001 the Board agreed in principle to "no money" trials with SAGD machines at six venues.

On June 2001, the Board was advised that a serious bug had been detected in the system's interface card that indicated it had been broken into or tampered with. TAB had initiated a bugfix, which corrected the problem.

It is expected that SWL will be ready for submission for approval by the Minister in the next reporting period.

Intermittent Failure of Communications

An intermittent problem associated with the communication between a number of approved gaming machine models and subsidiary equipment, to which they are connected, was reported in the previous reporting period. The problem has become increasingly more apparent with the installation of X-standard link controllers and with the rollout of the CMS.

Officers of the Board met with executives of the licensed dealer in question on 30 March 2001, and were advised of the reasons for the delay in the retrofit program. The Board directed that the dealer continue to provide monthly updates

Casino Control Authority

The Branch maintained close liaison with the Casino Control Authority (CCA). Matters discussed included implications of the possible approval of a Roulette MTGM with a mechanical wheel that might have had consequences for the Casino. CCA also brought the Branch's attention to a feature in a Racing Game MTGM, which at the end of the reporting period was still undergoing examination.

Gaming Technology Branch Staffing and Delegations

Two Engineer, Grade IV, positions were created in December and advertised on two occasions. No suitable applicants were identified and the positions remain vacant.

In January 2001, a senior employee of Gaming Laboratories Australia, an ATE, was seconded to the Branch for six months to develop Standards and specifications for the State-wide Links project. Two vacant positions of Technical Officer grade 1 were filled. Additionally a Grade 7/8 position was filled on an acting basis by staff in rotation.

Major New Subsidiary Equipment and other Gaming Equipment

Card-based Gaming

Card-based gaming, formerly known as cashless gaming, involves the use of either magnetic striped cards or smart cards. These cards are used to transfer players' funds to individual gaming machines from accounts established specifically for gaming and held on the venues' computer systems. They also allow any unused balance or winnings to be returned to

those accounts. Manufacturers of these systems have expressed the view that, in addition to commercial benefits, card-based gaming also has significant potential to address responsible gambling issues. The Board was, however, of the view that that extravagant claims in this regard should be discouraged

At the commencement of the reporting period, eBet Netcash and the MDS Turbo Bonus card-based systems had been lodged with the Branch.

The Technical Standards contained only a minimal set of guidelines, which generally related to CCCEs, rather than card-based gaming systems.

On 21 July 2000, the Board determined that, before it approved any card-based gaming devices or allowed any field trials, policy and technical guidelines for these systems should be settled. It also considered that the potential for fostering harm minimisation and responsible gambling, if any, should be explored with caution.

In August 2000, the Board received representations from the industry that delays arising from the policy development process created hardship and made it unreasonably difficult for applicants to get their products to the market.

In consideration of these concerns, the Board agreed in principle to technical field trials of eBet Netcash, conditional upon the venues obtaining and providing to the Board legal advice, which indicated that no State or Commonwealth legislation would be breached by the trials. The Board also required that a security deposit of \$10,000 be lodged with respect to each trial venue to underwrite potential loss to players, which might arise from possible default by the venue. In September 2000 a trial was approved at a city hotel and a further one at a large suburban club in October 2000.

The Department's Policy Branch produced a number of policy papers and considerable progress was made. Draft regulations covering player and venue issues and technical guidelines dealing with system issues were developed.

At the end of the reporting period, the policy had not been settled and no systems had been approved.

Horse Racing Game

On 2 July 1999, the Board gave interim approval declaring a Horse Racing Game to be an approved

poker machine. This device is a simulated horse race, which is also known as marketed under two different brand names. On 15 December 1999, the Board approved the device as a multi-terminal gaming machine. The conditions of approval included a requirement to amend certain software and make a further submission.

On 4 September 2000, the Board approved an alternate financial proposal for the lease of the game involving assignment of the equipment and software licence agreement between the licensed dealer and an operator and a rental and licence agreement between the licensed dealer, operator and a registered club.

In April 2001, the licensed dealer was granted a further two months extension for the re-submission of its device application.

Ticket Printers

In December 2000, a trial of a platform incorporating a ticket printer was completed and the application was approved. In addition to meeting the requirements prescribed by the Technical Standards, the device complied with version 3.07 of the AGMMA Ticket Printer Standards. Also in that month, another dealer submitted a platform incorporating a ticket printer.

On 2 March 2001, the Standards for ticket printers were incorporated in the draft SAGD Standards and were circulated to the industry for comment. The matter is still under consideration.

Link Progressive System with Electronic Jackpot Transfer

An application for approval of a link progressive system with electronic jackpot transfer facility was received in December 1999. This device consists of a dedicated standard progressive link controller connected to a bank of gaming machines, all running the same special game software. The game software generates events, which trigger a feature game and special effects on a large overhead display. The outcome of the feature determines the level of jackpot. The link controller then transfers the accumulated value of the prize pool for that level of jackpot to the winning gaming machine.

The system was approved on 9 October 2000 with a condition that a \$200 Jackpot transfer limit was implemented. Additional system settings were approved on 18 October 2000.

On 24 November 2000, additional conditions were imposed requiring the following:

- The licensed dealer is to meet any requirements in future jackpot transfer Standards when those Standards are determined; and
- A further submission is required of an interface card, which allows the system and another external CCCE system to be connected to the same gaming machines and the transactions of each of those systems to be distinguishable from the other.

At the end of the reporting period the Branch had not received the further submission.

New Platforms Incorporating Flash Memory

On 15 June 2000, a new gaming machine, which incorporated flash memory was approved. Flash memory is an electronic data storage device of larger capacity than an EPROM and usually the data it contains can be overwritten in whole or in part. The device was approved conditionally upon the removal of the facility to write new program instructions to the flash memory device by cutting totally the connection to it on the mother-board and soldering it, so that it could not be restored and subject to modifications being carried out to the machine's back-plane board. Further approval for this device was granted on 21 October 2000.

Another dealer has since submitted a platform incorporating flash memory. This was approved on 6 April 2001.

Device Incorporating a Mechanical Random Number Generator

A licensed dealer made a submission to the Board in December 2000 for approval of a multi terminal gaming machine (MTGM) which uses a mechanical wheel to determine the outcome of the game play (mechanical random number generator (RNG)). The Branch carefully considered the suitability of this type of device for use in NSW hotels, clubs and the Casino with special regard to the "wear and tear" characteristics of the mechanical wheel and any other associated issues.

A field trial was approved on 26 April 2001 and the trial commenced on 24 May 2001.

While the Technical Standards allow mechanical random number generators to be implemented in electronic gaming devices in principle, the specific

technical requirements are not yet defined. The existing Technical Standards specify requirements for gaming machines with electronic (software) RNGs.

During discussions between GTB and the ATF, issues of reproducibility, security and integrity were raised. It was agreed that the ATF would recommend evaluation criteria for the new type of gaming device, to be used as a benchmark in further evaluations and development of Technical Standards. At the end of the reporting period discussions were still in progress.

Review of Technical Standards

In July 1999, the Board decided that a sub-committee of the Technical Standards Review Working Party should be formed to identify the disparity between the Standards currently used in NSW and the National Standards. That sub-committee, which consists of industry stakeholders and departmental officers, met regularly throughout the year and recommended to the Board that a two-way communication protocol for gaming machines be adopted. The Board is awaiting a specific proposal from the industry for such a protocol.

In February 2000, the Government requested that the Board undertake a review of Technical Standards and give consideration to five key design measures to facilitate gambling harm minimisation and foster responsible gambling. The Board wrote to industry stakeholders seeking comment on the proposals. Government added an additional three issues for consideration on 1 May 2000.

Following an industry forum on the matter on 5 May 2000 stakeholders were invited to make submissions. Submissions closed on 9 June 2000. After careful consideration of submissions the Board distributed a paper in November 2000 for further industry comment.

Of the eight suggestions made by the Minister, the Board proposed to adopt three without modification and alternative measures to a further three, which were an amalgam of the Board's own views and comments and suggestions from stakeholders.

There were two suggestions, which the Board did not propose to adopt:

- enhanced controls over gaming machine artwork, as the Board considered on the evidence before it that artwork is not a factor, which has any

significant influence on irresponsible gambling; and

- shutting down gaming machines for ten minutes in every hour, as it was considered impracticable in the light of technical and operational realities.

The paper also included the following additional measures:

- reducing the amount of money which can be inserted into a gaming machine from \$10,000 to \$200;
- slowing reel spin to 3.5 seconds with a 1.5 second break between successive games;
- reducing the maximum bet from \$10 to \$1; and
- reducing the highest denomination of note which can be inserted into a gaming machine from \$100 to \$20.

While the majority of the measures proposed by the Board were well received by the industry, the last three of the above-mentioned additional measures raised a high level of concern. Particular concerns were the impact that such measures might have on venues' revenues and the lack of research that would indicate they would be effective in modifying the dysfunctional behaviour of problem gamblers. The industry requested time to allow Sydney University to conduct research into the issues and the Board agreed to extend the period for submissions until 30 September 2001.

Legal and Licensing

Functions

- Representation of the Director of Liquor and Gaming in proceedings before the Licensing Court of New South Wales which includes applications for new licences or variations to existing licences and prosecuting informations and disciplinary complaints against licensees and registered clubs.
 - Provision of legal assistance and support services to the Liquor Administration Board and to the Department of Gaming and Racing.
 - Provision to the Director of Liquor and Gaming of in-depth reports on applications which are made to the Court and the Board.
 - Recovery of debts and referral of matters to the Crown Solicitor for commencement of debt recovery proceedings on behalf of the Board and review of debts for write-off action.
 - Processing of noise complaints including forwarding copies of the complaint to the Police and Local Council and forwarding correspondence to the complainant, licensee or Secretary-Manager. Scheduling conferences before the Board and attending to take minutes.
 - Entry of information on the Department's database system, including applications, adjournments and relevant hearing dates.
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Key Results

Debt Recovery

Under section 76 of the Liquor Act 1982, all monies payable to the Board are collected by the Board and paid into the Consolidated Fund.

On behalf of the Secretary of the Board, the Branch coordinates debt recovery action. In liaison with the Finance and Assessment Branches, the Legal and Licensing Branch:

- Confirms the existence and details of debts arising from outstanding gaming machine duty under the Liquor Act and the Registered Clubs Act;
- Prepares submissions for penalties to be remitted by the Board, or debts to be written off by Departmental officers or the Minister in accordance with the Treasurer's Directions (where debts are irrecoverable; for instance, because of the death or bankruptcy of a debtor, or his/her medical/financial/domestic circumstances, or inability to locate a debtor);
- Provides instructions to the State Crown Solicitor to commence, or continue legal proceedings against identified debtors; and
- Keeps the Board informed of the current status of debt recovery action.

Approximately 24 debt recovery matters have been administered by the Branch this financial year. Appendix 6 details the number and value of debts recovered, abandoned or which remain outstanding, and continuing recovery action in the past financial year.

Court/Board Applications

During the period 1 July 2000 to 30 June 2001, 3,307 probity reports were prepared on behalf of the Director of Liquor and Gaming in relation to applications to the Licensing Court and the Liquor Administration Board (compared with 4,770 in the 12 months ending 30 June 2000).

During the period 1 July 2000 to 30 June 2001, 1,558 premises reports were prepared on behalf of the Director of Liquor and Gaming in relation to applications made to the Licensing Court and the Liquor Administration Board (compared with 1,656 in the 12 months ending 30 June 2000).

On average, the review process takes seven weeks, but in periods of increased applications such as in November and December, the process can take up to eight or nine weeks.

Legal Advice

There is ongoing liaison between the Branch and the Board in relation to interpretation of the operation of the Liquor Act and the Registered Clubs Act.

During the year, the Branch provided a range of verbal and written legal information, opinions and advice, made submissions and recommendations on both legislative and general issues to the Board.

Section 74A Applications

Pursuant to Section 74A of the Liquor Act, the Board can issue a certificate stating that premises are suitable for licensing, where an applicant can establish that other existing types of licences are unsuitable for the type of premises proposed to be licensed.

Once a certificate is granted, the applicant is authorised to apply to the Licensing Court for an on-licence under section 18(4)(g). If the licence is granted, it allows the licensee to sell liquor for consumption on the premises, but takeaway sales are prohibited. Section 18(4)(g) applications are subject to objections in the same way as applications for other licences.

In 2000-01 applications for a Section 74A certificate were approved by the Board for:

Premises	Assessed Fee	Licence Status
Cash Box Karaoke, Sydney	\$15,000	Approved 22.12.00
Luna Park, Milson's Point	\$125,000	Approved 5.12.00
Major League Indoor Sports, Albury	\$1,200	Approved 23.4.01

Advice was also provided to the Board on section 74A certificate applications for:

- Airport Esky Bar; Kingsford Smith Airport, Mascot, Sydney
- AMF Catering Services P/L for AMF Bowls at Balgowlah, Parramatta, Penrith and Randwick
- Ballina Ex-Services Home, Ballina
- Byron Bay Rugby League Ground, Byron Bay
- Cash Box Karaoke, Chinatown, Sydney
- Expowood Pty Ltd, Darling Harbour
- Food Hall (the Galleries Victoria) – (probably not being pursued, given the Galleries Victoria Application)
- Hokka Hokka, Darling Harbour, Sydney
- Luna Park, Milsons Point
- Major League Indoor Sport, Albury
- Paradise Karaoke, Sydney
- Pavilion Plaza Food Court, Sydney
- Penrith Sports Stadium, Penrith

- Porters on Keppel, Bathurst
- Servcorp P/L, Sydney Stock Exchange, Sydney
- Southcorp Wines, Pokolbin
- Swansea Belmont Surf Life Saving Club, Swansea
- Tamworth Regional Entertainment Centre, Tamworth
- The Gahn, various rail routes within NSW
- The Galleries Victoria Food Court, Queen Victoria Building, Sydney
- The Indian Pacific, various rail routes within NSW
- Tumbling Waters Resort, Wollongong
- Waterbrook Retirement Resort, Yowie Bay, Sydney
- Wyong Race Club, Wyong.

