Operating environment
The gaming, liquor, racing and charities industries make a considerable contribution to the community and economy of New South Wales. They underpin the tourism, recreational and fundraising sectors through employment opportunities, infrastructure and revenue generation.

Liquor and gaming industries
There are more than 13,700 licensed premises and registered clubs in New South Wales. The four main licence types are restaurants (4,362), hotels (2,071), registered clubs (1,539) and retail (bottle shop) liquor stores (1,624). More than 43% of clubs are located in regional or rural communities.

Contribution to NSW economy
According to the Australian Bureau of Statistics (ABS), pubs, taverns and bars employ 22,085 people in New South Wales and clubs employ 39,170. The majority are employed on a casual basis. This figure does not include the thousands of people employed in support services to these industries such as breweries, gaming machine manufacturers and other suppliers.

In 2005-06 registered clubs and hotels contributed $991 million in government revenue through gaming machine tax.

Contribution to local communities
Over the years the liquor and gaming laws have evolved to enable licensees to better meet the needs of their changing communities by providing greater flexibility in the way certain licensed premises can be operated.

One of the fundamental requirements of a registered club is that its facilities must be established for, and limited to, bona fide members of the clubs and their guests. Approximately 2.5 million people in New South Wales are members of a registered club.

Clubs provide facilities and funding for their local communities. Clubs also have a responsibility to their members to ensure clubs are managed in an appropriate way. It is important that appropriate governance and accountability measures are in place within registered clubs so they can continue to support local communities and provide employment for thousands of people in this state.

In 2005-06 clubs spent $66 million on community projects through the Community Development and Support Expenditure (CDSE) scheme. Through CDSE clubs can receive a tax rebate of up to 1.5% of their gaming machine profits over $1 million. This rebate applies when they spend an equivalent amount on community projects.

Racing
There are currently 201 racecourses in New South Wales. They exist for the purpose of promoting the sport of racing. There are many enthusiasts who enjoy participating in racing, or enjoy the entertainment provided by the spectacle.

Contribution to NSW economy
The racing industry also makes a significant contribution to the NSW economy, which is estimated to be in excess of $1 billion annually. It is one of the state’s main employers providing employment for approximately 50,000 people. There are also considerable indirect benefits from major racing carnivals and from regional racing, particularly country cups, which are the focus for events and tourism marketing opportunities.

The racing industry is in constant competition for the entertainment dollar, and like any activity involving gambling, it is strictly regulated for reasons of integrity consumer protection.

Trade promotion lotteries
The business sector continues to use trade promotion lotteries as a convenient tool for marketing products and services.

In 2005-06 we approved a record 15,367 trade promotion lottery permits. The total value of competition prizes was also a record $467 million, up 25% on 2004-05.

Performance review

KEY RESULT AREA 1

Industry integrity
Objective: Industries that meet community expectations and regulatory standards

Compliance, education and probity activities are major programs that fall within our industry integrity key result area. These core regulatory functions include investigating complaints, proactive industry education and audit programs, as well as initiating disciplinary and legal action where necessary.

Liquor and gaming
We usually combine liquor and gaming inspections for efficiency where compliance activities involve a registered club or hotel. In carrying out our compliance duties, we support the Director of Liquor and Gaming, the Liquor Administration Board and the Licensing Court of NSW.

Director of Liquor and Gaming
The director is responsible for the investigation and prosecution of licensees under the Liquor Act 1982, the Gaming Machines Act 2001 and the Registered Clubs Act 1976. During the year, the director actioned 277 complaints involving 42 licensed venues to be dealt with in the Licensing Court, an increase of 73% over last year’s figures. This increase reflects the higher number of audits, the most we have conducted in any year to date.
Following a routine inspection of the Gordon Social and Recreation Club, it was found that the club’s secretary facilitated cash advances to club patrons. The director filed complaints against the club for providing cash advances and against its secretary for not being a fit and proper person. The Licensing Court found the complaints proven. The club was fined $40,000 and its secretary was disqualified from being a secretary for 18 months.

For further information on cases of the Director of Liquor and Gaming, please visit our website, www.olgr.nsw.gov.au.

Compliance

Expanded audit program sees more complaints investigated

During the year, we investigated 2,211 complaints regarding potential breaches of liquor, gaming and registered club laws, an increase of more than 50% over 2004-05 figures (1,450). Of these complaints, more than 30% (679) were received from the public and industry. Our compliance officers identified the remainder. The increase was a direct result of our expanded audit program, which covered a greater number of the state’s licensed venues.

We resolved a further 1,007 inquiries on initial contact. This was slightly down on last year due to the increasingly complex nature of the complaints we received.

Compliance audits reach new record

During the year we conducted 14,659 audits of licensed venues throughout the state, our highest number of audits to date. The inclusion of initial assessment audits and refined investigation processes allowed compliance officers to focus on problem venues and the investigation of more serious complaints.

The audits identified 11,041 breaches at 1,750 licensed venues that were dealt with by 9,356 compliance notices, 1,408 penalty notices and 277 complaints and summons.

