



NSW Independent
Casino Commission

NSW Independent Casino Commission

Annual Report 2022-23

Acknowledgment of country

The NSW Independent Casino Commission acknowledges the traditional custodians of the land in New South Wales and all Aboriginal and Torres Strait Islander staff working with the NSW Government. The Commission pays its respects to Elders past and present.

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Author

New South Wales Independent Casino Commission (NICC).

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Letter to the Minister

The Hon. David Harris MP

Minister for Gaming and Racing

Dear Minister,

We are pleased to submit the annual report of the New South Wales Independent Casino Commission for the year ended 30 June 2023, for presentation to Parliament.

The Commission's Annual Report was 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* and the *Government Sector Finance Act 2018*.

If you have any questions regarding the report, please contact Dr Rochelle Hurst, Director Office of NICC: office@nicc.nsw.gov.au.

Yours faithfully



Philip Crawford

Chief Commissioner

New South Wales Independent Casino Commission



Overview

The New South Wales Independent Casino Commission (**NICC**) is an independent agency established to regulate the state's two casinos, The Star in Pyrmont, and Crown Sydney in Barangaroo. It has sole responsibility for supervising NSW casinos.

Following the Bergin Inquiry, the NICC was established on 5 September 2022 to address the risks and harms arising from casino operations. The NICC plays a vital role in maintaining public confidence in the NSW casino industry through visible and robust supervision.

The NICC was established as a response to the realities of modern casino operations and the increasing sophistication of criminal enterprise. It is the only dedicated casino regulator in Australia, free from other liquor and gaming responsibilities and is primarily funded by the casinos, through the casino supervisory levy (**CSL**) rather than taxpayers.

The NICC is a streamlined statutory decision-maker, structured with a board and supporting staff agency. It is responsible for determining the suitability of casino operators and close associates, monitoring and enforcing compliance with the legislation, and determining disciplinary action against licensees and close associates. The NICC is supported by Liquor & Gaming NSW (**L&GNSW**), which has responsibility for developing and administering the casino regulatory framework. L&GNSW undertakes audit, assurance, regulatory approval, and compliance and enforcement activities. L&GNSW performs a number of these casino control activities under the delegation of the NICC, as well as pursuant to its own powers.

Aims and objectives

The NICC's regulatory objectives are to lift standards in casino operations to ensure NSW casinos are safe, compliant, and responsible. The NICC aims to uphold community expectations by overseeing NSW casinos, so they are resistant to criminal infiltration and equipped to minimise gambling-related harms.

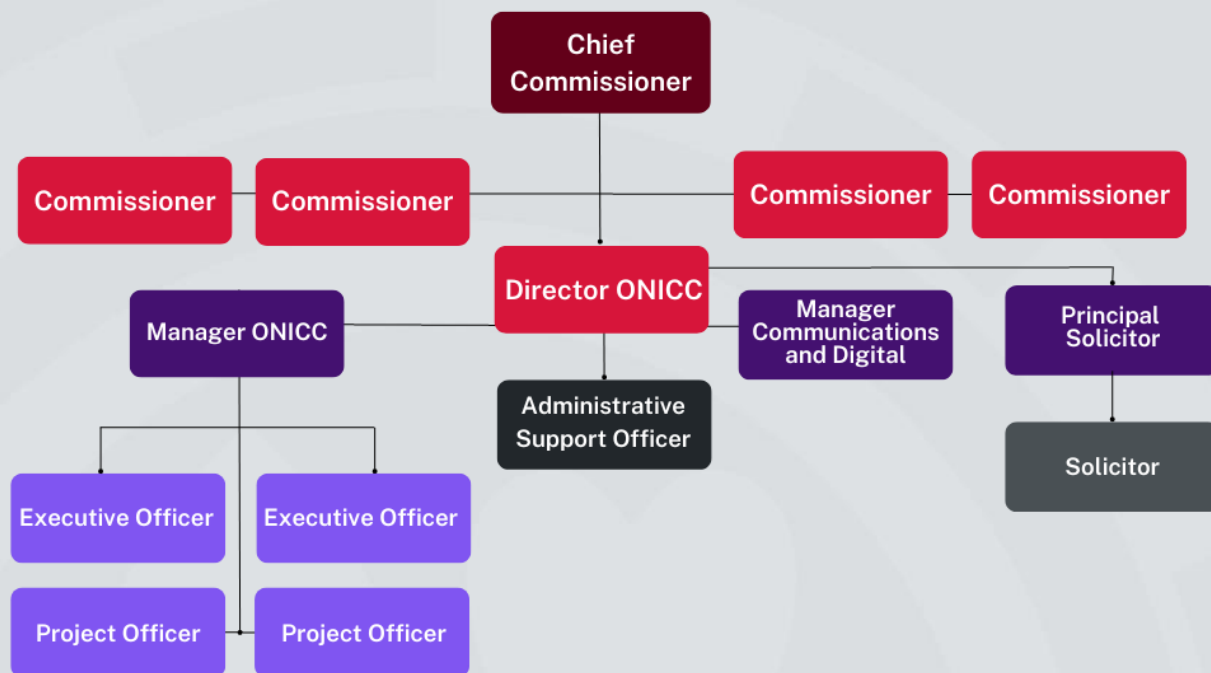
The NICC inherited the task of responding to the Bell Review which found extensive risks of gambling harm, money laundering and other criminal activity at The Star. The NICC is also responsible for supervising Crown Sydney's remediation progress and assessing its suitability to retain its restricted gaming licence.

Management and structure

The NICC comprises a full-time Chief Commissioner and four part-time commissioners and employs 11 administrative and advisory staff in the Office of the NICC (ONICC).

NSW Independent
Casino Commission

Organisational chart



Charter

The NICC was established to address the risks and harms arising from casino operations and plays a vital role in maintaining public confidence in the NSW casino industry through visible and robust supervision.

The NICC has powers and functions under the following Acts and associated regulations:

- *Casino Control Act 1992 (the Act)*
- *Gaming and Liquor Administration Act 2007.*

The NICC's statutory functions under the Act include:

- carrying out investigations of a casino, its operations, and operators
- reviewing the suitability of casino operators and close associates

- monitoring compliance with the Act and legally binding mechanisms such as the regulations and internal control manuals
- establishing the Gambling Harm Minimisation Advisory Committee
- determining casino and casino special employee licensing matters and proposals for new games
- determining disciplinary action against licensees and close associates
- reviewing certain delegated decisions made on its behalf by L&GNSW
- membership of the Casino, Liquor and Gaming Coordination Committee.

Combined annual reports

This report contains statutory reporting data from 1 July 2022 to 30 June 2023 which spans a period where casino functions were under the administration of the Independent Liquor & Gaming Authority (**Authority**). Casino functions were transferred from the Authority to the NICC on 5 September 2022.

