

Independent Liquor & Gaming Authority Annual Report 2021-22

Annual Report 2021-22

November 2022



Independent
Liquor & Gaming
Authority

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

Copyright details

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Author

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The Hon Kevin Anderson MP
Minister for Hospitality and Racing
Minister for Lands and Water
52 Martin Place
SYDNEY NSW 2000

Dear Minister,

We are pleased to submit the annual report for the NSW Independent Liquor & Gaming Authority for the year ended 30 June 2022, for presentation to Parliament.

The Authority's Annual Report has been prepared in line with the annual reporting compliance requirements for a statutory body outlined by NSW Treasury. 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, A/Director Office of ILGA: ilga.office@liquorandgaming.nsw.gov.au.

Yours faithfully,

Murray Smith

Acting Chairperson / Deputy Chairperson
Independent Liquor & Gaming Authority

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Introduction

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

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

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

The Authority is responsible for licensing approval and other regulatory functions under the *Liquor Act 2007*, *Gaming Machines Act 2001*, *Registered Clubs Act 1976* and related legislation. Under the *Casino Control Act 1992*, the Authority was (until 5 September 2022) responsible for the licensing of NSW casinos and disciplinary complaints relating to the casinos. The Authority is also responsible for determining whether music festivals are subject to the requirements of the *Music Festivals Act 2019*, and for approving safety management plans for subject 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

Regional Engagement Strategy

The Authority launched its Regional Engagement Strategy 2022 with the aim of conducting quarterly meetings and engaging directly with local stakeholders in regional locations. As part of this strategy, the Authority is visiting areas with elevated alcohol and/or gaming-related harms. The Authority has found that the experience of attending a locality in person enhances its appreciation of issues affecting local communities and assists in building effective relationships with stakeholders.

In the first half of 2022 the Authority made two regional visits. The first of these visits took place 16-18 March on the Central Coast, a high growth area identified as having increased rates of alcohol-related assault and domestic violence coupled with strong community interest in the liquor and gaming licensing framework. The second visit took place in Tamworth 15-17 June where the Authority welcomed the Minister for Hospitality & Racing to its board meeting and met separately with a range of local representatives including Tamworth City Council, Tamworth Police, Tamworth Local Aboriginal Land Council and the Western Region Liquor Accord.

NSW Crime Commission inquiry into money laundering via electronic gaming machines in hotels and clubs

In early 2021 the Authority was made aware of a range of matters including allegations of money laundering in hotels and clubs. The NSW Crime Commission established a joint inquiry in December of that year to investigate the nature and extent of money laundering that may be occurring in licensed premises in NSW. The Authority, along with several other law enforcement agencies, partnered with the NSW Crime Commission to provide evidence that would assist the inquiry. At the close of the 2022 financial year, the inquiry was ongoing with the Authority and Liquor & Gaming NSW continuing to provide information, specifically in relation to suspicious transactions flagged through the centralised monitoring system.

Helensburgh Liquorland – application for a packaged liquor licence

Coles lodged a packaged liquor licence application for a new Liquorland in Helensburgh in 2021. More than 264 objections were received in response. Given the significant amount of community opposition, the Authority organised a public meeting to hear directly from the community in relation to the proposal.

The public meeting, held on 4 April 2022, was well-attended and provided great assistance to the Authority. Following the meeting, the Authority considered the evidence before it, including objective data relating to rates of alcohol-related crime, health statistics and demographic information, as well as the many written and verbal submissions made by members of the local community and stakeholder organisations. After much consideration the Authority ultimately concluded that granting the licence would not be in the public interest, in that it would not satisfy the needs and expectations of the local community, issuing its statement of reasons for its decision on 29 July 2022.

Bergin Inquiry

In 2020, Commissioner Patricia Bergin SC, conducted an inquiry pursuant to section 143 of the *Casino Control Act 1992* which investigated, amongst other things, the suitability of Crown Sydney Gaming Pty Ltd to hold a restricted gaming facility licence and whether Crown Resorts Limited (Crown) is a suitable person to be a close associate of Crown Sydney Gaming Pty Ltd. The Commissioner reported her findings to the Authority on 1 February 2021, concluding that Crown was not suitable to hold a casino licence in NSW. The Commissioner made 19 recommendations to improve the transparency and accountability of casino operators, increase the regulator's powers, and mitigate the risks of organised crime infiltrating casinos. On 15 February 2021, the Authority wrote to Crown giving notice of its preliminary determination, having regard to the contents of the Bergin Report, that Crown was not presently suitable to give effect to the restricted gaming licence for the Barangaroo facility.

In August 2021 the Government agreed to support all 19 recommendations of the Bergin Report, some of which related to the suitability of Crown, with the rest proposing significant changes to the casino regulatory framework in NSW. Work then started on the redesign of the regulatory structure, with a view to introducing legislative changes

to Parliament in mid-2022. During this time, the Authority continued to assess the suitability of Crown to hold a casino licence and the circumstances in which Crown Sydney's gaming facility might be permitted to open.

Crown's pathway to suitability

Crown developed a remediation plan which set out the required action to be taken to address the concerns raised in the Bergin Report and by the Authority. The remediation plan was assessed by an independent monitor appointed by the Authority. An extensive overhaul of Crown's executive management team and board occurred in parallel with this process. The remediation plan involves deep structural change around governance, anti-money laundering measures and corporate culture. Implementation of the plan is likely to be completed in the second half of 2023 and will be assessed by the independent monitor.

In February 2022, the Authority announced interim arrangements ahead of legislative changes to establish the independent casino regulator. A temporary structure was put in place to enhance the management of existing and emerging risks in the casino regulatory environment, particularly the risks of money laundering and other financial crimes associated with casino activities. The temporary structure included functional separation of casino regulation from liquor and gaming regulation, with some Authority members dedicated to the consideration and determination of casino matters, and changing the appointment of the Authority Chairperson, Mr Philip Crawford, from part-time to full-time to enable a stronger leadership focus and commitment to casino regulation.

The Authority also appointed a new board member, Ms Janine Rolfe, who had anti-money laundering experience, and strengthened its collaboration with AUSTRAC.

By June 2022, the Authority was satisfied with Crown's remediation progress and on 24 June granted the casino operator conditional approval to open its gaming operations, subject to compliance with substantially enhanced Internal Control Measures developed by the Authority. Crown subsequently opened its gaming floor on 8 August 2022. The conditional approval enables the Authority to monitor Crown's operational compliance and assess whether the remediation plan has been satisfactorily implemented before it determines whether or not Crown is suitable to hold a restricted gaming licence.

Blackstone

In February 2022, the Authority received notification Crown had entered a scheme implementation deed with funds manager company, Blackstone Group (Blackstone), to acquire all of Crown's shares. Under the casino laws, the Authority must approve shareholdings of ten per cent or more, which includes a probity assessment of the shareholder and its close associates. Blackstone was thus subject to an extensive probity assessment that examined its capacity to address the risks and issues of concern identified in the Bergin Report. This involved individual probity assessments on persons deemed to be 'close associates' of Blackstone under the *Casino Control Act 1992*.

Blackstone was required to demonstrate the highest standards of probity as well as a commitment to deliver the full suite of operational changes recommended by the Bergin Inquiry. In June 2022, the Authority approved Blackstone's suitability to hold a casino licence in NSW, enabling the company to become the new operator of Crown Sydney

casino. After gaining approval from Victorian and West Australian regulators and the Federal Court, Blackstone took over as the new owner of Crown on Friday 24 June.

Under a separate deed agreement with the Authority, Blackstone is required to comply with relevant licence conditions, the legislation and a suite of other obligations imposed by the Authority.

The Star Sydney

A 60 Minutes investigation and ensuing media reports aired serious allegations that The Star Entertainment Group Pty Limited (The Star) was infiltrated by organised crime groups for money laundering, tax evasion, and other illegal activities. The Bell Review was established to assess The Star’s suitability to hold a casino licence and to examine compliance with its legal obligations. On 13 September 2021, the Authority announced it would appoint Adam Bell SC to undertake a review of The Star and its Sydney casino. The review was established under sections 30 and 143 of the *Casino Control Act 1992*. The terms of reference for the review were focused on the suitability of The Star and each of its close associates, as being concerned in, or associated with, the management and operation of The Star casino.

