



**Independent  
Liquor & Gaming  
Authority**

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

# **Annual Report**

## **2019-20**

**Independent Liquor & Gaming Authority**

## Copyright details

Independent Liquor & Gaming Authority Annual Report 2019-20

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### **Author**

Department of Customer Service (DCS) formerly the Department of Finance, Services and Innovation (DFSI)

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

Dear Minister

I am pleased to submit the final annual report for the Independent Liquor & Gaming Authority for the year ended 30 June 2020 for presentation to Parliament.

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

If you have any questions regarding the report, please contact Dr Rochelle Hurst, Manager ILGA Secretariat, in the first instance at [ilga.secretariat@liquorandgaming.nsw.gov.au](mailto:ilga.secretariat@liquorandgaming.nsw.gov.au).

Yours faithfully



Philip Crawford  
**Chairperson**



Murray Smith  
**Deputy Chairperson**

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# Independent Liquor & Gaming Authority Annual Report

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## Introduction

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

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

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

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

In undertaking its statutory functions, the Authority must:

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

## Significant developments and activities

### **Crown Resorts' Barangaroo casino licence inquiry**

In June 2019, Melco Resorts & Entertainment Limited purchased 9.99% of shares in Crown, which wholly owns Crown Sydney Gaming Pty Limited, the holder of the Barangaroo restricted gaming licence. Melco also agreed to purchase a further 9.99% of shares in Crown, and proposed to seek representation on the board of Crown.

In August 2019, the Authority commenced an independent inquiry (Inquiry) into the purchase of the shares by Melco and other matters connected to the suitability of Crown to hold a casino licence, following media allegations into the conduct of Crown Resorts and its alleged associates and business partners.

The Authority appointed the Honourable Patricia Bergin SC to preside over the Inquiry and to report on the following matters:

#### **Part A – Melco Changes**

- The share sale agreement between Melco Resorts & Entertainment Limited and CPH Crown Holdings Pty Ltd to acquire approximately 19.99% of the shares in Crown Resorts Limited.

## Part B – Suitability Review

- The various allegations raised in recent media reports by the Nine Network, the Sydney Morning Herald and the Melbourne Age relating to Crown Resorts Limited and whether the Licensee remains a suitable person to hold a restricted gaming licence for the purposes of the *Casino Control Act*.

## Part C – Regulatory Framework and Settings

- The efficacy of the primary objects of the *Casino Control Act* and the Authority's ability to respond to the growing complexity of both extant and emerging risks for gaming and casinos.

In February 2020, Melco announced that it would no longer seek to further increase its shareholding in Crown, or seek representation on the Board of Crown.

On 29 April 2020, it was announced on the Australian Stock Exchange that “an entity owned by funds managed or advised by The Blackstone Group Inc. and its affiliates” had purchased shares representing 9.99% shareholding of the issued capital in Crown Resorts, from Melco.

It was announced the following day that Kittyhawk and other group companies named in the announcement including Melco ceased to have a relevant interest, or voting power, in Crown Resorts. As a result of the announcement, the scope of the inquiry was varied with the terms of reference amended to remove ‘Part A – Melco Changes’.

The Inquiry was deferred on 3 April 2020 due to COVID-19 public health concerns. The Inquiry recommenced on 23 June 2020 with the next public hearings scheduled from 27 July 2020. The Inquiry's report is expected in early 2021.

## Extended Trading Authorisation Applications by Gaming Venues

The Authority has recently seen an increase in the number of applications under sections 49 and 51 of the *Liquor Act 2007* for new or varied extended trading authorisations (ETA) for venues that keep electronic gaming machines.

While each application is considered on its merits, the Authority is concerned broadly about venues that seek to operate gaming machines into the early hours of the morning, in light of a growing body of Responsible Gambling Fund commissioned research that identifies the risks posed to “problem” and “at risk” gamblers, and the limits of voluntary harm reduction schemes.

To address these concerns, to provide greater certainty and to support the efficient processing of these applications, the Authority is currently drafting a new Guideline 16.

## Music Festivals

The *Music Festivals Act 2019* commenced on 21 November 2019. It was introduced to ensure additional oversight of high-risk music festivals, and provide support to these festivals, with a view to keeping young people safe when they attend music festivals held in NSW.

The Act requires organisers of music festivals that are designated high-risk by the Authority to prepare a safety management plan, which is required to be reviewed by NSW Police and NSW Health and approved by the Authority before the event can be held.

The COVID-19 pandemic has had a significant impact on the music festival industry with several festivals postponed or cancelled as a result of the recent ‘Public Health (COVID-19 Restrictions on Gathering and Movement) Order (No 4) 2020’. Despite the current challenges, music festival organisers have been working well with the Authority to achieve positive outcomes.

## Management and Structure

### Authority membership

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

### Authority Board Members 2019-20

Authority member	Date of first appointment	Appointment date of current term	Expiry of term	Qualifications
Mr Philip Crawford Chairperson	17 March 2016	8 June 2019	7 June 2021	Bachelor of Laws and Bachelor of Arts
Mr Murray Smith Deputy Chairperson	26 May 2016	13 November 2019	25 May 2021	Bachelor of Business, and Chartered Accountant
Mr Craig Sahlin	17 March 2016	17 March 2019	16 March 2021	Bachelor of Laws and Bachelor of Arts (Honours)
Dr Nicky McWilliam	26 May 2016	26 May 2019	25 May 2021	PhD(Law), Master of Laws, Bachelor of Laws, Bachelor of Arts
Mr Stephen Parbery	26 May 2016	26 May 2019	25 May 2021	Fellow of the Institute of Chartered Accountants, Registered Liquidator
Ms Sarah Dinning	1 January 2017	1 January 2020	31 December 2021	Executive Master of Public Administration, Bachelor of Arts, Bachelor of Science
Ms Samantha Zouroudis	1 January 2017	1 January 2020	31 December 2021	Bachelor of Laws (Honours) and Bachelor of Arts
Mr Paul Gentle	16 October 2019	16 October 2019	15 October 2024	Bachelor of Laws and Bachelor of Arts
Mr David Armati* Deputy Chairperson	31 August 2011 (Casino Control Authority)	31 August 2018	30 August 2019	Bachelor of Laws

\*Mr Armati retired from the Authority on 30 August 2019

### Meetings held

The Authority held 12 ordinary meetings during the reporting period to transact business relating to the casino, liquor and gaming. From April 2020, the Authority held virtual meetings using online platforms such as Skype and Microsoft Teams due to the COVID-19 pandemic.

Other face-to-face meetings and public meetings were held by the Authority members as required and attendance was structured depending on the assignment of responsibilities among members. Several other meetings were conducted whenever required by telephone and email. In addition to scheduled meetings, board members served on numerous committees throughout the year, all of which were continuously active between meetings.

The Authority has seen a significant increase in the amount of work required out of session in comparison to previous years, which has required ongoing correspondence, teleconferences and decision-making in addition to the Authority's regular workload, in order to carry out its functions and respond to community and industry needs.

### Ordinary meetings attended by Authority board members 2019-20

Name	Position	No of meetings whilst member	Authority meetings attended
Current Authority board members 2019-20			
Philip Crawford	Chairperson	12	11
Murray Smith	Deputy Chairperson	12	11
Craig Sahlin	Member	12	11
Nicky McWilliam	Member	12	11
Steve Parbery	Member	12	11
Samantha Zouroudis	Member	12	8*
Sarah Dinning	Member	12	12
Paul Gentle	Member	9	9
Former Authority board members 2019-20			
David Armati	Deputy Chairperson	2	1

\*Ms Zouroudis was on maternity leave from February to May 2020.

## Report on operations

### Liquor operations

The Authority's principal liquor regulatory activities during the 2019-20 reporting period included:

- determining and granting new liquor licences, including:
  - packaged liquor licence applications
  - hotel general bar licence applications
  - full hotel licence applications
  - club licence applications
  - certain small bar licence applications
  - extended trading authorisations beyond midnight
- reviewing certain delegated decisions made on its behalf by Liquor & Gaming NSW, and
- determining disciplinary complaints against Licensees.

A number of licensing functions are delegated to senior staff in Liquor & Gaming NSW, such as granting of several classes on-premises applications and most small bar applications. The full list of the Authority's decision making functions, including delegated



functions, are contained in the Authority's [Regulatory Delegations Manual](#).

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

## Reporting under the *Liquor Act 2007*

### **Section 156(a) - the number of licences in force in each Statistical Local Area determined by the Australian Bureau of Statistics (along with the total state-wide number of Licences) during the financial year**

As at 30 June 2020 the total number of liquor licences in force in NSW was 16,730. Table 1 at Attachment E provides a breakdown of the number of licences in each local government area, including the total number of licences in NSW. Note, licence counts do not include limited licences.

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

The Authority granted a total of 1,710 new liquor licences in the reporting period. Table 2 at Attachment E details the numbers of new liquor licences granted since the 2016-17 financial year.

