



# Department of Racing Gaming and Liquor 2009/10 Annual Report



## TABLE OF CONTENTS

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Contacts .....	2
Statement of Compliance .....	3
Overview of Agency .....	4
Executive Summary .....	4
Operational Structure .....	6
Performance Management Framework.....	10
Agency Performance .....	11
Report on Operations.....	11
Licensing Program .....	12
Compliance Program .....	18
Significant Issues Impacting the Agency .....	20
Disclosures and Legal Compliance .....	36
Financial Statements .....	36
Detailed Information in Support of Key Performance Indicators.....	68
Ministerial Directives .....	73
Other Financial Disclosures .....	73
Governance Disclosures .....	75
Other Legal Requirements .....	75
Government Policy Requirements .....	80

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## AVAILABILITY IN OTHER FORMATS

This publication is available in alternative formats such as computer disk, audiotape or Braille.

People who have a hearing or speech impairment may call the National Relay Service on 133 677 and quote telephone number (08) 9425 1888.

The report is available in PDF format at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au)

## STATEMENT OF COMPLIANCE

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Hon. Terry Waldron, MLA  
MINISTER FOR RACING AND GAMING

In accordance with Section 61 of the *Financial Management Act 2006*, I hereby submit, for your information and presentation to Parliament, the Annual Report of the Department of Racing, Gaming and Liquor for the financial year ended 30 June 2010.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Barry A Sargeant  
DIRECTOR GENERAL

17 September 2010

## OVERVIEW OF AGENCY

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### EXECUTIVE SUMMARY

I am pleased to present the Department of Racing, Gaming and Liquor's Annual Report for the financial year 2009/10. This report is designed to outline the Department's activities and to satisfy its statutory reporting requirements. The report includes a synopsis of the Department's activities.

One of the Department's key roles during the year was the continued facilitation of the State Government's liquor reforms. These reforms include two major improvements:

- A new licensing regime for approved managers to acknowledge the different levels of responsibility of managers, and provide flexibility for approved managers to move between licensed premises; and
- Owners or occupiers of private premises will be able to apply to have the premises declared a restricted residence, for a specified period, for the purpose of prohibiting liquor on that premises.

In October 2009, in my capacity as the Director of Liquor Licensing, restrictions were imposed on all metropolitan nightclubs and late night licensed venues in Northbridge and surrounding areas from 7 December 2009 to 25 April 2010, to address the issues raised in the Commissioner of Police's report, *'Is Your House in Order? Re-visiting Liquor Licensing Practices and the Establishment of an Entertainment Precinct in Northbridge'*.

Now that the conditions have expired, the Drug and Alcohol Office and the WA Police Service will be providing the licensing authority with separate evaluations on the effectiveness of the conditions. The evaluations will take approximately two months to be completed.

The implementation of new legislation authorising the collection and disbursement of a levy to be paid by domestic and off-shore betting operators publishing or using Western Australian race fields has been a major task for the Department. The scheme was launched on 11 January 2010. The fees are disbursed to Western Australian racing clubs registered with RWWA. This has been complimented by the development of an online Racing Bets Levy Return Form. The purpose of this Form is to ensure the appropriate levies are being paid by betting operators.

Furthermore, amendments to the *Gaming and Wagering Commission Act 1987*, which impose advertising standards on all gambling operators who advertise in Western Australia, came into operation on 11 January 2010. The effect of the regulations is that a gambling operator must not publish or cause to be published any advertising that is contrary to the public interest. In particular, wagering operators will not be able to publish advertisements that (amongst other matters) provide inducements for people to participate in gambling or establish betting accounts.

All gambling operators who advertise services in Western Australia are required to promote the national problem gambling helpline number and on-line counselling website on any published material.

In the period covered by this report, the Department and its staff continued to provide a range of services to the Western Australian public. For instance, almost 12,000 liquor licensing applications were processed. Additionally, more than 2300 community gaming applications were processed which included allowing eligible organisations to raise funds through the conduct of gaming functions and raffles.

Furthermore, inspectors and other officers from the Department conducted more than 12,900 compliance actions, including audits and inspections of lawful wagering, community gaming, liquor and casino activities throughout Western Australia.

The achievements of the Department would not have been possible without the professionalism and dedication of our staff. I take this opportunity to thank them for their commitment and their belief in the importance of their role.

A handwritten signature in blue ink, appearing to read 'BA Sargeant', with a stylized flourish at the end.

Barry A Sargeant

## OPERATIONAL STRUCTURE

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### ENABLING LEGISLATION

The Department of Racing, Gaming and Liquor is established as a department under section 35 of the *Public Sector Management Act 1994*.

### RESPONSIBLE MINISTER

As at 30 June 2010, the Minister responsible for the Racing and Gaming Portfolio was the Hon. Terry Waldron MLA, Minister for Racing and Gaming.

### CORPORATE EXECUTIVE

#### **Mr Barry A Sargeant, Director General**

As at 30 June 2010, Barry was the Accountable Officer for the Department of Racing, Gaming and Liquor, a position he has held since 1992. As Director General, Barry is the administrative head and Accountable Officer for the operations of the Department of Racing, Gaming and Liquor. Barry is also the employing authority for all staff.

Barry also holds the statutory positions of Director of Liquor Licensing and, in an ex officio capacity, Chairman of the Gaming and Wagering Commission of Western Australia.

#### **Ms Janine Belling, Director Licensing**

Janine has more than 20 years experience in the public sector and has been employed at both State and Commonwealth Government level, including the past several years as a senior manager with the Department of Racing, Gaming and Liquor. In addition to her experience she holds the qualification of BA Sociology/Anthropology and Literature.

As Director Licensing, Janine is responsible for all licensing and policy matters as they relate to the liquor and gambling industries, and for exercising statutory powers in accordance with the relevant legislation. Janine also holds the statutory position of Chief Casino Officer under the *Gaming and Wagering Commission Act 1987*.

#### **Ms Vanessa Grant, Director Governance and Strategy**

Vanessa has more than 20 years experience in both the WA State Public Sector and Australian Public Service. Vanessa joined the Department in December 2008 following five years as Director Business Services with the Corruption and Crime Commission.

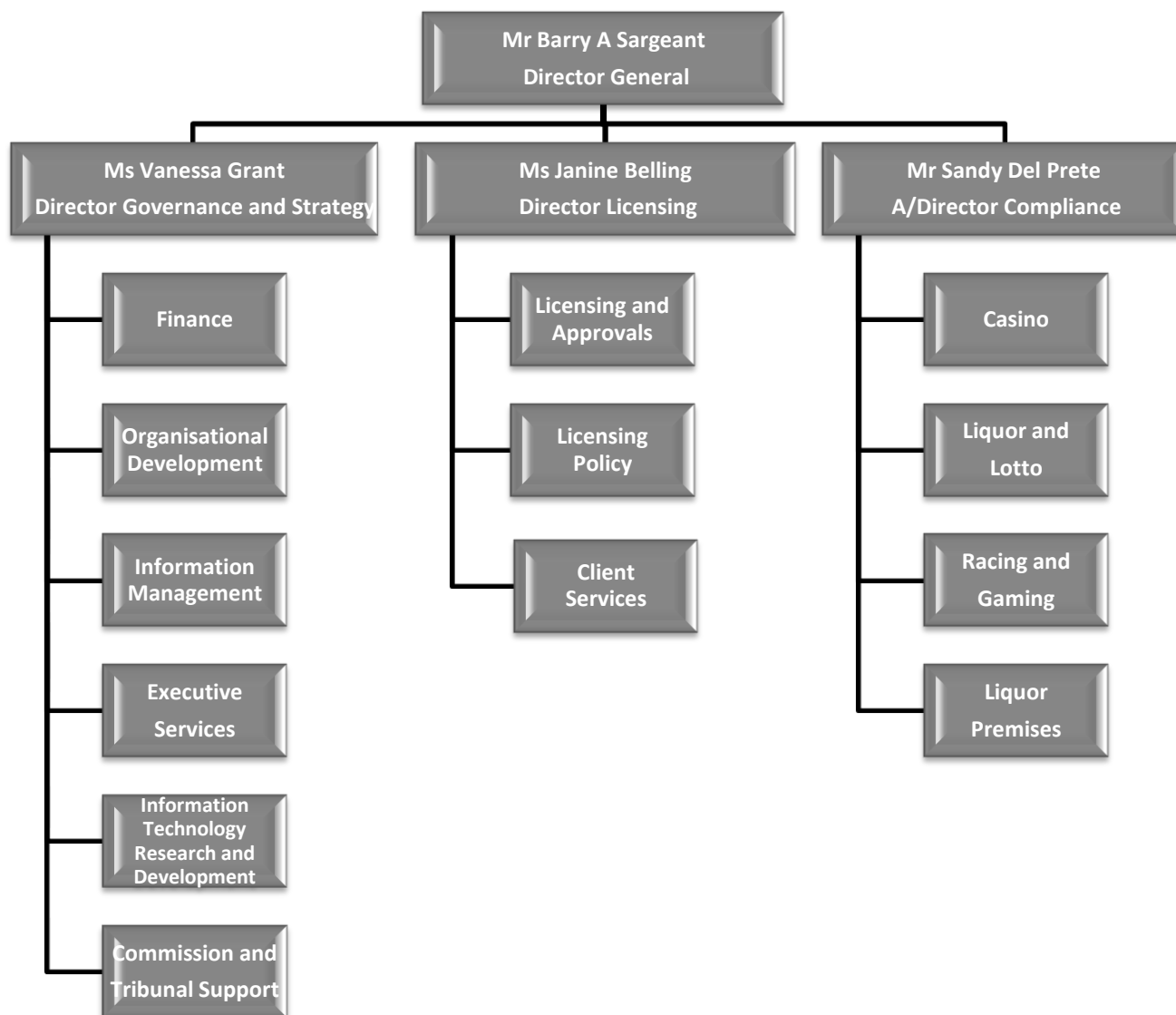
Vanessa has responsibility for ensuring the seamless delivery of corporate services along with overseeing the various governance functions required in the public sector. In addition to this experience, Vanessa has qualifications in public administration.

### Mr Sandy Del Prete, Acting Director Compliance

Sandy has more than 30 years experience in the public sector, including the past 20 years in various licensing and regulatory roles within the Department. In addition to this experience, Sandy has qualifications in business administration.

As Acting Director Compliance, Sandy is responsible for the conduct of enforcement, audit and inspection programs associated with the racing, gaming and liquor industries and in determining and ensuring the compliance of those industries within the requirements of legislation.

### DEPARTMENTAL ORGANISATIONAL CHART





## KEY FUNCTIONS OF THE DEPARTMENT

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To ensure its objectives and desired outcomes are achieved, the Department is engaged in a range of activities and provides a number of core services to the public of Western Australia. The Department provides:

- Licensing services for casino and permitted gaming, liquor licensing and betting industries;
- Inspectorial and audit services for casino and permitted gaming, liquor licensing and betting industries;
- Expertise and experience in structuring legislation and policy relevant to the racing, gaming and liquor industries;
- Information and support to stakeholders, and engages in programs designed to raise awareness of relevant legislation and policies.

In addition, the Department also provides support services to the following bodies:

- Gaming and Wagering Commission of Western Australia;
- Racing Penalties Appeals Tribunal;
- Gaming Community Trust;
- Problem Gambling Support Services Committee; and
- Liquor Commission of Western Australia

## PLANS AND POLICIES

The Department has a strong organisational policy framework covering governance, conduct, communications and human resources. Policies are available to staff through the Department's intranet and new staff are informed about them as part of their induction.

During the year, the Department continued its review of all its corporate governance policies to ensure they are fit for purpose and comply with relevant legislation. This review was completed during 2009/10.

## ADMINISTERED LEGISLATION

The Minister for Racing and Gaming administers the following Acts:

- *Gaming and Betting (Contracts and Securities) Act 1985;*
- *Liquor Control Act 1988;*
- *Racing and Wagering Western Australia Act 2003;*
- *Racing and Wagering Western Australia Tax Act 2003;*
- *Racing Penalties (Appeals) Act 1990;*
- *Racing Restriction Act 2003;*
- *The Western Australian Turf Club Act 1892;*
- *Western Australian Greyhound Racing Association Act 1981;*
- *Western Australian Trotting Association Act 1946; and*
- *Western Australian Turf Club (Property) Act 1944.*

## OTHER KEY LEGISLATION IMPACTING ON THE DEPARTMENT'S ACTIVITIES

In the performance of its functions, the Department complies with the following relevant written laws:

- *Auditor General Act 2006;*
- *Contaminated Sites Act 2003;*
- *Disability Services Act 1993;*
- *Equal Opportunity Act 1984;*
- *Electronic Transactions Act 2003;*
- *Financial Management Act 2006;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000; and*
- *State Supply Commission Act 1991.*

## PERFORMANCE MANAGEMENT FRAMEWORK

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### OUTCOME BASED MANAGEMENT FRAMEWORK

The mission of the Department is to promote and maintain the integrity of lawful gambling, racing and liquor activities through the licensing and regulation of suppliers, within community expectations on harm minimisation.

The vision of the Department is to be acknowledged and respected by our customers for our leadership and commitment to quality service.

The core values of the Department are respect, integrity, professionalism and innovation.

Broad government goals are supported by this Department by specific outcomes. The Department delivers services to achieve these outcomes. The following table illustrates the relationship between the Department's services and desired outcomes, and the goals of the government.

Government Goal	Desired Outcome of the Department	Services Delivered by the Department
Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	To promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with legislation.	Evaluation and determination of licensing applications.
		The carrying out of compliance audits and inspections.

Detailed information on the Department's Key Performance Indicators is provided on pages 73 - 75.

### CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

The Department's Outcome Based Management Framework did not change during 2009/10.

### SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Department is a client of the Office of Shared Services in respect to financial management (Oracle system) and the provision of payroll services. Therefore, the Department shares responsibilities for its financial management with the Office of Shared Services.

