



GAMING COMMISSION OF WESTERN AUSTRALIA
ANNUAL REPORT 1998 - 1999

LETTER OF TRANSMITTAL

Hon. GM Evans MLC
MINISTER FOR RACING AND GAMING

In accordance with the provisions of the *Financial Administration and Audit Act 1985*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Gaming Commission of Western Australia, for the financial year ended 30 June 1999.

The Annual Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Barry A Sargeant
CHAIRMAN
GAMING COMMISSION
31 August 1999



Keith Shimmon
MEMBER
GAMING COMMISSION
31 August 1999

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It is with pleasure that I present this report for the Gaming Commission of Western Australia, covering the period 1 July 1998 to 30 June 1999.

The Commissions events, achievements and initiatives for 1998/99 are included in this year's annual report. However, some of the more prominent highlights have been listed below.

- The most significant event this year was the implementation of the Acts Amendment (Gaming) Act 1998, which came into effect on 4 August 1998. The Act, which emanated from a review of the Gaming Commission Act 1987 and Casino Control Act 1984, made important changes in the areas of casino and community gaming. A Gaming Community Trust and a Gaming Community Trust Fund will be established during 1999/2000 into which all unclaimed moneys, emanating from community and casino gaming, will be paid. In addition, the provisions of the Gaming Commission Act have been strengthened to make "possession" of gaming machines illegal. Amendments to the Casino Control Act saw the introduction of infringement notices for a number of offences.
- The Betting Control Act 1954 underwent a statutory review during 1998/99. The Minister's report to Parliament concluded that gaming and wagering in Western Australia could be more effectively regulated through an amalgamation of the Betting Control Board and the Gaming Commission of Western Australia. Legislation to give effect to the recommendations of the Minister's report will be drafted during 1999/2000.
- A number of functions previously undertaken by the Gaming Commission have been devolved to the Burswood International Resort Casino.
- Gaming Inspectors undertook 791 inspections, 92 of which related to country visits.
- Application forms and general information for gaming permits were made available via the Office Internet - <http://www.orgl.wa.gov.au> www.orgl.wa.gov.au.
- National Competition Policy Legislative Reviews were undertaken in relation to the Gaming Commission Act 1987, Gaming Commission Regulations 1988, Casino Control Act 1984, Casino (Burswood Island) Agreement Act and Casino Control (Burswood Island) (Licensing of Employees) Regulations.

The Gaming Commission's success in meeting its objectives has been significantly influenced by the ongoing commitment, hard work and dedication of the staff of the Office of Racing, Gaming and Liquor. I would like to take this opportunity, on behalf of the Commission, to express appreciation for their efforts during the year.



Barry A Sargeant
CHAIRMAN
GAMING COMMISSION

MISSION STATEMENT

The Gaming Commission's mission is:

"To promote and maintain the integrity of lawful gaming activities."

The Commission strives to achieve its mission through the provision of services designed to maximise public confidence in the gaming industry.

This confidence has been achieved by maintaining confidentiality, applying the principles of firmness and fairness and by providing appropriate levels of protection and care when necessary.

ESTABLISHING AUTHORITY

The Gaming Commission of Western Australia was established in March 1988 to -

- replace the Casino Control Committee;
- assume responsibility for the administration of gaming activities in Western Australia; and
- adopt a wider role with respect to gaming in the community.

ENABLING LEGISLATION

The Gaming Commission of Western Australia is established by the *Gaming Commission Act 1987*. The Commission is responsible for the administration of the *Gaming Commission Act 1987*, *Casino Control Act 1984* and the *Casino (Burswood Island) Agreement Act 1985*.

RESPONSIBLE MINISTER

The Minister for Racing and Gaming is responsible for the Racing and Gaming portfolio.

At 30 June 1999, the Minister for Racing and Gaming was Hon GM (Max) Evans, MLC.

MEMBER PROFILE - AS AT 30 JUNE 1999

Chairman

Mr Barry Sargeant

Mr Sargeant was appointed to the Commission, in an *ex-officio* capacity, when he was appointed as the Executive Director of the Office of Racing, Gaming and Liquor, in November 1992.

Mr Sargeant's deputy is Mr David Halge, Director of Gaming.

Member

Ms Lynette Quinlivan

Ms Quinlivan is a solicitor by profession and was nominated by the Minister for Racing and Gaming. Ms Quinlivan has been a member since 1995.

Member

Mr Keith Shimmon

Mr Shimmon is a retired public servant and was nominated by the Minister for Racing and Gaming.

Member

Mr Lloyd Stewart

Mr Stewart is a director, and is also the chairman of the Lotteries Commission of WA. He was nominated by the Minister for Racing and Gaming.

Member

Ms Margaret Nadebaum

Ms Nadebaum is a retired educator/public servant and was nominated by the Minister for Racing and Gaming.

STATEMENT OF CORPORATE GOVERNANCE

The Statutory Corporations (Liability of Directors) Act 1996 -

- declares that the members of all Government "corporations" established for a public purpose owe to the "corporation" the same duties that the directors of a company under the Corporations Law owe to that company; and
- imposes on the "directors" of Government owned "corporations" responsible for business activities, specific duties to act honestly, to exercise reasonable care and diligence and not to make improper use of their information and position.

For the purposes of the *Statutory Corporations (Liability of Directors) Act*, "corporation" means a body corporate established for a public purpose by a written law and, if its members manage the affairs of the corporation, a "director" means a member of the corporation.

While the Gaming Commission of Western Australia is not specified in Part 3 of the legislation, a significant benefit can be gained by "directors" voluntarily adopting a Statement of Corporate Governance in that the integrity of the Commission and of each member's motives, can be seen as being above reproach.

Objective of the Statement

This Statement of Corporate Governance outlines the main practices to which the Commission and its "directors" are committed and also provides the framework of corporate integrity within which the Gaming Commission operates.

Commission Meetings

The Gaming Commission meets at least eleven times a year (usually on the fourth Tuesday of each month) and every member is required to attend all meetings unless leave is obtained from the Chairman. If a member of the Commission is absent, without the permission of the Commission, from three consecutive meetings of the Commission, of which that member has been given notice, the office of that person becomes vacant and that person shall not be eligible for re-appointment.

Dissenting members have the right to require their dissenting vote and any underlying reasons to be recorded in the minutes if they deem it necessary.

Policy Base

The Gaming Commission is responsible for the administration of the legislation covering the gaming industry. The Commission issues a number of decisions that are formulated and implemented

within the bounds of the Commission's policies, for the administration and control of the conduct of gaming in Western Australia.

Delegation of Commission Powers

The Gaming Commission has delegated all its power to the Chairman in the event that an urgent approval is required which cannot wait until the next Gaming Commission meeting.

Decisions relating to the administration of minor gaming have been delegated to -

- the Chairman;
- the Director of Gaming; or
- staff acting on behalf of the Director.

Similarly, decisions relating to policy or procedures in the administration of casino gaming have been delegated to the Chairman and the Chief Casino Officer.

Boundaries to be Observed by Delegates

Where the Gaming Commission has resolved to delegate its powers to the Chairman, Chief Casino Officer or any other officer of the Commission, either generally or as provided in an instrument of delegation, the delegate may perform a power or duty only in accordance with that delegation and, when so exercised or performed, that power or duty shall be deemed to be exercised or performed by the Commission.

Delegate to inform the Commission

It is the responsibility of the delegate to report to the Gaming Commission for confirmation at the next available meeting of the Commission any exercise of the delegation -

- by the Chairman where an urgent approval is required;
- to authorise proceedings against persons charged with an offence at the Burswood International Resort Casino;
- to approve persons as a junket operator or representative;
- to approve a supplier of gaming equipment to Burswood International Resort Casino; and
- to approve gaming operators and gaming equipment suppliers' certificates, under the Gaming Commission Act.

Independent Professional Advice

In carrying out official duties, each member has the right to seek independent professional advice at the Commission's expense,

where the member considers it necessary to carry out his/her duties and subject to prior agreement of the Chairperson, which cannot reasonably be withheld.

Access to Resources and Information

Each member is entitled to obtain such resources and information from the Commission and/or the Office of Racing, Gaming and Liquor, including direct access to agency staff, as they may require after notifying the Executive Director/Chairman.

Gaming Commission Financial Controls

The Gaming Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control to provide a reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property and the incurring of liabilities is in compliance with the requirements of the *Financial Administration and Audit Act 1985*, Treasurer's Instructions and other relevant written law.