Strategy

To achieve its regulatory objectives the NICC is working to:

- Ensure casino operators prevent gambling harm, money laundering and terrorism financing activities by monitoring and enforcing casino compliance and taking strong disciplinary action in response to serious, deliberate, or repeated contraventions.
- Promote fair and transparent decision making guided by the objects of the Act.
- Lift standards in casino operations to ensure NSW casinos are safe, compliant, and responsible. The NICC will uphold community expectations by overseeing NSW casinos so they are resistant to criminal infiltration and equipped to minimise gambling harm.
- Collaborate with regulators, industry and other stakeholders to perform its statutory functions effectively. This includes managing delegations to specialist Liquor & Gaming NSW staff as well as sharing information with other regulators and collaborating with law enforcement.
- Exercise its powers appropriately and ensure the casino supervisory fund is used responsibly.

Strategic focus areas

The NICC has identified four focus areas to guide its operational and project work.

1. Establish and maintain the NICC's independence and demonstrate accountability and transparency in interactions with casinos, stakeholders, and the public.
2. Establish and maintain regulatory controls to ensure compliance with the Act, prevent money laundering and criminal activity, and minimise gambling harms.
3. Supervise NSW casinos and strengthen their capability to meet regulatory and community expectations.
4. Identify and respond to emerging risks in modern casino operating environments and intersecting industries.

Operations and performance

The NICC maintains independent decision-making on casino licensing and disciplinary matters and is funded by the Casino Supervisory Levy (**CSL**) paid by both casino operators under section 115A of the Act. The annual amount is fixed by clause 51 of the Casino Control Regulation 2019.

Management and activities

The NICC meets fortnightly to consider and determine casino matters. Outside of official commission meetings the NICC and ONICC are engaged in a range of casino supervisory and administrative activities that include:

- liaison with delegates in L&GNSW
- engagement with stakeholders (such as casino operators, The Star Manager (Nicholas Weeks), other regulators, the Casino Issues Coordination Committee, and independent legal advisors/monitors)
- establishment of and strategy for the Gambling Harm Minimisation Advisory Committee
- planning and development for the Australian Casino and Gaming Regulators forum
- facilitation of NICC board meetings
- progressing actions arising from board meetings
- preparing casino directions and correspondence
- reviewing and responding to compliance, licensing and probity matters, data, audits, and reports

- updating casino protocols such as Internal Control Manuals (ICMs)
- monitoring and assessing remediation activities
- development of communication materials
- building and maintaining the NICC website
- responding to media and other enquiries.

The NICC is supported by the Department of Enterprise, Investment and Trade (DEIT) in the development of the NICC's standalone policies, risk and governance, management of Government Information Public Access requests, cyber security, and management of its CSL budget.

Performance information

Since 5 September 2022, in addition to establishing itself as a standalone agency, the NICC has responded to two major inquiries, maintained ongoing casino regulation, and undertaken future planning to achieve its vision and mission.

The NICC has completed its primary establishment activities and advanced the priority work generated by the casino inquiries. The NICC has also engaged in strategic planning, recognising the importance of defining its role, responsibilities and focus for NSW casino regulation. During the reporting period the NICC developed its Strategic Plan 2023-24, NICC Stakeholder Engagement Framework and the NICC Stakeholder Engagement Program.

Summary review of operations

A series of inquiries into Australian casinos began in 2019, triggered by media coverage and a growing awareness that contemporary casino operations required far greater scrutiny and far less scope for self-regulation. The two NSW inquiries led to large scale change for casino regulation and imposed deep structural transformation on both the nascent Crown Sydney and The Star.

Crown Sydney casino opens

In June 2022, the Authority, Crown Resorts Ltd, and the NSW Government executed a Pathway to Suitability Deed. The Authority then granted Crown conditional gaming approval, subject to compliance with enhanced ICMs. Also in June 2022, Blackstone Ltd completed its acquisition of

Crown Resorts Ltd after a lengthy probity process that required federal, state, and regulatory approval.

On 8 August 2022, under conditional approval, Crown Sydney commenced gaming operations, enabling the next phase of monitoring and supervision of its operational compliance and implementation of the Agreed Remediation Action Plan (**ARAP**).

Establishment of the NICC

Landmark legislative reforms were passed in August 2022 and came into force 5 September 2022. The centrepiece of the Bill was the creation of the NICC, which was given broad powers to monitor casino operations and take strong disciplinary action against licensees, directors, and close associates who engage in misconduct. The Act was amended to establish the NICC, transfer all casino regulatory powers from the Authority to the NICC, and include comprehensive measures targeting money laundering and gambling harm.

Adjustments to the Crown Sydney ARAP

Completion of the ARAP is a requirement during Crown's conditional gaming period. It is one part of the Pathway to Suitability Deed between the Authority and Crown Resorts Ltd, entered in June 2022. The Deed provides three steps to demonstrate suitability and imposes rights and obligations on the parties during the conditional gaming period. The ARAP defines the activities Crown must complete under the supervision of the independent advisor, Kroll Australia Pty Ltd (**Kroll**), to enable a suitability assessment. The other two steps involve operating the casino in compliance with the restricted gaming facility licence and existing section 142 regulatory agreements and entering into an updated section 142 regulatory agreement before the end of the conditional gaming period.

In June 2023, the NICC approved amendments to the ARAP proposed by Crown. The amendments increased the total number of ARAP activities to 439 and moved the final date for completion from 30 June 2023 to 30 November 2023. The NICC and Crown also agreed to extend the end date of the conditional gaming period from 31 December 2023 to 30 April 2024.

Remediation work continues in preparation to assess Crown's suitability to hold a restricted gaming facility licence.

The Bell Review of The Star

On 13 September 2022, shortly after the Bergin-based legislative reforms came into force on 5 September, Adam Bell SC submitted his report on the Review of The Star Pty Ltd. Bell found The Star unsuitable to hold a casino licence in NSW. In addition to systemic governance, risk and cultural failures at the Sydney casino, Bell detailed serious risks of criminal infiltration, the concealment of certain business practices, and cases of individual patrons exposed to gambling harms. The NICC issued The Star with a show cause notice as to why it should not take disciplinary action in response to Bell's findings and recommendations.

Response to the Bell Report

On 21 October 2022, the NICC resolved that it was no longer in the public interest that The Star remain in control of its licence, and that The Star was not currently suitable to hold the licence. The NICC suspended The Star's casino licence, issued a \$100 million fine, and appointed a manager to enable the casino to remain operational during the suspension.

Mr Nicholas Weeks was appointed manager for the maximum 90-day term provided by the legislation. In January 2023, the manager's term was extended by regulation for a further 12 months, to 18 January 2024. The appointment of Mr Weeks has enabled the casino to continue operations and provided an additional layer of supervision while the NICC determines whether the matters identified during the Bell Review can be rectified and whether the NICC believes it is likely that The Star can achieve suitability.

Casino statutory reporting obligations

Under the Act, the NICC has statutory obligations to make sure it includes certain activities in its annual report. Some of these activities are undertaken by L&GNSW on behalf of the NICC.