## AGENCY PERFORMANCE

### REPORT ON OPERATIONS

#### Actual Results v Budget Targets

Financial Targets	2009/10 Target <sup>1</sup>	2009/10 Actual	Variation
	\$000	\$000	\$000
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	9,610	11,649	2,039
Net cost of services (sourced from Statement of Comprehensive Income)	3,913	3,176	737
Total equity (sourced from Statement of Financial Position)	2,182	3,015	833
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	16	332	316
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Approved full time equivalent (FTE) staff level	101	106.9	5.9

Summary of Key Performance Indicators	2009/10 Target <sup>2</sup>	2009/10 Actual	Variation <sup>3</sup>
Licensee/service providers that comply with audit requirements and statutory criteria	95%	97%	2%
Evaluation and determination of licensing applications – average cost of determining applications	\$483	\$485	\$2
Compliance audits and inspections – average cost of conducting an inspection	\$506	\$453	\$53

1 As specified in the budget statements for the year in question.

2 As specified in the budget statements for the year in question.

3 Explanations for the variations between target and actual results are presented at pages 73 - 75.

## LICENSING PROGRAM

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The *Liquor Control Act 1988* provides the legislative framework for the liquor licensing authority, comprising of the Director of Liquor Licensing and the Liquor Commission, to regulate:

- the sale, supply and consumption of liquor;
- the use of premises on which liquor is sold; and
- the services and facilities provided in conjunction with the sale of liquor.

One of the primary objects of the *Liquor Control Act 1988* is to minimise harm or ill-health caused to people, or any group of people, due to the use of liquor.

Pursuant to section 13 of the *Liquor Control Act 1988*, the Director of Liquor Licensing is responsible for the administration of the Act, other than those aspects that relate to the Liquor Commission.

In addition to hearing and determining liquor licensing applications, the Director of Liquor Licensing is also empowered under other sections of the Act to:

- monitor the standards of licensed premises;
- ensure compliance with the requirements of the *Liquor Control Act 1988*;
- develop and implement policy consistent with Government objectives;
- provide policy advice;
- negotiate and liaise with industry groups on high level matters, such as Liquor Accords and industry training;
- consider section 117 complaints (complaints about noise or behaviour related to licensed premises) and be responsive to such complaints; and
- determine any other matters arising from the administration of the *Liquor Control Act 1988*.

The Director of Liquor Licensing is Barry Sargeant, the Director General of the Department of Racing, Gaming and Liquor.

The Department also performs functions for the Commonwealth Government in respect of liquor activities on Christmas and Cocos Islands. The cost of services provided in the Indian Ocean Territories is recouped by the Department and retained as part of a net appropriation determination.

## LIQUOR PERFORMANCE INFORMATION

The Department provides a licensing service for casino and community gaming, liquor licensing and the betting industries.

Applications made pursuant to the provisions of the relevant legislation are evaluated and determined by the Licensing Division, which results in the grant or refusal of applications and the subsequent issue or refusal of the licence sought.

The following tables provide a snapshot of the types and quantity of liquor licence applications that the Department determines and how many licences are active in Western Australia, over the past four years.

<b>LIQUOR LICENCES BY TYPES AND CATEGORIES 2009/10</b>				
<b>Licence Types</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Hotel	293	289	288	286
Tavern	325	335	347	358
Hotel Restricted	41	43	44	47
Small Bar	0	11	30	44
Liquor Store	477	493	506	523
Club	419	420	423	423
Club Restricted	524	530	534	544
Restaurant	735	745	734	759
Nightclub	50	50	47	45
Special Facility	522	527	529	549
Casino Liquor	1	1	1	1
Producer's Licence	571	577	579	575
Wholesaler's Licence	181	178	179	188

<b>LIQUOR LICENCES GRANTED BY TYPE</b>				
<b>Licence Types</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Hotel	1	0	2	0
Tavern	10	10	17	13
Hotel Restricted	2	1	4	3
Small Bar	0	11	19	14
Liquor Store	2	16	15	18
Club	2	2	4	3
Club Restricted	12	9	15	16
Restaurant	50	36	45	47
Nightclub	0	0	1	0
Special Facility	41	14	32	45
Producer's Licence	35	25	24	31
Wholesaler's Licence	24	15	24	16

<b>LIQUOR LICENSING APPLICATIONS</b>				
<b>Licence Types</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Transfer of Licence	384	344	242	262
Grant and Removal of Licence	158	204	264	260
Alteration/Redefinition	244	159	183	167
Variation to Licence Conditions	187	196	230	166
Extended Trading Permits (long term extended hours)	72	86	43	30
Extended Trading Permits (other long term)	150	133	118	80
One-off Extended Trading Permits	1704	1414	1442	1559
Approval of Manager	1622	6883	3408	4252
Protection Orders	53	37	56	39
Change of Premises Name	86	92	62	74
Position of Authority/Shareholding	131	130	123	100
Arrangement/Agreement	200	165	45	42
One-off variation of licensed area	97	101	108	96
One-off variation of licence hours	158	159	140	135
One-off variation of area and hours	30	22	36	30
Occasional (by number of hours)	4530	5808	7558	5666

## GAMING AND WAGERING LICENSING AND PERMITS

Licences and permits are issued to enable community and sporting clubs to raise funds through the conduct of community gaming, such as standard lotteries (“raffles”), continuing lotteries (“break-open bingo tickets”), video lottery terminals (VLTs), bingo and gaming nights. Section 51 of the *Gaming and Wagering Commission Act 1987* provides that gaming cannot be promoted or otherwise conducted for the purposes of private gain or any commercial undertaking.

As delegates of the Gaming and Wagering Commission of Western Australia, the Department issued 2310 community gaming permits, which raised a gross amount of approximately \$51 million being raised by permit holders. A nett amount of approximately \$15 million was returned to beneficiary organisations for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other similar activities within the Western Australian community following the deduction of expenses associated with running the event (such as permit fees; cost of prizes; ticket printing or hiring fees for gaming equipment and advertising fees, telemarketing charges, postage and bank charges).

Department staff also issued licences and permits to allow:

- persons to work in licensed positions at the Burswood International Resort Casino;
- persons to work in licensed positions at Racing and Wagering Western Australia; and
- bookmaker operations.

The table below shows the total number of licences issued by the Department over the past four years.

<b>NUMBER OF GAMING PERMITS ISSUED BY THE DEPARTMENT</b>				
	2006/07	2007/08	2008/09	2009/10
Bingo	202	191	205	200
Continuing Lottery	329	279	290	250
Gaming Functions	337	407	400	458
Standard Lottery	1022	968	881	891
Calcutta	31	38	37	40
Two-Up	78	74	64	51
VLTs	441	415	447	420
<b>TOTAL</b>	<b>2440</b>	<b>2372</b>	<b>2324</b>	<b>2310</b>



The table below shows the total gross and nett revenue raised by gaming permit holders over the past three years.

<b>COMPARISON OF GROSS AND NETT REVENUE RAISED BY GAMING PERMIT HOLDERS</b>						
	<b>2007/08</b>		<b>2008/09</b>		<b>2009/10</b>	
	<b>Gross</b>	<b>Nett</b>	<b>Gross</b>	<b>Nett</b>	<b>Gross</b>	<b>Nett</b>
Bingo	\$5,783,507	\$611,130	\$5,193,468	\$610,852	\$4,937,583	\$629,123
Continuing Lottery	\$8,173,687	\$1,785,280	\$8,709,058	\$2,630,975	\$7,542,204	\$1,573,044
Gaming Functions	\$1,997,493	\$446,622	\$2,653,366	\$547,375	\$3,040,118	\$519,811
Standard Lottery	\$26,414,860	\$11,115,070	\$25,461,192	\$10,925,262	\$25,047,997	\$10,911,070
Calcutta	\$348,761	\$59,316	\$370,295	\$52,575	\$460,277	\$79,314
Two-Up	\$164,092	\$105,118	\$112,680	\$73,097	\$74,986	\$41,907
VLTs	\$10,200,292	\$1,171,866	\$11,509,442	\$1,307,348	\$9,868,001	\$1,138,728
<b>TOTAL</b>	<b>\$53,082,692</b>	<b>\$15,294,402</b>	<b>\$54,009,501</b>	<b>\$16,147,484</b>	<b>\$50,971,166</b>	<b>\$14,892,997</b>

## LICENSING OF GAMING OPERATORS

Persons who assist in the conduct of community gaming for reward are required to hold a Gaming Operator's Certificate. The integrity of gaming operators is paramount to the integrity of community gaming activities. Applicants for a Gaming Operator's Certificate must satisfy a probity investigation in addition to demonstrating the required skills needed for working in the gaming industry.

## LICENSING OF CASINO EMPLOYEES AND CASINO KEY EMPLOYEES

The integrity of a casino's employees is central to the integrity of casino gaming. For this reason, all people directly associated with gaming at the Burswood International Resort Casino must be licensed under the appropriate regulations. The table below shows the total number of licences in operation over the past four years.

<b>CASINO EMPLOYEE LICENSING</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Key Employee Licences	240	247	365	374
Employee Licences	1415	1651	1791	1660

## LICENSING OF RWWA DIRECTORS AND KEY EMPLOYEES

In accordance with the provisions of sections 14 and 24 of the *Racing and Wagering Western Australia Act 2003*, employees acting on behalf of the Gaming and Wagering Commission coordinate the lodgement of applications for the licensing of RWWA's directors and key employees.

The table below shows the total number of licences in operation over the past four years.

<b>RWWA EMPLOYEE LICENCES</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Directors	10	6	10	11
Key Employee	55	56	61	75

## LICENSING OF BOOKMAKER OPERATIONS

The Department provides a licensing service for bookmakers and bookmakers' employees.

The tables below show the total number of licences in operation over the past four years.

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Bookmaker Licences	49	53	50	50

<b>BOOKMAKER LICENCES WITH ENDORSEMENTS</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Grandstand Enclosure	21	24	25	11
Ledger / Sports / Country Racecourse	36	41	45	39

<b>NUMBER OF BOOKMAKER'S EMPLOYEE LICENCES</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Issued	40	88	51	20
Expired	23	75	5	19

<b>NUMBER OF BOOKMAKER'S MANAGER LICENCES</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Issued	0	2	2	1
Expired	0	3	1	0

## COMPLIANCE PROGRAM

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The Department provides a range of inspectorial and audit functions for casino and community gaming, liquor licensing and the betting industries to ensure that the service of gambling and liquor is conducted in a responsible manner.

Inspectorial functions carried out by the Compliance Division include:

- casino surveillance;
- physical inspections and the auditing of financial returns in relation to permitted gaming activities;
- independent audit and verification of draws, ticket sales and winner selection in regard to Lotto, Oz Lotto, Powerball Lotto and Cash 3;
- inspection of race day activities;
- audits of TAB agencies;
- reporting on applications made under the provisions of the *Liquor Control Act 1988*;
- physical inspection of licensed premises;
- assisting in the resolution of noise complaints about licensed premises;
- assessing and collecting licence fees and other revenue; and
- investigation of complaints.

On behalf of the Gaming and Wagering Commission and the Director of Liquor Licensing, the inspectorial program enforces the provisions of the *Betting Control Act 1954*, *Casino Control Act 1984*, *Gaming and Wagering Commission Act 1987*, *Liquor Control Act 1988* and the *Racing and Wagering Western Australia Act 2003*, so that adequate controls are put in place to establish compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

Risk-based compliance assessment programs are used to assess compliance in relation to bookmakers' on-course and telephone betting operations, on-course totalisator betting, betting conducted at TAB agencies, casino gaming, community gaming and licensed premises.

## COMPLIANCE ACTIVITIES

AUDIT INSPECTIONS, ASSESSMENTS AND INVESTIGATIONS	2006/07	2007/08	2008/09	2009/10
Racing	64	182	181	1247
Lotterywest	1103	1128	1134	1108
Community Gaming	447	574	478	725
Burswood Casino	4808	6853	6253	6346
Liquor	1661	2206	2182	1972

REGULATORY FUNCTION	2006/07	2007/08	2008/09	2009/10
Inspections	5001	6924	6582	7175
Audits	195	442	2083	2252
Cautions Issued	57	53	79	75
Infringement Notices Issued	107	70	141	175
Prosecutions Initiated	0	2	2	0

INSPECTORATE PROGRAM	2006/07	2007/08	2008/09	2009/10
TAB agency audits	53	164	91	109
Bookmaker and on-course totalisator inspections and audits	11	18	19	27
Inspections and audits to obtain reasonable assurance as to casino gaming operations	4760	6853	6253	6346
Audits and inspections of community gaming operations	447	574	478	725
Infringement notices issued to persons who entered the casino whilst subject to a prohibition notice or were found cheating or for offences relating to a breach of a community gaming permit	43	41	55	20
Violation reports against the casino operation (relating to breaches of game rules, procedures or directions)	5	5	5	16
Investigation of formal complaints from casino patrons	12	16	0	10
Inspections of licensed premises	1661	2206	1794	1295
Investigation of complaints under section 117 of the <i>Liquor Control Act 1988</i>	24	9	12	11
Number of work orders issued against licensed premises	12	240	300	98
Number of liquor infringement notices issued	110	77	87	117
No. of complaints progressed on behalf of the Director of Liquor Licensing for disciplinary action under section 95 of the <i>Liquor Control Act 1988</i>	4	0	0	1

## SIGNIFICANT ISSUES IMPACTING THE AGENCY

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### PROHIBITION ORDERS

Prohibition orders were introduced in 2007 as a means to prohibit particular persons from entering or being employed in licensed premises. Several prohibition orders have been issued for the striking of persons with a glass vessel.

Part 5A of the *Liquor Control Act 1988* provides that the Commissioner of Police may apply to the Director of Liquor Licensing for a prohibition order to be made against a particular person.