The Office of Racing, Gaming and Liquor provides financial services and support to the Gaming Commission. While the Commission's Principal Accounting Officer (Manager, Finance and Administration, Office of Racing, Gaming and Liquor) is responsible for the financial administration of the Commission, primary responsibility for the detection, investigation and prevention of financial irregularities always rests with the Gaming Commission. Internal audit services are provided to the Commission through the Office of Racing, Gaming and Liquor's internal auditor, Stanton Partners.

As part of its annual reporting obligations, the Gaming Commission is required to submit its Operating Statement, Statement of Financial Position and Statement of Cash Flows as part of its Financial Statements to the Auditor General of Western Australia for auditing. It is also required, to report its Performance Information in accordance with Treasurers Instruction 904. Accordingly, outlined below, are the Output Measures for 1998/99.

Output 1 - Functions performed for the Gaming Industry

Output Description

Perform functions in accordance with statutory obligations.

	Actual 1998/99 \$'000
Total Cost of Output	2,844
Less Operating Revenues ^(a)	(2,664)
Net Cost of Output	180
Adjustments for non-cash items	5
Cash Cost of Output	185

Includes user charges and fees, net profit on asset disposal, other revenues and resources received free of charge.

Performance Measures for Output 1

	1998/99 Actual
Quantity	
Number of gaming audits, investigations and inspections	6,750
Number of casino operator submissions reviewed	168
Number of certificates and permits issued	4385
Number of Casino Employee licences issued	170
Quality	
% of gaming inspections and audits conducted in accordance with the Commission's approved program	95%
% of satisfactory responses on casino submission/matters as rated by the casino operator via a survey	80%*
% of compliance of processing procedures relating to the issue of permits and licences	98%
Timeliness	
% of gaming audits and inspections completed in accordance with performance agreements	100%
% of casino operator submissions completed within 8 weeks	90%
% of provisional licences issued within 7 days	91%
% of community gaming applications processed within 48 hours	90%
Cost	
Average cost per gaming audit, investigation or inspection	\$268.40
Average cost per casino submission reviewed	\$3,046.69
Average cost per gaming permit issued	\$73.93
Average cost per Casino Employee Licence	\$1,271.25

*estimate only

Note: Target figures are not available for this Output as the performance measures were not developed until part way through the year.

Effectiveness

In discharging its statutory obligations, the Gaming Commission is able to promote and maintain the integrity of lawful gaming activities. Effectiveness will be measured by:

- the percentage of unlawful gaming detected in relation to the number of permits issued; and
- the number of violation reports issued in relation to casino gaming.

THE COMMISSION

Description

The establishment of the Gaming Commission was a result of the 1984 Report of the Committee that reported on gaming in Western Australia. The Committee recommended that:

"The Gaming Act should create a Gaming Authority, which should be independent, autonomous, and capable of handling all of the new liberalised areas of gaming as well as some of the existing legal and supposedly legal gaming currently being conducted."

In line with that recommendation, the Gaming Commission Act was introduced to constitute the Gaming Commission of Western Australia and to consolidate and amend the law relating to gaming.

The role of the Commission, therefore, is to:

- formulate and implement policies for the administration and control of the conduct of gaming in Western Australia;
- approve, or withhold approval from, persons, premises, games and gaming operations, for the purposes of the Act and any other written law relating to gaming;

- formulate and impose prohibitions and conditions relating to gaming, the games which may be played and the rules under which games may be played;
- grant, revoke or amend approvals, permits and certificates relating to gaming, and subject to the Casino Control Act, licences relating to casinos and the employment of persons in casinos;
- seek, receive, disseminate or publish information relevant to gaming and the incidence of gaming and its effect in the community; and
- make prescribed charges and impose prescribed duties and fees.

ADMINISTRATION OF GAMING

The functions of the Gaming Commission include the:

- inspection, surveillance and regulatory review of casino and permitted gaming operations;
- inspections of premises and audit of financial returns;
- verification and audit of casino gross revenue and casino tax;
- investigation and processing of applications for casino employee licences and permitted gaming permits;
- provision of advice to the public on proposed applications and fundraising ventures; and
- investigation of gaming related illegal activities.

Functions

The Gaming Commission Act does not provide for the employment of staff by the Commission. Under an agreement with the Office of Racing, Gaming and Liquor, executive and other support services are provided by that agency.

The Gaming Division of the Office of Racing, Gaming and Liquor carries out the majority of functions performed by the Commission. This includes the provision of licensing, inspection and audit functions in respect to casino and permitted gaming. The Corporate Services Division provides administrative functions, such as financial management and information services.¹

PRINCIPAL LEGISLATION

The Gaming Commission administers the following legislation -

• **Casino (Burswood Island) Agreement Act 1985**

The Casino (Burswood Island) Agreement Act was enacted to ratify and authorise the implementation of the Casino (Burswood Island) Agreement between the State of Western Australia and the Trustee of the Burswood Property Trust. The Casino (Burswood Island) Agreement provides for the development and operation of the Burswood International Resort Casino. Although many of the obligations of the Burswood Property Trust under the Agreement have been satisfied, for example, the obligation to construct and develop the casino complex, the Agreement contains a number of ongoing obligations for the State Government of Western Australia and the Trustee of the Burswood Property Trust.

• **Casino Control Act 1984**

This Act was enacted to provide for the establishment of a casino in Western Australia, for licensing the operation of the casino and for the control of gaming operations therein. In addition to providing for the regulation of casino gaming operations by the Gaming Commission, the Act contains provisions relating to the application for, and grant of a casino gaming licence.

• **Gaming Commission Act 1987**

The Gaming Commission Act consolidates the law relating to minor gambling in Western Australia and provides the opportunity for clubs and charities to raise funds through lotteries, bingo, two-up, gaming and video lottery terminals.

DECISION-MAKING POWERS AFFECTING THE PUBLIC OF WESTERN AUSTRALIA

Section 8 of the Gaming Commission Act provides for the Commission to have all such powers as are necessary to carry out its duties. Therefore, the Gaming Commission is empowered to make a number of decisions that impact, directly or indirectly, on the Western Australian community.

All decisions relating to the administration of gaming, including -

- decisions to grant or issue approvals, permits and certificates relating to gaming;
- the use of premises for such purposes; and
- licences relating to the employment of persons in casinos,

¹ Further details regarding the structure of the Office of Racing, Gaming and Liquor are provided in that agency's Annual Report.

are made by the Gaming Commission, or delegated to the Chairman, the Director, Gaming (who is also the Chief Casino Officer) or to staff acting on behalf of the Director.

Freedom of Information

As a statutory authority, the Gaming Commission is an “agency” for the purposes of the Freedom of Information Act 1992. The decision-maker in respect of gaming related access applications is the Director, Gaming and the internal reviewer is the Chairman of the Gaming Commission.

SIGNIFICANT EVENTS

Development of Gaming System

As a result of changes to gaming legislation and the development of new technology, a functional requirements specification was commissioned to identify the current and future information needs of the Division to effectively service casino and community gaming activities in the State. This specification will be used as the basis to redevelop and enhance the functionality of the existing gaming permit register system, the casino employee licensing system and associated databases. In addition, some existing systems will be discontinued and new systems developed.

National Competition Policy Report

National Competition Policy Reviews were undertaken in relation to the Gaming Commission Act 1987, Gaming Commission Regulations 1988, Casino Control Act 1984, Casino (Burswood Island) Agreement Act and Casino Control (Burswood Island) (Licensing of Employees) Regulations. Treasury's National Competition Policy Unit is currently reviewing the draft reports.

Trade Promotion Lottery Approval

By way of gazettal on 23 February 1999, the Gaming Commission authorised the conduct of Trade Promotion Lotteries, without the need to obtain a permit, provided that the following conditions are complied with:

- Participants take part without cost, or by reason of the purchase of goods or the use of services, the cost of which is no more than the cost would be without the opportunity to take part in the lottery.
- If the entry is via a telephone call or other electronic medium, the cost of the call shall not exceed 50 cents.
- The lottery may be conducted for a maximum of twelve months.

- The draw must be conducted within one month of the closure of the lottery.
- The value and/or description of the prize(s) must be printed on the entry coupon or clearly stated in any other advertising material.
- Where the promotion is conducted by audio, visual or other media, the value and/or description of the prizes and conditions of entry shall be clearly stated or otherwise made clear.
- The method for determining the winner shall be clearly stated or otherwise made clear.
- Records relating to the lottery shall be maintained for a period of twelve months and shall be made available to an authorised officer of the Gaming Commission upon request.
- Where practicable, members of the public must be afforded the opportunity to witness the draw. Where not practicable, audit records confirming the prize draw must be made available to an authorised officer of the Gaming Commission upon request.