The NICC delegates specific functions to L&GNSW staff who administer systems for the licensing, supervision, and control of NSW's two casinos through activities such as:

- 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.

Note: NICC statutory reporting data includes the period 1 July 2022 to 4 September 2022 when casino regulatory functions were administered by the Independent Liquor & Gaming Authority.

Implementation of Internal Control Manuals (ICMs)

Following the findings of the Bergin Report, Crown Sydney's ICMs were amended to include additional controls relating to customer probity, anti-money laundering and counter-terrorism financing (AML/CTF) controls, and controls to minimise gambling related harm.

Substantial amendments were made to The Star's ICMs to implement Bell Report recommendations and to align the ICMs with Crown's. The Star complied with the NICC's direction to implement specific ICMs by 30 June, resulting in the implementation of the majority of The Star's new ICMs by the end of the reporting period.

Casino licences and conditions

The Act allows for one casino licence and one restricted gaming licence in NSW. The Star holds a casino licence and Crown Sydney holds a restricted gaming licence.

No new licences were granted, or changes made to existing casino licence conditions during the 2022-23 reporting period.

Compliance and enforcement

In addition to the disciplinary action against The Star on 21 October 2022 (outlined in Response to the Bell Report), seven matters were referred by L&GNSW to the NICC, for consideration of disciplinary action under section 23(2) of the Act. No disciplinary referrals were received in relation to Crown Sydney.

Item	Total for 2022-23
Number of investigations (includes inspections, engagements, desk audits)*	1,694
Number of breaches* <i>These are not limited to the casino operator</i>	754
Number of Penalty Notices (CCA or CCR)* <i>These are not limited to the casino operator</i>	16
Number of Penalty Notices issued to Star*	14
Number of Penalty Notices issued to Crown*	0
Details of any disciplinary action taken against the casino operator during the year	1 – Action taken against The Star, 21 October, in response to the Bell Review.
Referrals to the NICC for consideration of disciplinary action under section 23(2) of the <i>Casino Control Act 1992</i>	7

*These casino compliance and enforcement activities were carried out by L&GNSW using its powers under the *Casino Control Act 1992*, *Casino Control Regulation 2019* and the *Gaming and Liquor Administration Act 2007*, not under delegation of the NICC.

Note: Any casino matters with the Authority at the time of NICC establishment were transferred to the NICC. The table does not include disciplinary matters considered as part of the Bell Review into The Star (hearings in 2021/22, report published 2022/23).

Casino special employees

Casino special employees hold a licence to do certain work in a casino such as:

- move, exchange, or count money and chips
- operate or maintain gaming equipment
- work involved in the conduct of gaming
- casino security
- a managerial role with decision-making capacity.

During the reporting period L&GNSW referred eleven casino special employees to the NICC for disciplinary action: seven from The Star and four from Crown Sydney. Disciplinary action can include a notice of censure for a specified action, suspension of the licence, or cancellation of the licence.

Casino special employee licences	Total for 2022-23
Licences granted	1,439
Licences renewed	392
Licences cancelled	33
Licences surrendered	31

Casino and liquor licence boundaries

Four applications to redefine casino boundaries were approved in the reporting period. Two related to The Star and two related to Crown Sydney. Boundary changes involved matters such as accommodating casino operator obligations regarding the visibility of gaming machines and signage as well as moving the boundaries for casino equipment to enable more secure storage.

Liquor licences

The Act designates casino environments as stand-alone areas in relation to the operation of the *Liquor Act 2007*. During the reporting period the NICC approved three applications relating to on premises liquor licences, two at The Star (a new liquor licence and a boundary amendment) and one at Crown Sydney (an extended hours application).

Gaming related approvals

During the reporting period the NICC approved, either directly or under delegation by L&GNSW:

- 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
- no new casino table games
- no new multi-terminal table games.

Casino close associates

Casino close associates are entities or people who hold a significant power or financial interest over the operations of a casino. They are required to meet a high standard of probity, which informs whether they should be approved.

Casino close associates	Total for 2022-23
Applications lodged	39
Applications approved	35*
Application declined	0
Applications subject to ongoing consideration and investigation by L&GNSW	17

*These figures include 29 final approvals and 6 interim approvals.

Controlled contracts

Casino operators require the NICC's approval to enter and vary controlled contracts. The approval process enables the NICC to assess the suitability of all parties to the contract (or the variation of the contract). Controlled contracts are contracts that relate to:

- the supply or servicing of gaming equipment
- the engagement of a compliance auditor for a casino; or
- a contract that is materially significant to the integrity of the operation of a casino.

Controlled contracts	Total for 2022-23
Controlled contracts lodged and investigated	9
Number determined by NICC to be a controlled contract	5
Number of controlled contracts notified and investigated by L&GNSW	1

Preventing and reducing gambling harm

The NICC requires both casinos in NSW to take active measures to raise compliance standards and deal with the serious misconduct uncovered by recent inquiries. New ICMs have imposed strict controls on casino operators.

Through the ICMs, the NICC imposes controls to minimise gambling harm and ensure patrons are protected. These controls include requirements covering:

- timed play
- breaks in play
- responsible conduct of gambling officers
- training required of responsible conduct of gambling officers
- schedule for the presence of supervisors in gaming rooms

- register to record the actions taken by managers when an issue is reported
- structured systems for staff to conduct welfare checks
- identified situations where increased welfare checks and patron interactions are required
- a self-exclusion register and process for ensuring excluded players cannot gain entry to the casino.

Cashless gaming

Both casinos are moving towards fully carded play and the introduction of cashless gaming (by August 2024) which will provide a direct means of monitoring a patron's source of funds and limiting the opportunity for money laundering or terrorism financing. The introduction of cashless gaming will also allow patrons and the casinos to monitor gaming activity and implement intervention strategies such as setting time and spend limits. These measures are not only used by staff involved in the conduct of gaming but are an integral part of wider staff training and the development of a culture where responsible gambling is recognised as an essential component of casino operations.

Management and accountability

Creation of a separate staff agency

On 27 February 2023, under an administrative arrangements order, ONICC staff were transferred to the NICC from DEIT, resulting in the classification of the ONICC as a separate staff agency. Until this date, personnel services were provided in-kind by DEIT. The ONICC supports the NICC, providing:

- legal advice and services
- governance and strategic planning
- media, communications and digital services
- drafting advice and correspondence
- managing stakeholder engagement
- meeting coordination and the facilitation of decision making.

Other corporate services such as information management and systems support were also provided in-kind until 30 June 2023 to support the NICC's establishment and operationalisation.

Human resources

Office of the NICC	Number
Total ONICC staff	10
Senior executive	1
Non-senior executive	9

Numbers and remuneration of senior executives

Senior executive 2022-23

Member	Date of first appointment	Remuneration
Director Office of the NICC (1 x female)	5 September 2022	SEB 1 \$201,350 - \$287,200*

*Twenty-three per cent of total employee related expenditure in the reporting year related to senior executives.

