



# DEPARTMENT OF RACING GAMING AND LIQUOR ANNUAL REPORT 2010/11



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## CONTACTS

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**Office location:** Level 1  
87 Adelaide Terrace  
East Perth WA 6004

**Postal address:** PO Box 6119  
East Perth WA 6892

**Telephone:** (08) 9425 1888

**Facsimile:** (08) 9325 1041

**Toll free:** 1800 634 541

**Internet:** [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au)

**Email:** [rgl@rgl.wa.gov.au](mailto:rgl@rgl.wa.gov.au)

### AVAILABILITY IN OTHER FORMATS

This publication can be made available in alternative formats such as compact disc, audiotape or Braille. The report is available in PDF format at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au)

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

## 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 2011.

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

A handwritten signature in blue ink, reading "Barry A Sargeant" with a stylized star-like flourish at the end.

Barry A Sargeant  
DIRECTOR GENERAL

21 September 2011

## 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 2010/11. This report is designed to outline the Department's activities and to satisfy its statutory reporting requirements.

One of the Department's key achievements during the year was the continued implementation of the Government's liquor reforms, resulting in the proclamation of the *Liquor Control Amendment Act 2010* on 8 December 2010.

The Act introduced two major reforms to the *Liquor Control Act 1988*. The first was the introduction of a new licensing system for approved managers to provide greater flexibility for licensees and managers by allowing managers to move between licensed premises throughout Western Australia without application to the licensing authority. The amendments relating to approved managers were proclaimed on 7 June 2011.

There are two licence categories: unrestricted for commercial licence types such as hotels, taverns and so on; and restricted for club and club restricted licence types. The category of approval issued is commensurate with the level of training obtained by the applicant.

As at 8 June 2011, transitional provisions allow existing managers to be approved under the amended legislation for a period of five years, after which time they will be required to apply for a renewal of their approval.

The duration of new approvals will be five years as prescribed in the *Liquor Control Regulations 1989*, and approvals will be renewable.

The second reform will allow owners or occupiers of private premises to apply to the Director of Liquor Licensing to have their premises declared a liquor restricted premises.

Once a declaration has been made, a notice must be displayed on the premises to which the declaration applies, and it will be an offence for a person to bring into, consume, or possess liquor on the restricted premises. Declarations may be varied or revoked by the Director of Liquor Licensing. The amendments relating to liquor restricted premises will be introduced later in 2011.

Other noteworthy technical and operational amendments that came into effect in January 2011 include:

- prescribing provisions which allow the Commissioner of Police to issue a barring notice which prohibits a person entering licensed premises for up to 12 months;

- introduction of a new tavern restricted licence category that permits a licensee to sell liquor for consumption on the premises only; and
- allowing 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.

Furthermore, the *Liquor Control Act 1988* was amended to specify situations whereby the sale, supply, or consumption of liquor is exempt from the application of the Act. This includes the:

- consumption of liquor in Small Charter Vehicles, whose operators are licensed under the *Transport Co-ordination Act 1966*, and permit BYO, except where liquor is consumed by a juvenile;
- consumption of liquor at live entertainment venues, such as a jazz club with 200 patrons or less;
- sale, supply and consumption of liquor at low-risk occasional events; and
- sale of liquor on commercial vessels transiting through Western Australian territorial seas.

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, more than 14,000 liquor licensing applications were processed. Additionally, more than 2200 community gaming applications were processed which included allowing eligible organisations to raise funds through gaming functions and raffles.

Inspectors and other officers from the Department conducted more than 10,000 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 efforts and dedication of the staff. On behalf of the Corporate Executive, I take this opportunity to thank them for their commitment to providing a professional service to the Western Australian community.



Barry A Sargeant  
DIRECTOR GENERAL

## **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 2011, the Minister responsible for the Racing and Gaming Portfolio was the Honourable Terry Waldron MLA, Minister for Sport and Recreation; Racing and Gaming.

### **MISSION, VISION AND VALUES**

The Department of Racing, Gaming and Liquor is responsible for regulating and maintaining the integrity of lawful racing, gambling and liquor activities in the Western Australia.

The Department exercises its responsibilities through the licensing of suppliers and industry support services and is committed to continuous development of its staff to deliver services and meet community and industry expectations.

The mission and vision of the Department is to regulate the liquor and gambling industries in Western Australia with integrity.

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

### **CORPORATE EXECUTIVE**

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

As at 30 June 2011, Mr Sargeant was the Accountable Officer for the Department of Racing, Gaming and Liquor, a position he has held since 1992. As Director General, Mr Sargeant is the administrative head and Accountable Officer for the operations of the Department of Racing, Gaming and Liquor. Mr Sargeant is also the employing authority for all staff.

Mr Sargeant 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**

Ms Belling has more than 20 years experience in the public sector and has been employed at both State and Commonwealth Government level. Ms Belling also holds the statutory position of Chief Casino Officer under the *Gaming and Wagering Commission Act 1987*. In addition to her experience, she holds the qualification of Bachelor of Arts in Sociology/Anthropology and Literature.

The Licensing Division is responsible for all licensing functions relating to the liquor, casino, racing, gaming, and wagering industries. The Division comprises a Licensing section, Policy section and a Customer and Client Liaison section.

The Licensing section undertakes a processing and licensing function in relation to applications relevant to the liquor, casino, racing, gaming, and wagering industries. The Customer and Client Liaison section provides a general advisory service to those industries.

The Policy section is responsible for the development and implementation of strategic operational policy and undertaking reviews of legislation, consistent with Government direction and legislative and customer requirements, with respect to matters relating to the liquor, casino, racing, gaming, and wagering industries.

Senior members of the Division determine applications in accordance with relevant legislation and delegation, and provide high level support to the Director General in relation to the regulation of the liquor, casino, racing, gaming, and wagering industries.

**Ms Vanessa Grant, Acting Director Compliance**

Ms Grant has more than 20 years experience in both the WA State Public Sector and Australian Public Service. Ms Grant joined the Department in December 2008 following five years as Director Business Services with the Corruption and Crime Commission. In addition to this experience, Ms Grant has qualifications in Public Administration.

The Compliance Division conducts a program of audits and inspections to promote compliance with legislation related to the liquor, casino, racing, gaming, and wagering industries.

The Division also investigates complaints and breaches of legislation, and initiates corrective action that may include education, assisting parties with dispute resolution or disciplinary action such as infringement notices or prosecution.



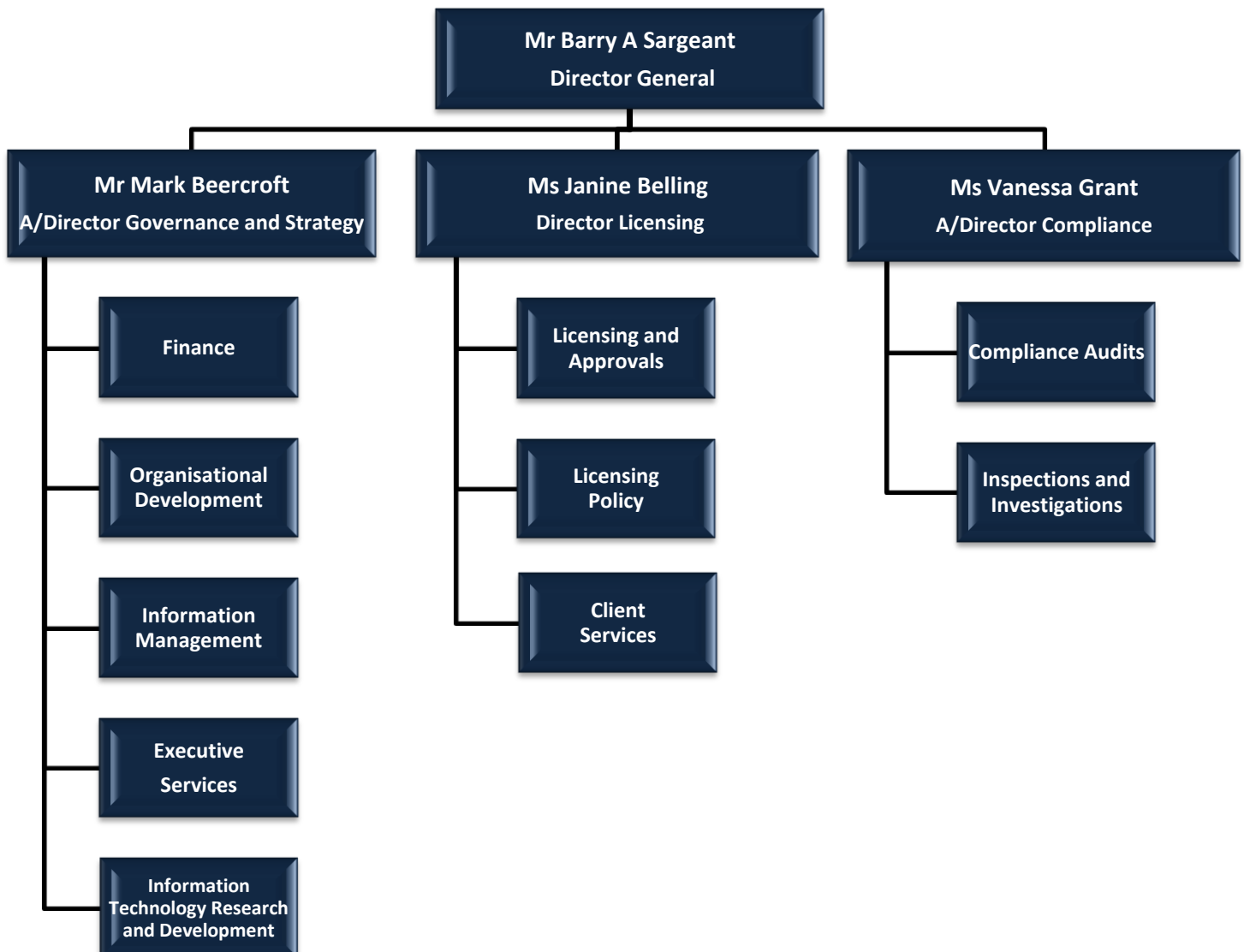
### Mr Mark Beecroft, Acting Director Governance and Strategy

Mr Beecroft has more than 28 years experience in the public sector, including the past 18 years in various licensing, regulatory, and policy roles within the Department. In addition to this experience, Mr Beecroft has qualifications in Public Administration.

The Governance and Strategy Division is responsible for the provision of operational and strategic financial, human resources, information technology, information management, planning and executive support services.

The Division provides the internal support and assistance to the Compliance and Licensing Divisions that allows the Department to deliver its external services.

### 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 the casino, community gaming, and liquor industry and wagering industry.
- Inspectorial and audit services for the casino, community gaming, and liquor industry and wagering industry.
- Expertise and experience in structuring legislation and policy relevant to the racing, gaming and liquor industries.
- Information and support to stakeholders, and 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.

## ADMINISTERED LEGISLATION

The Minister for Racing and Gaming administers the following Acts:

- *Betting Control Act 1954*
- *Bookmakers Betting Levy Act 1954*
- *Casino (Burswood Island) Agreement Act 1985*
- *Casino Control Act 1984*
- *Gaming and Betting (Contracts and Securities) Act 1985;*
- *Gaming and Wagering Commission Act 1987*
- *Liquor Control Act 1988;*
- *Racing and Wagering Western Australia Act 2003;*
- *Racing and Wagering Western Australia Tax Act 2003;*
- *Racing Bets Levy Act 2009;*
- *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

Broad government goals are supported by the 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 minimise harm to the community of liquor and gambling activities through the application of government legislation and policy. | Evaluation and determination of licensing applications. |
|  |   | The carrying out of compliance audits and inspections.  |

### CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

The Department's Outcome Based Management Framework did not change during 2010/11.

### 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

| <b>FINANCIAL TARGETS</b>   | <b>TARGET<sup>1</sup></b><br><b>\$000</b> | <b>ACTUAL</b><br><b>\$000</b> | <b>VARIATION</b><br><b>\$000</b> |
|--|---|-------------------------------|----------------------------------|
| Total cost of services (expense limit)<br>(sourced from Statement of Comprehensive Income) | 12,766                                    | 13,182                        | 416                              |
| Net cost of services<br>(sourced from Statement of Comprehensive Income)                   | 4,124                                     | 4,148                         | 24                               |
| Total equity<br>(sourced from Statement of Financial Position)                             | 2,744                                     | 2,663                         | 111                              |
| Net increase / (decrease) in cash held<br>(sourced from Statement of Cash Flows)           | (255)                                     | (322)                         | 67                               |
|  | <b>No.</b>                                | <b>No.</b>                    | <b>No.</b>                       |
| Approved full time equivalent (FTE) staff level  | 107                                       | 115                           | 8                                |

| <b>SUMMARY OF KEY PERFORMANCE INDICATORS</b>  | <b>2010/11 TARGET<sup>2</sup></b> | <b>2010/11 ACTUAL</b> | <b>VARIATION<sup>3</sup></b> |
|---|-----------------------------------|-----------------------|------------------------------|
| Licensee/service providers that comply with audit requirements and statutory criteria             | 95%                               | 96%                   | 1%                           |
| Evaluation and determination of licensing applications – average cost of determining applications | \$460                             | \$469                 | \$9                          |
| Compliance audits and inspections – average cost of conducting an inspection                      | \$633                             | \$629                 | \$4                          |

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 69 and 70.

## 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;
- use of premises on which liquor is sold; and
- 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 the casino, community gaming, liquor industry and wagering industry. 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/approval sought.