Prohibition orders can be issued to people who are involved in anti-social behaviour in or around licensed premises, or whose employment in licensed premises is deemed to be problematic due to their involvement in serious or organised crime.

A prohibition order can be issued so that an individual is prohibited from:

- being employed by a licensee at a specified licensed premises, a particular class of licensed premises or any licensed premises; or
- entering a specified licensed premises, a specified class of licensed premises or any licensed premises.

An application for a prohibition order under section 152B of the *Liquor Control Act 1988* must set out the reasons why a person should be prohibited and any other information that is relevant to the issue. This can include details of any criminal convictions and any information regarding the person's involvement in serious and/or organised crime.

The Director of Liquor Licensing must give written notice to the person who is the subject of the application, stating that an application has been made, explaining the proposed effect of the order and affording reasonable opportunity to make submissions or be heard in relation to the matter. However, the *Liquor Control Act 1988* states that the Director of Liquor Licensing must not disclose information that is classified as confidential by the Commissioner of Police. The Director of Liquor Licensing may impose a prohibition order only if satisfied it is in the public interest to do so.

A prohibition order can be issued for a maximum of five years, or two years for a juvenile.

A \$10,000 penalty applies to a person who is given a prohibition order and fails to comply with that order. Any person given a copy of a prohibition order but continues to employ on a licensed premises the person who is subject to the order also commits an offence. The penalty for this offence is \$10,000.

As of 30 June 2010, 34 prohibition orders have been issued.

## **ADVERTISING STANDARDS FOR GAMBLING OPERATORS**

Legislation has been implemented that imposes advertising standards on all gambling operators who advertise in Western Australia, the purpose of which is to provide consumer protection principles and ensure that gambling advertising is in the public interest.

Amendments to the *Gaming and Wagering Commission Act 1987* came into operation on 11 January 2010. These amendments now permit interstate gambling operators to advertise in Western Australia provided they comply with prescribed consumer protection principles. These principles are based on the New South Wales advertising standards and are contained in the *Gaming and Wagering Commission Regulations 1988*.

The effect of the regulations is that a gambling operator licensed in any Australian jurisdiction seeking to advertise in Western Australia, must not publish or cause to be published any advertising that is contrary to the public interest. In particular, wagering operators will not be able to publish advertisements that (amongst other matters) provide inducements for people to participate in gambling or establish betting accounts.

All gambling operators who advertise services in Western Australia are required to promote the national problem gambling helpline number and on-line counselling website on any published material. A breach of the prescribed consumer protection principles attracts a penalty of \$5000.

Publishing of advertisements is defined as bringing to the notice of the public or sections of the public by means of newspaper, television, radio, the internet or any other form of communication.

## **LIQUOR RESTRICTIONS IN REMOTE COMMUNITIES**

There is continued interest by remote communities in reducing the level of alcohol-related harm.

In this regard, section 175(1a) of the *Liquor Control Act 1988* enables the Governor, on the recommendation of the Minister, to declare an area of the state a restricted area that prohibits the bringing in, possession and consumption of liquor in the declared area. Section 64 of the *Liquor Control Act 1988* allows for the Director of Liquor Licensing to impose conditions on licensees to restrict the sale and supply of liquor from licensed premises, where it is in the public interest.

With the bylaws program being put on hold due to cost and legislative difficulties, more communities are seeking to use section 175 to restrict alcohol consumption in their

communities. This is currently the State Government's preferred legislative mechanism for alcohol management in Aboriginal communities.

As at 30 June 2010, seven Aboriginal communities have been declared restricted areas under section 175(1a) of the *Liquor Control Act 1988*, prohibiting the bringing in, possession and consumption of liquor in those communities. If a person commits an offence against the regulations the penalties are between \$2000 and \$5000.

RESTRICTED AREA	REGULATIONS	COMMENCED	EXPIRES
Oombulgurri	<i>Liquor Control (Oombulgurri Restricted Area) Regulations 2008</i>	8 Nov 2008	7 Nov 2010
Jigalong	<i>Liquor Control (Jigalong Restricted Area) Regulations 2009</i>	2 May 2009	1 May 2011
Juwurlinji (Bow River)	<i>Liquor Control (Juwurlinji Restricted Area) Regulations 2009</i>	25 Jul 2009	25 Jul 2011
Nookanbah	<i>Liquor Control (Nookanbah Restricted Area) Regulations 2009</i>	25 Jul 2009	25 Jul 2011
Yakanarra	<i>Liquor Control (Yakanarra Restricted Area) Regulations 2010</i>	1 May 2010	30 Apr 2012
Wangkatjungka	<i>Liquor Control (Wangkatjungka Restricted Area) Regulations 2008</i>	23 Apr 2008	22 Apr 2013
Bayulu	<i>Liquor Control (Bayulu Restricted Area) Regulations 2010</i>	9 June 2010	8 Jun 2013

In addition, the following communities have section 175 applications in progress:

- Nicholson Block;
- Koongie Park;
- Kundat Djaru;
- Irrungadji;
- Punmu;
- Kunawarritji (Well 33);
- Ngumpan;
- Koorabye;
- Parrngurr (Cotton Creek); and
- Kadjina

The Department has also written to, and continues to consult with, the following communities, which are in close proximity to restricted or proposed restricted areas seeking their views on introducing restricted area regulations:

- Ngumpan, located approximately 20 km from Wangkatjungka;
- Koorabye, located approximately 20 km from Noonkanbah;
- Parrngurr (Cotton Creek), located close to Punmu Aboriginal community; and
- Kadjina, located approximately 50 km from Noonkanbah.

Under section 64 of the *Liquor Control Act 1988*, the Director of Liquor Licensing has the authority to act in the public interest to impose restrictions on the sale of liquor from licensed premises to address alcohol related harm in any part of the State.

There is also a system of voluntary liquor accords in place in WA whereby licensees, the police, and other local agencies agree on a set of voluntary liquor restrictions. Because these accords are voluntary, their success depends on the will of the licensees to collectively abide by them. Under these two processes all major Kimberley towns have liquor restrictions in operation.

While the State Government's position is that liquor restrictions in regional towns are useful in the short term as a circuit breaker, they are not a long term solution to the problems being experienced by indigenous communities.

Major restrictions imposed under section 64 to rural and remote communities are:

- Kimberley-wide container restrictions (Licences for premises north of 20 degrees south);
- Fitzroy Crossing;
- Halls Creek;
- Derby;
- Meekatharra;
- Mount Magnet;
- Newman;
- Nullagine;
- Port Hedland;
- Wiluna; and
- Northern Goldfields.

On 3 June 2009, the Director of Liquor Licensing gave notice to all licensees in the communities of Laverton, Leonora, Leinster, Kookynie, Agnew and Menzies who are entitled to sell packaged liquor that the level of alcohol related harm was such that it would be in the public interest to impose restrictive conditions on those licences.



Licensees were required to show cause why the proposed conditions should not be imposed with the final date for submissions being 4 August 2009.

On 18 September 2009, the Director of Liquor Licensing, having considered all submissions decided that on the balance of probabilities it was in the public interest and desirable to restrict the sale of packaged liquor in the communities of Laverton, Leonora, Leinster, Kookynie, Agnew and Menzies. As such, restrictive conditions were placed on the relevant licences in those towns and on any relevant licences granted in the future.

Therefore, effective 5 October 2009 under section 64 of the *Liquor Control Act 1988*, the following conditions were imposed on relevant licences and on any relevant licences in the future:

- packaged liquor may only be sold and supplied on or from the licensed premises between the hours of 12 midday and 9pm, except where it is sold to a lodger;
- the sale of relevant packaged liquor in individual containers of more than one litre is prohibited except where the sale is to a lodge, a liquor merchant or with the written permission of the Director of Liquor Licensing; and
- the sale of packaged beer in individual glass containers of more than 400 millilitres is prohibited except where the sale is to a lodger, a liquor merchant or with the written permission of the Director of Liquor Licensing.

Further details of sections 64 and Section 175 restrictions are available on the Department's website at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au).

## **LIQUOR RESTRICTIONS IN THE PERTH METROPOLITAN AREA**

In April 2009, a research report titled, '*Is Your House in Order? Re-visiting Liquor Licensing Practices and the Establishment of an Entertainment Precinct in Northbridge*' was prepared for the Commissioner of Police. As a result of issues raised in the report, the Director of Liquor Licensing initiated proceedings under section 64 of the *Liquor Control Act 1988*.

In October 2009, all nightclub and other licensees in Northbridge and surrounding areas were requested to show cause why a proposed plan to introduce conditions requiring lockouts and a reduction in the amount of alcohol sold at particular times of the night should not come into effect over the 2009/10 summer period.

Review of the submissions supported the initial view that these conditions would go a significant way to addressing some of the issues raised in the research report.

On 30 November 2009, licensees were advised by the Director of Liquor Licensing that in the public interest, restrictions would apply in relation to lock-outs and the amount of liquor that could be sold at particular times of the night, effective from 7 December 2009 until midnight on April 25 2010.

Licensees in surrounding suburbs, such as Leederville and Subiaco, and all nightclubs in the metropolitan area were also subject to the same conditions to prevent the migration of people between premises.

The specific conditions included:

- Nightclubs were to close at 5am instead of 6am on Saturday and Sunday mornings. Nightclubs were also subject to a 4am lockout on those days.
- A 2am lockout applied to other licensed venues in Northbridge and surrounding areas that are permitted to trade beyond 1am.
- Liquor sold and supplied during the final hour of trade was restricted to a maximum of four alcoholic drinks per person or one bottle of wine at any one time.
- Liquor could not be sold or supplied in non-standard measures after 1am. This included shooters, jelly-shots, and jugs or pints of spirits.

Furthermore, the following conditions applied to the Burswood Entertainment Complex on a Saturday and Sunday:

- The Eve Nightclub and Paddy Hannan's Bar were to close at 5am and a lockout applied from 3am;
- Four of the six bars on the main gaming floor were to close between 5am and 6am; and
- From 1am, liquor sold and supplied was limited to two alcoholic drinks at any one time and could not be sold in non-standard measures.

Now that the conditions have expired, the Drug and Alcohol Office and the WA Police Service will be providing the Director of Liquor Licensing with separate evaluations on the effectiveness of the conditions.

## LEGISLATIVE CHANGES TO THE LIQUOR CONTROL ACT 1988

Legislative changes have been developed to support the Government's reform of the *Liquor Control Act 1988*.

On 23 February 2009, Cabinet endorsed the amendments to the *Liquor Control Act 1988* that were proposed by the *Liquor Control Amendment Bill 2008*, with the exception of the amendment to section 171 (the 'entrapment' provisions). Cabinet also approved the drafting of further amendments that, amongst other matters, will establish a new licensing regime for approved managers and allow the licensing authority to declare private premises as restricted premises.

On 23 November 2009, Cabinet approved the drafting of further amendments to the *Liquor Control Act 1988* to address alcohol-related harm and anti social behaviour, and to make further operational and technical amendments.

A new licensing regime for approved managers will acknowledge the different levels of responsibility of managers of the commercial and non-commercial liquor licence classifications, and will provide flexibility for approved managers to move between licensed premises without an application to the licensing authority. Licences will be issued for five years and will be renewable.

Owners or occupiers of private premises will be able to apply to have the premises declared a restricted residence for a specified period. Once a private premises has been declared a restricted residence, an offence will occur if a person brings into, consumes or possesses liquor on that premises. A penalty of \$2000 applies to this offence.

Provisions have been drafted to allow the Commissioner of Police to issue a barring notice to a person for up to 12 months. The Commissioner of Police may seek to bar a person from a specified licensed premises, a specified class of licensed premises or any licensed premises. Barring notices issued for a period in excess of three months will be subject to a review by the Liquor Commission. Where a barring warrants a period in excess of 12 months, the Commissioner of Police will apply to the Director of Liquor Licensing for the issue of a Prohibition Order.

It will be an offence for a barred person to be on licensed premises and also for a licensee who knowingly allows barred persons to enter and remain on their licensed premises or to knowingly sell liquor to those persons.

Other amendments include:

- The ability to prescribe regulations prohibiting patrons from entering or re-entering licensed premises after a specified time (lock-out).
- Clarifying that regulations may be made to limit the permitted hours under extended trading permits in respect of a class of licence and or a specified area.

- Introduction of a risk-based licence fee assessment system that takes into consideration risk factors such as class of licence, location of the premises, venue capacity, trading hours, convictions, any disciplinary action, and any other prescribed criteria.

The opportunity has also been taken to address a number of operational and technical amendments, such as:

- Enabling juveniles who have already completed a prescribed training course to continue to be employed in the service of liquor in the interim period between completing the course and turning 18 years of age.
- Clarifying that a producer's licence may only be granted if the licensing authority is satisfied that the applicant is, or will become a genuine producer of liquor within 12 months and will continue to yield sufficient produce for a wine vintage.
- Affording greater discretion when considering the probity of elected officers of associations incorporated under the *Association Incorporation Act 1987* and office holders of other entities such as Local Government Authorities etc, by allowing the licensing authority to assume these persons are fit and proper, without any evidence to the contrary.
- Exempting the sale, supply or consumption of liquor in prescribed circumstances. This will enable the consumption of liquor in Small Charter Vehicles (SCV), whose operators are licensed under the *Transport Co-ordination Act 1966*, and permit BYO to be exempt, except where liquor is consumed by a juvenile.
- Clarifying the Liquor Commission can determine any matter it considers fit in Chambers.
- Enabling minor offences that are not greater than \$2000 (such as street drinking) and do not involve licensees or employees to be determined by a Justice of the Peace.
- Introducing a new tavern restricted licence that permits the licensee to sell liquor for consumption on the premises only.
- Winding back by one hour on Friday and Saturday nights the permitted trading hours for a nightclub licence which will result in the maximum closing time being 5am, regardless of the day of the week or recognised special occasion, for example, New Years Eve.
- Providing the Director of Liquor Licensing with the authority to publish the full details of a Prohibition Order; that is, the person's name, date of birth and any photographic image.