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

In 2019-20 the Authority cancelled 598 liquor licences and 19 licences were suspended under section 144F(3)(a) of the *Liquor Act 2007*. In addition, 16 applications were refused and 359 were withdrawn by applicants.

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

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

### **Section 156 (d) – the number of authorisations, to which section 51 applies, granted by the Authority during that year**

The Authority granted a total of 650 section 51 applications in the 2019-20 reporting period. Section 51 applications are licence-related authorisations, such as extended trading and primary service. Table 4 at Attachment E details the numbers of new liquor authorisations granted since the 2016-2017 financial year.

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

There was one disciplinary complaint made by L&GNSW under the Part 9 of *Liquor Act 2007* finalised during 2019-20.

- The matter resulted in a former licensee being disqualified from holding a licence, being the approved manager of licensed premises or being the close associate of a licensee with respect to any licensed premises in NSW for a period of ten years.

In addition, the Authority determined:

- 46 prescribed offences under Part 9A of the *Liquor Act 2007* (Three Strikes Scheme)
- eight prescribed offences under Division 4 of Part 7 of the *Liquor Act 2007* (Minors Sanctions Scheme)

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

Two review applications under section 36A of the *Gaming and Liquor Administration Act 2007* were finalised during 2019-20.

- One applicant sought the review of a decision made by a delegate of the Authority to grant a liquor licence pursuant to section 45 of the *Liquor Act 2007*. The review resulted in the decisions being varied by the Authority.
- One applicant sought the review of a decision made by the Secretary, Department of Justice in relation to a disturbance complaint under section 81 of the *Liquor Act 2007*. The review resulted in the decisions being upheld by the Authority.

## Gaming operations – casino

The Star at Pyrmont is currently the only casino in NSW. Crown Sydney, the Barangaroo Restricted Gaming Facility, has been granted a licence to commence gaming operations from November 2019 and is expected to open at the end of 2020. The Authority's principal casino regulatory activities during the 2019-20 reporting period, either directly or under delegation by Liquor & Gaming NSW included:

- approving gaming equipment, rules of games and new games
- monitoring compliance with the conditions of the casino licence and related legal agreements
- licensing special employees through rigorous probity assessment procedures
- taking disciplinary action against licensees under the *Casino Control Act 1992* when the prerequisite legislative grounds exist
- investigating, monitoring and reviewing controlled contracts for the provision of goods and services to the casino and reviewing contract notifications
- investigating close associates of the casino operator
- determining applications for review of exclusion orders issued against patrons of the casino
- consenting to and monitoring building and development works in the casino complex.

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

## Reporting under the *Casino Control Act 1992*

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

No casino licences were granted in 2019-20.

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

In 2019-20 the Authority granted 425 new casino special employee licences. During the year the Authority did not renew any casino special employee licences.

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

No changes were made to the licence conditions during 2019-20.

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

Where significant incidents of non-compliance of the approved games rules and procedures occur, recommendations are made for the Authority to institute prosecution or disciplinary action against the casino operator, special employee licence-holders, or other relevant individuals.

During the 2019-20 reporting period two matters resulted in disciplinary action being taken against the casino operator under section 23 of the *Casino Control Act 1992*.

- One incident related to a minor being permitted entry to the casino premises and gambling while on the premises. The minor gained access using identification which had been tampered with.
- One incident related to intoxication of a female patron who was observed on CCTV consuming 11 standard drinks in a period of 2 hours and 20 minutes. CCTV footage showed a marked decline in her mobility, to the point where she was placed in a wheelchair and described as semi-conscious by the medic.

In both referrals the Authority determined to take disciplinary action which resulted in a monetary penalty.

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

During the 2019–20 reporting period two disciplinary matters relating to special employees were dealt with by the Authority.

In one of the matters the Authority determined to cancel the casino special employee licence, while the second matter resulted in no further action.

### **Section 154 (f) – details of any directions given by the Minister under section 5 ('Directions by the Minister to protect integrity of casino gaming')**

No relevant directions were given during 2019-20.

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

The Authority announced in August 2019 the establishment of an inquiry under section 143 of the *Casino Control Act 1992* into, amongst other things, the proposed sale of shares in Crown Resorts from James Packer's CPH Crown Holdings Pty Limited to Lawrence Ho's Melco Resorts & Entertainment Limited, a Hong Kong-based casino operator, through a subsidiary. The Authority appointed the Honourable Patricia Bergin SC to conduct the Inquiry. The Inquiry is currently underway and due to report in early 2021.

## **Gaming-related approvals (casino)**

### **Approved games**

During the 2019-20 reporting period the Authority approved, either directly or under delegation by Liquor & Gaming NSW:

- 1 new casino table game
- 1 new multi terminal table game
- 5 amendments to various rules of games
- 36 gaming machines including new gaming machine games
- 10 software upgrades for the casino's gaming management system
- 16 items of gaming equipment

### **Approved operational arrangements**

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

### **Penalty Infringement Notices and prosecutions**

In 2019-20 there were no penalty notices issued by Liquor & Gaming NSW inspectors to the casino and nil prosecutions commenced. Liquor & Gaming NSW elected to pursue disciplinary complaints where contraventions were detected, which are determined by the ILGA Board as a specialist Casino authority, in lieu of the court process. In this forum the ILGA Board is able to enforce a greater range of sanctions including substantial fines, which are not available through the courts.

### **Disciplinary Complaints**

During 2019-20 Liquor & Gaming NSW inspectors under delegation investigated seven incidents of minors entering the casino under section 94(1) of the *Casino Control Act 1992*, where these minors had consumed liquor, gambled or both.

Inspectors also investigated four incidents of intoxication under cl. 73 of Schedule 6 of the *Casino Control Regulation 2009*.

The investigations resulted in Liquor & Gaming NSW submitting three disciplinary complaints to the Authority for consideration under section 23(2) of the *Casino Control Act 1992*. One disciplinary complaint related to three investigations into minors entering the casino. One disciplinary complaint was concluded after the end of the reporting period and three investigations remain ongoing at the end of the reporting period.

## **Excluded persons entering the casino**

In 2019-20 Liquor & Gaming NSW inspectors under delegation investigated 382 incidents of persons contravening their non-voluntary exclusion orders by entering the casino. Ten penalty infringement notices and 371 warning letters were issued to non-voluntarily excluded patrons in 2018-19. One prosecution was commenced in relation to an excluded patron; the matter remains ongoing.

## **Reviews of exclusion orders**

There were nil exclusion order reviews undertaken during 2019-20. This is largely due to legislative reforms to the *Casino Control Act 1992* came into effect on 3 April 2018. This restricted the Authority to only considering exclusion orders related to problem gambling.

# **Casino-related licensing**

## **Controlled contracts**

During the 2019-20 reporting period three controlled contracts were lodged and investigated.

## **Liquor licensing applications**

The *Casino Control Act 1992* effectively deems the casino complex to 'stand-alone' in relation to the operation of the *Liquor Act 2007*, as modified to apply under the *Casino Control Regulation 2009*. During the 2019-20 reporting period no applications for approval for a liquor licensed premises were approved.

## **Casino and liquor licence boundaries**

During the 2019-20 reporting period two applications to redefine the casino boundary were approved.

# **Gaming Operations – clubs and hotels**

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

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

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

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

## Gaming machines

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

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

### Gaming machine statistics

As at 30 June 2020 there were 96,406 gaming entitlements authorised. This includes:

- club licences – 73,027 entitlements, and
- hotel licences – 23,379 entitlements.

The total number of authorised gaming machines operating as at 30 June 2020 was 90,175. This includes:

- club licences – 67,645 gaming machines, and
- hotel licences – 22,530 gaming machines.

Attachment F presents data by Local Government Area for the 2019-20 reporting period.

### Gaming machine applications

Under the *Gaming Machines Act 2001*, a hotel or registered club can apply to transfer gaming machine entitlements. This may occur, for example, when one hotel buys gaming machine entitlements from another hotel, or a registered club buys gaming machine entitlements from another registered club. To be approved, the hotel or registered club must have a sufficient gaming machine threshold for the venue to which entitlements are being transferred.

During 2019-20, a total of 87 applications were approved to transfer gaming machine entitlements. One application was withdrawn during the reporting period.

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

During 2019-20 the Authority approved 76 gaming machine threshold increases of which four were subject to a Class 1 Local Impact Assessment. Two additional gaming machine threshold applications were withdrawn in the reporting period.

## Gaming technology

Under the *Gaming Machines Act 2001*, the Authority may declare a device to be an approved gaming machine for use in hotels and registered clubs.

During 2019-20 the Authority granted the following approvals for gaming technology in hotels and registered clubs:

- 68 new game approvals to operate on gaming machines
- 1 new technology gaming machine platform
- 172 gaming machine software upgrades
- 16 gaming machine hardware upgrades
- 2 new technology gaming system field trials.