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

| <b>LIQUOR LICENSING APPLICATIONS</b>                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>Licence Types</b>                                | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
| Transfer of Licence                                 | 344            | 242            | 262            | 253            |
| Grant and Removal of Licence                        | 204            | 264            | 260            | 226            |
| Alteration/Redefinition                             | 159            | 183            | 167            | 151            |
| Variation to Licence Conditions                     | 196            | 230            | 166            | 203            |
| Extended Trading Permits (long term extended hours) | 86             | 43             | 30             | 21             |
| Extended Trading Permits (other long term)          | 133            | 118            | 80             | 58             |
| One-off Extended Trading Permits                    | 1414           | 1442           | 1559           | 1234           |
| Approval of Manager                                 | 6883           | 3408           | 4252           | 5774           |
| Protection Orders                                   | 37             | 56             | 39             | 61             |
| Change of Premises Name                             | 92             | 62             | 74             | 74             |
| Position of Authority/Shareholding                  | 130            | 123            | 100            | 128            |
| Arrangement/Agreement                               | 165            | 45             | 42             | 62             |
| One-off variation of licensed area                  | 101            | 108            | 96             | 110            |
| One-off variation of licence hours                  | 159            | 140            | 135            | 105            |
| One-off variation of area and hours                 | 22             | 36             | 30             | 22             |
| Occasional (by number of hours)                     | 5808           | 7558           | 5666           | 7562           |
| <b>Total</b>  | <b>15,933</b>  | <b>14,058</b>  | <b>12,958</b>  | <b>16,044</b>  |

| <b>LIQUOR LICENCES GRANTED BY TYPE</b> |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| <b>Licence Types</b>                   | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
| Hotel                                  | 0              | 2              | 0              | 1              |
| Tavern                                 | 10             | 17             | 13             | 18             |
| Hotel Restricted                       | 1              | 4              | 3              | 3              |
| Small Bar                              | 11             | 19             | 14             | 11             |
| Liquor Store                           | 16             | 15             | 18             | 10             |
| Club                                   | 2              | 4              | 3              | 3              |
| Club Restricted                        | 9              | 15             | 16             | 6              |
| Restaurant                             | 36             | 45             | 47             | 50             |
| Nightclub                              | 0              | 1              | 0              | 0              |
| Special Facility                       | 14             | 32             | 45             | 34             |
| Producer                               | 25             | 24             | 31             | 17             |
| Wholesaler                             | 15             | 24             | 16             | 14             |
| <b>Total</b>                           | <b>139</b>     | <b>202</b>     | <b>206</b>     | <b>167</b>     |

| <b>LIQUOR LICENCES BY TYPES AND CATEGORIES 2010/11</b> |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| <b>Licence Types</b>                                   | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
| Hotel  | 289            | 288            | 286            | 282            |
| Tavern   | 335            | 347            | 358            | 374            |
| Hotel Restricted                                       | 43             | 44             | 47             | 50             |
| Small Bar  | 11             | 30             | 44             | 56             |
| Liquor Store   | 493            | 506            | 523            | 530            |
| Club   | 420            | 423            | 423            | 424            |
| Club Restricted  | 530            | 534            | 544            | 545            |
| Restaurant   | 745            | 734            | 759            | 779            |
| Nightclub  | 50             | 47             | 45             | 45             |
| Special Facility                                       | 527            | 529            | 549            | 557            |
| Casino Liquor  | 1              | 1              | 1              | 1              |
| Producer   | 577            | 579            | 575            | 574            |
| Wholesaler   | 178            | 179            | 188            | 183            |
| <b>Total</b>   | <b>4199</b>    | <b>4241</b>    | <b>4342</b>    | <b>4400</b>    |



## 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 2266 community gaming permits, which resulted in a gross amount of approximately \$56.6 million being raised by permit holders. A net amount of approximately \$17 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 gaming permits issued by the Department over the past four years.

| <b>NUMBER OF GAMING PERMITS ISSUED BY THE DEPARTMENT</b> |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
|  | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
| Bingo  | 191            | 205            | 200            | 193            |
| Continuing Lottery                                       | 279            | 290            | 250            | 246            |
| Gaming Functions   | 407            | 400            | 458            | 441            |
| Standard Lottery   | 968            | 881            | 891            | 907            |
| Calcutta   | 38             | 37             | 40             | 41             |
| Two-Up   | 74             | 64             | 51             | 52             |
| VLTs   | 415            | 447            | 420            | 386            |
| <b>Total</b>   | <b>2372</b>    | <b>2324</b>    | <b>2310</b>    | <b>2266</b>    |

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

| <b>COMPARISON OF GROSS AND NET REVENUE RAISED BY GAMING PERMIT HOLDERS</b> |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | <b>2008/09</b>      |                     | <b>2009/10</b>      |                     | <b>2010/11</b>      |                     |
|  | <b>Gross</b>        | <b>Net</b>          | <b>Gross</b>        | <b>Net</b>          | <b>Gross</b>        | <b>Net</b>          |
| Bingo  | \$5,193,468         | \$610,852           | \$4,937,583         | \$629,123           | \$5,261,766         | \$661,794           |
| Continuing Lottery   | \$8,709,058         | \$2,630,975         | \$7,542,204         | \$1,573,044         | \$7,358,628         | \$1,476,784         |
| Gaming Functions   | \$2,653,366         | \$547,375           | \$3,040,118         | \$519,811           | \$3,016,748         | \$455,540           |
| Standard Lottery   | \$25,461,192        | \$10,925,262        | \$25,047,997        | \$10,911,070        | \$31,045,040        | \$13,277,153        |
| Calcutta   | \$370,295           | \$52,575            | \$460,277           | \$79,314            | \$419,783           | \$87,522            |
| Two-Up   | \$112,680           | \$73,097            | \$74,986            | \$41,907            | \$42,485            | \$24,515            |
| VLTs   | \$11,509,442        | \$1,307,348         | \$9,868,001         | \$1,138,728         | \$9,554,702         | \$1,116,598         |
| <b>TOTAL</b>   | <b>\$54,009,501</b> | <b>\$16,147,484</b> | <b>\$50,971,166</b> | <b>\$14,892,997</b> | <b>\$56,699,152</b> | <b>\$17,099,906</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>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
|----------------------------------|----------------|----------------|----------------|----------------|
| Key Employee Licences            | 247            | 365            | 374            | 378            |
| Employee Licences                | 1651           | 1791           | 1660           | 1686           |
| <b>Total</b>                     | <b>1898</b>    | <b>2156</b>    | <b>2034</b>    | <b>2064</b>    |

## 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.

| RWWA EMPLOYEE LICENCES | 2007/08   | 2008/09   | 2009/10   | 2010/11   |
|------------------------|-----------|-----------|-----------|-----------|
| Directors              | 6         | 10        | 11        | 12        |
| Key Employee           | 56        | 61        | 75        | 72        |
| <b>Total</b>           | <b>62</b> | <b>71</b> | <b>86</b> | <b>84</b> |

## 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.

| BOOKMAKER LICENCES | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|--------------------|---------|---------|---------|---------|
|                    | 53      | 50      | 50      | 49      |

| BOOKMAKER'S EMPLOYEE LICENCES | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|-------------------------------|---------|---------|---------|---------|
| Issued                        | 88      | 51      | 20      | 43      |
| Expired                       | 75      | 5       | 19      | 26      |

| BOOKMAKER'S MANAGER LICENCES | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|------------------------------|---------|---------|---------|---------|
| Issued                       | 2       | 2       | 1       | 3       |
| Expired                      | 3       | 1       | 0       | 0       |

## COMPLIANCE PROGRAM

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The Department provides a range of inspectorial and audit functions for the casino, community gaming, liquor industry and wagering industry 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 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.

| <b>AUDITS, INSPECTIONS, ASSESSMENTS AND INVESTIGATIONS</b> | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
|--|----------------|----------------|----------------|----------------|
| Racing   | 182            | 181            | 1247           | 535            |
| Lotterywest  | 1128           | 1134           | 1108           | 761            |
| Community Gaming   | 574            | 478            | 725            | 747            |
| Burswood Casino  | 6853           | 6253           | 6346           | 5483           |
| Liquor   | 2206           | 2182           | 1972           | 2681           |
| <b>Total</b>   | <b>10,943</b>  | <b>10,228</b>  | <b>11,398</b>  | <b>10,207</b>  |

| <b>NON COMPLIANCE WITH LEGISLATIVE REQUIREMENTS</b> | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
|---|----------------|----------------|----------------|----------------|
| Cautions Issued                                     | 53             | 79             | 75             | 162            |
| Infringement Notices Issued                         | 70             | 141            | 175            | 122            |
| Prosecutions Initiated                              | 2              | 2              | 0              | 12             |
| <b>Total</b>  | <b>125</b>     | <b>222</b>     | <b>250</b>     | <b>296</b>     |

| <b>INSPECTORATE PROGRAM</b>   | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>2010/11</b> |
|---|----------------|----------------|----------------|----------------|
| TAB agency audits   | 164            | 91             | 109            | 139            |
| Bookmaker and on-course totalisator inspections and audits  | 18             | 19             | 27             | 65             |
| Inspections and audits to obtain reasonable assurance as to casino gaming operations  | 6853           | 6253           | 6346           | 5415           |
| Audits and inspections of community gaming operations   | 574            | 478            | 725            | 659            |
| 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 | 41             | 55             | 20             | 49             |
| Violation reports against the casino operation (relating to breaches of game rules, procedures or directions)   | 5              | 5              | 16             | 5              |
| Investigation of formal complaints from casino patrons  | 16             | 0              | 10             | 11             |
| Inspections of licensed premises  | 2206           | 1794           | 1295           | 1056           |
| Investigation of complaints under section 117 of the <i>Liquor Control Act 1988</i>   | 9              | 12             | 11             | 11             |
| Number of work orders issued against licensed premises  | 240            | 300            | 98             | 158            |
| Number of liquor infringement notices issued  | 77             | 87             | 117            | 73             |
| 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>                                     | 0              | 0              | 1              | 2              |

## SIGNIFICANT ISSUES IMPACTING THE AGENCY

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### LEGISLATIVE CHANGES TO THE *LIQUOR CONTROL ACT 1988*

The *Liquor Control Amendment Act 2010* was assented to on 8 December 2010. The first phase of the amendments came into effect in January 2011 and included a number of technical and operational amendments, such as:

- Provisions which allow the Commissioner of Police to issue a barring notice which prohibits a person entering licensed premises for up to 12 months. It is an offence for a barred person to be on licensed premises and also for a responsible person who allows barred persons to enter and remain on their licensed premises.
- The introduction of a new tavern restricted licence category that permits a licensee to sell liquor for consumption on the premises only.
- Amending the trading hours for nightclub licences so that the closing time is 5am following trade on Friday and Saturday nights.
- Prescribing regulations to:
  - prohibit patrons from entering or re-entering licensed premises after a specified time (i.e. a lock-out);
  - limit the permitted hours under extended trading permits in respect of a class of licence and or a specified area; and
  - exempt the sale, supply or consumption of liquor in prescribed circumstances.
- Juveniles who have already completed a prescribed training course can now continue to be employed in the service of liquor in the interim period between completing the course and turning 18.
- A producer's licence may only be granted if the licensing authority is satisfied that the applicant is a genuine producer, or will become a genuine producer of liquor within 12 months, and will continue to yield sufficient produce for a wine vintage.
- The licensing authority can now assume elected officers of associations incorporated under the *Association Incorporation Act 1987* and office holders of other entities such as Local Government Authorities, etc, are fit and proper, without any evidence to the contrary.
- The Liquor Commission can determine any matter it considers fit in Chambers.
- Minor offences that are not greater than \$2000 (such as street drinking) and do not involve licensees or employees can now be determined by a Justice of the Peace.

- A penalty imposed for an offence under the Act cannot be less than the modified penalty provided for in the Act.
- The Director of Liquor Licensing now has the authority to publish the full details of a Prohibition Order.
- Conditions can now be imposed which require a licensee to maintain and provide records to the Director of Liquor Licensing.
- The Director of Liquor Licensing can now rely upon the information contained in a document such as a National Police Certificate (provided by the applicant) for the purpose of assessing the number and nature of convictions recorded against an applicant.
- New offence provisions have been introduced:
  - Licensees who sell liquor in circumstances where the licensee should have reasonably suspected that the purchaser of that liquor intended to resell the liquor, (i.e., sly grogging), may incur a maximum penalty of \$20,000 and two years imprisonment.
  - A person who takes liquor into a prescribed licensed sport stadium, without the consent of the licensee, may incur a maximum penalty of \$2000. Furthermore, police have the authority to seize and dispose of liquor brought into a licensed stadium.
  - A responsible person who allows a person who is the subject of a Prohibition Order to enter and remain on licensed premises may incur a maximum penalty of \$2000.
- Police have been granted powers under section 155 of the Act to seize and dispose of unopened containers of liquor where a person is consuming liquor in a public place without authority and if Police believe on reasonable grounds that the person has, or is likely to cause, undue offence, annoyance, disturbance or inconvenience to other persons in the vicinity.
- The Commissioner of Police can lodge an intervention for the purpose of introducing evidence or making representations regarding any matter relevant to the public interest, whereas previously it was restricted to applications only.

The second phase of the amendments came in to effect in June 2011 and introduced a new licensing regime for approved managers, which acknowledges the different levels of responsibility of managers of the commercial and non-commercial liquor licence classifications.

The new licensing system for approved managers provides greater flexibility for licensees and managers by allowing managers to move between licensed premises throughout Western Australia without application to the licensing authority.

There are two licence categories:

- Unrestricted for commercial licence types such as hotels, taverns etc; and
- Restricted for club and club restricted licence types.

The category of approval issued is commensurate with the level of training obtained by the applicant. In this regard, a person who has completed the Course in Liquor Licensing will qualify for an Unrestricted Licence, whereas a person who has only completed the nationally accredited Responsible Service of Alcohol Course will qualify for a Restricted Licence.

As at 8 June 2011, transitional provisions allow existing managers to be approved under the amended legislation for a period of five years, after which time they will be required to apply for a renewal of their approval. The duration of new approvals can be up to five years and all approvals can be renewed.

Following the successful introduction of online lodgement facilities for occasional licences, all approved manager applications are dealt with online. The Department has also engaged the services of Australia Post to conduct identification checks and to take photographs of all applicants. This service provides more accessibility for all applicants particularly those in regional areas.

Approximately 5200 existing approved managers have been granted approvals under the new framework. Further to this, an additional 700 new applications have been processed and approved.

The final phase of the amendments will be introduced later in 2011 and will allow owners or occupiers of private premises to apply to the Director of Liquor Licensing to have their premises declared a liquor restricted premises, thereby prohibiting the consumption and possession of liquor. Once a declaration has been made, a notice must be displayed on the premises to which the declaration applies, and it will be an offence with a penalty of \$2000 if a person consumes, possess, or brings liquor on the restricted premises. Declarations may be varied or revoked by the Director of Liquor Licensing.