## BOOKMAKERS NON-CASH BETS

The Department continues to monitor licensed bookmakers to ensure they meet the requirements of legislation in respect of recording and providing information about the non-cash bets that have been accepted through the use of an approved internet betting system.

Regulation 37 of the *Betting Control Regulations 1978* provides that where a non-cash bet is made with a licensed bookmaker, and that bet is facilitated through the use of an approved internet betting system, the bookmaker must ensure that the name of the person with whom the bet is made is shown in the records of the bookmaker along with various other details required under this regulation.

The Department is reviewing the internet betting system specifications to ensure this requirement is included amongst the technical specifications which need to be met before an internet betting system is approved.

Additionally, compliance audits are proposed for all WA bookmakers to ensure they are complying with the requirement to pay a racing bets levy for use of WA race fields' information. These audits will also include checks to ensure that the requirements of regulation 37 are met.

## COMMUNITY POKER TOURNAMENTS

The Gaming and Wagering Commission's policy around community gaming continues to be refined to ensure that poker is conducted under a gaming function permit and not for private gain or commercial undertaking.

Section 51 of the *Gaming and Wagering Commission Act 1987* provides that the Commission shall not issue a gaming permit unless it is satisfied that, among other things, the gaming is not promoted or conducted for the purposes of private gain or any commercial undertaking.

The proliferation of tournament poker, played under a gaming function permit, has provided challenges for the Department from a licensing and compliance perspective. As a general rule, these tournaments are run by a commercial poker operator (licensed as a gaming equipment supplier in WA) with the proceeds of gaming, after legitimate expenses are deducted, provided to an eligible organisation such as a charity or sporting club.

The main issues that arise from these events are:

- the extent of the involvement of commercial operators in the conduct of gaming;
- the manner in which commercial operator's fees are levied on the permit organisations;

- the return to permit organisations from the proceeds of gaming; and
- the manner in which gaming is supervised and conducted.

Ongoing audits and inspections have been undertaken of various permits involving various commercial operators.

Furthermore, all applications for gaming function permits are referred to the Gaming and Wagering Commission for determination. The Commission has required a number of permit holders to attend Commission meetings to ensure the Commission that they are aware of their obligations and responsibilities.

## **LEGISLATIVE CHANGES TO THE PROSTITUTION ACT 2000**

As part of the State Government's election commitment to repeal the *Sexual Services Amendment Act 2008* and introduce an alternative regulatory framework governing prostitution in Western Australia, officers from the Department continue to participate on an interdepartmental Senior Officers Group, chaired by the Department of the Attorney General, and consisting of representatives from:

- Department of Racing, Gaming and Liquor;
- WA Police Service;
- Department of Health;
- Department of Planning and Infrastructure; and
- Department of Local Government.

Since March 2009, officers from the Department have attended seven meetings. Matters to be resolved, that impact on the Department, are jurisdictional and resourcing issues. The Department will continue to actively participate in the Group during 2010/11.

## **AUSTRALASIAN RACING MINISTERS' CONFERENCE**

The Australasian Racing Ministers' Conference was held on 16 April 2010 in Sydney. Racing Ministers from across Australia and New Zealand met to discuss wide ranging issues impacting on the racing industry across Australasia.

Ministers noted that the Australian Racing Board is considering the introduction of national rules for the regulation of commission agents and agreed to examine further the introduction of consistent advertising standards for wagering operators across Australia. The conference also recognised that a national approach to wagering advertising regulation should focus on harm minimisation measures in light of increasing

internet, radio, television and print advertising and the growth of electronic messaging such as SMS.

A working party comprising Government racing officials from each Australian jurisdiction has been asked to progress this initiative and report to the next Ministers' Conference scheduled to be held in Western Australia.

Ministers also gave in principle support to the development of a national approach to the payment of racefields fees, including the development of Federal legislation to facilitate such a national approach.

## **2010 FIFA WORLD CUP**

The 2010 FIFA World Cup was held in South Africa between 11 June 2010 and 12 July 2010. The time difference, with Perth being six hours ahead of South Africa, created the need for extended trading permits (ETPs) or variation of conditions for licensees to facilitate the screening times of games that were scheduled outside ordinary permitted hours of trade. More than 35 licensed premises were granted permits for games commencing as late as 2:30am and concluding at 4:30am. In contrast, for the 2006 FIFA World Cup, approximately 50 premises were granted permits with games commencing as late as 3am and concluding at 6am.

Licensees applying for ETPs or to vary the conditions on their licence were required to demonstrate why the application was in the public interest. In order to ensure that the primary focus of the extended trading was for patrons to watch the game and not consume alcohol, licensees were also required to identify the strategies they would employ to minimise alcohol consumption.

All applications were referred to the Western Australian Police and relevant Local Government Authority for comment. Additionally, licensed premises located in residential areas were required to circulate a notice to residents within 200 metres of the licensed premises, to determine residents' opinions on the possibility of the licensed premises remaining open beyond their ordinary permitted trading hours.

Licensed premises that were granted ETPs or had licence conditions varied to accommodate the World Cup were subject to the following conditions:

1. During permitted hours authorised under an ETP or a variation of conditions, the licensee was authorised to sell liquor on the licensed premises for consumption on the licensed premises only ancillary to the provision of televised coverage of matches.
2. There was to be no liquor discounting or advertising of cheap liquor during the period covered by the permit.

3. Live entertainment by one or more artists present in person, or performing by way of recorded music was prohibited.
4. For special facility licences required to provide food during permitted hours, this condition was not to be varied. For other licence types, as a minimum, light food and non-alcoholic beverages such as tea and coffee, were to be available during the hours authorised under an ETP or a variation of conditions.
5. The licensee and/or an approved manager was required to contact the officer in charge of the police station closest to the licensed premises within 24 hours prior to the extended trading permit and advise that trading would occur.
6. Subject to condition 7, patrons were prohibited from entering or re-entering the licensed premises 20 minutes after the kick-off of each match. Patrons were not permitted to re-enter the premises if they left the premises after 20 minutes from the kick-off of each match.
7. In the instance where the permitted hours under an ETP or a variation of conditions had been approved to accommodate the games scheduled to commence at 10:30pm and 2:30am the following day, patrons were permitted to enter or re-enter the licensed premises during the interval between the conclusion of the 10:30pm match and 20 minutes after kick-off of the 2:30am match.
8. Patrons were required to vacate the licensed premises within 30 minutes of the conclusion of the game/s covered by the permit, or the time stipulated in the permit, whichever was the later.

## **EXTENDED TRADING PERMITS ON LONG WEEKENDS**

Since July 2001, a policy of the Director of Liquor Licensing (the Director) has existed, providing guidance to licensees in relation to one-off extended trading permits (ETPs) for long weekends.

The Director reviewed the existing ETP policy after consulting with relevant industry groups and Northbridge licensees directly, as well as other key stakeholders. Following consideration of the various responses and comments, the Director issued an amended policy on 5 August 2009.

The changes to the policy mean that in October each year, the licensing authority will give notice of the long weekends in the following year that would be considered for additional trading hours on the Sunday night. Licensees will be able to lodge an application for each long weekend by 31 October. This will reduce the advertising burden on licensees.

The policy is available on the Department's website at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au).



## ACTIVITIES OF THE CLIENT LIAISON TEAM

In raising awareness of the legislation administered by the Department, the customer services team delivered numerous presentations to liquor licence holders, community groups and other stakeholders throughout the metropolitan and regional areas of the State.

The Client Liaison Officer and Coordinator Customer Services attended various Liquor Accord meetings, similar industry-related meetings, and presented information to members of the public, providing an overview of liquor laws and answering questions. Presentations were given in both metropolitan and regional areas.

The Client Liaison Officer and Coordinator Customer Services also carried out free seminars for prospective licensees interested in applying for a liquor licence, providing in-depth information on the statutory requirements and licensing process involved in applying for a liquor licence. Positive feedback continues to be received in respect of the delivery of this service. Other activities included:

- Meeting with new licensees who were recently issued with a liquor licence, to ensure they understood their conditions of licence and their obligations and responsibilities under the *Liquor Control Act 1988*. In the past year up until April, approximately 50 licensees have been provided this opportunity. Positive feedback has been received in respect of the delivery of this service;
- Continuing to give presentations to industry groups (predominantly club licence holders and local government) on the liquor laws and liquor legislation in general; and
- Briefing new croupiers and security personnel at Burswood on the Casino Control Act and Regulations.

A summary of presentations and workshops conducted by either the Client Liaison Officer or Coordinator Customer Services is provided below:

Attendance at meetings of:

- Fremantle Liquor Accord;
- Vincent Liquor Accord;
- East Metro Liquor Accord;
- Perth Liquor Accord; and
- Claremont Licensed Premises Community Group.

Presentations to:

- Royal Agricultural Society annual conference;
- WA Local Government Authority Reference Group;
- North West Environmental Health Group;
- City of Rockingham Planners and Environmental Health Officers;
- City Joondalup Planners and Environmental Health Officers;
- Club licence holders within the City of Stirling; and
- West Coast TAFE (students studying Events Management).

Regular presentations at AHA and Clubs WA to students completing the Course in Liquor Licensing to assist with questions on the *Liquor Control Act 1988*.

It is also envisaged that a free seminar will be provided in the future on “*Understanding the Liquor Control Act*”.

Finally, over and above these activities, other officers of the Department were frequently engaged in ad hoc educational activities. For example, inspectors of licensed premises gave presentations and met with Local Government Authorities and Environmental Health Officers to provide guidance on the provisions of the *Liquor Control Act 1988* that are relevant to local government.

## CHANGES IN LEGISLATION

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### CHANGES TO REGULATIONS

The *Liquor Control Amendment Regulations (No. 7) 2009* provided new fees and charges under the *Liquor Control Act 1988* effective from 1 January 2010.

The *Liquor Control Amendment Regulations (No.8) 2009* amended the Liquor Control Regulations 1989 on 16 January 2010 to:

- expand the definition of a ‘vocational education and training institution’ to include tertiary institutions; and
- include licences sought for vocational education and training institutions and Vocational education and training courses as exempt licence categories.

### RESTRICTED AREA REGULATIONS

- The *Liquor Control (Juwurlinji Restricted Area) Regulations 2009* came into operation on 25 July 2009 to prohibit a person from bringing in and possessing liquor in the Juwurlinji Aboriginal Community.
- The *Liquor Control Amendment Regulations (No. 3) 2009* amended the Liquor Control Regulations 1989 on 25 July 2009 to complement the *Liquor Control (Juwurlinjiji Restricted Area) Regulations 2009* so an offence against the *Liquor Control (Juwurlinjiji Restricted Area) Regulations 2009* can be dealt with by way of infringement notice.
- The *Liquor Control (Noonkanbah Restricted Area) Regulations 2009* came into operation on 25 July 2009 to prohibit a person from bringing in and possessing liquor in the Noonkanbah Aboriginal Community.
- The *Liquor Control Amendment Regulations (No .4) 2009* amended the Liquor Control Regulations 1989 on 25 July 2009 to complement the Liquor Control (Noonkanbah Restricted Area) Regulations 2009 so an offence against the Liquor Control (Noonkanbah Restricted Area) Regulations 2009 can be dealt with by way of infringement notice.
- The *Liquor Control (Oombulgurri Restricted Area) Regulations 2009* came into operation on 7 November 2009, which extended for 12 months the declaration to prohibit a person from bringing in and possessing liquor in the Oombulgurri Aboriginal Community.
- The *Liquor Control (Wangkatjungka Restricted Area) Amendment Regulations 2010* came into operation on 21 April 2010, which extended for three years the declaration to prohibit a person from bringing in and possessing liquor in the Wangkatjungka Aboriginal Community.

- The *Liquor Control (Yakanarra Restricted Area) Regulations 2010* came into operation on 1 May 2010 to prohibit a person from bringing in and possessing liquor in the Yakanarra Aboriginal Community.
- The *Liquor Control Amendment Regulations (No.2) 2010* amended the Liquor Control Regulations 1989 on 29 May 2010 to complement the *Liquor Control (Yakanarra Restricted Area) Regulations 2010* so an offence against the *Liquor Control (Yakanarra Restricted Area) Regulations 2009* can be dealt with by way of infringement notice.
- The *Liquor Control (Bayulu Restricted Area) Regulations 2010* came into operation on 9 June 2010 to prohibit a person from bringing in and possessing liquor in the Bayulu Aboriginal Community.
- The *Liquor Control Amendment Regulations (No.3) 2010* amended the *Liquor Control Regulations 1989* on 9 June 2010 to complement the *Liquor Control (Bayulu Restricted Area) Regulations 2010* so an offence against the *Liquor Control (Bayulu Restricted Area) Regulations 2009* can be dealt with by way of infringement notice.

## DISCLOSURES AND LEGAL COMPLIANCE

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### FINANCIAL STATEMENTS


The aim of the Financial Statements is to present to Parliament details of revenue and expenditure for the Department of Racing, Gaming and Liquor in the format determined by Statement of Accounting Standard AAS 29: Financial Reporting by Government Departments. It should be noted that:

- the Department of Racing, Gaming and Liquor is a department as defined under the *Public Sector Management Act 1994*;
- these financial statements have been prepared on an accrual basis in accordance with the provisions of the *Financial Management Act 2006*; and
- the Department provides financial management and other corporate services to the Gaming and Wagering Commission, the Racing Penalties Appeal Tribunal and the Liquor Commission.

### CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Department of Racing, Gaming and Liquor have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

At the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Terry Ng  
Chief Finance Officer

17 September 2010



Barry A Sargeant  
Director General

17 September 2010

## DEPARTMENT OF RACING, GAMING AND LIQUOR

### STATEMENT OF COMPREHENSIVE INCOME

#### FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$000	2009 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	8,529	7,609
Supplies and services	7	1,929	1,474
Depreciation and amortisation expense	8	142	176
Accommodation expenses	9	736	659
Finance costs	10	0	9
Loss on disposal of non-current assets	11	0	28
Other expenses	12	313	209
<b>Total cost of services</b>		<b>11,649</b>	<b>10,164</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	13	8,473	6,435
<b>Total revenue</b>		<b>8,473</b>	<b>6,435</b>
<b>Total income other than income from State Government</b>		<b>8,473</b>	<b>6,435</b>
<b>NET COST OF SERVICES</b>	26	<b>3,176</b>	<b>3,729</b>
<b>Income from State Government</b>	14		
Service appropriation		3,177	2,762
Resources received free of charge		159	116
<b>Total income from State Government</b>		<b>3,336</b>	<b>2,878</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>160</b>	<b>(851)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus		0	0
Gain/losses recognised directly in equity		0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>160</b>	<b>(851)</b>

Refer to the 'Schedule of Income and Expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# DEPARTMENT OF RACING, GAMING AND LIQUOR

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2010

	Note	2010 \$000	2009 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26	846	530
Restricted cash and cash equivalents	15, 26	12	12
Receivables	16	151	563
Amounts receivable for services	17	30	80
<b>Total Current Assets</b>		<b>1,039</b>	<b>1,185</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	15, 26	80	64
Amounts receivable for services	17	2,123	1,833
Plant and equipment	18	294	1,556
Intangible assets	19	1,842	32
<b>Total Non-Current Assets</b>		<b>4,339</b>	<b>3,485</b>
<b>TOTAL ASSETS</b>		<b>5,378</b>	<b>4,670</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	21	559	335
Provisions	22	768	653
Other current liabilities	23	31	61
<b>Total Current Liabilities</b>		<b>1,358</b>	<b>1,049</b>
<b>Non-Current Liabilities</b>			
Provisions	22	1,005	766
<b>Total Non-Current Liabilities</b>		<b>1,005</b>	<b>766</b>
<b>TOTAL LIABILITIES</b>		<b>2,363</b>	<b>1,815</b>
<b>NET ASSETS</b>		<b>3,015</b>	<b>2,855</b>
<b>EQUITY</b>			
Contributed equity	24	454	454
Accumulated surplus/(deficit)		2,561	2,401
<b>TOTAL EQUITY</b>		<b>3,015</b>	<b>2,855</b>

Refer to the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**DEPARTMENT OF RACING, GAMING AND LIQUOR**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
<b>Balance at 1 July 2008</b>	24	454	0	3,252	3,706
Total comprehensive income for the year		0	0	(851)	(851)
<b>Balance at 30 June 2009</b>		<b>454</b>	<b>0</b>	<b>2,401</b>	<b>2,855</b>
<b>Balance at 1 July 2009</b>		454	0	2,401	2,855
Total comprehensive income for the year		0	0	160	160
<b>Balance at 30 June 2010</b>		<b>454</b>	<b>0</b>	<b>2,561</b>	<b>3,015</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# DEPARTMENT OF RACING, GAMING AND LIQUOR

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$000	2009 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		2,857	2,412
Holding account drawdowns		80	130
<b>Net cash provided by State Government</b>		<b>2,937</b>	<b>2,542</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(7,505)	(6,868)
Supplies and services		(2,646)	(2,175)
Accommodation		(727)	(654)
GST payments on purchases		(264)	(286)
GST payments to taxation authority		(3,312)	0
<b>Receipts</b>			
User charges and fees		8,939	6,326
GST receipts on sales		11	5
GST receipts from taxation authority		3,581	296
<b>Net cash provided by/(used in) operating activities</b>	26	<b>(1,923)</b>	<b>(3,356)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(665)	(904)
Proceeds/(payments) from fees in trust		(17)	(19)
Proceeds/(payments) from special purpose account		0	(5)
<b>Net cash provided by/(used in) investing activities</b>		<b>(682)</b>	<b>(928)</b>
Net increase/(decrease) in cash and cash equivalents		332	(1,742)
Cash and cash equivalents at the beginning of period		606	2,348
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	26	<b>938</b>	<b>606</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**DEPARTMENT OF RACING, GAMING AND LIQUOR**  
**SCHEDULE OF INCOME AND EXPENSES BY SERVICE**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Licensing - Evaluation and determination of applications		Compliance audits and inspections	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
<b>COST OF SERVICES</b>				
<u>Expenses</u>				
Employee benefits expense	4,213	3,809	4,316	3,800
Supplies and services	974	738	955	736
Depreciation and amortisation expense	71	88	71	88
Accommodation expenses	368	330	368	329
Finance costs	0	5	0	4
Loss on disposal of non-current assets	0	14	0	14
Other expenses	141	111	172	98
<b>Total cost of services</b>	<b>5,767</b>	<b>5,095</b>	<b>5,882</b>	<b>5,069</b>
<u>Income</u>				
User charges and fees	4,236	4,268	4,237	2,167
<b>Total income other than income from State Government</b>	<b>4,236</b>	<b>4,268</b>	<b>4,237</b>	<b>2,167</b>
<b>NET COST OF SERVICES</b>	<b>1,531</b>	<b>827</b>	<b>1,645</b>	<b>2,902</b>
<u>Income from State Government</u>				
Service appropriation	1,588	1,050	1,589	1,712
Resources received free of charge	80	58	79	58
<b>Total income from State Government</b>	<b>1,668</b>	<b>1,108</b>	<b>1,668</b>	<b>1,770</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>137</b>	<b>281</b>	<b>23</b>	<b>(1,132)</b>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

**DEPARTMENT OF RACING, GAMING AND LIQUOR**  
**SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE**  
**AS AT 30 JUNE 2010**

	Licensing - Evaluation and determination of applications		Compliance audits and inspections		To
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000
<b>Assets</b>					
Current assets	520	593	519	592	1,039
Non-current assets	2,170	1,743	2,169	1,742	4,339
<b>Total assets</b>	<b>2,690</b>	<b>2,336</b>	<b>2,688</b>	<b>2,334</b>	<b>5,378</b>
<b>Liabilities</b>					
Current liabilities	679	525	679	524	1,358
Total non-current liabilities	503	383	502	383	1,005
<b>Total liabilities</b>	<b>1,182</b>	<b>908</b>	<b>1,181</b>	<b>907</b>	<b>2,363</b>
<b>NET ASSETS</b>	<b>1,508</b>	<b>1,428</b>	<b>1,507</b>	<b>1,427</b>	<b>3,015</b>

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

**DEPARTMENT OF RACING, GAMING AND LIQUOR****SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES  
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 Estimate \$000	2010 Actual \$000	Variance \$000	2010 Actual \$000	2009 Actual \$000	Variance \$000
<u>Delivery Services</u>						
Item 79 Net amount appropriated to deliver services	3,499	2,926	573	2,926	2,521	405
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	250	251	(1)	251	241	10
<b>Total appropriations provided to deliver services</b>	<b>3,749</b>	<b>3,177</b>	<b>572</b>	<b>3,177</b>	<b>2,762</b>	<b>415</b>
<b>CAPITAL</b>						
Capital Contribution	0	0	0	0	0	0
<u>Administered Transactions</u>						
Item 80 Administered grants, subsidies and other transfer payments	74,804	80,976	(6,172)	80,976	76,391	4,585
Amount Authorised by Other Statutes - Liquor Control Act 1988	5,000	2,755	2,245	2,755	2,819	(64)
<b>Total Administered Transactions</b>	<b>79,804</b>	<b>83,731</b>	<b>(3,927)</b>	<b>83,731</b>	<b>79,210</b>	<b>4,521</b>
<b>GRAND TOTAL</b>	<b>83,553</b>	<b>86,908</b>	<b>(3,355)</b>	<b>86,908</b>	<b>81,972</b>	<b>4,936</b>
<u>Details of Expenses by Service</u>						
Service 1 : Licensing - Evaluation and determination of applications	4,745	5,767	(1,022)	5,767	5,095	672
Service 2 : Compliance audits and inspections	4,865	5,882	(1,017)	5,882	5,069	813
<b>Total Cost of Services</b>	<b>9,610</b>	<b>11,649</b>	<b>(2,039)</b>	<b>11,649</b>	<b>10,164</b>	<b>1,485</b>
Less total income	(5,697)	(8,473)	2,776	(8,473)	(6,435)	(2,038)
Net Cost of Services	3,913	3,176	737	3,176	3,729	(553)
Adjustments	(164)	1	(165)	1	(967)	968
<b>Total appropriations provided to deliver services</b>	<b>3,749</b>	<b>3,177</b>	<b>572</b>	<b>3,177</b>	<b>2,762</b>	<b>415</b>
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	80	665	(585)	665	904	(239)
Adjustments for other funding sources	(80)	(665)	585	(665)	(904)	239
<b>Capital appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income						
Taxes and licences Casino Tax	84,000	92,187	(8,187)	92,187	90,824	1,363

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 30 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010.

**Note 1. Australian Accounting Standards****General**

The Department's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Department has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

**Early adoption of standards**

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Department for the annual reporting period ended 30 June 2010.

**Note 2. Summary of significant accounting policies****(a) General statement**

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

**(b) Basis of preparation**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Department's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed at note 4 'Key sources of estimation uncertainty'.

**(c) Reporting entity**

The reporting entity comprises the Department only.

**Mission**

The Department's mission is to promote and maintain the integrity of lawful gambling and liquor activities through the licensing and regulation of suppliers, within community expectations on harm minimisation.

The Department is partly funded by Parliamentary appropriations. During 2009-10, the Department provided financial management and other corporate support services to other agencies that are charged out on a full cost recovery basis:

- Racing Penalties Appeal Tribunal
- Gaming and Wagering Commission of Western Australia.

The financial statements encompass all funds through which the Department controls resources to carry on its functions.

#### Services

The Department provides the following services:

*Service 1 : Licensing - Evaluation and determination of applications*

*\*Receive, process and determine applications in accordance with the legislation.*

*Service 2 : Compliance audits and inspections*

*\*Perform audits and inspections to verify that the provision of gambling and liquor is conducted in a responsible and lawful manner.*

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral, to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 35 'Disclosure of administered expenses and income' and note 36 'Administered assets and liabilities'.

#### **(d) Contributed equity**

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-

#### **(e) Income**

##### Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

##### *Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

##### *Provision of services*

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.

##### *Service appropriations*

Service Appropriations are recognised as revenues at nominal value in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

##### *Net Appropriation Determination*

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2009-10 Budget Statements, the Department retained \$8.47 million in 2010 (\$6.44 million in 2009) from the following:

- \* proceeds from the provision of services to the racing and gaming Industries;
- \* proceeds from the provision of services to the Commonwealth in respect of Indian Ocean Territories; and
- \* liquor fees and other revenue.

##### Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

**(f) Plant and equipment**Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

All items of plant and equipment are initially recognised at cost.

For items of plant and equipment acquired at no cost or for nominal consideration, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the Department uses the cost model for the measurement of plant and equipment. Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Furniture equipment	10 - 15 years
Office equipment	5 years

**(g) Intangible Assets**Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. The expected useful lives for computer software is five years.

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future recoverability can reasonably be regarded as assured and the total project costs are likely to exceed \$50,000. Other development costs are expensed as incurred.

Computer Software

Software that is an integral part of the related hardware is treated as plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

**(h) Impairment of assets**

Plant and equipment, and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

#### **(i) Leases**

The Department holds operating leases for motor vehicles and office accommodation. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

#### **(j) Financial instruments**

In addition to cash, the Department has two categories of financial instrument:

- \* Receivables; and
- \* Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- \* Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable for services
- \* Financial Liabilities
  - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

#### **(k) Cash and cash equivalents**

For the purpose of the Statement of Cash Flow, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand.

#### **(l) Accrued salaries**

Accrued salaries [*refer to note 21 'Payables'*] represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account [*refer to note 15 'Restricted cash and cash equivalents'*] consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

#### **(m) Amounts receivable for services (holding account)**

The Department receives funding on an accrual basis that recognises the full annual cash and non cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

#### **(n) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.



**(o) Payables**

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

**(p) Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting

Provisions - employee benefits*Annual leave and long service leave*

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

*Sick Leave*

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non vesting, an expense is recognised in the Statement of Comprehensive Income for this leave as it is taken.

*Purchased Leave*

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional ten weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

*Superannuation*

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Department has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions - Other*Employment on-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

*Restoration Costs*

A provision is recognised where the Department has a legal or constructive obligation to undertake restoration work. Estimates are based on the present value of expected future cash outflows.

**(q) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, and the GESBS. Note that the employer contribution paid to the GESB in respect of the GSS are paid back into the Consolidated Account by the GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole of government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

**(r) Resources received free of charge or for nominal cost**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

**(s) Fees in trust**

Fees in trust mainly represent the outstanding balances of liquor licence fees related to Christmas and Cocos Islands.

**(t) Comparative figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

**Note 3. Judgements made by management in applying accounting policies**

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Department evaluates these judgements regularly.

**Operating Lease Commitment**

The Department has entered into a number of commercial lease arrangements for motor vehicles and office accommodation and has determined that the lessor retains substantially all the significant risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

**Note 4. Key sources of estimation uncertainty**

The Department makes key estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**Long Service Leave**

In calculating the Department's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

**Note 5. Disclosure of changes in accounting policy and estimates****Initial application of an Australian Accounting Standard**

The Department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Department.

**AASB 101** *Presentation of Financial Statements* (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

**AASB 2007-10** *Further Amendments to Australian Accounting Standards arising from AASB 101*. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

**AASB 2009-2** *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038*. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

**Future impact of Australian Accounting Standards not yet operative**

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Department has not applied early any following Australian Accounting Standards that have been issued that may impact the Department. Where applicable, the Department plans to apply these Australian Accounting Standards from their application date.