Governor's Licences

On the recommendation of the Minister, the Governor may authorise the Licensing Court to issue a licence, authorising the sale of liquor, to certain types of establishments such as railway rooms, canteens at a construction camp, or at works of a public nature, or where the land is vested in the Crown or the application is made by a public authority constituted by an Act.

The Minister may obtain a report from the Board on any such proposal.

The Board also considers harm minimisation conditions when dealing with these applications.

In 2000-01 Governor's licences were issued for:

Premises	Date Issued
City Recital Centre, Angel Place, Sydney	9 May 2001
Newcastle International Hockey Centre, Broadmeadow	17 May 2001

Advice was also provided to the Board for Governor's licence applications for:

- Armidale TAFE, Armidale
- Art Gallery of NSW, The Domain, Sydney
- Australian Technology Park, Redfern
- Ballina Jockey Club, Ballina
- Bathurst Memorial Entertainment Centre, Bathurst
- Bathurst TAFE, Bathurst
- Coffs Harbour International Stadium, Coffs Harbour

- Fox Studios Australia, Moore Park, Sydney (11 separate licences)
- Glen Innes Refreshment Room, Glen Innes
- Hunter Region Athletics and Gymnastics Centre, Glendale
- Jenolan Caves, Oberon
- Media Village, Olympic Park
- Murrumbidgee Turf Club, Wagga Wagga
- Nepean College of TAFE, Kingswood and Penrith
- Newcastle International Hockey Centre, Broadmeadow, Newcastle
- NIDA, Kensington
- Northpower Stadium, Gosford
- Padstow TAFE, Padstow
- Pipeline, various sites in South-East NSW
- Royal Botanic Gardens, Sydney
- State Sports Centre, Homebush Bay
- Sydney international Tennis Centre, Sydney Olympic Park
- Sydney Mint Building, Sydney
- Sydney Superdome, Homebush Bay
- Tamworth Pastoral and Agricultural Association, Tamworth
- Taree Race Club, Taree
- The City Recital Hall, Angel Place, Sydney
- The Opera House, Bennelong Point, Sydney
- The Railway Refreshment Room, Sydney Central Station
- The Royal Agricultural Society, Homebush Bay
- WIN Stadium, Wollongong
- Wine Interpretive Centre, Cessnock
- Wine Society at Customs House, Circular Quay, Sydney.

Section 104 and 17AA Complaints

Complaints concerning the disturbance of the quiet and good order of the neighbourhood are provided

for in Section 104, Liquor Act 1982, and Section 17AA, Registered Clubs Act 1976. A complaint under these sections can be made by:

- a person authorised in writing by three or more persons residing in the neighbourhood of the licensed premises or registered club or a person who is such a resident and is authorised in writing by two or more other such residents;
- the Commissioner of Police;
- a person authorised by the council of the local government area (including the City of Sydney) in which the licensed premises or registered club is situated;
- a person who satisfies the Board that his or her interests, financial or other, are adversely affected by the undue disturbance to which the person's complaint relates; or
- the Director of Liquor and Gaming.

The complaint must be in writing and in the form of a statutory declaration.

(For complaint statistics, refer to tables below and on page 38.)

Judicial Decisions and Legislative Change

Appendix 8 outlines cases of significance or interest.

Legislative amendments made to the Liquor Act 1982 and the Registered Clubs Act 1976 and their respective Regulations are outlined in Appendix 9.

FIVE YEAR TREND OF NOISE COMPLAINTS BY PREMISES TYPE AND PREMISES NUMBER

Number of premises for which complaints have been lodged.

Premises Type	1996-97	1997-98	1998-99	1999-00	2000-01
Hotel	44	41	27	31	33
Registered Club	11	21	7	9	14
Restaurant	13	4	5	7	11
Theatre	2	1	-	-	1
Function	-	-	1	-	-
Retail	-	7	-	-	2
Caterer	1	2	1	-	-
Nightclub	-	5	5	9	5
TOTAL	71	81	46	56	66

NOISE COMPLAINT STATISTICS					
2000-01 BREAKDOWN OF COMPLAINTS AS FOLLOWS:			NO. OF CONFERENCES HELD		
	No. of Premises Involved		Sydney	52	Number of days 32
• Metropolitan complaints	25		Country	50	Number of days 33
• Country complaints	41		Total		Total
			conferences	102	number of days 65
COMPLAINTS FINALISED (TOTAL)	48		COUNTRY SITTINGS OF THE BOARD - COMPLAINTS		
comprising of:			Number of conferences held		
• withdrawn	4		Albury	1	Belmont 1
• subject to conditions	26		Bowral	1	Byron Bay 1
• subject to undertakings	3		Camden	1	Cessnock 1
• both conditions and undertakings	6		Coffs Harbour	1	Cootamundra 2
• without conditions, undertakings or being withdrawn	4		Corowa	1	Deniliquin 1
• dismissed	5		Finely	1	Goulburn 2
			Inverell	2	Lithgow 2
APPLICATIONS TO VARY OR REVOKE CONDITIONS			Moss Vale	1	Mullumbimby 1
Applications received	21		Newcastle	7	Nowra 1
			Richmond	1	Wagga Wagga 1
			Wallsend	1	Wilcannia 1
			Wyong	1	

Achievements and Objectives

TARGET 2000-01	ACHIEVEMENT	TARGET 2001-02
Ensure that conferences are coordinated within the time frame.	Achieved.	Continue to coordinate noise complaint conferences within the time frame.
Ensure that 85% of database information is acted upon within three working days.	Not achieved due to restructure of Branch.	Continue to ensure that 85% of database information is acted upon within three working days.
Provide timely reports to the Board on Governor's licences and section 74A certificates.	Not achieved due to restructure of Branch.	Ensure reporting time is one week.
Provide legal advice to the Board and Departmental Officers.	Accurate advice provided.	Continue to provide such information as required.
Keep legislation under review.	Reviews undertaken and timely advice provided.	Continue to review legislation.
Represent the Director of Liquor and Gaming before the Licensing Court of NSW and utilise the Crown Solicitor's Office.	Director represented on all applications list days and in prosecutions and complaints.	Continue to represent the Director on Court/Board hearings, instructing the Crown Solicitor's Office as required and/or briefing counsel.
Undertake recovery action on debts due to the Crown.	Ongoing debt recovery action undertaken throughout the year.	Continue with debt recovery procedures and referral to the Crown Solicitor's Office, or write-off of debts as appropriate.

Appendices

Appendix 1 - Fingertip Facts as at 30 June 2001

INDUSTRY FACTS

- 11,808 licensed premises and registered clubs.
- 100,162 gaming machines authorised.
- \$728.8 million assessed as payable from hotel and club gaming machines.
- 25,093 applications processed for new or changes to gaming machine installations.
- 66 licensed premises and clubs subject to a noise or patron disturbance complaint.
- 2 Governor's licences issued.

HOTELS

- 2,050 hotels.
- \$323.3 million in assessed gaming machine duty.
- 25,452 gaming machines in 1,834 hotels (2,544 AADs and 22,908 poker machines).
- 198 hotels operating 208 linked progressive systems.
- 8,699 applications lodged for gaming machine authorisations.
- 33 hotels were the subject of a noise or patron disturbance complaint.

REGISTERED CLUBS

- 1,566 registered clubs.
- \$405.5 million in assessed gaming machine duty.
- 74,710 gaming machines in 1,391 registered clubs.
- 16,394 applications processed for new or changes to gaming machine holdings.
- 709 intra-club progressive systems in 288 registered clubs.
- 222 Multi-Terminal Gaming Machine Systems
- 14 clubs were the subject of a noise or patron disturbance complaint.

BOTTLESHOPS, RESTAURANTS AND NIGHTCLUBS

- 1,481 bottleshops, 3,841 restaurants, and 92 nightclubs.
- 11 restaurants, 2 bottleshops, 1 On-licence (theatre) and 5 nightclubs were the subject of a noise or patron disturbance complaint.

S88AF - SERIOUS FINANCIAL HARDSHIP APPLICATIONS

- 80 applications were received seeking 3,569 additional gaming machines.
- 61 applications were considered by the Board as follows:
 - 42 granted (in whole or partially) for additional 1,175 gaming machines (484 gaming machines not granted);
 - 11 refused (650 gaming machines);
 - 1 withdrawn (10 gaming machines); and
 - 7 awaiting further information (435 gaming machines).
- 19 applications are awaiting review (815 gaming machines).

APPLICATIONS FOR EXEMPTION ON CHEQUE CASHING RESTRICTION

- total of 362 applications received, comprising of:
 - 121 applications from clubs (85 granted, 2 refused and 34 awaiting responses); and
 - 241 applications from hotels (215 granted, 1 refused and 25 awaiting responses).

APPLICATIONS FOR EXEMPTION ON LOCATION OF ATMS IN GAMING AREAS

- total of 31 applications received, comprising of:
 - 25 applications from clubs (10 granted, 11 refused and 4 awaiting responses); and
 - 6 applications from hotels (1 granted, 3 refused and 2 awaiting responses).

Appendix 2 - Board Application Statistics

APPLICATION TYPE	NO. LODGED	
	1999-00	2000-01
Authorised area	77	73
Vary an authorised area	66	79
Revoke an authorised area	12	4
Vary seating in a restaurant	59	64
Vary reception area	22	11
Temporary premises	2	2
Sublet part of licensed premises	7	38
Internal communication	5	4
Redefine licensed premises	245	302
Change name of licensed premises	340	331
Allow minors to serve/supply liquor	5	6
Leave of absence by licensee	5	7
Reside away from licensed premises	38	25
Financial interest in a hotel/restaurant	0	0
Endorsement to allow a motel	6	5
Vary/revoke condition imposed by the Board	17	22
Total	906	973

Appendix 3 - Licence Numbers and Population Growth

Year	Population of NSW as at 30 June ⁽¹⁾	No. of Hotels as at 30 June ⁽²⁾	Persons per Hotel	No. of Off-Licences (Retail) as at 30 June	Persons per Off-Licences (Retail)	No. of Registered Clubs as at 30 June ⁽²⁾	Persons per Registered Club	No. of On- Licences (Restaurant) as at 30 June ⁽²⁾	Persons per On-Licences (Restaurant)
1986	5,531,526	1999	2767.1	1316	4203.3	1578	3505.4	2580	2144.0
1987	5,616,736	2000	2808.4	1323	4245.5	1573	3570.7	2672	2102.1
1988	5,707,309	2002	2850.8	1328	4297.7	1578	3616.8	2779	2053.7
1989	5,776,283	2005	2880.9	1337	4320.3	1568	3683.9	2794	2067.4
1990	5,834,021	2010	2902.5	1347	4331.1	1563	3732.6	2891	2018.0
1991	5,898,731	2013	2898.2	1354	4356.5	1556	3791.0	3010	1959.7
1992	5,958,716	2015	2957.2	1356	4394.3	1558	3824.6	3080	1934.6
1993	5,997,432	2020	2969.0	1367	4358.6	1551	3866.8	3147	1905.8
1994	6,049,238	2022	2991.7	1373	4405.9	1535	3940.9	3157	1916.1
1995	6,112,216	2013	3036.4	1384	4416.3	1537	3976.7	3211	1903.5
1996	6,190,156	2019	3066.0	1395	4437.4	1525	4059.1	3260	1898.8
1997	6,274,370	2031	3089.3	1416	4431.1	1512	4149.7	3267	1920.5
1998*	6,333,515	2031	3118.4	1416	4472.8	1512	4188.8	3267	1938.6
1999*	6,396,703	2035	3143.3	1433	4463.8	1507	4244.7	3418	1871.5
2000	6,463,455**	2044	3162.2	1454	4445.3	1568	4122.1	3625	1783.0
2001	6,535,845***	2050	3188.2	1481	4413.1	1566	4170.9	3841	1701.6

* The data for 1998 and 1999 has been revised to reflect a more accurate comparison against the respective year's population figures.

** The population of NSW as at 30 June 2000 which was estimated (6,468,346) in the Annual Report of 1999-00, has been revised to reflect the correct figure.