## Gaming-related licences

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

During 2019-20 following a rigorous probity assessment process the Authority granted the following gaming-related licences:

- 12 gaming machine seller's licenses, and
- 49 gaming machine technician licenses.

There were no gaming machine manufacturers dealer's licenses granted during 2019-20.

## Disciplinary action

### Disciplinary action under the *Gaming Machines Act 2001*

In 2019-20 there were two complaints determined under Part 8 of the *Gaming Machines Act 2001*.

- In one matter the Authority suspended a Gaming Machine Seller licence for a period of 12 months, imposed a monetary penalty of \$8,000 and ordered the payment of \$26,000 in costs to the Secretary, Department of Customer Service.
- In the second matter the Authority cancelled a Gaming Machine technician licence, disqualified the licensee from holding a gaming related licence for 3 years, imposed a monetary penalty of \$11,000 and ordered the payment of \$55,122.39 in costs to the Secretary, Department of Customer Service.
- Both of these decisions are subject to applications for review by the New South Wales Civil and Administrative Tribunal and the outcomes of the reviews remain pending at the time of this report.

### Disciplinary action under the *Registered Clubs Act 1976*

During 2019-20 there was one disciplinary complaint determined by the Authority under the *Registered Clubs Act 1976*.

- The matter resulted in the club's former president being declared ineligible to stand for election or to be appointed to, or to hold office in, the position of secretary or member of the governing body (or both of those positions) of the Club, and all other registered clubs for a period of five years. The Authority also ordered the payment of \$6,745 in costs to the Secretary, Department of Customer Service.

# Attachments: Independent Liquor & Gaming Authority

## Attachments

Attachment A: Land disposal

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Attachment B: Promotion and overseas travel

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Attachment C: Consultants

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Attachment D: Budget review and plan

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Attachment E: Liquor operations statistics

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Attachment F: Gaming operations statistics

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Attachment G: Internal audit and risk management statement

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

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Attachment I: Statutory reporting requirements



## Attachment A: Land disposal

Nil.

## Attachment B: Promotion and overseas travel

No overseas travel undertaken by the Authority during 2019-20.

## Attachment C: Consultants

The Authority engages consultants to assist in undertaking certain specialist and most of its non-core functions such as legal services, internal audit, risk management and system development. The table below shows consultancies equal to or more than \$50,000.

Company	Amount excl. GST	Description	Nature of services
Norton Rose Fulbright	\$9,751,000	Bergin Inquiry. Refer to breakdown below.	Legal Services
Crown Solicitor's Office	\$83,100	Legal services and advice on liquor and gaming related matters determined as "non-core" by Crown Solicitor's Office	Legal Services
HC Law Pty Ltd	\$289,156.25	Legal services and advice on liquor and gaming related matters, including advising the Authority in the exercise of its primary decision making, review and disciplinary functions.	Legal Services

There was one consultant with expenditure under \$50,000, for legal advice totaling \$6,160.

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

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

Breakdown	Amount
Commissioner fees	\$1,020,000
Counsel fees	\$2,351,000
Curby Partners	\$296,000
General-witnesses O/Seas	\$23,000
NRF	\$5,698,324
McGrathNicol	\$330,676
Share Sale	\$32,000
<b>Total</b>	<b>\$9,751,000</b>

## Attachment D: Budget review and plan

Copies of the Internal Audit and Risk Management Attestation Statement and the Financial Statements for 2019-20 are provided at Attachments G and H.

The Authority's actual revenue and expenses in 2019-20 compared to the relevant budget is summarised in the table below:

Item	2019-20 Actual '\$000	2019-20 Budget '\$000	Variance '\$000
<b>Expenses</b>			
Personnel services – in kind	1,096	0	(1,096)
Other operating expenses	11,345	2,000	(9,345)
Board members remuneration	780	798	18
<b>Total expenses</b>	<b>13,221</b>	<b>2,798</b>	<b>(10,423)</b>
<b>Revenue</b>			
Grants and contributions - in kind	1,096	0	1,096
Other income	7,353	0	7,353
<b>Total revenue</b>	<b>8,449</b>	<b>0</b>	<b>8,449</b>
Operating profit/(loss)	(4,772)	(2,798)	(1,974)
Other profit/(losses)	0	0	0
<b>Net surplus/(deficit) for the year</b>	<b>(4,772)</b>	<b>(2,798)</b>	<b>(1,974)</b>
<b>Funding from Cluster</b>	<b>2,902</b>	<b>2,975</b>	<b>(73)</b>
<b>FINANCIAL STATEMENT PROFIT/ LOSS</b>	<b>(1,870)</b>	<b>177</b>	<b>(2,047)</b>

### Net result

The actual operating result excluding Cluster grant revenue for the year was a loss of \$4.8m compared to the budgeted loss of \$2.8m. The variance of \$2m reflects an overspend in other operating expenses primarily relating to legal and other associated costs of the Bergin Inquiry. The Inquiry was established after the commencement of the 2020 financial year in response to unforeseen events and circumstances, and was therefore not budgeted.

### Personnel services expenses

The Authority does not employ staff and relies on the personnel services provided In-kind from the Department of Industry until 30 June 2019, and from 1 July 2019 from the Department of Customer Service.

The assessment of In-kind personnel services expenses has been made in accordance with AASB 1004 Contributions as a non-reimbursable non-cash expense with a nil profit and loss impact. This was not budgeted in 2019-20.

## Budget for 2020-21

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

Item	2020-21 Budget '\$000
<b>Expenses</b>	
Other operating expenses	2,224
Board members remuneration	818
Depreciation and amortisation	
<b>Total expenses</b>	<b>3,042</b>
<b>Revenue</b>	<b>-</b>
Operating profit/(loss)	(3,042)
<b>Net surplus/(deficit) for the year</b>	<b>(3,042)</b>

## Attachment E: Liquor operations statistics

Table 1: Number of licences in force in each Local Government Area as at 30 June 2020

Local Government Area	2016-17	2017-18	2018-19	2019-20
<b>Albury City Council</b>	<b>130</b>	<b>128</b>	129	128
<b>Armidale Regional Council*</b>	74	73	71	73
<b>Ballina Shire Council</b>	93	91	96	95
<b>Balranald Shire Council</b>	10	10	9	9
<b>Bathurst Regional Council</b>	103	103	101	98
<b>Bayside Council*</b>	214	227	229	239
<b>Bega Valley Shire Council</b>	123	127	126	128
<b>Bellingen Shire Council</b>	36	36	35	35
<b>Berrigan Shire Council</b>	36	37	37	36
<b>Blacktown City Council</b>	178	183	188	191
<b>Bland Shire Council</b>	28	26	28	28
<b>Blayney Shire Council</b>	32	32	32	30
<b>Blue Mountains City Council</b>	149	154	156	159
<b>Bogan Shire Council</b>	15	14	14	13
<b>Bourke Shire Council</b>	17	17	18	18
<b>Brewarrina Shire Council</b>	6	6	6	5
<b>Broken Hill City Council</b>	60	58	59	57
<b>Burwood Council</b>	77	94	93	89
<b>Byron Shire Council</b>	131	136	147	158
<b>Cabonne Council</b>	81	85	87	86
<b>Camden Council</b>	101	104	113	118
<b>Campbelltown City Council</b>	116	112	115	111
<b>Canterbury-Bankstown Council*</b>	277	277	283	289
<b>Carrathool Shire Council</b>	11	12	12	12
<b>Central Coast Council*</b>	446	460	478	476
<b>Central Darling Shire Council</b>	11	13	14	15
<b>Cessnock City Council</b>	402	389	384	394
<b>City of Canada Bay Council</b>	195	198	203	203
<b>City of Parramatta Council*</b>	304	321	334	335
<b>City of Ryde Council</b>	223	229	230	234
<b>City of Sydney Council</b>	2,282	2,347	2,378	2,395
<b>Clarence Valley Council</b>	116	122	121	122
<b>Cobar Shire Council</b>	14	14	13	13
<b>Coffs Harbour City Council</b>	132	144	150	155
<b>Coolamon Shire Council</b>	14	14	14	14
<b>Coonamble Shire Council</b>	17	17	18	19
<b>Cootamundra-Gundagai Regional Council*</b>	44	45	46	44
<b>Cowra Council</b>	45	46	43	39
<b>Cumberland Council*</b>	162	169	177	185
<b>Dubbo Regional Council*</b>	103	104	106	106
<b>Dungog Shire Council</b>	32	30	31	30
<b>Edward River Council*</b>	31	32	31	30
<b>Eurobodalla Shire Council</b>	100	101	97	99
<b>Fairfield City Council</b>	194	204	210	220