Joint operations with police a success

Our compliance officers worked closely with NSW Police to target problem licensed venues. While the majority of licensed venues operate within the law and meet community expectations, a small percentage of venues disregard liquor and gaming legislation and therefore require increased attention.

In conducting joint agency operations, the tactical expertise of NSW Police complements our strategic liquor and gaming focus. In many instances offenders have faced heavy penalties before the licensing court and police made arrests where appropriate.
Registered clubs

Seminars focus on corporate governance
Providing education to our industry stakeholders is an essential component of our compliance framework. During the year we conducted six state-wide corporate governance seminars for registered clubs, attracting more than 500 participants.

The seminars were a valuable two-way communication channel providing further education to stakeholders, as well as providing them with the opportunity to raise issues of concern and ask questions. Our compliance officers identified higher compliance levels in venues that attended the seminars.

Clubs seek to improve governance
The corporate governance and management provisions of the Registered Clubs Act 1976 require club directors and staff to meet high standards of governance including transparent reporting of gifts, income from affiliated bodies and specified contractual arrangements.

Our compliance strategy initially focused on providing education and training in the new laws to registered clubs, and progressed to on-site audits. This year we conducted 291 compliance audits, an increase of 136% on the previous year, to help registered clubs develop more robust corporate governance and compliance policies.

While identified compliance levels were low, there are many positive signs for the future. We were particularly encouraged by the good intentions of the majority of club managers and directors to achieve comprehensive compliance.

Gaming machines and systems

Centralised Monitoring System (CMS) connections grow
The CMS electronically monitors over 100,000 gaming machines and jackpot systems in more than 3,000 venues. In 2005-06 the upward trend for the percentage of gaming machines providing data to the CMS has continued (please see the graph below).

Additional integrity check for gaming machine tax assessments
Gaming machine tax is assessed quarterly for all venues that operated gaming machines. A total of 1,781 hotels and 1,355 clubs received at least one quarterly assessment.

We monitor the operation of the CMS licensee to ensure gaming machine integrity and accurate gaming machine tax assessments. During the year we introduced an additional integrity check, auditing 1,232 tax assessments. These audits found that 98% of assessments were correct. The audits were targeted at high-risk venues based on size, connectivity and where data was submitted manually.

Of the assessments audited 27 issues were identified, 13 of which were system-related and have since been addressed. The other 14 were procedural errors by the CMS licensee.

Community Development and Support Expenditure (CDSE) reviewed
Registered clubs can receive a tax rebate of up to 1.5% of their gaming machine profits over $1 million. This rebate applies where a club spends an equivalent amount on community development and support.

Five hundred and thirty-nine clubs qualified for the scheme, slightly up on last year. The total value spent on CDSE projects was $66 million. This enabled participating clubs to claim $38 million in tax rebates.

A comprehensive review of the CDSE scheme was completed during the year and a report was provided to the Minister for
Gaming and Racing. The terms of reference for the review focused on evaluating the overall efficiency and effectiveness of the scheme in delivering benefits to local communities. The government is currently considering the report.

Approvals grow for state-wide linked (SWL) jackpot games
The state-wide linked gaming system and jackpot game applications are evaluated for player fairness, system integrity and security. Applications are reviewed to ensure that appropriate levels of testing have been completed before approval is granted. In 2005-06 73 state-wide link applications were approved, including four non-monetary jackpot games.

SWL system continues to operate with integrity
We monitor the operation of the SWL gaming system to assess its performance and integrity. This process includes ongoing performance reporting and incident management. A total of 72 incidents were investigated. Business processes and procedures were refined and system enhancements implemented.

Community gaming
In New South Wales organisations can conduct chance-driven games such as lotteries and raffles. We call this community gaming. For example non-profit organisations conduct raffles for fundraising and social entertainment. Businesses can run trade promotion lotteries to market their products or services. Other forms of community gaming include club bingo, social housie, sweeps and art unions.

All types of community gaming must comply with NSW laws to ensure public confidence. Some activities, such as trade promotion lotteries, require an authorising permit from us and must meet permit conditions.

We have established a robust compliance program that promotes the proper conduct of community gaming activities. The compliance program is based on risk management principles, complaint-driven activity and proactive education initiatives.

Investigations target promotions
We received 422 complaints about people and organisations conducting community gaming activities, up 5% on the 404 complaints received in 2004-05. We undertook 452 inquiries, consequently issuing 408 notices for breaches of community gaming obligations, an 8% increase. Most investigations centred on trade promotion lotteries.

Education focuses on compliance
As part of our ongoing field activities, we held 35 seminars and workshops throughout New South Wales, including regional areas such as Wagga Wagga, Nelson Bay, Coffs Harbour and Albury. The program is designed to improve knowledge of community gaming laws. Thirty of these seminars were organised for particular organisations. This program is integrated with a similar education strategy focused on the legal requirements for charitable fundraising.

Charities
Our charities integrity work addresses fundraising obligations, including fairness and transparency.

Ensuring compliance
To improve compliance with charitable fundraising regulations, we have in place an integrated education and inspection compliance program. The compliance program ensures that charitable fundraisers comply with a legal framework that generates community confidence, improves security and minimises opportunities for improper conduct.