*** The population of NSW as at 30 June 2001 has been derived by applying an average rate of increase of 1.12% per year.

⁽¹⁾ Source: Australian Demographic Statistics December 2000 Quarter Catalogue No. 3101.0

⁽²⁾ Source: Annual Reports of the Liquor Administration Board

Appendix 4 - Fee on Grant - Off-Licence (Retail) and Hotel Premises

OFF-LICENCE (RETAIL)	LOCATION	DATE OF GRANT	FEE
Clancy's Foodstore	Gosford	31 July 2000	\$60,000
Poets Corner Wines	Mudgee	27 July 2000	\$5,000
IGA Everyday	Gosford	31 July 2000	\$60,000
Drydock Bottle Shop	Tweed Heads	10 August 2000	\$35,000
Great Southern Drops (Monkton Pty Ltd)	Nimmitabel	31 August 2000 Effective 9 September 2000	\$4,000
Kosher Wine Cellar	Surry Hills	1 September 2000	\$5,000
Wine Planet	Camperdown	4 September 2000	\$30,000
Vintage Cellars	Leichhardt	8 September 2000	\$60,000
Prenzel Direct	Silverwater	8 September 2000	\$5,000
Claremont Meadows	Claremont Meadows	14 September 2000	\$50,000
Kingswood Store	Tamworth	25 September 2000	\$5,000
Mega Wines	Morisset	29 September 2000	\$10,000
The Australian Wine Society	Chipping Norton	11 October 2000	\$2,500
Mount Burrell General Store	Mt Burrell	12 December 2000	\$5,000
Gumnut Cellars	Chatswood	15 December 2000	\$40,000
Hastings Point General Store	Hastings Point	20 December 2000	\$7,500
Global Beer Importers	Tweed Heads	15 January 2001	\$4,000
Forum Liquor Pty Ltd	St Leonard	15 January 2001	\$60,000
Tasmania Distillery	Darling Harbour	24 January 2001	\$10,000
Liquor Stax, Erina	Erina	9 February 2001	\$60,000
Merool Kiosk	Moama	1 March 2001	\$7,500
Porter's Liquor	Chatswood	30 March 2001	\$60,000
Blue Wren Wines	Mudgee	6 April 2001	\$2,500
Mac's Liquor	Glenmore Park	10 April 2001	\$70,000
Wallace Laboratories	Chipping Norton	12 April 2001	\$2,000
Gundaroo Wine Bar	Gundaroo	30 May 2001	\$2,500
Mac's Liquor	Glenwood	21 June 2001	\$60,000
HOTEL	LOCATION	DATE OF GRANT	FEE
Possum Point Inn	Tooma	4 September 2000	\$20,000
Cadmus, Opera Quays	Sydney	6 September 2000	\$150,000
Henry Kendall Family Bistro & Tavern	Gosford	7 September 2000	\$100,000
Lansdown Motor Inn	Lansvale	29 September 2000	\$125,000
Lake Hume Country Club	Lake Hume	19 December 2000	\$250,000
The Blacksmiths Inn	Johns River	25 January 2001	\$35,000
Note: Various conditions and limitations may have been imposed on the above licences which are taken into account when the Board determines the fees. A listing of the conditions may be inspected at the Principal Registry.			

Appendix 5 - Training Courses Approved by the Liquor Administration Board 2000-01

Course Name	Course Provider	Status of Approval	Course Location	Duration	Telephone
Responsible Service of Alcohol	Club Managers Association	Final	Statewide	6 hours	9643 2300
Responsible Conduct of Gambling Course	*	Final	Subject to negotiation	Statewide	6 hours

The course was funded by the Casino Community Benefit Fund, developed by TAFE NSW, and designed to satisfy the requirements of clause 30Y of the Registered Clubs Regulation 1996, and clause 52ZE of the Liquor Regulation 1996.

The course was approved by the Board in late June 2000 for commencement on 1 July 2000, and is available through TAFE, industry associations and other approved registered training organisations.

* A full list of Registered Training Organisations approved by the Board to conduct this course is available from the Department of Gaming and Racing's website: www.dgr.nsw.gov.au

Appendix 6 - Debt Recovery Action 2000-01

		No. of Debtors 1999-00	\$ Amount of Debt 1999-00	No. of Debtors 2000-01	\$ Amount of Debt 2000-01
A	Debts abandoned / recovered				
	Written off	26	382,838.01	3	54,696.11
	Part remitted / waived part written off	1	1,945.98	(1)	2,242.61
	Part written off, part outstanding	0	0.00	0	0.00
	Part written off, part paid	(1)	4,452.34	0	0.00
	Total	27	389,236.33	3	56,938.72
B	Debts recovered				
	Paid in full	2	13,579.26	0	0.00
	Part-paid by instalments (the balance of these debts continue to be paid by instalments)	(1)	720.00	(1)	3,486.00
	By part payment (the rest written off or remitted)	1	3,690.02	0	0.00
	Off set against liquor fee ex gratia payments	0	0.00	0	0.00
	Costs and other expenses recovered	(1)	781.66	0	0.00
	Total	3	18,770.94	(1)	3,486.00
C	Debts otherwise disposed of				
	Debts returned to Finance Branch for further action / write off	0	0.00	1	11,485.41
	Total	0	0.00	1	11,485.41
D	Debts outstanding				
	Debts with Crown Solicitor's Office (CSO)	2	23,296.61	2	42,631.06
	Debts with State Debt Recovery Office (SDRO)	0	0.00	0	0.00
	Part debt with CSO / part for write off	0	0.00	0	0.00
	Debts for write off	1	10,459.98	2	23,680.12
	On going action by Legal Services Branch including some debts continuing to be paid in instalments	11	346,493.73	0	0.00
	pending advice by Finance / Assessments Branch	0	0.00	10	204,884.50
	on-going action by Legal & Licensing Branch	0	0.00	10	288,390.47
	Total Debts outstanding	14	380,250.32	24	559,586.15

Figures in parentheses () are duplicated in other sections of this table.

Appendix 7 - Policies Promulgated by the Liquor Administration Board 2000-01

1. Requirement for Physical Definition of Outdoor Licensed Areas

On 22 December 2000 the Board reviewed its policy for the physical definition of outdoor licensed premises which formerly always required a physical barrier such as, walls, pot plants, bollards and ropes.

The Board determined that the means of physical definition shall be considered on a case by case basis. The Board shall, in the first instance, require a physical barrier. If this is not practical and if particular circumstances warrant dispensing with the need for physical barriers, there will be a requirement for the boundary to be marked by some permanent means, such as flat metal discs affixed to the ground or corner bollards.

2. Release of Information

In December 2000 the Board authorised, in the public interest, the release of any information which would tend to suggest, imply or infer that there had been a problem incurred in respect of an ATF relative to the testing of gaming devices, and for the release of that information to counterparts in interstate jurisdictions.

The Board resolved that in relation to the issue of the release of information to other regulators and pursuant to section 150A(c) of the Liquor Act 1982 and section 132(c) of the Registered Clubs Act 1976 no liability is incurred by a person who is:

- an officer or temporary employee appointed or employed under the Public Sector Management Act 1988, for any act done or omitted in good faith by the person in the course of the administration of these Acts.

3. Club Gaming Machine Freeze Interpretation - Section 88AE, Registered Clubs Act 1976 - Number of gaming devices in each club not to be increased during the period of the freeze.

On 26 October 2000, the Board determined that registered clubs which were authorised to install poker machines after 28 March 2000, by virtue of an authorisation granted prior to 28 March 2000, were entitled to install those machines.

Conversely, those clubs which prior to 28 March 2000 had authority to remove a device on a date after 28 March 2000 will now be treated, for freeze purposes, as having removed those machines prior to 28 March 2000 and will thus have a lesser number under the freeze provisions.

Appendix 8 - Judicial Decisions

Cases of Significance or Interest in the Licensing Court of New South Wales

Director of Liquor and Gaming v
Raymond Armstrong/Charlie Chan's Pool and
Gaming Saloon.

On 24 July 2000 a prosecution was brought against Raymond Armstrong, the licensee of Charlie Chan's Pool and Gaming Saloon ("the premises") for three breaches of clause 46B of the Liquor Regulation 1996.

Section 161(11) of the Liquor Act 1982 provides that where a hotel has more than 10 approved gaming devices on its premises, certain conditions must be complied with by the licensee with respect to the keeping of those machines. Those conditions are generally contained within the Liquor Regulation 1996. In this matter, the relevant provisions of clause 46B are:

Clause 46B(2)(b) of the Regulation provides that

"the gaming room shall be physically separated from the general bar area by a permanent floor to ceiling wall with at least the bottom half of such wall being constructed of opaque material, and any building approval for any building work that must be done must be obtained before the additional devices are kept in the hotel."

Clause 46B(2)(c) of the Regulation provides that

"patrons must not be compelled to pass through the gaming room in order to enter or leave the hotel or in order to gain access to another part of the hotel."

Clause 46B(2)(e) of the Regulation provides that

"any approved gaming device in the gaming room must be situated so that it cannot be seen from the street or footpath adjacent to the street."

The matter came before Mr Barnett, Relieving Local Court Magistrate on 24 July 2000. The licensee entered pleas of guilty to all three matters pleaded and made submissions in mitigation. These submissions may be summarised as:

- The defects in the hotel's provisions for the gaming room had now been rectified;
- Advice regarding proposals to rectify the premises' compliance with clause 46B was received by the Department before the date of the inspectors' visit on 24 March 2000;
- Difficulties were encountered by the licensee in rectifying the premises on account of the heritage listing of the premises;

- The opaque section of the gaming room walls was deleted due to security issues as gangs of thuggish youths frequent that part of George Street in which the premises are situate;
- The arrangements for the sanitary facilities were approved by the Licensing Court in March 1998;
- The licensee had not come to the attention of the Court before despite over 30 years as a licensee; and
- A plea of guilty was entered at the earliest possible opportunity.

The Magistrate considered these factors and came to the conclusion that the appropriate way to deal with the matter was to make no order. No other breaches of clause 46B had been dealt with by the Court to date so there was no guidance that could be provided for the Court on this occasion although the result appears to be within what the Court has done in the past when dealing with minor breaches of the Act and Regulations.

The Director of Liquor and Gaming v
Adam Hall

The Director of Liquor and Gaming instituted proceedings against the licensee of the Sky Bar Hotel, Adam Hall, for breaches of clauses 52(1) & (4) and clause 52ZC(a) of the Liquor Regulation 1996. The licensee had circulated a flyer resembling a \$20 note which imposed a minimum redemption/payout on winnings in breach of clauses 52(1) & (4), offered free credits to persons redeeming the flyer where the flyer was redeemed for gaming purposes in breach of clause 52ZC(a) and offered complimentary liquor as an inducement, in breach of clause 52ZC(a).

The matter came before the Licensing Court on 16 October 2000 and the licensee, Adam Hall, pleaded guilty to all offences. In mitigation, the licensee explained that the hotel was operated as a partnership and the partner in charge of gaming matters had recently left the business. Further, Mr Hall was absent from the hotel at the time of the offences. The learned Magistrate pointed out that, as licensee Mr Hall was primarily responsible for ensuring compliance with the Liquor Act and Regulations.

Mr Hall was fined \$100.00 for each offence and ordered to pay Court costs.

Appendix 8 - Judicial Decisions (cont.)

Williams v

The Liquor Administration Board & Ors

Mr Williams originally made applications for the removal of an hotelier's licence and for the development of a tavern at 227 Forrest Road, Hurstville. The Licensing Court rejected the application for the removal of the licence and granted a conditional grant for the tavern on 20 March 2000.

The decision of the Full Bench of the Licensing Court included the statement that "...The application for the conditional grant is granted and upon the issue of the licence the following conditions will be imposed..... Condition 31 – No more than 15 poker machines and 5 approved card devices shall be installed on the premises for a period of 5 years from the date of the grant of the final order."

Under the provisions of 161A of the Liquor Act 1982, approved gaming devices could not be authorised under the Act to be kept, used or operated in a hotel, which was part of a retail shopping centre. It was acknowledged that the tavern development to which the conditional grant related was, in fact located in premises adjoining the Hurstville Super Centre, which was a retail shopping centre within the meaning of the Retail Leases Act 1994 and consequently, the Liquor Act 1982. However, section 161A(4) of the Liquor Act 1982 created an exemption where an application was finally determined before 12 pm on 28 March 2000. Mr Williams sought declaratory relief from the New South Wales Supreme Court in relation to whether the conditional grant made by the Licensing Court was a finally determined application and therefore brought within the exemption under section 161A(4) of the Liquor Act 1982 to acquire and keep approved gaming devices.

The Honourable Justice Windeyer heard the matter in the Equity Division of the New South Wales Supreme Court on 21 November 2000 and determined that Mr Williams, the Plaintiff, was entitled to a declaration that the conditional grant made by the Licensing Court was a final determination under the provisions of section 161A(4) of the Liquor Act 1982.

The Liquor Administration Board appealed against the decision to the New South Wales Court of Appeal and the matter was heard on 18 May 2001.

The Appeal Court found that a conditional grant under section 40 of the Liquor Act 1982, (which included a condition which stated that "no more than 15 poker machines and 5 card devices shall be installed on the

premises for a period of 5 years from the date of the final order") was not a final grant of the application under section 60 of the Liquor Act 1982. The Court noted that the respondent had made no application for a final grant under section 60 of the Liquor Act 1982 before 12 pm on 28 March 2000 as required under section 161A(4) of the Liquor Act. Further, the Court found that under the provisions of section 161 of the Liquor Act, the Liquor Administration Board, not the Licensing Court, had the authority to impose a condition on the hotelier's licence allowing for the acquisition and keeping of approved gaming devices.