Local Government Area	2016-17	2017-18	2018-19	2019-20
<b>Federation Council*</b>	45	49	49	50
<b>Forbes Shire Council</b>	20	20	20	21
<b>Georges River Council*</b>	178	189	188	180
<b>Gilgandra Shire Council</b>	15	15	14	13
<b>Glen Innes Severn Council</b>	24	23	23	23
<b>Goulburn Mulwaree Council</b>	65	63	64	63
<b>Greater Hume Shire Council</b>	29	30	30	31
<b>Griffith City Council</b>	157	155	152	149
<b>Gunnedah Shire Council</b>	29	30	30	30
<b>Gwydir Shire Council</b>	16	19	19	18
<b>Hawkesbury City Council</b>	128	129	134	131
<b>Hay Shire Council</b>	16	16	16	16
<b>Hilltops Council*</b>	76	77	74	76
<b>Hornsby Shire Council</b>	151	165	167	162
<b>Hunter's Hill Council</b>	32	31	32	30
<b>Inner West Council*</b>	516	539	568	591
<b>Inverell Shire Council</b>	44	43	41	40
<b>Junee Shire Council</b>	17	16	15	16
<b>Kempsey Shire Council</b>	57	58	60	61
<b>Kiama Municipal Council</b>	54	59	62	67
<b>Ku-ring-gai Council</b>	154	156	161	157
<b>Kyogle Council</b>	15	19	20	19
<b>Lachlan Shire Council</b>	26	25	25	25
<b>Lake Macquarie City Council</b>	193	198	202	206
<b>Lane Cove Council</b>	67	67	68	69
<b>Leeton Shire Council</b>	32	34	34	33
<b>Lismore City Council</b>	86	91	95	96
<b>Lithgow City Council</b>	57	54	55	53
<b>Liverpool City Council</b>	142	148	152	158
<b>Liverpool Plains Shire Council</b>	28	28	28	27
<b>Lockhart Shire Council</b>	14	14	14	14
<b>Maitland City Council</b>	106	111	114	114
<b>MidCoast Council*</b>	204	201	201	205
<b>Mid-Western Regional Council</b>	164	163	161	163
<b>Moree Plains Shire Council</b>	40	38	38	38
<b>Mosman Municipal Council</b>	70	78	77	77
<b>Murray River Council*</b>	68	68	67	67
<b>Murrumbidgee Council*</b>	14	15	15	14
<b>Muswellbrook Shire Council</b>	50	48	46	43
<b>Nambucca Shire Council</b>	35	39	42	39
<b>Narrabri Shire Council</b>	39	40	40	39
<b>Narrandera Shire Council</b>	19	18	18	18
<b>Narromine Shire Council</b>	22	22	22	22
<b>Newcastle City Council</b>	392	404	420	429
<b>North Sydney Council</b>	368	373	366	373

Local Government Area	2016-17	2017-18	2018-19	2019-20
<b>Northern Beaches Council*</b>	552	577	597	590
<b>Oberon Council</b>	15	16	16	18
<b>Orange City Council</b>	124	124	127	125
<b>Parkes Shire Council</b>	47	46	46	46
<b>Penrith City Council</b>	174	185	193	203
<b>Port Macquarie-Hastings Council</b>	150	161	165	168
<b>Port Stephens Council</b>	129	134	132	140
<b>Queanbeyan-Palerang Regional Council*</b>	87	91	89	90
<b>Randwick City Council</b>	245	251	256	256
<b>Richmond Valley Council</b>	34	33	33	32
<b>Shellharbour City Council</b>	70	72	71	73
<b>Shoalhaven City Council</b>	221	225	234	238
<b>Singleton Council</b>	103	118	118	121
<b>Snowy Monaro Regional Council*</b>	161	164	169	168
<b>Snowy Valleys Council*</b>	64	62	61	61
<b>Strathfield Council</b>	70	70	72	72
<b>Sutherland Shire Council</b>	325	336	337	341
<b>Tamworth Regional Council</b>	144	141	144	144
<b>Temora Shire Council</b>	19	19	20	20
<b>Tenterfield Shire Council</b>	31	30	30	29
<b>The Hills Shire Council</b>	199	204	222	227
<b>Tweed Shire Council</b>	163	171	179	190
<b>Unincorporated Far West</b>	7	11	11	11
<b>Upper Hunter Shire Council</b>	46	50	48	48
<b>Upper Lachlan Shire Council</b>	32	32	35	33
<b>Uralla Shire Council</b>	21	22	21	21
<b>Wagga Wagga City Council</b>	137	143	143	137
<b>Walcha Council</b>	14	14	13	14
<b>Walgett Shire Council</b>	25	24	23	23
<b>Warren Shire Council</b>	12	11	11	11
<b>Warrumbungle Shire Council</b>	32	41	41	40
<b>Waverley Council</b>	244	245	254	252
<b>Weddin Shire Council</b>	14	14	14	14
<b>Wentworth Shire Council</b>	28	27	29	31
<b>Willoughby City Council</b>	214	235	234	235
<b>Wingecarribee Shire Council</b>	173	180	187	187
<b>Wollondilly Shire Council</b>	53	54	52	52
<b>Wollongong City Council</b>	323	339	357	367
<b>Woollahra Municipal Council</b>	201	207	203	199
<b>Yass Valley Council</b>	96	97	101	104
<b>Total</b>	<b>15,838</b>	<b>16,295</b>	<b>16,589</b>	<b>16,730</b>

Notes:

\*Councils commenced in 2016.

Licences are grouped by the current LGA recorded for each licence. Counts do not include limited licences

Table 2: Total number of liquor licences granted between the 2016-17 and 2019-20 financial years

Licence Type	30 June 2017	30 June 2018	30 June 2019	30 June 2020
Liquor – club licence	2	3	2	1
Liquor – hotel licence: Full hotel	6	11	5	19
Liquor – hotel licence: General bar	6	1	10	5
Liquor – limited licence	1,563	1,518	1,424	886
Liquor – on-premises licence	751	755	664	514
Liquor – packaged liquor licence	118	133	117	127
Liquor – producer wholesaler licence	146	129	111	135
Liquor – small bar licence	25	34	43	23
<b>Total</b>	<b>2,617</b>	<b>2,584</b>	<b>2,376</b>	<b>1,710</b>

Table 3: Total number of liquor licence applications refused and withdrawn and total number of liquor licences suspended or cancelled between the 2016-17 and 2019-20 financial years

	30 June 2017	30 June 2018	30 June 2019	30 June 2020
<b>Refused</b>	28	18	51	16
<b>Suspended</b>	10	13	23	19
<b>Cancelled</b>	516	477	512	598
<b>Withdrawn</b>	366	276	194	359

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

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

## Attachment F: Gaming operations statistics

Table 1: Numbers of entitlements, gaming machines authorised as at 30 June 2020 and net profit for the 2019-20 financial year

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit
	# of entitlements	# machines authorised as at 30 Jun 20	# of entitlements	# machines authorised as at 30 Jun 20	
<b>Albury City Council</b>	1083	968	232	229	57,998,497.94
<b>Armidale Regional Council</b>	193	193	120	115	11,434,206.45
<b>Ballina Shire Council</b>	411	390	174	158	23,684,820.61
<b>Balranald Shire Council</b>	162	156	0	0	8,548,932.56
<b>Bathurst Regional Council</b>	306	285	147	136	20,037,373.81
<b>Bayside Council</b>	1269	1084	430	428	121,094,891.40
<b>Bega Valley Shire Council</b>	566	551	102	87	20,137,461.57
<b>Bellingen Shire Council</b>	130	130	47	47	4,823,252.97
<b>Berrigan Shire Council</b>	332	330	20	20	12,256,991.94
<b>Blacktown City Council</b>	2178	2099	730	724	245,598,088.70
<b>Bland Shire Council</b>	84	84	22	22	1,686,346.63
<b>Blayney Shire Council</b>	7	5	15	15	605,790.34
<b>Blue Mountains City Council</b>	379	365	180	180	16,835,732.53
<b>Bogan Shire Council</b>	43	43	6	6	908,980.69
<b>Bourke Shire Council</b>	30	30	0	0	1,576,125.34
<b>Brewarrina Shire Council</b>	12	12	4	4	878,389.04
<b>Broken Hill City Council</b>	301	296	28	28	11,009,838.09
<b>Burwood Council</b>	496	460	171	171	74,533,275.12
<b>Byron Shire Council</b>	245	229	144	144	10,494,904.99
<b>Cabonne Shire Council</b>	92	92	12	12	2,099,077.89
<b>Camden Council</b>	532	432	195	195	50,131,005.95
<b>Campbelltown City Council</b>	1728	1617	328	310	134,778,470.79
<b>Canterbury-Bankstown Council</b>	4193	4122	914	912	474,095,834.02
<b>Carrathool Shire Council</b>	19	19	2	2	418,514.86
<b>Central Coast Council</b>	4137	3831	662	626	223,766,305.67
<b>Central Darling Shire Council</b>	22	22	19	19	1,555,407.61
<b>Cessnock City Council</b>	595	556	173	156	25,639,658.78
<b>City of Canada Bay Council</b>	730	544	207	207	52,117,810.73
<b>City of Parramatta Council</b>	1451	1311	618	543	152,985,796.53
<b>Ryde City Council</b>	1005	930	260	261	90,120,628.12
<b>Council of the City of Sydney</b>	966	564	3409	3122	267,977,964.65
<b>Clarence Valley Council</b>	541	525	226	223	26,129,545.12
<b>Cobar Shire Council</b>	65	65	16	16	3,038,445.29
<b>Coffs Harbour City Council</b>	651	643	218	218	43,623,032.08
<b>Coolamon Shire Council</b>	32	31	4	4	391,764.95
<b>Coonamble Shire Council</b>	45	45	10	10	1,930,259.39