Board members 2022-23

Member	First appointment	Current term	Expiry of term	Qualifications
Mr Philip Crawford Chief Commissioner	5 September 2022	5 September 2022	24 May 2026	Bachelor of Laws Bachelor of Arts
Mr Craig Sahlin Commissioner	5 September 2022	5 September 2022	1 December 2023	Bachelor of Laws Bachelor of Arts (Honours) Graduate Australian Institute of Company Directors
Ms Janine Rolfe Commissioner	5 September 2022	5 September 2022	1 March 2025	Bachelor of Economics Bachelor of Laws (Honours) Graduate Australian Institute of Company Directors
Mr Murray Smith Commissioner	5 September 2022	5 September 2022	1 December 2025	Bachelor of Business Chartered Accountant Graduate Australian Institute of Company Directors

Mr Stephen Parbery Commissioner	5 September 2022	5 September 2022	24 May 2026	Fellow of the Institute of Chartered Accountants Registered Liquidator
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Board meetings

NICC board meetings are held bi-monthly to allow considerations of relevant matters in a timely manner. Under the Act the frequency of NICC meetings is determined by the NICC.

Other face-to-face meetings were held by NICC members as required and attendance 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, commissioners served on numerous committees throughout the year. The NICC has continued to see a significant increase in the amount of work required to be progressed out of session.

Board meeting attendance

Name	Position	No of meetings while member	Board meetings attended
Philip Crawford	Chief Commissioner	20	16
Craig Sahlin	Commissioner	20	20
Janine Rolfe	Commissioner	20	20
Murray Smith	Commissioner	20	19
Stephen Parbery	Commissioner	20	17

Requirements arising from employment arrangements

Personnel services are provided to the NICC under the DEIT MoU.

Legal change

The Casino Legislation Amendment Bill 2022 passed Parliament 11 August 2022 and came into force 5 September 2022. The Casino Control Regulation was amended by the Casino Control Amendment Regulation 2022 in December 2022. There were no further changes to the Act or subordinate legislation during the reporting period, or significant judicial decisions affecting the NICC.

Economic or other factors

The factors affecting the NICC's ability to achieve its objectives are largely centred on the efficient and effective use of the CSL for operational resourcing. Apart from an initial \$14m and in-kind support from DEIT, the CSL is the only source of funding for the NICC and its activities. It is a requirement that both casinos contribute to the CSL. A failure to make a payment would constitute a breach of the casino licence.

Events arising after the annual reporting period

The Star Entertainment Group

On 11 August the NSW Government announced it had reached an in-principle agreement with The Star Sydney on casino taxes, introducing a seven-year transitional levy. Under this agreement, The Star's poker machine tax will increase as gaming revenue rises, until the new duty regime begins on 1 July 2030. Also in August 2023, The Star announced it was involved in a formal legal dispute with Multiplex Constructions Qld Pty Ltd, over construction of its yet to be completed Queens Wharf Project.

Crown Resorts

On 11 July 2023, the Federal Court of Australia ordered Crown Melbourne and Crown Perth to pay a \$450 million penalty over two years, concluding AUSTRAC's civil penalty proceedings for breaches of the AML-CTF Act. On 25 August Crown Sydney announced it would close one of its two VIP gaming floors. Crown cited macroeconomic challenges, including lower visitor numbers.

Risk management and insurance activities

The NICC manages risks to its operational abilities through strategic planning and governance, and a comprehensive risk management framework which is monitored by an independent audit and risk committee.

During the reporting period the NICC was establishing its internal audit and risk functions. The NICC set up an audit and risk committee under a shared arrangement agreement with DEIT's internal audit and risk management services. DEIT provides services relating to the:

- Audit and Risk Committee and Office
- Chief Audit Executive

- internal audit function
- risk management framework.

These arrangements are detailed in the DEIT Memorandum of Understanding (**MoU**).

The audit and risk committee meets for the purpose of complying with the requirements of the TPP20-08 Internal Audit and Risk Management Policy for the NSW Public Sector. The NICC had 12 months from 5 September 2022 to comply with the core requirements of TPP20-08 and was subsequently in transition as it progressed these functions.

NICC governance framework

The NICC operates within a governance framework that supports its capacity to meet its obligations as an independent NSW government agency. The NICC has a dedicated Governance Committee to provide oversight and evaluation of key documents and activities. The Committee also has a forward planning governance calendar. It meets monthly and meeting minutes are recorded.

Internal audit and risk management policy attestation

Refer to Attachment B: NICC Internal Audit and Risk Management Attestation Statement 2022-2023.

Cyber security policy attestation

Refer to Attachment C: NSW Independent Casino Commission Cyber Security Attestation.

Compliance with the *Privacy and Personal Protection Act 1998*

The NICC must comply with the *Privacy and Personal Protection Act 1998* in dealing with personal information. The NICC publishes its privacy notice on its [website](#) and aligns with DEIT's [Privacy management plan](#) to apply the correct procedures to manage the personal information of stakeholders and staff.

Government Information and Public Access Act 2009

The NICC is a government agency for the purposes of the *Government Information (Public Access) Act 2009 (GIPA Act)*. It has legal obligations to make government information available.

In 2022-23, the NICC received five formal access applications under the GIPA Act. One access applications was valid, with the remaining four invalid under section 43 of the GIPA Act.

Public Interest Disclosures Act 1994

Section 31 of the *Public Interest Disclosures Act 1994* requires public authorities, including the NICC, to report on certain matters arising under the Act within four months after the end of each reporting year. The NICC did not receive any internal or external Public Interest Disclosures (PIDs) during the reporting period. The NICC employed DEIT's PID policy and associated training and awareness activities throughout the reporting period.

Other information

The NICC did not incur external costs in the development of this annual report. The NICC's annual report will be published at www.nicc.nsw.gov.au.

Sustainability

Disability inclusion action plans

The NICC operated in accordance with DEIT's disability and inclusion recruitment policies and processes. During the reporting period the NICC had access to participation in the DEIT Disability and Inclusion Network. The NICC is considering ways it can implement its own disability and inclusion initiatives.

Modern Slavery Act 2018

The NICC acknowledges that modern slavery is a significant global risk and that as part of the public sector, the NICC has a moral and legal responsibility to combat the risks of modern slavery in its business and supply chain. The NICC adheres to the modern slavery and procurement guidance developed by NSW Procurement and will consider how it can implement

the framework currently in development by the Office of the NSW Anti-slavery Commissioner when it is made available. During its procurement activities, the NICC complies with the *Modern Slavery Act 2018* and follows the steps outlined on the www.buy.nsw.gov.au webpage.

Work health and safety

In 2022-23 there were no reported work health and safety incidents.

NICC and ONICC members must identify and satisfy their work health and safety obligations as officers under the work health and safety laws and ensure workplace safety matters are addressed on a regular basis. Work health and safety risk assessments are undertaken in respect of any off-site activities facilitated by the NICC and working from home arrangements are subject to work health and safety assessments.