The Appeal Court went on to find that no application to the Board under section 161 of the Liquor Act 1982 for the acquisition and keeping of approved devices had been made by the first respondent (Mr Williams) prior to 12 pm on 28 March 2000 and therefore the exemption in section 161A(4) of the Liquor Act did not apply to the application.

Consequently, the appeal was allowed, previous orders were set aside, the amended summons dismissed and the respondent was ordered to pay the appellant's costs and to pay the appellant's costs for amended summons and of the appeal and have a certificate under the suitor's fund, if otherwise entitled.

On 15 June 2001, Mr Williams filed for Special Leave to Appeal to the High Court of Australia on the grounds that:

- the New South Wales Court of Appeal erred in holding that the authority to keep, use and operate poker machines in hotels could not be conferred by the Licensing Court;
- the New South Wales Court of Appeal erred in holding that the authority to keep, use and operate poker machines in hotels could not be conferred by a condition imposed upon a hotelier's licence by the Licensing Court;
- the New South Wales Court of Appeal erred in constructing sections 160, 161 and 161A of the Liquor Act 1982 in a manner which is inconsistent with the other sections of the Act which establish a regime for the conditional grant of a hotelier's licence (such as sections 20, 40 and 60 of the Liquor Act 1982); and
- the New South Wales Court of Appeal erred in not holding that in the proper construction of section 161A of the Liquor Act 1982, the phrase "....application was finally determined...." referred

Appendix 8 - Judicial Decisions (cont.)

to the determination of the Licensing Court in relation to an application for an hotelier's licence.

Mr Williams has sought the following orders:

1. that Special Leave to Appeal is granted;
2. that the Appeal be allowed with costs;
3. that the decision of the New South Wales Court of Appeal is set aside; and
4. that the appeal to the New South Wales Court of Appeal be dismissed with costs.

There has been no decision in relation to whether Special Leave to Appeal to the High Court of Australia should be granted.

Director of Liquor and Gaming v
Darling Harbour Convention and Exhibition Centre
Pty Ltd

The applicant was the holder of an on-licence (restaurant) with dine-or-drink authority and section 18(4)(g) on-licence.

The applicant applied for a caterer's licence.

Section 54B(1)(a) of the Liquor Act 1982 provides:

"An application for a caterer's licence shall not be granted unless the Court is satisfied that:

- (a) *the principal business of the applicant, and the principal business of any person or body on whose behalf the applicant will hold the licence, is or is proposed to be that of providing catering services for fee, gain or reward."*

Section 4 of the Liquor Act provides that "catering services" means services for the preparation and supply of food for consumption at functions, occasions and events. Furthermore, a "caterer's licence" means a licence that, subject to this Act and the conditions of the licence authorises the licensee to sell liquor at a function, occasion or event held on any premises, or part of premises, on which the licensee provides catering services, but only for consumption on those premises.

The applicant provided evidence that the largest source of revenue generated by the applicant was the provision of catering services, shown in the applicant's accounts as "Food and Beverages". The Director of Liquor and Gaming did not accept that the income from "Food and Beverages" necessarily correlated to the yield from "catering services". The applicant had

been exercising a section 18(4)(g) licence since 8 March 1993 and much of the food and beverage income could have been generated by this licence. There was not enough evidence to support that the proposition that catering services was the applicant's principal business.

The Director of Liquor and Gaming lodged an objection.

In the International Hockey Club Limited determination by the Full Bench of the Licensing Court, Mr Collins, Licensing Magistrate was of the view that a "but for" test could be used to determine whether a caterer's licence was appropriate. It was the Director of Liquor and Gaming's view that the applicant's catering services would not exist "but for" the convention/exhibition facilities, ie the rental and use of those facilities.

On 7 February 2001 Ms Orchiston, Relieving Local Court Magistrate delivered her written decision in the objection by the Director of Liquor and Gaming.

In her written decision her Worship said at page 9:

"Having considered all the evidence, and applying the "but for" test to the present case, I consider that the Applicant would not exist in the absence of its business of providing function, exhibition and convention facilities. Conversely, I am satisfied that the Applicant could still exist in the absence of its providing catering services."

Her Worship dismissed the Convention Centre's application.

Campbelltown RSL Club Limited v
Director of Liquor and Gaming

The Director of Liquor and Gaming appealed against the determination of Licensing Magistrate Flood made on 22 June 2000 to grant an application made pursuant to section 18(1)(f) of the Registered Clubs Act 1976, for the removal of the Certificate of Registration of Campbelltown RSL Club Limited from premises at 6 Lithgow Street, Campbelltown to premises at 5 Cordeaux Street, Campbelltown.

The new club premises whilst in the same vicinity as the old premises considerably enhanced the gaming facilities of the club, including making the gaming area approximately 16% larger.

Appendix 8 - Judicial Decisions (cont.)

The Director submitted that the effect of Part 10C of the Registered Clubs Act 1976 ("the Act") is to require that before the application can be considered the club is required to submit a social impact assessment ("SIA"). This is on the basis that:

1. the application is a premises related application as set out in section 88AJ(2);
2. the application is concerned with the keeping of gaming machines so is not exempt from the SIA provisions under section 88AJ(2); and
3. the Court cannot grant any exemption (even if it were minded to do so) under section 88AK as this section is only applicable where there is an increase in the number of gaming machines proposed.

The club conceded the application is a premises related application within section 88AJ(1) however it contended that it was not liable to provide an SIA or the Court should dispense with the need to provide an SIA as:

1. it is exempt by virtue of section 88AJ(2) since the application is not concerned with an increase in gaming machines; or
2. the Court is able to grant a dispensation pursuant to section 88AK(2) because it can be satisfied either:
 - a) the number of additional approved gaming devices being nil there is negligible social impact likely to be caused by them; or
 - b) the number of additional machines at the new premises being the same number as were previously held at the old premises in the immediate proximity of the new premises, will cause no significant social impact.

Section 88AJ(2)(a)

The Director submitted that it is necessary for the Court to be satisfied that both negative preconditions have been satisfied before concluding that Part 10C does not apply. The Director supported the view of Mr Flood that the section establishes a hendiadys.

The club argued that if the interpretation favoured by the Director was preferred then an application which is concerned with the keeping of gaming devices but does not result in an increase in the number of devices

to be kept is not exempted from the requirements of an SIA and according to the Director is not subject to the dispensation provisions under section 88AK(2). On the other hand an application which is concerned with an increase in the number of devices may have an SIA dispensed with under section 88AK(2). The club stated that this was an absurd result and that on its interpretation such an anomaly does not arise.

The Director pointed out that whilst anomalies are to be avoided if possible it is not every anomaly which can be overcome by interpretation.

The club further argued that it was understandable as a matter of policy that no SIA should be required where the application is not concerned with any increase in the number of devices kept by the club. The same number of devices will be available for the same members both before and after the grant of the application and the grant will not affect any different group of persons as it will be the same members and guests who presently use the devices who will be using the devices at the new premises.

The Director referred to the Second Reading Speech where the Minister referred to 'enhancement' to gaming by the club.

The club argued that the language employed by the section made it clear that the legislature intended to provide exemption from the requirement for a SIA where either of the two negative preconditions existed, in particular the other Parts of 10C such as section 88AI(4).

Although, the Court had much sympathy with the straightforward logical interpretation of the section advanced by the Director it determined that if either negative precondition is fulfilled in section 88AJ(2)(a) the applicant is not required to provide a SIA. It said to decide otherwise would bring forward the anomalies of interpretation advanced by the club and would render otiose the words in sub-section (2)(a) "or with an increase in the number of devices to be kept by the club".

Section 88AK Dispensation

The Court agreed with the Director's plain English meaning of the section. The Court found that the dispensation power may only arise if the Court has regard to the likely minimal social impact of additional gaming devices and did not find that the words "having regard to the likely minimal social impact of the additional approved gaming devices concerned"

Appendix 8 - Judicial Decisions (cont.)

can be disregarded or treated as one possible sub-set of many particular circumstances.

Director of Liquor and Gaming v
Pacific Gaming Pty Limited

The Director of Liquor and Gaming instituted proceedings against Pacific Gaming Pty Limited for three breaches of section 43A of the Registered Clubs Act 1976.

In each Information it was alleged that the defendant company provided a benefit in the sum of \$1,200 to Exclusive Club Products, an entity owned and controlled by Michael Segretto, being commission for the sale to the Arncliffe Scots Sports and Social Club Limited by Pacific Gaming Pty Limited of two poker machines. The alleged offences took place on 6 March and 7 July 1997. At all material times, Michael Segretto was the approved secretary/manager of the club.

The defendant company entered a plea of guilty to each of the Informations.

On 17 May 2000 Mr Armati, Chairperson, found that Mr Higgins, the defendant's sales manager, acting alone in the course of his normal sales duties approached the Arncliffe Scots Sports and Social Club Limited. At the time, Michael Segretto was the secretary of the club. Conversations took place about the sale by Mr Higgins on behalf of the defendant company to the club of two poker machines. In the course of that conversation, Mr Segretto asked for and Mr Higgins agreed to pay a benefit to a business owned by Mr Segretto by way of commission on the sale.

The Court took into account that the defendant company and its officers were not aware of the limitations of section 43A of the Registered Clubs Act, that it had since addressed the structural failures that contributed to the commission of the offences, that it pleaded guilty to the three Informations, that it had operated for 14 years without previously having come under notice and the assistance it provided to Departmental investigators from the outset.

Nevertheless the Court considered that there had been a failure at a serious level to comply with the legislation and imposed a penalty of \$3,500 upon the company in respect of each offence. The Court also reprimanded the company.

Pacific Gaming Pty Limited appealed to the District Court of NSW on the basis that it claimed the penalties

imposed in the Licensing Court were too severe. The appeal was heard on 15 and 16 November 2000 before His Honour, Judge Bell who handed down a written decision on the substantive aspects of the appeal on 21 November and passed sentence on 23 November 2000.

His Honour, in substitution for the fines and costs imposed in the Licensing Court ordered the company to be placed on a good behaviour bond for a period of three years but did not remove the reprimand imposed in the lower court or remove the pleas of guilty. The company was also ordered to disclose the fact of the bond but not of the reprimand or plea of guilty. No appeal was instituted by the Director.

Director of Liquor and Gaming v
Pacific Gaming Pty Limited, Michael Segretto and
Robert Higgins

In the 1999-2000 annual report of the Director of Liquor and Gaming's action against Pacific Gaming Pty Limited for breaches of section 43A, Registered Clubs Act 1976, reference was made to that company appealing against its conviction in the Licensing Court and to related prosecutions of Michael Segretto and Robert Higgins.

Related to that matter were the prosecutions for breaches of the same section of the Registered Clubs Act 1976, of the then NSW sales manager for Pacific Gaming Pty Limited and of the secretary of the Arncliffe Scots Sports and Social Club Ltd. It was alleged that Mr Segretto had approached Mr Higgins to make the illegal payments and that Mr Higgins had agreed to do so and did in fact do so. (The Arncliffe Scots Sports and Social Club Ltd was not involved in, nor did it gain anything from, the actions of the secretary).

Mr Higgins pleaded guilty on 19 October 2000 to both Informations under section 43A and was fined \$1,000 on each and ordered to pay the Director's costs of the prosecution. Due to Mr Higgins otherwise unblemished record, his early plea of guilty, his offers of co-operation with the Director's investigators and the fact that he gained no benefit from the sales of poker machines in question (the commissions were paid to another sales person) Mr Higgins obtained a one-third reduction of his sentence.

On 31 October 2000 Mr Segretto entered pleas of guilty to two Informations alleging breaches of section 43A, Registered Clubs Act 1976. An order was also sought by the Director pursuant to section 35 of that Act,

Appendix 8 - Judicial Decisions (cont.)

seeking that Mr Segretto be disqualified from holding office as either secretary or as member of a governing body of a club on the basis that the offences under section 43A called into question whether or not he was a fit and proper person to hold such offices. Mr Segretto did not resist the order sought.

Mr Segretto was fined \$5,000 for each breach of section 43A and disqualified under section 35 for a period of five years. He was also ordered to pay the Director's costs of the prosecution. As Mr Segretto benefited from the payment of the illegal commissions, no reduction in his sentence was afforded him.

Director of Liquor & Gaming & Ors v
Ainsworth Game Technology Pty Limited

Ainsworth Game Technology Pty Limited ("AGT") applied for a poker machine dealers/manufacturers licence on 24 June 1997. Both the Commissioner of Police and the Director objected to the application on the basis that Mr Leonard Ainsworth, the Managing Director and owner of AGT, was not a fit and proper person to be associated with the type of licence sought.

On 17 August 1998 Mr D Collins, Licensing Court Magistrate, found that the objections were not made out and granted the application.

Both the Commissioner of Police and the Director appealed against that decision to a Full Bench of the Licensing Court. Such an appeal takes the form of a de novo hearing. Due to matters such as available full bench days and the retirement of magistrates, the hearing of the appeal was not finalised until December of 2000. The decision was handed down on 25 June 2001.

The Full Bench of the Licensing Court dismissed the appeals and granted AGT's application in a judgement of some 244 pages. In making that decision, the Court determined that Mr Ainsworth was in fact a fit and proper person to be associated with the type of licence sought. The usual conditions applicable to this type of licence were imposed on the licence.