The review began in November 2021, with public hearings conducted in March 2022. More than 30 witnesses were called to provide evidence between 17 March and the review’s conclusion on 27 June 2022. Due to the need for Mr Bell to undertake further lines of inquiry, the public hearings were extended by one month to accommodate additional witnesses. Mr Bell’s report due date was subsequently extended to 31 August 2022.

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 Hospitality & Racing.

Authority board members 2021-22

Authority member	Date of first appointment	Appointment date of current term	Expiry of term	Qualifications
Mr Philip Crawford Chairperson ¹	17 March 2016	8 June 2021	24 May 2026	Bachelor of Laws and Bachelor of Arts
Mr Murray Smith Deputy Chairperson ²	26 May 2016	26 May 2021	1 December 2025	Bachelor of Business, and Chartered Accountant

¹ Ceased as Chairperson on 5 September 2022 upon formation of the NSW Independent Casino Commission. Mr Crawford remains a member of the Authority’s board.

² Appointed as Deputy Chairperson on 13 November 2019. Mr Smith was also appointed as a Commissioner to the NSW Independent Casino Commission.

Mr Craig Sahlin ³	17 March 2016	17 March 2021	1 December 2023	Bachelor of Laws and Bachelor of Arts (Honours)
Mr Stephen Parbery ⁴	26 May 2016	26 May 2021	24 May 2026	Fellow of the Institute of Chartered Accountants, Registered Liquidator
Ms Janine Rolfe ⁵	2 March 2022	2 March 2022	1 March 2025	Bachelor of Economics and Bachelor of Laws (honours)
Ms Sarah Dinning	1 January 2017	1 January 2022	15 October 2024	Executive Master of Public Administration, Bachelor of Arts, Bachelor of Science
Ms Samantha Zouroudis ⁶	1 January 2017	1 January 2022	11 July 2022	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
Judge Gillian Eldershaw ⁷	18 August 2021	18 August 2021	18 August 2024	Bachelor of Laws (Honours), Bachelor of Nursing

Meetings held

Having regard to the Government's decision to establish the NSW Independent Casino Commission, as recommended by the Bergin Inquiry, the Authority implemented temporary arrangements to facilitate transition to the future regulatory regime. From March 2022, the Authority established a Liquor and Gaming Committee and a Casino Committee with the purpose of functionally separating casino regulation from liquor and gaming regulation.

The Authority held 12 liquor and gaming meetings (including the Liquor and Gaming Committee) and four Casino Committee meetings during the reporting period. From July

³ Ceased as Authority member on 5 September 2022 and appointed as Commissioner of the NSW Independent Casino Commission on that date.

⁴ Ceased as Authority member on 5 September 2022 and appointed as Commissioner of the NSW Independent Casino Commission on that date.

⁵ Ceased as Authority member on 5 September 2022 and appointed as Commissioner of the NSW Independent Casino Commission on that date.

⁶ Resigned as an Authority member on 11 July 2022.

⁷ Resigned as an Authority member on 7 September 2022.

2021 to January 2022, the Authority's meetings were held virtually using Microsoft Teams due to the COVID-19 pandemic.

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

The Authority has continued to see a significant increase in the amount of work required out of session. This has been in addition to the Authority's regular workload to carry out its functions and respond to community and industry needs.

Liquor and Gaming meetings attended by Authority board members 2021-22

Name	Position	No of meetings while member	Authority meetings attended
Philip Crawford	Chairperson	12	11
Murray Smith	Deputy Chairperson	12	11
Craig Sahlin	Member	8	8
Stephen Parbery	Member	8	7
Samantha Zouroudis	Member	12	12
Sarah Dinning	Member	12	11
Paul Gentle	Member	12	11
Judge Gillian Eldershaw	Member	10	9

Casino meetings attended by Authority board members 2021-22

Name	Position	No of meetings while member	Authority meetings attended
Philip Crawford	Chairperson	4	4
Murray Smith	Deputy Chairperson	4	3
Craig Sahlin	Member	4	4
Stephen Parbery	Member	4	4
Ms Janine Rolfe	Member	4	4

Report on operations

Liquor operations

The Authority's principal liquor regulatory activities during the 2021-22 reporting period included:

- determining and granting new liquor licences, including:
 - certain 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
- determining disciplinary complaints against licensees and other parties with an interest in a licensed premises.

A number of lower-risk licensing functions are delegated to staff in Liquor & Gaming NSW, such as granting of several classes of on-premises applications and some restricted packaged liquor applications, and most small bar applications. The full list of the Authority's decision making functions, including delegated functions, is 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 2022 the total number of liquor licences in force in NSW was 17,555. 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.

The Authority granted a total of 1,734 new liquor licences in the reporting period. Table 2 at Attachment E details the numbers of new liquor licences granted since the 2016-17 financial year.

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

In the 2021-22 financial year, the Authority cancelled 1,044 liquor licences and five licences were suspended under section 144F(3)(a) of the *Liquor Act 2007*. In addition, nine applications were refused and 343 were withdrawn by applicants.

The number of licences cancelled usually relates to cancellations that occur annually as part of the Annual Liquor Licence Fee Scheme which commenced in 2015-2016. As part

of this scheme, licensees that had not paid their annual fees by a specified date were cancelled.

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

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

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

The Authority granted a total of 422 section 51 applications in the 2021-22 reporting period. Section 51 applications are licence-related authorisations, such as extended trading and primary service. Table 4 at Attachment E details the numbers of new liquor authorisations granted since the 2016-2017 financial year.

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

There were four disciplinary complaints determined under Part 9 of the *Liquor Act 2007* during 2021–22:

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

In addition, the Authority determined:

- Five prescribed offences under Part 9A of the *Liquor Act 2007* (Incentives and Demerit Points System)

Gaming operations – casinos

Following the opening of much of the non-gaming components of its integrated resort on 28 December 2020, Crown Sydney commenced conditional gaming on 8 August 2022.

The Authority's principal casino regulatory activities during the 2021-22 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 licences 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 casinos and reviewing contract notifications
- investigating close associates of the casino operators
- determining applications for review of exclusion orders issued against patrons of the casinos
- consenting to and monitoring building and development works in the casinos.

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 delegations by Liquor & Gaming NSW.

Reporting under the Casino Control Act 1992

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

In 2021-22 the Authority granted 1,236 new casino special employee licences. During the year the Authority renewed 165 casino special employee licences.

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

There were 144 changes made to the licence conditions during 2021-22.

During 2021-22 changes were made to Crown Sydney's licence conditions

A change was made to the conditions to include a new system of Internal Controls and Administrative and Accounting procedures approved by the Authority in June 2022. A further change was also made in conjunction with the Authority's June 2022 conditional approval to open Crown's gaming operations.

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 2021-22 reporting period three disciplinary complaints submitted to the Authority for consideration under section 23(2) of the *Casino Control Act 1992* were concluded in the reporting period, which related to a contravention of Internal Control Measures, breach of casino licence condition and permit intoxication within the gaming area of the casino.

In all the matters the Authority determined to cancel the casino special employee licence. Disciplinary matters stopped being referred to or determined by ILGA during the Star Review. Relevant information received during The Star Review was instead referred to Mr Adam Bell rather than to ILGA.

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 2021-22.

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

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

The Bergin Report was issued to the Authority on 1 February 2021 and published on 9 February 2021, finding that:

Crown Sydney Gaming Pty Limited is not a suitable person to continue to give effect to the Barangaroo restricted gaming licence.

Crown is not a suitable person to be a close associate of the licensee.

The disposal of shares held by CPH in Crown to Melco or KittyHawk in June 2019, and agreement by CPH to dispose further shares in Crown to Melco or KittyHawk by September 2019, did not constitute a breach of the Barangaroo restricted gaming licence or any other regulatory agreement.

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

A copy of the Bergin Report can be found at:

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

Gaming-related approvals (casino)

Approved games

During the 2021-22 reporting period the Authority approved, either directly or under delegation by Liquor & Gaming NSW:

- no new casino table games
- no new multi-terminal table games
- 10 amendments to various rules of games
- 13 gaming machines including new gaming machine games
- three software upgrades for the casino's gaming management system
- 12 items of gaming equipment

Approved operational arrangements

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

Penalty Infringement Notices and prosecutions

In 2021-22 there were three penalty notices issued by Liquor & Gaming NSW inspectors to The Star casino. Liquor & Gaming NSW elected to pursue disciplinary complaints where contraventions were detected, which are determined by the Authority as a specialist casino authority, in lieu of the court process. In this forum the Authority can enforce a greater range of sanctions including substantial fines, which are not available through the courts.