An ONICC health and safety representative (HSR) is elected in accordance with the *Work Health and Safety Act 2011*, and the NICC's additional requirements under the Act are supported by the DEIT Work Health and Safety Policy, as contained in the DEIT MoU.

Workforce diversity

As a public service agency, the NICC must report statistics for the representation and distribution of employees in diversity groups, in the same format as the report provided to each agency by the Public Service Commission. In line with the DEIT MoU, the NICC's workforce diversity report is provided to the Public Service Commission by DEIT. Further information about workforce diversity initiatives is detailed in DEIT's annual report. The relevant NICC workforce statistics are as follows:

Trends in the representation of workforce diversity groups				
Workforce diversity group	Benchmark	2021	2022	2023
Women	50%	N/A	N/A	60.0%
Aboriginal and/or Torres Strait Islander People	3.3%	N/A	N/A	0.0%
People whose first language spoken as a child was not English	23.2%	N/A	N/A	12.5%
People with disability	5.6%	N/A	N/A	0.0%
People with disability requiring work-related adjustment	N/A	N/A	N/A	0.0%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is

achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: [Jobs for People with Disability: A plan for the NSW public sector](#). The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Financial performance

In accordance with section 115AB of the *Casino Control Act 1992*, a casino supervisory fund was established to receive CSL payments. This fund is under the control and management of the NICC.

Financial statements to follow...

Independent auditors report



INDEPENDENT AUDITOR'S REPORT

NSW Independent Casino Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of NSW Independent Casino Commission (the Commission), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the period 5 September 2022 to 30 June 2023, the Statement of Financial Position as at 30 June 2023, 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 of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

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 financial position, financial performance and cash flows of the Commission and the consolidated entity.

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 Commission and the consolidated entity 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).

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

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

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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 and 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 ability of the Commission and the consolidated entity 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/ar3.pdf. The description forms part of my auditor's report.

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

- that the Commission carried out their 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 October 2023
SYDNEY

NSW Independent Casino Commission

**Consolidated Financial Statements
for the period ended
30 June 2023**

NSW Independent Casino Commission

Statement by the Accountable Authority for the period ended 30 June 2023

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ("the Act"), I 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 NSW Independent Casino Commission and its controlled entity's financial position, financial performance and cash flows.



Philip Crawford
Chief Commissioner

Date: 12/10/2023

NSW Independent Casino Commission

Statement of Comprehensive Income for the period ended 30 June 2023

	Notes	For the period 5 Sep 2022 to 30 June 2023 \$'000	
		Consolidated	Parent
Continuing operations			
Expenses excluding losses			
Employee related expenses	2(a)	795	-
Personnel services	2(b)	-	582
In-kind personnel services	2(c)	7,354	7,354
Board remuneration		1,082	1,082
Grants and Subsidies	2(d)	1,203	1,203
Other operating expenses	2(e)	1,017	1,017
Total expenses excluding losses		11,451	11,238
Revenue			
Retained taxes, fees and fines	3(a)	15,564	15,564
In-kind contribution	3(b)	7,354	7,354
Other revenue	3(c)	7,000	7,000
Acceptance by the Crown of employee benefits and other liabilities	3(d)	213	-
Total revenue		30,131	29,918
Net result		18,680	18,680
Other comprehensive income		-	-
Total comprehensive income		18,680	18,680

The accompanying notes form part of these financial statements.

NSW Independent Casino Commission

Statement of Financial Position as at 30 June 2023

	Notes	Actual 2023 \$'000	Actual 2023 \$'000
		Consolidated	Parent
Assets			
Current assets			
Cash and cash equivalents	4	18,998	18,998
Receivables	5	12	12
Total current assets		19,010	19,010
Total assets		19,010	19,010
Liabilities			
Current liabilities			
Payables	6	248	248
Provisions	7	214	214
Total current liabilities		462	462
Non-current liabilities			
Provisions	7	3	3
Total non-current liabilities		3	3
Total liabilities		465	465
Net assets		18,545	18,545
Equity			
Accumulated funds		18,545	18,545
Total equity		18,545	18,545

The accompanying notes form part of these financial statements.

NSW Independent Casino Commission

Statement of Changes in Equity for the period ended 30 June 2023

	Notes	Accumulated Funds \$'000	Accumulated Funds \$'000
		Consolidated	Parent
Balance at 5 September 2022		-	-
Net result for the period		18,680	18,680
Other comprehensive income		-	-
Total comprehensive income for the period		18,680	18,680
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers	8	(135)	(135)
Balance at 30 June 2023		18,545	18,545

The accompanying notes form part of these financial statements.

NSW Independent Casino Commission

Statement of Cash Flows for the period ended 30 June 2023

	Notes	For the period 5 Sep 2022 to 30 June 2023 \$'000	
		Consolidated	Parent
Cash flows from operating activities			
Payments			
Employee related expenses		(500)	-
Grants and subsidies		(1,203)	(1,203)
Other payments		(1,876)	(2,376)
Total payments		(3,579)	(3,579)
Receipts			
Retained taxes, fees and fines		15,564	15,564
Refund of GST		25	25
Other receipts		6,988	6,988
Total receipts		22,577	22,577
Net cash flows from operating activities	12	18,998	18,998
Net increase / (decrease) in cash and cash equivalents		18,998	18,998
Opening cash and cash equivalents		-	-
Closing cash and cash equivalents	4	18,998	18,998

The accompanying notes form part of these financial statements.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

1. Statement of significant accounting policies

(a) Reporting entity

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

NICC was established on 5 September 2022 under the *Casino Legislation Amendment Act 2022 which amended the Casino Control Act 1992* ('the Act'), set up to address the risks and harms arising from casino operations through increased regulatory oversight.

Pursuant to the *Administrative Arrangements (Administrative Changes - Miscellaneous) Order 2023* dated 22 February 2023, the persons employed in the Office of NSW Independent Casino Commission in the Department of Enterprise, Investment and Trade (DEIT) were transferred to the NSW Independent Casino Commission Staff Agency ('NICC Staff Agency') effective from 27 February 2023. NICC Staff Agency's sole objective is to provide personnel services to NICC. Until this date, those personnel provided in-kind services to NICC. Other personnel in DEIT corporate services and regulatory groups also provided in-kind services until 30 June 2023 to support NICC's establishment and operationalisation. A Memorandum of Understanding is in place with DEIT which sets the framework for the scope of services given by DEIT to NICC.

NICC is funded through the Casino Supervisory Levy ('CSL') which is paid by the casino operators under section 115A of the Act, the annual amount is fixed by section 51 of the *Casino Control Regulation 2019*.

CSL is paid into the Casino Supervisory Fund ('the Fund') which is established as a special deposit account under section 115AB of the Act. The Fund is controlled by NICC and operates in accordance with the requirements of the Act.