## **IMPLEMENTING AMENDMENTS TO THE *LIQUOR CONTROL REGULATIONS 1989***

In December 2010, discussion papers were sent to stakeholders proposing licensing exemptions for the consumption of BYO liquor in both small charter vehicles and in live entertainment venues. The proposals were supported, and the *Liquor Control Regulations 1989* (the regulations) will be amended during the second half of 2011.

The first discussion paper focussed on the consumption of liquor in small charter vehicles. Prior to January 2011, the Act only authorised the consumption of liquor on a public road in a vehicle that was subject to a liquor licence.

Section 6 of the *Liquor Control Act 1988* now allows for the regulations to specify situations whereby the sale, supply, or consumption of liquor (except to juveniles) is exempt from the application of the Act.

These provisions will be used to provide an exemption for the consumption of BYO liquor in small charter vehicles. The following conditions must be met in order for the exemption to apply:

- the vehicle must be licensed as a small charter vehicle;
- the vehicle can carry a maximum of 14 passengers (excluding the driver);
- the consumption of liquor by juveniles is not permitted;
- any juvenile present in the vehicle must be accompanied by a responsible adult;
- if the purpose of the vehicle hire is a school-based function and a juvenile or juveniles will be present in the vehicle, the exemptions do not apply; and
- a drunk person is not permitted to consume liquor in the vehicle.

The second discussion paper focussed on providing licensing exemptions for the consumption of BYO liquor in live entertainment venues. Liquor is not sold or supplied in some entertainment venues, however patrons may be encouraged to consume BYO liquor on the premises. In such cases, a breach of section 119(7) of the Act may occur if it is determined that an unlicensed premises is being used as 'a place of resort for the consumption of liquor'.

The regulations were amended to provide an exemption for the consumption of BYO liquor in live entertainment venues, where the following conditions are met:

- the primary purpose of the venue must be to provide continuous live entertainment presented by one or more persons. This excludes recorded music such as that which would be presented by a disc jockey and live broadcasts/transmissions;
- the entertainment must not include restricted material, i.e., X 18+, R 18+ and RC classified films; RC classified computer games; and RC Category 1 and RC Category 2 restricted publications;

- a maximum of 200 patrons may be present on the premises at any one time;
- juveniles can only be present at the venue when accompanied by a responsible adult, unless employed or providing entertainment on the premises;
- free drinking water must be provided at all times;
- a drunk person is not allowed to consume liquor on the premises;
- no person on the premises can be immodestly dressed or behave in an indecent manner; and
- the person in charge of the premises must notify the Director of Liquor Licensing of their intention to allow the consumption of BYO liquor in their establishment at least 14 days prior to this occurring.

The third discussion paper, which proposed exemptions for identified low risk liquor sale, supply, or consumption occasions, resulted in further amendments to the Regulations. These occasions are summarised as follows:

- Occasional functions that do not operate beyond 10pm, where the consumption of liquor is ancillary to the purpose of the function and where the function involves 75 people or less and runs for a maximum of four hours; or the function involves 100 people or less and runs for a maximum of two hours.
- A business may supply no more than two standard drinks for consumption on the premises, or one litre of packaged liquor for consumption off the premises, to a customer if the supply of the liquor is ancillary to the purpose of the customer's attendance at the business. An example of this is a complimentary glass of champagne being given to a client at a beauty salon.
- Where producers have an association or representative body that hosts a cooperative stall at a local farmers' market in an agricultural region and offer tastings of their product and/or sell up to 2.5 litres of takeaway packaged liquor.
- Where the organiser or promoter of a function enters into an arrangement with a licensee to provide the venue, liquor and food for a set price; and the organiser or promoter advertises, markets and sells tickets to the public and the cost of the ticket involves liquor, food and entertainment, provided the Licensing Authority approves the arrangement under section 104 of the Act.

The sale of liquor on commercial vessels transiting through Western Australian territorial seas will be exempt from the provisions of the Act, in line with the exemptions that apply to the sale and supply of liquor on board flights and interstate rail services.

## RAISING THE BAR

In March 2011, the Office of the Auditor General submitted a report to Parliament titled, *Raising the Bar: Implementing key provisions of the Liquor Control Act in licensed premises*. The report detailed an audit that was conducted to assess whether key provisions of the *Liquor Control Act 1988* (the Act) were being implemented by the Department of Racing, Gaming and Liquor and the WA Police Service.

The audit focused on three major lines of enquiry:

- Do WA Police and DRGL understand the patterns and causes of alcohol-related incidents in and around licensed premises?
- Do WA Police and DRGL promote compliance with the Act?
- Do WA Police and DRGL effectively enforce the Act?

The three key findings of the report are highlighted in bold; the Department's responses are provided below.

**1. There are shortfalls in training and education requirements for licensees and their staff, so some may lack the skills and knowledge to operate licensed premises in accordance with the Act.**

Reforms made to the *Liquor Control Act 1988* by way of the *Liquor Control Amendment Act 2010*, have enabled the Director of Liquor Licensing to re-examine issues around mandatory training and requirements relating to bar staff.

On 1 February 2011, the Department undertook consultation with industry associations on the proposal to abolish the abridged responsible service of alcohol (RSA) course.

Following that consultation, on 23 February 2011, notice was given to the industry and to training providers that effective from 2 May 2011, the abridged course would no longer be an approved course. The result is that all servers of liquor will be required as a minimum to hold the nationally accredited RSA qualification.

The subject of refresher training for managers has also been raised by and with the industry associations in more recent months. However, the introduction of refresher training would potentially have a significant impact on the industry and as such will require extensive consultation by the Government.

Furthermore, in December 2010, the Department published an information pamphlet titled, *Identifying the Signs of Intoxication*. The pamphlet is aimed at raising awareness in the industry about the signs of intoxication and has been sent to all industry associations, training providers, and published on the Department's website. The definition of intoxication as set out in the *Liquor Control Act 1988* has been placed on the agenda for consideration in the next round of legislative review.

- 2. There are gaps in DRGL and WA Police monitoring of licensed premises' compliance with key provisions of the Act. This limits the assurance that can be given that licensed premises are safely and responsibly managed.**

The Department is seeking additional funding to update its information technology systems infrastructure which was first implemented in the mid 1990s. The replacement system will enable the Department to manage and monitor all aspects of the regulated industries for which the Department is responsible; that is, gambling and liquor.

- 3. Although enforcement activity, primarily issuing fines, has increased significantly since 2006/07, gaps remain. These gaps need to be addressed to ensure that licensees and their staff are held accountable for breaches of the Act.**

The Department's capacity to do more in relation to compliance activity is constrained by existing resourcing. In this regard, it is important to recognise the Department is not funded to provide a broad compliance role as recommended and envisaged by the audit. It is only funded to deliver an inspectorial role, performed by six inspectors, for assessing venue/building suitability across the State.

The Department will continue to exercise the complex responsibilities vested in it by the Western Australian community in relation to the regulation of the liquor and gambling industries. In doing so, it will consider the Auditor General's recommendations in the context of its existing resourcing levels.

## **PUBLIC INTEREST ASSESSMENTS**

The interventions by the Commissioner of Police and the Executive Director Public Health in response to liquor licensing applications, and the need for the licensing authority to weigh and balance the evidence submitted by interveners, applicants and objectors in determining applications, continues to be a challenge for the licensing authority.

When applying for a licence, an applicant must satisfy the licensing authority that the granting of an application is in the public interest in accordance with sections 33 and 38 of the *Liquor Control Act 1988* (the Act).

When making a decision, the reference to “public interest” indicates that both sections 5 and 38 of the Act are relevant. In this regard, the primary objects of the Act are set out in section 5. These are to:

- regulate the sale, supply and consumption of liquor;
- minimise harm or ill-health caused to people, or any group of people, due to the use of liquor; and
- cater for the requirements of consumers for liquor and related services, with regard to the proper development of the liquor industry, the tourism industry and other hospitality industries in the State.

When taking into consideration the primary objects of the Act, there is a need for the licensing authority to weigh and balance the competing interests with respect to minimising harm or ill-health and catering for the requirements of consumers and related services. For example, whilst an applicant has the ability to put forward a case to the licensing authority to increase the availability of liquor, this may result in an increased level of harm.

With respect to proceedings before the licensing authority, the Act provides an opportunity for the Commissioner of Police and Executive Director Public Health to intervene for the purpose of introducing evidence or making representation on relevant matters. There is no onus on an intervener to establish its assertions of fact or opinion contained in its intervention.

Additionally, any person has the right to object to an advertised application. However, the burden of establishing the validity of any objection lies on the objector.

Important precedent decisions handed down by the Liquor Commission (the Commission) must be considered when determining an application. A recent determination handed down by the Commission determined that a Public Interest Assessment must be supported by objective evidence. Assumptions, opinions, speculation and generalised statements alone do not demonstrate that an application is in the public interest.

Further, when determining an application, the licensing authority must also be mindful of the standard of the application lodged. In this regard, consideration needs to be given to the Commission’s determinations, such as the following:

- **LC17/2010 - Busswater Pty Ltd v Director of Liquor Licensing**  
*‘In considering the public interest under section 38, the licensing authority needs to consider both the positive and negative social, economic and health impacts that the grant of an application will have on a community (refer Second Reading Speech, Parliamentary Debates, WA Parliament, vol 409, p 6342). In determining the positive aspects of an application, mere opinions expressed by an applicant as to the perceived benefits of the grant of their application, in the absence of*

*supporting evidence, falls well short of the level of evidence required to substantiate such a claim...statements by applicants, without supporting evidence, cannot be construed as facts.'*

*'...letters of support from business people purporting to speak on behalf of consumers simply does not go far enough to satisfy the Commission that the general public has a requirement for liquor and related services...'*

- **LC26/2010 - Shallcross Investments Pty Ltd v Director of Liquor Licensing**  
*'The licensing authority cannot run an application, objection or intervention on behalf of the individual parties because to do so would place the licensing authority in an unsustainable position.'*
- **LC44/2010 - Harold Thomas James Blakeley v Director of Liquor Licensing**  
*'The Commission has previously observed that it is not sufficient for an applicant merely to express opinions and make assertions about the perceived benefits of their application. Such opinions and assertions must be supported by an appropriate level of evidence.'*

*'...in the absence of other supporting evidence which is relevant, reliable and logically probative, the Commission finds that this applicant has failed to satisfy the Commission that the grant of the licence is in the public interest as required under s38(2) of the Act.'*

## **LIQUOR RESTRICTIONS**

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

In this regard, section 175(1a) 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 Act 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.

### **Section 175(1a) Restricted Area Regulations**

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 2011, 15 Aboriginal communities have been declared restricted areas under section 175(1a) of the Act, prohibiting the bringing in, possession and consumption of liquor in those communities. If a person commits an offence against the regulations, the penalties to apply are between \$2000 and \$5000.

| <b>RESTRICTED AREA</b> | <b>REGULATIONS</b>   | <b>COMMENCED</b> | <b>EXPIRES</b> |
|------------------------|--|------------------|----------------|
| Wangkatjunga           | <i>Liquor Control (Wangkatjunga Restricted Area) Regulations 2008</i>    | 24 April 2008    | 20 April 2013  |
| Jigalong               | <i>Liquor Control (Jigalong Restricted Area) Regulations 2009</i>        | 2 May 2009       | 30 April 2014  |
| Juwurlinji (Bow River) | <i>Liquor Control (Juwurlinji Restricted Area) Regulations 2009</i>      | 25 July 2009     | 24 July 2011   |
| Noonkanbah             | <i>Liquor Control (Noonkanbah Restricted Area) Regulations 2009</i>      | 25 July 2009     | 24 July 2011   |
| Oombulgurri            | <i>Liquor Control (Oombulgurri Restricted Area) Regulations 2008</i>     | 8 Nov 2008       | 7 Nov 2013     |
| Yakanarra              | <i>Liquor Control (Yakanarra Restricted Area) Regulations 2010</i>       | 1 May 2010       | 30 April 2012  |
| Bayulu                 | <i>Liquor Control (Bayulu Restricted Area) Regulations 2010</i>          | 9 June 2010      | 8 June 2013    |
| Kundat Djaru           | <i>Liquor Control (Kundat Djaru Restricted Area) Regulations 2010</i>    | 18 Sept 2010     | 17 Sept 2013   |
| Nicholson Block        | <i>Liquor Control (Nicholson Block Restricted Area) Regulations 2010</i> | 18 Sept 2010     | 17 Sept 2013   |
| Koongie Park           | <i>Liquor Control (Koongie Park Restricted Area) Regulations 2010</i>    | 18 Sept 2010     | 17 Sept 2013   |
| Punmu                  | <i>Liquor Control (Punmu Restricted Area) Regulations 2010</i>           | 4 Dec 2010       | 3 Dec 2013     |
| Irrungadji             | <i>Liquor Control (Irrungadji Restricted Area) Regulations 2010</i>      | 4 Dec 2010       | 3 Dec 2013     |
| Kunawarritji           | <i>Liquor Control (Kunawarritji Restricted Area) Regulations 2011</i>    | 4 May 2011       | 3 May 2014     |
| Pandanus Park          | <i>Liquor Control (Pandanus Park Restricted Area) Regulations 2011</i>   | 28 May 2011      | 27 May 2014    |
| Looma                  | <i>Liquor Control (Looma Restricted Area) Regulations 2011</i>           | 28 May 2011      | 27 May 2014    |

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

- Yiyili
- Noonkanbah community is seeking to extend the area of the current restriction to better manage the consumption and possession of alcohol on their lands.

## **Section 64 Inquiries**

Under section 64 of the Act, the Director of Liquor Licensing (DLL) 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 our indigenous communities. More needs to be done by governments of all persuasions to identify and implement long term solutions that will address the underlying social issues.

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;
- Northern Goldfields, i.e., Laverton, Leonora, Leinster, Agnew, Menzies and Kookynie; and
- Kununurra and Wyndham

### **Kununurra and Wyndham**

On 5 October 2010, the Director of Liquor Licensing gave notice to licensees in Kununurra and Wyndham who are entitled to sell packaged liquor that the level of alcohol related harm occurring in those communities 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. The final date for making those submissions was 22 November 2010.