Disciplinary Complaints

During 2021-22 Liquor & Gaming NSW inspectors investigated three newly registered complaints of a minor entering The Star casino under section 94(1) of the *Casino Control Act 1992*, where the minor had consumed liquor, gambled or both.

Inspectors also investigated four registered complaints of intoxication under cl. 73 of Schedule 6 of the *Casino Control Regulation 2019*.

The investigations into three instances of alleged intoxication did not result in any disciplinary complaint to the Authority, with the fourth being potential for a Disciplinary Action.

The matter relating to a minor who was found gambling is ongoing and the submission of a disciplinary complaint is being considered by Liquor & Gaming NSW. Three disciplinary complaints submitted to the Authority for consideration under section 23(2) of the *Casino Control Act 1992* were concluded in the reporting period, two of which related to minors entering the casino, and one related to intoxication.

In 2021-22 Liquor & Gaming NSW inspectors investigated 339 incidents of persons contravening their non-voluntary exclusion orders by entering The Star casino. Five penalty infringement notices and 282 warning letters were issued to non-voluntarily excluded patrons in 2021-22. Three prosecutions were commenced in relation to an excluded person found re-entering the casino; with one finalised in May 2022 with the court imposing a \$1,500 fine; the second was finalised June 2022 with the court ordering gambling counselling and imposing a \$1,000 fine; the other matter remains ongoing.

Reviews of exclusion orders

There were no exclusion order reviews undertaken during 2021-22. This is largely due to legislative reforms to the *Casino Control Act 1992* which came into effect on 3 April 2018. This restricted the Authority to only considering exclusion orders related to problem gambling.

Casino-related licensing

Close associates

During the 2021-22 reporting period, 24 close associate applications were lodged. 13 individuals were approved as close associates and 11 individuals are subject to ongoing consideration and investigation.

Controlled contracts

During the 2021-22 reporting period nine 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 2021-22 reporting period six applications for approval for a liquor licensed premises were approved.

Casino and liquor licence boundaries

During the 2021-22 reporting period four applications to redefine the casino boundary were approved.

Gaming operations – clubs and hotels

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

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

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

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

Gaming machines

In accordance with the *Gaming Machines Act 2001*, a hotel or registered club is required to have a gaming machine entitlement for each gaming machine operated on the premises.

There is an overall State cap on gaming machine entitlements which is set at 99,000. In addition, there is a limit on the maximum number of gaming machines a hotel can operate at a venue, which is set at 30.

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

Gaming machine statistics

As at 30 June 2022 there were 96,186 gaming machine entitlements authorised. This includes:

- club licences – 72,889 entitlements
- hotel licences – 23,297 entitlements.

The total number of authorised gaming machines operating as at 30 June 2022 was 86,747. This includes:

- club licences – 64,321 gaming machines
- hotel licences – 22,426 gaming machines.

Attachment F presents data by Local Government Area for the 2021-22 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 2021-22, a total of 267 applications were approved to transfer gaming machine entitlements. Of these, 88 were for leased entitlements.

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

During 2021-22 the Authority approved 16 gaming machine threshold increases subject to a Class 1 Local Impact Assessment.

Gaming machine tax

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

Liquor & Gaming NSW undertook various tasks to reconcile gaming machine tax during 2021-22. This included 616 gaming machines tax-related reviews and approvals, including reviewing annual ClubGRANTS Category 1 and Category 2 returns across 423 eligible clubs. Registered clubs receive a tax rebate for approved expenditure on funding categories specified in Guidelines.

In response to COVID-19, the Government's announced a six-month deferral of gaming machine taxes payments for the 2021-2022 year until 21 December 2021 for clubs and 21 January 2022 for hotels. Trading restrictions meant gaming taxes were overcalculated when assessed against quarterly instalments.

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

In collaboration with NSW Treasury and Revenue NSW, Liquor & Gaming NSW implemented an amended operational approach to proactively adjust the 2020-2021

gaming taxes. The approach used another legislative mechanism to recalculate a venue's tax liability which Revenue NSW offset as a tax credit against a venue's deferred tax repayment plan.

Liquor & Gaming NSW and Revenue NSW worked to minimise resourcing and customer impacts resulting in tax credits of \$6.5 million for clubs (n = 271) and \$2.7 million for hotels (n = 325) which helped help retain staff and improve business liquidity.

Gaming technology

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

During 2021-22 the Authority granted the following approvals for gaming technology in hotels and registered clubs:

- 126 new game approvals to operate on gaming machines
- two new technology gaming machine platforms
- 88 gaming machine software upgrades
- 58 gaming machine hardware upgrades
- one new technology gaming system field trial.

Gaming-related licences

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

During 2021-22 following a rigorous probity assessment process the Authority granted the following gaming-related licences:

- 21 gaming machine seller's licences, and
- 109 gaming machine technician licences.

No gaming machine manufacturers dealer's licences were granted during 2021-22.

Disciplinary action

Disciplinary action under the Gaming Machines Act 2001

In 2021-22 there were nil complaints determined under Part 8 of the *Gaming Machines Act 2001*.

Disciplinary action under the Registered Clubs Act 1976

In 2021/22 there was one complaint determined under Part 6 of the *Registered Clubs Act 1976*.

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

- the Authority issued a reprimand, declared that the secretary of the club was ineligible to stand for election or be appointed to, or to hold office in, the position of secretary or member of the governing body of any registered clubs for a period of 10 years, and ordered a payment of \$4,716.48 in costs to the Secretary of the Department of Customer Service.

Attachments: Independent Liquor & Gaming Authority

Attachment A: Land disposal

Nil.

Attachment B: Promotion and overseas travel

No overseas travel was undertaken by the Authority during 2021-22.

Attachment C: Consultants

Company	Amount excl. GST	Description	Nature of services
Maddocks Lawyers	\$4,956,705.86	Legal services and advice on liquor and gaming related matters, including advising the Authority in its exercise of its primary decision making, review and disciplinary functions. Maddocks Lawyers provided substantial services in relation to the Bell review of The Star casino.	Legal Services
Adam Bell SC	\$825,453.60	Legal advice in relation to the review of The Star casino.	Legal Services
Norton Rose Fulbright	\$550,690.60	Legal services and advice on liquor and gaming related matters, including advising the Authority in its exercise of its primary decision making, review and disciplinary functions. Norton Rose Fulbright provided substantial services in relation to Crown casino and related matters.	Legal Services
Crown Solicitor's Office	\$231,072.13	Legal services and advice on liquor and gaming related matters determined as "non-core" by Crown Solicitor's Office	Legal Services

The Authority engages consultants to assist in undertaking certain specialist and most of its non-core functions such as legal services and internal audit. The table below shows consultancies paid during financial year 2021-22, which are equal to or more than \$50,000.

There were seven consultants with expenditure under \$50,000, for legal advice totalling \$29,082.

There was one consultant with expenditure under \$50,000 for board facilitation services, totalling \$25,000.

Attachment D: Budget review and plan

Copies of the Internal Audit and Risk Management Attestation Statement and the Financial Statements for 2021-22 are provided at Attachments G and H.

The Authority's actual revenue and expenses in 2021-22 compared to the relevant budget is summarised in the table below:

Item	2021-22 Actual '\$000	2021-22 Budget '\$000	Variance '\$000
Expenses excluding losses			
Board members' remuneration	1,353	831	(522)
Operating Expenses			
Personnel services – in kind	1,626	0	(1,626)
Legal Expenses	6,571	1,370	(5,201)
Other operating expenses	344	729	385
Total Expenses excluding losses	9,894	2,930	(6,964)
Revenue			
Grants and contributions	8,612	2,911	5,701
Other revenue	53	0	53
In-kind contribution	1,626	0	1,626
Total Revenue	10,291	2,911	7,380
Net Results	397	(19)	416

Net result

The actual net result is a surplus of \$0.4 million (2021: \$0.4 million surplus) which was favourable to the budgeted net result by \$0.4 million. The major variations to budget are:

- Total Revenue was \$7.4 million favourable to budget, predominantly due to \$5.7 million grant received from DCS for the Bell Inquiry and an in-kind contribution of \$1.6 million. Both of these amounts were not anticipated at the time the budgeted financial statements were prepared.
- Total Expenses were \$7 million unfavourable to budget, driven by higher legal expenses in relation to the Bell Inquiry of \$5.7 million and in-kind personnel services expenses of \$1.6 million, and \$0.5 million higher Board members' remuneration attributable to the additional workload arising from the Bergin Inquiry, Bell Inquiry and the establishment of the NSW Independent Casino Commission (NICC). These amounts were not anticipated at the time the budgeted financial statements were prepared.