Section 115AB (3) states the amounts payable into the Fund. These are:

- (a) all money received under section 11A as a CSL,
- (b) the proceeds of the investment of money in the Fund

Section 115AB (4) prescribes the payments from the Fund. These are:

- (a) to enable the NICC to exercise its functions, or
- (b) to the Secretary if:
 - the amount paid into the Fund is more than the budget of the NICC, and
 - the NICC and Secretary have not otherwise agreed the amount is to be allocated to the NICC for payment under (a).

The Secretary is the Secretary of DEIT under the Act.

NICC administers, but does not control, certain fines revenue on behalf of the Crown in the right of the State of New South Wales ('the Crown') in its regulatory role over the operations of casinos in New South Wales. The administered fines are disclosed in Note 14 and are not recognised as NICC's income.

NICC as a reporting entity comprises all the entities under its control, namely the NSW Independent Casino Commission ('the Parent entity') and the NICC Staff Agency.

In the process of preparing the consolidated financial statements for the reporting entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

1. Statement of significant accounting policies (continued)

These consolidated financial statements for the period 5 September 2022 to 30 June 2023 have been authorised for issue by the Chief Commissioner on the date the accompanying Statement by the Accountable Authority is signed.

(b) Basis of preparation

NICC's financial statements are general purpose financial statements which have been prepared on an accrual 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* (GSF Act) 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 NICC's presentation and functional currency.

NICC was created on 5 September 2022, which was after the presentation of the State Budget to the Parliament. In preparing these financial statements, budget information, including budget review is not presented because AASB 1055 *Budgetary Reporting* is not applicable to NICC for this financial period.

(c) Statement of compliance

NICC's financial statements and notes comply with the AAS, which include Australian Accounting Interpretations.

(d) Going concern

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

(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 NICC 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

NICC was created on 5 September 2022 and as a result there is no comparative information for the previous period.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

1. Statement of significant accounting policies (continued)

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

(i) Effective for the first time in FY2022-23

New accounting standards, amendments and interpretations effective for the first time in FY2022-23 do not have a material impact on the financial statements of NICC.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

The following new AAS relevant for NICC have not been applied and are not yet effective, in accordance with the NSW Treasury mandate *TPG 23-04 Mandates of options and major policy decisions under Australian Accounting Standards*:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards
- AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities)

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

(h) Impact of COVID-19 on financial reporting for 2022-23

There are no material impacts of COVID-19 on key assumptions and estimates used. There is no uncertainty about NICC's ability to continue as a going concern as at 30 June 2023 as liquidity and credit risk are not significant areas of risk for NICC.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

2. Expenses excluding losses

	For the period 5 Sep 2022 to 30 June 2023 \$'000	
	Consolidated	Parent
(a) Employee related expenses		
Salaries and wages (including annual leave)	502	-
Long service leave	232	-
Superannuation – defined contribution plans	34	-
Superannuation - defined benefit plans	2	-
Payroll tax	25	-
	795	-

Pursuant to the *Administrative Arrangements (Administrative Changes - Miscellaneous) Order 2023* dated 22 February 2023, the persons employed in the Office of NSW Independent Casino Commission in DEIT were transferred to the NICC Staff Agency effective from 27 February 2023. Until this date NICC did not have any staff and relied on the personnel services provided in-kind by DEIT. Refer Note 2 (c).

(b) Personnel services

Personnel services - NICC Staff agency	-	582
	-	582

(c) In-kind personnel services

Provided by the principal department	7,354	7,354
	7,354	7,354

DEIT personnel provided corporate and regulatory services to assist NICC in its first year of establishment. These expenses have not been on-charged to NICC.

(d) Grants and subsidies

Grants to NSW government agencies	1,203	1,203
	1,203	1,203

Funding provided to DEIT to reimburse the Independent Liquor and Gaming Authority for its cost incurred during the year in relation to extension of the Bell Inquiry, a review of The Star Pty Limited ('The Star') under section 30 and 143 of the Act to consider how effectively The Star is complying with its statutory obligations and suitability to hold a casino licence.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

2. Expenses excluding losses (continued)

(e) Other operating expenses

	For the period 5 Sep 2022 to 30 June 2023 \$'000	
	Consolidated	Parent
Fees and charges	309	309
Legal expenses	606	606
Auditor's remuneration	34	34
Contractors	64	64
Other	4	4
	1,017	1,017

3. Revenue

(a) Retained taxes, fees and fines

Casino supervisory levy	15,564	15,564
	15,564	15,564

CSL is recognised as a revenue under AASB 1058 *Income of Not-for-Profit Entities* when NICC obtains the right to receive the levy.

(b) In-kind contributions

Expenses incurred that have not been on-charged to NICC	7,354	7,354
	7,354	7,354

In-kind contributions were provided by DEIT. Refer to note 2(c).

(c) Other revenue

Payment from The Star	7,000	7,000
	7,000	7,000

Contribution from The Star for the costs of the Bell Inquiry. The Bell Inquiry, commenced on 14 September 2021, was conducted by the Independent Liquor and Gaming Authority prior to the establishment of NICC. The review considered how effectively The Star is complying with its statutory obligations and whether it remains suitable to hold a casino licence. The report on the review was issued on 31 August 2022 which determined The Star to be unsuitable to hold a casino licence. NICC took disciplinary actions on The Star based on recommendations of the inquiry. Refer to Note 14.

(d) Acceptance by the Crown of employee benefits and other liabilities

Long service leave provision	211	-
Superannuation - defined benefit	2	-
	213	-

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

3. Revenue (continued)

(e) Summary of compliance

The *Appropriation Act 2022 (Appropriations Act)* and the subsequent variations appropriates the sum of \$3.0 billion to the Minister for Enterprise, Investment and Trade out of the Consolidated Fund for the services of DEIT, for the year 2022–23. The spending authority of the Minister from the *Appropriations Act* has been delegated or subdelegated to officers of DEIT and entities that it is administratively responsible for, including NICC.

The *Treasury and Energy Legislation Amendment Act 2022* made some amendments to sections 4.7 and 4.9 of the *Government Sector Finance Act 2018* (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for NICC being the Minister for Enterprise, Investment and Trade, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time NICC receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by NICC. These deemed appropriations are taken to have been given for the services of DEIT.

In addition, government money that NICC receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the *GSF Amendment (Deemed Appropriations) Regulation 2023* was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

A summary of compliance is disclosed in the financial statements of the Annual Report of DEIT. It has been prepared by aggregating the spending authorities of the Minister for Enterprise, Investment and Trade for the services of DEIT. It reflects the status at the point in time this disclosure statement is being made. NICC's spending authority and expenditure is included in the summary of compliance.

The delegation/sub-delegations for 2022-23, authorising officers of NICC to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of NICC. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of DEIT to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the *Appropriations Act* and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of DEIT.