Director of Liquor and Gaming v
Gosford RSL Club Ltd

The Director of Liquor and Gaming commenced proceedings against Gosford RSL Club Ltd alleging breaches of the Registered Clubs Act 1976

The Complaint and Summons alleged the following breaches of the Registered Clubs Act 1976 ("the Act"):

- Three breaches of section 17(1AA)(a)(xiv) of the Act with respect to section 9A(5A) – cash advances made by or at the direction of the CEO, Mr Alwyn Portass;
- One breach of section 17(1AA)(a)(i) with respect to section 10(1)(i) of the Act in that benefits were not provided to all members equally - \$30,000 loan to the CEO;
- Three breaches of section 17(1AA)(a)(i) with respect to section 10(1)(l) in that the CEO did not keep proper books and records of disbursements claimed by him; and
- Twenty-two breaches of section 17(1AA)(e) regarding the failure of the Board of the Club to competently and adequately supervise the CEO.

The matter came before the Licensing Court for hearing on 23 November 2000.

The Club admitted the majority of the breaches and findings with respect to the balance were generally made in favour of the Director. It should be stressed that the Club made informal admissions some time ago and co-operated with Departmental inspectors at all times.

In mitigation the Club asserted that the secretary was overbearing and aggressive and apparently had the Board so cowed that he could act as he wished. On the positive side, the Club dispensed with that secretary's services and hired a new secretary prior to the hearing who had already improved the Club's governance and finances.

Whilst the Magistrate gave credit for the Club's turnaround, evidence before the Court indicated that the Board of the Club, and in particular the President, had been warned of the CEO's behaviour about ten years before and the breaches of the Act that he was committing on a regular basis.

It was submitted for the Director that the Board had consistently failed in its duty as Directors of the Club to formulate policy and supervise the carrying out of that policy by the CEO. In effect the Board had "shut its eyes" to the malpractice of which it was on notice. Although the Directors could reasonably be expected to be able to rely on the expertise of a professional manager such as the CEO, the notice of his wrongdoing

Appendix 8 - Judicial Decisions (cont.)

gave rise to an obligation to rectify the situation on behalf of the members of the Club. This submission carried much weight with the Magistrate who endorsed the Director's submission.

Notwithstanding that each of the breaches were not, taken individually, serious, together and combined with the Board's notice and inaction the whole course of conduct was considered to be serious by the Magistrate. The Club sought a nominal monetary penalty but the Director's submission was accepted that to achieve the purposes of deterrence and the protection of the public interest a substantial monetary penalty was required.

The Magistrate imposed a monetary penalty of \$50,000, which represents just under 25% of the total monetary penalty that could have been imposed.

The Club's former secretary, Mr Portass, was disqualified under section 17(2)(f) from holding any position as secretary or member of the governing body of a registered club for a period of 10 years. The club supported this order.

Solomon v Licensing Court Of New South Wales & Anor

Mr Solomon made application to remove a dormant hotelier's licence from the Zenith Centre at 821 Pacific Highway, Chatswood to the ground floor of a new building at the corner of Railway Parade and Brown Street, Chatswood. The new building is located on a busy suburban street and close to the Chatswood Central Shopping Centre. The shopping centre and the building are separated by private land, a footpath, a road and another footpath on the shopping centre side of the street.

The question before the Full Bench of the Licensing Court of New South Wales in July 2000 was whether the Court could grant the application for the removal of the hotelier's licence and whether any such grant could include a condition which would allow poker machines to be kept on the hotel premises taking into account the provisions of section 161A of the Liquor Act 1982 (the Act).

Under the provisions of 161A of the Act, approved gaming devices could not be authorised under the Act to be kept, used or operated in a hotel, which was part of a retail shopping centre including any adjoining building. It was acknowledged that the Chatswood Centre shopping complex was a retail shopping centre

within the meaning of the Retail Leases Act 1994 and consequently, the Liquor Act 1982.

The Full Bench granted the application for removal of licence. In granting the application the majority of the Court held that a wide interpretation should be given to the word "adjoining" where it appeared in the legislation and consequently the proposed licensed premises were held to be a part of a retail shopping centre under the provisions of section 161A of the Liquor Act. Accordingly, no authorisation was given to keep, use or operate approved gaming devices in the proposed licensed premises as it was within a retail shopping centre for the purposes of the Act.

Mr Solomon appealed to the Supreme Court of New South Wales on a question of law and sought relief to quash the determination of the Full Bench of the Licensing Court and an order remitting the application to the Licensing Court "to be dealt with according to law".

The Honourable Justice Whealy heard the matter in the Common Law Division of the New South Wales Supreme Court on 6 October 2000. Justice Whealy found that, taking into account the definition of retail shopping centre in the Retail Leases Act 1994 which included "premises located in one building or in two or more buildings that are either adjoining or separated only by common areas or other areas owned by the owner of the retail shops" and the Second Reading Speech and the Explanatory Note of the Minister which referred to the legislation prohibiting gaming machines within "close proximity" of suburban shopping complexes; the proposed licensed premises were not "adjoining" premises as required under section 161A of the Act as it was not within the retail shopping complex and it did not share a physical connection or a common boundary with a retail shopping complex.

Thus His Honour:

- found that the Licensing Court erred in its interpretation of section 161A of the Act;
- quashed the decision of the Licensing Court;
- remitted the application to the lower Court "to be dealt with according to law"; and
- ordered that the second defendant pay the costs of the plaintiff as agreed or assessed and the second defendant was to have a certificate under the Suitor's Fund Act, if qualified.

Appendix 9 - Schedule of Legislative Amendments

Summary of Legislative Amendments to the Liquor Act 1982 and Regulation, and the Registered Clubs Act 1976 and Regulation

ACTS OF PARLIAMENT

Liquor and Registered Clubs Legislation
Amendment Act 2000 No. 62

Date of Assent: 5 July 2000

Date of Commencement:
Certain parts on 5 July 2000 and
Other parts on 1 September 2000

This Act amended the Liquor Act 1982 with respect to:

- the scope and conditions of function licences;
- the trading hours of licensed premises, particularly in relation to the millennium and the centenary of Federation celebrations;
- the grant of special event licences;
- the grant of restaurant licences and the service of liquor in restaurants;
- the manner of payment of fees for the grant of licences;
- the penalties for offences;
- the sale of undesirable liquor products; and
- the terms of local liquor accords.

This Act also amended the Registered Clubs Act 1976 with respect to the penalties for offences, the sale of undesirable liquor products, the terms of local liquor accords, and the testing of poker machines in relation to standards adopted by the Liquor Administration Board. Also, this Act amended the Liquor and Registered Clubs (Olympic and Paralympic Games) Act 1999 with respect to extended trading hours during the Games period.

Liquor Amendment (Gaming Machine Restrictions)
Act 2001 No. 48

Date of Assent: 17 July 2001

Date of Commencement: 17 July 2001

This Act amended the Liquor Act 1982 to confirm a freeze imposed originally by clause 46AA of the Liquor Regulation 1996, on the number of gaming machines authorised to be acquired by or kept, used or operated in a hotel. The freeze, effective from 19 April and, under the

Amendment Act, continues until a date appointed by proclamation. The Amendment Act also provided that damages or compensation are not payable by or on behalf of the Crown because of the imposition of the freeze.

PENDING LEGISLATION

Gaming Machine Tax Bill 2001

This Bill, approved by the Legislative Assembly of the Parliament on 27 June 2001, will be considered by the Legislative Council during the Spring sittings commencing in September 2001.

The object of this Bill is to amend the Liquor Act 1982, the Registered Clubs Act 1976 and the Taxation Administration Act 1996 to consolidate legislation relating to gaming machine tax. The Bill will:

- provide for imposition of a tax on profits from gaming machines kept in hotels and registered clubs;
- prescribe the rate of tax payable, and provides for its payment by instalments;
- make provision for the lodgement of returns in relation to gaming machine profits.

Liquor and Registered Clubs Legislation
Amendment Bill 2001

This Bill, approved by the Legislative Assembly of the Parliament on 27 June 2001, will be considered by the Legislative Council during the Spring sittings commencing in September 2001.

The object of this Bill is to amend the Liquor Act 1982 to:

- make further provision with respect to the supply of liquor by a hotelier at a function held off the hotel premises;
- enable the granting of Governor's licences in respect of premises occupied by a horseracing club;
- make further provision with respect to the appointment of managers of licensed premises occupied by corporate licensees;
- dispense with certain requirements relating to applications pertaining to special event licences; and

Appendix 9 - Schedule of Legislative Amendments (cont.)

- regulate sales of liquor over the telephone, by facsimile, by mail order or through the internet.

Another object of this Bill is to amend the Registered Clubs Act 1976 with respect to appeals from findings of the Licensing Court as to the fitness of persons to be office-bearers in a registered club; and payment of club membership fees.

SUBORDINATE LEGISLATION

Liquor Amendment (Gambling Signage) Regulation 2000

Government Gazette No. 93 of 21 July 2000

This Regulation amended the Liquor Regulation 1996 to require signs about the chances of winning a major gaming device prize to be displayed on gaming devices and on the hotel premises where the devices are installed.

Registered Clubs Amendment (Gambling Signage) Regulation 2000

Government Gazette No. 93 of 21 July 2000

This Regulation amended the Registered Clubs Regulation 1996 to require signs about the chances of winning a major gaming device prize to be displayed on gaming devices and on the registered club premises where the devices are installed.

Registered Clubs Amendment (Training) Regulation 2000

Government Gazette No. 101 of 4 August 2000

This Regulation amended the Registered Clubs Regulation 1996 to require that responsible gambling courses undertaken for the purposes of the Registered Clubs Regulation are conducted by training providers approved by the Liquor Administration Board.

Liquor Amendment (Training) Regulation 2000

Government Gazette No. 101 of 4 August 2000

This Regulation amended the Liquor Regulation 1996 to require that responsible gambling courses undertaken

for the purposes of the Liquor Regulation are conducted by training providers approved by the Liquor Administration Board.

Registered Clubs Amendment (Miscellaneous) Regulation 2000

Government Gazette No. 109 of 25 August 2000

This Regulation amended the Registered Clubs Regulation 1996 to prescribe the fee required to be lodged with an application for a poker machine testing facility licence, the fee payable for the grant of such a licence and the periodic fee payable for such a licence.

Liquor Amendment (Miscellaneous) Regulation 2000

Government Gazette No. 109 of 25 August 2000

This Regulation amended the Liquor Regulation 1996 to:

- require sanitary facilities in a licensed restaurant to meet any requirements set out in a development consent or a complying development certificate under the Environmental Planning and Assessment Act 1979 or to be sufficient for the convenient use of customers;
- require a licensee who offers liquor for sale through an internet site to display on the site at all times while it is accessible any notice prescribed by the regulations, including any notice in relation to the sale of liquor to minors;
- set out an alternative form of public exhibition of an application and a social impact assessment in connection with gaming machines in a hotel where the premises are not yet erected or occupied by the applicant;
- provide for the making of applications to the Roads and Traffic Authority for the issue of a proof of age card; and
- prohibit any person from letting or subletting, or otherwise granting, the right to supply prescribed gaming or liquor-related services in licensed premises to any other person without the prior written consent of the Liquor Administration Board.

Appendix 9 - Schedule of Legislative Amendments (cont.)

Liquor and Registered Clubs (Olympic and Paralympic Games) Regulation 2000

Government Gazette No. 109 of 25 August 2000

This Regulation supported the conduct of the Olympic and Paralympic Games by:

- imposing limits on the noise levels that could be emitted from premises operated during extended trading hours during the Games period; and
- for the enforcement of those limits.

Registered Clubs Amendment (Cheque Cashing) Regulation 2000

Government Gazette No. 121 of 15 September 2000

This Regulation amended the Registered Clubs Regulation 1996 to increase the maximum amount for which clubs that are authorised to keep approved gaming devices are permitted to cash cheques from \$200 to \$400.

Liquor Amendment (Cheque Cashing) Regulation 2000

Government Gazette No. 121 of 15 September 2000

This Regulation amended the Liquor Regulation 1996 to increase the maximum amount for which hoteliers who are authorised to keep approved gaming devices are permitted to cash cheques from \$200 to \$400.

Registered Clubs Amendment (Cheque Cashing) Regulation 2000

Government Gazette No. 121 of 15 September 2000

This Regulation amended the Registered Clubs Regulation 1996 to increase the maximum amount for which clubs that are authorised to keep approved gaming devices are permitted to cash cheques from \$200 to \$400.

Liquor Amendment (Cheque Cashing) Regulation 2000

Government Gazette No. 121 of 15 September 2000

This Regulation amended the Liquor Regulation 1996 to increase the maximum amount for which hoteliers who are authorised to keep approved gaming devices are permitted to cash cheques from \$200 to \$400.

Liquor Amendment (Cheque Cashing) Regulation (No 2) 2000

Government Gazette No. 152 of 24 November 2000

This Regulation amended the Liquor Regulation 1996 to extend the ability of such hoteliers to accept cheques for cashing without committing an offence by providing that a hotelier can cash a cheque that is made out to the hotel owner (including by reference to a name under which the hotel business is conducted).