Personnel services expenses

In the 2021-22 financial year a Memorandum of Understanding was agreed detailing the shared services the Authority receives from the Department of Customer Service, which is an in-kind contribution. A new MoU with ILGA and the Department of Enterprise, Investment and Trade will be negotiated for the 2022-23 financial year.

Budget for 2022-23

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

Item	2022-23 Budget '\$000
Expenses excluding losses	
Board members remuneration	1,123
Operating expenses	
Legal expenses	1,385
Other operating expenses	540
Total expenses excluding losses	3,048
Revenue	
Grants and contributions	2,920
Other revenue	109
Total Revenue	3,029
Net Results	(19)

Attachment E: Liquor operations statistics

Table 1: Number of licences in force in each Local Government Area as at 30 June 2022 (excludes Limited Licences).

Local Government Area	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Albury City Council	130	128	129	128	135	134
Armidale Regional Council*	74	73	71	73	74	69
Ballina Shire Council	93	91	96	95	102	105
Balranald Shire Council	10	10	9	9	10	10
Bathurst Regional Council	103	103	101	98	99	98
Bayside Council*	214	227	229	239	260	278
Bega Valley Shire Council	123	127	126	128	133	131
Bellingen Shire Council	36	36	35	35	36	36
Berrigan Shire Council	36	37	37	36	37	37

Blacktown City Council	178	183	188	191	203	217
Bland Shire Council	28	26	28	28	28	28
Blayney Shire Council	32	32	32	30	30	30
Blue Mountains City Council	149	154	156	159	166	166
Bogan Shire Council	15	14	14	13	14	14
Bourke Shire Council	17	17	18	18	18	18
Brewarrina Shire Council	6	6	6	5	5	5
Broken Hill City Council	60	58	59	57	60	57
Burwood Council	77	94	93	89	93	91
Byron Shire Council	131	136	147	158	176	188
Cabonne Shire Council	81	85	87	86	89	91
Camden Council	101	104	113	118	125	130
Campbelltown City Council	116	112	115	111	112	110
Canterbury-Bankstown Council*	277	277	283	289	295	293
Carrathool Shire Council	11	12	12	12	13	13
Central Coast Council*	446	460	478	476	510	513
Central Darling Shire Council	11	13	14	15	15	15
Cessnock City Council	402	389	384	394	408	398
City of Canada Bay Council	195	198	203	203	217	219
City of Lithgow Council	57	54	55	53	52	50
City of Parramatta Council*	304	321	334	335	372	365
Clarence Valley Council	116	122	121	122	126	130
Cobar Shire Council	14	14	13	13	13	13
Coffs Harbour City Council	132	144	150	155	167	165
Coolamon Shire Council	14	14	14	14	14	15
Coonamble Shire Council	17	17	18	19	19	18
Cootamundra-Gundagai Regional Council*	44	45	46	44	43	42
Council of the City of Sydney	2282	2347	2378	2395	2512	2432
Cowra Shire Council	45	46	43	39	40	38
Cumberland Council*	162	169	177	185	200	197
Dubbo Regional Council*	103	104	106	106	114	112
Dungog Shire Council	32	30	31	30	33	32
Edward River Council*	31	32	31	30	31	34
Eurobodalla Shire Council	100	101	97	99	104	107

Fairfield City Council	194	204	210	220	235	238
Federation Council*	45	49	49	50	51	52
Forbes Shire Council	20	20	20	21	21	18
Georges River Council*	178	189	188	180	192	194
Gilgandra Shire Council	15	15	14	13	13	13
Glen Innes Severn Council	24	23	23	23	25	25
Goulburn Mulwaree Council	65	63	64	63	65	64
Greater Hume Shire Council	29	30	30	31	32	32
Griffith City Council	157	155	152	149	152	148
Gunnedah Shire Council	29	30	30	30	28	27
Gwydir Shire Council	16	19	19	18	19	18
Hawkesbury City Council	128	129	134	131	142	146
Hay Shire Council	16	16	16	16	16	18
Hilltops Council*	76	77	74	76	76	76
Inner West Council*	516	539	568	591	643	640
Inverell Shire Council	44	43	41	40	43	41
Junee Shire Council	17	16	15	16	17	17
Kempsey Shire Council	57	58	60	61	63	63
Ku-ring-gai Council	154	156	161	157	171	167
Kyogle Council	15	19	20	19	19	20
Lachlan Shire Council	26	25	25	25	25	28
Lake Macquarie City Council	193	198	202	206	220	231
Lane Cove Municipal Council	67	67	68	69	78	83
Leeton Shire Council	32	34	34	33	33	34
Lismore City Council	86	91	95	96	101	102
Liverpool City Council	142	148	152	158	185	178
Liverpool Plains Shire Council	28	28	28	27	27	26
Lockhart Shire Council	14	14	14	14	14	14
Maitland City Council	106	111	114	114	120	116
Mid-Coast Council*	204	201	201	205	206	202
Mid-Western Regional Council	164	163	161	163	164	160
Moree Plains Shire Council	40	38	38	38	39	35
Mosman Municipal Council	70	78	77	77	83	76
Murray River Council*	68	68	67	67	69	67

Murrumbidgee Council*	14	15	15	14	15	15
Muswellbrook Shire Council	50	48	46	43	43	42
Nambucca Shire Council	35	39	42	39	39	41
Narrabri Shire Council	39	40	40	39	41	40
Narrandera Shire Council	19	18	18	18	18	18
Narromine Shire Council	22	22	22	22	22	22
Newcastle City Council	392	404	420	429	458	452
North Sydney Council	368	373	366	373	399	372
Northern Beaches Council*	552	577	597	590	645	640
Oberon Council	15	16	16	18	19	19
Orange City Council	124	124	127	125	132	125
Parkes Shire Council	47	46	46	46	46	46
Penrith City Council	174	185	193	203	215	224
Port Macquarie-Hastings Council	150	161	165	168	175	175
Port Stephens Council	129	134	132	140	146	145
Queanbeyan-Palerang Regional Council*	87	91	89	90	98	95
Randwick City Council	245	251	256	256	276	261
Richmond Valley Council	34	33	33	32	33	34
Ryde City Council	223	229	230	234	253	257
Shellharbour City Council	70	72	71	73	78	82
Shoalhaven City Council	221	225	234	238	252	261
Singleton Council	103	118	118	121	127	128
Snowy Monaro Regional Council*	161	164	169	168	170	174
Snowy Valleys Council*	64	62	61	61	63	64
Strathfield Municipal Council	70	70	72	72	78	76
Sutherland Shire Council	325	336	337	341	370	372
Tamworth Regional Council	144	141	144	144	148	142
Temora Shire Council	19	19	20	20	19	16
Tenterfield Shire Council	31	30	30	29	31	30
The Council of the Municipality of Hunters Hill	32	31	32	30	33	31
The Council of the Municipality of Kiama	54	59	62	67	70	68
The Council of the Shire of Hornsby	151	165	167	162	174	178
The Hills Shire Council	199	204	222	227	251	250

Tweed Shire Council	163	171	179	190	206	213
Unincorporated Far West	7	11	11	11	11	11
Upper Hunter Shire Council	46	50	48	48	49	49
Upper Lachlan Shire Council	32	32	35	33	34	33
Uralla Shire Council	21	22	21	21	23	23
Wagga Wagga City Council	137	143	143	137	141	135
Walcha Council	14	14	13	14	16	14
Walgett Shire Council	25	24	23	23	23	25
Warren Shire Council	12	11	11	11	11	11
Warrumbungle Shire Council	32	41	41	40	40	39
Waverley Council	244	245	254	252	265	268
Weddin Shire Council	14	14	14	14	14	15
Wentworth Shire Council	28	27	29	31	32	34
Willoughby City Council	214	235	234	235	251	232
Wingecarribee Shire Council	173	180	187	187	195	183
Wollondilly Shire Council	53	54	52	52	55	55
Wollongong City Council	323	339	357	367	389	389
Woollahra Municipal Council	201	207	203	199	214	216
Yass Valley Council	96	97	101	104	106	102
Total	15,838	16,295	16,589	16,730	17,702	17,555