Most investigations are initiated as a consequence of complaints, many of which concern the management and accountability of a fundraising organisation. Where we detect possible fraud, we refer the matter to NSW Police. We received 132 complaints about the conduct of fundraising activities. We undertook inquiries into 170 people or organisations, including various charities conducting fundraising activities. We issued 143 notices to charities that breached regulatory obligations. We also issued a ‘show cause’ notice to one charity, which called on the organisation to argue why we should not revoke its fundraising authority.

Publications assist fundraisers
During the year we sold 479 copies of our plain English guide, Best Practice Guidelines for Charitable Organisations. This comprehensive and practical guide assists charitable fundraisers to comply with the law and develop prudent practices, such as sound financial controls and proper record keeping.

This publication is one of many we produce to assist fundraisers to conduct their activities properly. Providing accurate and easy-to-understand information to charities and fundraisers is a core part of our integrated education and compliance program. All publications are accessible from our website.

Seminars broaden understanding of fundraising responsibilities
We conducted 31 seminars, including nine for specific charities. This ongoing program is integrated with the community gaming education program. We maintained our joint education and compliance program aimed at charities with a large membership. The program combines education and compliance goals.

Training improves skills
During the year we delivered two training modules as part of a fundraising management skills training course run by the Fundraising Institute – Australia. The modules addressed the requirements of the NSW legislation relating to charitable fundraising and associated activities.
Compliance high in tsunami appeals

Australians donated millions of dollars to agencies that agreed to help the recovery and reconstruction efforts in communities devastated by the Indian Ocean tsunami in 2004. In 2005-06 we checked on how seven charities managed their fundraising appeals for tsunami relief. We found there was a high level of compliance with the fundraising legislation, even by organisations that are officially exempt from the laws. We monitored the websites of various agencies for transparency and disclosure of fundraising, financial reporting and delivery of service. We found excellent accounting of the total funds raised and of the humanitarian aid provided to tsunami affected areas.

KEY RESULT AREA 2

Industry sustainability

Objective: Industries that are in balance with community interests

We work in partnership with our industries to ensure their viability while balancing their development in the community interest. We do this by:

- consulting and working with industry stakeholders to identify opportunities for sustainability and growth
- keeping industries informed of regulatory obligations and changes
- providing assistance to maintain and improve industry viability
- implementing government policies aimed at sustainable businesses.

In recognising the challenges of our industries in complying with a tighter and more rigorous legislative environment, this year we allocated more resources to proactive education. This was in the form of open forum workshops, transparent and two-way audit processes and practical resource kits. This has resulted in increased industry awareness of compliance issues, generating some of the positive outcomes listed below.

Registered clubs

Club industry working group enhances consultation

Over the last few years various processes have been put in place to encourage and facilitate consultation between the government and the club industry. To enhance this consultation process, in May 2006 the government established the Club Industry Working Group.

Our director of policy chairs the group. Its members represent ClubsNSW, the Club Managers’ Association, club CEOs, advisers from the premier’s office and the minister’s office. The group has focussed on current management practices and how they might be enhanced to strengthen the future sustainability of the state’s club industry.

Specialist help with amalgamations and management

Over the years registered clubs have sought amalgamation with other clubs or engaged external management contractors, in an effort to enhance their viability. The Registered Clubs Act 1976 provides strict controls over these two activities to ensure that the operations and assets of clubs are protected and do not come under the control or ownership of private entities.

We monitor clubs that seek to amalgamate with other clubs or engage external management contractors. Our audit program aims to ensure that the governing body does not enter into a management contract whereby control of the club may be lost.

During the year we provided advice to 892 registered clubs on amalgamations, management and corporate governance through audit and education programs. This is a marked increase over last year’s figures, due to our ongoing education efforts and a greater awareness by industry of the laws surrounding corporate governance.

Liquor

Public comment on draft new liquor laws

We released a draft Liquor Bill and Liquor and Gaming Court Bill in November 2005 for public consultation. The bills contain...
major reforms of the liquor regulatory framework and are aimed at reducing complexity and cost.

The bills include changes flowing from the 2003 National Competition Policy review of the liquor and club management laws. They also implement parts of the government’s response to the NSW Summit on Alcohol Abuse 2003, and include necessary liquor industry reforms.

We received more than 900 public submissions during the three-month consultation period. Those submissions and the various issues raised are being reviewed and analysed prior to further government consideration.

Re-make of the liquor and registered clubs regulations
In June 2006 Parliament amended the Subordinate Legislation Act 1989 to postpone the repeal of liquor and registered club regulations until September 2007. This postponement was necessary, as new regulations will need to be developed once the proposed new liquor laws are approved by Parliament.

Special event licences
A special event licence allows liquor to be sold and supplied at the special event subject to conditions authorised by the Minister for Gaming and Racing. The special event must have a significant cultural, economic and/or social benefit for a substantial proportion of the population in a region. The minister approved the issue of ten special event licences in 2005-06.