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit
	# of entitlements	# machines authorised as at 30 Jun 20	# of entitlements	# machines authorised as at 30 Jun 20	
Cootamundra-Gundagai Regional Council	114	112	31	31	5,210,131.80
Cowra Shire Council	143	139	16	16	4,576,586.17
Cumberland Council	2235	2201	522	522	313,442,207.50
Dubbo Regional Council	448	425	237	237	34,115,966.35
Dungog Shire Council	57	57	15	15	1,410,694.08
Edward River Council	128	128	21	21	3,614,461.51
Eurobodalla Shire Council	759	709	97	97	29,674,807.26
Fairfield City Council	3359	3354	507	507	426,885,853.09
Federation Council	794	790	27	27	30,019,676.40
Forbes Shire Council	79	79	47	47	5,294,386.09
Georges River Council	1656	1622	426	426	169,284,957.39
Gilgandra Shire Council	48	48	15	15	1,510,775.00
Glen Innes Severn Council	83	83	9	9	3,180,432.51
Goulburn Mulwaree Council	362	349	105	105	18,858,895.30
Greater Hume Shire Council	70	62	33	33	1,506,815.68
Griffith City Council	376	373	92	77	23,089,781.49
Gunnedah Shire Council	122	113	54	50	6,320,953.46
Gwydir Shire Council	46	46	13	7	912,993.13
Hawkesbury City Council	601	584	286	271	36,678,676.39
Hay Shire Council	50	50	26	26	1,618,785.87
Hilltops Council	143	143	48	47	6,810,138.13
The Council of the Shire of Hornsby	912	880	162	162	46,354,547.39
The Council of the Municipality of Hunters Hill	13	13	28	28	2,303,381.95
Inner West Council	1363	940	960	878	118,657,559.00
Inverell Shire Council	122	119	42	42	6,703,093.19
Junee Shire Council	49	49	17	17	1,813,503.09
Kempsey Shire Council	351	342	113	113	17,715,420.50
The Council of the Municipality of Kiama	224	210	48	48	7,665,901.24
Ku-ring-gai Council	58	58	49	49	5,583,027.80
Kyogle Council	42	42	34	34	1,493,861.36
Lachlan Shire Council	70	69	27	27	2,564,567.98
Lake Macquarie City Council	2036	1885	470	466	95,727,002.94
Lane Cove Municipal Council	72	64	27	27	4,343,435.71
Leeton Shire Council	101	101	29	29	5,375,317.43
Lismore City Council	306	304	133	133	16,929,620.80
City of Lithgow Council	240	231	47	47	10,782,949.25
Liverpool City Council	1185	1105	346	345	136,168,731.19
Liverpool Plains Shire Council	76	74	9	9	2,481,583.47
Lockhart Shire Council	44	44	1	1	438,520.99
Maitland City Council	443	413	300	295	37,104,639.36



Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit
	# of entitlements	# machines authorised as at 30 Jun 20	# of entitlements	# machines authorised as at 30 Jun 20	
Mid-Coast Council	1137	1086	276	276	48,609,952.01
Mid-Western Regional Council	197	179	131	131	11,467,113.73
Moree Plains Shire Council	138	138	79	79	8,381,417.72
Mosman Municipal Council	75	75	35	35	5,898,551.49
Murray River Council	944	924	73	73	48,907,924.61
Murrumbidgee Council	46	44	9	9	1,269,509.02
Muswellbrook Shire Council	198	192	40	40	8,789,342.32
Nambucca Shire Council	258	258	63	63	9,587,387.35
Narrabri Shire Council	161	143	65	65	6,198,546.51
Narrandera Shire Council	83	79	24	24	2,800,147.49
Narromine Shire Council	81	79	11	11	2,026,742.94
Newcastle City Council	2221	2096	893	888	128,672,938.77
Northern Beaches Council	2075	1754	420	390	106,523,271.26
North Sydney Council	351	306	337	322	47,063,925.88
Oberon Council	50	50	17	17	1,210,198.75
Orange City Council	321	297	164	156	23,086,374.51
Parkes Shire Council	184	184	50	50	6,928,047.10
Penrith City Council	2244	2118	474	459	155,815,095.47
Port Macquarie-Hastings Council	1035	1018	200	184	50,790,947.31
Port Stephens Council	770	735	215	215	38,976,750.59
Queanbeyan-Palerang Regional Council	680	631	147	147	40,379,326.12
Randwick City Council	1183	1124	376	376	84,060,525.74
Richmond Valley Council	264	262	81	75	11,490,055.65
Shellharbour City Council	830	740	138	138	46,446,521.63
Shoalhaven City Council	1434	1415	233	233	62,890,988.58
Singleton Council	240	222	78	78	11,085,217.31
Snowy Monaro Regional Council	161	156	87	87	7,066,130.44
Snowy Valleys Council	145	145	70	70	5,418,306.98
Strathfield Municipal Council	104	74	143	117	34,896,172.51
Sutherland Shire Council	1904	1579	357	357	101,009,933.35
Tamworth Regional Council	535	513	200	199	27,549,877.58
Temora Shire Council	65	65	0	0	1,658,209.47
Tenterfield Shire Council	57	57	23	23	1,898,094.71
The Hills Shire Council	750	674	256	232	71,295,889.35
Tweed Shire Council	2010	1725	233	205	78,939,910.32
Unincorporated Far West	0	0	1	1	18,381.07
Upper Hunter Shire Council	159	159	40	40	5,049,264.63
Upper Lachlan Shire Council	38	38	14	14	897,886.69
Uralla Shire Council	36	36	21	21	980,221.74
Wagga Wagga City Council	426	401	342	342	34,843,125.13

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit
	# of entitlements	# machines authorised as at 30 Jun 20	# of entitlements	# machines authorised as at 30 Jun 20	
<b>Walcha Council</b>	23	23	7	7	308,195.55
<b>Walgett Shire Council</b>	163	163	17	17	6,502,742.53
<b>Warren Shire Council</b>	41	41	11	11	1,301,510.93
<b>Warrumbungle Shire Council</b>	96	96	34	27	2,318,725.99
<b>Waverley Council</b>	543	374	264	242	41,538,543.85
<b>Weddin Shire Council</b>	25	25	9	9	857,474.25
<b>Wentworth Shire Council</b>	202	182	54	54	12,223,859.06
<b>Willoughby City Council</b>	527	447	209	209	52,358,155.01
<b>Wingecarribee Shire Council</b>	323	313	140	132	17,375,362.69
<b>Wollondilly Shire Council</b>	164	164	147	147	11,951,904.37
<b>Wollongong City Council</b>	2678	2366	560	552	134,328,514.95
<b>Woollahra Municipal Council</b>	127	97	166	164	14,953,586.44
<b>Yass Valley Council</b>	114	114	31	31	3,580,073.96
<b>Total</b>	<b>73,027</b>	<b>67,645</b>	<b>23,379</b>	<b>22,530</b>	<b>5,479,644,935.80</b>

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

\*Net profit is the combined profit from gaming machines for all venues with gaming machines within an LGA. It is not exactly the same as player losses because it includes factors such as the paying of jackpots across multiple venues and LGAs. Changes have been made to reporting on gaming machine data and net profit has replaced turnover as the main data category on the financial impacts of gaming machine activity. This change has been made as net profit is the closest indicator of how much communities have lost on gaming machines. Turnover has commonly been misinterpreted and led to wrong assumptions about the amount of money lost on gaming machines. This change is in line with other jurisdictions. Please note that the Net profit figure consists of finalised figures for hotels and clubs for the FY19/20 except for the June 2020 figure for clubs, which is a preliminary figure. The finalised figure was not available at the time of producing this report.

# Attachment G: Internal audit and risk management statement

## Risk management, insurance and internal audit

The Authority's insurance cover is arranged under the Treasury Managed Fund for workers' compensation and public property liabilities. The Authority's Internal Audit Charter provides the framework for internal audit, in compliance with section 11(2) of the *Public Finance and Audit Act 1983*. See below for a copy of the Internal Audit and Risk Management Statement.