The State Budget and related 2023-24 Appropriation Bill has been delayed until September 2023. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from the Consolidated Fund. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2023-24 *Appropriation Act*.

4. Cash and cash equivalents

	2023	2023
	\$'000	\$'000
	Consolidated	Parent
Cash at bank	18,998	18,998
	18,998	18,998

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

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

4. Cash and cash equivalents (continued)

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the year to the Statement of Cash Flows.

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

5. Receivables

	2023 \$'000	2023 \$'000
	Consolidated	Parent
Current receivables		
GST receivable	5	5
Other receivable	7	7
	12	12

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

NICC 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

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

For trade receivables, NICC applies a simplified approach in calculating ECLs. NICC recognises a loss allowance based on lifetime ECLs at each reporting date. NICC 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. Payables

Current

Trade creditors and accruals	198	198
Accrued salaries, wages and on-costs	36	-
Other payables	14	50
	248	248

Recognition and measurement

Payables represent liabilities for goods and services provided to NICC 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.

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

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

7. Provisions

	2023	2023
	\$'000	\$'000
	Consolidated	Parent
Current		
Employee benefit and related on-costs		
Annual leave, including on-costs	184	
Long Service leave on-costs	30	-
Total employee provisions	214	-
Other		
Provision for personnel services	-	214
Total current provisions	214	214
Non-Current		
Employee benefit and related on-costs		
Long Service leave on-costs	3	-
Total employee provisions	3	-
Other		
Provision for personnel services	-	3
Total non-current provisions	3	3
Aggregate employee benefits and related on-costs		
Provisions – current	214	-
Provisions – non current	3	-
Accrued salaries, wages and on-costs (Note 6)	36	-
	252	-

Recognition and measurement

Employee benefits and related on-costs

Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. NICC has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave.

All annual leave is classified as a current liability even where NICC does not expect to settle the liability within 12 months as it does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

7. Provisions (continued)

Long service leave and superannuation

NICC's long service leave and defined benefit superannuation liabilities are assumed by the Crown. NICC accounts for the liabilities as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth Government bond rate at the reporting date.

The superannuation expense for the financial period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e., Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e., State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

8. Net assets from equity transfers

Pursuant to the *Administrative Arrangements (Administrative Changes - Miscellaneous) Order 2023*, the persons employed in the Office of NICC in DEIT were transferred to the NICC Staff Agency effective from 27 February 2023. Assets and liabilities associated with the affected staff were also transferred on this date.

For the period ended 30 June 2023	\$'000
Current assets	-
Non-current assets	-
Total assets	-
Current liabilities	
Provisions	135
Non-current liabilities	-
Total liabilities	135
Decrease in net assets from equity transfer	(135)

9. Commitments

There were no material capital commitments as at the reporting date.

10. Contingent assets and contingent liabilities

There were no known contingent assets or contingent liabilities as at the reporting date.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

11. Reconciliation of cash flows from operating activities to net result

	For the period 5 Sep 2022 to 30 June 2023	
	\$'000	
	Consolidated	Parent
Net cash from operating activities	18,998	18,998
Increase / (decrease) in receivables	12	12
(Increase) / decrease in payables	(248)	(248)
(Increase) / decrease in provisions	(82)	(82)
Net result	18,680	18,680

12. Financial instruments

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

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

The Chief Commissioner has the 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 NICC, to set risk limits, and to control and monitor risks. Compliance with policies is reviewed by NICC on a continuous basis.

(a) Financial instrument categories

Class	Notes	Category	Carrying amount	
			2023	2023
			\$'000	\$'000
			Consolidated	Parent
Financial assets				
Cash and cash equivalents	4	Amortised cost	18,998	18,998
Receivables ⁽ⁱ⁾	5	Amortised cost	7	7
			19,005	19,005
Financial liabilities				
Payables ⁽ⁱⁱ⁾	6	Financial liabilities measured at amortised cost	248	248
			248	248

⁽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)

NICC determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(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 NICC 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:

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

12. Financial instruments (continued)

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

When NICC 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 NICC has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of NICC's continuing involvement in the asset. In that case, NICC also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that NICC has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that NICC 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.

(c) 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.

(d) Financial risks

i) Credit risk

Credit risk arises when there is the possibility of NICC's debtors defaulting on their contractual obligations, resulting in a financial loss to NICC. 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 NICC, including cash, receivables and deposits. No collateral is held by NICC. NICC 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.

Receivables – trade debtors and other receivables

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.

NICC does not have any receivables (other than statutory receivables) as at the reporting date and as a result there is no expected credit loss.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

12. Financial instruments (continued)

ii) Liquidity risk

Liquidity risk is the risk that NICC will be unable to meet its payment obligations when they fall due. NICC continuously manages risk through monitoring future cash flows to ensure adequate holding of high-quality liquid assets.

NICC's exposure to liquidity risk is deemed insignificant based on current operations and funding model, and 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, NICC may automatically pay the supplier simple interest.

No interest for late payment was made during the year.

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

	Weighted average effective interest rate	Interest rate exposure				Maturity dates		
		Nominal amount	Fixed interest rate	Variable interest rate	Non- interest bearing	< 1 yr	1-5 years	> 5 yrs
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuals 2023								
Payables		248	-	-	248	248	-	-
Total		248	-	-	248	248	-	-

iii) Market risk

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

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 interest-bearing liabilities. NICC 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.

As at the reporting date, NICC does not hold any interest-bearing liabilities and as such does not have any interest rate risk.

(e) 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.

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

12. Financial instruments (continued)

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

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of NICC. KMP for NICC comprise of the Chief Commissioner, Commissioners and Director in the Office of NICC.

KMP compensation for NICC is as follows:

Short term employee benefits:

	2023 \$'000
Salaries	1,043
Other long-term employee benefits	66
Total remuneration	1,109

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

Counterparty	Nature of transaction	2023 \$'000	
		Income / (expenses)	Net receivable/ (payable)
Revenue			
DEIT	In-kind contribution	7,354	-
Expenses			
DEIT	In-kind personnel services	(7,354)	-
	Grant paid to fund legal fees for Bell Inquiry	(1,203)	-
	Other administrative support and operational assistance	(420)	(121)
Independent Liquor and Gaming Authority	Administrative, secretarial support and operational assistance	(1,120)	(17)
Audit Office of NSW	External audit fees for NICC	(34)	(34)
NSW Police Force	Providing police casino inspectors for casino regulation and compliance	(37)	

NSW Independent Casino Commission

Notes to the financial statements for the period ended 30 June 2023

14. Administered items

During the year, NICC took disciplinary actions on findings from the Bell Inquiry that The Star is unsuitable to operate. NICC imposed a suspension on The Star's licence, effective 21 October 2022, and a pecuniary penalty of \$100 million under section 23 (1)(b) of the Act. The penalty, a revenue to the Crown, is paid to the Consolidated Fund.

Administered revenue

	2023
	\$'000
Pecuniary penalty	100,000
	<u>100,000</u>

Administered revenue information is presented on a revenue earned (accrual) basis.