		<b>Operative for reporting periods beginning on/after</b>
<b>AASB 2009-11</b>	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12].</i>	1 January 2013
	The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Department does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	
<b>AASB 1053</b>	<i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	
	The Standard does not have any financial impact on the Department. However it may affect disclosures in the financial statements of the Department if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.	
<b>AASB 2010-2</b>	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.	
	The Standard is not expected to have any financial impact on the Department. However this Standard may reduce some note disclosures in financial statements of the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	

**Note 6. Employee benefits expense**

	2010 \$000	2009 \$000
Wages and salaries <sup>(a)</sup>	7,497	6,827
Superannuation - defined contribution plans <sup>(b)</sup>	737	652
Change in annual and long service leave entitlements <sup>(c)</sup>	295	130
	<u>8,529</u>	<u>7,609</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

(c) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 12 'Other expenses'.

The employment on-costs liability is included at note 22 'Provisions'.

**Note 7. Supplies and services**

	2010 \$000	2009 \$000
Communications	114	111
Consultants and contractors	1,032	591
Consumables	197	251
Repairs and maintenance	43	67
Travel	78	84
Advertising and promotion	11	49
Motor vehicle leasing	69	84
Insurance	74	8
Legal services - Resources received free of charge	153	111
Other	158	118
	<u>1,929</u>	<u>1,474</u>

**Note 8. Depreciation and amortisation expense**

	2010 \$000	2009 \$000
<u>Depreciation</u>		
Furniture equipment	19	15
Office equipment	65	84
<b>Total depreciation</b>	<u>84</u>	<u>99</u>
<u>Amortisation</u>		
Intangible assets	58	77
<b>Total amortisation</b>	<u>58</u>	<u>77</u>
<b>Total depreciation and amortisation</b>	<u>142</u>	<u>176</u>

**Note 9. Accommodation expenses**

	2010 \$000	2009 \$000
Lease rentals	731	654
Resources received free of charge	5	5
	<u>736</u>	<u>659</u>

**Note 10. Finance costs**

	2010 \$000	2009 \$000
Unwinding of discounts applied to provisions	0	9
	<u>0</u>	<u>9</u>

**Note 11. Net gain/(loss) on disposal of non-current assets**

	2010 \$000	2009 \$000
<u>Costs of Disposal of Non-Current Assets</u>		
Plant and equipment	0	28
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant and equipment	0	0
<b>Net gain/(loss)</b>	<u>0</u>	<u>28</u>

**Note 12. Other expenses**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Restoration costs	22	37
Employment on-costs <sup>(a)</sup> [note 6 'Employee benefits expense']	37	13
Other employee related expenses	126	89
Audit fee <sup>(b)</sup>	128	70
	<u>313</u>	<u>209</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Audit fee, see also note 29 'Remuneration of auditor'.

**Note 13. User charges and fees**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Recoups for services provided:		
<u>Net Appropriation Revenues</u>		
Gaming and Wagering Commission of Western Australia	3,801	3,605
Racing Penalties Appeal Tribunal	150	145
Commonwealth Government	88	79
Liquor fees and other charges	4,434	2,606
	<u>8,473</u>	<u>6,435</u>

**Note 14. Income from State Government**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Appropriation received during the year:		
- Service appropriation <sup>(a)</sup>	3,177	2,762
	<u>3,177</u>	<u>2,762</u>
Resources received free of charge <sup>(b)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Department of Treasury and Finance		
- Building and Management Works	5	5
Department of Attorney General		
- Legal services	154	111
	<u>159</u>	<u>116</u>
	<u>3,336</u>	<u>2,878</u>

(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contributions of assets or services are in the nature of contributions by owners, the Department makes an adjustment direct to equity.

**Note 15. Restricted cash and cash equivalents**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Current</u>		
Special purpose accounts (refer to note 25)	12	12
	<u>12</u>	<u>12</u>
<u>Non-current</u>		
Accrued salaries suspense account <sup>(a)</sup>	80	64
	<u>80</u>	<u>64</u>

(a) Amounts held in the suspense account are only to be used for the purpose of meeting the 27<sup>th</sup> pay in a financial year that occurs every 11 years.

**Note 16. Receivables**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Current</u>		
Receivables	112	127
Other receivables	5	250
Accrued revenue	0	172
GST receivable	34	14
<b>Total current</b>	<u>151</u>	<u>563</u>
<b>Total receivables</b>	<u>151</u>	<u>563</u>

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	0	15
Amounts written off during the year	0	(13)
Amount recovered during the year	0	(2)
<b>Balance at end of year</b>	<u>0</u>	<u>0</u>

The Department does not hold any collateral as security or other credit enhancements relating to receivables.

**Note 17. Amounts receivable for services**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Current	30	80
Non-current	2,123	1,833
	<u>2,153</u>	<u>1,913</u>

**Note 18. Plant and equipment**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Furniture equipment</u>		
At cost	193	187
Accumulated depreciation	<u>(21)</u>	<u>(2)</u>
	<u>172</u>	<u>185</u>
<u>Office equipment</u>		
At cost	567	707
Accumulated depreciation	<u>(524)</u>	<u>(610)</u>
	<u>43</u>	<u>97</u>
Sub-total	<u>215</u>	<u>282</u>
Add: Work in progress	<u>79</u>	<u>1,274</u>
<b>Total</b>	<b><u>294</u></b>	<b><u>1,556</u></b>

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out in the table below.

	<b>Furniture equipment</b>	<b>Office equipment</b>	<b>Work in progress</b>	<b>Total</b>
	\$000	\$000	\$000	\$000
<b>2010</b>				
Carrying amount at start of year	185	97	1,274	1,556
Additions	6	10	674	690
Transfers	0	0	(1,869)	(1,869)
Depreciation	<u>(19)</u>	<u>(65)</u>	<u>0</u>	<u>(84)</u>
<b>Carrying amount at end of year</b>	<b><u>172</u></b>	<b><u>42</u></b>	<b><u>79</u></b>	<b><u>293</u></b>
	<b>Furniture equipment</b>	<b>Office equipment</b>	<b>Work in progress</b>	<b>Total</b>
	\$000	\$000	\$000	\$000
<b>2009</b>				
Carrying amount at start of year	41	145	607	793
Additions	187	36	667	890
Disposals	(28)	0	0	(28)
Depreciation	<u>(15)</u>	<u>(84)</u>	<u>0</u>	<u>(99)</u>
<b>Carrying amount at end of year</b>	<b><u>185</u></b>	<b><u>97</u></b>	<b><u>1,274</u></b>	<b><u>1,556</u></b>

**Note 19. Intangible assets**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Computer software</u>		
At cost	3,432	2,406
Accumulated amortisation	(1,590)	(2,374)
	<u><b>1,842</b></u>	<u><b>32</b></u>
Reconciliations:		
<u>Computer software</u>		
Carrying amount at start of year	32	109
Transfers	1,869	0
Amortisation expense	(59)	(77)
<b>Carrying amount at end of year</b>	<u><b>1,842</b></u>	<u><b>32</b></u>

**Note 20. Impairment of assets**

There were no indications of impairment to plant and equipment, and intangible assets at 30 June 2010.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2010 have been written-off.

**Note 21. Payables**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Current</u>		
Trade payables	43	27
Other payables	145	101
Accrued expenses	250	120
Accrued salaries	121	87
<b>Total current</b>	<u><b>559</b></u>	<u><b>335</b></u>



**Note 22. Provisions**

	2010 \$000	2009 \$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave <sup>(a)</sup>	264	205
Long service leave <sup>(b)</sup>	431	389
	<u>695</u>	<u>594</u>
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	73	59
	<u>73</u>	<u>59</u>
	<u><b>768</b></u>	<u><b>653</b></u>
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave <sup>(b)</sup>	752	558
	<u>752</u>	<u>558</u>
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	79	56
Restoration costs <sup>(d)</sup>	174	152
	<u>253</u>	<u>208</u>
	<u><b>1,005</b></u>	<u><b>766</b></u>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	264	205
	<u><b>264</b></u>	<u><b>205</b></u>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	431	389
More than 12 months after the reporting period	752	558
	<u><b>1,183</b></u>	<u><b>947</b></u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.

(d) At the termination of the lease, the Department has a legal or constructive obligation to dismantle and restore the property at Level 1, Hyatt Centre, East Perth. The total restoration cost is estimated at \$200,000. The present value of the year to date cost is \$174,000.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.

**Movements in other provisions**

	2010 \$000	2009 \$000
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Restoration costs provisions</u>		
Carrying amount at start of year	152	106
Additional provisions recognised	22	37
Unwinding of the discount	0	9
<b>Carrying amount at end of year</b>	<u><b>174</b></u>	<u><b>152</b></u>
<u>Employment on-cost provision</u>		
Carrying amount at start of year	115	104
Additional provisions recognised	37	11
<b>Carrying amount at end of year</b>	<u><b>152</b></u>	<u><b>115</b></u>

**Note 23. Other liabilities**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Current</u>		
Special purpose accounts (refer to note 25)	12	12
Fees in trust	19	49
<b>Total current</b>	<b>31</b>	<b>61</b>

**Note 24. Equity**

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community.

**Contributed equity**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Balance at start of period	454	454
<b>Balance at end of period</b>	<b>454</b>	<b>454</b>

**Accumulated surplus/(deficit)**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Balance at start of year	2,401	3,252
Result for the period	160	(851)
<b>Balance at end of year</b>	<b>2,561</b>	<b>2,401</b>

**Note 25. Special purpose accounts****Special Purpose Account - section 16(1)(d) of FMA**Indian Ocean Territories Reimbursement Trust Fund

The Indian Ocean Territories Reimbursement Trust Fund was established in March 1996 and became operational in July 1996.

The purpose of the trust fund is to hold funds received from the Commonwealth, for services provided by the Department in relation to the regulation of liquor operations on Christmas and Cocos Islands. The balance of the trust fund at the end of the financial year is held in the Department's operating account.

The figures presented below for the Trust Fund have been prepared on a cash basis.

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Balance at the start of the year	12	17
Receipts	88	73
Payments	(88)	(78)
<b>Balance at the end of the year</b>	<b>12</b>	<b>12</b>

**Note 26. Notes to the Statement of Cash Flows**

	2010 \$000	2009 \$000
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	846	530
Restricted cash and cash equivalents	92	76
	<u>938</u>	<u>606</u>
<b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
	2010 \$000	2009 \$000
Net cost of services	(3,176)	(3,729)
<u>Non-cash items:</u>		
Depreciation and amortisation expense	142	176
Resources received free of charge	159	116
Net (gain)/loss on sale of plant and equipment	0	28
<u>(Increase)/decrease in assets:</u>		
Current receivables	403	(52)
<u>Increase/(decrease) in liabilities:</u>		
Current payables (c)	175	(115)
Current provisions	115	75
Non-current provisions	239	112
Net GST receipts/(payments) (a)	16	15
Change in GST in receivables/payables (b)	4	18
<b>Net cash provided by/(used in) operating activities</b>	<u><b>(1,923)</b></u>	<u><b>(3,356)</b></u>

(a) This is the net GST paid/received, ie. cash transactions.

(b) This reverses out the GST in receivables and payables.

(c) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

At the end of the reporting period, the Department had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

**Note 27. Commitments****Capital expenditure commitments**

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2010 \$000	2009 \$000
Within 1 year	0	78
	<u>0</u>	<u>78</u>
The capital commitments include amounts for:		
Computing equipment	<u>0</u>	<u>78</u>

**Note 27. Commitments (contd)****Non cancellable operating lease commitments**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Within 1 year	897	597
Later than 1 year and not later than 5 years	1,730	34
	<u>2,627</u>	<u>631</u>

Non-cancellable lease commitments include property and motor vehicle leases. The property lease is a non-cancellable lease with a three year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by 3.5% per annum. An option exists to renew the lease at the end of the three year term for an additional term of two years.

**Other expenditure commitments**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Other expenditure commitments, namely administrative expenditure, contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	20	0
	<u>20</u>	<u>0</u>

These commitments are all exclusive of GST.

**Note 28. Remuneration of senior officers**

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
\$		
50,001 - 60,000	1	0
70,001 - 80,000	0	2
100,001 - 110,000	2	0
130,001 - 140,000	0	1
140,001 - 150,000	1	1
150,001 - 160,000	0	0
280,001 - 290,000	0	1
310,001 - 320,000	1	0
<b>Total remuneration of senior officers</b>	<u>720</u>	<u>708</u>

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.

**Note 29. Remuneration of auditor**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Remuneration payable to the Auditor General <sup>(a)</sup> in respect of the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	67	65
Compliance audit	63	0
	<u>130</u>	<u>65</u>

(a) The fee for the 2008-09 audit (\$65,000) was due and payable in the 2009-10 financial year.

The fee for the 2009-10 audit (\$67,000) will be due and payable in the 2010-11 financial year.

**Note 30. Explanatory statement**

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$100,000.

**Total appropriations provided to deliver services**Significant variances between estimate and actual for 2010

There was a significant unfavourable variance of \$572,000 in the total appropriation mainly due to a return of \$600,000 to the Department of Treasury and Finance as a result of an increase in the liquor fee revenue in 2009-10.

	<b>2010</b>	<b>2010</b>	<b>Variance</b>
	<b>Estimate</b>	<b>Actual</b>	<b></b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Total appropriations provided to deliver services	3,749	3,177	(572)

**Service Expenditure**

Service 1 - Evaluation and determination of	4,745	5,767	1,022
Service 2 - Compliance audits and inspections	4,865	5,882	1,017

The increase in the expenditure of Service 1 and Service 2 was mainly due to the increased expenditure associated with the filling of vacant positions, positions reclassification as a result of an office restructure, and increase in employee leave entitlements.