The Director of Liquor Licensing, having considered all the submissions, decided on the balance of probabilities that the level of alcohol related harm occurring in Kununurra and Wyndham was such that it was in the public interest and desirable to impose restrictive



conditions on relevant licences in those towns, and on any relevant licences granted in the future.

Accordingly, from 7 February 2011 under section 64 of the Act, conditions were imposed on each relevant licence that authorises the sale and supply of packaged liquor.

### **Nullagine**

In 2002 the Director of Liquor Licensing conducted an inquiry under section 64 of the Act into alcohol-related harm in the Nullagine community. Extensive consultation with various community stakeholders, government agencies, the WA Police, the Irrungadji Group Association Incorporated, and the then licensee of the Nullagine Hotel was conducted by the Director. Consequently, he imposed a number of conditions on the Nullagine Hotel licence and all the parties to that inquiry also signed the Nullagine Agreement which was an agreement that applies to Aboriginal people utilising the services of the hotel. The Agreement was ratified by the Federal Human Rights and Equal Opportunity Commissioner with a special measures exemption certificate.

In 2003, the circumstances in Nullagine were evaluated and a further inquiry was conducted resulting in additional restrictive conditions being imposed on the licence.

A further review was undertaken in 2004. That review indicated that the restrictive conditions on the licence were having a positive effect. As a consequence, the Director renewed the conditions and imposed them indefinitely.

Following consultation with the Irrungadji Group Association Incorporated, on 3 December 2010 the Irrungadji Community was declared a restricted area by way of the *Liquor Control (Irrungadji Restricted Area) Regulations 2010* and the *Liquor Control Amendment Regulations (No.8) 2010* which prohibit a person from bringing into and possessing liquor in the restricted area. The Irrungadji Community is located within the boundaries of Nullagine.

On 17 December 2010, the Irrungadji Community raised concerns with the licensing authority about the continuing level of alcohol-related harm occurring in Nullagine, and in particular, amongst the Irrungadji (Martu) people. These concerns were raised with the licensee and he was required to show cause as to why further restrictive conditions should not be imposed.

After consideration of the submissions by the licensee and the concerns of the Irrungadji Community, the Delegate of the Director imposed conditions regarding the sale and supply of packaged liquor on the Nullagine Hotel licence effective from 20 June 2011.

On 10 June 2011, the licensee of the Nullagine Hotel lodged an application seeking a review of the decision with the Liquor Commission. The Director lodged a Notice of intervention on 14 June 2011.

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

## KEY GAMBLING REFORMS

The Australian Government announced its intention to implement key gambling reforms to address problem gambling throughout the nation. The Commonwealth, through the Council of Australian Governments (COAG) Select Council on Gambling Reform, is working with the states and territories in an effort to progress a national approach to minimise the harm caused by problem gambling.

During 2010/11, the COAG Select Council met on three occasions and at its meeting on 27 May 2011 agreed:

- that pre-commitment is a useful tool to help people set limits on how much they want to spend on poker machines. However, it acknowledges that further work on developing the functionality for pre-commitment and an appropriate implementation timetable is required;
- to further consider (during 2012) the implementation of dynamic warning and cost of play messages for poker machines following the results of the Queensland trial currently being conducted;
- to continue to work with the States and Territories on ATM withdrawals in gaming venues excluding casinos; and
- to take action to reduce and control the promotion of live odds during sports coverage.

While the Western Australian Government supports pre-commitment technology being made available to all Australian gaming machine players, it should only be offered on a voluntary basis.

Western Australia's "destination gambling" regime is unique in Australia and the strong position of successive State governments' on not allowing gaming machines outside the casino is reflected in Western Australia's low incidence of problem gambling and low per capita gambling expenditure.

Western Australia will work towards introducing legislative amendments to support the reduction and control of the promotion of live odds during sports coverage.

The Australian Government also announced that the Department of Broadband, Communications and the Digital Economy will undertake a review of the *Interactive Gambling Act 2001*(Cth) (the Act).

The review will include examination of the operation of the Act and the effectiveness of the current provisions. It will include further consideration of international regulatory approaches to online gambling and their potential applicability to the Australian context and it will examine the ability to improve harm minimisation measures for online gambling services.

The review will also look at the enforcement of existing prohibitions on certain types of online gambling, the way the Act applies to different technological platforms, and the growing number of Australian consumers gambling online in an unregulated environment.

The Western Australian position on the Interactive Gambling Act 2001 is that, with the growth in activities of off-shore internet gambling providers, the inability to enforce restrictions relating to the offshore online gaming market significantly undermines Australia's gaming regulatory regime.

More should be done to support the intent of the Act by exploring ways to improve its effectiveness in relation to controlling the access of offshore online gaming operators to Australian customers.

## **PROPOSED AMENDMENTS TO THE PROSTITUTION ACT 2000**

On 14 June 2011 the Attorney General, the Hon. Christian Porter, released the *Prostitution Bill 2011* as a "Green Bill" for public consultation.

Officers from the Department continue to participate on a governmental 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 2009, the Department has attended all eight meetings of the Senior Officers Group. Separate to the Senior Officers Group, further meetings between the Police, the Department of the Attorney General and DRGL have also occurred.

Under the proposed model, the Department will be responsible for the licensing component of the prostitution regulatory framework.

## **SMALL BAR CATEGORY CONTINUES TO GROW**

The issue of the Small Bar licence category has continued to attract significant media and public attention throughout the reporting period.

As at the end of the 2010/11 financial year, since the small bar category was introduced in 2007, the licensing authority had approved 56 licences, refusing just one application.

Unfortunately, a number of media organisations have chosen to ignore the facts when reporting on the number of small bar licences being granted, and have perpetuated the myth that the licensing authority is refusing a significant number of small bar applications. Obviously, this is not the case with licences being granted in the CBD, Northbridge, Fremantle and the wider Perth metropolitan area. Small bars are also being established in other parts of the State, such as Margaret River, Albany, Northam, Geraldton, Kununurra and other regional communities.

Some media reports have also suggested that applying for a small bar licence is more onerous than other licence categories; again, this is not the case.

When the small bar licence was introduced in May 2007, the Director of Liquor Licensing used his discretion to allow applicants to lodge an application without a section 40 planning permission certificate for a phasing-in period of two years.

This decision was made to give local government authorities the time to establish a planning permission framework for the new licence category to facilitate the take-up of these licences.

It is important to note that during the two-year period, applications submitted without a section 40 certificate would be processed but not determined until that document was produced. Since July 2009, all small bar applications are required to be accompanied by a section 40 certificate at the time of lodgement. This same requirement applies to all licence types.

There is a certain irony to the whole issue of some journalists misreporting the development of the small bar industry. On the one hand, there are journalists criticising the licensing authority for supposedly putting road blocks in the way of the small bar category, while on the other hand the same journalists continue to praise the alternative social scene the category offers.

For instance, the fact that one journalist praised an inner city small bar for providing an “enjoyable outing” is testament to the licensing authority’s policy of promoting the introduction of small bars in Western Australia.

In summary and despite recent media reports that small bar liquor licences are being held up in “red tape”, the number of licences in this category continues to grow and should do so for the foreseeable future.

## PROHIBITION ORDERS

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.

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 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 he is 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.

There were 47 prohibition orders issued in 2010/11, compared to 34 in 2009/10. Further details are available on the Department's website at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au)

## **SPEEDHORSE RACING**

Section 9 of the *Racing Restrictions Act 2003* provides for a person to be approved by the Minister as an Approved Racing Organisation to conduct horseracing other than thoroughbred or harness racing.

In considering an application under Section 9 the Minister must be satisfied that:

- The applicant is a body corporate;
- The applicant has the capacity to hold horse or pony races for a stake or prize or for the purposes of betting;
- The rules provided by the applicant are suitable; and
- It is not contrary to the public interest to approve a person as an Approved Racing Organisation.

In December 2010, the Minister received an application for an Approved Racing Organisation, the first since the legislation came into force in 2003. The application was received from Speedhorse Australia, an organisation that promotes sprint racing of quarter and thoroughbred horses.

After considering the application the Minister determined to refuse the application on the grounds that:

- the applicant was not a corporate body;
- generic and aspirational statements contained in the application did not sufficiently demonstrate that Speedhorse Australia had the capacity to conduct horse or pony races; and
- it was not in the public interest to approve the application as there was insufficient material to demonstrate Speedhorse Australia had the capacity to control races held by it and to conduct races honestly and free from criminal influence.

## **INFORMATION TECHNOLOGY SYSTEMS AND INFRASTRUCTURE**

The main information technology systems and business applications which underpin the licensing and compliance activities of the Department and directly support the delivery of services to the public have either reached, or are reaching, the end of their lifespan.

The Department has not undertaken a major information technology investment program for more than a decade. Consequently, systems infrastructure which underpins the Department's ability to successfully and seamlessly support the provision of its core business activities are in urgent need of being upgraded or replaced.

These items include the:

- acquisition of a liquor licensing solution;
- refurbishment or relocation of the data centre;
- acquisition of a racing and gaming licensing solution ;
- upgrade to Oracle Database Enterprise Edition;
- replacement of the corporate firewall;
- replacement of the corporate VMware servers;
- replacement of the corporate storage area network;
- replacement of the corporate network switches; and
- replacement of the uninterruptible power supply.

In November 2010, the Department submitted a Strategic Asset Plan to the Department of Treasury, in accordance with the Strategic Asset Management Framework. In January 2011, the Department submitted a proposal to the Economic and Expenditure Review Committee.

Unfortunately, funding was not granted during these processes. However, Treasury is working with the Department to refine future submissions.

## **ACTIVITIES OF THE CLIENT LIAISON TEAM**

During the year, the Client Liaison Officer and Coordinator Customer Services attended various Liquor Accord and industry-related meetings, and presented information to stakeholders and members of the public, providing an overview of liquor laws. Presentations have been given in both metropolitan and regional areas.

The Client Liaison Officer and Coordinator Customer Services have 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 include:

- meeting with new licensees who have recently been issued with a liquor licence, to ensure they understand the conditions of their licence and their obligations and responsibilities under the *Liquor Control Act 1988*;
- presentations to industry groups (predominantly club licence holders and local government) on the liquor laws and liquor legislation in general;

- presentations at AHA and Clubs WA to students completing the Course in Liquor Licensing to assist with questions on the *Liquor Control Act 1988*; and;
- briefing new croupiers and security personnel at Burswood on the Casino Control Act and Regulations.

Presentations and workshops include:

- Attendance at meetings of:
  - Fremantle Liquor Accord;
  - Vincent Liquor Accord;
  - Perth Liquor Accord; and
  - Claremont Licensed Premises Community Group.
- Presentations to:
  - Royal Agricultural Society annual conference;
  - WA Local Government Authority Reference Group;
  - Karratha Accord;
  - Bunbury Accord;
  - Club liquor licence holders in conjunction with the Town of Kwinana;
  - Liquor Merchants Association;
  - West Coast TAFE;
  - Industry Events Association workshop; and
  - Prospective small bar licence applicants in conjunction with the City of Fremantle.

It is also envisaged that free seminars will be commencing in July 2011 to provide existing liquor licence holders with the opportunity to better understand their obligations and responsibilities under the *Liquor Control Act 1988* and provide more information in terms of understanding the liquor laws.

Finally, other officers are frequently engaged in ad hoc educational activities. For example, inspectors of licensed premises regularly give presentations and meet 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 ACTS

The *Liquor Control Amendment Act 2010* received Royal Assent on 8 December 2010, and section 3 and Parts 4, 5 and 6 came into operation on 17 January 2011. Section 3 provides definitions for the terms used in the *Liquor Control Act 1988*.

Part 4 addresses matters relating to regulating behaviour in licensed premises, which include:

- new provisions which will allow the Commissioner of Police to issue barring notices prohibiting a person from entering licensed premises for up to 12 months;
- enabling the Commissioner of Police to intervene into any proceeding before the licensing authority in respect of any matter relevant to the public interest;
- making it an offence for a responsible person to permit a person subject to a Prohibition Order to enter or remain on a premises if they know the person is a prohibited person; and
- provision for regulations to be made regulating entry to licensed premises after a determined time (lockouts).

Part 5 makes a number of technical and operational amendments that include:

- provision for regulations to be made to exempt the consumption of liquor in certain circumstances;
- a new type of tavern licence that authorises the sale of liquor for consumption on the licensed premises only;
- clarification 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;
- the reduction in permitted trading hours for a nightclub licence by one hour on Saturday and Sunday mornings;
- enabling Police to seize and dispose of unopened containers of liquor where a person is drinking in a park or reserve;
- increasing the penalty for the unlawful sale and supply of liquor to include a two year sentence of imprisonment;
- allowing juveniles aged 16 or 17 years, who have graduated from a prescribed training course to continue to serve liquor ancillary to a meal whilst employed on licensed premises; and
- minor grammatical changes and drafting standards adopted by Parliamentary Counsel's Office.

Part 6 amends the *Criminal Investigation (Identifying People) Act 2002* to allow information obtained under that Act to be published pursuant to the provisions of sections 115AC (Barring Notices) and 152K (Prohibition Orders) of the *Liquor Control Act 1988*.

On 7 June 2011, Part 2 of the *Liquor Control Amendment Act 2010* came into operation. Part 2 of the Amendment Act establishes a new licensing framework for approved managers and provides flexibility for managers to move between licensed premises without application to the licensing authority.

## **CHANGES TO REGULATIONS**

The *Liquor Control Amendment Regulations (No. 10) 2010* provided new fees and charges under the *Liquor Control Act 1988* effective from 1 January 2011.

The *Liquor Control Amendment Regulations (No. 3) 2011* amended the *Liquor Control Regulations 1989* on 7 June 2011 to support the provisions contained in Part 1, Part 4, Part 5 and Part 6 of the *Liquor Control Amendment Act 2010* which came into effect on 17 January 2011.