Extended hotel trading
During 2005-06 the minister approved extended hotel trading until midnight where there were significant state, national or international events televised.

Liquor licensing activity – grants, surrenders, amalgamations and administration
In 2005-06 the Licensing Court granted 521 licences, including one certificate of registration (club).

A total of 110 surrenders of liquor licences were accepted, including 15 certificates of registration. Sixteen clubs amalgamated during 2005-06. Six of these clubs were in some form of administration during 2004-05.

There were 15 registered club premises where temporary administrators were appointed during the year.

Gaming machine profits
Gaming machine profits are defined under the Gaming Machine Tax Act 2001 as the excess of money invested in a gaming machine less prizes won or redeemed payments (ie. player loss).

Clubs
A total of 1,352 clubs earned profits from gaming machines in one or more quarters of the year ended 31 May 2006, compared to 1,364 for the previous year.

Total profit was assessed at $3,393 million compared to $3,323 million in the previous year. This represents an increase of 2.1%.

Hotels
A total of 1,784 hotels earned profits from gaming machines in one or more quarters during the year, compared to 1,792 hotels in the previous year.

Total profit was assessed at $1,630 million compared to $1,593 million in the previous year. This represents an increase of 2.3%.
Racing
Integration of Tabcorp wagering operations
Following the takeover of TAB Limited by Tabcorp Holdings (Victoria), consolidation of Tabcorp’s operations commenced. One project we worked on was integrating the company’s race day operations in Victoria and New South Wales, to ensure that it delivered financial benefits to the state’s racing industry.

In May 2006 the Totalisator Act 1997 was amended to allow NSW wagering bets to be processed outside New South Wales. Discussions, appropriate familiarisation and exchange of information and data have been conducted with Victorian government officials. These will, in total, deliver an improved regulatory protocol without any impact on Tabcorp’s operations or service delivery.

Better system for telephone betting
A new bookmakers’ telephone betting system, commissioned by the NSW Bookmakers Co-operative, was introduced in January 2006, with the system hub at Wentworth Park Racecourse. At that time we retired our previous system.

This new system is technologically superior to the previous system, providing a better service for punters and bookmakers. We helped to test the system to ensure compliance with various operating conditions. Our regulatory oversight of bookmaker telephone betting operations has been maintained, while the ability of racing’s controlling bodies to monitor telephone betting operations has been enhanced.

Betting auditoriums serve punters
An important way we support a sustainable racing industry is by allowing betting auditoriums at licensed racecourses. Betting auditoriums allow bookmakers and the TAB to operate at a racecourse when a race meeting is not being conducted at the course. They provide continuity of service to punters at a particular location and assist in sustaining betting turnover in New South Wales. Betting auditoriums were conducted at six racecourses during the year.

Scholarship helps develop industry
Since 1991, 15 students have benefited from the NSW Government’s sponsorship of the National Stud Scholarship. The scholarship enables young people working in the racing industry to further their careers by attending the National Stud Student Training Course at Newmarket, England. Our office provides funding for the course fee, return airfare and a contribution towards living expenses.

The recipient of the 2006 National Stud Scholarship was Jacqui Coghlan of Charles Sturt University, Wagga Wagga.

Minister approves call of the card betting
This form of betting is conducted on a day before a racing event takes place at a venue approved by the minister. Call of the card betting is used as a promotional tool by race clubs to promote feature racing events and carnivals. During the year the minister issued three call of the card betting approvals.

Charities
Fundraising applications processed
We regulate the conduct of fundraising appeals for charitable purposes. In New South Wales, an organisation must obtain a fundraising authority from us if it wants to fundraise for a charitable purpose. During 2005-06 we received 1,526 applications for the grant or renewal of a fundraising authority (393 new applications and 1,133 renewals).

Of the 1,492 applications that were finalised (387 new applications and 1,105 renewals), we issued 1,449 fundraising authorities. In addition 26 applications were withdrawn, 13 were refused and four applications were not required.

At 30 June 2006 5,104 fundraising authorities were in force, which was slightly up on last year.

KEY RESULT AREA 3
Responsible practices
Objective: Minimisation of liquor and gambling related harm and promotion of responsible conduct
Our harm minimisation activities aim to reduce the risk of irresponsible behaviour in liquor and gaming by providing mechanisms for venues to adopt more responsible practices. We achieve our responsible practice objectives through policy initiatives, education and compliance (our compliance activities are also covered in the industry integrity component of this annual report).

Gaming
Initiatives implement IPART recommendations
Last year we reported on the NSW Government’s response in May 2005 to two IPART reports, Gambling: Promoting a Culture of Responsibility (June 2004), and Consequential Report on Governance Structures (February 2005).

During the year, we implemented all of the IPART-related recommendations for changing gaming machine legislation. In short, the initiatives:

- prohibited venues from offering or providing indecent or offensive promotional prizes/inducements to play gaming machines
- reduced delays in the processing of class 2 social impact assessment (SIA), by increasing the class 1 SIA threshold from four gaming machines over a three-year period to 10 gaming machines over a 10-year period
- empowered the Minister for Gaming and Racing to enable gambling-related research to be conducted in a real-world setting, such as a trial of proposed policy measures
- inserted offence provisions for a venue that fails to make arrangements for problem gambling counselling services and self-exclusion schemes
transferred responsibility for approving gaming machine technical standards from the Liquor Administration Board to the Director of Liquor and Gaming.