Notes: *Councils commenced in 2016

Table 2: Total number of liquor licences granted between the 2016-17 and 2021-22 financial years

Licence Type	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Club licence	2	3	2	1	3	0
Hotel licence: Full hotel	6	11	5	19	7	10
Hotel licence: General bar	6	1	10	5	4	5
Limited licence	1,563	1,518	1,424	886	540	693
On-premises licence	751	755	664	514	632	590
Packaged liquor licence	118	133	117	127	310	229
Pop-up licence	-	-	-	-	53	58
Producer wholesaler licence	146	129	111	135	139	121
Small bar licence	25	34	43	23	37	28
Total	2,617	2,584	2,376	1,710	1,725	1,734

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 2021-22 financial years

Application / Liquor Licence Status	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Refused	28	18	51	16	25	9
Suspended	10	13	23	19	11	5
Cancelled	516	477	512	598	0	1044
Withdrawn	366	276	194	359	375	343

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

Authorisation Type	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Club functions authorisation	25	18	9	12	39	19
Drink on-premises permanent authorisation	30	52	37	40	49	30
Extended trading authorisation	114	134	155	102	250	94
Function on other premises authorisation	258	228	208	147	108	65
Junior members authorisation	3	2	1	3	1	1
Minors area authorisation	114	113	106	131	155	98
Minors functions authorisation	2	0	0	3	0	2
Non-restricted area authorisation	81	63	42	61	131	50
Primary service authorisation	117	120	92	103	116	50
Sale on other premises authorisation	59	68	61	47	58	13
Take away sales authorisation	0	2	0	1	2	0
Vessel trading	0	1	0	0	0	0
Total	803	802	711	650	909	422

Attachment F: Gaming operations statistics

Table 1: Numbers of entitlements, gaming machines authorised as at 30 June 2022 and net profit for the 2021-22 financial year

Local Government Area	Liquor – club licence		Liquor – hotel licence		*Net profit (\$)
	No. of entitlements	No. of machines authorised as at 30 Jun 22	No. of entitlements	No. of machines authorised as at 30 Jun 22	
Albury City Council	1083	832	228	228	73,770,893
Armidale Regional Council	193	193	124	120	16,888,915
Ballina Shire Council	408	379	174	138	32,409,701

Balranald Shire Council	162	162	0	0	12,270,039
Bathurst Regional Council	306	264	157	153	23,726,721
Bayside Council	1272	1071	436	428	121,839,197
Bega Valley Shire Council	548	465	98	83	24,701,548
Bellingen Shire Council	130	130	47	47	6,106,246
Berrigan Shire Council	332	290	20	20	16,418,036
Blacktown City Council	2189	2113	737	725	251,946,178
Bland Shire Council	84	84	11	11	2,863,129
Blayney Shire Council	12	5	22	19	1,206,556
Blue Mountains City Council	349	323	180	180	17,806,260
Bogan Shire Council	43	43	1	1	1,438,036
Bourke Shire Council Unincorporated Far West	30	30	1	1	1,806,166
Brewarrina Shire Council	12	12	0	0	1,486,768
Broken Hill City Council	301	272	21	21	13,423,122
Burwood Council	502	488	185	165	80,992,339
Byron Shire Council	255	238	144	139	13,352,418
Cabonne Shire Council	92	92	12	12	2,586,391
Camden Council	536	443	230	211	61,051,766
Campbelltown City Council	1728	1559	328	313	143,060,386
Canterbury-Bankstown Council	4192	3828	914	913	479,454,366
Carrathool Shire Council	19	19	2	2	434,530
Central Coast Council	4068	3559	660	626	221,672,302
Central Darling Shire Council	22	21	13	13	1,156,347
Cessnock City Council	595	542	194	193	31,993,437
City of Canada Bay Council	736	471	218	188	47,364,087
City of Lithgow Council	240	237	41	41	11,053,657
City of Parramatta Council	1501	1224	614	600	163,080,422
Clarence Valley Council	524	465	210	192	32,426,616
Cobar Shire Council	65	65	17	11	3,888,908
Coffs Harbour City Council	651	540	231	220	59,008,215
Coolamon Shire Council	32	31	0	0	413,152
Coonamble Shire Council	45	45	6	6	2,535,860
Cootamundra-Gundagai Regional Council	122	114	50	50	6,125,240
Council of the City of Sydney	928	541	3326	3022	238,569,009
Cowra Shire Council	143	139	16	16	6,694,461
Cumberland Council	2235	2128	522	522	315,646,708
Dubbo Regional Council	456	403	245	245	41,116,432
Dungog Shire Council	57	57	16	16	1,825,145
Edward River Council	128	128	15	15	4,827,558

Eurobodalla Shire Council	779	768	82	82	33,717,759
Fairfield City Council	3359	3334	507	507	455,685,015
Federation Council	794	719	27	27	39,009,033
Forbes Shire Council	79	55	44	44	6,272,249
Georges River Council	1680	1598	426	426	161,485,002
Gilgandra Shire Council	48	48	9	9	2,032,254
Glen Innes Severn Council	82	80	9	5	3,891,309
Goulburn Mulwaree Council	362	347	104	104	23,773,213
Greater Hume Shire Council	70	58	32	32	1,914,229
Griffith City Council	376	373	90	88	31,024,944
Gunnedah Shire Council	114	112	31	31	8,527,012
Gwydir Shire Council	46	46	3	3	1,385,077
Hawkesbury City Council	601	531	293	275	38,675,596
Hay Shire Council	50	50	26	26	
Hilltops Council	143	143	42	42	2,107,852 8,927,933
Inner West Council	1317	941	918	896	113,165,541
Inverell Shire Council	121	116	34	34	8,497,796
Junee Shire Council	49	49	15	15	2,476,269
Kempsey Shire Council	351	336	111	111	22,231,376
Ku-ring-gai Council	58	58	49	49	5,391,495
Kyogle Council	42	37	28	24	1,924,331
Lachlan Shire Council	69	69	27	27	4,047,559
Lake Macquarie City Council	2069	1832	499	471	110,207,927
Lane Cove Municipal Council	72	64	27	27	4,730,501
Leeton Shire Council	101	101	35	35	8,651,668
Lismore City Council	306	257	118	87	17,032,622
Liverpool City Council	1225	1063	346	343	135,595,855
Liverpool Plains Shire Council	76	74	7	7	2,931,860
Lockhart Shire Council	44	44	0	0	774,143
Maitland City Council	440	425	301	301	43,754,322
Mid-Coast Council	1137	1082	279	279	65,353,025
Mid-Western Regional Council	197	168	131	131	15,832,358
Moree Plains Shire Council	138	138	79	75	14,153,770
Mosman Municipal Council	75	75	39	39	5,644,670
Murray River Council	944	929	69	69	63,759,664
Murrumbidgee Council	46	41	9	9	1,731,696
Muswellbrook Shire Council	198	174	40	40	12,056,499
Nambucca Shire Council	258	237	62	62	11,185,212
Narrabri Shire Council	161	139	58	55	7,609,634

Narrandera Shire Council	83	78	24	24	3,260,570
Narromine Shire Council	81	79	10	10	2,457,976
Newcastle City Council	2152	1829	896	883	141,714,914
North Sydney Council	351	306	337	317	38,594,695
Northern Beaches Council	2071	1701	423	423	104,995,143
Oberon Council	50	50	17	17	1,602,159
Orange City Council	321	299	164	158	32,806,672
Parkes Shire Council	184	184	50	50	9,821,650
Penrith City Council	2244	1971	475	474	158,450,834
Port Macquarie-Hastings Council	1035	975	198	191	65,528,008
Port Stephens Council	770	718	215	215	47,004,305
Queanbeyan-Palerang Regional Council	700	614	147	141	50,152,470
Randwick City Council	1183	922	378	375	78,778,358
Richmond Valley Council	264	255	77	71	16,162,444
Ryde City Council	1005	924	292	287	89,061,167
Shellharbour City Council	830	701	163	163	50,139,650
Shoalhaven City Council	1434	1378	224	224	76,317,873
Singleton Council	240	220	72	72	15,186,903
Snowy Monaro Regional Council	161	156	72	67	9,344,984
Snowy Valleys Council	145	145	68	60	7,636,447
Strathfield Municipal Council	104	75	163	117	43,460,951
Sutherland Shire Council	1928	1528	367	366	93,646,384
Tamworth Regional Council	525	482	195	189	35,969,962
Temora Shire Council	65	65	0	0	2,239,081
Tenterfield Shire Council	57	57	22	22	2,155,263
The Council of the Municipality of Hunters Hill	13	13	28	26	1,993,383
The Council of the Municipality of Kiama	224	201	48	48	8,605,095
The Council of the Shire of Hornsby	934	843	162	162	45,005,332
The Hills Shire Council	750	624	270	268	80,111,934
Tweed Shire Council	1975	1621	227	189	87,285,477
Upper Hunter Shire Council	159	158	40	40	7,269,399
Upper Lachlan Shire Council	38	38	14	14	1,092,583
Uralla Shire Council	36	36	12	12	1,212,559
Wagga Wagga City Council	426	272	357	348	50,222,153
Walcha Council	13	13	4	4	269,357
Walgett Shire Council	163	163	14	14	8,550,229