The *Liquor Control Amendment Regulations (No. 4) 2010* amended the *Liquor Control Regulations 1989* on 22 October 2010 to:

- clarify the definitions for determining occasional licence fees and lodgement timeframes for one-off extended trading permit applications;
- clarify that works canteen licences are only appropriate to facilitate the sale and supply of liquor to workers and their guests at a specified project(s);
- remove the reference to section 246G of the *Health Act 1911*, which has been deleted, and update the definition in line with the *Food Act 2008*, in relation to catering licences;
- amend the requirement for a signature to be displayed on a proof of age card, where the applicant has a disability that prevents them from providing a signature; and
- specify that the incident register is only required to be updated in the instance where a person is refused entry for the following reasons: being drunk, continually attempting to gain entry when already refused and offensive behaviour (including violent, quarrelsome, disorderly or indecent behaviour).

## RESTRICTED AREA REGULATIONS

- The *Liquor Control (Looma Restricted Area) Regulations 2011* came into operation on 28 May 2011 to prohibit a person from bringing in and possessing liquor in the Looma Aboriginal Community.
- The *Liquor Control (Pandanus Park Restricted Area) Regulations 2011* came into operation on 28 May 2011 to prohibit a person from bringing in and possessing liquor in the Pandanus Park Aboriginal Community.
- The *Liquor Control (Kunawarritji Restricted Area) Regulations 2011* came into operation on 4 May 2011 to prohibit a person from bringing in and possessing liquor in the Kunawarritji Park Aboriginal Community.
- The *Liquor Control (Jigalong Restricted Area) Amendment Regulations 2011* came into operation on 30 April 2011, which extended for three years the declaration to prohibit a person from bringing in and possessing liquor in the Jigalong Aboriginal Community.
- The *Liquor Control (Irrungadji Restricted Area) Regulations 2010* came into operation on 4 December 2010 to prohibit a person from bringing in and possessing liquor in the Irrungadji Aboriginal Community.
- The *Liquor Control (Punmu Restricted Area) Regulations 2010* came into operation on 4 December 2010 to prohibit a person from bringing in and possessing liquor in the Punmu Aboriginal Community.
- The *Liquor Control (Oombulgurri Restricted Area) Amendment Regulations 2010* came into operation on 6 November 2010, which extended for five years, the declaration to prohibit a person from bringing in and possessing liquor in the Oombulgurri Aboriginal Community.
- The *Liquor Control (Kundat Djaru Restricted Area) Regulations 2010* came into operation on 18 September 2010 to prohibit a person from bringing in and possessing liquor in the Kundat Djaru Aboriginal Community.
- The *Liquor Control (Nicholson Block Restricted Area) Regulations 2010* came into operation on 18 September 2010 to prohibit a person from bringing in and possessing liquor in the Nicholson Block Aboriginal Community.
- The *Liquor Control (Koongie Park Restricted Area) Regulations 2010* came into operation on 18 September 2010 to prohibit a person from bringing in and possessing liquor in the Koongie Park Aboriginal Community.

## DISCLOSURES AND LEGAL COMPLIANCE

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### FINANCIAL STATEMENTS

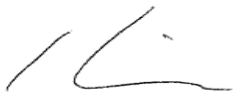
The aim of the Financial Statements is to present to Parliament details of revenue and expenditure for the Department of Racing, Gaming and Liquor in the format determined by Statement of Accounting Standard AAS 29: Financial Reporting by Government Departments. It should be noted that:

- 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 2011 and the financial position as at 30 June 2011.

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.



Peter Bialas  
A/Chief Finance Officer  
16 September 2011



Barry A Sargeant  
Director General  
16 September 2011

**DEPARTMENT OF RACING, GAMING AND LIQUOR  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2011**

|   | Note | 2011<br>\$000 | 2010<br>\$000 |
|---|------|---------------|---------------|
| <b>COST OF SERVICES</b>   |      |               |               |
| <b>Expenses</b>   |      |               |               |
| Employee benefits expense                                       | 6    | 9,308         | 8,529         |
| Supplies and services   | 7    | 2,336         | 1,929         |
| Depreciation and amortisation expense                           | 8    | 278           | 142           |
| Accommodation expenses  | 9    | 939           | 736           |
| Loss on disposal of non-current assets                          | 10   | 1             | 0             |
| Other expenses  | 11   | 320           | 313           |
| <b>Total cost of services</b>                                   |      | <b>13,182</b> | <b>11,649</b> |
| <b>Income</b>   |      |               |               |
| <b>Revenue</b>  |      |               |               |
| User charges and fees   | 12   | 9,034         | 8,473         |
| <b>Total revenue</b>  |      | <b>9,034</b>  | <b>8,473</b>  |
| <b>Total income other than income<br/>from State Government</b> |      | <b>9,034</b>  | <b>8,473</b>  |
| <b>NET COST OF SERVICES</b>                                     | 25   | <b>4,148</b>  | <b>3,176</b>  |
| <b>Income from State Government</b>                             |      |               |               |
|   | 13   |               |               |
| Service appropriation   |      | 3,615         | 3,177         |
| Resources received free of charge                               |      | 181           | 159           |
| <b>Total income from State Government</b>                       |      | <b>3,796</b>  | <b>3,336</b>  |
| <b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>                         |      | <b>(352)</b>  | <b>160</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>(352)</b>  | <b>160</b>    |

See also 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 2011**

|   | Note   | 2011<br>\$000       | 2010<br>\$000       |
|---|--------|---------------------|---------------------|
| <b>ASSETS</b>                                     |        |                     |                     |
| <b>Current Assets</b>                             |        |                     |                     |
| Cash and cash equivalents                         | 25     | 505                 | 846                 |
| Restricted cash and cash equivalents              | 14, 25 | 15                  | 12                  |
| Receivables                                       | 15     | 579                 | 151                 |
| Amounts receivable for services (Holding Account) | 16     | 50                  | 30                  |
| <b>Total Current Assets</b>                       |        | <b><u>1,149</u></b> | <b><u>1,039</u></b> |
| <b>Non-Current Assets</b>                         |        |                     |                     |
| Restricted cash and cash equivalents              | 14, 25 | 96                  | 80                  |
| Amounts receivable for services (Holding Account) | 16     | 1,696               | 2,123               |
| Plant and equipment                               | 17     | 365                 | 294                 |
| Intangible assets                                 | 18     | 2,049               | 1,842               |
| <b>Total Non-Current Assets</b>                   |        | <b><u>4,206</u></b> | <b><u>4,339</u></b> |
| <b>TOTAL ASSETS</b>                               |        | <b><u>5,355</u></b> | <b><u>5,378</u></b> |
| <b>LIABILITIES</b>                                |        |                     |                     |
| <b>Current Liabilities</b>                        |        |                     |                     |
| Payables  | 20     | 650                 | 559                 |
| Provisions  | 21     | 962                 | 768                 |
| Other current liabilities                         | 22     | 46                  | 31                  |
| <b>Total Current Liabilities</b>                  |        | <b><u>1,658</u></b> | <b><u>1,358</u></b> |
| <b>Non-Current Liabilities</b>                    |        |                     |                     |
| Provisions  | 21     | 1,034               | 1,005               |
| <b>Total Non-Current Liabilities</b>              |        | <b><u>1,034</u></b> | <b><u>1,005</u></b> |
| <b>TOTAL LIABILITIES</b>                          |        | <b><u>2,692</u></b> | <b><u>2,363</u></b> |
| <b>NET ASSETS</b>                                 |        | <b><u>2,663</u></b> | <b><u>3,015</u></b> |
| <b>EQUITY</b>                                     |        |                     |                     |
| Contributed equity                                | 23     | 454                 | 454                 |
| Accumulated surplus/(deficit)                     |        | 2,209               | 2,561               |
| <b>TOTAL EQUITY</b>                               |        | <b><u>2,663</u></b> | <b><u>3,015</u></b> |

See also 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 2011**

|   | Note | Contributed<br>equity<br>\$000 | Reserves<br>\$000 | Accumulated<br>surplus/<br>(deficit)<br>\$000 | Total equity<br>\$000 |
|---|------|--------------------------------|-------------------|---|-----------------------|
| <b>Balance at 1 July 2009</b>           | 23   | 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>          |
| <b>Balance at 1 July 2010</b>           |      | 454                            | 0                 | 2,561   | 3,015                 |
| Total comprehensive income for the year |      | 0                              | 0                 | (352)   | (352)                 |
| <b>Balance at 30 June 2011</b>          |      | <b>454</b>                     | <b>0</b>          | <b>2,209</b>                                  | <b>2,663</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 2011**

|  | Note | 2011<br>\$000            | 2010<br>\$000            |
|--|------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM STATE GOVERNMENT</b>                    |      |                          |                          |
| Service appropriation                                      |      | 3,377                    | 2,857                    |
| Holding account drawdowns                                  |      | 645                      | 80                       |
| <b>Net cash provided by State Government</b>               |      | <u><b>4,022</b></u>      | <u><b>2,937</b></u>      |
| Utilised as follows:                                       |      |                          |                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |      |                          |                          |
| <b>Payments</b>  |      |                          |                          |
| Employee benefits  |      | (9,031)                  | (7,505)                  |
| Supplies and services                                      |      | (2,264)                  | (2,646)                  |
| Accommodation  |      | (932)                    | (727)                    |
| GST payments on purchases                                  |      | (301)                    | (264)                    |
| GST payments to taxation authority                         |      | (31)                     | (3,312)                  |
| <b>Receipts</b>  |      |                          |                          |
| User charges and fees                                      |      | 8,501                    | 8,939                    |
| GST receipts on sales                                      |      | 1                        | 11                       |
| GST receipts from taxation authority                       |      | 317                      | 3,581                    |
| <b>Net cash provided by/(used in) operating activities</b> | 25   | <u><b>(3,740)</b></u>    | <u><b>(1,923)</b></u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |      |                          |                          |
| <b>Payments</b>  |      |                          |                          |
| Purchase of non-current physical assets                    |      | (580)                    | (665)                    |
| <b>Payments</b>  |      |                          |                          |
| Payments from fees in trust                                |      | (858)                    | (1,105)                  |
| Payments from special purpose account                      |      | (87)                     | (88)                     |
| <b>Receipts</b>  |      |                          |                          |
| Proceeds from fees in trust                                |      | 831                      | 1,088                    |
| Proceeds from special purpose account                      |      | 90                       | 88                       |
| <b>Net cash provided by/(used in) investing activities</b> |      | <u><b>(604)</b></u>      | <u><b>(682)</b></u>      |
| Net increase/(decrease) in cash and cash equivalents       |      | (322)                    | 332                      |
| Cash and cash equivalents at the beginning of period       |      | 938                      | 606                      |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>      | 25   | <u><u><b>616</b></u></u> | <u><u><b>938</b></u></u> |

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 2011

|   | Licensing - Evaluation and<br>determination of applications |               | Compliance audits<br>and inspections |               | Total         |               |
|---|---|---------------|--------------------------------------|---------------|---------------|---------------|
|   | 2011<br>\$000   | 2010<br>\$000 | 2011<br>\$000                        | 2010<br>\$000 | 2011<br>\$000 | 2010<br>\$000 |
| <b>COST OF SERVICES</b>                                     |   |               |                                      |               |               |               |
| <u>Expenses</u>   |   |               |                                      |               |               |               |
| Employee benefits expense                                   | 4,808   | 4,213         | 4,500                                | 4,316         | 9,308         | 8,529         |
| Supplies and services                                       | 1,182   | 974           | 1,154                                | 955           | 2,336         | 1,929         |
| Depreciation and amortisation expense                       | 139   | 71            | 139                                  | 71            | 278           | 142           |
| Accommodation expenses                                      | 469   | 368           | 470                                  | 368           | 939           | 736           |
| Loss on disposal of non-current assets                      | 1   | 0             | 0                                    | 0             | 1             | 0             |
| Other expenses  | 167   | 141           | 153                                  | 172           | 320           | 313           |
| <b>Total cost of services</b>                               | <b>6,766</b>  | <b>5,767</b>  | <b>6,416</b>                         | <b>5,882</b>  | <b>13,182</b> | <b>11,649</b> |
| <u>Income</u>   |   |               |                                      |               |               |               |
| User charges and fees                                       | 4,517   | 4,236         | 4,517                                | 4,237         | 9,034         | 8,473         |
| <b>Total income other than income from State Government</b> | <b>4,517</b>  | <b>4,236</b>  | <b>4,517</b>                         | <b>4,237</b>  | <b>9,034</b>  | <b>8,473</b>  |
| <b>NET COST OF SERVICES</b>                                 | <b>2,249</b>  | <b>1,531</b>  | <b>1,899</b>                         | <b>1,645</b>  | <b>4,148</b>  | <b>3,176</b>  |
| <u>Income from State Government</u>                         |   |               |                                      |               |               |               |
| Service appropriation                                       | 1,807   | 1,588         | 1,808                                | 1,589         | 3,615         | 3,177         |
| Resources received free of charge                           | 91  | 80            | 90                                   | 79            | 181           | 159           |
| <b>Total income from State Government</b>                   | <b>1,898</b>  | <b>1,668</b>  | <b>1,898</b>                         | <b>1,668</b>  | <b>3,796</b>  | <b>3,336</b>  |
| <b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>                     | <b>(351)</b>  | <b>137</b>    | <b>(1)</b>                           | <b>23</b>     | <b>(352)</b>  | <b>160</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 2011

|                               | Licensing - Evaluation and<br>determination of applications |                  | Compliance audits<br>and inspections |                  | Total            |                  |
|-------------------------------|---|------------------|--------------------------------------|------------------|------------------|------------------|
|                               | 2011<br>\$000   | 2010<br>\$000    | 2011<br>\$000                        | 2010<br>\$000    | 2011<br>\$000    | 2010<br>\$000    |
| <u>Assets</u>                 |   |                  |                                      |                  |                  |                  |
| Current assets                | 575   | 520              | 574                                  | 519              | 1,149            | 1,039            |
| Non-current assets            | 2,103   | 2,170            | 2,103                                | 2,169            | 4,206            | 4,339            |
| <b>Total assets</b>           | <b>2,678</b>  | <b>2,690</b>     | <b>2,677</b>                         | <b>2,688</b>     | <b>5,355</b>     | <b>5,378</b>     |
| <br><u>Liabilities</u>        |   |                  |                                      |                  |                  |                  |
| Current liabilities           | 829   | 679              | 829                                  | 679              | 1,658            | 1,358            |
| Total non-current liabilities | 517   | 503              | 517                                  | 502              | 1,034            | 1,005            |
| <b>Total liabilities</b>      | <b>1,346</b>  | <b>1,182</b>     | <b>1,346</b>                         | <b>1,181</b>     | <b>2,692</b>     | <b>2,363</b>     |
| <br><b>NET ASSETS</b>         | <br><b>1,332</b>  | <br><b>1,508</b> | <br><b>1,331</b>                     | <br><b>1,507</b> | <br><b>2,663</b> | <br><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 2011**