Devolution of responsibilities to Burswood Casino

During 1998/99, two functions previously undertaken by the Gaming Commission were devolved to Burswood International Resort Casino, following a recommendation by an external consultant:

- inspectors withdrew from being physically present for the daily collection of drop boxes from gaming tables; and
- responsibility for gaming equipment stock was transferred to the operator.

As a consequence, review/audit programs have been developed for each area. These audits are conducted on a regular basis. Additionally, regular checks of equipment used in gaming are carried out as part of the gaming audit program. The devolution of these duties has allowed inspectors to undertake other duties within and outside the casino.

Interactive Television Games

During the first half of 1999, TVW Enterprises Ltd (Channel 7) and Swan Television and Radio Broadcasting Ltd (Channel 9) advertised the programs “Chance of a Lifetime” and “Who Wants to be a Millionaire” without consulting the Gaming Division.

The programs were essentially quiz shows that provided contestants with the chance to win up to \$1million. Prospective contestants were required to ring a telephone number and register their interest for a cost of \$1, in relation to the Channel 7 competition and 75 cents in relation to the Channel 9 competition.

The Gaming Division maintained that the games were “games of chance” as defined by the Gaming Commission Act 1987 and, therefore, could only be conducted as a trade promotion lottery (as described above) with the maximum cost of the call being 50 cents.

A trade promotion lottery is defined by the Gaming Commission Act 1987 as:

a lottery conducted to promote the sale of goods or the use of services, in which every participant takes part,

- (a) *without cost; or*
- (b) *by reason of the purchase of goods or the use of services, the cost of which is not more than the cost would be without the opportunity to take part in the lottery.*

Discussions were held with Channel 7 and Channel 9, in association with the Victorian Casino and Gaming Authority, following which the cost of the calls was reduced to 50 cents.

Amalgamation of casino and community gaming inspectors

The amalgamation of the casino and community inspectors has now been completed. Inspectors are rostered to work at the casino on a 12-hour shift or in community gaming on an 11-hour shift.

The amalgamation, and the associated training, has given the Gaming Division the flexibility of being able to call on a bigger pool of staff to cover peaks and troughs in either area and to extend the Commission's presence in country areas.

Most inspectors have welcomed the opportunity to widen their level of expertise and have a greater variety of work.

Burswood Limited - Participation in Casino, Durban, South Africa

In September 1998, Burswood Limited sought the approval of the Minister for Racing and Gaming to acquire a minority interest in the casino development that was being proposed by Durban Add-Ventures Limited, a South African registered company. Following an investigation into the reputation and integrity of participants in the Durban Casino, the Minister for Racing and Gaming consented to Burswood Limited acquiring a 20 per cent interest in Legend International Resorts (SA) Pty Ltd, also a South African registered company.

Legend International Resorts SA (Pty) Ltd has been contracted to manage the casino and hotel operations. The casino, which will form part of the Thekwini Adventure World, will be located at the Village Green that lies within the Durban Kings Park complex.

ISSUES AND TRENDS

Two-Up in Kalgoorlie

In early 1999, the operators of the Bush Two-Up in Kalgoorlie requested that the Gaming Commission address the decline in patronage of the traditional two-up game.

The Commission determined that the problem was unique to Kalgoorlie and therefore the community of Kalgoorlie should initiate a resolution to the problem. The Director of Gaming visited Kalgoorlie in May 1999 and convened a meeting with the various stakeholders and local politicians.

A number of issues were discussed and it was left to stakeholders to formulate a submission that the Commission could consider. The submission will be considered by the Commission later in the year.

Internet Gambling

The Gaming Division has received a number of inquiries relating to the legality of Internet gambling in Western Australia and whether applications for an Internet gambling service provider can be made.

The *Burswood Island Agreement* provides for a period of exclusivity that precludes the State Government from approving or licensing the conduct or playing, except in the Burswood Casino, of any game that is commonly played in casinos, or any variation or derivative of a game, no matter how played. After the current period of exclusivity, which is due to expire on 24 December 2000, the State may only approve or licence the conduct or playing of a game in another casino constructed pursuant to a casino complex agreement.

“Amusement” type games and machines

The Gaming Commission has been approached by operators, seeking to introduce, into amusement parlours and public venues, such as shopping centres and licensed premises, ‘amusement’ type games that provide prizes.

The Gaming Commission Regulations provide for games of skill and some games of chance to be played under certain circumstances and in certain venues.

Government policy in Western Australia provides that there should not be any extension of gaming in the community through new forms of gambling. Consistent with that policy, Gaming Inspectors have been vigilant in identifying any games or machines that could be defined under the Gaming Commission Act as ‘games of chance’.

Additionally, the Commission has refused to approve a number of games and machines for use in amusement parlours and the general community where it has been determined that they are a "game of chance".

Problem Gambling

An assessment of the extent and degree of gambling related problems in Western Australia was undertaken in 1994, with the support of the Lotteries Commission of Western Australia, the Totalisator Agency Board, the Burswood International Resort Casino and the Office of Racing, Gaming and Liquor. The prevalence of problem gambling in Western Australia was estimated at 0.32* per cent of the adult population (*Note: this figure was incorrectly reported in the 1997/98 Annual Report as 3.02 percent).

During the year the Problem Gambling Support Services Committee was re-established with representatives from the supporting organisations making up the membership of the committee.

Mr Barry Sargeant

Office of Racing, Gaming and Liquor - Chairman

Mr Ed Posey

Burswood International Resort Casino

Ms Jan Stewart

Lotteries Commission of Western Australia

Mr Ray Bennett

Totalisator Agency Board of Western Australia

Mr David Ryder

Edith Cowan University

Ms Shirley Frizzell

Health Promotion Programs & Research

Ms Genevieve Errey

Family & Children Services

Mrs Gail Walker

WA Bookmakers Association

A part time executive officer has been appointed to provide administrative support to the committee.

During 1998, the Problem Gambling Support Services Committee undertook a research project assessing the incidence and ability of people from diverse cultural backgrounds to access support services for gambling related issues. The report identified some of the issues facing people of diverse cultural backgrounds when confronted with problem gambling and presented the Committee with recommendations that are now being considered to improve access.

The Committee is considering the need for a community awareness program for the support service and a program for raising community awareness will be implemented. This will include community awareness programs to communities with diverse cultural origins.

The Committee has continued to fund the provision of counselling services through Centrecare (Break Even), and a 24 hour telephone helpline, G-Line. In 1998/99, there were 280 initial contacts to Break Even, with 214 counselling sessions held. Additionally, there were 306 calls to G-Line for assistance. Of the calls received by G-Line, 58 per cent were males (178), 38 per cent females (116) with the balance not identified by gender. Similar percentages were reported about clients contacting Breakeven and receiving support.



1800

G LINE A free, confidential 24 hour service for help with gambling problems.

OPERATIONS

It is the Commission's responsibility to -

- administer legislation relating to casino and permitted gaming;
- ensure that the casino operator and permit holders meet their obligations; and
- regulate gaming operations within Western Australia.

Approval of Game Rules

The Commission is responsible for approving the rules of all games played in the casino and authorises games for the conduct of permitted gaming at gaming functions. The Commission must also ensure that all games are fair and that returns to players are reasonable.

Licensing of Casino Employees and Gaming Operators

The integrity of the casino's employees is central to the integrity of the casino gaming operation. For this reason, all people directly associated with gaming at the casino must be licensed under the appropriate regulations.

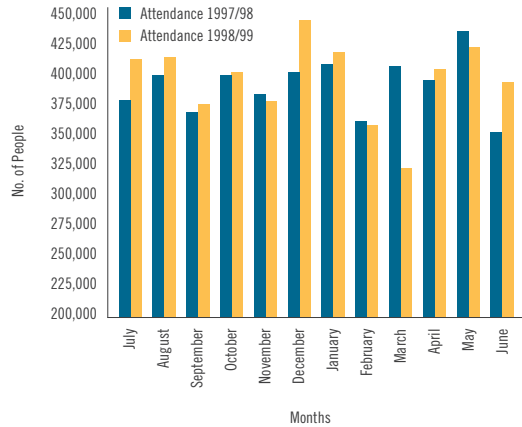
Similarly, the integrity of gaming operators is central to the integrity of permitted gaming operations and they are required to hold a Gaming Operator's Certificate under the Gaming Commission Act. Before applicants can be licensed or approved, they must demonstrate very high standards of honesty and integrity, as well as skills and experience needed to work in the gaming industry.