Warren Shire Council	41	41	1	0	1,326,968
Warrumbungle Shire Council	96	96	26	23	3,306,734
Waverley Council	474	328	274	273	34,712,917
Weddin Shire Council	25	25	9	9	1,163,814
Wentworth Shire Council	202	182	39	39	18,457,056
Willoughby City Council	527	337	215	215	52,193,670
Wingecarribee Shire Council	323	313	129	129	22,105,159
Wollondilly Shire Council	204	179	150	147	14,860,309
Wollongong City Council	2639	2197	560	560	133,506,128
Woollahra Municipal Council	127	59	157	157	14,207,216
Yass Valley Council	114	114	40	40	5,076,670
Total	72,889	64,321	23,297	22,426	5,856,628,533

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

*Net profit is the combined profit from gaming machines for all venues with gaming machines within an LGA. It is not exactly the same as player losses because it includes factors such as the paying of jackpots across multiple venues and LGAs. Changes have been made to reporting on gaming machine data, and net profit has replaced turnover as the main data category on the financial impacts of gaming machine activity. This change has been made as net profit is the closest indicator of how much communities have lost on gaming machines. Turnover has commonly been misinterpreted and led to wrong assumptions about the amount of money lost on gaming machines. This change is in line with other jurisdictions. Please note that the net profit figure consists of finalised quarterly figures for hotels and clubs for the FY21/22 except for the June 2022 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

Internal Audit and Risk Management Attestation Statement for the 2021-2022 Financial Year for the Independent Liquor and Gaming Authority

I, Murray Smith, Deputy Chairperson, am of the opinion that the Independent Liquor and Gaming Authority has internal audit and risk management processes in operation that are compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

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

Membership

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

- Independent Chair, Carol Holley, 1 November 2019 to 31 October 2022
- Independent Member, Nancy Milne OAM, 1 November 2019 to 31 October 2022
- Independent Member, Bruce Turner AM, 1 November 2019 to 31 October 2022
- (resigned November 2021)
- Independent Member, Ken Barker PSM (replacement for Bruce Turner), 1 March 2022 to 1 March 2025

Shared arrangements

I, Murray Smith, Deputy Chairperson, advise that the Independent Liquor and Gaming Authority (ILGA) has entered into an approved shared arrangement with the following Department/agencies:

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

It was noted that ILGA was subject to a Machinery of Government (MOG) change and is now under Department of Enterprise, Investment and Trade (DEIT) effective 31 March 2022. Department of Customer Service continued to support the ARC arrangements for ILGA and processes until 30 June 2022 to allow DEIT to establish its new arrangements and support a smooth transition.



Murray Smith

Deputy Chairperson

Independent Liquor and Gaming Authority

Date: 30 September 2022 Agency Contact Officer

Effie Chen

DCS Chief Audit Executive (8575 1248)

cae@customerservice.nsw.gov.au

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

Independent Liquor and Gaming Authority

Financial Statements

30 June 2022

INDEPENDENT LIQUOR AND GAMING AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
STATEMENT BY THE ACCOUNTABLE AUTHORITY

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* (*'the Act'*), we state that these financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions; and
- present fairly the Independent Liquor and Gaming Authority's financial position, financial performance and cash flows.



Murray Smith
Acting Chairperson/ Deputy Chairperson



Sarah Dinning
Board Member

Date: 23 November 2022

INDEPENDENT LIQUOR AND GAMING AUTHORITY				
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 30 JUNE 2022				
	Notes	Budget 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Expenses excluding losses				
Board members' remuneration	2(a)	831	1,353	869
Operating expenses				
In-kind personnel services	2(b)	-	1,626	1,543
Legal expenses	2(c)	1,370	6,571	11,579
Other operating expenses	2(d)	729	344	1,712
Other expenses	2(e)	-	-	12,500
Total expenses excluding losses		2,930	9,894	28,203
Revenue				
Grant and contributions	3(a)	2,911	8,612	14,559
Other revenue	3(b)	-	53	12,547
In-kind contribution	3(c)	-	1,626	1,543
Total revenue		2,911	10,291	28,649
NET RESULT		(19)	397	446
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS)		(19)	397	446

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR AND GAMING AUTHORITY				
STATEMENT OF FINANCIAL POSITION				
AS AT 30 JUNE 2022				
	Notes	Budget 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	4	1,020	458	1,217
Receivables	5	45	1,464	12,568
Total current assets		1,065	1,922	13,785
Total assets		1,065	1,922	13,785
LIABILITIES				
Current liabilities				
Payables	6	84	354	114
Provisions	7	3	-	12,500
Total current liabilities		87	354	12,614
Total liabilities		87	354	12,614
Net assets / (liabilities)		978	1,568	1,171
EQUITY				
Accumulated funds		978	1,568	1,171
Total equity		978	1,568	1,171

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR AND GAMING AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022	
	Accumulated Funds \$'000
Balance as at 1 July 2021	1,171
Total comprehensive income for the year	397
Balance as at 30 June 2022	1,568
Balance as at 1 July 2020	725
Total comprehensive income for the year	446
Balance as at 30 June 2021	1,171

The accompanying notes form part of these financial statements.

INDEPENDENT LIQUOR AND GAMING AUTHORITY				
STATEMENT OF CASH FLOWS				
FOR THE YEAR ENDED 30 JUNE 2022				
	Notes	Budget 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Board members' remuneration		831	1,353	876
Suppliers for goods and services		2,099	8,183	15,344
Total payments		2,930	9,536	16,220
Receipts				
Grants and contributions		2,911	7,748	13,513
Refund of GST		-	976	1,596
Other revenue		-	53	47
Total receipts		2,911	8,777	15,156
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	(19)	(759)	(1,064)
NET INCREASE / (DECREASE) IN CASH		(19)	(759)	(1,064)
Opening cash and cash equivalents		1,039	1,217	2,281
CLOSING CASH AND CASH EQUIVALENTS	4	1,020	458	1,217

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 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

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

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

Under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021* dated 21 December 2021, the Authority and Liquor & Gaming NSW were transferred from the Department of Customer Service (DCS) cluster to the Department of Enterprise, Investment and Trade (DEIT) cluster effective from 1 April 2022. DCS continued to provide corporate services including information management and systems support to the Authority until 30 June 2022 through a Memorandum of Understanding with DEIT. There is no financial impact on the Authority as a result of the transfer.

These financial statements have been authorised for issue by the Authority on the date the accompanying Statement by the Accountable Authority is signed.

(b) Basis of preparation

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

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

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

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

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

(c) Statement of compliance

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

(d) Going concern

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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.

(f) Comparative information

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

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

(g) Changes in accounting policy, including new or revised Australian Accounting Standards

(ii) Effective for the first time in FY2021-22

The accounting policies applied in FY2021-22 are consistent with those of the previous financial year. New accounting standards, amendments and interpretations effective for the first time in FY2021-22 do not have a material impact on the financial statements of the Authority.

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (Operative date 1 January 2022)*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (Operative date 1 January 2022)*
- *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Operative date 1 January 2023)*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (Operative date 1 January 2023)*
- *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (Operative date 1 January 2023)*
- *AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (Operative date 1 January 2022)*
- *AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (Operative date 1 January 2023)*
- *AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (Operative date 1 January 2025)*
- *2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information (Operative date 1 January 2023)*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority has assessed the potential impact of these and have determined they are unlikely to have a material impact on the financial statements.

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

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

There is no uncertainty about the Authority's ability to continue as a going concern at 30 June 2022 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 these factors.