|  | 2011<br>Estimate<br>\$000 | 2011<br>Actual<br>\$000 | Variance<br>\$000 | 2011<br>Actual<br>\$000 | 2010<br>Actual<br>\$000 | Variance<br>\$000 |
|--|---------------------------|-------------------------|-------------------|-------------------------|-------------------------|-------------------|
| <u>Delivery Services</u>   |                           |                         |                   |                         |                         |                   |
| Item 73 Net amount appropriated to deliver services                  | 2,946                     | 3,350                   | (404)             | 3,350                   | 2,926                   | 424               |
| Amount Authorised by Other Statutes                                  |                           |                         |                   |                         |                         |                   |
| - Salaries and Allowances Act 1975                                   | 265                       | 265                     | 0                 | 265                     | 251                     | 14                |
| <b>Total appropriations provided to deliver services</b>             | <b>3,211</b>              | <b>3,615</b>            | <b>(404)</b>      | <b>3,615</b>            | <b>3,177</b>            | <b>438</b>        |
| <b>CAPITAL</b>   |                           |                         |                   |                         |                         |                   |
| Capital Contribution   | 0                         | 0                       | 0                 | 0                       | 0                       | 0                 |
| <u>Administered Transactions</u>                                     |                           |                         |                   |                         |                         |                   |
| Item 74 Administered grants, subsidies and other transfer payments   | 82,491                    | 88,241                  | (5,750)           | 88,241                  | 80,976                  | 7,265             |
| Amount Authorised by Other Statutes                                  |                           |                         |                   |                         |                         |                   |
| - Liquor Control Act 1988  | 5,000                     | 1,855                   | 3,145             | 1,855                   | 2,755                   | (900)             |
| <b>Total Administered Transactions</b>                               | <b>87,491</b>             | <b>90,096</b>           | <b>(2,605)</b>    | <b>90,096</b>           | <b>83,731</b>           | <b>6,365</b>      |
| <b>GRAND TOTAL</b>   | <b>90,702</b>             | <b>93,711</b>           | <b>(3,009)</b>    | <b>93,711</b>           | <b>86,908</b>           | <b>6,803</b>      |
| <u>Details of Expenses by Service</u>                                |                           |                         |                   |                         |                         |                   |
| Service 1 : Licensing - Evaluation and determination of applications | 5,829                     | 6,766                   | (937)             | 6,766                   | 5,767                   | 999               |
| Service 2 : Compliance audits and inspections                        | 5,818                     | 6,416                   | (598)             | 6,416                   | 5,882                   | 534               |
| <b>Total Cost of Services</b>  | <b>11,647</b>             | <b>13,182</b>           | <b>(1,535)</b>    | <b>13,182</b>           | <b>11,649</b>           | <b>1,533</b>      |
| Less total income  | (8,272)                   | (9,034)                 | 762               | (9,034)                 | (8,473)                 | (561)             |
| Net Cost of Services   | 3,375                     | 4,148                   | (773)             | 4,148                   | 3,176                   | 972               |
| Adjustments  | (164)                     | (533)                   | 369               | (533)                   | 1                       | (534)             |
| <b>Total appropriations provided to deliver services</b>             | <b>3,211</b>              | <b>3,615</b>            | <b>(404)</b>      | <b>3,615</b>            | <b>3,177</b>            | <b>438</b>        |
| <u>Capital Expenditure</u>   |                           |                         |                   |                         |                         |                   |
| Purchase of non-current physical assets                              | 30                        | 580                     | (550)             | 580                     | 665                     | (85)              |
| Adjustments for other funding sources                                | (30)                      | (580)                   | 550               | (580)                   | (665)                   | 85                |
| <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   | 92,000                    | 89,626                  | 2,374             | 89,626                  | 92,187                  | (2,561)           |

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

Note 29 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011.

**DEPARTMENT OF RACING, GAMING AND LIQUOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1. Australian Accounting Standards**

**General**

The Department's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes 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 2011.

**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).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Department's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses 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.

**(c) Reporting entity**

The reporting entity comprises the Department only.

**Mission**

To regulate the liquor and gambling industries in Western Australia

The Department is partly funded by Parliamentary appropriations. During 2010-11, 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.

**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 34 'Disclosure of administered expenses and income' and note 35 '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-reciprocal.

**(e) Income**

**Revenue recognition**

Revenue is recognised and 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 fair 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 2010-11 Budget Statements, the Department retained \$9.03 million in 2011 (\$8.47 million in 2010) 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

Realised or unrealised gains 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

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 historical 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 which is reviewed annually) on the straight line basis. 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.

Development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits 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 recognised 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 the 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, office accommodation and office equipment. 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 20 'Payables'] represent the amount due to staff but unpaid at 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 14 '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. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

**(n) Receivables**

Receivables are recognised 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 settlement is generally 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 period.

**Provisions - employee benefits*****Annual leave***

The liability for annual 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 leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

***Long service leave***

The liability for 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 liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

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. Conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

*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) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

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 Department to GESB extinguishes the agency's obligations to the related superannuation liability.

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 attributable 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.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme 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. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

**(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 at fair value. Where the resource received represents a service that the Department would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services are received from other State Government agencies 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, office accommodation and office equipment 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**

Key estimates and assumptions concerning the future 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**

Several estimations and assumptions used in calculating the Department's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. 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 2010 that impacted on the Department.

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the Department to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Department's Statement of Cash Flows relate to increases in recognised assets.

**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 of the 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> |
|---|---|
| <p>AASB 2009-11 <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></p> <p>The amendment to AASB 7 <i>Financial Instruments: Disclosures</i> 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.</p>  | 1 January 2013  |
| <p>AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</i></p> <p>This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</p>  | 1 January 2011  |
| <p>AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>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.</p>  | 1 July 2013   |
| <p>AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>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.</p> <p>The Standard is not expected to have any financial impact on the Department. However this Standard may reduce some note disclosures in the financial statements of the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p> | 1 July 2013   |
| <p>AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 &amp; AASB 1054]</i></p> <p>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>   | 1 July 2011   |
| <p>AASB 2010-5 <i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042] (October 2010)</i></p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.</p>   | 1 January 2011  |



|             |   |                |
|-------------|---|----------------|
| AASB 2010-6 | <p><i>Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 &amp; AASB 7]</i></p> <p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>                | 1 July 2011    |
| AASB 9      | <p><i>Financial Instruments</i></p> <p>This Standard supersedes <i>AASB 139 Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>   | 1 January 2013 |
| AASB 2010-7 | <p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i></p> <p>This Amending Standard makes consequential adjustments to other Standards as a result of issuing <i>AASB 9 Financial Instruments</i> in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p> | 1 January 2013 |
| AASB 1054   | <p><i>Australian Additional Disclosures</i></p> <p>This Standard, in conjunction with <i>AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>   | 1 July 2011    |
| AASB 2011-1 | <p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 &amp; 134 and Interpretations 2, 112 &amp; 113]</i></p> <p>This Amending Standard, in conjunction with <i>AASB 1054 Australian Additional Disclosures</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>                             | 1 July 2011    |

**Note 6. Employee benefits expense**

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| Wages and salaries <sup>(a)</sup>                          | 8,489         | 7,792         |
| Superannuation - defined contribution plans <sup>(b)</sup> | 819           | 737           |
|  | <u>9,308</u>  | <u>8,529</u>  |

<sup>(a)</sup> Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

<sup>(b)</sup> Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid)

Employment on-costs expenses, such as workers' compensation insurance, are included at note 11 'Other expenses'.

Employment on-costs liability is included at note 21 'Provisions'.

**Note 7. Supplies and services**

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| Communications                                     | 176           | 114           |
| Consultants and contractors                        | 1,280         | 1,032         |
| Consumables  | 263           | 197           |
| Repairs and maintenance                            | 82            | 43            |
| Travel   | 83            | 78            |
| Advertising and promotion                          | 17            | 11            |
| Motor vehicle leasing                              | 71            | 69            |
| Office equipment leasing                           | 12            | 0             |
| Insurance  | 66            | 74            |
| Legal services - Resources received free of charge | 175           | 153           |
| Other  | 111           | 158           |
|  | <u>2,336</u>  | <u>1,929</u>  |

**Note 8. Depreciation and amortisation expense**

|  | 2011<br>\$000     | 2010<br>\$000     |
|--|-------------------|-------------------|
| <u>Depreciation</u>                        |                   |                   |
| Furniture equipment                        | 19                | 19                |
| Office equipment                           | 59                | 65                |
| <b>Total depreciation</b>                  | <b>78</b>         | <b>84</b>         |
| <u>Amortisation</u>                        |                   |                   |
| Intangible assets                          | 200               | 58                |
| <b>Total amortisation</b>                  | <b>200</b>        | <b>58</b>         |
| <b>Total depreciation and amortisation</b> | <b><u>278</u></b> | <b><u>142</u></b> |

**Note 9. Accommodation expenses**

|                                   | 2011<br>\$000 | 2010<br>\$000 |
|-----------------------------------|---------------|---------------|
| Lease rentals                     | 933           | 731           |
| Resources received free of charge | 6             | 5             |
|                                   | <u>939</u>    | <u>736</u>    |

**Note 10. Net gain/(loss) on disposal of non-current assets**

|  | 2011<br>\$000     | 2010<br>\$000   |
|--|-------------------|-----------------|
| <u>Costs of disposal of non-current assets</u> |                   |                 |
| Plant and equipment                            | 1                 | 0               |
| <b>Net gain/(loss)</b>                         | <b><u>(1)</u></b> | <b><u>0</u></b> |

**Note 11. Other expenses**

|                                 | 2011<br>\$000 | 2010<br>\$000 |
|---------------------------------|---------------|---------------|
| Restoration costs               | 8             | 22            |
| Employment on-costs             | 22            | 37            |
| Other employee related expenses | 118           | 126           |
| Audit fee <sup>(a)</sup>        | 172           | 128           |
|                                 | <u>320</u>    | <u>313</u>    |

<sup>(a)</sup> Audit fee, see also note 28 'Remuneration of auditor'.

**Note 12. User charges and fees**

|   | 2011<br>\$000 | 2010<br>\$000 |
|---|---------------|---------------|
| Recoups for services provided:                      |               |               |
| <u>Net Appropriation Revenues</u>                   |               |               |
| Gaming and Wagering Commission of Western Australia | 4,200         | 3,801         |
| Racing Penalties Appeal Tribunal                    | 154           | 150           |
| Commonwealth Government                             | 87            | 88            |
| Liquor fees and other charges                       | 4,593         | 4,434         |
|   | <u>9,034</u>  | <u>8,473</u>  |

**Note 13. Income from State Government**

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| Appropriation received during the year:                                  |               |               |
| - Service appropriation <sup>(a)</sup>                                   | 3,615         | 3,177         |
|  | <u>3,615</u>  | <u>3,177</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  | 6             | 5             |
| Department of Attorney General   |               |               |
| - Legal services   | 175           | 154           |
|  | <u>181</u>    | <u>159</u>    |
|  | <u>3,796</u>  | <u>3,336</u>  |

<sup>(a)</sup> Service appropriations fund the net cost of services delivered. 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.

<sup>(b)</sup> Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

**Note 14. Restricted cash and cash equivalents**

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| <u>Current</u>                                   |               |               |
| Special purpose accounts (refer to note 24)      | 15            | 12            |
|  | <u>15</u>     | <u>12</u>     |
| <u>Non-current</u>                               |               |               |
| Accrued salaries suspense account <sup>(a)</sup> | 96            | 80            |
|  | <u>96</u>     | <u>80</u>     |

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

**Note 15. Receivables**

|                          | 2011<br>\$000 | 2010<br>\$000 |
|--------------------------|---------------|---------------|
| <u>Current</u>           |               |               |
| Receivables              | 85            | 112           |
| Other receivables        | 426           | 5             |
| GST receivable           | 68            | 34            |
| <b>Total current</b>     | <u>579</u>    | <u>151</u>    |
| <b>Total receivables</b> | <u>579</u>    | <u>151</u>    |

The Department has a significant exposure to the Gaming and Wagering Commission of Western Australia. The Commission is expected to settle its debt of \$407,415 (2010: Nil) in due course.

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

**Note 16. Amounts receivable for services (Holding Account)**

|             | 2011<br>\$000 | 2010<br>\$000 |
|-------------|---------------|---------------|
| Current     | 50            | 30            |
| Non-current | 1,696         | 2,123         |
|             | <u>1,746</u>  | <u>2,153</u>  |

**Note 17. Plant and equipment**

|                            | 2011<br>\$000     | 2010<br>\$000     |
|----------------------------|-------------------|-------------------|
| <u>Furniture equipment</u> |                   |                   |
| At cost                    | 193               | 193               |
| Accumulated depreciation   | (40)              | (21)              |
|                            | <u>153</u>        | <u>172</u>        |
| <u>Office equipment</u>    |                   |                   |
| At cost                    | 551               | 567               |
| Accumulated depreciation   | (358)             | (524)             |
|                            | <u>193</u>        | <u>43</u>         |
| Sub-total                  | <u>346</u>        | <u>215</u>        |
| Add: Work in progress      | 19                | 79                |
| <b>Total</b>               | <u><b>365</b></u> | <u><b>294</b></u> |

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.

|                                       | Furniture<br>equipment<br>\$000 | Office<br>equipment<br>\$000 | Work in<br>progress<br>\$000 | Total<br>\$000    |
|---------------------------------------|---------------------------------|------------------------------|------------------------------|-------------------|
| <b>2011</b>                           |                                 |                              |                              |                   |
| Carrying amount at start of year      | 172                             | 43                           | 79                           | 294               |
| Additions                             | 0                               | 209                          | 347                          | 556               |
| Transfers                             | 0                               | 0                            | (407)                        | (407)             |
| Depreciation                          | (19)                            | (59)                         | 0                            | (78)              |
| <b>Carrying amount at end of year</b> | <u><b>153</b></u>               | <u><b>193</b></u>            | <u><b>19</b></u>             | <u><b>365</b></u> |

|                                       | Furniture<br>equipment<br>\$000 | Office<br>equipment<br>\$000 | Work in<br>progress<br>\$000 | Total<br>\$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                          | (19)                            | (64)                         | 0                            | (83)              |
| <b>Carrying amount at end of year</b> | <u><b>172</b></u>               | <u><b>43</b></u>             | <u><b>79</b></u>             | <u><b>294</b></u> |

**Note 18. Intangible assets**

|                                       | 2011<br>\$000       | 2010<br>\$000       |
|---------------------------------------|---------------------|---------------------|
| <u>Computer software</u>              |                     |                     |
| At cost                               | 3,839               | 3,432               |
| Accumulated amortisation              | (1,790)             | (1,590)             |
|                                       | <u>2,049</u>        | <u>1,842</u>        |
| Reconciliations:                      |                     |                     |
| <u>Computer software</u>              |                     |                     |
| Carrying amount at start of year      | 1,842               | 32                  |
| Transfers                             | 407                 | 1,869               |
| Amortisation expense                  | (200)               | (59)                |
| <b>Carrying amount at end of year</b> | <u><b>2,049</b></u> | <u><b>1,842</b></u> |

**Note 19. Impairment of assets**

There were no indications of impairment to plant and equipment, or intangible assets at 30 June 2011.