Liquor Amendment (Cheque Cashing) Regulation (No 2) 2000

Government Gazette No. 152 of 24 November 2000

This Regulation amended the Liquor Regulation 1996 to extend the ability of such hoteliers to accept cheques for cashing without committing an offence by providing that a hotelier can cash a cheque that is made out to the hotel owner (including by reference to a name under which the hotel business is conducted).

Registered Clubs Amendment (Central Monitoring System) Regulation 2000

Government Gazette No. 168 of 22 December 2000

This Regulation amended the Registered Clubs Regulation 1996 to:

- allow the central monitoring system ("CMS") or CMS licensee 14 days after the end of each instalment period, instead of 7 days, to issue a notice of duty to registered clubs that keep approved gaming devices that are connected to the authorised CMS;

Appendix 9 - Schedule of Legislative Amendments (cont.)

- prescribe as a condition of a registered club's certificate of registration that a club must, in order to enable approved gaming devices to be connected to the authorised CMS, permit the employees and agents of the CMS licensee to provide access to the hotel, and give reasonable assistance to the employees and agents of the CMS licensee; and
- provide that clubs at which approved gaming devices were kept, used or operated but not connected to the CMS on or before 1 January 2001 must be connected to an authorised CMS by 1 July 2001.

Registered Clubs Amendment (Prohibited Products) Regulation 2000

Government Gazette No. 168 of 22 December 2000

This Regulation amended the Registered Clubs Regulation 1996 to declare the alcoholic ice block to be an undesirable liquor product that is not permitted to be sold or supplied at a registered club.

Liquor Amendment (Prohibited Products) Regulation 2000

Government Gazette No. 168 of 22 December 2000

This Regulation amended the Liquor Regulation 1996 to declare the alcoholic ice block to be an undesirable liquor product that is not permitted to be sold or supplied on licensed premises.

Liquor Amendment (Central Monitoring System) Regulation 2000

Government Gazette No. 168 of 22 December 2000

This Regulation amended the Liquor Regulation 1996 to:

- allow the central monitoring system ("CMS") or CMS licensee 14 days after the end of each instalment period, instead of 7 days, to issue a notice of duty to hoteliers who keep approved gaming devices that are connected to the authorised CMS;
- create new offences that require a licensee, hotelier, registered club or other person who has possession or control of any device or equipment that forms part of an authorised CMS to keep the device or equipment safe in accordance with directions approved by the Minister, and that prohibit disposing of the device or equipment otherwise than in accordance with such directions;

- prescribe those new offences as penalty notice offences;

- prescribe as a condition of a hotelier's licence that the hotelier must, in order to enable approved gaming devices to be connected to the authorised CMS, permit the employees and agents of the CMS licensee to provide access to the hotel, and give reasonable assistance to the employees and agents of the CMS licensee; and

- provide that hotels at which approved gaming devices were kept, used or operated but were not connected to an authorised CMS on or before 1 January 2001 must be connected to an authorised CMS by 1 July 2001.

Liquor Amendment (Penalty Notices) Regulation 2001

Government Gazette No. 33 of 1 February 2001

This Regulation amended the Liquor Regulation 1996 to:

- prescribe additional offences under the Liquor Act 1982 and the Liquor Regulation 1996 as penalty notice offences; and
- re-format Schedule 3 (Penalty notice offences) into a style consistent with penalty notice schedules in other regulations. In the new format penalty amounts are set out within the Schedule.

Registered Clubs Amendment (Penalty Notices) Regulation 2001

Government Gazette No. 33 of 1 February 2001

This Regulation amended the Registered Clubs Regulation 1996 to:

- prescribe additional offences under the Registered Clubs Act and the Registered Clubs Regulation as penalty notice offences; and
- re-format Schedule 3 (Penalty notice offences) into a style consistent with penalty notice schedules in

Appendix 9 - Schedule of Legislative Amendments (cont.)

other regulations. In the new format penalty amounts are set out within the Schedule.

Liquor Amendment (Miscellaneous) Regulation 2001

Government Gazette No. 67 of 12 April 2001

This Regulation amended the Liquor Act 1982 to:

- provide that the holder of an amusement device dealer's licence under the Liquor Act 1982 will be required, as a condition of the licence, to notify the Liquor Administration Board of any defect or malfunction in relation to a gaming device that could adversely affect the security or integrity of the device concerned, and to notify the Board if a device has been manipulated for fraudulent purposes;
- remove the requirement that a gaming machine ticket has to include words indicating that the ticket is issued in accordance with certain legislation; and
- correct a reference to participating clubs in a provision dealing with inter-hotel linked gaming systems.

Registered Clubs Amendment (Miscellaneous) Regulation 2001

Government Gazette No. 67 of 12 April 2001

This Regulation amended the Registered Clubs Act 1976 to:

- provide that the holder of a poker machine dealer's licence under the Act will be required, as a condition of the licence, to notify the Liquor Administration Board of any defect or malfunction in relation to a poker machine that could adversely affect the security or integrity of the machine concerned, and to notify the Board if a poker machine has been manipulated for fraudulent purposes; and
- remove the requirement that a gaming machine ticket has to include words indicating that the ticket is issued in accordance with certain legislation.

Liquor Amendment (Approved Gaming Devices) Regulation 2001

Government Gazette No. 70 of 19 April 2001

This Regulation amended the Liquor Regulation 1996 to limit, for a period of 3 months, the number of approved gaming devices that can be acquired, kept, used or operated in a hotel to the number authorised immediately before the commencement of this amendment on 19 April 2001.

Liquor Further Amendment (Approved Gaming Devices) Regulation 2001

Government Gazette No. 76 of 2 May 2001

This Regulation amended the Liquor Regulation 1996 to clarify the application of the freeze imposed by the Liquor Amendment (Approved Gaming Devices) Regulation 2001 by making clear that a hotelier is not prevented from replacing an approved gaming device, either with a device of the same kind or of a different kind, or from making changes to a device.

This Regulation also provided that the freeze did not apply to:

- an approved gaming device authorised before 19 April 2001 under section 171F(2) of the Liquor Act 1982; or
- a poker machine that is the subject of a permit issued before 19 April 2001 by the Minister for Gaming and Racing under section 182C of the Liquor Act 1982.

Liquor Amendment (Proof of Age Card Fees) Regulation 2001

Government Gazette No. 97 of 15 June 2001

This Regulation amended the Liquor Act 1982 to increase the fees that accompany applications for the issue of a proof of age card and replacement proof of age cards.

Appendix 10 - Memorandum of Understanding

Memorandum of Understanding between the Minister for Gaming and Racing and the Liquor Administration Board

- In a performance audit report titled Corporate Governance, the Auditor General encouraged the establishment of an accountability instrument between a public sector board and the responsible Minister. This Memorandum of Understanding has been formulated to describe the broad accountability arrangements between the Liquor Administration Board and the Minister for Gaming and Racing.
- This Memorandum of Understanding has been prepared having regard to the relevant provisions of the Liquor Act 1982 and the Registered Clubs Act 1976 governing the statutory obligations of the Board, and the statutory relationship between the Board and the Minister.
- This Memorandum of Understanding sets out the actions, initiatives and outcomes which the Board expects (subject to external factors and the provisions of the Acts) to achieve during the currency of the Memorandum.
- External factors which may affect the Board achieving the outcomes identified in this Memorandum include:
 - i. The impact of action by the Minister in relation to requests issued, or decisions taken or deferred;
 - ii. The efficiency and effectiveness with which the Director of Liquor and Gaming and the NSW Police Service exercise their functions under the Act;
 - iii. The level of financial and staffing resources available to the Board; and
 - iv. Activities of others which affect the operations of the Board, the Director of Liquor and Gaming, the Police Service or the Minister.
- It is the Board's intention to comply with the following statements of conduct:
 - i. To diligently and faithfully comply with the Board's statutory functions and obligations under the Acts or any other Act which places obligations or responsibilities on it;
 - ii. To liaise with the Department of Gaming and Racing wherever this would be consistent with the Board's obligations and responsibilities;
 - iii. To endeavour, wherever consistent with the Board's obligations and responsibilities, to develop policies and practices which have regard to the Department's annual budgetary allocation (subject to any agreed variations or unforeseen events);
 - iv. To provide any necessary direction or guidance to the Secretary and to any other officers appointed to enable the Board to carry out its functions; and
 - v. To report to the Minister on compliance with this Memorandum of Understanding

This Memorandum of Understanding may be changed with the mutual consent of the Minister and the Board.

Dated this 4th day of February 2001



The Hon J Richard Face
Minister for Gaming and Racing



David Bruce Armati
Chairperson
Liquor Administration Board

Appendix 11 - The Executive Summary of the First Determination of April 2001

Internet

This paper and the Board's Provisional Determination Paper of November 2000 may be found on the Department of Gaming and Racing Internet site at: www.dgr.nsw.gov.au

Changes to the Technical Standards

The Technical Standards will be amended to incorporate the following:

- Information to be designated "player information display" ("PID")
 - That suitably presented plain-English information about specific player returns and the likelihood of payouts on individual gaming machines games be incorporated on a second screen of gaming machines.
 - That the information to be displayed include:
 - total theoretical percentage return to player for the game, including any progressive features in stand-alone progressive games;
 - dollar value of top 5 single prizes;
 - the probability of winning the top 5 single prizes;
 - the probability of winning the lowest 5 single prizes;
 - That there be a separate dual function PID button or screen icon in machine design.
 - That there be a "pull-through" message advising of the availability of the second screen information.
 - That the PID is only accessible in idle mode.
 - That the PID should be available until a relevant button or touch screen icon is pressed again to return to idle mode.
- The cash input limit for gaming machines be reduced from \$10,000 to \$200.
- The maximum amount that may be transferred via a CCCE protocol to a gaming machine be reduced from \$10,000 to \$200.
- The credit meter of gaming machines must display alternating credits and currency value when the machine is in idle mode and this alternating display must remain on the credit meter until the credit meter is cleared.
- That whenever a machine is connected to a link system there be available a "pull-through" message which states that currency value displayed on the machine does not include the value of any win on the applicable link.
- That machines be required to generate and display:
 - A "pull-through" harm minimisation message that runs across the screen at least once during every 30 minutes of continuous play. "Continuous play" shall mean play without a break of 5 minutes or more.
 - A "pull-through" harm minimisation message that runs across the screen of each machine when the \$200 cash input limit is reached.
 - That whenever a player has a win of \$100 or more that there be an enforced break from play created by the prevention of the machine being played and the display of a message on the screen inviting the player to cash out by taking the action of pressing a button or using a touch screen.
 - That in addition to such other harm minimisation messages that the Board may require the message contain the following information generated by the gaming machine and relating to the current gaming session which involved a period of continuous play without a break of 5 or more minutes:
 1. Amount played.
 2. Amount won with a message that money won may not include money won on a link.
 3. Money spent (played less won) with a message that money won may not include money won on a link.
 4. Current time.
 5. Time spent playing.

Appendix 11 - The Executive Summary of the First Determination of April 2001 (cont.)

6. Amount spent per hour (eg. dollars per hour) with a message that money won may not include money won on a link.

That this session information shall be reset to zero as soon as the credit meter is cleared.

- That the above information be available through a PID message.
- Gaming machine artwork which deals with the undermentioned be prohibited:
 - encourages a breach of the law;
 - depicts children;
 - is false, misleading or deceptive;
 - suggests that winning a prize is a likely outcome of participating in gambling activities;
 - suggests that participation in gambling activities is likely to improve a person's social standing or financial prospects;
 - suggests that a player's skill can influence the outcome of a game that is purely a game of chance;
 - depicts or promotes the consumption of alcohol.
- That play through (the facility to cut short the pay cycle by simply playing the next game) and auto gamble facilities be prohibited.
- That there be a redesign of button functions to prevent continuous play without further button presses.
- That the minimum return to player be increased from 85% to 87.5%.

Matters not to be included in the changes to Technical Standards

- Shutting down a machine for 10 minutes every hour.

- The use of LED displays in a range of languages indicating chances of winning for individual machines.

Matters which the Board has deferred for consideration for change to the Technical Standards until 30 September 2001

- That the use of \$100 and \$50 in note acceptors be prohibited and that the question of prohibition of note acceptors be kept under review.
- That the Technical Standards be amended by requiring a minimum reel spin time of 3.5 seconds and a minimum passage of time of 1.5 seconds in idle mode during which at least 1 standard data block must be transmitted.
- That the maximum bet limit for stand-alone machines be reduced from \$10 to \$1.

Matters identified in the Provisional Determination on which consultation continues

- Further research, consultation and development of policy and technical standards for card-based gaming.

Possible changes to the Technical Standards for which the Board seeks further input

- The Board has formed the view that consultation should take place on the proposal that the maximum prize for a stand-alone poker machine should be reduced to \$1,000.
- The Board has formed the view that consultation should take place on the proposal that the following limitations should be introduced:
 - Any gamble feature is to be limited so that a win resulting from the gamble does not exceed \$500
 - Only one double up attempt is to be permitted for a single play of a game.
- The Board has formed the view that consultation should take place on the proposal that volatility should be limited by limiting the standard deviation to 15.

Appendix 11 - The Executive Summary of the First Determination of April 2001 (cont.)