2. EXPENSES EXCLUDING LOSSES

(a) Board members' remuneration

	2022	2021
	\$'000	\$'000
Board members' remuneration	1,353	869

(b) In-kind personnel services

	2022	2021
	\$'000	\$'000
Secretariat Services	1,626	1,543

The Authority does not employ staff and relied on personnel services provided in-kind from DCS and DEIT.

Expenses on behalf of the Authority, including employee related expenses and other operating costs were incurred by DCS to 31 March 2022 and DEIT from 1 April 2022. These expenses have not been on-charged to the Authority.

(c) Legal expenses

	2022	2021
	\$'000	\$'000
Bergin Inquiry *	-	11,089
Bergin Implementation *	441	-
Bell Inquiry **	5,688	-
Other legal expenses	442	490
	6,571	11,579

* Bergin Inquiry

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

** Bell Inquiry

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

2. EXPENSES EXCLUDING LOSSES (continued)

(d) Other operating expenses

	2022	2021
	\$'000	\$'000
Auditor's remuneration – audit of the financial statements	27	27
Computer expenses *	21	1,118
Expense relating to short- term lease *	-	346
Fees and charges	277	170
Other	19	51
	344	1,712

* Bergin Inquiry

Computer expenses and expense relating to short-term lease which were incurred in the 2021 financial year were in respect of technology supporting the post Bergin Inquiry including hearing room services and premises.

(e) Other expenses

	2022	2021
	\$'000	\$'000
Reimbursement of funding for Bergin Inquiry to DCS	-	12,500

In 2021, the Authority recognised a reimbursement of \$12.5 million to DCS for the Bergin Inquiry costs recovered from a third party, Crown Resorts Limited ('Crown Resorts'). As a result, there was a constructive obligation on the Authority to reimburse DCS and these funds were transferred in March 2022.

3. REVENUE

(a) Grants and contributions

	2022	2021
	\$'000	\$'000
<i>Grants without sufficiently specific performance obligations</i>		
Cluster grants	2,924	3,013
<i>Other grants with sufficiently specific performance obligations</i>		
Funding received to support Bergin Inquiry	-	10,500
Funding received from Responsible Gambling Fund for Bergin inquiry	-	1,046
Funding received to support Bell Inquiry	5,688	-
	5,688	11,546
	8,612	14,559

Recognition and Measurement

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

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

Income from appropriations, other than deemed appropriations (of which the accounting treatment is based on the underlying transaction), does not contain enforceable and sufficiently specific performance obligations as defined by AASB 15 *Revenue from Contracts with Customers*. Therefore, appropriations (other than deemed appropriations) are recognised as income when the entity obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

DCS was administratively responsible for the Authority up to 31 March 2022. From 1 April 2022, the Department of Enterprise, Investment and Trade (DEIT) is administratively responsible for the Authority as a result of a Machinery of Government (MoG) change.

3. REVENUE (continued)

The *Appropriation Act 2021* (Appropriations Act) and the subsequent variations appropriates the sum of \$17 billion to the Minister for Customer Service out of the Consolidated Fund for the services of DCS, and \$1.1 billion to the Minister for Enterprise, Investment and Trade out of the Consolidated Fund for the services of the Department of Enterprise, Investment and Trade (DEIT), for the year 2021-22. The spending authority of the Minister from the *Appropriations Act* has been delegated or subdelegated to officers of DCS and DEIT and entities that they are administratively responsible for, including the Authority.

The responsible Minister for each Government Sector Finance (GSF) agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the *Government Sector Finance Act*, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency. The spending authority of the responsible Minister from deemed appropriation money has been delegated or sub-delegated to officers of the Authority for its own services.

A summary of compliance is disclosed in the financial statements of the Annual Report of DCS and DEIT. It has been prepared on the basis of calculating the separate spending authorities of the Minister for Customer Service and the Minister for Enterprise, Investment and Trade for the services of each respective principal department and the responsible Ministers for the services of the entities the respective principal department is administratively responsible for that receives or recovers deemed appropriation money. It reflects the status at the point in time this disclosure statement is being made. The Authority's spending authority and expenditure prior to the MoG change is included in the summary of compliance of DCS, and after the MoG change in the summary of compliance of DEIT.

The delegation/sub-delegations for 2021-22 and 2020-21, authorising officers of the Authority to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of the Authority. However, as it relates to expenditure in reliance on a sum appropriated through an annual Appropriations Act, the delegation/sub-delegations are referable to the overall authority to spend set out in the relevant Appropriations Act. The individual transaction limits have been properly observed. The information in relation to the limit from the Appropriations Act is disclosed in the summary of compliance tables included in the financial statements of the Annual Report of DCS and DEIT.

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

On 14 September 2021, the Authority commenced a review of The Star Pty Limited under sections 30 and 143 of the *Casino Control Act 1992*, and appointed Adam Bell SC to preside over the review. Funding for the cost of the Star Review (Bell Inquiry), up to a maximum of \$6 million to 30 June 2022, was provided by DCS. The grant was recognised as revenue in accordance with AASB 1058 *Income for Not-for-Profit Entities*.

On the 14 August 2019, the Authority established the Bergin Inquiry under section 143 of the *Casino Control Act 1992* and appointed the Honourable Patricia Bergin SC to preside over the inquiry. DCS provided funding to meet the costs relating to the Bergin Inquiry (2021: \$10.5 million) and this was recognised as revenue in accordance with AASB 1058.

The Authority recognised revenue of \$1.1 million in 2021 in accordance with AASB 1058. This funding was received from the Responsible Gambling Fund to contribute to costs for the Regulatory Framework and Settings component of the Bergin Inquiry.

(b) Other Revenue

	2022	2021
	\$'000	\$'000
Recovery from DCS	53	47
Bergin Inquiry reimbursement	-	12,500
	53	12,547

3. REVENUE (continued)

Recognition and measurement

Rendering of services

Recovery from DCS is recognised for the service costs incurred on Police fees as per the agreement.

Reimbursement of costs

Recovery from Crown Resorts is recognised for the reimbursement of Bergin Inquiry costs pursuant to an agreement Between the Authority and Crown Resorts that Crown Resorts will pay \$12.5 million to partially reimburse the government for the costs of the Inquiry. The funds were transferred to DCS in March 2022 (refer to Note 7).

(c) In-kind contribution

	2022	2021
	\$'000	\$'000
Expenses incurred that have not been on-charged to the Authority	1,626	1,543

In-kind contributions were provided by DCS and DEIT during the year. Refer to note 2(b).

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2022	2021
	\$'000	\$'000
Cash at bank and on hand	458	1,217

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year as shown in the Statement of Cash Flows as follows:

	2022	2021
	\$'000	\$'000
Cash and cash equivalents (as per Statement of Financial Position)	458	1,217
Closing cash and cash equivalents (per Statement of Cash Flows)	458	1,217

Refer to Note 12 for details regarding credit risk and market risk arising from financial instruments.

5. CURRENT ASSETS – RECEIVABLES

	2022	2021
	\$'000	\$'000
Current		
Bergin Inquiry reimbursement *	-	12,500
GST receivable	479	46
Prepayments	3	13
Accrued income	-	3
Other receivable **	982	6
	1,464	12,568

5. CURRENT ASSETS – RECEIVABLES (continued)

* Bergin Inquiry reimbursement

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

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

The Authority agreed with Crown Resorts that Crown Resorts will pay \$12.5 million to partially reimburse the government for the costs of the Bergin Inquiry. The funds were transferred to DCS in March 2022.

** Other receivable

On 14 September 2021, the Authority commenced a review of The Star Pty Limited under sections 30 and 143 of the *Casino Control Act 1992*, and appointed Adam Bell SC to preside over the review. Funding for the cost of Star Review (Bell Inquiry), up to a maximum of \$6 million to 30 June 2022, was provided by DCS.

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 and the cash flows that the Authority expects to receive, discounted at the original effective interest rate.

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

6. CURRENT LIABILITIES – PAYABLES

	2022	2021
	\$'000	\$'000
Trade creditors and accruals	354	114
	354	114

Refer to Note 12 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Recognition and Measurement

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

7. CURRENT LIABILITIES – PROVISIONS

	2022	2021
	\$'000	\$'000
Provision for reimbursement to DCS	-	12,500

In 2021, the Authority received funds from DCS to meet the costs related to the Bergin Inquiry. As the funds were received for this specific purpose, the Authority has to return any unused funds including any third party reimbursements for this inquiry.