## Internal Audit and Risk Management Attestation Statement for the 2019-20 Financial Year for the Independent Liquor and Gaming Authority

I, Philip Crawford, Chair, am of the opinion that the Independent Liquor and Gaming Authority had internal audit and risk management processes in operation that were compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
<b>Risk Management Framework</b>		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal Audit Function</b>		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

## Membership

The chair and members of the Audit and Risk Committee were:

- Carol Holley, Independent Chair, from 1 November 2019 to 31 October 2022;
- Bruce Turner AM, Independent Member, from 1 November 2019 to 31 October 2022;
- Nancy Milne OAM, Independent Member, from 1 November 2019 to 31 October 2022.

The Committee only came into existence from 1 November 2019, as a result of machinery of Government changes. This Audit and Risk Committee was established under a Treasury approved shared arrangement with the following participating entities:

- Department of Customer Service
- Rental Bond Board
- Building Professionals Board (now dissolved)
- NSW Government Telecommunications Authority
- Greyhound Welfare and Integrity Commission

- Independent Liquor and Gaming Authority

A handwritten signature in blue ink, appearing to read 'Philip Crawford', is positioned above the printed name.

Philip Crawford  
Chair  
Independent Liquor & Gaming Authority (Board)

Date: 30 September 2020

Independent Liquor and Gaming Authority  
Financial Statements

30 June 2020

## INDEPENDENT LIQUOR AND GAMING AUTHORITY

Pursuant to section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state that:

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the Public Finance and Audit Act 1983, the applicable clauses of the Public Finance and Audit Regulation 2015, and the Financial Reporting Directions mandated by the Treasurer;
- b) the accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of Independent Liquor and Gaming Authority for the year ended 30 June 2020;
- c) at the date of signing we are not aware of any circumstances that would render the financial statements misleading or inaccurate.



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Philip Crawford, Chairperson

Date: 13 October 2020



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Craig Sahlin, Board Member

Date: 13 October 2020

INDEPENDENT LIQUOR AND GAMING AUTHORITY				
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020				
	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
<b>Expenses excluding losses</b>				
Board members remuneration	2(a)	780	798	776
Operating expenses				
In-kind personnel services	2(b)	1,096	-	973
Legal Expenses	2(c)	10,340	1,479	858
Other operating expenses	2(d)	1,005	491	251
Depreciation and amortisation		-	30	-
<b>Total Expenses excluding losses</b>		<b>13,221</b>	<b>2,798</b>	<b>2,858</b>
<b>Revenue</b>				
Cluster grant revenue	3(a)	2,902	2,975	-
In-kind contribution	3(b)	1,096	-	973
Other grants and other contributions	3(c)	7,353	-	-
Investment revenue	3(d)	-	-	322
<b>Total Revenue</b>		<b>11,351</b>	<b>2,975</b>	<b>1,295</b>
<b>Net results</b>		<b>(1,870)</b>	<b>177</b>	<b>(1,563)</b>
<b>Other Comprehensive income</b>		-	-	-
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS)</b>		<b>(1,870)</b>	<b>177</b>	<b>(1,563)</b>

*The accompanying notes form part of these financial statements.*

**INDEPENDENT LIQUOR AND GAMING AUTHORITY**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	4	2,281	2,002	2,671
Receivables	5	158	12	45
<b>Total Current Assets</b>		<b>2,439</b>	<b>2,014</b>	<b>2,716</b>
<b>Non-Current Assets</b>				
<i>Property, plant and equipment</i>		-	10	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>10</b>	<b>-</b>
<b>Total Assets</b>		<b>2,439</b>	<b>2,024</b>	<b>2,716</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	6	1,714	164	121
Other Liabilities			(15)	-
<b>Total Current Liabilities</b>		<b>1,714</b>	<b>149</b>	<b>121</b>
<b>Total Liabilities</b>		<b>1,714</b>	<b>149</b>	<b>121</b>
<b>Net Assets / (Liabilities)</b>		<b>725</b>	<b>1,875</b>	<b>2,595</b>
<b>EQUITY</b>				
Accumulated funds		725	1,875	2,595
<b>Total Equity</b>		<b>725</b>	<b>1,875</b>	<b>2,595</b>

*The accompanying notes form part of these financial statements.*



INDEPENDENT LIQUOR AND GAMING AUTHORITY			
STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2020			
	Notes	Accumulated Funds \$'000	Total \$'000
<b>Balance at 1 July 2019</b>		<b>2,595</b>	<b>2,595</b>
<b>Net Result for the year</b>		(1,870)	(1,870)
<b>Balance at 30 June 2020</b>		<b>725</b>	<b>725</b>
<b>Balance at 1 July 2018</b>		<b>9,263</b>	<b>9,263</b>
<b>Net Result for the year</b>		(1,563)	(1,563)
<b>Transactions with owners in their capacity as owners</b> Increase in net assets from equity transfers*		(5,105)	(5,105)
<b>Balance at 30 June 2019</b>		<b>2,595</b>	<b>2,595</b>

*The accompanying notes form part of these financial statements.*

*\*The change in net assets from equity transfers concerns the transfer of the Star casino property to Property NSW in the 2018-19 Financial Year*

**INDEPENDENT LIQUOR AND GAMING AUTHORITY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Board members remuneration		784	874	776
Suppliers for goods and services		10,908	2,136	1,181
Other Government Agencies		-	-	9,939
<b>Total Payments</b>		<b>11,692</b>	<b>3,010</b>	<b>11,896</b>
<b>Receipts</b>				
Cluster grant revenue		2,902	2,975	-
Interest received		-	-	250
Grants and other contributions		8,400	-	-
Other receipts		-	166	-
<b>Total Receipts</b>		<b>11,302</b>	<b>3,141</b>	<b>250</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	10	<b>(390)</b>	<b>131</b>	<b>(11,646)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment		-	70	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-</b>	<b>70</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(390)</b>	<b>201</b>	<b>(11,646)</b>
Opening cash and cash equivalents		2,671	1,801	14,317
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	4	<b>2,281</b>	<b>2,002</b>	<b>2,671</b>

*The accompanying notes form part of these financial statements.*

**INDEPENDENT LIQUOR AND GAMING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

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

The Authority is a statutory body in Schedule 2 of the *Public Finance and Audit Act 1983* constituted under the *Gaming and Liquor Administration Act 2007* with probity, investigations, licensing, disciplinary and merits review powers for the purposes of the *Liquor Act 2007*, the *Casino Control Act 1992*, the *Gaming Machines Act 2001* and the Registered Clubs Act 1976.

Under section 13 of the *Gaming and Liquor Administration Act 2007* and in accordance with the Regulatory Delegations Manual approved on 15 April 2020 and amended from time to time, the Authority has delegated the responsibility for lower-risk and non-contentious licence related decisions to Liquor & Gaming NSW (a division of Department of Customer Service).

The financial statements for the year ended 30 June 2020 have been authorised for issue by the Authority on 12 October 2020.

**(b) Basis of Preparation**

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

- The applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Treasurer’s Directions issued under the Act.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Authority’s presentation and functional currency.

**(c) Statement of Compliance**

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

**(d) Going concern**

Financial statements have been prepared on a going-concern basis after taking into account future funding from government appropriations. Cash flow forecasts demonstrate that with future appropriation funding, the Authority will have sufficient funds to pay its debts as and when they fall due.

The Department of Customer Service have provided a letter of support to the Independent Liquor and Gaming Authority to ensure that it is able to pay its debts as and when they fall due for the period of 12 months from the date of signing the financial report to the period ended 30 June 2020 for at least the next 12 months from the date these financial statements were authorised for issue.

**(e) Administered Activities**

The Authority administers, but does not control, activities on behalf of the Crown Entity. It was accountable for the transactions relating to those administered activities but did not have the discretion to deploy the resources for the achievement of its own objectives.

The Authority only administers the following activity in the current year:

- (i) Casino regulatory and compliance deed payment

Transactions and balances relating to the administered activities are not recognised as the Authority's income, expenses, assets and liabilities, but are disclosed in the accompanying Notes 11 and 12 as 'Administered Assets', 'Administered Liabilities', 'Administered Revenues' and 'Administrative Expenses' respectively. The accruals basis of accounting and applicable accounting standards have been adopted.

**(f) Accounting for the Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(g) Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous reporting period, to 30 June 2019, for all amounts reported in the financial statements.

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

**(i) Effective for the first time in 2019-20**

The Authority applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in FY2019-20, but do not have an impact on the financial statements of the Authority.

***AASB 15 Revenue from Contracts with Customers***

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, the Authority has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. i.e. 1 July 2019, the Authority has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all the modifications that occur before 1 July 2018 when:

- identifying the satisfied and unsatisfied performance obligations
- determining the transaction price
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

The impact of applying the above practical expedients is not expected to significantly affect the financial statements.