Casino Community Benefit Fund renamed
In response to another IPART recommendation, the Casino Community Benefit Fund changed its name to the Responsible Gambling Fund in January 2006. The new name better reflects the government’s commitment to providing quality treatment and support services for problem gamblers and their families.

The fund was established under the Casino Control Act 1992, which requires the Sydney casino operator to pay a levy on casino gaming revenues. It provides grants for projects, activities and services to help problem gamblers and their families.

Gambling and liquor signage review begins
During the year we began a review of all liquor and gambling signage. The review aims to ensure that signs operate effectively and consistently as an information package for the community.

The review is part of the government’s package of measures developed in response to the IPART review. It will also satisfy part of the government’s commitment following the summit on alcohol abuse.

Problem gambling treatment services and projects funded
In 2005-06, we committed $12 million to fund problem gambling treatment services and projects in the next year. The $12 million includes funding for more than 50 counselling and treatment services in regional and metropolitan areas across the state. The funds are allocated on a population and needs basis to organisations that have successfully applied for funding through the Responsible Gambling Fund.

Study to highlight extent of problem gambling
We are managing a prevalence study into problem gambling. The prevalence study will monitor over time the extent of problem gambling, its geographic spread and the profile of problem gamblers.
A report on the outcome of the study will be prepared for the government in 2006-07. Funding for the research was provided by the Responsible Gambling Fund.

NSW contribution to Gambling Research Australia
In October 2005, the Ministerial Council on Gambling changed the name of the National Gambling Research Program to Gambling Research Australia (GRA). The NSW Government contributes $1.45 million towards the total cost of the program, and our officers represent New South Wales on GRA. The research program is ongoing to 2008 and is aimed at providing evidence upon which to base policy decisions.

Research is currently underway into early intervention and prevention measures and the development of problem gambling and risk factors in rural and remote communities.

Responsible gambling messages promoted on games
To promote responsible gambling practices, the state-wide links (SWL) licensee introduced responsible gambling messages on SWL products. A G-line message is now incorporated in all SWL jackpot games that use the Maxgaming GameVision signage.

Contact cards are also available for approved counselling services for all SWL venues, when a SWL product is installed.

Five new games considered unacceptable
The gaming machine approval process considers gaming machine design features from both a security and gambling harm minimisation perspective, and resolves issues of concern.

We identified five instances where licensed dealers sought approval for games with design features that may provide an unacceptable inducement to players. One concern related to a game that did not display the true odds of winning a jackpot during the animation sequence and as a result gave players an unrealistic expectation of winning the major prize. Another proposed game displayed encouragement messages urging players to play on to win the feature games.

These issues were resolved when the applicants modified their software to address the concern. Where agreement could not be reached, the manufacturer was provided with the opportunity to make a submission to the Liquor Administration Board for final determination.

Special audit program target linked gaming systems
Following an increase in complaints about the operation of linked gaming systems in registered clubs and hotels, we implemented a special audit program to ensure compliance with legislation.

To identify levels of compliance and understanding of linked gaming systems legislation, we conducted special audits of 33 registered clubs and hotels. These unannounced on-site audits included a comprehensive examination of linked gaming systems records. We detected non-compliance in 31 venues.

We expect to conduct around 400 linked gaming systems audits during 2006-07.

Liquor
Our liquor harm minimisation measures are designed to create a culture of responsibility in the service and consumption of alcohol. Our regulatory framework is supported by compliance and education measures. We also work closely with industry stakeholders to encourage licensees to take ownership of responsible service of alcohol principles, through such initiatives as liquor accords.

Liquor accords are voluntary industry-based partnerships working in local communities to introduce practical solutions to liquor-related problems. They reach agreements on ways to improve the operation of licensed venues so that entertainment venues and precincts are safe and enjoyable. Most liquor accords include members from the local business community, local councils, police, government agencies and other community organisations.

Campaign targets fail to leave laws
Working closely with seven mid-north coast liquor accords, we supported Enough is Enough, a successful marketing campaign targeting responsible drinking and fail to leave laws. The campaign consisted of a series of hard-hitting television and radio commercials. It was supported by media releases and marketing material.

We supported this project to measure and assess its value for other liquor accords to increase patron awareness of fail to leave laws. To determine its effectiveness, we evaluated the campaign through a series of surveys completed by venue patrons, licensees and licensing police.

Our evaluation showed the campaign was successful in increasing awareness of fail to leave laws, which resulted in measurable changes of behaviour, particularly by staff in participating venues.

Liquor accord unit manager, Steve Orr, thanks Bruce Clugston of the Bankstown Liquor Accord for supporting the 2006 State Liquor Accord Conference, held at the Bankstown Sports Club.
Our data clearly shows a high level of exposure to the campaign by patrons, indicating that the mix of advertising, editorial and marketing material was successful. The data also shows that the majority of patrons (87%) formed a common conclusion on what the campaign’s key message was, that is, drink responsibly.