Inspection of Casino Gaming Operations

Government Casino Inspectors are on duty at the Burswood International Resort Casino 24 hours a day. Their main duties include -

- *Surveillance*
Inspectors carry out continuous physical and closed circuit TV surveillance of all aspects of casino gaming operations, through a series of audit programs. This is designed to ensure adherence to all regulations associated with game rules, accounting, security and surveillance procedures.
- *Patron Complaints*
In most instances, patron complaints can be resolved through discussion with casino gaming staff. However, if this is not possible, the matter will be investigated by Government Inspectors and, where necessary, referred to the Chief Casino Officer for a decision.

MONTHLY CASINO ATTENDANCE (BURSWOOD RESORT CASINO)



Casino gaming staff are required to inform the Government Inspectorate of any unresolved complaints from patrons.

• *Checking and Testing of Gaming Equipment*

To ensure that all games are conducted honestly and fairly, the Commission approves all suppliers of gaming equipment (such as dice, cards and roulette wheels). Equipment is tested regularly to ensure that it continues to meet established standards. The storage, use and destruction of equipment is also monitored.

In 1985, the Gaming Commission determined that, in respect of each video machine installed in the casino, the Casino Operator shall return to players at least 90 per cent of the coins wagered in the machines over a period of time. To ensure this happens, the machines and associated security systems are extensively checked.

• *Overseeing Revenue Collection and Counting*

Government Inspectors are responsible for checking and verifying casino gaming revenue and casino tax.

• *The Casino and the Law*

Under the Casino Control Act, people under the age of 18 are prohibited from entering or remaining in the casino. Forgery, cheating and entering the casino whilst the subject of a barring notice are also offences under the Act.

The Act gives the casino operator the right to give a person a written direction, which prohibits them from entering or remaining in the casino.

The Commission is notified of all these barring notices. If a barred person is dissatisfied with a decision of the casino operator, they may appeal to the Commission.

To ensure that the Casino Control Act is enforced, Government Inspectors have the legislative authority at all times to check, examine or intervene in any casino operation.

- *Casino Reconfiguration*

Burswood International Resort Casino undertook a major refurbishment in March 1999. The main casino floor was reconfigured to provide a better service to clients with the demarcation of smoking and non-smoking areas. The reconfiguration now permits customers to access most games in either smoking or non-smoking areas.

The refurbishment also included new lighting, a new foyer and an integration of gaming machines with table games. The number of gaming machines also increased by 46 from 1135 to 1181.

- *Video Gaming*

During 1998/99, an International Gaming Technology (IGT) Insight video gaming monitoring system was introduced to replace the existing Electronic Data Technology (EDT) video monitoring system. At the same time the following new video games were introduced -

- Aristocrat Bad Dog Poker
- Aristocrat Clown Poker
- Video Roulette
- Sega Club Roulette
- Olympic Video Money Wheel
- IGT Cabaret Keno
- IGT Crazy Keno

- *Violation Reports*

During 1998/99, the Chief Casino Officer issued 5 violations to the casino licensee. The violations were for a variety of rule and procedural breaches and resulted in letters of censure and fines being imposed, based on the severity of the breach.

Inspection of Permitted Gaming Operations

The Gaming Commission employs Gaming Inspectors to assist in maintaining the integrity of gaming conducted, by sporting clubs and charities, under a permit issued by the Gaming Commission.

- *Physical Inspections*

Gaming Inspectors conduct physical inspections of premises where permitted gaming is conducted to ensure compliance with permit conditions, adherence to conditions associated with game rules and accounting procedures. Inspections cover the metropolitan and country towns and regions of Western Australia. During 1998/99, Gaming Inspectors conducted 791 Inspections, 92 of these related to country inspections.

- *Auditing of Financial Returns*

One of the requirements for many of the permits issued in relation to permitted gaming is the lodging of an appropriate financial return. Gaming Inspectors are responsible for checking and verifying financial returns for accuracy.

- *Detection and Prevention of Illegal Gaming Activities*

The detection and prevention of illegal gaming activities, in collaboration with the Police Service, is central to achieving the Gaming Commission's mission. Gaming Inspectors play a key role in the surveillance; detection and prevention of illegal gaming, especially in relation to illegal gaming machines, many of which are duly confiscated.

- *Video Lottery Terminals*

Video Lottery Terminals are electronic representations of hand held continuing lottery tickets (break open bingo/beer tickets), with permits issued to sporting, charitable and community organisations for the purpose of fund raising. A minimum of 10 per cent of gross proceeds must be returned to the beneficiary organisation, with 70 per cent to prizes, one per cent to the Gaming Commission and five per cent to the Consolidated Fund. The supplier and the licensee of the venue share the balance.

Video Lottery Terminals can only be obtained from suppliers of gaming equipment licensed by the Gaming Commission. The operator must, on presentation of a valid winning ticket by a player, pay the amount stipulated on the winning ticket in either cash or cheque. Winnings cannot be converted into credits. Advertising, other than on the premises in which the machine is located, is not permitted.

Other than the supplier of the machine and Gaming Commission staff, only the licensee or approved manager of the licensed premises is authorised to open the Video Lottery Terminal to empty the cash box and change the ticket roll.

The number of Video Lottery Terminal permits issued during 1998/99 was 654, compared to 685 during 1997/98. In spite of the drop in permits issued, the turnover for 1998/99 was \$12.4 million compared to \$12.1 million for the previous year.

During the reporting year Video Bingo, Get Capone, Lucky Dip and Sweet Sevens were approved by the Commission. The Commission also approved the introduction of 20-cent games in addition to the 50-cent games already in operation.

- *Lotteries Commission*

Officers from the Gaming Division perform an independent verification of Lotto draws, ticket sales and winner selection for the Lotteries Commission of WA. Officers are required to attend the Lotteries Commission's operations centre and complete audit procedures for each Weekend Lotto, Oz Lotto, Powerball Lotto, Super 66, Cash 3 and Soccer Pools draw. In addition to providing an audit function for the Lotteries Commission of WA, Gaming Inspectors attest to the winning Soccer Pools numbers from data supplied by the Lotteries Commission of South Australia. During 1998/99, members of the Inspectorate attended the Lotteries Commission on 376 occasions.

Compliance

- *Internet Gambling*

During March and April 1999, an Internet gaming site was hosted in Perth and media reports indicated that the gaming was occurring in Western Australia. Investigations revealed however that the actual Internet casino was located overseas (the Netherlands Antilles). The Internet casino was accessed via the Perth host and it therefore appeared that gaming was occurring in Perth. The Internet service provider voluntarily removed the site.

The Gaming Commission will continue to monitor the Internet for further Western Australian-based game hosts and conduct investigations to ensure that gaming is not being conducted in Western Australia contrary to the Gaming Commission Act and the Casino Control Act.

- *Laughing Clowns*

During 1998 Gaming Inspectors noted that travelling showmen had installed and were operating what were considered to be games of chance each weekend at a number of weekend markets. After obtaining legal advice, the Gaming Division requested that the Laughing Clown machines located at a particular weekend markets be removed.

The operator of the machine issued an originating summons and an interlocutory injunction to stop the Commission from confiscating the machines until such time as the originating summons was heard.

The matter was heard in the Supreme Court of Western Australia in April 1999. Based on conflicting affidavits and in

the absence of expert witnesses being called, the Judge could not rule on whether or not the Laughing Clown machines were lawful under the Gaming Commission Act and accordingly, dismissed the case. Notwithstanding this, the machines have not been re-installed.

- *Illegal Gaming Machines - Prosecutions*

During the reporting year two hotels were prosecuted on a total of five charges for the possession and operation of illegal gaming machines. The two prosecutions were successful and resulted in \$3000 in fines plus costs. In addition, an order for forfeiture was issued for the machines and an order for destruction issued in relation to one of the machines. A decision concerning the destruction of the remaining machines has not yet been made. An illegal gaming machine was also located at a pool and snooker parlour. The machine was voluntarily surrendered and destroyed. No charges were laid.

- *Continuing Lotteries*

During the year the Commission revoked four Continuing Lottery permits. Two were in the metropolitan area and two in the country. Revocations occurred because an audit of the financial records held by the permit holders, including banking and disbursements, revealed a shortfall in the amount of money that should have been banked. The permits were revoked for periods ranging from three months to twelve months. At the conclusion of the revocation period each organisation will, if they wish to reapply for a permit, be required to demonstrate to the Gaming Commission that controls have been implemented to ensure that deficiencies will not occur in future.