- The Board has formed the view that consultation should take place on the proposals that:
 - any win which will cause accumulated credits to equal or exceed \$1,000 or more should be automatically transferred to the credit meter (no gamble feature should be offered) and a cancel credit condition should be effected. The total prize money should then be paid to the player by means of a crossed cheque.
 - Additionally CCCE systems should not allow partial transfers of prizes to defeat the \$1,000 limit or for any other reason.
 - Once a cancel credit condition has been effected by the gaming machine or initiated by the player for any reason, that condition may not be cancelled other than by payment of the total value of the credits on the credit meter. That is to say players should not be able to press the cancel credit button and then change their mind and continue to play.
 - It must also be possible for a player to readily redeem an amount up to \$100 of credit/win from a gaming machine, without an attendant's intervention, by means of at least one of the following:
 - A hopper pay or
 - A printed ticket or
 - A CCCE transaction to a CCCE system.
- The Board has formed the view that consultation should take place on:
 - Whether sound associated with gaming should be able to be heard from outside gaming areas, as it may constitute an attraction to the gaming area (when other forms of advertising or enticement may be forbidden) and in particular an allurement to young people.
 - Whether sounds that suggest success or otherwise, such as cheers or bells or whistles or sirens, or "sympathetic" groans may arouse emotions, promote irrational responses, increase excitement, and/or constitute enticements to gambling or to continuing gambling.
- Whether sounds similar to those used to maintain interest and excitement in arcade and computer games have a similar effect with gaming machines.
- The effects of various types of sounds on particularly vulnerable personalities.
- The Board has formed the view that consultation should take place on:
 - Whether artwork lighting should be able to be seen outside gaming areas, as it may constitute an attraction to the gaming area (when other forms of advertising or enticement may be forbidden) and in particular an allurement to young people.
 - Whether artwork lighting may arouse emotions, promote irrational responses, increase excitement, and/or constitute enticements to gambling or to continuing gambling.
 - Whether artwork lighting should be static when a machine is not being played.

Matters for consideration to be dealt with under gambling harm minimisation provisions or by legislative change not requiring changes to the Technical Standards

The Board has formed the view that consultation should take place on the following:

- That a prohibition by way of condition on a hotelier's licence or club certificate of registration of the following gaming related advertising and signage should exist:
 - In any written publication, unless the publication is in the case of –
 - a registered club only sent or circularised to members of the club;
 - a licensed dealer only intended for distribution to persons or entities who are entitled to operate gaming machines.
 - In any electronic medium, including the Internet.
 - In any other form whatsoever where the advertising or signage is capable of being

Appendix 11 - The Executive Summary of the First Determination of April 2001 (cont.)

seen from outside of the premises in which gaming machines are operated or outside of any other premises.

- That a limitation by way of condition be imposed on a hotelier's licence or club certificate of registration upon any promotional scheme, which is in any way associated with the use of gaming machines, or the exchange of cash which may be used in gaming machines. It is proposed that there be a limit of \$1,000 per week which a venue could expend on promotions and this amount could not be accumulated, e.g. a prize of \$26,000 at the end of 26 weeks.
- That comment is sought as to whether refreshments should be available in gaming areas and in particular:
 - Whether alcohol should be served:
 - Outside the gaming area, but with consumption permitted in the gaming area,
 - At a bar in the gaming area,
 - By waiter service in the gaming area.
 - Whether alcohol service should be prohibited to persons gambling for extended periods.
 - Whether any or all of food, tea, coffee, water and soft drinks should be provided in the gaming area in any of the following circumstances:
 - at the bar for a fee
 - at the bar, but complimentary
 - by self service, complimentary
 - by waiter service for a fee
 - by waiter service, complimentary
- That a recommendation should be made to the Government that the maximum prize for multi-terminal gaming machines and Statewide links should be reduced to \$10,000.

New suggestions made to the Board for consideration as a result of the Provisional Determination

Matters within the Technical Standards

- The Board should investigate carded games per reel and set a maximum number of cards on each reel.

- The need to endorse National Standards.

Matters not within the Technical Standards

- The need to prohibit the availability of credit on ATM and EFTPOS machines.
- Responsible conduct of gambling training should be mandatory for club directors.
- Self-exclusion schemes should be mandatory.
- The need to standardise self-exclusion forms and procedures.
- The need for multiple venue self-exclusion.
- The need for a review of cheque cashing facilities at other venues, at cheque cashing houses or interstate.
- The need to minimise children's visual exposure to gaming machines.
- The need to prohibit poker machine style toy machines being played by children in children's play areas on licensed premises which may be seen to encourage them to play poker machines later in life.
- The need to consider implications for AUSTRAC. (ie. the reporting requirement for cash transactions over \$10,000)

Timetable for implementation

The Board shall determine a timetable for implementation of these and any other appropriate changes upon receipt of the matters the subject of further consultation and research and identified above. This timetable will require the replacement of all existing machines with a new standard of machines addressing the matters fixed in the amended Technical Standards as a result of these determinations.

LIQUOR ADMINISTRATION BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

CERTIFICATE OF ACCOUNTS

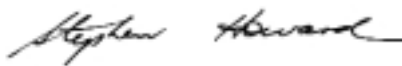
Pursuant to Section 45F(1B) of the Public Finance and Audit Act 1983, I declare on behalf of the Liquor Administration Board that:

- (i) the financial statements of the Liquor Administration Board for the year ended 30 June 2001 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 Regulations, 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 financial statements present fairly the financial position and transactions of the Liquor Administration Board
- (iii) there are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



S J Howard
Secretary
Date: 7 September 2001



BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

LIQUOR ADMINISTRATION BOARD

To Members of the New South Wales Parliament and the Secretary

Scope

I have audited the accounts of the Liquor Administration Board for the year ended 30 June 2001. The Secretary is responsible for the financial report consisting of the accompanying statement of financial position, statement of financial performance, statement of cash flows, program statement – expenses and revenues and summary of compliance with financial directives, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and Secretary based on my audit as required by sections 34 and 41F(1) of the *Public Finance and Audit Act 1983* (the Act). My responsibility does not extend here to an assessment of the assumptions used in formulating budget figures disclosed in the financial report.

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Board's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Liquor Administration Board complies with section 45E of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Board as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.

A handwritten signature in dark ink, appearing to read 'M T Spriggins'.

M T SPRIGGINS, CA
DIRECTOR OF AUDIT

(duly authorised by the Auditor-General of New South Wales
under section 41C(1A) of the Act)

SYDNEY
11 September 2001

LIQUOR ADMINISTRATION BOARD

Statement of Financial Performance for the Year Ended 30 June 2001

	Notes	Actual 2001 \$'000	Budget 2001 \$'000	Actual 2000 \$'000
Expenses				
Operating expenses				
Employee related	2(a)	6,985	6,262	7,998
Other operating expenses	2(b)	1,949	2,226	1,944
Maintenance	2(c)	156	190	178
Depreciation and amortisation	2(d)	808	923	850
Grants and subsidies	2(e)	---	1,320	---
Total Expenses		9,898	10,921	10,970
Less:				
Retained Revenue				
Sale of goods and services	3(a)	1,208	1,000	1,076
Other revenue	3(b)	8,690	9,921	9,894
Total Retained Revenue		9,898	10,921	10,970
NET COST OF SERVICES		---	---	---
SURPLUS FOR THE YEAR FROM ORDINARY ACTIVITIES		---	---	---
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		---	---	---
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		---	---	---

The accompanying notes form part of these statements.

LIQUOR ADMINISTRATION BOARD

Statement of Financial Position as at 30 June 2001

	Notes	Actual 2001 \$'000	Budget 2001 \$'000	Actual 2000 \$'000
TOTAL ASSETS		---	---	---
TOTAL LIABILITIES		---	---	---
NET ASSETS		<u>---</u>	<u>---</u>	<u>---</u>
EQUITY				
Accumulated funds		---	---	---
TOTAL EQUITY		<u>---</u>	<u>---</u>	<u>---</u>

The accompanying notes form part of these statements.

LIQUOR ADMINISTRATION BOARD

Statement of Cash Flows for the Year Ended 30 June 2001

	Notes	Actual 2001 \$'000	Budget 2001 \$'000	Actual 2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		---	---	---
NET CASH FLOWS FROM OPERATING ACTIVITIES		---	---	---
CASH FLOWS FROM INVESTING ACTIVITIES		---	---	---
NET CASH FLOWS FROM INVESTING ACTIVITIES		---	---	---
CASH FLOWS FROM FINANCING ACTIVITIES		---	---	---
NET CASH FLOWS FROM FINANCING ACTIVITIES		---	---	---
NET INCREASE/DECREASE IN CASH		---	---	---
Opening cash and cash equivalents		---	---	---
CLOSING CASH AND CASH EQUIVALENTS		---	---	---

The accompanying notes form part of these statements.

LIQUOR ADMINISTRATION BOARD

Program Statement - Expenses and Revenues For the year ended 30 June 2001

AGENCY'S EXPENSES & REVENUES	Program 46.2.1*		Program 46.2.2*		Program 46.2.3*		Total	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Expenses								
Operating expenses								
Employee related	4,689	5,526	1,039	1,077	1,257	1,395	6,985	7,998
Other operating expenses	1,138	1,240	331	267	480	437	1,949	1,944
Maintenance	105	125	18	17	33	36	156	178
Depreciation and amortisation	460	510	190	190	158	150	808	850
Total Expenses	6,392	7,401	1,578	1,551	1,928	2,018	9,898	10,970
Retained Revenue								
Sale of goods and services	26	5	1,140	1,069	42	2	1,208	1,076
Other revenue	6,366	7,396	438	482	1,886	2,016	8,690	9,894
Total Retained Revenue	6,392	7,401	1,578	1,551	1,928	2,018	9,898	10,970
NET COST OF SERVICES	---	---	---	---	---	---	---	---
NET EXPENDITURE/(REVENUE) FOR THE YEAR	---	---	---	---	---	---	---	---
ADMINISTERED EXPENSES AND REVENUES								
Administered Expenses								
Other	---	---	---	---	30,705	28,298	30,705	28,298
Total Administered Expenses	---	---	---	---	30,705	28,298	30,705	28,298
Administered Revenues								
Consolidated Fund								
Taxes, fees and fines	---	---	---	---	731,732	958,178	731,732	958,178
Total Administered Revenues	---	---	---	---	731,732	958,178	731,732	958,178
Administered Revenues less Expenses	---	---	---	---	701,027	929,880	701,027	929,880

- The name and purpose of the programs are summarised in note 4.
- The expenses of the Liquor Administration Board are recognised as part of the expenditure in programs set out above in general purpose financial report of the Department of Gaming and Racing (see note 2).

LIQUOR ADMINISTRATION BOARD

Summary of Compliance with Financial Directives for the year ended 30 June 2001

	2001				2000			
	Recurrent Appropriation \$'000	Expenditure \$'000	Capital Appropriation \$'000	Expenditure \$'000	Recurrent Appropriation \$'000	Expenditure \$'000	Capital Appropriation \$'000	Expenditure \$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation Act	---	---	---	---	---	---	---	---
Additional Appropriations	---	---	---	---	---	---	---	---
s21A PF&AA - special appropriation	---	---	---	---	---	---	---	---
s24 PF&AA - transfer of functions between departments	---	---	---	---	---	---	---	---
s26 PF&AA - Commonwealth specific purpose payments	---	---	---	---	---	---	---	---
		---	---	---	---	---	---	---
OTHER APPROPRIATIONS/EXPENDITURES								
Treasurer's Advance - levy receipts	---	---	---	---	---	---	---	---
Section 22 - expenditure for certain works and services	---	---	---	---	---	---	---	---
Transfers from another agency (s26 of the Appropriation Act)	---	---	---	---	---	---	---	---
		---	---	---	---	---	---	---
Total Appropriations/Expenditure (includes transfer payments)	---	---	---	---	---	---	---	---
Drawdowns from Treasury		---		---		---		---
Total Unspent Appropriations		---		---		---		---

- The name and purpose of each program is summarised in note 4.
- The Board does not directly receive any appropriation from the Consolidated Fund. The Department of Gaming and Racing from annual appropriations to the programs of the Department of Gaming and Racing from the Consolidated Fund meet all costs of the Board.
- In New South Wales, agencies are not required to separately record expenditures which are financed by the Consolidated Fund as distinct from expenditures financed by their own user charges. As a result, they are not able to determine accurately the exact amount of the expenditures that are related to the Consolidated Fund. However, the amount of revised appropriation should approximate the actual expenditure of Consolidated Fund monies by agencies.

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Liquor Administration Board (the Board) is constituted by Section 72 of the Liquor Act 1982 and consists of ex-officio officers, being Licensing Magistrates holding office under Section 8 of the Act.

The principal legislation administered by the Board is the Liquor Act 1982 and the Registered Clubs Act 1976.

The Board is responsible as an agent of the State for the administration and collection of specific taxes imposed by the State of New South Wales. These taxes are liquor application fees, club gaming device duties and hotel gaming device duties.

(b) Basis of Accounting

The Board'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 Regulations, 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.

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.

(c) Administered Activities

All costs of the Board are met by the Department of Gaming and Racing from annual appropriations to the Department of Gaming and Racing from the Consolidated Fund. Details of the expenses incurred during 2000-2001 by the Department of Gaming and Racing on behalf of the Board, to enable the Board to undertake its operations for the year, are recognised in these financial statements. The Board is not consulted in respect of this expenditure and makes no decisions on expenditure. Officers of the Department of Gaming and Racing notionally allocate expenses of the Department of Gaming and Racing to the Board. The basis of allocation is consistent with prior years.