Encouraged by the campaign’s success in increasing patron awareness, we made the information and marketing material available for other accords on our website. Within one week of publication in mid-June, the page became one of our website’s most downloaded pages. We also delivered sessions on the project at six accord conferences.

Regional conferences focus on local partnerships
We funded and hosted five regional liquor accord conferences in Dubbo, Queanbeyan, Port Macquarie, Deniliquin and Tweed Heads. The regional conferences brought together police, licensees, local councils and other interested community members to share ideas on successful strategies to reduce the impact of liquor-related harm.

The office also funded and hosted the state liquor accord conference, which showcased the work of liquor accords across New South Wales. The conference enabled nearly 200 attendees, including police, local councils and visitors from interstate and overseas, to hear about innovative community projects managed by accords. These included initiatives related to patron education, late night transport and developing local partnerships to reduce anti-social behaviour.

Liquor accords benefit from media training
Between April and May 2006 we helped liquor accords promote their activities within their local communities by providing sessions in working with the media at five liquor accord regional workshops, mentioned above.

Liquor accords were given advice on how to communicate their initiatives, such as patron awareness campaigns aimed at reducing liquor-related harm. The sessions incorporated presentations from local newspaper editors to give accords a news industry perspective on how to best deal with the media.

As a result of the sessions, a number of liquor accords issued media releases resulting in positive coverage of a range of projects and initiatives in their local media outlets.

Toolkit bolsters liquor accords
We developed a new and practical resource for NSW liquor accords in partnership with Diageo Australia. The Liquor Accord Toolkit utilises the experiences and initiatives of NSW accords. It is a guide for local licensees, police, local council and communities wishing to set up an accord as well as a resource aimed at sustaining and expanding existing accords.

The toolkit has been freely distributed to all NSW accords and stakeholders such as police. It is supplemented by ongoing online resources and templates available from our website (www.olgr.nsw.gov.au).

Partnerships with Indigenous communities
Our liquor accord unit worked closely with NSW liquor accords in an effort to form partnerships with local Indigenous communities.

The Grafton Liquor Accord was the first to advance such a partnership via its Lets Talk program, which facilitated the participation of Indigenous stakeholders in the accord process. The program saw the development of a written agreement to exchange information and develop Indigenous initiatives to resolve local alcohol-related issues. Five community representatives from the local land council attend accord meetings in an advisory capacity.

Other NSW accords have followed Grafton’s lead and have implemented similar strategies in areas such as Hastings, Nambucca Heads, Casino, Glen Innes, Manning Valley and Batemans Bay.

Support grows for liquor accords
Liquor accords remain an important component of the government’s harm minimisation strategies. Our liquor accord unit faces the challenge of developing collaborative relationships with licensees throughout the state to encourage the ongoing development of liquor accords. As a result of consistent efforts during the year, the unit assisted in the creation of five new liquor accords, bringing the total number of accords to 132.

New South Wales currently has more local liquor accords than any state or territory in Australia.
Online complaints option proves useful
In March we added an online complaints tool to our website. The online form is designed to simplify the process for making complaints about liquor and gaming activities and about registered clubs. By the end of June, 20% of the 230 complaints we received had been made online, indicating the new feature is being successfully utilised by members of the public.

KEY RESULT AREA 4
Agency performance

Objective: Effective and efficient use of our resources for optimal service delivery

Building our capacity to effectively respond to the needs of our stakeholders is the key objective of our agency performance measures. Our work in this key result area largely focuses on the management, systems, processes and people that support our operations across the office.

Management

New department leads to changes
In March the Department of Gaming and Racing was abolished and incorporated into the new Department of the Arts, Sport and Recreation. To achieve consistency and cohesion, plans were set in place to integrate the corporate services of the three former departments merged into the new department.

Risk management plan finalised
During the year the office finalised an enterprise-wide risk management plan. The plan was developed in consultation with managers. It identified our risks and provided a plan to manage and report on each one. See Appendix 21 for further discussion.

Shared services reviewed
Shared services delivery continued for the Department of Local Government, Health Care Complaints Commission, Casino Control Authority and Responsible Gambling Fund. Each shared service agreement went through a significant review during the year.