- *Standard Lotteries*

In relation to Standard Lottery permits, one organisation was issued with a number of infringement notices for breaching the conditions of its permit. The organisation was also required to show cause before the Gaming Commission why any further raffle permits should be issued.

Another organisation, which contracted with a professional fundraiser to conduct its standard lottery permit, failed to meet a satisfactory net return for organisations that use professional fundraisers. The organisation was required to appear before the June meeting of the Commission to explain the low return and to show cause why its application for a further permit should be granted.

• *Casino Employee Licences and Gaming Operators Certificate*s

Applicants for Casino Employee Licences or Operators Certificate that declare a conviction or fail to declare a conviction are required to appear before the Commission to show cause why a licence or certificate should be granted.

Employees who hold a casino employee licence are required, under the Casino Control (Burswood Island) (Licensing of Employees) Regulations, to advise the Chief Casino Officer of any conviction within 14 days. Due to random checks by the Casino Investigation Unit, it was discovered that some licensees failed to advise the Chief Casino Officer of their convictions. These people were required to show cause to the Commission why their licence should not be revoked. The Commission suspended several licences for periods ranging from two weeks to four weeks and in one case a fine of \$250 was imposed.

• *Infringement Notices/Cautions*

During the reporting year the Police and Gaming Inspectors issued a total of 105 infringement notices. The majority of the infringement notices were issued under the Gaming Commission Act for breaches of permit conditions. A number of infringements were also issued pursuant to the Casino Control Act for offences relating to re-entering the Casino after being barred and cheating. In addition, 36 cautions were issued for similar breaches. Cautions are issued where the issuing officer is of the view that the offence is of a nature that does not justify the issue of an infringement notice.

Type of Action	1997-98	1998-99
Inspections	570	791
Audits	879	1,616
Desk Audits	2,142	486
Cautions Issued	12	36
Infringement Notices issued	46	105
Prosecutions initiated	9	3
Permits revoked	2	4
Country visits	66	92
Permits/certificates/approvals	4,471	4,385
Lotto Duties	201	376

Summary of gaming regulation operational statistics

CUSTOMER SERVICE

Office Hours

For the convenience of customers, the Gaming Commission's services can be accessed by a centralised customer service area operated by the Office of Racing, Gaming and Liquor. All general enquiries and applications relating to -

- casino employee licensing; and
- permitted gaming,

can be directed to the centralised service at Level 1, 87 Adelaide Terrace, East Perth, between the hours of 8.30 am and 5.00 pm on working days.

Internet and e-mail

Copies of gaming permit application forms and brochures, together with general information concerning the Gaming Commission, are now available via the Office of Racing, Gaming and Liquor Internet. A copy of the 1998/99 Annual Report is also available in PDF format. The Office's web address is <http://www.orgl.wa.gov.au>.

In addition, customers may now e-mail any inquiries to the office via e-mail. The e-mail address is orgl@orgl.wa.gov.au

After Hours Contact

- Gaming Inspectors can be contacted until 11.00 pm Monday to Friday on mobile telephone number 0417 903 659, 0417 902 718 or 0417 902 970.
- Burswood Casino Inspectors can be contacted at any time either personally or by telephone numbers 9362 7648 or 9362 7650.

FUTURE DIRECTION

During the coming year the Office of Racing, Gaming and Liquor will undergo a restructure, whereby the operational areas of the Department will be amalgamated to form an Operations Division. The formation of an operational division will result in all matters, whether they relate to racing, gaming or liquor, being dealt with by the one area.

Applications for liquor licences and gaming permits will be processed by an applications team and inspections relating to licensed premises, gaming operations and betting venues will be undertaken by a combined inspectorate. It is expected that the amalgamation will result in an improved service to the public. In the long term, clients will be able to have their gaming applications dealt with by the same person that is processing a related liquor licence application. Similarly inspectors visiting a licensed premises will be able to advise on liquor and gaming related issues.

In relation to casino gaming, the Act -

- Provides for the issue of infringement notices for certain offences.
- Provides for "Controlled Contracts" in relation to the supply of equipment etc to the casino.
- Provides for a fine, not exceeding \$100,000, for the casino licensee as an alternative to suspension or cancellation of the casino licence.
- Permits Keno runners to operate outside the approved area, but within an area of the complex specified by the Gaming Commission.
- Provides the Minister with the power to require a "close associate", holding a controlling interest, to divest any financial interest in any trust or company, which is the subject of a casino complex agreement or casino gaming licence, if the associate is found, or subsequently found, to be of unsuitable character.

LEGISLATIVE CHANGES

Amendments to Acts -

On 4 August 1998, the Acts Amendment (Gaming) Act 1998 was assented to and came into operation. The Act, which emanated from a review of the Gaming Commission Act 1987 and Casino Control Act 1984, made important changes in the areas of casino and community gaming.

In relation to community gaming, the Act -

- Increased the Gaming Commission to a five-member board.
- Made provision for the establishment of a Gaming Community Trust and a Gaming Community Trust Fund for all unclaimed moneys emanating from community and casino gaming. All unclaimed moneys above the prescribed amount of 99 cents in due course must be paid into the Trust Fund.
- Makes the "possession" of gaming machines illegal.
- Authorises the payment of cash prizes in relation to continuing lottery tickets from vending machines. Previously prizes of goods could only be obtained.
- Authorises Two-Up after race meetings to be played beyond midnight provided the game is commenced on the race day. Previously, permits expired at midnight and discriminated against trotting clubs which could only commence the game at approximately 11.00 pm.

CASINO GAMING

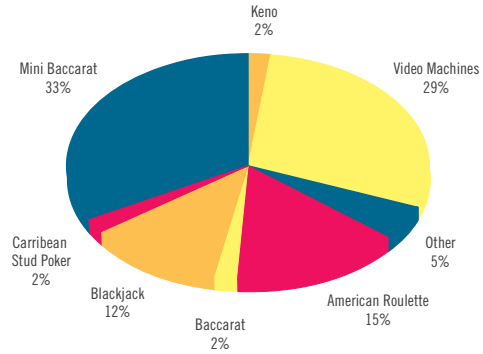
Casino Gaming Revenue

Casino Gaming Revenue of \$298,781,350 was collected during 1998/99 compared to \$358,828,073 in 1997/98. The pie chart displays the breakdown of revenue by game type.

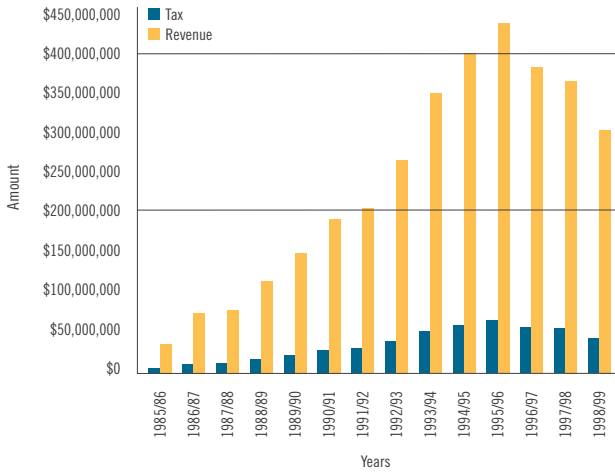
Casino Tax

Casino tax of \$42,863,833 was collected during 1998/99, compared to \$54,834,954 in 1997/98. The following graph provides a comparison of the casino tax collected and casino gaming revenue since the casino opened.