An amount of \$12.5 million in 2021 had been determined as the compensation amount from a third party (refer to Note 5). As such, the Authority has recognised the same amount as a provision repayable back to DCS as this is the unused portion in relation to the inquiry. The funds were transferred to DCS in March 2022.

8. COMMITMENTS

There are no commitments as at the reporting date (2021: \$Nil).

9. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Assets

There were no known contingent assets as at the reporting date (2021: \$12.5m).

(b) Contingent Liabilities

There were no known contingent liabilities as at the reporting date (2021: \$Nil). However if the Authority receives further cost recoveries from third parties then some, or all, of these recovered amounts may be payable to DCS.

10. BUDGET REVIEW

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

Net Result

The actual net surplus of \$0.5 million was favourable to the budgeted net result by \$0.5 million. Key factors contributing to the variance were:

- (a) Total revenue was \$7.5 million favourable to budget predominantly due to \$5.7 million grant received from DCS for the Bell Inquiry and in-kind contribution of \$1.6 million.
- (b) Total expenses were \$7 million unfavourable to budget driven by higher legal expenses in relation to the Bell Inquiry of \$5.7 million and in-kind personnel services expenses of \$1.6 million which were not anticipated at the time the budgeted, and \$0.5 million higher Board members' remuneration attributable to the additional workload arising from the Bergin Inquiry, Bell Inquiry and the establishment of the NSW Independent Casino Commission (NICC)

Assets and liabilities

Actual net assets of \$1.7 million was favourable to budget by \$0.7 million resulting from the additional activities related to the Bell Inquiry in the year.

Cash flows

The net decrease in cash of \$0.8 million was reasonably consistent with the increase in expenses.

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

	2022 \$'000	2021 \$'000
Net cash used in operating activities	(759)	(1,064)
(Decrease) / Increase in receivables	(11,104)	12,410
Decrease / (Increase) in payables	(240)	1,600
(Decrease) / Increase in provisions	12,500	(12,500)
Net result	397	446

12. FINANCIAL INSTRUMENTS

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

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	2022 \$'000	2021 \$'000
			Carrying Amount	Carrying Amount
Class:				
Cash and cash equivalents	4	Amortised cost	458	1,217
Receivables ⁽ⁱ⁾	5	Amortised cost	982	12,509
Financial Liabilities	Note	Category		
Class:				
Payables ⁽ⁱⁱ⁾	6	Financial liabilities measured at amortised cost	354	114

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

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

12. FINANCIAL INSTRUMENTS (continued)

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

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

Offsetting financial instruments

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

(c) Finance Risk

Credit Risk

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

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

Cash and cash equivalents

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

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

Receivables – trade debtors

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

The trade debtor of the Authority is DCS. As there is a reasonable expectation of recovery of the debts, an expected credit loss was not calculated.

12. FINANCIAL INSTRUMENTS (continued)

As at 30 June 2022, the ageing analysis of trade debtors is as follows:

	30 June 2022					
	\$'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	982	-	-	-	-	982
Expected credit loss	-	-	-	-	-	-
Total	982	-	-	-	-	982

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

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

(d) Liquidity Risk

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

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

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

No interest for late payment was made during the year (2021: \$Nil).

12. FINANCIAL INSTRUMENTS (continued)

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 ⁽ⁱ⁾	\$'000 Interest Rate Exposure			\$'000 Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
2022 Payables		354	-	-	354	354	-	-
		354			354	354		
2021 Payables	0.00%	114	-	-	114	114	-	-
		114			114	114		

(e) Market Risk

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

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

(f) Interest Rate Risk

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

Fair Value Measurement

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

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

13. RELATED PARTY DISCLOSURES

The Authority's key management personnel comprise the Board Members of the Authority. During the year, the Authority incurred \$1.4 million (2021: \$0.9 million) 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	2022 \$'000		2021 \$'000	
		Income/ (Expense) \$'000	Net Receivable/ (Payable) \$'000	Income/ (Expense) \$'000	Net Receivable/ (Payable) \$'000
Revenue					
DCS	Cluster grant & In-kind contribution	9,920	977	15,103	3
DEIT	In-kind contribution	371	-	-	-
Expenses					
DCS	Provision for reimbursement of funds received for Bergin Inquiry	-	-	(12,500)	(12,500)
DCS	Administrative, secretarial support and operational assistance	(522)	-	(2)	-
DEIT	Administrative, secretarial support and operational assistance	(371)	-	-	-
Audit Office NSW	Independent audit services of Authority's financial statements	(27)	(24)	(27)	(18)
Crown Solicitor's Office (NSW)	Professional legal services and legal advice	(210)	-	(250)	1
NSW Department of Communities and Justice	Payments for Civil and Administrative Tribunal of New South Wales (NCAT)	(40)	-	(67)	(17)
NSW Police Force	Funding of Police Casino Inspectors for Casino regulation and compliance	(129)	(28)	(94)	-
NSW Department of Planning, Industry Environment	Accommodation cost to conduct the Bergin Inquiry	-	-	(346)	-

14. EVENTS AFTER BALANCE DATE

Non-Adjusting Events

The Bergin Inquiry recommended that the NSW Government separate the functions of casino regulation from liquor and gaming regulation. This separation of functions has been formalised with the establishment of a new casino regulator, NSW Independent Casino Commission (NICC).

The *Casino Legislation Amendment Bill 2022*, assented on 19 August 2022, established the NICC on 5 September 2022. The NICC assumed responsibility for casino regulation from the Authority and is tasked with addressing the risks and harms arising from casino operations through increased regulatory oversight. The Authority will continue to undertake liquor and gaming regulation under the relevant legislation.

The Casino Supervisory Levy (CSL) is paid by casino operators directly to the NICC from September 2022.

END OF AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Independent Liquor and Gaming Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Independent Liquor and Gaming Authority (the Authority), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Authority's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Board's Responsibilities for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Mary Yuen
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

23 November 2022
SYDNEY

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 2021–22 reporting period.

Legal Change

Refer to Department of Customer Service (DCS) Annual report 2021-22 for any information regarding legal change.

Economic or other factors

Nil.

Research & Development

Nil.

Human Resources

As a part of Machinery of Government changes in 2022, staff were transferred to the Department of Enterprise, Investment and Trade.

Workforce Diversity

Diversity reporting is covered in the DCS Annual Report 2021-22.

Disability Inclusion Action Plan

Diversity and Inclusion is covered in the DCS Annual Report 2021-22.

Consumer Response

The Authority always aims to respond to consumers in a prompt, efficient and helpful manner. Refer to DCS Annual Report 2021-22 for further information.

Payment of Accounts

Measure	Quarter ended Sept-21	Quarter ended Dec-21	Quarter ended Mar-22	Quarter ended Jun-22
Invoices due for payment (#)	15	36	31	67
Invoices paid on time (#)	10	19	13	34
Actual % of total # of accounts paid on time	67%	53%	42%	51%
Amount due for payment (\$'000)	130	583	1,285	5,349
Amount paid on time (\$'000)	60	291	444	2,567
Actual % of total \$\$ of accounts paid on time*	46%	50%	35%	48%

Number of payments for interest on overdue accounts (#)	0	0	0	0
Interest paid on late accounts (\$)	0	0	0	0
Number of payments to small business for interest on overdue accounts (#)	0	0	0	0
Interest paid to small businesses on late accounts (\$)	0	0	0	0

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

Time for payment of accounts

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

Disclosure of controlled entities

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

Disclosure of subsidiaries

The Authority does not hold shares in any subsidiary.

Multicultural policies and services program

Multicultural policies and services for the Authority is covered in the [DCS Annual Report 2021-22](#).

Agreements with Multicultural NSW

Refer to the [DCS Annual Report 2021-22](#).

Work Health and Safety (WHS)

As staff were all employed by DCS, please refer to the [DCS Annual Report 2021-22](#).

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 2022 was nil.

Liability management performance

Nil.

Numbers and remuneration of senior executives

No Senior Executive Service positions were attached to the Authority in 2021-22.

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 2021-22 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 2021-22.

Public Interest Disclosures

Please refer to the DCS 2021-22 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 Enterprise Investment and Trade is currently in the final stages of approval.

Additional matters for inclusion in Annual Reports

The Authority's Annual Report can be accessed at the following link:
www.liquorandgaming.nsw.gov.au/independent-liquor-and-gaming-authority/about-ilga

END OF REPORT