### Significant results 2005-06

<table>
<thead>
<tr>
<th>Significant results</th>
<th>2005-06</th>
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<tbody>
<tr>
<td>Processing times for liquor licence applications</td>
<td>Reduced from six to four weeks</td>
</tr>
<tr>
<td>Annual compliance audits</td>
<td>Increased to cover 90% of the state’s licensed venues</td>
</tr>
<tr>
<td>Service delivery on trade promotion lottery permits</td>
<td>Optimised by issuing 91% of 15,367 within three days of lodgement, processing 70% via our online facility</td>
</tr>
<tr>
<td>Harm minimisation products</td>
<td>Increased sales to industry via our Client Access Centre by more than 20%</td>
</tr>
<tr>
<td>PlaySmart brochures, which provide information about the risks associated with gambling</td>
<td>Increased distribution to venues and counselling services by 43% through targeted marketing</td>
</tr>
<tr>
<td>Our quarterly magazine, a primary communication tool with industry</td>
<td>Increased paid subscriptions by 80% from 2004-05</td>
</tr>
<tr>
<td>Web services</td>
<td>Achieved a 115% increase in visits following improvements to our website in March 2006</td>
</tr>
<tr>
<td>Free email alert service to keep industry informed on changes in liquor and gaming</td>
<td>Launched</td>
</tr>
<tr>
<td>Enterprise-wide risk management plan</td>
<td>Finalised</td>
</tr>
<tr>
<td>Resource allocation for 2006-07</td>
<td>Improved by more closely linking operational planning and budgeting</td>
</tr>
<tr>
<td>Budget saving</td>
<td>Achieved a 2.5% budget saving, completing the year $0.427 million under budget</td>
</tr>
<tr>
<td>NSW Government fleet environment performance target</td>
<td>Achieved one year ahead of deadline</td>
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Processes

Quicker processing for liquor licence applications
The licence process is rigorous and can be lengthy if an applicant does not fully understand the strict requirements of the Licensing Court. Our licensing staff continued the consultative approach to the receipt and review of licence applications, resulting in a reduction in the lead-time between lodgement and final approval.

On average our processing times decreased from around six weeks to four weeks. We achieved this reduction by streamlining our application process, advising applicants and their solicitors on the application process, and seeking changes to the Licensing Court’s practice directions.

Internet improves trade promotion lotteries service delivery
A trade promotion lottery is a free entry competition that promotes goods or services available from a particular business. Winners are decided by a draw or some method involving chance. Before conducting this type of lottery, a business must obtain an authorising permit.

The percentage of applications lodged and approved online via our website increased from 65 to 70% of all trade promotions processed during the year.

As a result of increased use of online lodgement by our customers, 77% of trade promotion applications were processed and approved within one working day. A further 20% were approved within five days of lodgement.

Systems

Network upgraded
Our network infrastructure and sub systems were upgraded to accommodate new strategic initiatives such as the Government Licensing System and the agency’s proposed new business application, Client Oriented Regulatory Information System (CORIS).

The CORIS project, which aims to provide a new business information system, was progressed during the year with detailed functional requirement specifications being developed for the gaming machine component.

Together with NSW Police, Office of State Revenue and Bureau of Crime Statistics and Research we also developed a business case for Alcohol Related Crime Information Exchange (ARClE). This project will enable the collection and sharing of strategic data regarding alcohol-related crime and incidents between the participating agencies.

Online licences on track
We worked closely with the Department of Commerce to develop the Government Licensing System (GLS) as a licence management tool for our agency and its customers. GLS will progressively become the tool most NSW government agencies use for their business and occupational licences.

We are helping to pilot GLS – initially for charitable fundraising, games of chance and trade promotion lottery licences. GLS will take up these licences in the first half of 2006-07.

Through the GLS project, we are streamlining our licensing processes for these licences, which will mean less red tape for businesses and organisations we regulate. Our paper-based application forms will be simpler and shorter. Our licence documents will also be improved.

Website renovated, visits double
We undertook a significant renovation of our website to assist visitors to locate and use our online information resources more quickly and easily.

Additional improvements included better information on licence applications as well as short cuts to popular pages from our homepage. The website now meets international disability access standards and includes features which allow users to increase font size without compromising on screen content. Feedback from our frontline areas indicates more of our customers are able to find and use our online information since the improvements were completed, resulting in a reduction in phone inquiries.

Website visits prior to the renovation averaged 36,480 visits per month. Following the enhancements in March 2006, web traffic increased by 115% to 77,839 visits per month.

Email news service set up
In June we launched a free email news service, which allows subscribers to receive e-news alerts for either liquor or gaming or both. The opt-in services provide licensees, licensing police, councils and other stakeholders with up-to-date information on new agency initiatives, and legislative changes which impact on these industries.

Our new email services allow us to communicate in a more timely and efficient way with the industries we regulate, with the aim of increasing the capacity for licensed venues to meet their compliance-related responsibilities. The initiative is in addition to the quarterly magazine, Liquor and Gaming, which is distributed free of charge to all liquor licensees in New South Wales.

We aim to reach 50% of all licensed venues via our e-news service subscriptions by June 2008.

Recycling stays ahead of target
We continued our recycling program to ensure that it remained in line with or ahead of NSW Government targets. During the year we increased the use of recycled photocopying paper from 50% to 80% through a staff education and purchasing program. This office ensures minimal wastage to landfill with continued education of staff and suppliers. See Appendix 7 for further discussion on our energy management.
Our people
We believe people are our most valuable asset. We are committed to fostering a healthy and safe work environment in which employees can make valued contributions to our corporate goals.

The office employed 230 people as at 30 June 2006. For detailed information on staffing levels by occupation, see Appendix 6.

A learning organisation
The organisation continued its commitment to enhancing development opportunities for its staff. Twelve courses were offered to staff throughout the year. Training courses included Certificate IV in Investigations Management, Microsoft Office training and quality customer service. In addition 38 staff participated in external learning and professional development activities during the year.