The Board does not have under its control, the care or management of any assets. The Board does not in its own right incur financial liabilities. The Department of Gaming and Racing has control of assets used by the Board and meets any operating obligations.

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

(d) Employee Entitlements

Employee entitlements are disclosed in the Department of Gaming and Racing's financial statements.

(e) Insurance

The Board has no assets that require insurance cover. The insurance cover of any assets used by the Board is the responsibility of the Department of Gaming and Racing.

(f) 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 Liquor Administration Board 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.

(g) Doubtful Debts

Provisions for doubtful debts are not considered warranted as all administered revenue receipted by the Board is on a cash basis and a full disclosure of ageing debts and bad debts written off is reported within these financial statements.

(h) Depreciation

The Board does not control assets in its own right. However, some assets of the Department of Gaming and Racing are set aside for use by the Board. The depreciation charge recognises the use of these assets by the Board.

(i) Revenue Recognition

Revenue is recognised when the Liquor Administration Board has control of the good or right to receive, it is probable that the economic benefits will flow to the Board and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) 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 agency obtains control of the assets that result from them.

(ii) Rendering of Services

Where the contract outcome can be reliably measured:

- control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

Where the contract outcome cannot be reliably measured:

- revenue is recognised only to the extent that costs have been incurred.

(iii) Interest

Interest revenue is recognised as it accrues.

(j) 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.

(k) Reclassification of financial information

As a result of applying AAS1 "Statement of Financial Performance" and AAS36 "Statement of Financial Position", the format of the Statement of Financial Performance (previously referred to as the Operating Statement) and the Statement of Financial Position has been amended. As a result of applying these Accounting Standards, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

(l) 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).

2 EXPENSES

Payments are made by the Department of Gaming and Racing in respect of operations generally on behalf of the Board from appropriations from the Consolidated Fund. The appropriations are made to the Department of Gaming and Racing and the responsibility for those transactions resides with the Department of Gaming and Racing.

(a) Employee related

Employee related expenses, include salaries and wages of employees of the Department of Gaming and Racing who are responsible for undertaking duties on behalf of the Board.

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

	2001 \$'000	2000 \$'000
They comprise the following specific items :		
Salaries and wages (including recreation leave)	5,893	6,580
Superannuation entitlements	479	592
Long service leave	258	278
Workers compensation insurance	36	43
Payroll tax and fringe benefit tax	319	505
	<u>6,985</u>	<u>7,998</u>

(b) Other operating expenses

Auditor's remuneration - audit of financial reports	20	20
Rental expenses relating to operating leases	816	723
Printing and minor stores	185	209
Electricity, postal and telephone	405	353
Motor vehicle, travelling and insurance	145	227
Fees for services rendered	317	310
Other	61	102
	<u>1,949</u>	<u>1,944</u>

(c) Maintenance

Repairs and maintenance	<u>156</u>	<u>178</u>
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(d) Depreciation and amortisation expenses

Expenses of the Board include an amount determined as depreciation charges for use by the Board and the use by departmental officers, in the name of the Board, of the Department of Gaming and Racing assets. The Department of Gaming and Racing determines depreciation policies.

(e) Grants and Subsidies

An amount of \$1,320,000 was included in the Budget as a payment to clubs to assist them with the introduction of the Centralised Monitoring System (CMS). As the CMS did not become operational in 2000-01, the \$1,320,000 was not paid.

(f) Individually Significant Items

Included in the Employee Related expenses is the following item

Redundancy payments	<u>1,037</u>	<u>482</u>
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Employee related expenses are considered to be high this financial year as a result of redundancy payments. Payments this year were \$1.037m compared to \$0.482m last year. This follows a reduction in the Budget allocation.

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

	2001 \$'000	2000 \$'000
3 REVENUES		
(a) Sale of goods and services		
The sale of goods and services collected during 2000-01 that related to Board's operations and collected by the Department of Gaming and Racing were:		
Approved devices evaluation fees	1,138	1,068
Miscellaneous	70	8
	<u>1,208</u>	<u>1,076</u>
(b) Other revenue		
Administered Activities		
Services provided at no charge by the Department of Gaming and Racing	8,690	9,894
	<u>8,690</u>	<u>9,894</u>

4 PROGRAMS/ACTIVITIES OF THE BOARD

The Department of Gaming and Racing from annual appropriations to the Department of Gaming and Racing from the Consolidated Fund meet all costs of the Board. The Board is not consulted in respect of this expenditure and makes no decisions therefore on expenditure. Officers of the Department of Gaming and Racing notionally allocate expenses of the Department of Gaming and Racing to the Board.

The name and the objectives of the programs relating to the activities of the Board are as follows:

Program 46.2.1 - Liquor and Machine Gaming Compliance

Objectives: To ensure the integrity of the liquor and machine gaming industries. To monitor and enforce reporting and compliance procedures for liquor and machine gaming fees.

Program 46.2.2 - Technology Services

Objectives: To regulate machine gaming in hotels and registered clubs.

Program 46.2.3 - Liquor and Machine Gaming Revenue

Objectives: To optimise, assess and collect government revenue from liquor and machine gaming operations.

5 COMMITMENTS FOR EXPENDITURE

Although the Board maintains its operations within levels 6 and 10 of Central Square, 323 Castlereagh Street, Sydney, the lessee of these areas within the building is the Department of Gaming and Racing. The Board has no direct or on-going liability in relation to this lease.

There are no other commitments at 30 June 2001 (2000: Nil).

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

6 CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2001 (2000: Nil)

7 BUDGET REVIEW

The budget amounts for the 2000-01 year were formulated on the basis of previous years actuals and took into account known facts at the time of the budget compilation. These include likely increases in staff salary rates, rates of allowance granted, cost of living increases and approved rates of depreciation. The Board does not participate in budget considerations.

Payments are made by the Department of Gaming and Racing in respect of operations generally on behalf of the Board from appropriations from the Consolidated Fund. The appropriations are made to the Department; the Board does not have control or responsibility for the payments made by the Department from these appropriations.

Total notional expenses for the Board was close to budget expectations.

Retained revenue - Sale of goods and services was above budget because receipts from device evaluation fees and the sale of technical standards were higher than anticipated. This follows a change in testing arrangements whereby the testing of minor software changes are carried out "in house", whereas the testing of new platforms and gaming systems are now contracted to accredited testing organisations.

8 ADMINISTERED REVENUE

Revenue collected by the Department of Gaming and Racing on behalf of the Board for the State, for the year ended 30 June 2001, is as follows:

	Actual 2001 \$'000	Budget 2001 \$'000	Actual 2000 \$'000
Liquor application/grant fees	2,519	3,000	3,066
Club gaming devices duty	405,791	409,000	595,627
Hotel gaming devices duty	323,422	323,000	359,462
Approved device evaluation fees (intrastate)	---	---	23
	<u>731,732</u>	<u>735,000</u>	<u>958,178</u>
		2001 \$'000	2000 \$'000

9 ADMINISTERED REVENUE-DEBTS WRITTEN OFF

Club gaming devices duty	364	1,108
Hotel gaming devices duty	162	424
	<u>526</u>	<u>1,532</u>

Debts written off represent primary tax and the related fines and penalties regarded as irrecoverable in accordance with Treasurer's Direction 450.05.

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

10 ADMINISTERED REVENUE-SCHEDULE OF UNCOLLECTED AMOUNTS

	Less than 30 days	30-90 days	Greater than 90 days	Total 2001	Total 2000
	\$'000	\$'000	\$'000	\$'000	\$'000
Liquor application/grant fees	32	97	481	610	492
Hotel gaming devices duty	130	67	993	1,190	1,614
Club gaming devices duty	29	59	1,402	1,490	973
	<u>191</u>	<u>223</u>	<u>2,876</u>	<u>3,290</u>	<u>3,079</u>

The above amounts are not included in the Administered Revenue disclosed in Note 8.

11 COMMUNITY DEVELOPMENT AND SUPPORT EXPENDITURE SCHEME

The Scheme was put into effect by amendments to the Registered Clubs Act 1976 - made by the Community Partnership package of legislative amendments - which was passed by Parliament during May 1998. The guidelines for the Scheme were first published in the *Government Gazette* on 3 July 1998 with subsequent amendments published on 11 September 1998.

The Scheme guidelines referred to two specific categories of expenditure, with the more specific, Category 1, comprising expenditure on activities or projects aimed generally at improving the living standards of low income and disadvantaged people, and organisations which contribute significantly to the welfare and broader social fabric of the community. Expenditure under Category 2 can be of a broader nature.

All registered clubs with gaming machine revenues in excess of \$1,000,000 come within the ambit of the Scheme and are required to submit returns about their expenditure under the CDSE Scheme by 21 December of each calendar year.

Taken together both categories of Community Development and Support Expenditure allow a club to reduce the amount of duty payable on the top marginal rate by a maximum of 1.5%. The club must expend this percentage of taxable gaming machine profit above \$1 million in order to qualify for the reduction in top marginal duty rate to 24.75%.

For the year ended 30 November 2000, the value of claimable Community Development and Support Expenditure (both categories 1 and 2) - or the amount of duty revenue foregone - is \$15.33 million. Analysis of the returns lodged indicate that \$19.64 million was expended on Category 1 projects and \$28.70 million on Category 2 projects.

12 REMISSION OF PENALTIES FOR LATE PAYMENT

On the application of licensees and registered clubs, the Board may remit penalties accruing for late payment of annual liquor fees, club gaming devices duty and hotel gaming devices duty.

- section 86M(5) of the *Liquor Act 1982*; and
- section 87D(5) of the *Registered Clubs Act 1976*.

LIQUOR ADMINISTRATION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2001

The number of penalties remitted were:

	2001	2000
	\$'000	\$'000
Club gaming devices duty	410	258
Hotel gaming devices duty	299	410
	<u>709</u>	<u>668</u>

13 LIQUOR SUBSIDY SCHEME

Following the High Court decision on 5 August 1997 which led to the abolition of business franchise fees, State charges on the sale of liquor 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 amount of the subsidy was set at the rate of 12 per cent on the following liquor sales

- Low alcohol beer
- Low alcohol wine

The amount of the subsidy was set at the rate of 15 per cent on the following liquor sales

- Cellar door sales by vignerons to unlicensed persons
- Wine tastings by vignerons.

During 2000-2001 \$30,704,920 (1999-2000 \$28,298,409) 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.

END OF AUDITED FINANCIAL STATEMENTS

PRACTICE DIRECTIONS AND FACT SHEETS

The following Practice Directions issued by the Licensing Court of NSW, and Fact Sheets published by the Department of Gaming and Racing, are available from the Sydney registry - phone (02) 9995 0816 or (02) 9995 0767, or from the Publications Page of the Department's Website - www.dgr.nsw.gov.au:

Fact Sheets

- Liquor Licences in New South Wales
- Hotels - Minors Functions Authority
- Certificate of Registration
- Signs in Registered Clubs
- Section 22A Approval for Junior Members - Registered Clubs
- Functions Authority - Registered Clubs
- Applying for a New Liquor Licence
- Transfer of Licence
- Advertising Applications
- Objections to Applications
- Board Applications
- Signs in Licensed Premises
- Complaints – Quiet and Good Order of the Neighbourhood of Licensed Premises and Registered Clubs
- Permanent Function Licence
- Temporary Function Licence
- Community Liquor Licences

Practice Directions

- | | |
|--|--|
| <p>1/01</p> <p>2/00</p> <p>2/00</p> <p>1/00</p> <p>1/00</p> <p>2/98</p> <p>1/98</p> <p>3/97</p> <p>2/97</p> <p>1/97</p> <p>3/96</p> <p>2/96</p> <p>1/96</p> <p>3/95</p> <p>2/95</p> <p>1/95</p> <p>2/94</p> <p>1/94</p> <p>1/93</p> <p>4/92</p> <p>2A/92</p> | <p>Evidence in the Licensing Court of New South Wales</p> <p>Social Impact Assessment (issue No. 2)</p> <p>Social Impact Assessment draft (issue No. 1)</p> <p>Responsible Gambling Affidavit (issue No. 3)</p> <p>Responsible Gambling Affidavit (Issue No. 2)</p> <p>Application for the Grant of a Dine-or-Drink Authority</p> <p>Changes in Listing Procedures - Sydney Registry</p> <p>Nightclub Licences</p> <p>Applications for Grant or Removal of Off-Licences (Retail) or Hotels</p> <p>Harm Minimisation & Responsible Service of Alcohol</p> <p>Evidence Act 1995 - Notice Provision</p> <p>Court Approved Plans</p> <p>Revision of Forms</p> <p>Special Occasions for Hotels, Restaurants and Functions in Registered Clubs</p> <p>Absences from Hotels</p> <p>Responsible Service of Alcohol – Courses of Instruction</p> <p>Applications for Variation of Trading Hours (Section 25(2) Liquor Act)</p> <p>Particulars when it is argued that the Court has no jurisdiction</p> <p>Extensions of Time</p> <p>Exemptions from Courses of Instruction</p> <p>Foreign Interests - Certificate of Clearance - Amended Directions</p> |
|--|--|

Notes

ANNUAL REPORT COMMITTEE

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