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 2011 have been written-off.

**Note 20. Payables**

|                      | 2011<br>\$000 | 2010<br>\$000 |
|----------------------|---------------|---------------|
| <u>Current</u>       |               |               |
| Trade payables       | 116           | 43            |
| Other payables       | 48            | 145           |
| Accrued expenses     | 268           | 250           |
| Accrued salaries     | 218           | 121           |
| <b>Total current</b> | <b>650</b>    | <b>559</b>    |

**Note 21. Provisions**

|                                    | 2011<br>\$000 | 2010<br>\$000 |
|------------------------------------|---------------|---------------|
| <u>Current</u>                     |               |               |
| <i>Employee benefits provision</i> |               |               |
| Annual leave <sup>(a)</sup>        | 247           | 264           |
| Long service leave <sup>(b)</sup>  | 628           | 431           |
|                                    | 875           | 695           |
| <i>Other provisions</i>            |               |               |
| Employment on-costs <sup>(c)</sup> | 87            | 73            |
|                                    | 87            | 73            |
|                                    | <b>962</b>    | <b>768</b>    |
| <u>Non-current</u>                 |               |               |
| <i>Employee benefits provision</i> |               |               |
| Long service leave <sup>(b)</sup>  | 775           | 752           |
|                                    | 775           | 752           |
| <i>Other provisions</i>            |               |               |
| Employment on-costs <sup>(c)</sup> | 78            | 79            |
| Restoration costs <sup>(d)</sup>   | 181           | 174           |
|                                    | 259           | 253           |
|                                    | <b>1,034</b>  | <b>1,005</b>  |

<sup>(a)</sup> 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:

|   | 2011<br>\$000 | 2010<br>\$000 |
|---|---------------|---------------|
| Within 12 months of the end of the reporting period | 247           | 264           |
|   | <b>247</b>    | <b>264</b>    |

<sup>(b)</sup> 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:

|   | 2011<br>\$000 | 2010<br>\$000 |
|---|---------------|---------------|
| Within 12 months of the end of the reporting period | 628           | 431           |
| More than 12 months after the reporting period      | 775           | 752           |
|   | <b>1,403</b>  | <b>1,183</b>  |

<sup>(c)</sup> 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 11 'Other expenses'.

<sup>(d)</sup> 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 \$181,480.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 11 'Other expenses'.

**Movements in other provisions**

|   | 2011<br>\$000 | 2010<br>\$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  | 174           | 152           |
| Additional provisions recognised  | 7             | 22            |
| <b>Carrying amount at end of year</b>   | <b>181</b>    | <b>174</b>    |
| <u>Employment on-cost provision</u>   |               |               |
| Carrying amount at start of year  | 152           | 115           |
| Additional provisions recognised  | 13            | 37            |
| <b>Carrying amount at end of year</b>   | <b>165</b>    | <b>152</b>    |

**Note 22. Other liabilities**

|   | 2011<br>\$000 | 2010<br>\$000 |
|---|---------------|---------------|
| <u>Current</u>                              |               |               |
| Special purpose accounts (refer to note 24) | 15            | 12            |
| Fees in trust                               | 31            | 19            |
| <b>Total current</b>                        | <b>46</b>     | <b>31</b>     |

**Note 23. Equity**

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

**Contributed equity**

|                                 | 2011<br>\$000 | 2010<br>\$000 |
|---------------------------------|---------------|---------------|
| Balance at start of period      | 454           | 454           |
| <b>Balance at end of period</b> | <b>454</b>    | <b>454</b>    |

**Accumulated surplus/(deficit)**

|                                      | 2011<br>\$000 | 2010<br>\$000 |
|--------------------------------------|---------------|---------------|
| Balance at start of period           | 2,561         | 2,401         |
| Result for the period                | (352)         | 160           |
| <b>Balance at end of period</b>      | <b>2,209</b>  | <b>2,561</b>  |
| <b>Total Equity at end of period</b> | <b>2,663</b>  | <b>3,015</b>  |

**Note 24. Special purpose accounts****Special Purpose Account****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 account 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.

|                                       | 2011<br>\$000 | 2010<br>\$000 |
|---------------------------------------|---------------|---------------|
| Balance at the start of the year      | 12            | 12            |
| Receipts                              | 90            | 88            |
| Payments                              | (87)          | (88)          |
| <b>Balance at the end of the year</b> | <b>15</b>     | <b>12</b>     |

**Note 25. Notes to the Statement of Cash Flows**

|   | 2011<br>\$000  | 2010<br>\$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   | 505            | 846            |
| Restricted cash and cash equivalents  | 111            | 92             |
|   | <b>616</b>     | <b>938</b>     |
| <b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>  |                |                |
|   | 2011<br>\$000  | 2010<br>\$000  |
| Net cost of services  | (4,148)        | (3,176)        |
| <u>Non-cash items:</u>  |                |                |
| Depreciation and amortisation expense   | 278            | 142            |
| Resources received free of charge   | 181            | 159            |
| Net (gain)/loss on disposal of plant and equipment  | 1              | 0              |
| <u>(Increase)/decrease in assets:</u>   |                |                |
| Current receivables <sup>(a)</sup>  | (385)          | 403            |
| <u>Increase/(decrease) in liabilities:</u>  |                |                |
| Current payables <sup>(a)</sup>   | 76             | 175            |
| Current provisions  | 194            | 115            |
| Non-current provisions  | 29             | 239            |
| Net GST receipts/(payments) <sup>(b)</sup>  | (14)           | 16             |
| Change in GST in receivables/payables <sup>(c)</sup>  | 48             | 4              |
| <b>Net cash provided by/(used in) operating activities</b>  | <b>(3,740)</b> | <b>(1,923)</b> |

<sup>(a)</sup> 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.

<sup>(b)</sup> This is the net GST paid/received, i.e. cash transactions.

<sup>(c)</sup> This reverses out the GST in receivables and payables.

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 26. Commitments**

The commitments below are exclusive of GST where relevant.

**Non cancellable operating lease commitments**

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| Within 1 year                                | 905           | 897           |
| Later than 1 year and not later than 5 years | 935           | 1,730         |
|  | <u>1,840</u>  | <u>2,627</u>  |

Non-cancellable lease commitments include property, office equipment 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**

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| 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  | 189           | 20            |
|  | <u>189</u>    | <u>20</u>     |

**Note 27. 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:

|  | 2011         | 2010         |
|--|--------------|--------------|
| \$   |              |              |
| 30,001 - 40,000                              | 1            | 0            |
| 50,001 - 60,000                              | 0            | 1            |
| 100,001 - 110,000                            | 0            | 2            |
| 140,001 - 150,000                            | 1            | 1            |
| 180,001 - 190,000                            | 1            | 0            |
| 310,001 - 320,000                            | 0            | 1            |
| 410,001 - 420,000                            | 1            | 0            |
|  | <u>\$000</u> | <u>\$000</u> |
| <b>Total remuneration of senior officers</b> | <b>791</b>   | <b>720</b>   |

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

**Note 28. Remuneration of auditor**

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| Remuneration paid or 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 key performance indicators   | 65            | 67            |
| Compliance audit   | 105           | 63            |
|  | <u>170</u>    | <u>130</u>    |

<sup>(a)</sup> The fee for the 2009-10 audit (\$67,000) was due and payable in the 2010-11 financial year.

The fee for the 2010-11 audit (\$65,300) will be due and payable in the 2011-12 financial year.

**Note 29. 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 2011

The variance of \$404,000 in the total appropriation was due to a supplementary funding request related to the implementation of the Liquor Control Amendment Bill 2010.

|   | 2011<br>Estimate<br>\$000 | 2011<br>Actual<br>\$000 | Variance<br>\$000 |
|---|---------------------------|-------------------------|-------------------|
| Total appropriations provided to deliver services | 3,211                     | 3,615                   | 404               |

**Service Expenditure**Significant variances between estimate and actual for 2011

|  | 2011<br>Estimate<br>\$000 | 2011<br>Actual<br>\$000 | Variance<br>\$000 |
|--|---------------------------|-------------------------|-------------------|
| Service 1 - Evaluation and determination of applications | 5,829                     | 6,766                   | 937               |
| Service 2 - Compliance audits and inspections            | 5,818                     | 6,416                   | 598               |

The increase in 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, increase in employee leave entitlements, and the impact of an increase in the expenditure related to the implementation of the Liquor Control Amendment Bill 2010.

Significant variances between actual results for 2010 and 2011

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

|   | 2011<br>Actual<br>\$000 | 2010<br>Actual<br>\$000 | Variance<br>\$000 |
|---|-------------------------|-------------------------|-------------------|
| Total appropriation provided to deliver services for the year | 3,615                   | 3,177                   | 438               |
| Total income  | 9,034                   | 8,473                   | 561               |

<sup>(a)</sup> *Total appropriation provided to deliver services for the year* - The variance \$438,000 was largely attributed to the supplementary funding received related to the implementation of the Liquor Control Amendment Bill 2010.

<sup>(b)</sup> *Total income* - The favourable variance \$561,000 was due to the increases in the liquor fee revenues, and recoupment from the statutory authorities.

**Service Expenditure**Significant variances between actual results for 2010 and 2011

|  | 2011<br>Actual<br>\$000 | 2010<br>Actual<br>\$000 | Variance<br>\$000 |
|--|-------------------------|-------------------------|-------------------|
| Service 1 - Evaluation and determination of applications | 6,766                   | 5,767                   | 999               |
| Service 2 - Compliance audits and inspections            | 6,416                   | 5,882                   | 534               |

Refer to the explanations provided in the section of 'Significant variances between estimate and actual for 2011' for the unfavourable variances in the two Services.

**Capital contribution**Significant variances between estimate and actual for 2011

No variances.

Significant variances between actual results for 2010 and 2011

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 2011, and actual for 2010 and 2011

|  | 2011<br>Estimate<br>\$000 | 2011<br>Actual<br>\$000 | Variance<br>\$000 |
|--|---------------------------|-------------------------|-------------------|
| Administered grants and transfer payments                        | 82,491                    | 88,241                  | (5,750)           |
| Amount Authorised by Other Statutes<br>- Liquor Control Act 1988 | 5,000                     | 1,855                   | 3,145             |
|  | <u>87,491</u>             | <u>90,096</u>           |                   |

Administered Grants and Transfer Payments

The unfavourable variance was mainly due to the funding provided for the Problem Gambling (\$2 million), Racecourse Infrastructure (\$5 million), and the Tax Incentive for the Racing and Wagering Western Australia (\$1.584 million). The claims for GST gambling rebates lodged were significantly lower than anticipated. The initial appropriation for 2010-11 was \$82.491 million and supplementary funding of \$8.584 million was approved.



**Note 29. Explanatory statement (contd)**Amount Authorised by Other Statutes - Liquor Control Act 1988

The claims for liquor subsidies lodged were significantly lower than anticipated.

|  | 2011<br>Actual<br>\$000 | 2010<br>Actual<br>\$000 | Variance<br>\$000 |
|--|-------------------------|-------------------------|-------------------|
| Administered grants and transfer payments                        | 88,241                  | 80,976                  | 7,265             |
| Amount Authorised by Other Statutes<br>- Liquor Control Act 1988 | 1,855                   | 2,755                   | (900)             |
|  | <u>90,096</u>           | <u>83,731</u>           |                   |

Administered Grants and Transfer Payments

Refer to the explanation provided in the section of 'Significant variances between estimate and actual for 2011' for the unfavourable variances in this item.

Amount Authorised by Other Statutes - Liquor Control Act 1988

The claims lodged in 2011 were lower than those in 2010.