The organisation spent $36,023 on professional development courses for staff. The continued investment reflects our commitment to ensuring staff have the skills and expertise to deliver our vision as an expert and responsive regulatory agency.

Improving customer service
We are committed to improving the quality of services we provide to members of the public. We demonstrated our commitment by delivering training to 111 staff, which represents 98% of all employees in customer service roles within the agency.

The one-day course included practical customer service skills training such as handling hostile customers, cultural awareness and active listening. The course also included disability awareness training by providing simple strategies for helping people with disabilities.

Making our workplace safer
We take every reasonable step to ensure the safety and wellbeing of our employees. Eighty-nine per cent of staff took the opportunity to improve their knowledge of occupational health and safety (OH&S), attending OH&S awareness training. A specialised training program was also conducted for managers with the emphasis on developing and implementing systems to improve workplace safety.

Supporting our people
To promote staff health and wellbeing, we provide an employee assistance program of professional counselling and advice through a contracted provider, Industrial Psychological Services. Employees and their families with personal or work-related problems continue to utilise this program.

We implemented a number of initiatives to promote employee health and better lifestyle choices during the year. Workplace influenza vaccinations were arranged prior to the onset of winter and we provided facilities for staff attending after hours yoga classes. Monthly health and wellbeing publications were distributed to staff to assist them to make informed choices about diet and exercise.

Workers compensation
One claim for workers compensation was lodged and accepted during 2005-06 compared to two accepted claims in 2004-05. The cost incurred for this claim at 30 June 2006 was $1,090 compared to $3,964 in the preceding year.

There was no time lost in relation to workers compensation for the year ended 30 June 2006 (16 days in 2004-05, 44 days in 2003-04 and 27.5 days in 2002-03).

Industrial relations
No industrial disputes or other industrial relations issues were raised within our Joint Consultative Committee process. There were no appeals lodged in relation to our recruitment processes.
### Liquor

13,705 licensed premises and registered clubs
- 4,362 restaurant licences
- 2,071 hotel licences
- 1,624 retail (bottleshop licences)
- 1,539 registered clubs
- 1,151 function (permanent) licences
- 749 vigneron licences
- 649 wholesale licences
- 430 restaurant licences with motel endorsement
- 232 vessel licences
- 224 caterer’s licences
- 140 governor’s licences
- 107 motel licences
- 105 nightclub licences
- 99 theatre licences
- 98 section 18(4)(g) licences
- 55 airport licences
- 52 wine licences
- 42 brewer licences
- 39 university licences
- 31 auction licences
- 15 public hall licences
- 11 airport licences
- 8 casino complex licences
- 5 registered clubs with gaming machines (no liquor)
- 5 college licences
- 3 community liquor licences
- 2 nightclubs with motel endorsement

Notes:
- Some hotel and liquor store licences are held in a dormant capacity. There are hotels and registered clubs that do not operate gaming machines.
- Of the 1,539 registered clubs, 143 are separate or amalgamated premises of a ‘parent’ club.
- In 2005-2006, the Licensing Court of NSW granted five new hotel licences, 16 bottleshop licences, and three registered club certificate of registrations.

### Gaming

#### Club gaming (at 31 May 06)
- 1,352 registered clubs operating 74,273 gaming machines
- Gaming machine assessed profit $3.4 billion
- $568.9 million assessed in tax
- Bulldogs League Club Ltd - top registered club for assessed gaming machine profit

#### Hotel gaming
- 1,784 hotels operating 24,053 gaming machines
- Gaming machine assessed profit $1.6 billion
- $422.3 million assessed in tax

#### Casino gaming
- 210 gaming tables
- 1,500 gaming machines
- $77.7 million payable in casino duty
- $11.8 million payable in responsible gambling levy
- $638 million gross gaming revenue

#### Keno gaming
- 1,025 registered clubs and the casino connected to Keno
- $338 million in net subscriptions
- $36.9 million in profit to registered clubs
- $7.5 million payable in tax (exc. GST)

#### Trade promotion lotteries
- 15,367 permits issued
- $467 million - total value of prizes

### Charities

- 5,104 current fundraising authorities
- 225 permits for charity housie
- 71 permits issued for other games of chance for charities eg. lucky envelopes and chocolate wheels
- 45 permits for art unions issued
- 170 charitable fundraising cases and 452 community gaming cases investigated

### Racing

- 201 licensed racecourses
  - 120 thoroughbred racing
  - 40 harness racing
  - 41 greyhound racing
- 2,765 race meetings held
  - 800 thoroughbred race meetings
  - 528 harness race meetings
  - 1,437 greyhound race meetings

### Tab operations

- $5 billion (approximate) turnover in respect of on-course and off-course totalizators, fixed odds racing and sports betting

### Bookmakers

#### Sports betting
- 9 authorised full-time and 34 authorised casual bookmakers
- Bookmakers' turnover $96.1 million

#### Racing
- 300 bookmakers held bets totalling $582.9 million