The adoption of AASB 15 did not have an impact on Statement of Comprehensive Income, Statement of Financial Position, Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### ***AASB 1058 Income of Not-for-Profit Entities***

AASB 1058 replaces most of the existing requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- when the obligations under the transfer are satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the entity.
- immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Authority has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application. i.e. 1 July 2019, the Authority has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the entity to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Statement of Comprehensive Income, Statement of Financial Position, Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### ***AASB 16 Leases***

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

AASB 16 requires the entity to account for all leases under a single on balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the entity recognises a lease liability and right of use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located. The entity has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

The Authority elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

In applying AASB 16 for the first time, the Authority has used the following practical expedients permitted by the standard not to recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 had nil impact on the Statement of Financial Position, Statement of Comprehensive Income, Other Comprehensive Income and the Statement of Cash flows for the financial year.

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods.

a) *AASB 1059 Service Concession Assets: Grantors*

- AASB 1059 *Service Concession Assets: Grantors* ("AASB 1059") is effective from reporting periods commencing on or after 1 July 2020.
- The Authority will adopt AASB 1059 on 1 July 2020 through application of the modified retrospective approach, where the current year is adjusted as though AASB 1059 had always applied and comparative information will also be restated.
- For the reporting financial year, the Authority does not have any Service Concession Assets.

b) *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*

c) *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*

d) *AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059*

(j) **Natural disasters and financial impact on the Authority**

The natural disasters in the financial year, primarily coronavirus ("COVID-19") and the bushfires, have had a major impact on individuals, businesses and the government sector.

The Authority has identified and quantified, where possible, the impact and reported this in the financial statements for the financial year ended 30 June 2020.

There is no uncertainty about the Authority's ability to continue as a going concern at 30 June 2020 as liquidity and credit risk are not significant areas of risk for the Authority. There has been no impact on the Authority's liquidity or credit risk profiles as a result of COVID-19.

(k) **Equity transfers**

the transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value. All other equity transfers are recognised at fair value, except for intangibles.

## 2. EXPENSES EXCLUDING LOSSES

(a) **Board Members Remuneration**

Board Members Remuneration

2020	2019
\$'000	\$'000
780	776
<b>780</b>	<b>776</b>

**(b) In-kind personnel services**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Secretariat Services	1,096	973
	<b>1,096</b>	<b>973</b>

The Authority does not employ staff and relies on the personnel services provided In-kind from the Department of Planning, Industry & Environment until 30 June 2019, and from 1 July 2019 from the Department of Customer Service.

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

**(c) Legal expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Bergin Inquiry <sup>(i)</sup>	9,719	-
Other legal expenses	621	858
	<b>10,340</b>	<b>858</b>

**i. Bergin Inquiry**

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

**(d) Other operating expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditor's remuneration		
- audit of the financial statements	33	26
Consultancy	-	18
Information Technology <sup>(i)</sup>	275	26
Travel	1	19
Fees and charges <sup>(i)</sup>	190	63
Expense relating to short term leases <sup>(i) (iii)</sup>	463	-
Other Operating	43	99
	<b>1,005</b>	<b>251</b>

**i. Bergin Inquiry**

Other related expenses to the Inquiry including Information Technology services and Premises.

**ii. Expense relating to short term leases**

***Lease expense (up to 30 June 2019)***

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

***Lease expense (from 1 July 2019)***

- From 1 July 2019, the Authority recognises the lease payments as an operating expense in the Statement of Comprehensive Income associated with the following types of leases: Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

### 3. REVENUE

#### Recognition and Measurement

Until 30 June 2019, income is recognised in accordance with AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers. Commentary regarding the accounting policies for the recognition of income are discussed below:

#### (a) Cluster grant revenue

	2020 \$'000	2019 \$'000
Revenue through Department of Customer Service	2,902	-
	<b>2,902</b>	<b>-</b>
Movement of Section 4.7 GST Act – deemed appropriations		
	2020 \$'000	2019 \$'000
Opening balance	-	-
Add: adjustment to opening balance for the cash balance as at 30 June 2019	2,671	-
Add: additions of deemed appropriations	11,302	250
Less: expenditure charged against deemed appropriations	(11,692)	(250)
Closing balance	<b>2,281</b>	<b>-</b>

#### Recognition and Measurement

Cluster grants are recognised when the Authority obtains control over the contribution. The Authority is deemed to have assumed control when the grant is received or receivable.

The Authority receives its funding from the Department of Customer Service, which receives appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year. Due to COVID-19, the State Budget and related 2020-21 Appropriation Bill has been delayed until November/December 2020. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from Consolidated Fund. This authorisation is current from 1 July 2020 until the release of the 2020-21 Budget or Appropriation Bill.

#### (b) In-kind Contribution

	2020 \$'000	2019 \$'000
Principal Department	1,096	973
	<b>1,096</b>	<b>973</b>

In 2019, services covered in the In-kind contribution disclosed in Note 2 (b) expenses and Note 3 (b) revenues were comprehensively documented in a Memorandum of Understanding between the Authority and the Department of Planning, Industry & Environment.

In 2020, a draft Memorandum of Understanding between the Authority and the Department of Customer Service has been documented after the transition of the system and shared services from the Department of Planning, Industry and Environment to the Department of Customer Service.



(c) Other grants and contributions

	2020	2019
	\$'000	\$'000
Other Cluster grants	4,400	-
Community Development Fund	1,000	-
Responsible Gambling Fund	1,953	-
	<b>7,353</b>	<b>-</b>

**Recognition and Measurement**

In 2020, the Authority received funding via other cluster grants (\$4.4 million), the Community Development Fund (\$1 million) and the Responsible Gambling Fund (\$3 million) in order to meet the cost related to the Suitability Review and Regulatory Framework & Settings aspects of the Bergin Inquiry. The current accounting approach is that, income is recognised when costs have been incurred. This is consistent with the AASB 15 recognition principle. To date, \$7.4 million has been recognised

(d) Investment Revenue

	2020	2019
	\$'000	\$'000
Income on Finance Lease	-	322
	<b>-</b>	<b>322</b>

**Recognition and Measurement**

Income is measured at the fair value of the consideration or contribution received or receivable.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

**4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS**

	2020	2019
	\$'000	\$'000
Cash at bank and on hand	2,281	2,671
	<b>2,281</b>	<b>2,671</b>

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and cash on hand. Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year as shown to the Statement of Cash Flows as follows:

	2020	2019
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	2,281	2,671
Closing cash and cash equivalents (per Statement of Cash Flows)	<b>2,281</b>	<b>2,671</b>

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

**5 CURRENT ASSETS - RECEIVABLES**

	2020	2019
	\$'000	\$'000
<b>Current</b>		
GST receivable	158	16
	<b>158</b>	<b>16</b>
Other receivable	-	29
Less: Allowance for expected credit losses	-	-
	<b>-</b>	<b>29</b>
<b>Total Current Receivables</b>	<b>158</b>	<b>45</b>

## Recognition and Measurement

### Receivables

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

### Subsequent measurement

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

### Impairment

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

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

For trade receivables (if any), the Authority applies a simplified approach in calculating ECLs.

During the year, the Authority raised regular invoices within the Department of Customer Service to recoup related expenditures, which are subsequently paid within credit terms.

## 6. CURRENT LIABILITIES - PAYABLES

	2020 \$'000	2019 \$'000
Creditors	668	121
Unearned income	1,046	-
	<b>1,714</b>	<b>121</b>

Unearned income represents funding received from the Responsible Gambling Fund in relation to the Bergin Inquiry that will be spent in the 2020-21 year.

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

## Recognition and Measurement

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

Payables are financial liabilities at amortised cost, initially recognised at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

## 7. COMMITMENTS

### (a) Capital commitments

The Authority did not have any capital commitments as at 30 June 2020 (2019: \$0).

## 8. CONTINGENT ASSETS AND LIABILITIES

### (a) Contingent Assets

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

Some of the Inquiry costs may be recoverable from third parties under the Casino Control Act 1992. At this time, the Authority cannot reliably estimate the likelihood or quantum of cost recovery.

## (b) Contingent Liabilities

The Authority did not have any contingent liabilities as at 30 June 2020 (2019: \$0).

## 9. BUDGET REVIEW

### Budget review accounting policy

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

### Net result

The actual operating result excluding Cluster grant revenue for the year was a loss of \$4.8m compared to the budgeted loss of \$2.7m. The variance of \$2.1m reflects an overspend in other operating expenses primarily relating to legal and other associated costs of the Bergin Inquiry. The Inquiry was established after the commencement of the 2020 financial year and was not budgeted.

The assessment of In-kind personnel services expenses has been made in accordance with AASB 1004 Contributions as a non-reimbursable non-cash expense with a nil profit and loss impact.

### Assets and Liabilities

The net assets balances are lower than the budget values due to the unearned revenue in relation to the funding of the Inquiry. The Authority did not hold any non current assets in the current and previous years

### Cash flow

Net cash flow from operating activities is a deficit of \$0.4m compared to a budgeted surplus of \$0.1m. This results from utilising the prior year surplus cash to fund the Inquiry.