CASINO REVENUE BY GAME TYPE 1998/99

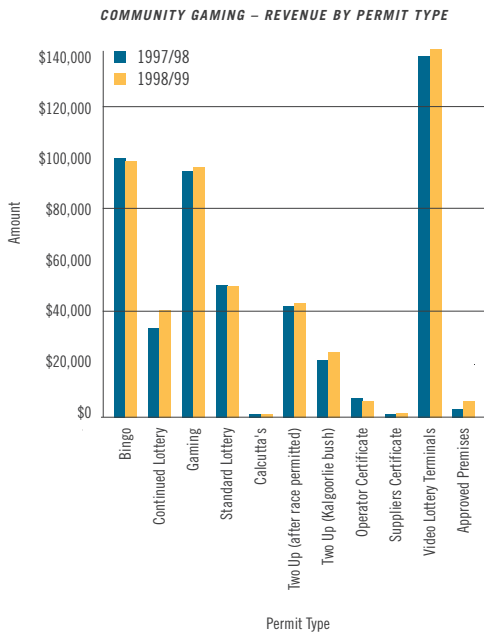


COMPARISON OF CASINO REVENUE AND TAX



Permit Type	No. of Permits	Total Gross \$	Total Net \$
Bingo	304	9,306,928	1,167,358
Continuing Lottery	511	15,095,561	3,114,278
Gaming	671	1,313,809	527,587
Standard Lottery	1424	21,915,643	10,302,127
Calcutta	31	302,515	65,180
Two Up (after race & permitted)	414	235,953	151,910
Two Up (Kalgoorlie Bush)	2	128,853	57,643
Video Lottery Terminals	654	12,417,706	1,308,000
TOTAL	4011	60,726,060	16,695,241

Summary of gaming regulation operational statistics



FINANCIAL STATEMENTS

This part of the Annual Report contains —

- the Financial Statements;
- accompanying notes;
- certification of the Financial Statements; and
- opinion of the Auditor General.



GAMING COMMISSION OF WESTERN AUSTRALIA

OPERATING STATEMENT
for the year ended 30 June 1999

	Note	1998/99 \$	1997/98 \$
COST OF SERVICES			
Operating expenses			
Fees paid to board members	9, 12 (a)	24,933	20,150
Superannuation	1 (e), 10, 12 (a)	1,745	1,468
Other operating expenses	1 (b), 12 (a, b)	2,816,897	2,789,561
Total operating expenses		2,843,575	2,811,179
Revenues from services			
Operating grants and subsidies	1 (h), 12 (a)	131,397	321,376
Operating income	1 (g), 12 (a, b)	2,459,738	2,363,946
Interest	12 (b)	72,813	72,841
Total revenues from services		2,663,948	2,758,163
Net cost of services	8	179,627	53,016
Change in net assets resulting from operations		(179,627)	(53,016)
Add Opening balance of accumulated surplus		1,225,164	1,278,180
Closing balance of accumulated surplus		1,045,537	1,225,164

GAMING COMMISSION OF WESTERN AUSTRALIA

STATEMENT OF FINANCIAL POSITION
as at 30 June 1999

	Note	1998/99 \$	1997/98 \$
CURRENT ASSETS			
Cash resources	2, 14	1,842,103	1,679,576
Accounts receivable	1 (c), 3, 14	9,782	6,845
Total current assets		1,851,885	1,686,421
Total assets		1,851,885	1,686,421
CURRENT LIABILITIES			
Accounts payable	1 (c), 4, 14	200,573	200,321
Fees in trust - Security Deposits	5, 14	489,667	257,113
Fees in trust - Gambling Support Fund	6, 14	115,751	0
Employee entitlements	1(e), 7, 14	357	3,823
Total current liabilities		806,348	461,257
Total liabilities		806,348	461,257
Net assets		1,045,537	1,225,164
EQUITY			
Accumulated surplus		1,045,537	1,225,164
Total equity		1,045,537	1,225,164

GAMING COMMISSION OF WESTERN AUSTRALIA

STATEMENT OF CASH FLOWS
for the year ended 30 June 1999

	Note	1998/99 \$ Inflows (Outflows)	1997/98 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers		(2,846,788)	(2,587,649)
Receipts			
Receipts from customers		2,457,389	2,363,946
Interest received		72,521	72,039
Operating grants and subsidies		131,397	321,376
Net cash from operating activities	8	<u>(185,481)</u>	<u>169,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for fees in advance		0	(4,760)
Receipts from/(payments for) fees in trust		348,008	(24,445)
Net cash used in investing activities		<u>348,008</u>	<u>(29,205)</u>
TOTAL CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		<u>162,527</u>	<u>140,507</u>
Net increase in cash held		162,527	140,507
Cash at the beginning of the reporting period		<u>1,679,576</u>	<u>1,539,069</u>
Cash at the end of the reporting period	2	<u><u>1,842,103</u></u>	<u><u>1,679,576</u></u>

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated, these policies are consistent with those adopted in the preceding year.

(a) General

(i) The financial statements are prepared in accordance with the Financial Administration and Audit Act 1985.

(ii) Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles.

(iii) The accrual basis of accounting has been applied.

(iv) The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Urgent Issues Group Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and Urgent Issues Group Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

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(b) Services performed for the Gaming Commission of Western Australia by the Office of Racing, Gaming and Liquor

The Office of Racing, Gaming and Liquor provides support to the Gaming Commission of Western Australia to enable the Commission to carry out its objectives. This support comprises most of the amount reported in the Operating Statement under Other Operating Expenses.

An allocation from the Consolidated Fund is made to the Office of Racing, Gaming and Liquor and the cost of the services provided to the Commission is shown under the program Functions Performed for the Racing and Gaming Industries.

Recoups from the Commission to the Office of Racing, Gaming and Liquor are made on a monthly basis under a net appropriation agreement.

(c) Accounts receivable and accounts payable

Accounts receivable are recognised at the amounts receivable and are due for settlement no more than 30 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists and in any event where the debt is more than 60 days overdue.

Accounts payable, including accruals not yet billed, are recognised when the economic entity becomes obliged to make future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 60 days, in accordance with Treasurer's Instruction 308.

(d) Employee entitlements

(i) Annual and Long Service Leave

The Gaming Commission does not employ staff. Section 18 of the Gaming Commission Act 1987 provides for the Commission to utilise the staff and facilities of the Office of Racing, Gaming and Liquor. The cost of the services provided by the Office of Racing, Gaming and Liquor is recouped from the Commission as a service fee. Accordingly, provisions have not been made for annual and long service leave.

(ii) Superannuation

The board members of the Gaming Commission are non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. The superannuation expense comprises employer contributions in respect of board members which are payable to the West State Superannuation Scheme by the Commission.

The liability for superannuation charges under the Government Employees Superannuation Act is extinguished by quarterly payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Commission. Accordingly, deriving the information for the Commission is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(e) Insurance

Insurance for the following areas is provided through Riskcover and arranged by the Office of Racing, Gaming and Liquor:

- (i) Worker's Compensation
- (ii) Property and Business Interruption
- (iii) General and Professional Liability
- (iv) Motor Vehicle
- (v) Miscellaneous
- (vi) Personal Accident - Board Members.

(f) Operating income

This represents income received pursuant to the Casino Control Act 1984 and Gaming Commission Act 1987, net of refunds. It includes the annual casino licence fee and income from community gaming.

(g) Operating grants & subsidies

This represents fees recouped from the Commonwealth Government in respect of the provision of services for the regulation of casino and gaming matters on Christmas Island.

(h) Net fair values of financial assets and liabilities

Net fair values of financial instruments are determined on the basis of the carrying amounts of monetary financial assets and liabilities not traded in an organised financial market. The net fair value of accounts receivable, accounts payable and accruals approximates their net market value.

(i) Comparative figures

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

	1998/99	1997/98
	\$	\$
2. CASH RESOURCES		
Interest bearing account at the Reserve Bank of Australia	1,842,103	1,679,576
	<u>1,842,103</u>	<u>1,679,576</u>
3. ACCOUNTS RECEIVABLE		
Accounts receivable for goods and services supplied	9,782	6,845
	<u>9,782</u>	<u>6,845</u>
<p>The Commission does not have any significant exposure to any individual customer or counterparty.</p> <p>The Commission considers the carrying amount of accounts receivable approximate their net fair values.</p>		
4. ACCOUNTS PAYABLE		
Accounts payable for goods and services received	200,573	200,321
	<u>200,573</u>	<u>200,321</u>
<p>The Commission considers the carrying amounts of accounts payable approximate their net fair values.</p>		
5. FEES IN TRUST - SECURITY DEPOSITS		
Fees in trust - Security Deposits	489,667	257,113
	<u>489,667</u>	<u>257,113</u>
<p>The balance of Fees in trust - Security Deposits shown in the Statement of Financial Position represents security deposits received from organisations conducting lotteries/raffles as a guarantee of the distribution of prizes.</p> <p>The carrying amount of fees in trust approximates their net fair values.</p>		
6. FEES IN TRUST - GAMBLING SUPPORT FUND		
Fees in trust - Gambling Support Fund	115,751	0
	<u>115,751</u>	<u>0</u>
<p>The balance of Fees in trust - Gambling Support Fund represents funds held on behalf of the Gambling Support Fund.</p> <p>Administrative responsibility for this Fund transferred to the Commission during the year.</p> <p>The carrying amount of this item approximates its net fair value.</p>		
7. EMPLOYEE ENTITLEMENTS		
Liability for superannuation	357	3,823
	<u>357</u>	<u>3,823</u>