Significant variances between actual results for 2009 and 2010

There were significant unfavourable variances in the total appropriation and total income.

	<b>2010</b>	<b>2009</b>	<b>Variance</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Total appropriation provided to deliver services for the year	3,177	2,762	415
Total income	8,473	6,435	2,038

(a) *Total appropriation provided to deliver services for the year* - The variance \$415,000 was largely attributable to the implementation of the State Government's Cash Management Policy in 2009, under which the Department was required to utilise its existing cash resources before any appropriation drawdown could be made.

(b) *Total income* - The favourable variance \$2,038,000 was due to the increases in the liquor fee revenues, and recoupment from the statutory authorities.

**Service Expenditure**Significant variances between actual results for 2009 and 2010

	<b>2010</b>	<b>2009</b>	<b>Variance</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Service 1 - Evaluation and determination of applications	5,767	5,095	672
Service 2 - Compliance audits and inspections	5,882	5,069	813

Refer to the explanations provided in the section of 'Significant variances between estimate and actual for 2010' for the unfavourable variances in the two Services.

**Note 30. Explanatory statement (contd)****Capital contribution**Significant variances between estimate and actual for 2010

No variances.

Significant variances between actual results for 2009 and 2010

No capital contribution was received. Funding for capital expenditure was made through the drawdown of the holding account.

**Total administered transactions**Significant variances between estimate and actual for 2010, and actual for 2009 and 2010

	<b>2010 Estimate \$000</b>	<b>2010 Actual \$000</b>	<b>Variance \$000</b>
Administered grants and transfer payments	74,804	80,976	(6,172)
Amount Authorised by Other Statutes - Liquor Control Act 1988	5,000	2,755	2,245
	<u>79,804</u>	<u>83,731</u>	

Administered Grants and Transfer Payments

The claims for GST gambling rebates lodged were significantly higher than anticipated. The initial appropriation for 2009-10 was \$74,804,000 and supplementary funding of \$9,706,000 was approved.

Amount Authorised by Other Statutes - Liquor Control Act 1988

	<b>2010 Actual \$000</b>	<b>2009 Actual \$000</b>	<b>Variance \$000</b>
Administered grants and transfer payments	80,976	76,391	4,585
Amount Authorised by Other Statutes - Liquor Control Act 1988	2,755	2,819	(64)
	<u>83,731</u>	<u>79,210</u>	

Administered Grants and Transfer Payments

The claims for GST gambling rebates lodged were significantly higher mainly due to increased casino taxable revenue.

Amount Authorised by Other Statutes - Liquor Control Act 1988

The claims lodged in 2010 were lower than those in 2009.

**Administered Income**Significant variance between estimate and actual for 2010, and actuals for 2009 and 2010

	<b>2010 Estimate \$000</b>	<b>2010 Actual \$000</b>	<b>Variance \$000</b>
Casino tax	84,000	92,187	(8,187)
2010 Casino Taxable Revenue was higher than budgeted.			
	<b>2010 Actual \$000</b>	<b>2009 Actual \$000</b>	<b>Variance \$000</b>
Casino tax	92,187	90,824	1,363
2010 Casino Taxable Revenue was higher than the 2009 revenue.			

**Note 31. Financial instruments****(a) Financial risk management objectives and policies**

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 31(c) 'Financial Instruments Disclosures' and Note 16 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. At the balance sheet date there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business.

The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks.

The Department is not exposed to interest rate risk because all cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings.

**(b) Categories of financial instruments**

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Financial Assets</u>		
Cash and cash equivalents	846	530
Restricted cash and cash equivalents	92	76
Receivables <sup>(a)</sup>	2,270	2,462
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	590	396

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

**DEPARTMENT OF RACING, GAMING AND LIQUOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2010**

**Note 31.(c) Financial instrument disclosures**

Credit risk and interest rate exposures

The following table discloses the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

The Department does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

**Interest rate exposures and ageing analysis of financial assets <sup>(a)</sup>**

	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Interest rate exposure			Past due but not impaired					Impaired financial assets \$000
			Fixed interest rate \$000	Variable interest rate \$000	Non- interest bearing \$000	Up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000	
<b>Financial Assets</b>											
<b>2010</b>											
Cash and cash equivalents		846	0	0	846	0	0	0	0	0	0
Restricted cash and cash equivalents		92	0	0	92	0	0	0	0	0	0
Receivables <sup>(a)</sup>		117	0	0	117	0	86	0	0	0	0
Amounts receivable for services		2,153	0	0	2,153	0	0	0	0	0	0
		<b>3,208</b>	<b>0</b>	<b>0</b>	<b>3,208</b>	<b>0</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2009</b>											
Cash and cash equivalents		530	0	0	530	0	0	0	0	0	0
Restricted cash and cash equivalents		76	0	0	76	0	0	0	0	0	0
Receivables <sup>(a)</sup>		549	0	0	549	96	0	0	0	0	0
Amounts receivable for services		1,913	0	0	1,913	0	0	0	0	0	0
		<b>3,068</b>	<b>0</b>	<b>0</b>	<b>3,068</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).



DEPARTMENT OF RACING, GAMING AND LIQUOR  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 30 JUNE 2010

**Note 31. (c) Financial instrument disclosures**

Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

**Interest rate exposure and maturity analysis of financial liabilities**

	<u>Interest rate exposure</u>						<u>Maturity date</u>					
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Adjustment for discounting \$000	Total Nominal Amount \$000	Up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
<u>Financial Liabilities</u>												
2010												
Payables		559	0	0	559	0	0	0	0	0	0	0
Other financial liabilities		31	0	0	31	0	0	0	0	0	0	0
		<b>590</b>	<b>0</b>	<b>0</b>	<b>590</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2009												
Payables		335	0	0	335	0	0	0	0	0	0	0
Other financial liabilities		61	0	0	61	0	0	0	0	0	0	0
		<b>396</b>	<b>0</b>	<b>0</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

The Department is not exposed to interest rate risk because all cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings.

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**Note 32. Contingent liabilities and contingent assets**

The Department is not aware of any contingent liabilities and contingent assets at the end of the reporting period.

**Note 33. Events occurring after the end of the reporting period**

The Department is not aware of any matters or circumstances that have arisen since the end of the financial year to the date of this report which has significantly affected or may significantly affect the activities of the Department, the results of those activities or the state of affairs of the Department in the ensuing or any subsequent year.

**Note 34. Supplementary financial information****(a) Write-offs**

Public property, revenues and debts due to the State, written off during the financial year:

	2010	2009
	\$	\$
Liquor licence penalties written off by the Accountable Officer	0	7,260
Revenues and debts written off by the Accountable Officer	0	6,180
Assets written off by the Accountable Officer	0	27,515
	<u>0</u>	<u>40,955</u>

**DEPARTMENT OF RACING, GAMING AND LIQUOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2010**

**Note 35. Administered expenses and income**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<b>COST OF SERVICES</b>		
<u>Expenses</u>		
Transfer payments for liquor subsidies, gambling tax rebates, and other subsidies	81,289	81,179
Receipts paid into Consolidated Fund	<u>89,338</u>	<u>89,579</u>
<b>Total administered expenses</b>	<b><u>170,627</u></b>	<b><u>170,758</u></b>
<u>Income</u>		
Appropriations for liquor subsidies, gambling tax rebates, and other subsidies	83,731	79,210
Taxes collected under the Casino (Burswood Island) Agreement Act 1985	<u>92,187</u>	<u>90,824</u>
<b>Total administered income</b>	<b><u>175,918</u></b>	<b><u>170,034</u></b>

The Compliance audits and inspections of the Department was responsible for the administration of the Administered Transaction. The requirement to disclose the Administered Income and Expenses by Service is therefore not applicable.

**Note 36. Administered assets and liabilities**

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<u>Assets</u>		
Current		
Cash and cash equivalents	1,670	2,721
Receivables	<u>10,048</u>	<u>7,199</u>
<b>TOTAL ADMINISTERED ASSETS</b>	<b><u>11,718</u></b>	<b><u>9,920</u></b>
<u>Liabilities</u>		
Current		
Payables	<u>1,596</u>	<u>5,089</u>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b><u>1,596</u></b>	<b><u>5,089</u></b>

Payables represent deferral of GST gambling rebate, Equine Influenza financial assistance, capital grant payments, and Tax Concession to Racing and Wagering Western Australia.

## KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) are required by the *Financial Management Act 2006* and are provided to assist interested parties such as Government, Parliament and community groups in assessing an agency's performance in meeting its desired outcomes. KPIs measure the effectiveness and efficiency of an agency.

## CERTIFICATION OF KEY PERFORMANCE INDICATORS

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Racing, Gaming and Liquor's performance, and fairly represent the performance of the Department of Racing, Gaming and Liquor for the financial year ended 30 June 2010.

A handwritten signature in blue ink that reads "BA Sargeant" with a stylized flourish at the end.

Barry A Sargeant  
Director General

17 September 2010

## DETAILED INFORMATION IN SUPPORT OF KEY PERFORMANCE INDICATORS

**Desired outcome:** To regulate, monitor and enforce responsible and lawful gambling and liquor services in accordance with legislation.

KEY EFFECTIVENESS INDICATOR	2009/10 Target	2009/10 Actual	2008/09 Actual	2007/08 Actual	2006/07 Actual
Licenseses / service providers that comply with audit requirements and statutory criteria <sup>4</sup>	95% <sup>5</sup>	97% <sup>6</sup>	93%	96%	97%

Conducting compliance audits and inspections contributes to the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services. Effectiveness can be measured by the percentage of licensees and service providers that complied with audit requirements and statutory criteria. The higher the percentage of compliance, the more effective the enforcement programs are.

Areas of non-compliance typically include:

- conducting activities without a valid permit or licence, for example:
  - conducting gaming (e.g. bingo) when permit has expired;
  - liquor licence holders failing to maintain incident registers;
  - overcrowding at licensed premises; and
  - not having an approved manager on the premises.
- breaching conditions of permits, for example:
  - permit holders failing to submit financial returns;
  - standard lotteries failing to maintain records; and
  - continuing lotteries failing to conduct monthly reconciliations.

<sup>4</sup> The Key Effectiveness Indicator is calculated by determining the number of licensees/service providers that complied with audit requirements and statutory criteria as a percentage of the total number of audits/inspections conducted in the year.

<sup>5</sup> Based on an estimated 10,450 compliant results for 2009/10 divided by an estimated 11,000 inspections and audits conducted for 2009/10.

<sup>6</sup> Based on an actual figure of 12,603 compliant results for 2009/10 divided by 12,977 actual inspections and audits conducted in 2009/10.

<b>SERVICE 1: LICENSING – EVALUATION AND DETERMINATION OF APPLICATIONS</b>					
<b>Key Efficiency Indicator</b>	<b>2009/10 Target</b>	<b>2009/10 Actual</b>	<b>2008/09 Actual</b>	<b>2007/08 Actual</b>	<b>2006/07 Actual</b>
Average cost of determining applications <sup>7</sup>	\$483 <sup>8</sup>	\$485 <sup>9</sup>	\$351	\$345	\$424

The evaluation and determination of applications contributes to promoting, monitoring and enforcing responsible and lawful gambling and liquor services by assessing applications for compliance with statutory and policy requirements.

The average cost can change for each reporting year as a result of increases or reductions in the number of licences determined, combined with annual increases to licensing application fees.

For example, 14,523 applications were determined in 2008/09, whilst 11,881 applications were determined in 2009/10. The decline in the number of applications being determined can be attributed to a number of factors:

1. Fewer applications were received in 2009/10 for a number of categories. For example:
  - Casino licensing applications have decreased due to fewer casino schools being run at Burswood Casino.
  - The number of approved manager applications has decreased, indicating that the initial upsurge in applications received as a result of liquor reforms in 2007 has peaked and is in steady decline.
2. The length of time taken to determine liquor licensing applications. The factors that impede an application's progress include:
  - incomplete applications received by the Department;
  - planning and rezoning issues;
  - building approval delays that impact on building and construction;
  - objections by residents and affected persons in the community;
  - interventions by the Commissioner of Police, the Executive Director Public Health and/or the relevant Local Government Authority;

<sup>7</sup> The efficiency indicator for this activity is derived by dividing the cost of allocation for the activity by the number of licenses and permits determined.

<sup>8</sup> Based on 2009/10 estimated actual cost of service of \$5,795,000 divided by a projected 12,000 applications determined in 2009/10.

<sup>9</sup> Based on 2009/10 actual cost of service of \$5,767,000 divided by a total of 11,881 applications determined in 2009/10.

- requests by the applicant and/or objectors for further time to prepare submissions and/or responses to submissions; or
- delayed responses by applicants when further information is requested or clarification on critical aspects of the application by the Department.

<b>SERVICE 2: COMPLIANCE AUDITS AND INSPECTION</b>					
<b>Key Efficiency Indicator</b>	<b>2009/10 Target</b>	<b>2009/10 Actual</b>	<b>2008/09 Actual</b>	<b>2007/08 Actual</b>	<b>2006/07 Actual</b>
Average cost of conducting inspections <sup>10</sup>	\$506 <sup>11</sup>	\$453 <sup>12</sup>	\$449	\$386	\$424

Compliance audits and inspections contribute to promoting, monitoring and enforcing responsible and lawful gambling and liquor services through the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services.

The cost of inspections can change for each reporting year as a result of increases or reductions in the number of audits and inspections carried out, combined with the cost of allocation to provide a compliance service.

<sup>10</sup> The efficiency indicator for this activity is derived by dividing the cost of allocation for the activity by the number of inspections and audits conducted.

<sup>11</sup> Based on 2009/10 estimated total cost of service of \$5,571,000 divided by an estimated 11,000 inspections and audits being conducted in 2009/10.