Recognition and measurement

Administered revenue is recognised when the underlying past event under statutory requirements results in the right to receive revenue, unless it cannot be reliably measured before the financial statements are signed.

(a) Administered assets

Penalty receivable - current	40,000
	<u>40,000</u>

The pecuniary penalty is payable by The Star in three instalments with the last instalment due on 29 December 2023. The receivable represents the final and third instalment outstanding at the reporting date.

Recognition and measurement

In accordance with AASB 9 *Financial Instruments*, statutory penalties are initially recognised where statutory requirements establish a right to receive the financial asset. Such a right arises on the occurrence of a past event.

15. Events after the reporting period

There are no known events subsequent to the reporting date requiring disclosure.

End of audited financial statements

Attachments

Attachment A: Budget review and plan

Under section 139e of the Act, the NICC is required to provide an outline budget for the following financial year. NICC was created on 5 September 2022. As a result, the actual spend variance is not measured to budget in 2022-23. NICC is funded through the Casino Supervisory Levy (CSL) which is paid by the casino operators under section 115A of the *Casino Control Act 1992*. The annual amount is fixed by section 51 of the *Casino Control Regulation 2019*.

Budget for 2023-24

The budget set out in the table below represents the budgeted cost of all activities of the Commission, as published in 2023-2024 NSW Budget Paper No. 2.

Item	2023-24 Budget '000
Expenses excluding losses	
Board members & staff remuneration	3,111
Contractors	79
Other operating expenses	16,559
Total expenses excluding losses	19,749
Revenue	
Casino Supervisory Levy	19,480
Total Revenue	19,480
Net Results	(269)
Other comprehensive income	-
Total comprehensive income	(269)

Attachment B: NICC Internal Audit and Risk Management Attestation 2022-2023

13/10/2023

Internal Audit and Risk Management Attestation Statement for the 2022-2023 Financial Year for NSW Independent Casino Commission

I, Philip Crawford, am of the opinion that the NSW Independent Casino Commission has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements		For each requirement, please specify whether 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.	In transition
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.	In transition
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.	In transition
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	In transition
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	In transition
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.	In transition
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'.	In transition

Membership

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

1. Independent Chair, Mr Elizabeth Crouch AM, 6 September 2022 to 30 June 2023
2. Independent Member, Dr Abby Bloom, 6 September 2022 to 30 June 2023
3. Independent Member, Mr Mark Harrison, 6 September 2022 to 30 June 2023.

Shared Arrangements

I, Philip Crawford, advise that the Commission has entered into an approved shared arrangement with the following Department/agencies:

- Department of Enterprise, Investment and Trade
- Greyhound Welfare and Integrity Commission
- Independent Liquor and Gaming Authority

The resources shared include the Audit and Risk Committee, the Chief Audit Executive and the internal audit functions. The shared Audit and Risk Committee is a Principal Department Led Shared Audit and Risk Committee.

Departures from Core Requirements

I, Philip Crawford, advise that the internal audit and risk management processes for the NSW Independent Casino Commission from the following Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*.

The departure from the Core Requirements is due to the Commission implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements.

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
In Transition	
Core Requirements 1.1 and 1.2 – Risk Management Framework	• The NSW Independent Casino Commission had a 12-month transition period, that commenced on 5 September 2022, to obtain compliance with TPP20-08's Core Requirements.

	• A Risk Management Policy and Framework were implemented on 24 November 2022 and the Commission is now fully compliant with core requirements 1.1 and 1.2. • TPP 20-08 directs that these requirements be marked as 'In transition' as they were not implemented and maintained for the full financial year.
Core Requirements 2.1, 2.2 and 2.3 – Internal Audit Function Core Requirements 3.1 and 3.2 – Audit and Risk Committee	• The NSW Independent Casino Commission had a 12-month transition period, that commenced on 5 September 2022, to obtain compliance with TPP20-08's Core Requirements. • The Commission joined a Shared Arrangement Agreement on 10 March 2023 to share an internal audit function and an Audit and Risk Committee, and the Authority is now fully compliant with Core Requirements 2.1, 2.2, 2.3, 3.1 and 3.2. • TPP20-08 directs that these requirements be marked as 'In transition' as they were not implemented and maintained for the full financial year

These processes, including the practicable alternative measures implemented, demonstrate that the NSW Independent Casino Commission has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the Department.



Philip Crawford

Chief Commissioner

For and on behalf of the **NSW Independent Casino Commission**

Attachment C: NSW Independent Casino Commission Cyber Security Attestation

13/10/2023

Jake Radloff
Cyber Security Team
Cyber Security NSW

NSW Independent Casino Commission (NICC) Cyber Security Annual Attestation

Statement for the 2022-2023 Financial Year

Dear Jake, I am writing to formally attest on behalf of NICC that we have assessed and are of the opinion that the Department of Enterprise, Investment and Trade (DEIT) is effectively managing cyber security risks for our organization during the 2022-2023 financial year. This attestation is in line with our commitment to ensure the security and integrity of our digital assets and operations. As part of our ongoing commitment to enhancing our cyber security posture, several key points merit attention:

- **Governance and Risk Management:** In alignment with our Memorandum of Understanding (MoU), the responsibility for managing and monitoring our cybersecurity systems is leveraged from DEIT. DEIT's Risk and Governance Committee plays a pivotal role in overseeing the application of our risk framework to assess cybersecurity risks, while our in-house internal audit and risk committee is actively considering the inclusion of cyber risks in their committee agenda.
- **Risk Assessment and Management:** We have diligently assessed and continue to manage risks to our information and systems effectively. This proactive approach allows us to stay ahead of potential threats and vulnerabilities.
- **Cyber Security Enhancement:** We are currently in the process of developing new systems and processes to further strengthen our cyber security environment. These initiatives are vital in adapting to the evolving threat landscape.
- **Leveraging DEIT Expertise:** We leverage DEIT's comprehensive Cyber Security Plan, which is currently in progress and anticipated to be completed during the current reporting period (2023-2024). Additionally, we benefit from DEIT's Cyber Incident Response Plan to ensure swift and effective responses to any cyber incidents that may occur.

It's important to note that this attestation specifically covers the systems managed by the DEIT Information Technology Team. We also utilize systems managed by the Department of Customer Service under the GovConnect arrangements, for which a separate cyber attestation is made to ensure comprehensive coverage of our cyber security landscape.

In conclusion, we can confidently assert that, in the 2022-2023 financial year, NICC has undertaken proactive measures to address and mitigate cyber security risks in collaboration

with DEIT. We remain dedicated to fostering a secure digital environment for our operations, stakeholders, and the data entrusted to us.

We appreciate your attention to this matter, and your signature below signifies your concurrence with this attestation.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Philip Crawford', written in a cursive style.

Philip Crawford

Chief Commissioner

For and on behalf of the **NSW Independent Casino Commission**