	1998/99	1997/98
	\$	\$
8. RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		
For the purposes of the Statement of Cash Flows, "cash" has been deemed to include cash on hand and in banks and amounts in suspense.		
Net cash from operating activities (Statement of Cash Flows)	(185,481)	169,712
Increase in accounts payable	(252)	(191,233)
Increase/(decrease) in Fees in trust - Security Deposits	(232,554)	24,563
Increase in Fees in trust - Gambling Support Fund	(115,751)	0
Decrease in employee entitlements	3,466	0
Increase/(decrease) in receivables	2,937	(26,853)
Payments for fees in advance	0	(4,760)
Receipts from/(payments for) Fees in trust - Security Deposits	348,008	(24,445)
Net cost of services (Operating Statement)	<u>(179,627)</u>	<u>(53,016)</u>
9. REMUNERATION OF ACCOUNTABLE AUTHORITY		
The total fees, salaries and other benefits received or due and receivable for the financial year, by members of the Accountable Authority, from the Gaming Commission (the Chairman does not receive remuneration).	<u>24,933</u>	<u>20,150</u>
The number of members of the Accountable Authority whose total of fees, salaries and other benefits received or due and receivable for the financial year, falls within the following band:	No.	No.
\$0 - \$10,000	<u>4</u>	<u>3</u>
	1998/99	1997/98
	\$	\$
10. RETIREMENT BENEFITS		
In respect of members of the Accountable Authority, the following amounts were paid or became payable for the financial year:		
Contributions to the West State Superannuation Scheme	<u>1,745</u>	<u>1,468</u>
11. OUTPUT INFORMATION		
The only output of the Commission is Functions Performed for the Gaming Industry. The details disclosed in the operating statement represent all details of operating expenses and revenues for this output.		
12. EXPLANATORY STATEMENT		
(a) Comparison of actual results with those of the preceding year		
Details and reasons for significant variations between actual income and expenditure and the corresponding item for the preceding year are detailed below. Significant variations are considered to be those greater than 5% or \$20,000.		

	1998/99	1997/98
	\$	\$
<i>Fees paid to board members</i>	24,933	20,150
The increase of \$4,783 is attributable to an increase in the number of board members. A new member was appointed in October 1998.		
<i>Superannuation</i>	1,745	1,468
The increase of \$277 is due to the increase in Fees paid to board members.		
<i>Other operating expenses</i>	2,816,897	2,789,561
The increase of \$27,336 is mainly due to a higher charge from the Office of Racing, Gaming and Liquor in respect of assets purchased to perform functions for the Commission, offset by significant savings in salaries.		
<i>Operating grants and subsidies</i>	131,397	321,376
The casino on Christmas Island closed during the year resulting in a significantly lower recoup from the Commonwealth Government.		
<i>Operating income</i>	2,459,738	2,363,946
The increase of \$95,792 was the result of increases in the recoups for audit and inspection services provided to third parties.		

(b) Comparison of estimates and actual results

Section 42 of the Financial Administration and Audit Act requires statutory authorities to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater than 5% of budget or \$20,000.

Variations which have been explained in section (a) of this note have not been repeated here in the interests of concise reporting.

	Estimate	Actual	Variation
	\$	\$	\$
<i>Other operating expenses</i>	3,058,257	2,816,897	241,360
The reduction of \$241,360 is primarily due to savings in salaries as a result of staff vacancies.			
<i>Operating income</i>	2,513,200	2,459,738	(53,462)
The shortfall in income arose as turnover from community gaming activities and casino employee licence applications fell short of expectations.			
<i>Interest</i>	65,005	72,813	7,808
Interest income exceeded expectations as the bank balance was higher than anticipated throughout the year.			

	1998/99 \$	1997/98 \$
13. REMUNERATION OF AUDITOR		
The total of fees paid or due and payable to the auditors of the Commission for the financial year is as follows:		
Fees to the Auditor General:		
- for external audit	4,500	4,000

14. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

a) Interest rate risk exposure

The Commission's exposure to interest rate risk and effective interest rates on financial instruments are:

	Weighted average effective interest rate	Floating interest rate \$	Non-interest bearing \$	Total 30 June 1999 \$	Total 30 June 1998 \$
30 June 1999					
i) Financial assets					
Cash resources	5.012%	1,842,103		1,842,103	1,679,576
Accounts receivable			9,782	9,782	6,845
Total financial assets		1,842,103	9,782	1,851,885	1,686,421
ii) Financial liabilities					
Accounts payable			200,573	200,573	200,321
Fees in trust - Security Deposits			489,667	489,667	257,113
Fees in trust - Gambling Support Fund			115,751	115,751	0
Employee entitlements			357	357	3,823
Total financial liabilities			806,348	806,348	461,257

b) Credit risk exposure

All financial assets are unsecured. Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets the carrying amounts represent the Commission's maximum exposure to credit risk in relation to those assets.

c) Net fair values

The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled, in a current transaction between willing parties after allowing for transaction costs. The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are shown below.

	Total carrying amount as per Statement of 30 June 1999	Aggregate net fair value 30 June 1999
Financial Assets		
Cash resources	1,842,103	1,842,103
Accounts receivable	9,782	9,782
Total financial assets	1,851,885	1,851,885
Financial liabilities		
Accounts payable	200,573	200,573
Fees in trust - Security Deposits	489,667	489,667
Fees in trust - Gambling Support Fund	115,751	115,751
Employee entitlements	357	357
Total financial liabilities	806,348	806,348

1998/99
\$

1997/98
\$

15. ADMINISTERED TRANSACTIONS

Administered revenue

- Video Lottery Terminals

639,072

624,120

Video Lottery Terminals are an electronic alternative to break open bingo tickets. The Gaming Commission collects 6% of the cash collected by a Video Lottery Terminal under regulation 18AA of the Gaming Commission Regulations 1988. The Commission retains 1% to cover the cost of administering Video Lottery Terminals, the remaining 5% is collected on behalf of the Government and paid into the Consolidated Fund. The amount reported as administered revenue represents Government's share of this income.

16. OTHER COMMITMENTS

The Commission has subrogated commitments in respect of leasing arrangements made by the State Supply Commission for motor vehicles as follows:

Operating lease rental commitments payable:

Not later than one year

4,087

5,497

Later than one, not later than two years

588

5,497

4,675

10,994

As at 30 June 1999 the Commission did not have any other material capital or expenditure commitments

17. CONTINGENT LIABILITIES

To the best of our knowledge, we are not aware of any circumstances which may result in a contingent liability.

18. EVENTS OCCURRING AFTER REPORTING DATE

We are 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 Commission, the results of those activities or the state of affairs of the Commission in the ensuing or any subsequent financial year.

19. RELATED BODIES

The Commission does not provide any assistance to other agencies which would deem them to be regarded as related bodies under the definitions included in Treasurer's Instruction 951.

20. AFFILIATED BODIES

The Commission does not provide any assistance to other agencies which would deem them to be regarded as affiliated bodies under the definitions included in Treasurer's Instruction 951.

STATEMENT OF CERTIFICATION - FINANCIAL STATEMENTS

The accompanying financial statements of the Gaming Commission of Western Australia have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 30 June 1999 and the financial position as at 30 June 1999.

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



Barry A. Sargeant
CHAIRMAN
31 August 1999



Keith Shimmon
MEMBER
31 August 1999



Jenny Ough
PRINCIPAL ACCOUNTING OFFICER
31 August 1999



Auditor General

To the Parliament of Western Australia

**GAMING COMMISSION OF WESTERN AUSTRALIA
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999**

Scope

I have audited the accounts and financial statements of the Gaming Commission of Western Australia for the year ended June 30, 1999 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Commission.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Commission to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Gaming Commission of Western Australia provide reasonable assurance that the receipt, expenditure and investment of moneys and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Operating Statement, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the transactions for the year ended June 30, 1999 and the financial position at that date.

Handwritten signature of D D R Pearson in black ink.

D D R PEARSON
AUDITOR GENERAL
November 5, 1999

KEY PERFORMANCE INDICATORS (AUDITED)

This part of the Annual Report contains -

- performance indicators;
- certification of the Performance Indicators; and
- opinion of the Auditor General.