<sup>12</sup> Based on 2009/10 actual total cost of service of \$5,882,000 divided by a total of 12,977 inspections and audits conducted in 2009/10.



## Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### DEPARTMENT OF RACING, GAMING AND LIQUOR FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I have audited the accounts, financial statements, controls and key performance indicators of the Department of Racing, Gaming and Liquor.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes, including Administered transactions and balances.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### Director General's Responsibility for the Financial Statements and Key Performance Indicators

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.



**Department of Racing, Gaming and Liquor**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Racing, Gaming and Liquor at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Department provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2010.



COLIN MURPHY  
AUDITOR GENERAL  
16 September 2010

## MINISTERIAL DIRECTIVES

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The Department of Racing, Gaming and Liquor did not receive any Ministerial directives during 2009/10.

## OTHER FINANCIAL DISCLOSURES

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### PRICING POLICIES OF SERVICES PROVIDED

Pricing policies adopted by the Department on services it provides are based on the premise that:

- the primary purpose for the imposition of fees should be regulatory;
- provision to allow the imposition of a fee should be contained in legislation with the level of fees being established by regulation;
- the liquor, racing and gaming industries should perceive that they receive value for money in the context of the regulation of those industries; and
- the fee structure should be simple.

The current list of fees and charges were implemented on 1 January 2010. These fees and charges are available on the Department's website at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au). Fees and charges are reviewed annually.

### CAPITAL WORKS

The Department is working towards the development and delivery of a single, fully integrated citizen-centric online application system, to deliver internal core business processes and customer integration. The system will include the online lodgement and tracking of applications and electronic document management, with the capability to interface with other agencies.

The aim is also to develop a solid framework which is flexible enough to allow the easy implementation of more than 20 licence categories. The Department is using a phased approach to implement the system, which will facilitate remote location access and timelier processing of applications.

In 2009/10, the Department has made the following progress:

- Since January 2010, betting operators who use Western Australian race fields information have been lodging their racing bets levy returns electronically, via the Department's website. Betting operators can either directly input betting operation details or upload files into a web-based system.
- In May 2010, the Department launched an online application system for occasional licences. Applicants can track their application's progress during the processing stage. Any additional information required by the Department can be electronically attached to the application. Applicants can view, print and save their receipts online, as well as being able to save and print the licence once it has been approved.

## EMPLOYMENT AND INDUSTRIAL RELATIONS

THE DEPARTMENT'S STAFF PROFILE		
	2008/09	2009/10
Full-time permanent	94	93
Full-time contract	6	7
Part-time measured on an FTE basis	5.7	14
Total FTE	105.7	106.9
On secondment	3	3

The Department is committed to training and developing its employees. The Department aims to build a highly skilled, professional and ethical workforce with the ability to adapt to changing business, technology and environmental needs.

During the year, the Department's training and development program covered the following areas:

- Graduate Development Program;
- leadership development;
- change management;
- coaching and mentoring;
- misconduct practitioner forum;
- recruitment and selection;
- investigation training methods;
- senior first aid;
- worker's compensation;
- legislation framework;

- IT systems;
- occupational health and safety; and
- accountable and ethical decision-making.

## WORKERS' COMPENSATION

In 2009/10 two worker's compensation claims were lodged. Both were accepted.

## GOVERNANCE DISCLOSURES

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### CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests had any interests in existing or proposed contracts with the Department and senior officers.

## OTHER LEGAL REQUIREMENTS

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### ADVERTISING

In accordance with section 175ZE of the *Electoral Act 1907*, the Department must report on any expenditure incurred for advertising, market research, polling, direct mail and media advertising.

Total expenditure for 2009/10 was \$9382, with expenditure incurred in the following areas:

Name of Advertising Agency		\$
Advertising Agencies		1,698
Government Agencies:	State Law Publisher	7,534
Market research organisations		Nil
Polling organisations		Nil
Direct mail organisations		Nil
Media advertising organisations		150

## DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The Department currently has in place a five-year Disability Access and Inclusion Plan (2007-12) that provides strategies to improve access to the services it provides. The plan is reviewed annually and is published on the Department's website.

In accordance with requirements of the *Disability Services Act 1993*, the Department has developed a Disability Access and Inclusion Plan, to achieve the following outcomes:

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Department.

Strategy	Task	Outcome
Provide people with disabilities the opportunity to comment on access to services	Develop a system to assist people with disabilities to comment on services	Completed
Provide people with disabilities the opportunity to access services in a variety of ways	Develop a system to allow on-line applications	Partially completed. The development of the on-line system is ongoing (see page 82 for further information).

2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Department.

Strategy	Task	Outcome
Ensure that all buildings and facilities are physically accessible to people with disabilities.	<ul style="list-style-type: none"> <li>• Audit and identify access barriers to buildings and facilities.</li> <li>• Identify complaints concerning access.</li> <li>• Where buildings cannot be changed, identify alternative methods by which services can be accessed.</li> </ul>	Completed.
Ensure that agents and contractors, particularly publishers and events/promotional service providers of the Department, are aware of their requirements under DAIP.	<ul style="list-style-type: none"> <li>• Provide a copy of the DAIP to agents and contractors as part of the contract documentation.</li> <li>• Respond to queries from agents and contractors as required.</li> </ul>	Completed.

3. People with disabilities receive information from the Department in a format that will enable them to access the information as readily as other people.

Strategy	Task	Outcome
Improve community awareness that the Department's information can be made available in alternative formats upon request.	<ul style="list-style-type: none"> <li>• Add a notation to all vital documentation regarding availability in alternative formats.</li> <li>• Inform the community of the availability of alternative formats via the Department's website.</li> </ul>	Completed in 2009. Information is available on the Department's website. It is located at the Customer Services Charter page. It is also available on departmental publications.
Improve staff awareness of alternative means of providing information	<ul style="list-style-type: none"> <li>• Provide guidelines on the intranet.</li> <li>• Provide awareness raising sessions to customer services staff and include as a part of the induction process.</li> </ul>	Completed in 2009 <ul style="list-style-type: none"> <li>• In-house awareness training sessions were held with staff in July 2008. A comprehensive staff induction program will be launched in August 2010</li> </ul>
Improve the Department's website to meet contemporary good practice.	Ensure forms and applications are available electronically.	Partially completed and ongoing. Forms and applications are available electronically. The Department is developing an on-line system for lodging applications. The content of the Department's website is also under review, with a view to making services more accessible.
Provide documentation regarding services in an appropriate format and using clear and concise language	Adopt State Government Access Guidelines for Information, Services and Facilities, and incorporate into general practice.	Completed in 2009. The Department's website was updated.

4. People with disabilities receive the same level and quality of service from the staff of the Department.

Strategy	Task	Outcome
Improve staff awareness of disability and access issues and improve skills to provide a good service to people with disabilities	Determine staff training needs through consultation.	Completed.
Improve the awareness of new staff about disability and access issues.	Prepare information and plan the establishment of including training in the induction of new staff.	Partially completed. The staff induction program is currently under review and a new comprehensive program will be launched in August 2010.

5. People with disabilities have the same opportunities as other people to make complaints to the Department.

Strategy	Task	Outcome
Ensure current grievance mechanisms are accessible to people with disabilities.	<ul style="list-style-type: none"> <li>Review current process.</li> <li>Develop other methods for the lodgement of complaints.</li> </ul>	Completed in 2010. Customer Complaints Handling Policy and Procedure was updated. The Department's website contains a page on the Customer Services Charter and informs the public on alternative methods of lodging complaints.

6. People with disabilities have the same opportunities as other people to participate in any public consultation by the Department.

Strategy	Task	Outcome
Improve community awareness of consultation process.	Conduct a review of the Department's community consultation process.	Completed
Commit to ongoing monitoring/review of the DAIP.	Submit quarterly implementation reports to the Corporate Executive.	Completed. Reports are submitted on an ongoing basis.

## COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

The Department encourages a culture of openness, honesty and responsibility which is set out in the customer service charter and code of conduct. This includes ensuring employees are provided with adequate training and materials to ensure they are fully aware of their ethical responsibilities and can deliver our services with integrity.

The Department is committed to achieving high standards in ensuring compliance with the public sector standards, the WA Public Sector Code of Ethics and the Department's Code of Conduct. The following is an overview of the Department's activities with respect to compliance with public sector standards and ethical codes:

- The Department has commenced a program of cultural change across the agency. Part of the program is to encourage and model ethical values across the Department.
- The Department developed and/or reviewed a comprehensive range of its corporate governance policies in 2009/10. These are available to staff on the Department's intranet.
- A comprehensive review and update was carried out on the Customer Complaint Handling Policy and Procedure, and the Customer Service Charter. The Charter is available on the Department's website.
- The Department's Code of Conduct is available on the Department's website.
- To raise awareness of the Department's values, all employees are required to attend training on 'Accountable and Ethical Decision-Making in the WA Public Sector'. This training course is based on the training modules developed by the Department of the Premier and Cabinet.
- All new employees are required to participate in an online induction training program when they begin their employment. This program provides them with information they need to know about the Department and its policies. Included in the program is training on the Department's code of conduct, which includes a section on the Department's approach to managing conflicts of interest.



## RECORDKEEPING PLANS

The Department is committed to continuously improving recordkeeping practices consistent with the *State Records Act 2000* and aims for best practice recordkeeping practices.

The following is an overview of the significant actions taken in 2009/10:

- The Department appointed a Chief Information Officer in August 2009. This position is responsible for the development of the strategic direction of Information Services and Information Technology to support the business needs of the Department.
- The establishment of an Information Management Working Group in February 2010. The purpose of the Group is to examine and review information management practices and business processes across the Department.
- The Recordkeeping Plan was approved by the State Records Commission for the maximum period of five years in December 2009.
- Formal training and resources on records management provided to all new staff as part of their induction process. Follow-up training and help-desk support is also provided; and
- Continued scanning of all significant incoming correspondence to complement the saving of electronic mail (email) and facsimiles directly into the records management system.

## GOVERNMENT POLICY REQUIREMENTS

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### SUBSTANTIVE EQUALITY

The Department of Racing, Gaming and Liquor is committed to the elimination of systematic racial discrimination from all policies and practices, in accordance with the Policy Framework for Substantive Equality (PFSE).

In 2009/10, the Department launched its Customer Services Charter. The Charter includes information on the translation and interpreting services available to members of the public for whom English is a second language or who cannot speak English, or for Aboriginals, or for the hearing and visual impaired, who seek to access our services or to provide feedback on our services.

## **OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT**

As a responsible employer, the Department of Racing, Gaming and Liquor recognises and accepts its obligation to provide employees with, as far as practicable, the highest possible standards of safety.

The achievement of this objective is both an individual and a shared responsibility that requires commitment from both management and employees. It is particularly important that responsibilities are accepted and a willingness to cooperate in the elimination of workplace hazards is demonstrated by all.

The Department believes that workplace accidents and injuries are preventable and the safety and health of employees is paramount. The Department's Occupational Health and Safety Policy commits the Department to the provision of a safe and healthy working environment for all employees through the provision of a comprehensive safety and health program that complements the operations of the Department. In meeting its responsibilities, the Department undertakes to provide and maintain, as far as practicable, a working environment that is safe and without risks to health.

In particular the Department will:

- provide and maintain safe plant, equipment and systems of work;
- make and monitor arrangements for the safe use, handling, storage, and transport of plant and substances;
- maintain the workplace in a safe and healthy condition;
- provide adequate resources to implement the policy and programs introduced for the safety and health of all employees; and
- provide information, training and supervision for employees so that all work related activities may be conducted in a safe and healthy manner.

## **CONSULTING EMPLOYEES ON OHS AND INJURY MANAGEMENT ISSUES**

The Director Governance and Strategy and Occupational Health and Safety Committee are responsible for coordinating consultations on OHS issues. In the past 12 months, this has included consultations on a range of issues and the following policies and initiatives were discussed, reviewed or implemented:

- Updating OHS related policies and procedures;
- Updating the OHS related reporting documentation;
- Department-wide ergonomic training and individual assessments, conducted by Ergonomica in May 2010;

- Department OHS representatives attended OHS training;
- A swine flu vaccination program was made available to employees in December 2009; and
- A flu vaccination program was made available to all employees in April 2010.

## **INJURY MANAGEMENT**

The Department's Governance and Strategy Division coordinates the implementation of the Occupational Health and Safety Program and provides consultancy and advisory services on legislation, best practice and other initiatives associated with the program.

The Department's Occupational Health and Safety Committee, with assistance from the Governance and Strategy Division, developed the Occupational Health and Safety Program and Policy, which was considered by both management and employees.

The Occupational Health and Safety Program requires that employees at all levels understand and accept specific responsibilities associated with their positions. The safety and health program includes strategies to prevent incidents and accidents in the workplace, such as:

- induction and training;
- safe work procedures and guidelines on safe behaviour;
- provision for workplace inspections;
- display of safety information;
- publishing of emergency procedures;
- first aid and emergency assistance;
- incident reporting and investigation;
- a rehabilitation program; and
- an employee assistance program.

## **ASSESSMENT OF OHS MANAGEMENT SYSTEMS**

The Department is committed to ensuring its OHS management systems are fit for purpose. In 2010/11 either an external accredited assessor will be engaged to review the Department's OHS management systems or a self-evaluation will be conducted.

**LOST TIME INJURY SEVERITY RATE**

<b>Indicator</b>	<b>2009/10 Actual</b>	<b>2009/10 Target</b>
Number of fatalities	Zero (0)	Zero (0)
Lost time injury/disease incidence rate	1.89 (2 LTI)	Zero (0) or 10% reduction on previous years
Lost time injury severity rate	Zero (0)	Zero (0) or 10% improvement on previous year
Percentage of injured workers returned to work within 28 weeks	100%	Actual percentage result to be reported
Percentage of managers trained in occupational safety, health and injury management responsibilities	40%	Greater than or equal to 50%