**Administered Income**

Significant variance between estimate and actual for 2011, and actuals for 2010 and 2011

|  | 2011<br>Estimate<br>\$000 | 2011<br>Actual<br>\$000 | Variance<br>\$000 |
|--|---------------------------|-------------------------|-------------------|
| Casino tax   | 92,000                    | 89,626                  | 2,374             |
| 2011 Casino Taxable Revenue was lower than budgeted. |                           |                         |                   |

|  | 2011<br>Actual<br>\$000 | 2010<br>Actual<br>\$000 | Variance<br>\$000 |
|--|-------------------------|-------------------------|-------------------|
| Casino tax   | 89,626                  | 92,187                  | (2,561)           |
| 2011 Casino Taxable Revenue was lower than the 2010 revenue. |                         |                         |                   |

**Note 30. 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 30(c) 'Financial Instruments Disclosures' and Note 15 '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 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:

|  | 2011<br>\$000 | 2010<br>\$000 |
|--|---------------|---------------|
| <u>Financial Assets</u>                          |               |               |
| Cash and cash equivalents                        | 505           | 846           |
| Restricted cash and cash equivalents             | 111           | 92            |
| Receivables <sup>(a)</sup>                       | 2,257         | 2,270         |
| <u>Financial Liabilities</u>                     |               |               |
| Financial liabilities measured at amortised cost | 696           | 590           |

<sup>(a)</sup> 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 ENDED 30 JUNE 2011**

**Note 30.(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<br>Average<br>Effective<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>\$000 | Interest rate exposure             |                                       |                                      | Past due but not impaired  |                         |                    |                    |                               | Impaired<br>financial<br>assets<br>\$000 |          |
|--------------------------------------|---|-----------------------------|------------------------------------|---------------------------------------|--------------------------------------|----------------------------|-------------------------|--------------------|--------------------|-------------------------------|--|----------|
|                                      |   |                             | Fixed<br>interest<br>rate<br>\$000 | Variable<br>interest<br>rate<br>\$000 | Non-<br>interest<br>bearing<br>\$000 | Up to 3<br>months<br>\$000 | 3-12<br>months<br>\$000 | 1-2 years<br>\$000 | 2-5 years<br>\$000 | More than 5<br>years<br>\$000 |  |          |
|                                      |   |                             |                                    |                                       |                                      |                            |                         |                    |                    |                               |  |          |
| <b>Financial Assets</b>              |   |                             |                                    |                                       |                                      |                            |                         |                    |                    |                               |  |          |
| <b>2011</b>                          |   |                             |                                    |                                       |                                      |                            |                         |                    |                    |                               |  |          |
| Cash and cash equivalents            |   | 505                         | 0                                  | 0                                     | 505                                  | 0                          | 0                       | 0                  | 0                  | 0                             | 0  | 0        |
| Restricted cash and cash equivalents |   | 111                         | 0                                  | 0                                     | 111                                  | 0                          | 0                       | 0                  | 0                  | 0                             | 0  | 0        |
| Receivables <sup>(a)</sup>           |   | 511                         | 0                                  | 0                                     | 511                                  | 10                         | 0                       | 0                  | 0                  | 0                             | 0  | 0        |
| Amounts receivable for services      |   | 1,746                       | 0                                  | 0                                     | 1,746                                | 0                          | 0                       | 0                  | 0                  | 0                             | 0  | 0        |
|                                      |   | <b>2,873</b>                | <b>0</b>                           | <b>0</b>                              | <b>2,873</b>                         | <b>10</b>                  | <b>0</b>                | <b>0</b>           | <b>0</b>           | <b>0</b>                      | <b>0</b>                                 | <b>0</b> |
| <b>2010</b>                          |   |                             |                                    |                                       |                                      |                            |                         |                    |                    |                               |  |          |
| Cash and cash equivalents            |   | 846                         | 0                                  | 0                                     | 846                                  | 0                          | 0                       | 0                  | 0                  | 0                             | 0  | 0        |
| Restricted cash and cash equivalents |   | 92                          | 0                                  | 0                                     | 92                                   | 0                          | 0                       | 0                  | 0                  | 0                             | 0  | 0        |
| Receivables <sup>(a)</sup>           |   | 117                         | 0                                  | 0                                     | 117                                  | 0                          | 86                      | 0                  | 0                  | 0                             | 0  | 0        |
| Amounts receivable for services      |   | 2,153                       | 0                                  | 0                                     | 2,153                                | 0                          | 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>0</b> |

<sup>(a)</sup> 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 ENDED 30 JUNE 2011

**Note 30. (c) Financial instrument disclosures (contd)**

Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

**Interest rate exposure and maturity analysis of financial liabilities <sup>(a)</sup>**

|                              | <u>Interest rate exposure</u>                        |                    |                           |                              |                             |                               |                         | <u>Maturity date</u> |                |           |           |                      |
|------------------------------|--|--------------------|---------------------------|------------------------------|-----------------------------|-------------------------------|-------------------------|----------------------|----------------|-----------|-----------|----------------------|
|                              | Weighted<br>Average<br>Effective<br>Interest<br>Rate | Carrying<br>Amount | Fixed<br>interest<br>rate | Variable<br>interest<br>rate | Non-<br>interest<br>bearing | Adjustment for<br>discounting | Total Nominal<br>Amount | Up to 3<br>months    | 3-12<br>months | 1-2 years | 2-5 years | More than 5<br>years |
|                              | %  | \$000              | \$000                     | \$000                        | \$000                       | \$000                         | \$000                   | \$000                | \$000          | \$000     | \$000     | \$000                |
| <u>Financial Liabilities</u> |  |                    |                           |                              |                             |                               |                         |                      |                |           |           |                      |
| 2011                         |  |                    |                           |                              |                             |                               |                         |                      |                |           |           |                      |
| Payables                     |  | 650                | 0                         | 0                            | 650                         | 0                             | 0                       | 0                    | 0              | 0         | 0         | 0                    |
| Other financial liabilities  |  | 46                 | 0                         | 0                            | 46                          | 0                             | 0                       | 0                    | 0              | 0         | 0         | 0                    |
|                              |  | <b>696</b>         | <b>0</b>                  | <b>0</b>                     | <b>696</b>                  | <b>0</b>                      | <b>0</b>                | <b>0</b>             | <b>0</b>       | <b>0</b>  | <b>0</b>  | <b>0</b>             |
| 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>             |

<sup>(a)</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities at the end of the reporting period.

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 31. 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 32. 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 33. Supplementary financial information****(a) Write-offs**

The Department did not write off any public property, revenues and debts due to the State, during the financial year.

**(b) Losses through theft, defaults and other causes**

|                                    | 2011       | 2010     |
|------------------------------------|------------|----------|
|                                    | \$         | \$       |
| Computer equipment reported stolen | 712        | 0        |
|                                    | <u>712</u> | <u>0</u> |

**Note 34. Administered expenses and income**

|   | 2011           | 2010           |
|---|----------------|----------------|
|   | \$000          | \$000          |
| <b>COST OF SERVICES</b>   |                |                |
| <u>Expenses</u>   |                |                |
| Transfer payments for liquor subsidies, gambling tax rebates, and other subsidies | 85,069         | 81,289         |
| Receipts paid into Consolidated Fund  | 113,554        | 89,338         |
| <b>Total administered expenses</b>  | <u>198,623</u> | <u>170,627</u> |
| <u>Income</u>   |                |                |
| Appropriations for liquor subsidies, gambling tax rebates, and other subsidies    | 90,096         | 83,731         |
| Taxes collected under the Casino (Burswood Island) Agreement Act 1985             | 89,626         | 92,187         |
| Other revenue   | 20,000         | 0              |
| <b>Total administered income</b>  | <u>199,722</u> | <u>175,918</u> |

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

A one-off receipt of \$20 million treated as 'Other revenue' was received from the Burswood Entertainment Complex during the year 2010-11 as a result of the Burswood expansion.

**Note 35. Administered assets and liabilities**

|                                       | 2011          | 2010          |
|---------------------------------------|---------------|---------------|
|                                       | \$000         | \$000         |
| <u>Assets</u>                         |               |               |
| Current                               |               |               |
| Cash and cash equivalents             | 6,290         | 1,670         |
| Receivables                           | 6,120         | 10,048        |
| <b>TOTAL ADMINISTERED ASSETS</b>      | <u>12,410</u> | <u>11,718</u> |
| <u>Liabilities</u>                    |               |               |
| Current                               |               |               |
| Payables                              | 1,189         | 1,596         |
| <b>TOTAL ADMINISTERED LIABILITIES</b> | <u>1,189</u>  | <u>1,596</u>  |

Payables represent deferral of GST gambling rebate, liquor subsidies, Equine Influenza financial assistance, capital grant payments, and Problem Gambling grant payments..

## 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 2011.

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

Barry A Sargeant  
Director General

16 September 2011

## 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   | 2010/11 Target | 2010/11 Actual | 2009/10 Actual | 2008/09 Actual | 2007/08 Actual |
|---|----------------|----------------|----------------|----------------|----------------|
| Licensees / service providers that comply with audit requirements and statutory criteria <sup>4</sup> | 95%            | 96%            | 97%            | 93%            | 96%            |

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.

| <b>SERVICE 1: LICENSING – EVALUATION AND DETERMINATION OF APPLICATIONS</b> |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Key Efficiency Indicator</b>  | <b>2010/11 Target</b> | <b>2010/11 Actual</b> | <b>2009/10 Actual</b> | <b>2008/09 Actual</b> | <b>2007/08 Actual</b> |
| Average cost of determining applications <sup>5</sup>                      | \$460                 | \$469                 | \$485                 | \$351                 | \$345                 |

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 the cost of allocation to provide a licensing service.

| <b>SERVICE 2: COMPLIANCE AUDITS AND INSPECTION</b>  |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Key Efficiency Indicator</b>                     | <b>2010/11 Target</b> | <b>2010/11 Actual</b> | <b>2009/10 Actual</b> | <b>2008/09 Actual</b> | <b>2007/08 Actual</b> |
| Average cost of conducting inspections <sup>6</sup> | \$633                 | \$629                 | \$453                 | \$449                 | \$386                 |

The conducting of 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>5</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>6</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.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### DEPARTMENT OF RACING, GAMING AND LIQUOR

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Racing, Gaming and Liquor.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, 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, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

#### *Director General's Responsibility for the Financial Statements*

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 for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Racing, Gaming and Liquor at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.



## Department of Racing, Gaming and Liquor

### Report on Controls

I have audited the controls exercised by the Department of Racing, Gaming and Liquor. The Director General is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Director General based on my audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In my opinion, the controls exercised by the Department of Racing, Gaming and Liquor are sufficiently adequate to 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.

### Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Racing, Gaming and Liquor. The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In my opinion, the key performance indicators of the Department of Racing, Gaming and Liquor are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2011.

### Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY  
AUDITOR GENERAL  
21 September 2011

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## MINISTERIAL DIRECTIVES

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The Department of Racing, Gaming and Liquor did not receive any Ministerial directives during 2010/11.

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## OTHER FINANCIAL DISCLOSURES

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### PRICING POLICIES OF SERVICES PROVIDED

When analysing its fees and charges, the Department considers the Department of Treasury's recommendation that agencies' fees and charges should achieve full cost recovery where applicable. In addition, the Department also considers the Joint Standing Committee on Delegated Legislation's recommendations that fees and charges do not exceed cost recovery and/or do not cross subsidise.

In setting fees, the Department recognises that not for profit organisations and charitable bodies form a large part of the Department's customer base. Fees for services levied under the respective Regulations should not pose a barrier to entry for those organisations attempting to raise funds through lawful liquor and gambling activities.

The Department is fully aware that increasing the fees to meet cost recovery will actually impose barriers to entry, and this is something that the Department is reluctant to do.

Consistent with the Department of Treasury's instructions, increases that approximate CPI or catch up on CPI applied over previous years are to be considered routinely by the Minister.

The current list of fees and charges were implemented on 1 January 2011. These fees and charges are available on the Department's website at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au), and 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.

## Approved Managers

Since May 2011, existing approved managers have been able to log into their online account on the Department's website to nominate whether they were seeking a restricted or unrestricted approval.

Once those managers have completed the online process and provided the Department with a suitable photograph for their approved manager's card, they can continue working while waiting for their card to be issued.

New prospective approved managers will be required to obtain a National Police Certificate and undertake the relevant training before lodging their application.

Once online applications have been completed, applicants can attend their nearest participating Australia Post outlet to pay their application fee and have a photograph taken for their identification card.

After this has been done, the applicant can start working as an acting approved manager until their application has been determined.

The duration of new approvals will be five years as prescribed in the *Liquor Control Regulations 1989*, and approvals will be renewable.

## EMPLOYMENT AND INDUSTRIAL RELATIONS

| THE DEPARTMENT'S STAFF PROFILE     |         |         |
|------------------------------------|---------|---------|
|                                    | 2010/11 | 2009/10 |
| Full-time permanent                | 95      | 93      |
| Full-time contract                 | 4       | 7       |
| Part-time measured on an FTE basis | 16      | 14      |
| Total FTE                          | 115     | 114     |
| On secondment                      | 1       | 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;
- workforce sustainability and development;
- public sector induction;
- cultural change management;
- public sector reform;

- coaching and mentoring;
- corruption and misconduct;
- job application and interview skills;
- recruitment and selection;
- IT systems and desktop applications;
- occupational health and safety;
- senior first aid; and
- accountable and ethical decision-making.

## WORKERS' COMPENSATION

In 2010/11 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 2010/11 was \$35,262 with expenditure incurred in the following areas:

| NAME OF ADVERTISING AGENCY      |   | \$              |
|---------------------------------|---|-----------------|
| Advertising Agencies            | Adcorp Australia Limited                | 6842            |
|                                 | Kimberley Signs and Designs             | 18,335          |
| Government Agencies:            | State Law Publisher                     | 2174            |
| Market research organisations   |   | Nil             |
| Polling organisations           |   | Nil             |
| Direct mail organisations       | Snap Printing                           | 4985            |
| Media advertising organisations | Waringarri Media Aboriginal Corporation | 2926            |
| <b>Total</b>                    |   | <b>\$35,262</b> |

## 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.

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                             | Ongoing.  |

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. |
| 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. |
| Improve the Department's website to meet contemporary good practice.   | Ensure forms and applications are available electronically.   | Completed. |
| 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. |

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. | Completed 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. |

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. |

## 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 continued with its cultural change program across the agency. Part of the program is to encourage and model ethical values across the Department.
- The Customer Service Charter is available on the Department's website.
- The Department's Code of Conduct is available on the Department's website.
- 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 2010/11:

- 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.

The Department recently advertised for a Community and Regional Engagement Officer. This Officer will be responsible for working with regional communities, especially remote Aboriginal communities, in managing the impacts of liquor and gambling. This will involve undertaking fieldwork and detailed research, analysis and assessment. The Officer will be expected to travel extensively throughout the State and may be based in remote communities for parts of the year. The Officer will be expected to have a sound understanding of Aboriginal protocols, culture and customs and the ability to apply that knowledge in an operational setting.

### **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 health surveillance for designated staff;
- 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 OHS related reporting documentation.
- Department OHS representatives attended OHS training.
- First aid training for shift inspectors.
- A flu vaccination program was made available to all employees in April 2011.

### **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.

### LOST TIME INJURY SEVERITY RATE

| INDICATOR  | 2010/11 ACTUAL | 2010/11 TARGET                               |
|--|----------------|--|
| 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%                 |