## 10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2020 \$'000	2019 \$'000
<b>Net cash used in operating activities</b>	(390)	(11,646)
Increase/(decrease) in receivables	113	(5,002)
(Increase)/decrease in payables	(1,593)	9,980
(Increase)/decrease in accumulated funds from equity transfer	-	5,105
<b>Net result</b>	<b>(1,870)</b>	<b>(1,563)</b>

## 11. ADMINISTERED ASSETS AND LIABILITIES

	2020 \$'000	2019 \$'000
<b>Administered Liabilities</b>		
Casino regulatory and compliance deed	-	3,200
<b>Total Administered Liabilities</b>	<b>-</b>	<b>3,200</b>

As noted in Note 1(e) – Administered activities, the Casino regulatory and compliance deed is the only administered activity that the Authority administers in the current financial year

## 12. ADMINISTERED REVENUES - CROWN ENTITY

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

Revenue earned	2020 \$'000	2019 \$'000
Casino regulatory and compliance deed	3,200	8,330
<b>Total revenue earned</b>	<b>3,200</b>	<b>8,330</b>

### Casino regulatory and compliance deed

On 14 December 1994, in accordance with the Casino Control Act 1992, the Authority granted the Licensee (The Star Pty Limited) a licence to operate a casino in NSW. On the same date, the Licensee also entered into an Exclusivity Agreement where damages were payable by the State of NSW if certain regulatory events occurred during the Exclusivity Period. The Original Exclusivity Agreement expired on or about 14 September 2007.

Following negotiations, the State of NSW agreed to grant the Licensee a new Exclusivity Period and protection rights that apply from 14 November 2007 to 13 November 2019 for which the Licensee agreed to pay \$100 million. Pursuant to the Casino regulatory and compliance deed, this payment was made in two lump sums of \$50 million (plus GST). The first instalment was received and remitted to Treasury in July 2009. The second instalment was received and remitted to Treasury in July 2010.

The total amount of \$100 million was considered as administered revenue over a period of 12 years commencing from 14 November 2007. This arrangement expired on 13 November 2019.

There was administered revenue of \$3.2 million earned for the current financial period (2019: \$8.3 million).

## 13. FINANCIAL INSTRUMENTS

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

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

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

### (a) Financial Instrument Categories

			2020 \$'000	2019 \$'000
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:				
Cash and cash equivalents	4	N/A	2,281	2,671
Receivables <sup>(i)</sup>	5	Amortised cost	0	29
Financial Liabilities	Note	Category		
Class:				
Payables <sup>(ii)</sup>	6	Financial liabilities measured at amortised cost	668	121

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

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

**(i) Derecognition of financial assets and financial liabilities**

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

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

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

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

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

**(j) Offsetting financial instruments**

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

**(k) Finance Risk**

**(i) Credit Risk**

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables, and authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and bank balances within the NSW Treasury Banking System.

Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

**Receivables - trade debtors**

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

The Department of Customer Service is the only trade debtor of the Authority. As there is a reasonable expectation of recovery of the debt, an expected credit loss was not calculated.

As at 30 June 20, the ageing analysis of trade debtors is as follows:

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

	30 June 2019					
	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate		0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	-	-	29	-	-	29
Expected credit loss	-	-	-	-	-	-
<b>Total</b>	-	-	29	-	-	29

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

## (ii) Liquidity Risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows to ensure adequate holding of high-quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether invoiced or not. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Authority may automatically pay the supplier simple interest.

For the year ended 30 June 2020, the Authority was not required to pay any interest for late payment (2019:\$0)

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

	%	\$'000  Nominal Amount <sup>(i)</sup>	\$'000 Interest Rate Exposure			\$'000 Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
<b>2020</b> Payables	0.00%	668	-	-	668	668	-	-
		668			668	668		
<b>2019</b> Payables	0.00%	121	-	-	121	121	-	-
		121	-	-	121	121	-	-

**(iii) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through interest rate risk. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2019. The analysis assumes that all other variables remain constant.

**(iv) Interest Rate Risk**

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

**(v) Fair Value Measurement**

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

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

**14. RELATED PARTY DISCLOSURES**

The Authority's key management personnel comprises the Board Members of the Authority. During the year, the Authority incurred \$779,524 (2019 : \$775,095) in respect of Board Members' remuneration.

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

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

Counterparty	Nature of Transaction	2020 \$'000		2019 \$'000	
		income/ (expense) \$'000	Net receivable/ (payable) \$'000	income/ (expense) \$'000	Net receivable/ (payable) \$'000
Revenue					
Department of Customer Service	Cluster grant & In-kind contribution	11,351	-	-	-
Department of Planning, Industry & Environment	In-kind contribution	-	-	973	29
Expenses					
Department of Customer Service	Administrative, secretarial support and operational assistance	(1,130)	-	-	-

Department of Planning, Industry & Environment	Administrative, secretarial support and operational assistance	-	-	(973)	-
Audit Office NSW	Independent audit services of Authority's financial statements	(32)	(9)	(26)	-
Crown Solicitors Office	Professional legal services and legal advice	(225)	-	(192)	-
Department of Justice	Payments for Civil and Administrative Tribunal of New South Wales (NCAT)	(83)	-	(250)	-
NSW Police Force	Funding of Police Casino Inspectors for Casino regulation and compliance	(83)	(13)	(72)	-

## 15. EVENTS AFTER THE REPORTING PERIOD

### Non- Adjusting Events

There are no known events after the reporting period which would give rise to a material impact on the reported results or financial position of the Authority as at 30 June 2020.

### END OF AUDITED FINANCIAL STATEMENTS



# Attachment I: Statutory reporting requirements

## Funds granted to non-government community organisations

The Authority has not granted any funds to non-government community organisations during the 2019–20 reporting period.

## Legal Change

Refer to Department of Customer Service (DCS) Annual report 2019-20 for any information regarding legal change.

## Economic or other factors

Nil.

## Research & Development

Nil.

## Human Resources

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

## Workforce Diversity

Diversity reporting is covered in the DCS Annual Report 2019-20.

## Disability Inclusion Action Plan

Diversity and Inclusion is covered in the DCS Annual Report 2019-20.

## Consumer Response

The Authority always aims to respond to consumers in a prompt, efficient and helpful manner. Refer to DCS Annual Report 2019-20 for further information.

## Payment of Accounts

Measure	Quarter ended Mar-20	Quarter ended Jun-20
Invoices due for payment (#)	33	69
invoices paid on time (#)	14	23
Actual % of total # of accounts paid on time	42%	33%
Amount due for payment (\$'000)	\$ 2,194	\$ 5,874
Amount paid on time (\$'000)	\$ 404	\$ 449
Actual % of total \$\$ of accounts paid on time**	18%	8%
Number of payments for interest on overdue accounts (#)	\$ -	\$ -
Interest paid on late accounts (\$)	0	0
Number of payments to small business for interest on overdue accounts (#)	0	0
Interest paid to small businesses on late accounts (\$)	\$ -	\$ -

*\*Due to the ERP system migration, data unavailable for the period from July 2019 to January 2020*

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

## Time for payment of accounts

No interest was paid during the 2019-20 reporting period due to late payments.

## Disclosure of controlled entities

The Authority is a reporting entity and has no entity under its control. The reporting entity is consolidated as part of the New South Wales Total State Sector and as part of the New South Wales Public Accounts.

## Disclosure of subsidiaries

The Authority does not hold shares in any subsidiary.

## Multicultural policies and services program

Multicultural policies and services for the Authority is covered in the DCS Annual Report 2019-20.

**Agreements with Multicultural NSW**

Refer to the DCS Annual Report 2019-20.

**Work Health and Safety (WHS)**

As staff were all employed by DCS, please refer to the DCS Annual Report 2019-20.

**Investment performance**

The Authority has no investments other than bank balances within the Treasury Banking System. Interest income earned in the year ended 30 June 2020 was nil.

**Liability management performance**

Nil.

**Numbers and remuneration of senior executives**

No Senior Executive Service positions were attached to the Authority in 2019–20.

**Implementation of Price Determination**

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

**Government Information (Public Access) Act 2009**

Applications made under the Government Information (Public Access) Act 2009 involving the Authority were coordinated centrally within DCS. Please refer to the DCS Annual Report for 2019-20 for details on any access applications concerning the Authority received during the year.

**Cyber Security Policy (CSP) attestation**

The Authority is covered by the DCS CSP attestation. Refer to the DCS Annual Report 2019-20.

**Public Interest Disclosures**

Please refer to the DCS 2019-20 Annual Report for details on actions taken to ensure staff awareness of responsibilities under section 6E (1)(b) of the *Public Interest Disclosures Act 1994*. No public officials made a Public Interest Disclosure to the Authority during the reporting period. The Authority did not receive or finalise any Public Interest Disclosures during the year.

**Requirements arising from employment arrangements**

A memorandum of understanding between the Authority and Department of Customer Service is currently being developed.

**Additional matters for inclusion in Annual Reports**

The ILGA Annual Report can be accessed at the following link:

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

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