INTRODUCTION

Performance Indicators are required by section 66 of the Financial Administration and Audit Act 1985 and are provided to assist interested parties such as Government, Parliament and community groups in assessing an agency's performance in the production of outputs and the achievement of government desired outcomes. Performance Indicators measure the efficiency and effectiveness of an agency. In this regard efficiency indicators relate outputs to the level of resource inputs required to produce them and effectiveness indicators detail the extent to which outcomes have been achieved.

Outcome

The outcome of the Gaming Commission of Western Australia is to promote and maintain the integrity of lawful gaming activities.

Effectiveness Indicators

	1998/99	1997/98
Percentage of unlawful gaming detected in relation to total permits issued	3.59%	1.89%
Number of violation reports issued in relation to casino gaming	5	1

Output - Functions performed for the Gaming Industry

Output Description

Perform functions in accordance with statutory obligations.

Efficiency Indicators -

	1998/99	1997/98
Percentage of applications processed within a 48-hour time frame, where no inquiry was necessary. ¹	90%	90%
Percentage of provisional employee licences issued within 7 working days. ²	91%	62%

1. The accuracy and completeness of the application and the responsiveness of the applicant affect this indicator. It should also be noted that this indicator includes applications for standard lottery, continuing lottery, bingo, approval of premises, gaming and two up. However, it does not include applications for supplier's certificates, gaming operator's certificates and VLT permits, as these applications are subject to inquiry/investigation and therefore cannot be processed within 48 hours.

2. Some provisional employee licence applications need to be investigated by the Police and therefore may take longer than 7 days to issue.

KEY PERFORMANCE INDICATORS (AUDITED)

Cost Comparisons -

	1998/99	1997/98
Cost per Certificates and Gaming Permits issued:	\$73.93	\$71.68
Cost per Casino Employee Licence:	\$1,271.251 ¹	\$916.95
Monitoring Integrity of Casino Gaming Operations over one year:	\$282,570.00	\$1,268,850.00
Cost of unlawful gaming detected:	\$3,948.96	\$8,442.54

1. The increase can be attributed to a decrease in the number of Casino Employee Licence Applications that were lodged during 1998/99 compared to 1997/98.

Note:

The method of calculating the figures for 1998/99 has changed. Accordingly, for comparison purposes the 1997/98 figures have been recalculated and therefore differ from what was reported in the 1997/98 Annual Report.

STATEMENT OF CERTIFICATION

The performance indicators presented here are based on proper records and fairly represent the performance of the Gaming Commission of Western Australia for the financial year ending 30 June 1999.



Barry A. Sargeant
CHAIRMAN
31 August 1999



Keith Shimmon
MEMBER
31 August 1999



Auditor General

To the Parliament of Western Australia

**GAMING COMMISSION OF WESTERN AUSTRALIA
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 1999**

Scope

I have audited the key effectiveness and efficiency performance indicators of the Gaming Commission of Western Australia for the year ended June 30, 1999 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Gaming Commission of Western Australia's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Gaming Commission of Western Australia are relevant and appropriate for assisting users to assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 1999.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
November 5, 1999

This section of the Annual Report contains -

- A statement of compliance with relevant written law.
- Year 2000 Compliance.
- A list of publications produced by the Gaming Commission.
- Public Sector Reporting Requirements.
- Compliance with Section 175ZE of the Electoral Act 1907
- Pricing Policies

APPENDIX 1: STATEMENT OF COMPLIANCE WITH RELEVANT WRITTEN LAW

Enabling Legislation

The Gaming Commission is established under the Gaming Commission Act, which allows for social gaming without legal restraint and other forms of permitted gaming.

Legislation Administered

The Commission is responsible for the administration of the Gaming Commission Act 1987, Casino (Burswood Island) Agreement Act 1985, Casino Control Act 1984. These Acts provide for the regulation of the Burswood International Resort Casino and minor gaming in Western Australia.

Legislation Impacting on Activities

In the performance of its functions, the Commission complies with the following laws -

- *Financial Administration and Audit Act 1985;*
- *Public Sector Management Act 1994,*
- *Salaries and Allowances Act 1975,*
- *Public and Bank Holidays Act 1972,*
- *Equal Opportunity Act 1984,*
- *Government Employees Superannuation Act 1987,*
- *Occupational Health and Safety Act 1984,*
- *Freedom of Information Act 1992,*
- *Industrial Relations Act 1979,*
- *Workplace Agreement Act 1993,*

- *Minimum Conditions of Employment Act 1993,*
- *Workers' Compensation and Rehabilitation Act 1981;*
- *State Supply Commission Act 1991;*
- *Anti Corruption Commission Act 1988; and*
- *Disability Services Act 1993.*

Other written laws impacting on the Commission's activities have been detailed in the body of this report.

In the financial administration of the Gaming Commission, we have complied with the requirements of the Financial Administration and Audit Act and relevant written law and have exercised controls that provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of public property and incurring of liabilities has been in accordance with legislative provisions.

At the date of signing we are not aware of any circumstances that would render the particulars included in this statement as misleading or inaccurate.



Barry A. Sargeant
CHAIRMAN
31 August 1999



Keith Shimmon
MEMBER
31 August 1999



Jenny Ough
PRINCIPAL ACCOUNTING OFFICER
31 August 1999

APPENDIX 2: YEAR 2000 COMPLIANCE

The Office of Racing, Gaming and Liquor has incorporated in its business plan of the Information Systems branch the identification of systems at risk. The office developed a plan to replace operating systems and equipment that are not Year 2000 compliant.

As a consequence, the Gaming Commission has discussed with its industries the need for Year 2000 compliance and has received positive feedback. The Commission will continue to monitor the situation.

APPENDIX 3: PUBLICATIONS

Publications relating to casino gaming

- Information brochure for patrons of the casino on the Gaming Commission of Western Australia and casino gaming.
- Rules of Authorised Games at the Burswood International Resort Casino (Note: although these rules are not published by the Gaming Commission, they are available for inspection by members of the public) -

Baccarat; Big and Small; Blackjack; Carabin Stud Poker; Craps; Fan Tan; French Boul; Keno; Mini-Baccarat; Mini Dice; Money Wheel; Multiple Action Blackjack; Burswood Manila; Five Card Stud; Six Card Stud; Seven Card Stud; Competition Five Card Stud; Competition Six Card Stud; Competition Seven Card Stud; Competition Burswood Manila; Competition Draw Poker; Competition Draw Poker (Ante); Competition Manila; Draw Poker; Draw Poker (Ante); Manila; AP Go Poker; Roulette; Super Pan 9; Tournament Baccarat; Tournament Baccarat (Burswood); Tournament Blackjack; Tournament Roulette; Tournament Two-Up; Two-Up (Coins); and Two-Up (Dice).

Publications relating to permitted gaming

- Gaming Division Bulletin No. 1
- Rules of Bingo
- Rules for the conduct of a Standard Lottery
- Rules for the conduct of a Continuing Lottery
- Rules of Authorised Games -

Crown & Anchor; Unders & Overs; Beat the Banker; In Between; Your Choice; Races; Manila; Money Game; Horse Race; Poker; Thirty-One; Pick the Card; Dictate; Bar the Ace; Pyramid; and Joker Seven.

APPENDIX 4: EXPLANATORY NOTE OF PUBLIC SECTOR REPORTING REQUIREMENTS

The Gaming Commission of Western Australia does not employ staff but has a net appropriation agreement with the Office of Racing, Gaming and Liquor relating to the functions carried out on behalf of the Commission by staff of that agency. Accordingly, the Commission does not report on Public Sector requirements such as Equal Opportunity, Public Sector Standards, Disabilities Services Plan and the Customer Focus Program. The Office of Racing, Gaming and Liquor's Annual Report contains the relevant information.

APPENDIX 5: GOVERNMENT EXPENDITURE 1998-99 - COMPLIANCE WITH SECTION 175ZE OF THE ELECTORAL ACT 1907

During the reporting year, the Gaming Commission of Western Australia incurred \$125.31 in respect of advertising.

APPENDIX 6: PRICING POLICIES

Section 7(2) of the Gaming Commission Act 1987 requires that the Commission, in so far as is practicable, ensure that the revenue derived, pursuant to the Act, and any other written law relevant to the duties of the Commission, is sufficient to provide for the operating, administrative and other costs of the Commission.

Further details regarding the structure of the Office of Racing, Gaming and Liquor are provided in that agency's Annual Report.



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Project Team Co-ordinator:
Jacqui Herring

Financial Statements:
Jenny Ough

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Western Australian Tourism Commission



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